

**ANNUAL
REPORT**
**2013
2014**

GENERAL INFORMATION

REGISTERED NAME:
Eastern Cape Parks and
Tourism Agency

PHYSICAL ADDRESS:
6 St Marks Road
Southernwood
East London

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

TELEPHONE NUMBER/S:
027 43 705 4400
027 43 701 9600

FAX NUMBER:
027 86 516 1998

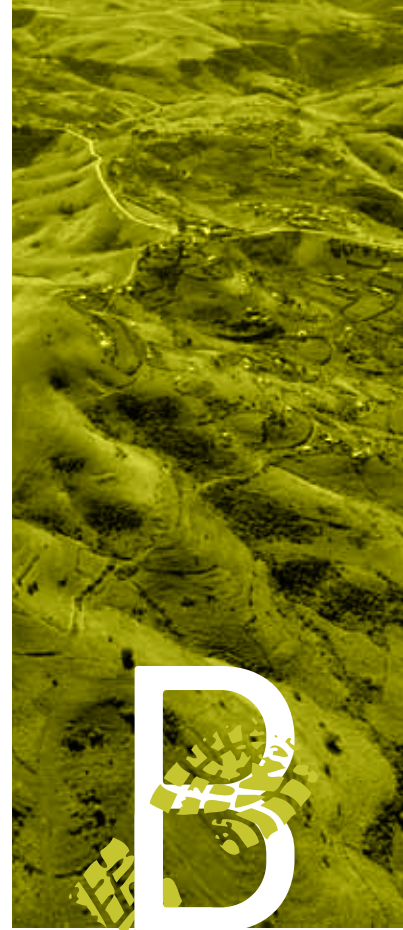
EMAIL ADDRESS:
info@ecpta.co.za

WEBSITE ADDRESS:
www.visiteasterncape.co.za

EXTERNAL AUDITORS:
Auditor-General South Africa

BANKERS:
Nedbank

BOARD SECRETARY:
Ms Xoliswa Mapoma



GENERAL

- 6 FOREWORD BY THE CHAIRPERSON
- 8 CHIEF EXECUTIVE OFFICER'S OVERVIEW
- 10 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT
- 11 STRATEGIC OVERVIEW
- 12 LEGISLATIVE AND OTHER MANDATES
- 16 ORGANISATIONAL STRUCTURE

PERFORMANCE

- 18 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION
- 18 EXECUTIVE MANAGEMENT
- 19 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES
- 19 OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE
- 21 STRATEGIC OUTCOME ORIENTED GOALS
- 24 PERFORMANCE INFORMATION BY PROGRAMME
- 56 SUMMARY OF FINANCIAL INFORMATION



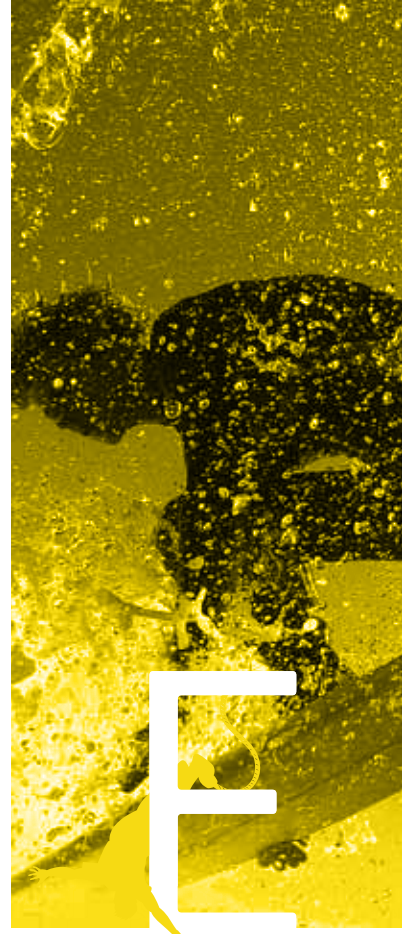
GOVERNANCE

- 66 INTRODUCTION
- 66 PORTFOLIO COMMITTEE
- 66 EXECUTIVE AUTHORITY
- 67 THE ACCOUNTING AUTHORITY
- 72 RISK MANAGEMENT
- 73 INTERNAL AUDIT AND AUDIT COMMITTEES
- 76 COMPLIANCE WITH LAWS AND REGULATIONS
- 76 FRAUD AND CORRUPTION
- 76 MINIMISING CONFLICT OF INTEREST
- 77 CODE OF CONDUCT
- 77 HEALTH SAFETY AND ENVIRONMENTAL ISSUES
- 77 SOCIAL RESPONSIBILITY
- 77 BOARD SECRETARY
- 79 AUDIT COMMITTEE REPORT



HUMAN CAPITAL MANAGEMENT

- 82 INTRODUCTION
- 83 HUMAN RESOURCE OVERSIGHT STATISTICS



FINANCIAL INFORMATION

- 91 REPORT OF THE CHIEF EXECUTIVE OFFICER
- 92 REPORT OF THE EXTERNAL AUDITOR
- 95 ANNUAL FINANCIAL STATEMENTS

BOARD OF DIRECTORS

VUYO ZITUMANE
CHAIRPERSON OF THE BOARD



THOBEKA MAHLATI
AUDIT COMMITTEE CHAIRPERSON



MICKEY MAMA
BOARD MEMBER



TABBY TSENGIWE
BOARD MEMBER





FEZILE MAKIWANE
DEPUTY CHAIRPERSON OF THE BOARD

MZIWAMADODA SOTSHANA
BOARD MEMBER



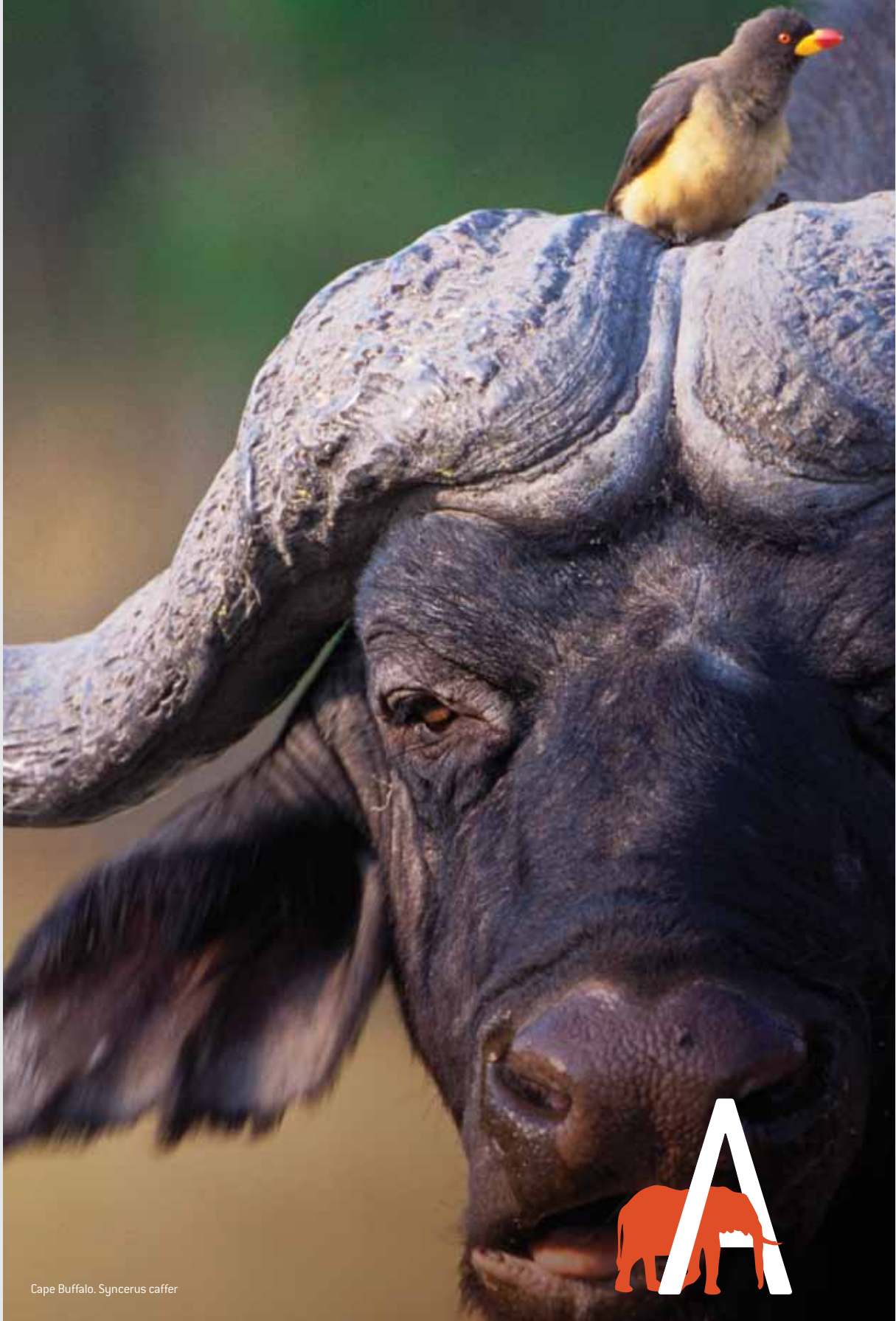
ANDREW MUIR
BOARD MEMBER

SITHEMBELE MGXAJI
BOARD MEMBER



LIST OF ACRONYMS

| | | | |
|-----------|---|---------|---|
| ACT | Actual | METT-SA | Management Effectiveness Tracking Tool - South Africa |
| AFS | Annual Financial Statements | MTEF | Medium Term Expenditure Framework |
| AGSA | Auditor General of South Africa | NDT | National Department of Tourism |
| AOP | Annual Operational Plan | NEM | National Environmental Management |
| APP | Annual Performance Plan | NHC | National Heritage Council |
| ASB | Accounting Standards Board | NPAES | National Protected Area Expansion Strategy |
| BBBEE | Broad Based Black Economic Empowerment | NR | Nature Reserve |
| BIFI | Biodiversity Integrity Facilitation Index | NSSD | National Strategy for Sustainable Development |
| CATHSSETA | Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority | NTCE | National Tourism Career Expo |
| CEO | Chief Executive Officer | OHS | Occupational Health & Safety |
| CFO | Chief Financial Officer | PAA | Public Audit Act |
| CITES | Convention on International Trade in Endangered Species\ (of Wild Fauna and Flora) | PFMA | Public Finance Management Act |
| CLARA | Communal Land Rights Act | PGDPS | Provincial Growth and Development Plan |
| COP | Conference of the Parties | PMS | Property Management System |
| DEA | Department of Environmental Affairs | PPE | Property Plant and Equipment |
| DEDEAT | Department of Economic Development, Environmental Affairs and Tourism | REC | Recommended |
| DWAF | Department of Water Affairs and Forestry | SANBI | South African National Biodiversity Institute |
| ECTB | Eastern Cape Tourism Board | SARS | South African Revenue Services |
| ECDC | Eastern Cape Development Corporation | SCM | Supply Chain Management |
| ECPB | Eastern Cape Parks Board | SDL | Skills Development Levy |
| ECPTA | Eastern Cape Parks and Tourism Agency | SIRS | Special Investigations and Resources Security |
| ED | Executive Director | SMME | Small Medium and Micro Enterprises |
| EPWP | Extended Public Works Programme | TEP | Tourism Enterprise Partnership |
| FMPP | Framework for Managing Programme Performance Information | TR | Treasury Regulations |
| GEF | Global Environmental Facility | UIF | Unemployment Insurance Fund |
| GRAP | Generally Recognised Accounting Practice | UNDP | United Nations Development Programme |
| HCM | Human Capital Management | UNWTO | United Nations World Tourism Organisation |
| IAS | International Accounting Standards | | |
| ICT | Information and Communications Technology | | |
| IMCT | Information Management and Communication Technology | | |
| IPSAS | International Public Sector Accounting Standards | | |
| MCM | Marine and Coastal Management | | |
| MEC | Member of Executive Council | | |



Cape Buffalo. *Syncerus caffer*



GENERAL

FOREWORD BY THE CHAIRPERSON



VUYO ZITUMANE
CHAIRPERSON OF THE BOARD

EASTERN CAPE PARKS AND
TOURISM AGENCY

I am honoured to once again present the annual report of the Eastern Cape Parks and Tourism Agency. It is especially gratifying to be in a position to once again draw attention to the unqualified audit opinion attained by the Agency since inception. Notwithstanding the areas of improvement further highlighted in the Auditor General's report, the Board is proud of the commitment of the Executive management to the regulatory environment of this great country.

The Agency continues to surpass the national target for management effectiveness of the protected area estate under its management authority. This achievement is a testament to the level of expertise and capacity that is resident within the three regions of the entity and individual reserve management. Continuous improvement in the relationships with the communities adjacent to the protected areas remains a key organising principle in giving effect to the Eastern Cape Protected Area Expansion Strategy. The confidence reflected in the marine protected area management endowed by the Department of Environmental Affairs is appreciated.

Of particular focus to the ensuing medium term is the bolstering of the revenue generation capacity to balance the reality of the shrinking public sector fiscus. To this end, the Agency has identified and continues to singularly provide resources for the flagship reserves, Mkhambathi, Baviaanskloof, Dwesa, Great Fish River, Silaka and Hluleka. These reserves capture the quintessential experience of the Eastern Cape of eco-tourism, pristine Wild Coast and cultural heritage.

Tourism as a sector is still in the grip of the aftereffects of the global economic recession. Incidents of travel for the domestic market have seen a steady decline over the past five years. Although there has been a growth in the number of international arrivals, the average spend per tourist has been decreasing and the number of provinces visited remains unchanged. Even though affordability is a key feature of the province, the Eastern Cape becomes extremely vulnerable to a cost-conscious market due to issues around air access and expansiveness for land markets.

Great strides have been made in giving effect to the Agency's strategic goal of catalysing tourism in the province. The implementation of the Trade-Led Growth Strategy has resulted in a maintained momentum of brand awareness among international tourism trade within the target markets. The current climate has further brought to bear the critical space that strategic stakeholder engagement with local government and the country's diplomatic corps should occupy in the Agency's forward planning.

In the year ahead, the Agency will finalize the strategy that will give effect to the second phase of democracy in the province. Strategic partnerships with both private and public sector institutions will determine the social capital at the Agency's disposal to leverage greater resources to fulfil its mandate. Tourism is recognised as one of the six core pillars of growth in the New Growth Path framework. The State of the Province Address further presents clear opportunities to leverage the dual mandate of the Agency, of note is:

- Existence of a clear provincial brand with provincial leadership buy-in
- Government investment in infrastructure programmes to enhance access to the province such as the N2 Toll Highway and Mthatha Airport upgrade
- Provincial positioning as energy hub provides possibilities in alternative energy to support protected areas

The agency is further emboldened by the recently proclaimed Tourism Act 3 of 2014, whose objectives resonate with the ECPTA's strategic thrusts, these being;

- The establishment of concrete intergovernmental relations to develop and manage tourism
- Provisions for the effective marketing of South Africa, both domestically and internationally
- The promotion of quality tourism products and services
- The promotion of economic growth and development of the sector
- The promotion of responsible tourism practices

The support of the Department of Economic Development, Environmental Affairs and Tourism has been the foundation that has ensured the realisation of the successes of the Agency. On behalf of the Board I further extend acknowledgement and appreciation to the Audit Committee and their work in safeguarding sound corporate governance. The Executive management and entire staff of the Agency are acknowledged for their tireless efforts in shouldering the brunt of the work and maintaining an institution that can deliver on the mandate and support government's priorities in improving the lives of all South Africans.

The intersection of the Agency's dual mandate of tourism and biodiversity management is a critical element of the sustainable socio-economic development envisaged to break the bonds of poverty off the Eastern Cape. As the collective Board of Directors we are confident that the Eastern Cape Parks and Tourism Agency stands geared for the challenges ahead.



VUYO ZITUMANE
CHAIRPERSON OF THE BOARD

CHIEF EXECUTIVE OFFICER'S OVERVIEW



MR V DAYIMANI
CHIEF EXECUTIVE OFFICER

EASTERN CAPE PARKS AND
TOURISM AGENCY

It is with great pride that I present the performance of the Eastern Cape Parks and Tourism Agency for the financial year 2013-2014. The ECPTA Strategic Plan 2010-2014 was envisioned to increase the number of visitors to the province, expand the tourism and bio-diversity asset base, increase revenue and ultimately produce positive socio-economic impacts for the people of the Eastern Cape. The stated key outcomes to be delivered; socio-economic impact, transformation of the conservation and tourism industries, improved intergovernmental coordination and an increase in own revenue generated, would result in improved conservation and tourism products.

As reflected in its founding document, the Agency continues to give full effect to the destination management mandate with biodiversity and conservation imperatives.

SECURING KEY BIODIVERSITY

Management Effective Tracking Tool (METT) allows ECPTA to monitor and analyse management effectiveness of Protected Areas against Department of Environmental Affairs (DEA) target score. It is one of the two most widely used/adapted globally applicable generic systems developed to assess protected area management effectiveness and is used to report progress towards the Convention on Biological Diversity.

The ECPTA was at a baseline of 36% in 2010 and has achieved in the financial year under review an average of 77%, significantly above the DEA national requirement of 68%. More than 80% of the reserves are at and above the national set target. The result is a testament to the validity of the Agency's strategy in classifying priority flagship reserves for targeted investment.

Intensive energy will be expended towards further refinement of the positioning of the provincial reserves to extract maximum value in revenue generation from the investment into the provincial reserves in the next five years.

The establishment and management contract of the Amathole Marine Protected Area as well as the successful implementation of the Biodiversity Stewardship Programme has resulted in the ECPTA exceeding the targets for each consecutive year during the strategy implementation and further achieving a total of 477 400 hectares in the financial year.

A CATALYST FOR ALL DIMENSIONS OF TOURISM IN THE PROVINCE

The implementation of an aggressive events strategy has yielded significant returns for the awareness of the tourism brand for the province. Through targeted event selection the ECPTA has achieved 550 million rand's worth of media value from an investment of 11 million rand in local events.

In terms of international marketing of the Province, the implementation of the Trade-Led Growth Strategy has yielded in excess of one million circulated brochures with expanded Eastern Cape itineraries to our core markets in the Benelux countries and broader Europe.

Visitor satisfaction is a key measure for destinations to ensure growth in tourism numbers. The ECPTA hosted the first annual Lilizela Awards which seek to enhance and elevate service excellence in the tourism industry. This initiative is part of a national drive in giving effect to and achieving the National Tourism Sector Strategy (NTSS) targets.

The focus, as we seek to deliver on the job creation imperatives of government will be a development of a marketing strategy that will feature strong product development initiatives to expand the asset database of the province in order to be well positioned to capture more of the domestic and international tourism markets.

EFFICIENT AND EFFECTIVE INSTITUTION

The application of corporate governance imperatives has ensured an unqualified audit for the entity since inception, coupled with the development and application of a legislative compliance monitoring tool. As the Agency, we acknowledge the need for improvement of internal management systems of control. An intentional cost-saving drive has yielded significant savings from staff utilizing provincial reserves for accommodation during official business travel.

The target of own revenue generated in relation to grant funding was met and slightly exceeded. As the reality of the shrinking provincial fiscus allocation to the entity, intensive resource mobilization will be the bedrock of the delivery of the strategic plan over the next five years.

Significant strides are being made in stakeholder relations, both internal and external to the organisation. Although exceeded in the 2013-2014 financial year, staff satisfaction remains fairly steady at 74% compared to the previous financial year. This is a testament to the earnest embodiment of the ECPTA values by all staff at all levels. Cementing

the relationship between the key tourism stakeholders in the Province, especially local government and the private sector will be key in ensuring the delivery on our mandate going forward.

The focus for the next five years will be around building project development and management capability and intensive resource mobilisation.

On behalf of Executive Management I extend appreciation to the Board of Directors for the exceptional strategic guidance provided in delivering on the Agency's mandate over the 2013-2014 financial year. The dedication and commitment of the Executive Management in the strategic and operational management of the entity is further highlighted. The achievements highlighted above would not have been possible without the excellence displayed by all staff of the Agency.

In conclusion, the ECPTA remains committed to delivering on government priorities in both the 2013-14 financial year and over the next five years. The achievements highlighted above bear testimony to the commitment of this entity to deliver outcomes that benefit all the people of the Home of Legends in a sustainable manner.



MR V DAYIMANI
CHIEF EXECUTIVE OFFICER

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2014.

Yours faithfully



VUYO ZITUMANE
CHAIRPERSON OF THE
BOARD



MR V DAYIMANI
CHIEF EXECUTIVE OFFICER

STRATEGIC OVERVIEW

VISION

A PROVINCE WHERE BIODIVERSITY CONSERVATION AND TOURISM MANAGEMENT UNDERPIN SUSTAINABLE DEVELOPMENT

MISSION

TO BE THE PREMIER ENTITY FOR MANAGING BIODIVERSITY AND TOURISM

VALUES

C

COMMITMENT

We pledge our sincere and steadfast commitment in all engagements to achieve our objectives

A

ACCOUNTABILITY

We will take responsibility for all our actions and will disclose results in a transparent manner

I

INTEGRITY

We will conduct our business based on sound moral principles

R

RESPONSIBILITY

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

LEGISLATIVE AND OTHER MANDATES

As at 15 March 2013, the Eastern Cape Parks and Tourism Agency (ECPTA) was listed in Schedule 3-C of the Public Finance Management Act (PFMA), reporting to the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)

CONSTITUTIONAL MANDATE

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

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

RELEVANT ACTS AND STRATEGIES

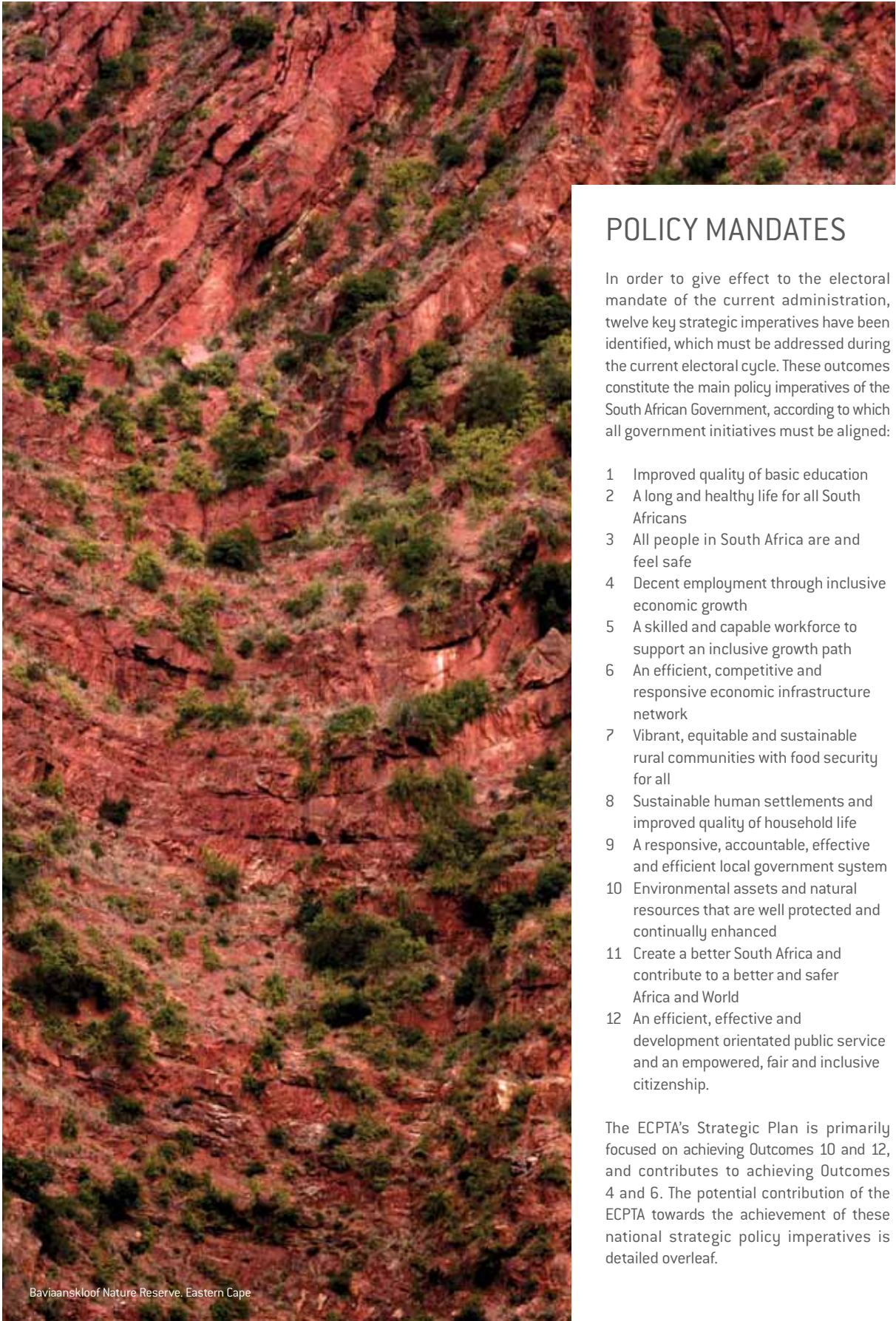
KEY RESPONSIBILITIES

| | |
|---|---|
| Eastern Cape Parks and Tourism Agency Act (Act. 2 of 2010) | This is the legislation that establishes the ECPTA, with a mandate to (i) develop and manage protected areas and (ii) promote and facilitate the development of tourism in the Province. |
| National Environmental Management Act, 1998, (Act 107 of 1998) | This is the national environmental legislation which provides guidance on environmental. |
| 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 including 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 indigenous forests and woodlands. Many state forests have been proclaimed as Forest Nature Reserves in terms of the National Forests Act. |
| National Veld and Forest Fire Act, 1998 (Act 101 of 1998) | This is the primary legislation governing the prevention and control of runaway wild fires. Fire is used as a biodiversity management tool and control of excessive fires is also important for the management of protected areas and prevention of damage to infrastructure. |
| 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 World Heritage Site. |
| 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. |

RELEVANT ACTS AND STRATEGIES

KEY RESPONSIBILITIES

| | |
|--|---|
| 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 (pre-1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Transkei. |
| Communal Land Rights Act (CLARA) (11 of 2004) | Regulates the management of Protected Areas which are under the jurisdiction of Traditional Authorities. |
| Provincial Growth and Development Plan (PGDP) | The PGDP refers to the provincial integrated growth and development plan which includes spatial land utilisation in terms of provincial priorities for development. It acknowledges the need to view biodiversity conservation as a natural resource for rural development and diversification of economic development. |
| National Biodiversity Framework and National Protected Area Expansion Strategy | 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 (85 of 1993) | This is the primary legislation governing health and safety standards in the context of all work environments. |
| National Water Act (36 of 1998) | 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. |



Baviaanskloof Nature Reserve, Eastern Cape

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 main policy imperatives of the South African Government, according to which all government initiatives must be aligned:

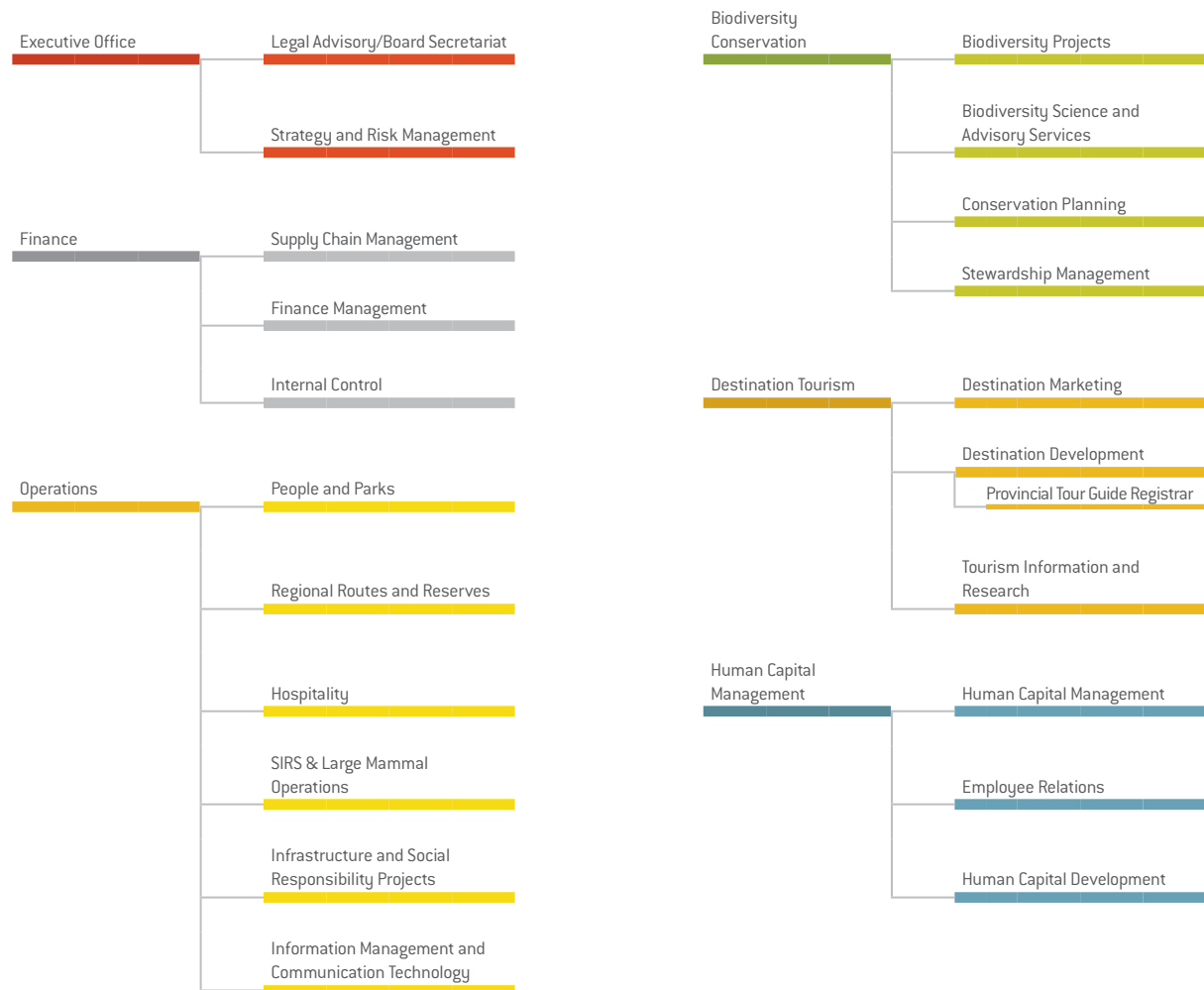
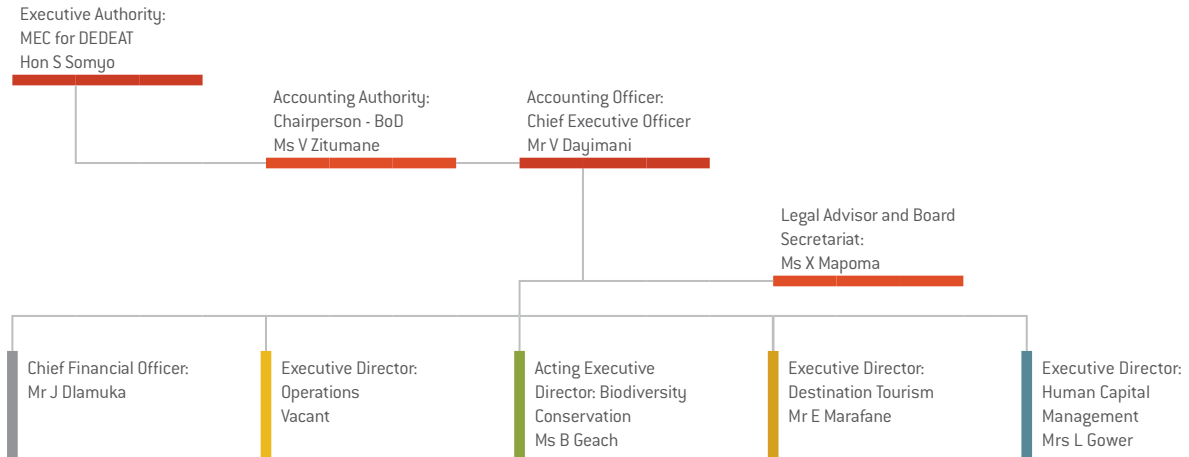
- 1 Improved quality of basic education
- 2 A long and healthy life for all South Africans
- 3 All people in South Africa are and feel safe
- 4 Decent employment through inclusive economic growth
- 5 A skilled and capable workforce to support an inclusive growth path
- 6 An efficient, competitive and 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.

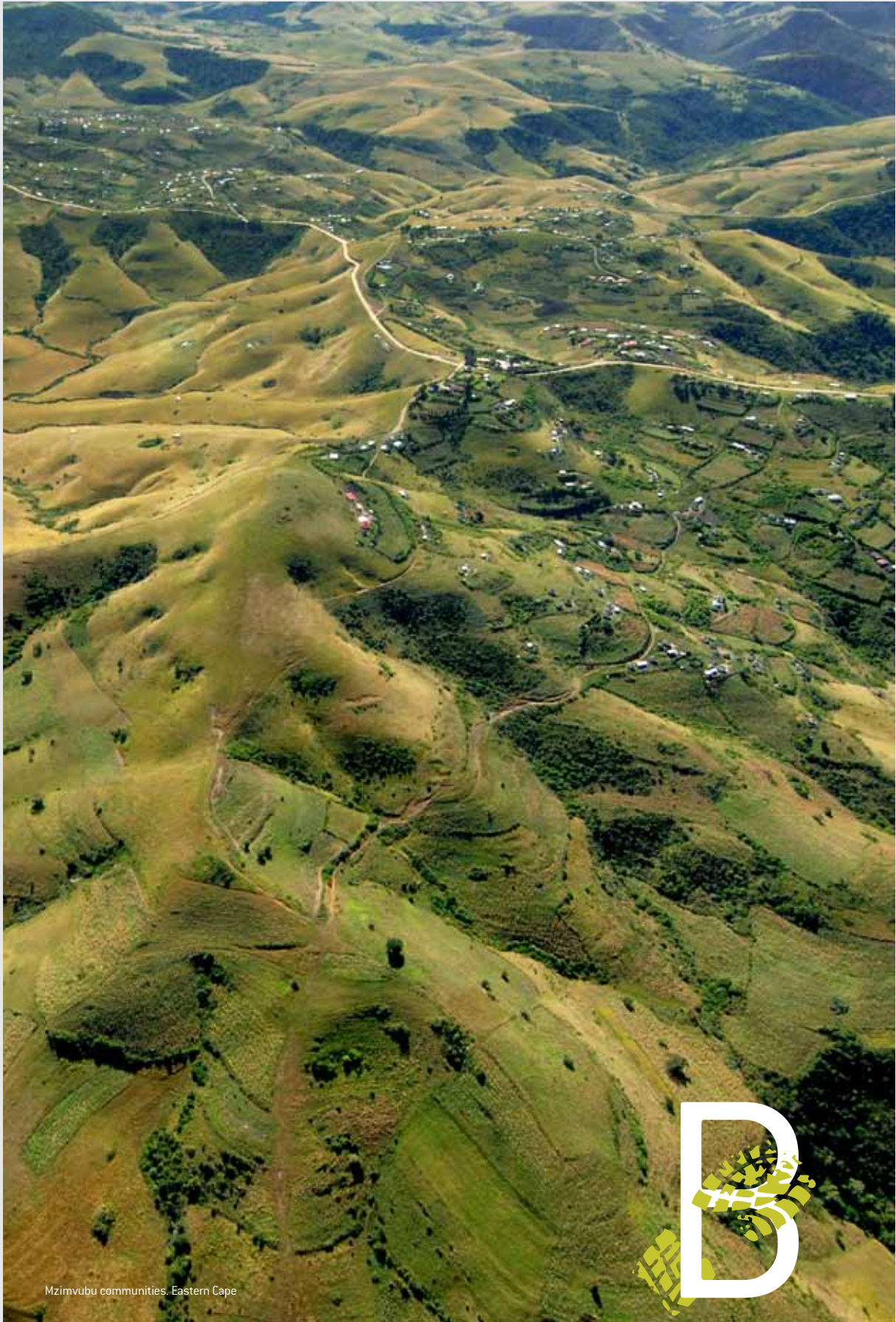
The ECPTA's Strategic Plan is primarily focused on achieving Outcomes 10 and 12, and contributes to achieving Outcomes 4 and 6. The potential contribution of the ECPTA towards the achievement of these national strategic policy imperatives is detailed overleaf.

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.

| NATIONAL OUTCOME: | ECPTA POTENTIAL CONTRIBUTION: |
|--|---|
| 4. Decent employment through inclusive economic growth | <p>Create employment opportunities through Green Job projects for permanent, contract, casual and EPWP appointment by recruiting people from communities near the reserves.</p> <p>Create economic opportunities by creating a demand for goods and services and unlocking opportunities for economic development for entrepreneurs, concessionaires, eco-tourism and cultural tourism linkages.</p> <p>Provide seasonal employment opportunities by providing access for the harvesting of natural resources from reserves - e.g. thatching grass, marine resources, firewood, game, etc.</p> <p>Create employment opportunities for tour operators and service providers in the tourism industry.</p> |
| 6. An efficient, competitive and responsive economic infrastructure network | <p>Develop economic infrastructure relating to tourism, reserve operations and public servitudes, including bulk services infrastructure which will directly and indirectly benefit communities who live around Provincial Parks.</p> <p>Support the education curriculum and infrastructure by developing environmental education centres in the reserves.</p> <p>Develop recreational and tourism infrastructure.</p> <p>Develop tourism routes to the benefit of rural and remote communities.</p> |
| 10. Environmental assets and natural resources that are well protected and continually enhanced | <p>Provision of ecological goods and services - e.g. clean water through catchments management, combating soil erosion, carbon sequestration.</p> <p>Facilitate access to natural resources from reserves - e.g. thatching grass, fish, firewood, venison etc. to communities.</p> <p>Combat poaching, illegal use of natural resources and trade in endangered species</p> <p>Promote environmental education and awareness programmes for sustainable natural resource use.</p> |
| 12. An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship | <p>Strengthen the management of ECPTA to ensure optimal socio-economic impact on communities.</p> <p>Increase public access to Provincial Parks and tourism products</p> <p>Strengthen the capacity of communities to effectively participate biodiversity conservation management and co-management of Provincial Parks.</p> <p>Develop skills and human resource capacity through staff training and the training of communities.</p> <p>Collaborate with relevant role-players for the advancement of effective resource management.</p> |

ORGANISATIONAL STRUCTURE





Mzimvubu communities, Eastern Cape



PERFORMANCE

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2014

The Accounting Officer is responsible for the preparation of the Agency's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide

reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the organisation for the financial year ended 31 March 2014.

EXECUTIVE MANAGEMENT



CHIEF EXECUTIVE OFFICER
MR V DAYIMANI



CHIEF FINANCIAL OFFICER:
MR J DLAMUKA



LEGAL ADVISOR AND BOARD
SECRETARIAT:
MS X MAPOMA



ACTING EXECUTIVE DIRECTOR:
BIODIVERSITY CONSERVATION
MS B GEACH



EXECUTIVE DIRECTOR:
DESTINATION TOURISM
MR E MARAFANE



EXECUTIVE DIRECTOR: HUMAN
CAPITAL MANAGEMENT
MRS L GOWER

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported

under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 92 of the Report of the Auditors Report, published as Part E: Financial Information.

OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE

SITUATIONAL ANALYSIS

The following situational analysis was published in the Annual Performance Plan for 2013/2014 and provided the basis for

strategic and operational choices during the planning phase for the year under review.

ORGANISATIONAL ENVIRONMENT

STRENGTHS

The consolidation of structural and functional changes, necessitated by the transition to a unified organisation (following the merging of the Parks and Tourism Boards in 2010), have resulted in streamlined operations across the agency. Positive outcomes in respect of audited management performance and a clean audit underscore these gains.

A partnership between management, the board and organised labour saw the finalisation and implementation of a new organogram. ECPTA achieved pay parity, resulting in a significant increase in salaries, and paving the way for talent retention. The filling of critical vacant posts was fast-tracked last year. These achievements ensure that the transformed organisation is properly geared to achieve its mission and objectives.

Stakeholder engagement resulting from the more focussed project-orientated approach adopted by the Agency has had many positive

spin-offs. These include a dramatic increase in media coverage, and the confirmation of a 3-year grant of R95million for the improvement of reserve tourism infrastructure from DEDEAT.

WEAKNESSES

Budget constraints continue to hamper the rollout of information and communications technology (ICT) solutions across all functions of the organisation. The same applies to the establishment of research capability with respect to the generation and analysis of tourism statistics. Research capability is also restricted in biodiversity conservation due to budget constraints for filling of critical vacancies.

The much-acclaimed performance management system is yet to realise its full potential, and on-going efforts to embed the system throughout the organisation are to be pursued.

SERVICE DELIVERY ENVIRONMENT

OPPORTUNITIES

In spite of dampened European and American tourism prospects, Asia has continued on a more balanced expansion. This provides the tourism industry with a number of opportunities to attract tourists from new and under-developed markets. According to the United Nations World Tourism Organisation (UNWTO), in 2012, one billion tourists crossed international borders in a single year with another five to six billion estimated to travel in their own country every year. Targeted and empirical based marketing activities should result in the Eastern Cape translating this growth to real returns for the Province.

At the conclusion of the 17th Conference of the Parties (COP-17) conference in November 2011, parties agreed to undertake efforts to establish models and systems for the effective operation of emissions trading. The COP will consider the emerging design for adoption at its eighteenth session. It is important to follow this development to determine its usefulness and application in the South African context.

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

THREATS

The persistent Euro zone crisis is likely to have a prolonged negative impact on the provincial tourism industry, as less disposable income is available for both investment and discretionary tourism spend. Deliberate campaigns by a number of countries to convince local tourists not to travel abroad are likely to exacerbate this situation. These factors in combination could have a significant negative impact on international tourism arrivals.

From a bio-diversity perspective, the rapid increase in poaching and the associated cost to develop counter measures will remain a challenge that the organisation must face. ECPTA does not anticipate that this operational risk will substantially reduce in the medium term.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Tourism Act 3 of 2014 was promulgated towards the end of the financial year. This legislation provides for the establishment of a strong regulatory environment for the entire sector. The promulgation, taking place in the last quarter, did not impact operations during the year under review.

No further changes to relevant policies or legislation are noted.

STRATEGIC OUTCOME ORIENTED GOALS

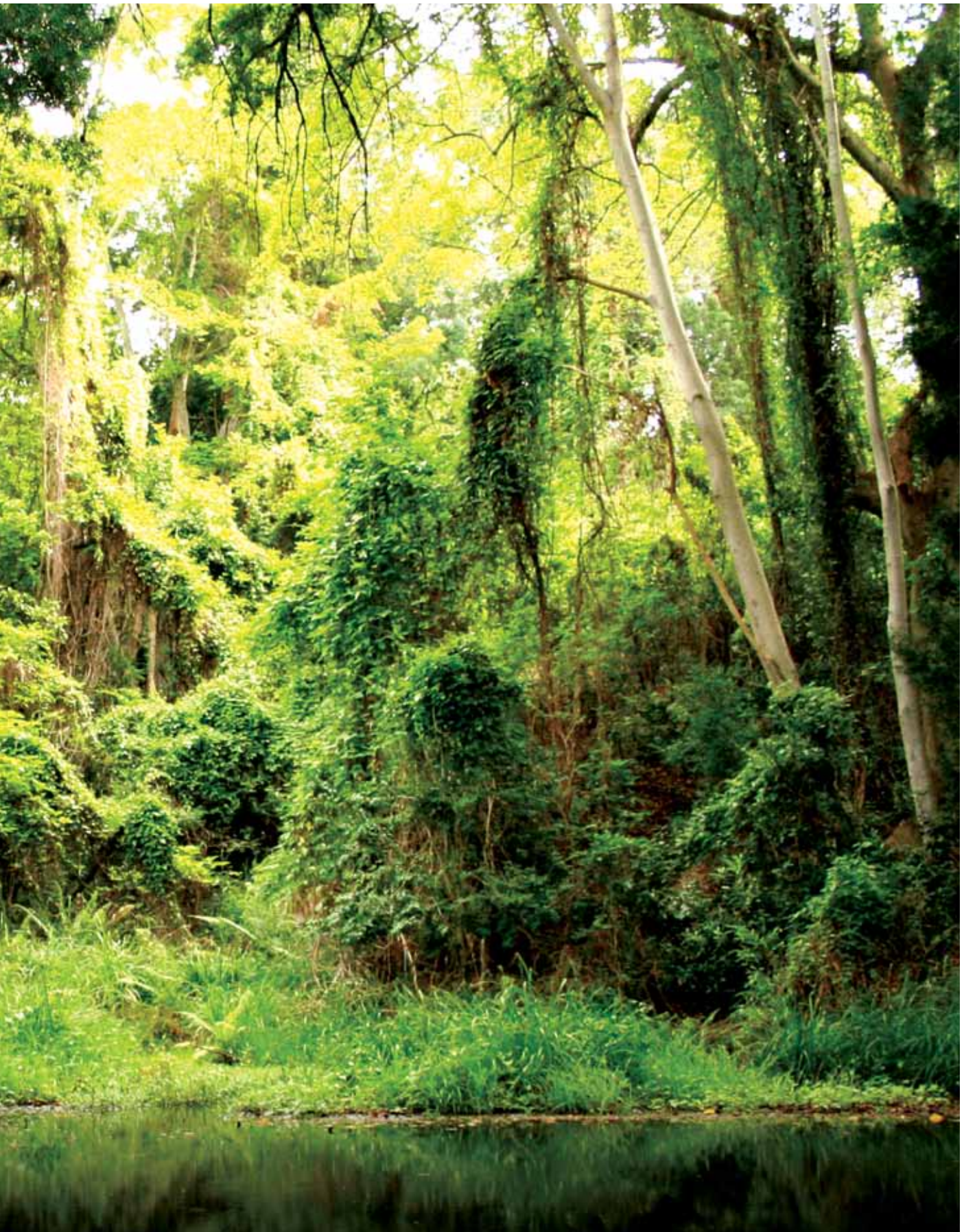
STRATEGIC OUTCOME ORIENTATED GOALS

PROGRESS TOWARDS ACHIEVEMENT BY END 2014/2015

- | | |
|--|---|
| <p>1. To secure key biodiversity in the Province</p> | <p>Expanding the protected area system in the Province will contribute to achieving the NPAES targets and to securing key biodiversity in the Province. By the end of the 2013/2014 financial year, a total of 477 400ha was under protection in the Province. This figure approaches the ECPTA's estimated capacity limit for maintaining a protected area estate.</p> <p>Effective management of reserves will result in securing biodiversity in reserves. The METT-SA score of 77 secured during the year under review, is an objective assessment of exceptional management of protected areas .</p> |
| <p>2. To serve as a catalyst for all dimensions of tourism in the Province</p> | <p>Destination Marketing is a vehicle for promoting the Eastern Cape as a destination of choice, and is fundamental to building the tourism sector in the Province. To this end, branding of the Adventure Province has made a strong contribution - during 2013/2014, private tourism-related product owners were encouraged and supported to adopt the brand by incorporating it into their products and marketing materials.</p> <p>Events are a cost effective way of obtaining positive media coverage for the province on both national and international levels. Further, the ECPTA brand was showcased at events hosted in the Province in the year under review. Increased attention to Event Partnerships has proved to be a catalytic contribution to the growth of tourism in the Eastern Cape.</p> <p>Effective promotion of the Province as a tourism destination has led to increased visitor numbers, catalysing positive impacts on socio-economic development in the Province. The catalytic effect of Destination Marketing is quantifiable. During 2013/2014, events gave rise to over R550 million in media coverage, provided an economic injection in excess of R119 million, created approximately 920 jobs, and attracted over 135 000 visitors to the Province.</p> <p>The ECPTA plays a key role in encouraging tourism products to become BBBEE compliant and in assisting them to retain or improve their status. The Tourism Industry thus becomes a vehicle for positive growth and transformation.</p> <p>The expansion of the demographic range of visitors to ECPTA products is a further key catalytic priority.</p> |
| <p>2. To establish and maintain an efficient and effective institution</p> | <p>The organisational architecture continues to be transformed by recruiting the right persons for the funded vacant posts in line with Employment Equity targets. Furthermore, staff satisfaction levels have increased by 11% overall since 2012/13 due to the strategic initiatives that were undertaken particularly in the nature reserves.</p> <p>The Finance Department renders support to all departments in order to maintain efficient financial management systems ultimately supporting growth of own revenue.</p> <p>The potential to deliver on the mandate of ECPTA is dependent on its ability to increase own revenue and effective management of resources and assets. To this end, the annual grant allocation was augmented with a revenue to grant ratio of 9%in 2013/2014.</p> <p>The ICT systems and support are critical to the evolution of the ECPTA into an institution that can respond to market trends and deliver efficient services to its stakeholders and (internal and external) clients. The achievement of 58% reach by the end of this financial year keeps the Agency on track to reach its 80% by the end of the MTEF.</p> <p>Protocols for measuring effective corporate governance increasingly include the extent to which the organisation can demonstrate responsible conduct with respect to the environment and climate change. This resonates strongly with the Agency's mandate. The 5% reduction in the ECPTA's carbon footprint during 2013/2014 is a clear statement that the Agency is a responsible corporate citizen.</p> |



Baviaanskloof Nature Reserve, Eastern Cape



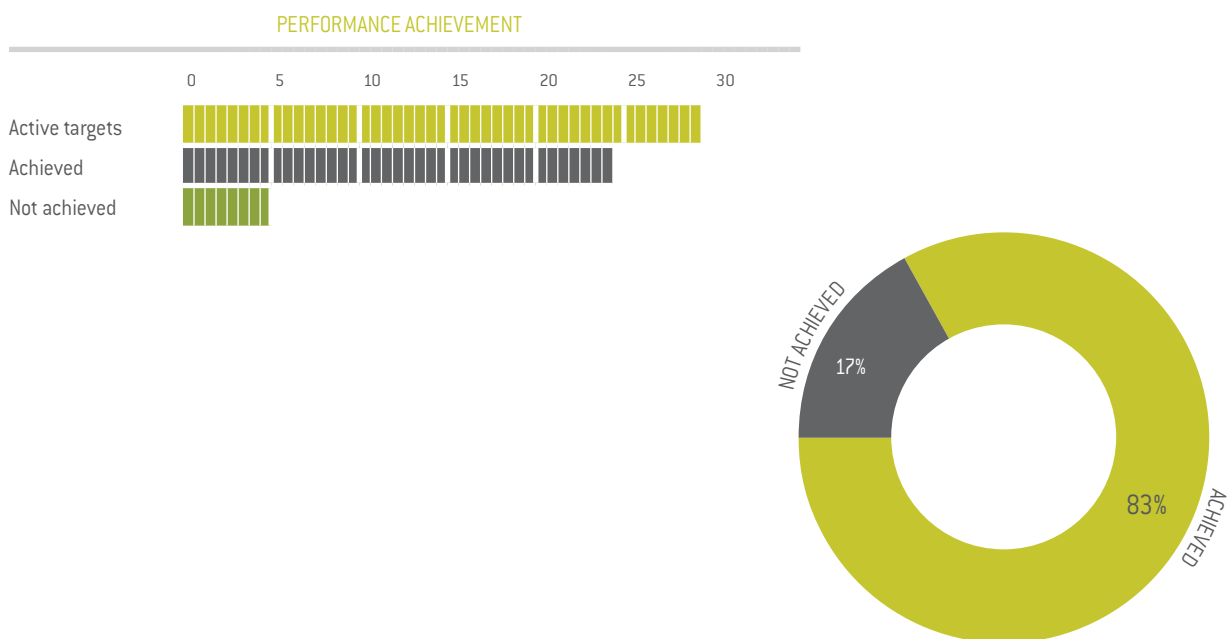
PERFORMANCE INFORMATION BY PROGRAMME

The activities of the Eastern Cape Parks and Tourism Agency are organised in the following programmes:



This report references the Annual Performance Plan for 2013/2014 to 2015/2016 (APP). Instances where performance parameters differ from those originally published in the Strategic Plan are identified and motivated in Part D of the APP.

In the 2013/2014 performance year, ECPTA introduced a “Tolerance Range” for each indicator. The Tolerance Range identifies the leeway for variation or permissible deviation from the targeted performance level that is deemed acceptable performance.



PROGRAMME 1: BIODIVERSITY CONSERVATION

PURPOSE

The Biodiversity Conservation Department is responsible for professional decision support to ensure that appropriate biodiversity management is effected in the Protected Areas managed by the Eastern Cape Parks and Tourism Agency (ECPTA). The responsibilities include biodiversity policy and planning as well as research and monitoring. The department is also responsible for developing and managing biodiversity conservation support projects.

The Biodiversity Conservation Department supports 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 utilisation of natural resources within the Protected Areas managed by the ECPTA. This is achieved by:

- 1 Providing scientific and technical advice to promote biodiversity conservation best practice
- 2 Conducting appropriate research and monitoring for biodiversity conservation
- 3 Ensuring appropriate and effective biodiversity conservation planning and policy development
- 4 Providing ecological advice to reserve managers in support of effective biodiversity conservation
- 5 Managing and developing Biodiversity Conservation support projects such as the GEF funded Wild Coast Project, the development of the carbon sequestration projects and payment for watershed services
- 6 Ensuring the expansion of the protected area estate in the province

There have been significant changes to the budget programme structure since the approval of the Strategic Plan for 2010 - 2014.

SUB-PROGRAMMES

BIODIVERSITY PROJECTS

BIODIVERSITY SCIENCE AND ADVISORY SERVICES

CONSERVATION PLANNING

STEWARDSHIP MANAGEMENT

PROGRAMME 1: BIODIVERSITY CONSERVATION

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

The Biodiversity Conservation Department is required to address Strategic Goal 1: “To secure key biodiversity in the province” through the achievement of three strategic objectives:

- 1.1: Improve management effectiveness of protected areas
- 1.2: Develop and implement a provincial protected area system
- 1.3: Grow revenue from biodiversity goods and services

Since the end of the 2012/2013 Financial Year, the department has contributed to a strategic objective linked to Strategic Goal 3: “To establish and maintain an efficient and effective institution”, namely:

- 3.1: Ensure effective corporate governance within ECPTA

STRATEGIC OBJECTIVES

The Strategic Plan (2010-2015) and Annual Performance Plan (2013/2014 - 2015/2016) employ the principle that Strategic Objectives are achieved through the composite achievement of Measurable Objectives, which are in turn defined by Performance Indicators. The Strategic Objectives therefore do not have their own targets. Performance progress is established through monitoring and evaluating the achievement of Performance Indicator targets.

The table for Strategic Objectives contemplated in the Guide to the Annual Report is therefore not applicable to the ECPTA. The relationship between Strategic Objectives and Performance Indicators is, however, presented in Key Performance Indicators, Planned Targets and Actual Achievements on page 30.

PROGRAMME HIGHLIGHTS

GAME MANAGEMENT RECOMMENDED VS ACTUAL 2013

| RESERVE | SPECIES | OFF-TAKES | | | | | | | | | | | | INTRO-DUCTIONS | | | |
|----------------|---------------------|------------------|-----|------------------|-----|------------|-----|-----------|-----|----------------|-----|----------|-----|----------------|-----|-----|-----|
| | | INTERNAL CULLING | | EXTERNAL CULLING | | SA HUNTING | | LIVE SALE | | TRANS-LOCATION | | DONATION | | TOTAL | | REC | ACT |
| | | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | | |
| Baviaanskloof | Buffalo | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 15 | 0 | 0 | 0 | 0 | 10 | 15 | 0 | 0 |
| | Impala | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | Klipspringer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 6 | 0 | 0 | 0 |
| | Kudu | 25 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 16 | 0 | 0 |
| | Red Hartebeest | 14 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 15 | 20 | 18 |
| | Waterbuck | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Commando Drift | Black Wildebeest | 8 | 8 | 0 | 0 | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 28 | 0 | 0 |
| | Blesbok | 5 | 3 | 0 | 0 | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 23 | 0 | 0 |
| | Cape Mountain Zebra | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 17 | 0 | 0 | 0 | 0 | 17 | 17 | 0 | 0 |
| | Kudu | 10 | 5 | 0 | 0 | 20 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 24 | 0 | 0 |
| | Lechwe | 4 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 8 | 0 | 0 |
| | Mountain Reedbuck | 0 | 0 | 0 | 0 | 20 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 21 | 0 | 0 |
| | Ostrich | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 0 | 0 | 0 |
| | Red Hartebeest | 3 | 0 | 0 | 0 | 20 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 19 | 0 | 0 |
| | Springbok | 14 | 3 | 0 | 0 | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 34 | 23 | 0 | 0 |
| | Warthog | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 0 | 0 |
| Dwesa/Cwebe | Buffalo | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 |
| | Plains Zebra | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |
| Fort Fordyce | Black Wildebeest | 4 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 0 | 0 |
| | Plains Zebra | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | Red Hartebeest | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 2 | 0 | 0 |
| Great Fish | Blesbok | 6 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 7 | 0 | 0 |
| | Blue Wildebeest | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| | Buffalo | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 23 | 0 | 0 | 1 | 1 | 29 | 24 | 0 | 0 |
| | Eland | 0 | 1 | 0 | 0 | 0 | 0 | 59 | 59 | 0 | 0 | 0 | 0 | 59 | 60 | 0 | 0 |
| | Impala | 18 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 8 | 0 | 0 |
| | Kudu | 200 | 19 | 156 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 356 | 19 | 0 | 0 |
| | Nyala | 9 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 4 | 0 | 0 |
| Ostrich | 0 | 0 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38 | 0 | 0 | 0 | |

REC - RECOMMENDED ACT - ACTUAL

PROGRAMME 1: BIODIVERSITY CONSERVATION

| RESERVE | SPECIES | OFF-TAKES | | | | | | | | | | | | | | INTRO-DUCTIONS | |
|----------|-------------------|------------------|-----|------------------|-----|------------|-----|-----------|-----|----------------|-----|----------|-----|-------|-----|----------------|-----|
| | | INTERNAL CULLING | | EXTERNAL CULLING | | SA HUNTING | | LIVE SALE | | TRANS-LOCATION | | DONATION | | TOTAL | | | |
| | | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT |
| | Plains Zebra | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 0 | 0 | 0 | 0 | 20 | 20 | 0 | 0 |
| | Red Hartebeest | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 14 | 20 | 18 | 0 | 0 | 45 | 32 | 0 | 0 |
| | Southern Reedbuck | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |
| | Warthog | 250 | 113 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 113 | 0 | 0 |
| | Waterbuck | 10 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 2 | 0 | 0 |
| Hluleka | Red Hartebeest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 0 |
| | Plains Zebra | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 0 | 0 | 0 |
| Luchaba | Blesbok | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 |
| | Fallow Deer | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |
| Mkambati | Blesbok | 36 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 11 | 0 | 0 |
| | Impala | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | Kudu | 6 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 3 | 0 | 0 |
| | Plains Zebra | 20 | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 13 | 0 | 0 |
| | Springbok | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 |
| Mpofu | Black Wildebeest | 7 | 3 | 0 | 0 | 20 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 27 | 12 | 0 | 0 |
| | Blesbok | 12 | 12 | 0 | 0 | 20 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 22 | 0 | 0 |
| | Buffalo | 0 | 0 | 0 | 0 | 4 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 3 | 0 | 0 |
| | Eland | 0 | 1 | 0 | 0 | 32 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 27 | 0 | 0 |
| | Impala | 10 | 0 | 0 | 0 | 20 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 8 | 0 | 0 |
| | Kudu | 8 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 7 | 0 | 0 |
| | Plains Zebra | 0 | 0 | 0 | 0 | 0 | 0 | 22 | 0 | 0 | 0 | 0 | 0 | 22 | 0 | 0 | 0 |
| | Red Hartebeest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 7 | 0 | 0 | 16 | 7 | 0 | 0 |
| | Warthog | 10 | 21 | 0 | 0 | 70 | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | 65 | 0 | 0 |
| | Waterbuck | 15 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 2 | 0 | 0 |
| Nduli | Blesbok | 2 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 6 | 0 | 0 |
| | Fallow Deer | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |
| | Impala | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 |
| Oviston | Black Wildebeest | 0 | 0 | 39 | 25 | 40 | 39 | 40 | 40 | 0 | 0 | 0 | 0 | 119 | 104 | 0 | 0 |
| | Blesbok | 10 | 2 | 125 | 71 | 40 | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 175 | 105 | 0 | 0 |
| | Blue Wildebeest | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| | Eland | 0 | 0 | 0 | 0 | 15 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 11 | 0 | 0 |
| | Gemsbok | 1 | 1 | 0 | 0 | 12 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 11 | 0 | 0 |

REC - RECOMMENDED ACT - ACTUAL

| RESERVE | SPECIES | OFF-TAKES | | | | | | | | | | | | TOTAL | | INTRO-DUCTIONS | |
|----------------|---------------------|------------------|-----|------------------|------|------------|-----|-----------|-----|----------------|-----|----------|------|-------|------|----------------|-----|
| | | INTERNAL CULLING | | EXTERNAL CULLING | | SA HUNTING | | LIVE SALE | | TRANS-LOCATION | | DONATION | | | | | |
| | | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT | REC | ACT |
| | Kudu | 5 | 0 | 12 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 3 | 0 | 0 |
| | Mountain Reedbuck | 0 | 0 | 0 | 0 | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 0 | 0 |
| | Ostrich | 0 | 0 | 121 | 113 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 121 | 113 | 0 | 0 |
| | Plains Zebra | 0 | 0 | 7 | 0 | 20 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 27 | 21 | 0 | 0 |
| | Red Hartebeest | 5 | 6 | 0 | 0 | 40 | 39 | 40 | 11 | 0 | 0 | 0 | 0 | 85 | 56 | 0 | 0 |
| | Springbok | 31 | 73 | 1400 | 1894 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1431 | 1967 | 0 | 0 |
| | Warthog | 20 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 38 | 0 | 0 |
| Silaka | Plains Zebra | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| | Red Hartebeest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 7 |
| Thomas Baines | Warthog | 7 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 3 | 0 | 0 |
| Isolwana | Barbary Sheep | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | Black Wildebeest | 0 | 0 | 45 | 0 | 40 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 85 | 41 | 0 | 0 |
| | Bontebok | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 |
| | Cape Mountain Zebra | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 16 | 0 | 0 | 0 | 0 | 16 | 16 | 0 | 0 |
| | Eland | 0 | 0 | 0 | 0 | 18 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 18 | 0 | 0 |
| | Fallow Deer | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 |
| | Gemsbok | 0 | 2 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 2 | 0 | 0 |
| | Impala | 20 | 7 | 0 | 0 | 20 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 26 | 0 | 0 |
| | Klipspringer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 0 |
| | Kudu | 2 | 1 | 0 | 0 | 10 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 15 | 0 | 0 |
| | Mountain Reedbuck | 0 | 0 | 0 | 0 | 20 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 19 | 0 | 0 |
| | Ostrich | 0 | 0 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 0 | 0 | 0 |
| | Red Hartebeest | 0 | 0 | 9 | 0 | 30 | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 29 | 0 | 0 |
| | Springbok | 50 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 4 | 0 | 0 |
| | Waterbuck | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| Waters Meeting | Warthog | 5 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 2 | 0 | 0 |
| | Waterbuck | 5 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 3 | 0 | 0 |
| | Totals | 1002 | 466 | 1991 | 2106 | 646 | 532 | 277 | 215 | 42 | 25 | 1 | 1 | 3966 | 3344 | 42 | 25 |
| | Success Rate | | 47% | | 106% | | 82% | | 78% | | 60% | | 100% | | 84% | | 60% |

REC - RECOMMENDED ACT - ACTUAL

PROGRAMME 1: BIODIVERSITY CONSERVATION

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicators as per the annual performance plan:

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|--|--|---|--------------------------|------------------------------|---|---|
| Improve management effectiveness of protected areas | 1.1.2 Biodiversity Integrity Facilitation Index ² | New Indicator | 42 | 59 | + 17 index points Tolerance range: 40 to 44 | The department placed considerable emphasis on increasing output in this target and was successful in that regard |
| Develop and implement a provincial protected area system | 1.2.1 Provincial NPAES target ('000ha) per annum | 428 400ha provincial protected area established (37 400ha added in 2012/2013) | 48 | 49 | + 1 000 ha Tolerance range: 41 to 55 | Performance within Tolerance Range |
| Grow revenue from biodiversity goods and services | 1.3.2 Revenue generated from ecological services | Delayed to 2013/2014 | 1 | 0 | - 1 agreement Tolerance range: None | No agreement was concluded due to an inability to secure necessary meetings with senior decision makers with the relevant local authorities |
| Ensure effective corporate governance within ECPTA | 3.1.3 ECPTA's carbon footprint | Delayed to 2013/2014 | 5% | 5% | Zero Tolerance range: 4.3% to 5.8% | Performance within Tolerance Range |

²This is a new performance indicator - introduced from 2013/14 – which seeks to overtly measure the relationship between science and the management of protected areas, rather than only assume the relationship as part of the METT-SA scoring process. The operational indicators (and budgets) for Biodiversity Conservation that were previously aligned to the METT-SA indicator (1.1.1) are now arranged here. A new mechanism for measuring progress as well as appropriate targets are to be established

PERFORMANCE ANALYSIS

Of the targets set to advance the four strategic objectives that the Biodiversity Conservation department was responsible for, one was exceeded (the Biodiversity Integrity Facilitation Index or BIFI), two were achieved (protected area expansion and a reduced carbon footprint for head office) and one was not achieved (an agreement regarding revenue from ecosystem services). In the case of the BIFI the reason for exceeding the target is the

increased emphasis and effort that was placed into achieving fundamental baseline biodiversity products for the agency. In the case where the target was not achieved (ecosystem services agreement) the failure was due to factors beyond the control of the ECPTA where multiple approaches to the municipal officials failed to secure the necessary meetings with decision making officials.

CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC OUTCOMES ORIENTATED GOALS

Expanding the protected area system in the Province will contribute to achieving the NPAES targets and to securing key biodiversity in the Province. By the end of the 2013/2014 financial year, a total of 477 400ha was under protection in the Province. This performance contributes to the achievement of Strategic Goal 1 (To secure key biodiversity in the Province).

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The critical area of underperformance - i.e. in securing an agreement relating to revenue from ecosystem services - will be approached from the perspective that greater political engagement by the Board is required to access the senior decision makers in the local government structure. Once the political engagement has been achieved this will enable the technical elements of the work to proceed with greater ease.

CHANGES TO PLANNED TARGETS

No in-year changes to indicators or targets were effected.

LINKING PERFORMANCE WITH BUDGETS

| R'000 | 2012/2013 | | | 2013/2014 | | |
|---------------------------|-----------|--------------------|--------------------------|-----------|--------------------|--------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| BIODIVERSITY CONSERVATION | | | | | | |
| Goods and services | 3 119 | 2 249 | 890 | 3 810 | 2 603 | 1 207 |
| Compensation of employees | 9 439 | 6 027 | 3 412 | 9 831 | 7 443 | 2 388 |
| Capital Expenditure | 348 | 348 | - | - | 637 | -637 |
| TOTAL | 12 906 | 8 624 | 4 302 | 13 641 | 10 683 | 2 958 |



Baviaanskloof Nature Reserve, Eastern Cape

PROGRAMME 2: DESTINATION TOURISM

PURPOSE

Destination Tourism is responsible for the marketing, promotion and development the Eastern Cape Province as a tourism destination in accordance with Section 13 of the ECPTA Act 2 of 2010

SUB-PROGRAMMES

DESTINATION MARKETING

manages the promotion of the Eastern Cape Province and ECPTA's protected areas as a preferred tourist destination through institutionalising the ECPTA brand

DESTINATION DEVELOPMENT

ensures compliance with the Eastern Cape Provincial Tourism regulations, implements transformation initiatives for the tourism sector, monitors the development of quality tourism products and facilitates investment opportunities into tourism

TOURISM INFORMATION AND RESEARCH

manages the development of destination and route infrastructure as well as tourism information and research

REGISTRAR OF TOURISM

provides oversight and monitors compliance of tourism products and tour guides with legislation

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

The Destination Tourism Department is required to address Strategic Goal 2: "To serve as a catalyst for all dimensions of tourism in the Province" through the achievement of 3 strategic objectives:

- 2.1: Marketing and promotion of provincial tourism
- 2.2: Enhance provincial tourism transformation
- 2.3: Enhance provincial tourism product development

PROGRAMME 2: DESTINATION TOURISM

STRATEGIC OBJECTIVES

The Strategic Plan (2010-2015) and Annual Performance Plan (2013/2014 - 2015/2016) employ the principle that Strategic Objectives are achieved through the composite achievement of Measurable Objectives, which are in turn defined by Performance Indicators. The Strategic Objectives therefore do not have their own targets. Performance progress is established through monitoring and evaluating the achievement of Performance Indicator targets.

The table for Strategic Objectives contemplated in the Guide to the Annual Report is therefore not applicable to the ECPTA. The relationship between Strategic Objectives and Performance Indicators is, however, presented in Key Performance Indicators, Planned Targets and Actual Achievements on page 35.

PROGRAMME HIGHLIGHTS



TOP 10 COUNTRIES VISITING WEBSITE

South Africa, Netherlands, United Kingdom, United States, Germany, France, Brazil, Kenya, Belgium, Italy

SOCIAL MEDIA

FACEBOOK POST REACH: 247% INCREASE

FACEBOOK TOTAL REACH: 89% INCREASE

TOP 3 PROVINCES VISITING WEBSITE

Gauteng, Western Cape, Eastern Cape

MEDIA VALUE FROM EVENTS

R 550 000 000

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicators as per the annual performance plan:

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|---|---------------------------------------|------------------------------|--------------------------|------------------------------|---|---|
| Marketing and promotion of provincial tourism | 2.1.1 Event partnerships ³ | New indicator | 7 | 9 | + 2 Tolerance range: 6 to 8 | ECPTA hosted two of their own events: Isingqisethu and the Lilizela Awards |
| | 2.1.2 Destination marketing | 137 075 brochures | 4 500 ⁴ | 1 216 000 | +1 171 000 | The target was exceeded due to the introduction of extensive online circulation by various tour operators |
| | 2.1.3 ECPTA brand value | 205.14% y-o-y increase | 5% | 146.6% | + 141.6% Tolerance range: 4.3% to 5.8% | The target was exceeded due to an aggressive media value growth from the Grahamstown Arts Festival and Africa Open Golf contributing significantly |
| | 2.1.4 Reserve occupancy ⁵ | 2.2% y-o-y increase | 12% | - 6.4% | - 18.4% Tolerance range: 10.2% to 13.8% | A budget for this indicator was allocated for the first time in 2013/14. Marketing of ECPTA reserves is at an early stage. ROI will only be enjoyed at a later stage. This target was also set on the assumption of faster progress in improving accessibility to our reserves and internal infrastructure within our nature reserves |

³Indicator re-named, and target changed in the APP: "Event attendance" becomes "event partnerships" and the target changes to "7 events partnered". The change is necessitated by the acknowledgement that "Attendance" is a very low-level indicator, and is largely outside of the control of the ECPTA. It is, however, an indicator that is tracked by TSA, and is therefore tracked by ECPTA in the AOP. Event partnerships are, however, within ECPTA's sphere of influence, and of strategic value.

⁴The APP incorrectly recorded the annual target as 4 500. The Department intended to improve on the actual achieved in the previous year (137 075). The target of 180 000 published in the Technical Indicator Descriptions is correct.

⁵The determination of the targets and measures for this indicator was problematic. A performance review showed that the target for reserve occupancy was unrealistic, and would not be achieved in 2012/13. Targets were accordingly adjusted to more realistic levels for the remainder of the MTEF

PROGRAMME 2: DESTINATION TOURISM

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|--|--|------------------------------|--------------------------|------------------------------|---|--|
| Enhance provincial tourism transformation | 2.2.1 A Tourism industry transformation ⁶ (# products participating in capacity building interventions) | New indicator | 120 | 277 | + 157 Tolerance range: 102 to 138 | In order to leverage on the resources that are available in other institutions ECPTA partnered with TEP and ECDC for tourism support program. This partnership led to more products supported than planned |
| | 2.2.1 B Tourism industry transformation (# products compliant after interventions in previous quarter) | New indicator | 51 | 81 | + 30 Tolerance range: 43 to 59 | Successful roadshows were held in various parts of the province to encourage products to comply with BBBEE in order to advance transformation within the tourism sector |
| | 2.2.2 Demographic profile of visitors to ECPTA reserves (% change) | 39% y-o-y change | 8% | 254% | + 246% Tolerance range: 6.8% to 9.2% | The target has been exceeded largely due to day visitors. This does not necessarily contribute to the room occupancy rate |
| Enhance provincial tourism product development | 2.3.2 Tourism product registrations | 3 080 | 3 000 | 3 187 | + 187 Tolerance range: 2 550 to 3 450 | Performance within Tolerance Range A clean-up campaign was introduced to ensure an up to date database as a number of tourism businesses have closed in the past few years |

⁶Indicator re-named, and target changed: "Tourism products' BBBEE compliance" becomes "Tourism industry transformation". The measurable objective is "To monitor supported tourism products for B-BBEE compliance", and is monitored with two units of measure (# [products participating in capacity building interventions]) and # [products compliant after interventions in previous quarter])

The following indicator was erroneously omitted from APP. It is included in the Technical Indicator Descriptions and reported on throughout the year. It is presented here for completeness.

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|---|--|------------------------------|--------------------------|------------------------------|---|---|
| Enhance provincial tourism transformation | 2.2.2 A Demographic profile of visitors to ECPTA reserves [# Black visitors] | New indicator | 78 | 340 | + 262 Tolerance range: 66 to 89 | The target has been exceeded largely due to day visitors. This does not necessarily contribute to the room occupancy rate |

PERFORMANCE ANALYSIS

Tourism product registration - The ECPTA is mandated to serve as a catalyst for all dimensions of tourism in the province and that includes ensuring easy access to tourism information for tourist's consumption as well as for research purposes. The database is also utilised to identify opportunities for further development, and areas with oversupply in order to balance the demand and supply of tourism products.

Tourism Industry Transformation - The tourism sector is still predominantly white. This was evident during the Lilizela Awards, held towards the end of the year. In order to support the industry to transform, ECPTA held roadshows in various regions of the province empowering businesses on support

programmes that are available that could help in growing their businesses whilst ensuring that they are BBBEE compliant.

Event partnerships and destination marketing activities have contributed enormously to developing and implementing marketing strategies that target international, regional and domestic tourists which is aligned to the agency's mandate.

Reserve Occupancy - although the target has not been met it contributes towards a key strategic goal of promoting the provincial nature reserves as one of the key attractions within the Province. With a combination of the right resources and improved infrastructure there is a great opportunity to grow the occupancy rate.

PROGRAMME 2: DESTINATION TOURISM

CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC OUTCOMES ORIENTATED GOALS

The Destination Tourism Department contributes to the achievement of Strategic Goal 2 (To serve as a catalyst for all dimensions of tourism in the Province) in the following ways:

Destination Marketing is a vehicle for promoting the Eastern Cape as a destination of choice, and is fundamental to building the tourism sector in the Province. To this end, branding of the Adventure Province has made a strong contribution - during 2013/2014, private tourism-related product owners were encouraged and supported to adopt the brand by incorporating it into their products and marketing materials.

Events are a cost effective way of obtaining positive media coverage for the province on both the national and the international levels. Further, the ECPTA brand was showcased at events hosted in the Province in the year under review. Increased attention to Event Partnerships has proved to be a catalytic contribution to the growth of tourism in the Eastern Cape.

The catalytic effect Destination Marketing is quantifiable. During 2013/2014, events gave rise to over R550 million in media coverage, provided an economic injection in excess of R119 million, created approximately 920 jobs, and attracted over 135 000 visitors to the Province.

The ECPTA plays a key role in encouraging tourism products to become BBBEE compliant and in assisting them to retain or improve their status. The Tourism Industry thus becomes a vehicle for positive growth and transformation.

The expansion of the demographic range of visitors to ECPTA products is a further key catalytic priority.

Effective promotion of the Province as a tourism destination has led to increased visitor numbers, catalysing positive impacts on socio-economic development in the Province.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Reserve occupancy - Develop an aggressive nature reserve marketing plan aligned to an approved budget which focuses on attracting the local visitors.

CHANGES TO PLANNED TARGETS

Tourism Product Registration - The approved APP has a target of 3 000 registered products and yet the Annual Operational Plan (AOP) target is 3 500. During the finalisation of the AOP, the target was erroneously left as 3 500.

LINKING PERFORMANCE WITH BUDGETS

| R'000 DESTINATION TOURISM | 2012/2013 | | | 2013/2014 | | |
|------------------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| Goods and services | 17 104 | 33 387 | (16 283) | 18 798 | 51 342 | -32 544 |
| Compensation of employees | 13 237 | 12 477 | 760 | 13 174 | 13 681 | -507 |
| Capital Expenditure | | | | - | 9 | -9 |
| TOTAL | 30 341 | 45 864 | (15 523) | 31 972 | 65 032 | -33 060 |

PROGRAMME 3: OPERATIONS

PURPOSE

The Operations Department is responsible for managing the tourism and reserves regional operations and effectively managing and safeguarding the Reserves (protected areas). These responsibilities are executed in association with the Biodiversity Conservation and Destination Tourism departments in accordance with Sections 12 and 13 of Act 2 of 2010.

SUB-PROGRAMMES

PEOPLE AND PARKS

REGIONAL ROUTES AND SERVICES

COMMERCIALISATION AND HOSPITALITY

SIRS AND LARGE MAMMAL OPERATIONS

INFRASTRUCTURE PROJECTS

INFORMATION MANAGEMENT AND COMMUNICATION TECHNOLOGY

SOCIAL RESPONSIBILITY PROJECTS

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

The Operations Department is required to address all three Strategic Goals through the achievement of six strategic objectives:

- 1.1: Improve management effectiveness of protected areas
- 1.3: Grow revenue from biodiversity goods and services
- 2.2: Enhance provincial tourism transformation
- 2.3: Enhance provincial tourism product development
- 3.2: Develop an ECPTA organisational architecture that supports the ECPTA strategy
- 3.3: To maintain efficient financial management systems that will support the growth of own revenue⁷

⁷This Strategic Objective was erroneously numbered as 3.4 in the body of the published APP, although it is correctly numbered in the summary in Part E. The changes to numbering were occasioned by the demotion of a strategic objective to the AOP, as explained in Part D of the APP.

PROGRAMME 3: OPERATIONS

STRATEGIC OBJECTIVES

The Strategic Plan (2010-2015) and Annual Performance Plan (2013/2014 - 2015/2016) employ the principle that Strategic Objectives are achieved through the composite achievement of Measurable Objectives, which are in turn defined by Performance Indicators. The Strategic Objectives therefore do not have their own targets. Performance progress is established through monitoring and evaluating the achievement of Performance Indicator targets.

The table for Strategic Objectives contemplated in the Guide to the Annual Report is therefore not applicable to the ECPTA. The relationship between Strategic Objectives and Performance Indicators is, however, presented in Key Performance Indicators, Planned Targets and Actual Achievements on page 43.

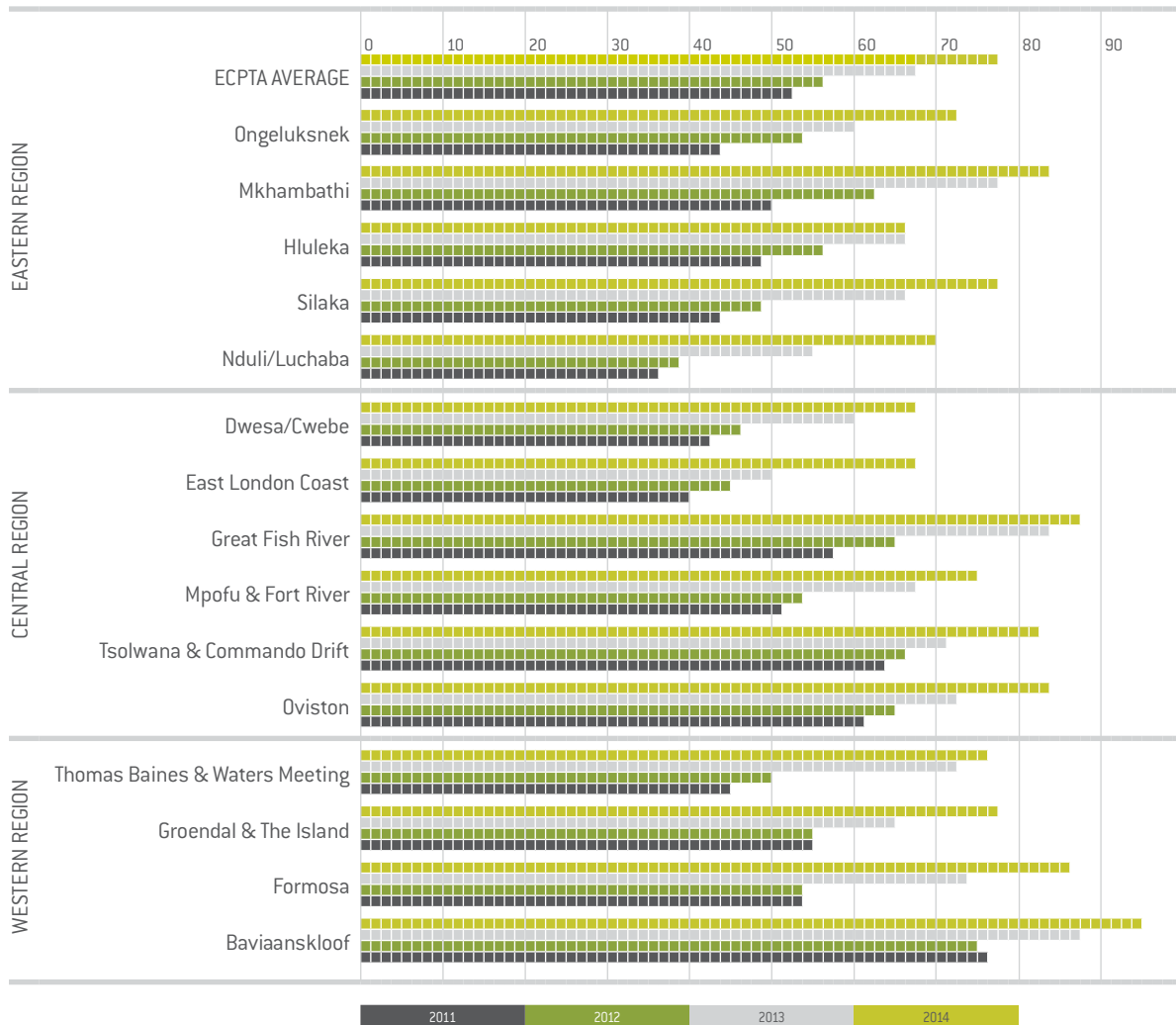
PROGRAMME HIGHLIGHTS

ECPTA METT PROCESS

Management Effective Tracking Tool (METT) allows ECPTA to monitor and analyse management effectiveness of Protected Areas against Department of Environmental Affairs (DEA) target score.

- Considers 5 areas: Context, Planning, Inputs, Processes & Outputs.
- Base line done in 2010 with score of 36%
- 2014 average 77% against DEA requirement of 68%

ECPTA OVERALL METT PERFORMANCE PER RESERVE 2011 - 2014

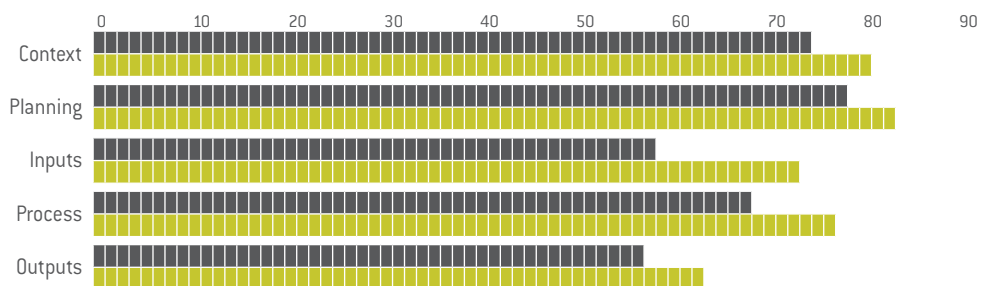


PROGRAMME 3: OPERATIONS

ECPTA METT SCORES PER RESERVE 2011 - 2014

| # | REGION | NATURE RESERVE | METT SCORE % SEPTEMBER 2011 | METT SCORE % MARCH 2012 | METT SCORE % MARCH 2013 | METT SCORE % MARCH 2014 |
|----------------------|---------|--------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| 1 | Western | Baviaanskloof | 77 | 76 | 88 | 94 |
| 2 | | Formosa | 54 | 54 | 73 | 85 |
| 3 | | Groendal & Island | 55 | 55 | 66 | 78 |
| 4 | | Thomas Baines & Waters Meeting | 44 | 50 | 72 | 77 |
| 5 | Central | Oviston | 61 | 64 | 71 | 83 |
| 6 | | Tsolwana & Commando Drift | 65 | 66 | 71 | 81 |
| 7 | | Mpofu & Fort Fordyce | 51 | 53 | 68 | 74 |
| 8 | | Great Fish River | 58 | 64 | 83 | 88 |
| 9 | | East London Coast | 40 | 47 | 50 | 67 |
| 10 | | Dwesa/Cwebe | 41 | 46 | 60 | 68 |
| 11 | Eastern | Ndul /Luchaba | 37 | 39 | 53 | 70 |
| 12 | | Silaka | 41 | 49 | 65 | 76 |
| 13 | | Hluleka | 48 | 55 | 65 | 65 |
| 14 | | Mkhambathi | 50 | 61 | 77 | 81 |
| 15 | | Ongeluksnek | 43 | 52 | 60 | 72 |
| Average METT score % | | | 51 | 55 | 68 | 77 |

ECPTA OVERALL METT SCORE/CATEGORY



ECPTA RESERVE OVERALL RESULTS

Two reserve under DEA average of 68% (ELCNR 67%; Hluleka 65%);

- One reserve (Dwesa) at 68%;
- Seven reserves between 68 and 80%;
- Five reserves between 80 – 90%;
- One reserve (Baviaanskloof) 94%

| ECPTA | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------|------|------|------|------|------|
| Target | 34 | 45 | 50 | 55 | 67 |
| Achieved | 36 | 51 | 55 | 68 | 77 |

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicators as per the annual performance plan:

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|---|---|------------------------------|--------------------------|------------------------------|---|--|
| Improve management effectiveness of protected areas | 1.1.1 METT-SA score | 68 | 67 | 77 | +10 Tolerance range: 61 to 73 | Internalisation of METT as part of the PMS coupled with infrastructure investment at reserves |
| Grow revenue from biodiversity goods and services | 1.3.1 Return on investment ⁸ | R12.4m revenue | 1:1.5 | 1:2.0 | + 0.5 Tolerance range: 1:1.275 to 1:1.725 | Positive outlook and health status of game fetches good prices at auction. The hospitality service upgrades have begun yielding good returns |
| Enhance provincial tourism transformation | 2.2.3 A Demographic profile of hunters ⁹ | 0% change | 150 | 0 | - 150 Tolerance range: 128 to 173 | Set aside packages were not taken up by the target group |
| | 2.2.3 b Demographic profile of hunters | | 10 | 0 | - 10% Tolerance range: 8.5% to 11.5% | Target group struggles to comply with Professional Hunting standards |
| Enhance provincial tourism product development | 2.3.1 Customer Satisfaction Index | 50% customer satisfaction | 60% | 78% | +18 Tolerance range: 51 to 69 | The hospitality service and reserve infrastructure upgrades have begun yielding good returns |

⁸From 2013/2014, the previous indicator (Revenue generated from large animal management plan) will be renamed "Return on investment". The indicator will examine the relationship between the Province's investment in the operational cost of reserves, and the revenue derived from activities that take place on reserves (demoted to AOP)

⁹Indicator re-named, and target changed: The indicator previously tracked changes in the demographic profile of "professional" hunters. The tourism potential from hunting enthusiasts is far greater than from "professional hunters". 10% of all hunting packages sold will target Black hunting enthusiasts

PROGRAMME 3: OPERATIONS

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|--|--|------------------------------|--------------------------|------------------------------|---|------------------------------------|
| Development | | | | | | |
| Develop an ECPTA organisational architecture that supports the ECPTA strategy | 3.2.2 ICT Reach | 67.5% | 60% | 58% | - 2 Tolerance range: 51 to 69 | Performance within Tolerance Range |
| To maintain efficient financial management systems that will support the growth of own revenue | 3.3.2 A Concession value [# concession agreements] | R65m concession | 1 | 1 | Zero Tolerance range: 1 to 1 | Performance within Tolerance Range |
| | 3.3.2 B Concession value (ZAR) | | R25m | R28.5m | +R3.5m Tolerance range: R21 250 000 to R28 750 000 | Performance within Tolerance Range |

PERFORMANCE ANALYSIS

The METT-SA score continues to demonstrate the Agency's excellence by outperforming the national target of 68 % [ECPTA 77 %]. The revenue generation strategy (focusing of live game sales

and hospitality services) proved to be a success. The return on investment (spend on reserves on good services) has doubled.

CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC OUTCOMES ORIENTATED GOALS

Effective management of reserves will result in securing biodiversity in reserves. The METT-SA score of 77 secured during the year under review is an objective assessment of exceptional management of protected areas. This performance contributes to the attainment of Strategic Goal 1 (To secure key biodiversity in the Province).

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Whilst the need to transform the market (professional hunting) is imperative, the need to formalise the ad hoc hunters (predominantly Black) is the only way forward. A strategy to balance this need whilst attracting world class hunters will be developed.

CHANGES TO PLANNED TARGETS

The revenue target was changed as a result of budget changes.

LINKING PERFORMANCE WITH BUDGETS

| OPERATIONS | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE |
|---------------------------|---------|--------------------|----------------------------|---------|--------------------|----------------------------|
| Goods and services | 17 046 | 21 558 | (4 512) | 18 761 | 35 661 | -16 900 |
| Compensation of employees | 62 913 | 63 018 | -105 | 67 226 | 72 166 | -4 940 |
| Capital Expenditure | 30 000 | 10 512 | 19 487 | 30 000 | 18 197 | 11 803 |
| TOTAL | 109 959 | 84 576 | 14 870 | 115 987 | 126 024 | -10 037 |

PROGRAMME 4: CORPORATE MANAGEMENT SERVICES

SUB-PROGRAMME: OFFICE OF THE CEO

PURPOSE

The Office of the Chief Executive Officer (CEO) facilitates the relationship between the Agency and its Shareholder, its Board of Directors, and its Stakeholders. 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.

SUB-SUB-PROGRAMMES

- Legal Advisor and Board Secretariat
- Strategy and Risk Management

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

The Office of the CEO contributes to the achievement of Strategic Goal 3: "To establish and maintain an efficient and effective institution", by addressing 3 strategic objectives:

- 3.1: Ensure effective corporate governance within ECPTA
- 3.3: To maintain efficient financial management systems that will support the growth of own revenue
- 3.4: Increase jobs created through ECPTA projects

Budget is also allocated to the Office of the CEO to assist other Departments to achieve performance indicator targets, specifically:

- 1.3.2 Revenue generated from ecological services
- 2.1.3 ECPTA brand value

Consequently, the Office of the CEO contributes to the achievement of all three strategic goals.

STRATEGIC OBJECTIVES

The Strategic Plan (2010-2015) and Annual Performance Plan (2013/2014 - 2015/2016) employ the principle that Strategic Objectives are achieved through the composite achievement of Measurable Objectives, which are in turn defined by Performance Indicators. The table for Strategic Objectives contemplated in the Guide to the Annual Report is therefore not applicable to the ECPTA. The relationship between Strategic Objectives and Performance Indicators is, presented in Key Performance Indicators, Planned Targets and Actual Achievements.

PROGRAMME 4: CORPORATE MANAGEMENT SERVICES

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicators as per the annual performance plan:

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|--|---|------------------------------|--------------------------|------------------------------|---|---|
| Ensure effective corporate governance within ECPTA | 3.1.1 Organisational performance score | 3.16 | 3.5 | 3.09 ¹⁰ | - 0.41 Tolerance range: 3 to 4 | Performance within Tolerance Range |
| | 3.1.2 Risk rating | 80 | 80% | 79% | - 1% Tolerance range: 72.8% to 87.2% | Performance within Tolerance Range |
| | 3.1.4 Stakeholder satisfaction index | 75 | 60% | 74% | + 14% Tolerance range: 51% to 69% | Although exceeding the target for the 13/14 financial year, the performance is similar to the previous financial year. This is reflective of the ECPTA's commitment to its values |
| To maintain efficient financial management systems that will support the growth of own revenue | 3.3.3 Own revenue : Grant ratio | 30 | 8% | 9% | + 1% Tolerance range: 6.8% to 9.2% | Performance within Tolerance Range |
| Increase jobs created through ECPTA projects | 3.4.1 Job opportunities created | 816 | 913 | 1 415 | + 502 Tolerance range: 776 to 1 050 | More resources were required and sourced to deliver on the various infrastructure projects to ensure timely delivery |

¹⁰The organisational performance score was used to report in quarter 3. This was an error, as the agreed method of calculating bi-annual results differed from the method for calculating quarterly organisational performance results. While there is unlikely to be any material difference overall, the second quarter reported result of 3.25 is disregarded in the annual calculation

PERFORMANCE ANALYSIS

There has been a marginal improvement in the stakeholder satisfaction index as a result of engagements with various stakeholders through provincial forums. The culmination of these efforts will ensure alignment, synergy and collaboration among the tourism and environmental management stakeholders in the province. The review of the current communication strategy

will take into cognisance the results of the survey and ECPTA approaches will be refined to ensure maximum stakeholder satisfaction. Overall the performance of the Office has been steady compared to the previous financial year. The imminent strategic review will allow greater resourcing of the Office which will yield achievement which exceeds targets.

CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC OUTCOMES ORIENTATED GOALS

The sub-programme contributes to maintenance of an effective and efficient institution through ensuring effective corporate governance. The effective implementation of the Board Charter and other governance frameworks are managed through the Office of the CEO.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There are no areas of under-performance.

CHANGES TO PLANNED TARGETS

No in-year changes to planned targets were made.

LINKING PERFORMANCE WITH BUDGETS

| R'000 | 2012/2013 | | | 2013/2014 | | |
|---------------------------|-----------|--------------------|----------------------------|-----------|--------------------|----------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE |
| OFFICE OF THE CEO | | | | | | |
| Goods and services | 3 719 | 4 558 | -839 | 4 088 | 5 649 | -1 561 |
| Compensation of employees | 5 065 | 3 762 | 1 303 | 5 183 | 4 849 | 334 |
| Capital Expenditure | | | | - | 3 | -3 |
| TOTAL | 8 784 | (8 320) | 464 | 9 271 | 10 501 | -1 230 |

PROGRAMME 4: CORPORATE MANAGEMENT SERVICES

SUB-PROGRAMME: HUMAN CAPITAL MANAGEMENT

PURPOSE

The Human Capital Management (HCM) department ensures that the ECPTA has the right number of people, within the right structure, with the right competencies, who are fairly and equitably remunerated to enable it to deliver on its mandate and achieve its strategic goals and objectives.

SUB-SUB-PROGRAMMES

- Human Capital Management
- Employee Relations
- Training and Development

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS PLANNED

TARGETS AND ACTUAL ACHIEVEMENTS

The HCM department is required to address Strategic Goal 3: "To establish and maintain an efficient and effective institution" through the achievement of strategic objective 3.2: "Develop an organisational architecture that supports the ECPTA strategy".

STRATEGIC OBJECTIVES

The Strategic Plan (2010-2015) and Annual Performance Plan (2013/2014 - 2015/2016) employ the principle that Strategic Objectives are achieved through the composite achievement of Measurable Objectives, which are in turn defined by Performance Indicators. The Strategic Objectives therefore do not have their own targets. Performance progress is established through monitoring and evaluating the achievement of Performance Indicator targets.

The table for Strategic Objectives contemplated in the Guide to the Annual Report is therefore not applicable to the ECPTA. The relationship between Strategic Objectives and Performance Indicators is, however, presented in Key Performance Indicators, Planned Targets and Actual Achievements.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicators as per the annual performance plan:

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|---|---|------------------------------|--------------------------|------------------------------|---|--|
| Develop an organisational architecture that supports the ECPTA strategy | 3.2.1 Transformation of the organisational architecture | 65% | 80% | 83% | + 3% Tolerance range: 76% to 84% | Performance within Tolerance Range Leave audit of 100% conducted against target of 20%. Additional wellness sessions conducted |
| | 3.2.3 Staff satisfaction | 69% | 75% | 80% | + 5% Tolerance range: 71.3% to 78.8% | Target exceeded due to strategic activities being undertaken particularly on reserves i.e. infrastructure investment resulting in improvement of working conditions and developmental training initiatives |

PROGRAMME 4: CORPORATE MANAGEMENT SERVICES

PERFORMANCE ANALYSIS

The performance targets were exceeded for reasons advanced above with the "Transformation of organisational architecture" target

being within the technical indicator descriptor tolerance levels and the "Staff Satisfaction" exceeding the tolerance level by 1.2%

CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC OUTCOMES ORIENTATED GOALS

Both of these performance indicators have contributed towards the Strategic Goal 3: "To establish and maintain an efficient and effective Institution" in that the organisational architecture continues to be transformed by recruiting the right persons for the funded vacant posts in line with Employment Equity targets. Furthermore the staff satisfaction has increased by 11% overall since 2012/13 due to the strategic initiatives that were undertaken particularly in the nature reserves.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There were no areas of under performance since they were either within the tolerance levels set or slightly exceeded.

CHANGES TO PLANNED TARGETS

No changes to planned targets were undertaken during the year under review.

LINKING PERFORMANCE WITH BUDGETS

| R'000 | 2012/2013 | | | 2013/2014 | | |
|---------------------------|--------------|--------------------|----------------------------|---------------|--------------------|----------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE |
| HUMAN CAPITAL MANAGEMENT | | | | | | |
| Goods and services | 2 730 | 2 270 | 460 | 3 000 | 3 033 | -33 |
| Compensation of employees | 6 989 | 6 262 | 727 | 7 272 | 6 547 | 725 |
| Capital Expenditure | | | | - | 40 | -40 |
| TOTAL | 9 719 | 8 532 | 1 187 | 10 272 | 9 620 | 652 |

SUB-PROGRAMME: FINANCE

PURPOSE

The Finance 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 ECPTA. 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.

SUB-SUB-PROGRAMMES

- Supply Chain Management
- Finance Management
- Internal Control

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

The Finance Department is required to address Strategic Goal 3: "To establish and maintain an efficient and effective institution" through the achievement of a single strategic objective:

- 3.3: Maintain efficient financial management systems that will support the growth of own revenue

STRATEGIC OBJECTIVES

The Strategic Plan (2010-2015) and Annual Performance Plan (2013/2014 - 2015/2016) employ the principle that Strategic Objectives are achieved through the composite achievement of Measurable Objectives, which are in turn defined by Performance Indicators. The Strategic Objectives therefore do not have their own targets. Performance progress is established through monitoring and evaluating the achievement of Performance Indicator targets.

The table for Strategic Objectives contemplated in the Guide to the Annual Report is therefore not applicable to the ECPTA. The relationship between Strategic Objectives and Performance Indicators is, however, presented in Key Performance Indicators, Planned Targets and Actual Achievements.

PROGRAMME 4: CORPORATE MANAGEMENT SERVICES

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicators as per the annual performance plan:

| STRATEGIC OBJECTIVES | PERFORMANCE INDICATORS | ACTUAL ACHIEVEMENT 2012/2013 | PLANNED TARGET 2013/2014 | ACTUAL ACHIEVEMENT 2013/2014 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014 | COMMENT ON DEVIATIONS |
|---|----------------------------|------------------------------|--------------------------|------------------------------|---|--|
| Maintain efficient financial management systems that will support the growth of own revenue | 3.3.1 Financial Management | 3.26% average deviation | 4% | 5.64% | + 1.64% Tolerance range: 4.2% to 3.1% | Deviation was above planned target due to misinterpretation of roll-over figures |

PERFORMANCE ANALYSIS

The Finance Department continued to render support to all departments during the year under review. Areas raised in the management letter for 2012/13 were attended to with 86% of them

being adequately resolved. The budget vs cash flow variance stood at 6% which was 2% over targeted range due to the misinterpretation of roll-over figures.

CONTRIBUTION TO ACHIEVEMENT OF STRATEGIC OUTCOMES ORIENTATED GOALS

Support to all departments were given in order to maintain efficient financial management systems supporting ultimately growth of own revenue

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The issue of underperformance is in the process of being addressed and measures have been put in place to ensure that roll-over figures are treated correctly going forward.

CHANGES TO PLANNED TARGETS

There were no planned changes in targets.

LINKING PERFORMANCE WITH BUDGETS

| R'000 FINANCE | 2012/2013 | | | 2013/2014 | | |
|---------------------------|---------------|-----------------------|-------------------------------|---------------|-----------------------|-------------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE | BUDGET | ACTUAL EXPENDITURE | (OVER) / UNDER EXPENDITURE |
| Goods and services | 19 740 | 47 058 | (27 318) | 21 693 | 86 908 | -65 215 |
| Compensation of employees | 9 357 | 11 071 | (1 714) | 9 425 | 9 505 | -80 |
| Capital Expenditure | | | | - | 128 | -128 |
| TOTAL | 29 097 | 58 129 | (29 032) | 31 118 | 96 541 | -65 423 |



African fish eagle. *Haliaeetus vocifer*



SUMMARY OF FINANCIAL INFORMATION

REVENUE COLLECTION

| R'000 SOURCES OF REVENUE | 2011/2012 | | | 2013/2014 | | |
|-----------------------------|---------------|---------------|----------------------------|---------------|---------------|----------------------------|
| | ESTIMATE | ACTUAL | (OVER)/UNDER COLLECTION | ESTIMATE | ACTUAL | (OVER)/UNDER COLLECTION |
| Sale of Goods | 9 405 | 12 482 | (3 077] | 10 474 | 8 788 | 1 686 |
| Rendering of services | 360 | 1 109 | (749] | 345 | 646 | (301] |
| Accommodation revenue | 3 638 | 3 370 | 268 | 4 700 | 3 546 | 1 154 |
| Rental Income | 765 | 1 033 | (268] | 900 | 1 025 | (125] |
| Other Income | 427 | 1 620 | (1 193] | 625 | 1 997 | (1 372] |
| Finance Income | 1 785 | 1 228 | 557 | 1 785 | 1 444 | 341 |
| TOTAL | 16 380 | 20 842 | (4 462] | 18 829 | 17 446 | 1 383 |

On game held for sale as per the recommendations of game off takes sent to board estimates on revenue to be realised are made based on previous year auction performance and quality of game held. The real determining factor is the market, i.e. clients on the day of the auction. The prices fetched in the previous year were below the estimates. For the current financial year all measures were put in place to ensure good quality game, timing of the auction calendar so as to avoid being too close to other auctions and have also considered a venue for the auction that will be convenient to the buyers.

Furthermore the general budget cuts imposed to accommodate ring-fenced budgets in other departments affected the general reserve management capacity to maintain and upkeep tourist facilities that would have been means of generating the revenue.

CAPITAL INVESTMENT

The tables below illustrate the projects done during the 2012/2013 and 2013/2014 financial years. Because there were few instances where projects run over multiple years, two separate tables are presented, one for each year.

The tables detail infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Material variances relate primarily to delays in the appointment of contractors. The appointments were done in 2013/14 financial year for all infrastructure projects; however, projects related to Health & Safety Risk Audit, Energy projects and some of the repairs and maintenance were not completed by the end of the financial year. The late appointments are ascribed to an extensive amount of professional services that were required to be conducted prior to appointment e.g. assessments of conditions and preparations of tender documents by various external service providers. This process took more time since it had to be done thoroughly. As indicated in the table below, all projects are now at completion stage with the latest completion anticipated at end June 2014.

PLANS TO CLOSE DOWN OR DOWN-GRADE ANY CURRENT FACILITIES:

Portion of Mkhambathi Nature Reserve has been closed down for activities due to an investor that was identified. It is expected to be closed down for a period of 12 months.

PROGRESS MADE ON THE MAINTENANCE OF INFRASTRUCTURE:

Each Region was allocated an amount of R1million during 2013/14 financial year for the maintenance of infrastructure. There has been a considerable amount of progress made on the maintenance of infrastructure (see Infrastructure Projects table on page 58).

DEVELOPMENTS RELATING TO THE ABOVE THAT ARE EXPECTED TO IMPACT ON THE PUBLIC ENTITY'S CURRENT EXPENDITURE:

These developments will need constant maintenance throughout the financial year. Deferred maintenance could result in serious recapitalisation in the future.

MAJOR MAINTENANCE PROJECTS THAT HAVE BEEN UNDERTAKEN DURING THE PERIOD UNDER REVIEW:

Major maintenance projects for 2013/14 financial year include but not limited to:

- Upgrade of 7km gravel road at Dwesa Nature Reserve (R1 585 911.20)
- Upgrade of Thibet Park at Tsolwana Nature Reserve (R1 609 165.40)
- Repairs to 26 staff houses at Baviaanskloof Nature Reserve (R2 893 919.60)

PROGRESS MADE IN ADDRESSING THE MAINTENANCE BACKLOG DURING THE PERIOD UNDER REVIEW:

As part of maintaining the capital investment made, R3million was dedicated to maintenance. This was the first time where there was dedicated budget addressing infrastructure related maintenance.

SUMMARY OF FINANCIAL INFORMATION

| INFRASTRUCTURE PROJECTS | 2012/2013 | | |
|--|-----------|--------------------|---|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| Development of tender documents for various infrastructure projects for ECPTA | - | 363 | (363) Funds were transferred within Infrastructure Budget. This was part of Professional Fees |
| Professional fees energy audit in all reserves | 3 500 | 337 | This phase only catered for Professional Fees, not actual contracting. Balance transferred to Baviaanskloof Roads project |
| 20km Baviaanskloof roads rehabilitation | 3 500 | 5 500 | (2 000) Transferred from Energy Fees |
| (Project Managers) 20km Baviaanskloof roads rehabilitation | - | 475 | (475) Transferred from Energy Projects |
| Repairs to 26 staff houses at Baviaanskloof NR | 2 700 | - | Contract was cancelled and resuscitated in 2013/14 financial year |
| (Project Managers). Repairs to 26 Staff Houses at Baviaanskloof NR | - | 183 | (183) Funds transferred from Energy project |
| Construction of a new senior manager's house at Baviaanskloof | 1 000 | 841 | 159 Savings used to appoint contract managers for the project |
| (Project Managers) Construction of a new senior manager's house at Baviaanskloof | - | 113 | Savings from the construction costs |
| Gate entrance developments at Baviaanskloof NR | 600 | 504 | 96 Savings from the project Project completed |
| Fencing at Baviaanskloof NR | 1 600 | 1 600 | Project completed |
| Replacement of water pipeline at Island NR | 200 | 160 | 40 Savings from the project Project completed |
| Professional Services - design and project management of conference facility at Cape Morgan's NR | 1 500 | 1 083 | 417 Savings realised In progress (Multi Year) |
| Roads rehabilitation at Great Fish River NR | 2 500 | 4 048 | (1 548) Project completed |
| (Project Managers) Road rehabilitation | - | 290 | (290) Project completed |
| Gate entrance developments at Great Fish | 650 | 504 | 86 Project completed |

NR - NATURE RESERVE

| INFRASTRUCTURE PROJECTS | 2012/2013 | | |
|---|-----------|--------------------|--|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| Cold room storage at Great Fish | 120 | 150 | (30) Project completed |
| Water pump & wind pump | 30 | 165 | (135) Project completed |
| Repairs to Ntloni staff cottages | 40 | 142 | (102) Project completed |
| Repairs to staff accommodation | 230 | 198 | 32 Project completed |
| Repairs to Donnybrook outpost | 200 | 284 | (R84) Project completed |
| Repairs to field rangers old office shed | 80 | 82 | (2) Project completed |
| Repairs to Umtiza offices | 60 | 66 | (6) Project completed |
| Installation of new water tanks at Umtiza N.R. | 40 | 45 | (5) Project completed |
| Provision of Jojo Water Tanks at Charles Tinley | 80 | 28 | 52 Project completed |
| Fencing at Ongeluksnek | 500 | 418 | 82 Project completed |
| Rehabilitation of 3km roads at Silaka | 1 000 | 627 | 300 Project completed |
| Thatching of chalets at Silaka | 1 000 | 985 | 15 Project completed |
| Professional services - design and upgrading of chalets at Dwesa | 3 500 | 1 140 | 2 360 In progress (Multi Year) Project completed |
| Sewer repairs at Dwesa | 220 | 220 | Project completed |
| Assessment of structural condition of the existing chalets at Dwesa | 410 | 410 | Project completed |
| Additional ablution facility | 368 | 368 | Project completed |
| Replacement of septic tanks & maintenance of existing chalets | 810 | 810 | Project completed |

NR - NATURE RESERVE

SUMMARY OF FINANCIAL INFORMATION

| INFRASTRUCTURE PROJECTS | 2012/2013 | | |
|--|-----------|--------------------|----------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| Additional ablution facility | 294 | 294 | Project completed |
| Assessment of infrastructure at Mkhambathi | 421 | 421 | Project completed |
| Upgrade ablution blocks | 60 | 104 | (44) Project completed |
| Replacement of doors | 20 | 10 | 10 Project completed |
| Attend to leaking roofs | 30 | 28 | 2 Project completed |
| Interior painting | 20 | 29 | (9) Project completed |
| Attend to septic tanks | 25 | 21 | 4 Project completed |
| Renovations to reserve manager's house | 70 | 85 | (15) Project completed |
| Painting to staff houses | 20 | 19 | 1 Project completed |
| Replacement of asbestos water pipes | 150 | 138 | 12 Project completed |
| Repairs to roofs in staff accommodation | 35 | 70 | (35) Project completed |
| Fit floor tiles in staff rondavels | 50 | 166 | (116) Project completed |
| Renovations to reserve manager's house | 140 | 94 | 46 Project completed |
| Renovate, plaster and paint staff rondavel | - | 40 | (40) Project completed |
| Rectification of electricity | 125 | 141 | (16) Project completed |

| INFRASTRUCTURE PROJECTS | 2013/2014 | | |
|--|-----------|--------------------|---|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| Upgrading of abattoir facilities/hunting facilities | 1 255 | 535 | 720 Project completed |
| Cold room (Tsolwana) | | | |
| Cold room (Dwesa) | | | |
| Vehicle (Tsolwana) | | | |
| ICT connectivity | 450 | 436 | 14 Project completed |
| Project management costs (Central Region) | 404 | 404 | Project completed |
| Project management costs (Eastern Region) | 279 | 279 | Project completed |
| Project management costs (Western) | 394 | 394 | Project completed |
| Energy projects at Island NR | 202 | 202 | Project completed |
| Energy projects at Mpofu NR | 478 | 478 | Project completed |
| Energy projects at Ongeluksnek NR | 475 | 475 | Project completed |
| Energy projects at Dwesa NR | 490 | 490 | Project completed |
| Energy projects at Hluleka NR | 144 | 144 | Project completed |
| Energy projects at Silaka NR | 291 | 291 | Project completed |
| Energy projects at Mkhambathi NR | 106 | 106 | Project completed |
| Great Fish River electrification | 975 | 975 | Project completed |
| Occupational Health & Safety (OHS) audit in all reserve's facilities | 955 | 955 | Project completed |
| Upgrade of the lodge at Mkhambathi | 850 | 850 | Project completed |
| Project Management costs (Upgrade of Mkhambathi Lodge) | - | 311 | (311) Part of the Professional Fees account Project completed |
| 2km fencing (material) | 200 | 69 | 131 Project completed |
| Guard house | 300 | 472 | (172) Project completed |
| Tiling of chalets at Silaka | - | 90 | (90) Project completed |
| 6km fencing material at Nduli NR | 600 | 457 | 143 Project completed |

NR - NATURE RESERVE

SUMMARY OF FINANCIAL INFORMATION

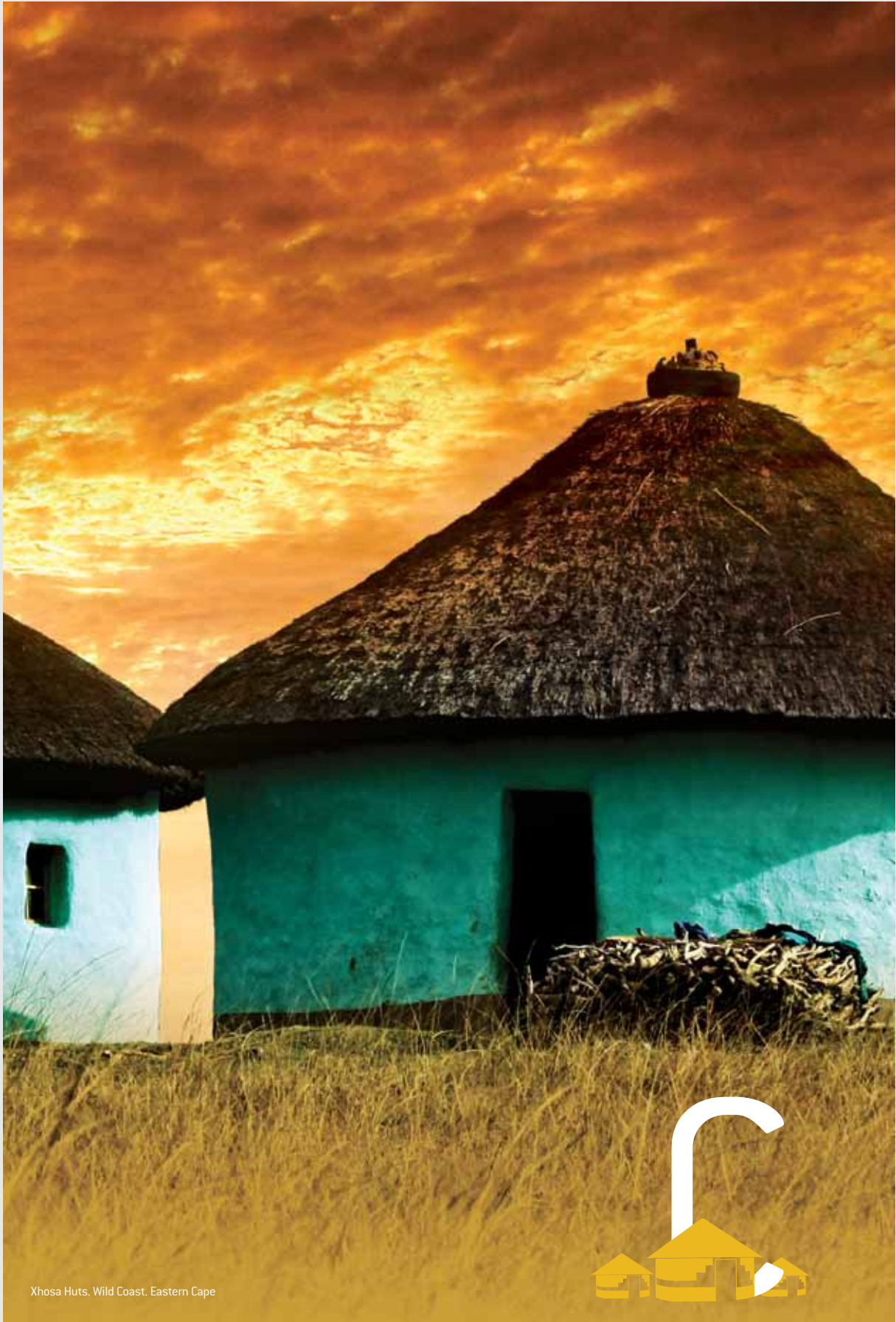
| INFRASTRUCTURE PROJECTS | 2013/2014 | | |
|--|-----------|--------------------|---|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| 4 km fencing material at Ongeluksnek NR | 450 | 426 | 24 Project completed |
| Staff accommodation upgrade at Ongeluksnek NR | 500 | 500 | Project completed |
| Ablution blocks staff houses at Hluleka NR | 500 | 500 | Project completed |
| Upgrade tourist facilities (braai stands/showers) at Hluleka NR | 200 | 200 | Project completed |
| Hospitality upgrades (Thibet Park Lodge) | 1 300 | 1 609 | (309) Project completed |
| 8km fencing material | 500 | 476 | 24 Project completed |
| Hospitality upgrades (Indwe Lodge) | 650 | 650 | Project completed |
| Slab for new coldroom | 16 | 16 | Project completed |
| Repairs to Mbabala and Nottingham | 1 250 | 1 250 | Project completed |
| Construction of a guard house at Control 2 | 300 | 300 | Project completed |
| Maintenance of an existing house and ablution facility at Grasslands | 340 | 314 | 26 Project completed |
| Maintenance of a house at Retreat | 200 | 299 | (99) Project completed |
| Adam's Krantz Viewpoint deck repairs/renovation | 118 | 118 | Project completed |
| Great Fish River roads rehabilitation | - | 1 821 | Rolled over from previous year Project completed |
| Refurbishment of Hamburg staff accommodation | 250 | 250 | Project completed |
| Replacement of electricity meters and solar geysers | - | 51 | (51) Part of Reserve maintenance budget Project completed |
| Refurbishment of Amalinda field ranger houses | 200 | 290 | (90) Project completed |
| Fenceline upgrade at Amalinda NR (4km) | 400 | 209 | 191 Project completed |

| INFRASTRUCTURE PROJECTS | 2013/2014 | | |
|---|-----------|--------------------|--|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| Installation of reserve boundary fence (9km) | 600 | 465 | 138 Project completed |
| Fenceline repairs and maintenance (6km) | 500 | 308 | 192 Project completed |
| Rehabilitation of roads (7km) | 1 400 | 1 586 | (186) Project completed |
| Project Management (rehabilitation of roads) | - | 250 | Part of Professional Fees account Project completed |
| Renovation of NC's and supervisor's house | 150 | 403 | (253) Project completed |
| Komdomo campsite upgrade | 300 | 456 | (156) Project completed |
| Fencing upgrades (20km) | 1 100 | 363 | 737 Amount used for implementation |
| Repairs to Geelhoutbos | - | 175 | (175) Project completed |
| Water and waste connection | | 28 | (28) Project completed |
| Fencing upgrades at Water's Meeting (3km) | 200 | 127 | 73 Project completed |
| Fencing equipment | - | 6 | (6) Project completed |
| Game fencing mesh | 82 | 82 | Project completed |
| Upgrade of main gate at Thomas Baines | 350 | 214 | 136 |
| Upgrade of Settlers Dam ablution facility & campsites | 350 | 377 | (22) Project completed |
| Upgrade of the stores at Thomas Baines | 350 | 290 | 60 Project completed |
| Upgrade of office/ house at Thomas Baines | 350 | 387 | (37) Project completed |
| Rehabilitation of roads at Water's Meeting (2km) | 400 | 478 | (78) Project completed |
| Upgrade Dung Beetle House | 250 | 262 | (12) |

NR - NATURE RESERVE

SUMMARY OF FINANCIAL INFORMATION

| INFRASTRUCTURE PROJECTS | 2013/2014 | | |
|--|-----------|--------------------|----------------------------|
| | BUDGET | ACTUAL EXPENDITURE | (OVER)/UNDER EXPENDITURE |
| | R'000 | R'000 | R'000 |
| Fencing at Groendal (10km) | 500 | 291 | 209 Project completed |
| Fencing at Island (10km) | 500 | 255 | 245 Project completed |
| Upgrading of tourism facilities at Groendal | 500 | 500 | Project completed |
| Upgrading of Rooikraans House at Groendal | 340 | 340 | Project completed |
| Upgrading of ablution facilities at Island | 250 | 439 | (189) Project completed |
| Maintenance of infrastructure for all reserves | 3 000 | 3 000 | - |



Xhosa Huts, Wild Coast, Eastern Cape



GOVERNANCE

THE ACCOUNTING AUTHORITY

INTRODUCTION

As a Schedule 3C Public Entity, the ECPTA is governed by a Board of Directors which fulfils the role of accounting authority for the entity.

The Board is responsible for the appointment of the Executive Management including the Chief Executive officer. It is also responsible for identifying the risk areas and retaining full and effective control over the Strategic operations of the Agency

THE ROLE OF THE BOARD

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

BOARD CHARTER

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

THE ACCOUNTING AUTHORITY

COMPOSITION OF THE BOARD

The ECPTA Board of Directors is composed of seven Non-Executive Directors which are listed below.

| NAME | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | DATE APPOINTED | DATE RESIGNED | QUALIFICATIONS | AREA OF EXPERTISE/ ROLE | BOARD DIRECTORSHIPS (LIST THE ENTITIES) | OTHER COMMITTEES OR TASK TEAMS | NO. OF MEETINGS ATTENDED |
|---------------|---|-------------------|------------------|---|---------------------------------|---|---|--------------------------------|
| Ms V Zitumane | Chairperson of the Board | 1 June 2012 | N/A | BJuris, BA and MBA | Tourism | Total Client Services and Joe Gqabi Development Agency | Nil | 14 |
| Mr F Makiwane | Deputy Chairperson | 1 June 2012 | N/A | BSC, BSC- Hons, and MSC | Finance | Nil | Nil | 14 |
| Mr A Muir | Chairperson of the Biodiversity Subcommittee | 1 June 2012 | N/A | Masters in environment and development | Biodiversity | The Wilderness Action Group, Open Africa, Conservation Council of Nations, International Conservation Caucus Foundation, Nelson Mandela Metropolitan University Business School | Nil | 8 |
| Ms T Tsengiwe | Chairperson of the Destination Tourism Destination Subcommittee | 1 June 2012 | N/A | MBA, Journalism | Tourism and Marketing | Nil | Nil | 10 |
| Mr S Mgxaji | Chairperson of HR & R Subcommittee | 1 June 2012 | N/A | BA and LLB | Labour Relations | AllF Attorney insurance indemnity fund | Nil | 7 |
| Mr S Sotshana | Member of EXCO | 1 June 2012 | N/A | Teachers Diploma | Representing the Public | Nil | Nil | 14 |
| Ms M Mama | Member of the Destination Tourism and HR&R Subcommittees | 1 June 2012 | N/A | B Com honours and MBA | Representing the Shareholder | Nil | Nil | 9 |

COMMITTEES

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

MEETINGS OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

| NO. | NAMES | TOTAL |
|-----|--------------------------|-------|
| | Total number of meetings | 3 |
| 1 | Mr Mgxaji | 2 |
| 2 | Ms Mama | 3 |
| 3 | Ms Tsengiwe | 3 |

FINANCE AND INVESTMENT COMMITTEE

The committee was established by the Board with three Non-Executive Directors. Mr Makiwane is Chairperson and Messrs Sotshana and Muir are members together with relevant members of the Executive Management. This Committee operates according to terms of reference approved by the Board. In addition to providing an important deliberation 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.

MEETINGS OF THE FINANCE AND INVESTMENT COMMITTEE

| NO. | NAMES | TOTAL |
|-----|--------------------------|-------|
| | Total number of meetings | 5 |
| 1 | Mr Makiwane | 5 |
| 2 | Mr Muir | 3 |
| 3 | Mr Sotshana | 5 |

THE ACCOUNTING AUTHORITY

AUDIT COMMITTEE

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

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

MEETINGS OF THE AUDIT COMMITTEE

| NO. | NAMES | TOTAL |
|-----|--------------------------|-------|
| | Total number of meetings | 5 |
| 1 | Ms Mahlati | 5 |
| 2 | Mr Fihlani | 3 |
| 3 | Mr Coovadia | 5 |

BIODIVERSITY CONSERVATION COMMITTEE

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

MEETINGS OF THE BIODIVERSITY CONSERVATION COMMITTEE

| NO. | NAMES | TOTAL |
|-----|--------------------------|-------|
| | Total number of meetings | 4 |
| 1 | Mr Muir | 4 |
| 2 | Mr Makiwane | 4 |
| 3 | Mr Sotshana | 4 |

DESTINATION TOURISM COMMITTEE

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

MEETINGS OF THE DESTINATION TOURISM COMMITTEE

| NO. | NAMES | TOTAL |
|-----|--------------------------|-------|
| | Total number of meetings | 3 |
| 1 | Ms Tsengiwe | 3 |
| 2 | Ms Mama | 3 |
| 3 | Mr Mgxaji | 2 |

EXECUTIVE COMMITTEE (EXCO)

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

REMUNERATION OF BOARD MEMBERS

The ECPTA Board of Directors is remunerated according to its Subsistence and Travel Policy which was approved by the Executive Authority. Their remuneration details are included in the Annual Financial Statements for the year ended 31 March 2014.

RISK MANAGEMENT

The risk management policy outlines the Institution's commitment to protecting the Institution against adverse outcomes, which may impact negatively on service delivery. The risk management framework outlines risk management objectives and roles and responsibilities for the management of risk throughout the organisation. It also confirms the Institution's commitment to legal and regulatory compliance. The management of risk has been operationalised and embedded within operational plans to ensure an integrated system of risk management.

Risk identification is viewed as a continuous process, which should be embedded in day-to-day operations. ECPTA has formally adopted two primary risk assessment processes namely, annual high-level risk assessment and a continuous process of departmental-level risk assessment. The Audit Committee advises the public entity on risk management and independently monitors the effectiveness of the system of risk management.

The Agency has seen a significant improvement in the core delivery departments tasked with delivering on the dual mandate of the entity of biodiversity and tourism management, with risk management as a contributor to this improvement.

The operationalisation of risk management has yielded the achievement of 80% of strategic risks being at an acceptable level, which exceeds the target for the financial year by 20%.

INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit

OPERATIONAL CYCLES AND PROPOSED SCOPE

PERFORMANCE INFORMATION

- Review of the level of alignment of the Strategic Plan, Annual Performance Plan, Operational Plan and Performance Agreements.
- Review conformity of the Annual Performance Plan targets to the SMART (Specific, Measurable, Achievable, Relevant, Time bound) criteria
- Review whether the performance indicators are reliable, well defined, verifiable, cost effective appropriate and relevant.
- Review of the first quarter performance information reports (verification of targets met and plans to meet unmet targets)

Follow up on the previous year AG and Internal Audit findings

Follow up on the status of the 2012/13 financial year internal audit and Auditor General findings

SUPPLY CHAIN MANAGEMENT

High level review of the level of compliance of the SCM policies with PFMA, PPPFA and SCM Regulations, Treasury Regulations etc.

Review of the adequacy and effectiveness of controls within:

- Acquisition of goods and services;
- Receipt of goods and services;
- Invoice processing ; and
- Payment of creditors

ANNUAL FINANCIAL STATEMENTS REVIEW

High level review of the half yearly and annual financial statements

HUMAN RESOURCES MANAGEMENT

- Recruitment, Selection, Appointment, and Termination Processes
- Assess the level of policy compliance to the Basic Conditions of Employment Act with regard to recruitment, selection, appointment, and terminations;
- Review the adequacy of the Human Resource Policy and/or Procedures with regard to recruitment, selection, appointment, and terminations;
- Review the adequacy and effectiveness of the internal control system surrounding the recruitment, selection, appointment, and terminations of employment;

PAYROLL MANAGEMENT

- Review the adequacy and effectiveness of the payroll preparation process i.e. timelines, accuracy, completeness, and validity;
- Review of the effectiveness and efficiency of the Payroll review process; and
- Review of the adequacy and effectiveness of the Payroll payment process i.e. accuracy and pay-run.

INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit

OPERATIONAL CYCLES AND PROPOSED SCOPE

PROPERTY PLANT AND EQUIPMENT

High level review of the adequacy of Asset Management Policies

Review of the adequacy and effectiveness of the controls surrounding the collection management process with regards to:

- Maintenance of Asset Register
 - Classification of Assets
 - Additions
 - Asset Count/Verification
 - Repairs and Maintenance
 - Capitalisation of Assets
 - Insurance of Assets
 - Disposal of Assets
-

BUDGET PROCESS, CASH FLOW ESTIMATES

Review of the adequacy and effectiveness of the budget planning process, allocation of the budget and reporting process for employee costs

RISK ASSESSMENT

Facilitation of the risk assessment workshop

DASHBOARD STATUS REVIEW

Follow up on the status of the Dashboard report with regards to:

Leadership;
Financial And Performance Management, and;
Governance.

OTHER ACTIVITY

- Ad Hoc- assignments.
(Project M: Investigation into spending of funds for the Funeral Service of late President Mr Nelson Mandela.)
- Ensured there is a developed Audit Readiness Action Plan approved by the Audit Committee for period ending 31 March 2014.
- Managed the request for information process and assist in developing action plans for matters raised during the audit of the ECPTA for period ending 31 March 2014
- Monitored implementation of action plans for the ECPTA Management Letter Action Plans for period ending 31 March 2014.

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT COMMITTEE

OBJECTIVES AND PURPOSE

In terms of Section 51 (1) (a) (ii) of the PFMA, the Board of the ECPTA has to ensure that the agency has and maintains a system of Internal Audit under the control and direction of an Audit Committee complying with and operating in accordance with regulations and instructions prescribed in section 76 (4) (d) and 77.

- corporate governance
- legislative compliance
- the review of financial information and preparation of the Annual Financial Statements, in terms of Generally Accepted Accounting Principles (GRAP).

The Audit Committee is an independent body that reports to the Board through its chairperson.

The Audit Committee shall execute its function through close liaison and communication with the Board, management, the internal and external auditors.

The Audit Committee's main objective and purpose is to assist the Board to discharge and fulfil its oversight responsibilities relating to:

The Audit Committee has non-executive status in an advisory capacity to the Board. It shall not perform any management functions or assume any management responsibilities and the committee shall have an objective independent, oversight role making recommendations to the Board for its approval or final decision. The Board retains responsibility for implementing such recommendations.

- accounting and auditing;
- safeguarding of assets,
- the implementation of operation of adequate procedures and internal controls,
- risk management

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

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

RELEVANT INFORMATION ON THE AUDIT COMMITTEE MEMBERS

| NAME | QUALIFICATIONS | INTERNAL OR EXTERNAL | IF INTERNAL, POSITION IN ECPTA | DATE APPOINTED | DATE RESIGNED | NO. OF MEETINGS ATTENDED |
|-----------------|----------------------------|----------------------|--------------------------------|----------------|---------------|--------------------------|
| Thobeka Mahlati | BComm, BCompt Hons, M.Comm | External | N/A | 1 April 2011 | N/A | 5 |
| Zola Fihlani | BComm, BCompt Hons, M.Comm | External | N/A | 1 April 2011 | N/A | 3 |
| Dawood Coovadia | BCompt Hon | External | N/A | 1 April 2011 | N/A | 5 |

CODE OF CONDUCT

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

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

Reflected below are initiatives undertaken in the year under review:

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

SOCIAL RESPONSIBILITY

The ECPTA currently does not have a social responsibility programme. Over the years, individual departments have annually observed the 67 minutes in honour of our late great former President, Mr. Nelson Mandela by supporting homes for the elderly and places of safety for the youth.

BOARD SECRETARY

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



Xhosa Traditional Wear, Wild Coast, Eastern Cape

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act No 1 of 1999 (PFMA) as amended and Section 3.1 of the Treasury Regulations. We further report that we have adopted formal terms of reference as our Audit Committee Charter that has been approved by the Board. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities therein.

THE EFFECTIVENESS OF INTERNAL CONTROLS

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

The Audit Committee is satisfied that internal controls and systems have been put in place and that these controls have functioned effectively during the period under review. The Audit Committee has overseen a process by which internal audit has performed audits according to a risk based audit plan where the effectiveness of risk management and internal control systems including financial internal controls were evaluated. From the various reports of the Internal Auditors, the audit report on the Annual Financial Statements and the management report of the Auditor-General, it was noted that no matters reported that indicate any material deficiencies in the system of internal control or deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT

The committee considered and approved the internal audit charter, the annual audit plan and the three year rolling plan. From the various reports of the internal auditors, it was noted that no matters were reported that indicate any material deficiencies in the systems of internal control. Risks that have been identified through various processes are being addressed. The committee is satisfied with the effectiveness of the internal audit function.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in Annual Report with the Auditor-General (AG) and the Acting Chief Executive Officer;
- reviewed the AG's management letter and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit; and
- reviewed and discussed with the accounting authority, the performance information submitted to the external auditors.

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.

M S T MAHLATI
CHAIRPERSON OF THE AUDIT COMMITTEE

31 May 2014



Bottlenose Dolphin. *Tursiops truncatus*



HUMAN CAPITAL
MANAGEMENT

INTRODUCTION

The key focus areas for the year under review were empowerment and capacitation of employees since the ECPTA had largely stabilised in terms of Human Capital Management (HCM) issues pertaining to the merger. Investment was made into programmes which sought to empower staff as to their roles, responsibilities and rights as employees.

Managers and supervisors attended training programmes on how to manage discipline and deal with grievances in the workplace. Awareness sessions were conducted throughout the reserves in respect of women and child abuse. Financial wellness, alcohol and health awareness sessions were offered in identified reserves. Peer educator workshops were held in each of the regions, and wellness days were held at Head Office and in the Central Region.

A total of 52 (11%) appointments were made during the year under review largely attributed to natural attrition with 8 appointments being newly funded positions in IMCT (5) and Biodiversity Conservation (3). The majority of these appointees were drawn from communities bordering ECPTA reserves. A further 10 (2%) employees were appointed into higher level positions within the ECPTA whilst 22 (5%) field rangers moved from an untrained level 4 to fully trained level 5 after undergoing successful competency assessments. Staff turnover at year end was 9% (excl. VSP's and Wild Coast Project employees whose contracts ended on conclusion of the project) with 25% of terminations due to resignations and 25% due to dismissals.

26 of the 28 (93%) targeted Work Place Skills Plan training interventions were undertaken. Employees occupied 498 training slots against a targeted 288 (173%) largely due to the availability of in-house capacity to undertake some of these interventions.

As part of the National Groen Sebenza programme, ECPTA entered into a strategic partnership agreement with the South African National Biodiversity Institute (SANBI). In terms of the agreement, seven students were placed with ECPTA for a period of 2 1/2 years to gain workplace experience.

The Performance Management policy was reviewed and approved by the Board of Directors during this period. This is seen as a strategic move in that, from 2013/14, all employees are on the performance management system, compared to the 43% qualifying to be on the system previously. The system was enhanced by distributing responsibility equitably in proportion to job levels to deliver on the Annual Performance Plan.

A staff satisfaction survey was concluded in December 2013. Satisfaction levels improved from 69% in October 2012 to 80%. This is largely attributed to the infrastructure improvements to staff accommodation and working conditions on reserves, and to the empowerment and capacitation interventions undertaken.

Additional intervention is required to address lingering challenges among leadership and management with respect to team unity and integration following the merger. The delay in Head Office employees moving into one building has impeded the development of a unified ECPTA culture.

A priority for 2014/15 is to, upon conclusion of the organisational strategic review, determine whether the existing organisational architecture meets the needs of the Agency and make adjustments if required. Continuous empowerment and capacitation initiatives will be undertaken with specific focus on Head Office employees.

HUMAN RESOURCE OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

| PROGRAMME | TOTAL EXPENDITURE FOR THE ENTITY (R'000) | PERSONNEL EXPENDITURE (R'000) | PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000) | NO. OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE (R'000) |
|---------------------------|--|-------------------------------|---|------------------|---|
| Biodiversity Conservation | 10 683 | 7 442 | 2.5% | 16 | 465 |
| Destination Tourism | 65 032 | 13 681 | 4.6% | 23 | 595 |
| Operations | 126 024 | 72 166 | 24.1% | 393 | 184 |
| Executive Office | 10 501 | 4 849 | 1.6% | 7 | 693 |
| Finance | 77 527 | 9 505 | 3.2% | 22 | 432 |
| Human Capital Management | 9 620 | 6 547 | 2.2% | 13 | 504 |
| TOTAL | 299 387 | 114 190 | 38% | 474 | 241 |

PERSONNEL COST BY SALARY BAND

| LEVEL | PERSONNEL EXPENDITURE (R'000) | % OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000) | NO. OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE (R'000) |
|--------------------------------------|-------------------------------|---|------------------|---|
| Top Management (Levels 14-15) | 7 978 | 7.0% | 5 | 1 596 |
| Senior Management (Levels 11-13) | 28 098 | 24.6% | 32 | 878 |
| Professional Qualified (Levels 9-10) | 11 982 | 10.5% | 29 | 413 |
| Skilled (Levels 7-8) | 14 703 | 12.9% | 54 | 272 |
| Semi-skilled (Levels 4-6) | 33 364 | 29.2% | 213 | 157 |
| Unskilled (Levels 2-3) | 18 065 | 15.8% | 141 | 139 |
| TOTAL | 114 190 | 100% | 474 | 241 |

HUMAN RESOURCE OVERSIGHT STATISTICS

PERFORMANCE REWARDS FOR PERSONNEL LEVEL 5 -15 AS PER PERFORMANCE MANAGEMENT POLICY

| LEVEL | NO. OF BENEFICIARIES | NO. OF EMPLOYEES | PERFORMANCE REWARDS (R) | PERSONNEL EXPENDITURE (R'000) | % OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000) |
|--------------------------------------|----------------------|------------------|-------------------------|-------------------------------|--|
| Top Management (Levels 14-15) | 5 | 6 | 825 628 | 7 978 | 0.73% |
| Senior Management (Levels 11-13) | 32 | 37 | 2 538 348 | 28 098 | 2.26% |
| Professional Qualified (Levels 9-10) | 22 | 28 | 488 333 | 11 982 | 0.44% |
| Skilled (Levels 7-8) | 40 | 50 | 442 073 | 14 703 | 0.39% |
| Semi-skilled (Levels 5-6) | 98 | 136 | 341 997 | 2 150 | 0.31% |
| TOTAL | 197 | 257 | 4 636 378 | 64 911 | 4.13% |

TRAINING COSTS

| PROGRAMME | PERSONNEL EXPENDITURE (R'000) | TRAINING EXPENDITURE (R'000) | TRAINING EXPENDITURE AS A % OF PERSONNEL COST | NO. OF EMPLOYEES TRAINED | AVG TRAINING COST PER EMPLOYEE |
|---------------------------|-------------------------------|------------------------------|---|--------------------------|--------------------------------|
| Biodiversity Conservation | 7 442 | | | | |
| Destination Tourism | 13 681 | | | | |
| Operations | 72 166 | | | | |
| Executive Office | 4 849 | | | | |
| Finance | 9 505 | | | | |
| Human Capital Management | 6 547 | | | | |
| TOTAL | 114 190 | 1 500 | 1.34% | 498 | 3012 |

EMPLOYMENT AND VACANCIES

| PROGRAMME | 2012/ 2013 NO. OF EMPLOYEES | 2013/ 2014 APPROVED POSTS | 2013/ 2014 NO. OF EMPLOYEES | 2013/ 2014 VACANCIES | VACANCY RATE | NO. OF STAFF ADDITIONAL TO ESTABLISHMENT |
|---------------------------|--------------------------------|------------------------------|--------------------------------|-------------------------|--------------|--|
| Biodiversity Conservation | 23 | 22 | 16 | 6 | 1% | 0 |
| Destination Tourism | 25 | 27 | 23 | 4 | 0.8% | 0 |
| Operations | 392 | 432 | 393 | 50 | 9.2% | 11 |
| Executive Office | 6 | 7 | 7 | 0 | 0% | 0 |
| Finance | 23 | 22 | 22 | 3 | 0.6% | 3 |
| Human Capital Management | 14 | 15 | 13 | 2 | 0.4% | 0 |
| TOTAL | 483 | 525 | 474 | 65 | 12% | 14 |

| LEVEL | 2012/ 2013 NO. OF EMPLOYEES | 2013/ 2014 APPROVED POSTS | 2013/ 2014 NO. OF EMPLOYEES | 2013/ 2014 VACANCIES | VACANCY RATE | NO. OF STAFF ADDITIONAL TO ESTABLISHMENT |
|--------------------------------------|--------------------------------|------------------------------|--------------------------------|-------------------------|--------------|--|
| Top Management (Levels 14-15) | 6 | 6 | 5 | 1 | 0.1% | 0 |
| Senior Management (Levels 11-13) | 37 | 40 | 32 | 8 | 1.5% | 0 |
| Professional qualified (Levels 9-10) | 27 | 32 | 29 | 3 | 0.5% | 0 |
| Skilled (Levels 7-8) | 51 | 67 | 54 | 13 | 2.4% | 0 |
| Semi-skilled (Levels 4-6) | 215 | 230 | 213 | 17 | 3.2% | 0 |
| Unskilled (Levels 2-3) | 147 | 150 | 141 | 23 | 4.3% | 14 |
| TOTAL | 483 | 525 | 474 | 65 | 12% | |

Funded vacancies have been filled where possible. Most vacancies are the result of natural attrition. Ten internal appointments were made in 2013/14. An additional 22 field rangers were upgraded from level 4 to level 5 deemed as fully trained field rangers after successfully completing their competency assessments. During the year under review, it took an average of 30 working days to fill vacancies.

HUMAN RESOURCE OVERSIGHT STATISTICS

EMPLOYMENT CHANGES

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

| SALARY BAND | EMPLOYMENT AT BEGINNING OF PERIOD APRIL 2013 | APPOINTMENTS | TERMINATIONS | EMPLOYMENT AT END OF THE PERIOD |
|--------------------------------------|--|--------------|--------------|------------------------------------|
| Top Management (Levels 14-15) | 6 | 0 | 1 | 5 |
| Senior Management (Levels 11-13) | 37 | 3 | 7 | 32 |
| Professional Qualified (Levels 9-10) | 27 | 5 | 6 | 29 |
| Skilled (Levels 7-8) | 51 | 11 | 7 | 54 |
| Semi-skilled (Levels 4-6) | 215 | 21 | 28 | 213 |
| Unskilled (Levels 2-3) | 147 | 12 | 12 | 141 |
| TOTAL | 483 | 52 | 61 | 474 |

REASONS FOR STAFF LEAVING

| REASON | NUMBER | % OF TOTAL NO. OF STAFF LEAVING |
|-------------------------------------|-----------|------------------------------------|
| Death | 9 | 15% |
| Resignation | 14 | 23% |
| Dismissal | 14 | 23% |
| Retirement | 6 | 10% |
| Ill health – Incapacity Dismissal | 1 | 1% |
| Expiry of contract | 11 | 18% |
| Other (Voluntary Severance Package) | 6 | 10% |
| TOTAL | 61 | 100% |

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

| NATURE OF DISCIPLINARY ACTION | NUMBER |
|-----------------------------------|-----------|
| Counselling | 2 |
| Verbal Warning | 5 |
| Written Warning | 10 |
| Final Written Warning | 12 |
| Sanction without pay | 1 |
| Ill health – Incapacity Dismissal | 1 |
| Dismissal | 14 |
| TOTAL | 45 |

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

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

There are no major variances between “Actual” and “Target” since the ECPTA has aggressively pursued a transformation agenda. There has been a specific focus on females since the Agency was male dominated when it was established in 2010. There is an overall 9.5% improvement since then.

LEVELS

| | MALE | | | | | | | |
|--|--------------|------------|-----------|-------------|-----------|-------------|-------------|-------------|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET |
| Top Management (Levels 14-15) | 3 | 3 | 0 | 0 | 0 | 0 | 1 | 1 |
| Senior Management (Levels 11-13) | 12 | 18 | 0 | 2 | 0 | 0 | 5 | 2 |
| Professional Qualified (Levels 9-10) | 7 | 14 | 1 | 2 | 0 | 0 | 4 | 1 |
| Skilled (Levels 7-8) | 17 | 23 | 1 | 3 | 0 | 0 | 4 | 2 |
| Semi-skilled (Levels 4-6) | 121 | 91 | 16 | 14 | 0 | 1 | 2 | 9 |
| Unskilled (Levels 2-3) | 59 | 67 | 15 | 9 | 0 | 0 | 0 | 7 |
| TOTAL | 219 | 216 | 33 | 30 | 0 | 1 | 16 | 21 |
| TOTAL % OF OVERALL STAFF COMPLIMENT | 46.2% | 44% | 7% | 6.2% | 0% | 0.4% | 3.4% | 4.5% |

HUMAN RESOURCE OVERSIGHT STATISTICS

LEVELS

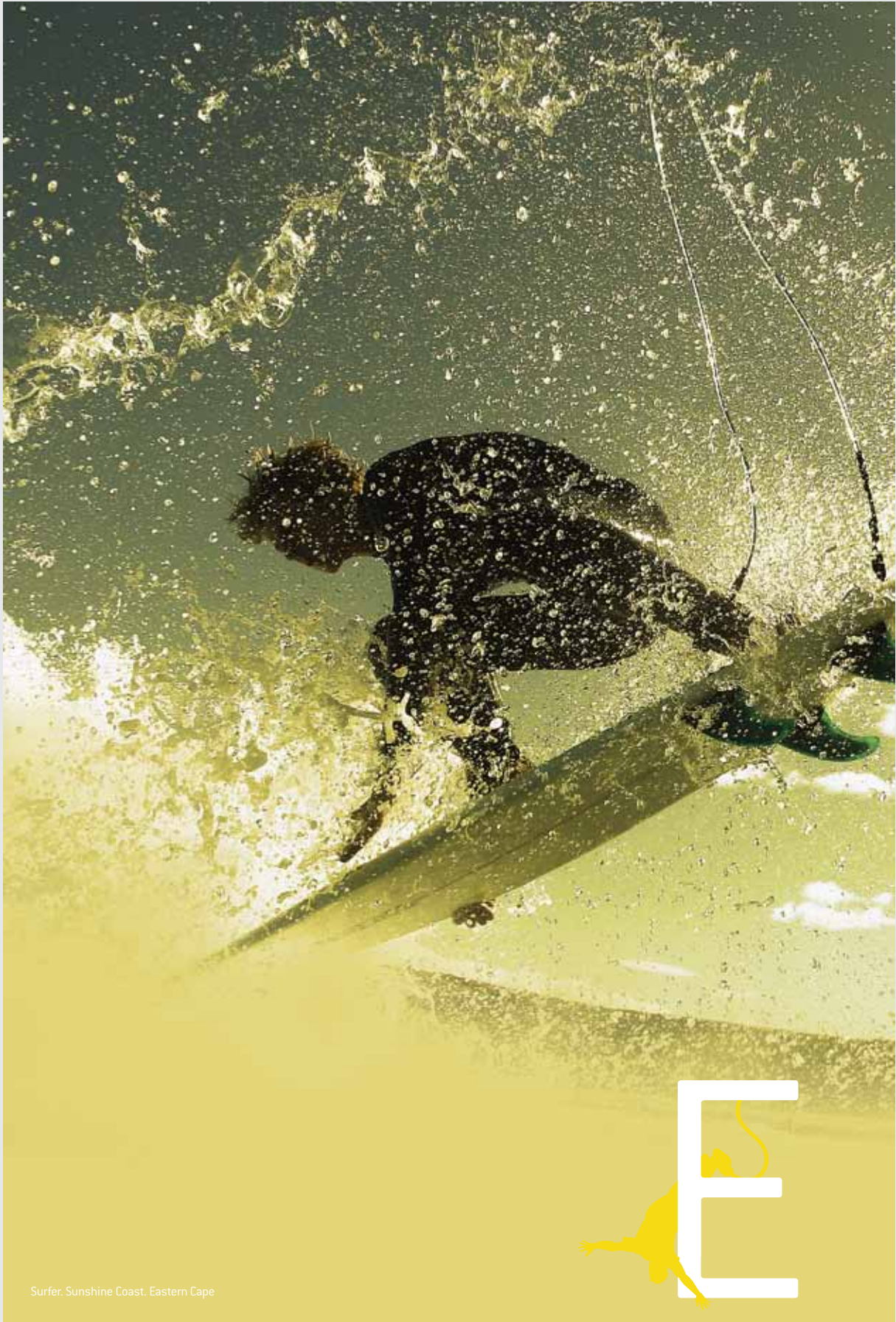
FEMALE

| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
|--|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET |
| Top Management (Levels 14-15) | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| Senior Management (Levels 11-13) | 12 | 13 | 0 | 1 | 1 | 1 | 2 | 1 |
| Professional Qualified (Levels 9-10) | 14 | 10 | 1 | 1 | 0 | 0 | 3 | 1 |
| Skilled (Levels 7-8) | 25 | 18 | 4 | 2 | 0 | 0 | 2 | 1 |
| Semi-skilled (Levels 4-6) | 61 | 78 | 9 | 8 | 0 | 0 | 1 | 7 |
| Unskilled (Levels 2-3) | 64 | 51 | 6 | 6 | 0 | 0 | 0 | 4 |
| TOTAL | 176 | 172 | 20 | 18 | 1 | 1 | 9 | 15 |
| TOTAL % OF OVERALL STAFF COMPLIMENT | 37.1% | 36.8% | 4.2% | 4.1% | 0.4% | 0.4% | 1.9% | 3.6% |

LEVELS

DISABLED STAFF

| | MALE | | FEMALE | |
|--|-------------|-------------|-----------|-------------|
| | CURRENT | TARGET | CURRENT | TARGET |
| Top Management (Levels 14-15) | 0 | 0 | 0 | 0 |
| Senior Management (Levels 11-13) | 0 | 0 | 0 | 0 |
| Professional Qualified (Levels 9-10) | 0 | 0 | 0 | 0 |
| Skilled (Levels 7-8) | 2 | 2 | 0 | 0 |
| Semi-skilled (Levels 4-6) | 0 | 2 | 0 | 2 |
| Unskilled (Levels 2-3) | 0 | 0 | 0 | 0 |
| TOTAL | 2 | 4 | 0 | 2 |
| TOTAL % OF OVERALL STAFF COMPLIMENT | 0.4% | 0.8% | 0% | 0.4% |



Surfer. Sunshine Coast. Eastern Cape



FINANCIAL
INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

INDEX

The reports and statements set out below comprise the annual financial statements presented to the Provincial Legislature:

- 91 ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL
- 92 REPORT OF THE AUDITOR GENERAL
- 95 STATEMENT OF FINANCIAL POSITION
- 96 STATEMENT OF FINANCIAL PERFORMANCE
- 97 STATEMENT OF CHANGES IN NET ASSETS
- 98 CASH FLOW STATEMENT
- 99 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
- 100 ACCOUNTING POLICIES
- 112 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

COUNTRY OF INCORPORATION
AND DOMICILE
South Africa

LEGAL FORM OF ENTITY
Schedule 3C Public Entity in
terms of the Public Finance
& Management Act
{Act No.1 of 1999}

ACCOUNTING AUTHORITY
Ms V Zitumane
Mr A Muir
Ms T Tsengiwe
Mr S Mgxaji
Mr F Makiwane
Mr M Sotshana
Ms M Mama

REGISTERED OFFICE
6 St Marks Road
Southernwood
East London
5213

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

AUDITORS
Office of the Auditor General

WEBSITE
www.visiteasterncape.co.za

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

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

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

The accounting authority have reviewed the entity's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 95 to 137, which have been prepared on the going concern basis, were approved by the accounting authority on 29 May 2014 and were signed on its behalf by: 2013/2014 and provided the basis for strategic and operational choices during the planning phase for the year under review.



VUYO ZITUMANE
CHAIRPERSON OF THE BOARD

29 May 2014

REPORT OF THE AUDITOR GENERAL



TO THE PROVINCIAL LEGISLATURE OF 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 95 to 137, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, statement of comparison of budget and actual amounts and the notes, comprising a summary of significant accounting policies and other explanatory information.

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.

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.

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 2014 and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the PFMA.

EMPHASIS OF MATTERS

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

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 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

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 39 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered during the current financial year in the financial statements of the agency at, and for the year ended, 31 March 2013.

SIGNIFICANT UNCERTAINTIES

9. As disclosed in note 33 to the financial statements, the agency is affected by land claims. In terms of settlement agreements the ECPTA is required to enter into Co-management agreements with communities in terms of which the communities are expected to gain some kind of benefit. These agreements will have financial implications on the ECPTA once they have been concluded

IRREGULAR EXPENDITURE

10. As disclosed in note 37 to the financial statements, irregular expenditure amounting to R11,8 million was incurred by the agency during the year ended 31 March 2014. This was as a result of non-compliance with procurement requirements. R500 000 of this irregular expenditure was incurred in vein as no goods and services were received for it.

FRUITLESS AND WASTEFUL EXPENDITURE

11. As disclosure in note 36 in the financial statements, fruitless and wasteful expenditure amounting to R500 000 was incurred by the agency during the year ended 31 March 2014. This is as a result of the payment made to a service provider for goods and services not received.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PREDETERMINED OBJECTIVES

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 24 to 53 of the annual report.
14. The reported performance against predetermined 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's annual reporting principles and whether the reported performance is consistent with the planned [objectives/development priorities or 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 programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

15. The material findings in respect of the selected programme are as follows:

PROGRAMME 3: OPERATIONS

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

PRESENTATION OF PERFORMANCE INFORMATION

16. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 33% of the targets not achieved, as required by the *National Treasury's Guide for the preparation of the annual report*. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements of the presentation of the annual performance report .

MEASURABILITY OF TARGETS

17. The FMPPi requires the following:
Performance measures must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 33% of the indicators were not well defined. This was because management was not aware of the requirements of the FMPPi

ADDITIONAL MATTER

18. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

ACHIEVEMENT OF PLANNED TARGETS

19. Refer to the annual performance report on page 24 for information on the achievement of planned targets for the year.

COMPLIANCE WITH LEGISLATION

20. 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 REPORTS AND ANNUAL REPORTS

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the PFMA.
22. Material misstatements of Employee cost and irregular expenditure disclosures identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

BUDGETS

23. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

EXPENDITURE MANAGEMENT

24. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b) (ii) of the PFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

25. Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.

INTERNAL CONTROL

26. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

27. The accounting officer did not exercise oversight responsibility over the preparation of the financial statements; this is evidenced by number of findings raised during the audit which resulted in material adjustments to the AFS and non-compliance relating to supply chain management and budget management.
28. The entity does not have an approved information technology (IT) governance framework in place to provide comprehensive guidelines for IT decision making.

FINANCIAL AND PERFORMANCE MANAGEMENT

29. The entity does not have proper record keeping and record management systems in place, resulting in supporting source evidence for actual reported performance on the annual performance report not being properly filed and easily retrievable.
30. The review and monitoring of compliance with GRAP and was not effective as there were numerous instances of non-compliance with the standard raised by auditors during the audit.
31. The entity did not have standard operating procedures for performance information for the accurate measurement, recording and monitoring of performance and monitoring of the completeness of source documentation in support of actual achievements.

GOVERNANCE

32. The audit committee promoted accountability and service delivery through the evaluation and monitoring of the responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

AUDITOR - General

AUDITOR GENERAL

31 July 2014

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

Assets

Current Assets

| | | | |
|---|--|--|--|
| Inventories | | | |
| Operating lease asset | | | |
| Trade receivables | | | |
| Other receivables from nonexchange transactions | | | |
| Cash and cash equivalents | | | |

Non-current Assets

| | | | |
|---------------------------------|--|--|--|
| Intangible assets | | | |
| Property, plant and equipment | | | |
| Heritage assets | | | |
| Investment property | | | |
| Infrastructure work in progress | | | |

Non-current assets classified as held for sale

Total Assets

Liabilities

Current Liabilities

| | | | |
|---------------------------------------|--|--|--|
| Finance lease obligation | | | |
| Trade payables | | | |
| Other payables | | | |
| Poverty alleviation projects | | | |
| Surrenders to provincial revenue fund | | | |
| Wild coast project | | | |

Non-current Liabilities

| | | | |
|-------------------------------------|--|--|--|
| Finance lease obligation | | | |
| Operating lease liability | | | |
| Employee benefit obligation | | | |
| Deferred revenue grants received | | | |
| Deferred revenue game held for sale | | | |

Total Liabilities

Net Assets

| | | | |
|------------------------|--|--|--|
| Reserves | | | |
| Capitalisation reserve | | | |
| Accumulated surplus | | | |

Total Net Assets

| Note(s) | 2014 R'000 | 2013 R'000 |
|---------|----------------|----------------|
| | | |
| 2 | 50 | 30 |
| | - | 81 |
| 3 | 1,096 | 383 |
| 4 | 595 | 1,201 |
| 5 | 27,379 | 74,812 |
| | <u>29,120</u> | <u>76,507</u> |
| 6 | 1,728 | 2,649 |
| 7 | 340,941 | 379,494 |
| 8 | 22,991 | 22,991 |
| 9 | 6,567 | 6,709 |
| 10 | 12,030 | 9,675 |
| | <u>384,257</u> | <u>421,518</u> |
| 11 | 12,995 | 9,070 |
| | <u>426,372</u> | <u>507,095</u> |
| 12 | 52 | 371 |
| 13 | 33,000 | 31,770 |
| 14 | 625 | 1,514 |
| 15 | 6,061 | 10,923 |
| 16 | - | 5,521 |
| 17 | 1,060 | 3,941 |
| | <u>40,798</u> | <u>54,040</u> |
| 12 | 28 | 81 |
| | - | 265 |
| 18 | 4,622 | 4,851 |
| 19 | 20,211 | 36,434 |
| 20 | 12,995 | 9,070 |
| | <u>37,856</u> | <u>50,701</u> |
| | 78,654 | 104,741 |
| | <u>347,718</u> | <u>402,354</u> |
| | 39,304 | 39,304 |
| | 308,414 | 363,050 |
| | <u>347,718</u> | <u>402,354</u> |

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

| | Note(s) | 2014 R'000 | 2013 R'000 |
|---|---------|------------------|------------------|
| Revenue from exchange transactions | | | |
| Sale of goods | | 8,788 | 12,482 |
| Rendering of services | | 646 | 1,109 |
| Accommodation revenue | 22 | 3,546 | 3,370 |
| Rental income | | 1,025 | 1,033 |
| Other income | 23 | 1,997 | 1,620 |
| Finance income | 24 | 1,444 | 1,228 |
| | | - | - |
| Revenue from non-exchange transactions: | | | |
| Grants and subsidies | 25 | 227,119 | 189,562 |
| Total Revenue | 21 | 244,565 | 210,404 |
| Expenditure | | | |
| Personnel related costs | | | |
| Depreciation and amortisation | 26 | (114,190) | (102,620) |
| Finance costs | | (58,818) | (58,942) |
| Debt impairment | 27 | (447) | (623) |
| Repairs and maintenance | | (51) | (128) |
| Operating expenses | | (14,947) | (5,256) |
| | 28 | (110,934) | (86,644) |
| Total Expenditure | | (299,387) | (254,213) |
| Surplus on disposal of assets | | - | 68 |
| Deficit for the year | | (54,822) | (43,741) |

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

Opening balance as previously reported
Adjustments
Prior year adjustments

Balance at 01 April 2012 as restated*

Deficit for the year
Total changes

Opening balance as previously reported
Adjustments
Prior year adjustments

Balance at 01 April 2013 as restated*

Change in estimates
Total changes
Deficit for the year
Total recognised income and expenses for the year
Total changes

Balance at 31 March 2014

| | Capitalisation reserve | Accumulated surplus | Total net assets |
|---|---------------------------|------------------------|---------------------|
| Opening balance as previously reported | 39,304 | 35,413 | 74,717 |
| Adjustments | | | |
| Prior year adjustments | - | 371,378 | 371,378 |
| Balance at 01 April 2012 as restated* | 39,304 | 406,791 | 446,095 |
| Deficit for the year | - | (43,741) | (43,741) |
| Total changes | - | (43,741) | (43,741) |
| Opening balance as previously reported | 39,304 | 42,641 | 81,945 |
| Adjustments | | | |
| Prior year adjustments | - | 320,409 | 320,409 |
| Balance at 01 April 2013 as restated* | 39,304 | 363,050 | 402,354 |
| Change in estimates | - | 186 | 186 |
| Total changes | - | 186 | 186 |
| Deficit for the year | - | (54,822) | (54,822) |
| Total recognised income and expenses for the year | - | (54,636) | (54,636) |
| Total changes | - | (54,636) | (54,636) |
| Balance at 31 March 2014 | 39,304 | 308,414 | 347,718 |

CASH FLOW STATEMENT

| Figures in Rand (thousand) | Note(s) | 2014 R'000 | 2013 R'000 |
|---|---------|------------------|------------------|
| Receipts | | | |
| Sale of goods and services | | 15,844 | 20,944 |
| Grants | | 210,896 | 206,982 |
| Interest income | | 1,444 | 1,228 |
| | | <u>228,184</u> | <u>229,154</u> |
| Payments | | | |
| Employee costs | | (111,615) | (100,577) |
| Suppliers | | (128,364) | (80,625) |
| Finance costs | | (447) | (623) |
| | | <u>(240,426)</u> | <u>(181,825)</u> |
| Net cash flows from operating activities | 30 | <u>(12,242)</u> | <u>47,329</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (19,016) | (11,571) |
| Proceeds from sale of property, plant and equipment | 7 | - | 83 |
| Purchase of other intangible assets | 6 | - | (3,042) |
| Decrease (increase) in work in progress | | (2,355) | 1,060 |
| Net cash flows from investing activities | | <u>(21,371)</u> | <u>(13,470)</u> |
| Cash flows from financing activities | | | |
| Movement in poverty alleviation projects | | (4,862) | (1,243) |
| Movement in wild coast project | | (2,881) | 3,736 |
| Finance lease liabilities | | (372) | (331) |
| Surrenders to provincial revenue fund | | (5,521) | (4,479) |
| Movement in operating lease | | (184) | 120 |
| Net cash flows from financing activities | | <u>(13,820)</u> | <u>(2,197)</u> |
| Net increase in cash and cash equivalents | | <u>(47,433)</u> | <u>31,662</u> |
| Cash and cash equivalents at the beginning of the year | | 74,812 | 43,150 |
| Cash and cash equivalents at the end of the year | 5 | <u>27,379</u> | <u>74,812</u> |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2014

Budget on Cash Basis
Figures in Rand (thousand)

Statement of Financial Performance

Revenue

| | | | | | | |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| Revenue from exchange transactions | 18,829 | (2,186) | 16,643 | 17,288 | 645 | Note 42 |
| Other grants | - | 9,759 | 9,759 | 8,502 | (1,257) | Note 42 |
| Grants and subsidies | 191,543 | 10,365 | 201,908 | 202,394 | 486 | Note 42 |

Total revenue

| | | | | | |
|----------------|---------------|----------------|----------------|--------------|--|
| <u>210,372</u> | <u>17,938</u> | <u>228,310</u> | <u>228,184</u> | <u>(126)</u> | |
|----------------|---------------|----------------|----------------|--------------|--|

Expenses

| | | | | | | |
|---------------------------|-----------|----------|-----------|-----------|----------|---------|
| Compensation of employees | (110,222) | (1,889) | (112,111) | (111,615) | 496 | Note 42 |
| Goods and services | (100,150) | (16,049) | (116,199) | (149,735) | (33,536) | Note 42 |
| Finance charges | - | - | - | (447) | (447) | |

Total expenditure

| | | | | | |
|------------------|-----------------|------------------|------------------|-----------------|--|
| <u>(210,372)</u> | <u>(17,938)</u> | <u>(228,310)</u> | <u>(261,797)</u> | <u>(33,487)</u> | |
|------------------|-----------------|------------------|------------------|-----------------|--|

Deficit for the year

| | | | | | |
|----------|----------|----------|-----------------|-----------------|--|
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(33,613)</u> | <u>(33,613)</u> | |
|----------|----------|----------|-----------------|-----------------|--|

Reconciliation

Format and classification differences

| | |
|------------------------------------|----------|
| Revenue from exchange transactions | 158 |
| Grants and subsidies | 16,223 |
| Compensation of employees | (2,575) |
| Depreciation and amortisation | (58,818) |
| General expenses | 23,803 |

Actual Amount in the Statement of Financial Performance

| |
|-----------------|
| <u>(54,822)</u> |
|-----------------|

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

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

The Annual Financial Statements were authorised for issue by the Board of Directors on 29 May 2014.

GOING CONCERN ASSUMPTION

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

USE OF ESTIMATES AND JUDGEMENTS

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

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

BASIS OF MEASUREMENT

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost except for certain assets and liabilities which are measured at fair value through profit or loss.

OFFSETTING

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

COMPARATIVE INFORMATION

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

ACCOUNTING POLICIES

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

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 municipality 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.

1.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

RECOGNITION

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

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

MEASUREMENT

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

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

1.3 GAME HELD FOR SALE

Large mammals which are identified through our game census process as being excess game, are classified as "held for sale" and 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.

1.4 INTANGIBLE ASSETS

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

An asset is identified as an intangible asset when it:

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

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

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

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

| Item | Useful life |
|----------------------------|-------------|
| Computer software licences | 3 years |

1.5 INVESTMENT PROPERTY

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

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

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

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

COST MODEL

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

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

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

1.6 HERITAGE ASSETS

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

Assets that qualify for recognition as Heritage are initially measured at cost. Where fair values cannot be determined with reliability due to the absence of a market with willing buyers and sellers for the protected areas, heritage assets are recognised at R1. Heritage assets are not depreciated as they are considered to have an indefinite useful life due to their environmental significance.

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

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

1.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.8 FINANCIAL INSTRUMENTS

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

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

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

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

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

in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CLASSIFICATION

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

| CLASS | CATEGORY |
|-----------------------------|--|
| Trade and other receivables | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |

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

| CLASS | CATEGORY |
|--------------------------|--|
| Trade and other payables | Financial liability measured at amortised cost |

INITIAL RECOGNITION

The entity recognises a financial asset or a financial 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
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal

repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment.

FAIR VALUE MEASUREMENT CONSIDERATIONS

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

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

DERECOGNITION

FINANCIAL ASSETS

The entity derecognises a financial asset only when:

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

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

FINANCIAL LIABILITIES

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

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

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

1.9 LEASES

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

FINANCE LEASES - LESSEE

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

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

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

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

OPERATING LEASES - LESSOR

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

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

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

OPERATING LEASES - LESSEE

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

1.10 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

Useful life is either:

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

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

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

largely independent of the cash inflows from other assets or groups of assets.

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

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

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

1.13 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

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

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

DEFINED CONTRIBUTION PLANS

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

DEFINED BENEFIT PLANS

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

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

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

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

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

1.14 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

PROVISIONS

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.

CONTINGENT LIABILITY

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

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

CONTINGENT ASSETS

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

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

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

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

The ECPTA shall disclose for each class of provisions, contingent assets and liabilities, unless the possibility of any cash flow is remote, at the end of the reporting period a brief description of

the nature of the provision, contingent liability and contingent asset and where practicable, an estimate of its financial effect, an indication of uncertainties relating to the amount or timing of any cash flow and the possibility of any reimbursement.

1.15 BORROWING COSTS

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

1.16 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.

1.17 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.

1.18 CAPITAL RESERVES

Capital reserves consist of:

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

1.19 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 ECTB,
- 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.

1.20 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.

1.21 MERGERS

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 would be 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.

As a direct result of the merger between the ECPB and the ECTB, the ECPTA formulated the policy to account for pre-merger assets based on the requirements of GRAP 107: Mergers where premerger assets are recognised at carrying amounts until such

time that all information, facts and circumstances that existed at merger date are available.

During the measurement period, the ECPTA shall retrospectively adjust the provisional amounts recognised at the merger date to reflect new information that becomes available subsequent to merger. 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.

1.22 SURRENDERS TO PROVINCIAL REVENUE FUND

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

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

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

1.23 INFRASTRUCTURE - WORK IN PROGRESS

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

1.24 KEY MANAGEMENT PERSONNEL

Key management is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity whether directly or indirectly. This comprises of the Board of Directors, Audit Committee, Executive Directors as well as the Legal Advisor of the entity. Transactions between the entity and key management personnel are disclosed in related party disclosures. Compensation paid to key management personnel is included in the disclosure notes.

1.25 COMMITMENTS

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

1.26 BUDGET INFORMATION

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

1.27 GRAP STANDARDS

The Annual Financial Statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB) and 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:

| | |
|---------|---|
| GRAP1 | Presentation of financial statements |
| GRAP2 | Cash flow statements |
| GRAP3 | 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 21 | Impairment of Non-cash generating assets |
| GRAP 23 | Revenue from Non exchange Transactions (Taxes and Transfers) |
| GRAP 24 | Presentation of Budget Information in Financial Statements |
| GRAP 25 | Employee Benefits |
| GRAP 26 | Impairment of cash generating assets |
| GRAP 27 | Agriculture (replaces GRAP 101) |
| GRAP 31 | Intangible assets (replaces Grap 102) |
| GRAP 100 | Non current assets held for sale and discontinued operations |
| GRAP 101 | Agriculture (replaced by Grap 27) |
| GRAP 102 | Intangible assets (replaced by Grap 31) |
| GRAP 103 | Heritage Assets |
| GRAP 104 | Financial Instruments |

OTHER APPLICABLE STANDARDS

IPSAS 20 Related party disclosure

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

The following prescribed standards of GRAP have been issued but are not yet effective as at 31 March 2014. 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 20 | Related party disclosure |
| GRAP 32 | Service Concession Arrangements: Grantor |
| GRAP 105 | Transfers of Functions Between Entities Under Common Control |
| GRAP 106 | Transfers of Functions Between Entities Not Under Common Control |
| GRAP 107 | Mergers |
| GRAP 108 | Statutory Receivables |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand) 2014 2013

2. Inventories

| | | |
|------|----|----|
| Fuel | 50 | 30 |
|------|----|----|

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

3. Trade receivables

| | | |
|----------------------|--------------|------------|
| Trade debtors | 730 | 246 |
| Rent receivable | 630 | 427 |
| Impairment allowance | (264) | (290) |
| | <u>1,096</u> | <u>383</u> |

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 | 574 | 446 |
| Provision for impairment | 51 | 128 |
| | <u>625</u> | <u>574</u> |

4. Other receivables from non exchange transactions

| | | |
|--|------------|--------------|
| UNDP loans receivable (Wild Coast Project) | 58 | 427 |
| Marine and coastal management | - | 61 |
| Debts receivables (staff debts) | 400 | 420 |
| Poverty relief projects | - | 130 |
| Deposits | 497 | 446 |
| Impairment allowance | (360) | (283) |
| | <u>595</u> | <u>1,201</u> |

5. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------------------|---------------|---------------|
| Cash on hand | 60 | 40 |
| Bank balances | 20,198 | 59,931 |
| Other cash and cash equivalents | 7,121 | 14,841 |
| | <u>27,379</u> | <u>74,812</u> |

Other cash and cash equivalents relates to the Wild Coast Project (R1 060 406) and Special Projects (R6 060 554). These bank balances are held by the ECPTA in its capacity as the implementing agent and are ring fenced for application to activities within those projects.

The entity's exposure to interest rate risk including risk to its financial assets and liabilities is disclosed in note 35.

Figures in Rand (thousand)

6. Intangible assets

| | 2014 | | | 2013 | | |
|----------------------------|--------------------|---|-------------------|--------------------|---|-------------------|
| | Cost/ Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost/ Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer Software licences | 3,301 | (1,573) | 1,728 | 3,116 | (467) | 2,649 |

Reconciliation of intangible assets 2014

| | Opening balance | Change in Amortisation estimate | Total | |
|----------------------------|--------------------|---------------------------------------|---------|-------|
| Computer Software licences | 2,649 | 186 | (1,107) | 1,728 |

Reconciliation of intangible assets 2013

| | Opening balance | Additions | Amortisation | Total |
|----------------------------|--------------------|-----------|--------------|-------|
| Computer software licences | 271 | 3,042 | (664) | 2,649 |

7. Property, plant and equipment

| | 2014 | | | 2013 | | |
|-----------------------------|--------------------|---|-------------------|--------------------|---|-------------------|
| | Cost/ Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost/ Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 160 | - | 160 | 160 | - | 160 |
| Buildings | 143,824 | (10,229) | 133,595 | 141,492 | (5,102) | 136,390 |
| Plant and machinery | 4,200 | (2,352) | 1,848 | 3,910 | (1,193) | 2,717 |
| Furniture and fixtures | 16,808 | (7,509) | 9,299 | 16,591 | (3,753) | 12,838 |
| Motor vehicles | 19,264 | (12,068) | 7,196 | 17,408 | (7,041) | 10,367 |
| Office equipment | 7,128 | (4,412) | 2,716 | 6,712 | (2,148) | 4,564 |
| IT equipment | 7,504 | (5,331) | 2,173 | 6,026 | (3,187) | 2,839 |
| Roads and storm water | 330,524 | (196,160) | 134,364 | 318,240 | (165,978) | 152,262 |
| Fencing | 62,884 | (36,578) | 26,306 | 62,884 | (30,340) | 32,544 |
| Building attachments | 2,766 | (1,557) | 1,209 | 2,623 | (784) | 1,839 |
| Electricity infrastructure | 9,714 | (4,471) | 5,243 | 9,714 | (4,228) | 5,486 |
| Sanitation infrastructure | 5,995 | (2,443) | 3,552 | 5,995 | (2,248) | 3,747 |
| Water supply infrastructure | 22,737 | (9,457) | 13,280 | 22,737 | (8,996) | 13,741 |
| Total | 633,508 | (292,567) | 340,941 | 614,492 | (234,998) | 379,494 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

Reconciliation of property, plant and equipment 2014

| | Opening balance | Additions | Depreciation | Total |
|-----------------------------|--------------------|---------------|-----------------|----------------|
| Land | 160 | - | - | 160 |
| Buildings | 136,390 | 2,333 | (5,128) | 133,595 |
| Plant and machinery | 2,717 | 290 | (1,159) | 1,848 |
| Furniture and fixtures | 12,838 | 217 | (3,756) | 9,299 |
| Motor vehicles | 10,367 | 1,856 | (5,027) | 7,196 |
| Office equipment | 4,564 | 417 | (2,265) | 2,716 |
| IT equipment | 2,839 | 1,478 | (2,144) | 2,173 |
| Roads and storm water | 152,262 | 12,282 | (30,180) | 134,364 |
| Fencing | 32,544 | - | (6,238) | 26,306 |
| Building attachments | 1,839 | 143 | (773) | 1,209 |
| Electricity infrastructure | 5,486 | - | (243) | 5,243 |
| Sanitation infrastructure | 3,747 | - | (195) | 3,552 |
| Water supply infrastructure | 13,741 | - | (461) | 13,280 |
| | <u>379,494</u> | <u>19,016</u> | <u>(57,569)</u> | <u>340,941</u> |

Reconciliation of property, plant and equipment 2013

| | Balance as previously reported | Cost restatement | Accumulated depreciation restatement | Additions as previously reported | Disposals | Depreciation previously reported | Depreciation as restatement | Total |
|-----------------------------|--------------------------------------|---------------------|--|--|-------------|--|--------------------------------|----------------|
| Land | 160 | - | - | - | - | - | - | 160 |
| Buildings | 16,733 | 116,804 | 24 | 7,910 | - | (156) | (4,925) | 136,390 |
| Plant and machinery | 4,519 | (804) | (8) | 100 | - | (140) | (950) | 2,717 |
| Furniture and fixtures | 3,418 | 12,902 | (70) | 239 | - | (114) | (3,537) | 12,838 |
| Motor vehicles | 5,948 | 9,563 | (424) | 1,514 | - | (504) | (5,730) | 10,367 |
| Office equipment | 677 | 5,526 | (143) | 603 | - | (59) | (2,040) | 4,564 |
| IT equipment | 3,747 | 1,003 | 414 | 510 | (15) | (1,073) | (1,747) | 2,839 |
| Roads and storm water | 2,496 | 315,744 | (136,637) | - | - | - | (29,341) | 152,262 |
| Fencing | 9,990 | 52,056 | (24,031) | 695 | - | (248) | (5,918) | 32,544 |
| Building attachments | - | 2,623 | (20) | - | - | - | (764) | 1,839 |
| Electricity infrastructure | - | 9,714 | (3,987) | - | - | - | (241) | 5,486 |
| Sanitation infrastructure | - | 5,995 | (2,055) | - | - | - | (193) | 3,747 |
| Water supply infrastructure | - | 22,737 | (8,540) | - | - | - | (456) | 13,741 |
| | <u>47,688</u> | <u>553,863</u> | <u>(175,477)</u> | <u>11,571</u> | <u>(15)</u> | <u>(2,294)</u> | <u>(55,842)</u> | <u>379,494</u> |

Figures in Rand (thousand)

Reclassification of land to heritage assets

The entity adopted GRAP 103: Heritage assets for the first time in 2013. In the prior year, land with a carrying value of R22 990 918 was reclassified from property, plant and equipment to heritage assets as a result of the adoption. The impact of the adoption is a transfer of R22 990 918 from property, plant and equipment to heritage assets.

Pre merger assets

The Eastern Cape Parks and Tourism Agency (ECPTA) was established with effect from 1 July 2010. Various reserves and assets were inherited by the ECPTA from the ECPB and the ECB to assist it in carrying out its mandate of biodiversity conservation and tourism.

The ECPTA accounted for pre merger assets at carrying amount pending the finalisation of the fair valuation of assets. A measurement period of two years post merger is the accepted norm by National Treasury after which the entity is expected to have collected all outstanding information for reporting purposes. The entity obtained approval from National Treasury to extend the measurement period to three years ending 30 June 2013.

During the current year all pre merger assets were fair valued and the opening balances for the prior year have been adjusted accordingly. No property, plant and equipment is pledged as security for any transaction.

8. Heritage assets

| | 2014 | | | 2013 | | |
|------|---------------------|-------------------------------------|-------------------|---------------------|-------------------------------------|-------------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Land | 22,991 | - | 22,991 | 22,991 | - | 22,991 |

Reconciliation of heritage assets 2014

| | Opening balance | Total |
|------|--------------------|--------|
| Land | 22,991 | 22,991 |

Reconciliation of heritage assets 2013

| | Opening balance | Total |
|------|--------------------|--------|
| Land | 22,991 | 22,991 |

Details of heritage assets

Included in the total Heritage assets value of R22 990 945 are various parks that were assigned to the former Eastern Cape Parks Board, with estimated area in hectares as listed below. On assignment land at the various protected areas was not transferred onto the entity's name nor was the entity entitled to dispose of the assets without obtaining permission from the shareholder. There was also no accurate Parks register at the date of transfer. Based on the above information fair values could not be determined with reliability. Where the fair value of protected areas could not be determined, Land was recognised at a nominal value of R1.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

Land purchased by the former Eastern Cape Parks Board to the value of R 22 990 925 was recognised as heritage assets at the fair value of the consideration paid on purchase by the entity.

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

| Reserve | Estimated area in hectares |
|--|----------------------------------|
| Great Fish River Nature Reserve Comprising of Sam Knott and Double Drift Nature Reserves Includes 1,605 hectares with fair value of R5 659 100 | 45,022 |
| Baviaanskloof Nature Reserve Comprising of Baviaanskloof Wilderness Area, Stinkhoutberg and Cockscomb Nature Reserves Includes 18,160 hectares with fair value of R15 533 937 | 211,171 |
| Formosa Nature Reserve | 25,490 |
| Groendal Nature Reserve | 44,877 |
| The Island Nature Reserve | 495 |
| Thomas Baines Nature Reserve | 2,588 |
| Waters Meeting Nature Reserve | 4,217 |
| Tsolwana Nature Reserve | 7,796 |
| Mpofu Nature Reserve Includes 827 hectares with fair value of R1 797 888 | 10,931 |
| Fort Fordyce Nature Reserve | 2,970 |
| East London Coast Nature Reserve | 3,827 |
| Hamburg Nature Reserve | 1,466 |
| Dwesa – Cwebe Nature Reserve | 5,529 |
| Hluleka Nature Reserve | 4,665 |
| Silaka Nature Reserve | 400 |
| Nduli – Luchaba Nature Reserve | 518 |
| Mkhambathi Nature Reserve | 7,736 |
| Ongeluksnek Nature Reserve | 11,540 |
| Oviston Nature Reserve | 1,455 |
| Commando Drift Nature Reserve | 5,746 |
| | 398,439 |

Figures in Rand (thousand)

9. Investment property

| | 2014 | | | 2013 | | |
|---------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | <u>7,100</u> | <u>(533)</u> | <u>6,567</u> | <u>7,100</u> | <u>(391)</u> | <u>6,709</u> |

Reconciliation of investment property 2014

| | Opening balance | Depreciation | Total |
|---------------------|-----------------|--------------|--------------|
| Investment property | <u>6,709</u> | <u>(142)</u> | <u>6,567</u> |

Reconciliation of investment property 2013

| | Opening balance | Depreciation | Total |
|---------------------|-----------------|--------------|--------------|
| Investment property | <u>6,851</u> | <u>(142)</u> | <u>6,709</u> |

Details of property**Unit 2 Amatola business village:**

| | | |
|--|--------------|--------------|
| Transferred to the ECPTA as at 1 July 2010 | <u>1,061</u> | <u>1,061</u> |
|--|--------------|--------------|

Tourism House Phalo avenue:

| | | |
|--|--------------|--------------|
| Transferred to the ECPTA as at 1 July 2010 | <u>5,790</u> | <u>5,790</u> |
|--|--------------|--------------|

Unit 2 Amatola Business Village:

Property consists of an office block and is situated in the Amatola Business Village. The building is currently occupied by the Department of Local Government and Traditional Affairs.

Fair value of the investment property as determined by an independent valuer, TS Ciya (Registration no 4301/2 registered in terms of the Valuers Act No.47 of 2000) is R1,5 million (31 March 2013: R1,4 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, TS Ciya (Registration no 4301/2 registered in terms of the Valuers Act No.47 of 2000) is R7,4 million (31 March 2013: R7,2 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand) 2014 2013

10. Infrastructure work in progress

Work in progress relates to capital projects in progress at year end, from ring fenced Infrastructure funding received by the entity.

| | | |
|--|---------------|--------------|
| Opening balance | 9,675 | 10,735 |
| Additions | 16,259 | 7,143 |
| Transfers to property, plant and equipment | (13,904) | (8,203) |
| | <u>12,030</u> | <u>9,675</u> |

11. Non current assets classified as held for sale

| | | |
|--------------------|---------------|--------------|
| Game held for sale | <u>12,995</u> | <u>9,070</u> |
|--------------------|---------------|--------------|

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

Excess game are identified for sale in the following year and their fair value less estimated point of sale costs is anticipated to be R 12, 995 million (2013: R 9,070 million).

12. Finance lease obligation

| | | |
|---|-----------|------------|
| Minimum lease payments due | | |
| within one year | 54 | 391 |
| in second to fifth year inclusive | <u>32</u> | <u>86</u> |
| | 86 | 477 |
| less: future finance charges | (6) | (25) |
| Present value of minimum lease payments | <u>80</u> | <u>452</u> |
| Present value of minimum lease payments due | | |
| within one year | 52 | 371 |
| in second to fifth year inclusive | <u>28</u> | <u>81</u> |
| | <u>80</u> | <u>452</u> |
| Non-current liabilities | 28 | 81 |
| Current liabilities | 52 | 371 |
| | <u>80</u> | <u>452</u> |

The entity has considered the following leases as significant:

Equipment located in the Mthatha and Queenstown offices is leased from Minolco for a period of three years, with nineteen (19) months remaining at year end. The lease rental for the equipment is R4 555 per month, with no escalation.

| | | |
|----------------------------|------|------|
| Figures in Rand (thousand) | 2014 | 2013 |
|----------------------------|------|------|

13. Trade payables

| | | |
|--|---------------|---------------|
| Trade payables | 12,494 | 11,994 |
| Payments received in advance contract in process | 2,067 | 975 |
| Accrued leave pay | 6,997 | 6,335 |
| Accrued bonus | 7,380 | 5,238 |
| Accrued expense trade | 4,062 | 7,228 |
| | <u>33,000</u> | <u>31,770</u> |

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 35.

14. Other payables

| | | |
|-------------------------------------|------------|--------------|
| Other payables - trade | 25 | 48 |
| Other payables - salaries and wages | 22 | 3 |
| Other payables - SARS | - | 965 |
| Other payables - medical aid | 578 | 498 |
| | <u>625</u> | <u>1,514</u> |

15. Poverty alleviation projects

| | | |
|------------------------------|--------------|---------------|
| Poverty alleviation projects | <u>6,061</u> | <u>10,923</u> |
|------------------------------|--------------|---------------|

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

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.

16. Surrenders to provincial revenue fund

| | | |
|---------------------------------------|----------|--------------|
| Surrenders to provincial revenue fund | <u>-</u> | <u>5,521</u> |
|---------------------------------------|----------|--------------|

This represents monies due for surrender to provincial revenue funds.

17. Wild Coast project

| | | |
|--------------------|--------------|--------------|
| Wild Coast project | <u>1,060</u> | <u>3,941</u> |
|--------------------|--------------|--------------|

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand) 2014 2013

18. Employee benefit obligations

Defined benefit plan

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

An actuarial valuation was performed using generally accepted actuarial principles.

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

| | | |
|--|--------------|--------------|
| Carrying value | | |
| Long service award | 2,413 | 2,354 |
| Medical aid benefit | 2,209 | 2,497 |
| | <u>4,622</u> | <u>4,851</u> |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening balance | 4,851 | 4,036 |
| Benefit paid | (251) | (158) |
| Net expense recognised in the statement of financial performance | 22 | 973 |
| | <u>4,622</u> | <u>4,851</u> |
| Net expense recognised in the statement of financial performance | | |
| Current service cost | 240 | 208 |
| Interest cost | 342 | 335 |
| Actuarial (gains) losses | (560) | 430 |
| | <u>22</u> | <u>973</u> |
| Key assumptions used | | |
| Assumptions used at the reporting date: | | |
| Discount rates used | 8.75% | 7.25% |
| General inflation rate | 6.75% | 5.25% |
| Medical aid inflation rate | -% | -% |

Key assumptions used

Assumptions used at the reporting date:

The discount rate has been determined with reference to market yields at the date of the valuation using the yield curve determined by the Bond Exchange of South Africa.

No illhealth retirement assumption was made and it was assumed that all staff will retire at age 65.

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

Defined contribution plan

ECPTA staff contribute to the Momentum Umbrella Fund. 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.

| | | |
|----------------------------|------|------|
| Figures in Rand (thousand) | 2014 | 2013 |
|----------------------------|------|------|

19. Deferred revenue - grants received

| | | |
|--|---------------|---------------|
| Opening balance | 36,434 | 19,014 |
| Interest earned | 486 | 397 |
| Bank charges | - | (11) |
| Transferred from / (to) grants and subsidies | (16,709) | 17,034 |
| | <u>20,211</u> | <u>36,434</u> |

20. Deferred revenue game held for sale

| | | |
|--------------------|--------|-------|
| Game held for sale | 12,995 | 9,070 |
|--------------------|--------|-------|

21. Revenue

| | | |
|--|----------------|----------------|
| Sale of game, venison and game by products | 8,788 | 12,482 |
| Day tours, entrance fees and hiking trails | 646 | 1,109 |
| Accommodation revenue | 3,546 | 3,370 |
| Rental income | 1,025 | 1,033 |
| Finance income | 1,444 | 1,228 |
| Other income | 1,997 | 1,620 |
| Government grants | 227,119 | 189,562 |
| | <u>244,565</u> | <u>210,404</u> |

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

| | | |
|---|---------------|---------------|
| Sale of game, venison and game by products | 8,788 | 12,482 |
| Day tours, entrance fees and hiking trails | 646 | 1,109 |
| Services rendered. mainly accommodation and camping | 3,546 | 3,370 |
| | <u>12,980</u> | <u>16,961</u> |

22. Accommodation revenue

| | | |
|-----------------------|--------------|--------------|
| Accommodation general | 2,896 | 2,896 |
| Camping | 650 | 474 |
| | <u>3,546</u> | <u>3,370</u> |

23. Other income

| | | |
|--------------------------|--------------|--------------|
| Sundry income | 1,916 | 1,530 |
| Sale of tender documents | 81 | 69 |
| Events income | - | 21 |
| | <u>1,997</u> | <u>1,620</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand) 2014 2013

24. Finance income

| | | |
|---------------------------|--------------|--------------|
| Bank | 1,379 | 1,204 |
| Interest from staff debts | 12 | 21 |
| Interest from debtors | 53 | 3 |
| | <u>1,444</u> | <u>1,228</u> |

25. Grants and subsidies

| | | |
|---|----------------|----------------|
| Transfer payment | 201,908 | 194,905 |
| National Department of Tourism | 3,300 | 4,000 |
| Sector Education and Training Authority (CATHSSETA) | 1,430 | 1,300 |
| South African National Biodiversity Institute | 302 | 224 |
| The Department of Water Affairs and Forestry | 1,410 | 3,592 |
| Marine and Coastal Management (MCM) | 2,060 | 2,575 |
| Transferred from / (to) deferred revenue | 16,709 | (17,034) |
| | <u>227,119</u> | <u>189,562</u> |

26. Personnel related costs

| | | |
|--|----------------|----------------|
| Basic salary | 79,464 | 71,742 |
| Bonus | 9,538 | 7,270 |
| Medical aid - company contributions | 1,901 | 2,711 |
| UIF | 718 | 580 |
| SDL | 94 | 90 |
| Leave pay provision charge | 2,073 | 1,444 |
| Defined contribution plans | 10,612 | 10,083 |
| Travel, motor car, accommodation, subsistence and other allowances | 3,837 | 2,960 |
| Overtime payments | 2,682 | 2,374 |
| Car allowance | 1,203 | 1,455 |
| Other allowances | 953 | 676 |
| Workmen's compensation | 1,115 | 1,235 |
| | <u>114,190</u> | <u>102,620</u> |

27. Finance costs

| | | |
|---------------|-----|-----|
| Finance costs | 447 | 623 |
|---------------|-----|-----|

28. Operating expenses

| | | |
|--------------|--------|--------|
| Advertising | 42,252 | 30,546 |
| Animal Costs | 101 | 662 |

| Figures in Rand (thousand) | 2014 | 2013 |
|--------------------------------------|----------------|---------------|
| Assessment rates & municipal charges | 298 | 199 |
| Auction expenses | 2,095 | 1,798 |
| Auditors remuneration | 2,035 | 3,029 |
| Bank charges | 177 | 172 |
| Board expenses | 2,734 | 2,349 |
| Chemicals | 511 | 468 |
| Cleaning | 739 | 565 |
| Compliance and law enforcement | 1,863 | 498 |
| Computer expenses | 199 | 243 |
| Conferences and seminars | 1,729 | 1,161 |
| Consulting and professional fees | 9,894 | 6,772 |
| Consumables | 575 | 144 |
| Electricity | 3,673 | 3,340 |
| Fines and penalties | 86 | - |
| Fleet | 3,320 | 2,637 |
| Fuel and oil | 830 | 763 |
| Game management | 875 | 1,847 |
| Insurance | 2,114 | 2,155 |
| Internal audit fees | 482 | 604 |
| Lease rentals on operating lease | 8,438 | 6,089 |
| Levies | 123 | 95 |
| Marketing | 1,325 | 1,696 |
| Medical expenses | - | 3 |
| Placement fees | 237 | 168 |
| Postage and courier | 129 | 125 |
| Printing and stationery | 779 | 568 |
| Profit & loss on foreign exchange | 525 | 275 |
| Protective clothing | 38 | 92 |
| Refuse | 50 | 14 |
| Research and development costs | 52 | 132 |
| Royalties and license fees | 662 | 1,233 |
| Security | 872 | 289 |
| Special projects | 4,582 | 4,385 |
| Staff welfare | 463 | 456 |
| Subscriptions and membership fees | 59 | 123 |
| Telephone and fax | 4,303 | 4,126 |
| Tourism development | 2,675 | 393 |
| Training | 1,500 | 1,009 |
| Travel - local | 6,416 | 4,932 |
| Travel - overseas | 1,042 | 215 |
| Uniforms | 82 | 274 |
| | 110,934 | 86,644 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand) 2014 2013

29. Auditors' remuneration

Included in note 28 is External audit fees of: 2,035 3,029

30. Cash (used in) generated from operations

| | | |
|--|-----------------|---------------|
| Deficit | (54,822) | (43,741) |
| Adjustments for: | | |
| Depreciation and amortisation | 58,818 | 58,942 |
| Deficit (profit) on sale of assets | - | (68) |
| Debt impairment | 51 | 128 |
| Movements in employee benefit obligations | (229) | 815 |
| Changes in working capital: | | |
| Inventories | (20) | (1) |
| Trade receivables | (764) | 276 |
| Other receivables from non exchange transactions | 606 | 1,054 |
| Trade payables | 1,230 | 11,969 |
| Other payables | (889) | 535 |
| Deferred revenue - grants received | (16,223) | 17,420 |
| | <u>(12,242)</u> | <u>47,329</u> |

31. Operating leases

Operating leases as the lessee:

| | | |
|-----------------------------------|---|--------------|
| Minimum lease payments due | | |
| not later than one year | - | 3,262 |
| in second to fifth year inclusive | - | 3,997 |
| | - | <u>7,259</u> |

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

Romac Properties CC in Port Elizabeth at number 20, 4th Avenue, Newton Park. The contract was a twenty four (24) months lease ending at 31 March 2014 and a new contract was entered into with effect from 1 April 2014. The rental is R20 520 per month for unit 1 with an escalation to R21 135 for the second year. For unit 2, the rental per month is R5, 130 per month with an escalation to R5, 540 for the second year.

Palgrow Property Investments CC in Queenstown at number 28 Grey Street. The contract was for a period of six (6) months ending at 28 February 2014 and a new contract was entered into with effect from 1 April 2014. The rental per month is R26 619.

Kentia Palm Offices in East London, Erf 5988 in Beacon Bay. The contract was for a period of thirty six (36) months commencing 01 August 2009 whereafter it was on a month to month basis. Notice to vacate the premises was issued by the landlord and the ECPTA vacated on 28 February 2014. The rental per month was R 203 685 with an escalation of ten percent (10 %) per annum.

Rough Diamond Industrial Properties in East London, at number 6, St Marks Road, Southernwood. The contract is on a month to month basis and the rental per month is R 172 908.

| | | |
|----------------------------|------|------|
| Figures in Rand (thousand) | 2014 | 2013 |
|----------------------------|------|------|

Operating leases as the lessor:

| | | |
|-----------------------------------|------------|------------|
| Minimum lease payments due | | |
| not later than one year | 501 | 465 |
| in second to fifth year inclusive | 102 | - |
| | <u>603</u> | <u>465</u> |

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

National Prosecuting Authority (NPA) at Tourism House, in Phalo avenue in Bisho. The contract is a twelve (12) months lease ending at 31 October 2014. The rental is R67,851 per month with an 8% escalation rate on renewal of the lease.

Eastern Cape Department of Education at Island nature reserve in Port Elizabeth. The contract is a sixty (60) months lease ending at 31 March 2014 and was extended for a further sixty (60) months on principally the same terms and conditions as the initial lease. The rental is R2,134 per month.

Eastern Cape Development Corporation (ECDC) at the entity's regional office in Aliwal North. The contract is on a month to month basis and the rental per month is R 1,000.

32. Emoluments

| Non-executive directors 2014 | Directors' fees | Other fees | Total |
|--|--------------------|------------|--------------|
| Ms V Zitumane (Chairperson of the Board) Appointed on 1 June 2012 | 472 | 19 | 491 |
| Mr F Makiwane (Deputy Chairperson of the Board) Appointed on 1 June 2012 | 298 | 1 | 299 |
| Mr A Muir (Board Member) Appointed on 1 June 2012 | 108 | - | 108 |
| Mr S Mgxaji (Board Member) Appointed on 1 June 2012 | 75 | 2 | 77 |
| Mr M Sotshana (Board Member) Appointed on 1 June 2012 | 434 | 4 | 438 |
| Ms T Tsengiwe (Board Member) Appointed on 1 June 2012 | 165 | 15 | 180 |
| | <u>1,552</u> | <u>41</u> | <u>1,593</u> |

2013

| | | | |
|--|--------------|-----------|--------------|
| Ms V Zitumane (Chairperson of the Board) Appointed on 1 June 2012 | 257 | 8 | 265 |
| Mr F Makiwane (Deputy Chairperson of the Board) Appointed on 1 June 2012 | 138 | 2 | 140 |
| Mr A Muir (Board Member) Appointed on 1 June 2012 | 80 | 2 | 82 |
| Ms L Sigcau (Term expired on 31 May 2012) | 12 | 8 | 20 |
| Mr S Mgxaji (Board Member) Appointed on 1 June 2012 | 57 | - | 57 |
| Ms T Putzier (Term expired on 31 May 2012) | 40 | 12 | 52 |
| Mr M Sotshana (Board Member) Appointed on 1 June 2012 | 198 | 1 | 199 |
| Mr E Bergins (Term expired on 31 May 2012) | 66 | - | 66 |
| Ms T Tsengiwe (Board Member) Appointed on 1 June 2012 | 90 | 4 | 94 |
| Mr P Madikiza (Term expired on 31 May 2012) | 52 | 2 | 54 |
| Mr M Rayi (Term expired on 31 May 2012) | 10 | - | 10 |
| | <u>1,000</u> | <u>39</u> | <u>1,039</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

Audit Committee

| 2014 | Emoluments | Other fees | Total |
|--|------------|------------|------------|
| Ms T Mahlati (Chairperson) Appointed on 1 April 2011 | 160 | 5 | 165 |
| Mr D Coovadia (Member) Appointed on 1 April 2011 | 48 | 6 | 54 |
| Mr ZL Fihlani (Member) Appointed on April 2011 | 30 | 2 | 32 |
| | <u>238</u> | <u>13</u> | <u>251</u> |
| 2013 | Emoluments | Other fees | Total |
| Ms T Mahlati (Chairperson) Appointed on 1 April 2011 | 104 | 4 | 108 |
| Mr D Coovadia (Member) Appointed on 1 April 2011 | 32 | 3 | 35 |
| Mr ZL Fihlani (Member) Appointed on April 2011 | 47 | 1 | 48 |
| | <u>183</u> | <u>8</u> | <u>191</u> |

Executive Directors

| 2014 | Salary | Retirement fund contributions | Other contributions | Performance incentive bonus | Total |
|---|--------------|-------------------------------------|------------------------|-----------------------------------|--------------|
| Mr L Rubushe (Chief Executive Officer) | 1,481 | - | 7 | - | 1,488 |
| Mr D Balfour (Biodiversity Conservation) | 1,091 | - | 7 | 145 | 1,243 |
| Mr E Marafane (Destination Tourism) | 953 | 136 | 9 | 138 | 1,236 |
| Ms L Gower (Human Capital Management) | 1,199 | - | - | 178 | 1,377 |
| Ms T Jama (Chief Financial Officer) Resigned on 30 November 2013 | 944 | 90 | 11 | 183 | 1,228 |
| Mr V Dayimani (Operations) | 1,190 | - | 7 | 184 | 1,381 |
| Ms X Mapoma (Legal Advisor and Board Secretary) | 766 | 110 | 15 | 134 | 1,025 |
| | <u>7,624</u> | <u>336</u> | <u>56</u> | <u>962</u> | <u>8,978</u> |
| 2013 | Salary | Retirement fund contributions | Other contributions | Performance incentive bonus | Total |
| Mr L Rubushe (Chief Executive Officer) | 728 | - | 4 | - | 732 |
| Mr S Liebenberg (Interim Chief Executive Officer) term expired on 31 October 2012 | 691 | - | - | 189 | 880 |
| Mr D Balfour (Biodiversity Conservation) | 1,028 | - | 7 | 137 | 1,172 |
| Mr E Marafane (Destination Tourism) | 954 | 127 | - | 252 | 1,333 |
| Ms L Gower (Human Capital Management) | 1,035 | - | - | 146 | 1,181 |
| Ms T Jama (Chief Financial Officer) | 907 | 127 | 1 | 128 | 1,163 |
| Mr V Dayimani (Operations) | 1,204 | - | 8 | - | 1,212 |
| Ms X Mapoma (Legal Advisor and Board Secretary) | 751 | 103 | 17 | 90 | 961 |
| | <u>7,298</u> | <u>357</u> | <u>37</u> | <u>942</u> | <u>8,634</u> |

33. Contingencies

Contingent assets

1. Damage claims:

1.1 ECPTA vs Dompas CC:

The ECPTA is suing to recover the amount it paid to contribute to the music festival which was cancelled. The capital involved amount to R400 000. The legal costs are estimated at R250 000.

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

The ECPTA is suing to recover R2 million it paid as a contribution to host a Soccer Challenge Event in 2010, which failed due to poor attendance. The legal costs are estimated at R250 000.

1.3. ECPTA vs Medbury Farm:

This matter relates to the recovery of animal that crossed over to the neighbouring farm. The ECPTA is demanding the return of the animals, alternatively, payment of the sum of R4 080 000.00 being the reasonable market value of the animals. The legal costs are estimated at R300 000.

Contingent liabilities

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. In terms of the settlement agreements the ECPTA is required to enter into co management agreements with the communities in terms of which the communities are expected to gain some kind of beneficiation. These agreements will have financial implications on the ECPTA once they have been concluded.

1.1 Ongeluksnek:

Claimant verification is underway.

1.2 Hluleka:

The claim has been settled partially.

1.3 Double Drift:

The claim has been settled.

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. The matter was taken to court and the parties are still awaiting the SCA judgment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

1.5 Sam Knott – (Andries Vosloo) Nature Reserve:

Further research conducted to establish the circumstances of dispossession. Claimant verification is underway.

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. Claimant verification was conducted.

1.7 Tsolwana Nature Reserve:

Research and claimant verification in respect of the claim for the Dots, Lilyfontein and Larendse farms is complete. The claim for the Upper Zangqokhwe community was found to be non compliant. Claims were made in relations to portion of the farm Lily Fountain No. 344, Remainder of the farm Magemans Hoek No. 345, Remainder of the farm Magerman's hoek No. 345, Portions 1 & 2 of Farm Donnybrook 349, and Portion 1 of Farm Vrisgewaard No. 350. The claim with the MacDonald family has been settled. The claim with the Phillips family was validated and property valuations were conducted. Negotiations deadlocked and the matter has been referred to court by the claimants.

1.8 Mpofu Nature Reserve:

This claim was researched and validated. Section 42D awaiting Minister's approval.

1.9 East London Coast Nature Reserve:

This claim for farm 1168 is at the claimant verification stage. The claim for farm 274 is at the property valuation stage.

1.10 Dwesa/Cwebe Reserve:

The claim has been settled.

1.11 Mkhambathi Reserve:

The claim has been settled.

1.12 Silaka Reserve:

The claim has been settled.

2. Damage claims:

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

This is a fire claim against the Agency. The capital involved amount to R651 669. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.

2.2 Alibirops 1005 cc t/a Indlovu Thatch vs ECPTA:

This matter relates to a contractual dispute between the Plaintiff and the ECPTA. The capital involved amount to R368 501. The estimated legal costs amount to R631 499.

2.3 Eurodrain Technology (PTY) Ltd vs ECPTA:

This matter relates to a contractual dispute between the ECPTA and the Plaintiff. The total remaining balance amounts to R326 017. The estimated legal costs amount to R120 000.

2.4 M Gogwana vs ECPTA:

This matter relates to a contractual dispute for services rendered between the ECPTA and the Plaintiff. The amount claimed stands at R39 750. The estimated of legal costs amount to R10 000.

2.5 ECPTA vs Coleske Residents:

This is a Resettlement matter which requires a court order. The legal costs are estimated to be in the amount of R200 000.

2.6 ECPTA vs J Ruiters and B Ruiters:

These are eviction matters. Legal costs are estimated at R100 000.

2.7 Ryno Megson vs ECPTA:

This is a claim for personal injuries suffered. The claimant has not quantified his damages.

2.8 ECPTA vs Maya:

This is an eviction matter. The legal costs are estimated to be R5000.

2.9 The State vs Tyabashe:

This is a criminal case due to an incident that took place in 2011. The costs incurred by the ECPTA thus far amount to R32 000.

2.10 Saldosol Investments (Pty) Ltd & Slipknot Investments 777 (Pty) Ltd vs ECPTA:

This is an interdict for office space accommodation. The legal costs paid amount to R695 612.04.

2.11 Fankei Investment vs ECPTA:

This matter relates to a breach of contract. The capital amount involved is R1 532 685.63. The costs are estimated at R300 000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

34. 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 National Department of Tourism (NDT),
- Sector Education and Training Authority (CATHSSETA)
- South African National Biodiversity Institute (SANBI),

1. The National Department of Environmental Affairs (DEA):

The ECPTA is an implementing agent for various projects on behalf of the Department of Environmental Affairs. Funds received up to 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.

A transfer payment to the amount of R201, 908 million was received in the current year. The transfer payment includes an amount of R 5,521 million approved for rollover from the previous financial year. Also an additional amount of R4, 73 million was received for the National Tourism Career Expo (NTCE) in accordance with the agreed agreement with other NTCE partners. In the prior years DEDEAT occupied a building which was assigned to the former ECPB. Rent to the value of R 207 562 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.

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 R118 742 was paid during the year. The balance at year end is R 25 061.

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 R2, 06 million was received from MCM.

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 bio diversity 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 541 717 which included Implementer's fees of R131 891 was received from DWAF.

7. Eastern Cape Development Corporation (ECDC):

The Eastern Cape Development Corporation (ECDC) is a schedule 3D entity under the DEDEAT family of public entities. The ECPTA owns a building in Aliwal North which is currently occupied by ECDC at a rental of R1 000 per month and an amount of R45 000 was outstanding at year end.

8. National Department of Tourism (NDT):

CATHSSETA, a sector education and training authority established in terms of section 9 of the Skills Development Act 1998 is mandated to implement the national skills development objectives that meet the requirements of the national skills development strategy as outlined by the National Department of Higher education and Training. During the year an amount of R1, 43 million was received for the National Tourism Expo and there was no balance outstanding at year end.

10. South African National Biodiversity Institute (SANBI):

The SANBI is responsible for exploring, revealing, celebrating and championing biodiversity for benefit and enjoyment of all South Africans. During the year an amount of R263 532 was received for Biodiversity projects and a further amount of R39 200 for training of interns within the Biodiversity field which this initiative is in line with Government policy of employing young people and giving them the skills which they require to be employable in the market place.

35. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

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.

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.

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.

| | | |
|----------------------------|------|------|
| Figures in Rand (thousand) | 2014 | 2013 |
|----------------------------|------|------|

36. Fruitless and wasteful expenditure

| | | |
|-----------------------------------|------------|------------|
| Opening balance | 102 | 102 |
| Add: Incurred in the current year | 500 | - |
| Less: Amounts condoned | (102) | - |
| | <u>500</u> | <u>102</u> |

The current year expenditure related to a payment made to a service provider for good and services not received. Management is in the process of investigating the fruitless and wasteful expenditure, and a report thereon will be submitted to the board of directors to consider any condonement or further action to be taken. The Board of Directors reviewed the circumstances around the fruitless and wasteful expenditure incurred by the entity in the prior year. All prior year expenditure was condoned by the Board of directors in a meeting held on 19 July 2013.

37. Irregular expenditure

| | | |
|---|---------------|--------------|
| Opening balance | 2,926 | 520 |
| Add: Irregular Expenditure current year | 11,751 | 2,406 |
| Less: Amounts condoned | (2,926) | - |
| | <u>11,751</u> | <u>2,926</u> |

The Board of Directors reviewed the circumstances around the Irregular expenditure of R2,926 million incurred by the entity. All prior year expenditure was condoned by the Board of directors in a meeting held on 19 July 2013.

Details of irregular expenditure current year

| | | |
|---|---------------|--------------|
| Non compliance with Construction industry development board regulations | - | 317 |
| Bids not advertised in government tender bulletin | - | 2,089 |
| Non compliance with Supply Chain Management procedures: | | |
| No / Invalid tax clearance certificate | 4,542 | - |
| Other Supply chain management deviations | 7,209 | - |
| | <u>11,751</u> | <u>2,406</u> |

Management is in the process of investigating the current year irregular expenditure, and a report thereon will be submitted to the board of directors to consider any condonement or further action to be taken.

38. Commitments

| | | |
|------------------------|--------------|---------------|
| Commitments and orders | <u>7,874</u> | <u>36,960</u> |
|------------------------|--------------|---------------|

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

39. Prior period adjustments

1. Prior period errors

1.1 Surrenders to Provincial Revenue Fund

The amount reflected in the 2013 annual financial year has been reduced by R25 570 340 to reflect the amount that was actually surrendered to the Provincial Revenue fund in the current year

1.2 Trade payables

Revenue received in advance:

In the 2013 annual financial year revenue received in advance relating to accommodation services already rendered at year end was not correctly realised as Revenue. This resulted in an overstatement of trade and other payables by R176 609 and a corresponding understatement of Revenue by the same amount. The prior year financial statements have been corrected to reflect the correction where the revenue has now been recognised and the related revenue received in advance reversed.

Accrued expense trade:

In the 2013 annual financial year there was an error to the accrual for workmens compensation in the amount of R1 115 124 which related to the 2014 annual financial year. Operating expenditure to the amount of R1 058 662 was not accrued for in the prior year. The net effect of these errors is R56 463.

Accrued bonus:

In the prior year, the estimated amount for performance bonus at year end was reflected in the annual financial statements as a contingent liability and should have been recognised as a provision. In the prior year, the performance bonus amount of R4 636 378 has now been recognised.

1.3 Trade Receivables

During the annual financial years from 2010 to 2013, there was an error to the accrual of rental income whereby rental income was not recorded. For the financial year ended 31 March 2013, this resulted in the understatement of rental income by R213 936 and the understatement of Trade receivables and Accumulated Surplus by the same amount of R321 719.

1.4 Deferred revenue grants received

The amount reflected in the 2013 annual financial year has been reduced by R18 801 318 to reflect the amount that was approved for roll over by the Provincial Treasury. The amount to be surrendered was recalculated resulting in an adjustment to grants received of R 6 769 022.

1.5 Personnel related costs

An amount of R86 425 in respect of skills development levy was incorrectly allocated to operating expenses (training). In the prior year an adjustment of R688 826 was made to reflect the actual performance bonus for the year.

1.6 Operating expenses

An adjustment of R451 977 relating to expenditure which was not accounted for in the correct period was made in the prior year.

2. Changes in accounting policy adjustments

2.1 Property, plant and equipment

During the current year the provisional amounts for all pre-merger assets were adjusted to reflect the carrying amounts of the assets at the time of the merger. The prior year figures for property, plant and equipment reflected in the annual financial statements have been adjusted by R553 863 423 on the cost amount and R231 317 372 on the amount of accumulated depreciation. This resulted in the adjustment to the carrying amount of property, plant and equipment by R322 546 051. The depreciation for the prior year was restated by R 55 840 881.

Employee benefit obligations

The entity adopted GRAP 25: Employee benefits for the first time in 2014. Refer to note 40. The policy has been applied retrospectively and the impact of the adoption on prior year is an increase in non-current liabilities by R4 851 482.

Personnel related costs and finance costs

During the year, the entity applied retrospectively the adoption of GRAP 25: Employee benefits for the first time and the impact of the adoption on prior year is an increase in finance costs and personnel related costs by R335 284 and R480 270 respectively.

Depreciation and amortisation

During the year, the provisional amounts for all pre-merger assets were adjusted. This has resulted in an adjustment to the prior year figures for depreciation by R56 083 293.

Over all, the correction of the errors and the restatement of amounts resulted in prior year adjustments as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2014

Figures in Rand (thousand)

Statement of financial position

Prior period errors

| | |
|--|----------|
| - Trade receivables | (322) |
| - Surrenders to Provincial revenue fund | (25,570) |
| - Deferred revenue (grants) | 18,801 |
| - Trade payables (revenue received in advance) | (177) |
| - Trade payables (accrued expense trade) | (56) |
| - Trade payables (accrued bonus) | 4,636 |
| - Accumulated surplus | (3,245) |

Changes in accounting policy adjustments

| | |
|---------------------------------|-----------|
| - Property, plant and equipment | (322,546) |
| - Intangible assets | (30) |
| - Employee benefit obligation | 4,851 |
| - Accumulated surplus | 374,809 |

Change in estimates

| | |
|-----------------------|-------|
| - Accumulated surplus | (186) |
|-----------------------|-------|

Statement of Financial Performance

Prior period errors

| | |
|----------------------------------|-------|
| - Revenue (grants and subsidies) | 6,769 |
| - Revenue (accommodation) | 177 |
| - Revenue (rental income) | 214 |
| - Personnel related costs | (775) |
| - Operating expenditure | (452) |

Changes in accounting policy adjustments

| | |
|---------------------------------|----------|
| - Finance costs | (335) |
| - Depreciation and amortisation | (56,083) |
| - Personnel related costs | (480) |
| | - |

40. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new standard.

- GRAP 25: Employee benefits.

The entity adopted GRAP 25: Employee benefits for the first time in 2014.

The policy has been applied retrospectively and the impact of the adoption on prior year is an increase in non-current liabilities by R4 851 482 and an increase in finance costs and personnel related costs by R 335 284 and R 637 780 respectively.

41. Change in estimate

Intangible assets

The useful life of certain intangible assets was revised during the current year because the assets were still in use. The effect of this revision was an increase of R185 405 in the carrying value.

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

The Annual Financial Statements are prepared on an accrual basis of accounting while the budget is on a cash basis. The amounts in the Annual Financial Statements were recast from the accrual to cash basis. A reconciliation between the budget and the actual amounts in the statement of financial performance is presented on a comparable basis in the face of the statement of comparison of budget and actual amounts for the period ended 31 March 2014.

1. Revenue from exchange transactions:

The entity has overcollected revenue on sundry income due mainly to management fee charged on implementation of special projects.

2. Other grants:

The amounts received from The Department of Water Affairs and Forestry and The South African National Biodiversity Institute were less than the amounts budgeted for.

3. Grants and subsidies:

The amount received from DEDEAT was more than the amount budgeted for.

4. Compensation of employees:

The underspending in the budget was due to various vacancies during the year.

5. Goods and services:

The over-spending is mainly attributable to the effects of the roll-over of funds from the prior financial year which were approved by Provincial Treasury and spent in the current year.

+ 27 (0) 43 705 4400

6 ST MARKS ROAD, SOUTHERNWOOD
EAST LONDON, EASTERN CAPE
S O U T H A F R I C A

I N F O @ E C P T A . C O . Z A
V I S I T E A S T E R N C A P E . C O . Z A

ADVENTURE PROVINCE
Eastern Cape
PARKS & TOURISM AGENCY