

explore



2018/19

ANNUAL REPORT

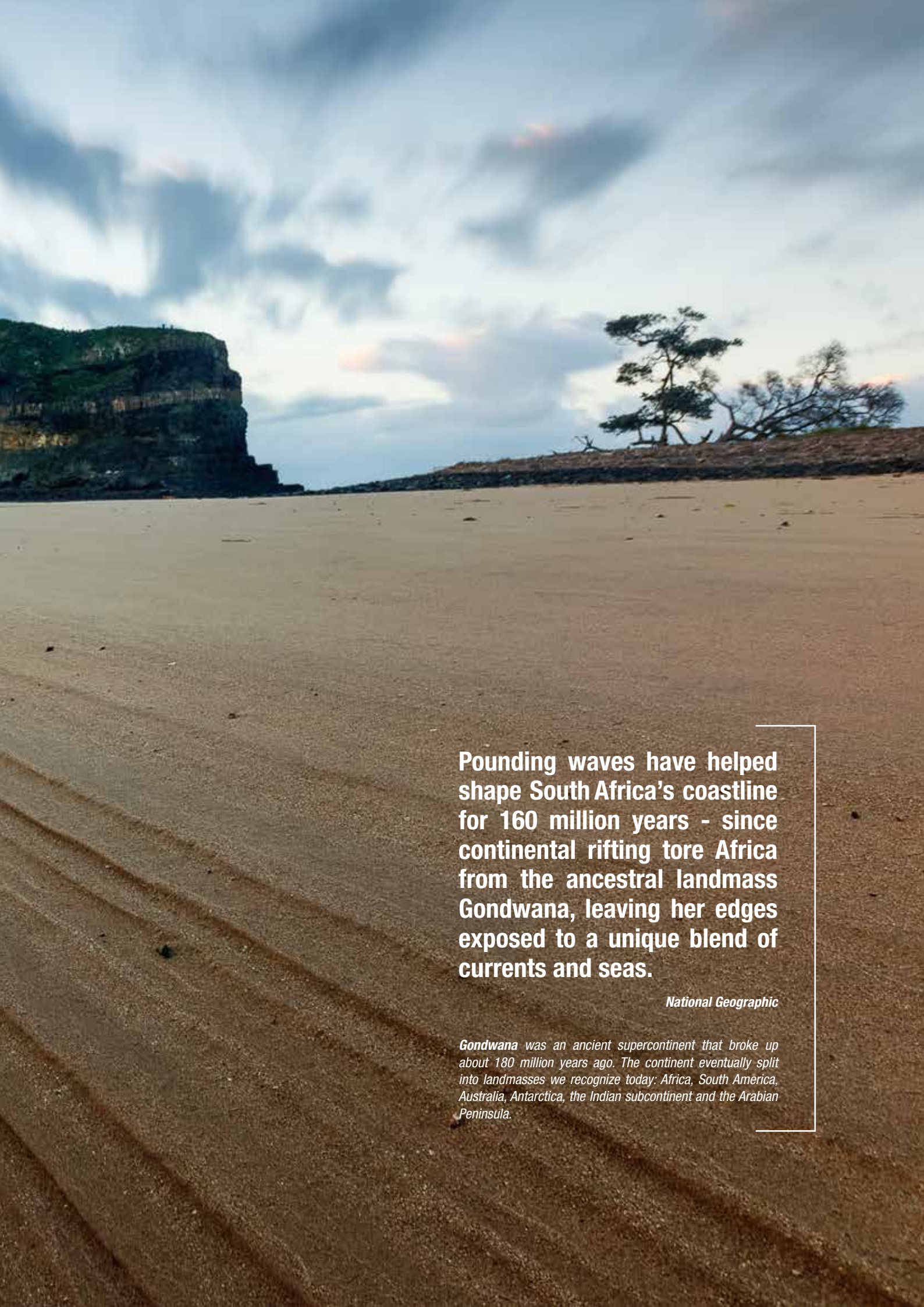
ADVENTURE PROVINCE

Eastern Cape

PARKS & TOURISM AGENCY



Hole in the Wall
Photo credit: Marius Labuschagne

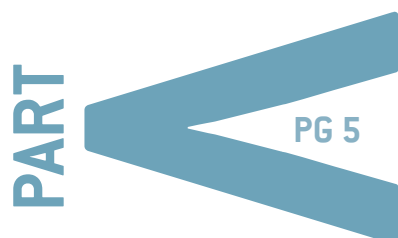


Pounding waves have helped shape South Africa's coastline for 160 million years - since continental rifting tore Africa from the ancestral landmass Gondwana, leaving her edges exposed to a unique blend of currents and seas.

National Geographic

Gondwana was an ancient supercontinent that broke up about 180 million years ago. The continent eventually split into landmasses we recognize today: Africa, South America, Australia, Antarctica, the Indian subcontinent and the Arabian Peninsula.

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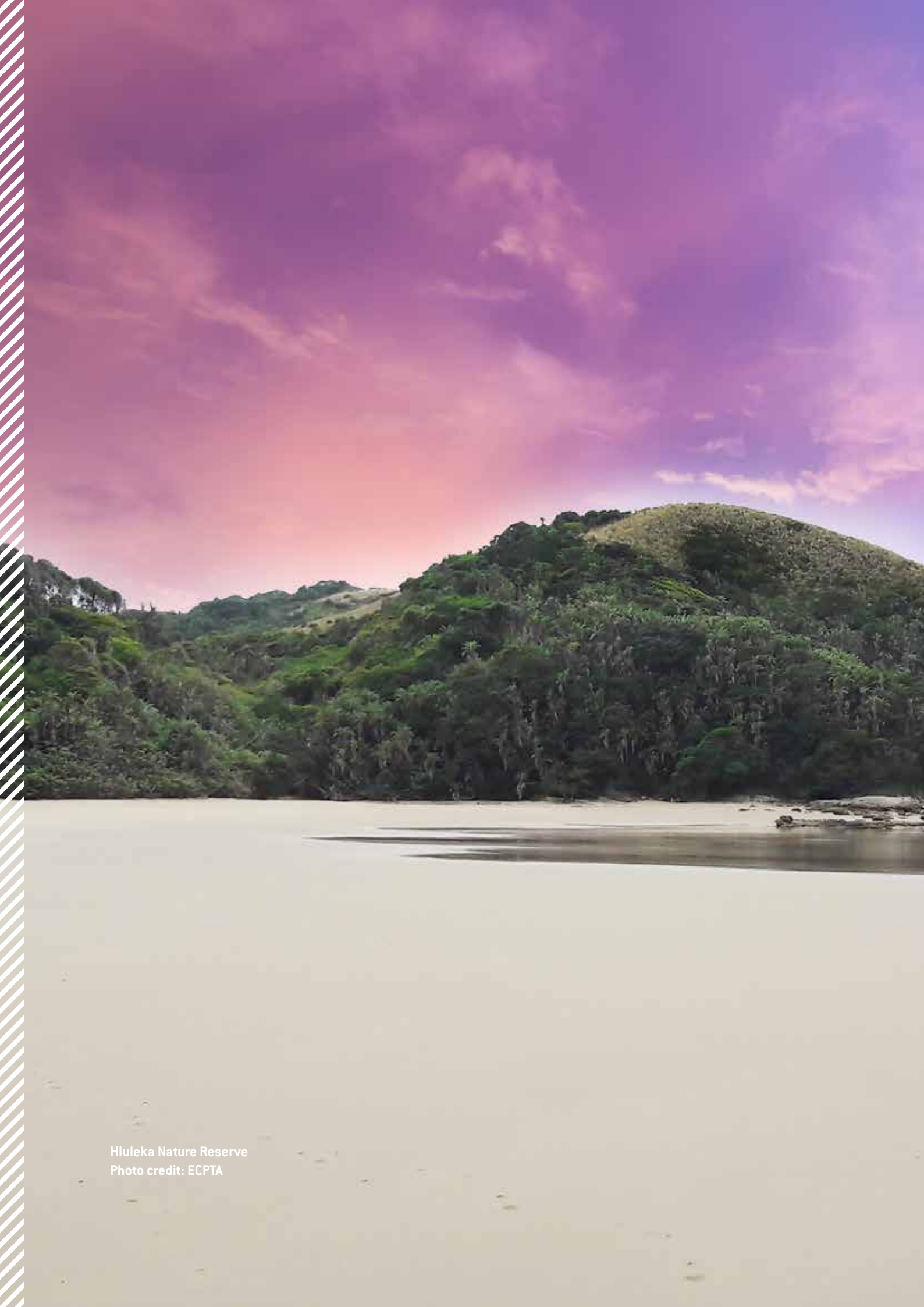
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HUMAN RESOURCE MANAGEMENT



FINANCIAL INFORMATION





Hiuleka Nature Reserve
Photo credit: ECPTA



PART



**GENERAL
INFORMATION**

COASTLINE

The Eastern Cape has 800km of untouched and pristine coastline which stretches from the Wild Coast in the North to the Tsitsikamma National Park in the South.



Hiuleka rock pool
Photo credit: ECPTA

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME: Eastern Cape Parks and Tourism Agency

PHYSICAL ADDRESS: 17 – 25 Oxford Street
East London
5201

POSTAL ADDRESS: P.O. Box 11235
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East London
5213

TELEPHONE NUMBER: +27 (0) 43 492 0881

EMAIL ADDRESS: info@ecpta.co.za

WEBSITE ADDRESS: www.visiteasterncape.co.za

EXTERNAL AUDITORS: Auditor-General South Africa

BANKERS: First National Bank

BOARD SECRETARY: Ms Xoliswa Mapoma

2. BOARD MEMBERS

2.1 OUTGOING BOARD



Sithembele Mgxaji
Acting Chairperson

Silumko Ncume



Andrew Muir

Pam Yako



Zola Fihlani

Tracey Putzier



Mickey Mama

2.2 INCOMING BOARD

Nomkhita Mona
Chairperson

Tracy Putzier
Deputy Chairperson

Zola Fihlani

Andrew Baxter

Nomakwezi Mzilikazi

Lindani Bevile

Siyabulela Onceya

3. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AOP	Annual Operational Plan
APP	Annual Performance Plan
B-BBEE	Broad Based Black Economic Empowerment
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CITES	Convention on International Trade in Endangered Species (of Wild Fauna and Flora)
DAFF	Department of Agriculture, Forestry and Fisheries
DEA	Department of Environmental Affairs
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DORA	Division of Revenue Act (Act 1 of 2018)
ECPTA	Eastern Cape Parks and Tourism Agency
ED	Executive Director
EPWP	Extended Public Works Programme
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
Ha	Hectares
HCM	Human Capital Management
ICT	Information and communications technology
KPIs	Key Performance Indicators
MEC	Member of the Executive Council
METT-SA	Management Effectiveness Tracking Tool – South Africa
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework

MTSF	Medium Term Strategic Framework
NEM	National Environmental Management (Act)
NGO	Non-governmental Organisation
NSSD	National Strategy for Sustainable Development
OSI	Organisational Sustainability Index
PA	Protected Area
PAES	Protected Area Expansion Strategy
PEDS	Provincial Economic Development Strategy
PDI	Previously Disadvantaged Individual
PDP	Provincial Development Plan
PFMA	Public Finance Management Act
SANRAL	South African National Roads Agency SOC Limited
SAT	South African Tourism
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
SoAIM	State of Area Integrity Management
StatsSA	Statistics South Africa
TEP	Tourism Enterprise Partnership
TR	Treasury Regulations
UK	United Kingdom
UNDP-GEF	United Nations Development Program – Global Environmental Facility
USA	United States of America
VFR	Visiting Friends and Relatives
WWF-SA	World Wide Fund for Nature (South Africa)
YES	Youth Environmental Services

4. FOREWORD BY THE CHAIRPERSON

It is my pleasure to present the 2018/19 Annual Report of the Eastern Cape Parks and Tourism Agency (ECPTA).

As the incoming Chair of the Board, I wish to acknowledge the leadership and passion of the outgoing Board who oversaw the exceptional achievements of the ECPTA recorded in this Annual Report. My fellow Board members and I are committed to retaining the high standards of accountability established by our predecessors, and to supporting the management of ECPTA in sustaining our clean audit status.

Indeed, this year marks the fourth successive clean audit opinion issued by the Auditor-General for the ECPTA. In a context of collapsing confidence in government structures, state-owned enterprises and public entities, this is to be celebrated as a remarkable achievement. That said, it is the opinion of this Board and the management of ECPTA, that an unqualified audit should be the standard below which no organ of state should ever perform. As Simon Sinek (author, motivational speaker and marketing consultant) says, "Leadership is absolutely about inspiring action, but it is also about guarding against mis-action".

This annual report presents governance, financial and operational performance over the penultimate year of the 5-year strategic framework period. The experience of these four years is a critical foundation for the next strategic period. Work towards identifying priorities, opportunities and collaborations was formalised at a second strategic workshop with stakeholders in August. Our intention is to construct a plan that resonates with our stakeholders, be they beneficiaries or contributors, so that we firmly position the ECPTA as indispensable to both the conservation and tourism sectors in the Province.

Already these important stakeholders have made a significant difference to the work of the Agency. As the equitable share allocation continues to shrink in real terms, ECPTA has become increasingly supported by conditional grants from national government departments and international donors. In fact, during the 2018/19 financial year, ECPTA management secured almost 40% of the 2019/20 budget in this way. The increasing levels of trust experienced by the entity is also reflected in improved relationships with communities neighbouring our reserves, with previously disadvantaged tourism product owners, and with local tourism organisations.

An important marker put down in 2018/19 was the re-ignition of the Commercialisation Unit. Under the strategic direction of the CEO, the unit was able to secure activity offerings for provincial nature reserves from numerous private sector operators. This approach aligns to SA Tourism's national 5-in-5 Strategy, to which ECPTA is a signatory, in that our emphasis is increasingly on offering tourists experiences and activities. It also aligns to our focus on converting travellers who simply "visit family and relatives" to travellers who "discover the Province". Having successfully launched the unit from the CEO's office, the entity will need to identify the most suitable next home for the unit to flourish.

Despite these positive advances, the Province did not secure the coveted 3rd place ranking for domestic tourism that it sought for the year under review. It has become evident that the depressed economy has negatively affected the domestic tourist market, and that those who still travel are favouring destinations within easy (and relatively inexpensive) access of Gauteng. Efforts to engage stakeholders around improving the tourist accessibility of the Eastern Cape are thus a top priority for the coming year.

A further underpinning principle of ECPTA's strategic direction is transformation. The entity consistently challenges the barriers to entry in both the tourism and conservation industries. Achievements that demonstrate this include recording the highest number of provincial entries and winners in the National Lilizela Tourism Awards in 2018; and expanding the game transformation programme to five participant sites by the end of 2018/19.

On behalf of the current and former boards of directors, I thank the ECPTA executives for their continued commitment to the highest possible standards, and commend ECPTA for carrying out the Agency's mandate so capably.



Nomkhitha Mona

Chairperson: Eastern Cape Parks and Tourism Agency

23 August 2019

5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

As a Schedule 3C Public Entity, ECPTA is reliant on funding from the Provincial Government. The oversight department, the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), in consultation with Provincial Treasury, determines the quantum of this equitable share funding. After decreasing at the beginning of the 2015/16 Medium Term Strategic Framework (MTSF) and Medium Term Expenditure Framework (MTEF) periods, this equitable share allocation to the Agency has essentially stagnated. This effectively means that the organisation's baseline budget is increasingly unrealistic, leaving ECPTA with challenging decisions regarding the internal distribution of available funds.

The difficulties experienced in the previous financial years relating to the Agency's financial uncertainties have thus persisted, underlining the need to intensify efforts to leverage additional resources. Successful resource leveraging resulted in the (final) adjusted budget for the 2018/19 financial year showing a year-on-year increase of R46.314 million. Due to the increase in "other grants", the Agency ultimately recorded a total revenue figure of R266.561 million. While this is 10% higher than the previous financial year, ECPTA expected to receive a further R73.394 million; under collection primarily relates to non-exchange transactions (grants) that were anticipated but not realised, and to lower than expected revenue from wildlife sales.

Over R50 million of the final budget relates to multi-year projects against agreements with the National Department of Tourism, the National Department of Environmental Affairs, DEDEAT, private sector, and non-governmental organisation funders. Unspent conditional grants totalled R55.820 million, up from R20.940 million in the previous year. This is due to a combination of advance receipt of funds for multi-year projects, and the late receipt of conditional grants.

Of this amount, R13.400 million is a conditional grant from the Provincial Revenue Fund for specialist digital security systems for reserves.

SPENDING TRENDS OF THE PUBLIC ENTITY

The ECPTA spent R282.764 million against eventual revenue of R266.561 million. The Agency budgeted for a number of multi-year projects that commenced during the year under review. The under-expenditure of goods and services is mainly due to the under-spending on conditional grant projects such as the N2 Biodiversity Offset, Tourism monitors, and Land restitution projects. In respect of capital expenditure, the underspending is again mainly due to the under-spending on conditional grant projects such as the National Department of Tourism infrastructure projects, endangered species protection projects, DEA Infrastructure projects and various capital projects. These were mostly committed by year-end.

The unspent grants of R55.820 million (2018: R20.940 million) are detailed in note 19 of the Annual Financial Statements. Cognisance must be made of the accounting standards that require grant revenue to be recognised only on the related expenditure being incurred and not when cash is received.

The underspending is in contrast to the Deficit of R16.203 million (2018: R14.542 Million) recorded in the Statement of Financial performance. This anomaly is due to non-cash items like Depreciation of R27.053 million (2018: R28.358 Million) being recorded for accounting purposes and the same not being budgeted for and therefore, placing the entity in an accounting deficit. The 5.2% year-on-year increase in personnel expenditure is down from the 7.6% increase recorded in the previous period.

This increase is not in line with annual cost of living increases, as budgeted posts that became vacant in latter part of the year were unfilled at the reporting date. The 37% year-on-year increase in repairs and maintenance is, in large measure, a consequence of chronic under spending on infrastructure in the Province as a whole. With the termination of the conditional grants for infrastructure, significant goods and services budgets were diverted to emergency repairs on fences and other infrastructure.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

The Agency's approved organogram allows for 629 posts, of which only 484 were filled at year-end. Since the organogram was developed specifically to deliver on the MTSF plans, obvious limitations emerge because of the high vacancy rate. In fact, as the personnel-related increase for 2018/19 matches inflation, there was no scope for filling vacancies. Over 20% of the organogram remained unfunded for the year under review, posing considerable risk to the Agency in respect of meeting its obligations.

With the withdrawal of conditional grants for events, the tourism functions in the Agency have experienced relative underfunding. This has contributed to an incremental decline in visibility of the Province in key markets, both internationally and domestically. The next strategic period will require an expansion and intensification of collaborative approaches to marketing the Province, focusing on digital reach and micro-packaging of experiences.

NEW OR PROPOSED ACTIVITIES

In order to boost the strategic potential of the newly formed Commercialisation Unit, ECPTA located the unit within the Executive Office for its establishment phase. The outcome of strategic planning processes currently underway will determine the unit's location for the next MTSF cycle.

REQUESTS FOR ROLL OVER OF FUNDS

The Agency has requested the roll-over of R79.383 million of cash balances. This amount consists of:

- National Department of Tourism, multi-year projects: R30.718 million
- National Department of Environment, poverty alleviation projects: R4.066 million
- DEDEAT (Rhino security): R13.400 million
- South African National Roads Agency, multi-year project: R8.356 million
- National Lotteries Commission: R1.2 million
- Commission on Restitution of Land Rights: R390 thousand
- Various administered funds: R1.756 million
- The balance of the cash balances will be used to settle trade payables, revenue received in advance and accruals of R16.926 million and provisions for performance bonuses, legal and professional fees of R10.455 million

SUPPLY CHAIN MANAGEMENT

The Auditor-General has confirmed that the ECPTA has not incurred irregular expenditure in the past four financial years.

Audit report matters in the previous year and how would be addressed

Management addressed all findings communicated by the Auditor-General and by Internal Audit during the course of the year. Internal Audit completed follow-up audits of both internal and external audit findings, reporting progress to the Audit and Risk Committee, who then updated the Board.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

There are no signs that the fragile economic outlook, which has defined our operating environment for the past 5 years, will improve in the coming period. Recent global instabilities aggravate domestic uncertainties in this regard, constricting both the national and provincial revenue funds. Consequently, predictability over government's 3-year planning horizon is increasingly difficult. Economists expect that, over the medium term, volatile, sometimes devastating, climate-related events and geo-political instability will exacerbate constraints to economic growth.

To offset these challenges, ECPTA has consciously worked to establish partnerships and collaborations. These efforts during the year under review resulted in the proportional contribution of additional grants to the ECPTA's annual budget increasing from 6.5% for 2017/18 to 24.1% for 2018/19, to 39% for 2019/20.

EVENTS AFTER THE REPORTING DATE;

The MEC for Economic Development, Environmental Affairs and Tourism appointed a new Board of Directors after the reporting date.

ECONOMIC VIABILITY

In response to the ongoing difficulties with stabilising the baseline, ECPTA's current 5-year strategy prioritises leveraging resources. Consequently, the total budget has climbed significantly over the last two years of the cycle. These additional "other grants" are conditional grants, meaning that they are managed for contractually prescribed purposes only. Additionally, the net current liability position could negatively impact ECPTA's cash flow in future if allowed to persist.

ACKNOWLEDGEMENT/S OR APPRECIATION

I wish to thank all the dedicated staff of ECPTA who have made it possible to attain a fourth consecutive clean audit. This achievement is a direct result of your effort; paying attention to detail when executing your work during the course of the year; delivering the service ECPTA has committed to deliver; and doing all this within the confines of the law.

Across the province, whether in harsh terrain or comfortable offices, whether in a crowd or on your own with no one watching you, not only "showup", you deliver. The Province is proud and grateful to have public servants of your calibre.



A white handwritten signature of Vuyani Dayimani on a blue background. The signature is stylized and appears to be 'V. Dayimani'.

Vuyani Dayimani

Chief Executive Officer

23 August 2019

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- (i) All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.
- (ii) The annual report is complete, accurate and is free from any omissions.
- (iii) The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- (iv) The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- (v) The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- (vi) The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- (vii) The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the public entity for the financial year ended 31 March 2019.

Yours faithfully



Vuyani Dayimani
Chief Executive Officer

23 August 2019



Nomkhitha Mona
Chairperson of the Board

23 August 2019

7. STRATEGIC OVERVIEW

GOAL

Our goal is to leverage resources for tourism and conservation priorities

VISION

Responsible tourism and conservation underpin sustainable development of the Eastern Cape

MISSION

ECPTA will become the premier conservation and tourism agency by actively pursuing equitable low-carbon growth through innovation and collaboration in these sectors

VALUES

The values that support the actions of the ECPTA are:

RESPECT

We appreciate and value one another, our stakeholders, our communities, and our shareholder

INTEGRITY

We will conduct our business based on sound moral principles

RESPONSIBILITY

We will be honourable, trustworthy, and answerable for all our actions

8. LEGISLATIVE AND OTHER MANDATES

The Eastern Cape Parks and Tourism Agency (ECPTA) is listed in Schedule 3-C of the Public Finance Management Act (PFMA), reporting to the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

CONSTITUTIONAL MANDATE

The mandate of the ECPTA is rooted in the Constitution of the Republic of South Africa, 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:

- prevent pollution and ecological degradation
- promote conservation; and
- secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.”

LEGISLATIVE MANDATES

Relevant Acts	Key Responsibilities
Cape Nature and Environmental Conservation Ordinance (19 of 1974)	The provincial nature reserves in sections of the old Cape Province were declared under this legislation
Ciskei Conservation Act, 1987 (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
Eastern Cape Parks and Tourism Agency Act, 2010 (Act 2 of 2010)	(i) develop and manage protected areas (ii) promote and facilitate the development of tourism in the Province This Act is currently under review
Marine Living Resources Act, 1998 (Act 18 of 1998)	This is the primary legislation governing the management of marine living resources and is applicable to all Marine Protected Areas
National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977)	This legislation governs the building industry and is relevant for all ECPTA infrastructure development projects
National Environmental Management Act, 1998 (Act 107 of 1998) (NEM)	This is the national environmental legislation which provides guidance on environmental management as well as the interpretation of Act 2 of 2010
NEM: Biodiversity Act, 2004 (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: Integrated Coastal Management Act, 2008 (Act 24 of 2008)	This is the primary legislation governing the management of the coastal areas and prescribes the management of coastal protected areas
NEM: Protected Areas Act, 2003 (57 of 2003)	This is the primary legislation governing the management of protected areas and guides the interpretation of Act 2 of 2010
NEM: Waste Management Act, 2008 (Act 59 of 2008)	This is the primary legislation governing the management of waste, including in protected areas

Relevant Acts	Key Responsibilities
National Forests Act, 1998 (Act 84 of 1998)	This is the primary legislation governing the management of indigenous forests and woodlands. Many state forests have been proclaimed as Forest Nature Reserves in terms of the National Forests Act
National Veld and Forest Fire Act, 1998 (Act 101 of 1998)	This is the primary legislation governing the prevention and control of runaway wild fires. Fire is used as a biodiversity management tool and control of excessive fires is also important for the management of protected areas and prevention of damage to infrastructure
National Water Act, 1998 (Act 36 of 1998)	This is the primary legislation governing the use of water
Occupational Health and Safety Act, 1993 (Act 85 of 1993)	This is the primary legislation governing health and safety standards in the context of all work environments
Public Finance Management Act, 1999 (Act 1 of 1999) (as amended)	Chapter 6 of the PFMA applies specifically to Public Entities. It lays out prescripts for the conduct of Accounting Authorities and other officials with respect to fiduciary responsibilities, planning, reporting, and conduct
Tourism Act, 2014 (Act 3 of 2014)	<p>The promotion of responsible tourism practices</p> <p>Provisions for the effective marketing of the province, both domestically and internationally</p> <p>The promotion of quality tourism products and services</p> <p>The promotion of economic growth and development of the sector</p> <p>The establishment of concrete inter-governmental relations to develop and manage tourism</p>
Transkei Environmental Conservation Decree, 1992 (Decree 9 of 1992)	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 Transkei
World Heritage Convention Act, 1999 (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 World Heritage Site

POLICY MANDATES

The fifth administration identified 14 key strategic imperatives through which to give effect to the electoral mandate. These outcomes constitute the main policy imperatives of the South African Government, to which all government initiatives align:

1. Quality of basic education
2. A long and healthy life for all South Africans
3. All people in South Africa are and feel safe
4. Decent employment through inclusive growth
5. Skilled and capable workforce to support an inclusive growth path
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable and sustainable rural communities with food security for all
8. Sustainable human settlements and improved quality of household life
9. Responsive, accountable, effective and efficient local government
10. Protect and enhance our environmental assets and natural resources
11. Create a better South Africa, a better Africa and a better world
12. An efficient, effective and development-orientated public service
13. Social protection
14. Nation building and social cohesion

The ECPTA's Strategic Plan for 2015/16 – 2019/20 focuses primarily on achieving Outcomes 10 and 12, and contributes to achieving Outcomes 4 and 6. ECPTA's potential contribution towards the achievement of these national strategic policy imperatives is detailed below.

National Outcome	ECPTA priorities for the MTSF period
<p>4. Decent employment through inclusive economic growth</p>	<ul style="list-style-type: none"> • Create employment opportunities through Green Job projects for permanent, contract, casual and EPWP appointments by recruiting people from communities near the reserves • Create economic opportunities by creating a demand for goods and services and unlocking opportunities for economic development for entrepreneurs, concessionaires, eco-tourism and cultural tourism linkages • Provide seasonal employment opportunities by providing access to Protected Areas for the harvesting of natural resources from reserves - e.g. thatching grass, marine resources, firewood, game, etc. • Create employment opportunities for tour operators and service providers in the tourism industry • Prepare potential tourism entrepreneurs to participate in the mainstream tourism economy by providing access to mentoring and skills development opportunities
<p>6. An efficient, competitive and responsive economic infrastructure network</p>	<ul style="list-style-type: none"> • Develop economic infrastructure relating to tourism, reserve operations and public servitudes, including bulk services infrastructure which will directly and indirectly benefit communities who live around Provincial Parks • Support the education curriculum and infrastructure by developing environmental education centres in the reserves • Develop recreational and tourism infrastructure • Develop tourism routes to the benefit of rural and remote communities
<p>10. Protect and enhance our environmental assets and natural resources</p>	<ul style="list-style-type: none"> • Provision of ecological goods and services - e.g. clean water through catchments management, combating soil erosion, carbon sequestration • Facilitate access to natural resources from reserves - e.g. thatching grass, fish, firewood, venison etc. to communities • Combat poaching, illegal use of natural resources and trade in endangered species • Promote environmental education and awareness programmes for sustainable natural resource use
<p>12. An efficient, effective and development-orientated public service</p>	<ul style="list-style-type: none"> • Strengthen the management of ECPTA to ensure optimal socio-economic impact on communities • Increase public access to Provincial Parks and tourism products • Strengthen the capacity of communities to effectively participate in biodiversity conservation management and co-management of Provincial Parks • Develop skills and human resource capacity through staff training and the training of communities • Collaborate with relevant role-players for the advancement of effective resource management

During 2018/19, ECPTA's strategy aligned to the National Development Plan and the contributing "Nine-Point Plan" to grow the economy and create much-needed jobs.

Components of the Nine-Point Plan	ECPTA current and potential contribution
1. Revitalising agriculture and the agro-processing value chain	The introduction of game farming as a viable alternative or adjunct to conventional, particularly amongst previously disadvantaged communities is gaining traction. ECPTA actively supports this trend with game donations, game farmer mentorship and conservation awareness
4. Unlocking the potential of small, medium and micro enterprises, cooperatives and township enterprises	Both the Tourism and Conservation Industry Transformation initiatives are focused on bringing previously disadvantaged individuals (PDI) and PDI-owned SMMEs into the mainstream of the respective industries The concept of community benefit is a cornerstone of these transformation efforts
5. Operation Phakisa (Oceans Economy, Mining, Health, Tourism, Basic Education, etc.)	Working with DEDEAT, ECPTA contributes to the readiness of coastal and marine tourism products, activities and services along the coastal and ocean zone The marketing and promotion of the coast and ocean are increasingly foregrounded
6. Encouraging private sector investment	Secondary consequence of the pursuit of excellence in all endeavours. Fundamental component of resource leveraging and commercialisation efforts
7. Resolving the energy challenge	Actively greening the energy mix on reserves and in administrative offices
8. Moderating workplace conflict	Ensure employment policies and practices are compliant with labour legislation and best practice

ECPTA's strategy further finds synergy with a variety of strategy documents, some of which include:

National and Provincial Strategy Documents	Relevance to ECPTA strategy
National Tourism Sector Strategy	Contribute to global competitiveness of South African tourism sector through enhanced service levels and responsive product development
Eastern Cape Tourism Master Plan	<p>Improve and maintain accessibility of tourism facilities</p> <p>Reputation management</p> <p>Tourist safety</p> <p>Service standards</p> <p>Transform and grow the economy</p>
National Strategy for Sustainable Development (NSSD)	The NSSD defines the strategic imperatives of the South African Government as they relate to the interaction between people, the environment and the economy
Eastern Cape Vision 2030 Provincial Development Plan (PDP)	<p>The PDP includes spatial land utilisation in terms of provincial priorities for development. It identifies the Province's biodiversity endowment as contributing to the Province's competitive edge. The PDP, underpinned by the acknowledgement that "eli lizwe silibolekiwe" (this country is borrowed), points to the need to view biodiversity as a natural resource to be protected for the enjoyment of future generations. The interdependence of economic, social and environmental systems is recognised as part of this principle. Of significance to ECPTA in this regard is that tourism is identified as a high-potential economic sector. Strategies suggested for the rapid development of Tourism include:</p> <ul style="list-style-type: none"> • growing the volume and value of eco-tourism, heritage and sports tourism • improving access infrastructure • building stronger local tourism networks
Provincial Economic Development Strategy (PEDS)	The PEDS identifies tourism as a high potential sector, and identifies a number of opportunities. These include tourism, business tourism and improved management of tourism "packages", all of which will benefit from increased marketing of the province's unique assets

The Strategic Plan for 2015/16 – 2019/20 to which this Annual Operational Plan is aligned, responds to Provincial Priorities 1 and 5. Priority 7 guides the manner in which the ECPTA conducts its administration and operations. The table below sets out the points of alignment:

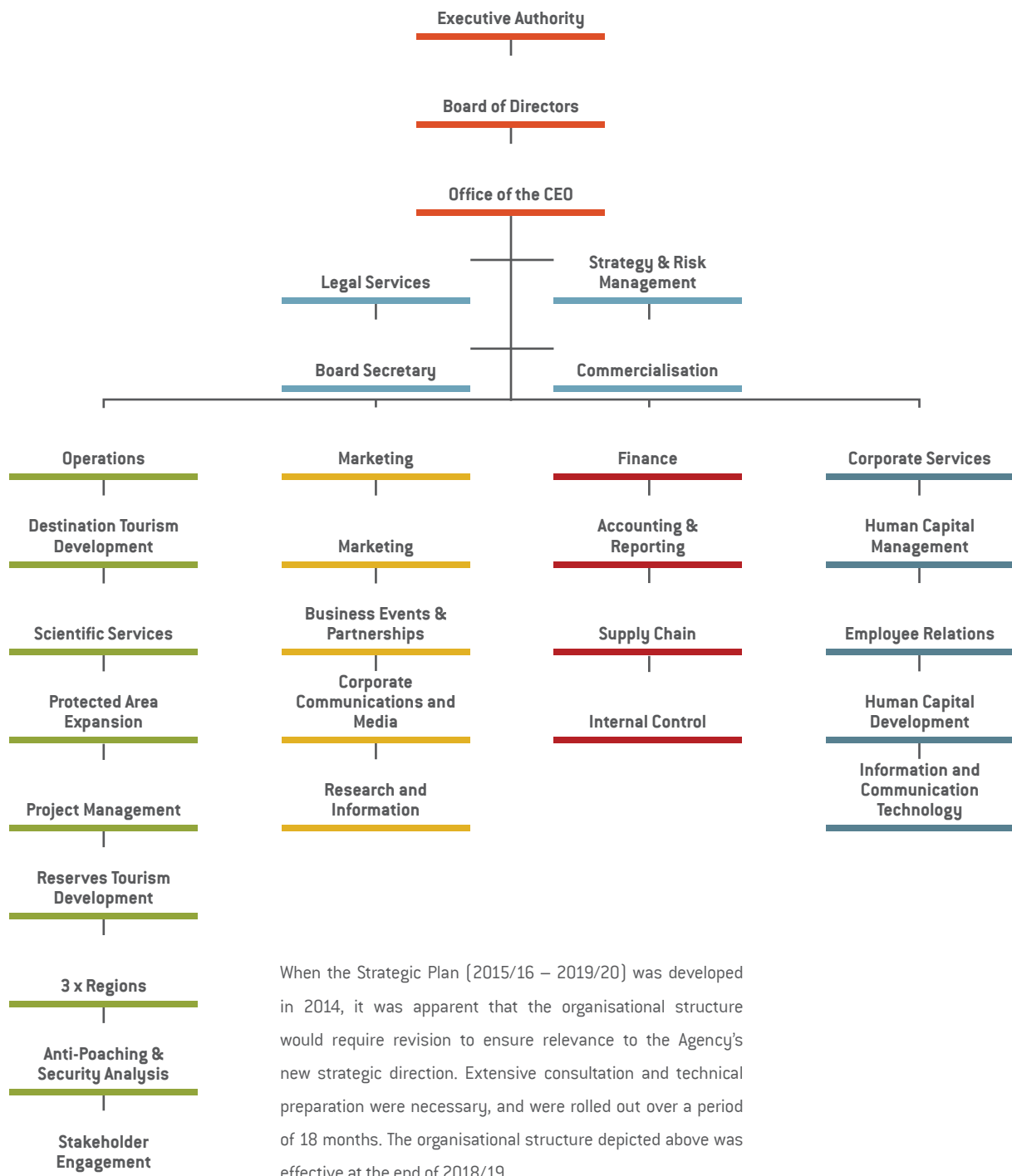
Provincial Priority	ECPTA potential contribution
1. Transforming the economy to create jobs	<ul style="list-style-type: none"> • Support new entrants and previously disadvantaged product owners in the conservation and tourism industries to operate in the mainstream as soon as possible • Addressing industry blockages (particularly related to red-tape barriers to entry) with relevant stakeholders on a case-by-case basis
5. Fighting crime and corruption	<ul style="list-style-type: none"> • Enhance the Agency's Anti-poaching and Reserve Security capability • To work with law enforcement / security cluster partners to comply with the NEM Act • Conduct community engagement and awareness campaigns to encourage responsible resource use and decrease poaching
7. Strengthening the developmental state and good governance	<ul style="list-style-type: none"> • Efforts will continue throughout the MTEF period to ensure the activation of the necessary regulations to support the ECPTA ACT (2 of 2010) provisions that allow for the retention of own revenue for conservation and tourism development. • In addition to revenue retention, ECPTA is working to ensure that regulations are activated to facilitate the regulation of Tour Guides in the Province, both as a mechanism for improving tourism standards, but importantly as an additional revenue source. As with existing own-revenue, this should then be retained for conservation and tourism development • To update / modify the METT index to provide a more dynamic management platform, rather than a post-hoc score only

As a Schedule 3C public entity reporting to the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), the ECPTA contributed to the achievement of the Department's Strategic Goal: Innovation for Sustainable Development. These efforts dovetailed with Executive Authority commitments, in particular Enterprise Development: SMMEs supported, Tourism Sector Development: Tourism promotion in the Province and Managing and Protecting the natural environment.

ECPTA's efforts were specifically aligned to the following DEDEAT performance indicators:

- Tourism Planning
- Tourism Growth and Development
- Tourism Sector Transformation
- Biodiversity and Protected Area Planning and Management

9. ORGANISATIONAL STRUCTURE



When the Strategic Plan [2015/16 – 2019/20] was developed in 2014, it was apparent that the organisational structure would require revision to ensure relevance to the Agency's new strategic direction. Extensive consultation and technical preparation were necessary, and were rolled out over a period of 18 months. The organisational structure depicted above was effective at the end of 2018/19.

EXECUTIVE MANAGEMENT



Vuyani Dayimani
Chief Executive Officer

Jonathan Jackson
Chief Financial Officer



Eleanor VD Berg-McGregor
Acting Chief Operating Officer

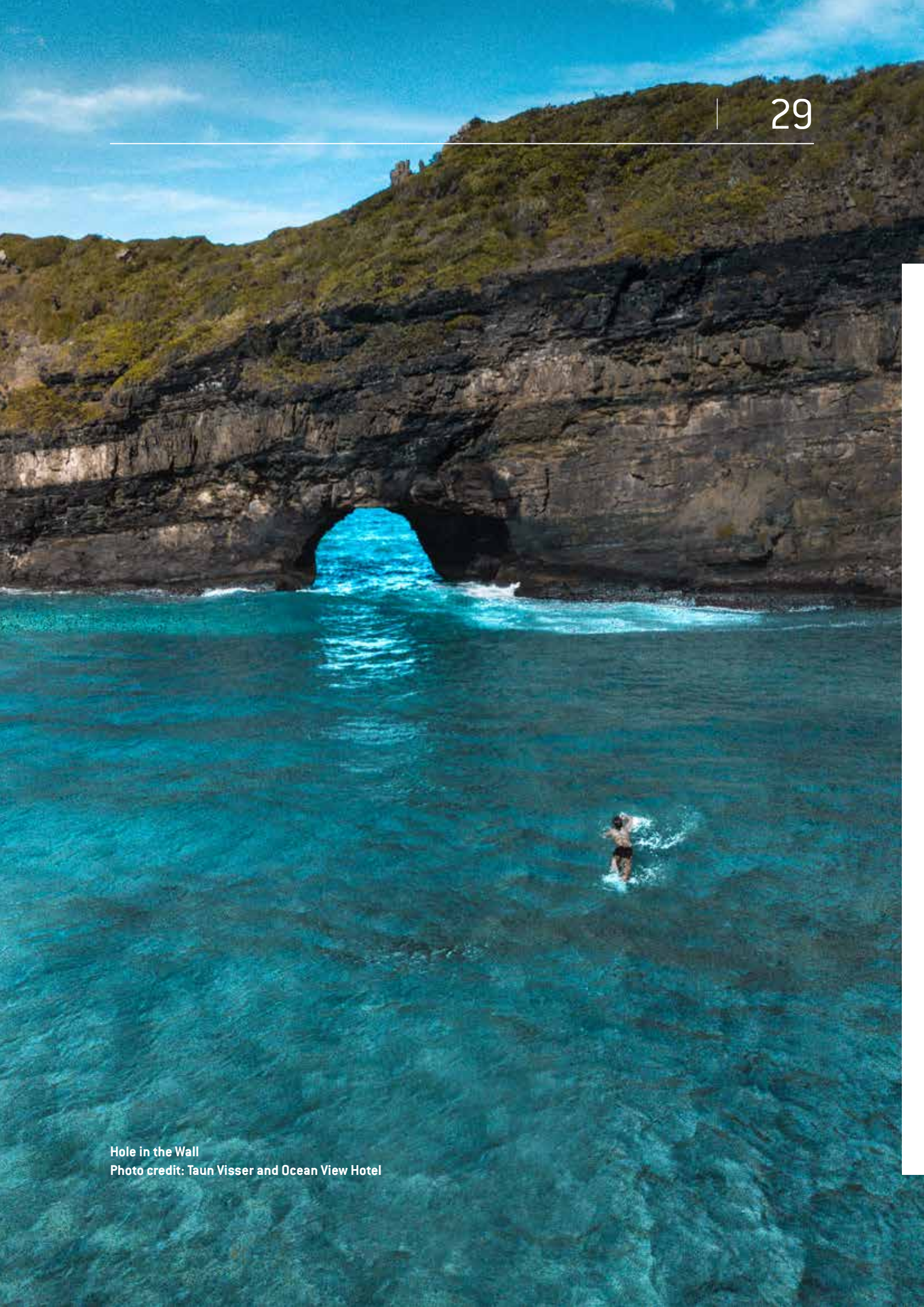
Nolufefe Ali
Executive Director: Corporate Services




Zukiswa Ntwasa
Acting Chief Marketing Officer

Xoliswa Mapoma
Legal Advisor / Board Secretary





Hole in the Wall
Photo credit: Taun Visser and Ocean View Hotel



Humpback Whale
Photo credit: Mark M Gottlieb – www.MarksAdventures.com

PART B**PERFORMANCE
INFORMATION****WILD LIFE**

The province boasts an abundance of birdlife and marine life, including 27 species of whales and dolphins.



Common Dolphin
Photo credit: Glen Phillips

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

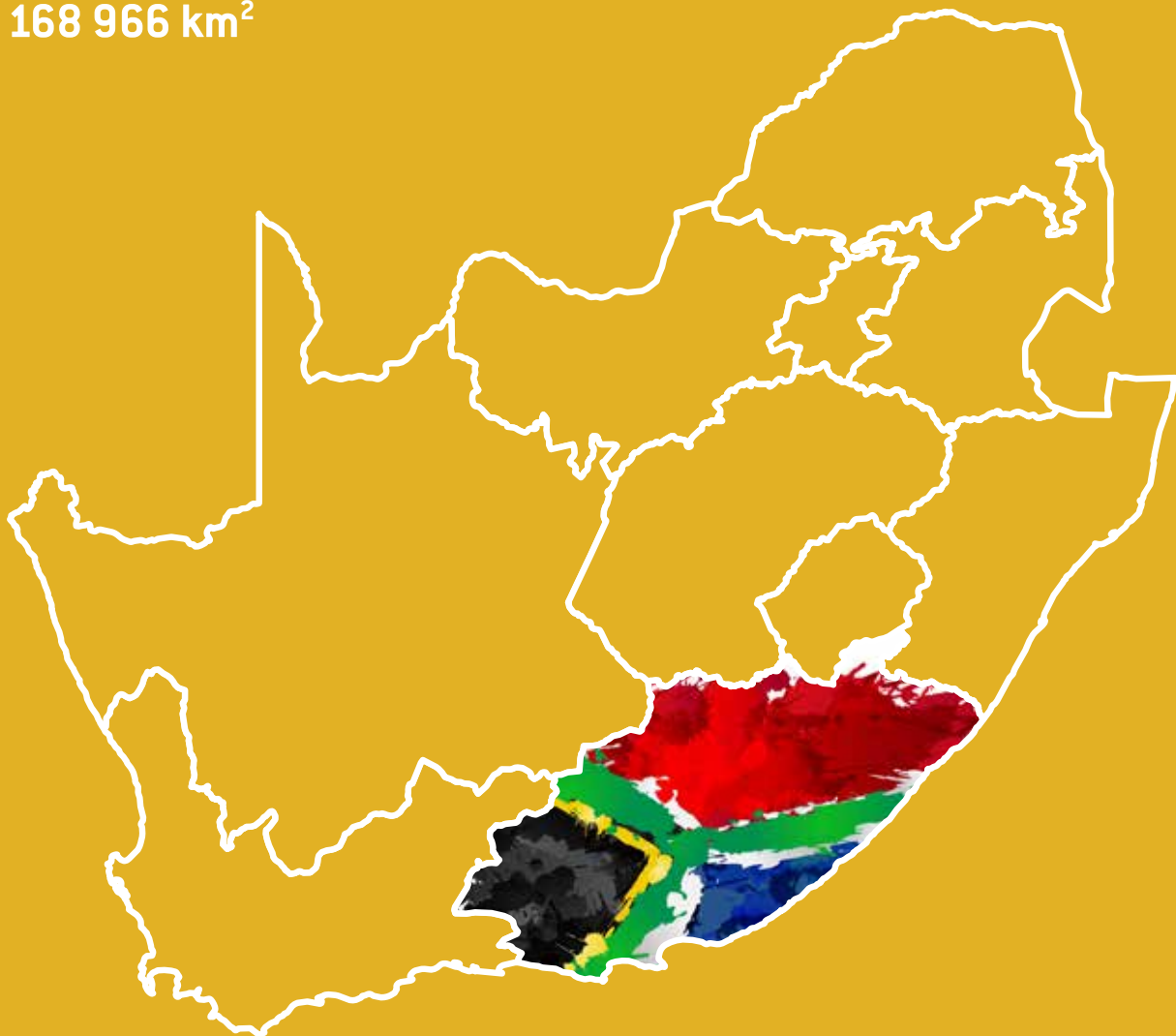
The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 109 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

The Eastern Cape is the second largest province with a total land mass of

168 966 km²



In Q4 of 2018, Statistics South Africa (StatsSA)

reported that the real annual economic growth rate (GDP by region) for the Eastern Cape was **0.6%**, compared to the national average of **1.4%**. Gauteng and the Western Cape were the only other provinces to record growth rates below the national average.



6 497 100 people
 [11.49% of the country's population]
 call the province
“home”

The province has the highest
 official unemployment rate in SA

at **37.4%**
 [48.3% expanded unemployment rate]



The youth
 unemployment rate
 is **47.1%**

According to the World Bank report
**“Overcoming Poverty and
 Inequality in South Africa” (2018),**

15 of the 20 poorest municipalities
 in South Africa are in the Eastern Cape



The proportion of adults
 living in poverty in the Eastern Cape
 is **67.3%**

The province is the
4th highest
 contributor to Gross Domestic Product
 (GDP), making up
7.52%



2.1 SERVICE DELIVERY ENVIRONMENT

2.1.1 PROVINCIAL OVERVIEW

Location

The Eastern Cape accounts for 13.9% of the total land area of South Africa. Administratively, the province has 31 local municipalities, clustered in six districts. Two of the country's eight metropolitan municipalities are located in the Eastern Cape. Buffalo City Metropolitan Municipality includes King

Williams' Town, Bisho, and East London. The Nelson Mandela Bay Metropolitan Municipality incorporates Port Elizabeth, Uitenhage and Dispatch. Other important towns in the Province include Mthatha, Komani (formerly Queenstown) and Makhanda (formerly Grahamstown).

Economy

Disparities in employment rates, income, service levels, and productivity continue to characterise the economy of the Eastern Cape. Consistent with the country as a whole, economic growth rates have remained sluggish. Entrenched low growth and high unemployment present the Province with significant challenges, including increasing demands for social services. Most recent economic data indicate that the province's economy is in decline.

opportunities, particularly in the tourism and biodiversity economy sectors.

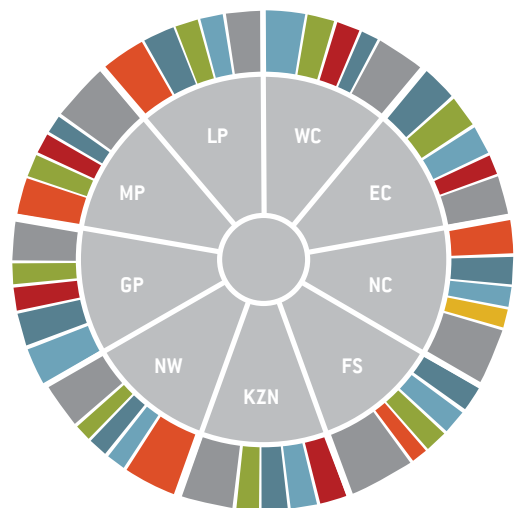
Economists predict that the real economic GDP growth rate for 2018 will drop below 1% nationally. The provincial economy has contributed an average of around 7.5% of the country's GDP since 2010. The tertiary sector is dominant, within which the government services account for 22%.

At the same time, the emergence of entrepreneurship as a contributor to addressing these challenges presents significant

General shrinking of the economy will have significant knock-on effects for the province.

Which industries drive your provincial economy

Top four largest industries in each province, 2017



Source: Gross domestic product (GDP), 4th quarter 2018. STATS SA

State funding

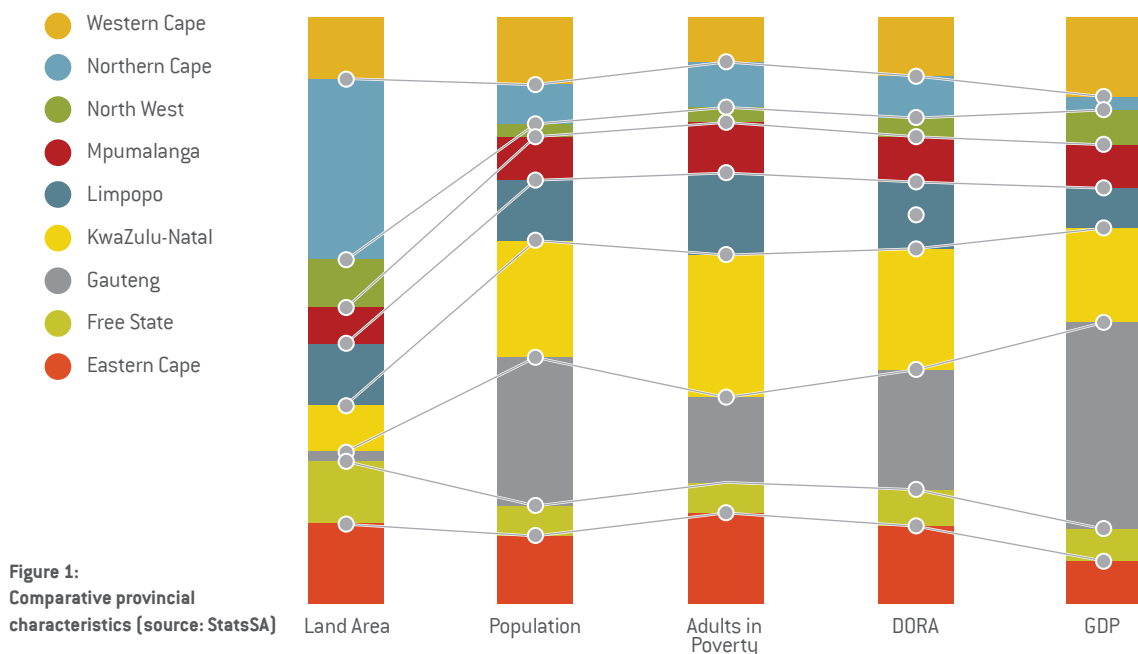
As a Schedule 3C Public Entity (PFMA, Act 1 of 1999 as amended), transfers from the Provincial Government (through the Equitable Share Allocation to the shareholder department, DEDEAT) fund the ECPTA. The funds available to the Province are derived according to the Division of Revenue Act (DORA), which specifies provincial allocations on an annual basis.

The graph below demonstrates that the calculation of the DORA allocation to the Eastern Cape is not responsive to the two primary drivers of the ECPTA mandate – the size of the Province and the proportion of adults living in poverty. The Agency is not immune to the fiscal environment in which it operates. The Provinces’ equitable share as determined through the DORA is diminishing. The Province’s diminishing population, as determined by the national census, is a critical and negative driver of the equitable share received from the national fiscus, hence the reduced funding from the national sphere. This is further exacerbated by the fact that the Entity’s dual mandate is not driven by population numbers, and related cost drivers have little correlation with the Province’s population size.

Infrastructure

Infrastructure distribution across the province is unequal, with the metros and the western part of the province having access to better quality and quantity of infrastructure. User-friendly road infrastructure is generally available throughout the western region, while the eastern region – specifically the former Transkei and Ciskei – has limited accessibility, worsened by a poorly maintained road network. For example, in 1996, 15% of the surfaced road network in the province was in “very good” condition. Since 2013, none of the surfaced roads is “very good”. The proportion of surfaced roads categorised as “poor” or “very poor” has increased from 11% to 38% over the same period. Currently 74.64% (21 778.82 km) of the unpaved road network is in a “Poor” to a “Very Poor” condition.

Although the Port Elizabeth airport has international status, there are no international carriers arriving at this facility directly. There are two additional domestic airports, located in East London and Mthatha. However, the cost of flights to and from these destinations is high as demand outstrips supply. There are no passenger rail services linking the Eastern Cape to other regions of the country.



Biodiversity

South Africa is the third most biologically diverse country in the world, with high levels of endemism. With seven biomes, the Eastern Cape is the most biodiverse province, yet almost 90% of Eastern Cape vegetation types are “poorly protected”. Climate change will increasingly challenge biodiversity and ecosystem services. Unfortunately, the protected area system is inadequate to conserve the Eastern Cape’s internationally recognised natural capital. The protected area estate needs to expand. ECPTA contributes, on behalf of the Eastern Cape Provincial Government, to the protection and conservation the

province’s biodiversity while maximising the tourism potential of the protected area estate. ECPTA currently manages 606 035 hectares, including one World Heritage Site (at Baviaanskloof), and 172 000 hectares of marine space. This estate includes two internationally recognised biodiversity hotspots, namely the Cape Floristic Region and the Maputoland-Pondoland-Albany Centres of endemism. The ECPTA-managed estate also protects eight of the nine biomes found in South Africa.

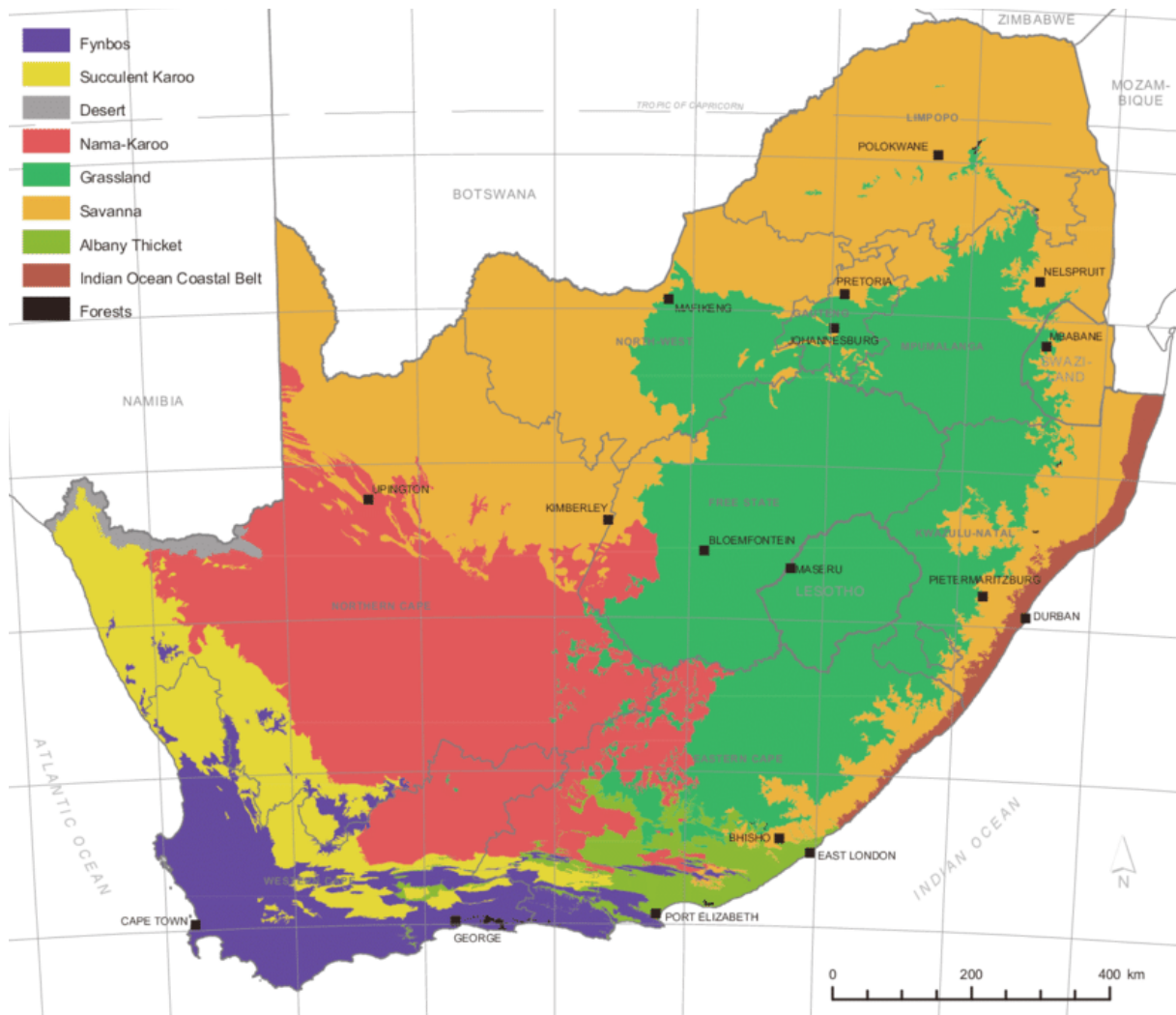


Figure 2: Biomes of South Africa, Lesotho and eSwatini
 [Source: Introduction. 3rd South Africa Environment Outlook Report. Third Draft. September 2018]

Tourism

The most recent annual report available from South African Tourism indicates that of the 17.2 million trips taken by domestic tourists, 9% were destined for the Eastern Cape. This represents a 3% decline from the previous year, and a 5% decline since 2015. Only Limpopo and Mpumalanga experienced increases in the proportion of domestic visitors they attracted, but the number of domestic trips undertaken dropped from 26.6 million in 2016 to 19.2 million in 2017.

According to StatsSA's Statistical Release P0351 "Tourism and Migration", a similar decline in international visitors was experienced in 2018. Contributing factors include some over which the broad tourism industry in South Africa has some control, particularly value proposition and air travel costs. Tourists, both domestic and international, are increasingly sensitive to the high cost of travel to the Eastern Cape, aggravated by uncompetitive airline routings and schedules.

SA Tourism reports that the top 10 attractions for international visitors to the Province are:

- Addo Elephant Park
- Storms River
- Bloukrans Bridge Bungy (Highest Bungee)
- Walmer Park
- Board Walk shopping Mall
- Tree Top Canopy Tour / Tstitsikamma Forest
- Greenacres Mall
- Wild Fly Fishing - Somerset East
- Nelson Mandela Museum (Mthatha)
- Tiffendell Ski Resort

In 2018, StatsSA reported that the tourism sector employs one in every 22 working South Africans. Extrapolated to the Eastern Cape, this means that the provincial tourism sector employed an average of around 62 thousand people per year over the reporting period.

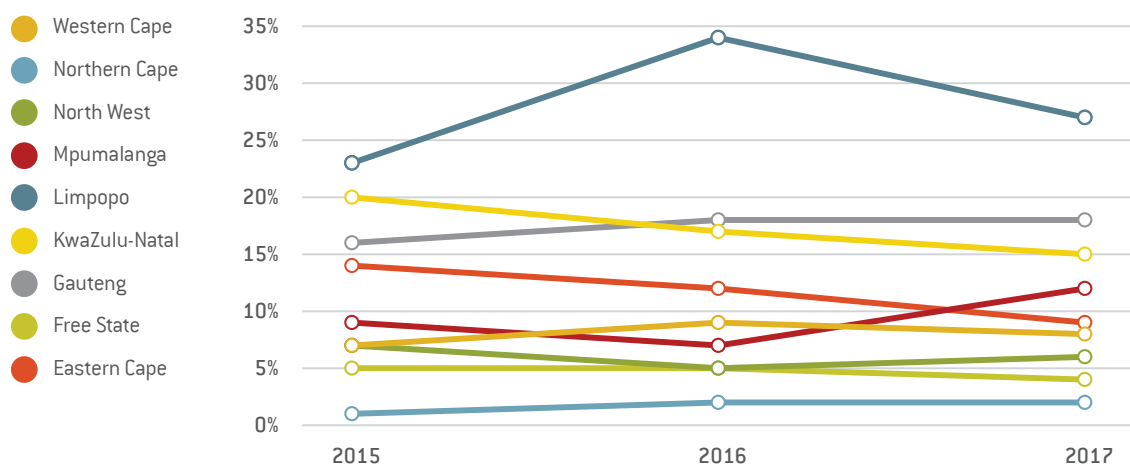


Figure 3: Domestic trips by destination province.
 Source: Tourism Annual Report – 2017 South African Tourism

2.1.2 BIODIVERSITY MANAGEMENT

Protected Area Expansion

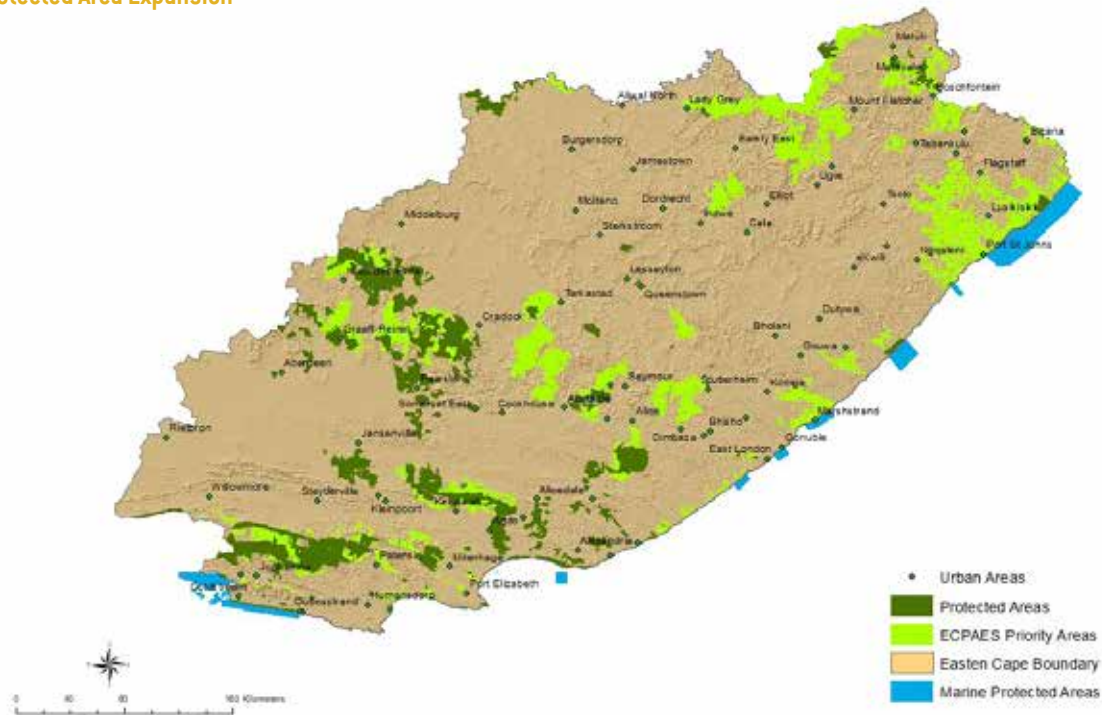


Figure 4: Eastern Cape Protected Area Expansion Strategy Priority Areas

The Eastern Cape's provincial conservation plan guides the provincial Protected Area Expansion Strategy (PAES). The focus is on areas that address the gaps in the level of protection of certain vegetation types and ecosystems. The identified priority areas represent a pragmatic set of implementation priorities that balance the need for development with the requirement to meet all conservation expansion targets.

According to the National Protected Area Expansion Strategy (2016), the main priorities in the Eastern Cape are Pondoland, Qhorha-Manubi, Greater Baviaanskloof, Katberg-Amathole, the East London Coast, the Sunshine Coast, the St Francis region, Mountain Zebra to Camdeboo National Parks, around Addo National Park and the North Eastern Cape interior grasslands. Key biodiversity features targeted are the Pondoland Centre of Endemism, the high value montane grasslands and forest mosaics of the Katberg-Amathole, the wetland complexes of Matatiele, remaining pockets of coastal forest and grassland, corridor areas of the Sneeuberg region, and the under-protected

and unique grasslands of the Southern Drakensberg. Pressure on these priority areas emanate from commercial and subsistence agriculture, new forestry programs are an issue in the east, while coastal urban expansion threatens coastal areas. Mining and infrastructure projects are issues in some areas such as the Pondoland Centre of Endemism.

The ECPTA engages with private and communal landowners to develop partnerships to expand the conservation estate of the province. Through the willingness of private landowners to formally declare their land as Protected Environments or Nature Reserves, a total of 67 886.58 hectares was submitted to the Member of the Executive Council (MEC) in 2017/18, and was subsequently declared and officially added to the conservation estate of the Eastern Cape during the reporting period. A further 1 748.18 hectares was submitted to the MEC in 2018/19 towards adding to the conservation estate in the coming year.

N2 Wild Coast Biodiversity Offset project

The N2 Wild Coast Biodiversity Offset project arises from the commitment to compensate for significant negative residual impacts on biodiversity arising from the development of the N2 road that remain apparent even after appropriate prevention and mitigation measures. The N2 Wild Coast Toll Highway, a major project of the South African National Roads Agency SOC Limited (SANRAL), received a positive Record of Decision in terms of the Environmental Conservation Act (Act 73 of 1989) on 19 April 2010. This required that all feasible alternative options be considered, and that a Biodiversity Offset Agreement be implemented. Subsequently, SANRAL signed an agreement with ECPTA as implementing agent for the N2 Wild Coast Biodiversity Offset project. Following significant delays, planning for implementation of the Biodiversity Offset project commenced during the reporting period. Progress included project staffing, outreach, and consultation among others.

Protected Area Management

ECPTA is the designated management authority for all provincially declared nature reserves. The Agency measures the success of its efforts to manage these protected areas through the METT-SA score it attains annually. The World Commission for Protected Areas (WCPA) and World Wide Fund for Nature (WWF) developed the internationally accepted Management Effectiveness Tracking Tool (METT). The tool has been in use since 2000. In 2008, it was adapted for South African conditions (METT-SA). The third iteration was introduced in 2015.

The ECPTA's METT-SA assessment score continues to improve; the average METT-SA score increased from 72% in March 2017 to 75% in March 2018. This is the international accepted standard. ECPTA maintained an average METT score of 75% in March 2019. All ECPTA Protected Areas have maintained scores above the National standard of 67%.

Biodiversity Economy

The Agency's game industry transformation project aims to facilitate transformation in the wildlife economy sector. This is

achieved by actively participating in the Eastern Cape Wildlife Industry Transformation Forum, making animals available to emerging wildlife ranchers on a custodianship basis, and providing advisor support to these farmers. There are currently 75 potential transformation candidates and partners on the ECPTA register.

ECPTA's Board of Directors approved an allocation of 246 animals to be distributed through this project over the 2018 game season. Thirty animals from this allocation were delivered to the Brakfontein project site in March 2018 (ahead of schedule), where they were released during the official launch of the Brakfontein wildlife economy project. The early delivery of 30 head of game thus effectively reduced the delivery target for 2018/19 to 216.

ECPTA delivered the 84 (38.9% of the allocation) animals to three existing sites during 2018:

- Krompoort: Black Wildebeest 7; Blesbok 15; Red Hartebeest 20; Springbok 20
- Miarestate: Kudu 10 & Red Hartebeest 2
- Brakfontein: Zebra 10

ECPTA concluded a custodianship agreement with Mnembe Safari during the 2018 game season. This new site will become the fourth property to receive custodianship animals.

Reserve Security

The escalation of rhino poaching on ECPTA reserves has necessitated the allocation of substantial resources towards combating this threat. Attention has been focused on substantial investment in infrastructure, training and equipping staff, improving security protocols and measures, and the creation of dedicated rhino monitoring and security posts. Resources for this have been derived from operational budgets, a special rhino security allocation from DEDEAT, and from key donors such as the Endangered Wildlife Trust that supplies tracking dogs to ECPTA for anti-poaching operations. With the current economic situation and shrinking budgets, these donors will play an increasingly important role in rhino

conservation. To this end, ECPTA concluded a Memorandum of Understanding (MoU) with the Wilderness Foundation in terms of which they assist with rhino monitoring and security flights. This has proved to be a very valuable partnership.

ECPTA has also signed an MoU with the Zoological Society of London to demonstrate a scalable outcomes-based financing mechanism that directs additional private and public-sector funds to improve management effectiveness of priority rhino populations. This will be a 5-year investment beginning in 2020. The MEC availed R 13.5 million to ECPTA for the installation of an upgraded security and surveillance system on its security reserves. This funding will complement the Rhino Investment Bond that will be in place from 2020.

ECPTA had notable success in the arrest of a number of poaching groups during the 2018/19 financial year. These cases are currently in the system and the courts have handed down significant sentences of 25 years in concluded cases.

All evidence points to a continued escalation in rhino poaching in the future and it is therefore critical that the Agency is well prepared and equipped to deal with this threat.

Drought

The drought conditions experienced across large parts of the country have continued in the Eastern Cape. These conditions have affected game densities and condition in a number of reserves. The failure of good rains before winter exacerbated these negative impacts, which in turn influenced game off-takes and revenue generation in the 2018/19 financial year.

The drought continues to have a serious effect on ECPTA reserves, particularly in the western part of the province. The Baviaanskloof World Heritage Site is most severely affected. Reserve management are monitoring the situation, and appropriate interventions are considered as and when necessary.

The dry conditions have influenced the occurrence, distribution and intensity of fires and increased fire vigilance is essential. Large fires have been recorded that have had significant ecological effects on the availability of grazing for game species. This has resulted in a change in the fire management approach for the Baviaanskloof World Heritage Site.

Unusual weather conditions can often have unforeseen consequences and continued monitoring is being carried out on nature reserves. Climate change models indicate that the intensity and duration of extreme weather conditions can be expected to increase in future.

It is, however, important to note that droughts are a normal ecological process and play an important part in regulating large animal population numbers. Indigenous animals are generally well adapted to dealing with these conditions and are more resilient than domestic animals. The Agency will continue to monitor the situation closely.

Wildlife Sales

ECPTA generated less revenue than expected from game sales in the 2018/19 financial year. This was not entirely surprising given the drought being experienced in the province over the last 4 years. This situation has led to farmers off-loading game and having less disposable income to spend on purchasing game. Buyers received the antelope bull lots, introduced at the 2018 auction, very well. It should be noted that the Free State province sold 100 disease free buffalo, the same product ECPTA sells, at meat value and culled them in 2018. This is a clear indication that the buffalo market in particular has changed and that buffalo prices are in decline.

Hunting performed well under its second year of on-line auction sales. All the domestic hunting packages, including the hunts reserved for the emerging black hunting market, were sold. All the international hunts were sold as well. It is envisaged to reserve Mpofu Nature Reserve as the international destination and mould the domestic hunts around these in 2019.

2.1.3 DESTINATION MARKETING

“Travel and tourism contribute more to the South African economy than in any other African country. South Africa has long grasped the potential of travel and tourism to drive economic growth, create jobs and promote social development.

“Looking to the future, I believe that travel and tourism are South Africa’s greatest resources, and the country’s strategy for expansion, which prioritises regional integration, environment sustainability and putting the community at the heart of decisions, will make for a successful combination.”

Gloria Guevara President of World Travel & Tourism Council

Statistics South Africa defines a “visitor” as “a traveller who takes a trip to a place outside their usual environment, for less than a year, for any purpose other than to be employed at the place visited. A visitor can either be a same-day visitor, who visits a place for less than one night, or a tourist, whose trip includes an overnight stay.” ECPTA is committed to increasing the number of international and domestic visitors to the province and to turning visitors into tourists.

Domestic Tourism

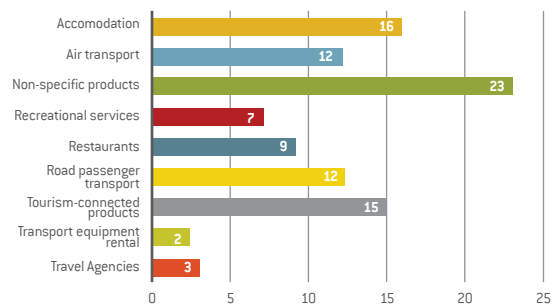
According to the Tourism Satellite Account for South Africa, final 2015 and provisional 2016 and 2017 (published by StatsSA in November 2018) domestic tourism expenditure increased by 9,0% in 2017 to R156 437 million compared with a 16,9% increase in the previous period.

This increase is despite the 29% drop in domestic trips over the same period (according to SAT). It is obvious then, that marketing the province’s attractions to this market segment represents potentially positive return on investment. This is one of the motivations underlying the Agency’s prioritisation of the domestic tourism market.

International Tourism

Non-specific products accounted for almost a quarter of the R121 billion that international visitors spent in South Africa in 2017. According to StatsSA, the next major portion of visitor spend is understandably on accommodation. It is apparent from the breakdown to the right that international tourists generally prefer to pay to be transported, rather than to self-drive in a rental vehicle. These observations have implications for how we understand the international tourism market, and how we position ourselves as a Province to enhance visitor experiences.

International visitors’ proportional spending breakdown



2.2 ORGANISATIONAL ENVIRONMENT

The Entity has due to the shrinking funding envelope in the province and reduced own revenue from traditional revenue streams leveraged resources from the National sphere through National departments to fund infrastructure projects and more importantly to harness project management fees. Projects such as the Youth Environmental Services (YES) program have allowed development of youth in the communities that surround our reserves and augment our internal human resources.

The Entity continues to state its case in the Provincial sphere. This has borne fruit in that the DEDEAT in the last quarter transferred an additional appropriation for Rhino protection on a digital platform for R13.4 million.

Key to the success of business operations is to ensure instant access to accurate and up to date information at all times.

With the dependency of business on Information Technology infrastructure, and the applications that are supporting business processes, a successful cyber-attack would be disastrous. Cyber threats continue to jeopardise the successful implementation of the strategic goals of the ECPTA, however, by intensifying control measures such as firewall management system, anti-virus, anti-spyware, anti-spam and others, the chances of successful cyber-attacks are minimised. In addition to the above, network analysis scans and penetration tests are conducted to identify threat sources, vulnerabilities, potential impacts, and possible controls.

It is critical to get the balance right between people, processes and technology. In the ECPTA context, cyber awareness sessions are conducted quarterly to ensure that employees are capacitated to identify malicious cyber activities and how to handle such.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

DEDEAT initiated the process of reviewing the Eastern Cape Parks and Tourism Agency Act (No 2 of 2010) in 2017. The review was necessary to migrate from the emphasis on transition (amalgamation of the Parks and Tourism Boards) and accommodate updates to umbrella legislation since 2010.

The Eastern Cape Parks and Tourism Bill 2018 was published for public comment in February 2018; comments have been addressed in the subsequent Bill. During March 2019, the Provincial Cabinet Committee endorsed the Eastern Cape Parks and Tourism Bill, 2019 for introduction to the Eastern Cape Provincial Legislature.

The entity is aware of the pervasive nature of the claims against it by third parties, especially those relating to fire claims. The entity is a Schedule 3C Public Entity in terms of the Public Finance Management Act. This means that the Provincial Government is ultimately the guarantor and funder of any claims that may arise, and the entity is not permitted to retain funds to build up reserves to mitigate future claims. Management has therefore not seen the need to pass any doubt on the entity's ability to continue as a going concern.

2.4 STRATEGIC OUTCOME ORIENTED GOALS

The ECPTA has continued to pursue a single strategic goal. The intention is to promote the desired unity of purpose that underscores the ECPTA Act. The Agency's Strategic Goal defines its contribution towards securing a sustainable future for the Province.

Strategic Goal

Resource Mobilisation

Goal statement

To leverage resources for tourism and conservation priorities

Goal purpose

To improve the attractiveness of the ECPTA as an investment option by executing our mandate to the highest possible standards for the entire strategic period

Justification

All indications are that the economic decline of the past several years will take longer than originally expected to reverse. In the meantime, the fiscal envelope is shrinking. As a Schedule 3C public entity, this puts enormous strain on the ECPTA to continue to achieve its stated purpose of (i) developing and managing protected areas and (ii) promoting and facilitating the development of tourism in the Province.

The ECPTA has noted that, in acknowledging the fragile economic outlook for the country, both National and Provincial governments have put an emphasis on the establishment of partnerships to ensure ongoing delivery of mandated services.

Progress against priorities

1. Maintain the ECPTA's position as the leading management authority of declared nature reserves in the country
 - The average annual METT-SA assessment score for all reserves managed by ECPTA was 75%, against a targeted average of 72%
 - The 67% METT target set nationally was exceeded by all 15 reserves, surpassing the target of 10 reserves in this category of achievement
 - While the performance is satisfying, ECPTA is concerned that, without significant investment in reserve infrastructure and the biodiversity economy over the next two years, these levels will not be sustained
 - Investment from the Provincial Cabinet towards the end of 2018/19 has allowed the Agency to initiate a cutting-edge digital security solution for high-value reserves
 - Intensification of anti-poaching efforts, through collaboration with environmental law enforcement partners, has resulted in arrests and successful conviction of poachers
 - The persistent drought has impacted the quality of game available for auction, resulting in lower-than-expected revenue from this source
2. Work towards regaining a top-three SA Tourism (SAT) ranking as a domestic tourism destination for the province
 - The province's domestic tourism ranking peaked at 4th place in 2016/17. The province lost ground to 5th place in 2017/18, and retained this ranking in 2018/19 (according to the most recently published data from SAT)
 - Inter-provincial competition for domestic tourists put the Eastern Cape at a disadvantage for three reasons:
 - The higher unemployment rate means that citizens of the Eastern Cape have significantly less disposable income to use for leisure and recreation

- The sluggish economy of the past several years means that fewer domestic tourists are holidaying
 - When they do, the rising petrol price has caused domestic travellers to find holiday destinations that are closer to home
 - While the province has sustained its numbers with respect to international tourists, the absence of a single functional international airport in the province undermines international marketing efforts
 - ECPTA plans an in-depth review of the Agency's tourism promotion and marketing strategies to improve the province's standing as a tourism destination. Part of this review will involve re-shaping performance indicators to reflect the priorities, language, and trends of the broad tourism sector more succinctly.
3. Intensify efforts to transform the Conservation and Tourism sectors and open both up to mainstream participation by previously disadvantaged individuals
- In 2018/19, ECPTA built on the successes in transformation of the conservation sector achieved during 2017/18.
 - An annual report for the 2018 calendar year was prepared. This is the first report of its kind, providing:
 - Assurance that the ECPTA-owned animals on transformation sites (where PDI owners have entered into custodianship agreements with ECPTA) are being adequately managed
 - Information on game management activities and game population performance
 - Insight into shortcomings or problems related to the management of the animals.
 - Difficulties arose with the sharing of costs for translocation of additional animals to the transformation sites. The issue requires an innovative solution to ensure the longevity of the programme
- Towards the end of the financial year, Provincial Cabinet granted approval for the translocation of rhino to a new transformation site as part of both the Black Rhino Range Expansion Project (International) and the Game Farm programme (Provincial). The translocation will take place in the first half of the 2019/20 financial year.
 - Changing demographics of provincial winners and participants of the annual Lilizela Tourism Awards is the most obvious marker of successful transformation of the Tourism Sector.
 - Although the numbers of entries have dropped countrywide, the Eastern Cape had the highest number of provincial entries and finalists for the fourth year in a row.
 - Only 1 (1.33%) PDI-owned business from the Eastern Cape participated in the inaugural competition in 2013. By contrast, 156 PDI-owned products entered the 2018 competition, making up 46.57% of provincial entries.
 - Eastern Cape led Lilizela for the first time with 13 national winners, followed by the Western Cape with 11, and KwaZulu-Natal with nine.

Outcome

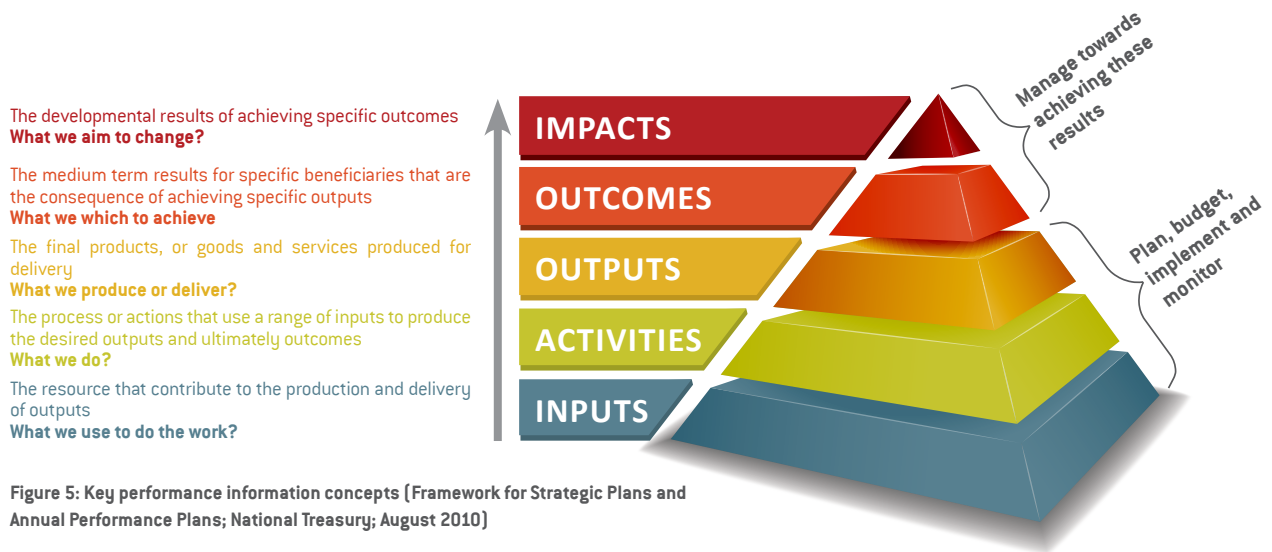
The Medium-term expenditure estimate included in the 2018/19 APP predicts an "other grants and transfers" amount of R29.704 million in 2019/20. The final budget for 2019/20, concluded in March 2019, includes an amount of R161.817 million for "other grants and transfers". This represents five-fold increase on the original prediction, effectively increasing the ECPTA's annual budget from R259.851 million (predicted) to R409.580 million.

ECPTA believes that this achievement is recognition of the excellent work done in addressing the three priorities. Stakeholders endorsed the ECPTA's work with a 76% satisfaction rating during the annual stakeholder satisfaction survey, and this has translated into broadening interest in the Agency's work.



Morgan Bay to Double Mouth
Photo credit: ECPTA

3. PERFORMANCE INFORMATION BY PROGRAMME



The planning and reporting framework prescribed by National Treasury for public sector bodies relies on iterative and inter-related components. Measures used to determine the success of performance at each level differ considerably, and are often difficult to compare. To address this incompatibility, ECPTA uses indices to enable an obvious correlation between organisational level OUTCOMES and operational level OUTPUTS and ACTIVITIES.

Where appropriate, several related performance indicators combine into summative indices. Where ECPTA uses an index as a unit of measure, the performance levels are 3-2-1

as illustrated in the block alongside. The ECPTA Board only accepts performance at 90% and above as satisfactory, so for index scores this translates to 2.7 (90% of 3 = 2.7). These levels correspond to the performance categories introduced by DEDEAT as the shareholder department.

ECPTA Management defines Index Scorecards at the start of the year. To achieve an index value of 3 at the APP level, all contributing Operational targets must be achieved. Similarly, an index score of 3 at the Strategic Objective level requires achievement of all underlying APP targets. Indicators carry weights according to their relative importance and complexity.

KEY TO PERFORMANCE STATUS

Score 1 = Not Achieved
Performance result ≤ 70% of target

Score 2 = Partially achieved
Performance result > 70% and < 90% of target

Score 3 = Achieved
Performance result ≥ 90% of target

In 2018/19, ECPTA continued to strive for the achievement of nine strategic objectives, specifically:

- 1.1 To implement a decision support system for biodiversity management in the province throughout the MTEF period
- 1.2 To expand the protected area system as mandated throughout the MTEF period
- 1.3 To encourage participation of previously disadvantaged individuals in the mainstream tourism industry throughout the MTEF period
- 1.4 To encourage participation of previously disadvantaged individuals in the conservation and game farming industries throughout the MTEF period
- 2.1 To ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020
- 3.1 To develop provincial nature reserves as tourism products throughout the MTEF period
- 3.2 To maintain effective management of protected areas throughout the MTEF period
- 3.3 To mobilise resources for tourism and conservation development on reserves throughout the MTEF period
- 4.1 To ensure the organisation's ability to meet its mandate by providing cross-cutting support services throughout the MTEF period

The Agency was responsible for 168 performance indicators across the three planning levels in 2018/19. Of these, the Agency achieved 93.45%. The graph to the right illustrates performance in relation to each strategic objective.

While the stipulated requirements for Annual Reports are limited to strategic and annual performance objectives, ECPTA finds these meaningless without an understanding of the underlying operational intent. This Annual Report therefore deviates from the stipulated requirements to include operational results in addition to strategic and performance outcomes

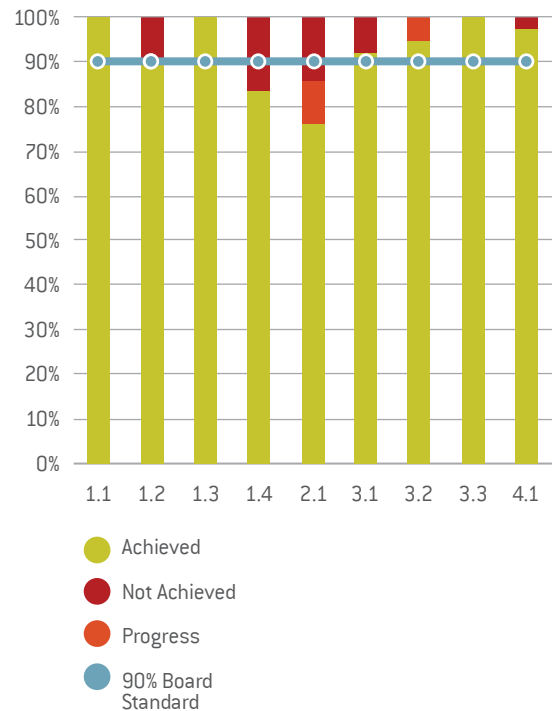


Figure 6: Graphic representation of overall performance by strategic objective in 2018/19

Additional tables in sections 3.1.3, 3.2.3, and 3.3.3 therefore include strategic, annual performance and operational indicators, and clearly indicate the unit of measure for each indicator, and its relative weight in an index where applicable.

3.1 PROGRAMME 1: OPERATIONS

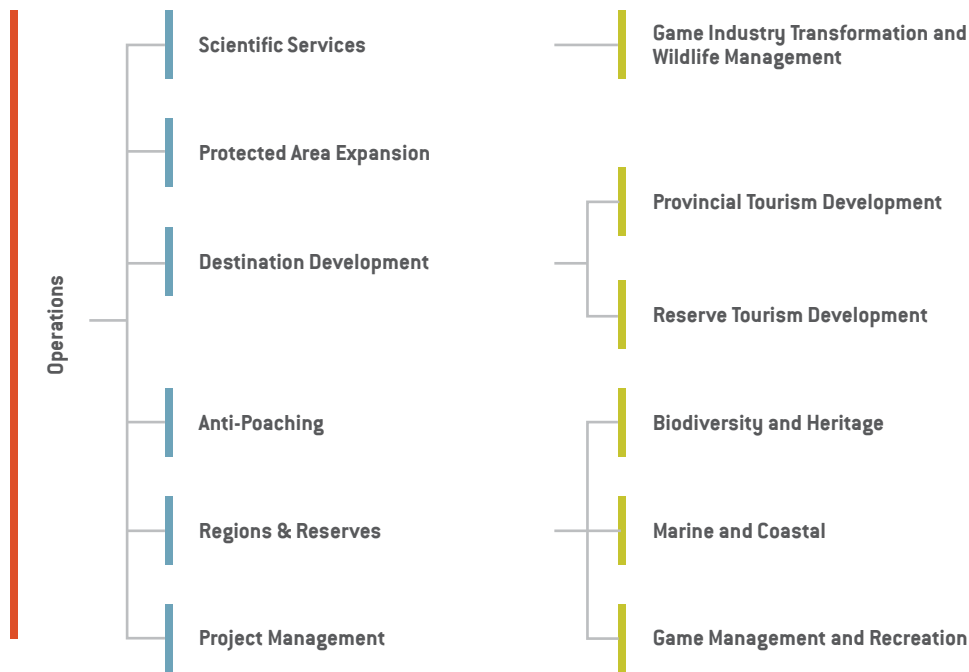
3.1.1 DESCRIPTION OF PROGRAMME

Purpose

Programme 1: Operations is an amalgamation of three previously disconnected departments namely Biodiversity Conservation, Reserve Operations, and Tourism Development. The amalgamation is a result of the intentional streamlining of mandated activities according to the 5-year Strategic

Plan (2015/16 to 2019/20). The units within the programme combine to deliver protected species management, reserve security, biodiversity management, protected area planning and expansion, tourism development, and management and development of infrastructure and facilities.

Programme Structure



Key functions of Operations

- Strategically and operationally manage of the ECPTA's regional (cluster) operations by managing, implementing, and extending the expansion of the regional tourism routes and the ECPTA reserves.
- Implement and support wild life protection regulations, investigations, and prosecution of criminal offenses, as prescribed by legislation, including the acquisition of permits.
- Provide professional scientific information and planning support to guide and inform biodiversity management, strategy, and decision making in the Agency.
- Lead efforts to expand the protected area estate through stewardship.
- Facilitate access to the biodiversity economy and facilitate co-management agreements.
- Manage and support the engagement of communities associated with reserves (through co-management of reserves and social responsibility projects).
- Ensure compliance with Occupational Health and Safety legislation.
- Manage relationships with ECPTA's stakeholders within the Province.

3.1.2 STRATEGIC OBJECTIVES

Each strategic objective is reliant on work detailed in Annual Performance Plans and Annual Operational Plans. During the year under review, the Programme was responsible for the achievement of six Strategic Objectives, each delivered by a designated sub-programme or unit.

Performance and operational indicators contributing to the strategic objectives for which the Operations Department is responsible are distributed as follows:

Strategic Objective	Lead component	Indicators per plan	Strategic	Annual	Operational
To implement a decision support system for biodiversity management in the province throughout the MTEF	<i>Scientific Services</i>		1	3	14
To expand the protected area system as mandated throughout the MTEF period	<i>Protected Area Expansion</i>		1	3	10
To encourage participation of PDIs in the mainstream tourism industry throughout the MTEF period	<i>Destination Development</i>		1	7	12
To encourage participation of PDIs in the conservation and game farming industries throughout the MTEF	<i>Game Industry Transformation</i>		1	3	8
	<i>Reserve Clusters</i>		0	1	2
To maintain effective management of protected areas throughout the MTEF period	<i>Reserve Clusters</i>		1	3	13
	<i>Priority Projects</i>		0	2	5
To mobilise resources for tourism and conservation development on reserves throughout the MTEF	<i>Stakeholder Engagement</i>		1	3	16

Scientific Services

Strategic Objective 1.1: To implement a decision support system for biodiversity management in the province throughout the MTEF period

The core function of Scientific Services is to ensure that the management and expansion of the protected areas is based on and informed by good science. To this end, the sub-programme executes the following key functions:

- 1) Conduct priority research to guide, inform, and support management decisions
- 2) Manage and facilitate external research
- 3) Develop and implement monitoring programmes
- 4) Develop and review subsidiary management plans
- 5) Manage biodiversity data
- 6) Provide Ecological and Environmental Management Advice and Support
- 7) Develop biodiversity management policies, plans, and strategies
- 8) Support Provincial and National biodiversity conservation initiatives, including Protected Area Expansion

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Biodiversity Decision Support Index	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices relating to Biodiversity Research, Biodiversity Monitoring, and Ecological Planning fully achieved

Protected Area Expansion

Strategic Objective 1.2: To expand the protected area system as mandated throughout the MTEF period

The ECPTA Act (2 of 2010) mandates the entity with expanding the protected area system in order to conserve a suitable representative sample of the biodiversity of the province. In doing so, ECPTA contributes to facilitating a continued supply of ecosystem services and reaching provincial and national protected area expansion targets. The Protected Areas Expansion unit implements the Stewardship Programme and supports conservation planning and environmental management in relation to the Provincial Nature Reserves.

The state has insufficient funds to purchase land for protected area expansion. The key alternative to purchasing land is stewardship, which aims to secure biodiversity assets in priority areas through voluntary agreements with private and communal landowners or users. Biodiversity stewardship contributes to securing biodiversity features and ecosystem services through agreements and formal declaration of protected areas, while also addressing socio-economic and rural development imperatives. To date this programme has

secured the declaration of approximately 190 000 ha for the province.

- 1) Implement the Eastern Cape Protected Area Expansion Strategy
- 2) Maintain a Register of Protected Areas (PA)
- 3) Expand and consolidate protected areas managed by ECPTA
- 4) Support processes to check (verify), rectify and demarcate boundaries of protected areas
- 5) Engage with landowners and communities in priority areas for conservation
- 6) Assess the biodiversity importance of candidate sites
- 7) Manage processes to declare protected areas, in line with the requirements of legislation, in particular the National Environmental Management: Protected Areas Act
- 8) Sign PA Management Agreements with landowners
- 9) Support landowners to develop PA Management Plans
- 10) Leverage access to incentives for landowners
- 11) Assess the implementation of PA Management Plans

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Provincial PAES target per annum	67 887 ha	18 050 ha	1 748 ha	- 16 302 ha	Intention to declare not translated to declaration within 2018/19*

*Boundary issues that require the intervention of the land surveyor, mining rights issues raised by the Department of Mineral Resources, property transfers, and correspondence challenges with overseas landowners

Destination Development

Strategic Objective 1.3: To encourage participation of previously disadvantaged individuals in the mainstream tourism industry throughout the MTEF period

The Destination Development Unit draws its mandate from the ECPTA Act 2 of 2010, and focuses on developing the industry in the province. Since 2016/17, this has included intentional attention to developing the tourism capacity of reserves.

Transformation of the tourism industry is critical to the future success of the industry. Whilst a certain degree of organic growth in transformation will occur in the industry over time, some interventions are necessary to assist with the process. Transformation programmes seek to ensure that emerging enterprises owned by Previously Disadvantaged Individuals (PDIs) reach the mainstream of the sector through providing market access to SMMEs, providing tourism interventions / support to tourism associations and businesses, and preparing communities to leverage benefits from events held in their

include facilitating tourist guide compliance and implementing the Tourism Lilizela Awards Program.

localities

In order for the Eastern Cape to compete with other destinations, it has to offer unique, diverse, and good quality tourism products. ECPTA supports this by:

- Developing Tourism Development Concept Plans
- Developing Reserve Tourism Development Plans
- Undertaking collaborative efforts to support community tourism projects
- Reserve signage

The unit further seeks to support the tourism industry by implementing tourism support programmes, creating tourism awareness, facilitating seasonal tourism safety jobs, and implementing initiatives to empower youth on tourism.

The quality assurance efforts seek to ensure that every visitor leaves the destination having experienced the warmth of the people and superior service excellence. Responsibilities

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Provincial tourism development	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices relating to Tourism Product Development, Tourism Industry Support, and Tourism Service Standards fully achieved

Game Industry Transformation and Game Management

Strategic Objective 1.4: To encourage participation of previously disadvantaged individuals in the conservation and game farming industries throughout the MTEF

Operationally, the Game Industry Transformation and Game Management unit falls under Scientific Services because the management of game, including translocation to transformation sites, is subject to strict scientific planning and monitoring. The Game Industry Transformation and Management unit implements biodiversity economy initiatives

by focusing on three related areas:

- Implementing the game farm transformation programme, whereby emerging black game farmers enter into a custodianship agreement to manage ECPTA-owned game on their farms
- Facilitating transformation initiatives such as mentoring within the established game farm industry in the Province
- Ensuring that the game management recommendations (including transformation transfers) are implemented according to Board resolution

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Biodiversity economy initiatives implemented	1 (Yes) Unit of measure Yes=1 / No=0	2.7 (index score)	2.7 (index score)	0 (index points)	43.5% of animals approved for translocation to transformation sites delivered against a target of 90%

Regional Reserve Clusters

Strategic Objective 3.2: To maintain effective management of protected areas throughout the MTEF period.

effectively, to maintain a regional presence for both conservation and tourism, and to manage infrastructure and facilities on reserves. Reserves are clustered into three regions according to their dominant niche:

ECPTA deploys the Regional-Reserves Cluster approach to manage the protected areas for which ECPTA is responsible

Cluster	Niche	Reserves	Routes
Biodiversity and Heritage Regional Office: Island Nature Reserve	Iconic reserves Opportunities for special interest and educational tourism	Baviaanskloof Great Fish River Groendal Island Thomas Baines & Waters Meeting	Kouga, Tsitsikama, Sundays River Valley, Karoo Heartland, Frontier Country
Game Management and Recreation Regional Office: East London	Offer market opportunities for hunting, holiday and special interest	Commando Drift Mpfu / Fort Fordyce Ongeluksnek Oviston Tsolwana East London Coast	Amathole Mountain Escape, Friendly N6, Frontier Country, Karoo Heartland
Marine and Coastal Regional Office: Nduli Nature Reserve	Good fit with holiday visitors Opportunities for educational and recreational users	Nduli Luchaba Dwesa Cwebe Hluleka Mkhambathi Silaka	Sunshine Coast, Wild Coast



Reserve Operations

The Reserve Operations section is required to maintain effective management of protected areas. In addition to managing the conservation of ecosystems on reserves, regional (cluster) and reserve management are responsible for managing, implementing, and extending the expansion of the regional tourism routes, including the ECPTA reserves.

Importantly from a conservation perspective, they also implement and support wild life protection regulations, investigations, and prosecution of criminal offenses as prescribed by legislation.

Project Management

The Project Management Unit is responsible for designing, planning and executing all infrastructure implementation and maintenance on all ECPTA-managed reserves. With the dwindling infrastructure budget, maintenance is emphasised to offset the growing backlog.

Social Responsibility and EPWP

The unit is responsible for securing, contracting, and co-ordinating various "Working for ..." projects of the National Department of Environmental Affairs, as well as Youth Environmental Service (YES) deployments. Consequently, the unit contributed to sustaining 228 work opportunities in mostly rural communities in 2018/19.

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
METT-SA Score	75 (score)	72 (score)	75 (score)	+ 3 (score)	Successful implementation of reserve specific METT turnaround plans

3.1.3 KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Strategic Objective 1.1: To implement a decision support system for biodiversity management in the province throughout the MTEF period

Key performance indicators (KPIs) per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Biodiversity Decision Support Index	622	3 (index score) ¹	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices fully achieved
Biodiversity Research Index	N/A	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Biodiversity Monitoring Index	N/A	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Ecological planning Index	N/A	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved

¹ Unit of measure changed from 2016/17 to the standard form of index used for most other indicators.

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Biodiversity Decision Support (BDS) Index					3.0 (average of quarterly index scores)	
Biodiversity Research Index		40% of BDS Index			3.0	(average of quarterly index scores)
	Establish priority research agenda	10	Yes(1) / No(0)	1	1	No deviation
	Research to fill identified knowledge gaps	20	#	2	2	No deviation
	Manage External Research on Reserves	30	Yes(1) / No(0)	1	1	No deviation
	Develop systems to support conservation	20	#	4	4	No deviation
	New taxon Inventories developed	10	#	16	16	No deviation
	Taxon Surveys conducted	10	#	2	2	No deviation
Biodiversity Monitoring Index		40% of BDS Index			3.0	(average of quarterly index scores)
	Ecological Monitoring conducted	20	#	5	6	
	Game Census completed	30	Yes(1) / No(0)	1	1	The vegetation monitoring report for Oviston was completed ahead of expectations
	Priority Taxon Monitoring completed	30	#	8	8	
	Monitor Annual Game off-takes	20	Yes(1) / No(0)	1	1	
Ecological Planning Index		20% of BDS Index			3.0	(average of quarterly index scores)
	Species Management Plans Developed	52.2	#	2	2	No deviation
	Ecological Management Plans Developed	0	#	0	0	No deviation
	Annual Game Management Recommendations	47.8	Yes(1) / No(0)	1	1	No deviation

Strategic Objective 1.2: To expand the protected area system as mandated throughout the MTEF period**Key performance indicators per Annual Performance Plan**

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Provincial Protected Area Expansion Strategy target	25 930 ha	0 ha	67 887 ha	18 050 ha	1 748 ha	- 16 302 ha	Intention to declare not translated to declaration within 2018/19 *
Stewardship programme implementation	N/A	1 Yes(1) / No(0)	1 ² Yes(1) / No(0)	2.7 [index score]	3 [index score]	+ 0.3 [index points]	All operational targets achieved
Socio-economic beneficiation through People & Parks Programme	N/A	1 Yes(1) / No(0)	1 ² Yes(1) / No(0)	2.7 [index score]	3 [index score]	+ 0.3 [index points]	All operational targets achieved
Integrated planning support implementation	N/A	1 Yes(1) / No(0)	1 ² Yes(1) / No(0)	2.7 [index score]	3 [index score]	+ 0.3 [index points]	All operational targets achieved

* Boundary issues that require the intervention of the land surveyor, mining rights issues raised by the Department of Mineral Resources, property transfers, and correspondence challenges with overseas landowners

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Provincial Protected Area Expansion Strategy target				1 748 ha		
Stewardship programme implementation					3.0	(average of quarterly index scores)
	Manage declaration processes for stewardship sites	40	#	1	1	No deviation
	Negotiate agreements for stewardship sites	35	#	4	4	No deviation
	Assess annual implementation of protected area management plans	25	#	4	4	No deviation
Socio-economic beneficiation through People & Parks Programme					3.0 (average of quarterly index scores)	
	Monitor socio-economic beneficiation	15	Yes(1)/No(0)	1	1	No deviation
	Formalise co-management agreements	20	Yes(1)/No(0)	1	1	No deviation
	Implement Capacity Building for the outreach team and the land claimant communities	20	Yes(1)/No(0)	1	1	No deviation
	Facilitate development of business plans for the land claimant communities	15	Yes(1)/No(0)	1	1	No deviation
	Support stakeholder engagement for the N2 Offset	15	Yes(1)/No(0)	1	1	No deviation
	Coordinate environmental education and awareness programme	15	Yes(1)/No(0)	1	1	No deviation
Integrated planning support implementation					3.0 (average of quarterly index scores)	
	Provide support to provincial and municipal biodiversity planning processes	25	Yes(1)/No(0)	1	1	No deviation
	Participate in priority EIA processes	25	Yes(1)/No(0)	1	1	No deviation
	Update Protected Area Management Plans	20	#	2	2	No deviation
	Support development of Implementation plan for N2 Biodiversity Offset	10	Yes(1)/No(0)	1	1	No deviation
	Support project to update reserve boundaries and SG diagrams	20	Yes(1)/No(0)	1	1	No deviation

Strategic Objective 1.3: To encourage participation of previously disadvantaged individuals in the mainstream tourism industry throughout the MTEF period

Key performance indicators per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Provincial Tourism Development Index	2.7 (index score)	1 (Yes[1]/No[0]) ³	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices fully achieved
Tourism Product Development	N/A	1 (Yes[1]/No[0])	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Tourism Industry Support	N/A	1 (Yes[1]/No[0])	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Tourism Service Standards	N/A	1 (Yes[1]/No[0])	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Reserve-based tourism plans	N/A	N/A	2.7 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved

³ Unit of measure changed from 2016/17 to the standard form of index used for most other indicators.

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Provincial Tourism Development (PTD) Index					3.0 (average of quarterly index scores)	
Tourism Product Development		40% of PTD Index		3.0	(average of quarterly index scores)	
	Develop Tourism Development Concept Plans	50	#	2	2	No deviation
	Collaborative efforts to support community tourism projects	50	%	90	95	100% of underlying plan completed in Q1 and Q4
Tourism Industry Support		40% of PTD Index		3.0	(average of quarterly index scores)	
	Implement tourism support program	30	#	8	16	Enhanced relationships with local tourism organisations resulted in more support initiatives requested than anticipated
	Create tourism awareness	25	#	12	22	Collaboration with stakeholders such as DEDEAT, Women in Tourism, Municipalities, and local tourism organisations
	Number of seasonal tourism safety jobs	15	#	60	73	The demand for safety buddies in tourism hot spots during seasonal peak periods exceeded the anticipated need
	Implement Initiatives to empower youth on tourism	30	#	6	6	No deviation
Tourism Service Standards		20% of PTD Index		3.0	(average of quarterly index scores)	
	Facilitate tourist guide compliance	50	Yes(1)/No(0)	1	1	No deviation
	Implement Tourism Lilizela Awards Program	50	Yes(1)/No(0)	1	1	No deviation
Reserve-based tourism plans				3.0	(average of quarterly index scores)	
	Develop Reserve Tourism Development Plans	60	#	1	1	No deviation
	Reserve signage	40	%	90	98	All aspects of the plan were delivered in quarters 1, 3, and 4. Nine of ten items delivered in Q2

Strategic Objective 1.4: To encourage participation of previously disadvantaged individuals in the conservation and game farming industries throughout the MTEF period

Key performance indicators per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Biodiversity economy initiatives implemented	N/A	N/A	1 ⁴ Yes(1) / No(0)	2.7 (index score)	2.7 (index score)	0 (index points)	90% of underlying indices achieved
Game farm programme implemented	N/A	N/A	3 (index score)	2.7 (index score)	2.7 (index score)	0 (index points)	90% of operational targets achieved
Transformation facilitation	N/A	N/A	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Biodiversity economy initiatives (BEI) implemented				2.7 (average of quarterly index scores)		
Game farm programme implemented		60% of BEI Index		2.7	(average of quarterly index scores)	
Maintain game transformation candidates register / data base	30	Yes(1) / No(0)	1	1	No deviation	
Deliver approved animals from 2017 approval process	50	%	90	38.9	Difficulties arose with the sharing of costs for translocation of animals to the transformation sites	
Facilitate agreements with approved transformation sites for 2018 round	20	#	1	1	No deviation	
Transformation facilitation		40% of BEI Index		3.0	(average of quarterly index scores)	
Facilitate Eastern Cape Game Transformation Forum	65	#	2	2	No deviation	
Monitor game on all custodian sites	35	Yes(1) / No(0)	1	1	No deviation	

4 Unit of measure Index: Yes (1) / No (0) in 2017/18. Standard form of index from 2018/19

Strategic Objective 3.1: To develop provincial nature reserves as tourism products throughout the MTEF period

This strategic objective is primarily the responsibility of the newly formed Commercialisation Unit. Due to its strategic potential, ECPTA located the unit within the Executive Office for its establishment phase. The unit's work is reported in section 3.3 of this document.

Strategic Objective 3.2: To maintain effective management of protected areas throughout the MTEF period

Key performance indicators per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
METT-SA score	64	68	75 (score)	72 (score)	75 (score)	+ 3 (score)	Successful implementation of reserve specific METT turnaround plans
Proportion of reserves with METT-SA score over 67	53 (8) ⁵	60 (9)	100 (15)	67 (10)	100 (15)	+ 33 (5)	Success of METT turnaround plans
State of Reserves	2.9	1 ⁶	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved
Implementation of game management recommendations	N/A	1	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved
Infrastructure project implementation	N/A	1	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved
EPWP project implementation	N/A	1	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
METT-SA score					75 (score)	
Proportion of reserves with METT-SA score over 67					100%	Not weighted
Reserves with reviewed /approved management plans	N/A	#	#	2	0	2 plans prepared. 1 st approved by Board, 2 nd returned for additional consultation. Not submitted to MEC by year end
Implementation of updated annual operational plans	N/A	#	#	15	15	No deviation

⁵ Percentage (absolute number) of reserves achieving METT-SA score over 67

⁶ Unit of measure changed from "index" to "yes/no" from 2016/17. Standard form of index returned to use from 2017/18

Key Performance Indicator	Operational Performance Indicator	Weight (%) in Index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
METT-SA score				75 (score)		
Implementation of Reserve Tourism Development Plans		N/A	#	6	6	No deviation
Reserves with METT turn-around plans		N/A	#	15	15	No deviation
Execution of prioritised turn around strategies recommended from METT report		N/A	#	15	15	No deviation
State of Reserves				3.0	(average of quarterly index scores)	
PA Management system evaluation report		15	Yes(1) / No(0)	1	1	No deviation
Execution of prioritised turn around strategies recommended from evaluation report		35	#	15	15	No deviation
Implementation of key species (rhino, elephant) management plans		30	Yes(1) / No(0)	1	1	No deviation
Operational risk assessments per reserve		20	#	15	15	No deviation
Implementation of game management recommendations				3.0	(average of quarterly index scores)	
Off-take recommendations implemented as planned		90	%	90	90.9	No deviation
Game donation programme implemented		10	#	7	8	The Board approved the sale of an additional buffalo.
Infrastructure project implementation				3.0	(average of quarterly index scores)	
Project milestones achieved		45	%	90	97	Target of 90% of project milestones exceeded each quarter
Job opportunities created		30	#	120	148	42 job opportunities sustained over last 3 quarters to meet additional projects undertaken, such as fencing project at Double Drift Nature Reserve
SMMEs engaged on infrastructure projects		25	#	18	18	No deviation
Expanded Public Works Programme implementation				3.0	(average of quarterly index scores)	
Job opportunities created		100	#	200	228	Average of 228 job opportunities sustained through the YES, Wildlife and Environment Society of South Africa's Green Coast Project, National Environmental Monitors and Working on Fire programmes

Strategic Objective 3.3: To mobilise resources for tourism and conservation development on reserves throughout the MTEF period

Key performance indicators per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Resource mobilisation	N/A	N/A	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All underlying indices achieved
Conservation resources	N/A	N/A	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved
Tourism Development resources	N/A	N/A	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Resource mobilisation (RM)					3.0 (average of quarterly index scores)	
Conservation resources		50% of RM Index			3.0 (average of quarterly index scores)	
	Review / adapt the stakeholder matrix	50	Yes(1)/ No(0)	1	1	No deviation
	Identify resource mobilisation opportunities from database of potential government funders	30	Yes(1)/ No(0)	1	1	No deviation
	Match funders to ECPTA projects	20	%	75	100	All opportunities matched
Tourism Development resources		50% of RM Index			3.0 (average of quarterly index scores)	
	Review / adapt the stakeholder matrix	50	Yes(1)/ No(0)	1	1	No deviation
	Identify resource mobilisation opportunities from database of potential government funders	30	Yes(1)/ No(0)	1	1	No deviation
	Match funders to ECPTA projects	20	%	75	100	All opportunities matched
	Stakeholder relationship (external)	N/A	Index	70	76	The requirement that units reflect on and moderate stakeholder engagements has resulted in positive stakeholder sentiment

3.1.4 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Wildlife revenue was under-collected against target by R2.990 m. The prevailing drought combined with a declining market for buffalo breeding stock and bontebok resulted in the annual game auction not achieving expected revenue targets. As both these factors are set to remain, additional avenues for wildlife sales are to be tested for the 2018/19 season. These include online auctions for both live sales and hunting.

The collection of reserve-generated revenue has been to topic of negotiation between the stakeholder department, ECPTA and Provincial Treasury for some time. It has been resolved that the

continued inclusion of revenue targets in the ECPTA's annual budget has led to the effective reduction of the ECPTA's baseline. When the ECPTA under-collects, planned operations to execute mandatory functions are compromised. A lasting solution to this problem is expected to be agreed in the 2018/19 financial year, in preparation for planning for 2019/20.

The issue of sharing of costs for translocation of animals to the transformation sites requires an innovative solution. Options will be discussed with the custodianship sites in preparation for the 2019 deliveries.

3.1.5 CHANGES TO PLANNED TARGETS

The Agency made no in-year changes to targets. However, a reconciliation of delivery notes for game transferred to transformation custodian sites during 2018/19 requires ECPTA to correct previously reported delivery numbers. These have no material effect on the achievement of the annual target.

Corrections to quarterly reports

Q2 Target	Q2 Reported	Q2 Corrected	Reason for change	Annual YTD
80% (197) of 246 animals	12% (30) of 246 animals	Zero of 216 animals	ECPTA delivered the 30 animals reported on in Q2 ahead of schedule, during the Biodiversity Indaba in March 2018. As the animals were from the group allocated for 2018/19 delivery, the target / allocation for 2018/19 should have been reduced by 30 animals	0%
Q3 Target	Q3 Reported	Q3 Corrected	Reason for change	Annual YTD
10% (25) of 246 animals	39% (94) of 246 animals	43.5% (94) of 216 animals	The delivery target was not corrected – it should have been reduced to 216, as 30 of the 246 animals were delivered ahead of schedule	43.5%
		38.9% (84) of 216 animals	A delivery note for the delivery of game to a transformation site was misread as 12, when it in fact stated 02. The reported number of animals transferred to custodianship sites corrected to 84	38.9%

3.1.6 LINKING PERFORMANCE WITH BUDGETS

R'000	2018/2019			2017/2018		
Operations	Budget (Adjusted)	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Goods and Services	56 790	52 307	4 483	36 445	35 553	892
Compensation of Employees	108 466	106 051	2 415	99 504	99 709	(205)
Capital expenditure	73 644	14 117	59 527	13 078	14 941	(1 863)
Total	238 899	172 475	66 424	149 027	150 203	(1 176)

3.2 PROGRAMME 2: MARKETING

3.2.1 DESCRIPTION OF PROGRAMME

Purpose

Programme 2: Marketing is responsible for marketing and promoting of the Eastern Cape Province as a tourism destination in accordance with Section 13 of the ECPTA Act 2

of 2010. It is further tasked with promoting accommodation and activities on Reserves, as well as managing and executing internal and external corporate communication functions.

Programme Structure



Key functions of Marketing

The Marketing Department consists of three components, namely Marketing (which incorporates Branding & Campaigns, E-Marketing, and Experience & Destination), Business Events & Partnerships, and Corporate Communication & Media. The fourth unit, Research & Information, has not been established. Together these units are expected to market the Eastern Cape as a tourism destination. This involves:

- Establishing strong stakeholder relationships and networks through which to launch campaigns
- Promoting the province and its attractions, including the ECPTA-managed nature reserves, through a range of platforms
- Showcasing the destination at domestic and international trade events

- Educating the travel and popular media about the destination and its product offerings
- Supporting local and signature events such as fairs, concerts and festivals as a mechanism for elevating the provincial tourism profile
- Attracting the Meetings, Incentives, Conferences and Exhibitions (MICE) Industry to the Province, particularly through collaborations forged at Meetings Africa
- Providing clear and appealing communication through digital, print and radio platforms, including social media

ECPTA currently measures the ultimate success of these endeavours in terms of the relative popularity of the Province as a domestic tourism destination. A lower ranking is desirable (i.e. a ranking of 1 is better than a ranking of 9).

3.2.2 STRATEGIC OBJECTIVES

Each strategic objective is reliant on work detailed in Annual Performance Plans and Annual Operational Plans. During the year under review, the Marketing Department (Programme) was responsible for the achievement of one Strategic Objective.

Performance and operational indicators contributing to the strategic objectives for which the Marketing Department is responsible are distributed as follows:

Strategic Objective	Lead component	Indicators per plan	Strategic	Annual	Operational
To ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020					
	Marketing		█	█	█
	Events and Partnerships		█	█	
	Communication and Media		█	█	█

Marketing

Strategic Objective 2.1: To ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020

Marketing

The Marketing Unit is responsible for marketing the Eastern Cape Province both domestically and internationally. The unit continues to execute its mandate to position the Eastern Cape as a compelling and attractive tourism destination on a range of international and domestic platforms. In addition, as per the Provincial Tourism Marketing Strategy, the unit successfully supports and collaborates with a range of stakeholders to build pride amongst the citizens of the Eastern Cape.

Emanating from the Agency's overall Strategic Plan, the primary goal of the Marketing Unit is to ensure that the Province ranks in the top three most-visited destinations in the domestic market by 2020. Marketing's four focus areas in pursuit of this objective are:

International Marketing

The ECPTA's international programme aims to increase familiarity and knowledge of the Eastern Cape as a viable tourism destination in targeted international trade and tourism markets. Key markets include United Kingdom, Germany and the Benelux Countries.

Targeted initiatives such as joint marketing agreements, trade shows, newsletters and other traditional marketing techniques are used to raise awareness of all that the Eastern Cape has to offer to international visitors. ECPTA also engages the trade and media and hosts familiarisation tours to ensure positive perceptions and increase product knowledge of the Province.

Domestic Marketing

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. Domestically, the ECPTA's aim is to contribute towards building and encouraging active citizenship. The Agency uses a number of campaigns to mobilise the residents of the Eastern Cape to become brand ambassadors and to participate in promoting the province. The ECPTA has created marketing platforms for the private and

public sector partners to co-market with ECPTA at the Getaway, Outdoor Adventure and Beeld Holiday shows in the major cities of Cape Town and Johannesburg.

The Marketing Unit is also responsible for the promotion of the Provincial Nature Reserves. Various campaigns to create awareness of the reserves utilise both traditional and contemporary media platforms such as Facebook, YouTube, twitter and Instagram.

Branding

The Adventure Province Brand was established to lead, coordinate and support the creation of a unifying identity of this compelling tourism brand - the Eastern Cape. As the custodian of the brand, the Marketing Unit facilitates collaboration with partners in government and the private sector; working together to market the province. Building a strong brand is a cross-cutting issue as relevant to the international market as it is to the domestic market. The priority approach is to ensure that all stakeholders are equipped to promote the same brand-aligned message, irrespective of which platform they may be on, or which sector they may represent.

Work with the Office of the Premier is ongoing to integrate the Provincial "Home of Legends" brand with the "Adventure Province" sector brand.

E-Marketing

The ECPTA has a website and makes use of e-marketing as part of the campaigns and initiatives which are undertaken. The core function of this programme is to increase the ECPTA and Adventure Province online footprint. Maximising the use of e-marketing and social media allow the marketing reach to extend beyond the borders of South Africa in a cost effective manner.

Business Events and Partnerships

ECPTA recognises events hosting as a tool for drawing visitors to the province. Events are experiential in nature and provide for a solid reason to travel to a destination over and above the traditional tourism product offerings. This has further spins offs in the economy as business tourists require more services. Successful and consistent hosting of events is a proven mechanism for placing destinations on the world map, creating a reason for tourists to travel across the globe.

Corporate Communication and Media

The purpose of the Corporate Communication and Media unit is to communicate ECPTA's mandate, vision, and objectives effectively to different target audiences. It aims to nurture a positive reputation for both the Agency and the Eastern Cape as tourist destination. The function became a stand-alone unit in the new structure.

Tourism Information and Research

Tourism Information and Research are critical tools for effective decision making around tourism development and marketing. The remit of the unit is to ensure that the Agency's tourism development and marketing efforts are impactful, measurable, and comparable over time. The ECPTA has found it difficult to establish a fully-fledged tourism research and information function due to the scarcity of related skills. Alternatives to direct recruitment are under consideration.

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
SA Tourism Ranking	5 (domestic ranking)	3 (domestic ranking)	5 (domestic ranking)	-2 (domestic ranking)	General economic and sector sluggishness

3.2.3 KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Strategic Objective 2.1: To ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020

Key performance indicators (KPIs) per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
South African Tourism (SAT) domestic ranking	5 (domestic ranking ⁷)	4 (domestic ranking)	5 (domestic ranking)	3 (domestic ranking)	5 (domestic ranking)	- 2 (domestic ranking)	General economic and sector sluggishness
Brand awareness index	3 (index score)	3.0 (index score)	2.9 (index score)	2.7 (index score)	2.9 (index score)	+ 0.2 (index points)	Most operational targets achieved
Destination marketing index	3 (index score)	3.0 (index score)	2.8 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved
Corporate Identity index	N/A	2.3 (index score)	2.95 (index score)	2.7 (index score)	2.5 (index score)	- 0.2 (index points)	Research unit not operational during period under review

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
South African Tourism (SAT) domestic ranking				5 (domestic ranking)		
	Brand awareness index			2.9	(average of quarterly index scores)	
	Domestic Promotion	20	#	9	11	Additional marketing opportunities were taken during quarter 3 as a result of the MoU with the Northern Cape and a marketing partnership with Miarestate
	Event partnerships established	15	#	7	7	No deviation
	Reserve Promotions conducted	15	#	4	7	The programme took advantage of unplanned opportunities such as The Ultimate Braai Master and Black Friday to increase exposure for reserves

⁷ Ranking in relation to eight other provinces, i.e. ranking out of 9

Key Performance Indicator	Operational Performance Indicator	Weight (%) in Index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
South African Tourism (SAT) domestic ranking				5 (domestic ranking)		
Meeting industry engagements		15	#	4	3	An event organiser cancelled an event identified for support by ECPTA
Digital Marketing - website		5	%	10	-2	Web traffic was down throughout the year
Digital Marketing - social media		15	%	20	48	Targeted effort to gain more followers through strategically choosing relevant social media content that followers find interesting and like to engage with
Digital Marketing - promotion		10	#	100 000	105 924	This was a once-off initiative to test market interest. Insignificant deviation
Brand Management and advertising		5	#	12	13	One additional branding opportunity taken advantage of
Destination marketing index					3.0	(average of quarterly index scores)
Trade Exhibitions		25	#	80	170	Emphasis on meetings and exhibitions
Trade Educationals		15	#	24	110	Additional products and participants exposed during educationals due to increased number of educationals (in turn due to inter-provincial partnerships)
Joint Marketing Agreements		20	#	1	1	No deviation
Stakeholder Engagements		15	#	3	3	No deviation
Country Representatives		15	#	60	178	Attendance at tradeshows utilised as an additional opportunity
Tourism Products Database		10	Yes(1) / No(0)	1	1	No deviation
Corporate Identity index					2.5	(average of quarterly index scores)
Stakeholder relationship (external)		30	Index	70	76	Attributed to sustained efforts across the Agency to forge partnerships with external stakeholders
Media exposure index		30	%	20	58	Media sentiment towards ECPTA was more positive than the industry norm throughout the year
Corporate communication framework implementation (internal and external audience targeted)		35	Index	2.7	2.2	The Agency was unable to appoint a researcher as planned. It is apparent that the targets for Circulation and Reach were over-estimated
Research management		5	Index	2.7	1.0	Unit not established

3.2.4 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The efforts of the Marketing Programme have not accrued to the desired results. Two factors are noteworthy in this regard. Firstly, the indicator and unit of measure [domestic ranking] generally establish a competitive environment, pitting provinces, regions and localities against one another. This competitiveness is not well harnessed, and results in a lack of cooperation and coordination across the industry.

Second, the 12 to 18 month delays in accessing credible tourism statistics renders the ECPTA's efforts to achieve this indicator completely reactive. This is wholly unhelpful in an industry where trends move rapidly, events offer short-lived opportunities, and the nature of the tourism experience is fleeting. A thorough strategic review is indicated to better position the ECPTA as an agile leader of the industry.

3.2.5 CHANGES TO PLANNED TARGETS

No in year changes to targets were made in respect of Programme 2: Marketing

3.2.6 LINKING PERFORMANCE WITH BUDGETS

R'000	2018/2019			2017/2018		
	Budget (Adjusted)	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Marketing						
Goods and Services	14 850	15 232	(382)	12 547	12 046	501
Compensation of Employees	11 617	9 914	1 703	9 976	10 907	(931)
Capital expenditure	100	25	75	239	24	215
Total	26 567	25 171	1 396	22 762	22 977	(215)

3.3 PROGRAMME 3: CORPORATE MANAGEMENT SUPPORT

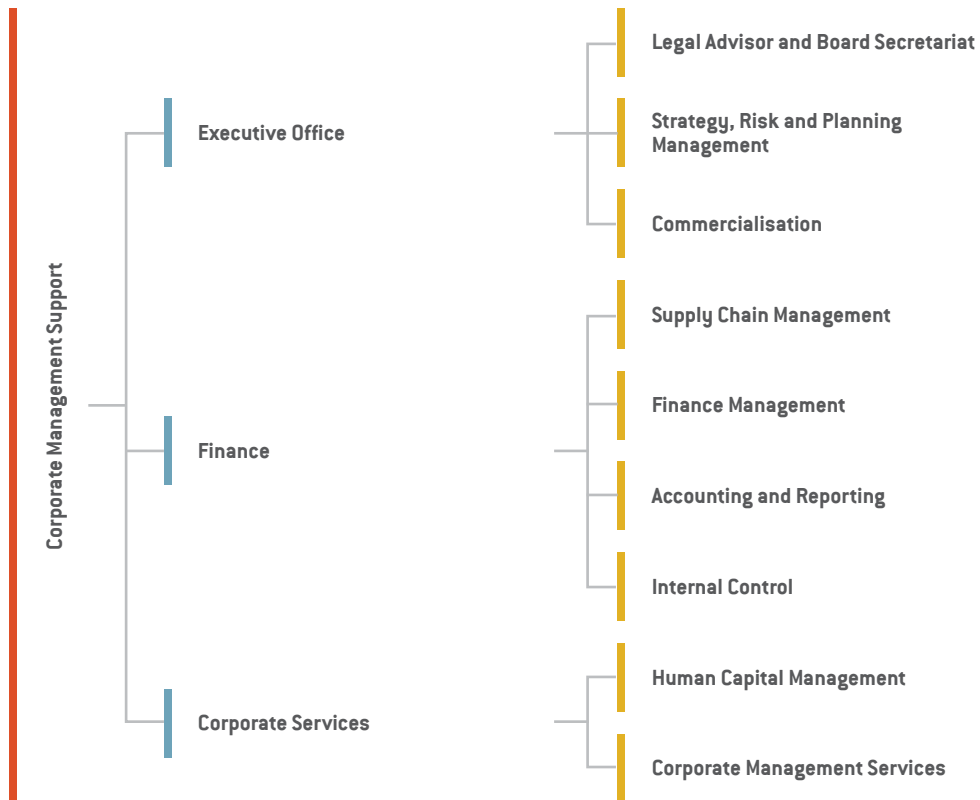
3.3.1 DESCRIPTION OF PROGRAMME

Purpose

Programme 3: Corporate Management Support is responsible for ensuring that all non-core functions of the organisation are executed effectively and efficiently so as to facilitate the unfettered delivery of mandated services by the core programmes, Operations and Marketing. Corporate Management Support services are delivered in a manner that contributes to national outcomes and provincial priorities:

- **National Outcome 5:** Skilled and capable workforce to support an inclusive growth path
- **National Outcome 12:** An efficient, effective and development-orientated public service
- **ECPG Priority 7:** Strengthening the developmental state and good governance

Programme Structure



Key functions of Corporate Management Support

The Corporate Management Support Programme consists of three components, namely Executive Office, Finance, and Corporate Services.

Executive Office

The Executive Office ensures that effective planning and reporting systems are established and that external partnership networks are developed and managed to expand the revenue base for the ECPTA through effective partnership agreements.

As the administrative head of the ECPTA, the CEO is responsible for providing strategic leadership to executive management; corporate positioning of the Agency, risk management and corporate legal compliance. The Office of the CEO monitors compliance with legislation, strategic and performance management plans, performance reports and the enterprise wide risk profile.

The Office of the CEO facilitates the coordination between the Board of Directors, Shareholder, Executive Directors and Stakeholders. The Board of Directors serves as the Accounting Authority for the Eastern Cape Parks and Tourism Agency in terms of the Public Finance Management Act. The CEO is responsible for the formulation of policy as a member of the Board of Directors and accountable for the implementation of policy and strategy as the most senior executive manager in the organisation.

In 2018/19, the Executive Office also hosted the Commercialisation Unit. The nature of this new unit required that it be located in close proximity to the CEO, the strategic lead for the unit's establishment. Once the unit is stable, the intention is to relocate it where functioning is optimised. In the short-term the agency is focusing on building capacity for future large scale Public Private Partnerships (PPP) projects through creating enabling process for private sector operators to undertake various activities in our nature reserves. To this

end, ECPTA continues its efforts in partnering with the private sector, creating an enabling environment for investment in the provincial reserves, and promoting sustainable eco-tourism development. A key project is the development in Mkhambathi Nature Reserve for an eco-tourism lodge and villas by Mkhambathi Matters. Preparatory works for the construction of the development are underway.

Finance

The Financial Management Department provides strategic and managerial input on financial and administrative issues necessary to ensure the commercial effectiveness, financial viability, and sound corporate governance of the Agency. It ensures the provision of systematic financial management systems and information to co-ordinate the organisation's budget and resource requirements. This includes ensuring compliance with regulatory provisions as well as taking appropriate steps to ensure that expenditure occurs within the approved budget. Systematic financial management systems entail the maintenance of a procurement system that is fair, equitable, transparent, and cost-effective; and ensure that the Agency takes effective and appropriate steps to prevent unauthorised, irregular or fruitless and wasteful expenditure.

Corporate Services





Corporate Services consists of two sections: Human Capital Management and Corporate Management Services. The Human Capital Management (HCM) section is responsible for ensuring the delivery of professional excellence in the disciplines of human capital management, training and development, organisational transformation, employee wellness, employee relations and occupational health and safety.

Corporate Management Services, through the Information Management and Communication Technology section, is responsible for the provision of appropriate communication technology across the organisation, for maintaining connectivity and for administering software. The Facilities section of this unit takes care of all head office facilities services.

3.3.2 STRATEGIC OBJECTIVES

With the addition of the Commercialisation Unit, Programme 3 was responsible for two strategic objectives in 2018/19. Performance and operational indicators contributing to the

strategic objectives for which Programme 3 is responsible are distributed as follows:

Strategic Objective	Responsible unit	Indicators per plan	Strategic	Annual	Operational
To develop provincial nature reserves as tourism products throughout the MTEF period	Reserve Commercialisation		1	2	7
To ensure the organisation's ability to meet its mandate by providing cross-cutting support services throughout the MTEF period	Executive Office		1	4	5
	Finance		0	3	7
	Corporate Services		0	1	9

Commercialisation

Strategic Objective 3.1: To develop provincial nature reserves as tourism products throughout the MTEF

The Agency established the Commercialisation unit established during the 2018/19 financial year to take responsibility for improving the commercial viability of the ECPTA-managed nature reserves. The unit spearheads commercialisation efforts aimed at increasing adventure experiences and revenue opportunities, working closely with the Destination

Development unit and Marketing department. Responsibilities include:

- Introducing commercial activities to reserves
- Identifying and contracting commercialisation partners through concessions
- Managing hospitality services (accommodation and activities) on reserves
- Responding to customer feedback by initiating hospitality service improvements

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Reserves as Products	2.6 (index score)	2.7 (index score)	2.8 (index score)	+ 0.1 (index points)	Achievement of underlying performance targets

Corporate Management Support

Strategic Objective 4.1: To ensure the organisation's ability to meet its mandate by providing cross-cutting support services to the core departments

Organisational Sustainability is viewed as the culmination of business practices that create long-term shareholder value by optimally responding to both opportunities and risks deriving from economic, environmental and social developments.

While sustainable business practices are critical in an increasingly resource-constrained world, the systems and structures that support such practices must be constantly improving / maturing in order to retain organisational agility.

The Organisational Sustainability Index (OSI) gauges the extent to which the key structures and systems combine in

support of the Agency meeting its mandate. OSI calculator is based on RobecoSAM's Corporate Sustainability Assessment Methodology, and considers four sustainability dimensions. The four dimensions comprise the seven performance indicators for which the Corporate Management Support programme is responsible. The sum of the four weighted scores culminates in a score out of 100:

- Reputation (weighted 30) consists of Accountability and Carbon Footprint
- Performance (weighted 20) includes Audit Outcome, Organisational Performance Score and Corporate Capability
- Financial (weighted 30) consists of Financial Maturity
- Compliance (weighted 20) incorporates Policy Compliance

Strategic Objective Indicator Title	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Organisational Sustainability Index	100 (score)	90 (score)	100 (score)	+ 10 (points)	The Index is a summation of weighted performance detailed below

3.3.3 KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Strategic Objective 3.1: To develop provincial nature reserves as tourism products throughout the MTEF

Key performance indicators (KPIs) per Annual Performance Plan

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Reserves as Products	N/A	N/A	2.6 (index score)	2.7 (index score)	2.8 (index score)	+ 0.1 (index points)	Achievement of underlying performance targets
Reserve Tourism Product Development	N/A	N/A	N/A	2.7 (index score)	2.8 (index score)	+ 0.1 (index points)	Successful initiation of commercial activities
Customer satisfaction index	N/A	87 (%)	90 (%)	80 (%)	90 (%)	+ 10 (% points)	Visitors pleased with facilities and activities

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Reserves as Products					2.8 (average of quarterly index scores)	
Reserve Tourism Product Development					2.9 (average of quarterly index scores)	
	Implement Commercialisation plan	10	%	100	100	No deviation
	Package opportunities for commercialisation	10	#	9	14	More commercial activities initiated than anticipated
	Develop heritage management plans for reserves	15	#	2	2	No deviation
	Reserve Commercialisation Initiatives	25	Index	2.7	2.7	No deviation
	Concession management	10	%	90	98	All scheduled monitoring activities took place in quarters 2, 3, and 4
	Wildlife revenue	10	ZAR ('000)	12 543	8 687	Drought and market saturation led to poor results at the game auction
	Hospitality revenue	15	ZAR ('000)	6 950	8 445	More revenue generated from activities than anticipated
	Grading Tourism Facilities (Reserves)	10	#	17	15	Delays were experienced from Tourism Grading Council of SA
	Implement Commercialisation plan	5	%	100	100	No deviation

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Comment on deviations
Reserves as Products					2.8 (average of quarterly index scores)	
Customer satisfaction index					90 (average of 2 biannual surveys)	
	Customer feedback response plan implemented	N/A	%	90	100	All feedback issues addressed as per response plan
	2018/19 customer satisfaction survey administered	N/A	Yes(1)/No(0)	1	1	No deviation

Strategic Objective 4.1: To ensure the organisation's ability to meet its mandate by providing cross-cutting support services to the core departments

Key performance indicators (KPIs) per Annual Performance Plan¹

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target for 2018/2019	Comment on deviations
Organisational Sustainability Index	90 (score)	95.2 (score)	100 (score)	90 (score)	100 (score)	+ 10 (points)	The Index is a summation of weighted performance detailed below
Audit Outcome	Un-qualified; 3 findings	2 [clean audit; 2 findings]	1 [clean audit with 1 finding]	2 [clean audit; 2 findings] ⁸	1 [clean audit with 1 finding]	- 1 finding	Sustained effort in managing controls
Organisational Performance Score	2.3 (index score)	3.1 (index score)	3.3 (index score)	3.0 (index score)	3.4 (index score)	+ 0.4 (index points)	Maturation of the internal performance environment
Financial Maturity Index	2.4 (index score)	2.9 (index score)	2.9 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	Sustained effort in managing controls
Policy compliance index	2.4 (index score)	3.0 (index score)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	Sustained effort in managing controls
Corporate Capability Index	3.0 (index score)	2.9 (index score)	2.9 (index score)	2.7 (index score)	2.9 (index score)	+ 0.2 (index points)	Sustained effort in managing controls
Accountability Index	3.0 (index score)	3.0 (index score)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	Sustained effort in adherence to statutory and contractual obligations
Carbon footprint	0	New Baseline (2 314 kg CO ₂ /m)	Baseline (4 367 kg CO ₂ /m)	2.7 (index score) ⁹	3.0 (index score)	+ 0.3 (index points)	Commitment to low carbon initiatives within ECPTA

⁸ A lower outcome is desirable

⁹ Index score introduced to better capture project focus of the underlying indicators

Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2018/2019	Actual Achievement 2018/2019	Actual Weighted (%) Score	Comment on deviations
Organisational Sustainability Index (OSI)						100 (sum of Dimension scores)	
Dimension 1: Reputation		30% of OSI				30	(sum of component scores)
	Accountability Index	84	Index	2.7	3	25.2	All contractual and statutory obligations to shareholder department met
	Carbon Footprint	16	Index	2.7	3	4.8	Project register developed and managed as planned
Dimension 2: Performance		20% of OSI				20	(sum of component scores)
	Audit Outcome	50	#	2	1	10	Sustained effort in managing controls
	Organisational Performance Score	12.5	Index	3.0	3.4	2.5	Sustained effort in managing controls
	Corporate Capability Index	37.5	Index	2.7	2.9	7.5	Sustained effort in managing controls
Dimension 3: Financial		30% of OSI				30	(sum of component scores)
	Financial Maturity Index	100	Index	2.7	3.0	30	Sustained effort in managing controls
Dimension 4: Compliance		20% of OSI				20	(sum of component scores)
	Policy Compliance Index	100	Index	2.7	3.0	20	Sustained effort in managing controls

3.3.4 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There were no areas of under-performance. The programme will consolidate gains of the past year to increase the organisation's sustainability further.

3.3.5 CHANGES TO PLANNED TARGETS

Corporate Management Support made no changes to targets during the period under review.

3.3.6 LINKING PERFORMANCE WITH BUDGETS

R'000	2018/2019			2017/2018		
	Budget (Adjusted)	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Goods and Services	42 845	42 787	58	34 879	33 428	1 451
Compensation of Employees	33 010	33 301	(291)	31 958	31 314	644
Capital expenditure	801	429	372	989	958	31
Total	76 656	76 517	139	67 826	65 700	2 126

4. REVENUE COLLECTION

Sources of revenue	2018/2019			2017/2018		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Accommodation	6 693	6 163	530	5 814	5 987	(173)
Actuarial Gains	0	4 821	(4 821)	0	3 995	(3 995)
Donations Received	0	1	(1)	0	3 379	(3 379)
Finance Income	3 418	4 101	(683)	1 992	1 330	662
Non exchange transactions	311 453	236 254	75 199	215 266	211 229	4 037
Other income	3 295	2 097	1 198	1 360	841	519
Profit and loss	0	772	(772)	0	(336)	336
Rendering of services	1 214	2 282	(1 068)	1 064	1 538	(474)
Rental income	1 339	1 385	(46)	1 275	1 272	3
Wildlife Sales	12 543	8 686	3 857	12 844	12 842	2
Total	339 955	266 561	73 394	239 615	242 077	(2 462)

4.1 CAPITAL INVESTMENT

Infrastructure projects	2018/2019			2017/2018		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Reserve tourism infrastructure			-	717	717	-
Conservation Infrastructure			-	1 972	1 964	8
Regional offices			-	350	345	5
Nduli / Luchaba	2 539	2 302	237			
Ngxingxolo Cultural Village	136	136	-			
Umtiza (Repairs and Maintenance to Staff Village)	195	195	-			
Great Fish (Repairs and Maintenance to Nottingham Lodge)	94	94	-			
Fort Fordyce (Supply, Delivery and Off-loading of 7 km game fencing materials)	636	-	636			
Island Nature Reserve (Repairs and Maintenance of Staff Accommodation)	130	85	45			
Bisho NPA Building	171	125	46			
Baviaanskloof (Baviaanskloof World Heritage Site)	38 118	1 089	37 029			
Various reserves (NDT - infrastructure projects)	10 000	130	9 870			
Total	52 019	4 155	47 864	3 039	3 026	13



Dolphin pod
Photo credit: Kerryn Bullock



Bryde's whale
Photo credit: Mark M Gottlieb – www.MarksAdventures.com



PART
C
GOVERNANCE

HARBOURS

This is the only province with three harbours. These are located in East London, Port Elizabeth and Ngqura.



Shy Albatross (juvenile)

Photo credit: Mark M Gottlieb – www.MarksAdventures.com

1. INTRODUCTION

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 2 of 2010 and the Public Finance Management Act 1 of 1999 (as amended) (PFMA). The Board also strives to comply with the principles and standards of integrity, accountability and good governance contained in the recommendations of the King IV report on corporate governance.

2. PORTFOLIO COMMITTEES

The Agency engaged with the Portfolio Committee for Economic Development, Environmental Affairs and Tourism twice during the year under review.

The engagements took place on 17 April 2018 and, 15 November 2018.

The Portfolio Committee raised concern about the apparent under-funding of the Tourism function within ECPTA. The concern relates to the origin of the funds; only R5 million is ring-fenced by Programme 2 (Economic Development) of DEDEAT. ECPTA sources the balance of its budget for Marketing and Tourism Development from the equitable share allocation from Programme 3 (Environmental Affairs), and through conditional grants from national departments. This issue has been referred to the shareholder department for resolution.

The Portfolio Committee also sought clarity about the decision to target a domestic tourism (SAT) ranking of 3, rather than 1. This is due to the fiscal limitations of the equitable share allocation, which precludes competing with better-resourced provincial tourism agencies.

3. EXECUTIVE AUTHORITY

The Executive Authority engaged the Agency through both formal and informal meetings in the year under review. The Executive Authority supported the work of the ECPTA by attending and participating in a range of events. These included trade shows, the annual game auction, the Biodiversity Economy Indaba, the Agency's strategic planning event, the National Tourism Month launch, the Lilizela Awards, and a donor-funding event.

4. THE ACCOUNTING AUTHORITY / BOARD

The fiduciary duties and general responsibilities of the Accounting Authority are prescribed by Sections 50 and 51 the PFMA. The Board of Directors further ensures that its obligations in terms of the relevant legislation, including the PFMA, are discharged effectively. The Board is responsible for the appointment of Executive Managers, including the Chief Executive Officer. It is also responsible for identifying risk areas and retaining full and effective control over the strategic operations of the Agency.

In summary, the Board gives strategic direction to the Agency, is responsible for the performance of the Agency, and is accountable to the MEC for the performance of the Agency. A Charter, adherence to which is monitored on an ongoing basis, binds the Board.

OUTGOING BOARD

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	No. of Meetings attended
Mr S Mgxaji	Acting Chairperson of the Board from November 2017 to 31 March 2019	1 June 2012; reappointed 1 December 2015 Term extended 20 November 2018 until 31 March 2019	3
Dr A Muir	Chairperson of Operations Committee	1 June 2012; reappointed 1 December 2015 Term extended 20 November 2018 until 31 March 2019	2
Ms T Putzier	Chairperson of Marketing Committee	1 Sept 2017 until 30 March 2019	4
Mr S Ncume	Chairperson of HR & Remuneration Committee	1 December 2015 Term extended 20 November 2018 until 31 March 2019	4
Ms M Mama	Member of Operations & Marketing Committee	1 Dec 2015 Term extended 20 November 2018 until 31 March 2019	3
Ms P Yako	Member of Finance & Investment	1 December 2015 Term extended 20 November 2018 until 31 March 2019	3
Mr Z Fihlani	Chairperson of Finance & Investment	15 August 2017 Term extended 20 November 2018 until 31 March 2019	1

COMPOSITION OF THE BOARD AND COMMITTEES

The Executive Authority initially extended the term of office of the ECPTA Board of Directors to the end of March 2019. The incoming Board was officially appointed from 1 April 2019. These members did not attend Board Meetings during 2018/19.

Name	Designation	Date appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees
Ms N Mona	Chairperson of the Board	1 May 2019	MBA, MA Labour Relations & HR, BA (Hons) Industrial Relations, BA Psychology & Sociology	Labour Relations	ENTSA Board	NCT HR Governance Committee ICASA-Member of REMCO Wilderness Foundation – Trustee and NED
Ms T Putzier	Deputy chair of the Board Chair of Marketing Committee Member of HR&R Committee	1 May 2019	BCom, Post Graduate Diploma in Business Administration	Tourism and Marketing	Nil	Nil
Dr N Mzilikazi	Chair of HR Committee and member of Operations Committee	1 May 2019	PHD Zoology, M.Sc Zoology, B.Sc (Hons) Zoology, B.Sc Zoology Chemistry, Tropical Ecology Field-Course	Tourism and Marketing	Nil	Nil
HRN Z Mkiva	Member of Marketing Committee & EXCO member	1 May 2019	BA Social Sciences, Senior Degree (Hons in Development Studies), Arts and Culture Administration, Media Research Training, Executive Course for Finance Managers	Heritage	Nil	Subsequent appointment to National Council of Provinces
Dr A Baxter	Chair of Operations and member of Finance and Investment Committee	1 May 2019	B.Sc & B.Sc (Hons), Doctor of Philosophy (PHD) in Faculty of Science	Representing the Public	Nil	Nil
Mr L Beville	Member of Operations Committee	1 May 2019	Bachelor of Arts (BA)	Representing the Community	Nil	Nil
Mr Z Fihlani	Chairperson of Finance & Investment and member of HR&R committee	1 May 2019	M. Com (Tax), Higher Diploma in Tax Law, Higher Diploma in International Tax Law, CA (SA), B. Compt (Hons), B Com in Accounting, Bridging Course	Finance	Nil	Nil
Ms S Onceya	Member of Finance & Investment and Marketing Committees	1 May 2019	Masters Degree in Economics, Bachelor of Commerce (Hons) Transport Economics, Bachelor of Commerce Business Management & Economics Current studies: PHD in Economics Research	Shareholder Representative	Nil	Nil

Committee	No. of meetings held	No. of members	Name of members (Outgoing Board)
HR & Remuneration Committee	4	3	Mr S Ncume Mr Z Fihlani Ms T Putzier
Finance and Investment Committee	4	3	Mr Z Fihlani Ms P Yako Dr A Muir
Operations Committee	4	3	Dr A Muir Ms P Yako Ms M Mama
Marketing Committee	4	3	Ms T Putzier Ms M Mama Mr S Ncume
Audit and Risk Committee	5	3	Mr C Sparg Ms T Semane Mr S Dzengwa

REMUNERATION OF BOARD MEMBERS

The ECPTA Board of Directors is remunerated according to its Subsistence and Travel Policy, which was approved by the MEC. Members' remuneration details, including other expenses, are included in the Annual Financial Statements for the year ended 31 March 2019.

ECPTA does not remunerate the DEDEAT official deployed to serve as an ex-officio member.

5. RISK MANAGEMENT

The ECPTA prepares an annual risk register in accordance with the organisational risk management policy. The CEO appoints a Risk Management Committee (consisting of Extended Management Committee members) annually to implement the Risk Management Charter. The RMC advises the CEO on the control measures necessitated by risk levels.

Quarterly departmental risk discussions precede organisational Risk Management Committee meetings. Progress towards successful execution of risk management measures previously agreed to is discussed, and adjustments to plans made. This progress and any emerging risks are presented to the Audit and Risk Committee of the Board at their scheduled quarterly meetings.

The Internal Auditors (outsourced) provide the Audit and Risk Committee with an annual assessment of the maturity of the organisational risk management system and environment. Recommendations emanating from this audit are factored into the risk management plan for the next cycle. The ECPTA's Risk Management Maturity was assessed at level 5 for the 2nd consecutive year (level 1 is "Start up", and level 6 is "Optimising").

The robustness of the risk management system at ECPTA is underlined by the risk-orientated approach to planning, whereby risks, potential risks, and required risk controls are the foundation of strategic, performance, and operational plans.

6. INTERNAL CONTROL UNIT

- Monitoring compliance of the approved Internal Audit Plan.
- Follow-ups on recommendations as per Internal Audit Plan and Internal Audit Reports 2017/18 Financial Year

- Ensure efficient and effective audit of the entire organisation by the Auditor-General
- Prepare monthly and quarterly AG Management Letter Action Plan and present to the Audit and Risk Committee
- Review and assist on implementation of system, policies, and procedure manuals
- Conduct 100% Pre-Audit on supply chain management transactions
- Prepare Bi-Annual PFMA and NTR Checklist
- Prepare Electronic Audit Readiness File for 2018/19 Annual A-G Audit
- Perform test of controls as per Internal Control Plan
- Conduct Fraud Awareness Workshop

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit is an independent appraisal function established by the Board to evaluate the adequacy and effectiveness of internal controls, disciplines, systems and procedures within ECPTA in order to reduce business risks to an acceptable level in a cost effective manner. The Internal Audit function of the ECPTA performs this purpose.

Internal controls are understood to mean the processes aimed at achieving reasonable assurance about the realization of the following:

- The accomplishment of established objectives and goals for operations and programme;
- The economical and efficient use of resources;
- The reliability and integrity of financial and non-financial information;
- Compliance with relevant policies, procedures, laws and regulations; and
- Safeguarding of assets.

The responsibility of the Internal Audit Function is to conduct activities in accordance with the Institute of Internal Auditors Code of Ethics and the Standards for the Professional Practice of Internal Auditing.

Internal audit performs the following functions:

- Evaluating the ECPTA's governance processes including ethics, especially the "tone at the top";
- Performing an objective assessment of the effectiveness of risk management and internal controls; and
- Systematically analysing and evaluating business processes and associated controls.

The Audit and Risk Committee's main objective and purpose is to assist the Board to discharge and fulfil its oversight responsibilities. In carrying out these duties, the Audit and Risk Committee provides the Board with a review of items highlighted by internal and external auditors. Assistance is thus provided to the CEO and the Board on the following:

- Internal control
- Financial statements
- Performance information
- Internal Audit
- External Audit
- Risk Management
- ITC operations

The Audit and Risk Committee meets quarterly, ahead of the quarterly Board meeting. The Chairperson of the Audit Committee attends Board Meetings by invitation.

Name	Qualifications	Internal or external	Date appointed	Date Resigned	No. of Meetings attended
Craig Sparg	BCom, CTA, CA (SA)	External	1 April 2015 Reappointed 1 April 2017	N/A	5
Thembeke Semane	CAIB (SA), B.Com in Accounting, Customer Care Diploma, Post Graduate Diploma in Business Administration	External	1 April 2017	N/A	2
Simphiwe Dzengwa	Certificate in Development Finance, MBA, MPA, Bachelor of Arts Honours, Bachelor of Arts	External	1 April 2017	N/A	5

8. COMPLIANCE WITH LAWS AND REGULATIONS

The ECPTA strives to comply with all relevant laws. The Agency has adopted a monitoring tool with which to track compliance. Management prepares a legal compliance status report for quarterly Audit and Risk Committee and Board scrutiny.

9. FRAUD AND CORRUPTION

Fraud is intentional misrepresentation that causes prejudice to another. i.e. one individual deceives another to obtain something not legally due. Fraud is also described as an illegal act characterised by deceit, concealment, violation of trust.

ECPTA adopts a zero tolerance stance towards fraud and corruption.

ECPTA has a Board approved Fraud Prevention policy in place, with the objective of promoting a culture of honesty and integrity in the ECPTA. Further to the policy, the Internal Control unit developed an accompanying Fraud Prevention Plan, which the Board reviewed and approved in November 2018. ECPTA appointed a service provider (Whistle Blower) to provide and monitor an anonymous ethics and fraud reporting hotline. The service provider compiles reports for the attention of the CEO and CFO. Cases are investigated, and the status of the cases and sanctions are communicated to the Audit and Risk Committee and Board.

The Internal Control unit updates progress on investigations on a quarterly basis. The Audit and Risk Committee engages with these reports and submits them to the Board for noting.

10. MINIMISING CONFLICT OF INTEREST

The Board of Directors are required and encouraged to declare their personal and business interests on an annual basis and in every board meeting. All employees on C2 and above are required to declare their interests by completing the annual declaration of interest forms. Employees at lower levels are encouraged to declare their interests as and when required.

11. CODE OF CONDUCT

ECPTA subscribes to a Board-approved Code of Ethics. The Code of Ethics contains the rules and standards that govern the conduct of employees and stakeholders. It provides guidance as to expected ethical behaviour.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The ECPTA is required to comply with the Occupational Health and Safety (OHS) Act 85 of 1993, together with other applicable legislation. Herewith reflected are the initiatives undertaken for the year under review:

- Legal appointments have been done – refresher / training took place as indicated
- OHS policy is in place and communicated
- OHS committees are in place at all 15 reserves
- OHS Standards are in place
- Incident Procedure and Standard Operating Procedures are in place
- Risk assessment and inspections were conducted and controls are being reviewed to ensure that these are adequate
- Injury on duty investigation and prevention measures are followed

13. COMPANY / BOARD SECRETARY (IF APPLICABLE)

Xoliswa Mapoma, the Board Secretary, assists the Board in the execution of its fiduciary duties.

14. SOCIAL RESPONSIBILITY

Proceeds from the sale of eight buffaloes raised a total of R326 500. The Agency earmarked the entire amount for distribution between the wildlife college, the training of professional hunters, and the ECPTA community bursary scheme.

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

15.1 AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. 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, including that we have reviewed changes in accounting policies and practices.

15.2 THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity. The Committee is satisfied that management has put adequate action plans in place to deal with the internal control weaknesses identified, and the Committee monitors the implementation of these action plans.

The following internal audit work was completed during the year under review:

- Performance Information (annually and quarterly)
- Financial Statements (semi-annually)
- Follow up on prior year internal and external audit findings
- Risk Management
- Operations: Project Management
- Financial Controls
- Supply Chain Management (Procure to Pay)
- Asset Management

- Human Resources Management
- IMCT Governance

The following were areas of concern:

- Agreement between supporting schedules and reported balances.
- Agreement between physical verification and fixed asset register.
- Adherence to the Portfolio of Evidence stipulations in the Annual Performance and Operational Plans.
- Control weaknesses relating to recruitment and selection, and deficits in employee development and succession programmes.
- Incorporation of Treasury Regulations in Supply Chain Management Policy.
- Petty cash receipts.

15.3 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The public entity has submitted monthly and quarterly reports to the Executive Authority; the Committee is satisfied with the quality of these reports.

15.4 EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the public entity; the Committee is satisfied with the quality of the annual financial statements.

15.5 AUDITOR'S REPORT

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

15.6 APPRECIATION

The Committee expresses its sincere appreciation to the Board, Accounting Officer, AGSA, Management, and internal audit for their support and co-operation.



Mr C. Sparg CA(SA)

Chairperson of the Audit and Risk Committee

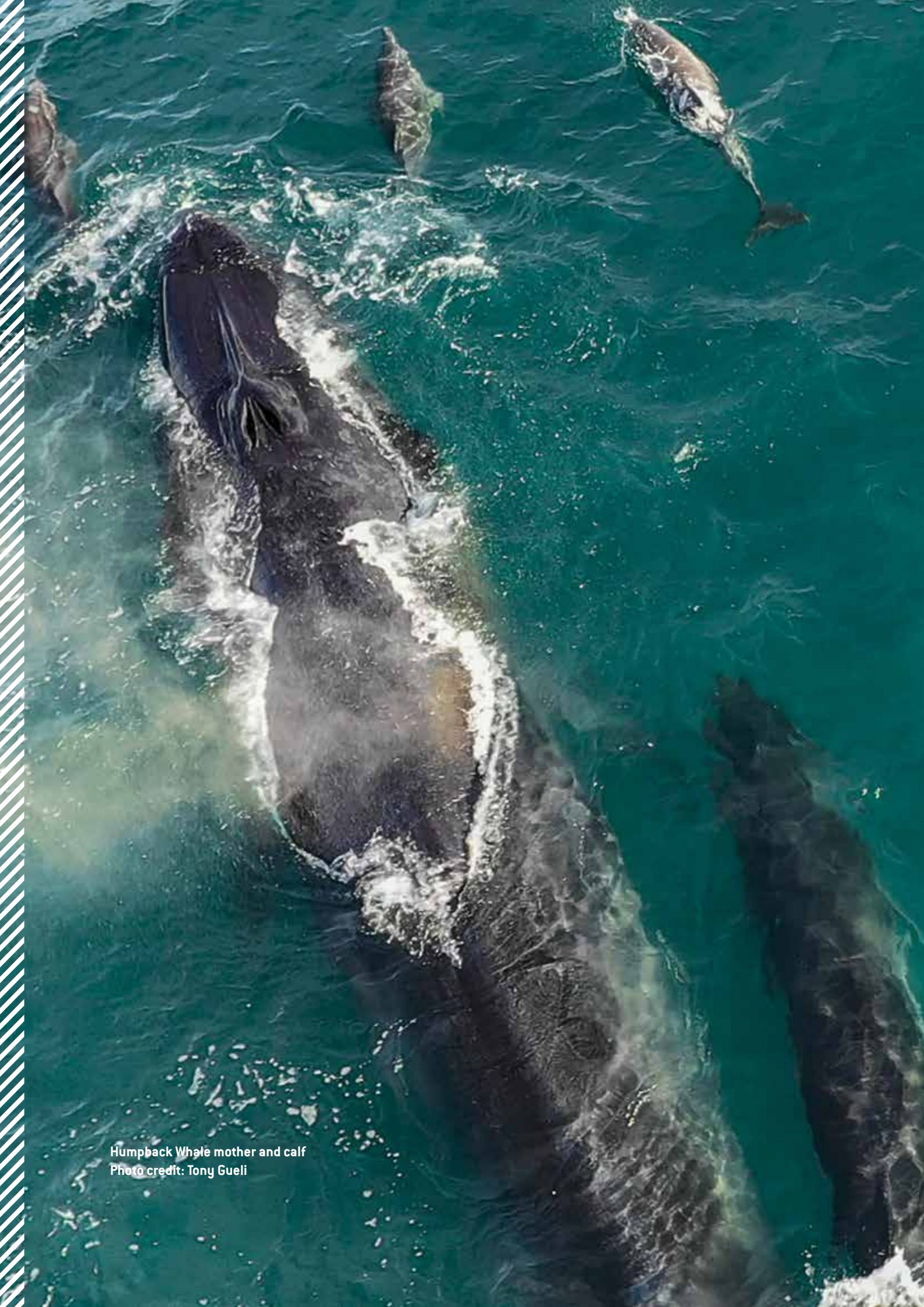
31 July 2019



Sardine Run
Photo credit: Mark M Gottlieb – www.MarksAdventures.com

PART D**HUMAN
RESOURCE
MANAGEMENT****THE BIG SEVEN**

The Eastern Cape is home to the Big Seven. They include the great white shark, seasonal southern right whale, the buffalo, elephant, leopard, lion and rhino.



Humpback Whale mother and calf
Photo credit: Tony Gueli

1. INTRODUCTION

The Board of Directors approved a Change Management Action Plan in May 2016 to address issues identified through the annual Staff Satisfaction Survey, and in anticipation of the organisational restructuring process. Phases one and two were rolled out over the course of 2015 and 2017, with phase three starting in late 2017 and progressing into 2018.

The Board approved a change management plan in May, with activations and interventions until the end of December 2018.

There has been a noticeable change in ethos within the agency, with a specific emphasis to reinforcing the behaviour aligned to leading the Agency values towards a cohesive culture. This culture change is evidenced by the change management sentiment assessment results, which represented a 28% improvement in positive sentiments towards the Change Management activations of 2018/19, compared with the Roadmap rollout of 2017/18. Moreover, a staff satisfaction survey was concluded in March 2019 and staff satisfaction levels reflected 6% higher than in 2018 - 77% against the organisational target of 75%. These results have informed the ongoing change management programme.

In line with the results of the staff satisfaction survey, amongst other areas where Agency received a staff satisfaction rating of less than 75% was the Recognition and Rewards aspect. The Agency presented the first inaugural corporate awards ceremony during 2018/19 financial year as a statement to employees that the Agency is taking the issues raised by employees very seriously. This initiative provided an opportunity to appreciate and recognize employees who worked hard and went beyond the call of duty to lift the ECPTA flag high.

Corporate Services met the Human Capital Management priorities for the year under review. The Agency placed specific emphasis on the change management programme, and on

capacitation interventions like the coaching and mentoring project. Externally, the Agency focussed on opportunities to support development of unemployed youth adjacent to ECPTA reserves.

Management revisited all funded vacancies to prioritise which to fill within budget constraints. ECPTA currently has a vacancy rate of 23.05% of which 3.82% (24) is funded and in process. 39 (6.2%) new appointments were made during the year under review largely due to natural attrition. A further 20 (3.18%) employees were promoted into higher-level positions within the Agency. Staff turnover at year-end was 8.06% compared to 9.5% in the previous year.

During 2018/19, the Agency recruited and inducted 133 Youth Environmental Services (YES) students.

The Agency has a robust performance management system utilised by all full-time employees and aligned to the organisational performance targets.

In line with the Skills Development Act, the Agency had undertaken a training needs analysis with an intention to identify the individual and strategic training interventions that informed the targeted Workplace Skills Plan for financial year 2018/19. 27/27 targeted training interventions were undertaken which resulted to 100% achievement for the year under review. 207 employees were beneficiaries of the skills development programme with specific focus on bursaries offered to employees. Credit bearing training interventions and targeted skills training programmes were facilitated and provided to employees in line with the approved Workplace Skills Plan.

A coaching and mentoring programme in relation to the succession planning programme (talent management) was also undertaken. An amount of R 776 000 was secured

from CATHSSETA for Work Integrated Learning and bursary programmes linked to conservation and tourism.

The National Department of Environmental Affairs made an amount of R 20m available to recruit and train 260 environmental services learners from across the province, and place them at municipalities and private game reserves. The programme runs for 2 years, with an intake of 130 students each year.

Through the YES programme, ECPTA facilitated access for 120 learners to accredited training interventions (Hospitality reception NQF 4 and Environmental Practice NQF 4) and non-accredited training on Occupational Health and Safety.

All HCM policies underwent review during the year. Six policies required amendment and one new policy on 'work integrated learning' was introduced. The Board approved all seven of these.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1.1 PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Programme / activity / objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Operations	153 147	107 161	70%	413	259
Marketing	25 309	10 082	40%	16	630
Corporate Services Management	79 049	33 867	43%	55	616
Total	257 504	151 110	59%	484	312

2.1.2 PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	9 793	6%	3	3 264
Senior Management	37 385	25%	36	1 038
Professional qualified	19 051	13%	35	544
Skilled	19 393	13%	50	388
Semi-skilled	45 651	30%	229	199
Unskilled	19 837	13%	131	151
TOTAL	151 110	100%	484	312

2.1.3 PERFORMANCE REWARDS

Programme / activity / objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	1 405	9 793	14%
Senior Management	3 604	37 385	10%
Professional qualified	938	19 051	5%
Skilled	1 020	19 393	5%
Semi-skilled	1 056	46 651	2%
Unskilled	402	19 837	2%
TOTAL	8 425	151 110	6%

2.1.4 TRAINING COSTS

Programme / activity / objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee
Training priorities undergone to capacitate the ECPTA workforce	151 110	814 490	5.4 %	207	3 935

2.1.5 EMPLOYMENT AND VACANCIES

Programme / activity / objective	2017/2018 No. of Employees	2018/2019 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of vacancies
Operations	409	538	413	125	19.87
Marketing	17	25	16	9	1.43
Corporate Management Services (CMS)	58	66	55	11	1.75
Total	484	629	484	145	23.05

Programme / activity / objective	2017/2018 No. of Employees	2018/2019 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of vacancies
Top Management	5	5	3	2	0.32
Senior Management	36	45	36	9	1.43
Professional qualified	37	50	35	15	2.38
Skilled	57	73	50	23	3.66
Semi-skilled	220	270	229	41	6.52
Unskilled	129	186	131	55	8.74
TOTAL	484	629	484	145	23.05

Explanations: The agency had two vacant executive positions during this period due to departure of the Chief Marketing Officer in January 2019 and the Chief Operations Officer in December 2018. The Chief Marketing Officer position remained unfilled over a period of 4 months and the recruitment for the Chief Operations Officer is still underway.

2.1.6 EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	5	1	3	3
Senior Management	36	3	3	36
Professional qualified	37	3	5	35
Skilled	57	2	9	50
Semi-skilled	220	20	11	229
Unskilled	129	10	8	131
Total	484	39	39	484

2.1.7 REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	3	7.69
Resignation	20	51.28
Dismissal	3	7.69
Retirement	10	25.64
Ill health	0	0
Expiry of contract	1	2.56
Other (Termination Agreement)	2	5.13
Total	39	100

Explanations: Most staff members leave due to natural attrition. The most pertinent reason for resignations at Top Management level is due to uncertainty related to the nature of the five- year contract. For this reason, at the end of the third year – executives start searching for alternative employment. Other resignations are due to career advancement and people being offered attractive packages elsewhere.

2.1.8 LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	2
Final Written warning	4
Dismissal	3

2.1.9 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	0
Senior Management	14	16	1	2	0	0	4	2
Professional qualified	18	17	0	2	0	0	3	1
Skilled	19	21	2	3	0	0	2	1
Semi-skilled	122	99	17	13	0	0	0	7
Unskilled	50	55	11	7	0	0	0	4
TOTAL	224	209	31	27	0	0	10	15

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	12	14	2	2	1	0	2	2
Professional qualified	17	16	0	2	0	0	1	1
Skilled	22	20	2	3	0	0	2	1
Semi-skilled	82	91	8	13	0	0	0	5
Unskilled	60	51	6	7	1	0	0	3
TOTAL	194	193	18	27	2	0	5	12

Major variance only experienced between target and current where there are too many African males on Semi-skilled level. This is because of the historical practise to have preference for male Field Rangers. The entity made good progress to rectify the situation with some field ranger positions filled with females.

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	1	1	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	1	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	1	2	0	0

In an attempt to meet the set target in terms of the employment equity plan, the agency has forged a relationship with REHAB, an organisation dealing with differently abled people and the strategy adopted is to target differently abled candidates should a suitable positions become vacant (e.g. Reception).



Bryde's whale and Cape Gannets
Photo credit: Mark M Gottlieb – www.MarksAdventures.com



Gannets, whales and dolphins feasting on sardines
Photo credit: Mark M Gottlieb – www.MarksAdventures.com



PART **E**
FINANCIAL
INFORMATION

ADVENTURE FOR ALL

The Eastern Cape province is an adventure heaven. There are many activities, including bungee jumping, zip lines, surfing, dune boarding, hiking trail and quad biking, available for visitors.



Hiuleka secrets
Photo credit: ECPTA

GENERAL INFORMATION

Country of incorporation and domicile	South Africa	
Legal form of entity	Schedule 3C Public Entity in terms of the Public Finance & Management Act (Act No.1 of 1999)	
Nature of business and principal activities	Biodiversity Conservation and Tourism Management	
Accounting Authority:	Current members **	Previous members
	<ul style="list-style-type: none"> • Ms N Mona • Ms T Putzier • Ms S Onceya * • Dr K Mzilikazi • Dr A Baxter • Mr Z Fihlani • Mr Z Mkiva *** • Mr L Beville 	<ul style="list-style-type: none"> • Mr S Mgxaji • Ms T Putzier • Mr SFW Ncume • Ms M Mama * • Dr A Muir • Mr Z Fihlani • Ms P Yako
Registered office	17 - 25 Fleet Street East London 5201	
Postal address	P.O. Box 11235 Southernwood East London 5213	
Bankers	First National Bank Limited	
Auditors	Office of the Auditor General	
Website	www.visiteasterncape.co.za	

* Shareholder representative, not remunerated

** Refer to note Note 45

*** Subsequent appointment to National Council of Provinces

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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ABBREVIATIONS

ECPTA	The Eastern Cape Parks and Tourism Agency
DEDEAT	The Department of Economic Development, Environmental Affairs and Tourism
DEA	The Department of Environmental Affairs
GRAP	Generally Recognised Accounting Practice
CATHSSETTA	Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority
NDT	National Department of Tourism

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the period and the results of its operations and cash flows for the period then ended. The role of external auditors is to express an independent opinion on the annual financial statements and management should ensure that they are 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. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members 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 members to meet these responsibilities, the accounting authority 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 members are of the opinion that based on the information and explanations given by management, 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 members have reviewed the entity's cash flow forecast for the year to 31 March, 2020 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.

The annual financial statements set out on pages 120 to 188, which have been prepared on the going concern basis, were approved by the accounting authority on 27 May 2019 and were signed on its behalf by:



Ms N Mona

Chairperson of the Board

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE EASTERN CAPE PARKS AND TOURISM AGENCY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Eastern Cape Parks and Tourism Agency set out on pages 120 to 188, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Parks and Tourism Agency as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the 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).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including

International Independence Standards) (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

EMPHASIS OF MATTER

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

UNCERTAINTY RELATING TO THE FUTURE OUTCOME OF EXCEPTIONAL LITIGATION

7. With reference to note 38 to the financial statements, the entity is a defendant in various claims for damages. The entity is opposing these claims. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the Eastern Cape Parks and Tourism Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

12. In accordance with the Public Audit Act of South Africa, 2004 [Act No. 25 of 2004] [PAA] and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 1 – Operations	50 - 69

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for programme 1 – Operations.

OTHER MATTER

17. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

18. Refer to the annual performance report on pages 50 to 84 for information on the achievement of planned targets for the year and explanations provided for the under- or over achievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
22. My opinion on the financial statements, the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report this fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

OTHER REPORTS

26. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or the reported performance information or compliance with legislation.
27. An investigation is being conducted by an external party into allegations of fraud that occurred in the 2013-14 financial year. The investigation relates to allegations of the misappropriation of public funds, improper conduct and maladministration in connection with expenditure incurred in preparation for the funeral of former President Nelson Rolihlahla Mandela. In prior years, the entity instituted internal disciplinary measures against the responsible parties and the necessary action has been taken. At the date of this report, this investigation was still in progress.

Auditor-General

Auditor General

East London
31 July 2019



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
- conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial

statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Eastern Cape Parks and Tourism Agency’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease continuing as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



Wild Coast
Photo credit: Mark M Gottlieb – www.MarksAdventures.com

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

Figures in Rand (thousand)	Note(s)	2019 R'000	2018 R'000 Restated*
Assets			
Current Assets			
Inventories	2	1,308	1,743
Trade receivables	3	801	1,896
Other receivables	4	2,063	1,230
Cash and cash equivalents	5	79,383	38,067
Game held for sale	6	8,606	8,638
		92,161	51,574
Non-Current Assets			
Intangible assets	7	328	291
Property, plant and equipment	8	289,124	304,637
Service concession assets	9	40,528	41,668
Heritage assets	10	22,991	22,991
Investment property	11	6,071	6,200
Infrastructure - work in progress	12	6,794	7,822
		365,836	383,609
Total Assets		457,997	435,183
Liabilities			
Current Liabilities			
Finance lease obligation	13	426	384
Trade payables	14	15,346	13,187
Employee related payables	15	12,142	11,433
Social responsibility projects	16	4,066	2,171
Provisions	17	10,455	8,676
Deferred revenue - game held for sale	18	8,606	8,638
Unspent conditional grants and receipts	19	55,820	20,940
		106,861	65,429
Non-Current Liabilities			
Finance lease obligation	13	191	616
Employee benefit obligation	20	21,312	23,302
		21,503	23,918
Total Liabilities		128,364	89,347
Net Assets			
		329,633	345,836
Capitalisation reserve		39,304	39,304
Accumulated surplus		290,329	306,532
Total Net Assets		329,633	345,836

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand (thousand)	Note(s)	2019 R'000	2018 R'000 Restated*
Revenue			
Revenue from exchange transactions			
Wildlife income	21	8,686	12,842
Rendering of services	22	2,282	1,538
Accommodation revenue	23	6,163	5,987
Rental income		1,385	1,272
Other income	24	2,097	991
Finance income	25	4,101	1,330
Actuarial gains	20	4,821	3,995
Profit on disposal of assets		772	-
Total revenue from exchange transactions		30,307	27,955
Revenue from non-exchange transactions			
Grants and subsidies	26	236,181	210,892
Donations received	27	1	3,379
Fines, penalties and forfeits		72	32
Total revenue from non-exchange transactions		236,254	214,303
Total revenue		266,561	242,258
Expenditure			
Personnel related costs	28	(149,265)	(141,930)
Depreciation and amortisation	29	(27,053)	(28,358)
Impairment loss	30	-	(1,636)
Finance costs	31	(2,526)	(2,611)
Debt impairment		(4)	(86)
Repairs and maintenance	32	(6,007)	(4,379)
Loss on disposal of assets		-	(336)
Operating expenses	33	(97,909)	(77,464)
Total expenditure		(282,764)	(256,800)
Deficit for the year		(16,203)	(14,542)

* See Note 46 & 44

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand (thousand)	Capitalisation reserve	Accumulated surplus	Total net assets
Restated* Balance at 1 April, 2017	39,304	321,074	360,378
Deficit for the year	-	(14,542)	(14,542)
Restated* Balance at 1 April, 2018	39,304	306,532	345,836
Deficit for the year	-	(16,203)	(16,203)
Balance at 31 March, 2019	39,304	290,329	329,633

* See Note 46 & 44

CASH FLOW STATEMENT

Figures in Rand (thousand)	Note(s)	2019 R'000	2018 R'000 Restated*
Cash flows from operating activities			
Receipts			
Own revenue		20,554	21,416
Grants and subsidies		271,450	229,798
Finance income		4,101	1,330
		<u>296,105</u>	<u>252,544</u>
Payments			
Employee costs		(144,554)	(136,555)
Suppliers		(101,180)	(89,687)
Finance costs		(2,526)	(2,611)
		<u>(248,260)</u>	<u>(228,853)</u>
Net cash flows from operating activities	35	<u>47,845</u>	<u>23,691</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(5,875)	(5,644)
Proceeds from sale of property, plant and equipment	8	2,119	14
Purchase of intangible assets	7	(140)	(46)
Increase in work in progress		(4,145)	(10,233)
		<u>(8,041)</u>	<u>(15,909)</u>
Net cash flows from investing activities		<u>(8,041)</u>	<u>(15,909)</u>
Cash flows from financing activities			
Movement in Social responsibility projects		1,895	749
Finance lease liabilities		(383)	955
		<u>1,512</u>	<u>1,704</u>
Net cash flows from financing activities		<u>1,512</u>	<u>1,704</u>
Net increase in cash and cash equivalents		41,316	9,486
Cash and cash equivalents at the beginning of the year		38,067	28,581
Cash and cash equivalents at the end of the year	5	<u>79,383</u>	<u>38,067</u>

* See Note 46 & 44

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand (thousand)	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions	26,303	2,347	28,650	26,774	(1,876)	Note 42
Other grants	73,946	14,954	88,900	51,245	(37,655)	Note 42
Grants and subsidies	206,805	15,600	222,405	220,205	(2,200)	Note 42
Total revenue	307,054	32,901	339,955	298,224	(41,731)	
Expenses						
Compensation of employees	(154,590)	1,497	(153,093)	(144,554)	8,539	Note 42
Goods and services	(100,781)	(11,536)	(112,317)	(101,180)	11,137	Note 42
Capital expenditure	(51,683)	(22,862)	(74,545)	(10,160)	64,385	Note 42
Total expenditure	(307,054)	(32,901)	(339,955)	(255,894)	84,061	
Surplus for the year	-	-	-	42,330	42,330	
Reconciliation						
Format and classification differences						
Revenue from exchange transactions				3,605		
Grants and subsidies				(35,269)		
Donations received				1		
Compensation of employees				(4,711)		
Depreciation and amortisation				(27,053)		
Finance charges				(2,526)		
General expenses				(2,740)		
Capital expenditure				10,160		
Actual Amount in the Statement of Financial Performance				(16,203)		

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

Basis of preparation

- **Statement of compliance**

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the Public Finance Management Act, 1999 (Act No.1 of 1999) and specific regulations issued by National Treasury.

The Annual Financial Statements were authorised for issue by the Board on 27 May 2019.

- **Going concern assumption**

The Annual Financial Statements have been prepared on a going concern basis.

- **Functional and presentation currency**

The Annual Financial Statements are presented in South African Rand, which is the entity's functional currency. All financial information presented has been rounded to the nearest thousand.

- **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 these estimates.

Estimates and underlying assumptions are reviewed on an on-going 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 Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost except for certain assets and liabilities which are measured at fair value as set out in the accounting policies below. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

- **Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

- **Comparative information**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Accounting policies

The accounting policies set out below have been applied consistently in all material respects to all periods in these annual financial statements.

ACCOUNTING POLICIES

1.1 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.

Recognition

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.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised using the effective interest method 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.

Other income

Implementers fees based on calculations of activities done are recognised as other income.

Measurement

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

ACCOUNTING POLICIES

1.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When Implementers fees form part and parcel of a grant and subsidy arrangement as set out in an agreement, it is recognised as part and parcel of grant income.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.3 GAME HELD FOR SALE

Large mammals which are identified through our game census process as being excess game, are classified as “held for sale” and are reflected in the financial statements at 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

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. The fair values and estimated point of sale costs for game classified as “held for sale” are determined annually by management by considering:

- excess game quantities as approved by The Board for off take (disposal),
- auction reserve prices established by reference to historical data and industry conditions for live game sales,
- target selling prices set by management for hunting packages,
- animal weights and prices as mutually agreed with service providers for external culling game, by a bidding process,
- average animal weights and management set venison prices for internal culling game; and
- significant costs of disposal, where such costs can be separately identifiable from normal biodiversity conservation costs.

ACCOUNTING POLICIES

1.3 GAME HELD FOR SALE (CONTINUED)

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 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 the 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

1.4 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. 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 of whether those rights are transferable or separate from the entity or from other rights and obligations.

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. The cost of Intangible assets is its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets on a straight line basis to their residual values as follows:

Item	Useful life
Computer software licence	3 years

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. It is recognised in surplus or deficit when the asset is derecognised.

ACCOUNTING POLICIES

1.5 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 is initially recognised at cost. Transaction costs are included in the initial measurement. The cost of investment property acquired at no cost or nominal cost (i.e. acquired in a non-exchange transaction) is its fair value at the date of acquisition.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

1.6 HERITAGE ASSETS

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, only if:

- It is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value can be measured reliably.

Assets that qualify for recognition as heritage assets are initially measured at cost. Where the cost or fair values cannot be measured reliably, the assets are not recognised. Heritage assets are not depreciated as they are considered to have an indefinite useful life due to their environmental significance. Subsequent to recognition, heritage assets are carried at cost less any accumulated impairment losses. In the case of specialised heritage buildings, the fair value is determined using the replacement cost approach.

The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

An assessment of impairment is performed at each reporting date and impairment losses are recognised in profit or loss.

ACCOUNTING POLICIES

1.7 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 property, plant and equipment are initially recorded at cost. 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.

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.

Subsequent to initial measurement, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Land accounted for as property plant and equipment has an infinite useful life and is not depreciated.

Water tanks attached to buildings; or fencing surrounding buildings and infrastructure are presumed to be part of the buildings or infrastructure unless specifically identified; and otherwise stated.

The cost of storm water drainage is included in the cost of the road where this takes the form of minimal transverse culverts and open drains alongside the road. Where local topography requires more than minimal drainage, the cost will be shown separately. Road signs are included in the cost of roads. The inclusion of storm water and signage is in line with the Department of Cooperative Governance and Traditional Affairs Industry guide to Infrastructure Service Delivery Levels and Unit costs.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
Land	Indefinite
Buildings	5 - 50 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Building attachments	5 years
Field equipment	2 - 30 years
Roads and storm water	10 - 60 years
Electricity infrastructure	30 - 40 years
Sanitation infrastructure	10 - 60 years
Water supply infrastructure	30 - 50 years
Fencing	10 - 40 years

ACCOUNTING POLICIES

1.7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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 at each reporting date, and 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.

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. A reversal of an impairment loss for an asset shall be recognised immediately in surplus or deficit.

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.

ACCOUNTING POLICIES

1.8 SERVICE CONCESSION ARRANGEMENTS

A service concession arrangement is a contractual arrangement between the entity and another entity (the operator) in which the operator uses the service concession asset to provide; a public service that falls within the entity's mandate (mandated function) on behalf of the entity for a specified period of time; and the operator is compensated for its services over the period of the service concession arrangement.

Service concession assets

Service concession assets are assets used to provide a mandated function in a service concession arrangement that:

- are provided by an operator which the operator constructs, develops, or acquires from a third party; or are existing assets of the operator; or;
- are provided by the entity which are existing assets of the entity; or are an upgrade to existing assets of the entity.

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity as a service concession asset if:

- the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement;
- it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Service concession assets are measured at their fair value on initial recognition except where the assets are reclassified in which case they will only be reclassified in accordance with the applicable asset related GRAP Standard. The entity reclassifies assets to service concession assets at their carrying amounts; without any fair valuing at the date of reclassification.

Except where an asset was reclassified by the entity to a service concession asset, the entity initially measures the corresponding liability at the same amount as the service concession asset adjusted for any cash consideration from either the entity or operator to either the entity or operator.

Reclassified service concession assets are accounted for in accordance with the Standards of GRAP on investment property, property, plant and equipment, intangible assets, or heritage assets, as appropriate.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services. Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

After initial recognition, the entity applies the accounting policies on investment property, property, plant and equipment, intangible assets and heritage assets to the subsequent measurement and derecognition of similar items of service concession assets. For the purposes of applying the accounting policies on investment property, property, plant and equipment, intangible assets and heritage assets, service concession assets are treated as a separate class of assets.

The accounting policies on Impairment of non-cash generating assets and impairment of cash-generating assets are applied in considering whether there is any indication that a service concession asset is impaired.

Depreciation is provided on service concession assets in terms of similar items of property, plant and equipment, investment property, intangible assets and heritage assets, to write down the cost, less residual value, by equal instalments over their useful lives which have been assessed as follows:

Item	Useful life
Buildings	5 - 50 years
Plant and machinery	5 years
Electricity infrastructure	30 - 40 years
Water supply infrastructure	30 - 50 years
Sanitation infrastructure	10 - 60 years

ACCOUNTING POLICIES

1.8 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Service concession liabilities

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability recognised as a financial liability.

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue generating asset, the entity initially recognise the unearned portion of the revenue arising from the exchange of service concession assets between the entity and the operator as a deferred revenue - service concession liability.

A deferred revenue - service concession liability is initially measured at the same amount as the service concession asset adjusted for any additional consideration from the entity to operator or vice versa. Subsequently, the entity recognises revenue and reduces the liability recognised in accordance with the substance of the service concession arrangement.

Service concession revenue

Revenue from a service concession arrangement is recognised as it accrues over the period of the agreement. When the operator provides an upfront payment, a stream of payments, or other consideration to the entity for the right to use the service concession asset over the term of the service concession arrangement, the entity accounts for these payments in a manner that better reflect the operator's economic consumption of its access to the service concession asset and/or the time value of money. The timing of the revenue recognition is determined based on the substance of the service concession arrangement. When the conditions for revenue recognition are met, the liability is reduced as the revenue is recognised accordingly.

ACCOUNTING POLICIES

1.9 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.

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.

ACCOUNTING POLICIES

1.9 FINANCIAL INSTRUMENTS (CONTINUED)

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 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.

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 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.

ACCOUNTING POLICIES

1.9 FINANCIAL INSTRUMENTS (CONTINUED)

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. 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.

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.

Measurement of specific financial instruments

Trade and other receivables

Trade and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are assessed at least annually for possible impairment. Impairment adjustments are made through the use of an allowance account. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end.

The entity provides for bad debts on outstanding trade and other receivables as follows:

Outstanding balance	Provision for bad debts
Older than six months but less than a year	50.00 %
Older than a year	100.00 %

Bad debts are written off in the year in which they are identified as irrecoverable. Trade and other payables Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

ACCOUNTING POLICIES

1.9 FINANCIAL INSTRUMENTS (CONTINUED)

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).

1.10 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.

Leased assets are depreciated over the shorter of the lease term and its useful life.

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.

ACCOUNTING POLICIES

1.10 LEASES (CONTINUED)

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.

1.11 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, 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.

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 managed with the 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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

ACCOUNTING POLICIES

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount.

The increase is a reversal of an impairment loss. A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 managed with the 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.

ACCOUNTING POLICIES

1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (CONTINUED)

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 service amount is the higher of a non-cash-generating asset's 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.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

RECOGNITION AND MEASUREMENT

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

ACCOUNTING POLICIES

1.14 INFRASTRUCTURE - WORK IN PROGRESS

Infrastructure work in progress represents capital projects in progress at year end. Expenditure incurred on infrastructure projects is recognised at cost and is only transferred to the relevant asset category on completion of the project. Work in progress is not depreciated. Subsequent to transfers to the relevant asset classes, the assets are accounted for in terms of the applicable GRAP standard.

1.15 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The amount of the liability and expense is determined as the additional amount the entity is required to pay as a result of the unused leave days owing to employees at the end of the reporting period.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the annual valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

ACCOUNTING POLICIES

1.16 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

PROVISIONS

A provision is a liability of uncertain timing or amount. 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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:

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

Contingent assets

Contingent assets arise from unplanned or other unexpected events that are not wholly within the control of the entity and give rise to the possibility of an inflow of economic benefits or service potential to the entity.

Contingent assets are not recognised in Annual Financial Statements since this may result in the recognition of revenue that may never be realised. However, when the realisation of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

The ECPTA shall disclose for each class of provisions, contingent assets and liabilities, unless the possibility of any cash flow is remote, at the end of the reporting period a brief description of the nature of the provision, contingent liability and contingent asset and where practicable, an estimate of its financial effect, an indication of uncertainties relating to the amount or timing of any cash flow and the possibility of any reimbursement.

ACCOUNTING POLICIES

1.17 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.18 SURRENDERS TO PROVINCIAL REVENUE FUND

Surrenders to provincial revenue fund relate to unspent funds which means the positive balance in “cash and cash equivalents” as per cash flow statement as at the end of the financial year, less any accruals relating to that financial year and/or surpluses approved for accumulation in terms of section 53(3) of the PFMA.

Treasury Regulation 15.8 requires that, at the end of each financial year, and after the books of account of the entity have been closed, the Accounting Officer must surrender to the relevant treasury any unexpended voted funds, for re-depositing into the Exchequer bank account of the relevant revenue fund.

Surrenders to provincial revenue fund are disclosed in the face of the statement of financial position under current liabilities retrospectively in accordance with GRAP 3 and IAS 8.

1.19 DEFERRED REVENUE

The corresponding revenue relating to large mammals which are identified through our game census process as being excess game, and have been recognised as “held for sale” is deferred until the sale has been concluded and the entity has discharged its responsibilities in terms of the sale agreement.

1.20 POVERTY ALLEVIATION PROJECTS

The Eastern Cape Parks and Tourism Agency is the implementing agent for projects undertaken on behalf of other state organs. The bank balances held on behalf of the various projects are included as cash and cash equivalents in the annual financial statements, and the corresponding project liabilities as a result of uncompleted projects at reporting date are recorded as a current liability.

1.21 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

ACCOUNTING POLICIES

1.22 CAPITAL RESERVES

Capital reserves consist of:

- Reserves raised upon the initial transfer of funds relating to infrastructure projects which were initially implemented by Eastern Cape Tourism Board,
- Reserves created upon the initial valuation of game held for sale; and
- Reserves raised upon the assignment of assets to the ECPTA on establishment.

1.23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

- Cash relating to own revenue and the funds transferred from DEDEAT in respect of the mandate of the ECPTA as defined in the Eastern Cape Parks and Tourism Agency Act (Act 2 of 2010),
- 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.

1.24 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

The ECPTA operates in an economic sector whereby it interacts with other entities within the national and provincial sphere of government. Such entities are considered to be related parties.

Key management is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity whether directly or indirectly. The Board, Audit Committee, Executive Management as well as the Legal Advisor / Board secretary are considered to be key management per the definition of the financial reporting standard. Close family members of key management personnel are considered to be those family members who may be expected to influence or to be influenced by key management.

Transactions between the entity and key management personnel are disclosed in related party disclosures. Compensation paid to key management personnel is included in the disclosure notes.

1.25 FRUITLESS AND WASTEFUL AND IRREGULAR 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 year 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.

Irregular expenditure is expenditure that is contrary to legislation and has not yet been condoned or regularised by management. Irregular expenditure is accounted for as an expense in the statement of financial performance and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

Fruitless and wasteful and irregular expenditure is disclosed in the notes to the financial statements when confirmed. The amount disclosed is equal to the total value of the fruitless and wasteful or irregular expense unless it is impracticable to determine in which case reasons therefore is provided in the note. The expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

1.26 MERGERS

A merger is the establishment of a new combined entity in which none of the former entities obtain control over any other and no acquirer can be identified.

Merger date is the date on which entities are combined for the mutual sharing of risks and benefits and when the assets and liabilities are transferred to the combined entity.

As of the merger date, the entity recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts. The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

ACCOUNTING POLICIES

1.26 MERGERS (CONTINUED)

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the entity reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity 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 and, if known, would have affected the measurement of the amounts recognised as of that date.

After the measurement period ends, the entity revises the accounting for a merger only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The entity subsequently measures any assets acquired and any liabilities assumed in a merger in accordance with the applicable Standards of GRAP.

1.27 COMMITMENTS

Commitments relate to outstanding capital and current purchase orders at year end subject to the availability of funds. Where contracts are funded in the Medium -Term Expenditure Framework period through explicit contracts, these are also recorded as commitments as the funds are set out in contractual arrangements. Commitments are not recognised as a liability in the statement of financial position or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.28 BUDGET INFORMATION

The annual financial statements and the budget are not prepared on the same basis of accounting. The Annual Financial Statements are prepared on the accrual basis of accounting whereas the budget is on a cash basis. A reconciliation between the statement of financial performance and the budget is included in the annual financial statements as well as the recommended disclosure as determined by National Treasury.

ACCOUNTING POLICIES

1.29 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation generally reflect the segments for which the entity reports information to management.

The reported segment amounts are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements. They are the segments identified or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

Segment assets and liabilities consist of those assets and liabilities that are used by a segment in its operating activities, and are either directly attributable to a segment or can be allocated on a reasonable basis.

Segment revenue is that portion of the revenue reported in the entity's statement of financial performance that is directly attributable to a segment, or can be allocated on a reasonable basis. Segment expenses are those expenses that are directly attributable to a segment, or can be allocated to a segment on a reasonable basis.

1.30 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

ACCOUNTING POLICIES

1.31 GRAP STANDARDS

The Annual 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 the transitional provisions as applicable in terms of the standard and principles contained in directive two issued by the ASB in March 2009.

The recognition and measurement principles of the approved and effective standards do not differ or result in material differences compared to previous financial statements.

The following prescribed standards of GRAP have been issued but are not yet effective as at 31 March 2019.

GRAP 20	Related party disclosure
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

Management have considered all of the above-mentioned GRAP standards approved or 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
2. INVENTORIES		
Maintenance materials	1,242	1,708
Fuel	66	35
	1,308	1,743

During the year under review an amount of R466 thousand was transferred from maintenance materials to property, plant and equipment.

3. TRADE RECEIVABLES

Trade debtors	631	1,620
Operating lease receivables	22	61
Rent receivable	356	423
Impairment allowance	(208)	(208)
	801	1,896

ECPTA considers that the carrying amount of trade and other receivables approximates their fair value. No trade and other receivables have been pledged as security.

Reconciliation of provision for impairment

Opening balance	208	208
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4. OTHER RECEIVABLES

Grants receivable	45	434
SARS Receivable	190	-
Debts receivables (staff debts)	3	28
Social projects	1,060	7
Deposits	546	521
Prepaid expenses	328	374
Impairment allowance	(109)	(134)
	2,063	1,230

The receivable from Social projects consists of amounts owed in respect of the National Department of Environmental Affairs funded Double Drift Project and Youth Environmental Services Programme.

Grants receivable

Grants receivable comprises of:

Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	45	434
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Reconciliation of movement in grants receivable 2019

	Balance receivable at start of year	Current year receipts	Transfers to revenue	Balance receivable at end of year
Marine and Coastal Management	-	(3,000)	3,000	-
Culture, Arts, Tourism, Hospitality and Sports Sector	434	(389)	-	45
Education and Training Authority				
	434	(3,389)	3,000	45

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018		
4. OTHER RECEIVABLES (CONTINUED)				
2018	Balance receivable at start of year	Current year receipts	Transfers to revenue	Balance receivable at end of year
Marine and Coastal Management	-	(2,857)	2,857	-
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	247	(1,363)	1,550	434
	247	(4,220)	4,407	434
Reconciliation of provision for impairment				
Opening balance			134	47
Provision for impairment			1	87
Amounts written off as uncollectible			(26)	-
			109	134
5. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand			64	64
Bank balances			75,253	35,832
Other cash and cash equivalents			4,066	2,171
			79,383	38,067
Bank balances				
Bank balances consist of the following bank accounts with First National Bank Limited:				
Main account			8,651	4,577
Revenue account			21,430	7,638
Special account			-	3,818
NDT - Bavianskloof account			17,604	-
NDT - Infrastructure account			9,894	10,001
NDT - Tourism Monitors account			2,202	9,601
NDT - Universal Accessibility account			1,436	-
South African National Parks account			43	96
South African Biodiversity Institute account			305	101
Commission for Restitution of Land Rights account and National Lotteries Commission account			1,141	-
N2 Biodiversity Offset account			12,002	-
Rhino Impact Investment			545	-
			75,253	35,832

Other cash and cash equivalents relates to social responsibility projects. These bank balances are held by the ECPTA in its capacity as the implementing agent and are ring fenced for application to activities within those projects, refer to note 16.

The entity's exposure to interest rate risk including risk to its financial assets and liabilities is disclosed in note 40.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
6. GAME HELD FOR SALE		
Game held for sale	8,606	8,638
<p>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 game are identified for sale in the following year and the sale comprises live game sale, hunting packages and culling. The table below gives an indicative number of animals to be disposed of. Management has the prerogative to switch between the numerous methods to achieve the desired capacity.</p>		
Live game	297	231
Hunting game	708	907
External culling game	940	2,822
Internal culling game	412	683
	2,357	4,643

The ECPTA Board approves the number of animals for off-take (disposal), and the value of game held for sale varies with the type of species identified for disposal. The Board has resolved at its board meeting during the year on the off-take figures for the current year. The actual figures of wildlife sales made during the year are included in revenue; refer to note 21.

7. INTANGIBLE ASSETS

	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software licenses	3,628	(3,300)	328	3,488	(3,197)	291

Reconciliation of intangible assets - 31 March 2019

	Opening balance	Additions	Amortisation	Total
Computer software licenses	291	140	(103)	328

Reconciliation of intangible assets - 31 March 2018

	Balance as previously reported	Cost restatement	Accumulated depreciation restatement	Additions as previously reported	Amortisation as previously reported	Total
Computer software licenses	391	-	1	46	(147)	291

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

8. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	184,275	(37,910)	146,365	182,397	(32,431)	149,966
Plant and machinery	8,547	(6,563)	1,984	8,355	(6,453)	1,902
Furniture and fixtures	18,397	(14,221)	4,176	18,383	(13,260)	5,123
Motor vehicles	30,526	(17,409)	13,117	34,692	(21,673)	13,019
Office equipment	5,219	(3,437)	1,782	5,001	(3,096)	1,905
IT equipment	12,102	(8,669)	3,433	11,921	(7,413)	4,508
Roads and storm water	370,940	(299,524)	71,416	370,940	(291,160)	79,780
Fencing	75,724	(54,688)	21,036	73,012	(52,161)	20,851
Building attachments	6,666	(3,688)	2,978	6,610	(2,990)	3,620
Field equipment	3,172	(1,351)	1,821	2,903	(974)	1,929
Electricity infrastructure	11,271	(5,824)	5,447	11,271	(5,527)	5,744
Sanitation infrastructure	7,283	(3,504)	3,779	7,283	(3,271)	4,012
Water supply infrastructure	23,619	(11,829)	11,790	23,619	(11,341)	12,278
Total	757,741	(468,617)	289,124	756,387	(451,750)	304,637

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 31 March 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	149,966	2,484	(499)	(5,586)	146,365
Plant and machinery	1,902	654	(44)	(528)	1,984
Furniture and fixtures	5,123	447	(55)	(1,339)	4,176
Motor vehicles	13,019	4,053	(693)	(3,262)	13,117
Office equipment	1,905	389	(34)	(478)	1,782
IT equipment	4,508	399	(8)	(1,466)	3,433
Roads and storm water	79,780	-	-	(8,364)	71,416
Fencing	20,851	2,712	-	(2,527)	21,036
Building attachments	3,620	92	(11)	(723)	2,978
Field equipment	1,929	285	(3)	(390)	1,821
Electricity infrastructure	5,744	-	-	(297)	5,447
Sanitation infrastructure	4,012	-	-	(233)	3,779
Water supply infrastructure	12,278	-	-	(488)	11,790
	304,637	11,515	(1,347)	(25,681)	289,124

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 31 March 2018

	Balance as previously reported	Cost restatement	Accumulated depreciation restatement	Additions as previously reported	Additions restatement	Transfers as previously reported	Disposals as previously reported	Depreciation as previously reported	Depreciation restatement	Impairment loss as previously reported	Total
Buildings	167,663	-	-	5,158	-	(15,294)	(123)	(5,822)	-	(1,636)	149,966
Plant and machinery	2,363	(521)	316	411	(38)	-	(53)	(636)	60	-	1,902
Furniture and fixtures	6,074	(15)	4	672	-	-	(121)	(1,494)	3	-	5,123
Motor vehicles	15,097	194	(159)	1,138	-	-	-	(3,239)	(12)	-	13,019
Office equipment	1,954	(54)	12	537	(3)	-	(27)	(522)	8	-	1,905
IT equipment	3,821	44	(12)	2,076	-	-	(27)	(1,391)	(3)	-	4,508
Roads and storm water	88,146	-	-	1,565	-	-	-	(9,931)	-	-	79,780
Fencing	15,971	-	-	7,058	-	-	-	(2,178)	-	-	20,851
Building attachments	883	106	(53)	3,224	38	-	-	(558)	(20)	-	3,620
Field equipment	533	246	(105)	1,601	3	-	-	(313)	(36)	-	1,929
Electricity infrastructure	5,554	-	-	482	-	-	-	(292)	-	-	5,744
Sanitation infrastructure	3,820	-	(1)	424	-	-	-	(231)	-	-	4,012
Water supply infrastructure	12,432	-	-	333	-	-	-	(487)	-	-	12,278
	324,331	-	2	24,679	-	(15,294)	(351)	(27,094)	-	(1,636)	304,637

Included in additions are donated assets of amount R1 thousand (2018: R3,379 million), refer to note 27.

Property, plant and equipment amounting to R5,173 million (2018: R15,658 million) and included in additions was transferred from Infrastructure - work in progress, refer to note 12.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

9. SERVICE CONCESSION ASSETS

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	34,244	(1,712)	32,532	34,244	(992)	33,252
Plant and machinery	550	(267)	283	550	(211)	339
Electricity infrastructure	4,300	(334)	3,966	4,300	(230)	4,070
Sanitation infrastructure	375	(21)	354	375	(14)	361
Water supply infrastructure	3,001	(198)	2,803	3,001	(138)	2,863
IT equipment	1,021	(669)	352	1,021	(536)	485
Office equipment	454	(230)	224	454	(173)	281
Furniture and fittings	24	(10)	14	24	(7)	17
Total	43,969	(3,441)	40,528	43,969	(2,301)	41,668

Reconciliation of service concession assets - 31 March 2019

	Opening balance	Depreciation	Total
Buildings	33,252	(720)	32,532
Plant and machinery	339	(56)	283
Electricity infrastructure	4,070	(104)	3,966
Sanitation infrastructure	361	(7)	354
Water supply infrastructure	2,863	(60)	2,803
IT equipment	485	(133)	352
Office equipment	281	(57)	224
Furniture and fittings	17	(3)	14
	41,668	(1,140)	40,528

Reconciliation of service concession assets - 31 March 2018

	Balance as previously reported	Accumulated depreciation restatement	Additions as previously reported	Depreciation as previously reported	Total
Buildings	18,446	-	15,294	(488)	33,252
Plant and machinery	424	-	-	(85)	339
Electricity infrastructure	4,174	-	-	(104)	4,070
Sanitation infrastructure	367	-	-	(6)	361
Water supply infrastructure	2,923	-	-	(60)	2,863
IT equipment	666	-	-	(181)	485
Office equipment	340	-	-	(59)	281
Furniture and fittings	19	1	-	(3)	17
	27,359	1	15,294	(986)	41,668

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

9. SERVICE CONCESSION ASSETS (CONTINUED)

Concession service arrangements

Mthatha dam concession

The ECPTA entered into a concession agreement with Naritasan Koya Trading, trading as Mthatha Dam Amenities (the operator); whereby the entity has granted the operator the right during the concession period to generate, charge and collect revenues from the operation of Mthatha dam facilities at Luchaba Nature Reserve during the concession period of twenty (20) years effective from 01 December 2015, with no renewal option; and to use the concession facilities received as a donation from the National Department of Environmental Affairs for the purpose of this project.

Donated assets to the value of R56,238 million; and consisting of service concession assets (R27,176 million) and property, plant and equipment (R29,062 million) has been received from the National Department of Environmental Affairs by the entity for this project to date. Service concession assets are maintained by the operator during the concession period; and after expiry of the concession period, the facilities are to be operated by the local community identified as beneficiaries in partnership with the entity.

The concession payments, subject to annual review and payable by the operator are as follows:

- Fixed rental of R85 thousand per annum with escalation linked to the consumer price index payable to the ECPTA;
- Concession fee of four percent (4.00%) of net profit payable to the community development fund;
- Concession fee of four percent (4.00%) of net profit and fifty percent (50%) of gate takings profit payable to the

ECPTA Cape Morgan multi-purpose facility concession

The ECPTA entered into a concession agreement with Miarestade Wildlife (Pty) limited, (the operator); whereby the entity has granted the operator the right during the concession period to generate, charge and collect revenues from the operation of Cape Morgan multi-purpose conference centre facilities at East London Coast Nature Reserve during the concession period of ten (10) years effective from 14 December 2017 and to use the conference centre with a book value of R15,294 million for the purpose of this project.

The concession payments, payable by the operator in the event that the project becomes profitable are as follows:

- Concession fee of thirty five percent (35.00%) of net profit payable to the ECPTA;
- The following expenses are for the account of the Concessionaire; insurance, municipal services and maintenance of concession assets

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

10. HERITAGE ASSETS

	2019			2018		
	Cost / Valuation	Accumulated Impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Land	22,991	-	22,991	22,991	-	22,991

- Reconciliation of heritage assets 31 March 2019

	Opening balance	Total
Land	22,991	22,991

- Reconciliation of heritage assets 31 March 2018

	Opening balance	Total
Land	22,991	22,991

- Details of heritage assets

Heritage assets consist of various parks that were assigned to the former Eastern Cape Parks Board, with estimated area in hectares as listed below. For the heritage assets that were obtained from non-exchange transactions, ECPTA attempted to establish the value thereof using guidance from Directive 7: The Application of deemed cost issued by the Accounting Standards Board. Due to the nature of ECPTA's activities, ECPTA could not establish neither a fair value/deemed cost nor a replacement cost for its heritage assets acquired from non-exchange transactions. For that reason ECPTA heritage assets acquired from non-exchange transactions could not be recognised in the annual financial statements

Land purchased by the former Eastern Cape Parks Board to the cost of R 22,991 million was recognised as heritage assets at the fair value of the consideration paid on purchase by the entity.

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

Heritage assets measured at cost Reserve

Great Fish River Nature Reserve		
- Comprising of Sam Knott and Double Drift Nature Reserves	5,659	5,659
- 1,605 hectares acquired at cost		
Baviaanskloof Nature Reserve		
- Comprising of Baviaanskloof Wilderness Area, Stinkhoutberg and Cockscomb	15,534	15,534
- 18,160 hectares acquired at cost		
Mpofu Nature Reserve		
- 827 hectares acquired at cost	1,798	1,798
	22,991	22,991

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

10. HERITAGE ASSETS (CONTINUED)

Heritage assets which fair values cannot be reliably measured

Reserve	Estimated area in hectares
Great Fish River Nature Reserve	43,417
- Comprising of Sam Knott and Double Drift Nature Reserves	
Baviaanskloof Nature Reserve	193,011
- Comprising of Baviaanskloof Wilderness Area, Stinkhoutberg and Cockscomb	
Formosa Nature Reserve	25,490
Groendal Nature Reserve	44,877
The Island Nature Reserve	495
Thomas Baines Nature Reserve	2,588
Waters Meeting Nature Reserve	4,217
Tsolwana Nature Reserve	7,796
Mpofu Nature Reserve	10,104
Fort Fordyce Nature Reserve	2,970
East London Coast Nature Reserve	3,827
Hamburg Nature Reserve	1,466
Dwesa – Cwebe Nature Reserve	5,529
Hluleka Nature Reserve	4,665
Silaka Nature Reserve	400
Nduli – Luchaba Nature Reserve	518
Mkhambathi Nature Reserve	7,736
Ongeluksnek Nature Reserve	11,540
Oviston Nature Reserve	1,455
Commando Drift Nature Reserve	5,746
	377,847

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

11. INVESTMENT PROPERTY

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	7,260	(1,189)	6,071	7,260	(1,060)	6,200

Reconciliation of investment property - 31 March 2019

	Opening balance	Depreciation	Total
Investment property	6,200	(129)	6,071

Reconciliation of investment property - 31 March 2018

	Opening balance	Depreciation	Total
Investment property	6,328	(128)	6,200

Details of property

- Unit 2 Bisho business village	916	936
- Tourism House Phalo avenue	4,995	5,104
- Somerset House	160	160
	6,071	6,200

Unit 2 Bisho business village:

The property consists of an office block situated in the Bisho business village and transferred to the ECPTA as at 1 July 2010. The Department of Local Government and Traditional Affairs currently occupy the building. Fair value of the investment property as determined by an independent valuer, P Lindstrom (Registration no 935/7 registered in terms of the Valuers Act (No.47 of 2000) is R1,647 million (31 March 2018: R1,565 million).

Tourism House Phalo Avenue:

The property consists of an office block situated in Phalo Avenue in Bisho and transferred to the ECPTA as at 1 July 2010. The National Prosecuting Authority (NPA) currently occupies it. Fair value of the investment property as determined by an independent valuer, P Lindstrom (Registration no 935/7 registered in terms of the Valuers Act No.47 of 2000) is R9,090 million (31 March 2018: R8,713 million)

Somerset House:

The property consists of land with a dilapidated building situated in Somerset Street in Aliwal North and transferred to the ECPTA as at 1 July 2010. It is currently not occupied.

Amounts recognised in surplus and deficit for the year

Rental revenue from investment property	1,300	1,268
Repairs and maintenance on rental generating property	203	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
12. INFRASTRUCTURE - WORK IN PROGRESS		
Capital projects	6,794	7,822
Work in progress relates to capital projects in progress at year end.		
Opening balance	7,822	12,210
Additions	4,145	10,233
Transfers to property, plant and equipment	(5,173)	(15,658)
Transfers from inventories	-	1,037
	6,794	7,822
13. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	469	469
- in second to fifth year inclusive	196	664
	665	1,133
less: future finance charges	(48)	(133)
Present value of minimum lease payments	617	1,000
Present value of minimum lease payments due		
- within one year	426	384
- in second to fifth year inclusive	191	616
	617	1,000
Non-current liabilities	191	616
Current liabilities	426	384
	617	1,000

The entity has considered the following leases as significant:

- Equipment located at the East London head office is leased from Konica Minolta South Africa for a period of three years ending 31 August 2020, at a lease rental of R26 thousand per month, with no escalation.
- Equipment located at nature reserve offices is leased from Bytes Document Solutions for a period of three years ending 31 August 2020, with an option to be extended at the sole discretion of the ECPTA for a maximum period of two years on same terms and conditions, except for a reduction in rental. The lease rental for the equipment is R13 thousand per month, which shall be reduced by seventy five (75%) on extension of the contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
14. TRADE PAYABLES		
Trade creditors	7,258	5,451
Revenue received in advance	4,315	4,403
Accrued expense trade	3,562	2,931
Operating lease payables	193	367
Other trade payables	18	35
	15,346	13,187

ECPTA considers that the carrying amount of trade and other payables approximates their fair value. The entity's exposure to liquidity risk related to trade and other payables is disclosed in note 40.

"Payments received in advance - contract in process" has been renamed to "Revenue received in advance" to enhance the presentation of financial statements.

15. EMPLOYEE RELATED PAYABLES

Salaries and wages	560	804
Pension and provident	-	164
Skills development levy	129	122
Accrued leave pay	10,561	9,384
Workmen's compensation	-	85
SARS payable	-	6
Medical aid	892	868
	12,142	11,433

The ECPTA, as a schedule 3C PFMA entity, is required to surrender surplus cash resources to the Provincial Treasury. Historically, the ECPTA has not retained cash to fully back the accrued leave pay accrual in light of this. The Provincial Treasury does however allow a retention based on prior year trends. The cash back portion is equivalent to the prior payments to employees leaving the ECPTA amounting to R972 thousand (2018: R 880 thousand).

16. SOCIAL RESPONSIBILITY PROJECTS

Social responsibility projects	4,066	2,171
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Represents amounts available for social responsibility projects (formerly poverty alleviation projects) which are administered on behalf of the National Department of Environmental Affairs, refer to note 5.

The ECPTA has been appointed as implementing agents for certain social responsibility initiatives which are funded directly by DEA. The project was initiated in 2005 and to date, funding to the extent of R118,873 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
17. PROVISIONS		
Legal proceedings	365	240
Professional fees	483	-
Performance bonus	9,607	8,436
	10,455	8,676

Reconciliation of provisions - 31 March 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	240	270	(135)	(10)	365
Professional fees	-	483	-	-	483
Performance bonus	8,436	9,607	(8,425)	(11)	9,607
	8,676	10,360	(8,560)	(21)	10,455

Reconciliation of provisions - 31 March 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	230	10	-	-	240
Performance bonus	6,800	8,436	(6,796)	(4)	8,436
	7,030	8,446	(6,796)	(4)	8,676

Legal proceedings provisions

The provision on legal proceedings represents management's best estimate of the entity's liability on legal costs relating to the following cases:

Resettlement of people	20	20
Eviction of former employees	30	10
Reclaiming of game	200	200
Public liability claim against employees	35	10
Employment dismissal	30	-
Repairs and maintenance claim	30	-
Reckless and negligent driving	20	-
	365	240

The actual amounts to be paid will depend on the nature and extent of work performed by the attorneys in the litigation process.

Professional fees provision

The provision on professional fees represents the proportion of fees anticipated to be paid to the Special Investigation Unit in respect of the special investigation services rendered to the entity. The Special Investigation Unit was appointed, pursuant to the Presidential Proclamation to investigate activities surrounding the late President Mandela's funeral in 2013. The entity will be making representation to the Provincial Treasury to fund this matter.

Performance bonus provision

The provision on performance bonus of R9,6 million (2018: R8,4 million) relates to management's estimate on possible performance payments in terms of the entity's performance management policy. The payments of such bonuses is subject to the availability of funds and dependent on the outcome of performance evaluations which are to be conducted after year end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2019 2018

18. DEFERRED REVENUE - GAME HELD FOR SALE

Game held for sale 8,606 8,638

Deferred revenue - game held for sale relates to the corresponding revenue for large mammals which are identified through the game census process as being excess game, and have been recognised as "held for sale" for deferral until when the sale has been concluded and the entity has discharged its responsibilities in terms of the sale agreement, refer to note 6.

19. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of: Unspent conditional grants and receipts

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)	13,400	-
National Department of Tourism	30,718	19,602
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA)	341	-
South African Biodiversity Institute	305	88
African Wildlife Foundation	551	551
South African National Parks	134	98
South African National Roads Agency Limited	8,356	-
Green Trust	-	1
Commission on Restitution of Land Rights	390	600
National Lotteries Commission	1,200	-
Dukes and Duchesses of Cambridge and Sussex	425	-
	55,820	20,940

Reconciliation of movement in grants

31 March 2019	Balance unspent at start of year	Current year receipts	Transfers to revenue	Balance unspent at year end
DEDEAT	-	220,205	(206,805)	13,400
National Department of Tourism	19,602	26,760	(15,644)	30,718
CATHSSETA	-	623	(282)	341
South African National Biodiversity Institute	88	1,235	(1,018)	305
African Wildlife Foundation	551	-	-	551
South African National Parks	98	5,277	(5,241)	134
Sarah Baartman District Municipality	-	72	(72)	-
South African National Roads Agency Limited	-	12,000	(3,644)	8,356
First National Bank	-	30	(30)	-
Green Trust	1	-	(1)	-
Commission on Restitution of Land Rights	600	-	(210)	390
National Lotteries Commission	-	1,200	-	1,200
Dukes and Duchesses of Cambridge and Sussex	-	659	(234)	425
	20,940	268,061	(233,181)	55,820

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018		
19. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (CONTINUED)				
31 March 2018	Balance unspent at start of year	Current year receipts	Transfers to revenue	Balance unspent at year end
DEDEAT	3,847	195,953	(199,800)	-
National Department of Tourism	-	19,802	(200)	19,602
South African National Biodiversity Institute	461	852	(1,225)	88
Department of Environmental Affairs	-	138	(138)	-
Green Trust	-	289	(288)	1
African Wildlife Foundation	677	-	(126)	551
Buffalo City Metropolitan Municipality	200	220	(420)	-
United Nations Developmental Programme (Wild Coast)	181	-	(181)	-
South African National Parks	312	3,433	(3,647)	98
Sarah Baartman District Municipality	-	220	(220)	-
Umzimvubu Local Municipality	-	220	(220)	-
First National Bank	-	20	(20)	-
Commission on Restitution of Land Rights	-	600	-	600
	5,678	221,747	(206,485)	20,940

20. EMPLOYEE BENEFIT OBLIGATIONS DEFINED BENEFIT PLAN

The ECPTA has unfunded defined benefit plans that relates to long service awards and post retirement medical aid benefits. An actuarial valuation was performed using the Projected Unit credit method as specified in GRAP 25.

The amounts recognised in the statement of financial position are as follows:

Carrying value	2019	2018
Long service award	1,959	2,162
Medical aid benefit	19,353	21,140
	21,312	23,302

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	23,302	24,092
Benefits paid	(442)	(319)
Net expense recognised in the statement of financial performance	(1,548)	(471)
	21,312	23,302

Net expense recognised in the statement of financial performance

Current service cost	832	980
Interest cost	2,441	2,544
Actuarial gains	(4,821)	(3,995)
	(1,548)	(471)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
20. EMPLOYEE BENEFIT OBLIGATIONS DEFINED BENEFIT PLAN (CONTINUED)		
Key assumptions used		
Assumptions used at the reporting date:		
Long service discount rate	10.60 %	9.25 %
Benefit inflation rate	7.70 %	7.30 %
Medical aid discount rate	11.00 %	10.00 %
General inflation rate	7.50 %	7.64 %
Salary inflation rate	8.50 %	8.64 %
Medical inflation rate	9.00 %	9.14 %

The wording for assumptions used for the prior year has been aligned with the actuarial valuation report for the current year. The discount rate has been determined with reference to market yields at the date of the valuation using the yield curve determined by the Bond Exchange of South Africa.

No ill-health retirement assumption was made and it was assumed that all staff would retire at average age 63 (2018: 63 years).

The results of the valuation are sensitive to the assumptions chosen.

The ECPTA, as a schedule 3C PFMA entity, is required to surrender surplus cash resources to the Provincial Treasury. Historically, the ECPTA has not retained cash to fully back the employee benefit obligation in light of this. In addition, the Provincial Treasury does not allow a retention of cash for this obligation. The entity, therefore, does not cash back employee benefit obligation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
21. WILDLIFE INCOME		
Culling revenue	1,340	3,770
Hunting and fishing income	2,642	2,319
Live game sales	4,409	6,576
Venison sales	295	176
Other sales	-	1
	8,686	12,842
22. RENDERING OF SERVICES		
Conservation fees	1,795	1,303
Day tours and activities	386	131
Other services	101	104
	2,282	1,538
<p>"Entrance fees and day tours" and "Hiking trails, game guides and game drives" has been renamed to "Conservation fees" and "Day tours and activities" respectively to enhance the presentation of financial statements.</p>		
23. ACCOMMODATION REVENUE		
General accommodation	5,228	4,863
Camping income	873	1,032
Catering income	62	92
	6,163	5,987
24. OTHER INCOME		
Concession income	7	28
Commission	73	62
Ecological services income	45	22
Insurance proceeds	415	300
Implementers fees	1,343	319
Sale of tender documents	51	45
Sundry income	163	214
	2,097	990
25. FINANCE INCOME		
Bank interest	4,076	1,295
Trade and other receivables interest	25	35
	4,101	1,330

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
26. GRANTS AND SUBSIDIES		
The Department of Economic Development, Environmental Affairs and Tourism	206,805	199,800
National Department of Tourism	15,644	200
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	282	1,550
South African Biodiversity Institute	1,018	1,225
Marine and Coastal Management	3,000	2,857
African Wildlife Foundation	-	126
Commission on Restitution of Land Rights	210	-
Department of Environmental Affairs	-	138
United Nations Developmental Programme (Wild Coast)	-	181
South African National Parks	5,241	3,647
The South African National Roads Agency Limited	3,644	-
Buffalo City Metropolitan Municipality	-	420
Sarah Baartman District Municipality	72	220
Umzimvubu Local Municipality	-	220
First National Bank	30	20
Green Trust	1	288
Dukes and Duchesses of Cambridge and Sussex	234	-
	236,181	210,892
Grants and subsidies consists of:		
Spending on conditional grants and subsidies	233,181	206,485
Re-imburements on grants and subsidies	3,000	4,407
	236,181	210,892

Spending on grants refers to instances where the entity receives the grant and subsequently spends thereon and the revenue is realised on the expenditure incurred. Reimburements refers to instances where the entity incurs expenditure on the applicable grant and is subsequently reimbursed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
27. DONATIONS RECEIVED		
Property, plant and equipment	-	3,379
The following are details of donations received:		
Property, plant and equipment		
Buildings	-	1,256
Plant and machinery	-	158
Furniture and fixtures	1	-
Office equipment	-	9
IT equipment	-	18
Roads and storm water	-	1,528
Building attachments	-	35
Field equipment	-	375
Repairs and maintenance		
	1	3,379
The donations above were received from the following donors:		
The South African National Roads Agency Limited (Provincial Treasury)	-	1,528
Wildlife Protection	-	237
Simunye Developers	-	33
Endangered Wildlife Trust	-	18
International Rhino Foundation	-	1,563
Baviaanskloof Trail Run	1	-
	1	3,379
Donations in kind		
The entity has been granted the use of assets and resources for conservation activities. The assets and resources are reflected below at cost as provided by the listed donors:		
National Department of Environmental Affairs - Salaries*	2,262	1,030
Stop Rhino Poaching - office equipment	60	60
Wilderness Foundation - motor vehicle	-	816
Endangered Wildlife Trust - IT equipment	20	20
	2,342	1,926

* Salaries were provided for interns on the Youth Environmental Service Programme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018	
28. PERSONNEL RELATED COSTS			
Basic salary	103,328	98,662	
Performance bonus	9,597	8,432	
Medical aid contributions	11,054	10,594	
Unemployment insurance fund	931	883	
Skills development levy	129	122	
Leave pay provision charge	2,317	1,474	
Defined contribution plans	14,985	14,200	
Overtime payments	3,463	3,373	
Car allowance	357	408	
Other allowances	1,884	2,363	
Workmen's compensation	1,220	1,419	
	149,265	141,930	
29. DEPRECIATION AND AMORTISATION			
Intangible assets	103	147	
Property, plant and equipment	25,681	27,097	
Service concession assets	1,140	986	
Investment property	129	128	
	27,053	28,358	
Change in estimate - change in economic useful lives			
During the year, an assessment for remaining useful lives was conducted for non-current assets. The remaining useful lives of items of property, plant and equipment were revised with the following effect on depreciation and amortisation:			
Depreciation and amortisation	As per revised useful lives	As per original useful lives	Change in estimate
Intangible assets	103	(163)	(60)
Property, plant and equipment	25,681	(29,176)	(3,495)
Service concession assets	1,140	(1,220)	(80)
Investment property	129	(129)	-
	27,053	(30,688)	(3,635)
30. IMPAIRMENT LOSS			
Property, plant and equipment	-	1,636	
31. FINANCE COSTS			
Employee benefit obligation	2,441	2,544	
Finance lease obligation	85	67	
	2,526	2,611	
32. REPAIRS AND MAINTENANCE			
Property, plant and equipment	9,750	4,379	
Investment property	203	-	
	9,953	4,379	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
33. OPERATING EXPENSES		
Advertising and marketing	12,126	10,916
Animal costs	610	389
Assessment rates & municipal charges	-	5
Auction expenses	3,130	2,807
Auditors remuneration	2,461	2,908
Bank charges	260	265
Board expenses	1,851	2,192
Chemicals	574	412
Cleaning	1,291	980
Community projects	371	10
Compliance and law enforcement	1,082	1,241
Computer expenses	24	149
Conferences and seminars	4,778	2,244
Consulting and professional fees	5,839	4,632
Consumables	1,194	1,029
Electricity	4,739	4,196
Entertainment	421	58
Fleet	3,629	3,339
Fuel and oil	644	536
Game management	2,880	2,028
Hiring expenses	1,656	686
Insurance	2,997	1,970
Internal audit fees	1,692	1,187
Lease rentals on operating lease	6,534	6,728
Levies	182	183
Medical expenses	15	191
Placement fees	98	167
Postage and courier	83	117
Printing and stationery	1,007	1,069
Profit & loss on foreign exchange	5	-
Protective clothing	63	81
Refuse	171	159
Research and development costs	294	70
Royalties and license fees	3,064	2,653
Security	947	1,566
Staff welfare	374	376
Subscriptions and membership fees	596	582
Telephone and fax	5,813	4,146
Tourism development	3,526	868
Training	4,157	2,437
Travel - motor car, accommodation and subsistence	4,860	2,671
Travel - local	9,549	7,403
Travel - overseas	892	927
Uniforms	1,430	891
	97,909	77,464

34. AUDITORS' REMUNERATION

Included in note 33 is External audit fees of:

2,461	2,908
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Auditors' remuneration includes audit fees for projects amounting to R50 thousand (2018: R 39 thousand).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
35. CASH GENERATED FROM OPERATIONS		
Deficit	(16,203)	(14,542)
Adjustments for:		
Depreciation and amortisation	27,053	28,358
(Profit) / loss on disposal of assets	(772)	336
Donations	(1)	(3,379)
Impairment loss	-	1,636
Debt impairment	4	86
Movements in employee benefit obligations	(1,990)	(790)
Movements in provisions	1,779	1,646
Changes in working capital:		
Inventories	(31)	11
Trade receivables	1,091	(1,565)
Other receivables	(833)	3,963
Trade payables	2,159	(7,865)
Employee related payables	709	534
Unspent conditional grants and receipts	34,880	15,262
	47,845	23,691
36. OPERATING LEASES		
Operating leases as the lessee:		
Minimum lease payments due		
- not later than one year	2,689	4,970
- in second to fifth year inclusive	51	2,650
	2,740	7,620

The entity has considered the following leases as significant, where it rents office space:

- Hemipac Investments (Pty) Ltd, a division of SKG Properties Group, in East London, at number 17-25 Oxford Street, Central Business District. The lease contract is for a period of thirty six (36) months commencing on 04 October 2016 and is renewable for a further twenty four (24) months. The rental per month is R 362 thousand including parking with an escalation of eight percent (8,00 %) per annum and a value added tax adjustment of one percent (1%) on 01 April 2018. Subsequent to the procurement process, there were variations on the building. These variations amounted to a once-off payment of R2,2 million and R113 thousand per month payable over twelve (12) months. The Board has, in terms of the initial award, given management the mandate to exercise the option to extend the lease by a further two (2) years.
- Kazin Trading 5 CC, in Mthatha, for park homes at Nduli Nature Reserve. The lease contract was for a period of six (6) months commencing on 01 July 2017 with an option to extend to a month-to-month basis for a period not exceeding six (6) months. The rental per month was R47 thousand. The lease was subsequently extended on a month-to-month basis, at R33 thousand rental per month ending on 30 June 2018. A new lease contract commenced on 02 July 2018 for a period of six (6) months with an option to extend for an additional three (3) months on a month-to-month basis at a monthly rental of R32 thousand.
- Khusel'indalo South Africa trading as Conservation South Africa in Matatiele, at number 112 Main Street. The lease contract is for a period of thirty three (33) months commencing on 01 April 2017 and is renewable for a period not exceeding eight (8) months on a month-to-month basis or for a fixed period of twelve (12) months. The rental per month was R4 thousand with an escalation of 10 percent (10.00 %) per annum.

The entity has considered the following leases as significant, where it rents equipment:

- Sanitary equipment located at Head office in East London is leased from Red Alert for a period of three years commencing on 01 October 2017 at a lease rental of R4 thousand per month, with an escalation of 6.7% and 8.3%, after the first and second year, respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
36. OPERATING LEASES (CONTINUED)		
<ul style="list-style-type: none"> Coffee machines located at Head office in East London are leased from Red Alert for a period of thirty (30) months commencing on 01 April 2018 at a lease rental of R3 thousand per month, with an escalation of 6.7% and 8.3%, after the first six (6) months and eighteen (18) months, respectively. 		
Operating leases as the lessor:		
Minimum lease payments due		
- not later than one year	371	1,100
- in second to fifth year inclusive	303	92
	674	1,192

The entity has considered the following leases as significant, where it rents out office space:

- National Prosecuting Authority (NPA) at Tourism House, in Phalo avenue in Bhisho. The contract is a thirty six (36) months lease, commencing on 01 May 2016. The rental is R82 thousand per month with a six percent (6.00 %) escalation rate on renewal of the lease. The rental amount was adjusted to R85 thousand on 01 December 2018.
- The Department of Roads and Public Works at Erf 292, Unit 02, Business Village in Bhisho. The contract is a thirty six (36) months lease, commencing on 01 April 2018 with an option to renewal for a further twenty four (24) months. The commencement rental is R22 thousand per month with a six percent (6.00 %) escalation rate at the end of each lease year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018	
37. EMOLUMENTS MEMBERS			
2019			
	Members' fees	Other benefits **	Total
Mr S Mgxaji - (Acting Chairperson of the Board)	108	-	108
Mr SFW Ncume - (Board Member) - Appointed on 1 March 2015	173	5	178
Dr A Muir - (Board Member) - Appointed on 1 June 2012	110	-	110
Ms P Yako - (Board Member) - Appointed on 1 December 2015	81	-	81
Ms T Putzier - (Board Member) - Appointed 01 September 2017	231	78	309
Mr ZL Fihlani - (Board Member) - Appointed on 15 August 2017	106	-	106
	809	83	892

Other benefits includes stakeholder engagements and cellphone allowances.

The Member of the Executive Council appointed a new Board with effect from 01 May 2019, refer to note 45

2018			
	Members' fees	Other benefits **	Total
Ms V Zitumane - (Chairperson of the Board) - Appointed on 1 June 2012*	95	3	98
Mr S Mgxaji - (Board Member) - Appointed on 1 June 2012*	145	2	147
Mr SFW Ncume - (Board Member) - Appointed on 1 March 2015*	198	6	204
Dr A Muir - (Board Member) - Appointed on 1 June 2012*	148	3	151
Ms T Tsengiwe - (Board Member) - Appointed on 1 June 2012*	45	-	45
Ms P Yako - (Board Member) - Appointed on 1 December 2015	145	2	147
Ms T Putzier - (Board Member) - Appointed 01 September 2017	83	63	146
Mr ZL Fihlani - (Board Member) - Appointed 15 August 2017	43	1	44
	902	80	982

* Re-appointed by the Member of the Executive Council with effect from 1 December 2015 for a period of 3 years.

** Other benefits includes reimbursed expenses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018	
37. EMOLUMENTS MEMBERS (CONTINUED)			
Audit Committee			
2019			
	Committee fees	Other benefits **	Total
Mr C Sparg - (Chairperson) - Appointed on 1 April 2017	100	1	101
Mr S Dzengwa - (member) - Appointed on 1 April 2017	50	1	51
Ms T Semane - (Member) - Appointed on 1 April 2017	30	1	31
	180	3	183
2018			
	Committee fees	Other benefits **	Total
Mr C Sparg (Member) Appointed on 1 April 2015	108	6	114
Mr S Dzengwa - (member) - Appointed on 1 April 2017	50	3	53
Ms T Semane - (Member) - Appointed on 1 April 2017	50	1	51
	208	10	218

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

37. EMOLUMENTS MEMBERS (CONTINUED)

Executive Directors

2019

	Salary	Other benefits*	Retirement fund contribution	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer)	2,069	101	-	364	2,534
Mr J Jackson - (Chief Financial Officer)	1,443	48	209	280	1,980
Dr N Songelwa (Chief Operations Officer) Resigned 31 December 2018	1,423	14	-	311	1,748
Ms N Mxungelwa (Chief Marketing Officer) Resigned 31 January 2019	922	12	130	200	1,264
Ms L Gower - (Executive Director: Corporate Services) - Contract ended June 2018	556	7	-	251	814
Ms N Ali - (Executive Director: Corporate Services) - Appointed 1 July 2018	1,251	9	-	-	1,260
Ms X Mapoma - (Legal Advisor and Board Secretary)	1,022	30	149	145	1,346
	8,686	221	488	1,551	10,946

2018

	Salary	Other benefits*	Retirement fund contribution	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer)	1,946	89	-	314	2,349
Mr J Jackson - (Chief Financial Officer)	1,377	47	197	241	1,862
Dr N Songelwa - (Chief Operations Officer)	1,765	30	-	256	2,051
Ms N Mxungelwa - (Chief Marketing Officer)	1,025	26	146	172	1,369
Ms L Gower - (Executive Director: Corporate Services)	1,360	39	-	211	1,610
Ms X Mapoma - (Legal Advisor and Board Secretary)	959	24	139	118	1,240
	8,432	255	482	1,312	10,481

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

38. CONTINGENCIES

Contingent assets:

Contingent assets comprising of damage claims are as follows:

- **ECPTA v Medbury Farm:**

This matter relates to the recovery of animals that crossed over to the neighbouring farm. The ECPTA is demanding the return of the animals, alternatively, payment of the sum of R4 million being the reasonable market value of the animals. Judgement in favour of the ECPTA has been received from the Supreme Court of Appeal. A settlement offer was made by the defendant and the matter stands in court without a trial date. The legal costs paid amount to R1,460 million.

The supreme Court of Appeal awarded costs to the ECPTA. At the reporting date these had not been determined and are expected to be in line with costs paid to date of R1,460 million.

Contingent liabilities:

The entity's management is cognisant of the pervasive nature of the claims below, especially those relating to fire claims. The entity is a Schedule 3C Public Entity in terms of the Public Finance & Management Act. This status of the entity is such that its shareholder being The Provincial Government is ultimately the guarantee and funder of any claims that may arise. This is also underscored by the fact that the entity is not permitted to retain funds to build up reserves to mitigate future claims.

Management has therefore, not seen the need to pass any doubt on the entity's ability to continue as a going concern.

Contingent liabilities comprising of damage claims are as follows:

Damage claims

- **Mr and Mrs Gallop (Farm Spree River No 170) v ECPTA:**

This is a fire claim against the ECPTA. The capital involved amount to R652 thousand. The matter is dormant and the ECPTA is defending it through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.

- **Alibiprops 1005 cc t/a Indlovu Thatch v ECPTA:**

This matter relates to a contractual dispute between the Plaintiff and the ECPTA. The capital amount is R369 thousand. The matter is dormant and the prospects of success are more favourable to the ECPTA. The estimated legal costs at reporting date amount to R631 thousand.

- **Eurodrain Technology (Pty) Ltd v ECPTA:**

This matter relates to a contractual dispute between the ECPTA and the Plaintiff. The total remaining balance amounts to R326 thousand. The matter is dormant and the prospects of success are more favourable to the ECPTA. The estimated legal costs at reporting date amount to R120 thousand.

- **Khayaletu Geelbooi v ECPTA:**

This is a claim for personal injuries. The ECPTA was served with a letter of demand in which the claimant is claiming R500 thousand for damages. A summon has been issued. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.

- **Andre Prinsloo v ECPTA:**

This matter relates to a buffalo attack which took place on the Baviaanskloof Nature Reserve on 13 June 2015. The ECPTA is being sued for damages to the amount of R3,089 million. A settlement proposal has been accepted by the Plaintiff and the damages are being quantified. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.

- **MTO Forestry (Pty) Ltd v ECPTA**

This matter relates to a claim on damages caused by a fire alleged to have originated in or around the Baviaanskloof Nature Reserve and spread across to a neighbouring plantation. The estimated cost of the damages is R236,134 million. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

38. CONTINGENCIES (CONTINUED)

- **Old Mutual Insure v ECPTA**

This matter relates to a claim on damages caused by a fire alleged to have originated in or around the Baviaanskloof Nature Reserve and spread across to a neighbouring plantation and from there to several other properties. The claimant is claiming R223,647 million for damages. A claim has been submitted to the ECPTA insurers, and the outcome is still awaited.

- **Sobabini cc / Cypherfontein 379 (Pty) Ltd and Mr Clive Ingram v ECPTA**

This matter relates to a claim on damages caused by a fire alleged to have been sparked by an electrical fault in the Baviaanskloof Nature Reserve and spread across to a neighbouring property. The claimant is claiming R31,207 million for damages. A claim has been submitted to the ECPTA insurers, and the outcome is still awaited.

- **Rough Diamonds v ECPTA**

This matter relates to a claim on repairs and maintenance costs to a building in East London which was occupied by the ECPTA in terms of a written lease agreement which ended in 2016 with Rough Diamonds (Pty) Ltd. The claimant allege to have incurred costs to reinstate the property into good order after the ECPTA vacated the premises. The amount claimed is R636 thousand for damages and cost of repairs.

- **Vuyisile Diko v ECPTA**

The matter relates to a claim for damages alleged to have occurred when an ECPTA vehicle collided with the plaintiff's stationery vehicle. The ECPTA was served with a letter of demand in which the claimant is claiming R140 thousand for the damages. No summons has been issued as yet. The ECPTA insurers are handling the matter.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
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39. RELATED PARTY DISCLOSURES

RELATED PARTIES:

The ECPTA operates in an economic sector whereby it interacts with other entities within the national and provincial sphere of government. Such entities are considered to be related parties. Key management is defined as individuals who are key decision makers within the entity with a responsibility and authority to direct and control the activities of the entity. The Board, Audit Committee, Executive Management as well as the Legal Advisor / Board secretary are considered to be key management per the definition of the financial reporting standard. Close family members of key management personnel are considered to be those family members who may be expected to influence or to be influenced by key management.

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

RELATIONSHIPS

Controlling entity	- Department of Economic Development, Environmental Affairs and Tourism
National government departments	- National Department of Environmental Affairs - National Department of Water and Sanitation - National Department of Tourism - National Department of Public Works
Provincial government departments	- Eastern Cape Provincial Treasury - Eastern Cape Department of Roads and Public Works
Local government municipal entities	- Buffalo City Metropolitan Municipality - Nelson Mandela Bay Metropolitan Municipality - Sarah Baartman District Municipality - Umzimvubu Local Municipality
Entities with co management agreements	- Dwesa / Cwebe Land Trust - Mkhambathi Land Trust - Marine and Coastal Management
Strategic partnership entities	- Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority - South African National Biodiversity Institute - South African National Parks - South African National Roads Agency Limited - Commission on Restitution of Land Rights - First National Bank - Duke and Duchess of Cambridge and Sussex - National Lotteries Commission - Mthatha Dam Amenities - Miarestate Wildlife (Pty) Limited - Mkambati Matters (Pty) Ltd

Related party balances

Amounts included in trade and other receivables regarding related parties

Department of Economic Development, Environmental Affairs and Tourism	208	208
Eastern Cape Department of Roads and Public Works	62	42
National Department of Public Works	87	174
Buffalo City Metropolitan Municipality	11	163
National Department of Environmental Affairs	1,060	7
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	45	698

Related party transactions

Transfer payments received from related parties

Department of Economic Development, Environmental Affairs and Tourism	220,205	195,953
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Amounts received from related parties for tourism development programmes

National Department of Tourism	26,760	19,802
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
39. RELATED PARTY DISCLOSURES (CONTINUED)		
Buffalo City Metropolitan Municipality (Indaba)	-	220
Sarah Baartman District Municipality (Indaba)	72	220
Umzimvubu Local Municipality (Indaba)	-	220
National Lotteries Commission	1,200	-
Amounts received from related parties for biodiversity conservation projects		
Marine and Coastal Management	3,000	3,000
South African National Biodiversity Institute	1,235	853
South African National Parks (Including Environmental Monitoring Programme)	5,277	3,647
Commission on Restitution of Land Rights	-	600
Amounts received from related parties for skills development programmes		
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	623	1,363
Donations received from related parties		
South African National Roads Agency Limited	-	1,528
Rent received from related parties		
National Department of Public Works	1,156	1,038
Eastern Cape Department of Roads and Public Works	250	231

40. RISK MANAGEMENT

General

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The ECPTA has a risk management framework, risk management policy, 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 and risk committee which in turn reports to the Board.

Classification of financial instruments

31 March 2019	At fair value	At amortised cost	At cost	Total
Financial assets				
Trade receivables	-	801	-	801
Other receivables	-	2,063	-	2,063
Cash and cash equivalents	-	79,383	-	79,383
Financial liabilities				
Trade payables	-	(15,346)	-	(15,346)
Employee related payables	-	(12,142)	-	(12,142)
Social responsibility projects	-	-	(4,066)	(4,066)
Provisions	-	(10,455)	-	(10,455)
Finance lease obligation	-	(617)	-	(617)
Employee benefit obligation	-	(21,312)	-	(21,312)
	-	22,375	(4,066)	18,309

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019		2018	
40. RISK MANAGEMENT (CONTINUED)				
31 March 2018	At fair value	At amortised cost	At cost	Total
Trade receivables	-	1,896	-	1,896
Other receivables	-	1,230	-	1,230
Cash and cash equivalents	-	38,067	-	38,067
Financial liabilities				
Trade payables	-	(13,187)	-	(13,187)
Employee related payables	-	(11,433)	-	(11,433)
Social responsibility projects	-	-	(2,171)	(2,171)
Provisions	-	(8,638)	-	(8,638)
Finance lease obligation	-	(1,000)	-	(1,000)
Employee benefit obligation	-	(23,302)	-	(23,302)
	-	(16,367)	(2,171)	(18,538)

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 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 an impairment allowance.

Analysis by credit quality of financial assets:

Neither past due nor impaired		
Cash and cash equivalents	79,383	38,067
Trade and other receivables	2,511	2,657
	81,894	40,724
Past due and not impaired		
Trade and other receivables	27	204
Past due and impaired		
Trade and other receivables	317	342
The ageing of amounts past due but not impaired is as follows:		
Past due and not impaired		
- 6 months to within 1 year past due	-	204
- More than 1 year past due	27	-
	27	204

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

40. RISK MANAGEMENT (CONTINUED)

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 affect the entity.

Capital risk management:

The ECPTA's objectives when managing capital is 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 DEDEAT for biodiversity conservation.

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 meet its obligations. Liquidity risk is regarded as being low.

Contractual maturities of financial liabilities

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 31 March 2019	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	15,346	-	-	15,346
Employee related payables	12,142	-	-	12,142
Social responsibility projects	4,066	-	-	4,066
Provisions	10,455	-	-	10,455
Finance lease obligation	426	191	-	617
Employee benefit obligation	-	-	23,302	23,302
	42,435	191	23,302	65,928
At 31 March 2018	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	13,187	-	-	13,187
Employee related payables	11,433	-	-	11,433
Social responsibility projects	2,171	-	-	2,171
Provisions	8,676	-	-	8,676
Finance lease obligation	384	616	-	1,000
Employee benefit obligation	-	-	23,302	23,302
	35,851	616	23,302	59,769

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2019	2018
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40. RISK MANAGEMENT (CONTINUED)

Interest 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 DEDEAT as part of our budgeted grants to be used for operational expenditure.

The sensitivity analysis below has been determined on financial instruments exposure to interest rates at reporting date, assuming the amount of the instrument outstanding is outstanding for the whole year. The analysis, as detailed in the table below was determined by management and indicate a reasonable estimate of the increase / (decrease) on surplus from an increase in interest rates by 100 basis points. There were no changes from the prior year in the methods and assumptions used in preparing the sensitivity analysis:

Cash and cash equivalents	794	381
Employee benefit obligation	(213)	(233)
Increase on surplus	581	148

41. COMMITMENTS

Capital expenditure - approved, funded and contracted	788	1,766
Capital expenditure - approved, funded and not yet contracted	14,503	-
Goods and services - approved, funded and contracted	20,001	-
	35,292	1,766

The committed expenditure relates to outstanding expenditure orders at period end and will be financed from available resources within a year, as follows:

DEDEAT	13,400	-
National Department of Tourism	12,114	-
South African National Roads Agency Limited	3,484	-
South African National Parks	1,573	-
Own Revenue	2,165	1,552
Other funders	2,556	214
	35,292	1,766

During the year under review, the entity entered into an agreement with Microsoft for an amount of 277 thousand (USD). The balance of the contract at the reporting date is 178 thousand (USD) and will be funded in the medium term. This amount translated is R2,556 million.

Change in accounting policy

The definition of commitments was amended to include contracts that are funded in the Medium -Term Expenditure Framework period through explicit contracts, whose funds are set out in contractual arrangements. This has the effect of including the amount of commitments contracted and funded in the medium term. Commitments are not recognised and there is no effect to amounts recognised in the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

42. EXPLANATION OF MATERIAL DIFFERENCES BETWEEN THE BUDGET AND ACTUAL AMOUNTS

The Annual Financial Statements are prepared on an accrual basis of accounting while the budget is on a cash basis. The amounts in the Annual Financial Statements were recalculated from the accrual to cash basis. A reconciliation between the budget and the actual amounts in the statement of financial performance is presented on a comparable basis in the face of the statement of comparison of budget and actual amounts for the period ended 31 March 2019.

Detailed below are explanations of material differences between the budget and actual amounts on a comparable basis. The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

Revenue from exchange transactions:

The under-collection of R1,876 million is due mainly to the non collection by year-end of Implementers' fees of R1,053 million and accommodation budgeted for of R573 thousand and Sundry income of R250 thousand.

Other grants:

The under-collection of R37,655 million is mainly due to the under-collection on the National Department of Tourism projects of R35,593 million, the over-collection of R5,314 million on the N2 Biodiversity Offset project and the under-collection on miscellaneous projects for R7,36 million.

Grants and subsidies:

The under-collection of R2,2 million refers mainly to funds rolled-over from the previous year.

Compensation of employees:

The under-expenditure of R8,539 million is mainly due to the movement in employee payables of R709 thousand, the movement in the provision for performance bonus of R1,171 million, movement in employee benefits together with vacant posts during the year totalling R6,659 million.

Goods and services:

The under-spending amount of R11,137 million is mainly due to the under-spending on the N2 Biodiversity Offset project, South African National Parks, Tourism monitors, Land restitution projects. The under-spending is also the movement in payables of R2,438 million and provisions of R600 thousand.

Capital expenditure:

The underspending of capital expenditure of R64,385 million is mainly due to the under-spending of National Department of Tourism infrastructure projects of more than R38,495 million, endangered species, protection projects of R13,4 million, DEA Infrastructure projects of more than R2,705 million and various capital projects of R9,785 million and these were mostly committed by year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

43. SEGMENT INFORMATION

General information

Identification of segments

The entity is organised and reports to management on the basis of four major functional areas: head office, biodiversity and heritage cluster, game management and recreation cluster and marine and coastal cluster. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Head office

Biodiversity and heritage cluster

Game management and recreation cluster

Marine and coastal cluster

Goods and/or services

Corporate services

Biodiversity and heritage management

Game management and recreation services

Tourism and coastal conservation management

Segment surplus or deficit, assets and liabilities

31 March 2019

Revenue	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Revenue from exchange transactions	14,544	5,133	6,382	4,248	30,307
Grants and subsidies	145,688	40,403	20,101	29,989	236,181
Donations received	-	1	-	-	1
Fines, penalties and forfeits	-	4	11	57	72
Total segment revenue	160,232	45,541	26,494	34,294	266,561
Entity's revenue					266,561
Expenditure					
Operating expenses	82,523	6,692	3,642	5,052	97,909
Repairs and maintenance	4,114	441	579	873	6,007
Personnel related costs	76,306	30,440	17,394	25,125	149,265
Depreciation and amortisation	27,053	-	-	-	27,053
Debt impairment	4	-	-	-	4
Finance costs	2,526	-	-	-	2,526
Total segment expenditure	192,526	37,573	21,615	31,050	282,764
Total segmental deficit					(16,203)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

43. SEGMENT INFORMATION (CONTINUED)

Assets					
Inventories	1,188	78	19	23	1,308
Game held for sale	-	4,161	4,317	128	8,606
Trade receivables	801	-	-	-	801
Other receivables	2,063	-	-	-	2,063
Service concession assets	-	-	-	40,528	40,528
Investment property	6,071	-	-	-	6,071
Property, plant and equipment	9,233	100,772	97,138	81,981	289,124
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	328	-	-	-	328
Total segment assets	19,684	120,545	108,931	122,660	371,820
Cash and cash equivalents					79,383
Infrastructure - work in progress					6,794
Total assets as per Statement of financial Position					457,997

Revenue	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Liabilities					
Deferred revenue - game held for sale	-	4,161	4,317	128	8,606
Finance lease obligation					617
Trade payables					15,346
Employee related payables					12,142
Social responsibility projects					4,066
Provisions					10,455
Employee benefit obligation					21,312
Unspent conditional grants and receipts					55,820
Total liabilities as per Statement of financial Position					128,364

The assets and liabilities which have been reported in aggregate are not directly attributable nor can be reasonably allocated to segments. Segmented amounts for these assets and liabilities are not regularly provided to management for the purpose of assessing performance and making decisions about how future resources will be allocated to the various activities of the entity.

31 March 2018

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Revenue					
Revenue from exchange transactions	7,642	7,324	8,886	4,103	27,955
Grants and subsidies	120,224	37,217	22,377	31,074	210,892
Donations received	-	1,817	-	1,562	3,379
Fines, penalties and forfeits	-	12	-	20	32
Total segment revenue	127,866	46,370	31,263	36,759	242,258
Entity's revenue					242,258

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

43. SEGMENT INFORMATION (CONTINUED)

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Expenditure					
Operating expenses	64,365	6,068	2,370	4,661	77,464
Repairs and maintenance	1,802	874	621	1,082	4,379
Personnel related costs	70,026	29,809	16,957	25,138	141,930
Depreciation and amortisation	28,358	-	-	-	28,358
Impairment loss	1,636	-	-	-	1,636
Debt impairment	86	-	-	-	86
Finance costs	2,611	-	-	-	2,611
Loss on disposal of assets	122	4	11	199	336
Total segment expenditure	169,006	36,755	19,959	31,080	256,800
Total segmental deficit					(14,542)
Assets					
Inventories	1,188	70	476	9	1,743
Game held for sale	-	2,519	5,856	263	8,638
Trade receivables	1,896	-	-	-	1,896
Other receivables	1,230	-	-	-	1,230
Service concession assets	-	-	-	41,668	41,668
Investment property	6,200	-	-	-	6,200
Property, plant and equipment	10,500	104,895	101,118	88,124	304,637
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	291	-	-	-	291
Total segment assets	21,305	123,018	114,907	130,064	389,294
Cash and cash equivalents					38,067
Infrastructure - work in progress					7,822
Total assets as per Statement of financial Position					435,183
	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Liabilities					
Deferred revenue - game held for sale	-	2,519	5,856	263	8,638
Finance lease obligation					1,000
Trade payables					13,187
Employee related payables					11,433
Social responsibility projects					2,171
Provisions					8,676
Employee benefit obligation					23,302
Unspent conditional grants and receipts					20,940
Total liabilities as per Statement of financial Position					89,347

The assets and liabilities which have been reported in aggregate are not directly attributable nor can be reasonably allocated to segments. Segmented amounts for these assets and liabilities are not regularly provided to management for the purpose of assessing performance and making decisions about how future resources will be allocated to the various activities of the entity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

44. PRIOR PERIOD ADJUSTMENTS

The correction of errors and the restatement of prior year amounts resulted in prior year adjustments as follows:

Statement of financial position	Note	Amount as previously reported	Prior period error	Restated amount
Trade receivables	3	1,702	194	1,896
Other receivables	4	1,494	(264)	1,230
Intangible assets	7	290	1	291
Property, plant and equipment	8	304,795	(158)	304,637
Service concession assets	9	41,667	1	41,668
Investment property	10	6,040	160	6,200
Infrastructure - work in progress	11	11,994	(4,172)	7,822
Trade payables	14	(12,372)	(815)	(13,187)
Accumulated surplus		(311,585)	5,053	(306,532)
		44,025	-	44,025

Statement of financial performance	Note	Amount as previously reported	Prior period error	Restated amount
Grants and subsidies	26	211,156	(264)	210,892
Other income	24	914	77	991
Operating expenses	33	(76,648)	(816)	(77,464)
		135,422	(1,003)	134,419

Errors

Trade receivables and other income

It was discovered in the current financial year that electricity and municipal levies incurred on a leased property on behalf of a tenant had not been recovered from the tenant. The error resulted in the understatement of accumulated surplus and trade receivables by R117 thousand as at 31 March 2017. For the year ended 31 March 2018, other income and trade receivables were understated by R77 thousand and accumulated surplus was understated by R194 thousand.

Trade payables and operating expenses

During the year, an error was identified whereby telephone expenses amounting to R769 thousand and insurance of R47 thousand were not recorded. This resulted in the understatement of operating expenses and trade payables by R816 thousand.

Intangible assets, Property, plant and equipment, Service concession assets and Investment property

The adjustments to assets encompasses changes to classification of items amongst classes and the completeness of records. The carrying amount of Intangible assets, Property, plant and equipment and Service concession assets, were understated by R1 thousand, R2 thousand and R1 thousand, respectively. The classification of a property not in use with a cost of R160 thousand and previously reported as Property, plant and equipment was corrected to Investment property. The prior year financial statements have been adjusted accordingly.

Infrastructure - work in progress

During the review of Infrastructure - work in progress, it was identified that repairs and maintenance expenditure amounting to R3,946 million relating to a provincial road in Baviaanskloof was capitalised to Infrastructure - work in progress in the prior years. An amount of R226 thousand for a project that was scrapped had not been removed from the asset register. This resulted in the overstatement of Infrastructure - work in progress by R4,172 million and accumulated surplus by the same amount. The error has been corrected.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

44. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Grants and subsidies and Other Receivables

During the year an error was identified relating to Grants and subsidies transfers to revenue resulting in the overstatement of Grants income by R264 thousand and Other receivables by the same amount.

Over all, the correction of the errors and the restatement of the amounts has the following effect on accumulated surplus:

Statement of changes in net assets	Capitalisation reserve	Accumulated surplus	Total
Balance at 01 April 2017, as previously reported	39,304	325,124	364,428
- Adjustments to the statement of financial position	-	(4,050)	(4,050)
Balance at 01 April 2017, as restated	39,304	321,074	360,378
- Deficit for the year, as previously reported	-	(13,539)	(13,539)
- Adjustments to surplus for the year	-	(1,003)	(1,003)
Balance at 01 April 2018, as restated	39,304	306,532	345,836

Over all, the correction of the errors and the restatement of the amounts had the following effect on the statement of cashflows:

Statement of cashflows	Amount as previously reported	Prior period error	Restated amount
Cashflows from investing activities	(21,302)	15,658	(5,644)
- Purchase of property, plant and equipment			
- Increase in work in progress	5,425	(15,658)	(10,233)
	(15,877)	-	(15,877)

Cash flows from investing activities

A correction was made to an error that was identified during the year relating to the inclusion in the calculation of cashflows from investing activities of a non cash flow amount of R15,658 million for transfers of Infrastructure - work in progress to Property, plant and equipment.

45. EVENTS AFTER THE REPORTING DATE

Board of Directors

The entity's Board term terminated in November 2018. The Member of the Executive Council (MEC) exercised his legislative prerogative to extend the term of the Board. The MEC's extension was up until 30 April 2019. The MEC has appointed a new Board with effect from 01 May 2019. The Board comprises the following: Ms N Mona (Chairperson), Ms T Putzier (Deputy Chairperson), Ms S Onceya, Dr K Mzilikazi, Dr A Baxter, Mr Z Fihlani (Re-appointment), Mr Z Mkiva (subsequent NCOP appointment) and Mr L Beville. Refer to note 37.

Mkhambathi Nature Reserve

The Entity and the following parties entered into a lease agreement, in February 2013, for a period of 49 years with regard to the development of tourism facilities at Mkhambathi Nature Reserve:

- The Trustees of the Mkhambathi Land Trust
- Mkambati Matters (Pty) Ltd
- The Eastern Cape Member of the Executive Council for Economic Development, Environmental Affairs and Tourism. A number of suspensive agreements have only been met after the reporting date, in May 2019. These conditions not being met hampered the commencement of the Development as envisaged in the agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

46. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the change to the following accounting policy.

- Commitments.

Commitments

The entity amended the definition of commitments to include contracts that are funded in the Medium-Term Expenditure Framework period through explicit contracts, whose funds are set out in contractual arrangements.

The policy has been applied prospectively and there is no impact to amounts recognised in the prior year financial statements. Commitments for contracted amounts not funded in the current year budget are detailed in note 41.



Humpback Whale breaching
Photo credit: Mark M Gottlieb – www.MarksAdventures.com

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