

**ADVENTURE PROVINCE**

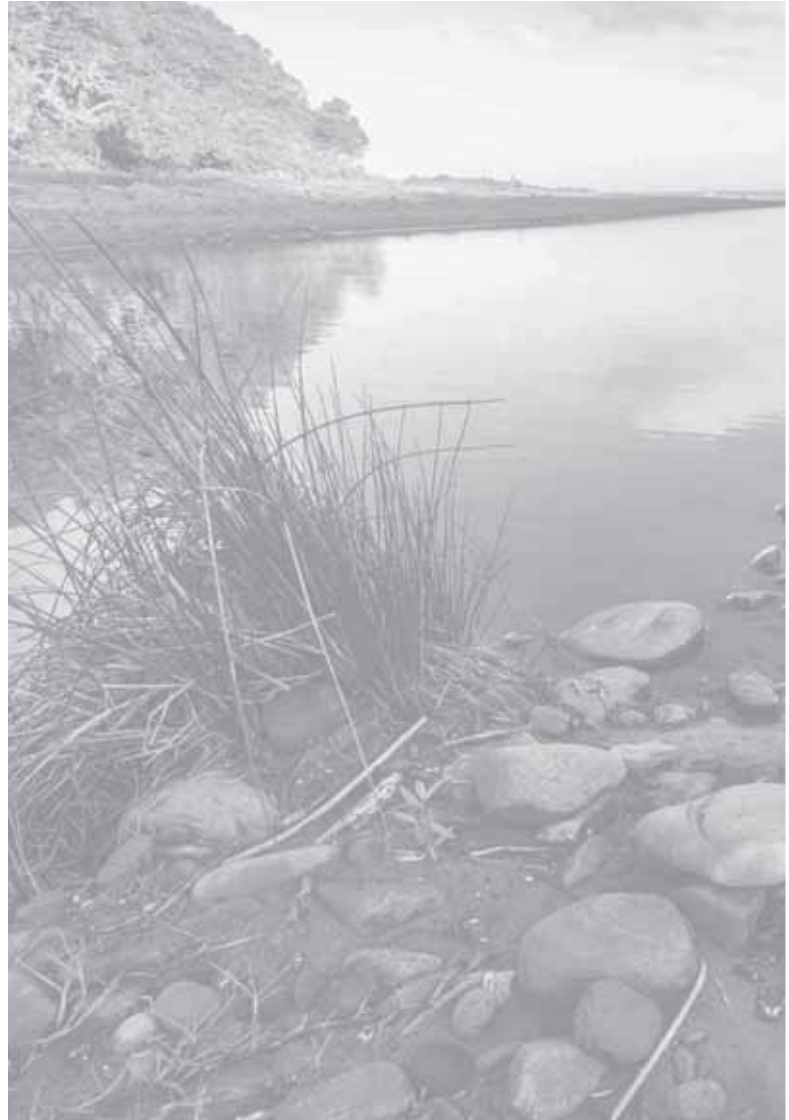
*Eastern Cape*

PARKS & TOURISM AGENCY

# ANNUAL REPORT

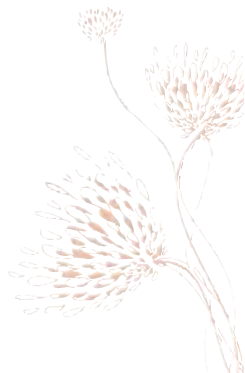
2015/16





**ADVENTURE PROVINCE**  
*Eastern Cape*  
PARKS & TOURISM AGENCY

# ANNUAL REPORT 2015/16



## CONTENTS

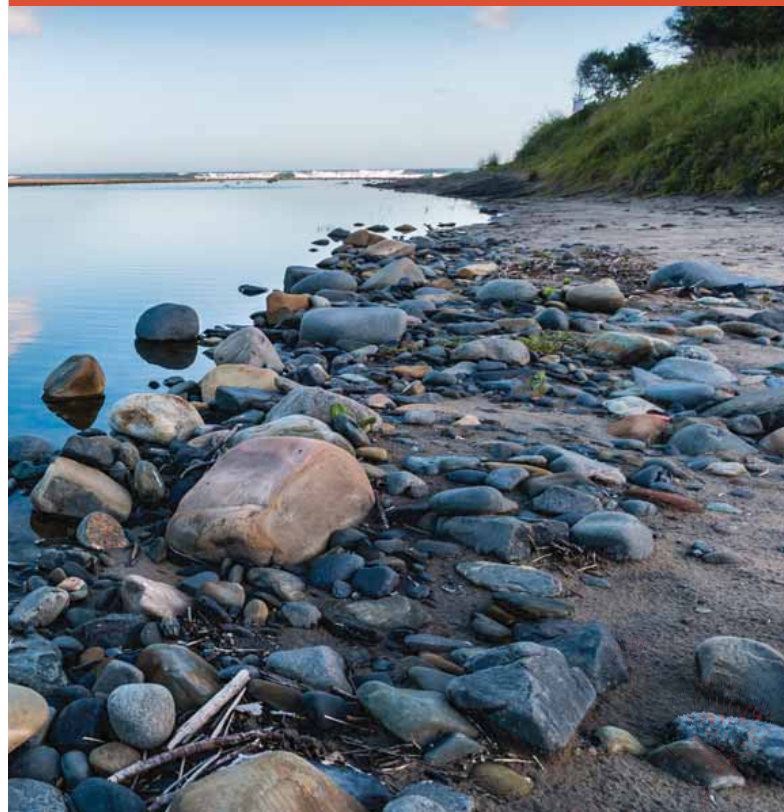
<b>PART A: GENERAL INFORMATION</b>	<b>5</b>
1 GENERAL INFORMATION	6
2 LIST OF ABBREVIATIONS/ACRONYMS	8
3 FOREWORD BY THE CHAIRPERSON	9
4 CHIEF EXECUTIVE OFFICER'S OVERVIEW	10
5 Statement of responsibility and confirmation of accuracy for the annual report	13
6 STRATEGIC OVERVIEW	14
6.1 Goal	14
6.2 Vision	14
6.3 Mission	14
6.4 Values	14
7 LEGISLATIVE AND OTHER MANDATES	14
8 ORGANISATIONAL STRUCTURE	19
<b>PART B: PERFORMANCE INFORMATION</b>	<b>23</b>
1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	24
2 SITUATIONAL ANALYSIS	25
2.1 Service Delivery Environment	25
2.2 Organisational Environment	28
2.3 Key policy developments and legislative changes	29
2.4 Strategic Outcome Oriented Goal	29
3 PERFORMANCE INFORMATION BY PROGRAMME	30
3.1 Programme 1: Biodiversity Conservation	31
3.2 Programme 2: Destination Tourism	38
3.3 Programme 3: Operations	46
3.4 Programme 4: Corporate Management Support	55
4. Revenue collection	58
5. Capital Investment	59
5.1 Progress on the capital, investment and asset management plan	59



<b>PART C: GOVERNANCE</b>	<b>61</b>
1 INTRODUCTION	62
2 PORTFOLIO COMMITTEES	62
3 EXECUTIVE AUTHORITY	62
4 THE ACCOUNTING AUTHORITY / BOARD	62
4.1 Introduction	62
4.2 The role of the Board is as follows:	62
4.3 Board Charter	62
4.4 Composition of the Board	63
4.5 Committees	64
5 RISK MANAGEMENT	66
6 INTERNAL CONTROL UNIT	66
7 INTERNAL AUDIT AND AUDIT COMMITTEES	66
8 COMPLIANCE WITH LAWS AND REGULATIONS	67
9 FRAUD AND CORRUPTION	67
10 MINIMISING CONFLICT OF INTEREST	67
11 CODE OF CONDUCT	68
12 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	68
13 COMPANY/BOARD SECRETARY (IF APPLICABLE)	68
14 AUDIT COMMITTEE REPORT	68
14.1 Audit Committee Responsibility	68
14.2 The Effectiveness of Internal Control	68
14.3 In-Year Management and Monthly/Quarterly Report	69
14.4 Evaluation of Financial Statements	69
14.5 Auditor's Report	69
<b>PART D: HUMAN RESOURCE MANAGEMENT</b>	<b>71</b>
1 INTRODUCTION	72
2 HUMAN RESOURCE OVERSIGHT STATISTICS	73
<b>PART E: FINANCIAL INFORMATION</b>	<b>79</b>
1 REPORT OF THE EXTERNAL AUDITOR	84
2 ANNUAL FINANCIAL STATEMENTS	87







# PART A

## GENERAL INFORMATION

## 1 GENERAL INFORMATION

REGISTERED NAME:	Eastern Cape Parks and Tourism Agency
PHYSICAL ADDRESS:	6 St Marks Road Southernwood East London 5201
POSTAL ADDRESS:	P.O. Box 11235 Southernwood East London 5213
TELEPHONE NUMBER:	+27 43 705 4400
FAX NUMBER:	+27 86 516 1998
EMAIL ADDRESS:	info@ecpla.co.za
WEBSITE ADDRESS:	www.visiteasterncape.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa
BANKERS:	Nedbank
BOARD SECRETARY:	Ms Xoliswa Mapoma





## Board Members



Vuyo Zitumane  
Chairperson



Sithembele Mgraji  
Deputy Chairperson



Silumko Ncume



Tabbj Tsengiwe



Andrew Muir



Pam Yako



Mickey Mamma

## Audit Committee



Thobeka Mahlali  
Chairperson



Zola Fihlani



Craig Sparg

## 2 LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AOP	Annual Operational Plan
APP	Annual Performance Plan
AWP	Association for Wildlife Protection
B-BBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CITES	Convention on International Trade in Endangered Species ( <i>of Wild Fauna and Flora</i> )
DAFF	Department of Agriculture, Forestry and Fisheries
DEA	Department of Environmental Affairs
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
ECDC	Eastern Cape Development Corporation
ECPAES	Eastern Cape Protected Area Expansion Strategy
ECPG	Eastern Cape Provincial Government
ECTPA	Eastern Cape Parks and Tourism Agency
ECWP	Extended Public Works Programme
ED	Executive Director
EIA	Environmental Impact Assessment
EPWP	Extended Public Works Programme
EXCO	Executive Committee
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
HA	Hectares
HCM	Human Capital Management
ICCA	International Congress and Convention Associations
IMCT	Information Management and Communications Technology
MEC	Member of Executive Council
METT-SA	Management Effectiveness Tracking Tool – South Africa
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NGO	Non-Governmental Organisation
NPAES	National Protected Area Expansion Strategy
NEM:PA	National Environmental Management: Protected Areas Act
NSSD	National Strategy for Sustainable Development
OHS	Occupational Health and Safety
PA	Protected Area
PDI	Previously Disadvantaged Individual(s)
PFMA	Public Finance Management Act
SADC	Southern African Development Community
SANBI	South African National Biodiversity Institute
SANPARKS	South African National Parks
SANRAL	South African National Roads Agency Limited
SCM	Supply Chain Management
SIRS	Special Investigations and Resources Security
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedure
SOPA	State of the Province Address
TEP	Tourism Enterprise Partnership
TR	Treasury Regulations
UNDP-GEF	United Nations Development Programme – Global Environmental Facility
VFR	Visiting Friends and Relatives
WCPA	World Commission of Protected Areas
WWF-SA	World Wildlife Fund –South Africa

### 3 FOREWORD BY THE CHAIRPERSON



It is my privilege to present the annual report of the Eastern Cape Parks and Tourism Agency for the 2015/16 financial year. This report represents the first iteration of the five-year strategy that will guide the Agency to 2020. For the ECPTA, the new medium term strategic framework period has been characterised by revival: The new strategy is born of the experiences and lessons of the first four years of the ECPTA; a new Board was appointed to oversee the strategy; a full Executive Management team was in place to ensure the implementation of the strategy; and wide ranging changes to the organisational structure are under negotiation.

The changes have not all been easy. The late Maya Angelou, civil rights activist, poet, and educator understood that *"We may encounter many defeats but we must not be defeated."* It is a testament to the resilience of the Agency that we emerge from a year of challenges undefeated.

As this report details, the Agency identified that the overriding goal for this five-year strategic period would be to leverage resources for tourism and conservation priorities. It is our conviction that this goal will only be accomplished if we demonstrate excellence in delivering on our mandate. In doing so, we believe that stakeholders from both the public and private sectors will be encouraged to invest in our vision to underpin sustainable development of the Eastern Cape with responsible tourism and conservation. To this end, the Agency has prioritised four focus areas:

- Maintaining the ECPTA's position as the leading management authority of declared nature reserves in the country
- Working towards regaining a top-three SA Tourism ranking as a domestic tourism destination for the Province
- Refining the business model to better integrate scientific services, destination marketing efforts, and infrastructure development for tourism and conservation
- Intensifying efforts to transform the Conservation and Tourism sectors and open both up to mainstream participation by previously disadvantaged individuals

These priorities have been tackled in conditions and circumstances that have been extremely challenging. The shrinking fiscal envelope is a symptom of a generally depleted economy. In combination, this simultaneously amplifies the importance of the Agency's work and makes the achievement of our mandate and goal more difficult. This report, however, testifies to the fact that these challenges have not *defeated* the Agency.

In fact, as a Board, we are proud to report that the Agency has achieved a clean audit report for the first time in its history. The incremental improvements in the opinion expressed by the Auditor-General over the past four years have been consolidated through strict oversight and committed management. We commend the efforts of the Chief Executive Officer and his team in leading the dedicated staff of the Agency to this remarkable achievement. It is the Board's expectation that this new standard will be raised even higher in coming years, and we are confident that the capabilities exist within the Agency to achieve this.

As Chairperson I would like to thank both the outgoing and new board members for their wise counsel, conviction and support in overseeing the continued success of the ECPTA. I remain confident that, together with the remarkable men and women who have dedicated themselves to securing the future of the Province, we will not only remain *undefeated*, but will triumph!

Vuyo Zitumahe  
Chairperson  
Eastern Cape Parks and Tourism Agency  
Date: 19 August 2016



## 4 CHIEF EXECUTIVE OFFICER'S OVERVIEW

### General financial review

The adjusted budget for the 2015/16 financial year, including other grants and own revenue projections, was R245 million, which was R7 million less than 2014/15. Comparable actuals for revenue are detailed in the statement of comparison between budget and actual amounts. These indicate that while own revenue targets were exceeded, around R20 million in pledged grants were not received by year end. Spending took place in line with availability of actual funds.

### Spending trends

In comparison to the prior year (2014/15) operating expenses for the 2015/16 financial year was reduced in line with the budget reduction. Expenses relating to the inflexible mandate and basic operating requirements, such as game management and software licensing, could not be compromised. Creative alternatives to traditional marketing and tourism development were required to achieve intended results with reduced resources.

### New or proposed activities

The operating model for the Agency was adjusted in the 2015/16 financial year to ensure better positioning for the alignment of tourism and conservation mandates. The "Reserves as Products" concept was thus rolled out over the year. This saw the ECPTA's regions adjusted from purely geographical to niche function clusters: Biodiversity and Heritage; Game Management and Recreation; Marine and Coastal.

With support from Provincial Government, ECPTA has been able to intensify its anti-poaching and reserve security. Collaboration with conservation and law enforcement agencies in the Province has also been intensified.

### Requests for roll over of funds

A request for the rollover of R19 million has been submitted. This amount is made up of the following:

- Cape Morgan Conference centre R7.7 million
- Motor vehicles R996 000
- Professional and consulting fees R1.15 million
- Repairs and maintenance R1.45 million
- The balance relates to other capital expenditure

### Supply Chain Management

- Concluded unsolicited bid proposals for the year under review

The agency did not conclude any unsolicited bid proposals during the year under review.

- Supply Chain Management (SCM) processes and systems in place

Supply Chain Processes are aligned to legislative requirements, Treasury notes and instructions. The SCM Policy and Standard Operating Procedures are reviewed and approved by the Board of Directors

- Resolution of challenges experienced

In previous financial years the Agency incurred irregular expenditure. These have been reduced to nil by improved systems and processes.

- Audit report matters in the previous year and how they were addressed

- Performance Information

Inconsistencies between actual reported and supporting evidence submitted were minimised during the year under review through the strict implementation of the standard operating procedure (SOP) for performance information. The finding was not repeated in this audit report.

- Revenue
  - Three issues raised in the 2014/15 audit report were in the process of being addressed by year end:
    - Inadequate system description for revenue management



- No accommodation tariffs for outer year bookings
- Process for the sale of animal skin not documented
- Asset Management

Inadequacies noted on the asset register in 2014/15 were addressed, but the asset register was not updated as regularly as required. Capacity has been bolstered by appointing an asset controller in the last quarter. Work on Standard Operating Procedures is expected to be completed in the second quarter of the new financial year.

### Outlook / Plans for the future to address financial challenges

Last year at this time we reflected on the sluggishness of the economy and its impact on execution of the ECPTA mandate. Subsequent significant economic shocks have exacerbated the situation. Economic hardship is a key driver in the rise of environmental crime, posing an increasing threat to the security of high value and endangered species on our reserves. Economic pressures are also a strong factor in the pressure on the tourism industry. While the situation serves to vividly underline the importance of the ECPTA's mandate, it also undermines the Agency's ability to meet its obligations. In a comparable situation, while a weakened Rand creates opportunities for attracting foreign tourists, it simultaneously decreases the disposable income available to turn citizens into domestic tourists.

For ECPTA, the important issue here is agility: while we are confident of our plans and strategies, these are based on available information. When that information changes, ECPTA must be able to adjust course. With limited resources, this flexibility is extremely difficult, but is an ideal towards which ECPTA continues to work. For example, in order to mitigate these factors, ECPTA will continue to build stakeholder networks and relationships through which to leverage contributions from partners in addition to the provincial appropriation. Significant success has been achieved in this regard, with pleasing results.

To further off-set the difficulties, ECPTA is increasingly focusing on establishing viable opportunities for the broadening of the participation base in both the conservation and tourism industries. From a conservation perspective, this is borne out in the quality and content of the co-management agreements under negotiation with communities adjacent to nature reserves, as well as in the increased interest generated amongst private land owners to participate in the stewardship programme. In tourism terms, collaboration with the two metropolitan tourism agencies in the province holds promise of improving the provincial tourism footprint, and will be vigorously pursued in the coming year. The success of this approach was demonstrated at Indaba 2016 (planned and prepared for during 2015/16), where the new model of intensive collaboration between various tourism authorities and levels of government provided for participation by a wider and more representative sample of tourism products at the Durban showcase.

### Events after the reporting date

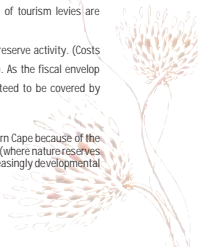
During 2015/16, the entity lost its legal case against a private land owner to recover a herd of buffalo that had crossed onto his property. A subsequent petition to the supreme court of appeal to permit the ECPTA to appeal this judgement has been granted.

### Economic Viability

Despite the entity's mandate being unrelated to population growth or decline, ECPTA's budget has been subjected to decreases based on the population-based equitable share formula applicable to the province as a whole. Constraints are partially mitigated through the entity's ability to generate revenue from activities on provincial nature reserves. However, a number of issues limit the feasibility of this approach:

- According to the ECPTA Act (the Act), the motivation for generating revenue through on-reserve activity is to subsidise conservation and tourism development initiatives through two development funds. Work to overcome obstacles to establishing these funds will continue as a matter of urgency
- The Act is not a 'Money Bill', meaning that it contains provisions for issues unrelated to the generation and distribution of state funds. It therefore does not facilitate the ECPTA's collection of levies (on- or off-reserve) on behalf of the provincial government. Amendments to the legislation to allow for the setting, collection and distribution of tourism levies are underway and will remain a priority.
- It must be remembered that significant resources are required to generate that revenue from on-reserve activity. (Costs associated with the 2015/16 auction rose year-on-year, with lower returns than the year before). As the fiscal envelop continues to shrink, ECPTA is less able to generate revenue, as the input costs are not guaranteed to be covered by diminished budgets.

It bears repeating that the subdued economic outlook for the country is particularly threatening to the Eastern Cape because of the province's low economic base and the rampant underdevelopment and poverty experienced in the rural areas (where nature reserves are situated). The implicit moral obligations of this situation are not lost on the Agency, and reinforce our increasingly developmental orientation to tourism and conservation.



In this context, it is apparent the entity must continue to seek creative opportunities to augment its equitable share allocation.

### Acknowledgements and Appreciation

The ECPTA has attained a clean audit as a direct result of ethical leadership, attentive administration and good governance. The team effort responsible for this outcome is gratefully acknowledged; the oversight and direction provided by the Executive Authority and the Portfolio Committee for Economic Development, Environmental Affairs and Tourism, the encouragement and leadership of the Accounting Authority, and the dedication and conscientiousness of staff of the Agency.

I am confident that our successful trajectory will long continue, as we strive to bring the ECPTA's values of Respect, Integrity and Responsibility to life.



Vuyani Dayimani  
Chief Executive Officer  
Eastern Cape Parks and Tourism Agency  
Date: 19 August 2016



## 5 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 the annual report as issued by National Treasury.
- (iv) The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- (v) The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- (vi) The accounting authority is responsible for establishing and implementing a system of internal control 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, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully



Chief Executive Officer  
Name: Vuyani Dayimani  
Date: 19 August 2016



Chairperson of the Board  
Name: Vuyo Zitumane  
Date: 19 August 2016



## 6 STRATEGIC OVERVIEW

### 6.1 Goal

Our goal is to leverage resources for tourism and conservation priorities

### 6.2 Vision

Responsible tourism and conservation underpin sustainable development of the Eastern Cape

### 6.3 Mission

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

### 6.4 Values

The values which support the actions of the ECPTA are:

<b>Respect</b>	<b>We appreciate and value one another, our stakeholders, our communities and our shareholder</b>
<b>Integrity</b>	<b>We will conduct our business based on sound moral principles</b>
<b>Responsibility</b>	<b>We will be honourable, trustworthy and answerable for all our actions</b>

## 7 LEGISLATIVE AND OTHER MANDATES

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

### *Constitutional Mandate*

The mandate of the ECPTA is rooted in the Constitution of the Republic of South Africa, Act 108 of 1996, Chapter 2: Bill of Rights (ss 24) – Environment, which states:

*Everyone has the right to:*

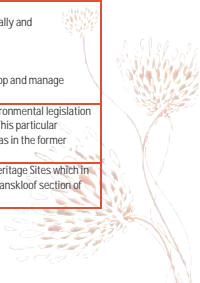
- (b) *have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –*
- (i) *prevent pollution and ecological degradation*
  - (ii) *promote conservation; and*
  - (iii) *secure ecologically sustainable development and use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





### Legislative mandates

Relevant Acts	Key Responsibilities
Cape Nature and Environmental Conservation Ordinance (19 of 1974)	The provincial nature reserves in sections of the old Cape Province were declared under this legislation.
Ciskei Conservation Act, 1987 (Act 10 of 1987)	The Eastern Cape is in the process of proclaiming new provincial environmental legislation where the old (pre-1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Ciskei.
Eastern Cape Parks and Tourism Agency Act, 2010 (Act 2 of 2010)	(i) develop and manage protected areas (ii) promote and facilitate the development of tourism in the Province
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)	This is the national environmental legislation which provides guidance on environmental management as well as the interpretation of Act 2 of 2010
National Forests Act, 1998 (Act 84 of 1998)	This is the primary legislation governing the management of indigenous forests and woodlands. Many state forests have been proclaimed as Forest Nature Reserves in terms of the National Forests Act
National Veld and Forest Fire Act, 1998 (Act 101 of 1998)	This is the primary legislation governing the prevention and control of runaway wild fires. Fire is used as a biodiversity management tool and control of excessive fires is also important for the management of protected areas and prevention of damage to infrastructure
National Water Act, 1998 (Act 36 of 1998)	This is the primary legislation governing the use of water.
NEM: Biodiversity Act, 2004 (Act 10 of 2004)	This is the primary legislation for the management of biodiversity across the landscape and guides the interpretation of Act 2 of 2010
NEM: Integrated Coastal Management Act, 2008 (Act 24 of 2008)	This is the primary legislation governing the management of the coastal areas and prescribes the management of coastal protected areas
NEM: Protected Areas Act, 2003 (57 of 2003)	This is the primary legislation governing the management of protected areas and guides the interpretation of Act 2 of 2010
NEM: Waste Management Act, 2008 (Act 59 of 2008)	This is the primary legislation governing the management of waste, including in protected areas
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)	The promotion of responsible tourism practices Provisions for the effective marketing of the province, both domestically and internationally The promotion of quality tourism products and services The promotion of economic growth and development of the sector The establishment of concrete inter-governmental relations to develop and manage tourism
Transkei Environmental Conservation Decree, 1992 (Decree 9 of 1992)	The Eastern Cape is in the process of proclaiming new provincial environmental legislation where the old (pre-1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Transkei
World Heritage Convention Act, 1999 (Act 49 of 1999)	This is the primary legislation governing the management of World Heritage Sites which in the case of the ECPTA it is applicable to the management of the Baviaanskloof section of the Cape Floral Region World Heritage Site.



### *Policy mandates*

In order to give effect to the electoral mandate of the current administration, 14 key strategic imperatives have been identified, which must be addressed during the current electoral cycle. These outcomes constitute the main policy imperatives of the South African Government, according to which all government initiatives must be aligned:

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



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

National Outcome:	ECPTA priorities for the Medium Term Strategic Framework (MSTF) period:
4. Decent employment through inclusive economic growth	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Create employment opportunities for tour operators and service providers in the tourism industry.</li> <li>• Prepare potential tourism entrepreneurs to participate in the mainstream tourism economy by providing access to mentoring and skills development opportunities.</li> </ul>
6. An efficient, competitive and responsive economic infrastructure network	<ul style="list-style-type: none"> <li>• Develop economic infrastructure relating to tourism, reserve operations and public servitudes, including bulk services infrastructure which will directly and indirectly benefit communities who live around provincial parks.</li> <li>• Support the education curriculum and infrastructure by developing environmental education centres in the reserves.</li> <li>• Develop recreational and tourism infrastructure.</li> <li>• Develop tourism routes to the benefit of rural and remote communities.</li> </ul>
10. Protect and enhance our environmental assets and natural resources	<ul style="list-style-type: none"> <li>• Provision of ecological goods and services - e.g. clean water through catchments management, combating soil erosion, carbon sequestration.</li> <li>• Facilitate access to natural resources from reserves - e.g. thatching grass, fish, firewood, venison etc. to communities.</li> <li>• Combat poaching, illegal use of natural resources and trade in endangered species.</li> <li>• Promote environmental education and awareness programmes for sustainable natural resource use.</li> </ul>
12. An efficient, effective and development-orientated public service	<ul style="list-style-type: none"> <li>• Strengthen the management of ECPTA to ensure optimal socio-economic impact on communities.</li> <li>• Increase public access to provincial parks and tourism products.</li> <li>• Strengthen the capacity of communities to effectively participate in biodiversity conservation management and co-management of provincial parks.</li> <li>• Develop skills and human resource capacity through staff training and the training of communities.</li> <li>• Collaborate with relevant role-players for the advancement of effective resource management.</li> </ul>



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

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	<ul style="list-style-type: none"> <li>• Improve and maintain accessibility of tourism facilities</li> <li>• Reputation management</li> <li>• Tourist safety</li> <li>• Service standards</li> <li>• Transform and grow the economy</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.
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 principle of respecting '<i>eli lizwe sibalekive</i>', acknowledges the need to view biodiversity as a natural resource to be protected for the enjoyment of future generations. The interdependence of economic, social and environmental systems is recognised as part of this principle. Of significance to ECPTA in this regard is that tourism is identified as a high-potential economic sector. Strategies suggested for the rapid development of Tourism include:</p> <ul style="list-style-type: none"> <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>



## 8 ORGANISATIONAL STRUCTURE

The Annual Performance Plan, on which this report is based, was prepared in the knowledge that the organisational structure would require attention to ensure continued relevance to the Agency's new strategic direction. Extensive consultation and technical preparation were necessary, and were rolled out over the entire year. The final structure was approved by the Board at their final meeting of 2015/16. Delays in finalising the structure had consequences for both spending and performance patterns. It is anticipated that the finalisation of the structure with buy-in from all parties will mitigate the repetition of these patterns. For completeness, both Organisational Structures are presented here:

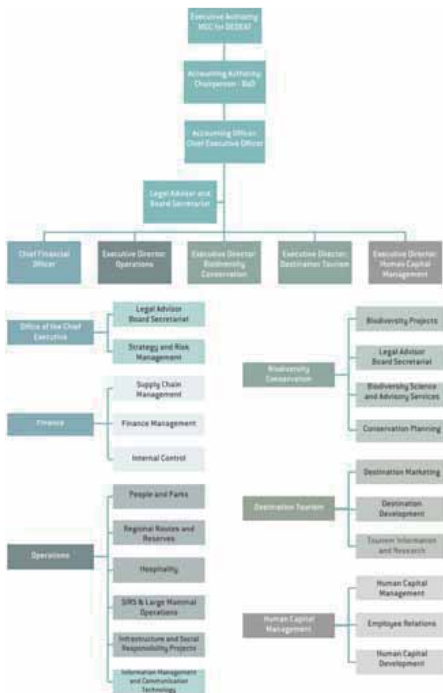


Figure 1: Original Organisational Structure



Figure 2: Revised Organisational Structure effective 2016/17

While the revised structure will only be implemented in its entirety in the 2016/17 financial year, the top structure was effective from 1 April 2015. ECPTA follows the original structure (Figure 1) for presenting performance information in Part B of this Annual Report.

## Executive Management



Vuyani Dajimani  
Chief Executive Officer



Jonathan Jackson  
Chief Financial Officer



Nomvuselelo Songelwa  
Chief Operating Officer



Nopasika Mxungelwa  
Chief Marketing Officer



Lenorag Gower  
Executive Director Corporate Services



Xoliswa Mapoma  
Legal Advisor / Board Secretary







# PART B

PERFORMANCE INFORMATION

## 1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 84 of the Report of the Auditors Report, published as Part E: Financial Information.



## 2 SITUATIONAL ANALYSIS

### 2.1 Service Delivery Environment

#### 2.1.1 Provincial Overview

##### Location

Located in this rich country, the Eastern Cape is the second largest Province, accounting for 13.9% of the total area. Port Elizabeth, situated on Algoa Bay, is the largest city in the Eastern Cape and the seat of Nelson Mandela Metropolitan Municipality. The provincial capital, Bhisho, is located within Buffalo City Metropolitan Municipality, as are East London and King William's Town. Other important towns in the Province include Mthatha, Uitenhage and Grahamstown.

Administratively, the Eastern Cape is carved into 37 local municipalities, located within six districts. In addition, there are two metropolitan municipalities. From a tourism perspective, the Province is divided into Regions and Routes. These have no regard for administrative boundaries, but are rather based on regional qualities and experiences.

##### Infrastructure

Infrastructure is unequally spread across the Province, with the Metros and the western part of the region 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, exacerbated by a poorly maintained road network.

Although the Port Elizabeth airport has international status, there are no international carriers arriving at this facility. There are two additional domestic airports, located in East London and Mthatha. However, the cost of flights to and from destinations is high, due to the limited number of low cost carriers servicing the Province, and the availability of flights is somewhat limited. This is particularly true for the East London and Mthatha airports. There are no passenger rail services linking the Eastern Cape to other regions of the country.

#### 2.1.2 Biodiversity / Conservation Management

##### Biodiversity Conservation

The continued escalation of rhino poaching in the country has forced the Agency to review its management processes and to strengthen security on its reserves. To fund this, a special application for funding was made to the DEDEAT and a 3-year grant obtained. While this grant will fund activities in the Agency's rhino protection plan, significant funding shortfalls remain. Additional resources will need to be sourced from external donors. In order to strengthen security, the Agency is planning to establish a dedicated anti-poaching unit.

In July 2015, ECPTA signed a 5-year agreement with the German based Association for Wildlife Protection (AWP). Accordingly, AWP will fund key biodiversity conservation projects such as the introduction of elephant into the Great Fish River Nature Reserve. This partnership is a clear indication that the Agency is increasingly looking to external sources to supplement its budget.

The proposed introduction of elephant into Great Fish River Nature Reserve was approved by the Board of Directors in 2015 and phase 1 of this project was initiated in February 2016. This introduction will have ecological benefits but could also have significant tourism benefits. There are also important long-term budget and infrastructure implications and the Agency needs to ensure that it is in a position to manage elephant.

This financial year also saw ECPTA develop a policy and a comprehensive 5-year strategy on the Transformation of the Game Industry. These are based on the National Biodiversity Economy Strategy and the aims are to:

- Broaden the participation base of PDIs within wildlife industry
- Redress the exclusion of PDIs
- Provide game through a game loan scheme
- Offer support and mentorship services
- Develop viable wildlife enterprises that actively contribute to the economy



The Agency's Game Industry Transformation project was launched in 2015 and interested parties were invited to apply for participation in the project. 22 applications were received and these are currently being evaluated.

### Co-management agreements

The Agency continues to refine and develop the manner in which it engages with communities, in particular those communities where co-management agreements have been concluded, such as with the Mkhambathi Land Trust or where agreements are about to be concluded. This has been particularly evident in the manner in which the Likhayalethu CPA at Great Fish River Nature Reserve have increasingly been involved in decision making (i.e. elephant management plan) on the reserve and also in the fact that for the first time ever it has been agreed that the revenue from the sale of 2 buffalo from this reserve will be allocated to the CPA in 2016. The People and Parks Programme implemented by ECPTA has been commended by the communities who have started to see the benefits of co-management agreements, such as revenue sharing. ECPTA is in the process of developing a Beneficiation Strategy to identify further mechanisms and opportunities for sustainable local economic development and green livelihoods built on conservation and tourism.

### Protected Area Expansion and Planning

The ECPTA continues to achieve the annual targets of the Eastern Cape Protected Area Expansion Strategy (ECPAES), in partnership with willing landowners and other stakeholders such as non-governmental organisations. During the year under review, land that is already managed by ECPTA but owned by World Wildlife Fund – South Africa (WWF-SA) was declared, thereby ensuring the long-term protection and security of threatened species such as black rhino. The Eastern Cape Stewardship Programme encourages willing landowners to manage their land for conservation purposes by entering into agreements to formally declare the land as a protected environment or nature reserve. The continued roll-out of the protected area expansion programme is, however, constrained by the resources required to continually support existing stewardship sites while engaging with new partners in other priority areas. ECPTA has made some progress in sourcing additional support for stewardship, as the Fund Agreement with SANBI was signed in September 2015 for recruitment of contractual staff to implement the Stewardship Programme in the Amathole District coastal areas. This unit will be further strengthened in the next financial year with the signing of a similar agreement with SANParks, for contractual staff to implement stewardship in the Amathole Mountains and inland grassland areas.

South African National Roads Agency (SANRAL) has partnered with ECPTA to implement the biodiversity offset required as a condition of the environmental authorisation for the new N2 Wild Coast Highway. The Offset Agreement has been signed and will be implemented from 2016/17. This will enable ECPTA to grow the People and Parks Programme, partner with communities, expand the protected area system and develop sustainable job opportunities. Stakeholder engagement will need to be carefully managed to achieve sustainable outcomes on the Wild Coast.



### 2.1.3 Destination Tourism

#### Domestic Tourism

Domestic travellers in the Eastern Cape are most likely to be from the Eastern Cape (intra-provincial travellers), the Western Cape, Gauteng or KwaZulu-Natal. Overnight tourists spend a long time in the Province, with almost 16% of visitors staying in excess of 2 weeks.

However, most visitors do not make use of paid accommodation, relying on friends, relatives and others for their accommodation. Visiting Friends and Relatives (VFR) travellers generally spend more on social activities than leisure. In order to grow the tourism economy, it is necessary to encourage VFR travellers to engage in more leisure activities.

42.5% of the visitors to the Province arrive by taxi, 37% arrive by car, 14% arrive by bus and only 2% arrive by air.

VFR is the most commonly cited reason for travelling to the Eastern Cape, after shopping. This positions local residents as powerful promotional agents for domestic tourism.

Travellers seeking beaches are a growing group across the country, accounting for as much as 33% of the market in 2013. While still relatively small contributors to the industry, travellers seeking natural attractions, wildlife, cultural and adventure experiences are also on the increase. The Eastern Cape is ideally positioned to provide the experiences that these groups are looking for.

#### International Tourism

Foreign travellers to the Eastern Cape are predominantly from Europe, with the Netherlands, United Kingdom and Germany having the highest number and repeat rates of travellers to the Province.

International travellers are most likely to stay for longer periods of time if their primary purpose for the visit is for a holiday or to visit friends and relatives. In 2013, 30% of travellers to South Africa came to visit friends and relatives.

Holiday tourists are most likely to visit natural attractions as well as cultural, historical and heritage sites, followed by wildlife-based activities. For VFR tourists, social activities are the most popular activity.

International tourists have reduced the average number of provinces that they visit since 2011. The Eastern Cape is one of the least visited Provinces, attracting only 3% of the international tourists in 2013. Most international tourists experience the western side of the Province, usually only going as far as Port Elizabeth.

It is most likely that a visitor to the Eastern Cape would make use of free or "other" accommodation, rather than paid accommodation. As a result, the Eastern Cape is the benefactor of a very small portion of the Total Foreign Direct Spend.

#### Business Tourism

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.

The International Congress and Convention Associations (ICCA) 2013 rankings show that South Africa is the number one convention destination in Africa and the Middle East.

Business travel accounts for approximately 9% of all international travel. Business tourism is defined as leisure activities in conjunction with business travel. Business tourists are less cost-sensitive than leisure tourists, spending on average twice as much per day. Their purchase decisions are influenced primarily by their ability to use time efficiently within business travel schedules.

As two-thirds of business travellers extend their business trips for pleasure when they can, there is enormous potential in this market. Business tourism is expected to be one of the hottest growth markets for travel industry providers in the years ahead. Developing and transition economies interested in expanding revenues from business tourism need to focus on both the individual business traveller and the meetings and conventions market.

Business tourism is, therefore, a strategic tourism sector for the Eastern Cape.



## Reasons behind the decline in the Eastern Cape tourism industry

According to Tourism Business Council of South Africa, respondents in the 2015 survey cited the following primary reasons for the national decline in the tourism industry:

- 16.9% of respondents cited negative impact as a result of the xenophobic attacks;
- 30.0% of respondents were affected negatively by the Ebola outbreak;
- 23.5% of respondents experienced a negative impact due to the new Visa regulations.

While these have necessarily impacted the Eastern Cape, according to the Tourism Business Council of South Africa's *Tourism Business Index* (2015: Q2), the following have also had a notable impact on the Provincial tourism economy:

- Inconsistent marketing budgets – thereby minimising the impact of marketing initiatives;
- Economic decline – resulting in people affording less frequent and shorter domestic and international holidays;
- Limited accessibility of the Province – there are limited low cost airlines flying into the Province. This is exacerbated by the poor condition of roads and the perceived frequent accidents on Eastern Cape roads;
- Poor product development and ineffective product packaging – both of which limit the potential of the tourism products of the Eastern Cape;
- Perceived lack of safety while travelling in the Eastern Cape and (especially) frequenting the beautiful beaches.

## Tourism Development

As part of enhancing tourism transformation, ECPTA supported Small Medium and Micro Enterprises (SMMEs) and community tourism projects owned by various communities in the province to improve service standards and product quality. Product development support plays a critical role in the tourism supply and contributes to the local economy as it improves the competitive edge of the destination.

ECPTA has made an assessment of tourism opportunities within the reserves and produced a Reserves as Products report which is used as one of the guiding tools for tourism development. Furthermore, 2015/16 financial year also saw the development of a Provincial Tourism Development Strategy which is setting a pace for tourism development.

A coordinated approach from both the public and private tourism role players is critical to guide the tourism development interventions in the tourism sector. Throughout the Province there is a need for forums where these role players engage and share critical information for tourism development and promotion. The lack of such forums in some districts hinders development as role players lack a forum to discuss tourism matters. It is the intent of ECPTA to work closely with such districts and strengthen working relations.

## 2.2 Organisational Environment

Internally, the year under review was characterised by the **appointment of three Executives** to fill the Executive Management positions as per the realigned service delivery model. For the first time since inception, the ECPTA completed a year without a single executive's title being preceded by "interim" or "acting".

This has resulted in creation of stability amongst the Executives and their teams. The **organisational review** process for levels below executive management was therefore able to commence. A thorough process was undertaken to ensure that the Agency is configured correctly and aligned to the strategy so as to deliver on its mandate. The outcome of this will be implemented in the 1st Quarter of 2016/17.

A **Change Management** programme was developed to address issues raised by staff in light of the overall organisational review. Implementation commenced with the purpose of providing support to employees during the time of change. Employees underwent workshops wherein their inputs were gathered and consolidated. Five key areas identified for attention were:



Based on this, management have instituted an action plan to address these with specific focus on communication and leadership. The internal intranet (Konnekto) was launched in February 2016. It is intended to become an interactive communication tool for employees and management. Meetings are being undertaken on a more regular basis to improve communication and leadership visibility.

Delivery of the services were supported through the introduction of a more visibly integrated approach to planning and budgeting. This is in line with advice and developments emanating from the Department of Performance Management and Evaluation, and best practice guidelines in the Public Finance Management Act. This forms a solid foundation for the delivery of services by core departments as uncertainty is removed and administrative support is more readily forthcoming.

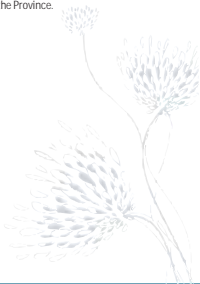
Delays in the approval and availability of the rolled over funds for infrastructure projects in progress resulted in corresponding delays of up to 8 months in respect of rolling out job creation initiatives and infrastructure delivery. This was compounded by internal gaps in project management capacity, which were overcome through the assistance of external service providers.

### 2.3 Key policy developments and legislative changes

There are no changes to report.

### 2.4 Strategic Outcome Oriented Goal

The ECPTA has decided 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 four years will take a longer than originally expected time to reverse, and in the meantime the fiscal envelope is shrinking. 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.
Links	<p>This Strategic Goal responds to, and supports:</p> <p>National Outcome 10            Eastern Cape Provincial Government (ECPG) Priorities 1 and 5            State of the Province Address (SOPA) priorities:</p> <ul style="list-style-type: none"> <li>Positioning the province as the new energy hub of the country</li> <li>Direct state role in stimulating and directing investment</li> <li>New infrastructure, such as the Mzimvubu Multipurpose Project</li> <li>Wild Coast infrastructure: Mthatha Airport and Wild Coast Highway</li> <li>Construction and maintenance of rural roads</li> <li>Infrastructure for Heritage sites</li> <li>Focus of government procurement on local SMMEs and Cooperatives</li> <li>Skills training in strategic sectors of the economy</li> </ul> <p>DEDEAT Strategic Goal</p> <ul style="list-style-type: none"> <li>Diversified, innovative, equitably inclusive and sustainable economy</li> </ul> <p>DEDEAT Strategic Objectives</p> <ul style="list-style-type: none"> <li>SO1: Improved Organisational Performance</li> </ul> <p>Public Entities Accountability Index</p> <ul style="list-style-type: none"> <li>SO2: Local Economic participation</li> </ul> <p>Number of event partnerships<sup>1</sup></p> <p>Number of tourism products supported</p> <ul style="list-style-type: none"> <li>SO4: Securing the Provincial conservation status</li> </ul> <p>Hectares of land under conservation</p> <p>Provincial protected areas with approved management plans</p> <p>Number of job opportunities created through environmental programmes</p>

### 3 PERFORMANCE INFORMATION BY PROGRAMME

Performance Information is presented for each programme depicted in the Organisational structure on page 19. In each instance, the strategic objectives for which the programme is responsible are explained in detail, followed by performance analysis tables. Strategic Objective indicators listed in the Strategic Plan (2015/16 to 2019/20) are followed by the performance indicators published in the Annual Performance Plan (2015/16 to 2017/18). Where an internally generated index is used to measure performance, a table detailing the annual contribution of underlying operational targets is provided.

The Annual Performance Plan (APP) is accompanied by a set of Technical Indicator Descriptions. These detail the mechanisms employed for managing, monitoring and measuring each performance indicator in the APP. Readers of this Annual Report can access the Technical Indicator Descriptions on the ECPTA website. In order to improve the readability of this report, however, the unit of measure for each indicator is included in brackets behind the target and actual performance reported.

There were instances where progress was achieved in a quarter other than that in which progress was planned. If an indicator was inactive in that quarter, progress was not reported as "over-performance", but rather included in the annual total performance for that indicator. This practice has improved the quality of planning and accuracy of reporting at ECPTA.

<sup>1</sup>This performance indicator is supplied by the Province under the higher-level priority "to enhance Provincial Tourism Transformation" (page 35 DEDEAT APP 2014/15). During 2014, the ECPTA and DEDEAT agreed that the relationship between the events identified for sponsorship do not necessarily support tourism transformation. Event Partnerships will henceforth take place on an ad hoc basis, with additional funding provided accordingly, and be aligned to Marketing, not Tourism Development



## 3.1 Programme 1: Biodiversity Conservation

### 3.1.1 Description of programme

#### 3.1.1.1 Purpose

The Biodiversity Conservation programme provides the Agency with professional scientific information and planning support that is used to guide and inform biodiversity management, strategy and decision-making in the Agency. This is achieved by conducting critical research, developing and implementing biomonitoring programmes, networking with specialists, and by developing biodiversity policies, plans and strategies.

#### 3.1.1.2 Key functions of Biodiversity Conservation

#### 3.1.1.3 Scientific Services

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:

- Conduct priority research to guide, inform and support management decisions
- Manage and facilitate external research
- Develop and Implement monitoring programmes
- Develop and review Protected Area Management Plans
- Develop and review subsidiary management plans
- Manage Biodiversity Data
- Provide Ecological and Environmental Management Advice and Support
- Develop biodiversity management policies, plans and strategies
- Support Provincial and National biodiversity conservation initiatives, including Protected Area Expansion.

#### 3.1.1.4 Protected Area Expansion

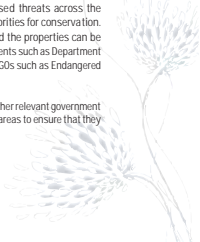
South Africa is ranked as the third most biologically diverse country in the world, with high levels of endemism. With seven biomes, the Eastern Cape is considered to be the most biodiverse province, yet the species and ecosystems are facing enormous pressures, mainly due to utilisation of land for agriculture and infrastructure development. Climate change will have an additional impact on biodiversity and ecosystem services. Unfortunately the protected area system is inadequate to conserve the Eastern Cape's internationally recognised natural capital. Protected areas need to be expanded. The National Protected Area Expansion Strategy (NPAES) sets protected area targets for South Africa, provides maps of focus areas for protected area expansion, and makes recommendations on mechanisms for protected area expansion. The Eastern Cape Protected Area Expansion Strategy and Action Plan builds on the NPAES and identifies priority areas for expansion in the province.

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 120 000 hectares (ha). The ECPTA Stewardship Programme works towards expanding and consolidating the protected area network through contract agreements with private and communal landowners whose land is of biodiversity importance, as well as enabling sustainable use of natural resources and managing land based threats across the landscape. This requires engagement with interested landowners and communities in areas identified as priorities for conservation. Often a series of contact sessions are held over a number of years, before actual agreement is reached and the properties can be declared. The Programme works in close collaboration with a wide range of partners, including government departments such as Department of Agriculture, Forestry and Fisheries (DAFF), Department of Environmental Affairs (DEA) and DEDEAT as well as NGOs such as Endangered Wildlife Trust, WWF-SA and Eden to Addo.

The PA Expansion unit supports the process to properly determine the boundaries of protected areas, engage with other relevant government departments, including the Department of Public Works and ensure the proper description and declaration of these areas to ensure that they are legally secure.

- Implement the Eastern Cape Protected Area Expansion Strategy
- Maintain a Register of Protected Areas
- Expand and consolidate protected areas managed by ECPTA



- Support processes to check (verify), rectify and demarcate boundaries of protected areas
- Engage with landowners and communities in priority areas for conservation
- Assess the biodiversity importance of candidate sites
- Manage the process to declare protected areas, in line with the requirements of legislation, in particular the National Environmental Management: Protected Areas Act (NEM:PA)
- Sign Protected Area Management Agreements with landowners
- Support landowners to develop Protected Area Management Plans
- Leverage access to incentives for landowners
- Assess the implementation of Protected Area Management Plans

### 3.1.1.5 Programme Structure: Biodiversity Conservation

<b>Biodiversity Conservation</b>	Biodiversity Projects
	Biodiversity Science and Advisory Services
	Conservation Planning
	Stewardship Management

## 3.1.2 Strategic objectives, performance indicators planned targets and actual achievements

### 3.1.2.1 Strategic Objective 1.1: Biodiversity Decision Support

<b>Objective statement</b>	To implement a decision support system for biodiversity in the province
<b>Baseline</b>	Consolidation of current mechanisms of knowledge management systems, policies, plans and guidelines.
<b>Justification</b>	<p>In order to execute the mandate as per the ECPTA Act, it is necessary for decisions regarding biodiversity to be scientifically rooted. In order for this ideal to be realised, it is imperative that the flow of data to information to knowledge be clearly understood and implemented.</p> <p><u>Data</u> gathered during fauna and flora inventories, game censuses and public sightings must be recorded and consolidated</p> <p>Once data is analysed, it is presented in usable formats as <u>information</u></p> <p>Information is then disseminated to those who need it, to <u>augment knowledge</u></p> <p>The cycle is closed when knowledge is used to make informed <u>decisions</u></p> <p>The ECPTA requires a fully operational, complete knowledge management system to appropriately plan and manage biodiversity. The ECPTA will then be in a position to establish a direct relationship between science and the management of protected areas.</p> <p>The index provides a summary measure of the various outputs generated by the unit. It is a composite of 4 smaller indexes which measure contributions in the areas of Research and Monitoring, Data management, Eco advice and planning support, and external collaboration and cooperation. Different outputs carry different weights depending on effort and input required. These scores are then summed to get an overall index value. Outputs generated include, scientific papers published in peer review journals, research and monitoring reports, subsidiary management plans, species surveys, new data sets developed or acquired, and research agreements concluded, and comments submitted in response to environmental impact assessments and on-reserve infrastructure development projects.</p>



Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
1.1 Biodiversity Decision Support Index	Did not exist (N/A)	428 (index score) <sup>2</sup>	622 (index scores)	194 (index points)	The target is exceeded due to a greater than expected demand for scientific support particularly in the 3 areas below
1.1.1 Research and Monitoring Index	N/A	170 (index score)	230 (index score)	60 (index points)	A greater than expected number of research applications were received and processed
1.1.2 Data Management Index	N/A	92 (index score)	92 (index score)	0	N/A
1.1.3 Eco-advice and planning support to ECPTA	N/A	120 (index score)	194 (index score)	74 (index points)	Comments were provided on a greater than expected number of Environmental Impact Assessment (EIA) applications, both in the reserves and in the areas adjacent to the reserves.
1.1.4 External collaboration and cooperation	N/A	46 (index score)	142 (index score)	96 (index points)	There was a greater than expected demand for expert participation in National, Provincial and local projects and initiatives

Research and Monitoring Index	Index values	# Planned	Planned Value	# Achieved	Achieved Value
Research agreements with external researchers	4	12	48	23	92
Amendments to existing research agreements	2	2	4	-	0
Articles submitted for publication in peer-reviewed journals	4	2	8	2	8
Articles published in peer reviewed journals	10	1	10	1	10
Game census	10	1	10	1	10
New species inventories developed	10	4	40	5	50
Species inventories updated	5	-	0	-	0
Priority taxon monitoring	10	5	50	6	60
<b>1.1.1 Research and Monitoring Index</b>			<b>170</b>		<b>230</b>

<sup>2</sup> Sum of underlying Annual Performance Plan targets



Data Management Index	Index values	# Planned	Planned Value	# Achieved	Achieved Value
New Databases developed	10	1	10	1	10
Update existing databases	2	0	0	-	0
Records captured in Databases	10	1	10	1	10
Data collection and management templates/SOP/guidelines etc. developed	9	2	18	2	18
New data sets obtained	6	1	6	1	6
New data sets created	6	4	24	4	24
Amendments / improvements to existing datasets	6	4	24	4	24
<b>1.1.2 Data Management Index</b>			<b>92</b>		<b>92</b>

Eco-advice and planning support to ECPTA	Index values	# Planned	Planned Value	# Achieved	Achieved Value
Participation in internal planning forums	2	10	20	14	28
Annual game management recommendations	10	1	10	2	10
Support development of subsidiary management plans	6	2	12	2	12
Support review of subsidiary management plans	6	1	6	1	6
Support development of strategic management plans	10	0	0	0	0
Support review of strategic management plans	6	2	12	2	12
Review and/or compile policies	6	2	12	1	6
Review and comment on external applications	6	4	24	12	72
Guide E1 management on reserves	6	4	24	8	48
<b>1.1.3 Eco-advice and planning support to ECPTA</b>			<b>120</b>		<b>194</b>

External collaboration and cooperation	Index values	# Planned	Planned Value	# Achieved	Achieved Value
Participation in external conservation initiatives	6	4	24	13	78
Contribute to integration of biodiversity planning	2	5	10	20	40
Contribute to review of legislation and external policies	6	2	12	4	24
<b>1.1.4 External collaboration and cooperation</b>			<b>46</b>		<b>142</b>

In most of the above cases it is very difficult to accurately anticipate the demand for services in a given year, as these indicators are largely driven by external factors that are outside of the Agency's control. The Agency can also not ignore the applications and requests that it receives and must therefore strive to deal with all of them. There is patently an increasing demand for services in these areas, and this is an indication of growing awareness amongst stakeholders of ECPTA's role as an important conservation entity in the province. It is against this background that the Agency is setting up a Research Committee to guide this process.

The Biodiversity Conservation unit has had a productive year and continues to provide quality scientific support and guidance to the Agency and its stakeholders. Restructuring during the course of the year saw the unit merging with the Operations department to become a specialist Scientific Services unit located within this department. The unit rapidly adjusted to these changes and successfully achieved all of its targets for the year. This despite some real challenges related to resignation of key staff.

During the course of the year the unit submitted two scientific papers for publication in peer reviewed journals, one of which has since been published. A further 9 internal research and monitoring reports were completed. These reports cover a range of topics, from fire and priority species monitoring, to the annual game census report, which informs the annual game management recommendations. A comprehensive reptile and amphibian survey was conducted at Oviston Nature Reserve and a new kloof frog monitoring programme implemented on the Wild Coast reserves. In addition to this a total of 23 new research agreements were concluded with external researchers. While this is an important mechanism that is employed to supplement the Agencies' scientific capacity, it also highlights the significant role that the protected areas play in providing training opportunities for postgraduate students.

From a planning and ecological support perspective the department developed one new subsidiary management plan and reviewed and updated two others. A proposal to reintroduce elephant into Great Fish River Nature Reserve was approved and an elephant management plan is currently being developed. The game management off-take recommendations for 2016 were finalised. These recommendations are important as they direct game off-takes in the next financial year and this is an important revenue source for the Agency. The unit also played a leading role in the development of a strategy for the transformation of the game industry and reviewed and commented on over 30 development applications which were deemed to have potential impacts on the protected areas.

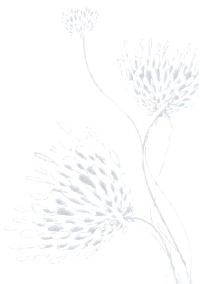
The process to review the Strategic Management Plans of the protected areas was initiated during this financial year, with a focus on Mkhambathi and Thomas Baines/Waters Meeting. This process will continue into the next financial year, with an additional focus on the Game Management and Recreation Cluster including Oviston, Tsolwana and Commando Drift. In preparation for this process, the draft Concept Development (Zonation) Plans for Mkhambathi, Thomas Baines, Waters Meeting, Oviston, Tsolwana, Commando Drift and Mpofu/Fort Fordyce have been developed and will be discussed in consultative workshops.

The unit played a significant role in engaging with key external stakeholders. A proposal to the German based Association for Wildlife Protection (AWP) culminated in a Memorandum of Agreement that will see AWP funding ECPTA research and monitoring projects related to the conservation of rare and threatened species over the next 5 years. Initial funding has already been committed to the development of an elephant management plan for Great Fish River Nature Reserve. The unit also made substantial contributions to a number of National conservation initiatives, including the National red data Assessment for mammals (authoring and co-authoring a number of assessments); the development of natural distribution range maps for large herbivores (as part of DEA Technical Task Team); the development of a draft National Biodiversity Management Plan for Cape Mountain Zebra; the development of CITES non detrimental findings for Cape mountain zebra, bontebok and blue duiker; the Black Rhino Range Expansion Project and the South African Development Community (SADC) Rhino management Group.

Managing biodiversity information is an important aspect of the unit's work. To improve efficiencies in this regard, the unit has developed a biodiversity information management database. This database is currently operational and will grow and expand over time.

### 3.1.2.2 Strategic Objective 1.2: Protected Area System Expansion

<b>Objective statement</b>	To expand the protected area system by 70 000 hectares by 2019
<b>Baseline</b>	477 400ha
<b>Justification</b>	The current provincial protected area footprint is dispersed in discrete pockets that are, in many cases, inadequate to sustain biodiversity. In order to meet National targets for land under protection, these pockets must be expanded or amalgamated. In addition to the direct management of proclaimed reserves, the ECPTA also enters into co-management agreements with communities that have benefited from successful land claims over protected areas. Further, an increasing number of private land owners enter into stewardship arrangements, which add to the protected area system. Mechanisms to sustain the system must be prioritised. CPAs and Forums are reserve management structures through which ongoing support for stewardship sites could be maintained.
<b>Performance Indicator</b>	Provincial Protected Area Expansion Strategy (PAES) target per annum



Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Provincial PAES target per annum (published)	524 800 ha (add 31 335ha)	539 800 ha (add 15 000ha)	Inaccuracy regarding the exact figure to track resulted from ongoing challenges (nationally) with establishing an effective system of monitoring progress. Inconsistent calculation methods and figures required reconciliation.		
1.2 Provincial PAES target per annum (corrected)	580 135 ha (add 31 335ha)	600 135 ha (add 20 000ha)	606 035 ha (add 25 900ha)	5 900 ha	Private land owners showed greater than expected interest in contributing to the protected area estate
1.2.1 Support rectification of the protected area legal status	N/A	1 (updated protected area register)	1 (updated protected area register)	None	N/A
1.2.2 Agreements with land owners	N/A	3 (agreements)	1 (agreement)	-2 (agreements)	Due to the delays in getting signatures for the agreement (unavailability of land owner)
1.2.3 Management of declaration process	N/A	1 (declaration processes)	1 (declaration processes)	None	N/A

During 2015/16 a total of 25 929.1728 hectares was added to the Protected Area System in the Eastern Cape, as declared in the Government Gazette of 04 March 2016 (Extraordinary Provincial Gazette Notice 3607). This declaration included the following protected areas:

- Baviaanskloof Nature Reserve (4 062.9130 hectares), WWF-SA owned land managed by ECPTA as part of Baviaanskloof World Heritage Site
- Sam Knott Nature Reserve (11 848.8155 hectares), WWF-SA owned land managed by ECPTA as part of Great Fish River Nature Reserve
- Skilderkrantz Nature Reserve (7 693.8316 hectares), privately owned land managed by Skilderkrantz Property Holdings (Propriety) Limited
- Cedarville Protected Environment (2 323.6127 hectares), privately owned land managed by Cedarville Conservancy Committee.

This brings the total area declared under the ECPTA Stewardship programme since its inception to over 125 000 hectares. In addition to achieving the annual target for protected area expansion, the unit made progress towards securing additional funds for human capacity and other resources to build the expansion unit in the coming years. This includes the following projects:

- *Mainstreaming Biodiversity into Land Use Regulation and Management at the Municipal Scale.* This project is funded by Global Environmental Facility (GEF)-5, through the United Nations Development Programme (UNDP) and is managed by South African National Biodiversity Institute (SANBI). ECPTA signed a Fund Agreement with SANBI on 30 September 2015. The project will be implemented from 15 September 2015 to 31 January 2020. The total allocated to ECPTA for implementation of agreed deliverables is US\$348 482 and includes funding to contract a Stewardship Facilitator and Ecologist for 4 years.
- *Improving Management Effectiveness of the Protected Area Network.* This project is funded by GEF-5, through the UNDP and is managed by South African National Parks (SANParks). The project total allocated to ECPTA is US\$1 029 424. This includes funding to contract 2 Stewardship Facilitators, an Ecologist and Legal Support Officer for 4 years. Although implementation should have started in 2013, SANParks has not managed to complete the process to develop and sign the Fund Agreement.
- *N2 Wild Coast Highway Biodiversity Offset.* ECPTA signed an Agreement with South African National Roads Agency Limited (SANRAL) in March 2016, to implement the R373 million biodiversity offset over a period of 10 years. This includes funds for contractual staff, rehabilitation projects and protected area expansion, with the objective of achieving long-term socio-economic and environmental sustainability.

### 3.1.3 Strategy to overcome areas of under performance

#### Agreements with land owners

An improved document management and tracking system will be implemented to ensure that agreements are signed timeously by all parties, original documents are stored appropriately and that good records are available at all times.

Signing of the SANParks Fund Agreement is expected in May 2016 and recruitment of contractual staff will follow soon after. There will be a lag in performance as new staff will require an induction and settling in period, but it is anticipated that implementation of the EC Protected Area Expansion Strategy will proceed well from 2017. The understanding is that the contractual posts will be factored into the ECPTA organogram after a number of years.

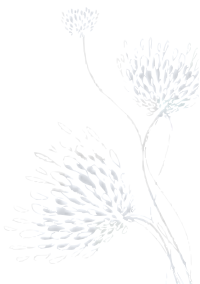
#### 3.1.4 Changes to planned targets

Performance targets for Strategic Objective 1.2 were adjusted in the course of the year for the reasons outlined in the performance tables. These changes were approved by the Board of Directors and communicated to the Shareholder, the parent department and the Legislature. For completeness, both sets of targets are presented in 3.1.2.2 above.

#### 3.1.5 Linking performance with budgets

ECPTA's top-structure (Executive Management) was approved for implementation during the 2015/16 financial year, while the remaining levels would follow in 2016/17. While the structure and delegations were aligned to Figure 1 at the beginning of the financial year, by the time of the Adjustment Budget in November, the officials responsible for the operational budgets agreed to the organisational structure depicted in Figure 2. The adjusted budgets for 2015/16 are therefore included here.

R'000 BIODIVERSITY	Expenditure 2014/15	Original Budget 2015/16	Adjusted Budget 2015/16	Expenditure 2015/16	(Over)/Under Expenditure
Goods and Services	2 611	2 724			Moved to Operations
Compensation of Employees	5 482	11 073			Moved to Operations
Capital Expenditure	188	1 923			Moved to Operations
<b>Total</b>	<b>8 281</b>	<b>15 720</b>			<b>Moved to Operations</b>



## 3.2 Programme 2: Destination Tourism

### 3.2.1 Description

#### 3.2.1.1 Purpose

The Destination Tourism is responsible for two distinct areas, namely Marketing and Destination Development. The first area involves marketing, promotion and development 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. The second area also draws its mandate from the ECPTA Act 2 of 2010, and focuses on developing the industry in the province.

#### 3.2.1.2 Key functions

##### *Marketing*

###### **Destination marketing**

The Destination 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 partners with a range of stakeholders to collaborate and build pride amongst the citizens of the Eastern Cape.

Emanating from the Agency's overall Strategic Plan, the primary goal of the Destination Marketing Unit is to ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020.

###### **International Marketing**

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

Targeted initiatives such as joint marketing agreements, trade shows, newsletters and other traditional marketing techniques are used to raise awareness of all that the Eastern Cape has to offer to international visitors.

ECPTA also engages the trade and media and hosts familiarisation tours to ensure positive perceptions and increase product knowledge of the Province.

###### **Domestic Marketing**

The domestic market is of particular importance to the Eastern Cape as a high percentage of tourists to the province are from within South Africa. Domestically, the ECPTA's aim is to contribute towards building and encouraging active citizenship. This is being achieved through a number of campaigns to mobilise the residents of the Eastern Cape to become brand ambassadors and to participate in promoting the province.

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

The Marketing Unit is also responsible for the promotion of the Provincial Nature Reserves and has made great strides in the development of various campaigns to create awareness of these nature reserves utilising both traditional and 21st century media platforms such as Facebook, YouTube, twitter and Instagram



### *Branding*

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

### *E-Marketing*

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

### *Events and Partnerships*

ECPTA recognises events hosting as a tool for drawing visitors to the province. Events are experiential in nature and provide for a solid reason to travel to a destination over and above the traditional tourism product offerings. This has further spin-offs in the economy as tourists would require more services.

Successful and consistent hosting of events has been proved to place various destinations in the world map and created a reason for tourists to travel across the globe.

### *Corporate Communication and Media*

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

### **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 efforts on tourism development and marketing are impactful, measurable and trackable. A fully-fledged tourism research and information function is expected to be in place by the end of 2016/17.

### *Destination Development*

#### **Tourism Transformation**

Transformation of the tourism industry is considered critical to the future success of the industry. Whilst a certain degree of organic growth in transformation is expected to occur in the industry over time, some interventions have been identified in order to assist with the process. Transformation programmes seek to ensure that emerging enterprises owned by Previously Disadvantaged Individuals get to the mainstream of the tourism sector.

- Provide Market Access to SMMEs
- Provide tourism interventions / support to tourism associations and businesses
- Prepare communities to leverage benefits from events held in their localities

#### **Product Development**

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

- Support Community Tourism Projects
- Tourism signage installation
- Implement tourism safety programme



### Skills Development in the sector

The programme seeks to ensure that tourism businesses have the correct skills to manage their businesses

- Identify and facilitate the implementation of skills and training programmes
- Create tourism awareness for youth

### Quality Assurance / Service Excellence

The objective of quality assurance programme is to ensure that every visitor leaves the destination having experienced the warmth of the people and superior service excellence.

- Facilitate grading of accommodation establishments
- Support tourism products to participate in the Tourism Lilizela Awards
- Provide oversight and monitor compliance of tourism products and tour guides with legislation
- The Registrar of Tourism maintains a database of tourist guides in the Province

#### 3.2.1.3 Programme Structure: Destination Tourism

Destination Tourism	Destination Marketing	Registrar: Tourism
	Destination Development	
	Tourism Information and Research	

### 3.2.2 Strategic objectives, performance indicators planned targets and actual achievements

#### 3.2.2.1 Strategic Objective 2.1 SA Tourism Ranking

<b>Objective statement</b>	To ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020				
<b>Baseline</b>	In 2010, SA Tourism ranked the Eastern Cape as the second-most visited destination among domestic tourists. By 2014, the ranking had declined to 8.				
<b>Justification</b>	<p>The decline in ranking is attributed to three factors:</p> <ol style="list-style-type: none"> <li>1. Significant resources were directed towards destination marketing and product support in anticipation of the 2010 FIFA World Cup. These resources were not renewed thereafter, and in fact diverted to ring-fenced events, with a consequent reduction in both areas of intervention</li> <li>2. Resource limitations required a choice between domestic and international marketing efforts. The assumption that international tourists would bring more resources to the Province has proven incorrect.</li> <li>3. Tourism safety is frequently cited as a concern, but has to date not been met by a coordinated, visible effort</li> </ol> <p>ECPTA believes that the growth of the domestic market has the potential to drive performance in the global market. This objective is thus aligned to the vision of the National Tourism Sector Strategy which is to position South Africa as one of the top 20 tourism destinations globally by 2020.</p> <p>In line with the provisions of the Eastern Cape Tourism Master Plan, the allocation of resources to product development will increase the attractiveness of the Province as a domestic destination by meeting visitor experience demand.</p> <p>Resuscitation of the multi-sectoral tourism safety programme, inclusive of improved tourism signage, is a vital intervention in the overall brand-building and tourism marketing approach.</p> <p>To reach new market segments, marketing channels must be expanded to include electronic and social media.</p>				

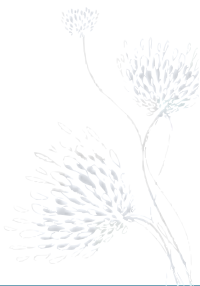
Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
SA Tourism Ranking	N/A <sup>3</sup>	8 (ranking)	5 (ranking)	-3	Collaborative efforts between ECPTA, Buffalo City Municipality Tourism

<sup>3</sup> Not tracked by ECPTA therefore N/A. Province ranked 8th in SA Tourism reports; this was used as the baseline for the Strategic Plan and APP

Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
					and Nelson Mandela Bay Tourism since 2013/14 have yielded better than expected results
2.1.1 Brand awareness index	N/A	3 (index score)	3 (index score)	None	N/A
2.1.2 Destination marketing index	N/A	3 (index score)	3 (index score)	None	N/A

Brand awareness index	Weight	Planned	Actual	Index score
Seasonal campaigns conducted	15	5	5	3
Event partnerships established	15	6	11	3
Reserve Promotions conducted	20	3	3	3
Meeting Industry participation (MICE)	15	2	2	3
E-Marketing implemented	15	8	8	3
Brand Management and advertising	20	12	17	3
<b>2.1.1 Brand awareness index</b>	<b>100</b>			<b>3</b>

Destination marketing index	Weight	Planned	Actual	Index score
Exhibition and trade participation	25	4	6	3
Trade Educationals	25	3	5	3
Joint Marketing Engagements	35	3	3	3
Provide strategic marketing direction and leadership to the tourism industry within the Eastern Cape	15	2	2	3
<b>2.1.2 Destination marketing index</b>	<b>100</b>			<b>3</b>



## 3.2.2.2 Strategic Objective 2.2: Provincial Tourism Industry Transformation Index

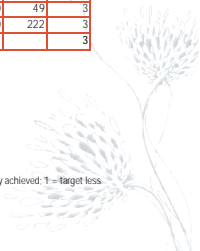
<b>Objective statement</b>	To expand participation of previously disadvantaged business owners in the mainstream tourism industry
<b>Baseline</b>	The provincial tourism industry remains dominated by white-owned businesses and established national and multi-national conglomerates. Tourists and government are loathe to contract with products that are not quality assured, or are not graded at 3-stars or above.
<b>Justification</b>	<p>Despite the development of a self-regulatory charter, the industry has not created opportunities for emerging business on the scale or at the level necessary to change the complexion of the industry. The ECPTA is tasked with contributing to the transformation of the tourism industry. As such, a number of interventions will be revived or introduced over the next 5 years:</p> <ul style="list-style-type: none"> <li>• Establish an incubator approach to supporting emerging businesses, with access to business skills development, to facilitate improvement in grading</li> <li>• Identify concession opportunities on ECPTA-managed reserves and make these available to "incubated" products</li> <li>• Encourage adherence to the charter through building awareness of the benefits</li> <li>• Incentivise partners in the Joint Marketing Agreements to include successfully graded emerging businesses in the product-mix they offer tourists</li> <li>• Work with Provincial Treasury to revise and enhance procurement guidelines for Eastern Cape Provincial Government (ECPG) Departments in respect of contracting with suitably graded and "incubated" products. This will be a key mechanism for establishing a relationship between product development and market access</li> </ul>



Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
2.2 Provincial tourism transformation index <sup>4</sup>	N/A	3 (index score)	3 (index score)	None	N/A
2.2.1 Product Development and Support (index)	N/A	3 (index score)	3 (index score)	None	N/A
2.2.2 Proportion of 3-Star graded establishments owned by PDIs (index)	N/A	3 (index score)	3 (index score)	None	N/A
2.2.3 Proportion of services procured from PDI-owned tourism products by ECPTA	N/A	20%	49%	29%	Reporting on procurement from PDIs was better than anticipated due to internal awareness-raising
2.2.4 Tourism Product Registration	N/A	1 (Yes=1/No=0)	1 (Yes=1/No=0)	None	N/A
2.2.5 Product-Participation in Lilizela Awards	149 (product participants)	160 (product participants)	222 (product participants)	62 (product participants)	Early initiation of vigorous awareness campaigns and workshops ensured that the province recorded the highest number of participants in the country (up from 2 <sup>nd</sup> position in 2014/15).

Provincial tourism transformation index	Weight	Planned	Actual	Index score
Product Development Index	25	3	3	3
PDI Grading Index	25	3	3	3
Proportion of services procured from PDI-owned tourism products by ECPTA	25	20	49	3
Product-Participation in Lilizela Awards	25	160	222	3
<b>2.2 Provincial tourism transformation index</b>	<b>100</b>			<b>3</b>

<sup>4</sup> Where an index is used as a unit of measure, the performance levels are 3 = target achieved; 2 = target partially achieved; 1 = target less than 70% achieved



Product Development Index	Weight	Planned	Actual	Index score
Product Development Strategy	2	1	1	3
To support 5 Home of Legends projects	12.5	5	5	3
Tourism development business plans formulated with relevant stakeholders	5	2	2	3
Audit of old signage	2	1	1	3
Installation of new tourism signs	10	15	28	3
To implement Tourism Safety programmes in hot spots	15	5	5	3
To provide safety and security information and tips to tourists and communities	2	3	3	3
Establish stakeholder collaborations for tourism safety programmes	12.5	5	5	3
Skills development for safety ambassadors	2	3	3	3
Provide 50 job opportunities for unemployed youth	2	50	50	3
To co-host Isingqisethu Wild Coast Cultural Festival in partnership with DRSCAC	10	1	1	3
To support PDI economic growth through Isingqisethu WCC Festival	12.5	40	68	3
To empower local communities to provide services around Isingqisethu Festival	12.5	60	79	3
<b>2.2.1 Product Development and Support</b>	<b>100</b>			<b>3</b>

Previously Disadvantaged Individual(s) (PDI) Grading Index	Weight	Planned	Actual	Index score
Develop guidelines to provincial procurement from BBBEE compliant tourism businesses	10	1	1	3
Tourism grading awareness campaigns held in the province	5	6	6	3
To increase the number of graded tourism establishments in the province	10	150	252	3
Assure tourists of the quality of facilities on ECPTA Nature Reserves	5	80	88	3
Number of interventions provided to tourism businesses	10	12	12	3
Provide market access to tourism SMMEs	5	3	3	3
Provide Mentorship support to SMMEs	8	10	13	3
Provide tourism training to tourists guides	7	10	10	3
Provide tourism training to tourism products	10	60	76	3
Provide exhibition facilities for provincial tourism career expo initiatives	10	30	31	3
Provide support to district career expos	5	4	7	3
Support tourism educators seminars	5	4	5	3
Support Eastern Cape representatives to the NICE	10	32	32	3
<b>2.2.2 Proportion of 3-Star graded establishments owned by PDIs</b>	<b>100</b>			<b>3</b>

### 3.2.3 Strategy to overcome areas of under-performance

There were no areas of under-performance. The programme will consolidate gains of the past year to further increase the organisation's visibility and the Province's market profile.

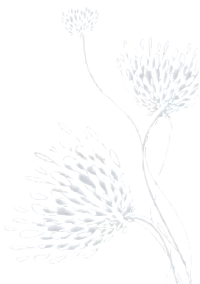
### 3.2.4 Changes to planned targets

No changes to planned Annual Performance Plan targets were effected during the period under review. Adjustments to Operational Plan targets were made to accommodate changes in delivery methodologies in some instances.

## 3.2.5 Linking performance with budgets

R'000 DESTINATION TOURISM	Expenditure 2014/15	Original Budget 2015/16	Adjusted Budget 2015/16	Expenditure 2015/16	(Over)/Under Expenditure
Goods and Services	25 267	12 899			Split between Marketing and Operations
Compensation of Employees	13 371	16 715			Split between Marketing and Operations
Capital Expenditure	27	960			Split between Marketing and Operations
<b>Total</b>	<b>38 665</b>	<b>30 574</b>			<b>Split between Marketing and Operations</b>

R'000 MARKETING	Expenditure 2014/15	Original Budget 2015/16	Adjusted Budget 2015/16	Expenditure 2015/16	(Over)/Under Expenditure
Goods and Services	Originally part of Destination Tourism		10 606	10 626	-20
Compensation of Employees	Originally part of Destination Tourism		12 160	8 572	3 588
Capital Expenditure	Originally part of Destination Tourism		78	72	6
<b>Total</b>	<b>In Destination Tourism</b>		<b>22 844</b>	<b>19 270</b>	<b>3 574</b>



### 3.3 Programme 3: Operations

#### 3.3.1 Description of programme

##### 3.3.1.1 Purpose

Effectively manage the protected areas under ECPTA's management, including tourism on reserves, infrastructure and facilities. Effectively managing and safeguarding operations of the protected areas in association with Biodiversity Conservation and Destination Tourism.

##### 3.3.1.2 Key functions of Operations<sup>5</sup>

- Strategic and operations management of the ECPTA's regional operations by managing, implementing and extending the expansion of the regional tourism routes and the ECPTA reserves.
- Ensure that the wild life protection regulations and investigations and prosecution of criminal offences as prescribed by legislation are implemented and supported including the acquisition of permits.
- Manage, expand and provide for the commercialisation of biological products and services in order to increase the level of income accrued to the ECPTA within the mandate.
- Manage and improve the hospitality services and guest experiences.
- Manage and support the engagement of communities associated with the ECPTA.
- Manage and support the engagement of communities associated with the ECPTA's social responsibility projects including co-management of reserves.
- Ensure implementation of social responsibility projects supporting ECPTA reserves focusing on infrastructure.
- Ensure operations compliance with Occupational Health and Safety legislation.
- Management of relationships with ECPTA's Stakeholders within the Province.

##### 3.3.1.3 Programme Structure: Operations

## Operations

- People and Parks
- Regional Routes and Reserves
- Commercialisation and Hospitality
- Special Investigations and Resources Security (SIRS) & Large Mammal Operations
- Infrastructure Projects
- Social Responsibility Projects

<sup>5</sup> Information Management and Communication Technology was initially located in Operations, but was moved to Corporate Management Support for the entire year, and it therefore reported on there.



### 3.3.2 Strategic objectives, performance indicators planned targets and actual achievements

#### 3.3.2.1 Strategic Objective 3.1: Own Revenue

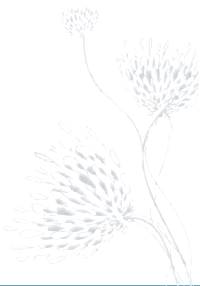
<b>Objective statement</b>	To grow annual revenue generated through on-reserve activities (hospitality and game management) to R22 million by 2019
<b>Baseline</b>	Current level (2013/14) is R13.5 million
<b>Justification</b>	<p>With the shrinking fiscal envelope, the requirement that ECPTA generate own revenue is amplified. In addition, ECPTA is committed to developing, marketing and maintaining reserves as tourism products that can attract visitors and increase the number of tourists visiting the Province. This requires that each reserve is positioned to attract a particular tourist segment with appropriate products, activities and facilities. Reserve-specific activities could include (but not be limited to):</p> <ul style="list-style-type: none"> <li>• Hunting</li> <li>• Environmental education</li> <li>• Game viewing</li> <li>• Adventure activities</li> <li>• Cultural and heritage tourism</li> </ul> <p>Such initiatives will be well planned in collaboration with external partners such as LTOs, local communities, private-sector operators and local authorities. Attention will be given to providing opportunities for tourism products "incubated" by ECPTA, while strict quality criteria will be in place and monitored to ensure the integrity of the reserves.</p> <p>It is common cause that in order to achieve these revenue targets, significant investment is required to develop and market on-reserve products. To this end, public-private partnerships and other mechanisms for attracting external funding will be rigorously pursued. In appropriate situations, activities can be extended to neighbouring land, and involve local communities in the delivery of services such as guiding. A new approach to the annual game auction will be explored to regain the market-share lost to rival auctions over the past 2 years.</p> <p>The caveat to generating own-revenue is that regulations to the ECPTA Act must be established to allow for the retention of revenue for the purpose of Tourism Development and Biodiversity Conservation.</p>



Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
3.1 Own revenue	R 15.9 million (rounded R 15 845 000)	R 18 million (rounded R 18 020 000)	R 22 632 581	R 4 612 581	Better than anticipated prices achieved at the Annual Game Auction
3.1.1 Revenue from hunting	R 2.0 million	R 1 500 000	R 1 398 313	R 101 687	In addition to the planned hunting packages, additional revenue from "extra shoots" was planned. These were less successful than anticipated
3.1.2 Revenue from game sales	R 8.0 million	R 8 000 000	R 13 421 750	R 5 421 750	Better than anticipated prices achieved at the Annual Game Auction
3.1.3 Revenue from culling	R 1.3 million	R 1 500 000	R 1 229 401	- R 270 599	The quota for culling could not be realised due to inclement weather delays which shortened the culling season
3.1.4 Hospitality Revenue	R 4.0 million	R 4 570 000	R 6 091 879	- R 1 521 879	The target was exceeded due to a long term occupation contract on one of the Reserves, and the increase in occupancy of Reserves compared to the previous year
3.1.5 Payment for Ecological Services	R 0.6 million	R 1 600 000	R 201 812	- R 1 398 188	The target could not be achieved as there was no interest shown by service providers in taking up opportunities
3.1.6 Concession Revenue	N/A	R 850 000	R 289 426	- R 560 574	Mkambathi concession could not be implemented due to legislative changes in a clause in the Land Act that stipulates concessions have to be signed off by Land Affairs Minister. Mthatha Dam concession only became operational in Dec 2015 due to construction delays.

## 3.3.2.2 Strategic Objective 3.2: Protected Area Management

<b>Objective statement</b>	To maintain effective management of protected areas in line with national targets
<b>Baseline</b>	METT-SA score of 70 (exceeds national average)
<b>Justification</b>	<p>South Africa's system of protected areas is established in the National Environmental Management: Protected Areas Act, 2003 (the Act) and comprises of the following types of protected areas</p> <ul style="list-style-type: none"> <li>- Special nature reserves as declared in terms of section 18 of the Act;</li> <li>- National Parks as declared in terms of section 20 of the Act;</li> <li>- Nature reserves as declared in terms of section 23 of the Act;</li> <li>- Protected environments as declared in terms of section 28 of the Act;</li> </ul> <p>In addition the Act recognises the following protected areas as part of South Africa's system of protected areas</p> <ul style="list-style-type: none"> <li>- World heritage sites as proclaimed in terms of section 1 of the World Heritage Convention Act, 1999;</li> <li>- Marine protected areas declared in terms of section 43 of the Marine Living Resources Act, 1998;</li> <li>- Forest nature reserves and forest wilderness areas declared in terms of section 8 of the National Forests Act, 1998; and</li> <li>- Mountain catchment areas declared in terms of the Mountain Catchment Areas Act, 1979</li> </ul> <p>As a Contracting Party to the Convention of Biological Diversity, South Africa has an obligation to meet the goals set out in the Programme of Work for Protected Areas. The Management Effectiveness Tracking Tool – South Africa (METT-SA) is a monitoring tool designed to establish the extent to which South Africa meets this obligation. It is anticipated that a METT assessment is conducted every two to three years. Because the ECPTA wishes to manage the effectiveness of its protected area management on a more regular basis, and because the METT-SA has been identified as weak on the measurement of biodiversity objectives and outcomes, ECPTA will undertake a review of the METT-SA as an instrument, with a view to enhancing it for more immediate feedback at reserve level.</p>



Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
METT-SA score (original)	77 (score)	75 (score)	The National target for the METT-SA is 67. In-year changes to the scope and methodology of the METT-SA assessment were introduced (METT-SA v3). In anticipation of the more stringent and onerous regime, targets were adjusted downward.		
3.2 METT-SA score (adjusted)	METT-SA v3 never scored	68 (score)	64 (score)	-4 (points)	Weaker than anticipated performance in the areas of cultural heritage, reserve boundaries, environmental education and stakeholder engagement
3.2.1 Proportion of reserves with METT-SA score over 68	100%	100%	In-year changes to the scope and methodology of the METT-SA assessment were introduced (METT-SA v3). In anticipation of the more stringent and onerous regime, targets were adjusted downward.		
3.2.1 Proportion of reserves with METT-SA score over 68 (adjusted)	100%	53%	20%	-33%	Individual reserves were not adequately prepared for the comprehensive revision of the METT assessment template at a national level
3.2.2 State of Reserves	N/A	3 (index score)	2.9 (index score)	-0.1 (index points)	The insignificant difference in achieving the target score is attributed to the need to develop Reserve-specific stakeholder engagement strategies
3.2.3 Job opportunities created	900 (jobs)	950 (jobs)	832 (jobs)	-118 (jobs)	The late signing of WIW contract resulted in deficit in the number of jobs that were targeted. The WIW was only concluded in late quarter 3
3.2.4 People and Parks implementation	N/A	4 (reports)	4 (reports)	None	N/A
3.2.5 Game Management	N/A	1 (Yes=1/No=0)	1 (Yes=1/No=0)	None	N/A

State of Reserves index	Weight	Planned	Actual	Index score
Identify PA Management System for reserves	5.9	1	1	3
Develop PA management system for reserves	23.5	1	1	3
Assess reserves management systems	11.8	15	15	3
Conduct assessments on reserves	5.9	15	15	3
PA management system evaluation report	5.9	1	1	3
Develop turn around costed strategies per reserve	23.5	15	15	3
Reserves identify research activities to aid management	11.8	15	12	2
Execute Reserves-as-Products (tourism and hospitality) plans per reserve	11.8	1	1	3
<b>3.2.2 State of Reserves</b>	<b>100</b>			<b>2.9</b>

Job opportunities created	Q1	Q2	Q3	Q4
New job opportunities created	-	97	147	152
Seasonal jobs created	132	226	130	192
<ul style="list-style-type: none"> <li>• New job opportunities created               <ul style="list-style-type: none"> <li>○ infrastructure-related</li> <li>○ not part of compulsory measures reports to DEDEAT</li> </ul> </li> <li>• Seasonal jobs created               <ul style="list-style-type: none"> <li>○ mainly EPWP projects</li> <li>○ submitted quarterly to DEDEAT in compulsory measures report</li> <li>○ annual target of 590 seasonal jobs exceeded by 90</li> </ul> </li> </ul>	Method of calculation <i>Quarter 1: Add new jobs and seasonal jobs</i> <i>Quarters 2, 3 and 4: Add seasonal jobs to the difference between current and previous quarter's new jobs</i> <i>Annual: Add 4 quarterly results</i>			
<b>3.2.3 Job opportunities created</b>	<b>132</b>	<b>323</b>	<b>180</b>	<b>197</b>

ECPTA establishes trends in the management effectiveness of protected areas by conducting METT-SA assessments. The METT-SA is an assessment tool developed by Department of Environmental Affairs (DEA) and implemented by all management authorities in SA. The METT-SA tool is an internationally accepted Management Effectiveness Tracking Tool (METT) that has been in use since 2000 and was developed the World Commission of Protected Areas (WCPA) and was adapted for SA conditions in 2008.

During 2015, DEA undertook a review of the METT-SA tool and an updated version was adopted for 2016 assessments by protected areas. This tool, METT-SA V3, is more comprehensive and has an additional indicator for assessments, making a total of 6 indicators from the previous version that had 5. The revised METT-SA V3 has reduced the overall score of the ECPTA and individual reserves by between 12 – 15%; the target for the ECPTA was reduced from 77% in the 2014 / 2015 year to 68% in the 2015 / 16 financial year. With the previous METT-SA version, ECPTA had over a 5 year period taken the scores from a low of 36% to 77% for the 2014 / 15 financial year. The adoption of the new version, METT-SA V3 will see ECPTA establish a new base line from which it will then build on; each protected area will develop turn-around strategies that will target areas where scores can be improved.

- Funding deficits to complete strategic projects were partially offset by the higher than anticipated revenue generated through live game sales.
- The Agency was able to complete an independent and objective review of each of the Agency's nature reserves and protected areas to identify future opportunities to promote and enhance these assets as income generating products through the Reserves as Products initiative. This resulted in a realignment of protected areas and changes to functions of regions resulting from the Reserves as Products. Reserves clusters were distributed into three realigned regions according to their functions: Biodiversity & Heritage; Game management & recreation; Marine and Coastal.
- Security of reserves has been maintained: there is however, a continued threat to reserves of poaching activities and especially rhino poaching. Increases in resources and capacity will be required in order for ECPTA to be able to maintain security of reserves and to this end ECPTA sought to establish a rhino protection team that would be reactive and proactive. A business plan was developed and submitted to the provincial Department and MEC for consideration and allocation of funds to set up a rhino protection team.
- Security of reserves is also threatened by the continued wildfires that affect reserves; these are not only a threat to biodiversity but also a threat to infrastructure and neighbours and can result in legal actions for fires that originate in reserves and affect commercial farms and plantations. Reserves are participating in local fire protection Agencies and ECPTA has established 7 Working on Fire teams on fire prone reserves through an agreement with Working on Fire.
- The infrastructure grant over the past three years has contributed significantly to improvement in the level and maintenance of all facilities including hospitality facilities. This is reflected in the improved METT score as well as in the increase in the levels of customer satisfaction over the past three years.
- Funding for infrastructure maintenance has been made available to reserves from the infrastructure grant to allow for improved maintenance of facilities in respect of an approved and updated maintenance plan. The infrastructure grant for Financial Year (FY) 2015/16 has been decreased, resulting in a 50% reduction in allocations to reserves. Reserves will thus

utilise more funds from their goods and services budgets to address maintenance issues according to an approved maintenance plan.

Co-management and positioning reserves for concessions

Negotiating with two communities: Silaka and Double Drift to develop co-management agreements to allow for benefits to accrue to the community through activities and game management are underway and draft agreements have been completed. These are currently under consideration by the respective communities and will be signed once all parties are happy with the draft agreements. This follows the successful negotiated agreement with the Mkhambathi community in the previous financial year.

The development of the leopard trail in Baviaanskloof World Heritage Site was begun in the financial year; this is a concession agreement with a Non-Governmental Organisation (NGO) and local communities that allows the local communities to manage and operate the trail under the guidance and mentorship of the NGO. ECPTA gains a concession and permit fee from the concession.

### 3.3.2.3 Strategic Objective 3.3: Reserve security

<b>Objective statement</b>	To comply with relevant legislated prescripts for the security of protected areas
<b>Baseline</b>	The function is under-resourced and dependant on external contributions
<b>Justification</b>	ECPTA is tasked with securing the protected areas under its management. The mandate includes both anti-poaching measures and fire risk management. Due to funding constraints, this aspect of the ECPTA mandate (as it relates to the management of protected areas) is inadequately executed. Reliance is placed on partner agencies for intelligence gathering, rapid response operations, and prosecution (currently there are no regulations linked to ECPTA Act that allow for the imposition of penalties for violations). While activities must always be supplemented and coordinated with key security cluster partners, ECPTA must develop and properly resource law enforcement and management plans at all reserves. Additionally, a policy to guide the establishment and utilisation of an informant network is urgently required.

Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
3.3 Reserve security index	N/A	3 (index score)	2.1 (index score)	- 0.9 (index points)	The planned anti-poaching unit was not established during the year. Funding was secured in late 2015/16.
3.3.1 Security plans implemented	N/A	95%	95%	None	N/A
3.3.2 Anti-Poaching intervention index	N/A	3 (index score)	1.9 (index score)	-1.1 (index points)	Target could not be reached due to non-establishment of an anti-poaching unit. Funding for this was only secured at the end of this financial year.

Reserve Security index	Weight	Planned	Actual	Index score
Security plans implemented	55	95	95	3
Anti-Poaching intervention index	45	3	1.9	1
<b>3.3 Reserve Security index</b>	<b>100</b>			<b>2.1</b>

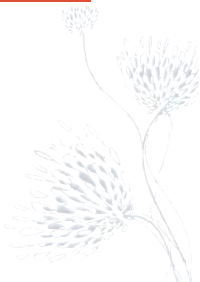
Anti-Poaching intervention index	Weight	Planned	Actual	Index score
Operational risk assessment per reserve	20	2	2	3
Operational risks managed at each reserve	25	95	73	2
Resourced unit	35	60	40	1
Joint operations executed	5	8	6	2
Awareness programme implemented	15	95	71	2
<b>3.3.2 Anti-Poaching intervention index</b>	<b>100</b>			<b>1.9</b>

## 3.3.2.4 Strategic Objective 3.4: Provincial conservation transformation

<b>Objective statement</b>	To expand participation of previously disadvantaged individuals in the game and conservation industries
<b>Baseline</b>	The province currently has no black game farmers in the industry
<b>Justification</b>	Several attempts to transform the game industry over the past 5 years have proved unsuccessful. These efforts were aimed at hunters; the end users. A change of strategy is indicated, and for the next 5 years, ECPTA will focus on encouraging black farmers to become active participants in the game industry. This focus will extend to community co-operatives and farmers of communal land. Attention will be paid to integrating these efforts with those relating to Strategic Objectives 2.2. and 3.1

Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
3.4 Provincial conservation transformation index	N/A	3 (index score)	1.8 (index score)	-1.2 (index points)	Conservation Transformation programme is a national initiative in its infancy. ECPTA relies on guidance from Department of Rural Development and Land Reform (DRDLR) and Department of Environmental Affairs (DEA) in implementing the programme
3.4.1 PDI participating in game farming incubation project	N/A	4 (participants)	2 (participants)	-2 (participants)	A slow initial start to the programme resulted in delays in initiating processes
3.4.2 PDI involved in concessions	N/A	1 (Yes=1/No=0)	1 (Yes=1/No=0)	None	N/A

Provincial conservation transformation index	Weight	Planned	Actual	Index score
PDI participating in game farming incubation project	62.5	4	2	1
PDI involved in concessions	37.5	1	1	3
Value of concession-related contracts held by PDI	0	0	0	0
<b>3.4 Provincial conservation transformation index</b>	<b>100</b>			<b>1.8</b>



### 3.3.3 Changes to planned targets

Performance targets for Strategic Objective 3.2 were adjusted in the course of the year for the reasons outlined in the performance tables. These changes were approved by the Board of Directors and communicated to the Shareholder, the parent department and the Legislature. For completeness, both sets of targets are presented in Page 44.

### 3.3.4 Strategy to overcome areas of under performance

Turn-around plans will be implemented per reserve to address deficiencies identified through the METT-SA and SoAIM audits. Revenue sources have been consolidated to encourage a more holistic approach to reserve-based revenue generation activities.

### 3.3.5 Linking performance with budgets

The adjusted budget includes provision for Biodiversity Conservation and Tourism Development.

R'000 OPERATIONS	Expenditure 2014/15	Original Budget 2015/16	Adjusted Budget 2015/16	Expenditure 2015/16	(Over)/Under Expenditure
Goods and Services	34 870	22 139	41 046	41 548	-502
Compensation of Employees	70 449	74 456	84 205	82 526	1 679
Capital Expenditure	26 735	14 497	33 202	12 375	20 827
<b>Total</b>	<b>132 054</b>	<b>111 092</b>	<b>158 453</b>	<b>136 449</b>	<b>22 004</b>





## 3.4 Programme 4: Corporate Management Support

### 3.4.1 Description of programme

#### 3.4.1.1 Purpose

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

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

#### 3.4.1.2 Key functions of Corporate Management Support

Corporate Management Support consists of three departments, namely Executive Office, Finance, and Human Capital Management

##### 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 also ensure that effective and appropriate steps are taken to prevent unauthorised, irregular or fruitless and wasteful expenditure.

##### Corporate Services

Corporate Services consists of two sections: Human Capital Management and Information Management and Communication Technology (IMCT)<sup>6</sup>.

The Human Capital Management (HCM) section ensures that the ECPTA has the right number of people, in the right places who are fairly and equitably remunerated to enable it to deliver on the mandate and achieve its strategic goals and objectives. HCM is responsible for ensuring the delivery of professional excellence in the disciplines of human capital management, training and development, organisational transformation, employee wellness and employee relations.

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.

<sup>6</sup> IMCT was originally under the Executive Office (in the 2015/16 APP), but operated under the auspices of the Executive Director – Corporate Services throughout the year.



### 3.4.1.3 Programme Structure: Corporate Management Support

Executive Office	Legal Advisor and Board Secretariat
	Strategy and Risk Management
	Special Projects
Finance	Supply Chain Management
	Finance Management
	Accounting and Reporting
	Internal Control
Corporate Services	Human Capital Management
	Information Management and Communication Technology

## 3.4.2 Strategic objectives, performance indicators planned targets and actual achievements

### 3.4.2.1 Strategic Objective 4.1: Organisational Sustainability

Objective statement	To ensure the organisation's ability to meet its mandate by providing cross-cutting support services
<b>Baseline</b>	Structures and systems for the provision of cross-cutting support services are well established and functional. Successive unqualified audits attest to the maturity of these services. However, because many services rely on technology, and because the operational imperative is to increase the ECPTA's reach, it is imperative that investment in the maintenance and expansion of the organisation's ICT backbone be prioritised. Priority will also be given to the ongoing refinement and evolution of policies and procedures relating to ensuring ease of business.



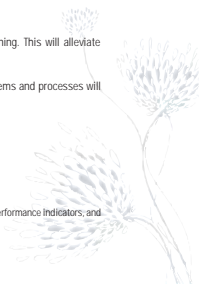
Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on deviations
Organisational Sustainability Index <sup>7</sup>	Did not exist (N/A)	80 (index score)	90 (index scores)	10 (index points)	Summative index reflects performance across the programme
4.1.1 Audit Outcome	N/A	Unqualified & <=4 findings	Unqualified & 3 findings	- 1 (finding)	Consistent effort in key identified areas resulted in improvements
4.1.2 Organisational Performance Score	3 (index score)	3 (index score)	2.3 (index score)	-0.7 (index points)	ECPIA achieved or exceeded 78% of all targets
4.1.3 Financial Maturity Index	N/A	3 (index score)	2.4 (index score)	-0.6 (index points)	Expenditure patterns fluctuated
4.1.4 Legal Compliance	97 %	97 %	97 %	0 %	N/A
4.1.5 Revenue to grants ratio	2/25	1/10	1/7	1/25	Additional grants sourced
4.1.6 Policy compliance index	N/A	3 (index score)	2.4 (index score)	-0.6 (index points)	Related to fluctuating expenditure patterns
4.1.7 Corporate Identity Index	N/A	3 (index score)	1.75 (index score)	-1.25 (index points)	Delays in finalising the policy and recruitment of staff meant no progress was recorded for the first 2 quarters
4.1.8 Corporate Capability Index	N/A	3 (index score)	3 (index score)	0 (index points)	N/A
4.1.9 Accountability Index	N/A	3 (index score)	3 (index score)	0 (index points)	N/A
4.1.10 Carbon footprint	New Baseline	New Baseline	0	Baseline	Move to new head office premises delayed

### 3.4.3 Strategy to overcome areas of under performance

Budget and expenditure planning has been successfully integrated with strategic and operational planning. This will alleviate difficulties with fluctuating expenditure patterns appearing to be at odds with expenditure plans.

The Corporate Communication strategy has been completed. Roll-out began in the third quarter, and systems and processes will continue to strengthen in 2016/17.

<sup>7</sup> The Organisational Sustainability Index is a summative scorecard of performance in respect of the ten related performance indicators, and all related operational indicators



### 3.4.4 Changes to planned targets

No changes to targets were effected during the period under review.

### 3.4.5 Linking performance with budgets

R'000	Expenditure	Original Budget	Adjusted Budget	Expenditure	(Over)/Under
CORPORATE	2014/15	2015/16	2015/16	2015/16	Expenditure
<b>MANAGEMENT SUPPORT</b>					
Goods and Services	39 235	27 883	33 108	79 871	-46 763
Compensation of Employees	19 361	23 898	24 001	27 978	-3 977
Capital Expenditure	186	3 846	6 482	5 932	550
<b>Total</b>	<b>58 782</b>	<b>55 627</b>	<b>63 591</b>	<b>113 781</b>	<b>-50 190</b>

## 4 Revenue collection

Sources of revenue	2014/2015			2015/2016		
	Estimate	Actual	(Over)/Under Collection	Estimate	Actual	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of Goods	8 825	10 637	-1 812	16 521	16 050	471
Rendering of services	223	879	-656	260	980	-720
Accommodation revenue	4 700	4 393	307	4 570	5 207	-637
Rental Income	972	1 236	-264	1 026	1 180	-154
Other Income	2 275	2 839	-564	12 421	1 176	1 556
Finance Income	1 545	1 518	27	344	2 389	-2 045
Actuarial Gains	-	-	-	-	1 157	-1 157
Non-exchange transactions	226 649	229 974	-3 325	209 746	255 020	-35 585
<b>Total</b>	<b>245 189</b>	<b>251 476</b>	<b>-6 287</b>	<b>244 888</b>	<b>283 159</b>	<b>-38 271</b>

## 5 Capital Investment

### 5.1 Progress on the capital, investment and asset management plan

Various Capital projects have been done during the 2015/16 financial year. These projects range from construction of a new conference centre at Cape Morgan Nature Reserve, Fence line upgrades at various reserves, Construction and upgrade of Bomas, Upgrade to existing abattoirs, repairs and maintenance of existing structures as per the OHS report, solar power and renewable energy installation, gravel roads rehabilitation.

#### 5.1.1 Infrastructure projects completed in the current year

The following were projects completed during the 2015/16 financial year

Project Name	Project Value (R)
Extension of a Rhino Boma at Thomas Baines Nature Reserve	408 531
Upgrade of Buffalo Boma at Great Fish River Nature Reserve	403 577
Repairs and Renovations of Office Block and Staff Accommodation at Formosa Nature Reserve	305 079
Renovations of Mbabala Lodge at Great Fish Nature Reserve	133 378
Completion of an Incomplete Ablution Facility at Nduli NR	121 136
Repairs and Renovations of Mpofu Lodge at Mpofu NR	421 729
Supply of Herbicide equipment for spraying of fence line at Great Fish River Nature Reserve	136 686
Additional Fencing Materials for Groendal Nature Reserve	118 416
Electrification of an existing fence at Great Fish River Nature Reserve	674 880
Legal advice re: Construction of a New Conference Centre at Cape Morgan Nature Reserve	72 951
Professional Services for the Dwesa Chalets	149 115
Installation of built-in cupboards at Mpofu Lodge and Staff Houses in Mpofu Nature Reserve	186 304
Renovations of an Environmental Education Centre at Hluleka Nature Reserve	112 805
Renovations to Harris Hut at Fort Fordyce Nature Reserve	183 272
Renovations to Thibet Park Lodge and Installation of 2 Septic Tanks at Tsolwana Nature Reserve	348 631
Renovations to Maqoma Hut at Fort Fordyce Nature Reserve	165 591
Supply and delivery of appliances to various reserves	324 758

#### 5.1.2 Infrastructure projects that are currently in progress

Project Name	Project Value (R)	Completion Date
Construction of a new conference centre at Cape Morgan Nature Reserve	14 288 444	15/06/2016
Construction of a new Buffalo Boma at Tsolwana NR	1 999 674	30/06/2016
Construction of a new Buffalo Boma at Great Fish NR	2 087 910	30/06/2016
Renovations to Loeries Rest at Fort Fordyce Nature Reserve	1 054 90	30/06/2016
Installation of a new solar energy system at Mpofu Nature Reserve	999 785	30/06/2016
Installation of three new off grid Twerly® Street Lights at Ongeluksnek Nature Reserve	444 030	30/06/2016
Installation of a new solar energy system at Ongeluksnek Nature Reserve	486 8278	30/04/2016
Construction of New River Crossings at Great Fish River Nature Reserve	542 110	30/06/2016
Project Management Services for Infrastructure projects within ECPTA Nature Reserves	1 418 160	30/06/2016



### 5.1.3 Plans to close down or down-grade any current facilities

No plans to close down or down-grade any current facilities at present.

### 5.1.4 Progress made on the maintenance of infrastructure

Per schedule above in line with the Occupational Health and Safety (OHS) audit concluded in 2014/15, the Entity has in the past financial year budgeted and prioritized repairs and maintenance on the key revenue generating building structures. The budget is insufficient to deal with the backlog on the maintenance identified by the OHS consultant appointed in the 2013/14 financial year.

More budget is required to ensure that all buildings meet the minimum OHS requirements. The budget in the 2016/17 financial year will be impacted as there is huge historic backlog on rectifying OHS.

### 5.1.5 Major maintenance projects that have been undertaken during the period under review

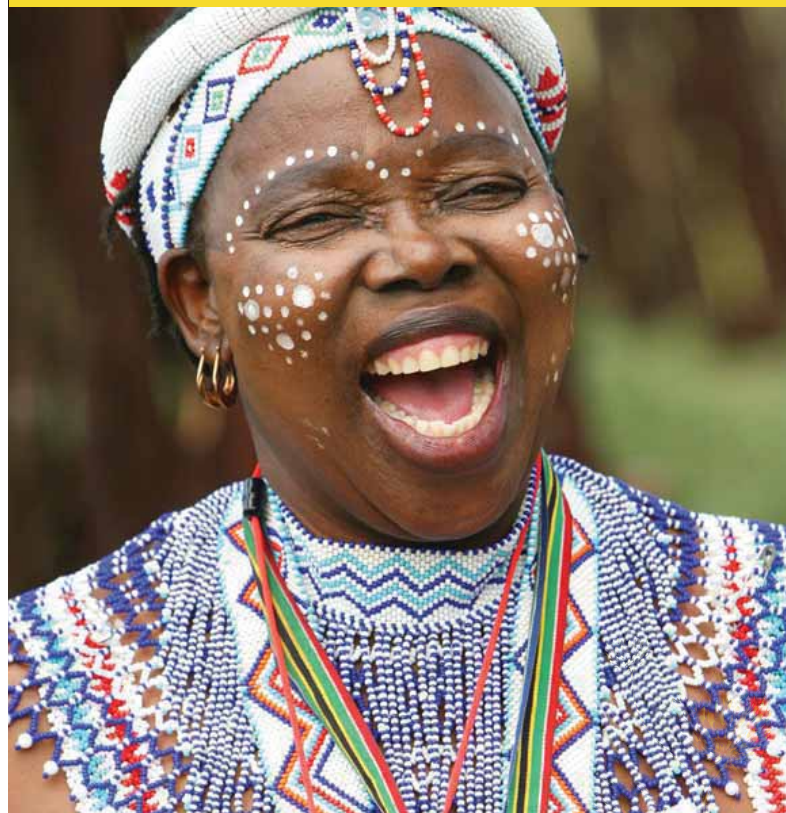
Maintenance projects done during the financial year refer to renovations of building structures etc. The detailed projects are highlighted in the above tables. The maintenance backlog has been reduced. However the budget allocated to the entity is still significantly insufficient to realise tangible impact towards backlog reduction.

### 5.1.6 General asset management

The Agency has purchased assets to the value of R75m (internal purchases R46.2m and donations R28.6m) in the current financial year. Assets to the value of R2.9million was disposed of in the current financial year, including R437 983 on insurance claims. Auctions were held across the various reserves in an effort to reduce the disposal backlog. To further ensure effective disposal is done, a Disposal Committee has been set up by the Entity and disposal reviews will be done on a quarterly basis. The Entity has also committed to conduct two full verification processes across the entire entity. A Standard Operating Procedure (SOP) will be developed in the 2016/17 financial year to further formalise the commitment on the handling of assets.

Condition	Value	Proportion
Excellent	R 89 188 253	11.49%
Fair	R 287 549 745	37.05%
Good	R 35 957 525	4.63%
Poor	R 282 259 707	36.37%
Remove	R 439 907	0.06%
Very good	R 79 676 231	10.27%
Very poor	R 1 023 859	0.13%
	<b>R 776 095 227</b>	





# PART C

GOVERNANCE

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

The Board is composed of at least seven non-executive members with the Chief Executive Officer serving in an ex officio capacity with no voting powers. The Board meets at least quarterly. The Board monitors the performance of the Executive Management by ensuring that all material matters are subject to Board approval and that the mandate of the ECPTA is carried out in an efficient and effective manner. The Executive Management attends Board meetings by invitation.

The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the CEO is a non-executive member of the Board. The Chairperson provides leadership and guidance to the Board and encourages proper deliberation of all matters requiring the Board's attention, and obtains optimum input from the other members. All committees of the Board are chaired by non-executive members of the Board with the exception of the Audit Committee which is chaired by an independent person.

## 2 PORTFOLIO COMMITTEES

The Agency engaged with the Portfolio Committee twice during the year. There were no major issues raised during the engagements.

## 3 EXECUTIVE AUTHORITY

The Executive Authority engaged with the Agency through two meetings in the year under review. There were no major issues raised in these meetings.

## 4 THE ACCOUNTING AUTHORITY / BOARD

### 4.1 Introduction

- As a Schedule 3C Public Entity, the ECPTA is governed by a Board of Directors and fulfils the role of accounting authority for the entity.
- The Board is responsible for the appointment of the Executive Management including the Chief Executive officer. It is also responsible for identifying the risk areas and retaining full and effective control over the strategic operations of the Agency.

### 4.2 The role of the Board is as follows:

The fiduciary duties and general responsibilities of the Accounting Authority are prescribed by Sections 50 and 51 the PFMA. The ECPTA is managed by the Board of Directors that provide strategic direction to the Agency. The Board of Directors further ensures that its obligations in terms of the relevant legislation, including the PFMA, are effectively discharged.

### 4.3 Board Charter

The ECPTA Board of Directors adopted a Board Charter that outlines the roles and responsibilities of the Directors of the Board. The ECPTA Board of Directors has complied with the Board Charter by holding its board meetings and declaring an interest in each and every board meeting.





## 4.4 Composition of the Board

The ECP&T Board of Directors is composed of seven Non-Executive Directors which are listed below.

Name	Designation (in Terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings attended including Special B/M and teleconferences
Ms V Zizumane	Chairperson of the Board	1 June 2012* reappointed 1 December 2015	N/A	B.Juris, BA (Honours in Developmental Studies) (Cum Laude) and Masters in Business Administration (MBA)	Tourism	Total Client Services and Joe Gqabi Development Agency	N/A	9
Mr F Makhwane	Deputy Chairperson	1 June 2012	Term ended on 30 November 2015	BSC, BSC (Honours), and MISC	Finance	N/A	N/A	7
Mr S Mgijell	Deputy Chairperson of the Board, Chair person of HR&R committee	1 June 2012* reappointed 1 December 2015	N/A	BA and LLB	Labour Relations	AIF Attorney Insurance indemnity fund	N/A	2
Dr A Muir	Chairperson of the Biodiversity committee	1 June 2012* reappointed 1 December 2015	N/A	Master of environment and development	Biodiversity	The Wilderness Action Group, Open Africa, International Council of National Parks, International Conservation Caucus Foundation, Nelson Mandela Metropolitan University Business School	N/A	7
Ms T Tsengwe	Chairperson of the Destination Tourism committee	1 June 2012* reappointed 1 December 2015	N/A	Bachelor of Journalism, Masters in Business Administration (MBA)	Tourism and Marketing	N/A	N/A	7
Mr S Hume	Member of EXCO	18 February 2015* reappointed 1 December 2015	N/A	Bachelor of Philosophy (BPhil), LLB, Bachelor of Arts (BA), Higher Diploma in Business Management	Representing the Public	N/A	N/A	6
Ms M Mame	Member of the Destination Tourism and HR&R committees	1 June 2012* reappointed 1 December 2015	N/A	B.Com (Honours) and Master of Business Management (MBA)	Representing the Shareholder	N/A	N/A	6
Ms P Yako	Chairperson of Finance & Investment committee	1 December 2015	N/A	Masters of Business Leadership (MBL), Diploma in Labour Law and B.Com	Finance	N/A	N/A	2



## 4.5 Committees

The Accounting Authority established seven subcommittees to execute its strategic functions.

### 4.5.1 Human Resources & Remuneration Committee

This Committee was established by the Board with three Non-Executive Directors. Mr Mgxaji is Chairperson and Mmes Tsengiwe and Mama serve as members together with relevant members of Executive Management. The Committee operates according to terms of reference approved by the Board. This committee attends to matters concerning the Human Resource policies and practices of the ECPTA, performance management and remuneration.

#### 4.5.1.1 Meetings of the Human Resources and Remuneration Committee

No.	Names	Total
	Total number of meetings	4
1.	Mr Mgxaji	4
2.	Ms Mama	3
3.	Ms Tsengiwe	2

### 4.5.2 Finance and Investment Committee

This committee was established by the Board with three Non-Executive Directors. Ms Yako replaced Mr Makiwane as Chairperson and Messrs Ncume and Muir are members together with relevant members of the Executive Management. This Committee operates according to terms of reference approved by the Board. In addition to providing an important deliberative forum for the Board and Executive Management, it advises the Board on all material and significant financial matters presented by the Executive Management, either as directed by the Board or on the Executive Management's initiative.

#### 4.5.2.1 Meetings of the Finance and Investment Committee

No.	Names	Total
	Total number of meetings	4
1.	Mr Makiwane	2
2.	Mr Muir	5
3.	Mr Ncume	5
4.	Ms Yako	2

### 4.5.3 Audit Committee

In compliance with section 27 of the National Treasury Regulations, the Board has established an Audit Committee comprising of three independent members namely: Ms T Mahlati, as Chairperson and Mr Z Fihlani and Mr C Sparg as members.

The Audit Committee operates under a Charter which has been approved by the Board. The primary responsibility of the Audit Committee is to report and make recommendations to the Board on the effectiveness of corporate governance internal controls and risk management within the ECPTA, oversee the internal Audit function and to comment on and evaluate the annual financial statements of the ECPTA. The Chairperson of the Audit Committee attends Board Meetings by invitation.

#### 4.5.3.1 Meetings of the Audit Committee

No.	Names	Total
	<b>Total number of meetings</b>	<b>5</b>
1.	Ms Mahlali	5
2.	Mr Fihlani	4
3.	Mr Coovadia	1
4.	Mr Sparg	5

#### 4.5.4 Biodiversity Conservation Committee

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

##### 4.5.4.1 Meetings of the Biodiversity Conservation Committee

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Mr Muir	4
2.	Mr Makiwane	3
3.	Mr Ncume	3

#### 4.5.5 Destination Tourism

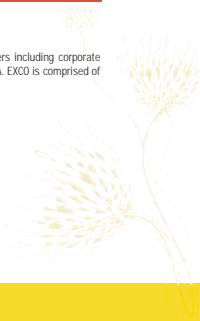
This committee, established by the Board, comprises three Non-Executive Directors namely Ms T Tsengwe (Chairperson), Ms M Mama and Mr S. Mgxaji, as well as relevant members of the Executive Management. This committee was established to strengthen the revenue generating capacity of the ECPTA by focusing on maximizing the use of its eco-tourism facilities. The key focus areas of the committee for the year under review were the implementation of the approved marketing strategies, identifying additional funding streams and maximizing the utilisation and returns from eco-tourism facilities.

##### 4.5.5.1 Meetings of the Destination Tourism Committee

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Ms Tsengwe	4
2.	Ms Mama	3
3.	Mr Mgxaji	2

#### 4.5.6 Executive Committee (EXCO)

The EXCO is a standing committee of the Board, with the responsibility to ensure that strategic matters including corporate governance and risk management principles are implemented by the Executive Management of the ECPTA. EXCO is comprised of Ms V. Zitumane as Chairperson and Mr S. Ncume as a member.



#### 4.5.7 Remuneration of Board Members

The ECPTA Board of Directors is remunerated according to its Subsistence and Travel Policy which was approved by the MEC. Their remuneration details are included in the Annual Financial Statements for the year ended 31 March 2015.

## 5 RISK MANAGEMENT

The Agency's Risk Management Policy, which was originally approved in August 2011, was updated in November 2014. The accompanying Risk Management Framework was also updated, providing a refreshed reporting module for strategic risks.

Strategic Risks were assessed by Management on a quarterly basis, and reports submitted to the Audit and Risk Committee for input and guidance. A number of risks are deemed to have matured, and can be operationalised, while new risks have emerged as a result of the new strategic direction adopted by the Agency. A thoroughgoing review of strategic and departmental risks is planned for the first quarter of the new financial year.

In terms of the Risk Management Policy, the Risk Management Committee advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.

The Agency commissioned a Risk Management Maturity Assessment for the first time in 2015/16. The assessment provides a baseline with regards to management practices to enhance the reliability, consistency and efficacy of risk management across ECPTA. On a scale of 0 – 6 (least to most mature), ECPTA was assessed at a Level 4. Areas flagged for attention will inform the content of the 2016/17 Risk Management Strategy.

## 6 INTERNAL CONTROL UNIT

During the year under review, the Internal Control unit's work included the following activities:

- Monitoring compliance on the approved Internal Audit Plan.
- Follow-ups on recommendations as per Internal Audit Plan and Internal Audit Reports 2015/16 Financial Year
- Ensure efficient and effective audit of the entire organization by Auditor General
- Prepare Monthly/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 Purchase Auditors
- Prepare Quarterly Dashboard Report
- Prepare Quarterly PFMA and NTR Checklist
- Prepare Electronic Audit Readiness File for 2015/16 Annual AG Audit
- 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 programmes;
  - The economical and efficient use of resources;
  - The reliability and integrity of financial and non-financial information;
  - Compliance with relevant policies, procedures, laws and regulations; and
  - Safeguarding of assets.
- The responsibility of the Internal Audit Function is to conduct activities in accordance with the Institute of Internal Auditors Code of Ethics and the Standards for the Professional Practice of Internal Auditing.
- Internal audit performs the following functions:
  - Evaluating the ECPTA's governance processes including ethics, especially the "tone at the top";

- Performing an objective assessment of the effectiveness of risk management and internal controls; and
- Systematically analysing and evaluating business processes and associated controls.
- The Audit and Risk Committee's main objective and purpose is to assist the Board to discharge and fulfil its oversight responsibilities
- In carrying out its duties and responsibilities, the Audit and Risk Committee shall include the review of items highlighted by internal auditors and the external auditors in order to provide the necessary assistance to the CEO and the Board on the following:
  - Internal control
  - Financial statements
  - Internal Audit
  - External Audit
  - Risk Management
  - ITC operations

## 7.1 Audit Committee Members

In compliance with section 27 of the National Treasury Regulations, the Board has established an Audit Committee comprising of three independent members namely: Ms T Mahlati, as Chairperson and Mr Z Fihlani and Mr C Sparg as members.

The Audit Committee operates under a Charter which has been approved by the Board. The primary responsibility of the Audit Committee is to report and make recommendations to the Board on the effectiveness of corporate governance internal controls and risk management within the ECPTA, oversee the internal Audit function and to comment on and evaluate the annual financial statements of the ECPTA. The Chairperson of the Audit Committee attends Board Meetings by invitation.

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Thobeka Mahlati	BComm, BCompt Hons, M.Comm, CA(SA)	External	N/A	1 April 2014	N/A	5
Zola Fihlani	BComm, BCom Hons, M.Comm, CA(SA)	External	N/A	1 April 2014	N/A	4
Dawood Coovadia	BCompt Hon, CA(SA)	External	N/A	1 April 2014	1 June 2015	1
Craig Sparg	BCom&CTA, CA(SA)	External	N/A	1 April 2015	N/A	5

## 8 COMPLIANCE WITH LAWS AND REGULATIONS

The ECPTA strives to comply with all relevant laws and as such has adopted a compliance tool with which to track compliance.

## 9 FRAUD AND CORRUPTION

Fraud is intentional misrepresentation which causes prejudice to another. i.e. 1 individual deceives another to obtain something not legally due. Illegal Act characterised by deceit, concealment, violation of trust.

**ECPTA adopts a zero tolerance stance towards fraud and corruption.**

ECPTA Fraud Prevention Policy was approved in November 2014 and Fraud Prevention Plan has been developed. Deloitte is the service provider appointed for the provision of ethics and fraud hotline and will monitor the fraud hotline reports. *Fraud and Ethics Hotline* launch workshops have been conducted at Head Office and all Regional Offices.

## 10 MINIMISING CONFLICT OF INTEREST

The Board of Directors are required to declare their annual interests and also declare their interests in each and every board meeting. All employees on level 8 and above are required to declare their interests by completing the annual declaration of interest forms. Employees at lower levels are also encouraged to declare their interests as well.

## 11 CODE OF CONDUCT

The ECPTA subscribes to a Code of Ethics which it adopted.

## 12 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The ECPTA has established an accident prevention programme within its operations thereby ensuring compliance to the requirements of the Occupational Health and Safety (OHS) Act 85 of 1993 and other related legislation.

Reflected below are initiatives undertaken in the year under review:

- Legal appointments have been done
- OHS committees are in place
- OHS Standards are in place
- Safe Operating Procedures are in place
- Corporate policies including OHS policy are in place
- Risk Assessment done and controls in place
- Injury on duty investigation and prevention measures are followed.

## 13 COMPANY /BOARD SECRETARY

The Board is assisted by Xoliswa Mapoma, the Board Secretary in the execution of its fiduciary duties.

## 14 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

### 14.1 Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 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, except that we have not reviewed changes in accounting policies and practices.

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

- Compliance with laws and regulations
- Review of ethics
- Q1, Q2, Q3 and Q4 performance information
- Supply chain management
- Property Plant and Equipment
- Follow up on A-G and Internal Audit findings (audit turnaround plan)
- High level review of interim/half yearly financial statements
- Annual financial statements review
- Risk Maturity

- Annual performance

The following were areas of concern:

- Performance Information

Supporting evidence provided not agreeing to actual reported performance

- Asset Management

Lack of updating asset register

- Revenue Management

No procedure manual in place to describe the system description for revenue management (collection, recording and reconciliation of revenue)

- Supply Chain Management
  - Weaknesses noted on payment of suppliers
  - Weaknesses noted on appointment of service provider

### 14.3 In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority.

### 14.4 Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

### 14.5 Auditor's Report

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

- Performance Information

Inconsistencies between actual reported and supporting evidence submitted

- Revenue
  - Inadequate system description for revenue management
  - No accommodation tariffs for outer year bookings
  - Process for the sale of animal skin not documented

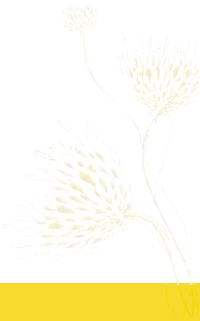
- Asset Management

Inadequacies noted on Asset Register/ Asset register not regularly updated

The Audit 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.



Ms T Mankati  
Chairperson of the Audit Committee  
ECPTA  
22 July 2016









# PART D

## HUMAN RESOURCE MANAGEMENT

## 1 INTRODUCTION

The realignment of the macro organisational structure in line with the revised strategy was approved for implementation on 1 April 2015 which aimed to address the lingering challenges among leadership and management with respect to team unity and integration following the merger.

Phase 2 followed thereafter with all jobs having been analysed, profiled and reviewed accordingly. The implementation of the outcomes of this process is scheduled to be concluded in the first-quarter of 2016/17. The delay in Head Office employees moving into one building has impeded the development of a unified ECPTA culture.

The key focus areas for the year under review were continued empowerment and capacitation of employees with the purpose of creating a unified ECPTA culture. Investment was made into programmes which sought to empower management and staff around issues of dealing with change and the rights of employees and the employer.

A comprehensive Change management programme was developed and implemented from November 2015 of which 119 employees attended a two day workshop dealing with change. Managers and supervisors attended training programmes on how to manage incapacity due to ill health. The following new initiatives were undertaken for the first time within the Agency: Men's empowerment programme to empower men to deal with issues was undertaken in the three regions, Africa Day celebration at Head Office and Heritage Day celebrations at Head Office as well as the three regions – all these were done with the purpose to enhance the team spirit within the Agency. A team building session was undertaken at Head Office during the year under review. Women's month celebration was undertaken in August where women from the different regions and Head Office were recognised for their contribution to the Agency. Financial wellness, alcohol and health awareness sessions were offered in identified reserves. Wellness days were held at Head Office and in the Western Region with the World Aid's day being held in Silaka for Marine and Coastal Cluster staff and at Head Office.

A total of 41 (8%) appointments were made during the year under review largely attributed to natural attrition. The majority of these appointees were drawn from communities bordering ECPTA reserves. A further 6 (1%) employees were appointed into higher level positions within the ECPTA. The three vacancies at Executive Management level were filled which has resulted in leadership stability. Staff turnover at year end was 6% compared to 10% in the previous year with 50% of terminations due to resignations and 18% due to early/retirement.

95% of the 18/19 targeted Work Place Skills Plan training interventions were undertaken. Employee's occupied 558 training slots with 36 community members also undergoing training around community based natural resource management during the year under review. A coaching and mentoring programme for nature conservators and their reserve management mentors was successfully concluded as part of the succession planning initiative to develop in-house management capability. Furthermore 10 employees underwent the Advanced Leadership Development programme with NMMU which focused on first level supervisors and above. Additional to this was the securing of R891 000 funding from CATHSSETA for 31 work integrated learners (tourism) and 5 conservation bursars.

All HCM polices underwent review during the year and 3 that required amendment were approved in November 2015.

A staff satisfaction survey was concluded in February 2016. Satisfaction levels improved slightly by 2% from 77% in 2015 to 79% in 2016.

A priority for 2016/17 is to implement phase 2 of the organisational redesign and to ensure that the move to the new Head Office premises is undertaken smoothly. Furthermore that the Change Management programme continue so as to enhance productivity and establish a unified ECPTA culture.



## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### 2.1.1 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)
Marketing	32 929	8 572	3	19	451
Operations	136 449	82 526	29	419	197
Corporate Management Services	113 781	27 978	10	52	538
<b>TOTAL</b>	<b>283 159</b>	<b>119 076</b>	<b>42</b>	<b>490</b>	<b>243</b>

### 2.1.2 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)
Top Management (Levels E1-E3)	7 358	6.2	5	1 472
Senior Management (Levels D1-D4)	27 620	23.2	31	891
Professional qualified (Levels C3-C5)	12 263	10.3	32	383
Skilled (Levels C1-C2)	16 320	13.7	54	302
Semi-skilled (Levels B1-B5)	35 987	30.2	217	166
Unskilled (Levels A1-A3)	19 528	16.4	151	129
<b>TOTAL</b>	<b>119 076</b>	<b>100</b>	<b>490</b>	<b>243</b>

### 2.1.3 Rewards for personnel per level as per Performance Management Policy

Programme/activity/objective	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management (Levels E1-E3)	821	7 358	0.69
Senior Management (Levels D1-D4)	3 193	27 620	2.68
Professional qualified (Levels C3-C5)	686	12 263	0.57
Skilled (Levels C1-C2)	923	16 320	0.77
Semi-skilled (Levels B1-B5)	856	35 987	0.71
Unskilled (Levels A1-A3)	422	19 528	0.35
<b>TOTAL</b>	<b>6 902</b>	<b>119 076</b>	<b>5.79</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
Marketing	8 572				
Operations	82 526				
Corporate Management Services	27 978				
<b>TOTAL</b>	<b>119 076</b>	<b>2 573</b>	<b>2.16</b>	<b>334</b>	<b>7 704</b>

## 2.1.5 a) Employment and vacancies

Programme/activity/objective	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	Vacancy Rate	No. of Staff Additional to Establishment
Marketing	15	22	19	3	0.6	0
Operations	418	451	419	35	6.6	3
Corporate Management Services	44	53	52	4	0.8	3
<b>TOTAL</b>	<b>477</b>	<b>526</b>	<b>490</b>	<b>42</b>	<b>8.0</b>	<b>6</b>

## 2.1.5 b) Employment and Vacancies

Programme / activity / objective	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	Vacancy Rate	No. of Staff Additional to Establishment
Top Management (Levels E1-E3)	2	5	5	0	0	0
Senior Management (Levels D1-D4)	33	40	31	9	1.7	0
Professional qualified (Levels C3-C5)	27	33	32	1	0.2	0
Skilled (Levels C1-C2)	54	68	54	14	2.6	0
Semi-skilled (Levels B1-B5)	213	230	217	13	2.5	0
Unskilled (Levels A1-A3)	148	150	151	5	1.0	6
<b>TOTAL</b>	<b>477</b>	<b>526</b>	<b>490</b>	<b>42</b>	<b>8.0</b>	<b>6</b>

Most vacancies are the result natural attrition. Six internal appointments were made in 2015/16. During the year under review, it took an average of 30 working days to fill vacancies.



## 2.1.6 Employment changes

Turnover rates provide an indication of trends in employment profile of the public entity.

Salary Band	Employment at beginning of period April 2015	Appointments	Terminations	Employment at end of the period
Top Management (Levels E1-E3)	2	3	0	5
Senior Management (Levels D1-D4)	33	0	2	31
Professional qualified (Levels C3-C5)	27	3	2	32
Skilled (Levels C1-C2)	54	8	6	54
Semi-skilled (Levels B1-B5)	213	16	11	217
Unskilled (Levels A1-A3)	148	11	7	151
<b>TOTAL</b>	<b>477</b>	<b>41</b>	<b>28</b>	<b>490</b>

Note: The above indicates appointments into the ECPTA noting that 6 internal appointments (promotions) are excluded from above.

## 2.1.7 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	4	14
Resignation	14	50
Dismissal due to misconduct	4	14
Retirement/Early	5	18
Ill health – Incapacity Dismissal	0	0
Expiry of contract	0	0
Other (Termination Agreement)	1	4
<b>TOTAL</b>	<b>28</b>	<b>100%</b>

From this table it can be noted that 50% of the terminations were due to resignation and 18% due to early/retirement. The resignations have largely been due to alternative job opportunities.

## 2.1.8 Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Counselling	2
Verbal Warning	3
Written Warning	4
Final Written warning	22
Sanction without pay	1
Ill health – Incapacity Dismissal	0
Dismissal (Incl. 4 EPWP casuals)	8
Not guilty	0
Other :	0
<b>TOTAL</b>	<b>40</b>

The impact of management having received training on disciplinary processes can be seen as progressive discipline has been consistently applied.



### 2.1.9 Equity Target and Employment Equity Status

There are no major variances between "Actual" and "Target" since the ECPTA has aggressively pursued a transformation agenda. There has been a specific focus on females since the Agency was male dominated when it was established in 2010. There is an overall 9.8% improvement over the past five years.

#### 2.1.9 a) Equity Target and Employment Equity Status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management (Levels E1-E3)	1	2	0	1	0	0	1	0
Senior Management (Levels D1-D4)	13	16	0	2	0	2	4	0
Professional qualified (Levels C3-C5)	8	11	1	2	0	0	4	2
Skilled (Levels C1-C2)	18	20	1	2	0	0	4	3
Semi-skilled (Levels B1-B5)	128	84	15	13	0	1	0	13
Unskilled (Levels A1-A3)	64	60	14	9	0	1	0	9
<b>TOTAL</b>	<b>232</b>	<b>193</b>	<b>31</b>	<b>29</b>	<b>0</b>	<b>4</b>	<b>13</b>	<b>27</b>
<b>TOTAL % OF OVERALL STAFF COMPLIMENT</b>	<b>47.3</b>	<b>39.3</b>	<b>6.3</b>	<b>5.9</b>	<b>0.0</b>	<b>0.8</b>	<b>2.7</b>	<b>5.6</b>



## 2.1.9 b) Equity Target and Employment Equity Status

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management (Levels E1-E3)	2	2	0	0	0	0	1	1
Senior Management (Levels D1-D4)	10	15	0	2	1	1	3	2
Professional qualified (Levels C3-C5)	14	11	2	2	0	0	3	1
Skilled (Levels C1-C2)	25	19	4	3	0	0	2	2
Semi-skilled (Levels B1-B5)	65	82	9	10	0	1	0	11
Unskilled (Levels A1-A3)	66	57	7	6	0	1	0	8
<b>TOTAL</b>	<b>182</b>	<b>186</b>	<b>22</b>	<b>23</b>	<b>1</b>	<b>3</b>	<b>9</b>	<b>25</b>
<b>TOTAL % OF OVERALL STAFF COMPLEMENT</b>	<b>37.1</b>	<b>37.9</b>	<b>4.5</b>	<b>4.8</b>	<b>0.2</b>	<b>0.6</b>	<b>1.8</b>	<b>5.1</b>

## 2.1.9 c) Equity Target and Employment Equity Status

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management (Levels E1-E3)	0	0	0	0
Senior Management (Levels D1-D4)	0	0	0	0
Professional qualified (Levels C3-C5)	0	0	0	0
Skilled (Levels C1-C2)	1	2	0	4
Semi-skilled (Levels B1-B5)	0	2	0	4
Unskilled (Levels A1-A3)	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>8</b>
<b>TOTAL % OF OVERALL STAFF COMPLEMENT</b>	<b>0.2</b>	<b>0.8</b>	<b>0.0</b>	<b>1.7</b>

Due to nature of the Agency and requirement that majority of staff as field workers should be physically fit to be able to undertake walking etc. over difficult terrain and in all weather conditions the target going forward will be reviewed downwards.









# PART E

## FINANCIAL INFORMATION



Eastern Cape Parks and Tourism Agency  
Annual Financial Statements  
for the year ended 31 March 2016



Country of incorporation and domicile	South Africa
Legal form of entity	Schedule 3C Public Entity in terms of the Public Finance & Management Act (Act No. 1 of 1999)
Nature of business and principal activities	Biodiversity Conservation and Tourism Management
Accounting Authority	Ms V Zitumane * Mr F Makiwane ** Mr S F W Ncume * Ms M Mama * Dr A Muir * Ms T Tsengwe * Mr S Mgxaji * Ms P Yako ***
Registered office	6 St Marks Road Southernwood East London 5213
Postal address	P.O. Box 11235 Southernwood East London 5213
Auditors	Office of the Auditor General
Website	<a href="http://www.visiteasterncape.co.za">www.visiteasterncape.co.za</a>

\* Re-appointed on 01 December 2015

\*\* Term ended on 30 December 2015

\*\*\* Appointed on 01 December 2015



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

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

Index	Page
Accounting Authority's Responsibilities and Approval	83
Report of the Auditor General	84
Statement of Financial Position	87
Statement of Financial Performance	88
Statement of Changes in Net Assets	89
Cash Flow Statement	90
Statement of Comparison of Budget and Actual Amounts	91
Accounting Policies	92
Notes to the Annual Financial Statements	115

### Abbreviations

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



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Authority Responsibility and Approval

---

The Accounting Authority (The Board) is 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 Board 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 Board 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 Board to meet these responsibilities, the Board 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 Board is 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 Board has reviewed the entity's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 87 to 149, which have been prepared on the going concern basis, were approved by the Board on 27 May 2016 and were signed on its behalf by:



Ms V Zitumane  
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 financial statements Introduction

1. I have audited the financial statements of the Eastern Cape Parks and Tourism Agency set out on pages 83 to 145, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as 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.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. 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 2016 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

### Emphasis of matters

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

**Significant uncertainty**

8. With reference to note 36 of the financial statements the entity is a defendant in various claims for damages, but the entity is opposing these claims. The ultimate outcome of the matters cannot be determined currently and no provision for any liability that may result has been made in the financial statements.

**Restatement of corresponding figures**

9. As disclosed in note 44 of the financial statements the corresponding figures for 31 March 2015 have been restated as a result of the errors identified during the current financial year in the financial statements of the agency.

**Report on other legal and regulatory requirements**

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

**Predetermined objectives**

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the agency for the year ended 31 March 2016:
  - Programme 2: Destination tourism on pages 38 to 45
  - Programme 3: Operations on pages 46 to 54
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPP)*.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - Programme 2: Destination Tourism
  - Programme 3: Operations.

**Additional matters**

15. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

**Achievement of planned targets**

16. Refer to the annual performance report on pages 24 to 60 for information on the achievement of the planned targets for the year.



#### Compliance with legislation

17. I performed procedures to obtain evidence that the agency had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

#### Internal control

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

East London  
29 July 2016





**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Statement of Financial Position as at 31 March 2016**

Figures in Rand ('thousand)	Note(s)	2016 R'000	2015 R'000 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	1,477	19
Trade receivables	3	218	863
Other receivables	4	982	1,268
Cash and cash equivalents	5	53,650	40,733
Game held for sale	6	23,658	10,048
		<b>79,985</b>	<b>52,931</b>
<b>Non-Current Assets</b>			
Intangible assets	7	612	838
Property, plant and equipment	8	311,117	313,356
Service concession assets	9	28,369	-
Heritage assets	10	22,991	22,991
Investment property	11	6,296	6,425
Infrastructure - work in progress	12	15,326	11,511
		<b>384,711</b>	<b>355,121</b>
<b>Total Assets</b>		<b>464,696</b>	<b>408,052</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	13	519	506
Trade payables	14	17,332	13,255
Employee related payables	15	8,974	7,566
Poverty alleviation projects	16	5,737	1,473
Provisions	17	8,395	7,950
Deferred revenue - game held for sale	18	23,658	10,048
Unspent conditional grants and receipts	19	19,853	20,166
		<b>84,468</b>	<b>60,964</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	13	45	564
Employee benefit obligation	20	24,208	22,587
		<b>24,253</b>	<b>23,151</b>
<b>Total Liabilities</b>		<b>108,721</b>	<b>84,115</b>
<b>Net Assets</b>		<b>355,975</b>	<b>323,937</b>
Capitalisation reserve		39,304	39,304
Accumulated surplus		316,671	284,633
<b>Total Net Assets</b>		<b>355,975</b>	<b>323,937</b>

The accounting policies on pages 92 to 114 and the notes on pages 115 to 149 form an integral part of the annual financial statements

\*See Note 44

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Statement of Financial Performance**

Figures in Rand (thousand)	Note(s)	2016 R'000	2015 R'000 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	21	16,050	10,637
Rendering of services	22	980	879
Accommodation revenue	23	5,207	4,393
Rental income		1,180	1,236
Other income	24	1,176	2,716
Finance income	25	2,389	1,518
Actuarial gains	20	1,157	-
<b>Total revenue from exchange transactions</b>		<b>28,139</b>	<b>21,379</b>
<b>Revenue from non-exchange transactions</b>			
Grants and subsidies	26	197,273	207,269
Donations received	27	57,736	22,705
Fines, penalties and forfeits		11	123
<b>Total revenue from non-exchange transactions</b>		<b>255,020</b>	<b>230,097</b>
<b>Total revenue</b>		<b>283,159</b>	<b>251,476</b>
<b>Expenditure</b>			
Personnel related costs	28	(119,076)	(112,918)
Depreciation and amortisation	29	(49,227)	(53,376)
Finance costs	30	(2,070)	(551)
Debt Impairment		(45)	(3)
Repairs and maintenance		(6,329)	(10,030)
Actuarial losses	20	-	(17,442)
Loss on disposal of assets		(867)	(1,570)
Operating expenses	31	(73,507)	(84,275)
<b>Total expenditure</b>		<b>(251,121)</b>	<b>(280,165)</b>
<b>Surplus / (deficit) for the year</b>		<b>32,038</b>	<b>(28,689)</b>

The accounting policies on pages 92 to 114 and the notes on pages 115 to 149 form an integral part of the annual financial statements

\*See Note 44

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

Figures in Rand (thousand)	Capitalisation reserve	Accumulated surplus	Total Net Assets
Opening balance as previously reported	39,304	317,970	357,274
Adjustments (note 44)			
Intangible assets	-	49	49
Property, plant and equipment	-	(4,697)	(4,697)
<b>Balance at 01 April 2014 as restated*</b>	<b>39,304</b>	<b>313,322</b>	<b>352,626</b>
Adjustments (note 44)			
• Actuarial gains / (losses)	-	(16,432)	(16,432)
• Depreciation and amortisation	-	20	20
Total changes to deficit for the year	-	(16,412)	(16,412)
Deficit for the year as previously reported	-	(12,277)	(12,277)
Deficit for the year as restated *	-	(28,689)	(28,689)
Opening balance as previously reported	39,304	305,693	344,997
Adjustments			
Total cumulative prior year adjustments	-	(21,060)	(21,060)
<b>Restated* Balance at 01 April 2015 as restated*</b>	<b>39,304</b>	<b>284,633</b>	<b>323,937</b>
Surplus for the year	-	32,038	32,038
Total changes	-	32,038	32,038
<b>Balance at 31 March 2016</b>	<b>39,304</b>	<b>316,671</b>	<b>355,975</b>

The accounting policies on pages 92 to 114 and the notes on pages 115 to 149 form an integral part of the annual financial statements

\*See Note 44



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Cash Flow Statement**

Figures in Rand (thousand)	Note(s)	2016 R'000	2015 R'000 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		25,490	19,541
Grants and subsidies		196,960	219,561
Finance income		2,389	1,518
		<u>224,839</u>	<u>240,620</u>
<b>Payments</b>			
Employee costs		(114,392)	(112,484)
Suppliers		(77,270)	(100,720)
Finance costs		(2,070)	(551)
		<u>(193,732)</u>	<u>(213,755)</u>
<b>Net cash flows from operating activities</b>	33	<u>31,107</u>	<u>26,865</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(18,248)	(7,558)
Proceeds from sale of property, plant and equipment	8	246	-
Purchase of intangible assets	9	(130)	-
Increase in work in progress		(3,816)	(1,295)
<b>Net cash flows from investing activities</b>		<u>(21,948)</u>	<u>(8,853)</u>
<b>Cash flows from financing activities</b>			
Movement in poverty alleviation projects		4,264	(4,588)
Movement in wild coast project		-	(1,060)
Finance lease liabilities		(506)	990
<b>Net cash flows from financing activities</b>		<u>3,758</u>	<u>(4,658)</u>
<b>Net increase in cash and cash equivalents</b>		<u>12,917</u>	<u>13,354</u>
Cash and cash equivalents at the beginning of the year		40,733	27,379
<b>Cash and cash equivalents at the end of the year</b>	5	<u>53,650</u>	<u>40,733</u>

\*See Note 44

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### 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>Revenue</b>						
Revenue from exchange transactions	19,932	5,725	25,657	28,125	2,468	Note 42
Other grants	-	10,275	10,275	3,879	(6,396)	Note 42
Grants and subsidies	193,081	15,875	208,956	193,081	(15,875)	
<b>Total revenue</b>	<b>213,013</b>	<b>31,875</b>	<b>244,888</b>	<b>225,085</b>	<b>(19,803)</b>	
<b>Expenses</b>						
Compensation of employees	(125,642)	(2,053)	(127,695)	(114,392)	13,303	Note 42
Capital, goods and services	(87,371)	(29,822)	(117,193)	(99,204)	17,989	Note 42
Finance charges	-	-	-	(2,070)	(2,070)	
<b>Total expenditure</b>	<b>(213,013)</b>	<b>(31,875)</b>	<b>(244,888)</b>	<b>(215,666)</b>	<b>29,222</b>	
<b>Surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,419</b>	<b>9,419</b>	
<b>Reconciliation</b>						
<b>Format and classification differences</b>						
Revenue from exchange transactions				25		
Grants and subsidies				313		
Donations received				57,736		
Compensation of employees				(4,684)		
Depreciation and amortisation				(49,227)		
General expenses				18,456		
<b>Actual Amount in the Statement of Financial Performance</b>				<b>32,038</b>		



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

## 1. Presentation of Annual Financial Statements

### Basis of preparation

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

The Annual Financial Statements were authorised for issue by the Board on 27 May 2016.

- **Going concern assumption**  
The Annual Financial Statements have been prepared on a going concern basis.
- **Functional and presentation currency**  
The Annual Financial Statements are presented in South African Rand, which is the entity's functional currency. All financial information presented has been rounded to the nearest thousand.
- **Use of estimates and judgements**  
The preparation of the Annual Financial Statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

- **Basis of measurement**  
The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost except for certain assets and liabilities which are measured at fair value as set out in the accounting policies below. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.
- **Offsetting**  
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.
- **Comparative information**  
When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### Accounting policies

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

## Eastern Cape Parks and Tourism Agency

### Annual Financial Statements for the year ended 31 March 2016

#### Accounting Policies

---

#### 1.1 Revenue from exchange transactions

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

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

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

#### Recognition

##### Sale of goods

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

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

##### Rendering of services

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

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

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

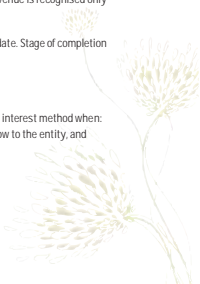
When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

#### Interest

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

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



## Eastern Cape Parks and Tourism Agency

### Annual Financial Statements for the year ended 31 March 2016

#### Accounting Policies

---

#### 1.1 Revenue from exchange transactions (continued)

##### Measurement

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

#### 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.

##### Recognition

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

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

##### Measurement

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

#### 1.3 Game held for sale

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

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



## Eastern Cape Parks and Tourism Agency

### Annual Financial Statements for the year ended 31 March 2016

#### Accounting Policies

---

#### 1.3 Game held for sale (continued)

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.

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

Attaching a reliable "fair value" to all biodiversity not "held for sale" is not possible, for the following reasons: The key drivers for successful biodiversity conservation include scientific management of the entire ecosystem in terms of flora and fauna (from the smallest organism to the largest) as well as the processes that maintain these patterns. It is not possible to place a reliable fair value on all material aspects of biodiversity. Valuing certain animal species without taking into account the contribution of other organisms and other aspects of the ecosystem is not in line with biodiversity conservation principles.

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

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

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

#### 1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

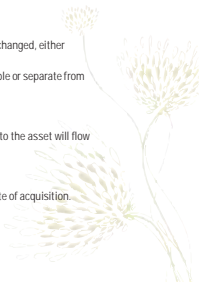
An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

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



**Eastern Cape Parks and Tourism Agency**  
 Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

#### 1.4 Intangible assets (continued)

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

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

Item	Useful life
Computer software licence	3 years

Intangible assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### 1.5 Investment property

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

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

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

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

##### Cost model

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

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

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

#### 1.6 Heritage assets

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

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

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

## Eastern Cape Parks and Tourism Agency

### Annual Financial Statements for the year ended 31 March 2016

#### Accounting Policies

---

#### 1.6 Heritage assets (continued)

Assets that qualify for recognition as heritage assets are initially measured at cost. Where the cost or fair values cannot be measured reliably, the assets are not recognised. Heritage assets are not depreciated as they are considered to have an indefinite useful life due to their environmental significance.

Subsequent to recognition, heritage assets are carried at cost less any accumulated impairment losses. In the case of specialised heritage buildings, the fair value is determined using the replacement cost approach.

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

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

#### 1.7 Property, plant and equipment

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

All property, plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to its working condition for its intended usage.

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

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

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

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

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

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

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

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

The cost of stormwater 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 stormwater and signage is in line with the Department of Cooperative Governance and Traditional Affairs Industry guide to Infrastructure Service Delivery Levels and Unit costs.



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

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

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

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

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

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 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.

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

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

### 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.

## Eastern Cape Parks and Tourism Agency

### Annual Financial Statements for the year ended 31 March 2016

#### Accounting Policies

#### 1.8 Service concession arrangements (continued)

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

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

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

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

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

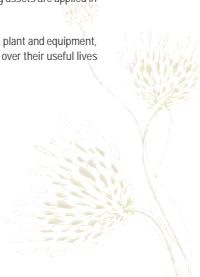
Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services. Where the asset and service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

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

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

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

Item	Average 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



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

## 1.8 Service concession arrangements (continued)

### Service concession liabilities

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

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

A deferred revenue - service concession liability is initially measured at the same amount as the service concession asset adjusted for any additional consideration from the entity to operator or vice versa. Subsequently, the entity recognise revenue and reduce the liability recognised in according to 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 in accordance.

## 1.9 Financial instruments

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

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

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

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

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

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

#### 1.9 Financial Instruments (continued)

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

#### 1.9 Financial instruments (continued)

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

#### Classification

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

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

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

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

#### Initial recognition

The entity recognises a financial asset or a financial 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

#### 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.



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

#### 1.9 Financial Instruments (continued)

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

##### Fair value measurement considerations

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

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

##### Measurement of specific financial instruments

##### Trade and other receivables

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

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

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

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

Bad debts are written off in the year in which they are identified as irrecoverable.

##### Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

#### 1.9 Financial Instruments (continued)

##### Derecognition

##### Financial assets

The entity derecognises a financial asset only when:

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

##### Financial liabilities

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

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

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

#### 1.10 Leases

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

##### Finance leases - lessee

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

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

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

**1.10 Leases (continued)**

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

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

**Operating leases - lessee**

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

**1.11 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:

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



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

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

**Identification**

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

The entity assess 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.

**Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

**Reversal of impairment loss**

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

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

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

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

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

**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, it generates a commercial return.

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

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

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

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

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

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

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

**Identification**

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

The entity assess 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 test 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.

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

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

#### 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 Infrastructure work in progress

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

### 1.15 Employee benefits

#### Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

#### Defined contribution plans

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

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

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

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

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Accounting Policies**

---

### 1.15 Employee benefits (continued)

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.

### 1.16 Provisions, contingent assets and contingent liabilities

#### Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised when:

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

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

#### Contingent liability

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

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

#### Contingent assets

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

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

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

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

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

### 1.17 Borrowing costs

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

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



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

---

#### 1.18 Surrenders to provincial revenue fund

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

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

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

#### 1.19 Deferred revenue

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

#### 1.20 Poverty alleviation projects

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

#### 1.21 Conditional grants and receipts

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

#### 1.22 Capital reserves

Capital reserves consist of:

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

#### 1.23 Cash and cash equivalents

Cash and cash equivalents consist of:

- Cash relating to own revenue and the funds transferred from DEDEAT in respect of the mandate of the ECPTA as defined in the Eastern Cape Parks and Tourism Agency Act (Act 2 of 2010),
- Cash relating to funds transferred from various agencies for specific projects of which the ECPTA has been appointed as the implementing agent.

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



## Eastern Cape Parks and Tourism Agency

### Annual Financial Statements for the year ended 31 March 2016

#### Accounting Policies

---

#### 1.24 Related parties and key management personnel

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

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

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

#### 1.25 Fruitless and wasteful and irregular expenditure

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

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

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

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

#### 1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of the budget; and
- expenditure not in accordance with the purpose of the budget.

All expenditure relating to unauthorised 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.

#### 1.27 Mergers

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

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

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

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

---

#### 1.27 Mergers (continued)

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the entity reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date.

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

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

#### 1.28 Commitments

Commitments relate to outstanding capital and current purchase orders at year end subject to the availability of funds. Commitments are not recognised as a liability in the statement of financial position or as expenditure in the statement of financial performance but are included in the disclosure notes.

#### 1.29 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.

#### 1.30 Segment information

A segment is an activity of an entity:

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

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

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

#### Measurement

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

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

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

#### 1.31 Events after reporting date

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

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

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

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

#### 1.32 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 GRAP standards approved and effective are listed below:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidation and separate financial statements
GRAP 7	Investment in associates
GRAP 8	Investment in joint ventures
GRAP 9	Revenue from exchange transactions
GRAP 10	Financial reporting in hyperinflationary economies
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment property
GRAP 17	Property, plant and equipment
GRAP 18	Segment reporting
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 21	Impairment of Non-cash generating assets
GRAP 23	Revenue from Non exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
GRAP 27	Agriculture (replaces GRAP 101)
GRAP 31	Intangible assets (replaces GRAP 102)



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Accounting Policies

---

#### 1.32 GRAP Standards (continued)

GRAP 100	Non current assets held for sale and discontinued operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

Other applicable standards

IPSAS 20	Related party disclosure
----------	--------------------------

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

The following prescribed standards of GRAP have been issued but are not yet effective as at 31 March 2016.

GRAP 20	Related party disclosure
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents

Management have considered all of the above-mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>2. Inventories</b>		
Maintenance materials	1,444	-
Fuel	33	19
	<b>1,477</b>	<b>19</b>
<b>3. Trade receivables</b>		
Trade debtors	88	170
Operating lease receivables	4	22
Rent receivable	334	921
Impairment allowance	(208)	(250)
	<b>218</b>	<b>863</b>

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

<b>Reconciliation of provision for impairment</b>		
Opening balance	250	264
Provision for impairment	-	1
Amounts written off as uncollectible	(42)	(15)
	<b>208</b>	<b>250</b>

<b>4. Other receivables</b>		
Debts receivables (staff debts)	313	397
Poverty relief projects	280	546
Deposits	444	405
Prepaid expenses	236	279
Impairment allowance	(291)	(359)
	<b>982</b>	<b>1 268</b>
<b>Reconciliation of provision for impairment</b>		
Opening balance	359	360
Provision for impairment	16	2
Amounts written off as uncollectible	(84)	(3)
	<b>291</b>	<b>359</b>



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

**5. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	62	60
Bank balances	47,851	39,200
Other cash and cash equivalents	5,737	1,473
	<u>53,650</u>	<u>40,733</u>

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

The entity's exposure to interest rate risk including risk to its financial assets and liabilities is disclosed in note 38.

**6. Game held for sale**

Game held for sale	<u>23.658</u>	<u>10.048</u>
--------------------	---------------	---------------

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 their fair value less estimated point of sale costs is anticipated to be as follows:

Live game - 492 animals (2015: 401 animals)	17,972	7,915
Hunting game - 720 animals (2015: 550 animals)	2,262	1,124
External culling game - 4 468 animals (2015: 1 105 animals)	2,986	505
Internal culling game - 965 animals (2015: 966 animals)	438	504
	<u>23,658</u>	<u>10,048</u>

The number of animals for off- take (disposal) was approved by The ECPTA Board, and the value of game held for sale varies with the type of species identified for disposal.



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

**7. Intangible assets**

	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying Value	Cost/ Valuation	Accumulated amortisation	Carrying Value
Computer software licences	3,432	(2,820)	612	3,301	(2,463)	838

**Reconciliation of intangible assets - 2016**

	Opening balance	Additions	Amortisation	Total
Computer software licences	838	131	(357)	612

**Reconciliation of intangible assets - 2015**

	Balance as previously reported	Accumulated amortisation restatement	Amortisation as previously reported	Amortisation restatement	Total
Computer software licences	1,728	49	(922)	(17)	838



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

## Notes to the Annual Financial Statements

Figures in Rand (thousand) 2016 2015

## 8. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	160	-	160	160	-	160
Buildings	160,233	(19,844)	140,389	154,683	(15,080)	139,603
Plant and machinery	7,546	(5,540)	2,006	7,389	(4,990)	2,399
Furniture and fixtures	17,008	(11,159)	5,849	17,122	(10,134)	6,988
Motor vehicles	27,522	(15,755)	11,767	19,809	(14,921)	4,888
Office equipment	4,229	(2,781)	1,448	4,060	(2,501)	1,559
IT equipment	10,039	(6,238)	3,801	8,758	(5,201)	3,557
Roads and storm water	364,470	(255,790)	108,680	336,320	(224,710)	111,610
Fencing	62,773	(47,417)	15,356	61,962	(41,765)	20,197
Building attachments	3,281	(2,375)	906	3,181	(2,105)	1,076
Electricity infrastructure	9,756	(4,960)	4,796	9,731	(4,714)	5,017
Sanitation infrastructure	6,329	(2,859)	3,470	6,121	(2,639)	3,482
Water supply infrastructure	22,872	(10,383)	12,489	22,737	(9,917)	12,820
<b>Total</b>	<b>696,218</b>	<b>(385,101)</b>	<b>311,117</b>	<b>652,033</b>	<b>(338,677)</b>	<b>313,356</b>

## Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	160	-	-	-	160
Buildings	139,603	6,315	(689)	(4,840)	140,389
Plant and machinery	2,399	365	(46)	(712)	2,006
Furniture and fixtures	6,988	444	(203)	(1,380)	5,849
Motor vehicles	4,888	8,152	(23)	(1,250)	11,767
Office equipment	1,559	326	(36)	(401)	1,448
IT equipment	3,557	1,967	(23)	(1,700)	3,801
Roads and storm water	111,610	28,149	-	(31,079)	108,680
Fencing	20,197	1,106	(88)	(5,859)	15,356
Building attachments	1,076	117	(5)	(282)	906
Electricity infrastructure	5,017	25	-	(246)	4,796
Sanitation infrastructure	3,482	208	-	(220)	3,470
Water supply infrastructure	12,820	135	-	(466)	12,489
	<b>313,356</b>	<b>47,309</b>	<b>(1,113)</b>	<b>(48,435)</b>	<b>311,117</b>



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)

**8. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2015**

	Balance as previously reported	Cost restatement	Accumulated depreciation restatement	Additions as previously reported	Additions as restatement	Disposals	Depreciation as previously reported	Depreciation restatement	Total
Land	160	-	-	-	-	-	-	-	160
Buildings	133,725	708	(16)	10,584	(10)	(496)	(4,826)	(66)	139,603
Plant and machinery	2,716	107	637	159	8	(3)	(992)	(233)	2,399
Furniture and fixtures	9,299	(42)	13	380	9	(16)	(2,667)	12	6,988
Motor vehicles	7,196	(300)	159	845	-	-	(3,065)	53	4,888
Office equipment	1,849	(552)	530	473	(51)	(4)	(694)	8	1,559
IT equipment	2,173	266	(92)	2,892	10	(294)	(1,334)	(64)	3,557
Roads and stormwater	134,949	(9,812)	3,484	13,723	-	-	(31,150)	416	111,610
Fencing	26,306	-	-	894	-	(757)	(6,246)	-	20,197
Building attachments	1,209	213	(2)	170	34	-	(458)	(90)	1,076
Electricity infrastructure	5,243	-	-	17	-	-	(243)	-	5,017
Sanitation infrastructure	3,552	-	-	126	-	-	(196)	-	3,482
Water supply infrastructure	13,280	-	-	-	-	-	(460)	-	12,820
	<b>341,657</b>	<b>(9,412)</b>	<b>4,13</b>	<b>30,263</b>	<b>-</b>	<b>(1,570)</b>	<b>(52,331)</b>	<b>36</b>	<b>313,356</b>

Included in additions are donated assets of amount R29,061 million (2015: R22,705 million), refer to note 27.

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



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

**9. Service Concession Assets**

	2016			2015		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	18,950	(94)	18,856	-	-	-
Plant and machinery	550	(104)	446	-	-	-
Electricity infrastructure	4,300	(21)	4,279	-	-	-
Sanitation infrastructure	375	(2)	373	-	-	-
Water supply infrastructure	3,001	(18)	2,983	-	-	-
IT equipment	1,021	(41)	980	-	-	-
Office equipment	454	(25)	429	-	-	-
Furniture and fittings	24	(1)	23	-	-	-
<b>Total</b>	<b>28,675</b>	<b>(306)</b>	<b>28,369</b>	-	-	-

**Reconciliation of service concession assets - 2016**

	Opening balance	Additions	Depreciation	Total
Buildings	-	18,950	(94)	18,856
Plant and machinery	-	550	(104)	446
Electricity infrastructure	-	4,300	(21)	4,279
Sanitation infrastructure	-	375	(2)	373
Water supply infrastructure	-	3,001	(18)	2,983
IT equipment	-	1,021	(41)	980
Office equipment	-	454	(25)	429
Furniture and fittings	-	24	(1)	23
	-	<b>28,675</b>	<b>(306)</b>	<b>28,369</b>

Included in additions are donated assets of amount R28,675 million (2015: Rnil), refer to note 27.

**Concession service arrangements**

**Mthatha dam concession**

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

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

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

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

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

**10. Heritage assets**

	2016			2015		
	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 2016**

Land	Opening balance	Total
	22,991	22,991

**Reconciliation of heritage assets 2015**

Land	Opening balance	Total
	22,991	22,991

**Details of heritage assets**

Included in the total heritage assets value of R22,991 million are various parks that were assigned to the former Eastern Cape Parks Board, with estimated area in hectares as listed below. For these 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 not establish either a fair value/deemed cost or 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 value 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:



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Notes to the Annual Financial Statements

Figures in Rand (thousand)	2016	2015
<b>10. Heritage assets (continued)</b>		
<b>Reserve</b>		Estimated area in hectares
Great Fish River Nature Reserve		45,022
- Comprising of Sam Knott and Double Drift Nature Reserves		
- Includes 1,605 hectares with fair value of R5,659 million		
Baviaanskloof Nature Reserve		211,171
- Comprising of Baviaanskloof Wilderness Area, Stinkhoutberg and Cockscomb Nature Reserves		
- Includes 18 160 hectares with fair value of R15 533 million		
Formosa Nature Reserve		25,490
Groendal Nature Reserve		44,877
The Island Nature Reserve		495
Thomas Baines Nature Reserve		2,588
Waters Meeting Nature Reserve		4,217
Tsolwana Nature Reserve		7,796
Mpofu Nature Reserve		10,931
- Includes 827 hectares with fair value of R1 797 million		
Fort Fordyce Nature Reserve		2,970
East London Coast Nature Reserve		3,827
Hamburg Nature Reserve		1,466
Dwesa – Cwebe Nature Reserve		5,529
Hluleka Nature Reserve		4,665
Silaka Nature Reserve		400
Nduli – Luchaba Nature Reserve		518
Mkhambathi Nature Reserve		7,736
Ongeluksnek Nature Reserve		11,540
Oviston Nature Reserve		1,455
Commando Drift Nature Reserve		5,746
		<b>398,439</b>



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

**11. Investment property**

	2016			2015		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	7.100	(804)	6.296	7.100	(675)	6.425

**Reconciliation of investment property - 2016**

	Opening balance	Depreciation	Total
Investment property	6.425	(129)	6.296

**Reconciliation of investment property – 2015**

	Opening balance	Depreciation	Total
Investment property	6.567	(142)	6.425

**Details of property**

Unit 2 Bhisho business village	975	996
Tourism House Phalo avenue	5,321	5,429
	<b>6,296</b>	<b>6,425</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 R1,4 million (31 March 2015: R1,3 million).

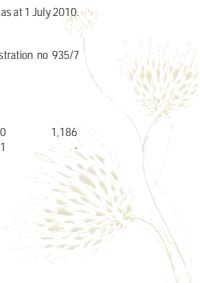
**Tourism House Phalo avenue:**

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 R8 million (31 March 2015: R7,5 million)

**Amounts recognised in surplus and deficit for the year**

Rental revenue from investment property	1,140	1,186
Direct operating expenses from rental generating property	131	-



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>12. Infrastructure - work in progress</b>		
Capital projects	15,326	11,511
Work in progress relates to capital projects in progress at year end.		
Opening balance	11,511	10,215
Additions	11,915	3,146
Transfers to property, plant and equipment	(6,656)	(1,850)
Transfers to inventories	(1,444)	-
	<b>15,326</b>	<b>11,511</b>
<b>13. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	548	581
- in second to fifth year inclusive	46	595
	594	1,176
less: future finance charges	(30)	(106)
<b>Present value of minimum lease payments</b>	<b>564</b>	<b>1,070</b>
<b>Present value of minimum lease payments due</b>		
- within one year	519	506
- in second to fifth year inclusive	45	564
	<b>564</b>	<b>1,070</b>
Non-current liabilities	45	564
Current liabilities	519	506
	<b>564</b>	<b>1,070</b>

The entity has considered the following leases as significant:

- Equipment located at the East London head office is leased from Minolco for a period of three years, with thirteen (13) months remaining at year end. The lease rental for the equipment is R22 thousand per month, with no escalation.
- Equipment located at nature reserve offices is leased from Bytes Document Solutions for a period of three years, with thirteen (13) months remaining at year end. The lease rental for the equipment is R23 thousand per month, with no escalation.



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>14. Trade payables</b>		
Trade creditors	12,709	5,359
Payments received in advance - contract in process	1,335	2,892
Accrued expense trade	3,167	4,546
Operating lease payables	93	93
Other trade payables	28	365
	<b>17,332</b>	<b>13,255</b>

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

Accrued leave pay has been reclassified from trade payables to employee related payables, and other trade payables reclassified from other payables to trade payables, refer to note 44.

**15. Employee related payables**

Salaries and wages	610	-
Accrued leave pay	7,640	6,973
Workmen's compensation	72	-
Medical aid	652	593
	<b>8,974</b>	<b>7,566</b>

The following payables disclosed as other payables in the prior year have been reclassified as employee related payables: salaries and wages, workmen's compensation and medical aid. Accrued leave pay has been reclassified from trade payables to employee related payables, and other trade payables reclassified to trade payables, refer to note 44.

**16. Poverty alleviation projects**

Poverty alleviation projects	<b>5,737</b>	<b>1,473</b>
------------------------------	--------------	--------------

Represents amounts available for poverty relief 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 poverty alleviation initiatives which are funded directly by DEA. The project was initiated in 2005 and to date, funding to the extent of R100,425 million has been received. A separate set of financial records are maintained for this project and a separate independent audit is conducted on an annual basis. These expenses are submitted to DEA and are not consolidated into the records of ECPTA.



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>17. Provisions</b>		
Legal proceedings	425	628
Professional fees	150	-
Performance bonus	7,820	7,322
	<b>8,395</b>	<b>7,950</b>

**Reconciliation of provisions - 2016**

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	628	220	(423)	-	425
Professional fees	-	150	-	-	150
Performance bonus	7,322	7,820	(6,727)	(595)	7,820
	<b>7,950</b>	<b>8,190</b>	<b>(7,150)</b>	<b>(595)</b>	<b>8,395</b>

**Reconciliation of provisions - 2015**

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	-	628	-	-	628
Performance bonus	7,380	9,337	(9,395)	-	7,322
	<b>7,380</b>	<b>9,965</b>	<b>(9,395)</b>	<b>-</b>	<b>7,950</b>

**Legal proceedings provisions**

The provision on legal proceedings represents management's best estimate of the entity's liability on legal costs relating to the following cases: resettlement of people residing on acquired land R200 thousand (2015: R200 thousand), eviction of former employees, R5 thousand (2015: R35 thousand), review applications R220 thousand (2015: R nil), and office accommodation Rnil (2015: R393 thousand). 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 management's full and final settlement offer of R150 thousand on the disputed claim on professional services rendered to the entity. The settlement offer has been rejected and the payment of the amount is dependable on the outcome of the court matter.

**Performance bonus provision**

The provision on performance bonus of R7,820 million (2015: R7,322 million) relates to management's estimate on possible performance payments in terms of the entity's performance management policy. The payments of such bonuses is subject to the availability of funds and dependent on the outcome of performance evaluations which are to be conducted after year end.



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

## Notes to the Annual Financial Statements

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

## 18. Deferred revenue - game held for sale

Game held for sale	23,658	10,048
--------------------	--------	--------

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.

## 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

## Unspent conditional grants and receipts

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)	18,508	18,735
National Department of Tourism	-	250
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA)	871	391
Marine and Coastal Management	222	-
African Wildlife Foundation	252	-
Tourism Enterprise Programme Strategic Partners	-	640
Nelson Mandela Bay Metropolitan Municipality	-	150
	<b>19,853</b>	<b>20,166</b>

Reconciliation of movement in grants

## 31 March 2016

	Balance unspent at start of year	Current year receipts	Transfer to revenue	Balance unspent at year end
DEDEAT	18,735	193,081	(193,308)	18,508
National Department of Tourism	250	-	(250)	-
CATHSSETA	1,031	790	(950)	871
South African National Biodiversity Institute	-	68	(68)	-
Marine and Coastal Management	-	2,560	(2,338)	222
African Wildlife Foundation	-	291	(39)	252
Nelson Mandela Bay Metropolitan Municipality	150	-	(150)	-
South African Association for Marine Biological Research	-	170	(170)	-
	<b>20,166</b>	<b>196,960</b>	<b>(197,273)</b>	<b>19,853</b>

Reconciliation of movement in grants

## 31 March 2015

	Balance unspent at start of year	Current year receipts	Transfer to revenue	Balance unspent at year end
DEDEAT	7,874	207,882	(197,021)	18,735
National Department of Tourism	-	3,880	(3,630)	250
CATHSSETA	-	3,373	(2,342)	1,031
South African National Biodiversity Institute	-	121	(121)	-
Marine and Coastal Management	-	2,720	(2,720)	-
African Wildlife Foundation	-	840	(840)	-
Buffalo City Metropolitan Municipality	-	500	(500)	-
Aloe Travel (NICE)	-	3	(3)	-
Nelson Mandela Bay Metropolitan Municipality	-	150	-	150
Tourism Enterprise Programme Strategic Partners	-	92	(92)	-
	<b>7,874</b>	<b>219,561</b>	<b>(207,269)</b>	<b>20,166</b>

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

## 20. Employee benefit obligations

### Defined benefit plan

The ECPTA has unfunded defined benefit plans that relates to long service awards and post retirement medical aid benefits.

An actuarial valuation was performed using generally accepted actuarial principles.

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

Carrying value	2016	2015
Long service award	2,413	2,350
Medical aid benefit	21,795	20,237
	<b>24,208</b>	<b>22,587</b>

The prior year liability has been adjusted by R16,432 million to effect a change to the post-employment medical benefits subsidy effective 1 January 2015 which was not accounted for in the actuarial valuation of the prior year, refer to note 44.

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

Opening balance	22,587	4 622
Benefits paid	(186)	(98)
Net expense recognised in the statement of financial performance	1,807	18,063
	<b>24,208</b>	<b>22,587</b>

Net expense recognised in the statement of financial performance

Current service cost	969	229
Interest cost	1,995	392
Actuarial (gains) losses	(1,157)	17,442
	<b>1,807</b>	<b>18,063</b>

### Key assumptions used

Assumptions used at the reporting date:

Discount rate on long service benefits	10.15 %	7.60 %
Discount rate on medical aid benefits	10.50 %	9.00 %
Benefit inflation rate	8.25 %	5.40 %
Medical aid inflation rate	10.00 %	8.50 %
General inflation rate	8.50 %	7.00 %

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 (2015: 63 years).

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

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>21. Sale of goods</b>		
Culling revenue	1,058	1,245
Hunting and fishing income	1,398	1,784
Live game sales	13,422	7,239
Ventison sales	169	361
Other sales	3	8
	<b>16,050</b>	<b>10,637</b>
<b>22. Rendering of services</b>		
Entrance fees and day tours	855	750
Hiking trails, game guides and game drives	72	71
Other services	53	58
	<b>980</b>	<b>879</b>
<b>23. Accommodation revenue</b>		
General accommodation	4,247	3,517
Camping income	960	876
	<b>5,207</b>	<b>4,393</b>
<b>24. Other income</b>		
Concession income	221	2
Commission	37	40
Ecological services income	202	201
Insurance proceeds	290	1,611
Implementers fees	304	546
Sale of tender documents	38	42
Sundry income	84	273
	<b>1,176</b>	<b>2,715</b>
Included in concession income is an amount of R24 792 relating to Mthatha dam service concession revenue.		
<b>25. Finance income</b>		
Bank interest	2,373	1,498
Trade and other receivables interest	16	20
	<b>2,389</b>	<b>1,518</b>



**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

**26. Grants and subsidies**

The Department of Economic Development, Environmental Affairs and Tourism	193,308	197,021
National Department of Tourism	250	3,630
Sector Education and Training Authority	950	2,342
South African National Biodiversity Institute	68	121
Marine and Coastal Management	2,338	2,720
African Wildlife Foundation	39	840
Nelson Mandela Bay Metropolitan Municipality	150	-
South African Association for Marine Biological Research	170	-
Buffalo City Metropolitan Municipality	-	500
Aloe Travel (NTCE)	-	3
Tourism Enterprise Programme Strategic Partners	-	92
	<b>197,273</b>	<b>207,269</b>

**27. Donations received**

Property, plant and equipment	29,061	22,705
Service concession assets	28,675	-
	<b>57,736</b>	<b>22,705</b>

The following donations were received from the National Department of Environmental Affairs and The Eastern Cape Department of Roads and Public Works:

**Property, plant and equipment**

Roads - Luchaba Nature Reserve	28,148	-
Fencing - Luchaba Nature Reserve	913	-
Roads - Mikambati Nature Reserve	-	13,724
Buildings - Silaka Nature Reserve	-	8,981

**Service concession assets**

Buildings - Luchaba Nature Reserve	18,950	-
Plant and machinery - Luchaba Nature Reserve	550	-
Furniture and fixtures - Luchaba Nature Reserve	24	-
Office equipment - Luchaba Nature Reserve	454	-
IT equipment - Luchaba Nature Reserve	1,021	-
Electricity infrastructure - Luchaba Nature Reserve	4,300	-
Water supply infrastructure - Luchaba nature reserve	3,001	-
Sanitation infrastructure - Luchaba Nature Reserve	375	-
	<b>57,736</b>	<b>22,705</b>

**Donations in kind**

The entity has been granted the use of assets for conservation activities. The assets are reflected below at cost as provided by the listed donors:

Aircraft - Stop Rhino Poaching	780	780
Office equipment - Stop Rhino Poaching	60	60
Motor vehicles - Wilderness Foundation	816	816
	<b>1,656</b>	<b>1,656</b>

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>28. Personnel related costs</b>		
Basic salary	87,195	82,053
Performance bonus	7,820	7,322
Medical aid - company contributions	3,130	2,421
Unemployment insurance fund	676	653
Skills development levy	105	100
Leave pay provision charge	1,298	1,299
Defined contribution plans	11,913	11,164
Overtime payments	3,437	3,075
Car allowance	737	1,056
Other allowances	1,907	2,694
Workmen's compensation	858	1,081
	<b>119,076</b>	<b>112,918</b>

Travel - motor car, accommodation and subsistence was re-classified from personnel related costs to operating expenses; and an amount of R1,01 million was reclassified from prior year medical aid - company contributions to actuarial losses, refer to note 44.

**29. Depreciation and amortisation**

Intangible assets	357	939
Property, plant and equipment	48,435	52,295
Service concession assets	306	-
Investment property	129	142
	<b>49,227</b>	<b>53,376</b>

Change in estimate - change in economic useful lives

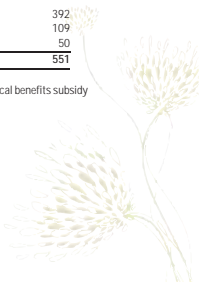
During the year an assessment for remaining useful lives was conducted for non-current assets. The remaining useful lives of items of property, plant and equipment were revised with the following effect on depreciation and amortisation:

Depreciation and amortisation	As per revised useful lives	As per original useful lives	Change in estimate
Intangible assets	357	(56)	301
Property, plant and equipment	48,435	(51,758)	(3,323)
Service concession assets	306	(25)	281
Investment property	129	(142)	(13)
	<b>49,227</b>	<b>(51,981)</b>	<b>(2,754)</b>

**30. Finance costs**

Employee benefit obligation	1,995	392
Finance lease obligation	75	109
Trade and other payables	-	50
	<b>2,070</b>	<b>551</b>

The increase in finance charges on employee benefits is due to a change to the post-employment medical benefits subsidy effective 1 January 2015.



**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>31. Operating expenses</b>		
Advertising and marketing	10,402	14,290
Animal costs	81	475
Assessment rates & municipal charges	106	145
Auction expenses	4,044	1,390
Auditors remuneration	2,369	3,005
Bank charges	201	204
Board expenses	2,416	2,438
Chemicals	519	504
Cleaning	697	721
Community projects	32	2
Compliance and law enforcement	607	1,225
Computer expenses	68	67
Conferences and seminars	2,120	1,585
Consulting and professional fees	7,643	8,340
Consumables	1,115	1,003
Electricity	3,811	3,532
Entertainment	20	20
Fleet	2,081	2,965
Fuel and oil	990	724
Game management	1,449	663
Hire	78	15
Insurance	1,170	2,060
Internal audit fees	612	888
Lease rentals on operating lease	4,548	6,786
Levies	141	125
Medical expenses	5	16
Placement fees	154	167
Postage and courier	100	109
Printing and stationery	1,039	1,144
Profit & loss on foreign exchange	159	238
Protective clothing	107	59
Refuse	104	87
Research and development costs	91	419
Royalties and license fees	2,686	1,123
Security	524	469
Special projects	282	5,704
Staff welfare	322	742
Subscriptions and membership fees	205	369
Telephone and fax	3,826	3,670
Tourism development	1,118	2,681
Training	2,573	2,958
Travel - motor car, accommodation and subsistence	3,488	3,066
Travel - local	7,389	7,399
Travel - overseas	938	57
Uniforms	1,077	626
	<b>73,507</b>	<b>84,275</b>

Corrections were made to prior year corresponding errors on operating expense line items which has no effect on the total amount for operating expenses. Travel - motor car, accommodation and subsistence was re-classified from personnel related costs to operating expenses, refer to note 44.

**32. Auditors' remuneration**

Included in note 31 is External audit fees of:	2,369	3,005
--	-------	-------

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
<b>33. Cash generated from operations</b>		
Surplus (deficit)	32,038	(28,689)
<b>Adjustments for:</b>		
Depreciation and amortisation	49,227	53,376
Loss on disposal of assets	867	1,570
Donations received	(57,736)	(22,705)
Debt impairment	45	3
Movements in employee benefit obligations	1,621	17,965
Movements in provisions	445	570
<b>Changes in working capital:</b>		
Inventories	(1,458)	31
Trade receivables	600	230
Other receivables	286	(673)
Trade payables	4,077	(7,074)
Employee related payables	1,408	(31)
Unspent conditional grants and receipts	(313)	12,292
	<b>31,107</b>	<b>26,865</b>
<b>34. Operating leases</b>		
<b>Operating leases as the lessee:</b>		
<b>Minimum lease payments due</b>		
- not later than one year	1,284	1,221
- in second to fifth year inclusive	-	1,284
	<b>1,284</b>	<b>2,505</b>

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

- Romac Properties CC in Port Elizabeth at number 20, 4th Avenue, Newton Park. The lease contract is for a period of thirty six (36) months commencing on 01 April 2014 with 12 months remaining at year end. The rental per month is R26 thousand with an escalation of eight percent (8.00%) per annum.
- Palgrow Property Investments CC in Queenstown at number 28 Grey Street. The lease contract is for a period of thirty six (36) months commencing on 01 March 2014 with 11 months remaining at year end. The rental per month is R27 thousand with an escalation of eight percent (8.00%) per annum.
- Rio Ridge 1061 CC in Mthatha at Savoy Shopping, Nelson Mandela Drive. The lease contract is for a period of thirty six (36) months commencing on 01 April 2014 with 12 months remaining at year end. The rental per month is R41 thousand with an escalation of eight percent (8.00%) per annum.
- Rough Diamond Industrial Properties in East London, at number 6, St Marks Road, Southernwood. The contract is on a month-to-month basis and the rental per month is R 188 thousand with an escalation of eight and a half percent (8.50%) per annum.



**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

**34. Operating leases (continued)****Operating leases as the lessor:****Minimum lease payments due**

- not later than one year	293	924
- in second to fifth year inclusive	170	77
	<b>463</b>	<b>1,001</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 is a twenty four (24) months lease commencing on 01 May 2014 with 1 month remaining at year end. The rental is R68 thousand per month with an eight percent (8.00 %) escalation rate on renewal of the lease.
- The Department of Roads and Public Works at Erf 292, Unit 02, Business Village in Bhisho. The contract is a twenty four (24) months lease commencing on 01 January 2016 with 21 months remaining at year end. The commencement rental is R18 thousand per month with a seven percent (7.00 %) escalation rate at the end of each lease year.
- Eastern Cape Department of Education at Island nature reserve in Port Elizabeth. The contract is a sixty (60) months lease ending at 31 March 2019. The rental is R3 thousand per month with no escalation.





## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Notes to the Annual Financial Statements

Figures in Rand (thousand) 2016 2015

#### 35. Emoluments

##### Members

##### 2016

	Members' fees	Other benefits	Total
Ms V Zitumane - (Chairperson of the Board) - Appointed on 1 June 2012*	400	63	463
Mr F Makiwane - (Deputy Chairperson of the Board) - Appointed on 1 June 2012	155	4	159
Mr SFW Ncume - (Board Member) - Appointed on 1 March 2015*	240	15	255
Dr A Muir - (Board Member) - Appointed on 1 June 2012*	168	4	172
Ms T Tsengwiwe - (Board Member) - Appointed on 1 June 2012*	180	15	195
Mr S Mgxaji - (Board Member) - Appointed on 1 June 2012*	72	2	74
Ms P Yako - (Board Member) - Appointed on 1 December 2015	55	2	57
	<b>1,270</b>	<b>105</b>	<b>1,375</b>

\* Re-appointed by the Member of the Executive Council with effect from 1 December 2015 for a period of 3 years. Other benefits includes stakeholder engagements and cellphone allowances.

##### 2015

	Members' fees	Other benefits	Total
Ms V Zitumane - (Chairperson of the Board) - Appointed on 1 June 2012	453	20	473
Mr F Makiwane - (Deputy Chairperson of the Board) - Appointed on 1 June 2012	335	27	362
Mr SFW Ncume - (Board Member) - Appointed on 1 March 2015	15	1	16
Mr M Sotshana - (Board Member) - Term expired on 30 September 2014	113	1	114
Dr A Muir - (Board Member) - Appointed on 1 June 2012	130	1	131
Ms T Tsengwiwe - (Board Member) - Appointed on 1 June 2012	178	10	188
Mr S Mgxaji - (Board Member) - Appointed on 1 June 2012	140	1	141
Mr H Siwisa - (Appointed on 1 October 2014 and Resigned on 2 February 2015)	-	-	-
	<b>1,364</b>	<b>61</b>	<b>1,425</b>

##### Audit Committee

##### 2016

	Committees fees	Other benefits	Total
Ms T Mahlali - (Chairperson) - Appointed on 1 April 2014	108	4	112
Mr D Coovadia - (Member) - Resigned on 01 June 2015	20	2	22
Mr ZL Fihlani - (Member) - Appointed on 1 April 2014	40	1	41
Mr C Sparg - (Member) - Appointed on 1 April 2015	55	-	55
	<b>223</b>	<b>7</b>	<b>230</b>

##### 2015

	Committees fees	Other benefits	Total
Ms T Mahlali - (Chairperson) - Appointed on 1 April 2014	130	3	133
Mr D Coovadia - (Member) - Appointed on 1 April 2014	8	1	9
Mr ZL Fihlani - (Member) - Appointed on 1 April 2014	50	1	51
	<b>188</b>	<b>5</b>	<b>193</b>

Other benefits includes stakeholder engagements and cellphone allowances.



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Notes to the Annual Financial Statements

figures in Rand (thousand) 2016 2015

#### 35. Emoluments (continued)

##### Executive Directors

2016

	Salary	Retirement fund contributions	Other contributions	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer)	1,722	-	7	361	2,090
Mr J Jackson - (Chief Financial Officer) Appointed on 1 May 2015	1,146	166	17	-	1,329
Ms N Mxunyelwa - (Chief Marketing Officer) Appointed on 8 June 2015	730	109	13	-	852
Dr N Songelwa - (Chief Operations Officer) Appointed on 1 September 2015	929	-	4	-	933
Ms L Gower - (Executive Director: Corporate Services)	1,241	-	-	285	1,526
Ms X Mapoma - (Legal Advisor and Board Secretary)	863	125	15	179	1,182
	<b>6,631</b>	<b>400</b>	<b>56</b>	<b>825</b>	<b>7,912</b>

2015

	Salary	Retirement fund contributions	Other contributions	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer) Appointed on 1 August 2014	1,665	-	7	247	1,919
Mr L Rubushe - (Chief Executive Officer) Resigned on 30 April 2014	557	-	1	-	558
Mr J Dlamuka (Chief Financial Officer) Appointed on 9 June 2014 and Resigned on 31 December 2014	722	92	4	-	818
Dr D Balfour - (Biodiversity Conservation) Resigned on 31 May 2014	247	-	1	250	498
Mr E Marafane - (Destination Tourism) Resigned on 9 January 2015	2,053	121	8	269	2,451
Ms L Gower - (Human Capital Management)	1,172	-	-	264	1,436
Ms X Mapoma - (Legal Advisor and Board Secretary)	815	118	15	156	1,104
	<b>7,231</b>	<b>331</b>	<b>36</b>	<b>1,186</b>	<b>8,784</b>

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

### 36. Contingencies

Contingent assets:

Contingent assets comprising of damage claims are as follows:

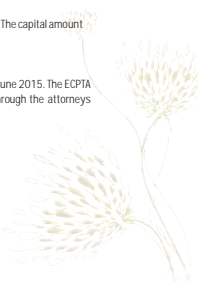
- ECPTA v Medbury Farm:**  
This matter relates to the recovery of animals that crossed over to the neighbouring farm. The ECPTA is demanding the return of the animals, alternatively, payment of the sum of R4 million being the reasonable market value of the animals. The legal costs paid amount to R1,563 million.

Contingent liabilities:

Contingent liabilities comprising of damage claims are as follows:

#### Damage claims

- Mr and Mrs Gallop (Farm Spree River No 170) v ECPTA:**  
This is a fire claim against the ECPTA. The capital involved amount to R652 thousand. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.
- Alibiprops 1005 cc t/a Indlovu Thatch v ECPTA:**  
This matter relates to a contractual dispute between the Plaintiff and the ECPTA. The capital amount is R369 thousand. The matter is dormant and the prospects of success are more favourable to the ECPTA. The estimated legal costs at reporting date amount to R631 thousand.
- Eurodrain Technology (Pty) Ltd v ECPTA:**  
This matter relates to a contractual dispute between the ECPTA and the Plaintiff. The total remaining balance amounts to R326 thousand. The matter is dormant and the prospects of success are more favourable to the ECPTA. The estimated legal costs at reporting date amount to R120 thousand.
- The State v Tyabashe:**  
This is a criminal case due to an incident that took place in 2011. It is uncertain whether this case will proceed and if any further costs will be incurred. The costs incurred by the ECPTA to date amount to R32 thousand.
- F Nogumla v ECPTA:**  
This matter relates to the shark attack that took place on the 3 March 2013 at Port St John's second beach. The ECPTA is being sued for R15 million as the alleged custodian of the second beach
- SHE QMS Consulting and Auditing (Pty) Ltd v ECPTA:**  
This matter relates to a contractual dispute on services rendered between the ECPTA and the Plaintiff. The capital amount is R194 thousand. The estimated legal costs at reporting date amount to R60 thousand.
- 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. 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.



**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

**37. Related party disclosures**

Related parties:

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

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

**Relationships**

Controlling entity	- The Department of Economic Development, Environmental Affairs and Tourism
Entities under common control	- Eastern Cape Development Corporation
National government departments	- The National Department of Environmental Affairs - The Department of Water and Sanitation - The National Department of Tourism - The Department of Public Works
Provincial government departments	- The Eastern Cape Department of Education - The Eastern Cape Department of Roads and Public Works
Local government municipal entities	- Buffalo City Metropolitan Municipality - Nelson Mandela Bay Metropolitan Municipality
Entities with co-management agreements	- The Dwesa / Owebe Land Trust - The Mkhambathi Land Trust - Marine and Coastal Management
Strategic partnership entities	- Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority - South African National Biodiversity Institute

**Related party balances****Amounts included in trade and other receivables regarding related parties**

The Department of Economic Development, Environmental Affairs and Tourism	208	208
The Eastern Cape Department of Roads and Public Works	-	603
The National Department of Environmental Affairs	-	546
The Department of Public Works	73	73
Eastern Cape Development Corporation	2	1
The Eastern Cape Department of Education	34	-

**Amounts included in trade and other payables regarding related parties**

The Eastern Cape Department of Education	-	(4)
--	---	-----

**Related party transactions****Transfer payments received from related parties**

The Department of Economic Development, Environmental Affairs and Tourism	193,081	207,882
---	---------	---------

**Amounts received from related parties for tourism development programmes**

National Department of Tourism (National tourism career expo)	-	3,880
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (National tourism career expo)	-	1,573
Buffalo City Metropolitan Municipality (National tourism career expo)	-	500
National Department of Tourism (Baviaanskloof world heritage site signage)	-	250
Nelson Mandela Bay Metropolitan Municipality (Lilizela awards)	-	150

**Amounts received from related parties for biodiversity conservation projects**

Marine and Coastal Management	2,730	2,720
African Wildlife Foundation (Stop rhino poaching)	292	-

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Notes to the Annual Financial Statements

Figures in Rand (thousand)	2016	2015
<b>37. Related party disclosures (continued)</b>		
<b>Amounts received from related parties for skills development programmes</b>		
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	790	1,800
South African National Biodiversity Institute	68	121
<b>Donations received from related parties</b>		
The National Department of Environmental Affairs (Donation of assets)	57,736	22,705
<b>Rent received from related parties</b>		
The Department of Public Works	835	880
The Eastern Cape Department of Roads and Public Works	212	217
The Eastern Cape Department of Education	32	38
Eastern Cape Development Corporation	2	12
<b>Income distribution paid to related parties</b>		
The Mkhambathi Land Trust	-	(105)

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

#### Classification of financial instruments

2016

	At fair value	At amortised cost	At cost	Total
<b>Financial assets</b>				
Trade receivables	-	218	-	218
Other receivables	-	982	-	982
Cash and cash equivalents	-	53,650	-	53,650
<b>Financial liabilities</b>				
Trade payables	-	(17,332)	-	(17,332)
Employee related payables	-	(8,974)	-	(8,974)
Poverty alleviation projects	-	-	(5,737)	(5,737)
Provisions	-	(8,395)	-	(8,395)
Finance lease obligation	-	(564)	-	(564)
Employee benefit obligation	-	(24,208)	-	(24,208)
	-	(4,623)	(5,737)	(10,360)



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

**38. Risk management (continued)**

2015

	At fair value	At amortised cost	At cost	Total
<b>Financial assets</b>				
Trade receivables	-	863	-	863
Other receivables	-	1,268	-	1,268
Cash and cash equivalents	-	40,733	-	40,733
<b>Financial liabilities</b>				
Trade payables	-	(13,255)	-	(13,255)
Employee related payables	-	(7,566)	-	(7,566)
Poverty alleviation projects	-	-	(1,473)	(1,473)
Provisions	-	(7,950)	-	(7,950)
Finance lease obligation	-	(1,070)	-	(1,070)
Employee benefit obligation	-	(22,587)	-	(22,587)
	-	<b>(9,564)</b>	<b>(1,473)</b>	<b>(11,037)</b>

**Credit risk**

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

**Analysis by credit quality of financial assets:**

**Neither past due nor impaired**

Cash and cash equivalents	53,650	40,733
Trade and other receivables	859	1,209
	<b>54,509</b>	<b>41,942</b>

**Past due and not impaired**

Trade and other receivables	58	684
-----------------------------	----	-----

**Past due and impaired**

Trade and other receivables	498	567
-----------------------------	-----	-----

The ageing of amounts past due but not impaired is as follows:

**Past due and not impaired**

- less than 6 months past due	17	131
- 6 months to within 1 year past due	41	217
- at least 1 year past due	-	336
	<b>58</b>	<b>684</b>

**Market risk:**

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

**Currency risk:**

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

## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Notes to the Annual Financial Statements

Figures in Rand (thousand) 2016 2015

#### 38. Risk management (continued)

##### Price risk:

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

##### Liquidity risk

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

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

##### Contractual maturities of financial liabilities

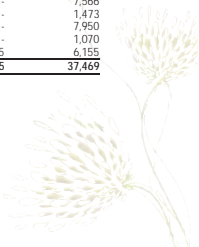
The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

##### At 31 March 2016

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	17,332	-	-	17,332
Employee related payables	8,974	-	-	8,974
Poverty alleviation projects	5,737	-	-	5,737
Provisions	8,395	-	-	8,395
Finance lease obligation	519	45	-	564
Employee benefit obligation	-	-	6,155	6,155
	<b>40,957</b>	<b>45</b>	<b>6,155</b>	<b>47,157</b>

##### At 31 March 2015

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	13,255	-	-	13,255
Employee related payables	7,566	-	-	7,566
Poverty alleviation projects	1,473	-	-	1,473
Provisions	7,950	-	-	7,950
Finance lease obligation	506	564	-	1,070
Employee benefit obligation	-	-	6,155	6,155
	<b>30,750</b>	<b>564</b>	<b>6,155</b>	<b>37,469</b>



**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

**38. Risk management (continued)****Interest risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the ECPTA has no significant interest bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. All interest bearing assets are included under cash and cash equivalents. These are all short term as they relate 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 indicates 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	479	392
Finance lease obligation	(6)	(11)
Employee benefit obligation	(242)	(226)
<b>Increase / (decrease) on surplus</b>	<b>231</b>	<b>155</b>

**39. Fruitless and wasteful expenditure**

Opening balance	-	500
Less: Amounts written off	-	(500)
	-	-

**40. Irregular expenditure**

Opening balance	2,473	11,751
Add: Irregular Expenditure - current year	-	1,070
Add: Irregular Expenditure - prior year (identified during current year)	-	1,963
Less: Amounts condoned	-	(12,311)
	<b>2,473</b>	<b>2,473</b>

The Board reviewed the circumstances around the Irregular expenditure of R2,473 million incurred by the entity. The expenditure was condoned by the Board in a meeting held on 12 May 2016.

**Details of irregular expenditure - current year**

Non compliance with Supply Chain Management procedures:		
- Other supply chain management deviations	-	1,070
- Non compliance in prior year (identified during current year)	-	1,963
	-	<b>3,033</b>

**41. Commitments**

Capital expenditure - approved and contracted	20,054	18,735
Goods and services - approved and contracted	2,205	-
	<b>22,259</b>	<b>18,735</b>

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



## Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2016

### Notes to the Annual Financial Statements

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

#### 41. Commitments (continued)

- DEDEAT - R18,197 million (2015: R18,735 million); and
- The Eastern Cape Department of Roads and Public Works - R4,062 million (2015: R nil).

Commitments at year end consists of infrastructure projects R18,080 million (2015: R15,875 million); motor vehicles R996 thousand (2015: R1,873 million), professional and consulting fees R977 thousand, repairs and maintenance R1,228 million and the balance relates to other capital expenditure.

#### 42. Explanation of material differences between the budget and actual amounts

The Annual Financial Statements are prepared on an accrual basis of accounting while the budget is on a cash basis. The amounts in the Annual Financial Statements were recast from the accrual to cash basis. A reconciliation between the budget and the actual amounts in the statement of financial performance is presented on a comparable basis in the face of the statement of comparison of budget and actual amounts for the period ended 31 March 2016.

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 entity budgeted for R25,657 million on own revenue in the year under review and the actual revenue collected was R28,126 million, a positive variance of R2,469 million overall. The entity collected in excess on game auction, hunting and culling revenue, recovery of revenue from long outstanding debt and interest from the bank.

##### Other grants:

The entity budget for other grants was R10,275 million with actual receipts of R3,879 million. A variance from the budget of R6,396 million (62.25%) was largely due to the following amounts not received at year end: an amount of R5,1 million from the Department of Roads and Public Works, an amount of R470 thousand with Sector Education and Training Authority and an amount of R208 thousand not received from the South African National Biodiversity Institute.

##### Grants and subsidies:

The variance on Grants and subsidies is as a result of the roll-over application that was approved by Provincial Treasury to complete infrastructure projects which were not completed at the end of the previous financial year. Of the approved roll-over amount of R15,875 million approximately R9 million is for the Cape Morgan conference centre with the balance for finishing roads, fencing and building works at the reserves.

##### Compensation of employees:

The entity's adjusted budget for salaries was R127,695 million, the variance is as a result of accrued leave pay and bonus provision.

##### Capital, goods and services:

The underspending on goods and services and capital is as a result of infrastructure related projects, which in terms of the project plan will be completed in the next financial year. Roll-over has been applied for in the amount of R19 million, made up of the Cape Morgan Conference centre R7,7 million; motor vehicles R996 thousand, professional and consulting fees R1,146 million, repairs and maintenance R1,445 million and the balance relates to other capital expenditure.



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

#### 43. Segment information

##### General information

##### Identification of segments

The entity reports to management and is organised 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 services
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



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)

**43. Segment information (continued)**  
**Segment surplus or deficit, assets and liabilities**  
**2016**

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
<b>Revenue</b>					
Revenue from exchange transactions	5 986	5 411	13 117	3 625	28 139
Grants and subsidies	86 480	25 016	52 519	33 258	197 273
Donations received	-	-	-	57 736	57 736
Fines, penalties and forfeits	-	-	-	11	11
<b>Total segment revenue</b>	<b>92 466</b>	<b>30 427</b>	<b>65 636</b>	<b>94 630</b>	<b>283 159</b>
<b>Expenditure</b>					
Operating expenses	62 715	3 646	3 456	3 690	73 507
Repairs and maintenance	3 034	662	1 272	1 361	6 329
Personnel related costs	29 171	19 368	44 235	26 302	119 076
Depreciation and amortisation	2 058	10 153	22 944	14 072	49 227
Debt impairment	45	-	-	-	45
Finance costs	2 070	-	-	-	2 070
Loss / (profit) on disposal of assets	19	(16)	109	755	867
<b>Total segment expenditure</b>	<b>99 112</b>	<b>33 813</b>	<b>72 016</b>	<b>46 180</b>	<b>251 121</b>
<b>Total segmental surplus / (deficit)</b>					<b>32 038</b>



**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand)

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
<b>Assets</b>					
Inventories	-	1,091	364	22	1,477
Game held for sale	-	3,261	20,363	34	23,658
Trade and other receivables	1,138	35	18	9	1,200
Service concession assets	-	-	-	28,369	28,369
Investment property	6,296	-	-	-	6,296
Property, plant and equipment	10,097	65,215	147,377	88,428	311,117
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	612	-	-	-	612
<b>Total segment assets</b>	<b>18,143</b>	<b>85,136</b>	<b>175,579</b>	<b>116,862</b>	<b>395,720</b>
Cash and cash equivalents					53,650
Infrastructure - work in progress					15,326
<b>Total assets as per Statement of financial Position</b>					<b>464,696</b>
<b>Liabilities</b>					
Deferred revenue - game held for sale					23,658
Finance lease obligation		3,261	20,363	34	564
Trade payables					17,332
Employee related payables					8,974
Poverty alleviation projects					5,737
Provisions					8,395
Employee benefit obligation					24,208
Unspent conditional grants and receipts					19,853
<b>Total liabilities as per Statement of financial Position</b>					<b>108,721</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.

**Eastern Cape Parks and Tourism Agency**  
Annual Financial Statements for the year ended 31 March 2016  
**Notes to the Annual Financial Statements**

Figures in Rand (thousand) 2016 2015

#### 44. Prior period adjustments

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

##### Statement of financial position

	Amount as previously reported	Restated amount	Prior period adjustment
Intangible assets	806	838	32
Property, plant and equipment	318,019	313,356	(4,663)
Trade payables	(19,865)	(13,255)	6,610
Employee related payables	(959)	(7,566)	(6,607)
Employee benefit obligation	(6,155)	(22,587)	(16,432)
Unspent conditional grants and receipts (current liabilities)	-	(20,166)	(20,166)
Deferred revenue - grants received (non-current liabilities)	(20,166)	-	20,166
	<b>271,680</b>	<b>250,620</b>	<b>(21,060)</b>

##### Statement of financial performance

	Amount as previously reported	Restated amount	Prior period adjustment
Other income	2,839	2,716	(123)
Fines, penalties and forfeits	-	123	123
Personnel related costs	(116,994)	(112,918)	4,076
Depreciation and amortisation	(53,396)	(53,376)	20
Actuarial losses	-	(17,442)	(17,442)
Operating expenses	(81,209)	(84,275)	(3,066)
	<b>(248,760)</b>	<b>(265,172)</b>	<b>(16,412)</b>

##### Statement of cash flows

	Amount as previously reported	Restated amount	Prior period adjustment
Payments for employee costs	(115,485)	(112,484)	3,001
Payments to suppliers	(97,718)	(100,719)	(3,001)
	<b>(213,203)</b>	<b>(213,203)</b>	-

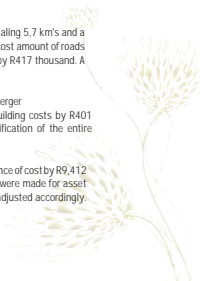
##### Property, plant and equipment

During the year a review of property, plant and equipment was conducted for classification of assets and an assessment was made for remaining useful lives. Corresponding corrections have been made to the cost of individual classes of property, plant and equipment which has no effect on the overall cost of property, plant and equipment. (note 8)

An error was identified relating to take-on figures for the merger that happened in 2010, where a public road totalling 5,7 km's and a bridge was erroneously included as part of ECPTA assets. This had resulted in the prior year overstatement of the cost amount of roads and storm water by R9,813 million, accumulated depreciation by R3,901 million and depreciation for the year by R417 thousand. A correction of the error has been done on the financial statements. (note 8)

In the financial statements for the year ended 31 March 2014, a prior year adjustment was made to correct pre-merger buildings that had been omitted from the fixed asset register. This had resulted in the understatement of building costs by R401 thousand, accumulated surplus by R385 thousand, and accumulated depreciation by R16 thousand. A verification of the entire population of property, plant and equipment was conducted and no further omissions were identified. (note 8)

Over all, the errors to property, plant and equipment had resulted in the understatement of prior year opening balance of cost by R9,412 million, accumulated depreciation by R4,713 million and prior year depreciation by R36 thousand. Corrections were made for asset classification and depreciation calculation errors identified and the prior year financial statements have been adjusted accordingly. (note 8)



**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

Figures in Rand (thousand)	2016	2015
----------------------------	------	------

**44. Prior period adjustments (continued)****Employee benefit obligation**

An adjustment was made to the financial statements to account for a change to the post-employment medical benefits subsidy effective 1 January 2015 which was not accounted for in the actuarial valuation of employee benefits in the prior year. The prior year calculation was based on the old subsidy policy which resulted in the understatement of the employee benefit obligation and actuarial losses by R16,432 million. The liability has been recalculated and the prior year financial statements have been adjusted accordingly. (note 20)

**Trade payables and employee related payables**

The following payables disclosed as other payables in the prior year have been reclassified to employee related payables: salaries and wages and workmen's compensation with no amounts and medical aid of R593 thousand. Accrued leave pay of amount R6,973 million has been reclassified from trade payables to employee related payables, and other trade payables amounting to R366 thousand reclassified to trade payables. (note 14 and 15)

**Unspent conditional grants and receipts**

In the prior year unspent conditional grants and receipts amounting to R20,166 million and disclosed as deferred revenue - grants received was incorrectly classified as non-current liabilities. The classification has been corrected to current liabilities and the title changed to unspent conditional grants and receipts. (note 19)

**Other Income and Fines, penalties and forfeits**

Prior period, fines, penalties and forfeits amounting to R123 thousand were incorrectly classified as revenue from exchange transactions (other income). The classification has been corrected to revenue from non-exchange transactions (fines, penalties and forfeits). (note 24)

**Personnel related costs**

Prior year actuarial gains or losses were incorrectly included under personnel related costs. This resulted in the overstatement of personnel related costs by R1,01 million and an understatement of actuarial losses by the same amount. The classification has been corrected to show actuarial gains or losses as a line item on the statement of financial performance. (note 28)

Operating expenses (subsistence and travel) amounting to R3,066 million in the prior year were incorrectly classified as personnel related costs and the classification has been corrected to operating expenses. (note 31)

**Depreciation and amortisation**

During the year a review of property, plant and equipment was conducted for classification of assets and an assessment was made for remaining useful lives. The prior year depreciation was overstated by R36 thousand on property, plant and equipment and understated by R16 thousand on intangible assets which resulted to an overall correction of R20 thousand to prior figures. (note 29)

**Actuarial gains or losses**

An adjustment amounting to R16,432 million was made to correct the understatement of actuarial losses in the prior year which had resulted from an error in the valuation of the employee benefit obligation. Actuarial losses amounting to R1,01 million were incorrectly classified as personnel related costs and the classification has been corrected to actuarial losses. (note 20)

**Operating expenses**

In the prior year, corresponding errors were made whereby operating expense ledger accounts were incorrectly classified between operating expense line items. The entire allocation of operating expense general ledger accounts was reviewed and corrections were made to the prior year financial statements for the following over/(under)statements which has no effect on the total amount for operating expenses. (note 31)

Operating expenses (subsistence and travel) amounting to R3,066 million was incorrectly classified as personnel related costs and the classification has been corrected to operating expenses. (note 31)

**Eastern Cape Parks and Tourism Agency**

Annual Financial Statements for the year ended 31 March 2016

**Notes to the Annual Financial Statements**

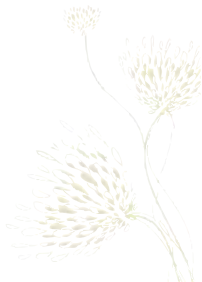
Figures in Rand (thousand)	2016	2015
----------------------------	------	------

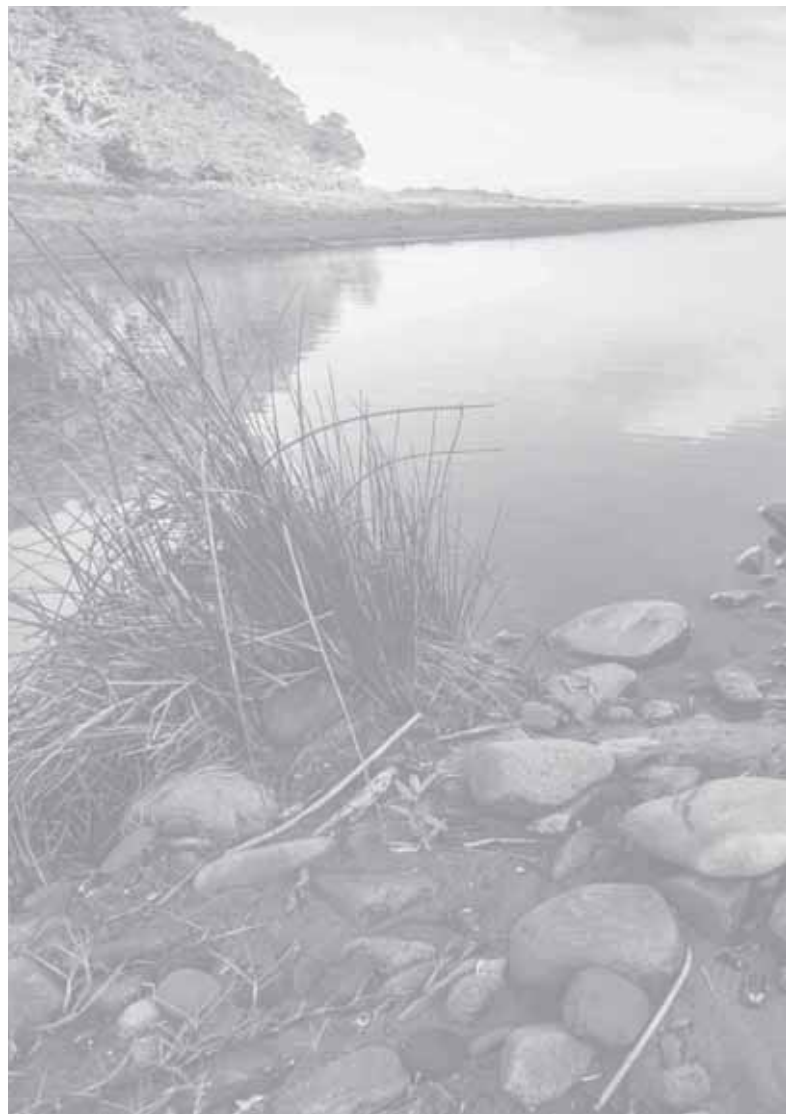
**44. Prior period adjustments (continued)****Cashflow statement**

The cashflow statement figures for the prior year have been corrected for the above prior period adjustments.

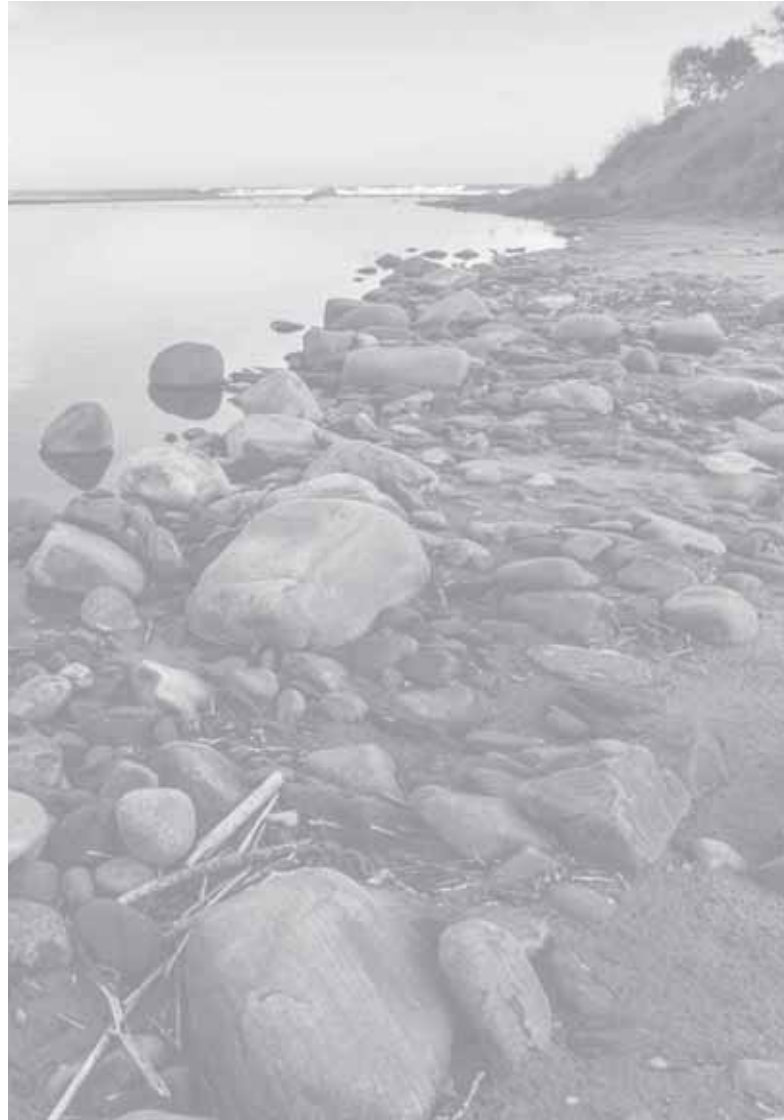
**45. Events after the reporting date**

The entity has no adjusting events after the reporting date.









PR243/2016  
ISBN: 978-0-621-44772-9

**ADVENTURE PROVINCE**  
*Eastern Cape*  
PARKS & TOURISM AGENCY

