

# ADVENTURE PROVINCE *Eastern Cape* ANNUAL REPORT 2011/12

EASTERN CAPE PARKS AND TOURISM AGENCY

ANNUAL REPORT 2011/12

MARKETING & COMMUNICATION • BUSINESS DEVELOPMENT & TOURISM • RESERVATIONS  
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**ADVENTURE PROVINCE**  
*Eastern Cape*  
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## 1. GENERAL INFORMATION

# VISION, MISSION AND VALUES

### 1.1 VISION

A province where Biodiversity Conservation and Tourism Management underpin sustainable development

### 1.2 MISSION

To be the premier entity for managing biodiversity and tourism

### 1.3 VALUES

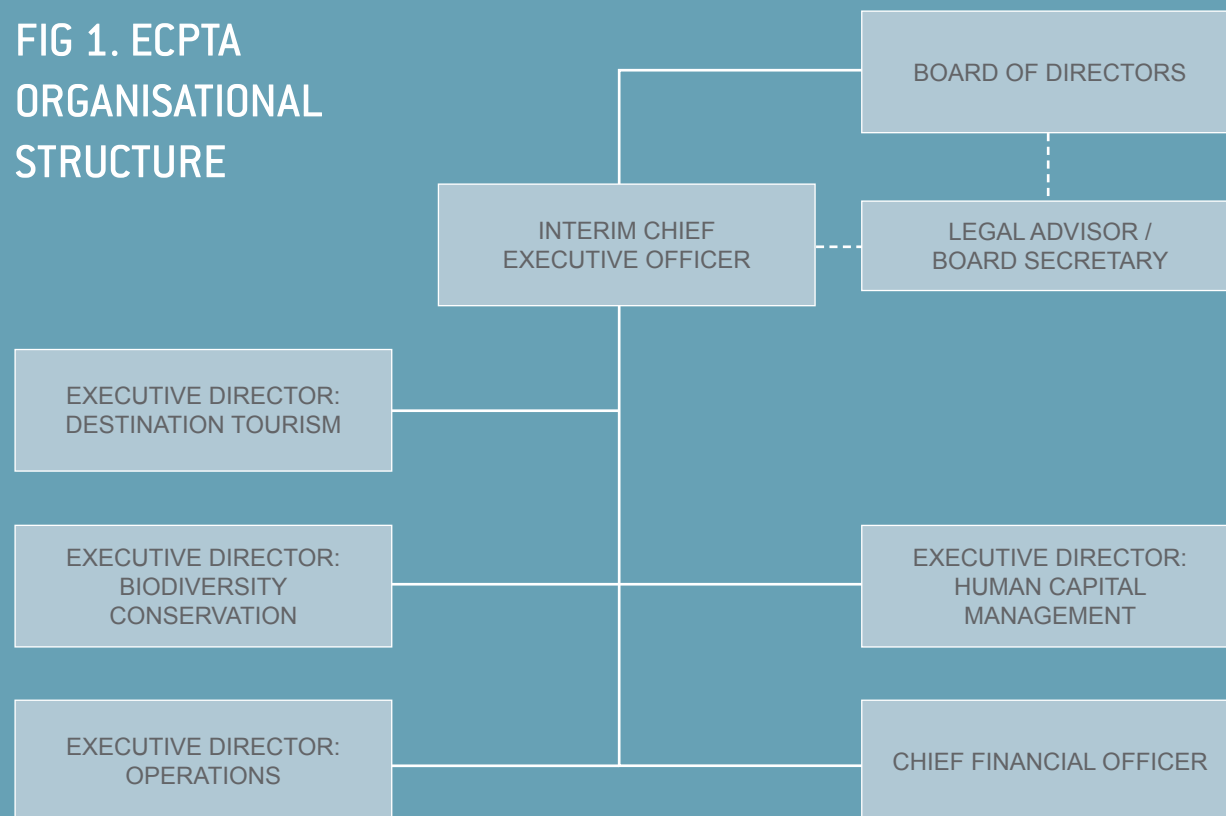
The values which underpin the actions of the ECPTA are:

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

### 1.4 ORGANISATIONAL ENVIRONMENT

The current interim organisational structure will be applicable during the inception phase of the newly established ECPTA (see Fig 1.). According to the transitional arrangements as stipulated in the ECPTA Act 2 of 2010, the interim structure will be replaced by a permanent organisational structure within the allocated timeframes and provisions of the Act.

**FIG 1. ECPTA ORGANISATIONAL STRUCTURE**



### 1.5 LEGISLATIVE MANDATE

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

*“Everyone has the right to:*

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

#### Legislative mandates

Relevant Acts	Key responsibilities
Eastern Cape Parks and Tourism Agency Act (Act no. 2 of 2010)	(a) Manage biodiversity in protected areas in the Province; (b) Manage tourism in the Province
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
NEM: Protected Areas Act (NEMPAA), 2003 (Act 57 of 2003)	This is the primary legislation governing the management of protected areas and guides the interpretation of Act 2 of 2010
NEM: Biodiversity Act (NEMBA), 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: Waste Management Act, 2008 (Act 59 of 2008)	This is the primary legislation governing the management of waste in protected areas
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
National Forests Act, 1998 (Act 84 of 1998)	This is the primary legislation governing the management of forests areas proclaimed in terms of the NFA
National Veld and Forest Fire Act, 1998 (Act 101 of 1998)	This is the primary legislation governing the management of fire. Fire is used as a biodiversity management tool and thus is important for the management of protected areas
Marine Living Resources Act, 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
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 WHS.
Cape Nature and Environmental Conservation Ordinance (19 of 1974)	Because portions of the Baviaanskloof extend into the Western Cape Province this legislation is applicable for the joint management of those relevant areas
Ciskei Conservation 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.
Transkei Environmental Conservation Decree (9 of 1992)	The Eastern Cape is in the process of proclaiming new provincial environmental legislation where the old (pre1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Transkei
Communal Land Rights Act (CLARA)	Regulates the management of Protected Areas which are under the jurisdiction of Traditional Authorities
Provincial Growth and Development Plan (PGDPS)	The PGDP refers to the provincial integrated growth and development plan which includes spatial land utilisation in terms of provincial priorities for development. It acknowledges the need to view biodiversity conservation as a natural resource for rural development and diversification of economic development.
National Strategy for Sustainable Development (NSSD)	Defines the strategic imperatives of the South African Government as they relate to the interaction between people, the environment and the economy.
Occupational Health and Safety Act	This is the primary legislation governing health and safety standards in the context of all work environments.
National Water Act	This is the primary legislation governing the use of water.
National Building Regulations of South Africa	This legislation governs the building industry and is relevant for all ECPTA infrastructure development projects.



## Policy mandates

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

1. Improved 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 economic growth
5. A 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. A responsive, accountable, effective and efficient local government system
10. Environmental assets and natural resources that are well protected and continually enhanced
11. Create a better South Africa and contribute to a better and safer Africa and World
12. An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship.

The ECPTA's Strategic Plan 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.

Policy directive:	ECPTA potential contribution:
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 EPWP appointment by recruiting people from communities near the reserves.</li> <li>• Create economic opportunities by creating a demand for goods and service and unlocking opportunities for economic development for entrepreneurs, concessionaires, eco-tourism and cultural tourism linkages.</li> <li>• Provide seasonal employment opportunities by providing access 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> </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 protected areas.</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. Environmental assets and natural resources that are well protected and continually enhanced	<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 and an empowered, fair and inclusive citizenship	<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 protected areas and tourism products</li> <li>• Strengthen the capacity of communities to effectively participate biodiversity conservation management and co-management of provincial protected areas.</li> <li>• Develop skills and human resource capacity through staff training and the training of communities Collaborate with relevant role-players for the advancement of effective resource management.</li> </ul>





## CHAIRPERSON'S STATEMENT

## 1.6 CHAIRPERSON'S STATEMENT

I am delighted to present the annual performance report of the Eastern Cape Parks and Tourism Agency (ECPTA) for the 2011/12 financial year. My enthusiasm stems from the sheer conviction that the foundations that have been set up and adopted by the Agency in its first complete financial year have firmly positioned us on a sustainable path for the entity to immediately implement the mandate that has been set out for the ECPTA. The first year of operations has seen the entity make a definitive effort towards implementing the process, policy and operational requirements of the merger of the former Eastern Cape Parks and Eastern Cape Tourism Boards into the ECPTA.

This clarity of purpose has enabled the ECPTA to focus on securing key biodiversity in the Eastern Cape while simultaneously implementing catalytic interventions in the tourism industry, through the enabling environment created by an effective and efficient institution.

This refocused mandate will provide the ECPTA with strategic impetus in the manner in which it conducts business and will also act as a reliable barometer with which to appraise its efficacy.

Despite the challenges faced by the tourism and conservation industry the Eastern Cape Parks and Tourism Agency has made great strides in the first full financial year since the merger of the Eastern Cape Parks and the Tourism Board in June 2010.

Internally, the ECPTA has laid out the foundations for an entity that is ready and able to deliver on the mandate of the entity as per the Eastern Cape Parks and Tourism Agency Act 2 of 2010. The appointment of the Executive Directors has ensured stability within the top management of the institution and laid the foundation for the entity to be better placed to achieve the goals set out for the organisation. Institutional alignment continues to be of great importance for the industry and the ECPTA particularly.

The availability of provincial tourism statistics continues to be a challenge that we hope to overcome in the next financial year when the research office within the ECPTA is up and running.

Rarely has the tourism industry in the past few years been challenged by such economic and environmental uncertainties as we continue to face today. Growing concerns about climate change, a loss of biodiversity, and the poor management of natural resources has prompted the shift our thinking towards the green economy. The ECPTA through its mandate to protect and enhance our environmental assets and natural resources has invested and committed itself in protecting our environment to ensure that the entity is managed according to green principles.

With the Eastern Cape government being the first province in the country to develop a climate-change response strategy, conservation tourism is one of the ECPTA's core mandates. In line with this mandate, the ECPTA has not only put in place some of their own interventions to reduce the impact of tourism on the environment but are also actively encouraging and promoting projects that will reduce the negative impact of tourism. These include the Payment for Ecological Services (PES) initiative, the Carbon Sequestration Project and community involvement in the management of provincial nature reserves.

Green tourism under government leadership and through private projects now goes beyond just eco-friendly. It also involves making sure that the people living next to provincial parks benefit from them.

In consultation with the Eastern Cape tourism industry, the ECPTA has started a process of drafting regulations that aim to establish minimum greening and environmental standards for the tourism industry in the last financial year. We believe that these standards will drastically increase the competitive advantage of the Eastern Cape as a tourism destination.

Looking at the external environment of the tourism industry, <sup>1</sup> tourism continues to be one of the world's largest industries. 2011, the tourism industry contributed 9% of global GDP, or a value of over US\$6 trillion. It accounted for 255 million jobs. Over the next ten years this industry is expected to grow by an average of 4% annually, increasing the contribution to the global GDP to 10%, or about US\$10 trillion. By 2022, it is anticipated that it will account for 328 million jobs or 1 in every 10 jobs on the planet.

The 2011-12 financial year is reported to have been one of the most challenging years ever experienced by the global travel and tourism industry. However, our latest research suggests that, despite political upheaval, economic uncertainty and natural disasters, the industry's direct contribution to world GDP grew by nearly 3% to US\$2 trillion and directly generated 1.2 million new jobs.

On the South African front, the direct contribution of travel and tourism to the GDP in 2011 was 2.8%. This is expected to rise by 5.7% in 2012. The industry also generated 513 000 direct jobs in the same period and this number is expected to increase by 4.7% to 536

500 in 2012. Leisure travel spending (inbound and domestic) generated 64.8% of direct tourism GDP in 2011 compared with 35.2% for business travel spending. Domestic travel spending generated 56.0% of direct Travel & Tourism GDP in 2011 compared with 44.0% for visitor exports (i.e. foreign visitor spending or international tourism receipts).

In conclusion, I would like to thank my fellow board members for the way that they have guided the ECPTA into the right path, the Interim CEO of the ECPTA and his Executive Directors and the staff of the ECPTA.



**Ms Vuyo Zitumane**  
Chairperson  
Eastern Cape Parks and Tourism Agency



1. Travel & Tourism Economic Impact 2012 South Africa

# ACCOUNTING OFFICER'S OVERVIEW

During the 2011/2012 Financial Year, the primary focus of the ECPTA has been to conclude the "consolidation" phase of its three year strategy. This saw the development and implementation of a new organogram in partnership with organised labour. It saw the refinement of its performance and project implementation and management systems, processes and procedures, to the acclaim of a number of stakeholders including the Auditor General.

On the biodiversity and conservation front, the ECPTA has focused on improving its METT-SA score, and to this effect, it was able to achieve an independent METT-SA score of 56. This is a remarkable improvement from the pre-merger baseline of 34. This year also saw the dramatic extension of the conservation estate by 24 000 ha with the proclamation of the Amathole Marine Protected Area, which made a significant impact towards achieving the provincial and national expansion targets. The ECPTA has also through its commitment to cooperative governance and intergovernmental relations secured a partnership with the South African National Biodiversity Institute (SANBI), which saw the establishment of the first ever National Botanical Garden in the Eastern Cape.

The ECPTA like all conservation agencies, is confronted with the drastic increase in poaching of rhino, which has taken on crisis levels. To this effect the Agency has formed functional relationships with other organs of state to assist in the fight against poaching. The Stoprhinopoaching.com organisation has also greatly assisted in the fight against poaching by raising support to train the anti-poaching teams of the ECPTA. We believe that it is this combination or co-operation and the dedication of our staff that has resulted in the very low levels of poaching in our reserves.

The emergence of the concept of destination development has greatly advanced during the last financial year. This is in part because of the reorganisation of the Provincial Tourism Forum, which provided a clear platform for engaging with the tourism industry. Building the Eastern Cape as premier destination has also been drastically advanced by the increase in the number of tourism products and tour guides registered on the ECPTA

database. This combined with efforts to empower and train SMMEs in the tourism industry has made a significant contribution towards increasing the competitive and comparative advantage of the Eastern Cape as a destination.

The high levels of positive media coverage secured during the Tourism Month in September further enhanced the efforts to market the destination both locally and internationally. The exposure gained from supporting a number of iconic events has further re-enforced the value of hosting events as an effective marketing and destination building tool. It is significant to note that through the hosting of the African Open in East London the event generated an estimated R150 million worth of media coverage.

An analysis of the geographic distribution further illustrates the excellent spatial distribution of our project portfolio, with the highest number of projects falling within the tourism domain. These projects are critical in building the capability of the destination, and which is further enhanced by the very effective utilisation of Joint Marketing Agreements (JMA's) in partnership with the appointment of country representatives in our core markets. Not only do these country representatives market the destination, they also contribute towards exposing local products to international tour operators, as was the case with the launch this year of the Eastern Cape Invasion, which saw about fifty (50) tour operators and travel agents travelling to the Eastern Cape to engage with local products.

On an organisational level, 2011/2012 saw significant changes being institutionalised with the final confirmation and implementation of the new organogram. This was truly a remarkable partnership between management, the board and organised labour, who actively participated in the achievement of this historic milestone. In partnership with labour, management and the board, the organisation was able to address the legacy issue of parity, which has been resolved and has resulted in a significant increase in salaries for our staff in line with agreed criteria. The filling of critical vacant posts was also fast-tracked this year and has made tremendous progress in creating a transformed organisation that is properly geared to achieve its mission and objectives.

The continued increase in own revenue during the financial year under review has further reinforced the correctness of the business case for the merger. This increase has taken place within a very unstable macro-economic environment where the Euro zone crises and the political instability in North Africa have put tourism growth under pressure. In spite of these the actual own revenue levels have continued to grow and the Agency is on course to meet its three year strategic targets.

One of the most significant contributions towards achieving the objectives of the ECPTA has been the securing of R95 million over the next three years by DEDEAT to address infrastructure requirements of the ECPTA. This is a significant event and will in the coming years exponentially enhance our capability to achieve our mandate.

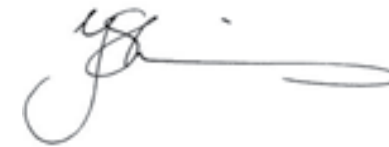
The acknowledgement that ECPTA has received for pioneering an innovative performance management system by the Auditor-General bears testimony to the commitment to continuously innovate and improve our performance. In this regard the ECPTA is committed to increase both performance management and governance systems at all levels of the organisation.

At the conclusion of this financial year, the ECPTA will enter a new phase of its evolution. To this effect it is moving from its initial "consolidation" phase into what was termed the "expansion" phase. The rationale being that the required management platforms have been established and resourced to ensure that the strategic and operational goals of the ECPTA will be achieved.

In spite of the great number of successes that the Agency has achieved there is an awareness that a number of new and legacy challenges still remain. This includes the advancement and establishment of a functional Payment for Ecological Services (PES) protocol for the ECPTA and the Eastern Cape. This is viewed as mission critical in increasing the levels of own revenue and mitigating and adapting to the challenges of climate change. Closely linked are the issue of proclamations and the resolution of outstanding land claims as a matter of urgency to ensure that the planned commercialisation of a number of ECPTA facilities takes place within the current Medium Term Expenditure Framework Period (MTEF). This will require substantial effort and partnership in ensuring the communities have access to and sustainably benefit from resources.

The Eastern Cape as a destination will also have to address the challenges pertaining to the drafting of regulations in order to increase the competitive and comparative advantage of the destination. This process cannot be separated from the need to cluster the industry and to drive innovation.

In conclusion, it is clear the 2011/2012 Financial Year was a difficult one; but one that the Agency has weathered well. Its commitment to increasing effectiveness and efficiencies has paid-off and has laid a sustainable basis from which the organisation can and will achieve its medium to long-term goals going forward.



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





# 02.

## SECTION 02. INFORMATION ON PRE-DETERMINED OBJECTIVES

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## 2. INFORMATION ON PRE-DETERMINED OBJECTIVES

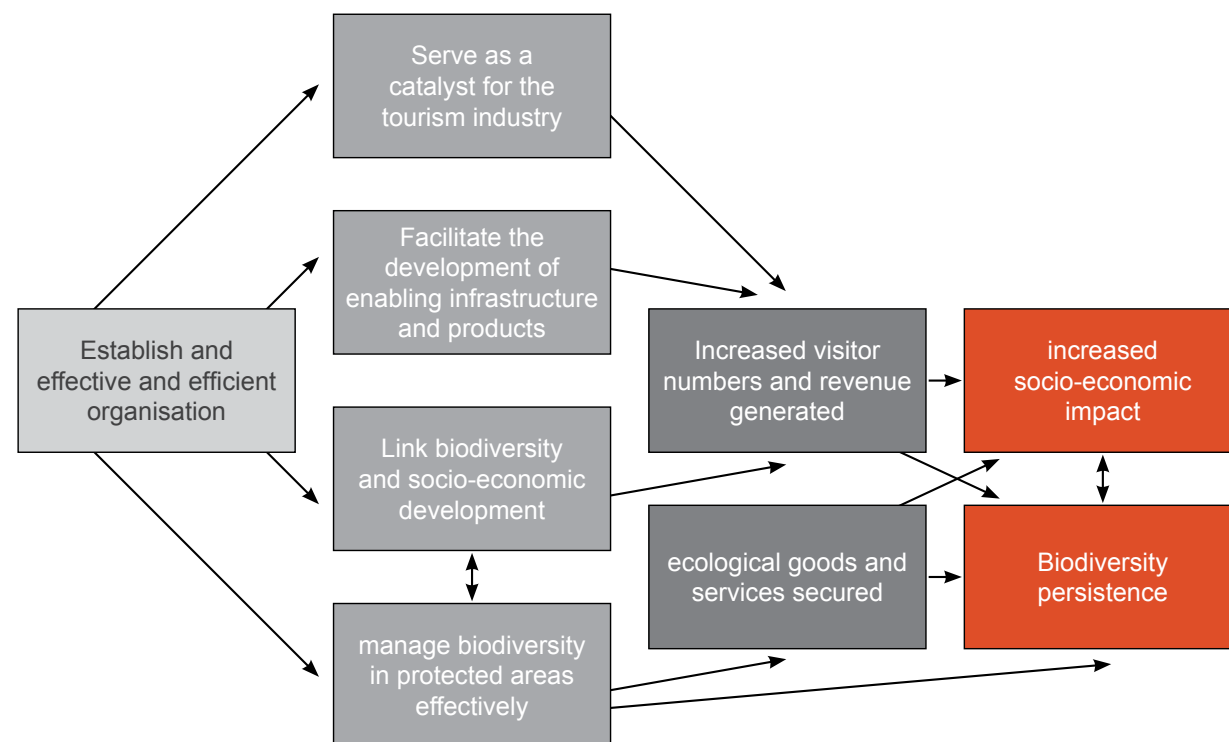
### 2.1 OVERALL PERFORMANCE

#### 2.1.1 Strategic Outcome goals

The ECPTA undertakes best practice conservation and tourism management in partnership with stakeholders for the benefit of all in the Province. The core business of the ECPTA is biodiversity conservation in Provincial Parks is to facilitate, promote and catalyze tourism in the Province. The Agency's strategic goals encompass the following:

- Compliance with industry norms and standards for the management of biodiversity conservation and tourism to establish the Agency as a reputable organisation in the industry;
- Effective partnerships within the respective industries, communities and government to enable the Agency to deliver on its mandate whilst benefiting from the synergy that exists between biodiversity conservation and tourism; and
- Mobilising resources effectively and efficiently from a range of sources to improve the Agency's financial sustainability whilst increasing its socio-economic impact within the Province.

The broad strategic direction of the Agency strategy is set out in Fig 2. below:



### 2.2 PROGRAMME PERFORMANCE

The activities of the ECPTA are organised in the following programmes:

**Programme 1: CONSERVATION**

**Programme 2: TOURISM**

**Programme 3: CORPORATE SERVICES**

The ECPTA, in compliance with the prescripts of the PFMA, produces an Annual Report in which the progress achieved against pre-determined objectives is presented. These pre-determined objectives are derived solely from the Annual Performance Plan, which is in fact supported by the next level of planning in the form of the Annual Operational Plan. The analysis below demonstrates that when the APP is analysed in isolation of the AOP, an incomplete representation of performance is generated.

When one compares the two sets of performance results, it initially appears that there are inconsistencies. These are attributable to three main factors:

- 1) All indicators have been given the same weighting, regardless of their strategic importance.
- 2) There is not an even distribution of operational : strategic indicators.
- 3) Despite demonstrable operational success, a significant number of APP (strategic) targets were not achieved due to the non-delivery of essential elements by external role players.

The analytic summary presented here is intended to provide insight into the ECPTA's performance at both Strategic and Operational Levels.

Strategic Framework			Work package Progress Analysis							
Strategic Goal	Strategic objective short title		Issued		Achieved / Exceeded		Not Achieved		Waiting on someone	
			APP	AOP	APP	AOP	APP	AOP	APP	AOP
1 To secure key biodiversity in the Province	1.1	Management effectiveness	1	20	1	17	0	3	0	0
	1.2	Protected area system	1	2	1	2	0	0	0	0
	1.3	Revenue from biodiversity	3	4	2	3	1	1	0	0
			<b>5</b>	<b>26</b>	<b>4</b>	<b>22</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>
Total Conservation Work packages			<b>16%</b>	<b>84%</b>	<b>80%</b>	<b>85%</b>	<b>20%</b>	<b>15%</b>	<b>0%</b>	<b>0%</b>
			<b>31</b>		<b>26</b>		<b>5</b>		<b>0</b>	
2 To serve as a catalyst for all dimensions of tourism in the Province	2.1	Tourism marketing	7	13	2	10	0	3	5	0
	2.2	Industry transformation	3	2	1	2	2	0	0	0
	2.3	Tourism products	5	12	4	9	1	3	0	0
	2.4	Tourism infrastructure	1	0	0	0	1	0	0	0
			<b>16</b>	<b>27</b>	<b>7</b>	<b>21</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>0</b>
Total Tourism Work packages			<b>37%</b>	<b>63%</b>	<b>44%</b>	<b>78%</b>	<b>25%</b>	<b>22%</b>	<b>31%</b>	<b>0%</b>
			<b>43</b>		<b>28</b>		<b>10</b>		<b>5</b>	
3 To establish and maintain an efficient and effective institution	3.1	Partnerships	3	3	3	1	0	2	0	0
	3.2	Corporate governance	7	23	3	16	4	7	0	0
	3.3	Supportive architecture	4	27	3	26	1	1	0	0
	3.4	Financial sustainability	4	3	2	0	2	3	0	0
			<b>18</b>	<b>56</b>	<b>11</b>	<b>43</b>	<b>7</b>	<b>13</b>	<b>0</b>	<b>0</b>
Total Corporate Services Work packages			<b>24%</b>	<b>76%</b>	<b>61%</b>	<b>77%</b>	<b>39%</b>	<b>23%</b>	<b>0%</b>	<b>0%</b>
			<b>74</b>		<b>54</b>		<b>20</b>		<b>0</b>	
			Issued		Achieved / Exceeded		Not Achieved		Waiting on someone	
Totals			148		108		35		5	
			39	109	22	86	12	23	5	0
As % of work packages issued			<b>26%</b>	<b>74%</b>	<b>15%</b>	<b>58%</b>	<b>8%</b>	<b>16%</b>	<b>3%</b>	<b>0%</b>



## PROGRAMME 1: CONSERVATION

**Purpose:** The purpose of the Conservation Programme is the efficient and effective management of a system of protected areas in the Eastern Cape with an emphasis on the conservation of biodiversity and the sustainable use of natural resources within the provincial protected areas. This is undertaken with a view to linking biodiversity conservation and local socio-economic development through stakeholder engagement and partnerships.

The Programme consists of planning, management of species and ecosystems, protected area planning and management, environmental management (including waste management), stakeholder engagement and partnerships, visitor access and services, infrastructure development and maintenance, social responsibility (including labour intensive programmes), research, monitoring and knowledge management, compliance with legislation and law enforcement, risk management and environmental impact assessment.

**Strategic Objectives:** The Conservation Department is required to address Strategic Goal 1 which is "to secure key biodiversity in the province".

## PERFORMANCE INDICATORS AND TARGETS:

### 1.1 BIODIVERSITY MANAGEMENT

In line with the National Biodiversity Management Plan, which is currently before the Minister of Environmental Affairs for approval, the ECPTA caught and relocated 35 black rhino during the year under review. Fifteen of these were sold to a private land owner for R5.5 million and 20 remain the property of the ECPTA but were released onto a new property under a custodianship programme, which previously had no black rhino, and will be managed in partnership with private land owners. Not only was the implementation of the custodianship model for black rhino management a first for the Eastern Cape, but the sale was the largest ever sale of black rhino in the country. The rationale behind these relocations is two-fold; to create space in the donor population for further growth of that population and to establish new populations of black rhino in areas where they can grow in size resulting in a net growth in the national herd.

During this period, the Board approved the animal management plan which included the sale, hunting and culling of both alien as well as indigenous species. The implementation of this strategy resulted in the Agency successfully reducing the overall number of alien species in reserves. It is also essential to develop and implement a programme that will assist in the re-establishment of species of large mammal into reserves where they are indigenous, but are no longer present. This will add the final touches to the current rehabilitation of large mammals in the ECPTA managed reserves.

The plant species integrity of the reserves is being constantly improved by clearing alien plants. For the year under review a total of 5936.1 hectares (ha) were cleared of alien vegetation. In order to reduce threats to and mitigate biodiversity integrity 296.5 km of firebreaks were cleared across all the reserves.



**DAVE BALFOUR**

Executive Director: Biodiversity Conservation

### 1.2 MANAGEMENT EFFECTIVENESS

Management Effectiveness Tracking Tool (METT) assessments are designed to measure trends of how effectively a protected area is being managed. It is important to note that many of the indicators measure aspects that are out of the direct control of the reserve manager and the score needs to be seen as a reflection of the ability of the organisation to effectively manage. As the assessments are site specific it is not intended to compare one area against another although this can be useful to examine trends across the organisation.

The METT has been widely tested and applied around the world. As part of the application of the METT in South Africa, the system was adapted to make it more relevant to South African conditions and the adapted version is known as METT-SA Version 1 2008. Further adaptations have resulted in METT-SA Version 2(2010) which can also be applied to Marine Protected Areas and further revisions are expected to evaluate the management effectiveness of conservancies and stewardship sites.

The individual METT scores for the selected reserves evaluated are as follows:

Nduli & Luchaba	37%
Dwesa & Cwebe	41%
Silaka	41%
Ongelukusnek	43%
Hluleka	48%
Mkhambathi	50%
East London Coast reserves	40%
Thomas Baines & Waters Meeting	44%
Mpofu and Fort Fordyce	51%
Great Fish River complex	58%
Tsolwana & Commando Drift	65%
Oviston	61%
Groendal & The Island	55%
Formosa	54%
Baviaanskloof	77%

The average score is therefore 51% across the ECPTA reserves which is above the targeted score of 45% and reflects an upward movement from the established baseline of 34 in 2010/2011.

### 1.3 ENFORCEMENT AND SECURITY

During the 2011/12 financial year, four cases of illegal harvesting of honey bush tea were registered with SAPS, resulting in four arrests and seizure of illegally harvested bushels.

Ongoing enforcement of the Protected Areas Act on reserves, illegal water abstraction and illegal clearing of thicket was reported around Baviaanskloof and resulted in compliance notices being issued and rehabilitation in the case water abstractions.

ECPTA was represented on Working Group 4 (Compliance and Enforcement); five reserve managers were trained as Level 2 EMI's and 65 field rangers were trained as Level 5 EMI's under NEMA and are able to enforce the provisions of NEM PA Act. All level 2 and level 5 EMI's were appointed as peace officers and delegated by the MEC.

One white rhino was poached at Tsolwana Nature Reserve, a full investigation was undertaken. No suspects have been arrested to date.

Increased security measures were implemented on reserves with black rhino to improve security, and eight field rangers attended an advanced security course.



**VUYANI DAYIMANI**

Executive Director: Operations



## 1.4 PROTECTED AREA EXPANSION

Due to changing international and national norms regarding the expansion of the protected area systems, and a limited budget, the ECPTA has not focused on land purchase in the year under review. Instead, the emphasis has been on creating partnerships that would enable the Agency to increase the amount of land (or sea) managed in a manner that benefits biodiversity conservation. In the year under review, the ECPTA's Biodiversity Stewardship Programme was formalized through the new organogram and the first Stewardship Agreements were signed in the province. This is a significant step forward and has set the baseline for future stewardship contracts being signed.

The potential for the collaborative development of new protected areas in the Wild Coast was significantly advanced in the past year with five communities pledging to commit their land to a joint management effort between the ECPTA and the Department of Agriculture, Forestry and Fisheries. These projects see the linking of the use of forests for conservation with micro enterprises such as bee keeping and low impact tourism opportunities. In addition to this, small business hubs are being negotiated to provide alternative incomes for many of the forest users. In the interests of advancing these agendas, the current GEF-funded Wild Coast project has been granted a further six months (no cost) extension until the end of June 2013 and efforts to raise funds to continue the programme beyond that date are underway.

Following the effective management of the three Marine Protected Areas (MPAs) in the Wild coast, the ECPTA has now successfully negotiated a contract to manage the newly proclaimed Amathole Marine Protected Area, comprising three separate sections in the East London Area. This adds 24400 hectares of protected area to the management responsibility of the ECPTA. In addition to this the ECPTA signed an agreement with SANBI to jointly establish and manage the first National Botanical Garden in the Eastern Cape – the Kwelera National Botanical Garden (NBG). This partnership is a first for the country and establishes a new NBG with the core of an existing Forest Nature Reserve which will be used for leisure and education alongside the adjacent commercially developed land.

## 1.5 REHABILITATION AND CLIMATE CHANGE

During the 2011/2 financial year, the ECPTA together with partners including SANParks, the Development Bank of Southern Africa and the Department of Environmental Affairs have cemented their initiatives regarding carbon sequestration by gaining validation to trade on the international voluntary carbon markets. This is a significant step forward and places the Agency in a position to advance this avenue of revenue generation in future years.

## 1.6 SOCIAL RESPONSIBILITY

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

The implementation of the SRP continued in the 2011/12 financial year with the implementation of projects that sought to develop and upgrade the infrastructure at Mkhambathi, Silaka and Hluleka Nature Reserves. During the reporting year R4 996 296 was spent on work done. Over 90 people received temporary employment during the reporting year from the SRP including the Working for Water projects. This resulted in about 13 593 employment days.

A further 153 employment days was achieved through the SRP for training interventions. 41 people received training in areas related to Occupational Health and Safety, First Aid, Personal Finance Management, Herbicide Application and Integrated Environmental Weed Control. For biodiversity conservation, the SRP's contribution resulted in over 1000 hectares of invasive alien plant species being removed from Mkhambathi and Silaka Nature Reserves. In addition, the SRP supported nine SMME's in fields such as training, hospitality and construction.





## 1.7 SCIENTIFIC SERVICES

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

The annual game census was conducted in the Baviaanskloof as part of the rotational cycle of counts that has been established. These statistically defensible counts of large mammals enable the Ecologists to make recommendations of species and numbers of large mammals to be removed for live sale, culling, hunting, donations or translocation to other reserves, thereby contributing to sound ecological management while enhancing financial sustainability of the organisation.

In the year under review, research conducted on the ECPTA protected areas was conducted by both external researcher groups as well as staff. The number of research projects conducted over this period has increased significantly and has contributed towards the management of reserves as well as to the facilitation of education in the country as students seek out research projects on which to hone their skills. The new database manager has assisted considerably in collating the databases as well as establishing the mapping and GIS side of the group.

Environmental Impact Assessment processes for developments that may impact on the protected areas or areas earmarked as priorities for expansion continued to be monitored. Where necessary the ECPTA was registered as an interested and affected party and comments and concerns were raised. These included a wide range of developments requiring authorisation, such as boardwalks and boat launching sites, masts, electricity power lines, roads, golf estates, ecotourism developments and mining.

The ECPTA's recommendation that a rehabilitation or offset fund be established has been included in the conditions in the authorisation for the planned N2 toll road. Due to the uncertainty of the environmental and other impacts, the ECPTA has also opposed plans to carry out hydraulic fracturing for methane and other gases in the Karoo.

## 1.8 WILD COAST PROJECT

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

In the process of working towards achieving these goals, the project team is constantly aware of the delicate balances involved. These include the expanding protected areas in the context of community expectations, development needs, promoting co-management within the parameters of traditional conservation practice, establishing community based programmes which could conflict with traditional values and local governance, establishing complex management agreements in an environment of limited capacity and a lack of skilled personnel, and initiating income generation to ensure protected area sustainability under highly competitive circumstances in a depressed economic environment.

During the financial year under review, the priorities of the Wild Coast Project included defining the areas where expansion of the national protected areas network could take place and the development of the partnerships with relevant communities to create an enabling environment for this process to take place.

## Service Delivery Objectives and Indicators

Goal 1. To secure key biodiversity in the Province					
Performance Indicator		Baseline (Actual Output 2010-11)	Performance		Reason for variance
			Target (11-12)	Actual (11-12)	
Strategic objective: 1.1 To strengthen management effectiveness in protected areas					
1.1.1	METT-SA score achieved in Protected Areas according to defined categories	34	45	51	Improved systems; Improved understanding of the “big picture” at reserve level; Staff training; Increased volume of scientific research in protected areas; Improved professionalism
Strategic objective: 1.2 To expand the Provincial protected area system					
1.2.1	Provincial NPAES target	0	10	24	The size of the Marine Protected Area proclaimed was greater than anticipated
Strategic objective: 1.3 To grow revenue from biodiversity					
1.3.1	Revenue from hunting packages	0	R1.8m	R1.5m	Although there was a favourable uptake of hunts (in excess of expectations), the focus was on lower-value game
1.3.2	Revenue from game sales	0	R6.9m	R7.8m	Prices fetched at the annual game auction were higher than in previous years
1.3.3	Revenue from culling	0	R0.3m	R1.6m	The tender price offered by service providers exceeded expectations
1.3.4	Revenue from ecological services	0	0	0	N/A





Game Estimates (as at 01 October 2011) and approved off-takes for the 2011/2012 year

Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
		Rec	Act	Internal	Rec	Act	External	SA	Rec	Act	International	Rec	Act	Rec	Act	Rec	Act
<b>Baviaanskloof</b>	Black Rhino															0	0
	Buffalo															0	0
	Bushbuck															0	0
	Bushpig															0	0
	Cape Mountain Zebra															0	0
	Common Duiker															0	0
	Eland															0	0
	Grysbok															0	0
	Impala			1	0											1	0
	Klipspringer													10	0	10	0
	Kudu															0	0
	Mountain Reedbuck															0	0
	Red Hartebeest															0	0
<b>Commando Drift</b>	Waterbuck			1	0											1	0
	Black Wildebeest						30	30	53	28						83	58
	Blesbok								30	26						30	26
	Cape Mountain Zebra	15	14													15	14
	Common Duiker															0	0
	Kudu			10	9			24	24							34	33
	Lechwe							7	0	6	0					13	0
	Mountain Reedbuck															0	0
	Ostrich						16	5								16	5

Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
		Rec	Act	Internal	Rec	Act	External	SA	Rec	Act	International	Rec	Act	Rec	Act	Rec	Act
	Red Hartebeest								24	24						24	24
	Springbok						19	19	24	25						43	44
	Steenbok															0	0
	Warthog			20	9											20	9
	Blue Wildebeest															0	0
<b>Dwesa/Cwebe</b>	Buffalo															0	0
	Bushbuck															0	0
	Crocodile															0	0
	Eland															0	0
	Plains Zebra			0	3											0	3
	White Rhino															0	0
	Black Wildebeest			11	12											11	12
<b>Fort Fordyce</b>	Plains Zebra			2	2											2	2
	Red Hartebeest			16	15											16	15
<b>Great Fish</b>	Baboon															0	0
	Black Rhino	27-35	15											0	20	35	35
	Blesbok			8												8	0
	Blue Wildebeest			7	4	0	8									7	12
	Buffalo	4	14											20	11	24	25
	Bushbuck															0	0
	Bushpig															0	0
	Common Duiker															0	0
	Eland	55	65	0	2											55	67



Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
				Internal		External		SA		International							
		Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act
	Elephant															0	0
	Giraffe	0	5			5	0									5	5
	Grysbok															0	0
	Hippopotamus															0	0
	Impala															34	9
	Kudu			130	130	100	86									230	216
	Mountain Reedbuck			9	0											9	0
	Nyala			5	7											5	7
	Ostrich					32	26									32	26
	Plains Zebra	12	12													12	12
	Red Hartebeest	53	53													53	53
	Springbok			0	1											0	1
	Steenbok															0	0
	Warthog			250	85			0	97							250	182
	Waterbuck			4	1	0	8									4	9
White Rhino												0	2		0	2	
Hlualeka	Blue Wildebeest			1	0											1	0
	Plains Zebra															0	0
Luchaba	Blesbok			40	40											40	40
	Fallow Deer			4	2											4	2
	Plains Zebra			10	10											10	10
	Red Hartebeest															0	0
	Springbok			15	17											15	17

Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
				Internal		External		SA		International		Rec	Act	Rec	Act	Rec	Act
Mkambati	Blesbok					300	296									300	296
	Blue Wildebeest			2	0		2									2	2
	Bushbuck															0	0
	Common Duiker															0	0
	Eland															0	0
	Impala			1	0											1	0
	Kudu			9	0											9	0
	Plains Zebra			50	0											50	0
	Red Hartebeest													20	0	20	0
	Southern Reedbuck															0	0
	Springbok			11	0											11	0
Mpofu	Baboon															0	0
	Black Wildebeest			16	14	40	40									56	54
	Blesbok			14	13	20	20									34	33
	Blue Wildebeest															0	0
	Buffalo	6	0													6	0
	Bushbuck															0	0
	Duiker, Common															0	0
	Eland	75	13	8	6											83	19
	Fallow Deer			2	0											2	0
	Giraffe									1	0					1	0
	Grey Rhebok															0	0
Impala			50	21	50	3									100	24	



Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
				Internal		External		SA		International							
		Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act
	Kudu															0	0
	Mountain Reedbuck															0	0
	Ostrich															0	0
	Plains Zebra	50	50	2	0	40	40									92	90
	Red Hartebeest	20	20	0	1								2	0		22	21
	Southern Reedbuck															0	0
	Springbok															0	0
	Warthog			100	67			0	82							100	149
	Waterbuck			30	14	20	14									50	28
	Blesbok															0	0
	Fallow Deer			9	5											9	5
	Impala			36	25											36	25
	Mountain Reedbuck															0	0
	Nyala			4	4											4	4
	Red Hartebeest															0	0
Ongeluksnek	Black Wildebeest			0	1										0	1	
Oviston A	Common Duiker															0	0
	Eland	18	23					15	18							33	41
	Kudu							9	14							9	14
	Mountain Reedbuck							16	10							16	10
	Plains Zebra	15	23													15	23
	Red Hartebeest	32	22					15	11							47	33
	Springbok			18	0			30	10							48	10

Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
				Internal		External		SA		International							
		Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act
Oviston B & C	Steenbok															0	0
	Black Wildebeest	0	20		3	101	110		30	34						131	167
	Blesbok			21	19	50	60		40	38						111	117
	Common Duiker															0	0
	Eland	5														5	0
	Gemsbok				1				11	14						11	15
	Kudu															0	0
	Mountain Reedbuck									6						0	6
	Ostrich					56	50									56	50
	Plains Zebra	8					3									8	3
	Red Hartebeest					18	18		15	4						33	22
	Springbok			31	88	600	516		30	66						661	670
	Steenbok															0	0
Oviston D	Black Wildebeest			1		0	65		10	0						11	65
	Blesbok			0	12	44	49		20	16						64	77
	Common Duiker															0	0
	Kudu															0	0
	Mountain Reedbuck															0	0
	Ostrich					41	40									41	40
	Plains Zebra															0	0
	Red Hartebeest					15	15		0	11						15	26
	Springbok					149	150		20	10						169	160
	Steenbok															0	0



Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
		Rec	Act	Internal		External		SA		International		Rec	Act	Rec	Act	Rec	Act
				Rec	Act	Rec	Act	Rec	Act	Rec	Act						
Oviston E1	Black Wildebeest					8	0									8	0
	Common Duiker															0	0
	Eland															0	0
	Kudu															0	0
	Mountain Reedbuck															0	0
	Ostrich															0	0
	Plains Zebra					4	0									4	0
	Red Hartebeest															0	0
	Springbok									20	0					20	0
	Steenbok															0	0
Warthog															0	0	
Oviston E2	Black Wildebeest															0	0
	Blesbok			10		17	0	0	6							27	6
	Common Duiker															0	0
	Eland															0	0
	Kudu															0	0
	Mountain Reedbuck															0	0
	Springbok															0	0
	Steenbok															0	0
	Warthog			10												10	0
	Black Wildebeest	35	0			72	0	10	0							117	0
Blesbok															0	0	
Common Duiker															0	0	

Reserve	Species	Live sale		Culling				Hunting				Donation		Translocation		Total	
				Internal		External		SA		International							
		Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act	Rec	Act
	Eland									3	0					3	0
	Gemsbok									3	0					3	0
	Kudu									5	0					5	0
	Lechwe															0	0
	Mountain Reedbuck															0	0
	Ostrich					31	36									31	36
	Plains Zebra					5	0									5	0
	Red Hartebeest															0	0
	Southern Reedbuck			1	0											1	0
	Springbok			30	0	27	50			20	8					77	58
	Steenbok															0	0
	Warthog			20	13											20	13
Silaka	Blue Wildebeest			4	3											4	3
	Plains Zebra			4	0											4	0
Thomas Baines	Buffalo															0	0
	Bushbuck															0	0
	Common Duiker															0	0
	Eland															0	0
	Grysbok															0	0
	Impala			1	0											1	0
	Kudu															0	0
	Mountain Reedbuck															0	0
	Nyala			1	0											1	0



Reserve	Species	Live sale		Culling						Hunting				Donation		Translocation		Total	
		Rec	Act	Internal	Rec	Act	Rec	Act	External	Rec	Act	SA	Rec	Act	International	Rec	Act	Rec	Act
	Plains Zebra																	0	0
	Red Hartebeest																	0	0
	Warthog			6	0													6	0
Tsolwana	Barbary Sheep																	0	0
	Black Wildebeest			30	23	355	355	40	40									425	418
	Bontebok			50	5													50	5
	Cape Mountain Zebra	15	16															15	16
	Common Duiker																	0	0
	Eland							17	14									17	14
	Fallow Deer			20	12	17	0	40	29									77	41
	Gemsbok			20	0	20	10	40	42									80	52
	Grey Rhebok																	0	0
	Impala			50	32	100	41	40	33									190	106
	Kudu			0	5			15	14									15	19
	Mountain Reedbuck							30	28									30	28
	Ostrich					27	27											27	27
	Red Hartebeest							32	28									32	28
	Springbok			39	32			80	63									119	95
	Steenbok			0														0	0
	Warthog			2														2	0
	Waterbuck			3														3	0
	White Rhino																	0	0
Waters Meeting	Nyala			10	0													10	0

Reserve	Species	Live sale		Culling						Hunting				Donation		Translocation		Total	
		Rec	Act	Internal	Rec	Act	Rec	Act	External	Rec	Act	SA	Rec	Act	International	Rec	Act	Rec	Act
	Warthog			10	0													10	0
	Waterbuck			10	2													10	2
Total		453	365	1324	779	2429	2192	819	873	6	0	0	0	2	52	31	5083	4242	
Overall Success Rate (%)		81		59		90		107		0		100		60		83			





## PROGRAMME 2: DESTINATION TOURISM

**Purpose:** The Destination Tourism Programme comprises the functions of marketing and business development for the ECPTA.

The Marketing and Communications Department is responsible for promoting the Province as a tourism destination. Marketing and promotion take a variety of forms and include providing user-friendly visitor information as well as credible statistical information on tourism in the Province to the tourism sector and government, to assist in assessing the contribution that tourism makes to the Provincial economy and identifying areas for potential growth and development.

In terms of the Eastern Cape Parks and Tourism Act 2 of 2010, the Agency is also required to regulate tourism in the Province. This requires the establishment of a registration system for tourism products and tourist guides, together with a system for the collection of tourism levies.

Constraining factors for tourism growth in the Province are poor quality infrastructure and limited tourism products. The Business Development and Tourism Department is responsible for stimulating Provincial tourism product development, and facilitating infrastructure development for tourism growth. It is also responsible for assisting in growing the revenue of the Agency through facilitating revenue-generating activities and securing investment for tourism development initiatives.

The Department is also responsible for facilitating transformation in the tourism sector. This means facilitating increases in the number of HDI tourism operators, SMMEs and co-operatives in the industry, as well as increasing the number of black visitors to the Province as a whole and to Provincial parks in particular. Transformation includes attracting investments into rural tourism and providing access to economic growth opportunities for previously marginalised communities and individuals.

**Strategic Objectives:** The Destination Tourism programme is required to address Strategic Goal 2: "To serve as a catalyst for all dimensions of tourism in the province".

### PERFORMANCE INDICATORS AND TARGETS:

The Eastern Cape tourism sector is at a critical point where it is aware of the increasing demand for experiential tourism in the form of township tours and cultural engagements. Previously marginalised communities hold the key to unlocking many of these opportunities but lack both the openings and skills to do so. In light of this, the Destination Tourism Department has a particularly crucial role to play in encouraging previously disadvantaged citizens of this province to participate in the tourism industry by identifying products and starting up businesses. It also plays a crucial role in bringing together stakeholders in the public and private sectors to fast-track responsible tourism growth.

A key challenge lies in creating holistic development models for a variety of projects that will not only ensure the viability of individual SMMEs, but also guarantee their sustainability by linking them with the mainstream tourism economy. To this end, the Destination Tourism Department is playing a crucial role in breaking down barriers between established and new businesses by facilitating mentorship relationships for skills transfer, as well as initiating deals between large operators and emerging service providers. It has also attempted to make existing marketing platforms, such as consumer and trade shows, accessible to new market entrants.

The Destination Tourism Department is divided into various units which include Marketing and Communications, Destination Tourism and the Product Registration units.



**EDDIE MARAFANE**

**Executive Director:** Destination Tourism

## 1. MARKETING AND COMMUNICATIONS

The Destination Marketing Division aims to market the Eastern Cape Province both domestically and internationally. It is responsible for building and maintaining the corporate brand identity for the ECPTA and ensuring sound perceptions of the entity as a key role player in the tourism and conservation industry. The core responsibility of the Destination Marketing Division is to ensure that the Eastern Cape is the destination of choice.

Whilst we are proud of what we have achieved during the year under review, there are still many challenges ahead and we continue to take advantage of the opportunities that present themselves to us.

The Marketing and Communications unit is further divided into various sub-programmes which include Trade and Exhibitions, Events and Partnerships, Branding, Communications and Central Reservations.

### 1.1 Trade and Exhibitions

The Trade and Exhibitions portfolio worked towards maintaining the domestic and provincial income within the province during the year under review through a number of initiatives in core markets identified in a Trade Led Growth Strategy developed and implemented in 2010.

The ECPTA maintained representation in the UK, USA and Benelux Countries through the appointment of international country representatives. Some of the collective highlights to report on include ongoing contact with at least 30 tour operators promoting holidays to South Africa inclusive of the Eastern Cape. Despite not having funding to maintain Joint Marketing Agreements (JMA's) with select Tour Operators, ongoing destination promotion was achieved with Live to Travel, ITG, OAD, TUI Netherlands, De Jong Intra and Travelbag. Live to Travel hosted an Eastern Cape Invasion for 60 travel trade representatives to the province and De Jong Intra brought their 14 top selling travel agents to the Eastern Cape for an educational tour.

Press and trade publication articles as a result of ongoing public relations activities resulted in R17 989 383 worth of coverage in the core markets. It is important to note that no paid for advertising is included in this public relations value.

Newsletters distributed to 2500 trade representatives and 505 trade leads obtained through participating in travel trade workshops.

The ECPTA worked hard at establishing partnerships with private and public sector stakeholders to ensure destination awareness and promotion through the hosting of international media and trade representatives. With the strengthening of relations with private sector partners, the ECPTA obtained support from these partners to the value of R1 424 975. This support was form of accommodation, activities and airfares supplied for the visiting delegates.

During the year under review, the Adventure Province was showcased in various international and national platforms, with the greatest challenge facing the trade and exhibitions portfolio being the limited marketing budget. Another challenge facing this department is the inability to maintain any of the JMA's initiated during the 2010/2011 year, thus resulting in a 'stop-start' approach. Within the forthcoming financial year the budget has been prioritised to ensure that at least four JMA's are concluded at the expense of the ECPTA not participating in key international marketing shows or initiating marketing activities, producing marketing collateral or boosting the international country representative accounts.

The Trade and Exhibitions portfolio will however continue to lobby for private and public sector support for initiatives that are beneficial to all.





## 1.2 Events and Partnerships

The Events and Partnerships Unit aims to promote the Eastern Cape as an attractive tourism destination through the hosting of events. Identifying partners necessary to this strategy ECPTA entered into necessary support relationship with these partners. These partnerships enable events to take place in the province. This has assisted the ECPTA to improve the seasonality of tourism and enabled the geographical spread of visitors to the province.

The ECPTA partnered with events organisers to host the following events in the province for the 211/2012 financial year: Ironman 70.3, Ironman South Africa, Billabong Surfing Pro and the Africa Open Golf Challenge. Combined, these events had the following outputs for the province: media coverage to the value of R192 million, an economic injection of R36, 7 million, and 455 jobs were created and the events attracted 40 029 visitors to the province.

## 1.3 Branding

The ECPTA has positioned the Eastern Cape as the Adventure Province. This was done after a process that included in-depth research into the Province's brand icons and inventory, insight generation and the development of brand tools. The research process was immense – investigating current brand perceptions throughout the country as well as scouring the opinions of the international community.

The strategy then called for a nation-wide comparison of the Eastern Cape's tourism offerings with the other eight Provinces to further push the limits of offering a unique brand positioning. This exercise uncovered a select few product offerings unique to the Province. The most prominent offerings had highlighted the Eastern Cape as a stand out in the adventure tourism market. We had discovered a real, clear and compelling brand positioning that talks to our unique offerings.

The year under review saw the Adventure Province brand taken to the next level by encouraging private tourism-related product owners to adopt the brand by incorporating it into their products and the marketing materials. The purpose for this was to continue to roll out and further strengthen the Adventure Province brand through increased visibility and to enhance relationships with the private product owners.

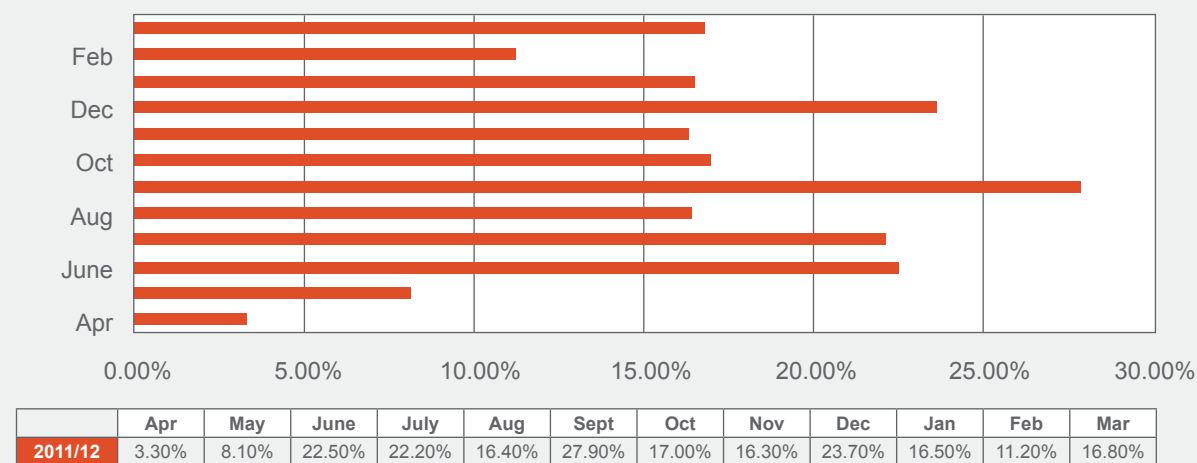
Efforts continue to be made to encourage more private product owners to follow suit. Should this be successful, the Adventure Province brand will grow from strength to strength.

## 1.4 Central Reservations

The Central Reservations Unit is one of the first points of contact the public has with the entity and it endeavors at all times to ensure and deliver service excellence to all points of contact. The Central Reservations Unit's core responsibility is making bookings telephonically, electronically and through walk in leads for clients of the ECPTA to the 15 Nature Reserves with eco-tourism facilities that are managed by the Agency.

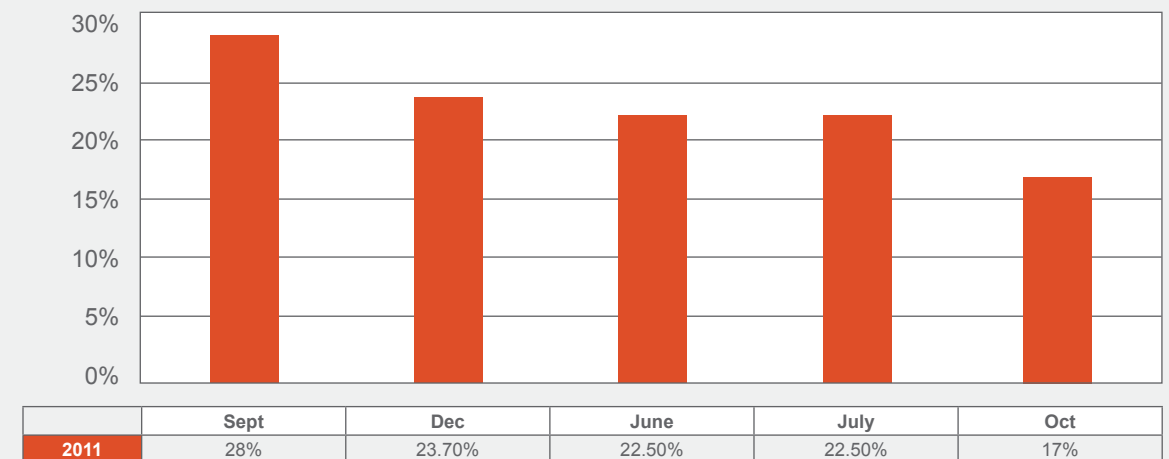
The graph below represents recorded occupancy levels for all 15 of ECPTA's Nature Reserves for the 2011/2012 financial year.

OVERALL OCCUPANCY FOR APRIL 2011 TO MARCH 2012

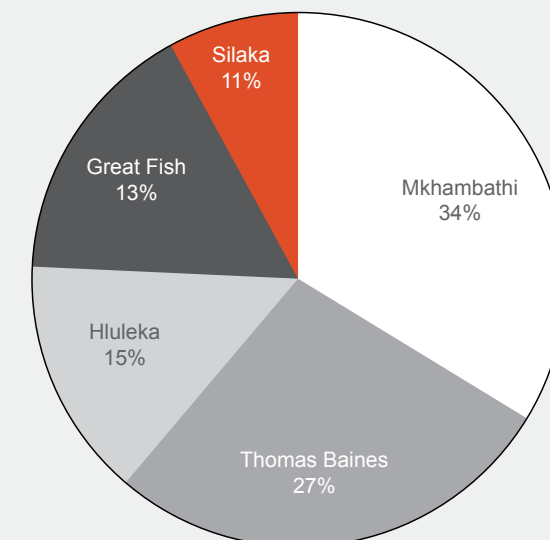


From the table above it is worth noting that the month of September 2011 saw the highest overall occupancy level (27.9%) compared to all the other months. Historically, December has always had the highest occupancy levels but this year, it was a different case. The reason for that is that the Thomas Baines Nature Reserve had a 68% occupancy in September from hosting the Hospitality Youth Initiative and that inflated the overall occupancy for September when averaged across all the reserves.

TOP 5 MONTHS FOR OCCUPANCY DURING 2011



RESERVES WITH THE TOP 5 OCCUPANCIES



The ECPTA reserves situated in coastal areas continue to attract more visitors compared to inland reserves. In fact, the top 5 reserves in terms of occupancy levels are all in coastal regions as illustrated in the chart above. The reason for that is that the coast offers more points of interest and activities. In addition to that, the facilities and the condition of the coastal ECPTA reserves is better than that of their inland counterparts.



## 2. DESTINATION TOURISM DEVELOPMENT

The ECPTA is mandated to enhance development and promotion of the tourism industry in order to increase tourism growth in the province. The tourism industry is a service sector and as such the main focus of the Destination Development Unit is creating an enabling environment for businesses to thrive. This is done through the facilitation of easy access to the various destinations, improved service standards through working with and supporting the industry. As part of promoting rural tourism development, Destination Development also lobbies for funding for community tourism projects and support in the implementation of these projects.

### 2.1 Enterprise Development

ECPTA's transformation drive kicks off by efforts to mainstream emerging enterprises in order to give them strength and capacity to compete with other large scale industry players. To this end, ECPTA entered into a memorandum of agreement with the Tourism Enterprise Partnership and the Eastern Cape Development Corporation. The partnership was to the value of R495, 219. The main focus of this partnership was to empower thirty (30) tourism business on a quality management system in order for each business to fully understand the importance of quality delivery in an organisation. As a result of this intervention, some of these businesses have drawn up contracts for their employees, registered staff with the Department of Labour for Unemployment Insurance Fund (UIF), have registered with SARS and have financial systems in place.

As a strategy to improve the competitive edge of tourism businesses in the Eastern Cape and to assure tourists of excellent service, ECPTA has supported the grading of eighty eight (88) accommodation establishments as against the set target of forty three (43). This was achieved through good working relations with the Tourism Grading Council of South Africa (TGSA).

### 2.2 Tourism Youth Program

South African youth continue to struggle with unemployment and key to ECPTA's intervention is to negate the challenge of unemployment. The ECPTA supported the National Department of Tourism in the training and placement of twenty four (24) tourism buddies. In order to bridge the skills gap as identified in the National Tourism Sector Strategy, the Agency also supported forty eight (48) learners as against the target of ten (10) to attend the National Tourism Career Expo that was held in Durban.

### 2.3 Product Development

As a strategy to position unique destinations within the province, ECPTA initiated the establishment of a new provincial route called the Coastal Route. The aim for establishing this route was to consolidate the diverse packages along the coast extending to the country side. The route seeks to align tourism development and promotion throughout the eight (8) regional routes involved. The route will be launched at Indaba 2012.

The ECPTA tourism signage installation project contributes to the enhancement of tourism products and services as any tourism operating business that is open to visitors and public should have clear signage for visitor easy access and safety. To this end, ECPTA has supported the installation of seventy five (75) signs as against the target of thirty (30) signs, thus making tourist attractions in the province easier to be located and access.

As part of its effort to accelerate the development of tourism and transforming the tourism industry, ECPTA is providing support to a number of community tourism projects. This is one of the fundamental programs for the Destination Tourism as it addresses several areas including community involvement, transformation and job creation. Destination Tourism Department has provided technical support to eleven (11) community tourism projects in 2011/2012 financial year.

## 3. PRODUCT REGISTRATION

The target for the financial year was to register 2500 tourism products and due to concerted efforts to create awareness about the benefits of registering with the ECPTA, the target was exceeded by 105, thus making the total number of registered tourism products 2605.

ECPTA has vigorously engaged on a campaign targeting illegal tourist guiding whereby ECPTA together with relevant stakeholders such as the traffic department conducted spot checks to combat illegal guiding. This has resulted in an increase on the level of compliance by the tourists guides.

## Service Delivery Objectives and Indicators

Goal 2: To serve as a catalyst for all dimensions of tourism in the Province					
Performance Indicator		Baseline (Actual Output 2010-11)	Performance		Reason for variance
			Target (11-12)	Actual (11-12)	
Strategic objective: 2.1 To promote the Province as a preferred tourism destination					
2.1.1	Domestic provincial tourism income maintained	R4.2b	R4.3b	R 0	ECPTA is reliant on StatsSA and South African Tourism for the collection, processing, analysis and publication of this data. In rare instances where this data was forthcoming, it was 18 months to 24 months out of date. As ECPTA is unable to generate these statistics independently, these indicators will be removed from future performance plans.
2.1.2	International provincial tourism income maintained	R3.4b	R3.5b	R 0	
2.1.3	Domestic tourism market share	21%	21%	0%	
2.1.4	International tourism market share	4.3%	4.3%	0	
2.1.5	% Geographical growth across the Province increased	0	1.5%	0%	
2.1.6	% Recognition of destination brand within conservation and tourism industry	0	3%	3%	N/A
2.1.7	% Increase in reserve occupancy levels	10%	20%	30.02%	Campaigns, “Specials”, and promotions proved successful.
Strategic objective: 2.2 To enhance Provincial tourism transformation					
2.2.1	Tourism Charter Scorecard Result	0	60%	74.95%	Tourism product owners are increasingly aware of the benefits of applying for and maintaining BEE credentials.
2.2.2	% Change in demographic profile of visitors to Reserve	0	15%	-19%	The ECPTA neglected to specifically target previously disadvantaged groups in campaigns.
2.2.3	% Change in demographic profile of professional hunters	0	1%	0	Not prioritised
Strategic objective: 2.3 To enhance Provincial tourism product development					
2.3.1	Revenue from on-Reserve hospitality	R3.4	R3m	R 2 217 584	Persistent issues with the state of hospitality infrastructure hampered achievement of target.
2.3.2	% Improvement in ECPTA Customer Satisfaction Index	1%	30%	49.56%	Dedicated efforts to solicit and respond to customer feedback have yielded positive results.
2.3.3	Number of registered products in the province	1 900	2 500	2 605	Tourism product owners are increasingly aware of the benefits of registering their establishments.
2.3.4	% Graded tourist accommodation establishments on Reserves	0	50%	50%	N/A
2.3.5	Minimum grading for tourist products in the Province	800	43	88	Tourism product owners are increasingly aware of the benefits of applying for grading. The online grading system has improved access.
Strategic objective: 2.4 To facilitate infrastructure development for tourism growth					
2.4.1	Progress against infrastructure improvement plan	0	90%	81.25%	Budgetary constraints hampered the full roll-out of the Infrastructure Improvement Plan.



### Changes to planned targets:

ECPTA supports and encourages accommodation establishments to be graded with the Tourism Grading Council of South Africa. The grading support is done in order to give assurance to tourists of the service they should expect in the graded establishments. To this end, ECPTA supports establishments to apply for grading.

A number of issues pertain to Performance Indicator 2.3.5:

- ECPTA supports grading of all accommodation establishments across all stars, ranging from 1 to 5 stars;
- ECPTA also understands that tourists should have an option of choosing accommodation establishments according to their budget and requirements;
- ECPTA recognizes all stars and encourages establishments to grade according to their offerings;
- Establishments graded with 4 and 5 stars generally appeal to the higher end of the market, and 1 and 2 star establishments to the budget market; and
- In the context of the drive to increase domestic tourism on one hand and wider participation in the tourism industry on the other, ECPTA determined that the number of 3 star establishments would be a good indicator of the extent to which both access and participation have been facilitated.

The APP reflected target for this indicator as minimum grading of tourist products in the province as 3 star. When the Annual Operational Plan was subsequently developed and the evidence sources agreed to, it became clear that "3 star" is a meaningless unit of measure. The intention is to establish "how many" 3-star establishments exist. The unit of measure was therefore changed from "3 Star" to "Number of 3 Star B&B's/Guest Houses".





## PROGRAMME 3: CORPORATE SERVICES

**Purpose:** The Corporate Services Programme is responsible for the transversal administrative, management, communications, human resource management and procurement responsibilities and ensures compliance with PFMA and treasury specifications for Public Entities. The programme comprises the Office of the Chief Executive Officer, the Department of Finance, the Information Communication and Technology Division and the Department of Human Resources.

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.

As the administrative head of the ECPTA, the CEO is also 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 plans, performance reports and risk management. The Office of the CEO ensures that effective planning and reporting systems are established, and that external partnership networks are developed and managed.

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. The Information Communication and Technology (ICT) division provides for the infrastructure and technological support to facilitate this process and ensure that it is effectively, efficiently and economically executed.

The Human Resources Department ensures that the Agency has the right number of people, within the right composition and with the right competencies, in the right places who are fairly and equitably remunerated to enable it to deliver on the mandates and achieve its strategic goals and objectives. The department is responsible for ensuring the delivery of professional excellence in the disciplines of human resource administration, training and development, organisational transformation, occupational health and safety, employee wellness and labour relations.

**Strategic Objectives:** The Corporate Services programme is required to address Strategic Goal 3: "To establish and maintain an efficient and effective institution".



### Service Delivery Objectives and Indicators

Goal 2: To serve as a catalyst for all dimensions of tourism in the Province				
Performance Indicator	Baseline (Actual Output 2010-11)	Performance		Reason for variance
		Target (11-12)	Actual (11-12)	
Strategic objective: 3.1 To utilise partnerships with key stakeholders successfully to achieve specific outputs				
3.1.1 Funds leveraged from partnerships for biodiversity management and protected area development initiatives	R20m	R25m	R 97.5 m	Intense lobbying resulted in a substantial 3-year commitment from DEDEAT in support of infrastructure improvements.
3.1.2 Funds leveraged from partners for tourism initiatives	R3m	R5m	R 13.4m	Sports tourism events drew greater than anticipated interest from partners.
3.1.3 Number of partnership agreements	7	10	14	Increased professionalism in approach to partnerships has resulted in the formalisation of agreements which would previously have been confirmed on a handshake.
Strategic objective: 3.2 To ensure effective corporate governance				
3.2.1 Legislative compliance with key identified pieces of legislation	25	100%	77.8%	Compliance with OSH is still a challenge due to internal challenges.
3.2.2 Standard average performance assessment score for the Board effectiveness	N/a	3	0	Assessment finalised after middle of month following end of financial year.
3.2.3 Unqualified audit report	100	100	100	
3.2.4 Matters of emphasis	10	5	3	Improved systems.
3.2.5 Percentage of total strategic risks reduced to an acceptable level	0	30%	46%	Incorporation of risks into departmental operations - risks are managed as part of delivery, rather than as a stand-alone, intermittent event.
3.2.6 To reduce the carbon footprint	0	30%	0%	Not prioritised
3.2.1 Legislative compliance with key identified pieces of legislation	25	100%	77.8%	Compliance with OSH is still a challenge due to internal challenges.
3.2.7 Percentage stakeholder satisfaction	N/a	35%	0%	Stakeholder satisfaction survey not conducted.
Strategic objective: 3.3 To ensure that the organisational architecture supports Agency strategy				
3.3.1 Transformed organisational structure	N/a	40%	40%	
3.3.2 Average performance score for the organisation	2.9	3	3.19	Consistent performance
3.3.3 % Organisational operations efficiently and effectively supported by ICT systems	0	20%	20%	
3.3.4 % Improved staff satisfaction	0	60%	55%	Dip in satisfaction attributed to uncertainty related to the restructuring process.
Strategic objective: 3.4 To maintain efficient financial management that will support the growth of own revenue				
3.4.1 % Efficiencies gained on expenditure of operational budget	0	3%	3.28%	Improved systems
3.4.2 % Budget variance maintained	5%	5%	2%	Improved systems
3.4.3 % Increase of own revenue generated ratio to grant allocation	12%	15%	9%	Adjustment to grant quantum in November altered the balance.
3.4.4 Revenue increased from commercialisation initiatives	0	6m	R 233 550	Delays in appointment of transaction advisors resulted in inability to finalise concession agreements.



## Service Delivery Objectives and Indicators

Goal 3: To establish and maintain an efficient and effective institution				
Performance Indicator	Baseline (Actual Output 2010-11)	Performance		Reason for variance
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3.1.1 Funds leveraged from partnerships for biodiversity management and protected area development initiatives	R20m	R25m	R 97.5 m	Intense lobbying resulted in a substantial 3-year commitment from DEDEAT in support of infrastructure improvements.
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3.3.1 Transformed organisational structure	N/a	40%	40%	
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# 03.

## SECTION 03. HUMAN RESOURCES MANAGEMENT

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- 60 INJURY ON DUTY
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### 3. HUMAN RESOURCE MANAGEMENT INFORMATION

**Purpose:** The Human Resource Management Department ensures that the Agency has the right number of people, within the right composition and with the right competencies, in the right places who are fairly and equitably remunerated to enable it to deliver on the mandates and achieve its strategic goals and objectives. The department is responsible for ensuring the delivery of professional excellence in the disciplines of human capital administration, training and development, organisational transformation, employee relations including employee wellness.

#### Strategic Objective:

The Human Resource Management Department is required to address Strategic Goal 3 "To establish and maintain an efficient and effective institution."

Strategic Goal 3		Strategic Objective	Strategic Statement
To establish and maintain an efficient and effective institution.	3.3	Supportive architecture	To ensure that the organisational architecture supports Agency strategy

#### Narrative In Terms of Performance:

During the 2011/12 performance year, the ECPTA underwent an organisational redesign process aligned to the strategy and functions of the merged entity. The parameters upon which the organogram was developed was to ensure that it does not exceed 65% of the cost of the total ECPTA budget without compromising the strategic direction and delivery that needs to take place. This parameter was proposed as a guideline since the functions of biodiversity conservation are largely labour intensive. It further ensured that the merger of the conservation and tourism functions is clear and the operations leg addresses this area. It further strengthened capability with devolvement of functions to the regions.

This organogram was approved with 527 posts at an annualised cost of R 98.3 million (61.6% of ECPTA total budget) which was a 39% reduction in posts from the 862 posts (R 136 million) of ex-ECTB and ex-ECTB prior merger.

All existing employees were placed in posts on the new organogram as per agreement with Organised Labour with 25 employees being placed but in excess with 24 being in the general assistant cadre. Linked to this, salaries of employees were aligned in accordance with the remuneration policy and 181 (44%) of employees benefited from this process at an annualized cost of R 4, 2 million.

During the year under review a Voluntary Severance Package (VSP) process was agreed upon with Organised Labour so as to allow space for employees who wished to opt for VSP instead of an alternative position in terms of ECPTA organogram placement. 130 employees, mostly in the unskilled and semi-skilled levels opted for VSP at a cost of R12m which was offset against the existing salary bill. This process has transformed the face of the organisation from one of being largely unskilled to largely semi-skilled and skilled. This also allowed for the Employment Equity male female ratio to improve overall by 7.5%.



**LENORAY GOWER**

**Executive Director:** Human Capital Management

A staff satisfaction survey was conducted during 4<sup>th</sup> Quarter of 2011/12 to measure staff satisfaction. The staff satisfaction was measured at 55% as compared to 57% during 2010. This decrease can largely be attributed to the merger and organisational redesign processes which had an impact on employees. Issues relating to major change processes such as the merger itself as well as the organisational redesign process attracted the most negative or undecided responses which could be attributed to the delay in finalisation of the organisational structure and the uncertainty this brought about. Management have thus the continued task of ensuring that employees are familiar with their new roles and responsibilities aligned to the new organisational structure in order to deliver of the ECPTA's mandate.

#### EXPENDITURE

The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the ECPTA.

**TABLE 2.1 – Personnel costs by programme, 2011/12**

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Corporate Services (CEO's Office)	9 236	4 098	-	2.5%	683
Conservation	82 917	74 229	-	44.5%	212
Marketing & Communication	11 978	2 862	-	1.7%	168
Tourism & Business Development	14 990	9 014	-	5.5%	501
Human Capital Management	12 989	4 283	-	2.6%	306
Finance	34 457	6 212	-	3.8%	327
<b>Total</b>	<b>166 567</b>	<b>100 698</b>	<b>1 593</b>	<b>60%</b>	<b>237</b>

**TABLE 2.2 – Personnel costs by salary bands, 2011/12**

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Unskilled (Levels 2-3)	24 405	24%	171
Semi-Skilled (Levels 4-6)	29 313	29%	172
Skilled (Levels 7-8)	10 505	11%	214
Professionally Qualified (Levels 9-10)	9 338	9%	467
Senior Management (Levels 11-13)	21 787	22%	622
Top Management (Levels 14-15)	5 350	5%	892
<b>Total</b>	<b>100 698</b>	<b>100%</b>	<b>237</b>





The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Note: Since ECPTA is on cost to company home owners allowance is not applicable

**TABLE 2.3 – Salaries, Overtime and Medical Assistance by programme, 2011/12**

Programme	Salaries		Overtime		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Corporate Services (CEO's Office)	4 073	4%	-	-	25	0.02%
Conservation	70 408	70%	2 141	2.13%	1 680	1.67%
Marketing & Communication	2 786	2.8%	-	-	76	0.08%
Tourism & Business Development	8 888	8.8%	-	-	126	0.13%
Human Capital Management	4 218	4.2%	-	-	65	0.06%
Finance	6 117	6%	-	-	95	0.09%
<b>Total</b>	<b>96 490</b>	<b>95.82%</b>	<b>2 141</b>	<b>2.13%</b>	<b>2 067</b>	<b>2.05%</b>

**TABLE 2.4 – Salaries, Overtime and Medical Assistance by salary bands, 2011/12**

Salary Bands	Salaries		Overtime		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Unskilled (Levels 2-3)	22 968	23%	779	0.77%	658	0.65%
Semi-Skilled (Levels 4-6)	27 285	27%	1 220	1.21%	808	0.8%
Skilled (Levels 7-8)	10 104	10%	142	0.14%	259	0.26%
Professionally Qualified (Levels 9-10)	9 203	9%	-	-	135	0.13%
Senior Management (Levels 11-13)	21 587	21%	-	-	200	0.2%
Top Management (Levels 14-15)	5 343	5%	-	-	7	0.01%
<b>Total</b>	<b>96 490</b>	<b>95.82%</b>	<b>2 141</b>	<b>2.13%</b>	<b>2 067</b>	<b>2.05%</b>

## EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). ECPTA has identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the ECPTA.

The vacancy rate reflects the percentage of posts that are not filled.

**TABLE 3.1 – Employment and vacancies by programme, 31 March 2012**

Note: This is based on the newly approved organogram effective 1 November 2011.

Programme	Number of posts	Number of posts filled (incl additional)	Vacancy Rate	Number of posts filled additional to the establishment
Corporate Services (CEO's Office)	8	8	0%	-
Biodiversity Conservation	35	22	37%	-
Operations	418	336	20%	21
Destination Tourism	30	25	16%	1
Human Capital Management	15	14	7%	-
Finance	21	19	10%	3
<b>Total</b>	<b>527</b>	<b>424</b>	<b>20%</b>	<b>25</b>

**TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2012**

Salary band	Number of posts	Number of posts filled (incl additional)	Vacancy Rate	Number of posts filled additional to the establishment
Unskilled (Levels 2-3)	150	143	5%	24
Semi-Skilled (Levels 4-6)	232	171	26%	1
Skilled (Levels 7-8)	63	49	22%	-
Professionally Qualified (Levels 9-10)	36	20	44%	-
Senior Management (Levels 11-13)	40	35	13%	-
Top Management (Levels 14-15)	6	6	0%	-

**TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2012**

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Field Ranger	124	101	19%	-
Reserve Manager	14	11	21%	-
<b>Total</b>	<b>138</b>	<b>112</b>	<b>19%</b>	<b>-</b>

The information in each case reflects the situation as at 31 March 2012.



## JOB EVALUATION

ECPTA does not fall under the Public Service Regulations but rather the ECPTA Act No. 2 of 2010.

**Note:** Since all jobs in the ECPTA were deemed as new due to merger, job evaluation was undertaken on all new posts.

Summary of outcome as follows:

Overall Summary of Movement	Total	Unchanged	Upwards	Downwards
Level 15	1	1	0	0
Level 14	5	5	0	0
Level 13	4	4	0	0
Level 12	12	8	3	1
Level 11	20	9	6	5
Level 10	15	9	4	2
Level 9	10	7	0	3
Level 8	23	16	5	2
Level 7	22	18	0	4
Level 6	19	14	2	3
Level 5	30	21	4	5
Level 4	116	112	1	3
Level 3	20	13	1	6
Level 2	128	106	22	0
<b>Total</b>	<b>425</b>	<b>343</b>	<b>48</b>	<b>34</b>
<b>Total %</b>	<b>100%</b>	<b>81%</b>	<b>11%</b>	<b>8%</b>

## EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the ECPTA. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

**TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2011 to 31 March 2012**

Salary Band	Number of employees per band as on 1 April 2011	Appointments and transfers into the ECPTA	Terminations and transfers out of the ECPTA	Turnover rate
Unskilled (Levels 2-3)	233	1	91	39%
Semi-Skilled (Levels 4-6)	220	4	56	25%
Skilled (Levels 7-8)	47	6	7	15%
Professionally Qualified (Levels 9-10)	29	3	6	21%
Senior Management (Levels 11-13)	38	3	3	8%
Top Management (Levels 14-15)	3	1	1	33%
<b>Total</b>	<b>570</b>	<b>18</b>	<b>164</b>	<b>29%</b>

Note: This turnover rate is inclusive of 130 Voluntary Severance Packages (VSP) which were approved - without VSP turnover rate is 6%.

**TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2011 to 31 March 2012**

Occupation:	Number of employees per occupation as on 1 April 2011	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Field Ranger	134	2	33	25% (due to VSP)
Reserve Manager	17	3	4	24%
<b>Total</b>	<b>151</b>	<b>5</b>	<b>37</b>	<b>25%</b>

Table 5.3 identifies the major reasons why staff left the department.

**Table 5.3 – Reasons why staff are leaving the ECPTA**

Termination Type	Number	% of total
Death	5	3%
Resignation	17	10%
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	1	1%
Dismissal – inefficiency	0	0
Retirement due to ill-health	3	2%
Retirement	8	5%
Transfers to other Public Service Departments	0	0
Other (Voluntary Severance Package – VSP)	130	79%
<b>Total</b>	<b>164</b>	<b>100%</b>
<b>Total number of employees who left as a % of the total employment</b>		<b>29%</b>

**Table 5.4 – Promotions by critical occupation (N/A to ECPTA since there are no direct promotions)**

Occupation	Employees as at 1 April 2011	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 5.5 – Promotions by salary band (N/A to ECPTA since there are no direct promotions)**

Salary Band	Employees 1 April 2011	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

### 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2012

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	-	-	2	1	-	-	1	6
Senior Management	13	-	-	6	12	-	1	2	34
Professionally qualified , experienced specialists and mid-management	7	-	-	5	12	1	-	2	27
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	16	-	-	2	25	3	-	2	48
Semi-skilled and discretionary decision making	113	9	-	1	42	4	-	1	170
Unskilled and defined decision making	55	18	-	-	61	5	-	-	139
<b>Total</b>	<b>206</b>	<b>27</b>	<b>-</b>	<b>16</b>	<b>153</b>	<b>13</b>	<b>1</b>	<b>8</b>	<b>424</b>
Employees with disabilities	1	-	-	-	-	-	-	-	1

### 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2012

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (14 & 15)	2	-	-	2	1	-	-	1	6
Senior Management (11-13)	13	-	-	6	12	-	1	2	34
Professionally qualified and experienced specialists and mid-management (9-10)	7	-	-	5	12	1	-	2	27
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (7-8)	16	-	-	2	25	3	-	2	48
Semi-skilled and discretionary decision making (4-6)	113	9	-	1	42	4	-	1	170
Unskilled and defined decision making (2-3)	55	18	-	-	61	5	-	-	139
<b>Total</b>	<b>206</b>	<b>27</b>	<b>-</b>	<b>16</b>	<b>153</b>	<b>13</b>	<b>1</b>	<b>8</b>	<b>424</b>

### 6.3 – Recruitment for the period 1 April 2011 to 31 March 2012 (External Appointments)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	-	-	1
Senior Management	2	-	-	-	1	-	-	-	3
Professionally qualified and experienced specialists and mid-management	1	-	-	1	1	-	-	-	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	-	-	-	4	-	-	-	6
Semi-skilled and discretionary decision making	3	-	-	-	1	-	-	-	4
Unskilled and defined decision making	-	-	-	-	-	1	-	-	1
<b>Total</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>18</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

### 6.4 – Promotions for the period 1 April 2011 to 31 March 2012 (Internal Appointments)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	1	1	-	-	-	3
Senior Management	1	-	-	1	1	-	-	-	3
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	3	-	-	1	4
Semi-skilled and discretionary decision making	1	-	-	-	2	-	-	-	3
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>14</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-



### 6.5 – Terminations for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	1	-	-	-	-	-	1
Senior Management	2	-	-	-	-	1	-	-	3
Professionally qualified and experienced specialists and mid-management	4	1	-	-	-	-	-	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	-	-	-	1	2	-	-	7
Semi-skilled and discretionary decision making	51	1	-	-	3	-	-	1	56
Unskilled and defined decision making	66	4	-	-	20	1	-	-	91
<b>Total</b>	<b>127</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>24</b>	<b>4</b>	<b>-</b>	<b>2</b>	<b>164</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

### 6.6 – Disciplinary action for the period 1 April 2011 to 31 March 2012

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	14	1	-	-	3	1	-	-	19

### 6.7 – Skills development for the period 1 April 2011 to 31 March 2012

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (14 & 15)	1	-	-	2	1	-	-	-	4
Senior Management (11-13)	8	-	-	-	13	2	1	3	27
Professionally qualified and experienced specialists and mid-management (9-10)	28	-	-	7	9	-	-	6	50
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (7-8)	30	-	1	-	28	2	-	-	61
Semi-skilled and discretionary decision making (4-6)	147	20	-	-	29	4	-	-	200
Unskilled and defined decision making (2-3)	28	-	-	-	5	-	-	-	33
Interns	12	7	-	-	28	6	-	-	53
<b>Total</b>	<b>254</b>	<b>27</b>	<b>1</b>	<b>9</b>	<b>113</b>	<b>14</b>	<b>1</b>	<b>9</b>	<b>428</b>
Employees with disabilities	1	-	-	-	-	-	-	-	1

## PERFORMANCE REWARDS

To encourage good performance, the ECPTA has granted the following performance rewards during the year under review. The information is presented in terms of salary bands (table 7.1) and critical occupations (Table 7.2).

**TABLE 7.1 – Performance Rewards by salary bands for personnel Level 5-14 as per PMS Policy, 1 April 2011 to 31 March 2012**

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Top Management (14 & 15)	3	3	100%	458	152544	0.45%
Senior Management (11-13)	36	38	95%	1885	52368	1.87%
Professionally qualified and experienced specialists and mid-management (9-10)	26	29	90%	446	17169	0.44%
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (7-8)	40	48	83%	386	9651	0.38%
Semi-skilled and discretionary decision making (5-6)	48	57	84%	177	3695	0.17%
<b>Total</b>	<b>153</b>	<b>175</b>	<b>87%</b>	<b>3 352</b>	<b>21913</b>	<b>3.32%</b>

**TABLE 7.2 – Performance Rewards by critical occupations, 1 April 2011 to 31 March 2012**

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Reserve Managers	9	15	60%	158	17618
<b>Total</b>	<b>9</b>	<b>15</b>	<b>60%</b>	<b>158</b>	<b>17618</b>

## FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the ECPTA in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

**TABLE 8.1 – Foreign Workers, 1 April 2011 to 31 March 2012, by salary band**

Salary Band	1 April 2011		31 March 2012		Change	
	Number	% of total	Number	% of total	Number	% change
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**TABLE 8.2 – Foreign Worker, 1 April 2011 to 31 March 2012, by major occupation**

Major Occupation	1 April 2011		31 March 2012		Change	
	Number	% of total	Number	% of total	Number	% change
<b>Total</b>	-	-	-	-	-	-

**LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011**

The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

**TABLE 9.1 – Sick leave, 1 January 2011 to 31 December 2011**

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Unskilled (Levels 2-3)	1059	93.30	182	37.75	5.81	691
Semi-Skilled (Levels 4-6)	1022.65	92.37	155	32.15	6.59	671
Skilled (Levels 7-8)	190.5	8.62	44	9.12	4.32	156
Professionally Qualified (Levels 9-10)	37	51.35	29	6.01	1.27	66
Senior Management (Levels 11-13)	161	84.4	36	7.46	4.47	382
Top Management (Levels 14-15)	9	100	5	1.03	1.8	31
<b>Total</b>	<b>2479.15</b>	<b>71.67</b>	<b>451</b>	<b>93.52</b>	<b>24.26</b>	<b>1997</b>

**TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2011 to 31 December 2011**

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Unskilled (Levels 2-3)	72	100	02	0.41	36	47
Semi-Skilled (Levels 4-6)	-	-	-	-	-	-
Skilled (Levels 7-8)	-	-	-	-	-	-
Professionally Qualified (Levels 9-10)	-	-	-	-	-	-
Senior Management (Levels 11-13)	-	-	-	-	-	-
Top Management (Levels 14-15)	-	-	-	-	-	-
<b>Total</b>	<b>72</b>	<b>100</b>	<b>02</b>	<b>0.41</b>	<b>36</b>	<b>47</b>

Table 9.3 summarises the utilisation of annual leave.

**TABLE 9.3 – Annual Leave, 1 January 2011 to 31 December 2011**

Salary Bands	Total days taken	Average per employee
Unskilled (Levels 2-3)	5137.59	36
Semi-Skilled (Levels 4-6)	4486.43	26
Skilled (Levels 7-8)	728.74	15
Professionally Qualified (Levels 9-10)	380.22	19
Senior Management (Levels 11-13)	628.24	18
Top Management (Levels 14-15)	79.15	13
<b>Total</b>	<b>11440.37</b>	<b>27</b>

**TABLE 9.4 – Capped leave, 1 January 2011 to 31 December 2011**

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010
<b>Total</b>	-	-	-

(Capped leave does not apply to ECPTA)

**TABLE 9.5 – Leave payouts for the period 1 April 2011 to 31 March 2012**

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Current leave payout on termination of service for 2011/12	R 12 480	164	R 76 098
<b>Total</b>	<b>R 12 480</b>	<b>164</b>	<b>R 76 098</b>

**HIV AND AIDS & HEALTH PROMOTION PROGRAMMES****TABLE 10.1 – Steps taken to reduce the risk of occupational exposure**

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



**TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the ECPTA designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	-	-	N/A – PSR do not apply to the ECPTA
2. Does the ECPTA have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes	-	One employee R 80 000 budget
3. Has the ECPTA introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes	-	Counselling & referral services
4. Has the ECPTA established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	-	-	N/A – PSR do not apply to the ECPTA
5. Has the ECPTA reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes	-	Recruitment & Selection policy
6. Has the ECPTA introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes	-	Confidentiality
7. Does the ECPTA encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes	-	4% positive rate
8. Has the ECPTA developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes	-	Peer educators per workplace

## LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the ECPTA.

**TABLE 11.1 – Collective agreements, 1 April 2011 to 31 March 2012**

Subject Matter	Date
Annual Salary Increase	June 2011
Voluntary Severance Packages	June 2011
Placement Principles	October 2011

The following table summarises the outcome of disciplinary hearings conducted within the ECPTA for the year under review.

**TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2011 to 31 March 2012**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	2	11%
Written warning	10	53%
Final written warning	6	32%
Suspended without pay	-	-
Demotion	-	-
Dismissal	1	4%
Not guilty	-	-
Case withdrawn	-	-
<b>Total</b>	<b>19</b>	<b>100%</b>

**TABLE 11.3 – Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
Under influence of alcohol	1	5%
Misappropriation of ECPTA property	1	5%
Alleged fraud	1	5%
Alleged assault	1	5%
Negligence iro ECPTA assets/property	3	16%
Failure to obey/follow reasonable instruction	4	21%
Failure to observe/follow employer rules	4	21%
Absent without authority	3	17%
Derelection of duty	1	5%
<b>Total</b>	<b>19</b>	<b>100%</b>

**TABLE 11.4 – Grievances lodged for the period 1 April 2011 to 31 March 2012**

	Number	% of Total
Number of grievances resolved	4	100%
Number of grievances not resolved	0	0%
<b>Total number of grievances lodged</b>	<b>4</b>	<b>100%</b>

**TABLE 11.5 – Disputes lodged with CCMA for the period 1 April 2011 to 31 March 2012**

	Number	% of Total
Number of disputes upheld	1	50%
Number of disputes dismissed	1	50%
<b>Total number of disputes lodged</b>	<b>2</b>	<b>100%</b>

**TABLE 11.6 – Strike actions for the period 1 April 2011 to 31 March 2012**

<b>Total number of person working days lost</b>	-
Total cost (R'000) of working days lost	-
Amount (R'000) recovered as a result of no work no pay	-

**TABLE 11.7 – Precautionary suspensions for the period 1 April 2011 to 31 March 2012**

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	36
Cost (R'000) of suspensions	26



## SKILLS DEVELOPMENT

This section highlights the efforts of the ECPTA with regard to skills development.

### 12.1 – Training needs identified 1 April 2011 to 31 March 2012

Per Levels	African		Coloured		Indian		White		Total		Overall Total
	F	M	F	M	F	M	F	M	F	M	
Top Management - 14 & 15	-	-	-	-	-	1	1	1	1	2	3
Senior Management - 11,12,& 13	7	7	1	-	1	-	1	2	10	9	19
Professionally Qualified 9 & 10	14	15	4	1	-	-	1	4	19	20	39
Skilled 7 & 8	8	38	1	2	-	-	1	1	10	41	51
Semi-Skilled 4,5 & 6	14	39	-	3	-	-	-	-	14	42	56
Unskilled 2 & 3	41	63	2	11	-	-	-	-	43	74	117
Total	84	162	8	17	1	1	4	8	97	188	285
% Total	28%	56%	3%	6%	1%	1%	2%	3%	34%	66%	100%

### 12.2 – Training provided 1 April 2011 to 31 March 2012

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (14 & 15)	1	-	-	2	1	-	-	-	4
Senior Management (11-13)	8	-	-	-	13	2	1	3	27
Professionally qualified and experienced specialists and mid-management (9-10)	28	-	-	7	9	-	-	6	50
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (7-8)	30	-	1	-	28	2	-	-	61
Semi-skilled and discretionary decision making (4-6)	147	20	-	-	29	4	-	-	200
Unskilled and defined decision making (2-3)	28	-	-	-	5	-	-	-	33
Interns	12	7	-	-	28	6	-	-	53
Total	254	27	1	9	113	14	1	9	428
Employees with disabilities	1	-	-	-	-	-	-	-	1

## INJURY ON DUTY

The following tables provide basic information on injury on duty.

**TABLE 13.1 – Injury on duty, 1 April 2011 to 31 March 2012**

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100%
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
Total	1	100%

## UTILISATION OF CONSULTANTS

The HCM Department utilised three consultants at a cost of R 191 975 during the year under review.

### Details are as follows:

Snelling Cloete & Associates – retainer basis for LR issues – R 64 800  
 Equity Training Solutions – job evaluation appeal processes – R 77 805  
 Pierre Naude & Associates – CCMA legal representation and advice – R 49 370





# 04.

## SECTION 04. ANNUAL FINANCIAL STATEMENTS

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## FINANCE OVERVIEW

We are very proud to announce the achievement of an unqualified audit opinion with no matters of emphasis for the 2011/12 financial year. This is a result of dedication and hard work by all staff to ensure a clean audit is achieved. We acknowledge the findings raised by the Auditor General in the audit report and believe that the mechanisms we have put in place will address the weaknesses identified under review.

With the year under review being the first full financial year of the ECPTA since the merger of the Eastern Cape Parks Board and the Eastern Cape Tourism Board, the Finance team has made great strides towards putting effective and efficient systems in place to ensure that the entity operates at best practice level. With the finalisation of the organogram and the subsequent filling of vacant positions, stability has been restored within the department.

The continued support of the Board of Directors, Audit Committee, Executive Management is greatly appreciated. The contribution and dedication of our staff cannot be underestimated. During the year under review the Finance Department was able to focus on implementing action plans on the matters raised by the Auditor General, with a long term view of achieving a level of performance which enables the entity to operate efficiently.

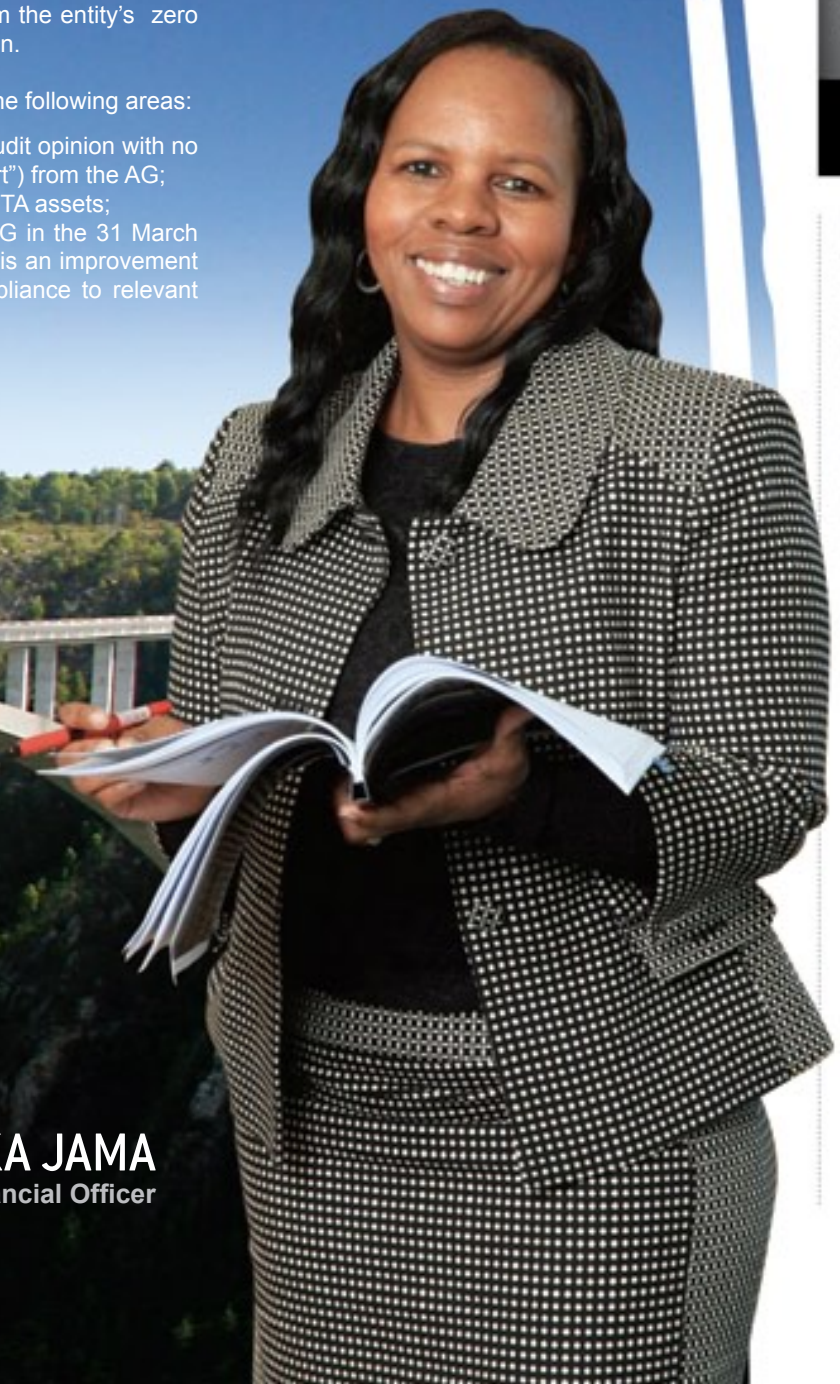
Some of the highlights for the year under review include:

- Review and updating of critical policies;
- Successful upgrade and migration to a new financial system;
- Improved reporting as a result of the systems upgrade; and
- a fraud awareness campaign held to reaffirm the entity's zero tolerance stance towards fraud and corruption.

Our focus for the new financial year will be on the following areas:

- To maintain the standard of an unqualified audit opinion with no matters of emphasis (i.e. "a clean audit report") from the AG;
- To finalise the fair valuation exercise on ECPTA assets;
- To address the key findings raised by the AG in the 31 March 2012 Audit Report. Of particular importance is an improvement on the pre-determined objectives and compliance to relevant critical pieces of legislation.

**THONEKA JAMA**  
Chief Financial Officer





## STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING AUTHORITY

The Accounting Authority is required by the Public Finance Management Act (Act No.1 of 1999) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity.



**Ms V Zitumane**  
Chairperson of the Board of Directors

East London  
Wednesday 30 May 2012

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 pre-determined procedures and constraints.

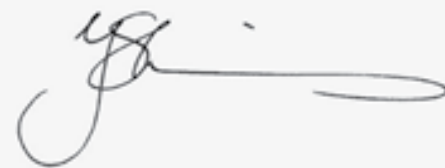
The Accounting Authority are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The Accounting Authority has reviewed the entity's cash flow forecast for the 12 months to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 74.

The annual financial statements set out on pages 77 to 119, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 May 2012 and were signed on its behalf by:



**Mr S Liebenberg**  
Chief Executive Officer

## REPORT OF THE ACCOUNTING AUTHORITY

### THE ACCOUNTING AUTHORITY SUBMITS THEIR REPORT FOR THE 31 MARCH 2012.

#### 1. REVIEW OF ACTIVITIES

The mandates of the two merged entities were incorporated into the founding legislation of the ECPTA to create a balance of the two core functions, namely Destination Tourism and Biodiversity Conservation.

#### 2. ACCOUNTING AUTHORITY

The members of the entity that were appointed on 1 July 2010 are as follows:

Name	Role
Ms V Zitumane	Chairperson of the Board of Directors
Mr A Muir	Deputy Chairperson of the Board of Directors
Mr M Rayi	Member
Mr PM Madikiza	Member
Ms T Tsengiwe	Member
Mr L Els	Departmental Representative
Mr E Bergins	Member
Her Majesty L Sigcau	Member
Ms T Putzier	Member

#### 3. SECRETARY

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

#### 4. AUDITORS

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

## 5. GENERAL REVIEW OF OPERATIONS

### Serving as a catalyst for the tourism industry

The Tourism industry has entered a critical and very challenging phase in its evolution in South Africa. This has partly been brought about by a number of factors, such as the oversupply of products, lack of regulation and volatility in the global financial markets. As a result, a number of key industry players have had to close operations and from anecdotal evidence it would appear that a great number are under stress and could also face closure.

In spite of these challenges the current situation does present the ECPTA and the Provincial Government with an opportunity to optimally restructure and re-gear the industry.

### Facilitating the development of enabling infrastructure and products

As one of the key focus areas of the ECPTA, leveraging off intergovernmental relations is a critical success factor in ensuring that the strategic objectives of the Agency are achieved. The Agency has taken-up a very aggressive stance in engaging at MINMEC, MINTEC and MIPTC engagements, and has provided a number of key inputs in these forums. The ECPTA has also been positioning itself to engage at the level of all technical committees of both our mother departments.

The efforts by the MEC to increase coordination amongst public entities in the DEDEAT family, has also seen a drastic increase in the levels of engagements with other entities and the leveraging of support.





### Linking bio-diversity and socio-economic development

The largest contributor to job creation by the ECPTA remains biodiversity conservation. This is due to extensive EPWP initiatives being managed by the division. Moving forward, this will be managed by the Operations Division. It is critical that the remaining departments replicate the success of such initiatives by 1) studying the methodologies of the Conservation Department in obtaining such grants and 2) Using such projects to develop their respective fields.

Biodiversity revenue of the ECPTA has through its key strategic ecological research capability assisted in positioning the Agency as a reference point in the broader set of policy debates confronting the ECPTA is implementing 122 projects in this area.

### Managing biodiversity in protected areas effectively

The assignment of protected areas is a critical constraint that has plagued the Agency and its predecessors for a long time. In response, the ECPTA has elevated the issue to the National Director General for Environmental Affairs, which has implemented an engagement to fast-track the resolution of this urgent issue.

## 6. PERFORMANCE INFORMATION

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

## 7. MATERIALITY AND SIGNIFICANCE FRAMEWORK

For the purposes of materiality in terms of section 50 (1), 55 (2) and 66 (1) of the Public Finance Management Act (PFMA) and significance in terms of section 54 (2) of the PFMA, the Materiality and Significance Framework was revised and approved by the Board of directors and was submitted to the Executive Authority for approval. Materiality has been determined at R1.5million and Significance is set at R3million.

## 8. EVENTS SUBSEQUENT TO YEAR END

There were no events identified subsequent to year end.

## 9. GOING CONCERN

The Accounting Authority confirms the Eastern Cape Parks and Tourism Agency's ability to continue operating in the near future. It is on this basis that the Annual Financial statements are prepared on the going concern basis.





## CORPORATE GOVERNANCE STATEMENT FOR THE ECPTA

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 (PFMA) and good corporate governance principles. The Board also strives to comply with the principles and standards of integrity and accountability as contained in the recommendations of the King III report on corporate governance.

The Board is composed of nine non-executive members with the Chief Executive Officer serving in an ex officio capacity with no voting powers. The Board meets at least quarterly. 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 Chairperson is a non-executive member of the Board. The Chairperson provides leadership and guidance to the Board and encourage proper deliberation of all matters requiring the Board's attention, and obtain optimum input from the other members. All committees of the Board are chaired by non-executive members of the Board with the exception of the Audit Committee which is chaired by an independent person.

### Board Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Ms Zitumane	3
2.	Mr Muir	3
3.	Ms Tsengiwe	4
4.	Ms Putzier	4
5.	Mr Madikiza	3
6.	Queen Sigcau	3
7.	Mr Els	4
8.	Mr Bergins	4
9.	Mr Rayi	3
10.	Mr Liebenberg	4

### Special Board Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>3</b>
1.	Ms Zitumane	2
2.	Mr Muir	1
3.	Ms Tsengiwe	2
4.	Ms Putzier	2
5.	Mr Madikiza	2
6.	Queen Sigcau	1
7.	Mr Els	3
8.	Mr Bergins	3
9.	Mr Rayi	1
10.	Mr Liebenberg	1

### Executive Management

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

## HUMAN RESOURCES & REMUNERATION COMMITTEE

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

### Special HR& Remuneration Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>3</b>
1.	Mr Rayi	3
2.	Mr Els	3

### HR & Remuneration Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Mr Rayi	3
2.	Mr Els	4

## FINANCE AND INVESTMENT COMMITTEE

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

### Finance & Investment Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Ms Putzier	4
2.	Ms Tsengiwe	4

### 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 Mahlathi, as chairperson, Mr Z Fihlani and Mr D Coodavia.

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.

### Audit Meetings

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



## BIODIVERSITY CONSERVATION COMMITTEE

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

### Biodiversity Conservation Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Mr Muir	4
2.	Queen Sigcau	1

## MARKETING AND COMMUNICATIONS COMMITTEE

This Committee, established by the Board, comprises two non-executive Directors namely Mr MP Madikiza as Chairperson and Mr E Bergins as member as well as relevant members of the Executive Management. This committee was established to strengthen the 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 utilization and returns from eco-tourism facilities.

### Marketing and Communications Meetings

No.	Names	Total
	<b>Total number of meetings</b>	<b>4</b>
1.	Ms Putzier	4
2.	Ms Tsengiwe	4

## EXCO COMMITTEE

The EXCO Committee 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 and Mr E Bergins.

## MEETINGS HELD AND ATTENDED FOR THE PERIOD UNDER REVIEW

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

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

## RISK MANAGEMENT INTERNAL CONTROL SYSTEMS

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

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

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

All buildings are insured. The following are not insured: roads, bridges, fencing (perimeter and other), dam walls and content, driveways, pavements, outdoor recreation surfaces, outdoor parking surfaces, aircraft runways, fauna and flora. Risks of a possible catastrophic nature (e.g. fires) are identified and insured. These risks are reviewed on an annual basis to ensure that cover is adequate. Claims of a general nature are adequately covered. The reserves have been categorised into high, medium and low risk categories for fire insurance purposes to ensure that adequate cover is obtained for high risk reserves. In order to meet its responsibility of providing reliable financial information, the ECPTA maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and the transactions are properly authorised and recorded.

A three year rolling internal audit plan was completed by our Internal Auditors to ensure that risks identified in their risk assessment are adequately covered in their audit plan.

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

The internal Audit function is outsourced to KPMG. They monitor the operation of the internal control system and report findings and recommendations to the Audit Committee and Executive Management. Corrective actions are taken to address control deficiencies.

A risk based approach is adopted by Internal Audit to ensure efficiency and a value adding service to the organisation.





## REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the nine months financial period ended 31 March 2012

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

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

Name of Member	Number of Meetings Attended
Ms T Mahlathi	4
Mr D Coovadia	2
Mr Z Fihlani	4

### AUDIT COMMITTEE RESPONSIBILITY

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

### THE EFFECTIVENESS OF INTERNAL CONTROL

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

From the various reports of the internal auditors, the audit report on the annual financial statements and the management report of the Auditor-General South Africa, it is evident that while there are no material weaknesses in the system of internal control, there is nonetheless scope for improvement in the operating effectiveness of certain internal controls. During the period under review, internal controls were not entirely effective primarily because of capacity constraints and non adherence to supply chain management policies.

### EVALUATION OF FINANCIAL STATEMENTS

The audit committee has:

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

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

We further commend the executive management and staff for their efforts in ensuring that the Eastern Cape Parks and Tourism Agency's received an unqualified audit opinion on its annual financial statements for the year ended 31 March 2012

### INTERNAL AUDIT

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



**Ms Thobeka Mahlathi - Chairperson of the Audit Committee**  
Date: 30 May 2012

## 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 77 to 119, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (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 the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and 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 2012, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the PFMA.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against pre-determined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### Pre-determined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 13 to 60 of the annual report.
9. The reported performance against pre-determined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

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

### ADDITIONAL MATTER

11. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below. This matter does not have an impact on the pre-determined objectives audit findings reported above.

### ACHIEVEMENT OF PLANNED TARGETS

12. Only 55% of the planned targets were achieved during the year under review.

This was mainly due to the entity not considering relevant systems and evidential requirements during the annual strategic planning process.

### Compliance with laws and regulations

13. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

### ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

14. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA.
15. A material misstatement of revenue identified by the auditors in the submitted financial statements was subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.

### INTERNAL AUDIT

16. Internal audit did not have a three year rolling strategic internal audit plan in place, as required by Treasury Regulation (TR) 27.2.7(a).

### PROCUREMENT AND CONTRACT MANAGEMENT

17. Constructions projects were not always registered with the CIDB, as required by section 22 of the CIDB Act and CIDB regulation 18.

## ASSET AND LIABILITY MANAGEMENT

18. Bank reconciliations were not performed on a weekly basis, as required by TR31.1.2(j).

### Internal control

19. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations.

### LEADERSHIP

20. The leadership control objective relates mainly to the provision of effective leadership and the exercising of oversight responsibility regarding financial and performance reporting and compliance and related internal controls, ensuring competent staff are employed and relevant policies and procedures are in place. A lack of monthly monitoring and oversight was identified resulting in additional interventions taken after the financial year to improve the audit outcome. The responsibility of the financial records and financial statements is that of the entity, but this was not always emphasised to the staff of the entity. Oversight responsibility on the preparation of the financial statements, compliance with the laws and regulations and internal control was not adequately exercised by the accounting authority. As a result of the lack of review over reporting processes, significant audit adjustments had to be made to the following:

- |                       |                                 |
|-----------------------|---------------------------------|
| • Revenue             | • Property, plant and equipment |
| • Expenditure         | • Irregular expenditure         |
| • Accounts receivable | • Prior period errors           |
| • Investment property | • Cash flow statement           |

### FINANCIAL AND PERFORMANCE MANAGEMENT

21. The financial and performance management control objective relates mainly to the preparation of quality financial statements and performance reports which are supported by appropriate record keeping and information systems. It was evident during the audit process that some information was not identified and captured in a form and time frame to support financial and performance reporting. This resulted in delays in providing requested information in a timely manner and amendments to the financial statements resulting from the audit process. These shortcomings are further indicative that the financial statements were not adequately reviewed prior to the submission for audit purposes. Leadership did not implement adequate controls to ensure compliance with laws and regulations.
22. The entity relies heavily on computerised information systems in performing its statutory, financial and performance management, reporting and administrative functions. The fact that some manual and automated controls, although designed, were not in all instances complied with to ensure that the transactions have occurred, are authorised and are completely and accurately processed is reason for concern. It was also noted that some manual and automated controls have not been designed at all.

### GOVERNANCE

23. The governance control objective relates mainly to the involvement of the audit committee and internal audit in the identification and management of risk (including information technology) and fraud prevention. The work performed by both internal audit and audit committee is acknowledged, however the misstatements corrected in the financial statements shows that there is still much room for improvement and enhancing effectiveness.

*Auditor-General*

East London  
31 July 2012





## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## STATEMENT OF FINANCIAL POSITION

	Note(s)	31 March 2012 R '000	31 March 2011 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	29	49
Trade receivables	3	104	11
Other receivables from nonexchange transactions	4	2 895	1 330
Cash and cash equivalents	5	43 150	56 444
		<b>46 178</b>	<b>57 834</b>
<b>NonCurrent Assets</b>			
Property, plant and equipment	6	70 481	67 213
Investment property	7	6 851	6 993
Infrastructure work in progress	8	10 181	8 408
		<b>87 513</b>	<b>82 614</b>
Noncurrent assets classified as held for sale	9	12 210	12 013
<b>Total Assets</b>		<b>145 901</b>	<b>152 461</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	458	486
Trade payables	11	17 485	19 962
Other payables	12	2 066	3 526
Poverty alleviation projects	13	12 166	14 338
Grant income refundable	14	-	6 540
Wild Coast project	15	205	20
		<b>32 380</b>	<b>44 872</b>
<b>NonCurrent Liabilities</b>			
Finance lease obligation	10	325	716
Operating lease liability		-	18
Deferred revenue grants received	16	27 928	34 796
Deferred revenue game held for sale	17	12 210	12 013
		40 463	47 543
<b>Total Liabilities</b>		<b>72 843</b>	<b>92 415</b>
<b>Net Assets</b>		<b>73 058</b>	<b>60 046</b>
<b>Net Assets</b>			
Capitalisation reserve		39 304	39 304
Accumulated surplus		33 754	20 742
<b>Total Net Assets</b>		<b>73 058</b>	<b>60 046</b>

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	12 Months ended 31 March 2012 R '000	9 Months ended 31 March 2011 R '000
<b>Revenue from exchange transactions</b>			
Sale of goods		11 046	2 940
Rendering of services		826	559
Accommodation revenue	19	2 261	2 753
Rental income		761	682
Other income	20	694	459
Finance income	21	1 103	856
<b>Revenue from nonexchange transactions</b>		-	-
Grants and subsidies	22	162 899	115 517
<b>Total Revenue</b>	<b>18</b>	<b>179 590</b>	<b>123 766</b>
<b>Expenditure</b>			
Personnel related costs	23	(100 698)	(71 692)
Administrative expenditure	24	(13)	(506)
Depreciation and amortisation		(987)	(655)
Finance costs	25	(92)	(39)
Debt impairment		(178)	(131)
Repairs and maintenance		(3 576)	(4 735)
Operating expenses	26	(61 023)	(54 203)
<b>Total Expenditure</b>		<b>(166 567)</b>	<b>(131 961)</b>
<b>(Deficit) surplus on disposal of assets</b>		<b>(12)</b>	<b>10</b>
<b>Surplus (deficit) for the year</b>	<b>33</b>	<b>13 011</b>	<b>(8 185)</b>





## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## STATEMENT OF CHANGES IN NET ASSETS

	Capitalisation R '000	Accumulated surplus R '000	Total net assets R '000
<b>Take on balance as at 1 July 2010</b>	<b>37 804</b>	<b>28 927</b>	<b>66 731</b>
Deficit for the 9 months	-	(8 185)	(8 185)
Revaluation of assets	1 500	-	1 500
<b>Balance at 01 April 2011</b>	<b>39 304</b>	<b>20 743</b>	<b>60 047</b>
Surplus for the year	-	13 011	13 011
<b>Balance at 31 March 2012</b>	<b>39 304</b>	<b>33 754</b>	<b>73 058</b>

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## CASH FLOW STATEMENT

	Note(s)	12 Months ended 31 March 2012 R '000	9 Months ended 31 March 2011 R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		13 751	128 016
Grants		156 031	-
Finance income		1 103	856
		<u>170 885</u>	<u>128 872</u>
<b>Payments</b>			
Employee costs		(100 580)	(71 692)
Suppliers		(68 663)	(67 931)
Finance costs		(92)	(39)
		<u>(169 335)</u>	<u>(139 662)</u>
<b>Net cash flows from operating activities</b>	<b>28</b>	<b>1 550</b>	<b>(10 790)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(4 627)	(5 119)
Proceeds from sale of property, plant and equipment		502	677
Increase in Work in Progress		(1 773)	-
<b>Net cash flows from investing activities</b>		<b>(5 898)</b>	<b>(4 442)</b>
<b>Cash flows from financing activities</b>			
Poverty alleviation projects		(2 172)	(207)
Grant income refundable		(6 540)	-
Net movement on revaluation of assets		-	13 399
Finance lease liabilities		(419)	1 162
Wild Coast project		185	-
<b>Net cash flows from financing activities</b>		<b>(8 946)</b>	<b>14 354</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13 294)</b>	<b>(878)</b>
Cash and cash equivalents at the beginning of the year		56 444	57 322
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>43 150</b>	<b>56 444</b>





## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

**Basis of preparation****Statement of compliance**

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

The financial statements were authorised for issue by the Board of Directors on 30 May 2012.

**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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Basis of measurement**

The annual financial statements have been prepared on the historical cost basis.

**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.;



## EASTERN CAPE PARKS AND TOURISM AGENCY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 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.

##### Measurement

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

##### Sale of goods

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

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

##### Rendering of services

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

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

##### Interest

Revenue arising from the use by others of entity assets yielding interest is recognised 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 2012

### ACCOUNTING POLICIES

#### 1.2 REVENUE FROM NONEXCHANGE 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 arise 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.

Nonexchange transactions are transactions that are not exchange transactions. In a nonexchange 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 nonexchange 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 nonexchange 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 nonexchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a nonexchange 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.





## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## ACCOUNTING POLICIES

## 1.1 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 is reflected in the financial statements at its fair value less estimated point of sale costs of disposal.

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

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

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

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

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

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

## 1.2 INVESTMENT PROPERTY

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

- use in the production or supply of goods or services, or
- 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 nonexchange transaction) is its fair value at the date of acquisition.

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## ACCOUNTING POLICIES

## 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 by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property land	indefinite
Property buildings	50 years

## 1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible noncurrent 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 less accumulated depreciation and any impairment losses. Cost includes all costs directly attributable to bringing the assets to its working condition for its intended use. As a direct result of the merger between the ECPB and the ECTB, the ECPTA has adopted GRAP 107 for Mergers and will reflect the acquired assets at their carrying amounts. During the measurement period, the ECPTA shall retrospectively adjust the provisional amounts recognised as the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date. The measurement period ends as soon as the ECPTA receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. The measurement period shall not exceed two years from the merger date. Assets acquired subsequent to the merger date are accounted for in terms of the requirements of GRAP 17.

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

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

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

Where an item of property, plant and equipment is acquired in exchange for a nonmonetary asset or monetary assets, or a combination of monetary and nonmonetary 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 or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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



## EASTERN CAPE PARKS AND TOURISM AGENCY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### ACCOUNTING POLICIES

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

Item	Average useful life
Buildings	50 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Commercial motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Roads	10 years
Fencing	10 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. Infrastructure includes roads and fencing.

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.

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

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

## EASTERN CAPE PARKS AND TOURISM AGENCY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### ACCOUNTING POLICIES

#### 1.4 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 nonfinancial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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

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

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

Loan commitment is a firm commitment to provide credit under prespecified terms and conditions. Loans payable are financial liabilities, other than shortterm payables on normal credit terms.





EASTERN CAPE PARKS AND TOURISM AGENCY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the nearterm; 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 profittaking;
  - nonderivative 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

EASTERN CAPE PARKS AND TOURISM AGENCY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

ACCOUNTING POLICIES

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value.

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
- nonexchange revenue, in accordance with the Standard of GRAP on Revenue from Nonexchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

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

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



## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## ACCOUNTING POLICIES

**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 noncash 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 Nonexchange Transactions (Taxes and Transfers).

**1.5 LEASES**

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

**Finance leases lessee**

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

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

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

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

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## ACCOUNTING POLICIES

**Operating leases lessor**

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

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

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

**Operating leases lessee**

Operating lease payments are recognised as an expense on a straightline 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.

**1.6 INVENTORIES**

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

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

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

**1.7 IMPAIRMENT OF CASH GENERATING ASSETS**

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

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

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

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

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

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

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

Useful life is either:

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

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



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## ACCOUNTING POLICIES

## 1.8 IMPAIRMENT OF NONCASHGENERATING ASSETS

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

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

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

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

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

## 1.9 EMPLOYEE BENEFITS

## Shortterm employee benefits

The cost of shortterm employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and nonmonetary 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 nonaccumulating 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

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

## EASTERN CAPE PARKS AND TOURISM AGENCY

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## ACCOUNTING POLICIES

## 1.10 CONTINGENT LIABILITIES

Provisions are recognised when:

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

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

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

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

## 1.11 BORROWING COSTS

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

## 1.12 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.

## 1.13 DEFERRED REVENUE

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

Where grant income received is ring fenced for specific projects or committed but the related commitment cannot be defined as an accrual, such related grant income is transferred to deferred revenue. When expenditure has been incurred on the ring fenced project or the commitment has been realised the related income is reflected as revenue. This includes infrastructure funding transferred from the ECTB in 2004 which was accounted for as deferred revenue, with the related expenditure transferred to revenue when incurred.



## EASTERN CAPE PARKS AND TOURISM AGENCY

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## ACCOUNTING POLICIES

## 1.14 CAPITAL RESERVES

Capital reserves consist of:

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

## 1.15 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 the transfer of funds relating to infrastructure projects initially managed by the ECB,
- Cash relating to funds transferred from various agencies for specific projects of which the ECPTA has been appointed as the implementing agent.

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

## 1.16 RELATED PARTIES

The ECPTA operates in an economic sector whereby it interacts with other entities within the national or 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 of Directors, 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.

## 1.17 COMMITMENTS

Where grant income received is committed but the related commitment cannot be defined as an accrual, such income is recognised as deferred revenue in the statement of financial position. The deferral is released to the statement of financial performance as grant income when expenditure is incurred. The amount recognised in deferred revenue is disclosed in the notes to the annual financial statements.

## 1.18 MERGER GRAP 107

This standard has been issued but is not yet effective, however the ECPTA has early adopted it to account for the merger process. The Eastern Cape Tourism Board (ECTB) and the Eastern Cape Parks Board (ECPB) were merged to form the Eastern Cape Parks and Tourism Agency (ECPTA). The effective date of the merger was 1 July 2010. The merger was approved on the basis that there were synergies within the conservation and tourism mandate in relation to the responsibilities of the Eastern Cape Provincial Government mandate. The comprehensive business case also indicated long term cost saving opportunities and operational efficiencies.

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

## EASTERN CAPE PARKS AND TOURISM AGENCY

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

## 1.19 GRAP STANDARDS

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

The GRAP standards approved and effective are listed below:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidation and separate financial statements
GRAP 7	Investment in associates
GRAP 8	Investment in joint ventures
GRAP 9	Revenue from exchange transactions
GRAP 10	Financial reporting in hyperinflationary economies
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment property
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 100	Noncurrent assets held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible assets

Other applicable standards

IPSAS 20	Related party disclosure
IPSAS 21	Impairment of noncash generating assets

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

The following prescribed standards of GRAP have been issued but are not yet effective as at 31 March 2012. It is not known when these standards will become effective nor what impact these standards will have on the annual financial statements.

GRAP 18	Segment Reporting
GRAP 21	Impairment of noncashgenerating assets
GRAP 23	Revenue from Nonexchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cashgenerating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 107	Mergers





## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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**2. INVENTORIES**

Fuel	29	49
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Inventories are carried at lower of cost and net realisable value.

**3. TRADE RECEIVABLES**

Trade receivables	550	525
Impairment allowance	(446)	(514)
	<b>104</b>	<b>11</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.

**Reconciliation of provision for impairment of trade and other receivables**

Opening balance	514	-
Provision for impairment	178	514
Amounts written off as uncollectible	(246)	-
	<b>446</b>	<b>514</b>

**4. OTHER RECEIVABLES FROM NONEXCHANGE TRANSACTIONS**

Rent receivable	662	208
UNDP loans receivable (Wild Coast Project)	1 107	241
Marine and coastal management	62	62
Debts receivables	346	358
Poverty relief projects	146	171
Deposits	572	290
	<b>2 895</b>	<b>1 330</b>

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

Cash on hand	67	21
Bank balances	30 712	42 065
Other cash and cash equivalents	12 371	14 358
	<b>43 150</b>	<b>56 444</b>

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

The entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 36.

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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**6. PROPERTY, PLANT AND EQUIPMENT**

	2012			2011		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Take on value	Accumulated depreciation and accumulated impairment	Carrying value
Land	23 151	-	23 151	23 151	-	23 151
Buildings	16 778	(45)	16 733	15 754	(9)	15 745
Plant and machinery	4 614	(95)	4 519	4 501	(76)	4 425
Furniture and fixtures	3 450	(32)	3 418	3 292	(14)	3 278
Motor vehicles	5 766	(265)	5 501	5 861	(217)	5 644
Office equipment	582	-	582	531	-	531
IT equipment	4 546	(799)	3 747	3 764	(224)	3 540
Roads	2 496	-	2 496	2 496	-	2 496
Fencing	10 477	(143)	10 334	8 403	-	8 403
<b>Total</b>	<b>71 860</b>	<b>(1 379)</b>	<b>70 481</b>	<b>67 753</b>	<b>(540)</b>	<b>67 213</b>



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### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Reconciliation of property, plant and equipment 2012

	Cost	Additions	Disposals	Depreciation	Total
Land	23 151	-	-	-	23 151
Buildings	15 745	1 024	-	(36)	16 733
Plant and machinery	4 425	129	(16)	(19)	4 519
Furniture and fixtures	3 278	183	(25)	(18)	3 418
Motor vehicles	5 644	362	(457)	(48)	5 501
Office equipment	531	76	(16)	(9)	582
IT equipment	3 540	779	-	(572)	3 747
Roads	2 496	-	-	-	2 496
Fencing	8 403	2 074	-	(143)	10 334
	<b>67 213</b>	<b>4 627</b>	<b>(514)</b>	<b>(845)</b>	<b>70 481</b>

#### Reconciliation of property, plant and equipment 2011

	Take on value	Additions	Disposals	Depreciation	Total
Land	23 151	-	-	-	23 151
Buildings	15 215	539	-	(9)	15 745
Plant and machinery	3 641	860	-	(76)	4 425
Furniture and fixtures	2 864	428	-	(14)	3 278
Motor vehicles	4 403	2 125	(667)	(217)	5 644
Office equipment	474	64	-	(7)	531
IT equipment	2 661	1 103	-	(224)	3 540
Roads	2 496	-	-	-	2 496
Fencing	8 403	-	-	-	8 403
	<b>63 308</b>	<b>5 119</b>	<b>(667)</b>	<b>(547)</b>	<b>67 213</b>

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

Office equipment	783	1 202
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EASTERN CAPE PARKS AND TOURISM AGENCY  
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### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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## 7. INVESTMENT PROPERTY

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	7 100	(249)	6 851	7 100	(107)	6 993

## Reconciliation of investment property 2012

	Opening balance	Depreciation	Total
Investment property	6 993	(142)	6 851

## Reconciliation of investment property 2011

	Cost	Depreciation	Total
Investment property	7 100	(107)	6 993

## Details of property

## Units 13 and 14 Bhisho business village

Transferred to the ECPTA as at 1 July 2010	1 061	1 083
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## Tourism House Phalo avenue Bhisho

Transferred to the ECPTA as at 1 July 2010	5 790	5 910
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## Unit 13 and 14 Bhisho business village:

Property consists of an office block and is situated in the Bhisho business village. It is currently vacant.

Fair value of the investment property as determined by an independent valuer, P J Lindstrom (Registration no 935/7 registered in terms of the Valuers Act No.47 of 2000) is R1,152 million (31 March 2011: R1,1 million).

## Tourism House Phalo avenue:

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

Fair value of the investment property as determined by an independent valuer, P J Lindstrom (Registration no 935/7 registered in terms of the Valuers Act No.47 of 2000) is R6,137 million (31 March 2011: R6,0 million).

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## 8. INFRASTRUCTURE WORK IN PROGRESS

Work in progress relates to specific infrastructure projects which are funded from the amounts transferred from the ECTB. These funds are ring fenced to the specific infrastructure projects.

Opening balance	8 408	7 313
Additions	3 841	1 095
Transfers to Property, plant and equipment	(2 068)	-
	<b>10 181</b>	<b>8 408</b>

## 9. NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Game held for sale	12 210	12 013
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A census to determine the current stocking rate and to ensure that the veld carrying capacity is not exceeded, in line with biodiversity best practices, is held over a 3 year cycle.

Excess individuals are identified for harvesting in the following year and their fair value less estimated point of sale costs is anticipated to be R 12,210 million.

## 10. FINANCE LEASE OBLIGATION

## Minimum lease payments due

- within one year	510	510
- in second to fifth year inclusive	336	846

	846	1 356
less: future finance charges	(63)	(154)
<b>Present value of minimum lease payments</b>	<b>783</b>	<b>1 202</b>

## Present value of minimum lease payments due

- within one year	458	486
- in second to fifth year inclusive	325	716
	<b>783</b>	<b>1 202</b>

Noncurrent liabilities	325	716
Current liabilities	458	486
	<b>783</b>	<b>1 202</b>

## 11. TRADE PAYABLES

Trade payables	5 460	8 467
Payments received in advanced contract in process	2 630	2 418
Accrued leave pay	5 876	5 655
Accrued bonus	614	717
Accrued expense trade	2 905	2 705
	<b>17 485</b>	<b>19 962</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 36.



## EASTERN CAPE PARKS AND TOURISM AGENCY

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	2012 R '000	2011 R '000
<b>12. OTHER PAYABLES</b>		
Other payables trade	1 088	1 189
Other payables salaries and wages	578	1 020
Other payables provident fund	-	172
Other payables SARS	-	712
Other payables medical aid	400	433
	<b>2 066</b>	<b>3 526</b>

**13. POVERTY ALLEVIATION PROJECTS**

Poverty alleviation projects	12 166	14 338
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Represents amounts available for poverty relief projects which are administered on behalf of the National Department of Environmental Affairs.

**14. GRANT INCOME REFUNDABLE**

Grant income refundable	-	6 540
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The amount in the prior year relates to funds received from DEDEAT which were earmarked for events such as the Boxing event, the Africa Open Golf Challenge and funds received for hiking trails in support of the 2010 Soccer World Cup. R1 940 000 was transferred to the Eastern Cape Gambling and Betting Board to host the Boxing event in the current year. The remaining balance was utilised to host the Africa Open Golf Challenge.

**15. WILD COAST PROJECT**

Wild Coast project	205	20
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Represents amounts available for the Wild Coast Project which is administered by ECPTA from UNDP funding.

**16. DEFERRED REVENUE GRANTS RECEIVED**

Opening balance	34 796	36 649
Expenditure for the year	(14 127)	(4 654)
Interest earned	663	518
Transfer from grants	6 596	2 283
	<b>27 928</b>	<b>34 796</b>

**17. DEFERRED REVENUE GAME HELD FOR SALE**

Game held for sale	12 210	12 013
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## EASTERN CAPE PARKS AND TOURISM AGENCY

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<b>18. REVENUE</b>		
Sale of game, venison and game byproducts	11 046	2 940
Day tours, entrance fees and hiking trails	826	559
Accommodation revenue	2 261	2 753
Rental income	761	682
Finance income	1 103	856
Government grants	162 899	115 517
Other income	694	459
	<b>179 590</b>	<b>123 766</b>

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Sale of game, venison and game byproducts	11 046	2 940
Day tours, entrance fees and hiking trails	826	559
Services rendered, mainly accommodation and camping	2 261	2 753
	<b>14 133</b>	<b>6 252</b>

**The amount included in revenue arising from nonexchange transactions is as follows:**

Transfer revenue		
Government grants	162 899	115 517

**19. ACCOMMODATION REVENUE**

Accommodation general	1 862	2 049
Camping	399	704
	<b>2 261</b>	<b>2 753</b>

**20. OTHER INCOME**

Sundry income	586	406
Sale of tender documents	38	53
Events income	70	-
	<b>694</b>	<b>459</b>

**21. FINANCE INCOME**

Interest from bank	1 023	843
Interest from staff debts	80	13
	<b>1 103</b>	<b>856</b>

## EASTERN CAPE PARKS AND TOURISM AGENCY

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<b>22. GRANTS AND SUBSIDIES</b>		
Transfer payment	152 857	116 479
DWAF	1 112	395
SANBI	-	482
Marine and Coastal Management (MCM)	1 371	443
Thetha	218	-
First National Bank	30	-
Transferred from / (to) deferred revenue	7 311	(2 282)
	<b>162 899</b>	<b>115 517</b>

**Basis of measurement**

Grants are measured at the fair value of the consideration received.

**23. PERSONNEL RELATED COSTS**

Basic salary	62 439	50 870
Bonus	6 014	5 431
Medical aid company contributions	2 067	1 753
UIF	520	445
SDL	77	72
Leave pay provision charge	12 480	564
Funeral benefits	27	26
Postemployment benefits Pension Defined contribution plan	9 304	7 316
Travel, motor car, accommodation, subsistence and other allowances	2 193	2 042
Overtime payments	2 141	1 468
Car allowance	1 649	1 381
Other allowances	1 787	324
	<b>100 698</b>	<b>71 692</b>

**24. ADMINISTRATIVE EXPENDITURE**

Administration and management fees third parties	13	506
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**25. FINANCE COSTS**

Finance leases	92	39
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## EASTERN CAPE PARKS AND TOURISM AGENCY

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<b>26. OPERATING EXPENSES</b>		
Accounting fees	71	-
Advertising	848	319
Animal Costs	210	15
Assessment rates & municipal charges	134	167
Auction expenses	1 095	243
Auditors remuneration	2 956	2 166
Bank charges	114	111
Board expenses	1 665	1 250
Chemicals	353	315
Cleaning	663	481
Community development and training	-	722
Compliance and law enforcement	329	398
Computer expenses	568	375
Conferences and seminars	429	879
Consulting and professional fees	5 221	8 181
Consumables	636	612
Donations	1	159
Electricity	2 553	973
Entertainment	2	130
Fines and penalties	-	1
Fleet	2 562	1 690
Fuel and oil	575	484
Game management	956	1 001
Hire	47	94
Insurance	1 156	1 064
Internal audit fees	408	95
Lease rentals on operating lease	4 136	3 365
Levies	122	69
Marketing	6 832	8 403
Medical expenses	22	16
Placement fees	276	58
Postage and courier	118	155
Printing and stationery	574	1 067
Profit & loss on foreign exchange	24	8
Protective clothing	30	24
Refuse	46	17
Research and development costs	781	263
Royalties and license fees	1 070	437
Security (Guarding of municipal property)	82	232
Special projects	11 801	8 862
Staff welfare	489	206
Subscriptions and membership fees	820	581
Telephone and fax	3 629	2 900
Tourism development	498	418
Training	1 593	1 340
Travel local	3 365	2 726
Travel overseas	293	831
Uniforms	870	300
	<b>61 023</b>	<b>54 203</b>

**27. AUDITORS' REMUNERATION**

External audit fees	2 956	2 166
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## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>28. CASH GENERATED FROM (USED IN) OPERATIONS</b>		
Surplus (deficit)	13 011	(8 185)
<b>Adjustments for:</b>		
Depreciation and amortisation	987	655
(Surplus) deficit on disposal of assets	12	(10)
Debt impairment	178	131
Movements in operating lease assets and accruals	(18)	18
Revaluation on investment property	-	(1 499)
Infrastructure work in progress	-	(4 044)
<b>Changes in working capital:</b>		
Inventories	20	4
Trade receivables	(271)	2 577
Other receivables from nonexchange transactions	(1 566)	394
Consumer debtors	-	(131)
Trade payables	(2 475)	(608)
Other payables	(1 460)	5 254
Deferred revenue grants received	(6 868)	(5 346)
	<b>1 550</b>	<b>(10 790)</b>

## 29. POVERTY ALLEVIATION PROJECTS

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 R78 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.

## 30. OPERATING LEASES

## Operating leases as the lessee:

## Not later than one year

Three ways development	-	1 983
True Group	741	2 026
Mulumba trust	-	127
	<b>741</b>	<b>4 136</b>

## Later than one year and not later than five years

Three ways development	-	1 221
True Group	-	675
	<b>-</b>	<b>1 896</b>

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>31. EMOLUMENTS</b>		
<b>Non executive directors' emoluments For services as directors</b>		
Ms V Zitumane (Chairperson)	175	124
Mr A Muir (Deputy Chairperson)	81	56
HM Queen L Sigcau	35	29
Mr E Bergins	167	110
Mr P Madikiza	156	77
Ms T Putzier	143	83
Mr M Rayi	96	48
Ms T Tsengiwe	77	43
	<b>930</b>	<b>570</b>
The above remuneration relates solely to services as directors.		
<b>Non executive directors' emoluments For other services</b>		
Ms V Zitumane (Chairperson)	22	10
Mr A Muir (Deputy Chairperson)	-	3
HM Queen L Sigcau	18	-
Mr E Bergins	1	-
Mr P Madikiza	8	14
Ms T Putzier	37	30
Mr M Rayi	-	2
Ms T Tsengiwe	3	4
	<b>89</b>	<b>63</b>
<b>Audit Committee members remuneration</b>		
Prof F Prinsloo (Outgoing Chairperson)	2	15
Mr S Whitfield	6	16
Ms T Mahlati (Chairperson)	48	11
Mr ZL Fihlani	17	-
Mr D Coovadia	7	-
Mr JT Mdeni	3	-
	<b>83</b>	<b>42</b>
<b>Other services</b>		
Ms T Mahlati (Chairperson)	5	-
Mr D Coovadia	1	-
	<b>6</b>	<b>-</b>

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>31. EMOLUMENTS (CONTINUED)</b>		
<b>Executive directors' remuneration</b>		
<b>Interim Chief Executive Officer S Liebenberg</b>		
Remuneration	1 144	812
Performance payment	195	-
Allowances and leave pay	158	106
	<b>1 497</b>	<b>918</b>
 <b>Chief Financial Officer N Ravgee (resigned)</b>		
Remuneration	191	439
Performance payment	134	195
Provident fund contributions	45	97
Allowances and leave pay	114	106
	<b>484</b>	<b>837</b>
 <b>Executive Director Human Resources L Gower</b>		
Remuneration	909	621
Performance payment	128	199
Allowances	27	33
	<b>1 064</b>	<b>853</b>
 <b>Legal Advisor and Board Secretary X Mapoma</b>		
Remuneration	630	458
Performance payments	84	150
Provident fund contributions	120	87
Allowances	37	35
Medical and other contributions	8	-
	<b>879</b>	<b>730</b>
 <b>Executive Director Tourism and Business Development E Marafane</b>		
Remuneration	675	382
Performance payments	127	28
Provident fund contributions	86	58
Medical and other contributions	1	-
Allowances	121	77
	<b>1 010</b>	<b>545</b>

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>31. EMOLUMENTS (CONTINUED)</b>		
<b>Executive Director Conservation Dr D Balfour</b>		
Remuneration	713	397
Performance payments	66	61
Provident fund contributions	100	62
Medical and other contributions	7	-
Allowances	81	32
	<b>967</b>	<b>552</b>
 <b>Executive Director Communications and Marketing L Subboo</b>		
Remuneration	550	413
Performance payments	83	56
Provident fund contributions	110	72
Medical and other contributions	8	-
Allowances	61	35
	<b>812</b>	<b>576</b>
 <b>Chief Financial Officer T Jama</b>		
Remuneration	511	-
Performance payments	81	-
Provident fund contributions	98	-
Medical and other contributions	1	-
Allowances	74	-
	<b>765</b>	<b>-</b>
 <b>Executive Director Operations V Dayimani</b>		
Remuneration	355	-
Medical and other contributions	2	-
Allowances	1	-
	<b>358</b>	<b>-</b>



EASTERN CAPE PARKS AND TOURISM AGENCY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>32. COMMITMENTS</b>		
Commitments and orders	5 127	6 561
The committed expenditure relates to outstanding capital and current expenditure purchase orders at year end and will be financed from available resources.		
<b>33. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE</b>		
Net surplus (deficit) per the statement of financial performance	13 011	(8 185)
<b>Adjusted for:</b>		
Acquisition of property plant and equipment	(4 627)	(5 119)
Over collection of revenue	(24 193)	(4 640)
Over expenditure	14 822	17 289
Depreciation and amortisation	987	655
<b>Net surplus per approved budget</b>	<b>-</b>	<b>-</b>

EASTERN CAPE PARKS AND TOURISM AGENCY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 34. CONTINGENCIES

#### 1. Land claims:

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

##### 1.1 Ongeluksnek:

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

##### 1.2 Hluleka:

The claim is settled but there are still community disputes which are being addressed.

##### 1.3 Double Drift:

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

##### 1.4 Nduli/ Luchaba:

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

##### 1.5 Sam Knott – (Andries Vosloo) Nature Reserve:

This claim is under research. **1.6 Baviaanskloof Mega Reserve:** The claimants are not clear about the land they are claiming. Mapping of land is being undertaken. The claimant family has since chosen restoration. Valuation has been conducted and negotiations will commence with the South African National Parks Board (SANParks).

##### 1.7 Tsolwana Nature Reserve:

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

##### 1.8 Mpofu Nature Reserve:

This claim was researched and validated. Verification of claimants is still to be conducted.

##### 1.9 East London Coast Nature Reserve:

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

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**2. Damage claims:****2.1 Advocate KJ Kemp:**

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

**2.2 Mr and Mrs Gallop (Farm Spree River No 170):**

This claim arose out of veld fires that broke out in the Baviaanskloof area. It is alleged that the fires spread from the Baviaanskloof Nature Reserve to the claimant's property. The ECPTA has denied liability. The total damages allegedly suffered by the claimants amount to R651 669. The ECPTA is defending the matter through its insurers.

**2.3 Gearmax vs ECPTA:**

A claim for damages resulting from a motor vehicle accident has been received. The total damages allegedly suffered by the claimant amounts to R75 367. The ECPTA has defended the matter and it is now dormant.

**2.4 ECPTA vs Dompas CC:**

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

**2.5 ECPTA vs G A Sport services International (Pty) Ltd, MH Mpahlwa and A Gutkin:**

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

The proposal contained a number of representations and based on the proposal and the representations contained therein, the ex ECTB entered into a Written Agreement ("the Agreement") with GA Sport in terms whereof the ex ECTB would provide funding of R 2 000 000.00 to GA Sport for the payment of the accommodation, meals and flights in respect of the Soccer Teams. Gutkin and Mpahlwa signed as sureties for and on behalf of GA Sport. The event failed as a result of the actions and omissions of GA Sport. GA Sport has breached the provisions of the Agreement and the ex ECTB is entitled to cancel the Agreement and claim restitution of the R 2 000 000 paid. A summons was served on Mr Mpahlwa and the matter is still pending in court.

**2.6 Mbanzi v ECPTA**

This claim relates to the personal injuries suffered by the claimant. The claimant alleges that he was intentionally and unlawfully shot by ECPTA employees during the course and scope of their work with the ECPTA.

The claimant is accordingly claiming a sum of R656 000 for damages suffered as a result of the alleged incident. The claimant has not issued any summons against the ECPTA but only a letter of demand.

**2.7 Alibiprops 1005 cc t/a Indlovu Thatch v ECPTA**

The Plaintiff in this matter instituted an action against the ECPTA for the recovery of the balance of the contract price for work done by at two ECPTA nature reserves. The total remaining balance amounts to R368 501. The Plaintiff's claim is based on unjustified enrichment. The ECPTA is defending the matter as the Plaintiff has been unable to meet the general requirements of liability for an enrichment claim. The matter is still pending in court.

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**2.8 Eurodrain Technology (PTY) Ltd v ECPTA**

The Plaintiff in this matter instituted an action against the ECPTA for the recovery of the balance of the contract price for services rendered and goods supplied. The ECPTA is defending the action due to non performance by the Plaintiff. The total remaining balance amounts to R326 017. The ECPTA also issued a counter – claim against the Plaintiff for damages suffered as a result of Plaintiff's non performance. Both matters are still pending in court.

**2.9 M Gogwana v ECPTA**

The Plaintiff instituted an action against the ECPTA for services rendered. The ECPTA is defending the action due to poor performance by the Plaintiff. The amount claimed stands at R39 750. The matter is still pending in court.

**2.10 ECPTA v J Ruiter and B Ruiter**

This relate to eviction applications instituted by the ECPTA against its former employees Messrs Ruiter who refused to vacate the ECPTA staff accommodation after their services were terminated. Both matters are still pending in court.

**3. Other contingencies****3.1 Performance bonuses**

The entity has a contingent liability relating to possible performance payments in terms of the Performance management policy. The potential payment is estimated at R5 million. The payments of such bonuses is dependent on outcome of performance evaluations which are to be conducted.





## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 35. RELATED PARTY DISCLOSURES

**Related parties:**

The ECPTA operates in an economic sector whereby it interacts with other entities within the national or 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 of Directors, 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:

- The National Department of Environmental Affairs (DEA),
- The Department of Economic Development and Environmental Affairs and Tourism (DEDEAT),
- The Dwesa / Cwebe Land Trust,
- The Mkhambathi Land Trust,
- Marine and Coastal Management (MCM),
- The Department of Water Affairs and Forestry (DWAF),
- Eastern Cape Development Corporation (ECDC)
- The Eastern Cape Gambling and Betting Board (ECGGB).

**Nature of the relationship and amount of transactions:****1. The National Department of Environmental Affairs (DEA):**

The ECPTA is an implementing agent for various projects on behalf of DEA. Funds received in the current year amount to R78 million.

**2. The Department of Economic Development and Environmental Affairs and Tourism (DEDEAT):**

The relationship that exists is that the ECPTA is a Schedule 3C Public entity in terms of the PFMA and reports directly to DEDEAT.

The majority of ECPTA's funding is provided by DEDEAT. Transfer payments to the amount of R143,857 million was received in the current year. In the prior years DEDEAT occupied a building which was assigned to the former ECPB. This building is now vacant. Rent to the value of R204 000 (2011: R204 000) was outstanding at year end.

**3. The Dwesa / Cwebe Land Trust:**

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

The balance at year end is R nil.

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**4. The Mkhambathi Land Trust:**

The Mkhambathi Land Trust is the owner of the land on which the Mkhambathi Nature Reserves has been proclaimed. They have acquired ownership through a land claim settlement agreement. In terms of this agreement and a community agreement the ECPTA and the Trust work together in the management of the reserve through a co management committee. In this sense the Trust and the ECPTA are partners and have also reached agreement on the sharing of income. Transactions during the year relate mainly to the payment of revenue to the trust. An amount of R98 926 (2011: R47 362) was paid during the year. The balance outstanding at year end is R1 358 (2011: R85 412).

**5. Marine and Coastal Management (MCM):**

The ECPTA has been assigned the responsibility of managing marine protected areas within ECPTA boundaries on behalf of the Integrated Ocean and Coastal Conservation Department of Environmental Affairs. A grant of R1,030 million (2011: R1,400 million) was received.

**6. The Department of Water Affairs and Forestry (DWAF):**

The ECPTA is an implementing agent for the Working for Water projects on behalf of DWAF. The program is aimed at conserving water and biodiversity and to promote sustainable catchment management and land care, including fire management and job creation through the prevention and control of invasive alien vegetation in the Republic of South Africa. A grant of R1,120 million (2011: R395 000) was received from DWAF.

**7. Eastern Cape Development Corporation (ECDC):**

The Eastern Cape Development Corporation (ECDC) is a schedule 3C entity under the DEDEAT family of public entities. During the year the ECPTA hosted the Africa Open Golf tournament in the Eastern Cape. The ECPTA entered into a partnership agreement with ECDC, whereby ECDC transferred R4,400 million to buy a marketing platform in the Golf Tournament.

**8. The Eastern Cape Gambling and Betting Board (ECGGB):**

The Eastern Cape Gambling and Betting Board (ECGGB) is a schedule 3C entity under the DEDEAT family of public entities. During the year under review the ECPTA had earmarked funds to procure a promoter for hosting of a Boxing event in the Eastern Cape Province. The ECPTA was unable to successfully secure a promoter and the earmarked funds were transferred to the ECGBB to sponsor the event. The ECPTA entered into a partnership agreement with the ECGBB where ECPTA transferred R1,940 million to ECGBB.

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 36. 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 of directors.

**Credit risk:**

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

**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.

**Market risk:**

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

**Currency risk:**

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

**Interest rate risk:**

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

## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 36. 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.

## 37. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	680	680
Add: Incurred in the current year	112	-
Less: Amounts condoned	(690)	-
	<u>102</u>	<u>680</u>

Fruitless and wasteful expenditure relates to expenditure that was made in vain and would have been avoided had reasonable care been exercised.

## 38. IRREGULAR EXPENDITURE

Opening balance	22 011	17 977
Add: Irregular Expenditure current year	520	13 567
Less: Amounts condoned	(22 011)	(9 533)
	<u>520</u>	<u>22 011</u>



## EASTERN CAPE PARKS AND TOURISM AGENCY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
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**39. PRIOR PERIOD ERRORS**

Trade and other receivables were overstated by R23 605 relating to staff loans repaid but not adjusted in the accounting records. Payments received from debtors amounting R98 000 were erroneously recorded as income in the prior year. The errors resulted in an overall overstatement of prior year Trade receivables and Income by R 121 605.

Staff loans were understated by R118 000 being interest and legal costs that were not taken into account in the calculation of the said debts. Other receivables were also overstated by R5 000 payable to the Wild Coast Project, being monies collected from debt collectors by the ECPTA on behalf of the project. The overall effect on Trade receivables was R113 000.

The ECPTA early adopted GRAP 107 which allows the entity to report provisional amounts in the annual financial statements for all items for which the accounting was incomplete. This exemption applies to assets acquired in a merger and not to asset additions acquired subsequent to the merger. Assets acquired subsequent to the merger date are accounted for in terms of the requirements of GRAP 17. Depreciation on asset additions was not taken into account resulting in a prior year adjustment of R409 320. Property, plant and equipment (leased) was overstated by R24 000 due to an error in the calculation of present value of minimum lease payments. The overall impact of the error was an overstatement of property, plant and equipment by R430 320.

Finance leases were incorrectly disclosed as a separate line item termed "Operating lease liability" of R410 000 as opposed to "Finance lease liability". The line item as well as the account balance were corrected accordingly.

Lease liabilities were further overstated by R24 000 due to an error in the calculation of the present value of minimum lease payments. The overall overstatement in leases was R434 000.

Investment property was erroneously not depreciated, resulting in an overstatement of R106 500 and a corresponding understatement in depreciation. The Mkhambati Land Trust is entitled to 15% of revenue generated by the Mkhambati Nature Reserve. The prior year allocation of revenue from live game sales was omitted in error resulting in an overstatement of revenue by R67 500 and the Mkhambati Land Trust liability was understated by the same amount.

In the prior year DEDEAT transferred R1,94 million relating to the boxing event as well as R3,0 million relating to a music festival which were to be hosted by the ECPTA. These amounts were erroneously recognised in grant income. Grants were effectively overstated by R4,940 million.

Correction of the errors resulted in prior year adjustments as follows:

**Statement of Financial Position**

Trade receivables	-	(121)
Other receivables (debts receivable)	-	113
Property, plant and equipment	-	(430)
Finance leases	-	(434)
Other payables trade	-	67
Grant income refunded	-	4 940
Investment property	-	(107)

**Statement of Financial Performance**

Operating expenditure	-	(503)
Depreciation	-	514
Revenue live sales	-	(67)
Grant income	-	(4 940)

