FORT FORDYCE NATURE RESERVE

contents.

CHAIRPERSON'S OVERVIEW

This is the year that our country, our tourism industry, our province very successfully hosted one of the largest sporting events in the world - the FIFA Soccer World Cup. Together with our citizens we offered foreign visitors an extraordinary experience of our Province and we are confident that these visitors will become powerful ambassadors for our destination.

It is also the year of the merger between the Eastern Cape Parks Board and Eastern Cape Tourism Board. On 1 July 2010 the two entities merged to become the Eastern Cape Parks and Tourism Agency (ECPTA). This came about through the identification of a need to create synergy between conservation and tourism in the Eastern Cape. The merging of the two functions would also enable the optimisation of opportunities for cohesion in service delivery and development through the application of an integrated service delivery model for tourism and conservation.

This integrated service delivery model has significant potential to impact more effectively on employment creation and on the challenges of rural development and overall economic transformation in the province through growing the tourism potential within our protected areas. The ECPTA is responsible for managing 20 reserves which are found in six of the seven biomes in the Eastern Cape and has visitor facilities in all of these biomes. Nature reserves within the protected areas estate are spatially aligned and located within some of the most impoverished rural areas of the province whilst they retain some of the most sought-after natural attractions the Eastern Cape has to offer visiting tourists. This has been noted in the provincial Tourism Master Plan, which calls for an unleashing of this potential through the creation of the necessary synergy between tourism marketing product development and the natural attractions and wilderness experiences located in the province.

Despite the setback and turbulence over the last two years, the global travel and tourism industry is still one of the world's fastest growing economic sectors. Tourism's total direct and indirect contribution to the South African economy almost doubled from 4.9% in 1994 to 7.9% or R89.4 billion in 2009. International tourism arrivals for 2010 registered a year-on-year growth of 15.1 percent, with more than 8 million foreign tourist arrivals to our country.

The ECPTA set out to ensure that the Eastern Cape continued on this positive trajectory despite the persistent difficult economic conditions resulting in both foreign and domestic tourists undertaking shorter or fewer trips. A drop in worldwide consumer spending meant that we had to be more innovative in our efforts to attract tourists; more meticulous than ever in terms of the continuous improvement of standards and service levels; and work even harder at marketing our province, particularly to our domestic market and important emerging source markets.

The tourism and conservation sectors are really everyone's business when we consider the critical roles played by these sectors in sustained economic growth and job creation, particularly in the Eastern Cape. It is not only the breathtaking natural beauty of the province and the diversity of opportunities for leisure and sports tourism that it provides, but it is also the potential for carbon sequestration and the importance of reserves for providing ecosystem services such as clean water to cities such as Port Elizabeth that make the environment so critical to the economy of the Eastern Cape.

It is the appropriate harnessing of these attributes that sets the stage for the Eastern Cape to overcome its economic challenges and to achieve its growth targets. It is also the wonderful people of the Eastern Cape that differentiates us from every other province. And it is our job to ensure that our people, communities and small entrepreneurs are empowered to share in the growth and its benefits. Likewise, it is critical that we avoid the trap of jobless growth. More visitors, more spend and more economic growth must translate into improved skills and more jobs over the medium to long term.

During the year under review the ECPTA delivered successfully on many of its performance objectives in the areas such as improving the management effectiveness in reserves, increasing the revenue from Biodiversity, Tourism

VUYO ZITUMANE
Interim Chairperson

Marketing, Tourism Product Enhancement and Infrastructure Development Facilitation and Industry Transformation.
Some of the highlights of this delivery include the securing of a concession agreement for the Mkhambathi Protected Areas – an investment of R41 million into the area. The ECPTA's endeavours to generate own revenue saw the revenue from biodiversity increase with R10 million from the animal management programme and the foundation for future revenue laid by participating in the development of a national carbon sequestration agreement.

The appointment of three country agents to represent the UK, the Benelux countries and USA and Canada and the signing of four Joint Marketing Agreements with tour operators aimed at increasing the flow of international tourists to the Province is expected to reap substantial return in promoting the Eastern Cape as a preferred tourism destination.

With regard to strategic partnerships, the ECPTA successfully utilised partnerships with key stakeholders in both the tourism and the biodiversity sectors to achieve R43 million in excess of the set target.

An unqualified audit for the 2010/2011 financial year and in achieving 70% for King III readiness is testimony to the ECPTA ensuring effective corporate governance. The ECPTA enhanced its supportive architecture by successfully using technology to enhance management of its project cycle. This, together with highly efficient financial management underpinned the ECPTA's financial stability during the year under review.

The co-hosting of a number of world class events drew significant investment and tourists to the Province. The Billabong Surfing contest, Ironman and half Ironman triathlon events, the African Open Golf Challenge, the Grahamstown Arts Festival and the second annual Eastern Cape Music Festival - Buyelekhaya, were effectively used as marketing platforms to promote the Eastern Cape as a destination.

In terms of direct conservation management of reserves, the effectiveness of our marine capacity at the Mkhambathi Nature Reserve was strengthened by staff obtaining both skippers tickets as well as boats to operate from. In addition to this, the large mammal management was very effective as symbolised by the game auction as well as an additional disease-free buffalo sale which brought in much needed revenue. Efforts relating to access control in the Baviaanskloof contributed significantly to the ability of staff to manage the reserve as well as to revenue generation in the year under review.

Going forward, we need to understand that we must cater to an increasingly discerning traveller who demands value for money and authentic experiences. The effective packaging of product is an essential part of our strategy to ensure that our visitors stay longer and spend more. And we know we must lead rather than follow when it comes to responsible environmental practices.
We need to give much greater priority to building the domestic tourism sector as a mainstay of sustainability. We can do much more to encourage our fellow Eastern Cape Adventurers to enjoy the magnificent variety and authenticity that our Adventure Province has to offer.

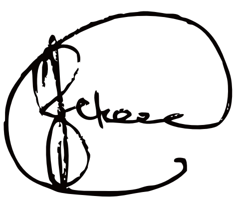
Unlocking the potential of small, medium and micro enterprises (SMMEs) is absolutely vital to addressing unemployment. Not only is it a core component of our Broad Based Black Economic Empowerment strategy, but it is also internationally accepted as a very effective way to tackle poverty. In many cases SMMEs form the basis for the delivery of our tourism offerings and provide a point of direct contact between tourists, destinations and communities.
I understand there are high expectations for the tourism sector to underpin the growth of the Eastern Cape economy and I have faith that with the commitment of all and the strong partnerships that are currently in place and are being made, we will be able to meet and exceed these expectations.
We will continue to feel the effects of the global economic crisis. But I firmly believe that this is transient and will not disrupt our long-term positive growth prospects. I appeal to you to not lose faith and remain motivated by the tremendous progress we have already made. A collective contribution from both government and the private sector will ensure sustainable tourism growth, consistent improvement in terms of our economic performance and lasting improvements in the lives of all the people of the Eastern Cape.

In conclusion, I would like to thank the Honourable MEC, Mcebisi Jonas, for his commitment to the Province and for his strong leadership and vision.

I would also like to express my appreciation to the Board for their unflinching support and to the Interim CEO, Sybert Liebenberg for his leadership and commitment towards establishing the Eastern Cape Parks and Tourism Agency as the premier entity for managing biodiversity and tourism in the country.

To the Executive and staff of ECPTA, thank you for your support in ensuring a smooth transition and for your dedication to the mandate of the ECPTA.

Thank you, also, to all our partners in Government and the Private Sector for engaging with us and for your commitment to our shared goals.



Ms Vuyo Zitumane
Interim Chairperson
of the Board of Directors
Eastern Cape Parks and Tourism Agency

CHIEF EXECUTIVE OFFICER'S REPORT

This annual report is the culmination of a number of initiatives started in 2006 and which, under the political leadership and direction of MEC Mcebisi Jonas, gained momentum in November 2009. In this regard, it took our mother-department, the Department of Economic Development and Environmental Affairs (DEDEA), in partnership with the Eastern Cape Parks Board (ECPB)and the Eastern Cape Tourism Board (ECTB), a mere eight months to establish the Eastern Cape Parks and Tourism Agency (ECPTA) on 1 July 2010. This was and remains a truly remarkable feat which has never been equalled since.

Out of this impetus and commitment to rapidly deliver high quality deliverables was borne the work ethic and professional orientation of the ECPTA as one of the premier high quality delivery mechanism of the Eastern Cape Provincial Government.

Looking back, it has been an incredibly successful year. It has been a year in which the Interim Board and management team of the ECPTA has succeeded in merging and stabilising the new entity. Some have compared it to "fixing a car whilst driving it". This is a very apt description, as the newly merged entity was confronted with a dual challenge. Firstly, it had to deal with a number of legacy issues, which had emerged out of the former ECPB and ECTB respectively. Secondly, and simultaneously, it was also required to chart a new strategic direction and implement a new delivery model based on outcomes.

This stabilisation phase was concluded through sheer hard work, determination and commitment by all. Our shared success in this regard, was due to our collective ability to rapidly put appropriate systems, mechanisms and processes in place, which resulted in the production of high quality outputs which, more often than not, exceeded expectation. Our systems and processes were complemented by the exceptional hard work of our staff.

From a strategic perspective, we refocused the organisation towards the development of the Eastern Cape as a destination. Refocusing and regrouping around the concept of destination development allowed us to consolidate and create optimal synergy around our mission of creating the premier entity for managing biodiversity and tourism. This refocus also allowed us to increase our impact into local communities, increase own revenue, maintain and leverage off our dual mandates and secure inter-governmental support.

Our interim board and management team also had to contend with a volatile macro-economic and geopolitical environment, which was characterised by conflicting signs of recovery in the global economy and a pending "double dip" recession, the latter presenting a major challenge to leverage appropriate resources that would ensure we achieve our mandate. In response to these challenges we formulated an operational plan which focussed on the ECPTA being able to earn own-revenue to fund its mandate.

This annual report is full of evidence which both reinforces and bears testimony to both the success and the correctness of the decision to implement the merger.

Foremost in this regard has been the rapid increase in own revenue over the full financial year to about R18 million (this a combination of the revenue collectively contained in the statements of all three entities). This increase was primarily being driven by the biodiversity component of our business, proving the value of ecological services and conservation within the context of the newly emerging Green Economy. This year also saw the establishment and pioneering of carbon sequestration and Payment for Ecological Services (PES) which will yield substantial future revenue.

SYBERT LIEBENBERG
Interim Chief Executive Officer



In the face of a massive national onslaught on rhino resources by unscrupulous poachers and transnational criminal networks, our team has maintained an aggressive and proactive stance, which resulted in the loss of only five white rhino compared to the cumulative national loss of more than 500 since the start of the crisis. This bears testimony to the commitment of our management team and the men and women in green who risk their lives daily to protect our natural heritage and resources. This commitment has been recognised by the World Wildlife Fund (WWF) through the inclusion of the ECPTA into the Black Rhino Range Expansion Programme, where we have made a substantial commitment towards the national effort of rhino preservation and conservation.

We have also reintroduced hunting as a means to stimulate tourism and economic development in areas of our province that have been neglected in the past. Hunting, combined with game auctions and culling, has proven itself as a very effective mechanism to increase revenue whilst stimulating tourism and destination development.

Leveraging off our tourism mandate, we have also concluded the first ever Joint Marketing Agreements (JMA) with international tour operators, and the appointment of country representatives in the USA, UK and Europe, to ensure high impact international marketing of the Eastern Cape. Our tourism mandate has also been strengthened by the signing of the first of many planned concessions, which is an attempt to leverage resources from our existing resource base whilst creating new products that will enhance the Eastern Cape as a destination. Our team has participated in the hosting of a number of very successful events, which were designed to increase the attractiveness of our tourism products.

Our financial and corporate services have had a very challenging year as a result of the merger. Our teams not only accepted these challenges, but as per the evidence contained in this report, they delivered. The innovation that we have implemented on both a corporate and a financial level has been revolutionary and has been central to the successes that we have achieved.

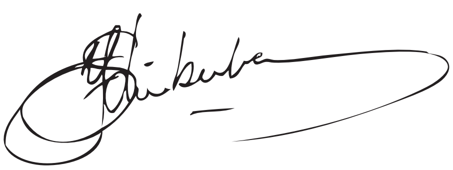
In spite of our successes, and having made substantial gains in shareholder and stakeholder confidence, there is still a lot of work to be done and challenges to confront. First and foremost will be our efforts in the new financial year to increase our relevance to stakeholders. We plan to do this through closer and active participation with stakeholders, which will see the destination increasing its competitive and comparative advantages.

We also plan to pioneer, in partnership with our stakeholders, the development of tourism industry regulations as well as fast-tracking commercialisation efforts. We will also have to particularly focus on developing accurate business intelligence services for the industry. We will continue to drive Payment for Ecological Service and our Carbon Sequestration initiatives, as well as our efforts to expand the conservation estate whilst increasing our Management Effectiveness Tracking Tool (METT) scores.

In the coming year we will also increase the focus on our staff, their development and optimal placement within the organisation. We will relentlessly drive our transformation mandate and continue to uphold the law, build the destination, generate revenue and cooperate with our stakeholders and partners.

On a personal level, I am most grateful for the trust and support that I have received from the MEC, DEDEA and the Board of the ECPTA. Without their trust, support and direction we would not have been able to realise and conclude the process of the merger. To our management and staff, a word of gratitude to you for your support, patience and commitment which has often gone above and beyond the call of duty. To the staff in my office, you are world-class and your ability to push the boundaries of innovation is the stuff legends are made of.

In conclusion, let us continue to build on the solid foundation that we have established; let us continue our focused efforts toward building a high impact delivery agency that will optimally contribute towards the development of our province.



Mr Sybert Liebenberg
Interim Chief Executive Officer
Eastern Cape Parks and Tourism Agency

LEGISLATIVE FRAMEWORK

CONSTITUTIONAL MANDATES

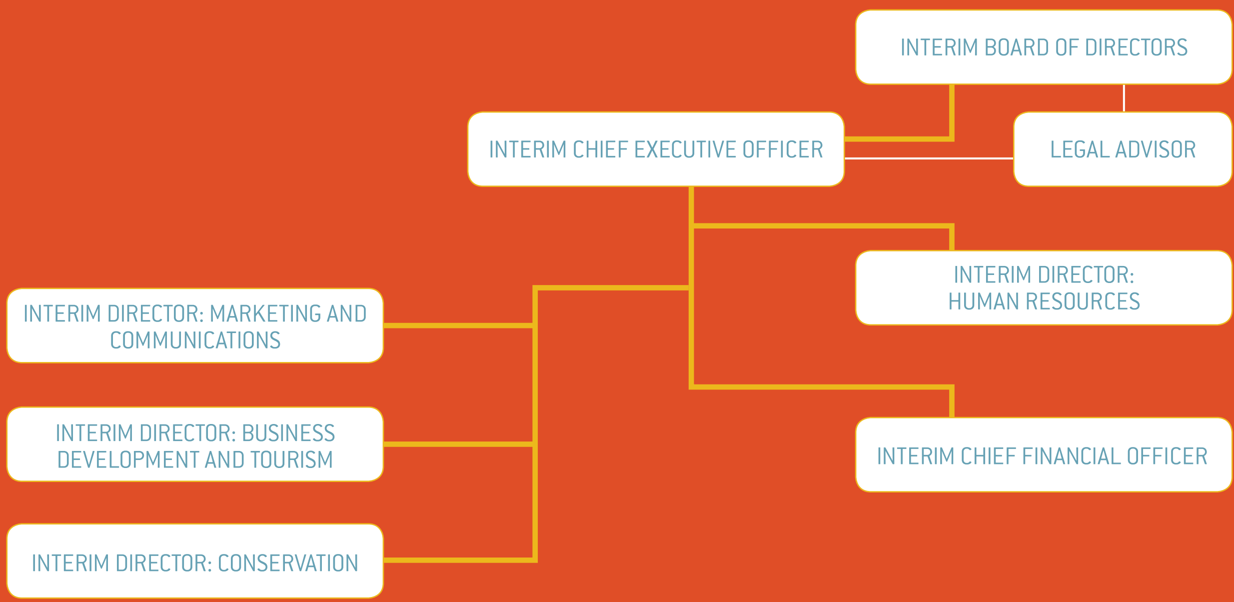
The constitutional mandate of the ECPTA is rooted in the Constitution of RSA, Act 108 of 1996, Chapter 2:
Bill of Rights (ss 24) – Environment, which states:
"Everyone has the right to:

(b) have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –
  (i) prevent pollution and ecological degradation
  (ii) promote conservation; and
  (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development."

LEGISLATIVE MANDATES

Relevant Acts	Key Responsibilities
Eastern Cape Parks and Tourism Agency Act (Act 2 of 2010)	(a) Manage biodiversity in protected areas in the Province; (b) Manage tourism in the Province
National Environmental Management Act (Act 107 of 1998)	This is the national environmental legislation which provides guidance on environmental management as well as the interpretation of Act 2 of 2010
NEM: Protected Areas Act (NEMPAA) (Act 57 of 2003)	This is the primary legislation governing the management of protected areas and guides the interpretation of Act 2 of 2010
NEM: Biodiversity Act (NEMBA) (Act 10 of 2004)	This is the primary legislation for the management of biodiversity across the landscape and guides the interpretation of Act 2 of 2010
NEM: Waste Management Act (Act 59 of 2008)	This is the primary legislation governing the management of waste in protected areas
NEM: Integrated Coastal Management Act (Act 24 of 2008)	This is the primary legislation governing the management of the coastal areas and prescribes the management of coastal protected areas
National Forests Act (Act 84 of 1998)	This is the primary legislation governing the management of forests areas proclaimed in terms of the NFA
National Veld and Forest Fire Act (Act 101 of 1998)	This is the primary legislation governing the management of fire. Fire is used as a biodiversity management tool and thus is important for the management of protected areas
Marine Living Resources Act (Act 18 of 1998)	This is the primary legislation governing the management of marine living resources and is applicable to all Marine Protected Areas
World Heritage Convention Act (Act 49 of 1999)	This is the primary legislation governing the management of World Heritage Sites which in the case of the ECPTA it is applicable to the management of the Baviaanskloof section of the Cape Floral Region WHS
Cape Nature and Environmental Conservation Ordinance (19 of 1974)	Because portions of the Baviaanskloof extend into the Western Cape Province and some other parts of the Eastern Cape Province this legislation is applicable for the joint management of those relevant areas
Ciskei Conservation Act (Act 10 of 1987)	The Eastern Cape is in the process of proclaiming new provincial environmental legislation where the old (pre-1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Ciskei
Tourism Act (Act 72 of 1993)	This is the primary legislation governing the promotion of tourism to and in the Republic of South Africa
Transkei Environmental Conservation Decree (No 9 of 1992)	The Eastern Cape is in the process of proclaiming new provincial environmental legislation where the old (pre1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Transkei
Provincial Growth and Development Plan (PGDP)	The PGDP refers to the provincial integrated growth and development plan which includes spatial land utilisation in terms of provincial priorities for development. It acknowledges the need to view biodiversity conservation as a natural resource for rural development and diversification of economic development
National Strategy for Sustainable Development (NSSD)	Defines the strategic imperatives of the South African Government as they relate to the interaction between people, the environment and the economy
Occupational Health and Safety Act (Act 85 of 1993)	This is the primary legislation governing health and safety standards in the context of all work environments
National Water Act (Act 36 of 1998)	This is the primary legislation governing the use of water.
National Building Regulations and Building Standards Act (Act of 103 of 1977)	This legislation governs the building industry and is relevant for all ECPTA infrastructure development projects.

INTERIM ORGANISATIONAL STRUCTURE



VISION, MISSION & VALUES

VISION

A Province where BIODIVERSITY CONSERVATION AND TOURISM MANAGEMENT underpin sustainable development

MISSION

To be the PREMIER ENTITY for managing biodiversity and tourism

VALUES

The values which underpin the actions of the ECPTA are:

COMMITMENT	We pledge our sincere and steadfast commitment in all engagements to achieve our objectives
ACCOUNTABILITY	We will take responsibility for all our actions and will disclose results in a transparent manner
INTEGRITY	We will conduct our business based on sound moral principles
RESPONSIBILITY	We will be honourable, trustworthy and answerable for all our actions

01.

STRATEGIC PLAN / PERFORMANCE REVIEW


"All journeys have
secret destinations
of which the traveler is unaware."
- Martin Buber

STRATEGIC PLAN/PERFORMANCE REVIEW

STRATEGIC OBJECTIVES

Strategic Goal	#	Strategic objective statement
1. To secure key biodiversity in the Province	1.1	To strengthen management effectiveness in protected areas
	1.2	To expand the Provincial protected area system
	1.3	To grow revenue from biodiversity
2. To serve as a catalyst for all dimensions of tourism in the Province	2.1	To promote the Province as a preferred tourism destination
	2.2	To enhance Provincial tourism transformation
	2.3	To enhance Provincial tourism product development
	2.4	To facilitate infrastructure development for tourism growth
3. To establish and maintain an efficient and effective institution	3.1	To utilise partnerships with key stakeholders successfully to achieve specific outputs
	3.2	To ensure effective corporate governance
	3.3	To ensure that the organisational architecture supports ECPTA strategy
	3.4	To maintain efficient financial management that will support the growth of own revenue

PERFORMANCE HIGHLIGHTS

- PAIME score of 2.6 achieved.
- Alien plant clearing in protected areas were in excess of 2 000 ha.
- Game take-off completed to decrease the alien mammal population density.
- In collaboration with National Department of Tourism, ECPTA facilitated nine service excellence workshops in order to improve service standards of tourism product offerings and a total number of 2431 tourism stakeholders participated.
- ECPTA installed 109 tourism signs in order to improve access to tourism facilities across the Province.
- Registration of tourism products was increased by 215 and that has been achieved due to an increased understanding of the benefits offered by ECPTA to registered tourism products.
- Spot checks implemented by the Tourist Guide Registrar resulted in an increased number of renewals and registration of Tourists Guides. The total number of Tourist Guides that were registered in this financial year was 126 against the target of 80.
- Eastern Cape Travel Agency (Bassie Travel Centre) was awarded as the first runner-up nationally in the ETEYA Awards. ETEYA is an initiative which recognises the annual contributions made by tourism SMMEs.
- 11 SMME opportunities and 43 temporary jobs were created during the upgrade of reserves.
- Revenue generated from on-reserve accommodation at R3,5 million exceeded the target of R2,5 million.
- Completed the upgrading and maintenance of seven tourism accommodation facilities.
- Media reputational rating of 83% achieved.
- Established three special event partnership agreements.
- Signed four joint marketing agreements and appointed three country representatives.
- Brand roll-out effectiveness and recognition increased.
- Funds leveraged from partnership agreements exceeded target by R28,9 million:
  - R23 million for Protected Areas Management
  - R40 million for Intergovernmental Relations;
  - R6 million for donors and sponsors; and
  - R2,9 million for tourism partnerships.
- Obtained unqualified audit reports.
- Reached alternative 'once-off' full and final settlement agreement with Organised Labour in respect of long outstanding pay progression issue for ex DEDEA employees.

CHALLENGES AND MITIGATING ISSUES

Challenges	Mitigation
Securing appropriate legal status of protected areas	Establish multi-sector task team to develop an action plan with appropriate budget allocation to drive the process of securing reserves
Vegetation rehabilitation	Increase alien plant clearing programme
Infrastructure development and maintenance	Raise sustainable revenue for development and maintenance of infrastructure
Insufficient budget resulted in minimal facilitation of concessions	Increase own revenue generation capacity through implementation of commercialisation plan

PERFORMANCE PRIORITIES AND TARGETS FOR THE NEW FINANCIAL YEAR

- Increase the average METT-SA score to 45 in Protected Areas.
- Expand the provincial protected areas system by 10 000 ha.
- Grow revenue from biodiversity by R9 million.
- Enhance provincial tourism transformation by supporting SMME service providers to access the market and a systematic change in the demographic profile of visitors to reserves.
- Increase registered tourism products and tourist guides.
- Promote the Province as a preferred destination though event partnerships, educational tours and a focus on Tourism Month.
- Maintain international provincial tourism rate through effective Joint Marketing Agreements and promotion of the province by appointed country representatives.
- Increase reserve occupancy levels by 20%.
- Utilises partnerships effectively to increase funding of conservation and tourism mandate by securing partnership agreements to the value of R30 million.
- Obtain an unqualified audit report.
- Reduce the organisational carbon footprint by 30%.
- Maintain an average organisational performance score of 3 to maintain an efficient and effective institution.

OPERATIONAL PLAN: CONSERVATION

Strategic Goal 1: To Secure Biodiversity in the Province					
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives	Conservation Management
1.1. TO STRENGTHEN MANAGEMENT EFFECTIVENESS IN PROTECTED AREAS	1.1.1	METT-SA score achieved in Protected Areas according to defined categories		Reserve Management	Maintain METT Score in Protected Areas
			1.1.1.1	Development of an enabling provincial legal and policy framework supported	No of reserves secure (proclaimed & assigned)
			1.1.1.2	Conservation planning and policy framework to guide and direct management of the Provincial protected area system developed	Framework approved by Board
					Number of policies approved by Board
					Number of plans approved by Board
			1.1.1.3	Protected area system effectively managed	Management effectiveness score
			1.1.1.4		Fire breaks established and fire preparation
			1.1.1.5		Participate in Fire Protection Association (FPA) activities
			1.1.1.6		Equip staff appropriately for law enforcement and biodiversity management
			1.1.1.7		Law enforcement patrols conducted routinely and effectively
			1.1.1.8		Translocation of large mammals
			1.1.1.9		Fencing established and maintained
			1.1.1.10		Vegetation rehabilitated -
			1.1.1.11	Important direct threats to biodiversity in protected area system reduced and mitigated	Alien mammal population density (excluding warthog)

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	34	34	No deviation	None required
	All Provincial Parks Proclaimed	This was not achieved	The size and complexity of the task was substantially more than the current staff could manage	The objective remains a high priority and funding will be sought to enable the ECPTA to complete the process of securing the reserves
	1	0	With the establishment of the ECPTA the need to ensure that conservation management was guided by approved policy was prioritised and thus the development and approval of operational policies took precedence over the development of a framework	The development of a framework will be prioritised once the provincial environmental management legislation is developed
	2	11	Nine biodiversity conservation policies were reviewed to align to the newly established ECPTA and 2 new policies approved	None required
	1	This was not achieved in its original form, but changed to better suit the new merged entity	The Waste Management Plan for GFRNR was converted into Waste Management Guidelines for all Reserves. The deviation was aimed at speeding up the roll-out of WMP at all Reserves	No corrective measures are needed as the change is beneficial and all reserves have the development of a Waste Management Plan on their AOPs for 2011/12
	PAIME baseline improved by 5% (or a minimum score of 2.5) for all reserves	A PAIME Score of 2.6 for factors within local control was achieved	No deviation	None required
	10 km of fire breaks prepared	10 km	No deviation	None required
	Participation in FPA meetings	The ECPTA participated in 5 Fire Protection Agencies - they are the FPAs for Mkhambathi, Silaka, Ongeluksnek, Formosa and Cockscomb	No deviation	None required
	All staff have at least 50% of equipment required for law enforcement patrols	A master list of equipment required was developed. Not all reserves have 50% of this list due to budgetary constraints but where possible equipment was purchased and deployed	No deviation	None required
	Law enforcement patrol rosters on file and rangers diaries reflect findings, activities & scope of patrols	Law enforcement patrols were routinely conducted	No deviation	None required
	100% of Board approved recommendations are effected	44% of the Board approved translocations took place	Operational and ecological constraints prevented all the translocations from taking place	These translocations will continue to take place during the season
	5 km of fencing maintained	11.5 km of fencing was established or maintained	No deviation	None required
	1 ha of steggies or young plants established	This was not achieved	Due to problems encountered with the initial planting site	This initiative will be picked up by the new ecologist in 2011/12
	80 % of approved off-takes	28% of board approved targets were achieved (with success rates varying between 0 and 100% for different species)	The target was set high for the resources available	More realistic targets will be set in future years

OPERATIONAL PLAN: CONSERVATION (CONTINUED)

Strategic Goal 1: To Secure Biodiversity in the Province					
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives	Conservation Management
1.1. TO STRENGTHEN MANAGEMENT EFFECTIVENESS IN PROTECTED AREAS			1.1.1.12		Area of alien plant management units under a maintenance programme
			1.1.1.13		Developments and servitudes which may negatively impact on biodiversity assessed to a high standard
			1.1.1.14	Key infrastructure in Provincial Parks developed and maintained	Reserve infrastructure
			1.1.1.15	Conservation management decision making strengthened through improved knowledge	Large mammal numbers guide their management
			1.1.1.16		Knowledge of key elements of biodiversity is improved through monitoring
			1.1.1.17		Knowledge of biodiversity improved through research projects
			1.1.1.18	Reserves appropriately administered	Management of each reserve is based on an AOP
			1.1.1.19		Reserves report appropriately on management, HR, finance and biodiversity
			1.1.1.20		Reserve level training needs listed
			1.1.1.21		Access to reserves is controlled
			1.1.1.22		Visitor facilities managed
			1.1.1.23	Mutually beneficial relationships with claimant & neighbouring communities and governmental stakeholders facilitated	Number of reserves with functioning formal structures with claimant and neighbouring communities
			1.1.1.24		
			1.1.1.25		Number of existing social responsibility projects in reserves administered

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	2000 ha	In excess of 2000 ha of alien plants were cleared from the Baviaanskloof high mountains	No deviation	None required
	Paper trail and records for all developments and servitudes reflect appropriate processes	All developments for which we became aware were attended to through the registration processes	No deviation	None required
	Reserve-level maintenance plan prepared & implemented	This was not achieved in it original form but changed to better suit the new merged entity in accordance with the best practice contained in the Government-wide Immovable Asset Management Act (GIAMA)	The internal capacity to develop the plans, in line with the newly gazetted GIAMA legislation - is not available within ECPTA	Partnership was developed with the DPW to assist the ECPTA in taking the process forward
	Implement annual census	The 2010 census was conducted and the results guided the 2010 large mammal management decisions	No deviation	None required
	Monitoring database is populated quarterly	The data from these reports have not been captured.	Capacity at reserves for biological reporting is poor. Data capturing has not been possible as there was no data base manager	Training of reserve managers will be conducted, and an increased in the Scientific Services staff will assist this process. A database manager will be appointed
	4 new registered research projects	13 research projects were registered in the year	No deviation	None required
	AOP developed and implemented for each reserve	Each reserve had an AOP for 2010/11	No deviation	None required
	Monthly reports submitted on time	Monthly reports were submitted	No deviation	None required
	Training needs list established through a formal process	The generic reserve level training needs have been listed and submitted to HR	No deviation	None required
	All reserves have appropriate access control	Access to all 16 reserves is being controlled	No deviation	None required
	Complaint level below 15 per month	All visitor facilities were managed and the levels of complaints are below 15 per reserve	No deviation	None required
	4 new structures	Four new formal structures were developed in the year they are for Mpofu, Fort Fordyce, Nduli/Luchaba and ELCNR	No deviation	None required
	Develop and maintain partnerships with relevant stakeholders	Seven partnerships with relevant stakeholders have been developed	No deviation	None required
	3	3	No deviation	None required

OPERATIONAL PLAN: CONSERVATION (CONTINUED)

Strategic Goal 1: To Secure Biodiversity in the Province					
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives	Conservation Management
1.1. TO STRENGTHEN MANAGEMENT EFFECTIVENESS IN PROTECTED AREAS			1.1.1.26	Reserve management plans for provincial parks reflected in municipal IDPs	Number of reserve management plans incorporated in the IDPs of relevant municipalities
			1.1.1.27		Programme of transition to new Strategic Plan developed and implemented
1.2. TO EXPAND THE PROVINCIAL PROTECTED AREA SYSTEM	1.2.1	Provincial NPAES target ('000ha)		A system of provincial protected areas established and maintained, contributing to meeting national biodiversity conservation targets	Protected Areas System
			1.2.1.1		Two stewardship contracts
1.3. TO GROW REVENUE FROM BIODIVERSITY	1.3.2	Revenue from game sales	1.3.2.1	Implement live game sales component of Board approved large mammal management	Game sales
	1.3.3	Revenue from culling	1.3.3.1	Implement external culling component of Board approved large mammal management	Culling

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	Mechanism for incorporation developed	Engagement with municipalities in this regard has taken place and the SMPs are available but the mechanism of inclusion is the responsibility of the municipality - not the ECPTA	No deviation	None required
	Programme developed	The new Strategic Plan has been fully implemented as of the 1 April 2011	No deviation	None required
	438	438	No deviation	None required
	Contract signed	The programme over achieved in terms of engaging with land owners but not with signing a Stewardship Agreement	Six draft agreements were initiated with land owners but none have been signed off and finalised. The programme is not adequately funded to cover the legal costs of finalising the agreements	Additional funds will be sought outside of the budget to finalise these contracts
	R7 million	R8.8 million	No deviation	None required
	R3 million	R33 000	Demand from buyers	Analyse market demand and adjust accordingly

OPERATIONAL PLAN: BUSINESS DEVELOPMENT AND TOURISM

Strategic Goal 2: To Serve as a Catalyst for All Dimensions of Tourism in the Province				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
2.2. TO ENHANCE PROVINCIAL TOURISM TRANSFORMATION	2.2.1	Tourism BEE Charter Scorecard compliance by Provincial tourism establishments		Tourism transformation
			2.2.1.2	Run mentorship programmes
			2.2.1.3	Support emerging tourism associations
			2.2.1.4	Tourism awareness campaigns
2.3. TO ENHANCE PROVINCIAL TOURISM PRODUCT DEVELOPMENT	2.3.1	Revenue from on-Reserve hospitality		Revenue generated from on-reserve hospitality
			2.3.1.1	Develop pricing strategy
			2.3.1.2	Develop reserve product and hospitality plan
			2.3.1.3	Number of new eco-tourism products developed in Reserves
	2.3.2	% Improvement in ECPTA Customer Satisfaction Index		Customer satisfaction improved
	2.3.3	Number of registered tourism products in Province		Tourism products registered
			2.3.3.1	Increase number of registered tourism products
			2.3.3.2	Increase number of registered Tourist Guides complying with Tourism Act
			2.3.3.3	International Tourist Guide Celebration
	2.3.5	Minimum grading of tourist products in the Province		3 stars
			2.3.5.1	Graded establishments
			2.3.5.2	Service excellence and quality assurance workshops held
			2.3.5.3	Awards supported
	2.3.6	Provincial tourism development supported		Tourism development
			2.3.6.1	Raise awareness of scholars regarding tourism as a career
			2.3.6.2	Improve quality of provincial tourism service delivery

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	N/a	N/a	New ECPTA performance indicator relevant for the new financial year. Measurable objectives below were implemented in support of Tourism BEE Charter Scorecard	N/a
	1	1	No deviation	None required
	7	7	No deviation	None required
	7	20	More awareness campaigns were held because ECPTA partnered with a number of stakeholders such as police and municipalities	None required
	R2,5 million	R3,6 million	Target exceeded	None required
	Pricing strategy developed	1	No deviation	None required
	Product and hospitality plan	1	No deviation	None required
	2	5	No deviation, the target was exceeded	None required
	N/a	N/a	New ECPTA performance indicator relevant for the new financial year	N/a
	1900	2115	Exceeded the target because more products were registered as a result of ECPTA partnership with municipalities as a key stakeholder in tourism development	None required
	140	215	None, target exceeded the target as more product owners were informed about the benefits of registration through the awareness campaigns	None required
	20	127	None, target exceeded spot checks and awareness campaigns led to increase in tourist guide registration	None required
	1	1	No deviation	None required
	3-stars	3-stars	No deviation	None required
	20	51	Exceeded target due to support received through the FIFA World Cup 2010 Campaign from DEDEA	None required
	4	9	None, target was exceeded. After the Soccer World Cup ECPTA and National Department of Tourism (NDT) realised the need to continue with workshops in order to improve service excellence in all areas of the province	None required
	3 awards	3	No deviation	None required
	N/a	N/a	New ECPTA performance indicator relevant for the new financial year. Measurable objectives below were implemented in support of Tourism Development	N/a
	10	0	The National Tourism Centre Exhibition (NTCE) was cancelled by the National Department of Tourism due to the national strike action by educators during 2010.	NTCE to be held in September 2012
	4	0	Change in strategic dimension and priorities for the new entity	Budget according to priorities in the next financial year

OPERATIONAL PLAN: BUSINESS DEVELOPMENT AND TOURISM (CONTINUED)

Strategic Goal 2: To Serve as a Catalyst for All Dimensions of Tourism in the Province				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
2.2. TO ENHANCE PROVINCIAL TOURISM TRANSFORMATION			2.3.6.3	Support tourism routes
			2.3.6.4	Develop partnerships
			2.3.6.5	Attend Tourism & Enterprise Development Forums
2.4. TO FACILITATE INFRASTRUCTURE DEVELOPMENT FOR TOURISM GROWTH	2.4.1	Progress against Reserve infrastructure improvement plan		Infrastructure improvement of on-reserve tourist accommodation
			2.4.4.1	Maintenance and furnishing carried out at Double Drift (Mvubu Lodge)
			2.4.4.2	Campsites upgraded at Baviaanskloof Nature Reserve
			2.4.4.3	Campsites upgraded at Dwesa Nature Reserve
			2.4.4.4	Silaka chalets upgraded and furnished
			2.4.4.5	Double Mouth campsite upgraded
			2.4.4.6	Landscaping done at Hluleka Nature Reserve
			2.4.4.7	Maintenance carried out at Mkhambathi Nature Reserve (Gwe Gwe facilities)
	2.4.2	Facilitate Provincial infrastructure improvement		Provincial infrastructure improvement facilitated
			2.4.2.1	Number of infrastructure linkages provided
			2.4.2.2	Improved airlift capacity
			2.4.2.3	Tourism signage policy
			2.4.2.4	Improve destination signage
	3.4.3	Revenue increased from commercialisation initiatives		
			3.4.3.1	Develop a concessioning and PPP strategy and action plan
			3.4.3.3	PPPs agreed

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	3	3	None, target was exceeded.	None required
	3	4	No deviation	None required
	1	7	No deviation	None required
	90%	100%	No deviation	None required
	Maintenance completed	100%	No deviation	None required
	Upgrade completed	100%	No deviation	None required
	Upgrade completed	100%	No deviation	None required
	Upgrade completed	100%	No deviation	None required
	Upgrade completed	100%	No deviation	None required
	Landscaping completed	100%	No deviation	None required
	Maintenance completed	100%	No deviation	None required
	N/a	N/a	Measurable objectives below were implemented in support of Infrastructure Improvement	N/a
	3	0	Budget constraints	Review project brief
	1	0	Roll out of National Airlift Strategy delayed	Consult with National Department of Tourism in order to align Provincial implantation to the strategy
	Finalise signage survey	1	No deviation	None required
	20	109	None, target was exceeded. More signage was installed as budget for signage policy was used for installation and the policy was developed internally	None required
	N/a	N/a	New ECPTA performance indicator relevant for the new financial year	N/a
	1	1	No deviation	None required
	N/a	N/a	No deviation	None required

OPERATIONAL PLAN: MARKETING AND COMMUNICATIONS

Strategic Goal 2: To Serve as a Catalyst for All Dimensions of Tourism in the Province				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
2.1 TO PROMOTE THE PROVINCE AS A PREFERRED TOURISM DESTINATION	2.1.1	Domestic provincial tourism income maintained		Provincial tourism growth rate maintained
			2.1.1.1	Development of marketing tools
			2.1.1.2	Development and implementation of seasonal campaigns
			2.1.1.3	Establish relevant event partnerships
			2.1.1.4	Develop media plan
			2.1.1.5	Develop marketing & communication strategy
			2.1.1.6	Market at national domestic shows
			2.1.1.7	Develop tour operator engagement schedule
			2.1.1.8	Host domestic media educational
			2.1.1.9	Develop strategy for tourism information centres
	2.1.2	International provincial tourism income maintained		Income maintained from international provincial tourism
			2.1.2.1	Market at identified international trade shows
			2.1.2.2	Sign joint marketing agreements
			2.1.2.3	Appoint country representative
			2.1.2.4	Host international media educational
			2.1.2.5	Develop media plan
			2.1.2.6	Schedule inbound tour operator engagement
	2.1.3	% Domestic tourism market share		N/a

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	R4,3b	Cannot report against this target	The distribution of SA Tourism Statistics Report is 3 to 4 months after end of financial year	Establish internal research unit
	Identified marketing tools developed	12	No deviation	None required
	1 campaign developed	Not required	Promotion was planned to ensure Easter bookings at nature reserve - however as all flagship reserves were fully booked - campaign postponed for future date	Focus shift to out-of-season campaigns
	Establish 2 event partnerships	3	No deviation	None required
	Media plan developed	Marketing and Communications Strategy developed (media plan included)	No deviation	None required
	1	Marketing and Communications Strategy developed	No deviation	None required
	Attendance at identified trade shows	2	No deviation	None required
	Tour operator schedule developed	Achieved and approved	No deviation	None required
	Media educational hosted	2	No deviation	None required
	Strategy developed	1	No deviation	None required
	R3,5b	Cannot report against this target	The distribution of SA Tourism Statistics Report is 3 to 4 months after end of financial year	Establish internal research unit
	Attendance at identified trade shows	3	No deviation	None required
	Signed JMAs	4	No deviation	None required
	Country Representatives appointed	3	No deviation	None required
	Media educational hosted	2	No deviation	None required
	Media plan developed	1	No deviation	None required
	Inbound tour engagements scheduled	1	No deviation	None required
	Grow domestic tourism market by 0.96%	Cannot report against this target	The distribution of SA Tourism Statistics Report is 3 to 4 months after end of financial year	Establish internal research unit

OPERATIONAL PLAN: MARKETING AND COMMUNICATIONS (CONTINUED)

Strategic Goal 2: To Serve as a Catalyst for All Dimensions of Tourism in the Province				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
2.1 TO PROMOTE THE PROVINCE AS A PREFERRED TOURISM DESTINATION			2.1.3.1	Grow the domestic tourism market share
	2.1.4	% International tourism market share		N/a
			2.1.4.1	Grow the international tourism market share
	2.1.5	% Geographical growth across the Province		N/a
			2.1.5.1	Acquire baseline indicator for geographical growth across the province
	2.1.6	% Recognition of destination brand within conservation and tourism industry		N/a
			2.1.6.1	Continue to roll out brand implementation plan domestically and internationally
			2.1.6.2	Identify and promote icon attractions in alignment with the brand
			2.1.6.3	Facilitate brand buy in and alignment by all stakeholders
			2.1.6.4	Develop and disseminate CI Manual to ensure consistency and custodianship of the brand
			2.1.6.5	Develop & implement brand change management plan
	2.1.7	Increase in reserve occupancy levels	2.1.7.1	Reserve occupancy levels
			2.1.7.1	Growth in reserve occupancy levels
			2.1.7.2	Review tariff structure
			2.1.7.3	Develop media plan
			2.1.7.4	Develop product promotional campaigns

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	Grow domestic tourism market by 0.96%	Cannot report against this target	The distribution of SA Tourism Statistics Report is 3 to 4 months after end of financial year	N/a
	Grow international tourism market by 0.3%	Cannot report against this target	The distribution of SA Tourism Statistics Report is 3 to 4 months after end of financial year	N/a
	Grow international tourism market by 0.3%	Cannot report against this target	The distribution of SA Tourism Statistics Report is 3 to 4 months after end of financial year	N/a
	N/a	N/a	Baseline data collected to inform geographical growth indicators	Establish research unit
	Baseline indicator acquired	Not achieved	No research information available	SA Tourism stats report
	N/a	N/a	N/a	N/a
	50%	50%	No deviation	None required
	8	8	No deviation	None required
	Quarterly stakeholder meetings held	2	No deviation	None required
	CI Manual developed	CI Manual developed and distributed	No deviation	None required
	25%	25%	No deviation	None required
	10%	40%	No deviation	None required
	10%	40%	Occupancy rate has increased due to improved hospitality procedures	None required
	Tariff structure reviewed	Achieved	No deviation	None required
	Media plan developed	Achieved	No deviation	None required
	Product promotional campaign developed and implemented	Not required	Promotion was planned to ensure Easter bookings at nature reserve - however as all flagship reserves were fully booked - campaign postponed for future date	Focus shift to out of season campaigns

OPERATIONAL PLAN: OFFICE OF THE CEO

Strategic Goal 3: To Establish and Maintain an Efficient and Effective Institution				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
3.1. TO UTILISE PARTNERSHIPS WITH KEY STAKEHOLDERS SUCCESSFULLY TO ACHIEVE SPECIFIC OUTPUTS	3.1.1	Funds leveraged from partnership for biodiversity management and protected area development initiatives		Funds for biodiversity management and protected area development
			3.1.1.1	Funds committed through Intergovernmental Relations
			3.1.1.2	Funds committed through partnership agreements with Donors and Sponsors
	3.1.2	Funds leveraged from partners for tourism initiatives		Funds for tourism partnerships
	3.1.3	Number of partnership agreements		Partnership agreements
3.2 TO ENSURE EFFECTIVE CORPORATE GOVERNANCE	3.2.1	Legislative compliance with key identified pieces of legislation		Legislative compliance
			3.2.1.1	Maintain accurate centralised register of ECPTA contractual agreements
	3.2.2	Standard average performance assessment score for the Board effectiveness		Board assessment
			3.2.2.1	Board Charter approved and implemented
			3.2.2.2	Annual Declaration of Interest in place
			3.2.2.3	Delegation of Authority in place
			3.2.2.4	Board and Subcommittee meetings coordinated
			3.2.2.5	Service Level agreement with DEDEA
	3.2.5	Percentage of total strategic risks reduced to an acceptable level		Strategic risk management
			3.2.5.1	Strategic risk management plan
			3.2.5.2	Strategic plan implementation monitored
			3.2.5.3	M&E System report accuracy
	3.2.6	To reduce the carbon footprint		Carbon footprint
	3.2.7	Percentage stakeholder satisfaction		Stakeholder satisfaction

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	R20m	R23m	None, target was exceeded due to effective intergovernmental relations	None required
	R15m	R40m	None, target was exceeded. Received funding of R40m from National Department of Tourism for the development of Mtontsi Lodge	None required
	R5m	R6m	None, target was exceeded. Financial support received from DEDEA in support of "Buy Eastern Cape" campaign	None required
	R3m	R2,9m	Minor deviation as result of partnership funding requirements	None required
	7	11	None, target was exceeded. Partnership initiatives discussed in previous years and finalised in this financial year	None required
	25%	25%	No deviation	None
	25%	100%	All new contracts are included to the centralise contractual agreements register	None required
	N/a	N/a	Board assessment score supported by measurable objectives below	Board assessment to be conducted according to schedule
	Board Charter approved and implemented	Board charter implemented	No deviation	None required
	Declaration of interest signed by all Non Executive Directors	Quarterly update	No deviation	None required
	Approved by Board of Directors	Compliance is monitored	No deviation	None required
	Board Plan approved and implemented	Board plan implemented	No deviation	None required
	SLA signed and implemented	SLA is signed	No deviation	None required
	20%	20%	No deviation	N/a
	70%	70%	No deviation	None required
	70%	91%	None, target was exceeded due to the implementation of the customised Electronic Project Management System	None required
	70%	91%	No deviation	None required
	N/a	N/a	Establish baseline data	Implement action plan
	20%	20%	No deviation	None required

OPERATIONAL PLAN: HUMAN RESOURCES

Strategic Goal 3: To Establish and Maintain an Efficient and Effective Institution				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
3.2 TO ENSURE EFFECTIVE CORPORATE GOVERNANCE	3.2.1	Legislative compliance with key identified pieces of legislation		Legislative compliance
			3.2.1.2	Implementation of Occupational Health & Safety (OHS) management plan monitored & evaluated
			3.2.1.3	Employment Equity (EE) plan developed and approved
3.3 TO ENSURE THAT THE ORGANISATIONAL ARCHITECTURE SUPPORTS AGENCY STRATEGY	3.3.1	Transformed organisational structure		N/a
			3.3.1.1	Organisational structure approved
				Employees placed according to the new organisational structure
				Placement of exceptions
			3.3.1.2	Integrated HR Plan for ECPTA developed & approved for MTEF period 2011-2014
			3.3.1.3	HR policies and SO procedures reviewed and aligned to ECPTA.
				ECPTA employees workshopped on 23 HR policies
			3.3.1.4	Leave management monitored
			3.3.1.5	Remuneration mandate including alignment in accordance with policy approved.
			3.3.1.6	Review and implement Human Resource Information System(HRIS)
			3.3.1.7	Change Management programme developed and undertaken
			3.3.1.8	Critical funded vacancies filled
			3.3.1.9	Implementation of Labour relations processes facilitated and monitored.

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	25%	20%	Due to limited capacity the focus was on OHS audit review and HR policy workshops. Furthermore EE plan finalisation is dependant on organogram finalisation which is delayed	Monitoring of OHS implementation to continue in 2011/12. EE plan to be finalised in 3rd quarter 2011/12
	Implementation of OHS standards monitored	Partially achieved	Monitoring done in all regions. In 4th quarter the focus was on the audit review and HR policy workshops	Monitoring of implementation to continue in 2011/12
	Trained staff (20%)	120 (20%)	No deviation	None required
	Effectiveness review audit conducted	1	No deviation	None required
	Approved EE plan	0	Due to delay in finalisation of organogram the EE plan could not be finalised	Revised target 3rd quarter in 2011/12
	Annual report to Department of Labour	2	No deviation	None required
	N/a	N/a	Measurable objectives below support organisational transformation	Implement organisational structure
	Approved organisational structure	Partially achieved - top structure approved on 29/3/2011	Delay in commencement of process	Re-scheduled for completion - 2nd quarter 2011/12
	590	0	Delay in commencement of re-design process.	Re-scheduled for completion - 2nd quarter 2011/12
	0	0	Delay in commencement of re-design process.	Re-scheduled for completion - 3rd quarter 2011/12
	Approved Integrated HR Plan in Place	0	Since this is covered in the ECPTA Strategic Plan plan and APP - not necessary to develop another plan	None required
	Review of all HR (23) policies & procedures completed	24 policies approved. 10 SOP's completed	Due to roll-out of HR policy workshops not all procedures could be completed timorously	Re-scheduled for completion - 1st quarter 2011/12
	100% of employees workshopped	22 workshops held. 383 employees (67%) workshopped.	Unavailability of employees on workshop dates	CD's have been made available to all reserves. Policies and templates accessible on "K" drive
	Min. 10% leave audit conducted	100%	All attendance registers audited	None required
	Alignment process approved	0	Due to delay in organisational structure redesign project .	Re-scheduled for 3rd quarter 2011/12
	Approved annual salary increase mandate	1	No deviation	None required
	HRIS rolled out to all reserves (subject to ICT connectivity)	9 workplaces connected.	Unavailability of ICT connectivity	Re-scheduled for 1st - 3rd quarter 2011/12
	Conversion of HR Accsys system to VIP	1	No deviation	None required
	Approved programme developed - 20% undertaken	5% . Held 4 sessions during November and December 2010.	Due to delay in approval of top level of organisational structure, the process was deferred	Re-scheduled and included in the AoP 2011/12
	Approved critical funded vacancies filled	Achieved.	No deviation	None required
	100% of compliance with disciplinary, grievance and dispute procedure	100% monitored.	No deviation	None required

OPERATIONAL PLAN: HUMAN RESOURCES (CONTINUED)

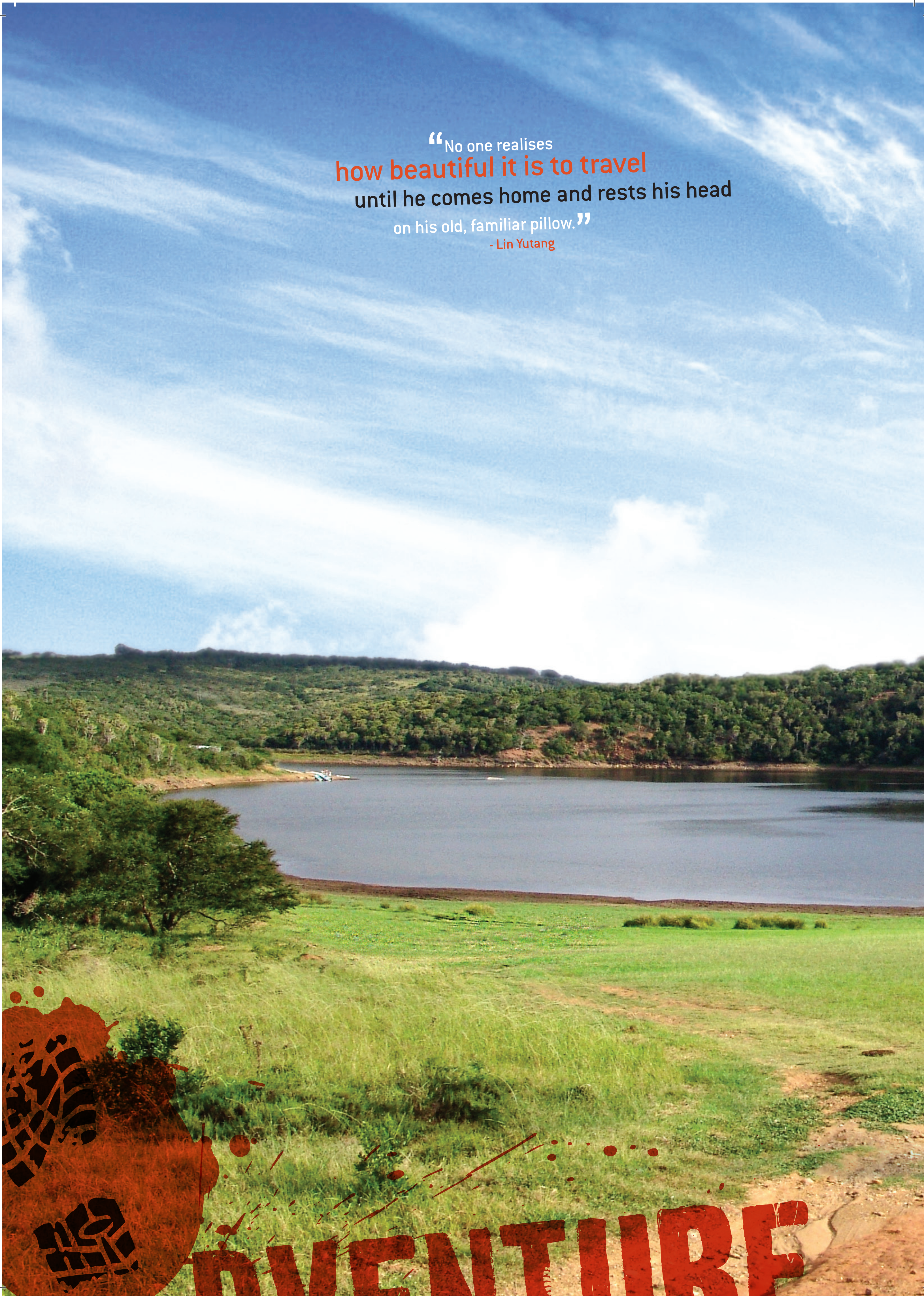
Strategic Goal 3: To Establish and Maintain an Efficient and Effective Institution				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
3.2 TO ENSURE EFFECTIVE CORPORATE GOVERNANCE	3.3.2	Average performance score for the organisation		Organisational performance
			3.3.2.1	Performance Management System monitored
			3.3.2.2	Integrated Employee Wellness Programme (EWP) implemented
			3.3.2.3	HRD targets achieved
3.3 TO ENSURE THAT THE ORGANISATIONAL ARCHITECTURE SUPPORTS AGENCY STRATEGY				
			3.3.2.4	Implementation of Theta-sponsored skills development programmes
	3.3.4	% Improved staff satisfaction		Staff satisfaction
			3.3.4.1	Conduct staff satisfaction survey
				Develop staff satisfaction intervention plan
				Implement staff satisfaction intervention plan

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	2.9	3.2	Target exceeded	None required
	100% Compliance as per PMS roll-out plan timelines	100% monitored	No deviation	None required
	EWP programme implemented	100%	No deviation	None required
	One (1) peer educator workshop held	One on one sessions held with peer educators whilst on HR policy workshops visits	No deviation	None required
	Impact review conducted	1	No deviation	None required
	100% of WSP 2010/11 priority training implemented	81%	Due to operational requirements certain training priorities were re-scheduled to 2011/12	Training priorities aligned to ECPTA strategy
	2011/12 WSP approved	Not achieved	Training and development priorities dependant primarily on organisational re-design and placement	Re-scheduled for 1st quarter in 2011/12 financial year
	AES scheme administered	13	Dependent on bursar claims	None required
	NEBS scheme administered	1	Dependent on bursar claims	None required
	Induction sessions conducted	2	No deviation	None required
	ABET Programme implemented	Achieved	No deviation	None required
	Implementation of ABET Programme evaluated	Not achieved	Students who failed re-wrote in March 2011 - awaiting results	Close out report re-scheduled pending exam results 1st quarter 2011/12
	N/a	N/a	Survey conducted to establish baseline data	Implement action plan
	Staff satisfaction survey conducted	1	No deviation	None required
	Satisfaction index and intervention plan	1	No deviation	None required
	5% of plan implemented	5%	No deviation	None required
	Internal HR capacitation plan 100% implemented	1	No deviation	None required

OPERATIONAL PLAN: FINANCE

Strategic Goal 3: To Establish and Maintain an Efficient and Effective Institution				
Strategic Objectives	No.	Performance Indicator	#	Measurable Objectives
3.2 TO ENSURE EFFECTIVE CORPORATE GOVERNANCE	3.2.1	Legislative compliance with key identified pieces of legislation		Compliance with the PFMA and NTRs
			3.2.1.1	Required policies and procedures in place
	3.2.3	Unqualified audit report	3.2.3.1	Obtain unqualified audit report
			3.2.3.2	Acquisition of AFS software to improve GRAP disclosure
			3.2.3.3	Acquisition of Payroll software to improve HR and Payroll functionality
	3.2.4	Matters of emphasis		Reduce matters of emphasis
	3.2.5	Percentage of strategic risks reduced to an acceptable level		Reduce finance management risk
3.3 TO ENSURE THAT THE ORGANISATIONAL ARCHITECTURE SUPPORTS AGENCY STRATEGY	3.3.1	Transformed organisational structure		N/a
			3.3.1.11	Internal audit function approved
	3.3.3	% Organisational operations efficiently and effectively supported by ICT systems		N/a
			3.3.3.1	Communication system approved
			3.3.3.2	Network and e-mail systems to be reviewed and single system adopted
3.4 TO MAINTAIN EFFICIENT FINANCIAL MANAGEMENT THAT WILL SUPPORT THE GROWTH OF OWN REVENUE	3.4.1	% Efficiencies gained on expenditure of operational budget		Efficiency of budget expenditure
			3.4.1.1	Operational expenditure
	3.4.2	% Budget variance maintained		Monitor and maintain budget variance
			3.4.2.1	Budget for the new agency finalised

	Actual Performance Against Target		Reason For Deviation	Corrective Measures
	Target	Actual		
	25%	Checklists developed and evaluated	No deviation	None required
	Finance policies adopted for the ECPTA	24	No deviation	None required
	100%	Unqualified reports	No deviation	None required
	System in place	1	No deviation	None required
	System in place	1	No deviation	None required
	8	6	No deviation	None required
	20%	Risk registers are in the process of being finalised	Risk assessment was conducted on 30 November 2010 and reviewed by the Board on 29 March 2011	Action plan to be put in place to develop a final risk register by 31 May 2011
	N/a	N/a	Internal audit below supports transformational of organisational structure	Implement internal audit plan
	Internal audit confirmed and audit plan approved by audit committee	Internal auditors of the ECPB appointed and revised internal audit plan approved by the Board	No deviation	None required
	Basic internet connectivity and access to e-mail	N/a	N/a	N/a
	Communication system approved	20 - All reserves have access to basic mail and 3G access but no networks within the reserve to enable such connectivity for all staff	Capacity and cost constraints resulted in us not being able to implement full connectivity	Agreed limited connectivity will be introduced on a piecemeal basis at each Region
	Board decision on uniform system	Completed	No deviation	None required
	1% of budget due to merger impact & budget constraints	Auctioning of Buffalo at Great Fish & saving on translocation costs	The first 9 months was primarily focussed on merger related activities and not many efficiencies could be realised	Specific targets to be given to each department to achieve efficiencies which would result in savings
	Provide support for administrative and operational support	Finance and ICT support provided on an ongoing basis but some departments expressed dissatisfaction with the level of ICT support	Capacity constraints in the ICT unit linked to the volume of work required to deal with merger related issues	ICT Strategy to be developed for the 2011/12 financial year
	5%	0,47% variance	No deviation	None required
	Budget for ECPTA approved by the Board	Budget approved	No deviation	None required


"No one realises
how beautiful it is to travel
until he comes home and rests his head
on his old, familiar pillow."
- Lin Yutang

02.

CONSERVATION REPORT

THOMAS BAINES NATURE RESERVE

CONSERVATION

CONSERVATION REPORT

OVERVIEW

The Conservation Branch has had a good year and has consolidated on progress and developments of previous years. All sections within the department are now functioning and delivering for conservation. Despite ongoing budget reductions the team has pulled together and the progress is clear for all to see, despite the limitations. Of particular note are the efforts of the Social Responsibility Projects Unit, the Wild Coast Project (funded by the Global Environment Facility) as well as the Scientific Services section. Within the realm of direct conservation management of reserves the establishment of marine capacity at the Mkhambathi Nature Reserve, the smooth operating of the large mammal management in the central region and the developments relating to access control and revenue generation in the Baviaanskloof are notable.

BIODIVERSITY MANAGEMENT

As with previous years, fire management, large mammal management and alien plant control have been important areas of biodiversity conservation management in the ECPTA. Achievements in the past year include registration and participation in five Fire Protection Associations (FPAs) for reserves where fire, not only presents a risk to life and infrastructure but where it is also biologically important.

The five reserves, i.e. Ongeluksnek, Mkhambathi, Silaka, Cockscomb and Formosa are now in a much stronger position to be able to fund and implement effective fire management in their respective areas.

DAVE BALFOUR
Acting Executive Director: Conservation

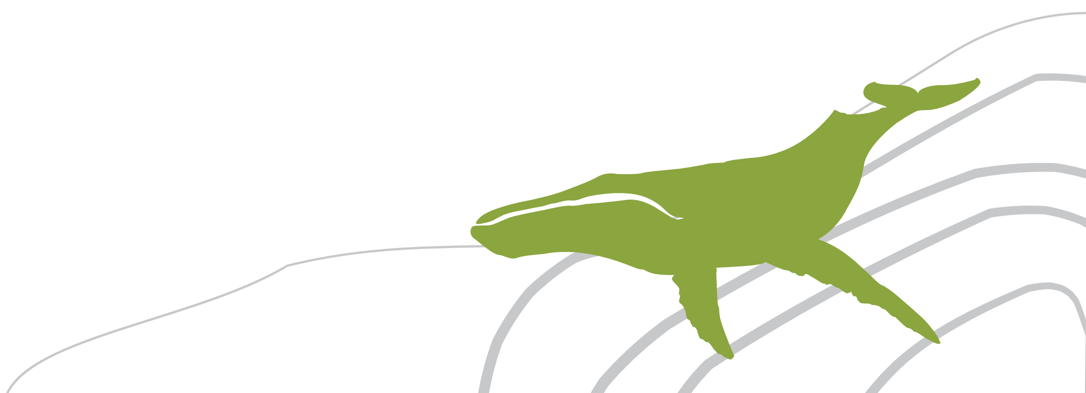
The Working for Water programmes, which have the removal of alien plant species as well as the provision of local employment as primary objectives, were active in Ongeluksnek (where the main plant cleared is black wattle), Mkhambathi (where they target a range of species including lantana, bug weed and triffid weed) and in the Baviaanskloof where over 2000 ha of low density invasion by pine trees and hakea was cleared. Probably the most vulnerable area to alien plant invasion in the Eastern Cape is within 10 km of the coast line south of Kwa-Zulu Natal and thus, through the Wild Coast Project (see later in this report), the activities and impact of the Working for Water programme is targeted to increase substantially in the 2011/12 financial year.

The Board approved animal management plan for 2010 included hunting and culling of both alien as well as indigenous species. The specifics of the large mammal management programmes as implemented are detailed in the following table. Over the past year of implementing the alien animal reduction approach to large mammal management the ECPTA has been successful in reducing the overall numbers of alien species in reserves. This is a significant step in reversing the effects of the management practices of the 1980s when many alien species were introduced into reserves for tourism and hunting purposes. It is anticipated that this programme will continue for a further three to five years for the eradication of the larger alien animals but that the control of smaller animals, such as warthog and nyala, will take longer and their control will become part of an ongoing programme of action. The programme is not only about removing animals however and the re-establishment of species of large mammal in reserves where they are indigenous, but no longer present, is equally important. The translocation of indigenous species from one of the provincial nature reserves to another, aimed at reestablishing the natural populations, included Ongeluksnek (22 black wildebeest), Nduli and Luchaba (31 red hartebeest) where founder populations were released. This programme is progressing slowly, due to budgetary constraints, but we are steadily repopulating areas as appropriate.

MANAGEMENT EFFECTIVENESS

The assessment of our effectiveness in managing protected areas is not a simple or straightforward task, nor is it static - it is continuously evolving. The primary method of assessing management effectiveness used by the former ECPB and now ECPTA has been focused on enforcement and security and is known as the Protected Area Integrity Management Effectiveness (or PAIME) tool. While the target score for completely effective management is a 3, the ECPB came off a very low base (with a score of less than 1.5). Over a number of years this score has incrementally improved to a stage where the target for 2010/11 was a score of 2.5 on average for all reserves. The final, independently assessed, score that was achieved was 2.6. This was derived from composite score for many factors focusing on those factors that are within the control of the reserve managers and ignoring those that are beyond the control of reserve staff.

During the year, however, a national standard for management effectiveness assessment was introduced which is slightly different from the PAIME assessment. This new national standard addresses more than reserve integrity and gives weight to factors such as legal status, biodiversity management, neighbour relations, stakeholder engagement, visitor facilities, *etc*. In order to transition to the new Management Effectiveness Tracking Tool (METT), a baseline assessment was first conducted for all reserves. Incremental increases in the average METT score for the Agency have now been set into the strategic plan for the next three years. By that stage the ECPTA aims to meet the target of 55 as an average for all reserves.



Game Estimates (as at 01 October 2010) and approved off-takes for the 2010/2011 year

Reserve	Species	Estimate	2010 Off-takes				
		2010	Live Sale	Internal Culling	External Culling	Trans-location	**Total**
Baviaanskloof	Buffalo	142					0
	Bushbuck	186					0
	Bushpig	4					0
	Cape Mountain Zebra	29					0
	Common Duiker	24					0
	Eland	47					0
	Grysbok	10					0
	Impala	1					0
	Klipspringer	58					0
	Kudu	465					0
	Mountain Reedbuck	91					0
	Red Hartebeest	204					0
	Waterbuck	1					0
Commando Drift	Black Wildebeest	276			120		120
	Blesbok	107					0
	Cape Mountain Zebra	140	14				14
	Common Duiker	16					0
	Kudu	224					0
	Lechwe	13		1			1
	Mountain Reedbuck	105					0
	Ostrich	82					0
	Red Hartebeest	165	34				34
	Springbok	155					0
	Steenbok	19					0
	Warthog	40					0
Dwesa/Cwebe	Blue Wildebeest	0					0
	Buffalo	28					0
	Bushbuck	13					0
	Crocodile	3					0
	Eland	42					0
	Plains Zebra	19					0
Fort Fordyce	Black Wildebeest	36		3			3
	Plains Zebra	22		2			2
	Red Hartebeest	76				31	31
Great Fish	Baboon	728					0
	Blesbok	8					0
	Blue Wildebeest	10					0
	Buffalo	217	8				8
	Bushbuck	150					0
	Bushpig	7					0
	Common Duiker	53					0
	Eland	642	39	1			40
	Elephant	2					0
	Giraffe	5	11		4		15
	Grysbok	0					0
	Hippopotamus	18		5			5
	Impala	34		11			11
	Kudu	1769	36	70			106
	Mountain Reedbuck	9					0
	Nyala	5		13			13
	Ostrich	209			10		10

Game Estimates (as at 01 October 2010) and approved off-takes for the 2010/2011 year

Reserve	Species	Estimate	2010 Off-takes				
		2010	Live Sale	Internal Culling	External Culling	Trans-location	**Total**
Great Fish River	Plains Zebra	131	13				13
	Red Hartebeest	434	54				54
	Springbok	1					0
	Steenbok	53					0
	Warthog	697		259			259
	Waterbuck	4		9			9
Hluleka	Blue Wildebeest	1					0
	Plains Zebra	20			8		8
Luchaba	Blesbok	69					0
	Fallow Deer	4					0
	Plains Zebra	28	21				21
	Red Hartebeest	27					0
	Springbok	28					0
Mkhambathi	Blesbok	326		3	45		48
	Blue Wildebeest	2					0
	Bushbuck	5					0
	Common Duiker	1					0
	Eland	123		3			3
	Impala	1					0
	Kudu	9					0
	Plains Zebra	225	100				100
	Red Hartebeest	239		1			1
	Southern Reedbuck	25					0
	Springbok	11					0
Mpofu	Baboon	82					0
	Black Wildebeest	193		30			30
	Blesbok	161	20	10			30
	Buffalo	82	2				2
	Bushbuck	19					0
	Duiker, Common	2					0
	Eland	276	10	1			11
	Fallow Deer	2					0
	Giraffe	1					0
	Grey Rhebok	0					0
	Impala	116		32			32
	Kudu	82		7			7
	Mountain Reedbuck	48					0
	Ostrich	23					0
	Plains Zebra	306		17			17
	Red Hartebeest	187		19			19
	Southern Reedbuck	20					0
	Springbok	55					0
	Warthog	208		176			176
	Waterbuck	59		39	16		55
Nduli	Blesbok	6					0
	Fallow Deer	9					0
	Impala	36					0
	Mountain Reedbuck	2					0
	Nyala	4					0
	Red Hartebeest	9					0

Game Estimates (as at 01 October 2010) and approved off-takes for the 2010/2011 year

Reserve	Species	Estimate	2010 Off-takes				
		2010	Live Sale	Internal Culling	External Culling	Trans-location	**Total**
Oviston A	Common Duiker	5					0
	Eland	109					0
	Kudu	62		3			3
	Mountain Reedbuck	98					0
	Plains Zebra	58					0
	Red Hartebeest	158					0
	Springbok	170					0
	Steenbok	7					0
Oviston BC	Black Wildebeest	438	205	5	71		281
	Blesbok	310			40		40
	Common Duiker	1					0
	Eland	64			4		4
	Gemsbok	95	40		7		47
	Kudu	3					0
	Mountain Reedbuck	46					0
	Ostrich	231			21		21
	Plains Zebra	80			5		5
	Red Hartebeest	214			34		34
	Springbok	1843			248		248
	Steenbok	13					0
Oviston D	Black Wildebeest	68		5	10		15
	Blesbok	157			67		67
	Common Duiker	0					0
	Kudu	0					0
	Mountain Reedbuck	2					0
	Ostrich	146			36		36
	Plains Zebra	15					0
	Red Hartebeest	83			16		16
	Springbok	415			130		130
	Steenbok	32					0
Oviston E1	Black Wildebeest	59					0
	Common Duiker	4					0
	Kudu	3					0
	Mountain Reedbuck	15					0
	Ostrich	12					0
	Plains Zebra	36					0
	Red Hartebeest	0					0
	Springbok	64			37		37
	Steenbok	0					0
Oviston E2	Black Wildebeest	2					0
	Blesbok	60		8			8
	Common Duiker	3					0
	Eland	4					0
	Kudu	9					0
	Mountain Reedbuck	17					0
	Steenbok	18					0
	Warthog	10					0

Game Estimates (as at 01 October 2010) and approved off-takes for the 2010/2011 year

Reserve	Species	Estimate	2010 Off-takes				
		2010	Live Sale	Internal Culling	External Culling	Trans-location	**Total**
Oviston E2	Black Wildebeest	2					0
	Blesbok	60		8			8
	Common Duiker	3					0
	Eland	4					0
	Kudu	9					0
	Mountain Reedbuck	17					0
	Steenbok	18					0
	Warthog	10					0
Oviston F	Black Wildebeest	391			30		30
	Blesbok	20			33		33
	Common Duiker	6					0
	Eland	36			4		4
	Gemsbok	33			4		4
	Kudu	33			3		3
	Mountain Reedbuck	8					0
	Ostrich	160			15		15
	Plains Zebra	53			6		6
	Red Hartebeest	1					0
	Southern Reedbuck	1					0
	Springbok	284			47		47
	Steenbok	2					0
	Warthog	48		17			17
Silaka	Blue Wildebeest	4					0
	Plains Zebra	4					0
Thomas Baines	Buffalo	14					0
	Bushbuck	43					0
	Duiker, Common	8					0
	Eland	1					0
	Grysbok	0					0
	Impala	1					0
	Kudu	2					0
	Mountain Reedbuck	3					0
	Nyala	1					0
	Plains Zebra	19		5			5
	Red Hartebeest	1					0
	Warthog	6		1			1
Tsolwana	Black Wildebeest	851		15	137	22	174
	Bontebok	217			20		20
	Cape Mountain Zebra	159	11				11
	Common Duiker	1					0
	Eland	209			10		10
	Fallow Deer	79		17	5		22
	Gemsbok	80	10	5			15
	Grey Rhebok	79					0
	Impala	262		52	27		79
	Kudu	103			12		12
	Mountain Reedbuck	645					0

Game Estimates (as at 01 October 2010) and approved off-takes for the 2010/2011 year

Reserve	Species	Estimate	2010 Off-takes				
		2010	Live Sale	Internal Culling	External Culling	Trans-location	Total
Tsolwana	Ostrich	136			25		25
	Red Hartebeest	235	141		30		171
	Springbok	420			80		80
	Steenbok	10					0
	Warthog	0		4			4
	Waterbuck	3					0
Waters Meeting	Nyala						0
	Warthog			1			1
	Waterbuck			7			7

ENFORCEMENT AND SECURITY

The ECPTA continues to be represented on National Working Group IV (for Compliance and Enforcement) where inputs are provided into national strategies on compliance and law enforcement issues. Through this Working Group, the ECPTA has been able to train and appoint six Environmental Management Inspectors and has trained all its field rangers to the standard of "Level 5" Environmental Management Inspectors. These EMIs, once formally appointed by the MEC, will now be better equipped to enforce the provisions of the National Environmental Management Act.

During the 2010 /11 financial year the incidents of reported law enforcement activities varied from investigating theft in Wild Coast Reserves to a number of successful joint operations that were held between the ECPTA, SANDF, DEDEA and SAPS. In the Western Region law enforcement activities were reserve based and concerned access control, trespassing with two compliance notices being issued (in terms of the National Environmental Management Act) following Agency staff reporting matters to DEDEA. In the Central region, law enforcement activities were reserve based and concerned a number of incidences of trespassing and meat poaching.

A serious poaching incident occurred at Dwesa Nature Reserve where five white rhino carcasses were found. The ECPTA initiated investigations with the SAPS Organised Crime and DEDEA (Green Scorpions). They are ongoing.

PROTECTED AREA EXPANSION

In line with changing international and national norms regarding the expansion of the protected area systems, as well as a limited budget, the ECPTA has not focused on land acquisition in the past year. Instead, the focus has been on partnering with others to increase the amount of land (or sea) managed in a manner that benefits biodiversity conservation. During the year under review the ECPTA's Stewardship Programme got into full swing and a number of new negotiations were initiated where landowners were encouraged to sign Stewardship Agreements under which they manage their land in a manner that strongly favours biodiversity conservation. As this is a new programme and there is a start up phase, it is anticipated that one or possibly two of these landowners will complete the process and sign a Stewardship Agreement in the new financial year.

The potential for the collaborative development of new protected areas in the Wild Coast remains high. In the interests of advancing these opportunities, the staff of the Wild Coast project (see page 45), have made significant advances in mapping suitable areas, supporting and liaising with local communities and proposing opportunities for discussion. This project is ongoing and is likely to take a number of years to complete, but if only half the potential is realised, there will be a significant amount of additional land added to the protected area network in the province. This, together with the potential for a number of the forests on the wild coast to fall under the management of the agency, all bode well for the conservation of a large part of a globally significant biodiversity hotspot.

Following the successful management of the three Marine Protected Areas (MPAs) in the Wild coast, the ECPTA was involved in extensive discussions, both technical and consultative, around the establishment and management of a new MPA, likely to be called the Amathole MPA, in the East London area. The next step is for the Minister to Gazette the MPA and then the management agreements can be signed.

REHABILITATION AND CLIMATE CHANGE

During the year under review, the rehabilitation/carbon sequestration project contracted by the Society for Conservation Biology completed the planting of 28 ha of spekboom in the Baviaanskloof Nature Reserve. By so doing it achieved the multiple objectives of rehabilitating degraded veld, contributing toward the sequestration of carbon (due to the high carbon content of the root material of the mature spekboom plant) and creating employment for a period.

This "pilot project" has effectively established a method for engaging in the carbon economy and demonstrated the viability of the whole approach. In part based on this, a further funding proposal has been submitted by the GEF funded Wild Coast Project, operating under the auspices of the ECPTA, for rehabilitation and conservation of areas of the Wild Coast with high biodiversity value.In addition to this, the ECPTA has been a partner in a national project to submit documents to gain validation to enter into the Voluntary Carbon Market. The result of this submission will be known in 2011.

SOCIAL RESPONSIBILITY

The Social Responsibility Programme's outcomes are integrated into the ECPTA's People and Parks objectives. The programme is funded by the National Department of Environmental Affairs (DEA) and the Expanded Public Works Programme (EPWP). One of the programme's key focus areas is the creation of temporary employment and skills development opportunities for the unemployed people through the implementation of labour intensive projects targeted at neighbouring communities. This adds significantly to protected area derived community benefits.

The implementation of the Social Responsibility Programme (SRP) continued in the 2010/11 financial year with the implementation of projects that seek to develop and upgrade the infrastructure at Mkhambathi, Silaka and Hluleka Nature Reserves. During the reporting year R4 996 296 was spent on work done for the completion of projects such as the Mkhambathi Nature Reserve main entrance gate, the water reticulation, ablution facilities and office building at Msikaba camping site and clearing of invasive alien plants species. In the Hluleka Nature Reserve, remaining work in the Environmental Education Centre and causeway bridge was also completed. Over 90 people received temporary employment during the reporting year from the SRP including the Working for Water projects. This resulted in 13 593 employment days.

Another 153 employment days were achieved through the SRP for training interventions. 41 people received training in areas related to Occupational Health and Safety, First Aid, Personal Finance Management, Herbicide Application and Integrated Environmental Weed Control. For biodiversity conservation, the SRP's contribution resulted in over 1 000 ha of invasive alien plant species being removed from Mkhambathi and Silaka Nature Reserves. In addition the SRP supported nine SMME's in fields such as training, hospitality and construction.

PEOPLE AND PARKS

The ECPTA has evolved its strategic intent drastically over a six year period with regard to stakeholder engagement. It has shifted from exclusion to involvement and is now truly gearing for conservation management partnerships on community-owned land. This change is indicative of citizen empowerment within the field of biodiversity conservation. At the end of the financial year under review, 16 nature reserves have structures for community engagement. This includes ECPTA partnerships with local government. It is the presence of these grass root structures that resulted in the successful participation of the Province at the 2010 National Conference on People and Parks, in KwaZulu-Natal. The contribution of the Province has also been acknowledged in the development of the National Framework on Co-management as well as the supporting People and Parks Toolkit.

The 2010/11 year had its share of challenges, most notably the unfilled Community Liaison Officer (CLO) posts. Ambitions of realising an overhaul in rights, responsibilities, benefits and costs through formalised management agreements with landowner communities continued to be delayed, pending post-settlement implementation. Nonetheless, the productive working relationship between the ECPTA and Department of Rural Development and Land Reform (DRDLR), particularly the Social, Technical, Rural Livelihoods and Institutional Facilitation (STRIF) Unit, warrants acknowledgement.

In attempting to incorporate best practices on community-based natural resource management and conservation awareness, the ECPTA continued to collaborate with research institutions including Rhodes University, University of the Free State, University of Johannesburg, University of Cape Town and the Penn State University (USA). Plans for natural resource use, estuary management and environmental education on the Wild Coast Reserves are almost complete. A parallel area of focus is the alternative livelihoods initiatives. These are interventions that guide communities towards a lesser reliance on natural resource use for a living. We are confident that, building on the base of 2010/2011, the next financial years will report on a growing developmental impact on communities adjacent to the ECPTA protected areas.

SCIENTIFIC SERVICES

The small Scientific Services team, continued to provide invaluable decision support to the protected area managers by providing ecological and impact management advice, managing research on the reserves, engaging with external stakeholders and contributing to planning and policy development.

The annual game census was again carried out on selected nature reserves in the rotational cycle of counts. This year counts were carried out on Oviston, Commando Drift, Tsolwana, Mkhambathi and Dwesa/Cwebe Nature Reserves, while game numbers were estimated on other reserves using previous counts and estimates of mortalities, removals and births. These statistically defensible counts of large mammals enable the Ecologists to make recommendations of species and numbers of large mammals to be removed for live sale, culling, hunting, donations or translocation to other reserves, thereby contributing to sound ecological management while enhancing financial sustainability.

The ECPTA reserves continued to attract external researchers in increasing numbers, from Rhodes University, Nelson Mandela Metropolitan University, Fort Hare, Walter Sisulu University, University of Cape Town, Wageningen University in the Netherlands and Penn State University in the USA as well as others. More than 30 new research agreements were signed during the year under review, including a number of social research projects. In addition, a Memorandum of Understanding (MoU) was signed with two USA research institutions, namely Pennsylvania State University and the University of Arizona. This followed a visit to America by one of the Ecologists at the invitation of the universities. In turn, the ECPTA was pleased to host a field trip by Penn State students and lecturers, representing a wide range of research interests. The students spent several weeks on the Wild Coast nature reserves.

Although much of the research currently being conducted on the ECPTA protected areas is being carried out by external researchers, the ECPTA will gain valuable data and insights through research reports and data sharing. Our Ecologists are also conducting in-house research and monitoring projects, such as a study of line fish size and abundance in the Wild Coast Marine Protected Areas. One of the Ecologists has registered for a PhD and is carrying out research on large mammals on Mkhambathi Nature Reserve. One of the two elephants at Great Fish River Nature Reserve as well as four Cape mountain zebra and two buffalo at Baviaanskloof were successfully darted and collared in order to monitor movements of these large mammals. Scientific Services also lent strong support to the ongoing identification and monitoring of the valuable black rhinoceros population. Ongoing camera trap monitoring at the Great Fish River, Mpofu and Waters Meeting Nature Reserves and weather stations in the Baviaanskloof contributed towards baseline biodiversity and climate data.

Despite the absence of a Data Manager, various databases continued to be updated, such as the Reference Database, with thousands of new records completed. Several data sets were digitised, such as lists of potential bird occurrence for the protected areas and the herbarium collection at Great Fish River Nature Reserve.

Scientific Services staff attended a number of symposia and conferences, including the Fynbos Forum, Thicket Forum, Southern African Wildlife Management Symposium, Savanna Science Research Symposium and the SANBI Biodiversity Planning Forum. For the first time, one of the Ecologists presented a paper at an international convention, the Society for Conservation Biology international conference held in Canada in July with all travel, accommodation and subsistence costs sponsored.

Scientific Services staff represented the ECPTA on a wide range of provincial and national forums and project steering committees, including the Maloti Drakensberg Transfrontier Programme, the Grasslands Conservation and Development Area Feasibility Study, the national Department of Environmental Affairs Off-Road Vehicle Task Group, Marine Protected Area Forum and MinTech Working Group 1, the provincial Department of Economic Development and Environmental Affairs Biodiversity Technical Committee, the Cape Mountain Zebra Working Group and Vulture Working Group, amongst others. These interactions play an important role in keeping the ECPTA abreast of new legislation and guidelines, and enable the ECPTA to contribute to national and provincial policies and plans.
Environmental Impact Assessment processes for developments that may impact on the protected areas or areas earmarked as priorities for expansion continued to be monitored. Where necessary the ECPTA was registered as an Interested and Affected Party and comments and concerns were raised. These included a wide range of developments requiring authorisation, such as boardwalks and boat launching sites, masts, electricity power lines, roads, golf estates and eco-tourism developments.

The ECPTA's recommendation that a rehabilitation or offset fund be established has been included in the conditions in the authorisation for the N2 Toll Road. The ECPTA strongly opposed the plans to carry out hydrologic fracturing for methane gas in the Karoo.

Scientific Services continued to provide support in the development of policies and plans, as well as requirements for permit applications. The Cape Mountain Zebra Management Plan and Black Rhino at Great Fish River Nature Reserve (GFRNR) Management Plan were approved by the Board, as were the Natural Resource Use Policy, Environmental Management Policy, Research Policy, Fire Policy and Policy on Servitudes, Access and Traversing Rights. However, the approval of protected area Strategic Management Plans and the issuing of permits by the relevant provincial authorities remains a challenge.

WILD COAST PROJECT

The long-term goal of the Wild Coast Project is: "a representative system of protected areas in priority bioregions is established, effectively managed and contributes to sustainable development". It is envisaged that these protected areas will be managed under a range of collaborative management (co-management) agreements between Provincial, Local and National authorities, local communities and the private sector, as suited to the management challenges facing different sites.

In the process of working towards achieving these goals, the project team is constantly aware of the delicate balances involved: expanding protected areas in the context of community expectations, development needs, promoting co-management within the parameters of traditional conservation practice, establishing community based programmes which could conflict with traditional values and local governance, establishing complex management agreements in an environment of limited capacity and a lack of skilled personnel, and initiating income generation to ensure protected area sustainability under highly competitive circumstances in a depressed economic environment.
For the 2010/11 financial year the Wild Coast priorities were capacitation of key stakeholders, negotiation with communities around priority biodiversity areas in the Wild Coast and facilitation of more effective management practice. In these areas, the project has shown good progress. Four community representative forums, totalling sixty community members, have enjoyed the Wild Coast capacity building programme, designed to provide them with the skills required to participate effectively in co-management agreements. The readiness of these agencies to engage in negotiations around setting aside communal land for protected areas is testament to the success of these programmes. State institutions that are key partners have also benefitted by way of Peace Officer training, Skippers Training, CBNRM courses, updates on Wetlands management and courses on alien vegetation management.

The Wild Coast Project contributed to the development of effective Annual Operations Plans for the ECPTA, and draft AOPs for DAFF Forest Estates and individual prioritised forests. These plans are linked to key performance areas and annual or biannual assessments, which will make significant contributions towards monitoring management progress and identifying gaps and shortfalls. Three subsidiary plans - alien vegetation management, fire management and natural resource use, were also developed for the Provincial Nature Reserves by the project. The management of Marine Protected Areas was supported by way of contributions to the review of the Pondoland MPA management plans, and development of estuary management plans for the Msikaba and Mtentu estuaries.

From the Wild Coast Project team perspective, the year under review was spent on laying the groundwork for increasing the size and effective management of at least three Provincial Nature Reserves, and establishing protected areas around five Indigenous State Forests. The target for 2011/12 is to negotiate and consolidate the management of an additional 20,000 ha of land in the Wild Coast as protected areas, either by increasing the size of the current provincial nature reserves, or by facilitating co-management agreements with communities and the Department of Forestry and Fisheries around Indigenous State Forests.

03. BUSINESS DEVELOPMENT AND TOURISM REPORT

"Not all those **who wander** are lost."
- J.R.R. Tolkien

BUSINESS DEVELOPMENT AND TOURISM

BUSINESS DEVELOPMENT AND TOURISM REPORT

OVERVIEW

Although the merger presented the two institutions with some positive spin-offs, the change in strategic dimensions in a financial year also led to a change in some programmes that were already communicated to stakeholders. Insufficient budget resulted in minimal facilitation of concessions.

In order to perform its mandate of managing biodiversity conservation and tourism, the Business Development and Tourism Department facilitated a number of programmes crafted by the ECPTA such as Tourism Enterprise Development, Tourism Product Development, Commercialisation and Tourism Product Registration.

The highlights of the Business Development and Tourism Department during the year under review included a collaboration with National Department of Tourism through which the ECPTA facilitated nine service excellence workshops to improve service standards of tourism product offerings. A total of 2431 tourism stakeholders participated. The ECPTA installed 109 tourism signs in order to improve access to tourism facilities.

Registration of tourism products improved and the number of registered product increased by 215. This was achieved through a concerted effort to ensure that tourism product owners had a better understanding of the benefits offered by the ECPTA to registered tourism products. Tourism Awareness Campaigns were held, leading to an increase in the number of graded tourism establishments. Spot checks were implemented by the Tourist Guide Registrar, resulting in more renewals and an increase in registration of Tourist Guides.

The total number of Tourist Guides that were registered in this financial year was 126 as against the target of 80. An Eastern Cape Travel Agency (Bassie Travel Centre) was awarded as the first runner-up nationally in the ETEYA Awards. ETEYA is an initiative which recognises the annual contributions made by tourism SMMEs. 11 SMME opportunities and 43 temporary jobs were created during the upgrade of nature reserves. An amount of R3 236 738.50 was generated from nature reserve accommodation and R306 257.00 from entrance fees (up to December 2010).

"Through various tourism awards the ECPTA encouraged tourism product owners to be INNOVATIVE whilst providing EXCELLENT SERVICE to their customers."

EDDIE MARAFANE
Acting Executive Director:
Business Development and Tourism

ENTERPRISE DEVELOPMENT

The tourism industry is predominantly white and in order to transform this sector, ECPTA initiated a number of programmes, such as the mentorship programme, wherein a number of emerging enterprises were mentored by well-established tourism businesses and industry experts. As part of enterprise development the ECPTA also created opportunities for emerging tourism businesses to sell their products at various trade and consumer shows. Through various tourism awards the ECPTA encouraged tourism product owners to be innovative whilst providing excellent service to their customers. ECPTA successfully hosted Adventure Tourism and Conservation Awards wherein tourism products offering outstanding service were awarded.

COMMERCIALISATION

The commercialisation unit's main objective is to strive for the realization of eco-tourism development potential of ECPTA's Nature Reserves. The unit is aimed at maximising its efforts in the following:

- Optimise revenue generation through tourism based initiatives;
- Increase external funding opportunities for eco-tourism development projects;
- Public Private Partnership (PPPs) development, both small capital investments and large capital investments; and
- Community beneficiation through Community Private Partnerships (CPPPs).

HIGHLIGHTS

(i) ECPTA conducted and completed the Luchaba feasibility study.
(ii) Development of tourism facilities at Luchaba Nature Reserve is currently underway.
(iii) Hluleka Nature Reserve feasibility study has been completed.
(iv) Mkhambathi Tourism concession was signed.
(v) Project Manager for the tourism development at Mkhambathi has been appointed.
(vi) Two small-cap activity based concessions in the Baviaanskloof were signed.
(vii) Watersmeeting and Cape Morgan were approved by the National Treasury as PPP initiatives.
(viii) An investment opportunity brochure to showcase sites available for investment through partnerships with the private sector was developed and distributed.
(ix) Legal Due diligence, Expression of Interest and Value Assessment Plan for the Geelhoutbos PPP have been approved by the National Treasury.

FUNDING LIST

Reserve Name	Project Name	Amount	Organisation	Status
Wild Coast	Hiking Trail from Port St John to Coffee Bay	R10 million	DEA (EPW)	Approved. Implemented externally
Thomas Baines	Environmental Education Centre upgrade	R10 million	National Lottery	The application has gone through two stages of assessment. ECPTA is awaiting results of the final assessment
Wild Coast Reserves	PPP and Concession facilitation	R2 million	National Treasury	Not yet approved

The 2010/2011 financial year focused mostly on the identification of potential opportunities for tourism development and the actual implementation will be dealt with in the next financial year. Lack of investment in ECPTA's tourism facilities and supporting infrastructure has been identified as a major barrier to tourism growth in the organisation. This challenge will be mitigated by creating awareness among private investors and operators on investment opportunities that exist inside and outside the Nature Reserves.

HOSPITALITY MANAGEMENT

During the year under review, the division embarked on a reserve accommodation assessment process which led to the upgrade of seven of the ECPTA accommodation facilities. At a cost of R2.7 million. Chalets at the following nature reserves which were given a much needed face lift include: Silaka, Mvubu chalets at Double Drift, Indwe lodge at Tsolwana and Gwe-Gwe facilities at Mkhambathi Nature Reserve thus improving our customer's experiences in our accommodation, camping and conferencing offerings.

For the first time in history, Hluleka Nature Reserve was graded by the Tourism Grading Council of South Africa at 3-stars. This has increased the total number of graded accommodation facilities in our reserves to nine. A total of local 11 SMME opportunities were created during the upgrade of tourism facilities at the following nature reserves, creating 43 temporary jobs for local communities. A total of R3 542 999.50 was generated from the reserve accommodation and entrance fees, exceeding the target of R3.4 million.

TOUR GUIDING REGISTRATION AND COMPLIANCE

The unit facilitated registration spot checks in five District Municipalities covering Matatiele, Port St John's, Coffee Bay, Qunu, Addo Elephant Park, Humansdorp, Jeffrey's Bay, Port Elizabeth, Graaff Reinet and Aliwal North in compliance with the Tour Guiding Act. This resulted in an increase in the number of registered tourist guides complying with the Act, exceeding the set target by 46.

The ECPTA also successfully hosted the International Tourist Guide Day Celebrations that was aimed at recognising the importance of the role performed by Tourist Guides within the tourism value chain, as well as encouraging information networking and formation of co-operatives amongst the tour guides in the province.

TOURISM PRODUCT DEVELOPMENT

This portfolio is responsible for enhancing product development of the Eastern Cape. This is carried out by facilitating product development of new initiatives, supporting existing municipal IDP listed projects and creates tourism awareness around the province. Numerous programs have been initiated in order to diversify tourism products in the province and to transform the tourism sector.

Programmes implemented in 2010/2011 financial year:

Tourism signage: The Eastern Cape Parks and Tourism Agency (ECPTA) have a signage program which seeks to encourage easy access to tourism products and services within the province.

The programme was implemented in two phases; signage installation and policy development. The table below illustrate the spread of ECPTA support towards tourism signage installation.

Input	Outputs	Districts/Regions
20 tourism signs installed	148 signs installed for the year	Alfred Nzo district: 15 tourism signs installed Amathole district: 37 tourism signs installed O.R. Tambo district: 33 signs installed. Cacadu district: 23 tourism signs installed Joe Gqabi district: 40 tourism signs installed

Tourism awareness campaigns: ECPTA hosted nine tourism awareness campaigns. ECPTA has been requested by various municipalities to provide guidance and participate on awareness campaigns and as a result, eleven additional campaigns were held in partnership with municipalities.

Input	Outputs	Districts/Regions
Six tourism awareness campaigns	A total of 20 tourism awareness campaigns were held throughout the province as follows: Eight awareness campaigns were held throughout the province on information sharing with SMMEs on ECPTA support. SMMEs gained information and learners participated on tourism research, tourism as a career and clean-up campaign. Communities gained knowledge on tourism safety. Ten awareness campaigns were held for the following-Tourism safety awareness, SMME information sharing, environmental and tourism understanding.	**Joe Gqabi -** Barkley East **Amathole -** West Bank, Idutywa, Mbashe, East London Central and Willowvale and Mdantsane **Alfred Nzo -** Mount Ayliff. Matatiele, Mzimvubu and Mount Frere **Cacadu -** Port Elizabeth and Nelson Mandela Bay Metro **Chris Hani -** Engcobo and Molteno **O.R. Tambo -** Mthatha and Ntabankulu

TOURISM PROJECT SUPPORT

ECPTA supported provincial tourism products that will enhance growth and sustainability of tourism in the province. These projects also match with the provincial target market needs and enhance the provincial brand. ECPTA carefully selected projects that were listed from the municipal IDP's within the geographical spread of the province. The following projects were supported by ECPTA by means of availing funding, guidance and technical support.

ALFRED NZO CRAFT ROUTE SUPPORT:

The association was supported by ECPTA to secure funding of R980 000 from the Provincial Department of Economic Development. The purpose of the funding was to market Matatiele as a tourist destination and tourism skills development building. Matatiele tourism association members were trained on ISO 2200 in partnership with SEDA on February 2011. The training assisted the industry with knowledge on food management and quality processing management.

ECPTA also supported the establishment of the Alfred Nzo Craft Route and the craft association were 22 people benefited and contributed to the feasibility studies of the route with funding of R340 000. In partnership with local entities being DSRAC, SEDA, DEDEA, ANDA (Alfred Nzo Development Agency), ECPTA has trained crafters on quality management, customer care, export awareness and an educational tour to the KZN Midlands Meander tourism route.

KOUGA TOURISM ROUTE FEASIBILITY STUDY AND BUSINESS PLAN:

A due diligence report was developed and recommended the viability of the route and as a result, a business plan was developed incorporating the following implementation plan:

- Branding the route and developing sub-brands for different themes of the route and undertake concentrated marketing for the entire route.
- Focus on primary attraction for development and enhance local events.
- Focus on skills development for locals to maximise the use of tourist's attractions in the area and increase local personnel involvement.
- Managing the Kouga Tourism Route and human resource development. Budget for implementation and monitoring and sustainability plan

METHODIST HERITAGE ROUTE FEASIBILITY STUDY AND BUSINESS PLAN:

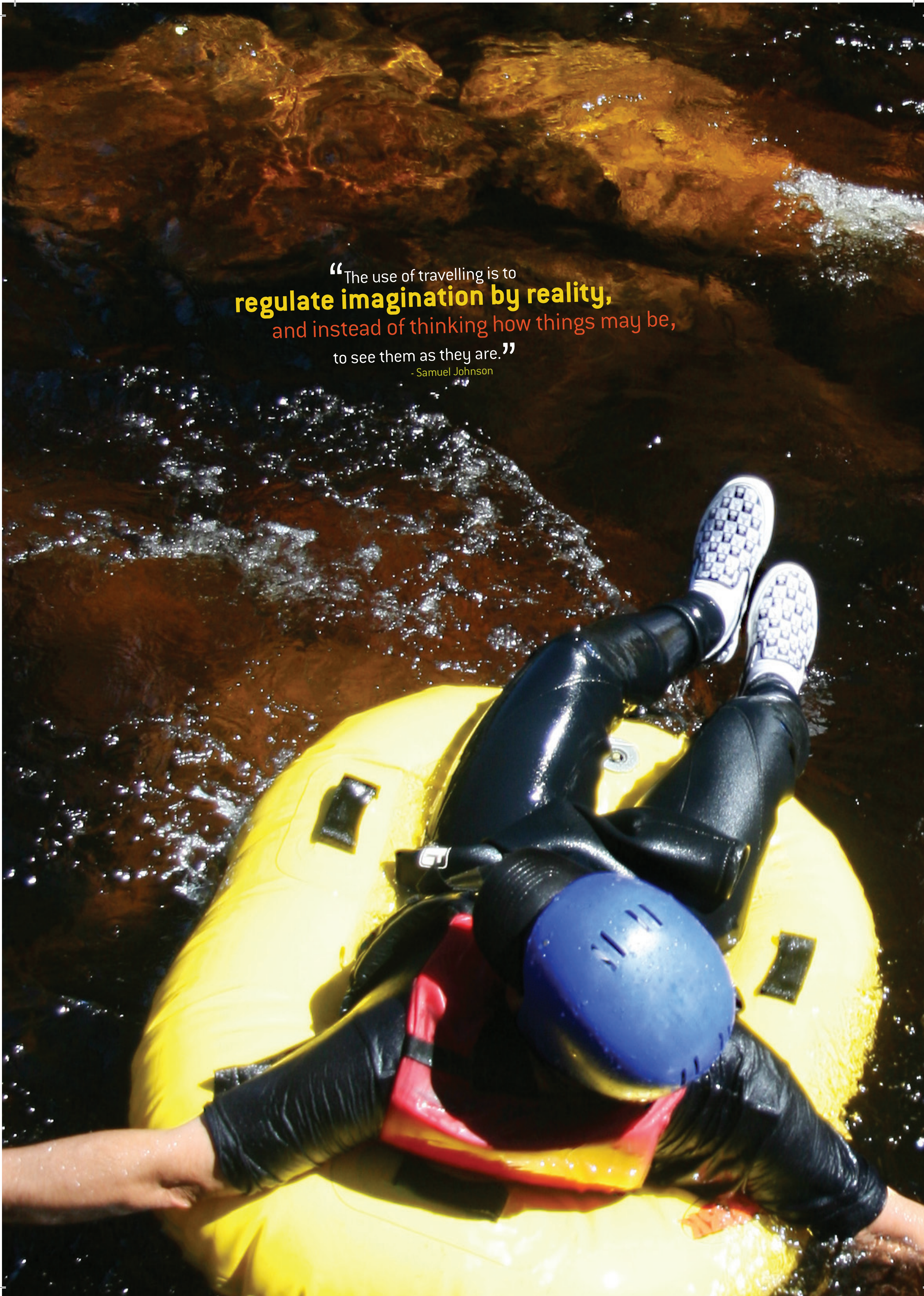
A service provider was commissioned to develop a feasibility study and the business plan for the project. The feasibility study recommended further product development prior to route establishment. ECPTA supported the municipality in crafting the way forward towards developing attractions based on church heritage throughout the province.

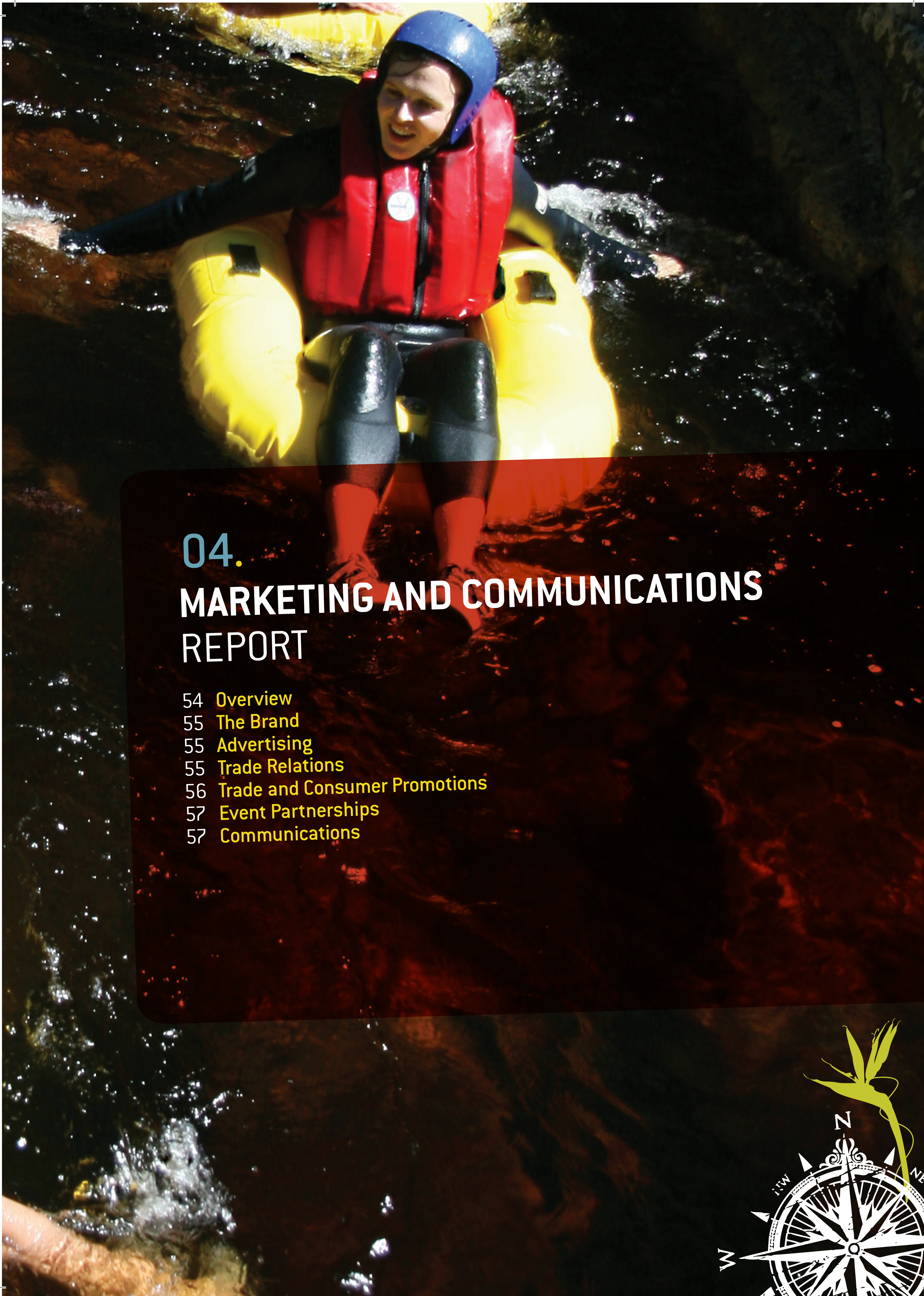
NATIONAL DEPARTMENT OF TOURISM- SOCIAL RESPONSIBILITY INITIATIVE CALL FOR PROPOSALS:

ECPTA facilitated submission of provincial tourism applications to the National Department of Tourism sourced from provincial districts. 34 projects; nine from the first round submissions and 25 from the second round submissions were submitted to the SRI project office. Two projects applications were approved for funding as follows - Mthontsi Lodge project in Amathole district for R30 million and a six day hiking trail from Port St. Johns to Coffee Bay in O.R. Tambo district for R10 million.

ISINGQISETHU TOURISM FAIR:

In collaboration with the Department of Sport, Recreation, Arts and Culture, the ECPTA held the Isingqisethu Traditional Fair at Gqogqorha Great Place in Tsomo. This fair entailed competition on traditional dancing, traditional food tasting and participants came from all regions of the province. This event was covered by SABC television news and local media.


"The use of travelling is to
regulate imagination by reality,
and instead of thinking how things may be,
to see them as they are."
- Samuel Johnson



04.

MARKETING AND COMMUNICATIONS REPORT

MARKETING AND COMMUNICATIONS REPORT

OVERVIEW

The Marketing and Communications Department's activities and initiatives during the year under review were targeted and executed to align with the ECPTA's operational plan. The year under review was a challenging but extremely rewarding one. Much was done to create exposure for the Adventure Province Eastern Cape on both national and international platforms.

The newly formed entity presented an opportunity to further develop and roll out the Adventure Province brand and great strides were made in rolling it out into the market with the support of public relations efforts resulting in positive media coverage.

On the international front, the Marketing and Communications Department made significant inroads in implementing the Trade-led Growth Strategy, resulting in the ECPTA appointing country representatives and signing Joint Marketing Agreements with leading international tour operators. Domestically, several strategic trade shows were attended by the Marketing and Communications team with the aim of expanding tourism arrivals into the province, the main focus being on developing innovative initiatives to promote our domestic tourism arrivals.

LAVINIA SUBBOO
Acting Executive Director:
Marketing and Communications

THE BRAND

During the year under review, the Marketing and Communications department made great strides in the development of the destination brand and in adapting this as a corporate brand for the newly established ECPTA. The brand was rolled out to staff and external stakeholders and carried through to corporate stationery, promotional materials (such as banners and corporate gifts), signage at the ECPTA offices and on company vehicles. Various brochures were developed in alignment with the brand and a destination guide for the provincial nature reserves was developed and printed. A brand manual was developed to ensure consistency and effectiveness of brand application.

The brand descriptor *"Are you up for it?"* was rolled out and supported with creative work. It is a descriptor that can be modified according to target market requirements. Multiple variations of this descriptor were used such as: *'I'm up for it!'* – confirming the adventurous spirit of people who participate in sport or adventure activities within our province. Through this the ECPTA put out an irresistible challenge to the visitor to come to the Adventure Province.

ADVERTISING

Media advertising continues to be one of the most significant vehicles for brand visibility and for the ECPTA to reach its target markets. During the year under review, adverts were placed in a number of regional newspapers and industry magazines as well as tourism directories. Positive results for advertising initiatives were evident in the number of bookings received at the ECPTA nature reserves. However, there is no efficient system for the monitoring and measurement of the impact of advertising spend in place. Budgetary constraints preclude the appointment of a media agency for the strategic planning, buying, placement and monitoring of advertising spend.

TRADE RELATIONS

This portfolio is responsible for the development and strengthening of tour operator relations, both locally and internationally and marketing the destination on an international platform.

International marketing is the cornerstone of our trade promotion activities. In the year under review, the ECPTA focussed on implementing the Trade-led Growth Strategy, which aims to increase the Eastern Cape's share of the international market by 25% in 2015. This strategy focuses on the following markets: UK and Ireland, United States and Canada, the Netherlands and Belgium. To this end, the ECPTA appointed country representatives in each of these markets – Latitude for the USA and Canada, Brighter Group for the UK & Ireland and WWtourism for the Benelux countries.

Through this strategy, the ECPTA also signed joint marketing agreements with major tour operators in our target markets and these include Live to Travel, ITG, Zuid Afrika Reiscenter and Ramblers. Further to these agreements the ECPTA also co-operated with OAD to increase promotions within their Winter 2011 brochure and with Travelution in terms of an e-learning programme for travel agents in the Benelux market.

This strategy also saw the ECPTA hosting a number of key media and trade representatives to educational visits to the Eastern Cape resulting in positive media coverage and opportunities to include new properties and routes within travel itineraries. Representatives in target markets actively promoted the destination, keeping the ECPTA abreast of important developments in the market and fostering closer relationships with the travel media and trade in the markets. Due to the fact that the country representatives reside in the core markets, they are better positioned to service the market therefore yielding better results than ECPTA representatives visiting a market once a year. This serves as a cost effective approach to international marketing.

Further to focussing on partnerships the ECPTA attended tourism shows and trade workshops in the Netherlands, Belgium, USA and UK to increase destination awareness and identify potential partners for joint promotions.

In the year ahead the ECPTA will maintain the services of the international country representatives, identify new Joint Marketing Agreement partners and create platforms for private sector to partner in marketing initiatives.

TRADE AND CONSUMER PROMOTIONS

The domestic market is of particular importance to the Eastern Cape as a high percentage of tourists to the province are from within South Africa. The ECPTA supported a number of internationally recognised sporting, social and cultural events and this resulted in positive electronic and print media coverage and saw event attendance increasing significantly. These included Ironman, the National Arts Festival, Billabong Surfing Pro, and the Africa Open Golf Challenge. This had a positive impact on positioning the province as one of the best sports and mega-event destinations.

The ECPTA also created marketing platforms for private and public sector partners to co-market with the ECPTA at the Getaway, Outdoor Adventure and Beeld Holiday shows within the major cities of Cape Town, Durban, Bloemfontein and Johannesburg.

In line with promoting the Eastern Cape as a tourist destination, the ECPTA initiated a digital campaign as part of its Tourism Month initiatives. This call to action campaign was experience based and called for members of the public to enter a competition through a web-based platform that was also supported by an email campaign, print and electronic media. With over 16 000 entries received for this competition, the digital campaign achieved the goals that were set out by the ECPTA and one of these was to increase awareness about tourist offerings in the province and the create brand awareness for the Adventure Province.

The ECPTA participated in the following activations during the 2010/11 financial year:

Show	Date	Area / Venue
Billabong Surfing Pro	15 - 25 July	Jeffrey's Bay
Getaway Show	10 - 12 September	The Dome - Johannesburg
Gateway Shopping Mall	22 - 26 September	Gateway Shopping Mall - Durban
Loch Logan Shopping Mall	7 - 10 October	Loch Logan Shopping Mall - Bloemfontein
Humansdorp Festival	26 - 28 November	Humansdorp
Business Expo	16 - 18 November	Hemingways
Beeld Show	19 - 21 February 2011	Johannesburg

EVENT PARTNERSHIPS

Events are an essential marketing tool used to promote the destination, counter seasonality of the tourism sector and promote the geographic spread of tourists into the province. The benefits of hosting events include increased destination exposure through media awareness and visitors to and participants in events come from all over the world and they create a platform for free publicity – through word of mouth advertising. Events serve as an important tool to showcase the ECPTA brand and are also a cost effective way of obtaining positive media coverage for the province on both national and international levels.

Events have opened the door for the Eastern Cape to scores of new visitors who would otherwise have never heard of the province. The ECPTA continues to make sure that the positive relationships built through the hosting of these events continue to translate into more visitors to the province, increased in-province spend and the creation of additional jobs. Not only did the events that the ECPTA supported during the year under review contribute to the economic development of the province, they also substantially increased awareness about the province and improved the image of the Eastern Cape as a preferred tourist destination.

The ECPTA partnered in the Africa Open Golf Challenge and the Ironman (Port Elizabeth) and Ironman 70.3 (Buffalo City) events during this period where the brand was exposed in more than 156 million homes internationally through the broadcast media. The advertising value that resulted in this participation is estimated at over R10 million.

Tourism Month continues to attract the attention of the provincial/local media more than that of the national media. What this translates into is that, although the figure for the coverage is low, it is quite substantial in terms of local media advertising rates. During this period, the ECPTA also endeavoured to assist local and district municipalities to highlight Tourism Month events that they hosted through various marketing and publicity activities. The ECPTA also hosted a media tour during Tourism Month. The outlay for the media tour was R61 500 and the coverage received as a direct result of the media tour was valued at R287 313.05, a difference of R225 814.05.

COMMUNICATIONS

The communications portfolio is responsible for managing and monitoring all internal and external communications within the ECPTA. It is also charged with developing and strengthening media relations and manages the entity's Tourist Information Centres.

This portfolio has made great strides in ensuring that important messages are transmitted to both internal and external stakeholders in a clear and concise manner. The various events that the ECPTA was involved in and the regular, pro-active distribution of media releases had a very positive impact on the image of the organisation, in terms of both tourism and conservation. The advertising value of the coverage generated during the period under review is over R5 million and this includes coverage in the local print, online and broadcast media.

Our internal newsletter, Venture, continued to play a positive role in communicating key messages to the staff and stakeholders of the ECPTA, with some positive feedback received from staff members and stakeholders.

Media educationals are an effective and essential tool for marketing the Eastern Cape as a tourist destination to both local and national media. The aim of media tours is to create positive destination coverage at a cost that exceeds the cost of the investment. The amount of media coverage received by the ECPTA during the year under review, as a result of having hosted the media, was in excess of R450 000. This amount far exceeds the investment made by the ECPTA.

During the year under review, a Tourism Information Centre turnaround plan was approved for implementation in the new financial year and this will see these centres playing a more significant role towards achieving the ECPTA's strategic goal of increasing visitor numbers to the province, budget permitting.

"The World is a book,
and those who do not travel
read only a page."
St. Augustine

05.

HUMAN RESOURCES REPORT

HUMAN RESOURCES REPORT

OVERVIEW

During the year under review the merger resulted in the HR department having to re-prioritise issues in order to ensure a smooth transition from ECPB and ECTB into the ECPTA with effect from 1 July 2010. Five hundred and ninety eight (598) employees were transferred from the two entities into the ECPTA. A transfer agreement concluded with organised labour ensured that conditions of service and benefits of the two entities were merged. A recognition and organisational rights agreement was also successfully concluded with Organised Labour.

Thereafter a process of reviewing 24 HR policies together with Organised Labour was concluded and approved by the Board of Directors for implementation. An extensive series of 22 workshops were conducted around the regions and in reserves whereby 67% of the employees were workshopped on the new HR policies.

Although pre-transfer issues remained with former DEDEA employees in relation to pay progression an HR proposed alternative full and final settlement agreement was reached with Organised Labour whereby a "once-off" settlement amount was agreed upon. Payment of R688 613 was made in February 2011 to 237 employees which resulted in a substantial year on year saving.

A total of ten (10) approved critical vacancies were filled during the year under review, comprising 4 (40%) females and 6 (60%) males. The balance of funded vacancies were placed on hold pending finalisation of the organisational redesign process. Various training interventions were undertaken to strengthen overall capacity within the organisation. This targeted 277 (49%) employees, with emphasis on training in the conservation department linked to compliance issues. All these endeavours contributed positively to the growth and continued sustainability of the organisation. A partnership was established with the Theta Seta that provided funding of R432 000 for the organisation to complete the ABET programme which targeted 111 employees.

The process of organisational redesign and change management commenced in November 2010 and the Executive Management structure was approved at the end of March 2011. In terms of development of an organogram for the ECPTA and in line with the strategic direction of the ECPTA, there has been a major shift in focus to ensure the mergence of the ECPTA's two core functions namely tourism destination and biodiversity conservation management at an operations level.

In line with the mergence of destination tourism and biodiversity conservation at operations level, three regions have been designed around a "route and reserve " concept which means that service delivery (operations) will take place in the region around the tourism routes and ECPTA reserves within the region with a matrix management model linked to the biodiversity and tourism departments.

This will ensure that the mergence of the tourism and conservation functions under operations is clear. This will also result in the devolvement of powers and responsibility to regions thus strengthening their capability with the Departments of Biodiversity Conservation Management, Destination Tourism, Finance and Human Capital Management at Head Office seen as the enablers and providers of support services.

LENORAY GOWER
Interim Executive Director:
Human Resources

EXPENDITURE

The following tables summarise final audited expenditure by programme and by salary bands. In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Agency.

TABLE A – Personnel costs by programme, 2010/11

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Corporate Services (CEO's Office)	5 950	3 248		2%	464
Finance & ICT	23 996	14 000		11%	518
Conservation	67 694	35 985		27%	75
Business Development & Tourism	16 275	8 833		7%	340
Marketing & Communications	11 538	6 353		5%	374
HR	6 488	3 542		3%	253
Total	**131 940**	**71 961**	**1 435**	**55%**	**126**

TABLE B – Personnel costs by salary bands, 2010/11

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	16 289	22.6%	77.2
Skilled (Levels 3-5)	20 101	27.9%	95.7
Highly skilled production (Levels 6-8)	10 630	14.8%	138.1
Highly skilled supervision (Levels 9-12)	19 598	27.2%	306.2
Senior management (Levels 13-16)	5 343	7.5%	667.8
Total	**71 961**	**100%**	**126.2**

The following tables provide a summary per programme (Table C), of expenditure incurred as a result of salaries, overtime and medical assistance.

TABLE C – Salaries, Overtime and Medical Assistance by programme, 2010/11

Programme	Salaries		Overtime		Medical Assistance	
	Amount (R'000)	Salaries as a % of total expenditure	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Corporate Services (CEO's Office)	3 248	2%				
Finance & ICT	14 000	11%				
Conservation	35 985	27%	1 468	2.04%		
Business Development & Tourism	8 833	7%				
Marketing & Communications	6 353	5%				
HR	3 542	3%				
Total	**71 961**	**55%**	**1 468**	**2.04%**	**1 753**	**2.4%**

EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table A), salary band (Table B) and critical occupations (Table C). The vacancy rate reflects the percentage of posts that are not filled.

TABLE A – Employment and vacancies by programme, 31 March 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Corporate Services (CEO's Office)	7	7	0	0
Finance & ICT	30	27	3	0
Conservation	524	479	45	0
Business Development & Tourism	27	26	1	0
Marketing & Communications	19	17	2	0
HR	15	14	1	0
Total	**622**	**570**	**52 (8%)**	**0**

Note: New organizational structure for merged entity still in progress.

TABLE B – Employment and vacancies by salary bands, 31 March 2011

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	233	211	22	0
Skilled (Levels 3-5)	226	210	16	0
Highly skilled production (Levels 6-8)	82	77	5	0
Highly skilled supervision (Levels 9 -12)	70	64	6	0
Senior management (Levels 13-16)	11	8	3	0
Total	**622**	**570**	**52 (8%)**	**0**

Note: New organizational structure for merged entity still in progress.

TABLE C – Employment and vacancies by critical occupation, 31 March 2011

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Reserve Managers	18	17	1 (5%)	0
Ecologists	5	4	1 (20%)	0
Total	**23**	**21**	**2 (9%)**	**0**

The information in each case reflects the situation as at 31 March 2011.

JOB EVALUATION

Due to the merger no job evaluation was conducted during the period under review

STAFF MOVEMENT

a. The table below gives an indication of staff movements for the permanent employees for the period 1 April 2010 - 31 March 2011. Based on the table below the current vacancy turnover rate is reflected as 9.1 % pa.

Month	No. of Employees		Appointments		Terminations	
ECPB & ECTB	**ECPB**	**ECTB**	**ECPB**	**ECTB**	**ECPB**	**ECTB**
April 2010	555	55	0	0	3	1
May 2010	550	54	0	0	5	1
June 2010	545	53	0	0	5	1
ECPTA						
July 2010	591		599 (598 transferred to the ECPTA)		8	
August 2010	589		2		4	
September 2010	588		0		1	
October 2010	585		0		3	
November 2010	581		1		5	
December 2010	577		1		5	
January 2011	574		0		3	
February 2011	570		0		4	
March 2011	570		3		3	
Total as at 31 March 2011	**570**		**8**		**52**	

Table 1.1: Staff movements for the period 1 April 2010 - 31 March 2011

b. The table below gives an indication of staff terminations per levels for the period 1 April 2010 - 31 March 2011.

	Type of Termination						
Salary Level	Death	Resignation	Discharge due to misconduct	Retirement due to Ill -Health	Retirement	Contract Expired/ Termination	Total
Top Management 14 & 15		1				2	3
Senior Management 11, 12 & 13		2	1				3
Professionally Qualified 9 & 10		2					2
Skilled 7 & 8		6					6
Semi-Skilled 4, 5 & 6	2	7	2	2	3		16
Unskilled 2 & 3	2	4	3	7	5	1	22
Total	4	22	6	9	8	3	52
% Total	7.7%	42.3%	11.5%	17.3%	15.4%	5.8%	100%

Staff terminations per levels for the period 1 April 2010 - 31 March 2011

c. The table below gives an indication of staff terminations per type for the period 1 April 2010 - 31 March 2011.

Termination Type	No. of Terminations	% of Total Terminations	% of Total Employment	Total Employment
Death	4	7.7%	0.7%	570
Resignations	22	42.3%	3.8%	570
Discharge due to misconduct	6	11.5%	1.1%	570
Retirement due to ill health	9	17.3%	1.6%	570
Retirement	8	15.4%	1.4%	570
Contract Expired/Termination	3	5.8%	0.5%	570
Total	**52**	**100%**	**9.1%**	**570**

Staff terminations per type for the period 1 April 2010 - 31 March 2011

d. The table below gives an analysis on the deaths that occurred for the period 1 April 2010 - 31 March 2011.

No. of Deaths	Cause of Death
4	Natural Causes

Staff Death analysis

e. Resignations Per Reason as per Exit Interview Form for the period 1 April 2010 - 31 March 2011.

Resignation Reason	No. of Resignations	% of Total Resignations	% of Total Terminations
New Opportunities	16	72.7%	30.8%
Family	1	4.5%	1.9%
Relocation	1	4.5%	1.9%
Unknown (did not complete exit interview form) or did not indicate reason	4	18.3%	7.7%
Total	22	100%	42.3%

Resignations per Reason for the period 1 April 2010 - 31 March 2011

LABOUR RELATIONS

a. The table below gives an indication of disciplinary cases for the period 1 April 2010 - 31 March 2011.

Per Levels	Level	No. of Cases	% of Total
Top Management	14 &15	0	0%
Senior Management	11, 12 & 13	1	4%
Professionally Qualified	9 & 10	3	12%
Skilled	7 & 8	2	7.5%
Semi-Skilled	4, 5 & 6	8	31.5%
Unskilled	2 & 3	11	44%
Total		25	100%

Disciplinary Hearings per Job Title

DISCIPLINARY HEARINGS PER JOB TITLE

b. The table below gives an indication of disciplinary charges per area for the period 1 April 2010 - 31 March 2011.

Region	No. of Charges	% of Total Charges
Head Office	1	3.4%
Central Region	9	31%
Eastern Region	6	20.7%
Western Region	13	44.9%
Total	29	100%

Number of Charges per Region

**Note: Depicts the number of charges levied that in some instances are more than one per person.*

c. The table below gives an indication of the types of misconduct and outcome of disciplinary charges for the period 1 April 2010 - 31 March 2011.

	Outcome of Disciplinary Charges								
Type of Misconduct	Counseling	Verbal Warning	Written Warning	Final Written Warning	Dismissal	Not Guilty	Case Withdrawn	Total	% of Total
Refusal to obey reasonable & lawful instruction		1	2			1		4	13.8%
Failure to obey employer rules/procedures			1			2		3	10.3%
Non Compliance with employer procedures			1					1	3.4%
Misuse of employer property (incl. vehicles)				3				3	10.3%
Under influence of Alcohol				1				1	3.4%
Bringing organisation into disrepute			1					1	3.4%
Damage to employer property						1		1	3.4%
Absent without authority				2	5	2		9	31.4%
Dereliction of duty				1				1	3.4%
Misappropriation of ECP property					2			2	6.9%
Dishonesty				3				3	10.3%
Total	0	1	5	10	7	6		29	
% of Total	0%	3.4%	17.2%	34.5%	24.1%	20.8%			100%

Types of Misconduct and Outcome of Disciplinary Charges

d. The table below gives an indication of grievances lodged during the period 1 April 2010 - 31 March 2011.

No. of Grievances	No.	% of Total
No. of grievances resolved	9	82%
No. of grievances not resolved	2	18%
Total No. of Grievances Lodged	11	100%

Grievances Lodged for the period 1 April 2010 - 31 March 2011

e. The table below gives an indication of number of disputes lodged with Council during the period 1 April 2010 - 31 March 2011.

No. of Disputes	No.	% of Total	Nature of Dispute
No. of disputes finalized	4	80%	Unfair dismissal
No. of disputes dismissed/ withdrawn	1	20%	Unfair labour practice
No. of disputes in progress	0	0%	
Total No. of Disputes Lodged	5	100%	

Disputes Lodged with Council for the period 1 April 2010 - 31 March 2011

IMPLEMENTATION OF THE ECPTA LABOUR RELATIONS STRATEGY

During the period under review twenty four (24) HR policies were reviewed and consulted with organised labour. A recognition and organisational rights agreement was agreed upon and concluded with Organised Labour. 67% (382) employees were workshopped on the new ECPTA HR policies.

Nineteen (19) managers and supervisory staff underwent training on the disciplinary process.

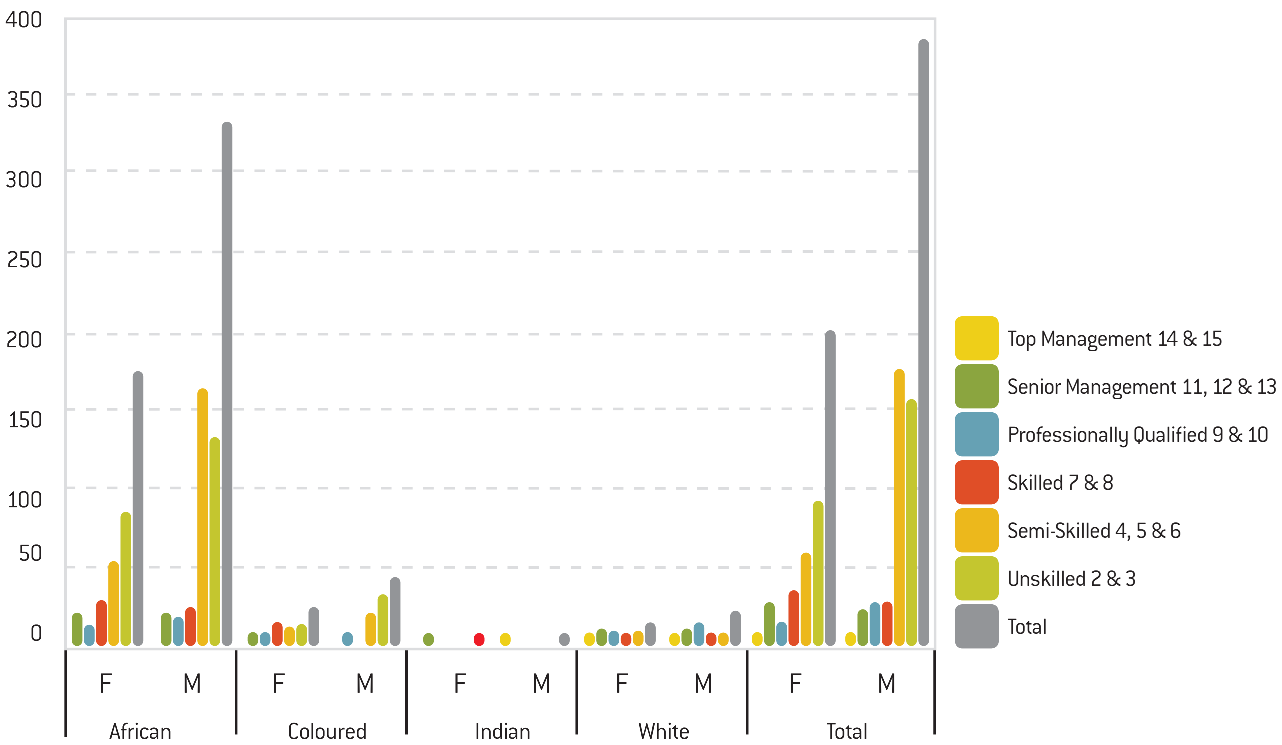
EMPLOYMENT EQUITY

The table and graph below give an indication of race and gender ratio per level as at 31 March 2011.

EE STATUS

Per Levels	African		Coloured		Indian		White		Total	
	F	M	F	M	F	M	F	M	F	M
Top Management 14 & 15	0	0	0	0	0	1	1	1	1	2
Senior Management 11, 12 & 13	15	14	1	0	1	0	3	4	20	18
Professionally Qualified 9 & 10	6	11	1	1	0	0	2	8	9	20
Skilled 7 & 8	20	19	6	0	0	0	1	1	27	20
Semi-Skilled 4, 5 & 6	47	156	3	11	0	0	2	1	52	168
Unskilled 2 & 3	79	125	5	24	0	0	0	0	84	149
Total	167	325	16	36	1	1	9	15	193	377
% Total	29.3%	57.0%	2.8%	6.3%	0.2%	0.2%	1.6%	2.6%	33.9%	66.1%
% Targets	46.5%	41.0%	4.0%	3.6%	0.1%	0.1%	2.4%	2.3%	53.0%	47.0%

Employment Equity Statistics per level per race and gender as at 31 March 2011.



LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010

The following tables provide an indication of the use of sick leave (Table A) and disability leave (Table B).

TABLE A – Sick leave, 1 January 2010 to 31 December 2010

Total	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Total	**1596**	**66%**	**401**	**70%**	**4**	**4 350**

TABLE B – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	300	100%	8	1.4%	37.5	87 727
Skilled (Levels 3-5)	90	100%	2	0.35%	45	32 621
Highly skilled production (Levels 6-8)	60	100%	1	0.17%	60	31 385
Highly skilled supervision (Levels 9-12)	0	0%	0	0%	0	0
Senior management (Levels 13-16)	0	0%	0	0%	0	0
Total	**450**	**100%**	**11**	**1.9%**	**41**	**151 733**

Table C summarises the utilisation of annual leave.

TABLE C – Annual Leave, 1 January 2010 to 31 December 2010

Total	Total days taken	Average per employee
Total	**4659**	**8**

TABLE D – Capped leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	0	0	0
Highly skilled production (Levels 6-8)	0	0	0
Highly skilled supervision(Levels 9-12)	0	0	0
Senior management (Levels 13-16)	0	0	0
Total	**0**	**0**	**0**

Capped leave does not apply in ECPTA

TABLE E – Leave payouts for the period 1 April 2010 to 31 March 2011

The following table summarises payments made to employees as a result of leave that was not taken

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Current leave payout on termination of service for 2010/11	564	52	10 846
Total	**564**	**52**	**10 846**

RECRUITMENT

a) The table below indicates the number of appointments (external) that were finalised during the period 1 April 2010 - 31 March 2011 per race, gender and levels.

Per Levels	African		Coloured		Indian		White		Total	
	F	M	F	M	F	M	F	M	F	M
Top Management 14 & 15								1		1
Senior Management 11, 12 & 13										
Professionally Qualified 9 & 10		1						1		2
Skilled 7 & 8										
Semi-Skilled 4, 5 & 6	2	2 *	1						3	2
Unskilled 2 & 3										
Total	2	3	1					2	3	5
% Total	25%	37.5%	12.5%					25%	37.5%	62.5%

No. of external appointments per race, gender and level
Note: * One is a reinstatement

b. The following table indicates the number of appointments (internal) that took place during the period 1 April 2010 - 31 March 2011 per race, gender and levels.

Per Levels	African		Coloured		Indian		White		Total	
	F	M	F	M	F	M	F	M	F	M
Top Management 14 & 15										
Senior Management 11, 12 & 13										
Professionally Qualified 9 & 10	1	1							1	1
Skilled 7 & 8										
Semi-Skilled 4, 5 & 6										
Unskilled 2 & 3										
Total	1	1							1	1
% Total	50%	50%							50%	50%

No. of internal appointments per race, gender and level

TRAINING AND DEVELOPMENT

The table below indicates the training per race gender and levels during the period 1 April 2010 – 31 March 2011.

Per Levels	African		Coloured		Indian		White		Total	
	F	M	F	M	F	M	F	M	F	M
Top Management 14 & 15						2	1	1	1	3
Senior Management 11, 12 & 13	8	17	2		2			6	12	23
Professionally Qualified 9 & 10	5	19					2	5	7	24
Skilled 7 & 8	9	14					1		10	14
Semi-Skilled 4, 5 & 6	43	72	1	7			2		46	79
Unskilled 2 & 3	2	43		13					2	56
Total	67	165	3	20	2	2	6	12	78	199
% Total	24%	60%	1%	7%	1%	1%	2%	4%	28%	72%

Type of training per race, gender and level.

OCCUPATIONAL HEALTH AND SAFETY

a. The table below indicates the number of IOD's the period 1 April 2010 - 31 March 2011.

Region	No. of Cases	Nature of Injury	Causes	Measure to prevent re-occurrence
Central Region - Tsolwana	1	Bruised left hand thumb	Wind blew window closed whilst employee had her hand placed on the window	Nil - Accidental
Central Region - Oviston	1	Minor internal injuries	Employee lost control whilst riding a motor bike	Safety Awareness
Eastern Region - Dwesa	1	Broken right side rib	Squashed between a lower tree and a lawn mower tractor machine	Safety Awareness
Total	3			

EMPLOYEE WELLNESS PROGRAMME

a. The table below indicates EWP. Utilisation report for the period 1 April 2010 - 31 March 2011.

Per Levels	Nature of Referral							
	Work Related	Health	Social	Alcohol	Financial	Trauma	Total	% Total
Top Management 14 & 15								
Senior Management 11, 12 & 13								
Professionally Qualified 9 & 10								
Skilled 7 & 8	1	1					2	2.6%
Semi-Skilled 4, 5 & 6	6	7		3	1		17	22%
Unskilled 2 & 3	9	20						
13	14	2	58	75.4%				
Total	16	28		16	15	2	77	
% Total	21%	36%		20.8%	19.6%	2.6%		100%

EWP cases per job title and nature of referral

HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

TABLE A – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	**N/A**

TABLE B – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the entity designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.			N/A – PSR do not apply to the entity
2. Does the entity have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		One employee R60 000 budget
3. Has the entity introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		Counselling and Referral Services
4. Has the entity established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.			N/A – PSR do not apply to the entity
5. Has the entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		Recruitment & Selection policy
6. Has the entity introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Confidentiality
7. Does the entity encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		4% positive rate
8. Has the entity developed measures to monitor & evaluate the impact of its health promotion programme? If so, list these measures.	Yes		Peer educators appointed per workplace

CONSULTANTS

The HR department utilised two (2) consultants at a cost of R118 800 during the year under review as follows:

- Advocate Bono - advice iro three disputes (ex ECTB) - R54 000
- Snelling Cloete and Associates – retainer basis for LR issues - R64 800

"Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do. **So throw off the bowlines, sail away from the safe harbour.** Catch the trade winds in your sails. **Explore. Dream. Discover.**"

- Mark Twain

06.

FINANCE REPORT

FINANCE REPORT

OVERVIEW

The Finance Department is once again very proud to announce the achievement of an unqualified audit opinion from the Office of the Auditor General (AG). It must however be noted that this is the consequence of the impact of a team effort through contribution by all Departments by ensuring that their administration is at the level which results in financial efficiencies and a stable financial environment.

This year has been particularly challenging in that the Finance Department had to endure three external audits by the AG, being the audits for the merged entities (the ECPB and the ECTB) as well as that of the ECPTA. In addition to this we had to deal with the Internal Audits as well as the administrative challenges of having to streamline the merger processes. These involved review and adoption of policies and procedures from the two entities, streamlining the ICT infrastructure and databases as well as the "merger" of staff and related allocation of responsibilities.

The high level of staff turnover, especially within the financial management unit also posed a huge challenge for the remaining staff, but as usual the teamwork which has always been a key driver within the Finance Department has seen us through this financial year, battered but unscathed.

Overall Financial Performance

Voted Funds:
The ECPTA received R121 603 million from the main appropriated grant funding for the nine months ended 31 March 2011. Own revenue generated was R7 278 million, with total expenditure of R131 950 million, the entity ended with a deficit of R3 069 million as reflected in the annual financial statements. The key focus for the forthcoming year is to embark in more extensive revenue generation initiatives to maximise our own revenue potential.

The focus for the Finance department in the year to come would be on the following:

1. Streamlining the existing finance related policies;
2. Aligning responsibilities and functions to the newly approved organogram;
3. Filling all critical vacant positions;
4. Increasing the level of governance and control over all operational processes;
5. Strengthening the Supply Chain Management processes in line with the new practice notes issued by National Treasury;
6. Improving the effectiveness of monthly reporting to the other departments as well as to DEDEAT and the Provincial Treasury; and
7. Elevating the challenges faced within the ICT Division and improving the contribution of this division to ensure efficiency and effectiveness in all areas of operation.

"The Finance Department is once again very proud to announce the achievement of an unqualified audit opinion from the Office of the Auditor General."

The continued support of the Board of Directors, the Executive Management and fellow staff is greatly appreciated and our aim for the next financial year is to obtain an unqualified audit opinion with no emphasis of matters (i.e. "a clean audit report") from the AG.

NIELESH RAVGEE
Interim Chief Financial Officer

FINANCE

EASTERN CAPE PARKS AND TOURISM AGENCY

STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING AUTHORITY

FOR THE 9 MONTHS ENDED 31 MARCH 2011

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

THE ANNUAL FINANCIAL STATEMENTS HAVE BEEN PREPARED IN ACCORDANCE WITH STANDARDS OF GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) INCLUDING ANY INTERPRETATIONS, GUIDELINES AND DIRECTIVES ISSUED BY THE ACCOUNTING STANDARDS BOARD.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting authority to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority have reviewed the entity's cash flow forecast for the 12 months to 31 March 2012 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 80 to 81.

The Annual Financial Statements set out on pages 82 to 111, which have been prepared on the going concern basis, were approved by the Accounting Authority on 27 May 2011 and were signed on its behalf by:

Ms Vuyo Zitumane
Interim Chairperson of the Board of Directors
Friday 27 May 2011

Mr Sybert Liebenberg
Interim Chief Executive Officer
Friday 27 May 2011

REPORT OF THE ACCOUNTING AUTHORITY

THE ACCOUNTING AUTHORITY SUBMIT THEIR REPORT FOR THE 9 MONTHS ENDED 31 MARCH 2011.

1. REVIEW OF ACTIVITIES

Main business and operations

The Eastern Cape Parks and Tourism Agency (ECPTA) was established on 1 July 2010 as a result of the merger of the Eastern Cape Parks Board (ECPB) and the Eastern Cape Tourism Board (ECTB). The mandate of the ECPTA is contained in its founding legislation, which is the Eastern Cape Parks and Tourism Agency Act, No. 2 of 2010. The objectives of the Agency are to manage biodiversity in defined protected areas and manage tourism in the Province.

In order to address the challenges characteristic of the spatial economy of the Eastern Cape, the business case of the ECPTA has been designed to utilise the synergy between biodiversity conservation and tourism in order to address the following challenges:

- Employment creation
- Economic development
- Rural development
- Sustainable natural resource use
- Secure patterns of economic development

In terms of the spatial economy the majority of those living below the minimum levels (ML) are locked into rural areas of the Eastern Cape. These areas of high need however overlay with areas of high economic potential due to their massive tourism and biodiversity values.

The location of Protected Areas and tourism opportunities within areas of high need, reinforces the need for the ECPTA, in partnership with other role players and organs of state, to use its resources to unlock the development potential contained in its Provincial Parks and areas with high tourism potential.

The effective management of protected areas will contribute towards the preservation of natural ecosystems essential to maintain the integrity of the environment in support of addressing the challenges. The benefits derived from tourism as a sector could assist in unlocking development in the rural economy, which constitutes a critical non farming rural development initiative.

The strategic direction adopted by the agency responds directly to address shareholder and stakeholder confidence in the ECPTA. In order to gain confidence in the ECPTA it will deliver on the following key outcomes:

- socio economic impact,
- transformation of the conservation and tourism industries,
- improve intergovernmental coordination and
- increase own revenue generated.

The successful achievement of these key outcomes will result in improved conservation and tourism products.

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available from the Department of Economic Development and Environmental Affairs (DEDEA) to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. SUBSEQUENT EVENTS

The ECPTA is currently handling three evictions matters that involve three of its former employees who have also refused to vacate their staff accommodation in the Baviaanskloof Nature Reserve. The names of the employees are J Ruiters, Maya and J B Ruiters. No court papers have been issued in these matters.

4. ACCOUNTING AUTHORITY

The current Board is appointed for an interim period in terms of the ECPTA Act (2 of 2010). The interim period was six months and has been extended to 31 March 2012. The members of the Board of Directors of the entity during the 9 months and to the date of this report are as follows:

REPORT OF THE ACCOUNTING AUTHORITY

Name	Changes
Ms V Zitumane	Chairperson of the Board of Directors, appointed 1 July 2010
Mr A Muir	Deputy Chairperson of the Board of Directors, appointed 1 July 2010
Mr L Els	Departmental representative, appointed 1 July 2010
Her Majesty Queen L Sigcau	Member, appointed 1 July 2010
Mr E Bergins	Member, appointed 1 July 2010
Mr P Madikiza	Member, appointed 1 July 2010
Ms T Putzier	Member, appointed 1 July 2010
Mr M Rayi	Member, appointed 1 July 2010
Ms T Tsengiwe	Member, appointed 1 July 2010
Mr S Liebenberg	Chief Executive Officer, appointed 01 July 2010

5. SECRETARY

The secretary and legal advisor of the entity is Ms Xoliswa Mapoma.

6. CORPORATE GOVERNANCE

General
The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa. The accounting authority discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The trading period for the entity for the current financial year was only nine months. As it is a newly established entity there are no comparative figures for prior years.

7. AUDITORS

The Office of the Auditor General will continue in office for the next financial period.

CORPORATE GOVERNANCE STATEMENT

The Board is the designated Accounting Authority of the ECPTA and governs the entity in accordance with the provisions of the Eastern Cape Parks and Tourism Agency Act No 2 of 2010, the Public Finance Management Act, 1 of 1999 (PFMA) and good corporate governance principles. The Board also strives to comply with the principles and standards of integrity and accountability as contained in the recommendations of the King III report on corporate governance.

The Board is composed of nine non executive members with the Chief Executive Officer serving in an ex officio capacity with no voting powers. The Board meets at least quarterly and monitors the performance of the Executive Management by ensuring that all material matters are subject to Board approval and that the mandate of the ECPTA is carried out in an efficient and effective manner. The Executive Management attend Board meetings by invitation. The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the Chairperson is a non executive member of the Board. The Chairperson provides leadership and guidance to the Board and encourage proper deliberation of all matters requiring the Board's attention, and obtain optimum input from the other members. All committees of the Board are chaired by non executive members of the Board with the exception of the Audit Committee which is chaired by an independent person.

Executive Management
The members of the Executive Management are appointed by the Board of Directors. Executive Management are involved in the operational activities of the organisation and are responsible for ensuring that decisions, strategies and objectives of the reporting Department of Economic Development and Environmental Affairs (DEDEA) and the Board are implemented. Executive Management retains full financial and operational control over the organisation under the leadership of the Chief Executive Officer.

Executive Committee
This Committee was established by the Board with two non executive Directors namely Ms V Zitumane as Chairperson and Mr E Bergins as member serving together with the Chief Executive Officer and Chief Financial Officer of the entity. This Committee is responsible for critical management items which require review and input prior to being submitted to the Board of Directors for approval.

Human Resources & Remuneration Committee
This Committee was established by the Board with two non executive Directors namely Mr M Rayi as Chairperson and Mr L Els as member serving on this committee together with relevant members of Executive Management, and operates under terms of reference approved by the Board. This committee attends to matters concerning the Human Resource policies and practices of the ECPTA, performance management and remuneration. The committee deliberates on these issues and makes appropriate recommendations to the Board for approval.

Finance and Investment Committee
This Committee was established by the Board with two non executive directors namely Ms T Tsengiwe as Chairperson and Ms T Putzier as member. The Committee operates under terms of reference approved by the Board. In addition to providing an important deliberative forum for the Board and Executive Management, it advises the Board on all material and significant finance and ICT matters presented by the Executive Management, either as directed by the Board or on the Executive Management's initiative.

Audit Committee
In compliance with Section 27 of the National Treasury Regulations, the Board has established an Audit Committee comprising of three independent members namely; Prof F Prinsloo as Chairperson, Mr S Whitfield and Ms T Mahlati as members. The term of the Audit Committee terminated on 31 March 2011 and the Board agreed that an independent recruitment process be undertaken to appoint a new Audit Committee. The Audit Committee operates under a Charter which has been approved by the Board. The primary responsibility of the Audit Committee is to report and make recommendations to the Board on the effectiveness of corporate governance internal controls and risk management within the ECPTA, oversee the Internal Audit function and to comment on and evaluate the annual financial statements of the ECPTA. The Chairperson of the Audit Committee attends Board Meetings by invitation.

Biodiversity Conservation Committee
This Committee comprised of two non-executive Directors namely Mr A Muir, as Chairperson and Her Majesty L Sigcau, as member together with relevant members of the Executive Management. This Committee operates under the terms of reference approved by the Board. In addition to providing an important deliberative forum for the Board and Executive Management on matters relating to the management of the Nature Reserves assigned to the ECPTA, it advises and makes recommendations to the Board on the application of both science and the ethics of conservation and environmental management policies and practices within the Nature Reserves, and also has some input into the commercialisation and marketing strategies of the Board as a whole.

Business Development and Tourism Committee
This Committee, established by the Board, comprises two non-executive Directors namely Mr P Madikiza, as Chairperson and Mr E Bergins, as member as well as relevant members of the Executive Management. This committee was established to strengthen the tourism development and revenue generating capacity of the ECPTA by focusing on initiatives to promote tourism in the Province and on maximising the use of its eco-tourism facilities. The key focus areas of the Committee for the year under review were the implementation of the approved commercialisation and product development strategies, identifying additional funding streams, improving tourist numbers to the Province and maximising the utilization and returns from eco-tourism facilities.

Marketing and Communications Committee
This Committee, established by the Board, comprises two non-executive Directors namely Ms T Putzier, as Chairperson and Ms T Tsengiwe, as member as well as relevant members of the Executive Management. This committee was established to strengthen the marketing and communications capacity of the ECPTA. The key focus areas of the Committee for the year under review are the effective branding and marketing of the new entity and the effective promotion of the province as a premier tourism destination both locally and internationally.

Meetings held and attended for the period under review
A meeting and attendance register for Board members and members of the Audit Committee is kept and maintained by the Board Secretary with a summary of the meetings held and attendance by the said members and the particular meeting attended set out below:

Directors are only required to attend the Committee meetings to which they have been assigned or invited to.

	Ordinary and special board meetings	Finance & Investment Committee	Biodiversity Conservation Committee	Human Resources & Remuneration Committee	Marketing and Communications Committee	Business Development and Tourism Committee
Number of meetings	7	3	3	3	3	3
Number of meetings attended by members of the Board of Directors						
Ms V Zitumane	6	-	-	-	-	-
Mr A Muir	7	-	3	-	-	-
Mr L Els	7	-	-	3	-	-
Her Majesty Queen L Sigcau	3	-	1	-	-	-
Mr E Bergins	7	-	-	-	-	3
Mr P Madikiza	7	-	-	-	-	3
Ms T Putzier	7	3	-	-	3	-
Ms T Tsengiwe	6	3	-	-	3	-
Mr M Rayi	5	-	-	3	-	-
	-	-	-	-	-	-

Audit Committee

During the period under review three audit committee meetings were held. Prof F Prinsloo and Mr S Whitfield attended all three meetings. Ms T Mahlati attended two meetings.

Risk Management

In accordance with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, a risk assessment was facilitated by the Internal Auditors. Effective risk management is integral to the organisation's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks and the Board has initiated the development of a Risk Management Framework and Fraud Prevention Plan.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures that have been developed to mitigate and manage operating risk, involve segregation of duties, transaction supervision, monitoring and financial reporting.

The fraud prevention and risk management policies adopted by the ECPTA are aimed at obtaining sufficient cover to protect its asset base, earning capacity and legal obligations against possible losses.

Risks of a possible catastrophic nature (e.g. fires) are identified and insured. These risks are reviewed on an annual basis to ensure that cover is adequate. Claims of a general nature are adequately covered. The reserves have been categorised into high, medium and low risk categories for fire insurance purposes to ensure that adequate cover is obtained for high risk reserves.

Ms T Mahlati
Committee member
Friday 27 May 2011

Internal Control Systems

In order to meet its responsibility of providing reliable financial information, the ECPTA maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and the transactions are properly authorised and recorded. A three year rolling internal audit plan was completed by our Internal Auditors to ensure that risks identified in their risk assessment are adequately covered in their audit plan.

The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the organisation, and the careful selection, training and development of staff.

KPMG has been appointed as the Internal Auditors. The auditors adopt a risk based audit approach in order to ensure that the process adds value to the organisation.

Internal auditors monitor the operation of the internal control system and report findings and recommendations to the Audit Committee and Executive Management. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process and internal control system.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

REPORT OF THE AUDIT COMMITTEE

WE ARE PLEASED TO PRESENT OUR REPORT FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2011.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The audit committee consists of the members listed hereunder and meets at least four times per year as per the approved charter. During the current period three meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Prof F Prinsloo	3
Mr S Whitfield	3
Ms T Mahlati	2

AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and the King III Report on Corporate Governance requirements, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal auditors, the audit report on the annual financial statements and the management report of the Auditor-General South Africa, it is evident that while there are no material weaknesses in the system of internal control, there is nonetheless scope for improvement in the operating effectiveness of certain internal controls. During the period under review, internal controls were not entirely effective primarily because of capacity constraints and non adherence to supply chain management policies.
We would also like to highlight the fact that the ECTB was officially merged with the ECPB on 1 July 2010 to form the Eastern Cape Parks and Tourism Agency. The impact of the merger on the entity's ability to maintain and adhere to some internal controls is also worth mentioning.

EVALUATION OF FINANCIAL STATEMENTS

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the accounting authority;
- Reviewed the Auditor-General South Africa's management report and management's response thereto;
- Reviewed Eastern Cape Parks and Tourism Agency's compliance with legal and regulatory provisions;

We concur with and accept the Auditor-General's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General.

We further commend the executive management and staff for their efforts in ensuring that the Eastern Cape Parks and Tourism Agency's received an unqualified audit opinion on its annual financial statements for the nine months ended 31 March 2011.

INTERNAL AUDIT

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Eastern Cape Parks and Tourism Agency in its audits.

Ms T Mahlati
Committee member
Friday 27 May 2011

REPORT OF THE AUDITOR GENERAL

TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE EASTERN CAPE PARKS AND TOURISM AGENCY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Eastern Cape Parks and Tourism Agency, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the nine month period ended, a summary of significant accounting policies and other explanatory information as set out on pages 82 to 111.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Parks and Tourism Agency (ECPTA) as at 31 March 2011, and its financial performance and cash flows for the nine months ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

9. ECPTA is a defendant in a number of lawsuits. The result of these lawsuits cannot be determined at present as litigation is still in progress. The entity has disclosed a contingent liability of R11.8 million in note 31 to the financial statements in this regard.

Fruitless and wasteful expenditure

10. As disclosed in note 35 to the financial statements, the former Eastern Cape Tourism Board which has now been merged into ECPTA incurred fruitless and wasteful expenditure of R679 581 for the year ended 31 March 2010.

Irregular expenditure

11. As disclosed in note 36 to the financial statements, the ECPTA incurred irregular expenditure of R13.6m for the current year (31 March 2010:R18m) as the expenditure incurred was in contravention of laws and regulations for supply chain management.

Additional matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Merger

13. The accounting authority's report of the financial statements indicates that the former Eastern Cape Parks Board and Eastern Cape Tourism Board merged to become the ECPTA on 1 July 2010 in terms of the Eastern Cape Parks and Tourism Agency Act, 2010 (Act No. 2 of 2010). As a result my opinion is for the nine period subsequent to the merger.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on page 84 and material non-compliance with laws and regulations applicable to the Eastern Cape Parks and Tourism Agency.

Predetermined objectives

15. There were no material findings on the annual performance report concerning the presentation, usefulness and reliability of the information.

Compliance with laws and regulations

Annual financial statements

16. The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with SA Standards of GRAP as required by section 55(1) (a) and (b) of the PFMA. The material misstatements identified during the audit with regards to Property, Plant and Equipment, Finance Lease Liabilities, Deferred Revenue, Reserves, Other payables, Revenue Received in Advance Revenue, Irregular expenditure, disclosures relating to Irregular Expenditure and Related Parties were subsequently corrected.

Strategic planning and performance management

17. The accounting authority did not submit the proposed strategic plan to the executive authority for approval at least six months before the start of the financial year of the entity, or another time period as agreed to between the executive authority and the public entity in contravention of the requirements of the National Treasury Regulations (in terms of section 76 of the PFMA) (TR), regulation 30.1.1. In addition, the accounting authority did not finalise and submit a strategic plan to the relevant executive authority on or before 1 April as required by TR 30.1.1 and 30.1.2.

Audit committee

18. The audit committee did not function as per the requirements of section 77 of the PFMA and TR 27.1 in that the audit committee did not review its terms of reference at least annually. The audit committee made use of the terms of reference that was used by Eastern Cape Parks Board.

Internal audit

19. The internal audit function did not adhere to the requirements as set by section 51(1)(a)(ii) of the PFMA and TR 27.2, in that the internal audit function did not have an approved three year strategic internal audit plan or an annual internal audit plan for the period ended 31 March 2011.

Risk management

20. The risk management plan and fraud prevention plan were not approved for the ECPTA in contravention with TR 28.3.1.

Procurement and contract management

21. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure as per the requirements of section 51(1)(b) of the PFMA.

INTERNAL CONTROL

22. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

23. Leadership did not exercise sufficient oversight responsibility over financial processes and reporting. In addition, leadership has not set up adequate internal controls to ensure compliance with laws and regulations.

Financial and performance management

24. The financial statements and other information to be included in the annual report were not reviewed for completeness and accuracy prior to submission for audit purposes, resulting in omissions and material amendments being identified during the audit. In addition, management did not implement controls over daily and monthly processing and reconciling of transactions.

Governance

25. The internal audit function could not perform during the year as they did not have an approved internal audit plan. As a result, the internal audit function did not evaluate and develop recommendations for the enhancement or improvement of the processes through which the objectives of the institution are achieved as no internal audit reports were issued for the year. Hence, no assurance was provided to the Audit Committee on key risks as assessed by those charged with governance and management.

Auditor General

Auditor General
East London
29 July 2011

AUDITOR-GENERAL
SOUTH AFRICA

STATEMENT OF FINANCIAL POSITION
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	Note(s)	31 March 2011
		R '000
ASSETS		
Current Assets		
Inventories	2	49
Trade receivables	3	132
Other receivables	4	1 217
Cash and cash equivalents	5	56 443
		57 841
Non-Current Assets		
Property, plant and equipment	6	67 643
Investment property	8	7 100
Infrastructure work in progress	7	8 408
		83 151
Non-current assets classified as held for sale	9	**12 013**
Non-Current Assets		**83 151**
Current Assets		57 841
Non-current assets classified as held for sale		12 013
Total Assets		**153 005**
LIABILITIES		
Current Liabilities		
Finance lease obligation - short term portion	34	410
Trade payables	10	19 964
Other payables	11	3 458
Poverty alleviation project	12	14 338
Grant income refundable	13	1 600
Wild Coast project	14	20
		39 790
Non-Current Liabilities		
Finance lease obligation - long term portion	34	18
Operating lease liability		1 226
Deferred revenue - grants received	15	34 796
Deferred revenue - game held for sale	16	12 013
		48 053

STATEMENT OF FINANCIAL POSITION
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	Note(s)	31 March 2011 R '000
Non-Current Liabilities		48 053
Current Liabilities		39 790
Total Liabilities		**87 843**
Assets		153 005
Liabilities		(87 843)
Net Assets		**65 162**
Net Assets		
Reserves		
Capitalisation reserve		39 304
Accumulated surplus		25 858
Total Net Assets		**65 162**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	Note(s)	31 March 2011
		R '000
Revenue		
Sale of goods		3 007
Day tours, entrance fees and hiking revenue		559
Accommodation revenue	18	2 753
Government grants	19	120 456
Rental income		682
Other income	20	558
Interest received		856
Total Revenue	17	**128 871**
Expenditure		
Personnel	21	(71 691)
Administration	22	(506)
Depreciation and amortisation		(141)
Finance costs		(39)
Debt impairment		(131)
Repairs and maintenance		(4 734)
Operating Expenses	23	(54 708)
Total Expenditure		**(131 950)**
Gain on disposal of assets		10
Revenue		128 871
Expenditure		(131 950)
Other		10
Deficit for the 9 months	30	**(3 069)**

STATEMENT OF CHANGES IN NET ASSETS

	Capitalisation reserve	Accumulated surplus	Total net assets
	R '000	R '000	R '000
Take on balance as at 1 July 2010	**37 804**	**28 927**	**66 731**
Changes in net assets			
Revaluation of assets	1 500	-	1 500
Net income (losses) recognised directly in net assets	1 500	-	1 500
Deficit for the 9 months	-	(3 069)	(3 069)
Total changes	1 500	(3 069)	(1 569)
Balance at 31 March 2011	**39 304**	**25 858**	**65 162**

CASH FLOW STATEMENT

FOR THE 9 MONTHS ENDED 31 MARCH 2011

	Note(s)	31 March 2011 R '000
Cash flows from operating activities		
Receipts		
Sale of goods and services		128 015
Interest income		856
		128 871
Payments		
Employee costs		(71 691)
Suppliers		(67 135)
		(138 826)
Total receipts		128 871
Total payments		(138 826)
Net cash flows from operating activities	25	**(9 955)**
Cash flows from investing activities		
Purchase of property, plant and equipment	6	(5 143)
Proceeds from sale of property, plant and equipment		623
Net cash flows from investing activities		**(4 520)**
Cash flows from financing activities		
Poverty alleviation projects		(207)
Net movement on revaluation of assets		13 414
Finance lease liabilities		389
Net cash flows from financing activities		**13 596**
Net increase in cash and cash equivalents		**(879)**
Cash and cash equivalents take on balance		57 322
Cash and cash equivalents at the end of the year	5	**56 443**

7. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board and where such standards have not yet been promulgated, the International Financial Reporting Standards (IFRS), including any interpretations of such Standards issued by the IASB, have been applied.

Functional and presentation currency

The Annual Financial Statements are presented in South African rands, which is the entity's functional currency.

Use of estimates and judgements

The preparation of the annual financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment property which is measured at nominal value.

1.1 BIOLOGICAL ASSETS

Large mammals which are identified through our game census process as being excess game, are classified as "held for sale" and is reflected in the financial statements at its fair value less estimated point of sale costs of disposal.

The ECPTA classifies excess game identified for off take (disposal), as "held for sale" as their fair value will be recovered principally through a sale transaction rather than through continuing use.

The ECPTA is responsible for biodiversity conservation in defined protected areas and the biological assets consists of a large variety of species and it is thus not practical to list such species, their quantities or their values.

Attaching a reliable "fair value" to all biodiversity not "held for sale" is not possible, for the following reasons: The key drivers for successful biodiversity conservation include scientific management of the entire eco system in terms of flora and fauna (from the smallest organism to the largest) as well as the processes that maintain these patterns. It is not possible to place a reliable fair value on all material aspects of biodiversity.

Valuing certain animal species without taking into account the contribution of other organisms and other aspects of the ecosystem is not in line with biodiversity conservation principles.

Fauna move naturally from one place to the other in search of preferred habitat and are therefore unpredictable in terms of their availability for counting. This issue is further complicated by short term responses of game to weather conditions. While fences are used as artificial barriers to control movement of some species, this is not an ideal situation, and some species move freely despite these barriers, which make counting impractical. Game counts are also extremely expensive processes, as these frequently require the use of sophisticated technology (helicopters, GPS, GIS) and data analysis. In addition, the complexity in counting different species varies, such that elephants are easier to census than small species such as blue duiker. Applying a uniform accounting approach to this range of species will not be practical.

In terms of Framework for preparation and presentation of financial information, the ECPTA does not recognise its biodiversity assets and only reflect the excess game identified for off take as additional disclosure for the benefit of users to the annual financial statements.

By virtue of these species being included in the defined protected areas they form part of the legislative mandate of the ECPTA to conserve biodiversity in these areas.

1.2 INVESTMENT PROPERTY

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property acquired at inception of the ECPTA is initially recorded at fair value and investment property acquired thereafter is recorded at cost. Subsequent to initial recognition, the cost model is used. Investment property is depreciated on a straight line basis at a rate of 2% unless it is recorded at nominal value, in which case no depreciation is applied. Where there are indicators that investment property may be impaired, it is tested for impairment and any impairment loss is recognised as an expense in the period in which it has been incurred.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

All other Property, plant and equipment are initially recorded at cost less accumulated depreciation and adjusted for any impairment losses where applicable. Cost includes all costs directly attributable to bringing the assets to its working condition for its intended usage. As a direct result of the merger between the ECPB and the ECTB the ECPTA has adopted GRAP 107 for Mergers and will reflect the acquired assets at their carrying amounts.

During the measurement period, the ECPTA shall retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date. The measurement period ends as soon as the ECPTA receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. The measurement period shall not exceed two years from the merger date. Assets acquired subsequent to the merger date are accounted for in terms of the requirements of GRAP 17.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. As a direct result of the merger between the ECPB and the ECTB the ECPTA has adopted GRAP 107 for Mergers and will reflect the acquired assets at their carrying amounts.

Where an item of property, plant and equipment is acquired in exchange for a non monetary asset or monetary assets, or a combination of monetary and non monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revalutation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Commercial motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Computer software	3 years
Other motor vehicles	5 years
Other equipment	6 years
Workshop and operational equipment	4 years

Changes in residual value, depreciation method and useful life represents changes in estimates and are accounted for prospectively in accordance with GRAP 3 – Accounting policies, changes in accounting estimates and errors.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Infrastructure includes roads and fencing.

Assets up to the value of R500 are included in property, plant and equipment but are fully depreciated in the year of acquisition, in line with the principles in terms of the asset management guidelines issued by National Treasury.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

Intangible assets are initially recognised at cost.

1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

RISK MANAGEMENT

General:

The ECPTA has a risk management policy, risk management framework and risk management committee in place which meets on a quarterly basis and reviews the strategic and operational risk registers. The risk management committee comprises of executive and senior management and reports to the audit committee which in turn reports to the board of directors.

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The ECPTA only deposits cash and invests funds with the major banks with high quality credit standing. The risk on cash and cash equivalents is thus low. The entity does not operate on a credit basis with customers and a significant portion of trade receivables relate to specific amounts receivable through agreed projects and agreements. A small portion relates to staff debts but this has been mitigated through the creation of a provision for doubtful debts.

Liquidity risk:
Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A significant percentage of the ECPTA's liabilities consist of trade creditors. This relates to goods and services obtained during the normal course of business and is budgeted for. Quarterly cash flow forecasts and expenditure analysis reports enables the entity to ensure that adequate cash will be available to meets is obligations. Liquidity risk is regarded as being low.

Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk:
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The only foreign currency transactions which the entity is exposed to is the accommodation revenue received from overseas customers. The amounts received are not significant so the currency risk of the entity is regarded as being low.

Interest rate risk:
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the ECPTA has no significant interest bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. All interest bearing assets are included under cash and cash equivalents. These are all short term as they relate to mainly to the transfer payments received from DEDEA as part of our budgeted grants to be used for operational expenditure.

Price risk:
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The nature of our business is on a cash basis for revenue received and for expenditure incurred it is all short term trades relating only to the relevant financial year. As a result the impact of market price fluctuations does not impact on the entity.

Capital risk management:
The ECPTA's objectives when managing capital are to safeguard the entity's ability to continue as a going concern. The entity does not enter into any high risk financial instruments and reviews its cash flows on a quarterly basis to ensure that it maintains its ability to operate as a going concern. The mandate of the ECPTA is largely driven by the constitution and by the PGDP and we are thus assured of funding from DEDEA for biodiversity conservation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  receive cash or another financial asset from another entity; or
  exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial 8liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Derecognition
Financial assets
The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
derecognise the asset; and
recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities
The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.
An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers).

1.6 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases lessee
Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases lessor
Operating lease revenue is recognised as revenue on a straight line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases lessee
Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

1.8 IMPAIRMENT OF CASH GENERATING ASSETS

Cash generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash generating assets from non cash generating assets are as follow:

1.9 IMPAIRMENT OF NON CASH GENERATING ASSETS

Cash generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Non cash generating assets are assets other than cash generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.10 EMPLOYEE BENEFITS

Defined contribution plans
ECPTA staff contribute to the Bhisho Provident Fund. Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period. It is a condition of employment that any person who is permanently appointed in the service of the ECPTA will become a member of the fund. The ECPTA has no commitment, formal or otherwise, to meet unfunded benefits.

1.11 CONTINGENT LIABILITIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
b. The amount of the obligation cannot be measured with sufficient reliability

Unless the possibility of any outflow in settlement is remote, the ECPTA shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and where practicable, an estimate of its financial effect, an indication of uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest
Revenue arising from the use by others of entity assets yielding interest is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

1.13 BORROWING COSTS

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 9 months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 DEFERRED REVENUE

Where grant income has been received and have been ring fenced for specific projects or committed but the related commitment cannot be defined as an accrual, such related grant income is transferred to deferred revenue. When expenditure has been incurred on the ring fenced project or the commitment has been realised the, related income is reflected as revenue.

For the infrastructure funding which was transferred from the ECTB in 2004, and raised as deferred revenue, related expenditure is transferred to reserves when incurred.

1.16 CAPITAL RESERVES

Capital reserves consist of:

a. Reserves raised upon the initial transfer of funds relating to infrastructure projects which were initially implemented by the ECTB;
b. Reserves created upon the initial valuation of game held for sale; and
c. Reserves raised upon the assignment of assets to the ECPTA on establishment.

1.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

a. Cash relating to own revenue and the funds transferred from DEDEA in respect of the mandate of the ECPTA as defined in the Eastern Cape Parks and Tourism Agency Act (Act 2 of 2010);
b. Cash relating to the transfer of funds relating to infrastructure projects initially managed by the ECTB; and
c. Cash relating to funds transferred from various agencies for specific projects of which the ECPTA has been appointed as the implementing agent.

All funds received for specific projects are separately managed and used only for such funds unless written permission is obtained from the relevant funder.

1.18 WORK IN PROGRESS

Property, plant and equipment in the course of construction for production, rental or administration purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

1.19 MERGER GRAP 107

The Eastern Cape Tourism Board (ECTB) and the Eastern Cape Parks Board (ECPB) were merged to form the Eastern Cape Parks and Tourism Agency (ECPTA). The effective date of the merger was 1 July 2010. The merger was approved on the basis that there were synergies within the conservation and tourism mandate in relation to the responsibilities of the Eastern Cape Provincial Government mandate. The comprehensive business case also indicated long term cost saving opportunities and operational efficiencies.

The ECPTA adopted GRAP 107 Mergers in accounting for the merger transactions as at 31 March 2011. As of 1 July 2010 the ECPTA shall recognise all the assets acquired and liabilities assumed at their carrying amounts. The difference between the carrying amounts of the assets acquired and the liabilities assumed shall be recognised in accumulated surplus or deficit.

During the measurement period, the ECPTA shall retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date. The ECPTA shall subsequently measure the assets acquired and any liabilities assumed as a result of the merger in accordance with the applicable Standard of GRAP

1.20 GRAP STANDARDS

The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB) and have also adopted the transitional provisions as applicable in terms of the standard and principles contained in directive two issued by the ASB in March 2009.

The GRAP standards approved and effective are listed below:

GRAP 1 Presentation of financial statements

GRAP 2 Cash flow statements

GRAP 3 Accounting policies, changes in accounting estimates and errors

GRAP 4 The effects of changes in foreign exchange rates

GRAP 5 Borrowing costs

GRAP 6 Consolidation and separate financial statements

GRAP 7 Investment in associates

GRAP 8 Investment in joint ventures

GRAP 9 Revenue from exchange transactions

GRAP 10 Financial reporting in hyperinflationary economies

GRAP 11 Construction contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the reporting date

GRAP 16 Investment property

GRAP 17 Property, plant and equipment

GRAP 19 Provisions, contingent liabilities and contingent assets

GRAP 100 Non current assets held for sale and discontinued operations

GRAP 101 Agriculture

GRAP 102 Intangible assets

Other applicable standards

IPSAS 20 Related party disclosure

IPSAS 21 Impairment of non cash generating assets

Currently the recognition and measurement principles in the above standards do not differ or result in material differences compared to previous financial statements.

The following prescribed standards of GRAP have been issued but is not yet effective as at 31 March 2011. It is not known when these standards will become effective nor what impact these standards will have on the Annual Financial Statements.

GRAP 18 Segment Reporting

GRAP 21 Impairment of non cash generating assets

GRAP 23 Revenue from Non exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of cash generating assets

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

GRAP 107 Mergers

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011
	R '000
2. INVENTORIES	
Fuel	49
Inventories are carried at cost	
An amount of R487 was recognised as expenses during the period.	
3. TRADE RECEIVABLES	
Trade debtors	646
Provision for doubtful debts	(514)
	132
ECPTA considers that the carrying amount of trade and other receivables approximates their fair value	
4. OTHER RECEIVABLES	
Rent receivable	208
UNDP loans receivable (Wild Coast Project)	241
Marine and coastal management	62
Debts receivables	245
Poverty relief projects	171
Deposits	290
	1 217
5. CASH AND CASH EQUIVALENTS	
Cash and cash equivalents consist of:	
Bank balances and cash on hand	42 085
Other cash and cash equivalents	14 358
	56 443

Other cash and cash equivalents related to the Wild Coast Project and to Special Projects are held by the ECPTA in its capacity as the implementing agents and is ringfenced for application to activities within those projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

6. PROPERTY, PLANT AND EQUIPMENT

	31 March 2011		
	Take on value	Accumulated depreciation and accumulated impairment	Closing balance
Land	23 151	-	23 151
Buildings	15 754	-	15 754
Plant and machinery	4 501	-	4 501
Furniture and fixtures	3 292	-	3 292
Motor vehicles	5 861	-	5 861
Office equipment	421	-	421
IT equipment	3 764	-	3 764
Roads	2 496	-	2 496
Fencing	8 403	-	8 403
Total	**67 643**	**-**	**67 643**

Reconciliation of property, plant and equipment 31 March 2011

	Take on value	Additions	Disposals	Depreciation	Total
Land	23 151	-	-	-	23 151
Buildings	15 215	539	-	-	15 754
Plant and machinery	3 641	860	-	-	4 501
Furniture and fixtures	2 864	428	-	-	3 292
Motor vehicles	4 403	2 125	(667)	-	5 861
Office equipment	474	88	-	(141)	421
IT equipment	2 661	1 103	-	-	3 764
Roads	2 496	-	-	-	2 496
Fencing	8 403	-	-	-	8 403
	63 308	**5 143**	**(667)**	**(141)**	**67 643**

The Eastern Cape Parks and Tourism Agency (ECPTA) was established with effect from 1 July 2010. Various reserves and assets were inherited by the ECPTA from the ECPB and the ECTB in order to assist it to carry out its mandate of biodiversity conservation and tourism. At year end, GRAP 107 was adopted and the acquisition of the assets transferred to the ECPTA are reflected at the carrying amount as reflected in the audited financial statements of the transferring entities. The ECPTA has embarked on a process to ensure that all adjustments required as a result of the merger will be finalised by 31 March 2012.

	9 Months ended 31 March 2011
	R '000

6. PROPERTY, PLANT AND EQUIPMENT

The reserves, including land acquired subsequent to the transfer, comprise the following:

Provincial Parks estimated area in ha	Area
Great Fish River Nature Reserve which comprises of:	
Double Drift Nature Reserve	25,248
Sam Knott / Andries Vosloo	22,993
Baviaanskloof Nature Reserve comprising of:	
Baviaanskloof Wilderness area	85,798
Stinkhoutberg	9,667
Formosa Nature Reserve	43,760
Cockscomb Nature Reserve	78,510
Groendal Nature Reserve	28,916
The Island Nature Reserve	495
Thomas Baines Nature Reserve	1,964
Waters Meeting Nature Reserve	5,632
Tsolwana Nature Reserve	7,896
Mpofu Nature Reserve	8,178
Fort Fordyce Nature Reserve	2,648
East London Coast Nature Reserve	2,892
Hamburg Nature Reserve	6,978
Dwesa / Cwebe Nature Reserve	5,410
Hluleka Nature Reserve	4,525
Silaka Nature Reserve	400
Nduli / Luchaba Nature Reserve	590
Mkhambathi Nature Reserve	7,281
Ongeluksnek Nature Reserve	13,614
Oviston Nature Reserve	16,028
Commando Drift Nature Reserve	5,815

No property, plant and equipment is pledged as security for any transaction.

Property transferred from the Eastern Cape Tourism Board (ECTB) is referred to as Erf 388, situated in Somerset Street in Aliwal North. The property is registered in the name of the Eastern Cape Tourism Board.

7. INFRASTRUCTURE WORK IN PROGRESS

Work in progress	8 408

8. INVESTMENT PROPERTY

	31 March 2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	7 100	-	7 100

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011 R '000
Details of property	
Units 13 and 14 Bhisho Business Village	
Assigned to the ECPTA 1 July 2010	1 100
Tourism House Phalo Avenue Bhisho	
Terms and conditions	
Assigned to the ECPTA 1 July 2010	6 000

Unit 13 and 14 Bhisho Business Village:

Property consists of an office block and is situated in the Bhisho Business Village has been assigned to ECPTA. It is currently vacant.

Rental income is R nil (30 June 2010: R13,538)
Rent receivable within 1 year: R nil

Rent receivable between 1 and 5 years: R nil. The Board has given an "in principle" approval to sell the building but final approval will only be given on the basis of confirmed offers of purchase.

Fair value of the investment property as determined by an independent valuer, P J Lindstrom (Reg 935/7 registered in terms of the Valuers Act 47 of 2000) is R1,1 million (30 June 2010: R0,452 million)
The property was transferred from the ECPB at the above fair value.

Tourism House - Phalo Avenue:
The property consists of an office block and is situated in Phalo Avenue in Bhisho. It is currently being occupied by the National Prosecuting Authority (NPA)

Rental income for the period is R681 465 (30 June 2010: R161,241)
Rent receivable within 1 year: R 668 000

Rent receivable between 1 and 5 years : R nil. The Board has given an "in principle" approval to sell the building but final approval will only be given on the basis of confirmed offers of purchase.

Fair value of the investment property as determined by an independent valuer, P J Lindstrom (Reg 935/7 registered in terms of the Valuers Act 47 of 2000) is R6,0 million (30 June 2010: R5,6 million)
The property was transferred from the ECTB at the above fair value.

9. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non current assets classified as held for sale	12 013

A census to determine the current stocking rate and to ensure that the veld carrying capacity is not exceeded, in line with biodiversity best practices, is held over a 3 year cycle.

Excess individuals are identified for harvesting in the following year and their fair value less estimated point of sale costs is anticipated to be R 12,013 million

10. TRADE PAYABLES

Trade payables	8 469
Payments received in advanced contract in process	2 418
Accrued leave pay	5 655
Accrued bonus	717
Accrued expense trade	2 705
	19 964

ECPTA considers that the carrying amount of trade and other payables approximates their fair value

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011
	R '000
11. OTHER PAYABLES	
Other payables trade	1 122
Other payables salaries and wages	1 019
Other payables provident fund	172
Other payables SARS	712
Other payables medical aid	433
	3 458
12. POVERTY ALLEVIATION PROJECTS	
Poverty alleviation projects	14 338

Represents amounts available for poverty relief projects which are administered on behalf of the National Department of Environmental Affairs.

13. GRANT INCOME REFUNDABLE	
Grant income refundable	1 600

The amount relates to 2010 funding due to DEDEA but has not yet been paid as the ECPTA intends to request for a roll over of these funds to be utilised on other critical commercialisation projects.

14. WILD COAST PROJECT	
Wild coast project	20

Represents amounts available for the Wild Coast Project which is administered by ECPTA from UNDP funding.

15. DEFERRED REVENUE GRANTS RECEIVED	
Opening balance	36 649
Expenditure for the year	(4 654)
Interest earned	518
Transfer from grants receivable	2 283
	34 796
16. DEFERRED REVENUE GAME HELD FOR SALE	
Increase in value of game available for sale	12 013
17. REVENUE	
Sale of game, venison and game by products	3 007
Day tours, entrance fees and hiking trails	559
Services rendered, mainly accommodation and camping	2 753
Rental income	682
Interest received – trading	856
Government grants	120 456
Other income	558
	128 871

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011 R '000
The amount included in revenue arising from exchanges of goods or services are as follows:	
Sale of game, venison and game by products	**3 007**
Day tours, entrance fees and hiking trails	559
The amount included in revenue arising from non exchange transactions is as follows:	
Services rendered, mainly accommodation and camping	
Services rendered, mainly accommodation and camping	2 753
Transfer revenue	
Government grants	120 456
	123 209

18. ACCOMMODATION REVENUE

Accommodation general	2 049
Camping	704
	2 753

19. GOVERNMENT GRANTS AND SUBSIDIES

Transfer payment	121 419
DWAF	395
SANBI	482
Marine and Coastal Management (MCM)	443
Transferred to deferred revenue	(2 283)
	120 456

20. OTHER INCOME

SUNDRY INCOME	505
Sale of tender documents	53
	558

21. EMPLOYEE RELATED COSTS

Basic	50 870
Bonus	5 431
Medical aid company contributions	1 753
UIF	445
SDL	72
Leave pay provision charge	564
Funeral benefits	26
Post employment benefits Pension Defined contribution plan	7 316
Travel, motor car, accommodation, subsistence and other allowances	2 042
Overtime payments	1 468
Car allowance	1 381
Back pay	(1)
Other allowances	324
	71 691

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011
	R '000
22. ADMINISTRATIVE EXPENDITURE	
Administration and management fees third party	506
23. OPERATING EXPENSES	
Advertising	319
Assessment rates & municipal charges	167
Auditors remuneration	2 261
Bank charges	111
Cleaning	482
Computer expenses	375
Consulting and professional fees	8 181
Consumables	612
Donations	159
Entertainment	130
Fines and penalties	1
Flowers	243
Animal Costs	15
Hire of equipment and facilities	94
Insurance	1 064
Community development and training	725
Conferences and seminars	879
Lease rentals on operating lease	3 780
Fleet	1 691
Marketing	8 396
Levies	69
Medical expenses	16
Fuel and oil	484
Placement fees	53
Postage and courier	155
Printing and stationery	1 067
Protective clothing	24
Research and development costs	263
Licenses	439
Security	232
Staff welfare	206
Subscriptions and membership fees	579
Telephone and fax	2 901
Training	1 435
Travel local	2 728
Travel overseas	831

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011 R '000
23. OPERATING EXPENSES	
Electricity	972
Refuse	17
Uniforms	300
Tourism development	418
Compliance and law enforcement	398
Game management	1 001
Special projects	8 862
Profit & loss on foreign exchange	8
Board expenses	1 250
Chemicals	315
	54 708
24. AUDITORS' REMUNERATION	
Internal audit fees	95
External audit fees	2 166
	2 261
25. CASH USED IN OPERATIONS	
Deficit	(3 069)
Adjustments for:	
Depreciation and amortisation	141
Profit on sale of assets and liabilities	(10)
Finance costs Finance leases	39
Debt impairment	131
Movements in operating lease assets and accruals	1 226
Revaluation on investment property	(1 499)
Infrastructure work in progress	(4 044)
Changes in working capital:	
Inventories	4
Trade receivables	2 574
Other receivables from non exchange transactions	199
Consumer debtors	(131)
Trade payables	(606)
Other payables	436
Deferred revenue grants received	(5 346)
	(9 955)

	9 Months ended 31 March 2011
	R '000

26. POVERTY ALLEVIATION PROJECTS

The ECPTA has been appointed as implementing agent for certain poverty alleviation initiatives which are funded directly by DEA. The project was initiated in 2005 and to date, funding to the extent of R58 million has been received. A separate set of financial records are maintained for this project and a separate independent audit is conducted on an annual basis. These expenses are submitted to DEA and are not consolidated into the records of ECPTA.

27. OPERATING LEASES

Up to 1 year	
Three ways development	1 983
True Group	2 026
Mulumba trust	127
	4 136
2 to 5 years	
Three ways development	1 221
True Group	675
	1 896

28. EMOLUMENTS

Directors' emoluments - For services as directors	
Ms V Zitumane	124
Mr A Muir	56
HM Queen L Sigcau	29
Mr E Bergins	110
Mr P Madikiza	77
Ms T Putzier	83
Mr M Rayi	48
Ms T Tsengiwe	43
Mr L Els	-
	570
The above remuneration relate solely to services as directors	
Directors' emoluments - For other services	
Ms V Zitumane	10
Mr A Muir	3
Mr P Madikiza	14
Ms T Putzier	30
Mr M Rayi	2
Ms T Tsengiwe	4
	63

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011 R '000
28. EMOLUMENTS (continued)	
Audit Committee members remuneration	
Prof F Prinsloo	15
Mr S Whitfield	16
Ms T Mahlati	11
	42
Other services	
Executive management remuneration	
Interim Chief Executive Officer - S Liebenberg	
Remuneration	812
Allowances and leave pay	106
	918
Interim Chief Financial Officer - N Ravgee	
Remuneration	439
Performance payment	195
Provident fund contributions	97
Allowances and leave pay	106
	837
Interim Executive Director Human Resources - L Gower	
Remuneration	621
Performance payments	199
Allowances	33
	853
Legal Advisor and Board Secretary - X Mapoma	
Remuneration	458
Performance payments	150
Provident fund contributions	87
Allowances	35
	730
Acting Executive Director Tourism and Business Development - E Marafane	
Remuneration	382
Performance payments	28
Provident fund contributions	58
Allowances	77
	545

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011 R '000
28. EMOLUMENTS (continued)	
Acting Executive Director Conservation - Dr D Balfour	
Remuneration	397
Performance payments	61
Provident fund contributions	62
Allowances	32
	552
Acting Executive Director Communications and Marketing - L Subboo	
Remuneration	413
Performance payments	56
Provident fund contributions	72
Allowances	35
	576

29. COMMITMENTS

Commitments and orders	6 561

The committed expenditure relates to outstanding capital and current expenditure orders at year end and will be financed from available resources.

30. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Net deficit per the statement of financial performance	(3 069)
Adjusted for:	
Acquisition of property plant and equipment	(840)
Over collection of revenue	(9 580)
Over expenditure	13 348
Depreciation and amortisation	141
Net surplus per approved budget	-

31. CONTINGENCIES

Land claims
A memorandum of understanding (MoU) exists between the Minister of Land Affairs and the Minister of Environmental Affairs which requires the land owners to continue managing the land within protected areas for the purposes of conservation. Although these claims have been raised with the former ECPB, there are no material financial implications to the ECPTA as any settlements will be done via the Land Claims Commission.

Ongeluksnek:
A land claim was lodged by the Bakoena Tribe for restoration. The claim consists of fourteen administrative areas and has been processed through the initial stages. Negotiations are under way but it is not certain when this process will be concluded. The Farmers Union is disputing the validity of the claim and the restitution award.

Hluleka:
The verification phase has been completed and the Land Claims Commission is in the process of appointing a valuer to conduct a valuation of the property. Negotiations with stakeholders have been initiated and will be an ongoing process. The claim is settled but there are still community disputes which are being addressed.

Double Drift:
The claim was lodged by the Double Drift Community. The claimant verification process has been completed. The claim is partially settled as a phased claim. Claimants have been paid financial compensation and are awaiting the signing of the Settlement Agreements and transfer of the land to the claimants.

Nduli/ Luchaba:
The matter is now before the Land Claims court as the King Sabatha Dalidyebo Municipality is disputing the validity of the claim. The claim is competing with the Zimbane community claim.

Sam Knott – (Andries Vosloo) Nature Reserve:
This claim is under research.

Baviaanskloof Mega Reserve:
The claimants are not clear about the land they are claiming. Mapping of land is being undertaken. The claimant family has since chosen restoration. Valuation has been conducted and negotiations will commence with the South African National Parks Board (SANParks).

Tsolwana Nature Reserve:
The claim for the Dots, Lilyfontein and Larendse farms are still under research. The claims relating to portion of Lilyfontein, Magemans, Donnybrook and Vrisgewaard farms have been validated but negotiations have deadlocked and the matter has been referred to the Land Claims Court.

Mpofu Nature Reserve:
This claim was researched and validated. Verification of claimants is still to be conducted.

East London Coast Nature Reserve:
This claim for farm 1168 is at the claimant verification stage but community and boundary disputes are hampering progress. The claim for farm 274 is at the property valuation stage but the validity of the claim is being disputed and negotiations are ongoing.

Damage claims
B SMUTS / ECPB AND MS N N MASWANA:
In this case Dr B Smuts is claiming damages from the ECPTA and its Chief Executive Officer. In his particulars of claim Dr Smuts is referring to a statement made by the Chief Executive Officer in a 50/50 television interview regarding his Leopard research project. Dr Smuts viewed the statements as defamatory hence has issued summons, claiming a sum of R350 000 in his personal capacity and R698 853 for the Land Mark Foundation of which he is a Trustee. The ECPTA has denied liability and a statement of defence has been filed in this regard. Pleadings have been closed. The Plaintiff has since withdrawn his second claim of R698 853. The total amount claimed is now R350 000. The matter was before court on 28 February 2011 and judgement is still reserved.

ADVOCATE K J KEMP
The claimant is suing the ECPTA for damages arising out of veld fires that broke out in the Baviaanskloof area and spread to the claimant's property. The ECPTA has denied liability to the claim. The claimant has not quantified the damages and as a result the capital amount claimed is unknown. No summons has been issued as yet.

MR AND MRS GALLOP (FARM SIPREE RIVER NO 170)
This claim arose out of veld fires that broke out in the Baviaanskloof area. It is alleged that the fires spread from the Baviaanskloof Nature Reserve to the claimant's property. The ECPTA has denied liability. The total damages allegedly suffered by the claimants amount to R651 669. No summons has been issued as yet.

Gearmax vs ECPTA
A claim for damages resulting from a motor vehicle accident has been received. The total damages allegedly suffered by the claimant amounts to R75 367. The ECPTA has defended the matter and it is still pending in court.

Hip Hop Media vs ECPTA
The ECPTA advertised a request for proposal to appoint an advertising agency for its 2010 Projects to develop and implement an advertising and media plan. The request for proposal provided for the appointment of one service provider for a period of three years and Hip Hop Media was one of the parties who submitted a proposal.

Thereafter the ECPTA reconsidered the terms of the proposal and decided to appoint two service providers for a period of only four months.

A letter of appointment followed and Hip Hop Media and Dumisa Agency were appointed on 14 January 2009 and invited to a briefing session. After their appointment Hip Hop contracted with David Frost to render the services and a sum of R246 582 was paid to Hip Hop to be paid over to David Frost but they failed to do so and as a result the ECPTA had to pay David Frost the amount through Dumisa Design and Advertising to avert litigation.

An attempt was made to recover from Hip Hop but it was established that it is under liquidation. Our attorneys have been communicating with the liquidators and were informed that a claim could be lodged against the insolvent estate with a very minimal risk of contributing. The ECPTA has instructed the attorneys to monitor the situation in order to minimize the risk of contributing to the creditors.

Dompass cc vs ECPTA
A music festival which was due to take place in Port Elizabeth was cancelled after the ECPTA had already contributed to the show a total amount of R400 000 of which R250 000 came from the 2010 Project and the balance from ECPTA. As previously stated the festival was cancelled but the money was not returned to ECPTA. The owner of the Dompass cc has been traced and a summons has been served on him by means of affixing it to his door. The attorneys have been instructed to obtain a default judgment against him which was set down for hearing on the 19 October 2010 but unfortunately could not be granted as the court was not pleased with the method of service. A summons has now been served again and we are awaiting another date for the court to hear an application for default judgment.

G A Sport services International (Pty) Ltd, MH Mpahlwa and A Gutkin vs ECPTA
On 24 November 2008 GA Sport, represented by Gutkin and Mpahlwa, submitted a proposal to the ECPTA in order to request funding from it for the Eastern Cape Soccer Challenge ("the Soccer Challenge").

The proposal contained a number of representations and based on the proposal and the representations contained therein, the ex ECTB entered into a Written Agreement ("the Agreement") with GA Sport in terms whereof the ex ECTB would provide funding of R2 million to GA Sport for the payment of the accommodation, meals and flights in respect of the Soccer Teams. Gutkin and Mpahlwa signed as sureties for and on behalf of GA Sport. The event failed as a result of the actions and omissions of GA Sport.GA Sport has breached the provisions of the Agreement and the ex ECTB is entitled to cancel the Agreement and claim restitution of the R2 million paid. A summons was served on Mr Mpahlwa and the matter is still pending in court.

Nature: The contingent liability is for possible performance payments required for the evaluations conducted in terms of the Performance Management Policy

Amount: the potential payment is R5 053 million.

Uncertainties: The payment of such bonuses is dependent on the outcome of the performance evaluations which are to be conducted.

32. RELATED PARTIES

During the period under review the Eastern Cape Parks and Tourism Agency (ECPTA) recorded various transactions with:

- The National Department of Environmental Affairs (DEA),
- The Department of Economic Development and Environmental Affairs (DEDEA),
- The Dwesa / Cwebe Land Trust
- The Mkhambathi Land Trust
- Open Africa Investments
- During the period under review DEDEA entered into a transaction with DDNOD and Strategic Management Services
- During the period under review DEDEA entered into a transaction with Logodisa Training.

Nature of the relationship and amount of transactions:
The relationship that exists is that the ECPTA is a Schedule 3C Public entity in terms of the PFMA and report directly to DEDEA.
DEDEA: The majority of our funding is provided by DEDEA.
During the period, a grant of R1.4 million was received from Marine and Coastal Management.

The Dwesa / Cwebe Land Trust: The Dwesa / Cwebe Land Trust is the owner of the land on which the Dwesa and Cwebe Nature Reserves has been proclaimed. They have acquired ownership through a land claims settlement agreement. In terms of this agreement and a community agreement the ECPTA and the Trust work together in the management of the reserve through a co management committee. In this sense the Trust and the ECPTA are partners. There have been no transactions during the period. The balance at year end is R nil.

The Mkhambathi Land Trust: The Mkhambathi Land Trust is the owner of the land on which the Mkhambathi Nature Reserves has been proclaimed. They have acquired ownership through a land claim settlement agreement. In terms of this agreement and a community agreement the ECPTA and the Trust work together in the management of the reserve through a co-management committee. In this sense the Trust and the ECPTA are partners and have also reached agreement on the sharing of income.

Transactions during the year relate mainly to the payment of revenue to the trust.

An amount of R47 362 was paid during the year.
The balance outstanding at year end is R35 283.

Open Africa Investments: The ECPTA entered into a contract with Open Africa Investment of which the Deputy Chairperson of the Board of Directors of the ECPTA is also listed as a Director. The relevant declarations required by the ECPTA were made and the procurement processes to be followed were adhered to.

Transactions during the period relate to services rendered.
The value of the contract was R486 100.
The balance outstanding at year end is R486 100.

The Logodisa Training: DEDEA entered into a contract with Logodisa Training of which the Chairperson of the Board of Directors of the ECPTA is also listed as a Director. The relevant declarations required by the ECPTA were made however the value of the transaction was not declared. The services were procured by DEDEA.

Transactions during the period relate to the payment of services rendered.

The value of the contracts was R436 800 and an extension of scope to the value of R43 680 was also approved.

DDNOD and Strategic Management Services: DEDEA entered into a contract with DDNOD and Strategic Management Services of which the Head of Department of DEDEA is also listed as a Director. No disclosure was made to the ECPTA relating to this transaction. The services were procured by DEDEA.

Transactions during the period relate to the payment of services rendered. The value of the contract was R486 324.

33. EVENTS AFTER THE REPORTING DATE

The ECPTA is currently handling three evictions matters that involve three of its former employees who have also refused to vacate their staff accommodation in the Baviaanskloof Nature Reserve. The names of the employees are J Ruiters, F Maya and J B Ruiters. No court papers have been issued in these matters.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2011

	9 Months ended 31 March 2011 R '000
34. FINANCE LEASE OBLIGATION	
Non-current liabilities	18
Current liabilities	410
	428
35. FRUITLESS AND WASTEFUL EXPENDITURE	
Opening balance	680
The opening balance relates to expenditure incurred by the Eastern Cape Tourism Board during the year ended 30 June 2010.	
36. IRREGULAR EXPENDITURE	
Opening balance	17 977
Add: Irregular Expenditure current year	13 567
Less: Amounts condoned	(9 533)
	22 011

37. MERGER GRAP 107

The Eastern Cape Parks Board (ECPB) and the Eastern Cape Tourism Board (ECTB) merged to form the Eastern Cape Parks and Tourism Agency (ECPTA). The merger was effective from 1 July 2010.

The ECPTA has adopted GRAP 107 - Mergers to account for the merger. In terms of GRAP 107, the ECPTA shall recognise all the assets acquired and liabilities assumed at their carrying amounts. As a aresult of the initial accounting for the merger being incomplete at year end provisional amounts are reported for the items for which the accounting is incomplete. Once all the transactions are complete, the ECPTA shall retrospectively adjust the provisional amounts recognised at the merger date to reflect new information. Subsequent measurement of assets acquired and liabilities assumed will be in accordance with the applicable Standards of GRAP.

As per the disclosure requirements of paragraph .43 of GRAP 107, the value of assets and liabilities assumed as a result of the merger are:

Non-curent Assets	
Property plant and equipment	62 510
Intangible assets	254
Investment property	5 601
Infrastructure work in progress	8 408
Noncurrent assets classified as held for sale	9 428
	86 201
Current Assets	
Inventories	53
Trade receivables	2 706
Other receivables	1 416
Cash and cash equivalents	57 322
	61 497
Non-current Liabilities	
Trade payables	19 354
Other payables	3 894
Short term lease liability	15
Poverty alleviation projects	11 267
Wild coast project	2 884
DEDEA	1 600
	39 014

	9 Months ended 31 March 2011
	R '000
Current Liabilities	
Deferred revenue grant	30 566
Deferred revenue - game held for sale	9 428
Long term lease liability	3
	39 997

Net Asset Value	
Net asset value	68 687

Contingent liabilities assumed as a result of the merger process are disclosed in note 31 above.

The accounting for the merger is still incomplete because of the process to be followed in transferring assets to the merged entity in terms of GRAP 17, Property plant and equipment. The process of fair valuing assets within a conservation environment for which there are no willing seller and buyer is particulary complex and requires more time to complete.

EASTERN CAPE PARKS BOARD FINANCE REPORT

STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING AUTHORITY

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Public Finance Management Act, 1999 (Act No 1 of 1999), as amended, requires the Accounting Authority to ensure that a Public Entity keeps full and proper records of its financial affairs. The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board.

THE ANNUAL FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE ACCOUNTING AUTHORITY. THE AUDITOR GENERAL IS RESPONSIBLE FOR INDEPENDENTLY AUDITING AND EXPRESSING AN OPINION ON THE FAIR PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS.

The intended merger with the Eastern Cape Tourism Board (ECTB) was prioritised by the MEC during the year under review and this process was finalised and effected on 1 July 2010. The Accounting Authority has made an assessment of the ECPB's ability to continue as a going concern. It was made clear that the existing mandate for the ECPB will be incorporated into the legislation which guides the new entity and it is on this basis that the Board has continued to adopt the going concern basis in preparing the financial statements.

The Accounting Authority sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material mis-statements and losses. The entity endeavours to maintain internal financial controls to provide assurance regarding:

1. The creation of an enabling control conscious environment for all employees which would form the foundation for all other components of internal control;
2. The identification and analysis of relevant risks to the achievement of approved strategic objectives;
3. The systems or processes that support the identification, capture and exchange of information in a form and time frame that enable employees to carry out their responsibilities;
4. The policies and procedures that help ensure that management directives are carried out and;
5. The monitoring processes used to assess the quality of internal control performance over time.

The controls contain self monitoring mechanisms, and actions which are taken to correct deficiencies as they are identified. Systems of internal control inherently have limitations, including the possibility of circumvention or the overriding of set controls. An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and in particular, financial statement presentation.

The Accounting Authority has reviewed the entity's statements of internal control and risk management for the period from 01 April 2010 to 30 June 2010 and is of the opinion that the entity's system of internal control and risk management which was in existence for the period under review is adequate and effective given the environment within which it operates. In the opinion of the Accounting Authority, based on the information available as at 31 March 2011, the Annual Financial Statements fairly present the financial position of the Eastern Cape Parks Board as at 30 June 2010 and the results of its operations and cash flow information for the period then ended.

The Annual Financial Statements set out on pages 123 to 126, which have been prepared on the going concern basis, were approved by the Accounting Authority on 27 May 2011 and were signed on its behalf by:

Mr Andrew Muir
Chairperson of the Board of Directors
27 May 2011

Mr Sybert Liebenberg
Chief Executive Officer
27 May 2011

REPORT OF THE ACCOUNTING AUTHORITY

THE ACCOUNTING AUTHORITY SUBMIT THEIR REPORT FOR THE 3 MONTHS ENDED 30 JUNE 2010.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The Eastern Cape Parks Board (ECPB) is a Schedule 3C Public Entity as defined in the Public Finance Management Act, established in terms of the Provincial Parks Board Act, 2003 (Act No 12 of 2003). The mandate of the ECPB is biodiversity conservation within Provincial Parks, thereby ensuring the preservation of all species, biomes and ecosystems in the province whilst ensuring its economic sustainability. It started its operations as an independent entity with effect from 01 April 2004 and was formally listed as a Schedule 3C Public Entity by the Minister of Finance in September 2005.

2. ACCOUNTING AUTHORITY

The members of the entity during the 3 months are as follows:

Name	Changes
Mr A Muir	Chairperson of the Board of Directors , appointed 1 April 2008
Ms N Makiwane	Deputy Chairperson, appointed 1 April 2008
Prof G Kerley	Member, appointed 1 April 2008
Mr P Madikiza	Member, appointed 1 April 2008
Prof S P Songca	Member, appointed 1 April 2008
Her Majesty L Sigcau	Member, appointed 1 April 2008
Mr L Els	Departmental representative, appointed 1 April 2008

3. SECRETARY

The secretary and legal advisor of the entity is Ms Xoliswa Mapoma.

4. AUDITORS

The Office of the Auditor General has been appointed as the external auditor for the audit of the period under review.

5. GENERAL REVIEW OF OPERATIONS

The ECPB's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the reporting date and the date of this report except the impact of the merger between the ECPB and the ECTB.

The ECPB received grant funding to the extent of R26 866 million from the Department of Economic Development and Environmental Affairs (DEDEA) for the period under review. This amount was not adequate to meet resource demands of the organisation, especially for infrastructure backlogs which we are experiencing, so we had to prioritise projects for the period whilst attempting to secure additional funding from various sources.

The focus for the period under review was on the following activities:

- Active participation in the merger process;
- Development of a commercialisation strategy;
- Developing an appropriate model for co-management agreements with neighbouring communities through the Wild Coast Project;
- Liaising with DEDEA to finalise outstanding matters relating to the 2006 staff transfers to ensure that they are resolved before the merger with the ECTB is finalised; and
- Continuing to evaluate the extent of compliance with all legislation applicable to the ECPB and updating the compliance register and action plan.

6. FINANCIAL RESULTS AND SERVICES RENDERED

The surplus for the period is R3 827 (31 March 2010: Deficit of R9 125) and is mainly attributable to the revenue from the game auction which was held during June 2010 whilst expenditure was only for a period of three months. Other main sources of revenue are accommodation, camping, gate entry, hiking trails and venison sales.

In anticipation of the merger with the ECTB many of the vacancies which arose were not filled and as a result the personnel expenditure is less than budget. Capital expenditure was also kept at a minimum in order to ensure that future acquisitions are aligned to the strategic direction of the new entity.

The financial results for the period ending 30 June 2010 represents three months trading whereas the comparative figures for the year ended 31 March 2010 represent twelve months trading. This must be considered when doing a comparative analysis.

7. PUBLIC PRIVATE PARTNERSHIP (PPP)

The impact of land claims on many of the reserves combined with the impact of gaps in the assignment of parks has resulted in the ECPB experiencing difficulty in entering into PPP initiatives in terms of section 16 of the Treasury Regulations. The Baviaanskloof has been identified as an ideal area where a PPP partnership can be investigated, specifically in the Geelhoutbos area. The process to procure and appoint a suitable developer / investor would take a while and would extend into the merged entity.

8. PERFORMANCE INFORMATION

The strategic and operational plans for the ECPB were approved in terms of the requirements of the Treasury Regulations. The ECPB has developed a Performance Information Management Policy and has utilised the guidelines in this policy to ensure that performance is assessed and monitored on a quarterly basis to an extent that it will withstand a full audit of such information. For all targets within the operational plan, the nature, location and person responsible for such evidence is documented to ensure that the audit process is facilitated.

9. COMMUNITY DEVELOPMENT ISSUES

The ECPB continues to interact with the Mkhambathi Land Trust and Dwesa/ Cwebe Land Trust, being the owners of the Mkhambathi and Dwesa/Cwebe Nature Reserves, respectively, through co-management committees. The ECPB is required in terms of the Land Claim settlement agreements to continue to budget for the operational costs of these reserves with all their income being reinvested in the reserve for use as agreed and resolved by the relevant co-management committees. There is an agreement in place with the Mkhambathi Land Trust in which they receive 15% of gross income from the reserve with effect from 1 April 2006 as compensation for dedicating their land to conservation in perpetuity. This agreement will continue until such time that the current negotiations with potential investors are finalised and revised conditions can be entered into. The Board took this conscious decision to ensure that tangible benefits flow to the deserving community.

A guideline for sustainable natural resource use has been completed at the Dwesa/Cwebe Nature Reserve enabling affected communities to have access to resources within the nature reserve. The implementation of the Wild Coast Project funded by the Global Environment Facility (GEF) is at an advanced stage and is aimed at the implementation of the biodiversity conservation strategy for the Wild Coast with emphasis on community engagement and participation in biodiversity conservation through ensuring that effective co-management agreements are in place and that implementation of capacity building programmes are initiated.

10. CAPACITY CONSTRAINTS

This continues to be a challenge for the entity and the intention is to attempt to seek alternate avenues for revenue generation. The sale of ecosystem services has been earmarked by the Board as a potential source of revenue.

11. NEW / PROPOSED ACTIVITIES

In anticipation of the merger between the ECTB and the ECPB, there were no new activities during the period under review.

12. MATERIALITY AND SIGNIFICANCE FRAMEWORK

For the purposes of materiality in terms of section 50(1), 55(2) and 66(1) of the Public Finance Management Act (PFMA) and significance in terms of section 54(2) of the PFMA, a Materiality and Significance Framework was revised and approved by the Board of directors and was submitted to the Executive Authority for approval.

13. EVENTS SUBSEQUENT TO YEAR END AND GOING CONCERN

The merger of the Eastern Cape Parks Board (ECPB) and the Eastern Cape Tourism Board (ECTB) became effective on 1 July 2010 and the Eastern Cape Parks and Tourism Agency (ECPTA) was established in terms of the ECPTA Act, 2 of 2010. The mandates of the two merged entities were incorporated into the founding legislation of the entity, with amendments to ensure that the mandates of both entities continue within the ECPTA. The Accounting Authority has made an assessment of the Eastern Cape Parks Board's ability to continue as a going concern. It has been made clear that the existing mandate for the Eastern Cape Parks Board has been incorporated into the legislation which guides the new entity and it is on this basis that the Board has continued to adopt the going concern basis in preparing the financial statements.

The other significant item relates to the settlement agreement of the R41 million MTO claim whereby SANParks settled a portion and through advice from the appointed legal team the ECPTA paid an amount of R1.5 million in full and final settlement of the claim against the ECPB.

CORPORATE GOVERNANCE STATEMENT FOR THE ECPB

THE BOARD IS THE DESIGNATED ACCOUNTING AUTHORITY OF THE ECPB AND GOVERNS THE ENTITY IN ACCORDANCE WITH THE PROVISIONS OF THE PROVINCIAL PARKS BOARD ACT NO 12 OF 2003, THE PUBLIC FINANCE MANAGEMENT ACT, 1 OF 1999 (PFMA) AND GOOD CORPORATE GOVERNANCE PRINCIPLES. THE BOARD ALSO STRIVES TO COMPLY WITH THE PRINCIPLES AND STANDARDS OF INTEGRITY AND ACCOUNTABILITY AS CONTAINED IN THE RECOMMENDATIONS OF THE KING III REPORT ON CORPORATE GOVERNANCE.

The Board is composed of seven non-executive members with the Chief Executive Officer serving in an ex officio capacity with no voting powers. The Board meets at least quarterly. The Board monitors the performance of the Executive Management by ensuring that all material matters are subject to Board approval and that the mandate of the ECPB is carried out in an efficient and effective manner. The Executive Management attends Board meetings by invitation. The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive member of the Board. The Chairperson and Chief Executive Officer provide leadership and guidance to the Board and encourage proper deliberation of all matters requiring the Board's attention, and obtain optimum input from the other members. All committees of the Board are chaired by non-executive members of the Board with the exception of the Audit Committee which is chaired by an independent person.

EXECUTIVE MANAGEMENT

The members of the Executive Management are appointed by the Board of Directors. Executive Management are involved in the operational activities of the organization and are responsible for ensuring that decisions, strategies and objectives of the reporting department, DEDEA and the Board are implemented. Executive Management retains full financial and operational control over the organization under the leadership of the Chief Executive Officer.

HUMAN RESOURCES & REMUNERATION COMMITTEE

This Committee was established by the Board with two non-executive Directors namely Mr L Els as Chairperson and Prof S P Songca as member serving on this committee together with relevant members of Executive Management, and operates under terms of reference approved by the Board. This committee attends to matters concerning the Human Resource policies and practices of the ECPB, performance management and remuneration. The committee deliberates on these issues and makes appropriate recommendations to the Board for approval.

FINANCE AND INVESTMENT COMMITTEE

This Committee was established by the Board with two non-executive directors namely Ms N Makiwane as Chairperson and Prof S P Songca as member with Prof F Prinsloo, Chairperson of the Audit Committee, serving on this committee together with relevant members of Executive Management. The Committee operates under terms of reference approved by the Board. In addition to providing an important deliberative forum for the Board and Executive Management, it advises the Board on all material and significant financial matters presented by the Executive Management, either as directed by the Board or on the Executive Management's initiative.

AUDIT COMMITTEE

In compliance with Section 27 of the National Treasury Regulations, the Board has established an Audit Committee comprising of three independent members namely; Prof F Prinsloo as Chairperson, Mr S Whitfield and Mr J Mdeni as members with Ms N Makiwane as a representative of the Board. The term of the Audit Committee terminated on 31 March 2008 and all the existing members were unanimously re elected by the Board of Directors as a result of their significant contributions to the ECPB. The Audit Committee operates under a Charter which has been approved by the Board. The primary responsibility of the Audit Committee is to report and make recommendations to the Board on the effectiveness of corporate governance internal controls and risk management within the ECPB, oversee the Internal Audit function and to comment on and evaluate the annual financial statements of the ECPB. The Chairperson of the Audit Committee attends Board Meetings by invitation.

BIODIVERSITY CONSERVATION COMMITTEE

This Committee comprised of two non-executive Directors namely Prof G Kerley, as Chairperson and Her Majesty, L Sigcau as member together with relevant members of the Executive Management. This Committee operates under the terms of reference approved by the Board. In addition to providing an important deliberative forum for the Board and Executive Management on matters relating to the management of the Nature Reserves assigned to the ECPB, it advises and makes recommendations to the Board on the application of both science and the ethics of conservation and environmental management policies and practices within the Nature Reserves, and also has some input into the commercialisation and marketing strategies of the Board as a whole.

COMMERCIALISATION COMMITTEE

This Committee, established by the Board, comprises two non-executive Directors namely Mr Madikiza as Chairperson and Mr Muir as member as well as relevant members of the Executive Management. This committee was established to strengthen the revenue generating capacity of the ECPB by focusing on maximizing the use of its eco-tourism facilities. The marketing division forms part of this Committee as well. The key focus areas of the Committee for the year under review were the implementation of the approved commercialisation and marketing strategies, identifying additional funding streams and maximizing the utilization and returns from eco-tourism facilities.

MEETINGS HELD AND ATTENDED FOR THE PERIOD UNDER REVIEW

A meeting and attendance register for Board members and members of the Audit Committee is kept and maintained by the Board Secretary with a summary of the meetings held and attendance by the said members and the particular meeting attended set out below:

Directors are only required to attend the Committee meetings to which they have been assigned or invited to.

	Ordinary and special board meetings	Finance & Investment Committee	Biodiversity Conservation Committee	Human Resources & Remuneration Committee	Audit Committee	Commercialisation Committee
Number of meetings	2	1	1	1	2	1
Number of meetings attended by members of the Board and the Audit Committee						
Mr A Muir	-	-	-	-	-	-
Ms N Makiwane	-	1	-	-	1	-
Her Majesty L Sigcau	1	-	-	-	-	-
Prof G Kerley	2	-	1	-	-	-
Mr P Madikiza	2	-	1	1	-	1
Prof S. P Songca	2	1	-	-	-	-
Mr L Els	2	-	-	1	-	1
Prof F Prinsloo	-	-	-	-	2	-
Mr J Mdeni	-	-	-	-	-	-
Mr S Whitfield	-	-	-	-	2	-

RISK MANAGEMENT

In accordance with the requirements of the Public Finance Management Act, 1999 (Act No 1 of 1999), as amended, a risk assessment was facilitated by the Internal Auditors. Effective risk management is integral to the organisation's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks and the Board has approved and implemented a Risk Management Framework and Fraud Prevention Plan.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures that have been developed to mitigate and manage operating risk, involve segregation of duties, transaction supervision, monitoring and financial reporting.

The fraud prevention and risk management policies adopted by the ECPB are aimed at obtaining sufficient cover to protect its asset base, earning capacity and legal obligations against possible losses.

All buildings are insured. The following are not insured: roads, bridges, fencing (perimeter and other), dam walls and content, driveways, pavements, outdoor recreation surfaces, outdoor parking surfaces, aircraft runways, fauna and flora.

Risks of a possible catastrophic nature (e.g. fires) are identified and insured. These risks are reviewed on an annual basis to ensure that cover is adequate. Claims of a general nature are adequately covered. The reserves have been categorised into high, medium and low risk categories for fire insurance purposes to ensure that adequate cover is obtained for high risk reserves.

INTERNAL CONTROL SYSTEMS

In order to meet its responsibility of providing reliable financial information, the ECPB maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and the transactions are properly authorised and recorded. A three year rolling internal audit plan was completed by our Internal Auditors to ensure that risks identified in their risk assessment are adequately covered in their audit plan.
The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the organisation, and the careful selection, training and development of staff.

KPMG has been appointed as the Internal Auditors. It has been agreed that the auditors adopt a risk based audit approach in order to ensure that the process adds value to the organisation.
Internal auditors monitor the operation of the internal control system and report findings and recommendations to the Audit Committee and Executive Management. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process and internal control system.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

F Prinsloo

Prof F Prinsloo
Chairperson of the Audit Committee
27 May 2011

REPORT OF THE AUDIT COMMITTEE

WE ARE PLEASED TO PRESENT OUR REPORT FOR THE THREE MONTH FINANCIAL PERIOD ENDED 30 JUNE 2010.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The audit committee consists of the members listed hereunder and meets at least four times per year as per its approved charter. During the current period two meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Prof F Prinsloo (Chairperson)	2
Ms N Makiwane	1
Mr S Whitfield	2
Mr J Mdeni	-

AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by ECPB over financial risk and risk management is effective, efficient and transparent.

In line with the PFMA and the King III Report on Corporate Governance requirements, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the annual financial statements and the management report of the Auditor-General South Africa, it is evident that while there are no material weaknesses in the system of internal control, there is nonetheless scope for improvement in the operating effectiveness of certain controls. However, the impact of budgetary constraints on the entity's ability to effect improvements is noted.

EVALUATION OF FINANCIAL STATEMENTS

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the accounting authority;
- Reviewed the Auditor-General South Africa's management report and management's response thereto;
- Reviewed ECPB's compliance with legal and regulatory provisions;

We concur with and accept the Auditor-General's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General.

We further commend the executive management and staff for their efforts in ensuring that the ECPB received an unqualified audit opinion on its annual financial statements for the three months ended 30 June 2010. We would also like to highlight the fact that the ECPB was officially merged with the ECTB on 1 July 2010 to form the Eastern Cape Parks and Tourism Agency.

INTERNAL AUDIT

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to ECPB in its audits.

Prof F Prinsloo
Chairperson of the Audit Committee
27 May 2011

REPORT OF THE AUDITOR-GENERAL

TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE EASTERN CAPE PARKS BOARD FOR THE PERIOD ENDED 30 JUNE 2010

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying financial statements of the Eastern Cape Parks Board, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report as set out on pages 123 to 151.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 55 (c)(i) of the Public Finance Management Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

AUDITOR-GENERAL
SOUTH AFRICA

OPINION

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Parks Board as at 30 June 2010, and its financial performance and cash flows for the period then ended in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa.

EMPHASIS OF MATTERS

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

SIGNIFICANT UNCERTAINTIES

9. As disclosed, the Eastern Cape Parks Board is a defendant in the lawsuits listed in note 32 of the financial statements. The ultimate outcome of these lawsuits cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

GOING CONCERN

10. As disclosed in the Accounting Authority's report and Note 35 to the financial statements, the merger of the Eastern Cape Parks Board (ECPB) and the Eastern Cape Tourism Board (ECTB) became effective on 1 July 2010 and the Eastern Cape Parks and Tourism Agency (ECPTA) was established in terms of the ECPTA Act, Act 2 of 2010. The Accounting Authority has made an assessment of the Eastern Cape Parks Board's ability to continue as a going concern. It has been made clear that the existing mandate for the Eastern Cape Parks Board has been incorporated into the legislation which guides the new entity and it is on this basis that the Board has continued to adopt the going concern basis in preparing the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on material non-compliance with laws and regulations applicable to the Public Entity.

COMPLIANCE WITH LAWS AND REGULATIONS

12. There are no findings concerning material non-compliance with laws and regulations applicable to the Public Entity.

INTERNAL CONTROL

13. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements or material non-compliance with laws and regulations.

Auditor General

Auditor General
East London
31 May 2011

AUDITOR-GENERAL
SOUTH AFRICA

STATEMENT OF FINANCIAL POSITION
FOR THE 3 MONTHS ENDED 30 JUNE 2010

		30 June 2010	31 March 2010
	Note(s)	R '000	R '000
ASSETS			
Current Assets			
Inventories	2	53	56
Trade receivables	3	1 661	1 281
Other receivables	4	1 184	1 032
Cash and cash equivalents	5	41 002	32 487
		43 900	**34 856**
Non-current Assets			
Property, plant and equipment	6	59 768	59 547
Infrastructure work in progress	7	8 408	8 408
Investment property	8	1	1
		68 177	**67 956**
Non-current assets classified as held for sale	9	9 428	11 867
Non-current Assets		68 177	67 956
Current Assets		43 900	34 856
Non-current assets held for sale		9 428	11 867
TOTAL ASSETS		**121 505**	**114 679**
LIABILITIES			
Current Liabilities			
Trade payables	10	12 677	12 362
Other payables	11	2 500	2 295
Grant income refundable	12	1 600	1 600
Poverty alleviation project	13	11 267	12 189
Wild Coast project	14	2 884	73
		30 928	**28 519**
Non-current Liabilities			
Deferred revenue - Grants received	15	22 586	19 557
Deferred revenue - Game held for sale	16	9 428	11 867
Non-current Liabilities		22 586	19 557
Current Liabilities		30 928	28 519
Deferred revenue - Game held for sale		9 428	11 867
TOTAL LIABILITIES		**62 942**	**59 943**

STATEMENT OF FINANCIAL POSITION
FOR THE 3 MONTHS ENDED 30 JUNE 2010

		30 June 2010	31 March 2010
	Note(s)	R '000	R '000
Assets		121 505	114 679
Liabilities		(62 942)	(59 943)
NET ASSETS		**58 563**	**54 736**
Net Assets			
Accumulated surplus		21 943	18 116
Capitalisation reserve		36 620	**36 620**
TOTAL NET ASSETS		**58 563**	**54 736**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 3 MONTHS ENDED 30 JUNE 2010

		3 months ended	12 months ended
		30 June 2010	31 March 2010
	Note(s)	R '000	R '000
REVENUE			
Sale of goods		8 837	4 069
Day tours, entrance fees and hiking revenue		133	586
Accommodation revenue	18	769	3 292
Government grants	19	24 725	105 882
Other income	20	122	227
Interest received		61	894
TOTAL REVENUE		**34 647**	**114 950**
EXPENDITURE			
Personnel	21	(17 121)	(74 904)
Administration	22	(85)	(47)
Depreciation and amortisation		(1 864)	(7 727)
Finance costs	23	-	(193)
Debt impairment	24	(112)	(51)
Repairs and maintenance		(1 478)	(3 811)
Operating Expenses	25	(10 129)	(37 319)
TOTAL EXPENDITURE		**(30 789)**	**(124 052)**
Loss on disposal of assets and liabilities		(31)	(23)
Revenue		34 647	114,950
Expenditure		(30 789)	(124 052)
Loss on disposal of assets and liabilities		(31)	(23)
Surplus (deficit) for the 3 months		**3 827**	**(9 125)**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE 3 MONTHS ENDED 30 JUNE 2010

	Capitalisation reserve	Accumulated surplus	Total net assets
	R '000	R '000	R '000
Opening balance as previously reported	36 343	27 241	63 584
Balance at 01 April 2009 as restated	**36 343**	**27 241**	**63 584**
Changes in net assets			
Capital expenditure on reserves	277	-	277
Net income (losses) recognised directly in net assets	277	-	277
Surplus for the 3 months	-	(9 125)	**(9 125)**
Total changes	**277**	**(9 125)**	**(8 848)**
Balance at 01 April 2010	**36 620**	**18 116**	**54 736**
Changes in net assets			
Surplus for the 3 months	-	3 827	3 827
Total changes	-	3 827	3 827
Balance at 30 June 2010	**36 620**	**21 943**	**58 563**

CASH FLOW STATEMENT
FOR THE 3 MONTHS ENDED 30 JUNE 2010

	Note(s)	3 months ended 30 June 2010 R '000	12 months ended 31 March 2010 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		34 586	114 062
Interest income		61	894
		34 647	114 956
Payments			
Suppliers		(25 908)	(112 912)
Finance costs		-	(7)
		(25 908)	(112 919)
Total receipts		34 647	114 956
Total payments		(25 908)	(112 919)
Net cash flows from operating activities	27	**8 739**	**2 037**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(2 135)	(10 258)
Proceeds from sale of property, plant and equipment	6	19	1 688
Decrease in game held for sale		-	572
Purchase of infrastructure work in progress		-	(278)
Net cash flows from investing activities		**(2 116)**	**(8 276)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in capital expenditure on reserves		-	278
Increase in deferred revenue		-	(3 545)
Loans raised		1 892	5 348
Net cash flows from financing activities		**1 892**	**2 081**
Net increase/(decrease) in cash and cash equivalents		**8 515**	**(4 158)**
Cash and cash equivalents at the beginning of the year		32 487	36 645
Cash and cash equivalents at the end of the year	5	**41 002**	**32 487**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board and where such standards have not yet been promulgated, the International Financial Reporting Standards (IFRS), including any interpretations of such Standards issued by the IASB, have been applied.

Functional and presentation currency

The Annual Financial Statements are presented in South African rands, which is the entity's functional currency.

Use of estimates and judgements

The preparation of the annual financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment property which is measured at nominal value.

These accounting policies are consistent with the previous period.

1.1 BIOLOGICAL ASSETS

Large mammals which are identified through our game census process as being excess game, are classified as "held for sale" and is reflected in the financial statements at its fair value less estimated point of sale costs of disposal. The ECPB classifies excess game identified for off take, as held for sale as their fair value will be recovered principally through a sale transaction rather than through continuing use.
The ECPB is responsible for biodiversity conservation in defined protected areas and the biological assets consists of a large variety of species and it is thus not practical to list such species, their quantities or their values.
Attaching a reliable "fair value" to all biodiversity not "held for sale" is not possible, for the following reasons: The key drivers for successful biodiversity conservation include scientific management of the entire ecosystem in terms of flora and fauna (from the smallest organism to the largest) as well as the processes that maintain these patterns. It is not possible to place a reliable fair value on all material aspects of biodiversity. Valuing certain animal species without taking into account the contribution of other organisms and other aspects of the ecosystem is not in line with biodiversity conservation principles. Fauna move naturally from one place to the other in search of preferred habitat and are therefore unpredictable in terms of their availability for counting. This issue is further complicated by short term responses of game to weather conditions. While fences are used as artificial barriers to control movement of some species, this is not an ideal situation, and some species move freely despite these barriers, which make counting impractical. Game counts are also extremely expensive processes, as these frequently require the use of sophisticated technology (helicopters, GPS, GIS) and data analysis. In addition, the complexity in counting different species varies, such that elephants are easier to census than small species such as blue duiker. Applying a uniform accounting approach to this range of species will not be practical.
In terms of Framework for preparation and presentation of financial information, the ECPB does not recognise its biodiversity assets and only reflect the excess game identified for off take as additional disclosure for the benefit of users to the annual financial statements.
By virtue of these species being included in the defined protected areas they form part of the legislative mandate of the ECPB to conserve biodiversity in these areas.

1.2 INVESTMENT PROPERTY

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property acquired at inception of the ECPB is initially recorded at nominal value and investment property acquired thereafter is recorded at cost. Subsequent to initial recognition, the cost model is used. Investment property is depreciated on a straight line basis at a rate of 2% unless it is recorded at nominal value, in which case no depreciation is applied. Where there are indicators that investment property may be impaired, it is tested for impairment and any impairment loss is recognised as an expense in the period in which it has been incurred.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment received in the form of a transfer of a non-monetary asset as contemplated in International Accounting Standard (IAS) 20, par 23, are recorded at nominal value.

All other Property, plant and equipment are initially recorded at cost less accumulated depreciation and adjusted for any impairment losses where applicable. Cost includes all costs directly attributable to bringing the assets to its working condition for its intended usage.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE
Land	Not depreciated
Buildings	50 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Commercial motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Computer software	3 years
Other motor vehicles	5 years
Roads	10 years
Fencing	10 years
Other equipment	6 years
Workshop and operational equipment	4 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Changes in residual value, depreciation method and useful life represents changes in estimates and are accounted for prospectively in accordance with GRAP 3 Accounting policies, changes in accounting estimates and errors.
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances

indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Infrastructure includes roads and fencing.
Assets up to the value of R500 are included in property, plant and equipment but are fully depreciated in the year of acquisition, in line with the principles in terms of the asset management guidelines issued by National Treasury.
The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

RISK MANAGEMENT

General:
The ECPB has a risk management policy, risk management framework and risk management committee in place which meets on a quarterly basis and reviews the strategic and operational risk registers. The risk management committee comprises of executive and senior management and reports to the audit committee which in turn reports to the board of directors.

Credit risk:
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The ECPB only deposits cash and invests funds with the major banks with high quality credit standing. The risk on cash and cash equivalents is thus low. The entity does not operate on a credit basis with customers and a significant portion of trade receivables relate to specific amounts receivable through agreed projects and agreements. A small portion relate to staff debts but this has been mitigated through the creation of a provision for doubtful debts.

Liquidity risk:
Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A significant percentage of the ECPTA's liabilities consist of trade creditors. This relate to goods and services obtained during the normal course of business and is budgeted for. Quarterly cash flow forecasts and expenditure analysis reports enables the entity to ensure that adequate cash will be available to meets is obligations. Liquidity risk is regarded as being low.

Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, namely currency risk, interest rate risk and other price risk.

Currency risk:
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The only foreign currency transactions which the entity is exposed to is the accommodation revenue received from overseas customers. The amounts received are not significant so the currency risk of the entity is regarded as being low.

Interest rate risk:
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the ECPB has no significant interest bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. All interest bearing assets are included under cash and cash equivalents. These are all short term as they relate to mainly to the transfer payments received from DEDEA as part of our budgeted grants to be used for operational expenditure.

Price risk:
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The nature of our business is on a cash basis for revenue received and for expenditure incurred it is all short term trades relating only to the relevant financial year. As a result the impact of market price fluctuations does not impact on the entity.

Capital risk management:
The ECPB's objectives when managing capital are to safeguard the entity's ability to continue as a going concern. The entity does not enter into any high risk financial instruments and reviews its cash flows on a quarterly basis to ensure that it maintains its ability to operate as a going concern. The mandate of the ECPB is largely driven by the constitution and by the PGDP and we are thus assured of funding from DEDEA for biodiversity conservation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit held for trading
- Loans and receivables
- Financial liabilities at fair value through surplus or deficit held for trading

The ECPB has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

DERECOGNITION

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  · derecognise the asset; and
  · recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.6 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases   lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

1.8 IMPAIRMENT OF NON-CASH GENERATING ASSETS

Cash generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Non-cash generating assets are assets other than cash generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.9 EMPLOYEE BENEFITS

Defined contribution plans

ECPB staff contribute to the Bhisho Provident Fund. Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period. It is a condition of employment that any person who is permanently appointed in the service of the ECPB will become a member of the fund. The ECPB has no commitment, formal or otherwise, to meet unfunded benefits.

1.10 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
b. The amount of the obligation cannot be measured with sufficient reliability

Unless the possibility of any outflow in settlement is remote, the ECPB shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and where practicable, an estimate of its financial effect, an indication of uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

1.11 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest
Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

1.12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 3 months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 DEFERRED REVENUE

Where grant income has been received and has been ring fenced for a specific project or committed but the related commitment cannot be defined as an accrual, such related grant income is transferred to deferred revenue. When the ring fenced project costs have been incurred or the commitment has been realised the related income is reflected as revenue.

For the infrastructure funding which was transferred from the ECTB in 2004, and raised as deferred revenue, related expenditure is transferred to reserves when incurred.

1.14 CAPITAL RESERVES

Capital reserves consist of:

a. Reserves raised upon the initial transfer of funds relating to infrastructure projects which were initially implemented by the ECTB
b. Reserves created upon the initial valuation of game held for sale
c. Reserves raised upon the assignment of assets to the ECPB on establishment.

1.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

a. Cash relating to own revenue and the funds transferred from DEDEA in respect of the mandate of the ECPB as defined in the Eastern Cape Parks Board Act (Act 12 of 2003),

b. Cash relating to the transfer of funds relating to infrastructure projects initially managed by ECTB,

c. Cash relating to funds transferred from various agencies for specific projects of which the ECPB has been appointed as the implementing agent.

All funds received for specific projects are separately managed and used only for such funds unless written permission is obtained from the relevant funder.

1.16 WORK IN PROGRESS

Property, plant and equipment in the course of construction for production, rental or administration purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

1.17 GRAP STANDARDS

The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB) and have also adopted the transitional provisions as applicable in terms of the standard and principles contained in directive two issued by the ASB in March 2009. GRAP standards approved and effective are listed below:

Reference	Topic
GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidation and separate financial statements
GRAP 7	Investments in Associates
GRAP 8	Investment in joint ventures
GRAP 9	Revenue from exchange transactions
GRAP 10	Financial reporting in hyperinflationary economies
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment property
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 100	Non current assets held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible assets
Other applicable standards:	
IPSAS 20	Related party disclosure
IPSAS 21	Impairment of non cash generating assets

Currently the recognition and measurement principles in the above standards do not differ or result in material differences compared to the previous financial statements.

The following prescribed standards of GRAP have been issued but is not yet effective as at 30 June 2010. It is not known when these standards will become effective nor what impact these standards will have on the Annual Financial Statements.

Reference	Topic
GRAP 18	Segment reporting
GRAP 21	Impairment of non cash generating assets
GRAP 23	Revenue from non exchange transactions (taxes and transfers)
GRAP 24	Presentation of budget information in financial statements
GRAP 25	Employee benefits
GRAP 26	Impairment of cash generating assets
GRAP 103	Heritage assets
GRAP 104	Financial instruments

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2010

	30 June 2010	31 March 2010
	R '000	R '000

2. Inventories

Fuel	53	56

Inventories are carried at cost

The following amounts were recognised as expenses during the period. R193 (31 March 2010: R469)

3. Trade receivables

Trade debtors	1 661	1 281

ECPB considers that the carrying amount of trade and other receivables approximates their fair value

4. Other receivables

Rent receivable	208	194
UNDP loan receivable (Wild Coast Project)	458	180
Marine and coastal management	61	61
Debts receivable	279	256
Provision for doubtful debts	(112)	-
Poverty relief projects	3	-
Deposits	287	341
	1 184	**1 032**

Provision for doubtful debts relate to staff debts for which we are experiencing difficulty in tracing staff.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4	18
Bank balances	26 847	20 207
Cash at bank Wild Coast Project	2 884	73
Cash at bank special projects	11 267	12 189
	41 002	**32 487**

Cash at bank related to the Wild Coast Project and to Special Projects are held by the ECPB in its capacity as the implementing agents and is ring fenced for application to activities within those projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2010

6. Property, plant and equipment

	30 June 2010			31 March 2010		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	22 991	-	22 991	22 991	-	22 991
Buildings	15 467	(1 008)	14 459	15 218	(933)	14 285
Plant and machinery	6 196	(2 592)	3 604	5 428	(2 345)	3 083
Furniture and fixtures	3 937	(1 850)	087	3 858	(1 713)	2 145
Motor vehicles	11 553	(7 311)	4 242	11 433	(6 750)	4 683
Office equipment	1 550	(1 290)	260	1 564	(1 277)	287
IT equipment	5 968	(4 741)	1 227	5 977	(4 505)	1 472
Roads	5 000	(2 504)	2 496	4 955	(2 379)	2 576
Fencing	14 843	(6 441)	8 402	14 103	(6 078)	8 025
Total	**87 505**	**(27 737)**	**59 768**	**85 527**	**(25 980)**	**59 547**

Reconciliation of property, plant and equipment 30 June 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Land	22 991	-	-	-	22 991
Buildings	14 285	249	-	(75)	14 459
Plant and machinery	3 083	822	(14)	(287)	3 604
Furniture and fixtures	2 145	104	(10)	(152)	2 087
Motor vehicles	4 683	120	-	(561)	4 242
Office equipment	287	3	(3)	(27)	260
IT equipment	1 472	52	(23)	(274)	1 227
Roads	2 576	45	-	(125)	2 496
Fencing	8 025	740	-	(363)	8 402
	59 547	**2 135**	**(50)**	**(1 864)**	**59 768**

Reconciliation of property, plant and equipment 31 March 2010

Land	20 266	2 725	-	-	22 991
Buildings	13 966	614	-	(295)	14 285
Plant and machinery	2 697	1 443	(93)	(964)	3 083
Furniture and fixtures	2 242	534	(41)	(590)	2 145
Motor vehicles	3 705	3 384	-	(2 406)	4 683
Office equipment	368	82	(58)	(105)	287
IT equipment	2 214	796	(58)	(1 480)	1 472
Roads	3 075	-	-	(499)	2 576
Fencing	8 732	680	-	(1 387)	8 025
	57 265	**10 258**	**(250)**	**(7 726)**	**59 547**

The Eastern Cape Parks Board (ECPB) was established with effect from 1 April 2004. Various reserves and assets were assigned to the ECPB in order to assist it to carry out its mandate. On assignment, para 23 of IAS 20 was applied and assets were recorded at nominal value because:

a) assets assigned to the ECPB were not transferred into its name,
b) there was no accurate parks register at the time of transfer,
c) the ECPB may not dispose of significant assets without obtaining permission from DEDEA,
d) it was extremely difficult to establish a fair value for most of the assets and
e) most of the transferred assets were old.

These assets, recognised at nominal value in the Annual Financial Statements included land, buildings (752 items), motor vehicles (192 items), operational equipment (2 840 items), furniture and fittings (7 992 items), office equipment (195 items) and computer equipment (206 items). The total number of items transferred at nominal value was 12 177. The carrying value of these items as at 30 June 2010 is approximately R200. The ECPB has approved an action plan to review the recognition and measurement of all its assets in consideration of the impending promulgation of GRAP 17 which deals with Property, Plant & Equipment.

Of the disclosed land of R22 991 million, land to the value of R1 776 million purchased by the ECPB is registered in the name of DEDEA as it was purchased prior to the official listing of the ECPB. This land is situated in the Baviaanskloof nature reserve and the ECPB has the same management control over such land as it does for all its other nature reserves.

The reserves, including land acquired subsequent to the transfer, comprise the following:

Provincial Parks estimated area in ha	Area
Great Fish River Nature Reserve which comprises of:	
Double Drift Nature Reserve	25 248
Sam Knott / Andries Vosloo	22 993
Baviaanskloof Nature Reserve comprising of:	
Baviaanskloof Wilderness area	85 798
Stinkhoutberg	9 667
Formosa Nature Reserve	43 760
Cockscomb Nature Reserve	78 510
Groendal Nature Reserve	28 916
The Island Nature Reserve	495
Thomas Baines Nature Reserve	1 964
Waters Meeting Nature Reserve	5 632
Tsolwana Nature Reserve	7 896
Mpofu Nature Reserve	8 178
Fort Fordyce Nature Reserve	2 648
East London Coast Nature Reserve	2 892
Hamburg Nature Reserve	6 978
Dwesa / Cwebe Nature Reserve	5 410
Hluleka Nature Reserve	4 525
Silaka Nature Reserve	400
Nduli/ Luchaba Nature Reserve	590
Mkhambathi Nature Reserve	7 281
Ongeluksnek Nature Reserve	13 614
Oviston Nature Reserve	16 028
Commando Drift Nature Reserve	5 815

No property, plant and equipment is pledged as security for any transaction.

7. Infrastructure work in progress

Work in progress relate to specific infrastructure projects which are funded from the amount transferred from the ECTB which have been ring fenced for those specific projects.

	30 June 2010	31 March 2010
	R '000	R '000
Work in progress	8 408	8 408

8. Investment property

	30 June 2010			31 March 2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1	-	1	1	-	1

Details of property

Bhisho Business Village		
Assigned to the ECP 1 April 2004	1	1

Property situated in the Bhisho Business Village has been assigned to ECP. It is being let to DEDEA at a rental of R4 512.60 per month.
Rental income is R13 538 (2010: R54 151)
Rent receivable within 1 year: R54 151
Rent receivable between 1 and 5 years: R nil
Fair value of the investment property as determined by an independent valuer, P J Lindstrom (Reg 935/7 registered in terms of the Valuers Act 47 of 2000) is R540 000 (31 March 2010: R452 000)
The property was transferred from the ECTB at nominal value and is thus not depreciated.

9. Non-current assets classified as held for sale

Non-current asset classified as held for sale	9 428	11 867

A census to determine the current stocking rate and to ensure that the veld carrying capacity is not exceeded, in line with biodiversity best practices, is held over a 3 year cycle.

Excess individuals are identified for harvesting in the following year and their fair value less estimated point of sale costs is anticipated to be R9 428 million (31 March 2010: R11 867 million).

	30 June 2010	31 March 2010
	R '000	R '000

10. Trade payables

Trade payables	4 837	5 037
Payments received in advanced contract in process	1 165	1 252
Accrued leave pay	4 547	4 724
Accrued bonus	939	352
Accrued expense trade	1 189	997
	12 677	**12 362**

ECP considers that the carrying amount of trade and other payables approximates their fair value

11. Other payables

Other payables trade	1 239	1 124
Other payables salary and wages	241	141
Other payable provident fund	104	96
Other payables SARS	618	630
Other payables medical aid	298	304
	2 500	**2 295**

12. Grant income refundable

Grant income refundable	1 600	1 600

The amount relates to 2010 funding due to DEDEA but has not yet been paid as the ECPTA intends to request for a roll over of these funds to be utilised on other critical commercialisation projects.

13. Poverty alleviation projects

Poverty alleviation projects	11 267	12 189

Represents amounts available for poverty relief projects which are administered on behalf of the National Department of Environmental Affairs

14. Wild coast project

Wild Coast Project	2 884	73

Represents amounts available for the Wild Coast Project which is administered by ECPB from UNDP funding.

15. Deferred revenue grants received

Opening balance	19 557	22 530
Expenditure for the year	(398)	(3 418)
Interest earned	150	845
Transfer payable	-	(1 600)
Transfer from grants receivable	3 277	1 200
	22 586	**19 557**

Deferred revenue related to commitments as disclosed in note 31 are R5,220 (31 March 2010: R4 860) and the balance related to ring fenced projects is R17 366 (31 March 2010: R14 697).

	30 June 2010	31 March 2010
	R '000	R '000

16. Deferred revenue - Game held for sale

Opening balance	11 867	12 439
Decrease in value of game	(2 439)	(572)
	9 428	11 867

17. Revenue

Sale of game, venison and game by products	8 837	4 069
Day tours, entrance fees and hiking trails	133	586
Services rendered, mainly accommodation and camping	769	3 292
Interest received	61	894
Government grants	24 725	105 882
Other revenue	122	227
	34 647	**114 950**

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of game, venison and game by products	8 837	4 069
Day tours, entrance fees and hiking trails	133	586
	8 970	**4 655**

The amount included in revenue arising from non exchange transactions is as follows:

Services rendered, mainly accommodation and camping		
Services rendered, mainly accommodation and camping	769	3,292
Transfer revenue		
Government grants	24 725	105 882
	25 494	**109 174**

18. Accommodation revenue

Accommodation general	577	2 431
Camping	192	861
	769	**3 292**

19. Government grants and subsidies

Transfer payment	26 866	102 500
Theta funding	-	1 008
SANBI	643	-
DBSA and DWAF	95	574
MCM	398	2 543
Transferred from deferred revenue	-	457
Transferred to deferred revenue	(3 277)	(1 200)
	24 725	**105 882**

	30 June 2010	31 March 2010
	R '000	R '000

20. Other income

Catering	-	13
Donations received	-	1
Sundry income	94	197
Tender documents	28	16
	122	**227**

21. Employee related costs

Basic	12 672	50 732
Bonus	596	4 238
Medical aid company contributions	501	2 041
UIF	116	481
SDL	-	60
Leave pay provision charge	18	1 469
Funeral Benefit	8	31
Post employment benefits Pension/provident	1 999	7 900
Travel, motor car, accommodation, subsistence and other allowances	522	3 171
Overtime payments	431	1 553
Car allowance	155	896
Back pay	-	2 044
Other allowances	103	288
	17 121	**74 904**

22. Administrative expenditure

Administration and management fees third party	85	47

23. Finance costs

Trade and other payables	-	7
Finance leases	-	186
	-	**193**

24. Bad debts

Bad debts	112	51

	30 June 2010	31 March 2010
	R '000	R '000

25. Operating expenses

Advertising	-	63
Assessment rates & municipal charges	1	85
Auditors remuneration	615	1 537
Bank charges	20	71
Cleaning	194	602
Computer expenses	28	160
Consulting and professional fees	984	4 630
Consumables,cutlery,crockery & linen	133	679
Donations	20	9
Entertainment	25	1
Fines and penalties	-	111
Auction expenses	362	-
Animal Costs	2	13
Hire	44	26
Insurance	392	1 139
Community development and training	13	4
Conferences and meetings	149	500
Lease rentals on operating lease	488	1 826
Motor vehicle cost	1 197	4 336
Marketing	407	2 537
Levies	7	19
Medical expenses	3	15
Packaging	-	7
Fuel and oil	193	469
Staff recruitment	53	591
Postage and courier	27	146
Printing and stationery	282	872
Research and development costs	96	123
License fees	-	213
Security (Guarding of municipal property)	36	304
Staff welfare	37	149
Subscriptions and membership fees	150	1 020
Telephone and fax	853	2 936
Training	69	1 467
Travel local	508	3 632
Travel overseas	-	36
Electricity	1 142	1 512
Refuse	1	8
Uniforms	135	1 453
Tourism development	29	141
Compliance/law enforcement	130	781
Game management	577	972
Special project	450	604
Board expenditure	139	948
Chemicals	138	572
	10 129	**37 319**

	30 June 2010	31 March 2010
	R '000	R '000

26. Auditors' remuneration

Internal audit fees	68	295
External audit fees	547	1 242
	615	**1 537**

27. Cash generated from operations

Surplus (deficit)	3 827	(9 125)
Adjustments for:		
Depreciation and amortisation	1 864	7 727
Gain on sale of assets and liabilities	31	23
Debt impairment	112	51
Changes in working capital:		
Inventories	3	104
Trade receivables	(380)	2 590
Other receivables from non exchange transactions	(152)	-
Consumer debtors	(112)	-
Trade payables	312	667
Taxes and transfers payable (non exchange)	205	-
Deferred revenue grants received	3 029	-
	8 739	**2 037**

28. Poverty alleviation projects

The ECP has been appointed as implementing agents for certain poverty alleviation initiatives which are funded directly by DEA. The project was initiated in 2005 and to date, funding to the extent of R58 million has been received. A separate set of financial records are maintained for this project and a separate independent audit is conducted on an annual basis. These expenses are submitted to DEA and are not consolidated into the records of ECP.

29. Operating leases

There was no operating lease agreement in excess of five years. The below liabilities are based on the actual amounts payable.

Up to 1 year		
6 St Marks road	-	1 009

30. Emoluments

Directors' emoluments - For services as directors

Mr A Muir	-	56
Ms N Makiwane	8	29
Prof G Kerley	8	22
Her Majesty L Sigcau	6	28
Mr P Madikiza	15	40
Prof S P Songca	6	21
Mr L Els	-	-
	43	**196**

The above remuneration relates solely to services as directors.

	30 June 2010	31 March 2010
	R '000	R '000
Directors' emoluments - For other services		
Mr A Muir	-	-
Ms N Makiwane	-	2
Prof G Kerley	-	6
Her Majesty L Sigcau	1	41
Mr P Madikiza	6	36
Prof S P Songca	4	16
Mr L Els	-	-
	11	**101**
Audit Committee members remuneration		
Prof F Prinsloo	8	16
Mr S Whitfield	13	10
Mr J Mdeni	3	13
	24	**39**
Other services		
Mr J Mdeni	1	4
Executive management remuneration		
Chief Executive Officer - N Maswana		
Salary	281	990
Performance payment	-	278
Allowances and leave pay	172	161
	453	**1 429**
Chief Financial Officer - N Ravgee		
Salary	166	534
Performance payment	-	186
Provident fund contributions	31	118
Allowances and leave pay	37	140
	234	**978**
Executive Director Human Resources - L Gower		
Salary	197	716
Performance payments	-	130
Allowances	9	105
	206	**951**
Executive Director Commercialisation - A Abrahams (resigned January 2010)		
Salary	-	588
Performance payments	-	82
Allowances	-	152
	-	**822**
Executive Director Conservation - S Dlamini (resigned July 2009)	-	135
Salary	-	71
Allowances	-	-
	-	**206**

	30 June 2010	31 March 2010
	R '000	R '000

31. Commitments

Commitments and orders	5 220	4 860

The committed expenditure relates to outstanding capital and current expenditure orders at year end and will be financed from available resources.

32. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus (deficit) per the statement of financial performance	3 827	(9 125)
Adjusted for:		
Deficit on the sale of assets	31	23
Acquisition of property plant and equipment	-	(7 853)
Depreciation	1 864	7 727
Roll over of prior year funds	-	10 000
(Over) / Under collection of revenue	(4 043)	5 445
Under expenditure	(1 679)	(6 217)
Net surplus per approved budget	**-**	**-**

33. Contingencies

LAND CLAIMS

A memorandum of understanding (MoU) exists between the Minister of Land Affairs and the Minister of Environmental Affairs which requires the land owners to continue managing the land within protected areas for the purposes of conservation. Although these claims have been raised with the ECPB, there are no material financial implications to the ECPB as any settlements will be done via the Land Claims Commission.

Ongeluksnek:
A land claim was lodged by the Bakoena Tribe for restoration. The claim consists of fourteen administrative areas and has been processed through the initial stages. Negotiations are under way but it is not certain when this process will be concluded.

Hluleka:
The verification phase has been completed and the Land Claims Commission is in the process of appointing a valuer to conduct a valuation of the property. Negotiations with stakeholders have been initiated and will be an ongoing process.

Double Drift:
The claim was lodged by the Double Drift Community. The claimant verification process has been completed, negotiations with stakeholders have been finalised.

Nduli/ Luchaba:
The matter is now before the Land Claims court.

Commando Drift Nature Reserve:
This claim is still under research.

Sam Knott / (Andries Vosloo) Nature Reserve:
This claim is under research.

Thomas Baines Nature Reserve:
This claim is under research.

Waters Meeting Nature Reserve:
This claim is under research.

Baviaanskloof Mega Reserve:
The claimants are not clear about the land they are claiming. Mapping of land is being undertaken.

Commando Drift Nature Reserve:
This claim is under research.

Tsolwana Nature Reserve:
This claim is under research.

Mpofu Nature Reserve:
This claim is under valuation process.

Groendal Wilderness Area:
This claim is under research.

The Island Nature Reserve:
This claim is under research.

East London Coast Nature Reserve:
This claim is under research.

DAMAGE CLAIMS

MTO FOREST (PTY) LTD / ECPB , DWAF AND SANParks:
This is a claim for fire damage in the Baviaanskloof Mega Reserve area. Summons was issued. SANParks and DWAF have already filed their statement of defence. The ECPB has filed its statement of defence wherein liability is denied. The matter has now been set down for hearing from 22 November 2010 until 10 December 2010. The total amount claimed is R41 278 444.

B SMUTS / ECPB AND MS N N MASWANA:
In this case Dr B Smuts is claiming damages from the ECPB and its Chief Executive Officer. In his particulars of claim Dr Smuts is referring to a statement made by the Chief Executive Officer in a 50/50 television interview regarding his Leopard research project. Dr Smuts viewed the statements as defamatory hence has issued summons, claiming a sum of R350 000 in his personal capacity and R698 853 for the Land Mark Foundation of which he is a Trustee. The ECPB has denied liability and a statement of defence has been filed in this regard. Pleadings have been closed. The Plaintiff has since withdrawn his second claim of R698 853. The ECPB has appointed an expert witness and the case has been set down for 1 June 2010. The total amount claimed is now R350 000.

ADVOCATE K J KEMP
The claimant is suing the ECPB for damages arising out of veld fires that broke out in the Baviaanskloof area and spread to the claimant's property. The ECPB has denied liability to the claim. The claimant has not quantified the damages and as a result the capital amount claimed is unknown.

MR AND MRS GALLOP (FARM SIPREE RIVER NO 170)
This claim arose out of veld fires that broke out in the Baviaanskloof area. It is alleged that the fires spread from the Baviaanskloof Nature Reserve to the claimant's property. The ECPB has denied liability. The total damages allegedly suffered by the claimants amount to R651 669.

C DU PREEZ
A claim for damages caused by a hippopotamus has been received. The total damages allegedly suffered by the claimants amount to R63 949. Litigation is pending and the matter has not been finalised.

GEARMAX
A claim for damages resulting from a motor vehicle accident has been received. The total damages allegedly suffered by the claimant amounts to R75 367. Summons received during May 2009 and the matter has not yet been finalised.

Nature: The contingent liability is for possible performance payments required for the evaluations conducted in terms of the Performance Management Policy.
Amount: the potential payment is R3 850 million.
Uncertainties: The payment of such bonuses is dependent on the outcome of the performance evaluations which are to be conducted.

34. Related parties

During the period under review the Eastern Cape Parks Board (ECPB) recorded various transactions with:
- The National Department of Environmental Affairs (DEA),
- The Department of Economic Development and Environmental Affairs (DEDEA),
- The Dwesa/Cwebe Land Trust
- The Mkhambathi Land Trust

Nature of the relationship and amount of transactions:
The relationship that exists is that the ECPB is a Schedule 3C Public entity in terms of the PFMA and report directly to DEDEA.

DEDEA: The majority of our funding is provided by DEDEA. DEDEA is currently occupying an office building which was assigned to ECPB. Rent to the value of R204 000 (31 March 2010: R194 000) was outstanding at year end.

During the period, a grant of R nil (31 March 2010: R1 775 000) was received from Marine and Coastal Management.

The Dwesa/Cwebe Land Trust: The Dwesa/Cwebe Land Trust is the owner of the land on which the Dwesa and Cwebe Nature Reserves has been proclaimed. They have acquired ownership through a land claims settlement agreement. In terms of this agreement and a community agreement the ECPB and the Trust work together in the management of the reserve through a co-management committee. In this sense the Trust and the ECPB are partners. There have been no transactions during the period.
The balance at year end is R nil.

The Mkhambathi Land Trust: The Mkhambathi Land Trust is the owner of the land on which the Mkhambathi Nature Reserves has been proclaimed. They have acquired ownership through a land claim settlement agreement. In terms of this agreement and a community agreement the ECPB and the Trust work together in the management of the reserve through a co-management committee. In this sense the Trust and the ECPB are partners and have also reached agreement on the sharing of income.
Transactions during the year relate mainly to the payment of revenue to the trust.
An amount of R47 362 (31 March 2010: R108 209) was paid during the year.
The balance outstanding at year end is R85 412 (31 March 2010: R38 050).

35. Events after the reporting date and going concern

Merger of the ECPB and the ECTB:
The merger of the Eastern Cape Parks Board (ECPB) and the Eastern Cape Tourism Board (ECTB) became effective on 1 July 2010 and the Eastern Cape Parks and Tourism Agency (ECPTA) was established in terms of the ECPTA Act, 2 of 2010. The mandates of the two merged entities were incorporated into the founding legislation of the entity, with amendments to ensure that the mandates of both entities continue within the ECPTA. The Accounting Authority has made an assessment of the Eastern Cape Parks Board's ability to continue as a going concern. It has been made clear that the existing mandate for the Eastern Cape Parks Board has been incorporated into the legislation which guides the new entity and it is on this basis that the Board has continued to adopt the going concern basis in preparing the financial statements

MTO FOREST (PTY) LTD / ECPB , DWAF AND SANPARKS:
Subsequent to year end the Eastern Cape Parks and Tourism Agency (ECPTA) entered into a settlement agreement of the R41 million MTO claim whereby SANParks settled a portion and through advice from the appointed legal team the ECPTA paid an amount of R1.5 million in full and final settlement of the claim against the ECPB.

	30 June 2010	31 March 2010
	R '000	R '000

36. Note on comparative figures and disclosure of information

Comparative figures:
The financial results for the period ending 30 June 2010 represents three months trading whereas the comparative figures for the year ended 31 March 2010 represent twelve months trading. This must be considered when doing a comparative analysis.
For the period under review certain disclosures were adjusted to reflect the nature of the amounts more appropriately and the details of those adjustments are set out below:

Statement of financial position	**Current year comparative**	**Prior year annual report**
Current assets		
Cash and cash equivalents	32 487	20 224
Cash and cash equivalents Wild coast project	-	73
Cash and cash equivalents Special projects	-	12 190
	32 487	**32 487**

The detail of the cash and cash equivalent amounts are now reflected in the notes to the financial statements

Statement of financial position		
Current liabilities		
Trade payables	12 362	-
Other payables	2 295	-
Trade and other payables	-	13 405
Revenue received in advance	-	1 252
	14 657	**14 657**

The trade payables and other payables are now separated and the details reflected in the notes to the annual financial statements

Statement of financial performance		
Revenue		
Sale of goods and services	4,069	-
Day tours, entrance fees and hiking revenue	586	-
Accommodation revenue	3,292	-
Government grants	105,882	105,882
Other income	227	271
Interest received	894	-
Revenue	-	7,903
	114 950	**114 056**

The difference of R894 relates to interest received which is separately disclosed on the statement of financial performance in the prior year annual report

Statement of financial performance	**Current year comparative**	**Prior year annual report**
Expenditure		
Personnel costs	74 904	74 906
Administration costs	47	8 417
Depreciation and amortisation	7 727	7 727
Finance costs	193	-
Debt impairment	51	-
Repairs and maintenance	3 811	-
Operating expenses	37 319	29 187
Marketing costs	-	2 566
Audit fees	-	1 242
Interest paid	-	7
Loss on disposal of assets	-	23
	124 052	**124 075**

The difference of R23 relates to loss on disposal of assets which is separately disclosed on the statement of financial performance in the current annual financial statements

EASTERN CAPE TOURISM BOARD FINANCE REPORT

STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING AUTHORITY

FOR THE PERIOD ENDED 30 JUNE 2010

THE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE ACCOUNTING AUTHORITY. THE AUDITOR GENERAL IS RESPONSIBLE FOR INDEPENDENTLY AUDITING AND REPORTING ON THE FINANCIAL STATEMENTS.

The Financial Statements have been prepared in accordance the effective standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board.

A budget and cash flow for the year ended 31 March 2011 has been prepared and reviewed. Despite the fact that there was a merger with Eastern Cape Parks from 1 July 2010 and on the basis of this review, and in the light of the current accounting position, the Accounting Authority has every reason to believe that sufficient funds are available from the Eastern Cape Tourism Board to the new entity, the Eastern Cape Parks and Tourism Agency, to enable it to operate as a going concern and consequently the annual financial statements have been prepared on a going concern basis.

The Accounting Authority sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The entity endeavours to maintain internal financial controls to provide assurance regarding:

- The safeguarding of assets against unauthorised use or disposition.
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.
- The compliance with applicable legislation.

In the opinion of the Accounting Authority, based on information available to date, the financial statements fairly present the financial position of the Eastern Cape Tourism Board at 30 June 2010 and the results of its operations and cash flow information for the period then ended.

The Financial Statements for the period ended 30 June 2010, set out on pages 160 to 163 were submitted for auditing on 15 December 2010 and approved by the Accounting Authority in terms of Section 51 (1) (f) of the Public Finance Management Act 1999, (Act No. 1 of 1999), as amended and are signed on its behalf by:

Ms V Zitumane
Chairperson of the Board of Directors
East London
14 December 2010

REPORT OF THE ACCOUNTING AUTHORITY
FOR THE PERIOD ENDED 30 JUNE 2010

THE ACCOUNTING AUTHORITY HAS PLEASURE IN PRESENTING THEIR REPORT FOR THE PERIOD ENDED 30 JUNE 2010. THIS REPORT FORMS PART OF THE AUDITED FINANCIAL STATEMENTS.

NATURE OF BUSINESS

The Eastern Cape Tourism Board (ECTB) is a Schedule 3C Public Entity established in terms of the Eastern Cape Tourism Act (Act No 8 of 2003) and the Public Finance Management Act (Act No 1 of 1999). The mandate of the ECTB is to provide for the development and management of the tourism industry in the Province; to promote participation of SMMEs in the tourism industry in the Province; to provide for sustainable tourism revenue; to provide for the registration of hotels, restaurants, other accommodation establishments, conference centres and tourist amenities; to provide for the licencing of tour operators, tour guides and couriers; to provide for the imposition and collection of levies in respect of hotels and other accommodation establishments, restaurants and designated tourist amenities; and to provide for matters incidental thereto.

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The ECTB's business and operations and the results thereof are clearly reflected in the attached financial statements. The merger with Eastern Cape Parks from 1 July 2010 and the impact thereof, will have to be borne in mind when considering these financial statements.

ECTB received R12,733 million in funding to 30 June 2010 of the R42,553 million allocated for the full financial year. In addition, the 2010 Project continued to function and utilised the remainder of the R40 million that had been received during the previous financial year and of which R17,678 remained at 1 April 2010. The effect of the pending merger coupled with the demands of the finalisation of the 31 March 2010 year end impacted negatively on productivity during the quarter, nevertheless all deadlines and reports were completed on schedule.

FINANCIAL RESULTS AND SERVICES RENDERED

The entity concluded the quarter with a surplus that amounted to R2,592,647. However this amount has been withheld as revenue from non-exchange transactions (see note 12) because it arose as a result of an overestimation in the requirements of ECTB as indicated in the schedule of monthly draw downs of the annual grant that was submitted to DEDEA.

Most of the income received by ECTB comes by way of a Government Grant. Own revenue sources are those of interest earned on bank balances and rent from leasing property that is owned by the entity. Other income generated was from hosting shows and from the registration of tour guides. During the previous financial year ECTB received funding for projects specifically related to the year of the Soccer World Cup, 2010, and as disclosed above funds were carried forward to the current period so that projects commenced could be completed.

PERFORMANCE AND OTHER INFORMATION

The position of Human Resources Manager was filled by one of the staff in an acting capacity for the past quarter. This followed the suspension of the incumbent in February 2009. The strategic plan, operational plan and performance plan were approved. All employees' key performance areas have been identified in line with the strategic plan. Monitoring of performance is done quarterly. The focus for the period under review has been on setting and building capacity in all areas of performance within the institution. The process of reviewing existing agreements and obligations as well as institutional establishment processes has been ongoing.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the entity, appointed from 1 April 2008 and in office up to the date of this report were as follows:

Ms V Zitumane	Chairperson
Dr P Masika	Deputy Chairperson
Mr M Rayi	Chairperson of the Corporate Services Committee
Ms T Putzier	
Mr T Matiwane	Chairperson of the Destination Marketing, Management and Information Services Committee
Mr E Bergins	

BUSINESS ADDRESS

The business and postal addresses are:
Ironwood House,
Palm Square Business Park,
Bonza Bay Road,
Beacon Bay,
East London 5241

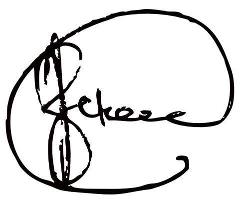
P O Box 18373,
Quigney,
East London 5200

AUDITORS

The Office of the Auditor-General will continue in office in accordance with the relevant legislation.

APPROVAL

The annual financial statements set out on pages 160 to 163 have been approved by the Accounting Authority.



Ms V Zitumane
Chairperson of the Board of Directors
East London
14 December 2010

REPORT OF THE AUDIT COMMITTEE

WE ARE PLEASED TO PRESENT OUR REPORT FOR THE THREE MONTH FINANCIAL PERIOD ENDED 30 JUNE 2010.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The audit committee consists of the members listed hereunder and meets at least four times per year as per its approved charter. During the current period one meeting was held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
M Buya (Chairperson)	1
L Smith	-
N Majija	-
T Mahlati	1

AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and the King III Report on Corporate Governance requirements, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the annual financial statements and the management report of the Auditor-General South Africa, it was noted that the system of internal controls was not entirely effective for the period under review primarily because of shortfalls in the segregation of duties and non-adherence to supply chain management policies.

EVALUATION OF FINANCIAL STATEMENTS

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the accounting authority;
- Reviewed the Auditor-General South Africa's management report and management's response thereto;
- Reviewed ECTB's compliance with legal and regulatory provisions;

We concur with and accept the Auditor-General's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General.

We further commend the executive management and staff for their efforts in ensuring that the ECTB received an unqualified audit opinion on its annual financial statements for the three months ended 30 June 2010. We would also like to highlight the fact that the ECTB was officially merged with the ECPB on 1 July 2010 to form the Eastern Cape Parks and Tourism Agency.

INTERNAL AUDIT

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to ECTB in its audits.

Mr M Buya
Chairperson of the Audit Committee

REPORT OF THE AUDITOR-GENERAL

TO THE EASTERN CAPE LEGISLATURE ON THE FINANCIAL STATEMENTS OF EASTERN CAPE TOURISM BOARD FOR THE YEAR ENDED 30 JUNE 2010

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying financial statements of the Eastern Cape Tourism Board (ECTB), which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 160 to 191.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999, (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section 18(1)(c) of the Eastern Cape Tourism Act, 2003 (Act No. 8 of 2003 (ECTB Act), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

AUDITOR-GENERAL
SOUTH AFRICA

OPINION

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Tourism Board for the period ended 30 June 2010, and its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with the SA Standards of GRAP as set out in accounting policy note 1 to the financial statements to the financial statements and in the manner required by the PFMA.

EMPHASIS OF MATTER

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

IRREGULAR EXPENDITURE

9. Irregular expenditure of R1.59 million is disclosed in note 34 to the financial statements. The preference point system as prescribed by the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) was not applied in the procurement of all goods and services above R30 000.

RESTATEMENT OF CORRESPONDING FIGURES

10. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of errors discovered during the year ended 30 June 2010.

GOING CONCERN

11. According to note 31 to the financial statements the ECTB amalgamated with the Eastern Cape Parks Board with effect from 1 July 2010 to form the Eastern Cape Parks and Tourism Agency. The new entity will be managed and governed through the Eastern Cape Parks and Tourism Agency Act, 2010 (Act No. 2 of 2010). The full impact of the new act is unknown as a number of strategic and operational decisions impacting the new entity are still to be made.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

FINDINGS

Predetermined objectives
No findings.

COMPLIANCE WITH LAWS AND REGULATIONS

PUBLIC FINANCE MANAGEMENT ACT OF SOUTH AFRICA, ACT NO.1 OF 1999(PFMA) AND TREASURY REGULATIONS OF 2005

13. Contrary to section 51(a)(1)(i) of the PMFA the Board did not implement a disaster recovery policy and also did not implement fraud prevention and business continuity plans.

14. Contrary to Treasury Regulation 27.2.1 the accounting authority did not approve a risk management strategy.

INTERNAL CONTROL

15. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and the ECTB Act, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

AUDITOR-GENERAL
SOUTH AFRICA

LEADERSHIP

16. The entity's leadership and those charged with governance do not always fully consider the prescripts of certain requirements of the PFMA, PPPFA, Treasury Regulations and the entity's own supply chain management policy in respect of the procurement of goods and services. This shortcoming prohibits the leadership and those charged with governance to exercise effective oversight over the procurement activities of the ECTB.

FINANCIAL AND PERFORMANCE MANAGEMENT

17. The entity failed to introduce an appropriate system to identify, monitor, record and report on irregular expenditure.

GOVERNANCE

18. A fraud prevention plan and risk management strategy was not approved by 31 March 2010 nor was a fraud response plan in place.

19. Internal audit completed all worked scheduled for in terms of the 2009-10 approved internal audit plan. Internal audit was contracted out and the contract terminated during the last financial year and management extended it on a month to month basis. Due to the pending merger the entity could not tender for the internal audit function and as a result no internal audit work was carried out for the financial year ending 30 June 2010.

Auditor General

Auditor General
East London
7 June 2011

AUDITOR-GENERAL
SOUTH AFRICA

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	30 June 2010 R	31 March 2010 R
ASSETS			
Current assets		**17 597 068**	**47 220 496**
Trade and other receivables from exchange transactions	5	1 276 213	3 265 545
Cash and cash equivalents	6	16 320 855	43 954 951
Non-current assets		**8 595 709**	**8 173 353**
Property, plant and equipment	7	2 741 812	2 331 510
Intangible assets	8	253 897	241 843
Investment property	9	5 600 000	5 600 000
Total assets		**26 192 777**	**55 393 849**
LIABILITIES			
Current liabilities		**8 086 576**	**5 661 997**
Trade and other payables from exchange transactions	10	8 071 563	5 642 885
Short-term finance lease liability	11	15 013	19 112
Non-current liabilities		**7 982 917**	**39 608 568**
Liabilities recognised in respect of grants	12	7 980 259	39 602 008
Long-term finance lease liability	11	2 658	6 560
Total liabilities		**16 069 493**	**45 270 565**
Net assets		**10 123 284**	**10 123 284**
NET ASSETS			
Property revaluation reserve	13	849 743	849 743
Accumulated surplus		9 273 541	9 273 541
Total net assets		**10 123 284**	**10 123 284**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	3 months ended 30 June 2010 R	12 months ended 31 March 2010 R
REVENUE			
2010 Project revenue from non-exchange transactions	12	12 420 020	22 321 491
Administration fee	17	-	400 000
Contribution from the 2010 Project	17	406 195	-
Interest received	14	235 404	2 753 342
Government grant income	15	11 455 799	38 750 000
Other Government income	16	1 696 300	4 303 700
Other operating income	17	406 291	1 096 459
Signage grant from non-exchange transactions	12	-	408 540
Sponsorship		-	15 000
Total revenue		**26 620 009**	**70 048 532**
EXPENSES			
Audit fees	19	684 654	1 078 265
Administrative	19	21 528 944	50 286 815
Deficit on disposal of property, plant and equipment		2 718	7 864
Depreciation, impairment and amortisation	20	197 733	1 344 126
Finance costs	21	1 316	19 701
Sponsorships		-	70 000
Staff costs	18	4 060 295	15 589 728
Total expenses		**26 475 660**	**68 396 499**
Increase in fair value of investment property	9	0	1 000 000
Interest retained as revenue from non-exchange transactions	12	-144 349	-1 873 144
Surplus for the year		**0**	**778 889**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 30 JUNE 2010

		Property revaluation reserve	Accumulated surplus	Total
	Notes	R	R	
Balance at 1 April 2009		651 368	8 494 652	9 146 020
Revaluation of property		198 375	-	198 375
Prior year adjustments				
Net surplus for the year		-	871 166	871 166
Balance at 31 March 2010 as previously reported		**849 743**	**9 365 818**	**10 215 561**
Prior year adjustments	28		-92 277	-92 277
Restated balance at 31 March 2010		**849 743**	**9 273 541**	**10 123 284**
Net surplus for the period		-	-	-
Balance at 30 June 2010		**849 743**	**9 273 541**	**10 123 284**

The property reserve relates to the revaluation of the property in Aliwal North (see note 7)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	3 months ended 30 June 2010 R	12 months ended 31 March 2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross cash receipts			
2010 Project		-	40 000 000
Interest income	14	235 404	2 753 342
Grants	15	12 733 220	40 050 000
Other Government income	16	1 696 300	4 303 700
Sponsorship		-	15 000
Other operating income	17	406 291	1 096 459
Gross cash payments			
Staff costs	18	-4 060 295	-15 589 728
Suppliers		-17 389 393	-52 834 312
Finance costs	21	-1 316	-19 701
Net cash inflow from operating activities	**26,1**	**-6 379 789**	**19 774 760**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-576 113	-1 144 807
Purchase of intangible assets		-46 694	-148 030
Proceeds from sale of plant and equipment		-	24 746
Net cash outflow from investing activities		**-622 807**	**-1 268 091**
2010 Project return of funds including interest earned	12	-20 623 499	-25 767 523
Repayment of finance leases		-8 001	-56 486
Net cash outflow from financing activities		**-20 631 500**	**-25 824 009**
Net decrease in cash and cash equivalents		-27 634 096	-7 317 340
Cash and cash equivalents at beginning of year		43 954 951	51 272 291
Cash and cash equivalents at end of year	**26,2**	**16 320 855**	**43 954 951**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act.

1. BASIS OF PREPARATION

The Financial Statements have been prepared on the going concern basis. The merger with Eastern Cape Parks from 1 July 2010 has taken place and consequently the Eastern Cape Tourism Board will cease to operate in its own name. This was considered when preparing these financial statements for the period under review. The name of the new entity is the Eastern Cape Parks and Tourism Agency.

1.1 Statement of compliance

The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board and have also adopted the transitional provisions as applicable in terms of the standards and principles contained in Directive 2 issued by the Accounting Standards Board in March 2009.

Certain South African Statements of Generally Accepted Accounting Practice (GAAP) were replaced by GRAP 1 - 3 statements for financial periods ending on or after 31 March 2006. A further change was effective from 1 April 2009 when in terms of Section 91 of the Public Finance Management Act, Act No 1 of 1999, as amended, the Minister of Finance prescribed additional Standards of GRAP as well as other Standards to be applicable, these are listed below;

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidation and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IPSAS 21	Impairment of Non-Cash Generating Assets

Currently the recognition and measurement principles in the above Standards do not differ or result in material differences compared to the previous years financial statements.

The following GRAP standards have been issued but are not yet effective:

Reference	Topic
GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash Generating Assets
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 103	Heritage Assets - issued July 2008
GRAP 104	Financial Instruments

Application of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all of the above-mentioned standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.
In the absence of a standard or pronouncement listed above that specifically applies to a transaction, other event or condition, management will apply judgement in considering the following pronouncements in descending order, in developing an accounting policy for such a transaction, event or condition:

- Standards of GRAP that have been issued, but are not yet in effect,
- IPSAS
- IFRS
- SA Statements of GAAP

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through surplus or deficit are measured at fair value
- investment property is measured at fair value
- property is measured under the revaluation model

The methods used to measure fair value are discussed further in note 3.

1.3 Use of estimates and judgements

Use of Estimates

The preparation of Annual Financial Statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed in the relevant sections of the financial statements. These estimates, however, are based on managements best knowledge.

Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements.
Significant judgements include:

1.3.1 Trade receivables classified as loans and receivables

The entity assesses its loans and receivables for impairment at each Statement of Financial Position date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Where applicable individual amounts are impaired so as to reflect the expected proceeds from the amount due.

1.3.2 Useful lives of Property, Plant, Equipment and Intangibles

As described in Accounting Policies 2.2 and 2.5, the entity depreciates / amortises its property, plant, equipment and intangible assets over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end. The residual values of the assets are based on industry knowledge.

1.3.3 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at fair value. Upon initial recognition, the investment property was measured at cost including transaction costs. This property is valued annually by a registered professional independent valuer and is reflected in the Annual Financial Statements at market value.

1.3.4 Effective interest rate

Details relative to these are to be found in the relevant notes to the Annual Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1. Revenue recognition

Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the Statement of Financial Position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the economic entity;
- the stage of completion of the transaction at the Statement of Financial Position date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business.
Interest is recognised, in surplus or deficit, using the effective interest rate method.

Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

2.1.1. Government grants

Government grants arise from non-exchange transactions and are recognised in the Statement of Financial Position once the grant can be measured reliably and confirmation has been received that the grant will be paid.
On initial recognition, the grant is recognised at its fair value, which is taken as the monetary amount, unless the grant on initial recognition has extended payment terms, in which case the monetary amount is disclosed. Delay in receipt of a grant does not result in the grant being discounted, but does result in the grant being checked for impairment.
Recognition of grant income is deferred and recognised as a liability in the Statement of Financial Position when conditions attaching to the grant have not been fulfilled at the reporting date and the entity is obliged to return the grant if conditions are not met.

The entity receives the following types of grants:

- Transfer payments from the Government for operations (these are recognised fully in income, see above);
- Conditional grants for specific projects (these are recognised in income when the conditions are met, see above).

Conditional grants may comprise both transfer payments voted by the Government (e.g. Eastern Cape Provincial Legislator) and specific grants initiated by a Government Department. Contributions from the controlling shareholder are recognised directly in net assets.

Where grant income has been received and has been committed but the related commitment cannot be defined as an accrual, such related grant income is transferred to revenue from non-exchange transactions when the commitment has been realised.

2.1.2. Interest revenue
Interest income is recognised as it accrues in surplus or deficit, using the effective rate method.

2.1.3. Rental income
Rental income from the investment property is recognised in surplus or deficit on a straight-line basis over the term of the relevant lease.

2.1.4. Income from tour guides and shows
Revenue from tour guides and shows is recognised when the service is provided and the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.1.5. Signage
A specified grant whose primary condition is that the entity should purchase and supply signage in the Eastern Cape is recognised as revenue from non-exchange transactions in the Statement of Financial Position. Transfers to the Statement of Financial Performance from revenue from non-exchange transactions are made as expenditure occurs. The grant has now been fully expended and there is no guarantee that it will again be granted by Government.

2.1.6. 2010 Project
A specified grant that relates to projects that are to be undertaken in preparation for the 2010 World Soccer Cup. The projects are ongoing and will continue beyond the period end. Consultation with DEAET will take place early in the next financial year to finalise future projects. Transfers to the Statement of Financial Performance from revenue from non-exchange transactions are made as expenditure occurs.
2.2. Property, plant and equipment

2.2. Property, plant and equipment
2.2.1. Initial Recognition
Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and to the condition necessary for it to be capable of operating in the manner intended by the entity.

Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

2.2.1. Initial Recognition (continued)

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at the revalued amount, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

2.2.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset.

Subsequently all property plant and equipment, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable. Any revaluation increase arising on the revaluation of land and buildings held for use in the production or supply of goods or services or for administrative purposes is credited in net assets to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in surplus or deficit, in which case the increase is credited to surplus or deficit to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to surplus or deficit to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated surplus. No transfer is made from the revaluation reserve to accumulated surplus except when an asset is derecognised.

2.2.3. Depreciation

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to last.

Components of assets that are significant in relation to the whole asset and that have different useful lives, are depreciated separately. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Depreciation only commences when the asset is available for use, unless stated otherwise.

The depreciation rates are based on the following estimated useful lives.

	Years
• Motor vehicles	5
• Plant and equipment	5
• Furniture and fittings	10
• Office equipment	5
• Computer equipment	3
• Buildings	50
• Exhibition stands	2

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

2.2.4. Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (costless accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

2.3. Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that areassociated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.
A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.
The investment property is revalued on an annual basis.

2.4. Impairment of assets

2.4.1. Cash and Non-cash generating assets

At each reporting date the entity assesses whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.
The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in surplus or deficit.

2.5. Intangible assets

2.5.1. Initial Recognition

Intangible assets are initially recognised at cost.
An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the economic entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.
An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

2.5.2. Subsequent Measurement, Amortisation and impairment

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.
An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed annually.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:
Intangible assets according to the Annual Financial Statements are as follows:
Computer software, amortised over 3 years.

2.5.3 Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

2.6. Financial instruments

2.6.1. Classification

The economic entity classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - held for trading
- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis, except for financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category

2.6.2. Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the relevant instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6.3. Initial measurement

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

The fair value of a financial instrument is normally the transaction price, but may be affected by other factors which the entity takes into account when measuring fair value.

2.6.4. Subsequent measurement

Financial Assets

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Cash and Cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash and cash equivalents are measured at nominal value.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Financial Liabilities

“Financial liabilities, including borrowings and trade payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the carrying value.

2.6.5. Derecognition of Financial Assets

The entity derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity or except when approval is given to write-off the Financial Assets due to non recoverability.

2.6.6. Derecognition of Financial Liabilities

The entity derecognises Financial Liabilities when, and only when, the entity’s obligations are discharged, cancelled or they expire.

2.7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held in a current account with the bank.

2.8. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.8.1 The Entity as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.8.2 The Entity as Lessee

Assets held under finance leases are initially recognised as assets of the entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the entity’s general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.9. Employee benefits

2.9.1. Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.
The entity has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

2.9.2. Defined contribution plan

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution fund are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

2.10. Related parties

The entity operates in an economic environment, together with other entities directly or indirectly owned by the South African government.

As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the Eastern Cape provincial sphere of government will be considered to be related parties. Senior (key) management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the board of directors are regarded as key management per the definition of the standard. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity. Other related party transactions are also disclosed in terms of the requirements of the standard.

2.11. Finance costs

The entity recognises all finance costs in the Statement of Financial Performance. Costs are only incurred from overdue accounts with suppliers for the entity has no borrowings, with the exception of lease transactions, on which finance costs are levied.

2.12. Budget information

In the absence of an effective date for GRAP 24, entities were in the past exempted from complying with Paragraph 11 – 15 of GRAP 1.

From 1 April 2009 such exemption is no longer permitted. Consequently, reporting of budget information is included in terms of paragraph 14 of GRAP 1 whereby a reconciliation between the statement of financial performance and the budget is permissible. Refer to note 27 of the financial statements.

2.13. Prepayments

Prepayments are recognised as an asset at fair value when the expenses are paid.

2.14. Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
b. The amount of the obligation cannot be measured with sufficient reliability.

2.15. Irregular expenditure

Irregular expenditure is expenditure that is in contravention of the entity's supply chain management policy. It is accounted for as expenditure in the Statement of Financial Performance.

2.16. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. It is accounted for as expenditure in the Statement of Financial Performance. All irregular and fruitless and wasteful expenditure is charged against income in the period in which it was incurred.

3. DETERMINATION OF FAIR VALUE

3.1. Property

The value attributable to property is the estimated amount for which the property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion or by considering the capitalisation of potential income that such property could generate.

3.2. Investment property

An external, independent valuation company, having appropriate, recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property annually. The fair values are based on market values, being the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion or by considering the capitalisation of potential income that such property could generate.

3.3. Trade and other receivables

The fair value of trade and other receivables is the value at initial recognition.

4. FINANCIAL RISK MANAGEMENT

The entity's financial oversight monitors and manages the financial risks relating to its operations. These risks include market, credit and liquidity risks.

Market risk

The entity's activities expose it primarily to the financial risks of changes in foreign currency exchange and interest rates. Foreign exchange arises from infrequent overseas travel and due to the short duration of such visits the risks are regarded as of little consequence. Interest earned on available cash contributes to available resources from which to meet the entity's annual targets for the year. Such targets are not dependant on the amount of interest earned so any reduction of interest earned will not be detrimental to the attainment of such targets. The risk associated from changing interest rates is considered to be low.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Most credit transactions are entered into with related parties. The entity establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar assets.

Liquidity risk

The entity's funds are mainly derived from government grants. These funds are managed by continuously monitoring forecasts and cash flows. Grants received are received quarterly and consequently budgets are aligned to the receipt of such funds. Close budget monitoring ensures that expenditure does not precede the receipt of such funding. Liquidity risk is therefore dependant on managements ability to effectively apply cash controls.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
5. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade receivables	413 245	1 228 534
Less: impairment for trade receivables	-271 163	-271 163
Loan receivables	72 584	51 246
Prepaid expenses	902 281	2 025 106
Operating lease asset	16 430	28 752
Other receivables	142 836	203 070
	1 276 213	**3 265 545**

The fair value of all trade and other receivables approximates the carrying value.

There is no material exposure to credit risk at the end of the period.

All debts over 180 days were considered for impairment.		
A reconciliation of impairment is as follows:		
Irrecoverable debt following a liquidation	246 582	
Overdue amounts	24 581	
	271 163	

6. CASH AND CASH EQUIVALENTS

Cash on hand	7 000	8 000
Bank balance	16 313 855	43 946 951
	16 320 855	43 954 951

The bank balance includes R5,740,350 (2010 : R39,602,008) that is restricted for use on 2010 related and other projects. (see note 12).
Cash at bank is held by a reputable institution and is not exposed to a credit risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	Land & buildings	Plant & equipment	Motor vehicles	Exhibition stands	Office furniture & equipment	Computer equipment	**Total**
	R	R	R	R	R	R	**R**
7. PROPERTY, PLANT AND EQUIPMENT							
Period ended 30 June 2010							
Opening carrying amount	920 000	27 349	131 668	10 865	492 519	749 109	**2 331 510**
Additions	-	12 254	-	-	383 474	180 385	**576 113**
Disposals	-	-	-	-	-2 718	-	**-2 718**
Depreciation	-4 211	-2 187	-15 160	-7 166	-27 711	-106 658	**-163 093**
Closing carrying amount	**915 789**	**37 416**	**116 508**	**3 699**	**845 564**	**822 836**	**2 741 812**
At 30 June 2010							
Cost	932 000	67 868	570 101	57 330	1 725 473	1 602 556	**4 955 328**
Accumulated depreciation	-16 211	-30 452	-453 593	-53 631	-879 909	-779 720	**-2 213 516**
Carrying amount	**915 789**	**37 416**	**116 508**	**3 699**	**845 564**	**822 836**	**2 741 812**
Year ended 31 March 2010							
Opening carrying amount	733 625	36 070	192 309	384 972	428 150	495 012	**2 270 138**
Additions	-	1	-	322 004	208 237	614 565	**1 144 807**
Revaluation inclusive of adjustment for depreciation	198 375	-	-	-	-	-	**198 375**
Disposals	-	-	-	-	-10 585	-22 025	**-32 610**
Impairment	-	-	-	-216 150	-12 582	-3 598	**-232 330**
Depreciation	-12 000	-8 722	-60 641	-479 961	-120 701	-334 845	**-1 016 870**
Carrying amount	**920 000**	**27 349**	**131 668**	**10 865**	**492 519**	**749 109**	**2 331 510**
At 31 March 2010							
Cost	932 000	55 614	570 101	997 143	1 346 941	1 425 870	**5 327 669**
Accumulated depreciation	-12 000	-28 265	-438 433	-986 278	-854 422	-676 761	**-2 996 159**
Carrying amount	**920 000**	**27 349**	**131 668**	**10 865**	**492 519**	**749 109**	**2 331 510**

The owner occupied property is situated in Somerset Street, Erf 388, Aliwal North. The land and buildings were revalued at 31 March 2010 by Penny Lindstrom, a professional independent valuer, registerered in terms of the Valuers Act 47 of 2000. The valuation was based on the market value and was arrived at by considering the capitalisation of potential income that such a property could generate. A valuation is done annually. The property is registered in the name of the Eastern Cape Tourism Board.

The land and buildings were originally acquired in 1998 at a cost of R130,000. If the property had not been revalued the carrying value at 30 June 2010 would have been R97,000.

The useful life of assets other than land and buildings is reviewed annually and where material, adjustments are made.
Leased assets, held in terms of finance lease agreements, included above under Office equipment and Computer equipment have closing carrying amounts of Nil (see note 11).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	Computer software
	R
8. INTANGIBLE ASSETS	
Period ended 30 June 2010	
Opening carrying amount	241 843
Additions	46 694
Amortisation for the year	-34 640
Closing carrying amount	**253 897**
At 30 June 2010	
Cost	549 078
Accumulated amortisation	-295 181
Carrying amount	**253 897**
Year ended 31 March 2010	
Opening carrying amount	188 739
Additions	148 030
Amortisation for the year	-94 926
Closing carrying amount	**241 843**
At 31 March 2010	
Cost	502 384
Accumulated amortisation	-260 541
Carrying amount	**241 843**

The amortisation expense has been included in the line item 'depreciation, impairment and amortisation' on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisattion.

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
9. INVESTMENT PROPERTY		
Opening carrying amount	5 600 000	4 600 000
Revaluation	-	1 000 000
Closing carrying amount	**5 600 000**	**5 600 000**

The fair value of the Board's investment property has been arrived at on the basis of a valuation, at 31 March 2010, by Penny Lindstrom, a professional independent valuer, registered in terms of the Valuers Act 47 of 2000. The valuation was based on the market value and was arrived at by considering the capitalisation of potential income that such a property could generate. The investment property consists of an office block situated in Phalo Avenue, Erf 1058, Bhisho, which is leased to tenants. There is a contractual obligation to repair and maintain the property. No restrictions on the releasability of the property or the remittance of income are evident. A valuation is done annually.
The property is registered in the name of the Eastern Cape Tourism Board. No repairs were carried out during the year under review.
Total rental received as per the Detailed Statement of Financial Performance was R161,241 (2010 : R644,993)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	4 416 087	2 850 906
Accruals	2 261 808	1 438 185
Accrual for leave pay	760 274	621 877
Accrual for bonus payments	331 057	171 159
Income received in advance	57 854	56 854
Payroll accruals	78 698	383 333
Operating lease liability	165 785	120 571
	8 071 563	**5 642 885**

No trade or other payables have been either pledged or secured.
The fair value of all trade and other payables approximates the carrying value.

	3 months ended 30 June 2010	12 months ended 31 March 2010
11. FINANCE LEASE LIABILITY		
Minimum lease payments		
Payments due within 1 year	16 160	20 646
Less finance charges	-1 147	-1 534
Net present value of minimum finance lease	15 013	19 112
Payments due within the next 2 to 5 years	2 693	6 733
Less finance charges	-35	-173
Net present value of minimum finance lease	2 658	6 560
Current	15 013	19 112
Non – current	2 658	6 560
	17 671	**25 672**

The current finance leases relate to seven cell phones on a two year lease.

The Eastern Cape Tourism Board will use these assets for substantially their economic useful life and hence they have been capitalised. Monthly lease payments are R5,162 (2010 : R5,162).

Two photocopiers that were held under a finance lease are still in use although the lease has ended. Till they are collected, the equipment continues to be used.

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R

12. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Signage grant		
Balance at beginning of year	-	408 540
Signage grant released to Statement of Financial Performance	-	-408 540
Balance at end of year	-	-

A grant of R2 million was received during the financial year ended 31 March 2004. Annual signage requirements are funded by this grant.

Grant		
Balance at beginning of period	1 300 000	-
Transfer from grant received	1 277 421	1 300 000
Balance at 30 June 2010	**2 577 421**	**1 300 000**

Where grant income has been committed but the related commitment cannot be defined as an accrual, or as at 30 June 2010, unexpended grant income, such related grant income is held as revenue from non-exchange transactions.

2010 Specified projects

Funds were made available during the year by DEDEA for specific 2010 related projects. The funds were provided under three separate budgets and were used as follows:

R40 million budget		
Balance at beginning of period	17 678 509	-
Cash received	-	40 000 000
Interest received	144 349	400 899
	17 822 858	40 400 899
Expended during the period	-12 420 020	-22 722 390
Balance at 30 June 2010	**5 402 838**	**17 678 509**

R28 million budget		
Balance at beginning of period	20 623 499	19 513 502
Cash received	-	-
Interest received	-	1 109 997
	20 623 499	20 623 499
Refunded to DEDEA on 1 April 2010	-20 623 499	-
Balance at 30 June 2010	**-**	**20 623 499**

R25,4 million budget		
Balance at beginning of year	-	25 004 376
Cash received	-	-
Interest received	-	763 147
	-	25 767 523
Refunded to DEDEA on 30 September 2009	-	-25 767 523
Expended during the year	-	-
Balance at 30 June 2010	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R

12. REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

2010 Project Summary		
Balance at beginning of period	38 302 008	44 517 878
Cash received	-	40 000 000
Refunded to DEDEA	-20 623 499	-25 767 523
Interest received on funds brought forward from 2009	144 369	1 873 144
2010 Project funding released to Statement of Financial Performance	-12 420 020	-22 321 491
Balance at end of period	**5 402 858**	**38 302 008**
Total revenue from non-exchange transactions at end of period	**7 980 279**	**39 602 008**

13. PROPERTY REVALUATION RESERVE

Property		
Balance at beginning of period	849 743	651 368
Revaluation	-	198 375
Balance at end of period	**849 743**	**849 743**

The properties revaluation reserve arises on the revaluation of land and buildings in Aliwal North to reflect the market value. (see note 7).

14. INTEREST RECEIVED FROM NON-EXCHANGE TRANSACTIONS

Interest received	235 404	2 753 342
Less attributed to 2010 Projects		
- from current funding	-144 349	-400 899
- from non-exchange transactions at beginning of the year	-	-1 873 144
	91 055	**479 299**

Interest arises from funds in the Bank Current Account.

15. GOVERNMENT GRANT INCOME FROM NON-EXCHANGE TRANSACTIONS

Government grant	12 733 220	40 050 000
Transfer to non-exchange transactions	-1 277 421	-1 300 000
	11 455 799	38 750 000

The Government grant is an unconditional transfer payment from the Department of Economic Development and Environmental Affairs

16. OTHER GOVERNMENT INCOME FROM NON-EXCHANGE TRANSACTIONS

Marketing fee		
Department of Economic Affairs, Environment and Tourism	-	3 000 000
Office of the Premier	1 696 300	803 700
Sponsorship		
Department of Economic Affairs, Environment and Tourism	-	500 000
	1 696 300	**4 303 700**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
17. OTHER OPERATING INCOME		
Bad debts recovered	-	9 856
Discount received	168	17 557
Rent received	161 241	644 993
Show income	235 636	376 865
Sundry income	5 046	3 807
Tour guide income	4 200	43 381
	406 291	**1 096 459**
Ex 2010 Project		
Administration fee	-	400 000
Contribution towards the cost of equipment for Visitor Information Centres	406 195	-
	406 195	**400 000**
18. STAFF COSTS		
Basic salaries	2 936 857	11 696 282
Allowances	270 959	1 157 105
Periodic payments	202 633	771 115
Leave payments	135 636	-23 758
Overtime pay	8 367	45 149
Retirement benefits (note 33)	368 563	1 379 124
Medical aid	121 093	499 345
Unemployment insurance fund	16 187	65 366
	4 060 295	**15 589 728**
Average number of employees	**48**	**48**
19. ADMINISTRATIVE		
Administrative expenses		
Expenditure per the Detailed Statement of Financial Performance	14 055 640	45 674 109
Expenditure per the Detailed 2010 Project Statement of Financial Performance	12 420 020	22 722 390
Less staff costs	-4 060 295	-15 589 728
audit fees	-684 654	-1 078 265
deficit on disposal of property, plant and equipment	-2 718	-7 864
depreciation, impairment and amortisation	-197 733	-1 344 126
finance costs	-1 316	-19 701
sponsorships	-	-70 000
	21 528 944	**50 286 815**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
19. ADMINISTRATIVE (continued)		
Auditor's remuneration		
Audit fees – current year	**684 654**	**1 078 265**
Board member's emoluments (note 23)	**92 314**	**556 626**
Deficit on disposal of property, plant and equipment	**-2 718**	**-7 864**
Operating lease rentals		
Buildings	597 388	2 071 304
Office equipment	24 690	194 698
	622 078	**2 266 002**
20. DEPRECIATION, IMPAIRMENT AND AMORTISATION		
Depreciation		
Land and buildings	4 211	12 000
Plant & equipment	2 187	8 722
Motor vehicles	15 160	60 641
Exhibition stands	7 166	696 111
Office furniture & equipment	27 711	133 283
Computer equipment	106 658	338 443
Amortisation		
Computer software	34 640	94 926
	197 733	**1 344 126**
21. FINANCE COSTS		
Interest paid	82	583
Finance charges on leases	1 234	19 118
	1 316	**19 701**
is generally prime less 1%.		

	Fees	Re-imbursive Allowance	Total
April to June 2010	R	R	R
22. COMMITTEE MEMBER REMUNERATION			
Audit Committee			
M Buya	4 000	-	4 000
L Smith	-	-	-
N Majija	-	388	388
T Mahlati	3 000	571	3 571
	7 000	**959**	**7 959**
2010			
Audit Committee			
M Buya	31 000	-	31 000
L Smith	17 100	262	17 362
N Majija	-	3 500	3 500
T Mahlati	22 000	4 441	26 441
	70 100	**8 203**	**78 303**
Non-executive Board members			
April to June 2010			
V Zitumane	7 500	-	7 500
P Masika	11 500	2 754	14 254
M Rayi	5 400	-	5 400
T Putzier	22 500	10 606	33 106
T Matiwane	-	341	341
E Bergins	31 713	-	31 713
	78 613	**13 701**	**92 314**
2010			
V Zitumane	157 909	27 373	185 282
P Masika	61 425	20 924	82 349
M Rayi	41 800	250	42 050
T Putzier	86 600	49 572	136 172
T Matiwane	14 100	2 683	16 783
E Bergins	91 100	2 890	93 990
	452 934	**103 692**	**556 626**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	Basic Salary	Annual Bonus	Allowances	Co. contribution to pension & medical aid	VSP (including Leave Pay)	Total
	R	R	R	R	R	R
CEO:						
Z Tshefu 1/4/10-30/6/10	220 439	-	79 900	-	-	300 339
Acting CFO:						
L Martin 1/4/10-30/6/10	215 294	-	2 500	-	-	217 794
Acting HR Manager:						
A Coetzee	190 365	-	4 900	11 810	-	207 075
Destination Marketing Manager:						
E Marafane 1/4/10-30/6/10	125 098	-	22 990	19 265	-	167 353
Destination Services Manager:						
F Mlungu 1/4/10-30/6/10	125 098	-	22 990	19 265	-	167 353
Manager CEO's Office:						
M Mpumlwana 1/4/10-30/6/10	96 043	-	22 990	19 291	-	138 324
	972 337	**0**	**156 270**	**69 631**	**0**	**1 198 238**
2010						
CEO:						
Z Tshefu 1/4/09-31/3/10	835 321	-	288 600	-	-	1 123 921
Acting CFO:						
L Martin 1/4/09-31/3/10	835 200	-	36 445	-	-	871 645
HR Manager:						
N Van Wyk 1/4/09-31/12/09	308 453	33 324	59 400	13 500	102 528	517 205
Acting HR Manager:						
A Coetzee 1/4/09-31/3/10	271 700	21 720	183 618	41 842	-	518 880
Destination Marketing Manager:						
E Marafane 1/4/09-31/3/10	490 117	38 014	81 960	75 478	-	685 569
Destination Services Manager:						
F Mlungu 1/4/09-31/3/10	490 117	38 014	81 960	75 478	-	685 569
Manager CEO's Office:						
M Mpumlwana 1/4/09-31/3/10	357 853	28 990	81 960	73 109	-	541 912
	3 588 761	**160 062**	**813 943**	**279 407**	**102 528**	**4 944 701**

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R

25. OPERATING LEASE ARRANGEMENTS

Future Minimum Lease Receivables		
Not later than one year	227 418	397 981

Rental is derived from an investment property in Bhisho that has a lease that expires on the 31st October 2010. The current rental is R56,854 (2010 : R56,854). Rental was set to escalate at 8% per annum. The lessee has the right to renew the lease when it expires.

Future Minimum Lease Payable		
Not later than one year		
Buildings	1 972 361	1 958 816
Office equipment	56 077	66 018
	2 028 438	2 024 834
Later than one year and not later than 5 years		
Buildings	2 278 211	2 895 374
Office equipment	15 537	28 685
	2 293 748	**2 924 059**
	4 322 186	**4 948 893**

The amount payable per month in connection with operating leases is currently R170,282 (2010 : R183,894). The lease for the Eastern Cape Tourism Board's East London premises expires on 31 July 2012. Lease payments for office equipment have been calculated until expiry of existing contracts. Although no operating leases include purchase options, the Eastern Cape Tourism Board has the first right of renewal on all leases. Annual escalation clauses for office equipment range from 0% to 10%. There are no special restrictions by lessors as a result of leasing arrangements.

26. NOTES TO THE CASH FLOW STATEMENT

26.1. Cash flows from operating activities

Net surplus per the Statement of Financial Performance	-	778 889
Non-cash movements		
Depreciation, impairment and amortisation	197 733	1 344 126
Deficit on disposal of property, plant and equipment	2 718	7 864
Signage grant from non-exchange transactions	-	-408 540
2010 Project revenue transferred from non-exchange transactions	-12 275 671	-22 321 491
2010 Project revenue transferred to non-exchange transactions	-	40 000 000
2010 Project interest transferred to non-exchange transactions	-	1 873 144
Government grant transferred to non-exchange transactions	1 277 421	1 300 000
Increase in investments due to revaluation	-	-1 000 000
Increase in payables from exchange transactions	2 428 678	375 293
Decrease / (Increase) in receivables from exchange transactions	1 989 332	-2 174 525
Net cash (outflow) / inflow from operating activities	**-6 379 789**	**19 774 760**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
26.2. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of cash on hand and a bank balance. The bank balance includes cash that is restricted for use on 2010 related and other projects. (see note 6). Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating the financial position:		
Cash on hand	7 000	8 000
Bank balance	16 313 855	43 946 951
	16 320 855	**43 954 951**

	Notes	3 months ended 30 June 2010	12 months ended 31 March 2010
	Notes	R	R
27. RECONCILIATION OF BUDGET SURPLUS WITH THE SURPLUS IN THE STATEMENT OF FINANCIAL PERFORMANCE			
Net surplus per the Statement of Financial Performance		-	-871 166
Adjusted for:			
Fair value adjustment		-	1 000 000
Inclusion of capital expenditure and exclusion of depreciation in budget			
Depreciation, impairment and amortisation	20	-197 733	-1 344 126
Purchase of property, plant and equipment	7	576 113	1 144 807
Purchase of intangible assets	8	46 694	148 030
Budget variances			
Revenue over budget		769 261	2 984 570
Interest received		-101 945	-776 701
Grant transferred from revenue to non-exchange transactions	12	-1 277 421	-1 300 000
Other operating income		46 132	-65 969
Administration fee		-	400 000
Contribution from the 2010 Project for equipment acquired		406 195	-
Other Government income	16	1 696 300	4 303 700
Signage grant from non-exchange transactions		-	408 540
Sponsorship		-	15 000
Expenditure (over) / under budget			
Property,plant, equipment and intangible assets		-412 807	387 163
Salaries		215 335	439 271
Expenditure over budget			
Administration		-92 704	-717 691
Bad debts		-	-403 851
Deficit on disposal of property, plant and equipment		-2 718	-7 864
Other costs		-89 986	-305 976
Operational		-992 715	-3 170 858
Expenditure from unbudgeted funding		-1 696 300	-4 318 700
Other		703 585	1 147 842
Net surplus per approved budget		**-158 814**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R
28. PRIOR PERIOD ERRORS		
Accounts payable and accruals		
Accruals		
Amounts due that were omitted because of the uncertainty		
of the finalisation of the service provided.		
The impact of the changes are as follows:		
Statement of Financial Performance		
Surplus for the year previously reported		871 166
Surplus after restatement		778 889
Decrease in surplus for the year		**92 277**
Statement of Financial Position		
Increase in accounts payable		92 277
Decrease in net assets for the year		**92 277**

29. COMMITMENTS

Existing commitments and orders	2 475 329	1 457 163

The committed expenditure relates to orders raised prior to the year end for services to be rendered in the new financial year. Where the service has been rendered in the current financial year the cost has been accrued.
Further commitments include the ongoing services of a short-term contractor and that of the Chief Executive Officer.

The 2010 Projects Unit has signed various contracts for projects yet to be completed.
These and other projects will be completed over the coming months.

	4 696 917	12 255 215
Total commitments and orders	**7 172 246**	**13 712 378**

30. CONTINGENCIES

Contingent asset
There is a legal matter in progress that relates to a claim for R246,000 against a business that has recently been liquidated. A further matter relates to a claim amounting to R400,000 against the organiser of a music concert that failed to take place.

Contingent liabilities
A legal action against the Eastern Cape Tourism Board, by a former employee for loss of income following her dismissal, was rejected by the Labour Court. She is appealing against the judgement. A disputed claim against ECTB for unauthorised work done by a service provider amounting to R250,000 is not expected to proceed. We do not anticipate that there will be any major legal costs arising from these cases. Costs relative to these matters have already been taken into account in the financial statements.

In terms of Section 189 of the Labour Relations Act, dismissals due to operational requirements are as yet not determined and therefore any costs associated therefrom cannot be established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

	3 months ended 30 June 2010	12 months ended 31 March 2010
	R	R

31. SUBSEQUENT EVENTS

Going concern

The merger of the Eastern Cape Tourism Board and Eastern Cape Parks took place on 1 July 2010. The name of the new entity is the Eastern Cape Parks and Tourism Agency and was established in terms of the Eastern Cape Parks and Tourism Agency Act, 2010 (Act No 2 of 2010)

In terms of Section 197 of the Labour Relations Act, all permanent staff were transferred to the new entity following consultation with organised labour. The fixed term contract of the Chief Executive officer is being reviewed by the new entity who will assume responsibility for any adjustments to the terms of the contract.

32. INTER GOVERNMENTAL TRANSACTIONS

32.1. Relationships

The relationship that exists, is that the Eastern Cape Tourism Board is a Schedule 3c Public entity in terms of the PFMA and reports directly to the Department of Economic Affairs, Environment and Tourism (DEAET) who in turn reports to the National Department of Environmental Affairs and Tourism (DEAT).

32.2. AMOUNTS INCLUDED IN TRADE RECEIVABLES

Department of Economic Affairs, Environment and Tourism	-	-
Office of the Premier	-	803 700
Department of Recreation, Sports, Arts and Culture	-	102 984
Eastern Cape Development Corporation	3 000	12 000

32.3 AMOUNTS RECEIVED DURING THE PERIOD

Government grant	12 733 200	40 050 000
Marketing fee paid by DEAET	-	3 000 000
Sponsorship by DEAET	-	500 000
2010 Project	-	40 000 000
Office of the Premier	2 500 000	-

33. RETIREMENT BENEFITS

The Eastern Cape Tourism Board contributes to a Metropolitan Life Provident Fund. The Fund is a defined contribution fund with compulsory membership for all permanent employees. Contributions by the Eastern Cape Tourism Board for the period was R368,563 (twelve months ended 31 March 2010 R1,379,124)

34. FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE

Fruitless & Wasteful Expenditure		
Opening balance	679 581	189 302
Less expenditure condoned by the Board	-	189 302
	679 581	-
Costs relating to cancelled tenders	-	9 576
Event supported but failed to take place	-	400 000
A service provider was liquidated prior to paying		
an amount over that was being held on our behalf	-	246 582
Indaba stand storage and removal	-	10 282
Travel - cancelled air tickets and accommodation	-	12 558
Interest on late payments	-	583
	679 581	**679 581**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

		3 months ended 30 June 2010	12 months ended 31 March 2010
		R	R
Irregular Expenditure			
Opening balance		16 391 206	540 580
Less procurement condoned by the Board		-	-540 580
		16 391 206	-
Arising from not implementing the 80/20 preference point system in terms of the Preferential Procurement Policy Framework Act 2000 (Act No 5 of 2000)	A	1 586 063	10 577 788
Failure to comply with National Treasury Practice Note No 8 of 2007/2008 whereby a report should be submitted to the relevant treasury and Auditor-General when goods and services above the value of R1 million are procured in terms of Treasury Regulation 16A6.4		-	5 813 418
		17 977 269	**16 391 206**

A. During the current financial year we were advised of a moratorium on the hiring of additional staff. This affected our planning as we had intended employing more staff and especially a supervisor in the procurement section. Throughout the year we managed with one buyer and one creditors clerk, clearly insufficient. As we were not coping we procured the services of an auditing firm to assist with the administration of higher value transactions. Staff shortages prohibited management from implementing the provisions of the PPPFA.

35. 2010 SOCCER WORLD CUP EXPENDITURE

	Quantity		
Acquired			
Tickets for one suite	72	-	714 814
Distributed			
Department of Recreation, Sports, Arts and Culture	72	-	714 814
Purchases of World Cup clothing for promotional purposes			
Bafana Bafana jerseys	452	-	335 933
Caps	1 030	-	72 736
Shirts	620	-	78 630
Scarves	60	-	5 301
			492 600

DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	3 months ended 30 June 2010	12 months ended 31 March 2010
		R	R
Income			
Administration fee	17	-	400 000
Bad debts recovered		-	9 856
Contribution from the 2010 Project	17	406 195	-
Discount received		168	17 557
Interest received	14	91 055	479 299
Government grant income	15	11 455 799	38 750 000
Other Government income	16	1 696 300	4 303 700
Rent received		161 241	644 993
Show income		235 636	376 865
Signage grant from non-exchange transactions	12	-	408 540
Sponsorship		-	15 000
Sundry income		5 046	3 807
Tour guide income		4 200	43 381
Total income		**14 055 640**	**45 452 998**
Expenditure			
Advertising		-	8 998
Auditor's remuneration	19	684 654	1 078 265
Internal audit		79 456	541 654
Audit committee fees and expenses	22	7 959	78 303
Bad debts		-	413 707
Bank charges		13 100	35 870
Board member's emoluments	23	92 314	556 626
Board meetings & other expenses		18 042	142 982
Cleaning		18 622	74 326
Computer expenses		64 969	137 594
Consulting fees		238 587	385 923
Courier services		812	40 358
Deficit on disposal of property, plant and equipment		2 718	7 864
Depreciation, impairment and amortisation	20	197 733	1 344 126
Development and planning		85 000	655 353
Electricity		54 426	171 094
Finance charges on leases	21	1 234	19 118
Foreign exchange loss		-	241
Insurance		80 923	301 222
Internships		34 508	131 472
Interest paid	21	82	583
Lease rentals	19	622 078	2 266 002
Rental of plants		7 029	29 983
Legal expenses		75 803	696 326
Levies		30 926	142 140
Licences		465	2 566
Motor vehicle expenses		13 551	46 727
Petrol and oil		24 583	77 828
Placement fees		-	39 627
Postage		186	3 029
Printing & stationery		54 719	294 276

DETAILED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	3 months ended 30 June 2010	12 months ended 31 March 2010
		R	R
Uniforms		97 559	82 479
Repairs and maintenance		14 163	257 172
Relocation costs		8 864	136 015
Salaries	18	4 060 295	15 589 728
Secretarial fees		15 286	60 687
Security		18 720	101 920
Staff assistance plans		10 819	62 932
Staff welfare		8 474	24 075
Subscriptions		3 510	21 373
Telephone and fax		180 204	651 874
Training		76 497	327 831
Travel		68 734	285 661
Workshops		11 434	59 750
Programme expenditure			
Advertising campaigns		469 611	2 534 565
Brand strategy		-	1 386 086
Domestic marketing		1 187 603	935 224
International marketing		1 803 848	1 110 280
International representation		57 286	331 677
Marketing platforms		-	4 628 000
Market research		565 813	70 074
Mass mobilisation		1 696 300	803 700
Media educationals		34 971	212 810
Mentorships		336 000	399 621
Partnerships agreements		160 754	827 393
Promotional material		4 902	180 743
Public relations programmes		28 519	343 572
Shows and exhibitions		75 012	1 271 507
Signage		191 625	486 410
Special programmes		133 427	272 147
Sponsorships		-	70 000
Tourism awards and summit		12 162	1 293 736
Tourism awareness and development		169 774	946 624
Tour guiding		42 156	110 025
Tourism safety		6 839	25 278
Total expenditure		**14 055 640**	**45 625 152**
Deficit for the year		-	**-172 154**
Increase in fair value of investment property	9	-	1 000 000
Net surplus		**-**	**827 846**