

LET YOUR SENSES

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THE EASTERN CAPE

**ANNUAL  
REPORT**

**2019/20**

*Eastern Cape*  
PARKS & TOURISM AGENCY





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Hole in the Wall, Wild Coast  
Eastern Cape, South Africa







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The Edge over Tyhume Valley and Amathola Mountain range in Hogsback Eastern Cape, South Africa

Horse shoe bend, Kowie River; Bathurst Eastern Cape, South Africa

# EXPLORE THE EASTERN CAPE USING YOUR SENSE OF SIGHT

Tsitsikamma National Park Eastern Cape, South Africa

Rainforest in the Tsitsikamma section of the Garden Route National Park Eastern Cape, South Africa



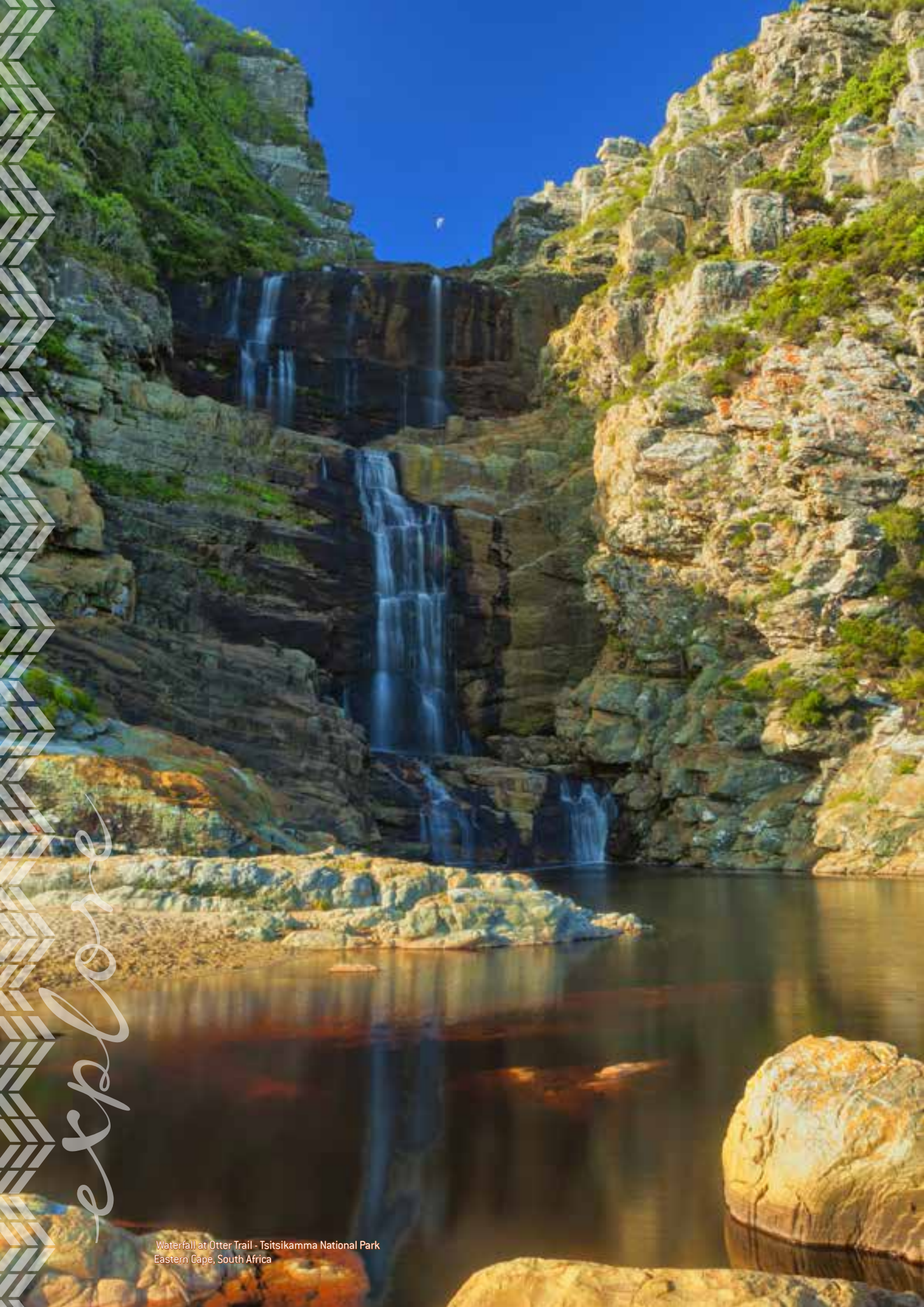


**PART A**

**GENERAL  
INFORMATION**

**EXPLORE THE SIGHTS**





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Waterfall at Otter Trail - Tsitsikamma National Park  
Eastern Cape, South Africa







**2 BOARD MEMBERS**



**Nomkhitha Mona**  
Chairperson



**Tracy Putzier**  
Deputy Chairperson



**Zola Fihlani**



**Andrew Baxter**



**Nomakwezi Mzilikazi**



**Lindani Beville**



**Siyabulela Onceya**







### 3 LIST OF ABBREVIATIONS AND ACRONYMS

<b>AGSA</b>	Auditor General of South Africa
<b>AOP</b>	Annual Operational Plan
<b>APP</b>	Annual Performance Plan
<b>B-BBEE</b>	Broad Based Black Economic Empowerment
<b>BoD</b>	Board of Directors
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CITES</b>	Convention on International Trade in Endangered Species (of Wild Fauna and Flora)
<b>DAFF</b>	Department of Agriculture, Forestry and Fisheries
<b>DEA</b>	Department of Environmental Affairs
<b>DEDEAT</b>	Department of Economic Development, Environmental Affairs and Tourism
<b>DORA</b>	Division of Revenue Act (Act 1 of 2019)
<b>ECPTA</b>	Eastern Cape Parks and Tourism Agency
<b>ED</b>	Executive Director
<b>EPWP</b>	Extended Public Works Programme
<b>GDP</b>	Gross Domestic Product
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>Ha</b>	Hectares
<b>HCM</b>	Human Capital Management
<b>ICT</b>	Information and communications technology
<b>KPIs</b>	Key Performance Indicators
<b>MEC</b>	Member of the Executive Council
<b>METT-SA</b>	Management Effectiveness Tracking Tool – South Africa
<b>MoU</b>	Memorandum of Understanding
<b>MTEF</b>	Medium Term Expenditure Framework



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



## 4 FOREWORD BY THE CHAIRPERSON



It is my pleasure to present the 2019/20 Annual Report of the Eastern Cape Parks and Tourism Agency (ECPTA).

This report marks the first anniversary of the current Board's appointment. We are happy to report that we have built on the strong foundation of the previous Board to record a fifth successive clean audit opinion. This report further marks the final report of the five-year strategic period 2015/16 to 2019/20. As such it is opportune to reflect on progress against our strategic goal, which was "to leverage resources for tourism and conservation priorities".

The most obvious determinant of success in respect of leveraging those resources is to quantify what would not have been possible if the baseline budget had not been augmented. Funds have been leveraged from National Government departments, from State Owned Enterprises, and probably most impressively, from international private sector donors. These funds have been invested in the Province through the ECPTA because the Agency is a principled partner, can be relied on to deliver as contracted, and, importantly, meticulously accounts for the resources it is entrusted with.

You will read in the pages of this report accounts of achievement of performance commitments in an increasingly constrained resource environment. The certainty that once accompanied government's 3-year horizon for planning has dissipated over this five-year strategic period. Whereas the outer-year projections could once be relied on for planning purposes, the public sector is constantly required to cut budgets. Despite this, the ECPTA



has achieved 90% of the performance targets it contracted to in the Annual Performance Plan for 2019/20. The 90% threshold is significant, because that is the standard to which the Board holds the ECPTA – performance that dips below 90% is a red flag, attracting scrutiny and immediate remedial action.

Six of the nine strategic objectives met the Board standard of 90%. Ironically, given the strides in leveraging resources, the area that returned the poorest performance, with 70% achievement of indicators, was “resource leveraging facilitation”. This is an indication of the high standard to which the management of the ECPTA hold themselves and gives the Board comfort that the areas that were successfully achieved were not “soft targets”. It is also comforting to the Board that many of the targets achieved represent successful collaborations with stakeholders. This is an indication that the strategies of the ECPTA are well grounded and in fact rooted in the communities of influence in both conservation and tourism sectors.

During 2019/20, the Board was privileged to lead the finalisation of the strategic plan that will see the ECPTA through to 2025. The new plan, based on a Theory of Change developed through extensive consultation, is not only robust, but charts a more development-orientated course for the ECPTA. This should result in even stronger relationships with co-management communities, increase the transformation footprint of the Agency's endeavours, and spotlight the Province as a desirable tourist destination.

Several highlights of our performance in the year under review stand out:

- Teamwork and innovation saw ECPTA achieving its transformation, black rhino conservation and

stewardship objectives in a single project which enabled the Yendella community to partner with four private landowners and ECPTA to create an extensive consolidated conservation area

- Retaining the crown as the Province with the most winners at the National Lilizela Tourism Excellence Awards
- Launching the first ever “Summer Season” for the Province to create a buzz around upcoming events
- The Board approved the repositioning of both the Provincial Tourism sector brand and the corporate brand. These will be the springboard for energetic implementation of the new strategic plan

The process of developing the organisational Theory of Change was enormously useful as the backdrop to the review of the Provincial Tourism Plan. The confluence of these processes has ensured that the work of the Agency is extremely well aligned to the intentions of the Province with respect to recovery of the Tourism sector.

The Board appreciates the professionalism of the CEO and his management team and congratulates them on yet another clean audit. We look forward to achieving more, together, in the coming years.



**Nomkhita Mona**

Chairperson: Eastern Cape Parks and Tourism Agency

23 October 2020



## 5 CHIEF EXECUTIVE OFFICER'S OVERVIEW



### GENERAL FINANCIAL REVIEW OF THE PUBLIC AGENCY

The Eastern Cape Parks and Tourism Agency (ECPTA), as a Schedule 3C Public Agency of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) is included in Vote 09 of the Provincial Government's equitable share distribution. The Agency has consistently demonstrated that the assumption that the Agency can become self-sufficient is unrealistic, particularly in a scenario where the equitable share transfer is insufficient and declining. The option of passively declaring unfunded work impossible has never been an option for the Agency. The need to rally external resources to fund mandated priorities has thus, for the past five years, been the Agency's central goal. Our belief is that by demonstrating excellence in service delivery, controls, governance and conduct, our Agency will become attractive to investors from both public and private sectors.

The origin of revenue over the past five years demonstrates emphatically that this conviction was well placed. Over the five years of this Medium-Term Strategic Framework period, the proportion of the Agency's budget from conditional grants (public and private) has grown from just 2% in 2015/16 to 27% in 2019/20. The contribution of the Vote 09 equitable share allocation has decreased from 87% to 63% over the same period.

Over R30 million of the final budget relates to multi-year projects against agreements with the National Department of Tourism, the National Department of Forestry, Fisheries and Environmental Affairs, Provincial Department of Economic Development, Environmental Affairs and Tourism, private sector, and non-governmental organisation funders. Unspent conditional grants totalled million R133.629, up from R55.820 million in the previous year.



Of this amount, R95.7 million for the multi-year Environmental Protection Infrastructure Programme was received in December 2019 after thorough review of processes by the funder to align the objectives of the grant. This is an indication that better alignment between the grant holder and recipient organisation, in this instance ECPTA, is necessary for the future synchronisation.

While it is clearly a mammoth achievement to have increased the contribution of 'other grants' as we have, it creates challenges in terms of managing multi-year projects in an environment that is rigidly focused on single year budgeting. Efforts to resolve such conflicting pressures are ongoing. A further challenge emerges when budgets are based on signed grant agreements, but the funding is not made available in the timeframes agreed. The PFMA requires that all funding sources are included in the Agency's budget but does not have a mechanism to show those budgets only once received. As we engage external funders more in the future, the misalignment of processes between the Agency and her funders will need to be managed in concert with Provincial Treasury.

## SPENDING TRENDS OF THE PUBLIC AGENCY

The ECPTA spent R288.802 million against eventual revenue of R364.537 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 for which transfers were received late in the last quarter. 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, National Department of Forestry, Fisheries and Environment's Infrastructure projects and various capital projects. These were mostly committed by year-end and a roll-over applied for.

The unspent grants of R133.629 million (2019: R55.820 million) are detailed in note 18 of the Annual Financial Statements.

The underspending is in contrast to the deficit of R1.659 million (2019: R16.203 Million) recorded in the Statement of Financial performance. This anomaly is due to non-cash items like depreciation of R23.419 Million (2019: R27.053 Million) being recorded for accounting purposes while such an item is not budgeted for. This results in the Agency being in an accounting deficit. The 5.5% year-on-year increase in personnel expenditure is comparable to the 5.2% in 2019, and less than the 7.6% increase recorded in the 2018 period.

The sustained high amount (R5.072 Million) for repairs and maintenance is consequent to chronic under provision of funding for infrastructure in the Province as a whole. The conditional grants for infrastructure from DEDEAT that were relied on for the first years of this strategic cycle could not be sustained. Consequently, significant goods and services budgets were diverted to emergency repairs on fences and other infrastructure.

## CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC AGENCY

The Agency's approved organogram allows for 629 posts, of which only 498 were filled at year-end. While this is a marginal increase on the prior year (484), the high vacancy rate continues to undermine the Agency's ability to deliver on its mandate. Due to frugal allocations, there is no prospect of closing this vacancy gap. 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 2019/20 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.

## NEW OR PROPOSED ACTIVITIES

Significant resource-backing is expected from the Provincial fiscus to support the recovery of the tourism sector following the coronavirus pandemic. This will facilitate increased reach for the Agency in respect of support to tourism products and in elevating the Province's profile as a travel destination.

## REQUESTS FOR ROLL OVER OF FUNDS

The Agency has requested the roll-over of R153.667 million of cash balances. This amount consists of:

Bank balances 31-Mar-20	R'000
Main	5 712
Revenue	7 526
Environmental Protection Infrastructure Programme and Economic Stimulus Fund	102 557
N2 Biodiversity Offset	2 687
National Lotteries Commission	1 095
NDT - Baviaanskloof	15 018
NDT - Infrastructure	9 413
NDT - Tourism Monitors	3 871
NDT - Universal Accessibility	1 499
Rhino Impact Bond	1198
Social Responsibility Projects	1 451
South African National Biodiversity Institute	97
South African National Parks	1 543

## SUPPLY CHAIN MANAGEMENT

The Auditor-General has confirmed that the ECPTA has not incurred irregular expenditure in the past five financial years. In the previous year and how would be addressed.

## AUDIT REPORT MATTERS PREVIOUS YEAR

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.



## EVENTS AFTER THE REPORTING DATE

This report cannot capture the unprecedented turmoil created by the coronavirus pandemic. Financial year end processes, the audit by the Auditor-General, and several year-end deliverables were delayed. The Agency responded swiftly to the pandemic both internally and externally, conscious as it is of the wellbeing of travellers to the Province.

On announcement of the State of Disaster, reserves were immediately closed, visitors in reserves were assisted to leave, and clients with bookings were requested to postpone their visits. Staff were immediately equipped to prevent virus spread both amongst themselves and from contact with the public. Consequent to these efforts, ECPTA has recorded only eleven positive Covid-19 cases in the six months of the pandemic.

## OUTLOOK / PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The changes wrought by the Agency's response to the coronavirus pandemic have allowed it to peep into a digitised, remote-work future. It is anticipated that the efficiencies created as a matter of necessity will be a springboard to even greater efficiencies and ultimately cost savings. This is particularly applicable to the cost incurred in traversing the vast Province for meetings that can potentially be replaced with virtual formats on a more permanent basis.

In terms of economic recovery, the picture is bleak, and will remain so for some time. It is worsened by the unpredictability of future shocks. What is clear though, is that as an entity of government, ECPTA will need to position itself as a contributor to recovery, or risk becoming obsolete. While the form of recovery is unknowable, it is apparent that environmental factors will play a significant role in the trajectory of that recovery. Persistent drought, for example, will exacerbate an already bruised economy, creating increasing contestation over resources, setting a vicious cycle in motion. Further, the health-conscious

tourists that return to the Province will expect that their visit is safe, that the products they visit are capable of protecting them from coronavirus and other

In this scenario, ECPTA remains committed to working side by side with affected communities in finding the best solutions to natural resource pressures and creating livelihoods from the bio-tourism economy.

## ACKNOWLEDGEMENT/S OR APPRECIATION

As an Agency we are grateful to our Executive Authority, MEC Mvoko, for his unstinting support of our work. His participation in our efforts have been motivating to us internally and promoted the image of the Agency and Provinces externally.

I wish to commend the dedicated staff of ECPTA who have made it possible to attain a fifth consecutive clean audit. This achievement is a direct result of your efforts and is made more remarkable by the context within which it happens. Around us, public confidence in government and state-owned enterprises has plummeted. Clean audits are as rare as Dicerus bicornis. Yet here at ECPTA, they are the minimum standard. I have confidence that you will continue to make the Province proud.



**Vuyani Dayimani**

Chief Executive Officer

Date: 23 October 2020

## 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 are 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 annual reporting 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 which 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, this 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 2020.

Yours faithfully



**Vuyani Dayimani**  
Chief Executive Officer  
23 October 2020



**Nomkhita Mona**  
Chairperson of the Board  
23 October 2020



## 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), Act No.1 of 1999, and reports to the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

### 8.1 CONSTITUTIONAL MANDATE

The mandate of the ECPTA is rooted in the Constitution of the Republic of South Africa, Act No.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 – | <ul style="list-style-type: none"> <li>(i) prevent pollution and ecological degradation</li> <li>(ii) promote conservation; and</li> <li>(iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.</li> </ul> |
|---|---|

### 8.2 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 preparing new provincial environmental legislation where the old (pre-1994 democracy) ordinances remain 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)	<ul style="list-style-type: none"> <li>(i) develop and manage protected areas</li> <li>(ii) promote and facilitate the development of tourism in the Province</li> </ul> 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 ECPTA 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 ECPTA 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
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



Relevant Acts	Key Responsibilities
National Veld and Forest Fire Act, 1998 (Act 101 of 1998)	This is the primary legislation governing the prevention and control of runaway wildfires. 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)	<ul style="list-style-type: none"> <li>• The promotion of responsible tourism practices</li> <li>• Provisions for the effective marketing of the Province, both domestically and internationally</li> <li>• The promotion of quality tourism products and services</li> <li>• The promotion of economic growth and development of the sector</li> <li>• The establishment of concrete inter-governmental relations to develop and manage tourism</li> </ul>
Transkei Environmental Conservation Decree, 1992 (Decree 9 of 1992)	The Eastern Cape is in the process of preparing 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

### 8.3 POLICY MANDATES

In order to give effect to the electoral mandate of the current administration, President Ramaphosa used his State of the Nation Address in June 2019 to confirm seven main priorities through which to achieve the 14 Outcomes of the Medium-Term Strategic Framework (MTSF) for 2015/16 – 2019/20:

MTSF National Outcomes	State of the Nation Address Priorities
1. Quality of basic education	1. Economic transformation and job creation
2. A long and healthy life for all South Africans	2. Education, skills and health
3. All people in South Africa are and feel safe	3. Consolidating the social wage through reliable and quality basic services
4. Decent employment through inclusive growth	4. Spatial integration, human settlements and local government
5. Skilled and capable workforce to support an inclusive growth path	5. Social cohesion and safe communities
6. An efficient, competitive and responsive economic infrastructure network	6. A capable, ethical and developmental state
7. Vibrant, equitable and sustainable rural communities with food security for all	7. A better Africa and World
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 National Outcomes 10 and 12 while contributing to Outcomes 4 and 6. ECPTA's potential contribution to the achievement of these national strategic imperatives is detailed below.



National Outcome	ECPTA priorities for the MTSF period
4. Decent employment through inclusive economic growth	<p>Create employment opportunities through Green Job projects for permanent, contract, casual and Extended Public Works Programme (EPWP) appointments by recruiting people from communities near the reserves.</p> <p>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</p> <p>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.</p> <p>Create employment opportunities for tour operators and service providers in the tourism industry</p> <p>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>Develop economic infrastructure relating to tourism, reserve operations and public services, including bulk services infrastructure which will directly and indirectly benefit communities who live around Provincial Parks</p> <p>Support the education curriculum and infrastructure by developing environmental education centres in the reserves</p> <p>Develop recreational and tourism infrastructure</p> <p>Develop tourism routes to the benefit of rural and remote communities</p>
10. Protect and enhance our environmental assets and natural resources	<p>Provision of ecological goods and services - e.g. clean water through catchment management, combating soil erosion, carbon sequestration</p> <p>Facilitate access to natural resources from reserves - e.g. thatching grass, fish, firewood, venison etc. to neighbouring communities</p> <p>Combat poaching, illegal use of natural resources and trade in endangered species</p> <p>Promote environmental education and awareness programmes for sustainable natural resource use</p>
12. An efficient, effective and development-orientated public service	<p>Strengthen the management of ECPTA to ensure optimal socio-economic impact on communities</p> <p>Increase public access to Provincial Parks and tourism products</p> <p>Strengthen the capacity of communities to effectively participate in biodiversity conservation management and co-management of Provincial Parks</p> <p>Develop skills and human resource capacity through staff training and the training of communities</p> <p>Collaborate with relevant role-players for the advancement of effective resource management</p>

During 2019/20, ECPTA's strategy aligned to the National Development Plan and the contributing "Seven Priorities" outlined in the 2019 State of the Nation Address (SONA) to grow the economy and create much-needed jobs.

SONA 2019 priorities	ECPTA current and potential contribution
1. Economic transformation and job creation	The introduction of game farming as a viable alternative or adjunct to conventional pastoral farming, particularly amongst previously disadvantaged communities is gaining traction. ECPTA actively supports this trend with game donations, game farmer mentorship and conservation awareness
	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
	Working with DEDEAT, ECPTA contributes to the readiness of coastal and marine tourism products, activities and services along the coastal and ocean zone
6. A capable, ethical and developmental state	The marketing and promotion of the coast and ocean are increasingly foregrounded
	Ensuring employment policies and practices are compliant with labour legislation and best practice
	Actively greening the energy mix on reserves and in administrative offices
	Pursuing excellence in all endeavours as a key strategy in mobilising additional resources and private sector investment

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	Improve and maintain accessibility of tourism facilities
	Reputation management
	Tourist safety
	Service standards
National Development Plan (NDP)	Transform and grow the economy
	The NDP commits to achieving a minimum standard of living through a multi-pronged strategy. Three of these prongs fall within the mandate of the ECPTA:
	<ul style="list-style-type: none"> <li>• <b>Employment creation</b> <ul style="list-style-type: none"> <li>- Address apartheid spatial discrepancies by identifying potential and developing industries in the former Bantustans, including tourism</li> <li>- Activate rural economies through investment in tourism (among others)</li> </ul> </li> <li>• <b>Recreation and Leisure</b> <ul style="list-style-type: none"> <li>- The tourism economies to offer activities and experiences that are appealing to domestic travellers, not only international travellers</li> </ul> </li> <li>• <b>Clean environment</b> <ul style="list-style-type: none"> <li>- Environmental sustainability and resilience are key features of the NDP approach to ensuring that oceans, soil, water, and biodiversity are protected</li> </ul> </li> </ul>
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



National and Provincial Strategy Documents	Relevance to ECPTA strategy
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 "elilizwe 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</p> <p>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"> <li>growing the volume and value of eco-tourism, heritage and sports tourism</li> <li>improving access infrastructure</li> <li>building stronger local tourism networks</li> </ul>
Provincial Economic Development Strategy (PEDS)	<p>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</p>

The Premier has committed the Eastern Cape Government to focus on the seven strategic national priorities by highlighting six Provincial Goals:

<b>Goal 1:</b>	An innovative, inclusive and growing economy
<b>Goal 2:</b>	An enabling infrastructure network
<b>Goal 3:</b>	An innovative and high-value agriculture and rural sector
<b>Goal 4:</b>	Human development
<b>Goal 5:</b>	Environmental sustainability
<b>Goal 6:</b>	Capable democratic institutions

These priorities were rearranged during the year under review, but the intention remained unchanged.

The Strategic Plan for 2015/16 – 2019/20 to which this Annual Performance Plan aligns, responds to Provincial Goals 1 and 5. Priority 6 guides the way the ECPTA conducts its administration and operations. The table below sets out the points of alignment between the provincial Government's priorities and ECPTA's Strategic Plan commitments:

Provincial Priority:	ECPTA potential contribution:
1. An innovative, inclusive and growing economy	<ul style="list-style-type: none"> <li>Support new entrants and previously disadvantaged product owners in the conservation and tourism industries to operate in the mainstream as soon as possible</li> <li>Addressing industry blockages (particularly related to red-tape barriers to entry) with relevant stakeholders on a case-by-case basis</li> </ul>
5. Environmental sustainability	<ul style="list-style-type: none"> <li>Expand the provincial protected area estate through stewardship</li> <li>Enhance the Agency's Anti-poaching and Reserve Security capability</li> <li>Work with law enforcement / security cluster partners to comply with NEMA</li> <li>Conduct community engagement and awareness campaigns to encourage responsible resource use and active participation in conservation</li> </ul>
6. Capable democratic institutions	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>To update / modify the METT index to provide a more dynamic management platform, rather than a post-hoc score only</li> </ul>

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

ECPTA's efforts are specifically aligned to the following DEDEAT performance indicators: Tourism Planning, Tourism Growth and Development, Tourism Sector Transformation, Biodiversity and Protected Area Planning and Management.



This alignment is further detailed in the MEC's Policy pronouncements:

Policy speech commitments	ECPTA progress and commitments
Ensure sustainability of black owned enterprises that were supported to participate in previous Lilizela Tourism Awards	<ul style="list-style-type: none"> <li>• ECPTA negotiated for provincial winners to be included in the "Hidden Gems" programme at Africa's Travel Indaba in May</li> <li>• The six participants were assisted with marketing material</li> <li>• Going forward, ECPTA's approach to PDI participation in Lilizela is to focus on products' quality preparedness for competition at higher levels, rather than simply entering the competition</li> <li>• Achieving the highest number of national winners by provincial entries for two consecutive years testifies to the success of this approach</li> </ul>
Expand the protected area estate by 18 000 hectares of land under conservation	<ul style="list-style-type: none"> <li>• The 5-year strategic plan target for adding to the terrestrial protected area estate was already exceeded by the end of the third year</li> <li>• Future alignment of stewardship efforts to ecological priorities will guide the programme in coming years</li> </ul>
Execute biodiversity off-sets to mitigate environmental damage resulting from construction of the N2 Wild Coast project	<ul style="list-style-type: none"> <li>• Work will involve identification, negotiation and securing of suitable sites that will add value to the protected area estate</li> </ul>
Loan 1 500 head of game over four years in support of the province's game transformation programme	<ul style="list-style-type: none"> <li>• In process of finalising 4th site for wildlife loan agreement</li> <li>• This will bring the total number of animals in the programme to 500 within the second year</li> </ul>
Continue promoting and marketing the Eastern Cape as a tourism destination of choice	<ul style="list-style-type: none"> <li>• Innovative financial solutions are required to support the increase in the number of Joint Marketing Agreements from 1 in 2018/19 to the 10 required by SA Tourism</li> </ul>
Improve tourism infrastructure Restore heritage sites	<ul style="list-style-type: none"> <li>• Tourism and heritage planning included in METT-response plans and / or reserve-based development plans, linking with provincial heritage sites.</li> </ul>

## 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 below was effective through to the end of 2019/20.







**Vuyani Dayimani**  
Chief Executive Officer



**Jonathan Jackson**  
Chief Financial Officer



**Dean Peinke**  
Acting Chief Operating  
Officer



**Nolufefe Ali**  
Executive Director:  
Corporate Services



**Lihle Dlamini**  
Chief Marketing Officer



**Xoliswa Mapoma**  
Legal Advisor / Board  
Secretary

African Drums  
Eastern Cape, South Africa



Waves  
Eastern Cape, South Africa



# EXPLORE THE EASTERN CAPE USING YOUR SENSE OF HEARING

Cape Parrot  
Eastern Cape, South Africa



Grahamstown National Arts Festival, Jazz  
Eastern Cape, South Africa





**PART B**

**PERFORMANCE  
INFORMATION**

**EXPLORE THE SOUNDS**



Explore

Secret Falls, Wild Coast  
Eastern Cape, South Africa

## **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 any material findings being reported under the Report on the audit of the annual performance report section of the auditor's report.

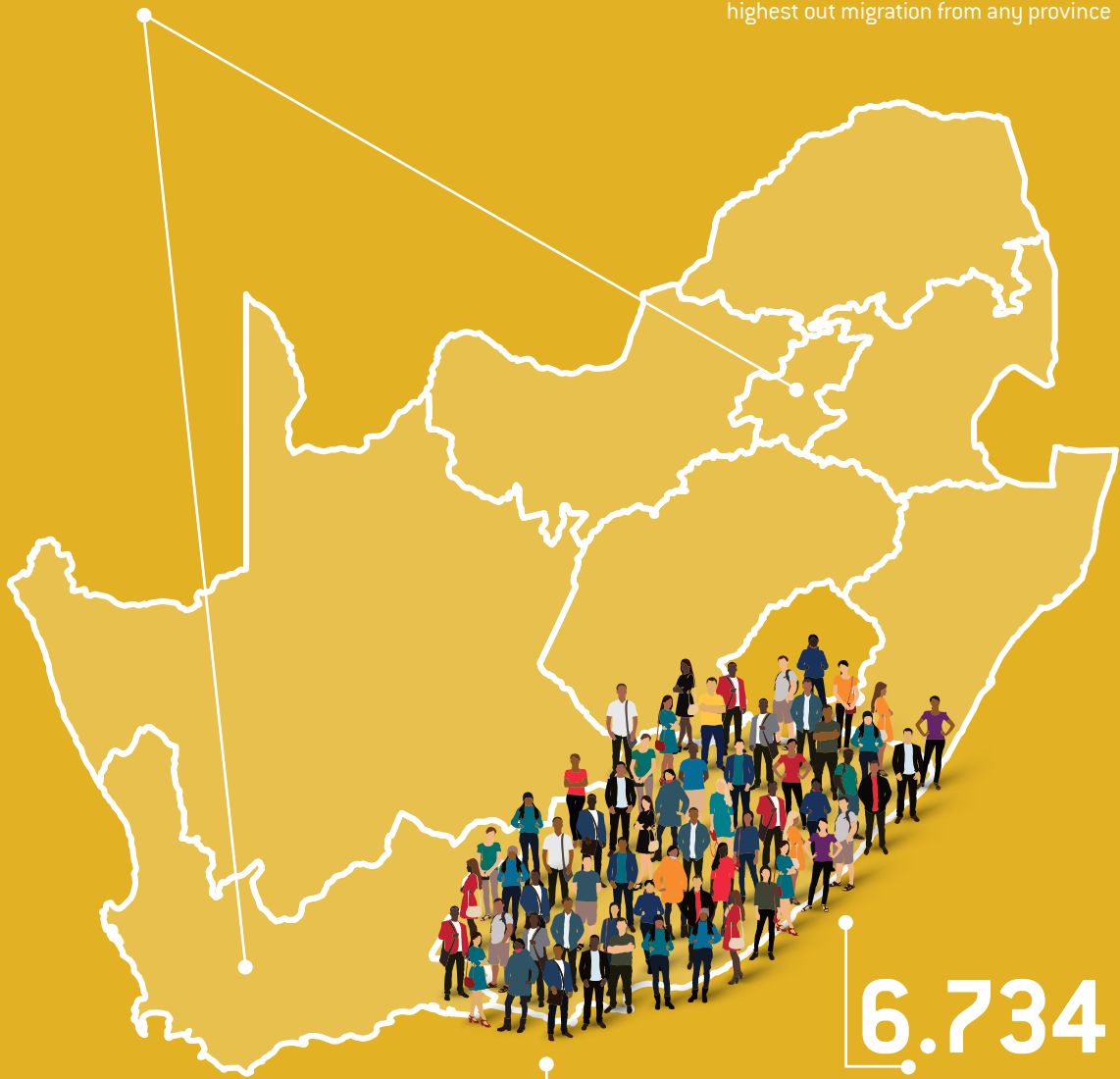
Refer to page 117 of the Report of the Auditors Report, published in Part E: Financial Information.



## 2 SITUATIONAL ANALYSIS

Most people leaving the Province relocated to  
**Gauteng & the Western Cape**

**Between 2016 & 2020,** the Eastern Cape experienced a net outward migration of over 320 000 people to other provinces, by far the highest out migration from any province



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

**168 966 km<sup>2</sup>**

**6.734**  
million people

[11.3% of the country's population] call the Eastern Cape Province "home"

*All statistics in this snapshot are sourced from publications by Statistics South Africa [StatsSA]*



The Eastern Cape has a higher proportion of elderly residents than all other provinces, and a relatively higher proportion of children aged **0-14**

The Province has the highest official unemployment rate in SA at **39.5%** (**47.7%** expanded unemployment rate)

The youth unemployment rate is **44.9%**, an improvement of **1.8%** compared to **2018**. It remains the highest youth unemployment rate in the country



According to the report "Child Poverty in South Africa" (June **2020**), Limpopo and the Eastern Cape record the largest proportions of multidimensionally poor children (at **82.8%** and **78.7%** respectively)

This is consistent with the finding in the November **2019** report "Inequality Trends in South Africa - A multidimensional diagnostic of inequality", that inequality (as measured by the Gini coefficient) had increased in these **2** provinces, while decreasing in all others

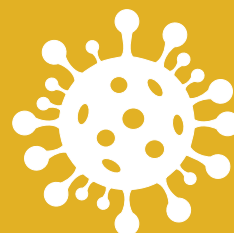


### GROSS DOMESTIC PRODUCT

The Province is the **4th** highest contributor to Gross Domestic Product (GDP), contributing **7.7%**

In **Q4** of **2019**, the real annual economic growth rate (GDP by region) for the Eastern Cape was **0.6%**, compared to the national average of **0.8%**. Gauteng and the Western Cape were the only provinces to record growth rates above the national average. Only Northern Cape and Free State recorded growth rates lower than the Eastern Cape

While the **COVID-19** pandemic only really affected the last weeks of the **2019/20** financial year, it is evident that it will have a significant impact on the economy, poverty levels and industry performance in the following period



### COVID-19

## 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 in the Eastern Cape. Buffalo City Metropolitan Municipality includes King William's Town, Bhisho, and East London. The Nelson Mandela Bay Metropolitan Municipality incorporates Port Elizabeth, Uitenhage and Despatch. Other important towns in the Province include Mthatha, Komani and Makhanda .

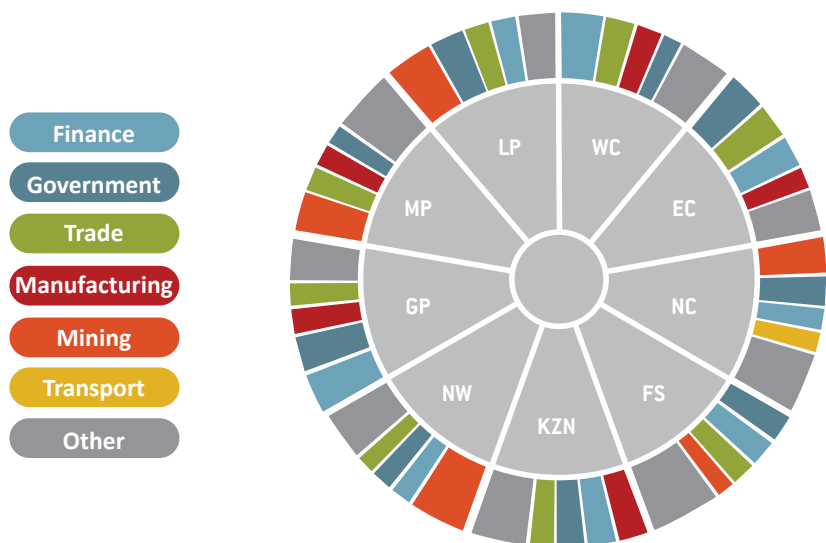
#### Economy

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 shrinking (or at least stagnant): gross domestic product (GDP) per region (Eastern Cape) - at market prices - changed at an average 1% annually for the previous 5 years, but by only 0.6% in 2018.

The emergence of entrepreneurship as a contributor to addressing these challenges presents significant opportunities, particularly in the tourism and biodiversity economy sectors. As economists predicted, the real economic GDP growth rate for 2019 dropped below 1% nationally. The Provincial economy has contributed an average of around 7.5% of the country's GDP since 2010. This was again the case in the Q4 2019 GDP report from StatsSA. The tertiary sector is dominant, with general government services contributing the highest proportion at 21.4%. General shrinking of the economy continues to have significant knock-on effects for the Province.

Figure 1: Top four largest industries in each province, 2018.

Source: Gross domestic product, 4th quarter 2019. StatsSA





### State funding

As a Schedule 3C Public Entity, 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 annual Division of Revenue Act (DoRA), which specifies annual provincial allocations. The calculation of the DoRA allocation to the Eastern Cape is not responsive to the two

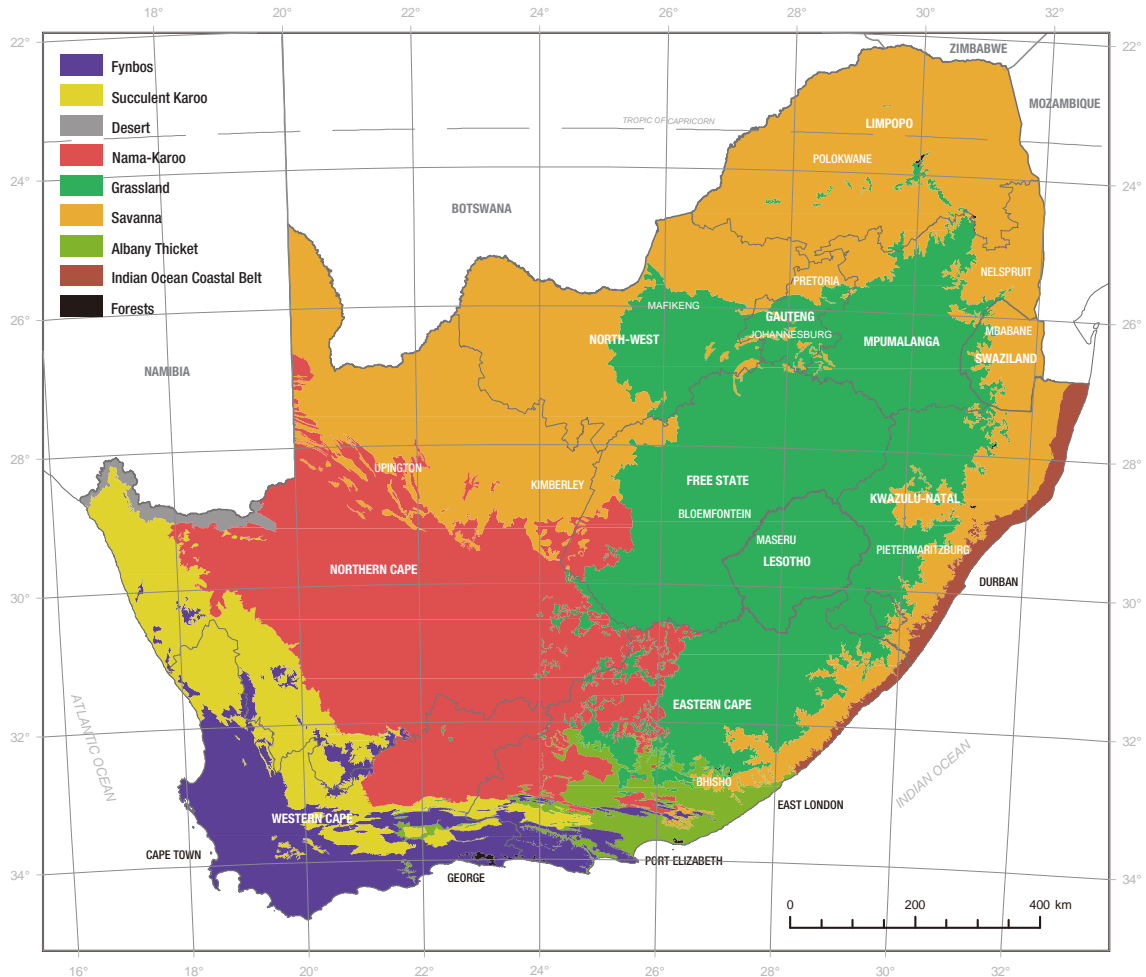
primary drivers of the ECPTA mandate – the expansiveness of the Province and the proportion of adults living in poverty. Because it is based largely on population trends, the DoRA allocation to the Province is diminishing. This is exacerbated by the fact that the Agency's dual mandate is not driven by 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 metropolitan municipalities 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. According to the Provincial Department of Transport, 43.7% (1 660.54km) of the province's paved roads are in a "Poor" to "Very Poor" condition, and 88.2% (24 578.48km) of unpaved roads are in a "Poor" to "Very Poor" condition. The state of the road network has declined over the past year: 5.7% more paved roads and 13.6% more unpaved roads are categorised as "Poor" to "Very Poor".

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. A fourth airport near Bhisho has potential as a cargo port. While the Province has various non-commercial airstrips, these are not used optimally either to promote tourism to the Province or to facilitate the geographic spread of tourists across the Province. There are no passenger rail services linking the Eastern Cape to other regions of the country.

## Biodiversity



**Figure 2: Biomes of South Africa, Lesotho and eSwatini**

**Source: Introduction. 3rd South Africa Environment Outlook Report. Third Draft. September 2018**

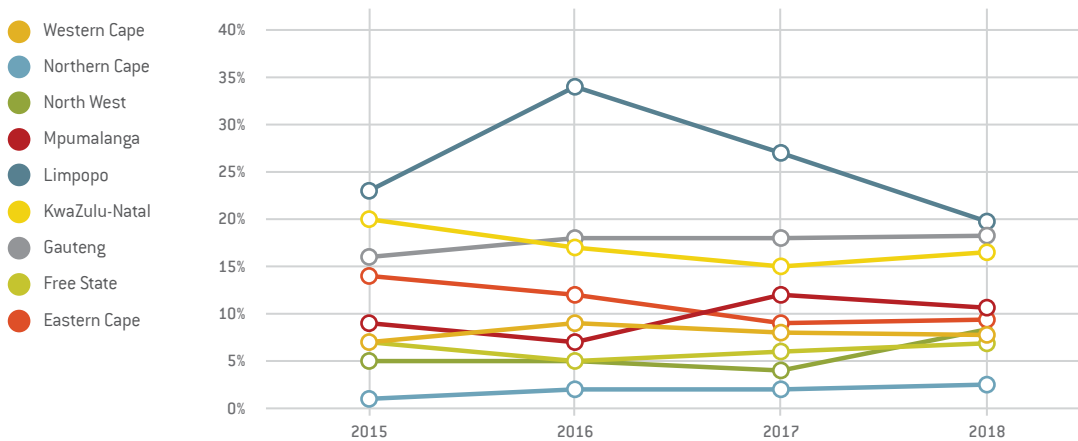
South Africa is one of the most biologically diverse countries in the world and has exceptionally high levels of endemism. The Eastern Cape is an area of convergence of eight of the country's nine biomes, making it the most diverse of South Africa's provinces. However, almost 80% of Eastern Cape vegetation types are insufficiently protected. Climate change will increasingly challenge biodiversity and ecosystem services. Unfortunately, the current size and location of 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 of the Province's biodiversity while maximising the tourism potential of the protected area estate. ECPTA currently manages more than 420 000 hectares of terrestrial

protected areas, including one World Heritage Site (WHS), and approximately 170 000 hectares of marine protected areas. The Baviaanskloof WHS is part of the serial site, the Cape Floristic Region Protected Areas World Heritage Sites. This is one of two internationally recognised biodiversity hotspots included in the Provincial protected area estate; the second is the Maputoland-Pondoland-Albany Centres of endemism. The ECPTA-managed estate protects eight of the nine biomes found in South Africa.

**Tourism**

The most recent annual report available from South African Tourism (2018/19) indicates that of the 18.7 million trips taken by domestic tourists, 10% were destined for the Eastern Cape. This represents a 1% increase from the previous year, and a 5% decline since 2015. Disaggregated data is only available by full calendar years, and this is published as “SAT tourism performance report”. The most recent full-year data is for 2018, and this indicates that 300 000 more domestic travellers visited the Eastern

Cape on holiday than in 2017. Only KwaZulu-Natal and Free State experienced notable increases in the proportion of domestic visitors they attracted. The overall number of domestic trips undertaken nationally has dropped annually from 26.6 million in 2016 to 19.2 million in 2017, and 18.7 million in 2018. The downward trajectory will no doubt continue in response to the coronavirus pandemic and further economic downturn.



**Figure 3: Domestic trips by destination province.**  
 Source: South African Tourism Annual Report – 2018/19

According to South African Tourism’s 2018/19 Annual Report, international arrivals declined by 0.6% from 2017/18 to 10 387 231. Spending by international visitors increased, however, by 6.6% over the 2017/18 figures. The increased spend is attributed to the relative weakness of the South African currency, allowing international visitors to experience comparatively inexpensive trips.

Inaccessibility of the Province led to the Eastern Cape securing only 4% of international tourist arrivals, with the number of visitors to the Province declining by 3.1% compared to 2017/18. While numerous “Top-10” attractions exist, the Eastern Cape is best known for its unspoilt coastline, abundant wildlife and important heritage and cultural sites. Some attractions include

- Addo Elephant National Park
- Hogsback (Amatola Mountains)
- Coffee Bay
- Baviaanskloof World Heritage Site
- Bloukrans Bridge bungee jump
- Rhodes Village and Tiffendell Ski Resort
- Nieu-Bethesda (Owl House and Bushman Heritage Museum)
- Hole in the Wall
- Mandela Museum (Mthatha)
- Makhanda (and National Arts Festival)
- Camdeboo National Park (and Valley of Desolation)
- Jeffreys Bay
- Port Elizabeth (Shopping malls and beaches)
- Tsitsikamma National Park (Storms River suspension bridge)



South Africa does not have a direct measure of tourism employment. Therefore, employment in the tourism industries includes employment that is both directly and indirectly related to the goods and services acquired by both visitors and non-visitors. Tourism employment thus reported is captured in the Tourism Satellite Account for South Africa (final 2016 and provisional 2017 and 2018).

### **Domestic Tourism**

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According to the same Tourism Satellite Account for South Africa, final 2016 and provisional 2017 and 2018 domestic tourism expenditure increased in 2018 to R153 196 million. This increase of 17.5% compares favourably to the 9.4% decrease in the previous period. South African Tourism (SAT) reports that 18.7 million domestic trips were taken in 2018/19, up 12.7% on the previous year.

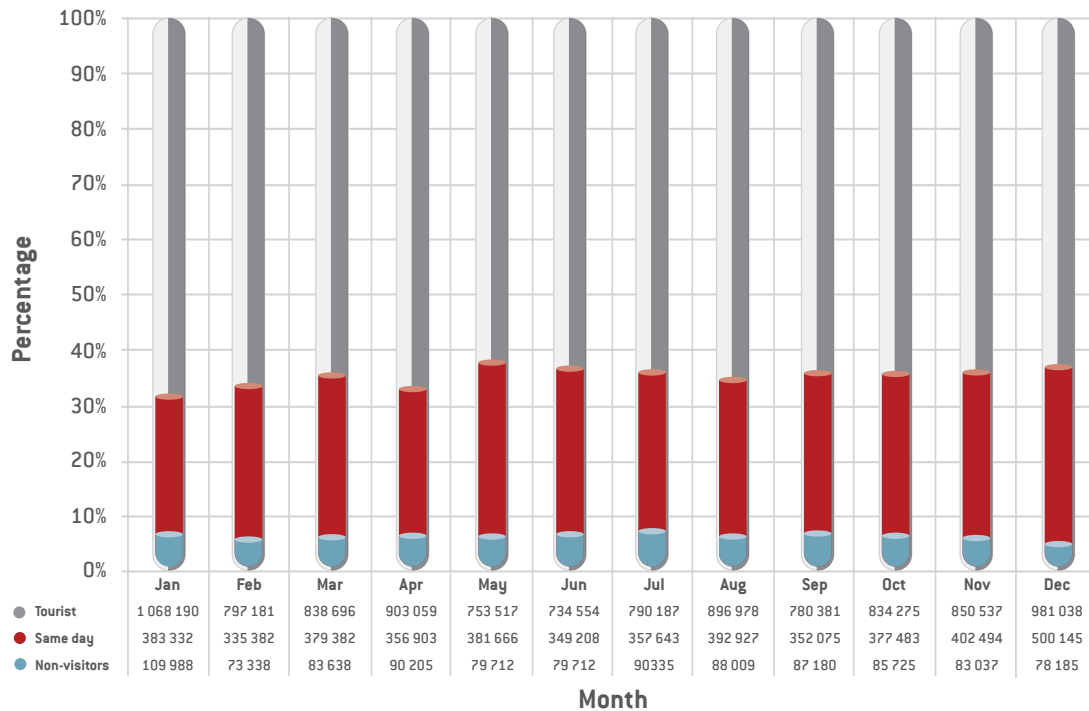
In the report released in November 2019 by StatsSA figures show that the tourism industries employ one in every 22 working South Africans. Extrapolated to the Eastern Cape, this means that the provincial tourism sector employed an average of around 63 000 people per year over the reporting period.

The increase in contribution to the country's economy to R29.5 billion is a clear indication that marketing the Province's attractions to the domestic market represents a potentially positive return on investment. This is one of the motivations underlying the Agency's prioritisation of the domestic tourism market.

**International Tourism**

StatsSA reports that almost 70% of foreign arrivals to South Africa in 2019 were tourists. December and January are peak tourist months, with over 1 million tourists visiting South Africa in January 2019. Most foreign tourists are from other Southern African Development Community (SADC) countries, and only a quarter travel from overseas.

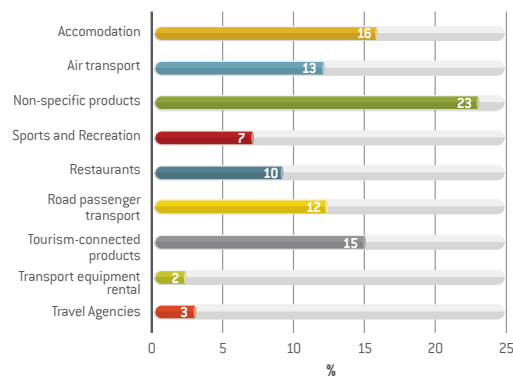
Two thirds of the SADC tourists come from Zimbabwe, Lesotho and Mozambique, while approximately a quarter of tourists from 'other' African countries in 2019 were from Nigeria. The United Kingdom, United States of America, Germany and France account for half of the overseas tourists in 2019.



**Figure 4: Distribution of foreign arrivals by type of visitor, 2019.**  
 Source: Statistics South Africa, Tourism, Report No. 03-51-02 (2019)

StatsSA's Tourism Satellite Account for South Africa (final 2016 and provisional 2017 and 2018) indicates that inbound tourism expenditure totalling R120 037 million was recorded in 2018, almost R1 billion less than in 2017. The main expenditure items were 'non-specific products' (22,5%), 'accommodation for visitors' (15,9%), and 'tourism-connected products' (14,8%).

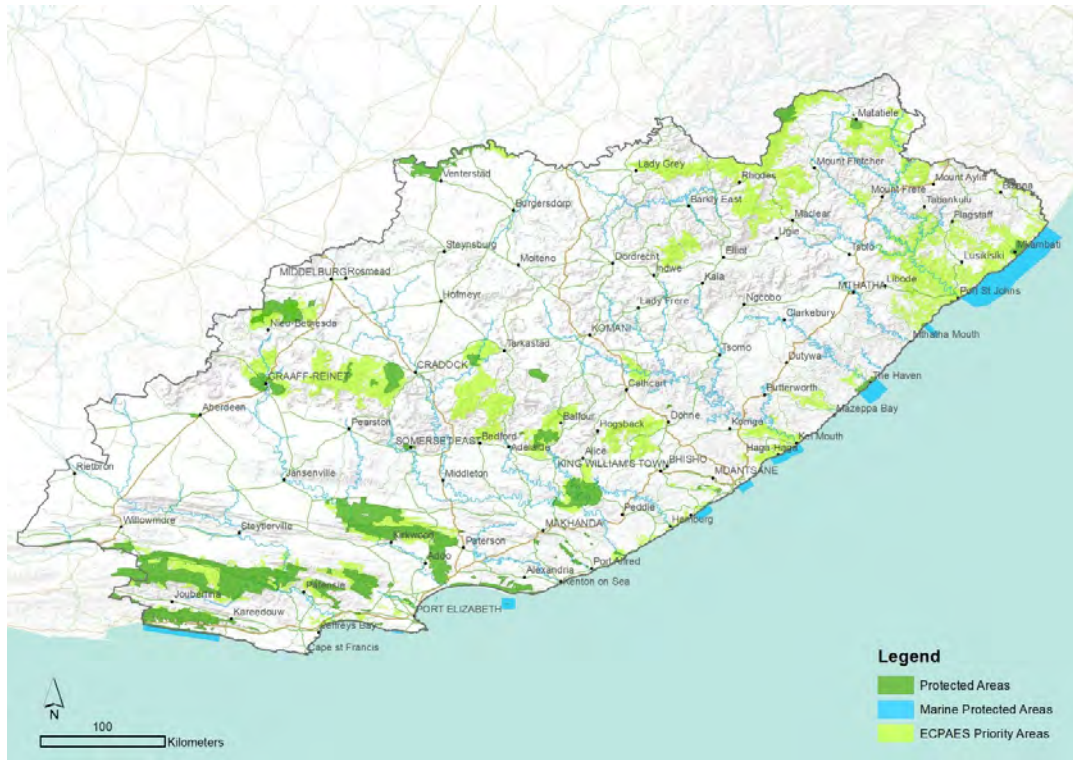
Experience from the Eastern Cape indicates that the spending pattern of overseas tourists to the Province is slightly different in that a significant proportion prefer to self-drive. Overseas tourists in the Province tend to be seasoned travellers who appreciate the wide-open spaces and hidden gems.



**Figure 5: International visitors' proportional spending breakdown, 2018**  
 Source: StatsSA, Tourism Satellite Account for South Africa, final 2016 and provisional 2017 and 2018

## 2.1.2 BIODIVERSITY MANAGEMENT

### Protected Area Expansion



**Figure 6: 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 programmes 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. During the reporting period the ECPTA initiated a review of the Eastern Cape Protected Areas Expansion Strategy in order to refine the main expansion priorities.

In order to expand the conservation estate in the Province the ECPTA engages with private and communal landowners to develop mutually beneficial partnerships. Through the willingness and legal commitment of private landowners to formally declare their land as Protected Environments



or Nature Reserves, a total of 1 748.18 hectares was submitted to the Member of the Executive Council (MEC) in 2018/19, and was subsequently declared and officially added to the conservation estate of the Eastern Cape during the 2019/20 reporting period. A further 12 626.99 hectares were submitted to the MEC in 2019/2020 towards the conservation estate in the following year.

The National Environmental Management: Protected Areas Act (Act 57 of 2003) (NEM:PAA) - section 39 - requires that all protected areas in South Africa have a management plan that is approved by the MEC. This seeks to ensure that the protected area is managed according to the purpose for which it was declared, to provide a mechanism for determining budgets and for assessing the success of the management of the protected area. The ECPTA has adopted

#### **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

#### **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.

a phased approach in reviewing the management plans for each of the nature reserves under its management, consequently during the 2019/20 reporting period Protected Area Management Plans for Hluleka Nature Reserve on the Wild Coast and the Island Nature Reserve near Port Elizabeth were reviewed and updated.

In contributing to integrated planning and sustainable development, the ECPTA participated in the review of Municipal Integrated Development Plans and Spatial Development Frameworks across the Province to mainstream biodiversity concerns into municipal planning tools. In addition, the ECPTA participated and/or commented on Land Use Applications and Environmental Impact Assessment processes affecting Nature Reserves under its management.

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.

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 exceed the national standard, even though the average METT-SA score decreased from 75% in March 2019 to 72% in March 2020. Fourteen (14) of the fifteen (15) protected areas managed by ECPTA have maintained scores above the national standard of 67%. The fifteenth reserve scored 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.

During 2019/21, ECPTA launched an innovative project that saw the Yendella community partnering with four private landowners and ECPTA to create a single large consolidated conservation area into which 20 black rhinos were released. By incorporating part of their land into this project the community were able to secure several benefits including a 50% share in the rhino that accrue to the association, income from a long-term lease, and employment and training opportunities.

This project is significant in that it required the state, private landowners and communal landowners to work together to achieve an important conservation outcome involving a high-profile species. In the process this project saw ECPTA achieving its transformation, black rhino conservation and stewardship objectives in the same space.

ECPTA successfully delivered a further 181 animals out of a total of 183 allocated to this project. Most of these animals were delivered to a new project site, Mmembe Safaris in the Enoch Mgijima Local Municipality. Two existing sites that previously received game from ECPTA received additional allocations. These were Krompoort farm in the Walter Sisulu Local Municipality and the Brakfontein community project in the Raymond Mhlaba Local Municipality. ECPTA now has five active project sites and will continue to build on this in the next financial year.

From an infrastructure development perspective ECPTA successfully concluded the construction of the perimeter fence, buffalo boma, guard house and staff accommodation at the Brakfontein project site. This work was funded by

the national Department of Environment, Forestry and Fisheries (DEFF). ECPTA subsequently facilitated the issuance of a Certificate of Adequate Enclosure, as well as the registration of this property for buffalo. A further R15 million was secured from the Environmental Protection & Infrastructure Programme (EPIP) of DEFF for the development of a lodge and supporting infrastructure.

Finally, as part of its commitment to transformation, the Agency allocated a portion (R113 000) of the revenue from five buffalo sold on the 2019 game auction to a bursary scheme. The scheme is available to members of communities adjacent to ECPTA managed reserves who wish to study in a conservation related field.

## Drought

## Land &amp; Ocean Temperature Percentiles Jul 2019

NOAA's National Centers for Environmental Information

Data Source: NOAAGlobalTemp v5.0.0-20190808

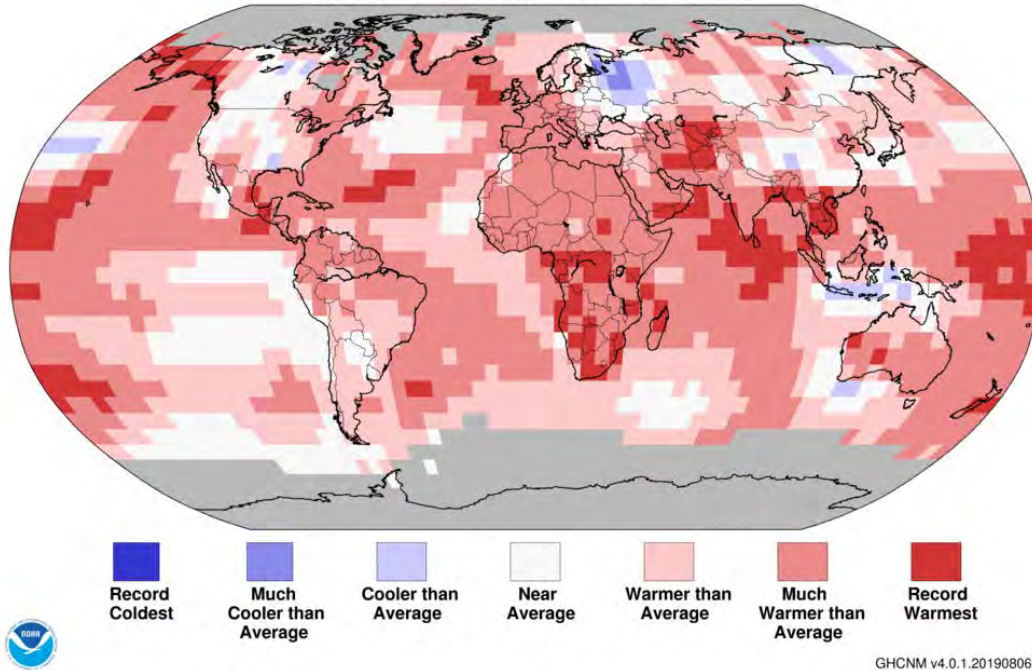


Figure 7: Global temperature comparisons

As illustrated above, 2019 was the hottest year on record for many parts of the world. 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 many reserves. The failure of good rains before winter exacerbated these negative impacts, which in turn influenced game off-takes and revenue generation in the 2019/20 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 was particularly affected, with substantial decreases in large game numbers recorded during the last game count in 2017. It is hoped that the rain that fell in the early part of 2020 may have alleviated the situation to some extent. Game counts will be conducted in the winter of 2020 in the Baviaanskloof to determine the status of large mammal populations. The level of the Kouga Dam within the Baviaanskloof World heritage Site is very low. The Kouga and Baviaanskloof Rivers are the main water sources for game species within the Baviaanskloof. Reserve management are thus

monitoring the situation and appropriate interventions are under consideration should the need arise. 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.



### 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.

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 a MoU with the Zoological Society of London to demonstrate a scalable outcomes-based financing mechanism, The Rhino Investment Bond, which directs additional private and public-sector funds to improve management effectiveness of priority rhino populations. This will involve an initial five-year investment beginning in 2020. At the end of the previous financial year, the MEC for DEDEAT availed R13.5 million to ECPTA for the installation of an upgraded security and surveillance system on its security reserves. This funding complemented the Rhino Investment Bond in 2019/20.

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. Supplementing the initial phases of the security and surveillance system on high risk reserves is vital to add additional security layers to the existing systems

### Wildlife Sales

ECPTA generated R6.224 million from wildlife sales in this financial year. This was derived as follows:

• Culling	R550 504.18
• Live game	R2 923 850.00
• Hunting	R2 607 971.70
• Venison	R141 914.15

The Agency successfully sold all the game offered for sale on its annual game auction and these animals were all delivered to buyers on schedule. The successful sale of these animals was surprising given the impact that the severe and protracted drought has had on the local economy over the last few years. The market for live game has nevertheless changed and buffalo prices, particularly for females, have plummeted.

Capture costs are high and profit margins slim, and this is not expected to change in the foreseeable future. All the hunting packages offered for sale, via the online auction platform, were successfully sold and the animals hunted without incident. ECPTA also generated good revenue from culling, predominantly from animals culled by its contracted culling operator. In total 98% of the animals recommended for removal in the 2019/20 financial year were successfully removed.

### Commercialisation

The Eastern Cape Parks and Tourism agency has both the opportunity and challenge to implement commercialisation in its provincial nature reserves. ECPTA manages 15 reserves that boast abundant wildlife, protected biodiversity and beautiful landscapes, as well as cultural and historical heritage sites. These reserves have been identified as potential tourism sector growth nodes. This could be achieved through the private sector uptake of opportunities to operate select activities and infrastructure developments on the reserves. The attractiveness of this approach is that hospitality revenue would be increased

due to increased tourist traffic to reserves, and new revenue streams from concessionaires' activities would supplement accommodation revenue. While there was the desired increase in revenue generated from activities, there was a decline in accommodation spend on reserves. This suggests that longer duration activities will need to be encouraged to make staying over in the reserve an attractive option.

### Nature-Based Activities

In keeping with the Agency's conservation mandate, opportunities for nature-based activities such as hiking and game drives are being tested for feasibility ahead of packaging as investment opportunities. During 2019/20 private operators conducted several nature-based activities in our nature reserves and attracted many visitors. The Trans-Baviaans mountain bike ultra-marathon, a flagship event which takes place at Baviaanskloof World Heritage Site, attracted 2 084 participants in August 2019. Game drives will be introduced following the stimulus fund injection by DEDEAT in 2019/20.

### Hospitality Services

The annual teambuilding for hospitality staff was again held this year. This annual event is a key platform to recognise and motivate hospitality staff within the entity. The efforts of the hospitality team have resulted in 16 facilities maintaining their Tourism Grading Council of South Africa grading status in the year under review. There were also several improvements done to enhance facilities in the nature reserves which included upgrading of furniture at Silaka and Thomas Baines Nature Reserves and installing additional picnic tables and benches for visitors.

The bi-annual survey to determine the satisfaction of our guests is a good barometer of the overall quality of our hospitality package. The survey is conducted on-line and focusses on satisfaction with our accommodation and hospitality services. The Agency achieved a satisfaction level of 89.5 % from nature reserve guests.

### Public-Private Partnerships

This aspect of the commercialisation strategy responds to the need to facilitate product diversification and revenue, attract private sector expertise and investment and also turn underperforming assets around. The entity has three public-private partnership concessions:

1. Operation of a restaurant at Luchaba Nature Reserve
2. Development of an eco-lodge and villa at Mkambathi Nature Reserve
3. Operation of nature-based activities at Baviaanskloof World Heritage Site

These concessions are at different stages and still present opportunities to maximize returns from their successes. The Mkambathi concession is based on agreement between Mkambathi Land Trust, ECPTA and Mkambathi Matters (Pty) Ltd, and has the potential to be a game-changer for tourism on the Wild Coast. Successful implementation of this concession will send a signal to other investors that the provincial nature reserves offer viable investment opportunities.

Positive seeds were sown in the project and momentum regained when the project media briefing was held during the World Tourism Indaba in Durban on the 2nd of May 2019. The appointment of the main contractor and initiation of the preliminary works on site this year are positive steps towards the achievement of the project objectives.

ECPTA looks to establish similar partnerships with other operators across the provincial nature reserves. The strategy enjoys the endorsement of the provincial government, and holds much promise.

### Reserve Infrastructure

In the 2019/20 financial year, ECPTA was able to allocate only R2.3 million for tourism related infrastructure projects within reserves as per Board-approved categories.

The Project Management Unit (PMU) of the Operations Department is responsible for successful implementation of infrastructure projects. In addition to these infrastructure projects funded from the Agency's equitable share allocation, ECPTA is also implementer of several projects on behalf of National Departments. These externally funded projects contribute to tourism infrastructure development and biodiversity conservation initiatives, and enables the ECPTA to enhance its People and Parks initiatives. The following infrastructure programmes were implemented:

1. Eleven (11) prioritised infrastructure projects funded through the equitable share by ECPTA  
Projects to the value of R1.6 million are on schedule with the adopted implementation plan. Projects include repairs and maintenance to staff accommodation units and ablution facilities, installation of solar systems, repairs and maintenance of water purification systems, and upgrades and alterations at various nature reserves
2. Baviaanskloof World Heritage Site Project (National Department of Tourism (NDT) funded) to the value of R57 million:
  - The Baviaanskloof World Heritage Site (WHS) Interpretive Centre entails the development of the interpretive and visitor information centre at the Western section of the Baviaanskloof. Appointment of a service provider for the construction services was concluded. EIA approval was granted, and, at the time of writing, was under 14 days appeal period for affected stakeholders. Construction works are expected to commence in July 2020, subject to COVID-19 prevention measures (lockdown) and the appeal process conclusion.
  - Baviaanskloof Leopard Trail Project (NDT funded) is linked to the Interpretive Centre development. The project seeks to develop and upgrade the 12-sleeper hikers' huts in the three camps of the trail including the ablution facilities. Appointment of the service provider

to render construction services was concluded. Construction works are expected to commence in July 2020, subject to COVID-19 prevention measures (lockdown period) and the appeal process conclusion.

3. Infrastructure Projects – 6 Day Hiking Trail and Infrastructure Development at Selected Beaches (NDT funded) to the value of R21 million and implemented on behalf of various municipalities.

First tranche of R10 million has been transferred to ECPTA and professional service provider appointed to commence with the planning and design services. The proposed infrastructure projects are undertaken at various coastal beaches under the jurisdiction of Mbizana Local Municipality, Port St Johns Municipality, Nyandeni Local Municipality as well as Ndlambe Local Municipality. The infrastructure projects to be developed for these municipalities include:

- Completion of the 6-day hiking trail (Port St Johns to Coffee Bay)
  - Planning for Mthentu beaches and Mzamba beaches
  - Infrastructure developments in Port Alfred at Krantz recreational area, Middle beach and Kowie River
4. NDT Infrastructure Projects – Universal Access at Dwesa Nature Reserve.

The project is being implemented by Coega Development Corporation to add universal accessibility to facilities within Dwesa Nature Reserve to accommodate people with disabilities.

ECPTA's role is procurement of a construction services provider. NDT made available R1.4 million based on budgets and plans done by Coega. Procurement and appointment of service for construction were concluded and activities to commence once lockdown has been lifted.



5. Thomas Baines Environmental Education Centre Upgrade - (National Lottery Commission funding)  
Grant funding to the value of R2 million was approved by the National Lottery Commission (NLC) for upgrade, repairs and maintenance of the Environmental Education Centre at Thomas Baines Nature Reserve. Procurement and appointment of service for construction were concluded and activities to commence once lockdown has been lifted.
6. Environmental Protection and Infrastructure Programmes (EPIP) – 2019/20 MTEF (DEFF funding).  
ECPTA received approval of grant funding of R162 million. First tranche payment of R95 million received during the 4th Quarter of the 2019/20 financial year. The programme includes upgrades to both tourism and conservation infrastructure. The entity has committed funds on six (6) projects including three (3) turnkey projects for the upgrade of tourism and conservation infrastructure at reserves and three (3) game fencing projects to supply and deliver 64km game fencing material and installation of game fence through the Expanded Public Works Programme (EPWP).
7. Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) Provincial Economic Stimulus Fund 2019/20.  
ECPTA received approval of grant funding of R42 million. First tranche payment of R6.9 million was received during the 4th Quarter of the 2019/2020 financial year. Implementation plan includes clustering projects according to regions and the Marine and Coastal Cluster has been prioritised to commence its planning and design phase for the works and the appointment of a professional service provider was concluded in March 2020. The planning work is to commence once the lockdown has been lifted. The implementation plan also included procurement of three (3) game drive vehicles which have been delivered to the head office for conversion and branding. They will be delivered to each site once lockdown has been lifted.

## Social Responsibility

### Environmental Programmes

Two programmes currently under implementation in the this financial year, were started in the 2018/2019 financial year and are funded through the Department of Environmental Affairs (DEA). These programmes are:

#### Youth Environmental Services Programme (YES)

This is a two-year project with an approved budget of R20 million. Additional scope was approved by DEFF in December 2019, extending the project to 31 March 2020 with an additional budget of R3 million. A total of 153 students were recruited in Year One and 227 recruited in Year Two (current reporting year). Implementation of the programme is currently in progress and on track. Students are placed at all provincial reserves, ECPTA Head Office, Mhlontlo Community Nature Reserve, Mpongo Game Reserve, Nelson Mandela Metropolitan Municipality and uMzimvubu Local Municipality.

#### National Environmental Monitors Programme (NEMP)

ECPTA received approval from DEA/DEFF for continuation of the programme for the next three-year cycle (ending March 2022) with a budget of R3 million. About 50 Environmental Monitors (EMs) will be employed for this period. The recruitment process for these additional EMs was completed, and they have been placed at Baviaanskloof, Groendal, Thomas Baines, Great Fish River, Mpofu/Fort Fordyce, Oviston, East London Coast, Dwesa-Cwebe, Silaka, Mkhambathi, Nduli/Luchaba and Ongeluksnek Nature Reserves.

### 2.1.3 DESTINATION MARKETING

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.

#### 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 where a high propensity of repeat travel to the destination exists. Key markets include the United Kingdom, Germany and the Benelux Countries and on a secondary level markets include the United States of America, Australasia and the Nordic Countries.

Through utilising the services of a Country Representative, targeted initiatives such as joint marketing agreements, tourism trade shows, sales agent training 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 on a first-hand basis.

Cooperative marketing agreements have been key to increasing the destination footprint through third party marketing of the destination. The ECPTA has agreements in place with Cape St Francis Resort and the Northern Cape Tourism Authority and further agreements in the pipeline with Nelson Mandela Bay and Buffalo City Metropolitan Municipalities, WESGRO and Tourism KwaZulu-Natal.

#### Domestic Marketing

The domestic market is of 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.

Over the last few years, the ECPTA has focused its marketing efforts on educating Eastern Cape citizens on the tourism attractions that can be found in their own “backyard”. The reasoning behind this approach is that the implications of having a more engaged, more knowledgeable resident base can increase the number of tourism activities partaken in when family and friends are visiting. The approach for 2019/20 was to continue to focus on those Visiting Friends and Relatives (VFR) and to educate the residents of the Eastern Cape on the attractions that they can find in their own “backyard”.

The Agency uses several campaigns to mobilise the residents of the Eastern Cape to become brand ambassadors and to participate in promoting the Province. Key campaigns implemented for the year included the “EPIC EASTERN CAPE” and “EXPLORE THE EC” with the main objective to create brand awareness for the Eastern Cape as a destination of diverse attractions and experiences.

The ECPTA further created marketing platforms for private and public sector partners to co-market with ECPTA at the Getaway, Outdoor Adventure and Adventure and Lifestyle shows in the major cities of Cape Town, Johannesburg and Port Elizabeth.

The ECPTA also participates in travel trade workshops coordinated by private sector partners, where the destination is presented as a business and leisure destination to travel agents, tour operators, tour guides and professional conference organisers. In partnership with South African Tourism and associations such as the South African Tourism Services Association the ECPTA creates platforms for local product owners to present their tourism offerings directly to travel trade representatives.

### Provincial Nature Reserves

The ECPTA is mandated to manage and market Provincial Nature Reserves throughout the Eastern Cape. The most popular Provincial Nature Reserves are Hluleka, Silaka, Thomas Baines and East London Coast. It is interesting to note that three of the top four reserves are situated on the coast. There is a clear preference for the coastal reserves when compared to the inland reserves. This may have to do with the pricing structure as the coastal reserve accommodation rates are even more affordable than the landlocked reserves.

The Marketing Department, working in collaboration with the Tourism Development and Commercialization Units of the Operations Department, ran a number of marketing campaigns aiming to create awareness for and to increase the rate of occupancy of the provincial nature reserves, utilising both traditional and contemporary media platforms such as Facebook, YouTube, Twitter and Instagram.

### Branding

In marketing the Province as a preferred destination, the brand is an indispensable and catalytic force. In order to ensure that the brand is indeed the asset which it can and should be, a firm commitment to developing synergy and strategic alignment is required between all role-players.

In building a strong and reliable brand, the Marketing Department, as the custodian of the ECPTA Adventure Province brand, has the responsibility to create and maintain a positive brand image for both ECPTA and the Eastern Cape as a tourist destination.

Some of the key branding activities for the year under review included the following:

**Consistent brand management** - by ensuring that all material that emanates from the Agency including web, print and other media is correctly branded.

**Stakeholder support** - engaging the support of stakeholders, the brand's biggest asset, through

paying attention to ensuring that the brand is understood and promoted across the Province.

**Co-branding** - improving brand recognition through co-branding the Province with the internationally recognised Brand South Africa.

Further to the above and to ensure that the ECPTA maintains brand consistency across all platforms a set of guidelines on how to use the brand design elements, particularly the ECPTA logo, was developed in the form of a Corporate Identity Manual and a Branding Standard Operating Procedure.

### E-Marketing

In a continued effort to utilize new digital marketing channels and increase the ECPTA's online footprint and reach, the ECPTA has identified suitable online platforms and activities to promote the destination and Agency. The ECPTA established various online platforms that include a website, mobile application and various social media profiles. The ECPTA has secured a social media following of over 21 000 followers across multiple platforms for the period under review. The increase in followers and extension of campaigns onto various online platforms resulted in significant growth in reach, accompanied by above average growth in engagement from its online social media community.

Spanning the period 1 April 2019 to 31 March 2020, the ECPTA's social media marketing activities secured 4 740 977 impressions across all social media platforms, resulting in a growth of 120.34%. Online engagement of the ECPTA's online community, with posted online social media content, grew by 172.42%. The ECPTA's social media platform posts secured 19 886 link clicks compared to the previous reporting period, showing a growth of 380.90%. In this period Twitter following grew by 25.57%, Facebook by 71.56% and Instagram by 194.46%.

Website traffic stayed unchanged for the period, recording 0.11% growth. The ECPTA redesigned and developed its website. The new website was launched in November



2019. The Explore Eastern Cape mobile application that was launched in December 2018 secured a total of 770 downloads for the period.

The ECPTA concluded various online campaigns. Notably a very successful online campaign was run during Tourism Month. The campaign focused on Eastern Cape micro-trip itineraries and secured a reach of 519 063 views on social media.

The ECPTA continues to grow and explore new digital marketing opportunities to increase impact through targeted social media campaigns and adopting of new technologies and best practice.

### Events Partnerships

Events have proven to be an effective marketing tool to draw visitors who may have not considered the Eastern Cape as a tourist destination due to lack of exposure or awareness of the opportunities that the Eastern Cape has to offer. Currently the Eastern Cape hosts various signature and local events. The hosting of events is seen as a catalyst for facilitating the development of local tourism products, marketing the Province as a destination and increasing visitor numbers to and within the Eastern Cape Province.

For the year under review the ECPTA partnered with 11 signature events that took place in the Province which contributed to the following economic benefits for the Eastern Cape:

- Number of jobs created – 8 074
- Media exposure on several media mediums
- Number of attendees - 378 778
- Local business especially SMMEs were given first preference on all procured services

### Local Events

These are community events, and some have shown growth and have had tourism impact for their respective areas. These events take place in small towns and attract less than 7 000 people from other small towns around the Province. For the review period the ECPTA partnered with three local events: OR Tambo Homage concert in Mbizana, Tenza Beach Festival in Willowvale, and Karoo Food Festival in Cradock.

The motive for partnering with these events is to deliberately focus on driving traffic to these respective regions and to geographically spread the events offerings in the Province.

Apart from the above the ECPTA also identified destination promotion opportunities for events that took place in the Province on an ad hoc basis. Events provide significant opportunities for tourism, as the participants and spectators are already in the region. There is a need to maximise these opportunities through increased information dissemination to the tourism trade, in order to make role-players aware of the potential on their doorstep. Leveraging these opportunities has been limited in the past and is an area upon which ECPTA and tourism stakeholders should focus, to enhance the socio-economic benefits of these events.

## Business Events

There is a growing recognition in South Africa that the business events industry is a major driver of job creation, skills development and transformation of the nation's knowledge and creative economy. Business events have the potential to draw people together to exchange knowledge and ideas, build business relationships, and, over a longer term, attract investment and talent flows. Business tourism is, therefore, a strategic tourism sector for the Eastern Cape.

ECPTA has taken a decision to aggressively promote the Province as a business event destination. There are two key areas of intervention which the ECPTA has taken to facilitate the growth and development of the business events tourism sector: Firstly, the Marketing Department made a concerted effort to bring more business meetings, incentives, conventions and events (MICE) to the Eastern Cape through engagement with convention planners and

effectively marketing the destination at trade shows. Secondly, there has been an effort to maximise the potential of business travellers by enabling them to become business tourists. The Marketing Department engaged with product owners to offer attractive extended stay packages. Further to this the Department also provided the business traveller with comprehensive, attractive and easy-to-access information about the surrounding region, as well as providing easy, low risk and cost-effective opportunities to explore it in the limited time available. Some of the key business events that the ECPTA partnered with for the year under review were the World Radio Conference, Black Business Forum and the 15th ICT Summit to mention a few.

ECPTA for the first time also participated at 2019 IMEX Frankfurt which was a great platform to market and position the Eastern Cape as a business centre.

## Corporate Communication and Media

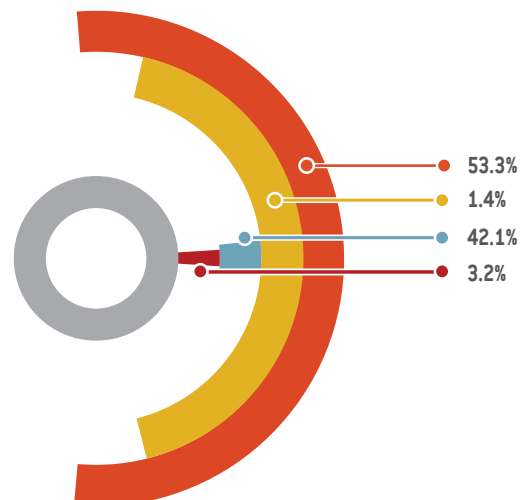
The purpose of the Corporate Communication and Media unit is to communicate ECPTA's mandate, vision, and objectives effectively to different target audiences. It aims to nurture a positive reputation for both the Agency and the Eastern Cape as a tourist and conservation destination.

Through utilising effective communication tactics and tools during the financial year 2019/20 ECPTA's PR and Communication function delivered an organic reach of 45 179 754 and Advertising Value Equivalent of R70 642 373 for its PR endeavours during the year. The sentiment for the agency's public perception analysis was favourable at 53.3%. ECPTA's PR initiatives also profiled key business focus areas of its dual mandate of tourism promotion and conservation over various regions on multiple media platforms as per synopsis below:

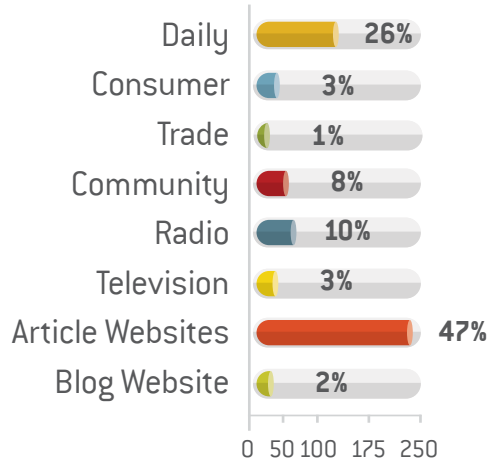
The Communication and Public Relations function becomes a stand-alone unit in the new structure where digital marketing will be integrated to deliver on cutting edge campaigns utilising the two complimentary disciplines for an impactful agency presence.

### 1 Apr 2019 - 31 Mar 2020

● Positive	266	<b>53.3%</b>
● Negative	7	<b>1.4%</b>
● Neutral	210	<b>42.1%</b>
● Mixed	16	<b>3.2%</b>
	499	



### MEDIA GROUPS BY CLIPCOUNT



#### 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.

## 2.2 ORGANISATIONAL ENVIRONMENT

Due to the shrinking funding envelope in the Province and reduced own revenue from traditional revenue streams, the Agency has needed to leverage resources from 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.

Key to the success of business operations is always to ensure instant access to accurate and up to date information. 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 and 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. Delays in appropriately canvassing input for translation of the Bill resulted in minimal progress during 2019/20.

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 doubt the Agency'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 72
  - The 67% METT target set nationally was exceeded by 14 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. In fact there was a 3% decline on the average score across all reserves
  - Investment from the Provincial Stimulus Fund towards the end of 2019/20 has allowed the Agency to invest in high value infrastructure projects and game drive vehicles to enhance the tourism experience on reserves
  - Intensification of anti-poaching efforts, through collaboration with environmental law enforcement partners, has resulted in no unnatural deaths of high value species in ECPTA reserves in 2019/20
  - 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 through 2018/19 and 2019/20
  - 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 fuel 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
  - Following intensive stakeholder engagements in the middle of 2019/20, the planned review of the provincial tourism strategy took place in the latter part of the financial year. The new strategy was approved by the Board at the final meeting of the year
3. Intensify efforts to transform the Conservation and Tourism sectors and open both up to mainstream participation by previously disadvantaged individuals
  - In 2019/20 ECPTA built on the strong foundation for transformation of the conservation sector established in the 2 prior years
  - Towards the end of the previous financial year, the 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 took 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 fifth year in a row.
- Only 1 (1.33%) PDI-owned business from the Eastern Cape participated in the inaugural competition in 2013. By contrast, over half the entries in 2019 were PDI-owned products
- Eastern Cape led Lilizela for the second year in a row with 15 national winners

**Outcome**

In order to assess if the five-year strategic goal “to leverage resources for tourism and conservation priorities” was achieved, it is necessary to consider the funding Agency’s mix over the period.

The contribution of “own revenue” to the Agency’s budget has hovered at around 10% over the period, while the proportion of the budget from the equitable share allocation has steadily declined. The balance has been leveraged from National Departments (in both environmental and tourism spheres) and private sector funders. The 2019/20 budget mix is an emphatic statement that the Agency has succeeded in

*“improving the attractiveness of the ECPTA as an investment option by executing our mandate to the highest possible standards for the entire strategic period”*

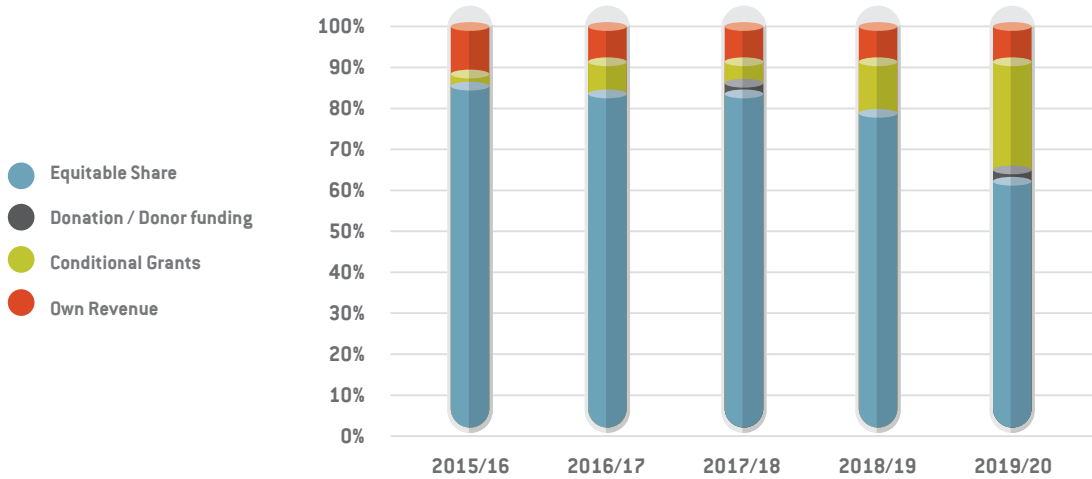


Figure 8: Relative contribution of diversified revenue sources over the MTSF period (2015/16 – 2019/20)



### 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.

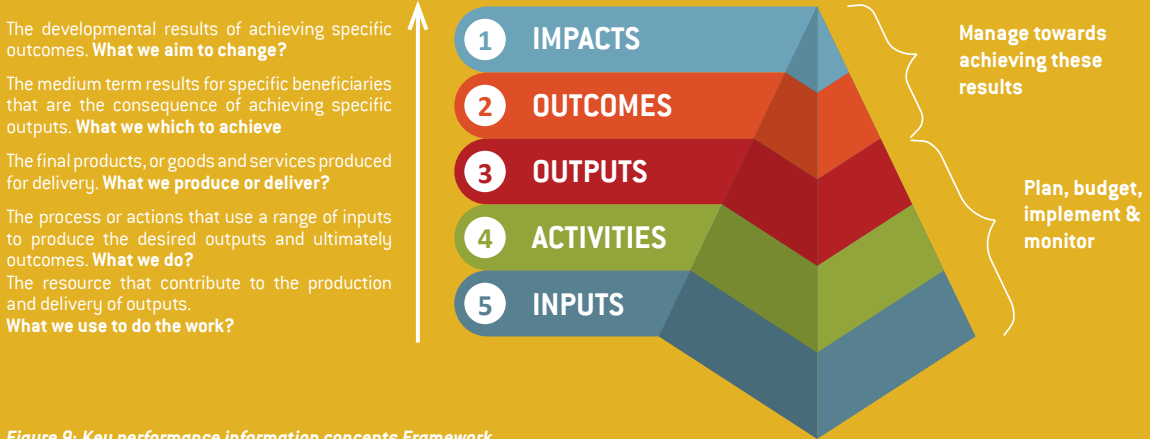


Figure 9: Key performance information concepts Framework for Strategic Plans and Annual Performance Plans; National Treasury, August 2010)

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.

**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

#### KEY TO PERFORMANCE STATUS

In 2019/20, ECPTA continued to strive for the achievement of nine strategic objectives:

- 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 three 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 167 performance indicators across the three planning levels in 2019/20. Performance was recorded against two dormant indicators. The Agency achieved 90.4% of all targets. The graph to the left illustrates unweighted 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 of limited value 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.

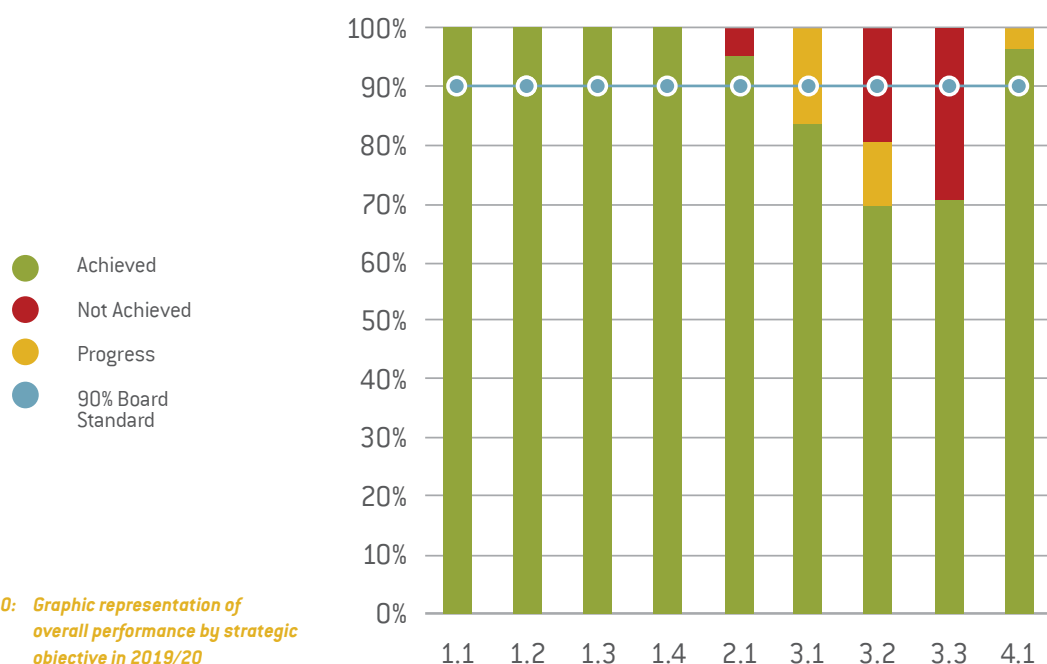


Figure 10: Graphic representation of overall performance by strategic objective in 2019/20

## 3.1 PROGRAMME 1: OPERATIONS

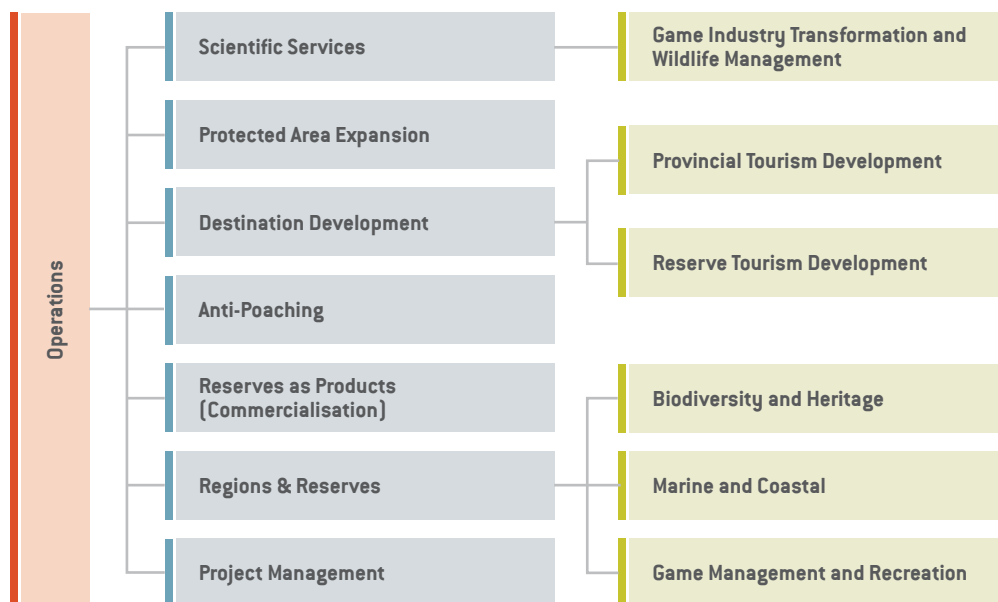
### 3.1.1 DESCRIPTION OF PROGRAMME

#### 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 five-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 wildlife 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).
- Facilitate the utilisation of reserve facilities for commercial tourism-related activities.
- Ensure compliance with Occupational Health and Safety legislation.
- Manage relationships with ECPTA's stakeholders within the Province.

These key functions combine to deliver on performance and operational indicators that contribute to the strategic objectives for which the Operations Department is responsible:



Figure 11 Relative weighted contribution of performance indicators for the Operations Department strategic objectives (towards the centre of the figure)



### 3.1.2 STRATEGIC OBJECTIVES

As indicated in the figure, 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 seven Strategic Objectives, each delivered by a designated sub-programme or unit.

#### 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 Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
<b>Biodiversity Decision Support Index</b>	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices relating to Research, Monitoring and Planning consistently 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. The objectives of the unit are to:

1. Implement the Eastern Cape Protected Area Expansion Strategy (PAES)
2. Maintain a Register of Protected Areas (PAs)
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 Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
<b>Provincial PAES target</b>	1 748 ha	10 000 ha	12 627 ha	+ 2 627 ha	

### 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 localities.

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

Strategic Objective Indicator Title	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
<b>Provincial tourism development index</b>	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices relating to Product Development, Industry Support, Service Standards and Reserve-based tourism plans 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 Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
<b>Biodiversity economy index</b>	2.7 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	Consistent performance

### Commercialisation

Strategic Objective 3.1: To develop provincial nature reserves as tourism products throughout the MTEF. The unit migrated from the Office of the CEO where it was incubated in 2018/19. It 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 Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
<b>Reserves as Products</b>	2.8 (index score)	2.7 (index score)	2.7 (index score)	0.0 (index points)	No deviation

### Regional Reserve Clusters

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

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

Cluster	Niche	Reserves	Routes
<b>Biodiversity and Heritage Regional Office: Island Nature Reserve</b>	Iconic reserves Opportunities for special interest and educational tourism	Baviaanskloof Great Fish River Groendal Island Thomas Baines & Waters Meeting	Kouga, Tsitsikamma, Sundays River Valley, Karoo Heartland, Frontier Country
<b>Game Management and Recreation Regional Office: East London</b>	Offer market opportunities for hunting, holiday and special interest	Tsolwana / Commando Drift Mpofu / Fort Fordyce Ongeluksnek Oviston East London Coast	Amathole Mountain Escape, Friendly N6, Frontier Country, Karoo Heartland
<b>Marine and Coastal Regional Office: Nduli Nature Reserve</b>	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 wildlife 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

The unit is responsible for securing, contracting, and co-ordinating Youth Environmental Service (YES) deployments on behalf of the Department of Environmental Affairs, Forestry and Fisheries (DEFF). Consequently, the unit contributed to sustaining an average of 278 work opportunities per quarter in mostly rural communities in 2019/20.

Strategic Objective Indicator Title	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
METT-SA Score	75 (score)	75 (score)	72 (score)	- 3 (score)	Declines attributed to changes in scoring methodology and inadequate investment in reserve infrastructure, equipment and maintenance

### 3.1.3 KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVED

**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 Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
<b>Biodiversity Decision Support Index</b>	3 (index score)	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices fully achieved
<b>Biodiversity Research Index</b>	3 (index score)	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
<b>Biodiversity Monitoring Index</b>	3 (index score)	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
<b>Ecological Planning Index</b>	3 (index score)	3 (index score)	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	Weight (%) in index	Unit of measure	Planned Target 2019/20	Actual Achieved 2019/20	Comment on deviations
<b>Operational Performance Indicator</b>					
<b>Biodiversity Decision Support (BDS) Index</b>				<b>3.0 (average of quarterly index scores)</b>	
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	3	
Manage external research on reserves	30	Yes(1) / No(0)	1	1	No deviation
Develop systems to support conservation	20	#	5	6	
New taxon inventories developed	10	#	20	20	No deviation
Taxon surveys conducted	10	#	1	1	No deviation
<b>Biodiversity Monitoring Index</b>	40% of BDS Index			3.0	(average of quarterly index scores)
Ecological monitoring conducted	20	#	4	4	No deviation
Game census completed	30	Yes(1) / No(0)	1	1	No deviation
Priority taxon monitoring completed	30	#	11	12	
Monitor annual game off-takes	20	Yes(1) / No(0)	1	1	No deviation
<b>Ecological Planning Index</b>	20% of BDS Index			3.0	(average of quarterly index scores)
Species management plans developed	35	#	1	1	No deviation
Ecological management plans developed	33	#	1	1	No deviation
Annual game management recommendations	32	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 Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Provincial Protected Area Expansion Strategy (PAES) target	0 ha	67 887 ha	1 748 ha	10 000 ha	12 627 ha	+ 2 627 ha	Proclamations based on farm size
Stewardship programme implementation	1 <sup>1</sup> Yes(1) / No(0)	1 Yes(1) / No(0)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Integrated planning support implementation	1 Yes(1) / No(0)	1 Yes(1) / No(0)	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	Weight (%) in index	Unit of measure	Planned Target 2019/2020	Actual Achieved 2019/2020	Comment on deviations
<b>Operational Performance Indicator</b>					
<b>Provincial Protected Area Expansion Strategy target</b>				<b>12 627 ha</b>	
<b>Stewardship programme implementation</b>				<b>3.0</b>	<b>(average of quarterly index scores)</b>
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
<b>Integrated planning support implementation</b>				<b>3.0</b>	<b>(average of quarterly index scores)</b>
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 (PAMPs)	20	#	2	2	No deviation

1 Unit of measure Index: Yes (1) / No (0) in 2016/17 and 2017/18. Standard form of index from 2018/19

Key Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2019/2020	Actual Achieved 2019/2020	Comment on deviations
<b>Provincial Protected Area Expansion Strategy target</b>				<b>12 627 ha</b>	
Preparation of PAES for the Eastern Cape	10	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 Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Provincial tourism development	1 (Yes{1} / No{0}) <sup>2</sup>	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All underlying indices fully achieved
Tourism product development	1 (Yes{1} / No{0})	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Tourism industry support	1 (Yes{1} / No{0})	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Tourism service standards	1 (Yes{1} / No{0})	3 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved
Reserve-based tourism plans	N/A	2.7 (index score)	3 (index score)	2.7 (index score)	3 (index score)	+ 0.3 (index points)	All operational targets achieved

<sup>2</sup> 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	Weight (%) in index	Unit of measure	Planned Target 2019/20	Actual Achieved 2019/20	Comment on deviations
<b>Provincial Tourism Development (PTD)</b>				<b>3.0 (average of quarterly index scores)</b>	
<b>Tourism product development</b>	<b>25% of PTD</b>			<b>3.0</b>	<b>(average of quarterly index scores)</b>
Create tourism awareness	30	#	12	17	
Provide support to community tourism projects	40	%	90	100	Efforts to maximise impact of interventions have resulted in increased motivation among product owners and LTO participants
Install signage to tourism attractions / Local Tourism Organisations (LTOs)	30	%	90	100	
<b>Tourism industry support</b>	<b>30% of PTD</b>			<b>3.0</b>	<b>(average of quarterly index scores)</b>
Implement tourism support program	40	#	8	10	
Number of seasonal tourism safety jobs	25	#	120	121	Deviation reflects commitment of staff to maximise collaboration opportunities
Implement Initiatives to empower youth on tourism	35	#	6	10	
<b>Reserve-based tourism plans</b>	<b>15% of PTD</b>			<b>3.0</b>	<b>(average of quarterly index scores)</b>
Develop reserve tourism development plans	50	#	1	1	No deviation
Reserve signage	50	%	90	100	All plans fully executed
<b>Tourism service standards</b>	<b>30% of PTD</b>			<b>3.0</b>	<b>(average of quarterly index scores)</b>
Facilitate tourist guide compliance	30	Yes(1)/ No(0)	1	1	No deviation
Implement tourism monitors program	30	#	180	174	Contractual difficulties with NDT only resolved in Q4, by which time some participants had dropped out
Implement Tourism Lilizela Awards program	35	%	90	100	

**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 Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Biodiversity economy index	N/A	1 <sup>3</sup> Yes [1] / No [0]	2.7 (index score)	2.7 (index score)	3.0 (index score)	+0.3 (index points)	100% of underlying targets achieved
Game farm programme implemented	N/A	3 (index score)	2.7 (index score)	2.7 (index score)	3.0 (index score)	+0.3 (index points)	100% of operational targets achieved

**Operational performance indicators supporting KPIs**

Key Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2019/2020	Actual Achieved 2019/2020	Comment on deviations
<b>Biodiversity economy index</b>				<b>3.0 (average of quarterly index scores)</b>	
<b>Game farm programme implemented</b>	<b>100% of Biodiversity Economy Index</b>			<b>3.0</b>	<b>(average of quarterly index scores)</b>
Maintain game transformation candidates register / data base	10	Yes [1] / No [0]	1	1	No deviation
Deliver approved animals from 2018 approval process	50	%	80	110	The site to which 20 black rhino were translocated entered into a land sharing agreement with a neighbouring community, adding to the number of animals translocated to PDI-owned land, and to the number of transformation agreements
Facilitate agreements with approved transformation sites for 2019 round	20	#	0	1	
Facilitate Eastern Cape Game Transformation Forum	10	#	2	3	The forum requested an additional meeting in Q3
Monitor game on all custodian sites	10	Yes [1] / No [0]	1	1	No deviation

3 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****Key performance indicators (KPIs) per Annual Performance Plan**

Performance Indicator	Actual Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Reserves as Products	N/A	2.6 (index score)	2.8 (index score)	2.7 (index score)	2.7 (index score)	No deviation	
Reserve tourism product development	N/A	N/A	2.8 (index score)	2.7 (index score)	2.7 (index score)	No deviation	
Customer satisfaction index	87 (%)	90 (%)	90 (%)	2.7 <sup>4</sup> (index score)	2.7 (index score)	No deviation	

**Operational performance indicators supporting KPIs**

Key Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2019/20	Actual Achieved 2019/20	Comment on deviations
<b>Operational Performance Indicator</b>					
<b>Reserves as Products (RAP)</b>				<b>2.7 (average of quarterly index scores)</b>	
Reserve tourism product development	80% of RAP			2.7	(average of quarterly index scores)
Implement commercialisation plan	15	%	90	95.8	Deviation not noteworthy
Package opportunities for commercialisation	10	#	9	9	No deviation
Develop heritage management plans for reserves	10	#	2	2	No deviation
Reserve commercialisation initiatives	20	Index	2.7	2.8	Deviation not noteworthy
Concession management	15	%	90	97.5	Deviation not noteworthy
Hospitality revenue	25	ZAR ('000)	8 144	6 916.9	Underperformance against hospitality revenue targets attributed to general decline in tourism and decline in disposable income
Grading tourism facilities (reserves)	5	#	17	16	Deviation not noteworthy

4 Introduction of standard index from 2019/20

Key Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2019/20	Actual Achieved 2019/20	Comment on deviations
<b>Operational Performance Indicator</b>					
<b>Reserves as Products (RAP)</b>				<b>2.7 (average of quarterly index scores)</b>	
Customer satisfaction index	20% of RAP			2.7	(average of quarterly index scores)
Customer feedback response plan implemented	N/A	%	90	75	Unavailability of resources in Q3 to respond to customer feedback
2019/20 customer satisfaction survey administered	N/A	Yes(1) / No(0)	1	1	No deviation

### 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 Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
METT-SA score	68	75 (score)	75 (score)	75 (score)	72 (score)	- 3 (score)	Inadequate investment in infrastructure, equipment and maintenance
Reserves with METT-SA score over 67	60 (9)	100 (15)	100 (15)	80 (%)	93 (%)	+ 13 (%)	
State of reserves	1 <sup>5</sup>	3.0 (index score)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All targets achieved
Infrastructure project implementation	1	3.0 (index score)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	Milestones achieved ahead of schedule
Social responsibility projects	1	3.0 (index score)	3.0 (index score)	2.7 (index score)	2.8 (index score)	+ 0.1 (index points)	Target achieved in 3 of the 4 quarters

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



## Operational performance indicators supporting KPIs

Key Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2019/20	Actual Achieved 2019/20	Comment on deviations
<b>METT-SA score</b>				<b>72 (score)</b>	
Proportion of reserves with METT-SA score over 67				93%	Not weighted
Reserve security	N/A	Index	2.7	2.1	Administrative difficulties experienced with move to increased monitoring of reserve management. Familiarity with systems improved over the course of the year.
Waste management	N/A	Index	2.7	1.8	
Fire management	N/A	Index	2.7	2.4	
Invasive alien species management	N/A	Index	2.7	2.6	
Implementation of tourism development plans	N/A	Yes(1) / No(0)	1	1	No deviation
Environmental education	N/A	Index	2.7	2.8	
Off-take recommendations implemented as planned	N/A	%	90	98	Deviation not noteworthy
Maintenance	N/A	Index	2.7	2.8	
Wildlife revenue	N/A	ZAR ('000)	6 817	6 224	Annual auction brought in lower than anticipated revenue due primarily to impact of drought on size of available game
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
Infrastructure project implementation				3.0	(average of quarterly index scores)
Project milestones achieved	80	%	90	136.7	Projects progressed ahead of schedule
SMMEs engaged on infrastructure projects	20	#	0	6	Indicator not active 2019/20.
Social responsibility projects <sup>6</sup>				2.8	(average of quarterly index scores)
Job opportunities sustained	100	#	200	219.5	

<sup>6</sup> Of the four standing operational indicators, three were dormant in 2019/20 as the 3-year project cycle ended in 2018/19.

**Strategic Objective 3.3: To leverage stakeholder support for sustainable tourism and conservation development throughout the MTEF period**

**Key performance indicators per Annual Performance Plan**

Performance Indicator	Actual Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Stakeholder support	N/A	N/A	N/A	2.7 (index score)	2.9 (index score)	+ 0.2 (index points)	97% of underlying weighted indices achieved
Stakeholder engagement	N/A	N/A	N/A	2.7 (index score)	2.8 (index score)	+ 0.1 index points)	Targets met or exceeded every quarter
Resource leveraging facilitation	N/A	N/A	N/A	2.7 (index score)	1.9 (index score)	- 0.8 (index points)	Processes fully implemented in Q3 only
Socio-economic beneficitation through People & Parks Programme <sup>7</sup>	1 Yes(1) / No(0)	1 Yes(1) / No(0)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved

<sup>7</sup> Work stream migrated from Protected Area Expansion (where it was located until 2018/19).

## Operational performance indicators supporting KPIs

Key Performance Indicator	Weight (%) in index	Unit of measure	Planned Target 2019/2020	Actual Achieved 2019/2020	Comment on deviations
<b>Operational Performance Indicator</b>					
<b>Stakeholder support (SS)</b>				<b>2.9 (average of quarterly index scores)</b>	
Stakeholder engagement	70% of Stakeholder support			2.8	(average of quarterly index scores)
Co-ordination of stakeholder engagement across the organisation	10	Index	2.7	2.5	Inconsistent co-ordination due to inadequate personnel
N2 Biodiversity Offset Programme	70	Index	2.7	3.0	All project milestones achieved as planned
Provide support to resource leveraging processes	10	Index	2.7	2.5	Inconsistent support due to inadequate personnel
Stakeholder relationship (external)	10	Score	70.0	0.0	Survey incomplete at time of lockdown
Resource leveraging facilitation	10% of Stakeholder support			1.9	(average of quarterly index scores)
Identify resource leveraging opportunities from database of potential government funders	50	Yes(1) / No(0)	1	0	Unit inadequately resourced for the administrative nature of the indicator
Facilitate implementation of the Resource Leveraging process flow	30	Yes(1) / No(0)	1	0	Unit inadequately resourced for the administrative nature of the indicator
Match resources to ECPTA projects	20	%	75	25	Unit inadequately resourced
<b>... People &amp; Parks Programme</b>	20% of Stakeholder support			3.0	(average of quarterly index scores)
Monitor socio- economic beneficiation	10	Yes(1) / No(0)	1	1	No deviation
Formalise co-management agreements	30	Yes(1) / No(0)	1	1	No deviation
Implement capacity building for the outreach team and the land claimant communities	10	Yes(1) / No(0)	1	1	No deviation
Facilitate development of business plans for the land claimant communities	10	Yes(1) / No(0)	1	1	No deviation
Support stakeholder engagement for the N2 Offset	30	Yes(1) / No(0)	1	1	No deviation
Coordinate environmental education and awareness programme	10	Yes(1) / No(0)	1	1	No deviation

### 3.1.4 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The administrative shortcomings that led to underperformance in reserve management and stakeholder support require attention.

### 3.1.5 CHANGES TO PLANNED TARGETS

The Agency made no in-year changes to targets, but activity was recorded against two indicators that were dormant.

Attention is drawn to inconsistencies in the Annual Performance Plan for 2019/20 with respect to the performance measures and related targets for the

indicator “Customer Satisfaction Index”. During the year, a discrepancy was noted between pages 32 and 33 of the APP and pages 30 and 52 of the APP. Since the APP was correct on pages 30 and 52, and reflected the intention to account more vigorously, it was agreed that quarterly reports and the Annual Report follow the Technical Indicator Description on page 52 as approved by the Board.

### 3.1.6 LINKING PERFORMANCE WITH BUDGETS

R'000	2019/2020			2018/2019		
	Budget (Adjusted)	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Goods and Services	58 939	46 104	12 836	56 790	52 307	4 483
Compensation of Employees	109 616	112 003	(3 002)	108 466	106 051	2 415
Capital expenditure	90 220	26 558	63 662	73 644	14 117	59 527
<b>Total</b>	<b>258 776</b>	<b>184 665</b>	<b>73 496</b>	<b>238 899</b>	<b>172 475</b>	<b>66 424</b>



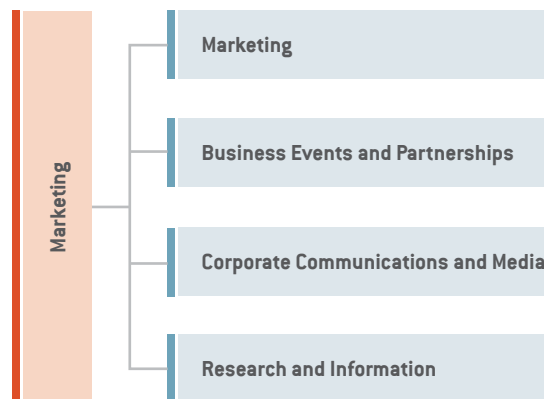
## 3.2 PROGRAMME 2: MARKETING

### 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 and Destination), Business Events and Partnerships, and Corporate Communication and 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.

### 3.2.2 STRATEGIC OBJECTIVE

For ECPTA, 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 2) was responsible for the achievement of one Strategic Objective and three Annual Performance objectives. The operational indicators contributing to the three performance objectives for which the Marketing Department is responsible are distributed as illustrated.

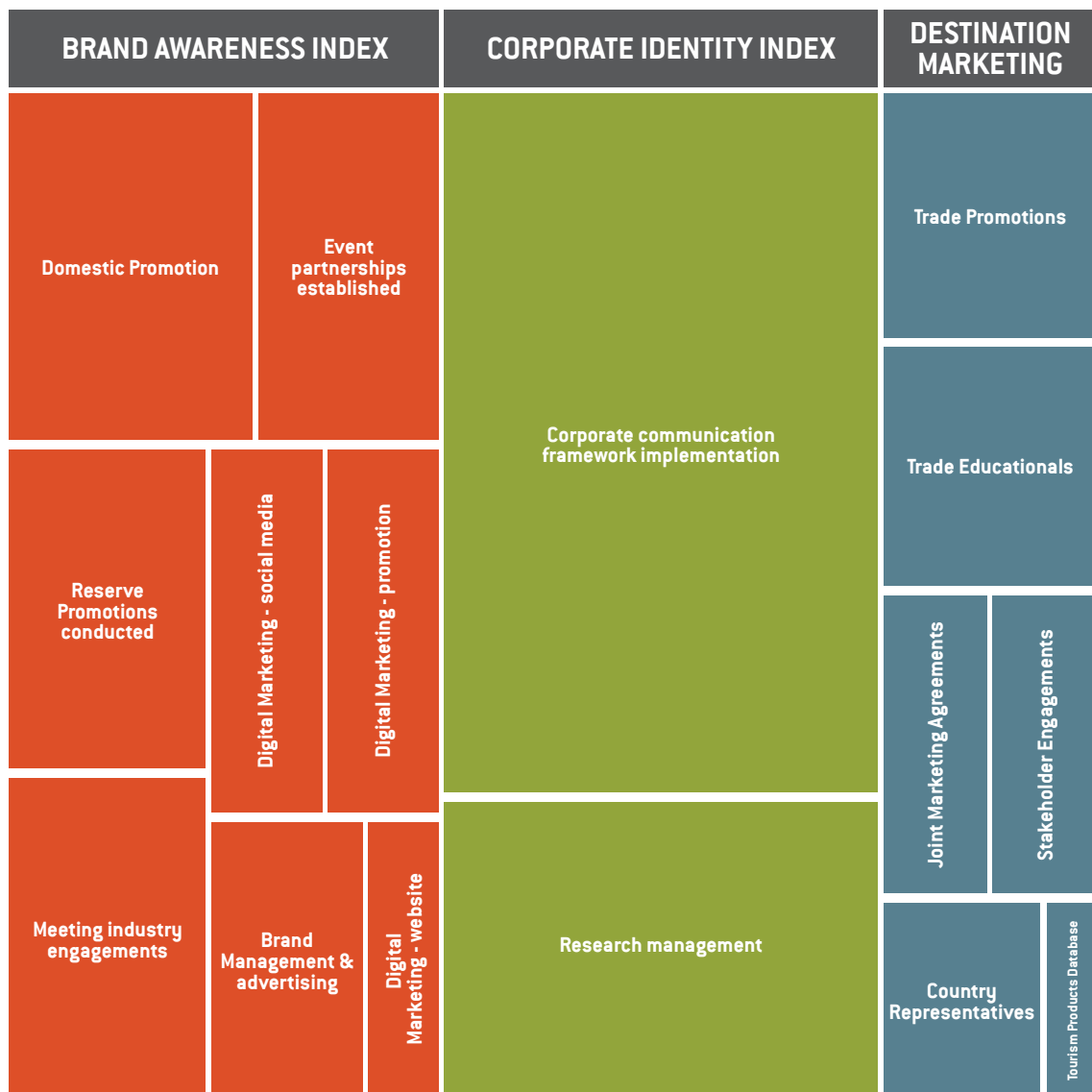


Figure 12: Relative weighted contribution of performance indicators for Marketing

## Marketing Department

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

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, Domestic Marketing, Partnerships and Events, and Corporate Communication and Public Relations.

Strategic Objective Indicator Title	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
Number of domestic holiday travellers (SA Tourism domestic ranking) <sup>8</sup>	5 (domestic ranking)	20 000 (more domestic holiday travellers) (3 <sup>rd</sup> rank position)	300 000 (4 <sup>th</sup> rank position)	+ 280 000 more domestic holiday travellers -1 rank position	Changes in the measure and timing of data gathering results in this indicator being unpredictable and of limited use for provincial planning purposes

<sup>8</sup> In the 2019/20 APP, this indicator changed from simply ranking the province to tracking the # of domestic holiday travellers – as per agreement with SA Tourism. Ranking retained for consistency with Strategic Plan targets

### 3.2.3 KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVED

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 Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Number of domestic holiday travellers (SA Tourism domestic ranking)	4 (domestic ranking)	5 (domestic ranking)	5 (domestic ranking)	20 000 more domestic holiday travellers 3 (domestic ranking)	300 000 more domestic holiday travellers 4 (domestic ranking)	+ 280 000 more domestic holiday travellers -1 rank position	Inadequate synchronisation of data and target setting at a National level
Brand awareness 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)	Most operational targets achieved
Destination marketing index	3.0 (index score)	2.8 (index score)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	All operational targets achieved
Corporate Identity index	2.3 (index score)	2.95 (index score)	2.5 (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	Weight (%) in index	Unit of measure	Planned Target 2019/2020	Actual Achieved 2019/2020	Comment on deviations
<b>South African Tourism (SAT) domestic ranking</b>				<b>4 (domestic ranking)</b>	
Brand awareness index				2.9	(average of quarterly index scores)
Domestic Promotion	20	#	9	13	The unit's agility in taking advantage of opportunistic marketing prospects facilitated over achievement during the period under review
Event partnerships established	15	#	11	12	
Reserve Promotions conducted	15	#	3	5	
Meeting industry engagements	15	#	4	5	
Digital Marketing - website	5	%	10	-0.8	Web traffic was down throughout the year
Digital Marketing - social media	10	%	20	78.1	Social media gained momentum across all platforms (Instagram, Twitter and Facebook)
Digital Marketing - promotion	10	#	100 000	519 063	Expectations exceeded, directing the Agency to further build digital capability
Brand Management and advertising	10	#	12	15	Additional opportunities exploited
<b>Destination marketing index</b>				<b>3.0 (average of quarterly index scores)</b>	
Trade Promotions	25	#	260	388	Additional opportunities exploited
Trade Educationals	15	#	24	80	
Joint Marketing Agreements	20	#	1	1	No deviation
Stakeholder Engagements	15	#	2	9	Additional opportunities exploited
Country Representatives	15	#	60	272	Trade contacts were taken online
Tourism Products Database	10	Yes(1)/ No(0)	1	1	No deviation
<b>Corporate Identity index</b>				<b>3.0 (average of quarterly index scores)</b>	
Corporate communication framework implementation	70	Index	2.7	3.0	All activity indicators achieved
Research management	30	Index	2.7	3.0	

#### 3.2.4 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Marketing efforts will move increasingly to digital platforms. The website will be retained primarily as a corporate site.

#### 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	2019/2020			2018/2019		
	Budget (Adjusted)	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Marketing						
Goods and Services	17 728	17 954	(226)	14 850	15 232	(382)
Compensation of Employees	11 655	10 438	1 217	11 617	9 914	1 703
Capital expenditure	83	78	5	100	25	75
<b>Total</b>	<b>29 466</b>	<b>28 470</b>	<b>996</b>	<b>26 567</b>	<b>25 171</b>	<b>1 396</b>

## 3.3 PROGRAMME 3: CORPORATE MANAGEMENT SUPPORT

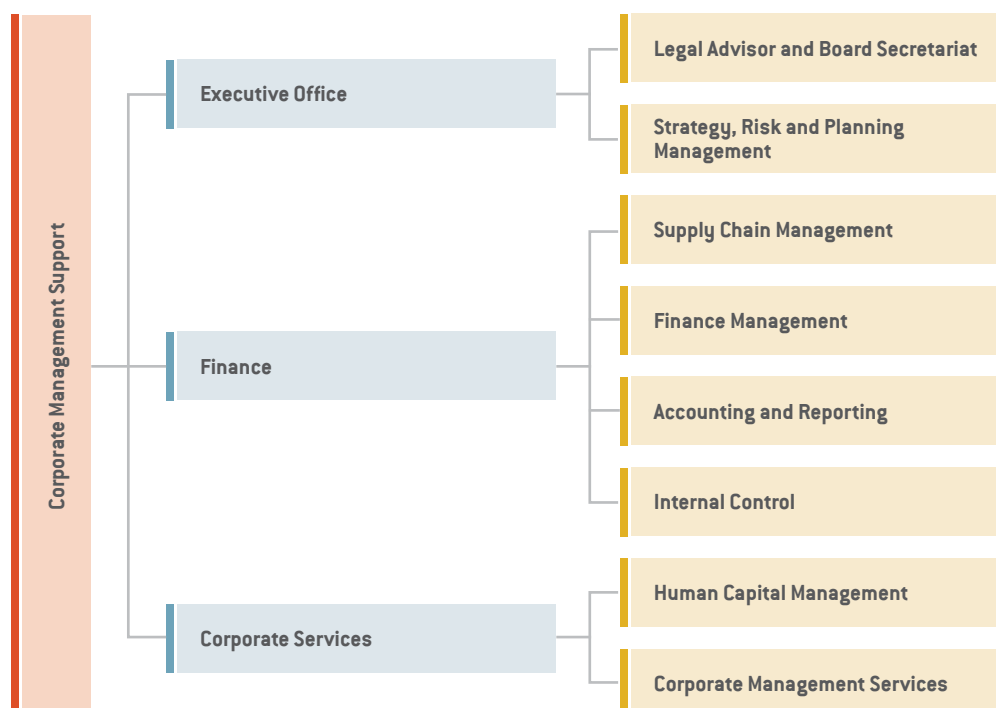
### 3.3.1 DESCRIPTION OF PROGRAMME

#### Purpose

Programme 3: Corporate Management Support is responsible for ensuring that all non-core functions of the organisation are executed effectively and efficiently 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
- Provincial 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.

#### 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 OBJECTIVE**

The three components of Corporate Management Support (Programme 3) were collectively responsible for a single strategic objective in 2019/20, which required purposeful

integration of the competencies of each component in support of the organisation’s overall mandate.



Figure 13: Relative weighted contribution of performance indicators for Corporate Management Support

### 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 Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target to Actual Achieved for 2019/2020	Comment on deviations
Organisational Sustainability Index	100 (score)	90 (score)	96.7 (score)	+ 6.7 (points)	The Index is a summation of weighted performance detailed below



### 3.3.3 KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVED

**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 Plan

Performance Indicator	Actual Achieved 2016/2017	Actual Achieved 2017/2018	Actual Achieved 2018/2019	Planned Target 2019/2020	Actual Achieved 2019/2020	Deviation from planned target for 2019/2020	Comment on deviations
Organisational Sustainability Index	95.2 (score)	100 (score)	100 (score)	90 (score)	96.7 (score)	+ 6.7 (points)	The Index is a summation of weighted performance detailed below
Audit Outcome	2 (clean audit; 2 findings)	1 (clean audit with 1 finding)	1 (clean audit with 1 finding)	2.7 (index score) <sup>9</sup>	2.6 (index score)	- 0.1 (index points)	Internal audit plan not executed as planned
Organisational Performance Index	3.1 (index score)	3.3 (index score)	3.4 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	Maturation of the internal performance environment
Financial Maturity Index	2.9 (index score)	2.9 (index score)	3.0 (index score)	2.7 (index score)	2.9 (index score)	+ 0.2 (index points)	Sustained effort in managing controls
Policy Compliance 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 managing controls
Corporate Capability Index	2.9 (index score)	2.9 (index score)	2.9 (index score)	2.7 (index score)	2.8 (index score)	+ 0.1 (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	New Baseline (2 314 kg CO <sub>2</sub> /m)	Baseline (4 367 kg CO <sub>2</sub> /m)	3.0 (index score)	2.7 (index score)	3.0 (index score)	+ 0.3 (index points)	Commitment to low carbon initiatives within ECPTA

<sup>9</sup> Index score introduced to better capture focus of the underlying indicators

### Operational performance indicators supporting KPIs

Key Performance Indicator	Operational Performance Indicator	Weight in dimension (%)	Unit of measure	Target 2019/20	Achieved 2019/20	Level (1 – 3)	Weighted (%) Score	Comment on deviations	
<b>Organisational Sustainability Index</b>							<b>96.7 (sum of dimension scores)</b>		
<b>Dimension 1: Reputation</b>		<b>30% of Organisational Sustainability Index</b>					<b>30</b>	<b>(weighted score)</b>	
	Accountability Index	84	Index	2.7	3.0	3	25.2	All contractual and statutory obligations to shareholder met	
	Carbon Footprint	16	Index	2.7	3.0	3	4.8	Projects developed and managed as planned	
<b>Dimension 2: Performance</b>		<b>20% of Organisational Sustainability Index</b>					<b>16.7</b>	<b>(weighted score)</b>	
	Audit Outcome	50	Index	2.7	2.6	2	10	Internal audit plan not executed as planned	
	Organisational Performance Index	12.5	Index	2.7	3.0	3	3.8	Sustained effort in managing controls	
	Corporate Capability Index	37.5	Index	2.7	2.8	3	11.3	Sustained effort in managing controls	
<b>Dimension 3: Financial</b>		<b>30% of Organisational Sustainability Index</b>					<b>30</b>	<b>(weighted score)</b>	
	Financial Maturity Index	100	Index	2.7	2.9	3	30	Sustained effort in managing controls	
<b>Dimension 4: Compliance</b>		<b>20% of Organisational Sustainability Index</b>					<b>20</b>	<b>(weighted score)</b>	
	Policy Compliance Index	100	Index	2.7	3.0	3	20	Sustained effort in managing controls	

#### 3.3.4 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Closer management of the Internal Audit function is necessary to ensure that the contracted risk-based internal audits are executed and completed timeously. Failure to do so could place the organisation's ability to retain a clean audit in jeopardy.

#### 3.3.5 CHANGES TO PLANNED TARGETS

The targeted staff satisfaction index was moved into Q1 of 2020/21 as the survey could not be completed due to disruptions occasioned by the onset of the coronavirus pandemic during the last month of the financial year.

### 3.3.6 LINKING PERFORMANCE WITH BUDGETS

R'000	2019/2020			2018/2019		
	Budget (Adjusted)	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Corporate Management Support						
Goods and Services	50 172	41 507	8 665	42 845	42 787	58
Compensation of Employees	33 425	35 165	(1 740)	33 010	33 301	(291)
Capital expenditure	762	615	147	801	429	372
<b>Total</b>	<b>84 359</b>	<b>77 287</b>	<b>7 072</b>	<b>76 656</b>	<b>76 517</b>	<b>139</b>

## 4. REVENUE COLLECTION

Sources of revenue	2019/2020			2018/2019		
	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	5 519	4 840	679	6 693	6 163	530
Actuarial Gains		6 698	(6 698)	0	4 821	(4 821)
Donations Received	0	0	0	0	1	(1)
Finance Income	8 467	6 958	1 509	3 418	4 101	(683)
Non exchange transactions	339 955	263 114	76 841	311 453	236 254	75 199
Other income	4 641	3 005	1 636	3 295	2 097	1 198
Profit and loss		1 148	(1 148)	0	772	(772)
Rendering of services	2 621	2 420	201	1 214	2 282	(1 068)
Rental income	1 376	1 534	(158)	1 339	1 385	(46)
Wildlife Sales	9 817	6 224	3 593	12 543	8 686	3 857
<b>Total</b>	<b>372 396</b>	<b>295 941</b>	<b>76 455</b>	<b>339 955</b>	<b>266 561</b>	<b>73 394</b>

#### 4.1 CAPITAL INVESTMENT

Infrastructure projects	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Nduli / Luchaba				2 539	2 302	237
Ngxingxolo Cultural Village				136	136	0
Umtiza (Repairs and Maintenance)	150	150	0	195	195	0
Great Fish (Repairs and Maintenance)				94	94	0
Fort Fordyce (game fencing materials)				636	0	636
Island Nature Reserve (Repairs and Maintenance)				130	85	45
Bisho NPA Building				171	125	46
Baviaanskloof (World Heritage Site)	19 831	5 704	14 127	38 118	1 089	37 029
Various reserves (NDT - infrastructure projects)	16 076	891	15 185	10 000	130	9 870
National Lottery - Thomas Baines	1 200	183	1 017			
Universal Accessibility	1 436	0	1 436			
EPIP - Various Reserves	14 708	0	14 708			
Economic Stimulus Fund - Various Reserves	6 900	1 637	5 263			
Repairs and maintenance - various reserves	2 109	2 109	0			
<b>Total</b>	<b>62 410</b>	<b>10 674</b>	<b>51 736</b>	<b>52 019</b>	<b>4 155</b>	<b>47 864</b>



Amethole Mountains  
Eastern Cape, South Africa



Scuba Diving  
Eastern Cape, South Africa



# EXPLORE THE EASTERN CAPE USING YOUR SENSE OF TOUCH

Coffee bay, Wild Coast  
Eastern Cape, South Africa



Mohair Farms  
Eastern Cape, South Africa







**PART C**

**GOVERNANCE**

**EXPLORE THE FEELINGS**





explore

Bloukrans Bridge Bungee Jump  
Eastern Cape, South Africa

## 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 24 July 2019 and 15 November 2019.

The Portfolio Committee sought clarity on the elusive 3rd spot in SAT ranking for the Eastern Cape. The reasons advanced for not achieving the 3rd place ranking are sound, and have been discussed at national level. One of the projects that SA Tourism and its partners are working on is the Sho't Left campaign, which includes examples of packages being put together by local product owners. This is a key pillar of the ECPTA's emerging strategy for the next MTSE.

## 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. MEC Mvoko delivered the key note address at the launch of the first ever "Summer Season" campaign in November.

## 4 ACCOUNTING AUTHORITY / BOARD

The fiduciary duties and general responsibilities of the Accounting Authority are prescribed by Sections 50 and 51 of 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 Management, 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.

#### 4.1 COMPOSITION OF THE BOARD AND COMMITTEES

The current ECPTA Board was officially appointed from 1 May 2019.

Name	Designation	Date appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees
<b>Ms N Mona</b>	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
<b>Ms T Putzier</b>	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
<b>Dr N Mzilikazi</b>	Chair of HR Committee and member of Operations Committee	1 May 2019	PHD Zoology, MSc Zoology, BSc (Hons) Zoology, BSc Zoology Chemistry, Tropical Ecology Field-Course	Biodiversity Conservation	Nil	Nil
<b>HRNZ Mkiva</b>	Member of Marketing Committee & EXCO member	1 May 2019 Subsequent Appointment to the National Council of Provinces	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
<b>Dr A Baxter</b>	Chair of Operations and member of Finance and Investment Committee	1 May 2019	BSc & BSc (Hons), Doctor of Philosophy (PhD) in Faculty of Science	Biodiversity Conservation	Nil	Nil
<b>Mr L Beville</b>	Member of Operations Committee	1 May 2019	Bachelor of Arts (BA), HDE and PG in Archives and Records	Representing the Community	Nil	Nil
<b>Mr Z Fihlani</b>	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), BCom in Accounting, Bridging Course	Finance	Nil	Nil
<b>Ms S Onceja</b>	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
HR & Remuneration Committee	4	3	Dr N Mzilikazi Mr Z Fihlani Ms T Putzier
Finance and Investment Committee	4	3	Mr Z Fihlani Ms S Onceya Dr A Baxter
Operations Committee	4	3	Dr A Baxter Dr N Mzilikazi Mr L Beville
Marketing Committee	4	2	Ms T Putzier Ms S Onceya Mr Z Mkiva – Subsequent appointment to the NCOP
Audit and Risk Committee	5	3	Mr C Sparg Ms T Semane Mr S Dzengwa

## 4.2 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 2020. ECPTA does not remunerate the Provincial Treasury official (Shareholder Representative) 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 (RMC), 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 RMC 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 level was determined at level 5 for the 3rd 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-up on recommendations as per Internal Audit Plan and Internal Audit Reports 2018/19 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 2019/20 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
- 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
- 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), BCom in Accounting, Customer Care Diploma, Post Graduate Diploma in Business Administration	External	1 April 2017	N/A	3
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, or 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
- Occupational Health and Safety (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. BOARD SECRETARY

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

## 14. SOCIAL RESPONSIBILITY

Proceeds from the sale of five buffalo sold on auction were set aside for donations. The sale of these animals raised R216 500 of which R113 000 went to the ECPTA community bursary scheme and R103 500 to the Wildlife College.



## 15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

### 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)
- Interim Financial Statements 6 months and 9 months
- Follow up on prior year internal and external audit findings
- Risk Maturity Assessment
- Accounts Payable Review – ad hoc
- Board Expenses Review – ad hoc
- Follow Up Review
- Legal and Compliance
- Asset Review
- Human Resources Management and payroll Review

### 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 Agency'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 L. Mangquku CA(SA)**

Chairperson of the Audit and Risk Committee  
(Appointed 1 April 2020)


31 July 2020

Coffee Roasters  
Eastern Cape, South Africa


Craft Beer Breweries  
Eastern Cape, South Africa



**EXPLORE THE EASTERN CAPE  
USING YOUR SENSE OF TASTE**



Karoo Lamb  
Eastern Cape, South Africa



Biltong  
Eastern Cape, South Africa





**PART D**

**HUMAN  
RESOURCE  
MANAGEMENT**

**EXPLORE THE TASTES**



*explore*

The Big Pineapple, Bathurst  
Eastern Cape, South Africa



## 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.

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 informed the ongoing change management programme, which the Board approved in May, with activations and interventions until the end of December 2019. There has been a positive response to change interventions, with an 86% positive sentiment towards the Change Management activations of 2019/20.

In response to the staff satisfaction survey that returned a rating of less than 75% for Recognition and Rewards, the Agency presented the second annual corporate awards ceremony. This initiative provided an opportunity to appreciate and recognize employees who worked hard and went beyond the call of duty.

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 20.8% of which 3.82% (24 posts) is funded and in process. 41 new appointments were made during the year under review largely due to natural attrition. A further 20 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.

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 2019/20. 23/24 targeted training interventions were undertaken which resulted to 96% achievement for this performance area in the year under review. 245 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 R123 000 was secured from CATHSSETA for Work Integrated Learning.

The second phase of the Youth and Environmental Services Programme that is funded by DEFF recruited and inducted 122 youth candidates. An amount of R20m was 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.

## 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	185 280	112 618	61%	422	267
Marketing	28 470	10 438	37%	17	614
Corporate Management Support	77 287	35 165	45%	59	596
<b>Total</b>	<b>291 037</b>	<b>158 221</b>	<b>54%</b>	<b>498</b>	<b>318</b>

### 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	10 543	7%	4	2 636
Senior Management	40 078	25%	38	1 055
Professional qualified	22 549	14%	37	609
Skilled	16 692	11%	54	309
Semi-skilled	47 748	30%	233	205
Unskilled	20 611	13%	132	156
<b>TOTAL</b>	<b>158 221</b>	<b>100%</b>	<b>498</b>	<b>318</b>

### 2.1.3 PERFORMANCE REWARDS

Programme / activity / objective	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	918	10 543	9%
Senior Management	4 054	40 078	10%
Professional qualified	1 152	22 549	5%
Skilled	1 156	16 692	7%
Semi-skilled	1 637	47 748	3%
Unskilled	714	20 611	3%
<b>TOTAL</b>	<b>9 631</b>	<b>158 221</b>	<b>6%</b>

#### 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	158 221	4 691	2.97%	207	3 935

#### 2.1.5 EMPLOYMENT AND VACANCIES

Programme / activity / objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Operations	413	538	422	116	21.6%
Marketing	16	25	17	8	32.0%
Corporate Management Support	55	66	59	7	10.6%
<b>Total</b>	<b>484</b>	<b>629</b>	<b>498</b>	<b>131</b>	<b>20.8%</b>

Programme / activity / objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Top Management	3	5	4	1	20.0%
Senior Management	37	45	38	7	15.6%
Professional qualified	40	50	37	13	26.0%
Skilled	53	73	54	19	26.0%
Semi-skilled	227	270	233	37	13.7%
Unskilled	124	186	132	54	29.0%
<b>Total</b>	<b>484</b>	<b>629</b>	<b>498</b>	<b>131</b>	<b>20.8%</b>

#### 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 was filled from 1 July 2019. Recruitment for the Chief Operations Officer has been overtaken by changes to the structure to align to the new MTEF strategy.

**2.1.6 EMPLOYMENT CHANGES**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3		1	4
Senior Management	37		2	38
Professional qualified	40		3	37
Skilled	53	6	5	54
Semi-skilled	227	14	8	233
Unskilled	124	18	10	132
<b>Total</b>	<b>484</b>	<b>41</b>	<b>27</b>	<b>498</b>

**2.1.7 REASONS FOR STAFF LEAVING**

Reason	Number	% of total no. of staff leaving
Death	4	14.8%
Resignation	8	29.6%
Dismissal	0	0.0%
Retirement	9	33.3%
Ill health	1	3.7%
Expiry of contract	2	7.4%
Other (Termination Agreement)	3	11.1%
<b>Total</b>	<b>27</b>	<b>100.0%</b>

**Explanations:**

Most staff members leave due to natural attrition. The most pertinent reason for vacancies at Top Management level is due to difficulty of getting an executive with a balance in skills (Conservation and Tourism) to fill the vacant COO position. Subsequently, the new 5-year strategy has been approved, including the split of the current Operations department into two. The COO position will thus be split into two Executive Positions. 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
Grievances	2
Verbal Warning	4
Written Warning	2
Final Written warning	4
Demotion	1

### 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	16	16	1	2	0	0	3	2
Professional qualified	16	17	0	2	0	0	3	1
Skilled	18	21	2	3	0	0	2	1
Semi-skilled	129	99	17	13	0	0	0	7
Unskilled	51	55	11	7	0	0	0	4
<b>TOTAL</b>	<b>231</b>	<b>209</b>	<b>31</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>15</b>



Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	1	0	0	0	0	0	0
Senior Management	13	14	2	2	1	0	2	2
Professional qualified	17	16	0	2	0	0	1	1
Skilled	28	20	2	3	0	0	2	1
Semi-skilled	79	91	8	13	0	0	0	5
Unskilled	63	51	6	7	1	0	0	3
<b>TOTAL</b>	<b>202</b>	<b>193</b>	<b>18</b>	<b>27</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>12</b>

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.

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
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>

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 position become vacant.



Craft Beer Breweries  
Eastern Cape, South Africa





Farmlands  
Eastern Cape, South Africa

Botanical garden, Hogsback  
Eastern Cape, South Africa

# EXPLORE THE EASTERN CAPE USING YOUR SENSE OF SMELL

Citrus farming, Groot River, Baviaanskloof  
Eastern Cape, South Africa

Flower Farms  
Eastern Cape, South Africa





**PART E**

**FINANCIAL  
INFORMATION**

**EXPLORE THE FRAGRANCES**

Coral Aloe (*Aloe striata*), Botanical Gardens  
Eastern Cape, South Africa





explore

Citrus farms  
Eastern Cape, South Africa



## GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form of entity</b>	Schedule 3C Public Entity in terms of the Public Finance Management Act [Act 1 of 1999]
<b>Nature of business and principal activities</b>	Biodiversity Conservation and Tourism Management
<b>Accounting Authority</b>	<ul style="list-style-type: none"><li>- Ms N Mona</li><li>- Ms T Putzier</li><li>- Ms S Onceya *</li><li>- Dr N Mzilikazi</li><li>- Dr A Baxter</li><li>- Mr ZL Fihlani</li><li>- Mr L Beville</li><li>- Mr Z Mkiva**</li></ul>
<b>Registered office</b>	17 - 25 Fleet Street East London 5201
<b>Postal address</b>	P.O. Box 11235 Southernwood East London 5213
<b>Bankers</b>	First National Bank Limited
<b>Auditors</b>	Office of the Auditor General
<b>Website</b>	<a href="http://www.visiteasterncape.co.za">www.visiteasterncape.co.za</a>

\* Shareholder representative, not remunerated

\*\* Subsequent appointment to National Council of Provinces

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## ABBREVIATIONS

<b>ECPTA</b>	Eastern Cape Parks and Tourism Agency
<b>DEDEAT</b>	Department of Economic Development, Environmental Affairs and Tourism
<b>DEFF</b>	Department of Environment, Forestry and Fisheries
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>CATHSSETA</b>	Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority
<b>NDT</b>	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 Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

The members have reviewed the entity's cash flow forecast for the year to March 31, 2021 and, in 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 6 to 73, which have been prepared on the going concern basis, were approved by the accounting authority on 24 July 2020 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 126 to 193, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 2020, and its financial performance and cash flows for the year then ended in accordance with South African Standards on 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 Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional

Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (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.

#### CORONAVIRUS DISEASE OF 2019 (COVID-19 GLOBAL PANDEMIC)

7. I draw attention to note 43 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the entity's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

#### RESPONSIBILITIES OF 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 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 entity'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 on the usefulness and reliability of the reported performance information

against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the entity enabled service delivery. My procedures also do 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 2020:

<b>Programme</b>	<b>Pages in the annual performance report</b>
Programme 1 – operations	60 - 77

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 60 to 91 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 entity's compliance 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 any 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 the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
22. My opinion on the financial statements does 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## 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 engagement conducted by an external party which 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. This report did not form part of my opinion on the financial statements.
27. The public protector investigated allegations of misappropriation of public funds, improper conduct and maladministration by the Eastern Cape provincial government, including the Eastern Cape Parks and Tourism Agency. This is in connection with expenditure incurred during the 2013-14 financial year in preparation for the funeral of former President Nelson Rolihlahla Mandela. In prior years, the entity instituted internal disciplinary measures against responsible employees. After the end of the current financial year, the report has been finalised and made public with findings, recommendations and remedial action for the minister of Finance to implement.

*Auditor-General*

**Auditor General**

East London  
30 September 2020



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*





*explore*

Flower Farms  
Eastern Cape, South Africa



## 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 programme 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 board of directors, which constitutes the accounting authority
  - conclude on the appropriateness of the use of the accounting authority 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 relating to events or conditions that may cast significant doubt on the ability of the Eastern Cape Parks and Tourism Agency 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 my 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 operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, actions taken to eliminate threats or safe guards applied.

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

Figures in Rand (thousand)	Note(s)	2020 R'000	2019 R'000
<b>Assets</b>			
Current Assets			
Inventories	2	1,898	1,308
Trade receivables	3	1,008	801
Other receivables	4	3,049	2,063
Cash and cash equivalents	5	153,837	79,383
Game held for sale	6	3,458	8,606
		<b>163,250</b>	<b>92,161</b>
Non-Current Assets			
Intangible assets	7	230	328
Property, plant and equipment	8	298,134	295,918
Service concession assets	9	24,812	40,528
Heritage assets	10	22,991	22,991
Investment property	11	20,531	6,071
		<b>366,698</b>	<b>365,836</b>
<b>Total Assets</b>		<b>529,948</b>	<b>457,997</b>
<b>Liabilities</b>			
Current Liabilities Finance			
lease obligation	12	191	426
Trade payables	13	23,505	15,346
Employee related payables	14	12,597	12,142
Social responsibility projects	15	1,451	4,066
Provisions	16	9,926	10,455
Deferred revenue - game held for sale	17	3,458	8,606
Unspent grants and receipts	18	133,629	55,820
		<b>184,757</b>	<b>106,861</b>
Non-Current Liabilities Finance lease obligation			
	12	-	191
Employee benefit obligation	19	17,216	21,312
		<b>17,216</b>	<b>21,503</b>
<b>Total Liabilities</b>		<b>201,973</b>	<b>128,364</b>
<b>Net Assets</b>			
		<b>327,975</b>	<b>329,633</b>
Capitalisation reserve		39,304	39,304
Accumulated surplus		288,670	290,329
<b>Total Net Assets</b>		<b>327,974</b>	<b>329,633</b>

## STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand (thousand)	Note(s)	2020 R'000	2019 R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Wildlife income	20	6,224	8,686
Rendering of services	21	2,420	2,282
Accommodation revenue	22	4,840	6,163
Rental income		1,534	1,385
Other income	23	2,411	2,097
Finance income	24	6,959	4,101
Actuarial gains	19	6,698	4,821
Profit on disposal of assets		-	772
<b>Total revenue from exchange transactions</b>		<b>31,086</b>	<b>30,307</b>
<b>Revenue from non-exchange transactions</b>			
Grants and subsidies	25	263,114	236,181
Donations received	26	-	1
Fines, penalties and forfeits		383	72
<b>Total revenue from non-exchange transactions</b>		<b>263,497</b>	<b>236,254</b>
<b>Total revenue</b>		<b>294,583</b>	<b>266,561</b>
<b>Expenditure</b>			
Personnel related costs	27	(157,607)	(149,265)
Depreciation and amortisation	28	(23,419)	(27,053)
Impairment loss		(1,804)	-
Finance costs	29	(2,371)	(2,526)
Debt impairment/Reversal	44	18	(4)
Repairs and maintenance	30	(5,072)	(6,007)
Loss on disposal of assets		(1,149)	-
Operating expenses	31	(104,838)	(97,909)
<b>Total expenditure</b>		<b>(296,242)</b>	<b>(282,764)</b>
<b>Deficit for the year</b>		<b>(1,659)</b>	<b>(16,203)</b>

## STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand (thousand)	Capitalisation reserve	Accumulated surplus	Total net assets
<b>Balance at April 1, 2018</b>	<b>39,304</b>	<b>306,532</b>	<b>345,836</b>
Deficit for the year	-	(16,203)	(16,203)
<b>Restated* Balance at April 1, 2019</b>	<b>39,304</b>	<b>290,329</b>	<b>329,633</b>
Deficit for the year	-	(1,659)	(1,659)
<b>Balance at March 31, 2020</b>	<b>39,304</b>	<b>288,670</b>	<b>327,974</b>



## CASH FLOW STATEMENT

Figures in Rand (thousand)	Note(s)	2020 R'000	2019 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Own revenue		17,301	20,554
Grants and subsidies		340,259	271,450
Finance income		6,959	4,101
		<u>364,519</u>	<u>296,105</u>
<b>Payments</b>			
Employee costs		(156,852)	(146,995)
Suppliers		(102,894)	(101,180)
Finance costs		(44)	(85)
		<u>(259,790)</u>	<u>(248,260)</u>
<b>Net cash flows from operating activities</b>	33	<b><u>104,729</u></b>	<b><u>47,845</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(27,252)	(10,020)
Proceeds from sale of property, plant and equipment	8	18	2,119
Purchase of intangible assets	7	-	(140)
<b>Net cash flows used in investing activities</b>		<b><u>(27,234)</u></b>	<b><u>(8,041)</u></b>
<b>Cash flows from financing activities</b>			
Movement in social responsibility projects		(2,615)	1,895
Finance lease obligation		(426)	(383)
<b>Net cash flows used in financing activities</b>		<b><u>(3,041)</u></b>	<b><u>1,512</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>74,454</b>	<b>41,316</b>
Cash and cash equivalents at the beginning of the year		79,383	38,067
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>153,837</u></b>	<b><u>79,383</u></b>

**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
<b>Statement of Financial Performance Revenue</b>						
Revenue from exchange transactions	32,642	-	<b>32,642</b>	24,278	<b>(8,364)</b>	Note 40
Grants	215,119	20,976	<b>236,095</b>	222,695	<b>(13,400)</b>	Note 40
Other grants	161,819	(57,955)	<b>103,864</b>	117,564	<b>13,700</b>	Note 40
<b>Total revenue</b>	<b>409,580</b>	<b>(36,979)</b>	<b>372,601</b>	<b>364,537</b>	<b>(8,064)</b>	
<b>Expenditure</b>						
Compensation of employees	(158,417)	3,721	<b>(154,696)</b>	(156,852)	<b>(2,156)</b>	Note 40
Goods and services	(135,001)	8,162	<b>(126,839)</b>	(102,894)	<b>23,945</b>	Note 40
Impairment loss/ Reversal of impairments	-	-	-	(1,804)	<b>(1,804)</b>	
Capital expenditure	(116,162)	25,096	<b>(91,066)</b>	(27,252)	<b>63,814</b>	Note 40
<b>Total expenditure</b>	<b>(409,580)</b>	<b>36,979</b>	<b>(372,601)</b>	<b>(288,802)</b>	<b>83,799</b>	
<b>Surplus for the year</b>	-	-	-	<b>75,735</b>	<b>75,735</b>	
<b>Reconciliation</b>						
<b>Format and classification differences</b>						
Revenue from exchange transactions				7,191		
Grants and subsidies				(77,145)		
Compensation of employees				(755)		
Depreciation and amortisation				(23,419)		
Finance charges				(2,371)		
General expenses				(8,147)		
Capital expenditure				27,252		
<b>Actual Amount in the Statement of Financial Performance</b>				<b>(1,659)</b>		

## 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), Public Finance Management Act, (Act 1 of 1999) and specific regulations issued by National Treasury. The Annual Financial Statements were authorised for issue by the Board on 24 July 2020.
- **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. On 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 Annual 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 year 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 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 Annual 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 the 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 (disposal) 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 licences	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, and 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 value 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 de-recognition 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 surplus or deficit.

## 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 their working condition for their 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, the 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 indefinite 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.

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.

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

## ACCOUNTING POLICIES

### 1.7 Property, plant and equipment (continued)

Fencing 10 - 40 years

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 assesses 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 de-recognition 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 de-recognition 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 de-recognition 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
IT Equipment	3 years
Office equipment	5 years
Furniture and fixtures	6 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 recognises 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.

De-recognition 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 receivables	Financial asset measured at amortised cost
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 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 receivables and other receivables

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

Trade receivables 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 receivables 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 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)

#### De-recognition

#### 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:
  - de-recognises the asset; and
  - recognises 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 the statement of financial performance.



## ACCOUNTING POLICIES

### 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 of its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- 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.

#### 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.

## ACCOUNTING POLICIES

### 1.12 Impairment of cash-generating assets (continued)

#### 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 assesses 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 expenses.

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 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:

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

## ACCOUNTING POLICIES

### 1.13 Impairment of non-cash-generating assets (continued)

#### 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 assesses 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.

### 1.14 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.

## ACCOUNTING POLICIES

### 1.14 Employee benefits (continued)

#### 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.

Post 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

### 1.15 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 Annual 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

### 1.16 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.

### 1.17 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 Public Finance Management Act (Act 1 of 1999).

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 on the face of the statement of financial position under current liabilities retrospectively in accordance with GRAP 3 and IAS 8.

### 1.18 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.

### 1.19 Social responsibility projects

ECPTA 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.

### 1.20 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

### 1.21 Capital reserves

Capital reserves consist of:

- Reserves raised upon the initial transfer of funds relating to infrastructure projects which were initially implemented by the 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.

### 1.22 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); and
- 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.

### 1.23 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 emoluments disclosure notes.

### 1.24 Fruitless and wasteful and irregular expenditure

Fruitless and wasteful 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 Annual 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 are provided in the disclosure note. The expenditure is removed from the disclosure note when it is either condoned by the relevant authority or transferred to receivables for recovery.

### 1.25 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.

## ACCOUNTING POLICIES

### 1.26 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

### 1.27 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 Annual 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.

### 1.28 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 Annual 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 Annual 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 Annual Financial Statements.

## ACCOUNTING POLICIES

### 1.29 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 Annual Financial Statements.

The following prescribed Standard of GRAP has been issued but are not yet effective as at 31 March 2020.

GRAP 104 Financial Instruments - Revisions to align the Standard with IFRS 9 on Financial Instruments.

Management have considered the above-mentioned GRAP Standard approved or issued but not yet effective and anticipates that the adoption of this Standard 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)	2020	2019
<b>2. Inventories</b>		
Maintenance materials	1,813	1,242
Fuel	85	66
	<b>1,898</b>	<b>1,308</b>

During the year, an amount of R135 thousand (2019: R466 thousand) was transferred from maintenance materials to property, plant and equipment.

### 3. Trade receivables

Trade debtors	727	631
Operating lease receivables	76	22
Rent receivable	205	356
Impairment allowance	-	(208)
	<b>1,008</b>	<b>801</b>

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

The trade debtors (see Note 44) was reduced by an amount of R444 thousand. This amount relates to fraudulent transactions which the Board subsequently approved the process of write-off after exhausting all recovery strategies and engaging with the law enforcement agencies.

#### Reconciliation of impairment allowance and bad debts

Opening balance	208	208
Amounts written off as uncollectible (Note 44)	(208)	-
	<b>-</b>	<b>208</b>

### 4. Other receivables

Grants receivable	709	45
SARS receivable	200	190
Debts receivables (staff debts)	45	3
Social projects	1,538	1,060
Deposits	530	546
Prepaid expenses	326	328
Impairment allowance	(299)	(109)
	<b>3,049</b>	<b>2,063</b>

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

Grants receivable

Grants receivable comprises of:

South African National Roads Agency Limited	366	-
South African National Biodiversity Institute	343	-
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	-	45
	<b>709</b>	<b>45</b>

Reconciliation of movement in grants receivable

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019		
<b>4. Other receivables (continued)</b>				
<b>31 March 2020</b>				
	Balance receivable at start of year	Current year receipts	Transfers to revenue	Balance receivable at end of year
South African National Roads Agency Limited	-	-	366	366
South African National Biodiversity Institute	-	-	343	343
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	45	(45)	-	-
	<b>45</b>	<b>(45)</b>	<b>709</b>	<b>709</b>
<b>31 March 2019</b>				
	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 Education and Training Authority	434	(389)	-	45
	<b>434</b>	<b>(3,389)</b>	<b>3,000</b>	<b>45</b>
<b>Reconciliation of impairment allowance</b>				
Opening balance			109	134
Provision for impairment			190	1
Amounts written off as uncollectable			-	(26)
			<b>299</b>	<b>109</b>
<b>5. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand			172	64
Bank balances			152,214	75,253
Other cash and cash equivalents			1,451	4,066
			<b>153,837</b>	<b>79,383</b>
<b>Bank balances</b>				
Bank balances consist of the following bank accounts with First National Bank Limited:				
Main account			5,712	8,651
Revenue account			7,526	21,430
NDT - Baviaanskloof account			15,018	17,604
NDT - Infrastructure account			9,414	9,894
NDT - Tourism Monitors account			3,871	2,202
NDT - Universal Accessibility account			1,499	1,436
South African National Parks account			1,543	43
South African National Biodiversity Institute account			97	305
Commission for Restitution of Land Rights account and National Lotteries Commission			1,095	1,141
N2 Biodiversity Offset account			2,687	12,002
Rhino Impact Bond			1,198	545
Economic Stimulus Fund and Environmental Protection and Infrastructure Programme			102,554	-
			<b>152,214</b>	<b>75,253</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 5. Cash and cash equivalents (continued)

The Main and Revenue accounts are maintained for day to day activities, totalling to R13,2 million. The entity has project accounts, totalling to R139 million, as Treasury allows. These approximate monies unspent. Refer to notes 18 and 39. The unspent amounts of R133,6 million is less than the bank balances of R139 million due to accruals charged to the projects but only paid after year end.

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 15.

Economic Stimulus Fund and Environmental Protection and Infrastructure Programme balance of R102 million relates to grant funding for new projects. The amounts received for these multi-year projects were received in December 2019.

The entity's exposure to interest rate risk including risk to its financial assets and liabilities is disclosed in note 38. The bank balances and cash and cash equivalents relate to unspent grants. Refer to note 18.

### 6. Game held for sale

Game held for sale	3,458	8,606
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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 off. Management has the delegated authority to switch between the methods listed below to achieve the desired capacity.

Live game	33	297
Hunting game	31	708
External culling game	3,006	940
Internal culling game	287	412
	<b>3,357</b>	<b>2,357</b>

The number of animals for off-take (disposal) is approved by the ECPTA Board, 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 (disposal) figures for the current year. The actual figures of wildlife sales made during the year are included in revenue. Refer to note 20.

Subsequent to the entity submitting its Annual Financial Statements for auditing, as required by the PFMA on 31 July 2020, the following events occurred (see note 43):

- The live game and hunting auction did not realise, significantly, the revenue as anticipated. An adjustment has been made of R2,6 million.
- Management in August 2020, in-line with delegated powers has re-allocated animals for off-take in-line with operational and strategic reasons and this is anticipated to meet the revised revenue estimate.

Game estimated	6,107	8,606
Events after reporting date (Note 43)	(2,649)	-
	<b>3,458</b>	<b>8,606</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 7. Intangible assets

	2020		2019			
	Cost / Valuation	Accumulated Carrying value amortisation	Carrying value	Cost /Valuation	Accumulated amortisation	Carrying value
Computer software licences	3,628	(3,398)	230	3,628	(3,300)	328

#### Reconciliation of intangible assets - 31 March 2020

	Opening balance	Amortisation	Total
Computer software licences	328	(98)	230

#### Reconciliation of intangible assets - 31 March 2019

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

### 8. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	187,210	(45,042)	142,168	184,275	(37,910)	146,365
Plant and machinery	8,853	(6,860)	1,993	8,547	(6,563)	1,984
Furniture and fixtures	18,394	(14,619)	3,775	18,397	(14,221)	4,176
Motor vehicles	34,740	(19,511)	15,229	30,526	(17,409)	13,117
Office equipment	5,324	(3,582)	1,742	5,219	(3,437)	1,782
IT equipment	13,115	(9,898)	3,217	12,102	(8,669)	3,433
Roads and storm water	370,940	(305,694)	65,246	370,940	(299,524)	71,416
Fencing	75,576	(56,579)	18,997	75,724	(54,688)	21,036
Building attachments	6,904	(4,216)	2,688	6,666	(3,688)	2,978
Field equipment	3,452	(1,542)	1,910	3,172	(1,351)	1,821
Electricity infrastructure	11,276	(6,120)	5,156	11,271	(5,824)	5,447
Sanitation infrastructure	7,375	(3,696)	3,679	7,283	(3,504)	3,779
Water supply infrastructure	24,085	(12,320)	11,765	23,619	(11,829)	11,790
Infrastructure - work in progress	20,569	-	20,569	6,794	-	6,794
<b>Total</b>	<b>787,813</b>	<b>(489,679)</b>	<b>298,134</b>	<b>764,535</b>	<b>(468,617)</b>	<b>295,918</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Figures in Rand (thousand)					2020	2019
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Buildings	146,365	3,743	(600)	-	(5,536)	(1,804)	142,168
Plant and machinery	1,984	508	(8)	-	(491)	-	1,993
Furniture and fixtures	4,176	644	(49)	-	(996)	-	3,775
Motor vehicles	13,117	5,478	(371)	-	(2,995)	-	15,229
Office equipment	1,782	418	(31)	-	(427)	-	1,742
IT equipment	3,433	1,212	(30)	-	(1,398)	-	3,217
Roads and storm water	71,416	-	-	-	(6,170)	-	65,246
Fencing	21,036	61	(21)	-	(2,079)	-	18,997
Building attachments	2,978	363	(11)	-	(642)	-	2,688
Field equipment	1,821	486	(26)	-	(371)	-	1,910
Electricity infrastructure	5,447	5	-	-	(296)	-	5,156
Sanitation infrastructure	3,779	92	-	-	(192)	-	3,679
Water supply infrastructure	11,790	467	-	-	(492)	-	11,765
Infrastructure - work in progress	6,794	18,190	-	(4,415)	-	-	20,569
	<b>295,918</b>	<b>31,667</b>	<b>(1,147)</b>	<b>(4,415)</b>	<b>(22,085)</b>	<b>(1,804)</b>	<b>298,134</b>

Included in additions are donated assets of amount R nil [2019: R1 thousand]. Refer to note 26.

The entity has amended the classification of Property, plant and equipment to include expenditure on Infrastructure - work in progress. This has resulted in an increase of R6,794 million in the prior year carrying amount of Property, plant and equipment. Refer to note 42.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

2020

2019

	Opening balance	Additions	Disposals	Transfers	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
Infrastructure - work in progress	7,822	4,145	-	(5,173)	-	6,794
	<b>312,459</b>	<b>15,660</b>	<b>(1,347)</b>	<b>(5,173)</b>	<b>(25,681)</b>	<b>295,918</b>

### Assets subject to finance lease (Net carrying amount)

IT equipment	168	571
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Property, plant and equipment amounting to R4,415 million (2019: R5,173 million) and included in additions was transferred from Infrastructure - work in progress.

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

### 8. Property, plant and equipment (continued) Reconciliation of property, plant and equipment - 31 March 2019

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

2020

2019

### 9. Service concession assets

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	18,950	(1,735)	17,215	34,244	(1,712)	32,532
Plant and machinery	550	(324)	226	550	(267)	283
Electricity infrastructure	4,300	(439)	3,861	4,300	(334)	3,966
Sanitation infrastructure	375	(27)	348	375	(21)	354
Water supply infrastructure	3,001	(258)	2,743	3,001	(198)	2,803
IT equipment	1,021	(777)	244	1,021	(669)	352
Office equipment	394	(230)	164	454	(230)	224
Furniture and fixtures	24	(13)	11	24	(10)	14
<b>Total</b>	<b>28,615</b>	<b>(3,803)</b>	<b>24,812</b>	<b>43,969</b>	<b>(3,441)</b>	<b>40,528</b>

#### Reconciliation of service concession assets - 31 March 2020

	Opening balance	Disposals	Transfers	Depreciation	Total
Buildings	32,532	-	(14,796)	(521)	17,215
Plant and machinery	283	-	-	(57)	226
Electricity infrastructure	3,966	-	-	(105)	3,861
Sanitation infrastructure	354	-	-	(6)	348
Water supply infrastructure	2,803	-	-	(60)	2,743
IT equipment	352	-	-	(108)	244
Office equipment	224	(20)	-	(40)	164
Furniture and fixtures	14	-	-	(3)	11
	<b>40,528</b>	<b>(20)</b>	<b>(14,796)</b>	<b>(900)</b>	<b>24,812</b>

#### 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 fixtures	17	(3)	14
	<b>41,668</b>	<b>(1,140)</b>	<b>40,528</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
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### 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 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) have 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; and
- Concession fee of four percent (4.00%) of net profit and fifty percent (50%) of gate takings profit payable to the ECPTA. ECPTA Cape Morgan multi-purpose facility concession

The ECPTA entered into a concession agreement with Miarestate Wildlife (Pty) Ltd, (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.

The agreement with Miarestate Wildlife (Pty) Ltd was terminated on an amicable basis during the year due to concession conditions that could not be met. The service concession asset was transferred to investment property. Refer to note 11.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 10. Heritage assets

	2020		2019			
	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 2020

	Opening balance	Total
Land	22,991	22,991

#### Reconciliation of heritage assets - 31 March 2019

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>10. Heritage assets (continued)</b>		
<b>Heritage assets which fair values cannot be reliably measured</b>		
<b>Reserve</b>		
	Estimated area in hectares	Estimated area in hectares
Great Fish River Nature Reserve	43,417	43,417
- Comprising of Sam Knott and Double Drift Nature Reserves Baviaanskloof Nature Reserve	193,011	193,011
- Comprising of Baviaanskloof Wilderness Area, Stinkhoutberg and Cockscomb Formosa Nature Reserve	25,490	25,490
Groendal Nature Reserve	44,877	44,877
The Island Nature Reserve	495	495
Thomas Baines Nature Reserve	2,588	2,588
Waters Meeting Nature Reserve	4,217	4,217
Tsolwana Nature Reserve	7,796	7,796
Mpofu Nature Reserve	10,104	10,104
Fort Fordyce Nature Reserve	2,970	2,970
East London Coast Nature Reserve	3,827	3,827
Hamburg Nature Reserve	1,466	1,466
Dwesa – Cwebe Nature Reserve	5,529	5,529
Hluleka Nature Reserve	4,665	4,665
Silaka Nature Reserve	400	400
Nduli – Luchaba Nature Reserve	518	518
Mkhambathi Nature Reserve	7,736	7,736
Ongeluksnek Nature Reserve	11,540	11,540
Oviston Nature Reserve	1,455	1,455
Commando Drift Nature Reserve	5,746	5,746
	<b>377,847</b>	<b>377,847</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020                      2019

### 11. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	22,554	(2,023)	20,531	7,260	(1,189)	6,071

#### Reconciliation of investment property - 31 March 2020

	Opening balance	Transfers received	Depreciation	Total
Investment property	6,071	14,796	(336)	20,531

#### Reconciliation of investment property - 31 March 2019

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

#### Details of property

- Unit 2 Bhisho Business Village	896	916
- Tourism House Phalo Avenue	4,886	4,995
- Somerset House	160	160
- Cape Morgan multi-purpose facility	14,589	-
	<b>20,531</b>	<b>6,071</b>

#### Unit 2 Bhisho Business Village:

The property consists of an office block situated in the Bhisho Business Village and transferred to the ECPTA as at 1 July 2010. The building is currently occupied by the Department of Local Government and Traditional Affairs.

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 R1,757 million (2019: R1,647 million).

#### Tourism House Phalo Avenue:

The property consists of an office block situated in Phalo Avenue in Bhisho and transferred to the ECPTA as at 1 July 2010. It is currently being occupied by the National Prosecuting Authority (NPA).

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 R9,720 million (2019: R9,090 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.

#### Cape Morgan multi-purpose facility:

The property consists of land with a conference facility at Cape Morgan and transferred from service concession assets during the year. The carrying amount at date of transfer was R14,796 million. It is currently not occupied. The property will be valued on completion of related infrastructure in the medium term.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>11. Investment property (continued)</b>		
<b>Amounts recognised in surplus or deficit for the year</b>		
Rental revenue from investment property	968	1,300
Repairs and maintenance on rental generating property	15	203
<b>12. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	196	469
- in second to fifth year inclusive	-	196
	196	665
less: future finance charges	(5)	(48)
<b>Present value of minimum lease payments</b>	<b>191</b>	<b>617</b>
<b>Present value of minimum lease payments due</b>		
- within one year	191	426
- in second to fifth year inclusive	-	191
	191	617
Non-current liabilities	-	191
Current liabilities	191	426
	191	617

**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 percent (75%) on extension of the contract.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>13. Trade payables</b>		
Trade creditors	16,163	7,258
Revenue received in advance	4,409	4,315
Accrued expense trade	2,796	3,562
Operating lease payables	108	193
Other trade payables	29	18
	<b>23,505</b>	<b>15,346</b>

The ECPTA considers that the carrying amount of trade payables approximates their fair value. The entity's exposure to liquidity risk related to trade payables is disclosed in note 38.

### 14. Employee related payables

Salaries and wages	590	560
Pension and provident	67	-
Skills development levy	136	129
Accrued leave pay	10,884	10,561
Workmen's compensation	140	-
Medical aid	780	892
	<b>12,597</b>	<b>12,142</b>

The ECPTA, as a schedule 3C of the Public Finance Management Act (Act 1 of 1999) 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 R931 thousand (2019: R 972 thousand).

The ECPTA considers that the carrying amount of employee related payables approximates their fair value. The entity's exposure to liquidity risk related to employee related payables is disclosed in note 38.

### 15. Social responsibility projects

Social responsibility projects	1,451	4,066
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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 DEFF. The project was initiated in 2005 and to date, funding to the extent of R122,488 million (2019: 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 DEFF and are not consolidated into the records of ECPTA.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>16. Provisions</b>		
Legal proceedings	165	365
Professional fees	130	483
Performance bonus	9,631	9,607
	<b>9,926</b>	<b>10,455</b>

### Reconciliation of provisions - 31 March 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	365	-	-	(200)	165
Professional fees	483	193	(546)	-	130
Performance bonus	9,607	7,229	(7,185)	(20)	9,631
	<b>10,455</b>	<b>7,422</b>	<b>(7,731)</b>	<b>(220)</b>	<b>9,926</b>

### 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
	<b>8,676</b>	<b>10,360</b>	<b>(8,560)</b>	<b>(21)</b>	<b>10,455</b>

### Legal proceedings provisions

The provision for 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	30
Reclaiming of game	-	200
Public liability claim against employees	35	35
Employment dismissal	30	30
Repairs and maintenance claim	30	30
Reckless and negligent driving	20	20
	<b>165</b>	<b>365</b>

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 a Presidential Proclamation to investigate activities surrounding the late President Mandela's funeral in 2013.

### Performance bonus provision

The provision on performance bonus of R7,2 million (2019: R9,6 million) relates to management's estimate of possible performance payments in terms of the entity's performance management policy. The payment 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)	2020	2019
<b>17. Deferred revenue - game held for sale</b>		
Game held for sale	3,458	8,606
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 the sale has been concluded and the entity has discharged its responsibilities in terms of the sale agreement. Refer to note 6.		
<b>18. Unspent grants and receipts</b>		
<b>Unspent grants and receipts comprises of:</b>		
DEDEAT	5,263	13,400
African Wildlife Foundation	123	551
CATHSSETA	306	341
Commission on Restitution of Land Rights	207	390
DEFF - Environmental Protection Infrastructure Programme	95,705	-
Duke and Duchess of Cambridge and Sussex (Rhino Impact Bond)	1,109	425
Green Trust	5	-
Marine and Coastal Management	878	-
National Department of Tourism	26,080	30,718
National Lotteries Commission	1,017	1,200
South African National Biodiversity Institute	-	305
South African National Parks	2,936	134
South African National Roads Agency Limited	-	8,356
	<b>133,629</b>	<b>55,820</b>

The entity has project bank accounts per note 5. Unspent funds committed at year-end are detailed in note 39.

Reconciliation of movement in grants



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019		
<b>18. Unspent grants and receipts (continued)</b>				
<b>31 March 2020</b>	<b>Balance unspent at start of year</b>	<b>Current year receipts</b>	<b>Transfers to revenue</b>	<b>Balance unspent at year-end</b>
DEDEAT Digital Conservation	3,400	-	(13,400)	-
DEDEAT Economic Stimulus Fund	-	6,900	(1,637)	5,263
DEDEAT Equitable Share	-	215,795	(215,795)	-
Addo Tourism	-	39	(39)	-
African Wildlife Foundation	551	-	(428)	123
Bushman Museum	-	19	(19)	-
CATHSSETA	341	102	(137)	306
Coega Vulindlela Accommodation and Conference Centre	-	19	(19)	-
Commission on Restitution of Land Rights	390	-	(183)	207
DEFF - Environmental Protection Infrastructure Programme	-	95,705	-	95,705
Die Tuishuise and Victoria	-	10	(10)	-
Duke and Duchess of Cambridge and Sussex (Rhino Impact Bond)	425	1,400	(716)	1,109
Eastern Cape Department of Transport	-	2,000	(2,000)	-
First National Bank	-	50	(50)	-
Green Trust	-	323	(318)	5
Joe Gqabi	-	19	(19)	-
Kwantu Private game reserve	-	10	(10)	-
Marine and Coastal management	-	4,200	(3,322)	878
National Department of Tourism	30,718	6,179	(10,817)	26,080
National Lotteries Commission	1,200	-	(183)	1,017
Sarah Baartman District Municipality	-	115	(115)	-
South African National Biodiversity institute	305	927	(1,232)	-
South African National Parks	134	5,590	(2,788)	2,936
South African National Roads Agency Limited	8,356	-	(8,356)	-
Tsitsikamma Tourism Association	-	10	(10)	-
World Wildlife Fund - South Africa	-	800	(800)	-
Zest Holdings	-	2	(2)	-
	<b>55,820</b>	<b>340,214</b>	<b>(262,405)</b>	<b>133,629</b>
<b>31 March 2019</b>	<b>Balance unspent at start of year</b>	<b>Current year receipts</b>	<b>Transfers to revenue</b>	<b>Balance unspent at year-end</b>
DEDEAT Digital Conservation	-	13,400	-	13,400
DEDEAT Equitable Share	-	206,805	(206,805)	-
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 (Rhino Impact Bond)	-	659	(234)	425
	<b>20,940</b>	<b>268,061</b>	<b>(233,181)</b>	<b>55,820</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>19. Employee benefit obligations Defined benefit plan</b>		
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 GRAP25.		
<b>The amounts recognised in the statement of financial position are as follows: Carrying value</b>		
Long service award	1,940	1,959
Medical aid benefit	15,276	19,353
	<b>17,216</b>	<b>21,312</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	21,312	23,302
Benefits paid	(441)	(442)
Net expense recognised in the statement of financial performance	(3,655)	(1,548)
	<b>17,216</b>	<b>21,312</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	716	832
Interest cost	2,327	2,441
Actuarial gains	(6,698)	(4,821)
	<b>(3,655)</b>	<b>(1,548)</b>
<b>Key assumptions used</b>		
Assumptions used at the reporting date:		
Long service discount rate	10.60 %	10.60 %
Benefit inflation rate	7.70 %	6.70 %
Medical aid discount rate	11.00 %	13.50 %
General inflation rate	7.50 %	8.00 %
Salary inflation rate	8.50 %	9.00 %
Medical inflation rate	9.00 %	10.00 %

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 will retire at average age 63 (2019: 63 years). The results of the valuation are sensitive to the assumptions chosen.

The ECPTA, as a schedule 3C Public Finance Management Act, (Act 1 of 1999) 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)	2020	2019
<b>20. Wildlife income</b>		
Culling revenue	551	1,340
Hunting and fishing income	2,608	2,642
Live game sales	2,924	4,409
Venison sales	141	295
	<b>6,224</b>	<b>8,686</b>
<b>21. Rendering of services</b>		
Conservation fees	1,717	1,795
Day tours and activities	615	386
Other services	88	101
	<b>2,420</b>	<b>2,282</b>
<b>22. Accommodation revenue</b>		
General accommodation	4,038	5,228
Camping income	801	873
Catering income	1	62
	<b>4,840</b>	<b>6,163</b>
<b>23. Other income</b>		
Concession income	22	7
Commission	69	73
Ecological services income	24	45
Insurance proceeds	734	415
Implementers fees	1,414	1,343
Sale of tender documents	60	51
Sundry income	88	163
	<b>2,411</b>	<b>2,097</b>
<b>24. Finance income</b>		
Bank interest	6,927	4,076
Trade receivables and other receivables interest	32	25
	<b>6,959</b>	<b>4,101</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>25. Grants and subsidies</b>		
DEDEAT	230,832	206,805
Addo Tourism	39	-
African Wildlife Foundation	428	-
Bushman Museum	19	-
CATHSSETA	137	282
Coega Vulindlela Accommodation and Conference Centre	19	-
Commission on Restitution of Land Rights	183	210
Die Tuishuise and Victoria	10	-
Duke and Duchess of Cambridge and Sussex (Rhino Impact Bond)	716	234
Eastern Cape Department of Roads and Transport	2,000	-
First National Bank	50	30
Green Trust	318	1
Joe Gqabi District Municipality	19	-
Kwantu Private Game Reserve	10	-
Marine and Coastal Management	3,322	3,000
National Department of Tourism	10,817	15,644
National Lotteries Commission	183	-
Sarah Baartman District Municipality	115	72
South African National Biodiversity Institute	1,575	1,018
South African National Parks	2,788	5,241
South African National Roads Agency Limited	8,722	3,644
Tsitsikamma Tourism Association	10	-
World Wildlife Fund - South Africa	800	-
Zest Holdings	2	-
	<b>263,114</b>	<b>236,181</b>
Grants and subsidies consists of:		
Spending on conditional grants and subsidies	262,405	233,181
Re-imburements on grants and subsidies	709	3,000
	<b>263,114</b>	<b>236,181</b>

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. Re-imburements 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)	2020	2019
<b>26. Donations received</b>		
Property, plant and equipment	-	1
The following are details of donations received:		
<b>Property, plant and equipment</b>		
Furniture and fixtures	-	1
<b>Repairs and maintenance</b>		
The donations above were received from the following donors:		
Baviaanskloof Trail Run	-	1
<b>Donations in kind</b>		
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:		
Department of Environment, Forestry and Fisheries - Salaries*	3,053	2,262
Stop Rhino Poaching - office equipment	60	60
Endangered Wildlife Trust - IT equipment	20	20
	<b>3,133</b>	<b>2,342</b>

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



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019	
<b>27. Personnel related costs</b>			
Basic salary	111,125	103,328	
Performance bonus	9,669	9,597	
Medical aid contributions	10,638	11,054	
Unemployment insurance fund	742	931	
Skills development levy	136	129	
Leave pay provision charge	1,056	2,317	
Funeral benefits	100	-	
Defined contribution plans	16,118	14,985	
Overtime payments	4,139	3,463	
Car allowance	303	357	
Other allowances	1,945	1,884	
Workmen's compensation	1,636	1,220	
	<b>157,607</b>	<b>149,265</b>	
<b>28. Depreciation and amortisation</b>			
Intangible assets	98	103	
Property, plant and equipment	22,085	25,681	
Service concession assets	900	1,140	
Investment property	336	129	
	<b>23,419</b>	<b>27,053</b>	
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 intangible assets, service concession assets, investment property and property, plant and equipment were revised with the following effect on depreciation and amortisation:			
<b>Depreciation and amortisation</b>	<b>As per revised useful lives</b>	<b>As per original useful lives</b>	<b>Change in estimate</b>
Intangible assets	98	(147)	(49)
Property, plant and equipment	22,085	(27,253)	(5,168)
Service concession assets	900	(940)	(40)
Investment property	336	(336)	-
	<b>23,419</b>	<b>(28,676)</b>	<b>(5,257)</b>
<b>29. Finance costs</b>			
Employee benefit obligations	2,327	2,441	
Finance lease obligation	44	85	
	<b>2,371</b>	<b>2,526</b>	
<b>30. Repairs and maintenance</b>			
Property, plant and equipment	5,057	5,804	
Investment property	15	203	
	<b>5,072</b>	<b>6,007</b>	

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>31. General expenses</b>		
Advertising and marketing	15,428	12,126
Animal Costs	326	610
Auction expenses	1,206	3,130
Auditors remuneration	2,017	2,461
Bad debts	652	-
Bank charges	295	260
Board expenses	2,945	1,851
Chemicals	476	574
Cleaning	1,587	1,291
Community projects	132	371
Compliance and law enforcement	975	1,082
Computer expenses	29	24
Conferences and seminars	3,467	4,778
Consulting and professional fees	7,178	5,839
Consumables	1,300	1,194
Electricity	4,900	4,739
Entertainment	23	421
Fleet	3,350	3,629
Fuel and oil	837	644
Game management	4,293	2,880
Hiring expenses	1,139	1,656
Insurance	2,527	2,997
Internal audit fees	1,809	1,692
Lease rentals on operating lease	6,053	6,534
Levies	210	182
Medical expenses	29	15
Placement fees	100	98
Postage and courier	107	83
Printing and stationery	1,086	1,007
Profit & loss on foreign exchange	235	5
Protective clothing	119	63
Refuse	198	171
Research and development costs	291	294
Royalties and license fees	3,362	3,064
Security	1,456	947
Staff welfare	269	374
Subscriptions and membership fees	794	596
Travel - motor car, accommodation and subsistence	3,845	4,860
Telephone and fax	5,498	5,813
Tourism development	4,825	3,526
Training	4,691	4,157
Travel - local	11,871	9,549
Travel - overseas	1,319	892
Uniforms	1,589	1,430
	<b>104,838</b>	<b>97,909</b>
<b>32. Auditors' remuneration</b>		
Fees	2,017	2,461

Auditors' remuneration includes audit fees for projects amounting to R60 thousand (2019: R50 thousand).

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>33. Cash generated from operations</b>		
Deficit for the year	(1,659)	(16,203)
<b>Adjustments for:</b>		
Depreciation and amortisation	23,419	27,053
Loss / (profit) on disposal of assets	1,149	(772)
Donations received	-	(1)
Impairment loss	1,804	-
Debt impairment	(18)	4
Movements in employee benefit obligations	(4,096)	(1,990)
Movements in provisions	(529)	1,779
Bad debts	652	-
<b>Changes in working capital:</b>		
Inventories	(590)	(31)
Trade receivables	(841)	1,091
Other receivables	(986)	(833)
Trade payables	8,159	2,159
Employee related payables	456	709
Unspent grants and receipts	77,809	34,880
	<b>104,729</b>	<b>47,845</b>

### 34. Operating leases

#### Operating leases as the lessee

##### Minimum lease payments due

- not later than one year	5,986	2,689
- in second to fifth year inclusive	4,703	51
	<b>10,689</b>	<b>2,740</b>

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. For the two (2) year extension period, the rental per month including parking is R463 thousand with an escalation of eight percent (8,00 %) per annum.
- Kazin Trading 5 CC, in Mthatha, for parkhomes 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 at a monthly rental of R32 thousand with an option to extend for an additional three (3) months on a month-to-month basis at a monthly rental of R29 thousand. The termination date of the lease was subsequently amended from 31 March 2019 to 30 June 2019 with all the other terms and provisions same as the existing agreement.
- Gana and Dimpo Developers CC in Lusikisiki, in Lungani Drive, Newtown. The lease contract is for a period of twenty four (24) months commencing on 01 November 2019. The rental per month is R21 thousand with no escalation.

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>34. Operating leases (continued)</b>		
<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>		
<b>Operating leases as the lessor:</b>		
<b>Minimum lease payments due</b>		
- Not later than one year	299	371
- in second to fifth year inclusive	76	303
	<b>375</b>	<b>674</b>

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 was a thirty-six (36) months lease, commencing on 01 May 2016. The rental was 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 and the contract ended on 30 April 2019.
- A new contract was entered with The National Prosecuting Authority (NPA) during the year. The contract is a thirty-six (36) months lease, commencing on 01 May 2019. The rental is R88 thousand per month with a six percent (6.00 %) annual escalation rate.
- Department of 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) 2020 2019

### 35. Emoluments

#### Members

2020	Members' fees	Other benefits	Total
Ms N Mona - (Chairperson of the Board) - Appointed 01 May 2019	262	41	303
Mr S Mgxaji - (Acting Chairperson of the Board) - Term ended 30 April 2019	28	-	28
Mr SFW Ncume - (Board Member) - Term ended on 30 April 2019	20	-	20
Dr A Muir - (Board Member) - Term ended 30 April 2019	25	2	27
Dr N Mzilikazi - (Board Member) - Appointed 01 May 2019	156	2	158
Dr A Baxter - (Board Member) - Appointed 01 May 2019	177	1	178
Mr Z Mkiva - (Board Member) - Appointed 01 May 2019 **	43	-	43
Ms T Putzier - (Board Member) - Appointed 01 September 2017 *	308	46	354
Mr ZL Fihlani - (Board Member) - Appointed on 15 August 2017 *	138	-	138
Mr L Beville - (Board Member) - Appointed 01 May 2019	150	1	151
	<b>1,307</b>	<b>93</b>	<b>1,400</b>

\* Re-appointed by the Member of the Executive Council with effect from 01 May 2019.

\*\* Subsequent appointment to National Council of Provinces in May 2019.

Other benefits include stakeholder engagements and cell phone allowances.

2019	Members' fees	Committees fees	Total
Mr S Mgxaji - (Acting Board Chairperson) - Appointed on 1 June 2012	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 15 August 2017	106	-	106
	<b>809</b>	<b>83</b>	<b>892</b>

Other benefits include stakeholder engagements and cell phone allowances.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 35. Emoluments (continued)

#### Audit Committee 2020

	Committee fees	Total
Mr C Sparg - (Chairperson) - Appointed on 1 April 2017	110	110
Mr S Dzegwa - (Member) - Appointed on 1 April 2017	23	23
Ms T Semane - (Member) - Appointed on 1 April 2017	31	31
	<b>164</b>	<b>164</b>

#### 2019

	Committee fees	Other benefits	Total
Mr C Sparg - (Chairperson) - Appointed on 1 April 2017	100	1	101
Mr S Dzegwa - (Member) - Appointed on 1 April 2017	50	1	51
Ms T Semane - (Member) - Appointed on 1 April 2017	30	1	31
	<b>180</b>	<b>3</b>	<b>183</b>

Other benefits include stakeholder engagements and cell phone allowances.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 35. Emoluments (continued) Executive Directors

#### 2020

	Salary	Other benefits	Retirement fund contribution	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer) - Reappointed on 01 August 2019	2,458	52	-	413	2,923
Mr J Jackson - (Chief Financial Officer)	1,496	33	207	217	1,953
Ms TS Dlamini - (Chief Marketing Officer) - Appointed 01 July 2019	916	38	-	-	954
Ms N Ali - (Executive Director: Corporate Services)	1,637	26	-	235	1,898
Ms X Mapoma - (Legal Advisor and Board Secretary)	1,054	21	151	168	1,394
Ms E Van Den Berg-McGregor - (Acting Chief Operations Officer) - April to July 2019	325	70	49	-	444
Mr. M Kostauli - (Acting Chief Operations Officer) - August 2019 to January 2020	474	122	73	127	796
Dr D Peinke - (Acting Chief operations Officer) - February and March 2020	153	73	23	-	249
Ms L Shaw - (Acting Chief Marketing Officer) - April and June 2019	159	22	25	-	206
Ms ZB Ntwasa - (Acting Chief Marketing Officer) - May 2019	62	18	10	-	90
	<b>8,734</b>	<b>475</b>	<b>538</b>	<b>1,160</b>	<b>10,907</b>

#### 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 Mxunyelwa - (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 X Mapoma - (Legal Advisor and Board Secretary)	1,022	30	149	145	1,346
Ms N Ali - (Executive Director: Corporate Services) - Appointed 1 July 2018	1,251	9	-	-	1,260
Ms ZB Ntwasa - (Acting Chief Marketing Officer) - February 2019	58	25	10	-	93
Ms L Shaw - (Acting Chief Marketing Officer) - March 2019	83	43	13	-	139

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020		2019	
<b>35. Emoluments (continued)</b>				
Ms E Van Den Berg-McGregor - (Acting Chief Operations Officer) - January to March 2019	320	76	59	455
	<b>9,147</b>	<b>365</b>	<b>570</b>	<b>11,633</b>

Other benefits comprise travel allowance and medical benefits

### 36. 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 granted by 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. The entity expects to recover R500 thousand after the taxing of the bills.

#### Contingent liabilities:

Contingent liabilities comprising of damage claims are as follows:

#### Damage claims

- 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. The matter is dormant.
- 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 have been quantified. A sum of R900 thousand was served on the Plaintiff's attorneys and their response is still awaited. 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.
- 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 claimants allege to have incurred costs to reinstate the property into good order after the ECPTA vacated the premises. The amount claimed is R570 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. Summons has been issued and the ECPTA insurers are handling the matter.
- Anthony McCune Mortlock v ECPTA**  
 The matter relates to a claim for bodily injury alleged to have occurred to a client at the Blue Bend / Nahoon River beach in February 2018. The plaintiff is claiming an amount of R366 thousand for personal injuries. The ECPTA insurers are handling the matter.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>37. Related party disclosures</b>		
Related parties:		
<p>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.</p>		
During the period under review the ECPTA recorded various transactions with the following related parties: Relationships		
Controlling entity	<ul style="list-style-type: none"> <li>- Department of Economic Development, Environmental Affairs and Tourism Entities under common controlling entity</li> <li>- Coega Development Corporation</li> <li>- East London Industrial Development Zone</li> <li>- Eastern Cape Development Corporation</li> <li>- Eastern Cape Gambling and Betting Board</li> <li>- Eastern Cape Liquor Board</li> </ul>	
National government departments	<ul style="list-style-type: none"> <li>- National Department of Environment, Forestry and Fisheries</li> <li>- National Department of Tourism</li> </ul>	
Entities with co management agreements	<ul style="list-style-type: none"> <li>- Dwesa / Cwebe Land Trust</li> <li>- Mkhambathi Land Trust</li> </ul>	
Strategic partnership entities	<ul style="list-style-type: none"> <li>- Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority</li> <li>- South African National Biodiversity Institute</li> <li>- South African National Parks</li> <li>- Commission on Restitution of Land Rights</li> </ul>	
Key management personnel	- members of The Board and key management personnel are disclosed in Note 35	
<b>Related party balances</b>		
<b>Amounts included in trade receivables and other receivables regarding related parties</b>		
DEDEAT	-	208
National Department of Environment, Forestry and Fisheries	1,396	1,060
CATHSSETA	-	45
South African National Biodiversity Institute	343	-
Debt Receivable (Staff debtors)	45	3
<b>Related party transactions</b>		
<b>Transfer payments received from related parties</b>		
Department of Economic Development, Environmental Affairs and Tourism	222,695	220,205
<b>Amounts received from related parties for tourism development programmes</b>		
National Department of Tourism	6,179	26,760
<b>Amounts received from related parties for biodiversity conservation projects</b>		
National Department of Environment, Forestry and Fisheries	4,200	3,000
South African National Biodiversity Institute	1,305	1,235
South African National Parks (Including Environmental Monitoring Programme)	5,590	5,277
<b>Amounts received from related parties for skills development programmes</b>		
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	101	623

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 38. 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 2020	At fair value	At amortised cost	At cost	Total
<b>Financial assets</b>				
Trade receivables	-	1,008	-	1,008
Other receivables	-	3,049	-	3,049
Cash and cash equivalents	-	153,837	-	153,837
<b>Financial liabilities</b>				
Trade payables	-	(23,505)	-	(23,505)
Social responsibility projects	-	-	(1,451)	(1,451)
Finance lease obligation	-	(191)	-	(191)
	-	<b>134,198</b>	<b>(1,451)</b>	<b>132,747</b>
<b>31 March 2019</b>				
	At fair value	At amortised cost	At cost	Total
<b>Financial assets</b>				
Trade receivables	-	801	-	801
Other receivables	-	2,063	-	2,063
Cash and cash equivalents	-	79,383	-	79,383
<b>Financial liabilities</b>				
Trade payables	-	(15,346)	-	(15,346)
Social responsibility projects	-	-	(4,066)	(4,066)
Finance lease obligation	-	(617)	-	(617)
	-	<b>66,284</b>	<b>(4,066)</b>	<b>62,218</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>38. Risk management (continued) Credit risk</b>		
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:		
<b>Neither past due nor impaired</b>		
Cash and cash equivalents	153,837	79,383
Trade receivables and other receivables	3,730	2,511
	<b>157,567</b>	<b>81,894</b>
<b>Past due and not impaired</b>		
Trade receivables and other receivables	-	27
<b>Past due and impaired</b>		
Trade and other receivables	300	317
The ageing of amounts past due but not impaired is as follows:		
<b>Past due and not impaired</b>		
- More than 1 year past due	-	27

**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 main 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.

The entity has a software licencing agreement with a service provider where amounts payable are denominated in US Dollars. The contract is near termination and the currency risk of the entity in relation to the agreement is regarded as being low. Refer to note 39.

**Price risk:**

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

**Capital risk management:**

The ECPTA's objectives when managing capital 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 Provincial Growth and Development Plan and we are thus assured of funding from DEDEAT for biodiversity conservation.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 38. Risk management (continued)

#### 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.

31 March 2020	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	23,505	-	-	23,505
Social responsibility projects	1,451	-	-	1,451
Finance lease obligation	191	-	-	191
	<b>25,147</b>	<b>-</b>	<b>-</b>	<b>25,147</b>

At 31 March 2019	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	15,346	-	-	15,346
Social responsibility projects	4,066	-	-	4,066
Finance lease obligation	426	191	-	617
	<b>19,838</b>	<b>191</b>	<b>-</b>	<b>20,029</b>

#### 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	1,538	794
Employee benefit obligations	(172)	(213)
<b>Increase on surplus</b>	<b>1,366</b>	<b>581</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>39. Commitments</b>		
Capital expenditure - approved, funded and contracted	119,513	788
Capital expenditure - approved, funded and not yet contracted	402	14,503
Goods and services - approved, funded and contracted	4,223	20,001
	<b>124,138</b>	<b>35,292</b>

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

DEDEAT - Economic Stimulus Fund	3,593	13,400
National Department of Environment, Forestry and Fisheries	69,248	-
National Department of Tourism	45,354	12,114
National Lotteries Commission	1,397	-
South African National Biodiversity Institute	2,102	-
South African National Parks	-	1,573
South African National Roads Agency Limited	2,121	3,484
Own Revenue	323	2,165
Other funders	-	2,556
	<b>124,138</b>	<b>35,292</b>

In the prior year, 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 R1 590 million (USD 89 thousand) (2019: R2 556 million (USD 178 thousand)) and will be funded in the short term.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
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### 40. 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 year ended 31 March 2020.

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 R8,364 million is mainly from the implementers fees of R2,5 million deferred to 2020/21, the sale of game of R3 million being deferred to 2020/21, the non-collection of interest of R1, 5 million due to cash on projects not being collected and other revenue items such as accommodation being below budget.

#### Other grants:

The difference of R13,700 million arises from grants received for this period such as the DEFF - Environmental Protection Infrastructure Programme grant which was unspent at year-end and the unspent grants from the previous year. The amount received from DEFF - Environmental Protection Infrastructure Programme was R95,705 million. These funds were committed at year-end. Refer to note 39 for commitments and note 18 for unspent grants.

#### Grants and subsidies:

The variance of R13,4 million is cash rolled over from the previous year for digital conservation measures.

#### Compensation of employees:

The difference of R2,156 million arises mainly from the movement on the leave provision of R1 million and spending on projects such as Environmental Monitors and Green Trust for which the funds have been received.

#### Goods and services:

The difference of R23,945 million arises mainly from the entity budgeting for over R12 million for funds from the N2 Biodiversity project for which there was no expenditure nor were the funds received. A further R2,5 million was budgeted for project implementation costs which were not all spent. There is also a R7,5 million movement in the creditors at year end.

#### Capital expenditure:

The underspending of capital expenditure of R63,814 million arises from grants received for this period such as the DEFF - Environmental Protection Infrastructure Programme grant which was unspent at year-end and the unspent grants from the previous year. The amount received from DEFF- Environmental Protection Infrastructure Programme was R95,705 million. These funds were committed at year-end. Refer to note 39 for commitments and note 18 for unspent grants.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand) 2020 2019

### 41. 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	Goods and/or services
Head office	Corporate Management Services and Head Office
Biodiversity and heritage cluster	Biodiversity and heritage management
Game management and recreation cluster	Game management and recreation services
Marine and coastal cluster	Tourism and coastal conservation management

#### Segment surplus or deficit, assets and liabilities 31 March 2020

Revenue	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Revenue from exchange transactions	17,644	4,030	5,180	4,232	31,086
Grants and subsidies	158,252	53,917	21,193	29,752	263,114
Fines, penalties and forfeits	-	11	263	109	383
<b>Total segment revenue</b>	<b>175,896</b>	<b>57,958</b>	<b>26,636</b>	<b>34,093</b>	<b>294,583</b>
<b>Entity's revenue</b>					<b>294,583</b>
<b>Expenditure</b>					
Operating expenses	88,280	7,628	3,062	5,216	104,186
Repairs and maintenance	2,898	656	685	833	5,072
Personnel related costs	78,988	33,763	18,492	26,364	157,607
Depreciation and amortisation	3,239	8,108	5,761	6,311	23,419
Impairment loss	-	-	-	1,804	1,804
Bad debts	634	-	-	-	634
Finance costs	2,371	-	-	-	2,371
Loss on disposal of assets	46	731	273	99	1,149
<b>Total segment expenditure</b>	<b>176,456</b>	<b>50,886</b>	<b>28,273</b>	<b>40,627</b>	<b>296,242</b>
<b>Total segmental deficit</b>					<b>(1,659)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

### 41. Segment information (continued)

#### Assets

Inventories	1,759	96	14	29	1,898
Game held for sale	-	848	2,550	60	3,458
Trade receivables	1,008	-	-	-	1,008
Other receivables	3,049	-	-	-	3,049
Service concession assets	-	-	-	24,812	24,812
Investment property	20,531	-	-	-	20,531
Properties, plant and equipment	112,194	94,632	12,730	78,578	298,134
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	230	-	-	-	230
<b>Total segment assets</b>	<b>138,771</b>	<b>111,110</b>	<b>22,751</b>	<b>103,479</b>	<b>376,111</b>
Cash and cash equivalents					153,837
<b>Total assets as per Statement of Financial Position</b>					<b>529,948</b>

#### Liabilities

Deferred revenue - game held for sale	-	848	2,550	60	3,458
Finance lease obligation					191
Trade payables					23,505
Employee related payables					12,597
Social responsibility projects					1,451
Provisions					9,926
Employee benefit obligation					17,216
Unspent conditional grants and receipts					133,629
<b>Total liabilities as per Statement of Financial Position</b>					<b>201,973</b>

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.

Non-Current Assets - Additions	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Investment Property	14,796	-	-	-	14,796
Property, plant and equipment	9,718	16,029	1,879	4,041	31,667
	<b>24,514</b>	<b>16,029</b>	<b>1,879</b>	<b>4,041</b>	<b>46,463</b>

### 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
<b>Total segment revenue</b>	<b>160,232</b>	<b>45,541</b>	<b>26,494</b>	<b>34,294</b>	<b>266,561</b>
<b>Entity's revenue</b>					<b>266,561</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

### 41. Segment information (continued)

#### 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	3,019	9,603	6,469	7,962	27,053
Bad debts	4	-	-	-	4
Finance costs	2,526	-	-	-	2,526
<b>Total segment expenditure</b>	<b>168,492</b>	<b>47,176</b>	<b>28,084</b>	<b>39,012</b>	<b>282,764</b>

#### Total segmental deficit

**(16,203)**

#### 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
Properties, plant and equipment	16,027	100,772	97,138	81,981	295,918
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	328	-	-	-	328
<b>Total segment assets</b>	<b>26,478</b>	<b>120,545</b>	<b>108,931</b>	<b>122,660</b>	<b>378,614</b>

#### Total assets as per Statement of Financial Position

**457,997**

#### 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
<b>Total liabilities as per Statement of Financial Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,364</b>

#### Net Current Assets - Additions

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Intangible assets	140	-	-	-	140
Property, plant and equipment	1,793	8,481	4,228	1,158	15,660
<b>Total</b>	<b>1,933</b>	<b>8,481</b>	<b>4,228</b>	<b>1,158</b>	<b>15,800</b>

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) 2020 2019

### 42. 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	Change in disclosure	Restated amount
Property, plant and equipment	8	289,124	6,794	295,918
Infrastructure - work in progress	8	6,794	(6,794)	-
		<b>295,918</b>	<b>-</b>	<b>295,918</b>

During the review of disclosures, the disclosure on property, plant and equipment was amended to include infrastructure - work in progress. This approach is consistent with best practice in the presentation and disclosure of property, plant and equipment by other entities and the Provincial Treasury. This resulted in the reclassification of the cost amount of R6,794 million from Infrastructure - work in progress to Property, plant and equipment with no changes to the useful lives of the reclassified items.

The correction of errors and the restatement of the amounts had the following effect on the Cash Flow Statements

Cash Flow Statement	Amount as previously reported	Prior period error	Restated amount
Cash flows from operating activities			
- Payment of employee costs	(144,554)	(2,441)	(146,995)
- Payment of finance costs	(2,526)	2,441	(85)
Cash flows from investing activities	(5,875)	(4,145)	(14,165)
- Purchase of property, plant and equipment			
- Increase in infrastructure - work in progress	(4,145)	4,145	4,145
	<b>(157,100)</b>	<b>-</b>	<b>(157,100)</b>

#### Cash Flow Statement

Cash flows from operating activities:

A correction was made to an error that was identified during the year relating to the inclusion in the calculation of cash flows from operating activities of a non-cash flow amount of R2,441 million relating to employee benefit obligations finance charges.

Cash flows from investing activities:

The amendment on the disclosure on property, plant and equipment resulted in the aggregation of the purchase amount of property, plant and equipment of R5,875 million and the increase of infrastructure - work in progress of R4,145 million.

Directors Emoluments:

The amendment on the disclosure on directors' emoluments to include acting allowances for positions that are or have been vacant in the year resulted in the increase of executive directors' emoluments of R687 thousand. Refer to Note 35.

Segment Reporting:

The amendment on the disclosure on segment reporting to include a table of non-current assets additions of R15,800 million. Refer to Notes 7 and 8.

Risk Management:

The amendment on the disclosure on risk management to exclude employee related payables, provisions and employee benefit plan as financial instruments, resulted in the decrease in financial liabilities of R43,909 million. Refer to Note 38.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)	2020	2019
<b>43. Events after the reporting date</b>		
1. Coronavirus Disease of 2019 (COVID-19) Global Pandemic		
<p>The President of the Republic of South Africa, Mr C Ramaphosa, on 15 March 2020, declared the COVID-19 pandemic a disaster in terms of the Disaster Management Act (Act 57 of 2002). On midnight 26 March 2020, a national hard lockdown was implemented.</p> <p>The lockdown only allowed essential services to function. The Conservation Estate and Wildlife Services formed part of these services. It followed that the entity continued with its Conservation mandate on its Reserves and in turn the Tourism Development mandate was severally restricted. The lockdown and economic depression have placed a material downward effect on the entity's revenue generating capacity.</p> <p>In May 2020 the Board approved an adjustment budget for the 2020/21 financial year to reflect the economic realities and revised revenue projections downwards by nearly R10 million. This projection was mitigated by an approximately R3 million reduction in discretionary spending. The budget was also re-prioritized to meet COVID-19 Occupational Health and Safety measures and marketing initiatives.</p> <p>The Minister of Finance tabled a COVID-19 related Supplementary Budget on 24 June 2020. The budget responded to the pandemic and the financing thereof. Provinces would fund same through reductions in their equitable share allocations. The Minister also outlined the use of zero-based budgeting by the government. The entity has received no communication on the budget cut it must implement. In addition, the extent of budget cut emanating from the ratings downgrade on the Republic's sovereign debt are not known.</p> <p>The entity, notwithstanding the adjustment budget, has made an application for a UIF COVID-19 grant. An amount of R3.2 million was received in late June 2020. A further claim is being prepared for the same amount.</p> <p>The Provincial Administration has approached the entity to use, on a commercial basis, certain of its reserve accommodation facilities as COVID-19 quarantine sites. In addition, the Minister of Tourism started opening up the Tourism sector for trade on step-by-step basis. In light of this, the entity has not considered the impairment of any assets especially those that generate revenue.</p> <p>The entity has considered the COVID-19 pandemic in determining its going concern considerations. After taking into account current circumstances, future funding and projections the entity still considers the current going concern standing as appropriate. (Refer to note 45.)</p>		
2. Game Held For Sale		
<p>Subsequent to the Entity submitting its annual financial statements for auditing, as required by the PFMA, the live game and hunting auction did not realise, significantly, the revenue as anticipated. An adjustment of R2,6 million has been to the initial estimate. Refer to note 6.</p>		
<b>44. Bad debts and debt impairment</b>		
<b>Amounts written off as uncollectable (Note 3)</b>		
Amounts written off as uncollectable - Fraudulent activities	(444)	-
Amounts written off as uncollectable - DEDEAT Rental	(208)	-
	<b>(652)</b>	-
<b>Reconciliation of debt impairment</b>		
Less: Impairment allowance provided in previous years (Note 3)	208	-
Increase in impairment allowance (Note 4)	(190)	(4)
	<b>18</b>	<b>(4)</b>

The trade debtors (see note 3) was reduced by an amount of R444 thousand. This amount relates to fraudulent transactions for which the Board subsequently approved the process of write-off after exhausting all recovery strategies and engaging with the law enforcement agencies.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand (thousand)

### 45. Going concern

The Entity, as a Public Finance Management Act listed 3C entity, receives an annual grant from the Provincial Government and prepares its budget and Annual Performance Plans based on such grant. The entity also receives, as a small proportion of this grant, cash flow from its own revenue to augment its operations. The Entity has also leveraged resources from the National sphere and thereby augmenting its operations and capital expenditure. As such the entity is dependent for its continued operation in the foreseeable future on continued Government Grant funding. Management has determined that such funding is reasonably expected to continue and therefore has prepared these Annual Financial Statements on the going concern basis.

The entity has also considered the COVID-19 pandemic in determining its Going Concern considerations. After taking into account current circumstances, future funding and projections the entity still considers the current Going Concern standing as appropriate. Refer to Note 43.



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The Bloukrans Bridge  
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PR362/2020  
ISBN: 978-0-621-48907-1

gemprint

**Front Cover image:**  
**Storms River**  
**Eastern Cape, South Africa**