



Strategic Plan

FOR THE
FISCAL YEARS
2015/16 -2019/20

ADVENTURE PROVINCE
Eastern Cape
PARKS & TOURISM AGENCY



FOREWORD

- ❖ The Eastern Cape Provincial Government has adopted seven strategic priorities for the Medium Term Strategic Framework (MTSF), namely:-
 - Transforming the economy to create jobs;
 - Rural development and food security;
 - Quality education;
 - Better healthcare for all;
 - Fighting crime and corruption;
 - Integrated human settlements and building cohesive communities and
 - Strengthening the developmental state and good governance.
- ❖ As the Executive Authority of the Department of Economic Development, Environmental Affairs and Tourism, as well as of the Eastern Cape Parks and Tourism Agency, the Office of the MEC provides the overall strategic direction for the MTSF Period.
- ❖ Accordingly, the Eastern Cape Parks and Tourism Agency herewith submits the Strategic Plan for the 2015/16-2019/20 in line with Chapter 5 of the Treasury Regulations issued in terms of the PFMA, and in response to the strategic priorities of the Eastern Cape Provincial Government.
- ❖ To this end, the Eastern Cape Parks and Tourism Agency pursues a single strategic goal, namely:-
 - To leverage resources in support of tourism and biodiversity priorities.
- ❖ The top four priorities in meeting this goal over the MTSF period are:
 - Maintain the ECPTA's position as the leading management authority of declared nature reserves in the country
 - Work towards regaining a top-three SA Tourism ranking as a domestic tourism destination for the Province
 - Refine the business model to better integrate scientific services, destination marketing efforts, and infrastructure development for tourism and conservation
 - Intensify efforts to transform the Conservation and Tourism sectors and open both up to mainstream participation by previously disadvantaged individuals
- ❖ ECPTA is confident that success in these priority areas will improve the attractiveness of the ECPTA as an investment option for both Government and Private Sector partners.
- ❖ This plan complies with the requirements of Treasury Regulations 28.3 and 30 issued in terms of the PFMA.
- ❖ As the Executive Authority, I fully endorse this Strategic Plan and the accompanying Annual Performance Plan. I undertake to do all within my powers to assist the ECPTA in realising the four priorities outlined above and detailed in the Annual Performance Plan.



Honourable S Somyo
Member of Executive Council (DEDEAT)



OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Eastern Cape Parks and Tourism Agency under the guidance of the MEC, and with support of Members of the Board and officials from the DEDEAT.
- Takes into account all the relevant policies, legislation and other mandates for which the Eastern Cape Parks and Tourism Agency is responsible.
- Accurately reflects the strategic goal and objectives which the Eastern Cape Parks and Tourism Agency will endeavour to achieve over the period 2015/16 to 2019/20.

Mr S Manxiwa

Acting Chief Financial Officer

Signature: _____



Ms M Savenije

Interim Official responsible for Planning

Signature: _____



Mr V Dayimani

Chief Executive Officer

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Ms V Zitumane

Accounting Authority:

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Approved by:

Honourable S Somyo

Member of Executive Council

Signature: _____



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Part A: STRATEGIC OVERVIEW

1 Vision

Responsible tourism and conservation underpin sustainable development of the Eastern Cape

2 Mission

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

3 Values

The values which support the actions of the ECPTA are:

Respect

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

Integrity

We will conduct our business based on sound moral principles

Responsibility

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

4 Legislative and other mandates

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

4.1 Constitutional Mandate

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

Everyone has the right to:

(b) have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –

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

4.2 Legislative mandates

Relevant Acts	Key Responsibilities
Cape Nature and Environmental Conservation Ordinance (19 of 1974)	The provincial nature reserves in sections of the old Cape Province were declared under this legislation.
Ciskei Conservation Act, 1987 (Act 10 of 1987)	The Eastern Cape is in the process of 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.
Communal Land Rights Act, 2004 (Act 11 of 2004)	Regulates the management of Protected Areas which are under the jurisdiction of Traditional Authorities
Eastern Cape Parks and Tourism Agency Act, 2010 (Act 2 of 2010)	(i) develop and manage protected areas (ii) promote and facilitate the development of tourism in the Province
Marine Living Resources Act, 1998 (Act 18 of 1998)	This is the primary legislation governing the management of marine living resources and is applicable to all Marine Protected Areas
National Building Regulations of South Africa	This legislation governs the building industry and is relevant for all ECPTA infrastructure development projects.
National Environmental Management Act, 1998 (Act 107 of 1998)	This is the national environmental legislation which provides guidance on environmental management as well as the interpretation of Act 2 of 2010
National Forests Act, 1998 (Act 84 of 1998)	This is the primary legislation governing the management of indigenous forests and woodlands. Many state forests have been proclaimed as Forest Nature Reserves in terms of the National Forests Act
National Strategy for Sustainable Development (NSSD)	Defines the strategic imperatives of the South African Government as they relate to the interaction between people, the environment and the economy.
National Tourism Sector Strategy	Contribute to global competitiveness of South African tourism sector through enhanced service levels and responsive product development
National Veld and Forest Fire Act, 1998 (Act 101 of 1998)	This is the primary legislation governing the prevention and control of runaway wild fires. Fire is used as a biodiversity management tool and control of excessive fires is also important for the management of protected areas and prevention of damage to infrastructure
National Water Act, 1998 (Act 36 of 1998)	This is the primary legislation governing the use of water.
NEM: Biodiversity Act (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: Integrated Coastal Management Act, 2008 (Act 24 of 2008)	This is the primary legislation governing the management of the coastal areas and prescribes the management of coastal protected areas
NEM: Protected Areas Act (NEMPAA), 2003 (57 of 2003)	This is the primary legislation governing the management of protected areas and guides the interpretation of Act 2 of 2010
NEM: Waste Management Act, 2008 (Act 59 of 2008)	This is the primary legislation governing the management of waste, including in protected areas
Occupational Health and Safety Act, 1993 (Act 85 of 1993)	This is the primary legislation governing health and safety standards in the context of all work environments.



Relevant Acts	Key Responsibilities
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.
Public Finance Management Act, 1999 (Act 1 of 1999) (as amended)	Chapter 6 of the PFMA applies specifically to Public Entities. It lays out prescripts for the conduct of Accounting Authorities and other officials with respect to fiduciary responsibilities, planning, reporting and conduct.
Tourism Act, 2014 (Act 3 of 2014)	The promotion of responsible tourism practices Provisions for the effective marketing of the province, both domestically and internationally The promotion of quality tourism products and services The promotion of economic growth and development of the sector The establishment of concrete inter-governmental relations to develop and manage tourism
Transkei Environmental Conservation Decree, 1992 (Decree 9 of 1992)	The Eastern Cape is in the process of proclaiming new provincial environmental legislation where the old (pre1994 democracy) ordinances remained relevant. This particular ordinance governs the management of biodiversity conservation areas in the former Transkei
World Heritage Convention Act, 1999 (Act 49 of 1999)	This is the primary legislation governing the management of World Heritage Sites which in the case of the ECPTA it is applicable to the management of the Baviaanskloof section of the Cape Floral Region World Heritage Site.

4.3 Policy mandates

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

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

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

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



During his State of the Province Address on the 27th of June, Premier Masualle committed the Eastern Cape Government to focus on seven strategic priorities:

1. Transforming the economy to create jobs;
2. Rural development and food security;
3. Quality education;
4. Better healthcare for all;
5. Fighting crime and corruption;
6. Integrated human settlements and building cohesive communities and
7. Strengthening the developmental state and good governance

This Strategic Plan is aligned to Priorities 1 and 5, while Priority 7 guides the manner in which the ECPTA conducts its administration and operations. The table below sets out the points of alignment:

Provincial Priority:	ECPTA potential contribution:
1. Transforming the economy to create jobs	<ul style="list-style-type: none"> • Support new entrants and previously disadvantaged product owners in the conservation and tourism industries to operate in the mainstream as soon as possible • Addressing industry blockages (particularly related to red-tape barriers to entry) with relevant stakeholders on a case-by-case basis
5. Fighting crime and corruption	<ul style="list-style-type: none"> • Enhance the Agency’s Anti-poaching and Reserve Security capability • To work with law enforcement / security cluster partners to comply with NEMA • Conduct community engagement and awareness campaigns to encourage responsible resource use and decrease poaching
7. Strengthening the developmental state and good governance	<ul style="list-style-type: none"> • Contribute to the review of the ECPTA Act to incorporate regulations and align / activate the Tourism and Conservation Development Funds • To update / modify the METT index to provide a more dynamic management platform, rather than a post-hoc score only

As a Schedule 3C public entity reporting to the Department of Economic Development, Environmental Affairs and Tourism, the ECPTA contributes to the achievement of the Department’s Strategic Goal: Innovation for Sustainable Development.

4.4 Relevant court rulings

Nil of note

5 Situational analysis

The 2015/2016 financial year is the first year of the new strategic cycle for the ECPTA. This Strategic Plan builds on the foundation laid during the previous Strategic Plan period (2010-2014). During the foundation phase, efforts were geared to increasing the number of visitors to the province, expanding the tourism and bio-diversity asset base, increasing revenue, and ultimately producing positive socio-economic impacts for the people of the Eastern Cape.

National and international developments have in many ways underscored the wisdom of combining the conservation and tourism mandates envisaged by the ECPTA Act of 2010. The international trends towards eco-tourism and environmentally sustainable tourism are complimented by the heightened interest in wildlife conservation, and both are amplified by the reality of climate change. How ECPTA responds to this combination of threats and opportunities will define the success of the Agency.

The situational analysis is approached from external and internal perspectives. This strategic plan captures ECPTA's intention to utilise (internal) strengths to neutralise (internal) weaknesses, seize (external) opportunities, and counteract (external) threats.

5.1 Performance environment (external)

2014 was the United Nations Year for Climate Action. The call was for significant catalysing action by governments, business, finance, industry, and civil society. In responding to this call, the ECPTA has become a key contributor to the climate change discourse in the province. There remains a need to invest in human capital in scientific services to ensure the opportunity presented with regard to resource mobilization for either mitigation or adaptation strategies is not squandered. In so doing, the Agency will be able to be more visible in issues related to holistic development and environmental management within the province.

International tourist arrivals grew by 5% in 2013, reaching a record 1,087 million arrivals, according to the latest UNWTO World Tourism Barometer. Despite global economic challenges, international tourism results were well above expectations, with an additional 52 million international tourists travelling the world in 2013. For 2014, UNWTO forecasts 4% to 4.5% growth - again, above the long term projections.

On the domestic front, by far the greatest reason for travelling to the Eastern Cape is to visit friends and relatives or VFR. This type of tourism limits opportunities for leverage, and does not translate into overall growth of the Tourism sector in the Province. Business and Sports Tourism, on the other hand, present more viable opportunities to grow tourist numbers. The ECPTA's marketing strategy will have to be responsive to these trends and insights.



5.1.1 Opportunities

Provincial Brand

The existence of a clear provincial brand with provincial leadership buy-in provides a secure platform from which to market the Province as a desirable destination. The ADVENTURE PROVINCE brand is ideally suited to the promotion of the diverse cultural and heritage offerings and remarkable natural assets on offer in the Province. It is also well positioned to augment the offerings of neighbouring coastal Provinces, providing potential for a varied and memorable tourist experience.

The Brand itself can be enhanced through the use of available market intelligence to inform product development and tourism promotion. Benefit can also be derived from government investment in infrastructure programmes to enhance access to the province such as the N2 Toll Highway (on the Wild Coast) and Mthatha Airport upgrade.

Technology

Technological advances provide opportunities for the roll-out of technology-assisted research techniques, particularly in the collection of information, monitoring and tracking of priority species. These will be particularly useful in gathering user generated content for scientific data collection.

The utilisation of electronic platforms and social media pose opportunities for improvements in communication with stakeholders.

New Directions

Provincial positioning as an energy hub provides possibilities in alternative energy to support protected areas and for protected areas to generate carbon offsets for infrastructure expansion.

The intensified Government focus on SMME support and cooperatives can be leveraged to accelerate transformation of both the tourism and conservation industries.

External funding

The imminent review of the ECPTA Act to incorporate regulations and activate the Tourism and Conservation Development Funds opens up opportunities to leverage external sources of funding through a viable resource mobilisation strategy.

5.1.2 Threats

Financial stability

The execution of the ECPTA's mandate requires first and foremost the availability of substantial, predictable financial resources.

Numerous recent National and Provincial policy pronouncements and budget speeches have emphasised that fiscal resources are shrinking, and are predicted to continue along this trend for the foreseeable future. Departments and public entities are consistently enjoined to "do more with less". This shrinking resource envelope, combined with inadequate regulations to allow for the retention of agency-generated revenue, poses the most serious threat to the continued success of the ECPTA.

Public perception

The Eastern Cape has been the subject of consistent negative media coverage relating to a wide range of concerns, including reports of poor levels of customer service in the tourism industry; the conduct of public officials; perceptions of rampant crime; the threat of shark attacks; and others. Such negative perceptions are bolstered by inadequate tourism infrastructure, such as a lack of provincial directional and information signs, which result in disappointing tourist experiences in the Province.

While few of these issues are in the control of the ECPTA, they combine to present a negative image of the Province as a destination for both tourism and investment. Damage to the Provincial Brand is a significant threat to the viability of conservation efforts and the growth of the tourism sector, and can only be addressed through coordinated, multi-sectoral collaboration.

Stakeholder Relations

The possibility of such collaboration is, in turn, threatened by the state of relations in both the conservation and tourism sectors. Despite the obvious need for cooperation, both sectors are plagued by mistrust, which occasionally results in antagonism. Key issues here are competition for resources (such as land and revenue) and the stagnation of transformation.

In the conservation sector this manifests in uncertainty relating to current and anticipated land claims, and the reluctance of private land owners to participate in stewardship programmes. Furthermore, it appears that communities that feel marginalised by conservation efforts actively undermine efforts to curtail the threat posed by poaching on the diversity of natural resources in the protected areas.

Competition

Further to the sometimes unsatisfactory stakeholder relations discussed above, competition between state and private participants in the conservation industry may negatively impact on the ECPTA's revenue generation plans. Similarly, the growth of online tourist review sites may negatively impact the relevance of agency owned marketing platforms.

5.2 Organisational environment (internal)

As the Agency's priorities mature, changes to the organisational structure become necessary to ensure greater agility, responsiveness and efficiency. Such changes must be supported by the implementation of a solid business and service delivery model.

The ECPTA remains a trusted partner and implementing agent of the National Department of Environment's Social Responsibility and EPWP programmes. More than 3 000 jobs have been created since the inception of the programmes.

The ECPTA welcomed the President signing the Tourism Act (Act 3 of 2014) towards the end of the 2013-14 year. The medium term strategic framework period will see ECPTA increasingly synergise its efforts with pertinent objectives of the Act:

- The promotion of responsible tourism practices

- Collaboration for the effective marketing of South Africa, both domestically and internationally through South African Tourism (SAT)
- The promotion of quality tourism products and services
- The promotion of economic growth and development of the sector
- Utilisation of concrete intergovernmental relations to develop and manage tourism

5.2.1 Strengths

The following strengths must be utilised to address threats and weaknesses and exploit opportunities:

Internal Capability

ECPTA is endowed with a formidable team of highly regarded and accomplished scientists. It is imperative that efforts are undertaken to retain these highly competent individuals, as the thrust towards an increasingly scientific approach to conservation decision-making is reliant on their contributions. The esteem with which the Agency's scientists are held contributes to the very good relationships and collaboration with the scientific community. Similarly, efforts to retain and enhance the expertise of the Board of Directors will in turn facilitate the ongoing support of the MEC.

The high quality of staff makes good stakeholder engagement, particularly in the area of biodiversity conservation (especially in the national sphere through working groups) possible.

Improving Asset Base

In order for the ECPTA to contribute to attracting tourists to the Province, it is critical that the Agency is able to reliably market quality products. With the amalgamation of the Tourism Board and Parks Board in 2010, the ECPTA was immediately endowed with a potential product base in the form of Provincial Reserves. A concerted effort to upgrade the Agency's tourism asset base over the past three years has begun yielding promising results. With an ongoing infrastructure improvement programme underway, the attractive ecotourism products in the protected areas are increasingly marketable. The Tourism Plans that already exist for some protected areas are central to the Agency's new approach to marketing of "Reserves as Products"

The improving infrastructure base compliments high biological and cultural diversity in the province.

Highly competent management of the Protected Area Estate

Over the past 2 years, the Eastern Cape has out-performed the rest of the country in the management effectiveness of our protected areas. Whereas the METT-SA target has been set at 67 Nationally, ECPTA has already attained a score of 70. This achievement allows ECPTA to confidently claim that the protected areas (reserves) for which it is responsible are managed to world class standards. Efforts to retain this achievement must be pursued in the coming period.

Aligned to the successful management of protected areas is the successful expansion of the protected area estate. The willingness of private land owners to enter into stewardship agreements with the ECPTA is at least partially attributable to the Agency's own track record in

protected area management. A further contributor is the fact that the ECPTA utilises state of the art biodiversity data collection methods that ensure reliable and valid data.

The effective management protected areas has also resulted in natural resources that can be used to benefit communities

5.2.2 Weaknesses

The risk exists that if the weaknesses identified within the Agency are not definitively addressed, many of the gains of the past years could be lost. The list below highlights areas that will attract concerted attention over the MTSF period:

- Ensuring adequate equipment and capacity to effectively protect natural resources
- Establishment of a centralised information management system
- Monitoring of natural resources
- Development, management and protection of institutional knowledge
- Augmentation of project management capacity from planning to execution
- Expanded awareness of funding instruments external to the provincial grant
- Tourism signage for provincial reserves
- Internally generated marketing intelligence
- Marketing and product development strategy
- Access control to reserves

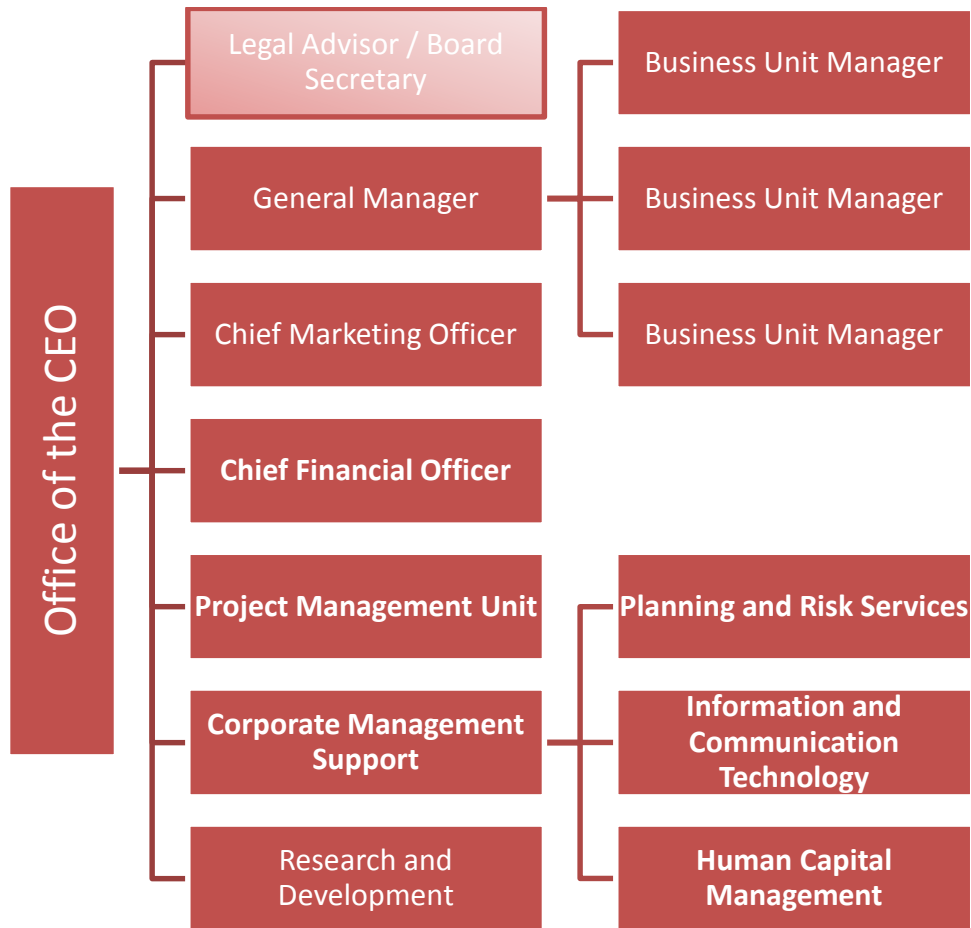


5.2.3 Organisational structure

The existing, approved organisational structure (presented below) will be reviewed to better position the ECPTA to respond to the priorities identified in this plan.



Initial discussions regarding the optimisation of the organisational structure and alignment to the ECPTA’s new strategic direction indicate that the organisation is likely to adopt a more flexible matrix structure using a team approach. The refined structure will formalise the re-orientation of “Reserves as Products”, and require greater integration of the existing departments. The sketch below is an early schematic representation of the approach:



5.3 Description of the strategic planning process

At the close of the 2013/14 financial year, the leadership of the ECPTA identified the need to revitalise the Agency. The requirement for a new strategic plan coincided with the fourth anniversary of the Agency’s establishment, and offered an ideal opportunity to recommit to our mandate, refresh our approaches, and apply the lessons of the past four years.

The process of reviewing the strategic plan began in earnest in late May, although some analysis had taken place internally before then. The Board and Executive Management led the process, which included numerous consultations with and between various stakeholders, most notably:

- The Premier
- The Member of the Executive Council for Economic Development, Environmental Affairs and Tourism
- The Portfolio Committee for Economic Development and Environmental Affairs
- the top management team of DEDEAT, including the Head of Department
- Senior and middle management of the ECPTA
- Provincial Public Entities
- Stakeholder forums

These consultations identified a number of critical issues that have bearing on the future of the “Adventure Province”, the Agency itself, and the execution of the Agency’s mandate. These provided a skeleton for discussion, brainstorming and responses.

The date for the wide-base conference was set according to the MEC’s availability, and took place on the 24th of July 2014. Following addresses from the MEC and the Chair of the Board, 100 participants interrogated 19 distinct issues in 30 workgroups across four sessions. The outcomes of those discussions were recorded by workgroup conveners and further interrogated by conference participants. These were “harvested” the following day by a core team of senior managers. The product of almost two months of discussion, analysis, interrogation, sharing and growing ideas culminated in the Draft Strategic Plan. This was refined during the process of preparing submissions to the Medium Term Expenditure Committee. The final plan is presented here.

6 Strategic Goals of the Eastern Cape Parks and Tourism Agency

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

Strategic Goal	RESOURCE MOBILISATION
Goal statement	To leverage resources for tourism and conservation priorities
Goal purpose	To improve the attractiveness of the ECPTA as an investment option by executing our mandate to the highest possible standards for the entire strategic period
Justification	All indications are that the economic decline of the past four years will take a longer than originally expected time to reverse, and in the meantime the fiscal envelope is shrinking. This puts enormous strain on the ECPTA to continue to achieve its stated purpose of (i) developing and managing protected areas and (ii) promoting and facilitating the development of tourism in the Province. The ECPTA has noted that, in acknowledging the fragile economic outlook for the country, both National and Provincial governments have put an emphasis on the establishment of partnerships to ensure ongoing delivery of mandated services.
Links	<p>This Strategic Goal responds to, and supports:</p> <p>National Outcome 10 ECPG Priorities 1 and 5 SOPA priorities:</p> <ul style="list-style-type: none"> • Positioning the province as the new energy hub of the country • Direct state role in stimulating and directing investment • New infrastructure, such as the Mzimvubu Multipurpose Project • Wild Coast infrastructure: Mthatha Airport and Wild Coast Highway • Construction and maintenance of rural roads • Infrastructure for Heritage sites • Focus of government procurement on local SMMEs and Cooperatives • Skills training in strategic sectors of the economy <p>DEDEAT Strategic Goal</p> <ul style="list-style-type: none"> • Diversified, innovative, equitably inclusive and sustainable economy <p>DEDEAT Strategic Objectives</p> <ul style="list-style-type: none"> • SO1: Improved Organisational Performance Public Entities Accountability Index • SO2: Local Economic participation Number of event partnerships ¹ Number of tourism products supported • SO4: Securing the Provincial conservation status Hectares of land under conservation Provincial protected areas with approved management plans Number of job opportunities created through environmental programmes

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



Part B: STRATEGIC OBJECTIVES

7 Programme 1: Biodiversity Conservation

7.1 Strategic objectives

Strategic Objective 1.1 Biodiversity Decision Support	
Objective statement	To implement a decision support system for biodiversity in the province
Baseline	Consolidation of current mechanisms of knowledge management systems, policies, plans and guidelines.
Justification	<p>In order to execute the mandate as per the ECPTA Act, it is necessary for decisions regarding biodiversity to be scientifically rooted. In order for this ideal to be realised, it is imperative that the flow of data to information to knowledge be clearly understood and implemented.</p> <ul style="list-style-type: none"> • <u>Data</u> gathered during fauna and flora inventories, game censuses and public sightings must be recorded and consolidated • Once data is analysed, it is presented in usable formats as <u>information</u> • Information is then disseminated to those who need it, to augment <u>knowledge</u> • The cycle is closed when knowledge is used to make informed <u>decisions</u> <p>The ECPTA requires a fully operational, complete knowledge management system to appropriately plan and manage biodiversity. The ECPTA will then be in a position to establish a direct relationship between science and the management of protected areas,</p>
Performance Indicator	Biodiversity Decision Support Index

Strategic Objective 1.2 Protected Area System Expansion	
Objective statement	To expand the protected area system by 70 000 hectares by 2019
Baseline	477 400ha
Justification	<p>The current provincial protected area footprint is dispersed in discrete pockets that are, in many cases, inadequate to sustain biodiversity. In order to meet National targets for land under protection, these pockets must be expanded or amalgamated.</p> <p>In addition to the direct management of proclaimed reserves, the ECPTA also enters into co-management agreements with communities that have benefited from successful land claims over protected areas. Further, an increasing number of private land owners enter into stewardship arrangements, which add to the protected area system. Mechanisms to sustain the system must be prioritised. CPAs and Forums are reserve management structures through which ongoing support for stewardship sites could be maintained.</p>
Performance Indicator	Provincial PAES target per annum

7.2 Resource considerations

Currently budgets are declining and staff turnover is increasing, especially amongst more recent appointments. Biodiversity conservation positions are currently falling further behind national benchmarks for scientists and specialists.

7.2.1 Expenditure trends

- Funding for the purchase of land in instances where land owners are reluctant to enter stewardship arrangements is required, but can only be quantified on a case-by-case basis
- Need R10 million p/a minimum (year 1, to escalate at 10% p/a)

7.2.2 Trends in the numbers of key staff

- Scientists/Researchers: 5 Senior Ecologists; 8 Ecologists to support ECPTA reserves (2 – 3 based on site at larger reserves) as well as PA expansion and stewardship sites; a Social Scientist; 12 Technicians (Ecological field work); Tourism / survey specialist; Data capturer; GIS technician
- Specialists / expert advisors (5): Resource Economist / Natural Resource Use Expert; Spatial data specialist; Legal specialist; Systematic Conservation Planner; Communication specialist
- Data Manager
- 2 Conservation Planners
- Environmental planner
- Stewardship Facilitators (5): Unit manager; 4 Facilitators

7.2.3 Trends in the supply of key inputs

To execute the mandated functions of the Department over the coming five years, the Biodiversity Department requires

- 8 vehicles (D/c 4x4);
- Large boat and associated equipment for deep water marine work (estimated at R2 million)
- Gyrocopter

7.3 Risk management

Risk	Mitigation
Inadequate financial resources to support the expansion of the protected area footprint	Lobbying for additional resources from stakeholders; establishing partnerships; leveraging off-set opportunities related to infrastructure expansion programmes (such as the Wild Coast N2)
Inadequate financial resources to support operational functions within the department	Leveraging of additional funds , alternatively scale down capacity to support management
Finding suitable staff (skill scarcity) and staff retention	Improve salaries and working conditions, career-pathing, succession planning
Inadequate ICT infrastructure and restrictive IT policies	Review current ICT policies and encourage innovation
Inadequate decision support and recognition of value of biodiversity leads to poor land use decision making	Better communication and advocacy of biodiversity information

8 Programme 2: Destination Tourism

8.1 Strategic objectives

Strategic Objective 2.1 SA Tourism Ranking	
Objective statement	To ensure that the Province is ranked in the top 3 most-visited destinations in the domestic market by 2020
Baseline	In 2010, SA Tourism ranked the Eastern Cape as the second-most visited destination among domestic tourists. By 2014, the ranking had declined to 8 th .
Justification	<p>The decline in ranking is attributed to three factors:</p> <ol style="list-style-type: none"> 1. Significant resources were directed towards destination marketing and product support in anticipation of the <i>2010 FIFA World Cup</i>. These resources were not renewed thereafter, and in fact diverted to ring-fenced events, with a consequent reduction in both areas of intervention 2. Resource limitations required a choice between domestic and international marketing efforts. The assumption that international tourists would bring more resources to the Province has proven incorrect. 3. Tourism safety is frequently cited as a concern, but has to date not been met by a coordinated, visible effort <p>ECPTA believes that the growth of the domestic market has the potential to drive performance in the global market. This objective is thus aligned to the vision of the National Tourism Sector Strategy which is to position South Africa as one of the top 20 tourism destinations globally by 2020.</p> <p>In line with the provisions of the Eastern Cape Tourism Master Plan, the allocation of resources to product development will increase the attractiveness of the Province as a domestic destination by meet visitor experience demand.</p> <p>Resuscitation of the multi-sectoral tourism safety program, inclusive of improved tourism signage, is a vital intervention in the overall brand-building and tourism marketing approach.</p> <p>To reach new market segments, marketing channels must be expanded to include electronic and social media.</p>
Performance Indicators	SA Tourism (domestic) ranking

Strategic Objective 2.2 Tourism Industry Transformation	
Objective statement	To expand participation of previously disadvantaged business owners in the mainstream tourism industry
Baseline	The provincial tourism industry remains dominated by white-owned businesses and established national and multi-national conglomerates. Tourists and government are loathe to contract with products that are not quality assured, or are not graded at 3-stars or above.
Justification	<p>Despite the development of a self-regulatory charter, the industry has not created opportunities for emerging business on the scale or at the level necessary to change the complexion of the industry.</p> <p>The ECPTA is tasked with contributing to the transformation of the tourism industry. As such, a number of interventions will be revived or introduced over the next 5 years:</p> <ul style="list-style-type: none"> • Establish an incubator approach to supporting emerging businesses, with access to

Strategic Objective 2.2	Tourism Industry Transformation
	<p>business skills development, to facilitate improvement in grading</p> <ul style="list-style-type: none"> • Identify concession opportunities on ECPTA-managed reserves and make these available to “incubated” products • Encourage adherence to the charter through building awareness of the benefits • Incentivise partners in the Joint Marketing Agreements to include successfully graded emerging businesses in the product-mix they offer tourists • Work with Provincial Treasury to revise and enhance procurement guidelines for Eastern Cape Provincial Government (ECPG) Departments in respect of contracting with suitably graded and “incubated” products. This will be a key mechanism for establishing a relationship between product development and market access
Performance Indicator	Provincial tourism transformation index

8.2 Resource considerations

8.2.1 Expenditure trends

Based on spending patterns prior to the *2010 FIFA World Cup*, when tourism enhancement measures were most successful, the Destination Tourism Department requires in the region of R30 million in year 1, increasing at 10% per annum over the MTSF period.

8.2.2 Trends in the numbers of key staff

The following staff complement would be required to deliver on these measures:

2 Tourism Development Specialists	1 Trade and Exhibitions Manager
1 Quality Assurance Manager	1 Registrar
1 Branding and Promotions Manager	1 Database Administrator
4 Regional Quality Assurance Officers	1 Communications and PR Manager
3 E-marketing specialists (Regional)	2 Communications Assistants
6 Tourism Information Officers	1 Marketing Manager
3 Tourism Development Officers	1 Destination Development Manager
3 Events Support Staff	3 Administration Support Officers

8.2.3 Trends in the supply of key inputs

Input requirements include: 1 Bakkie; 1 Sedan; 2 Mobile Visitor Information Centres

8.3 Risk management

Risk	Mitigation
Disjointed organisational structure complicates the marketing of ECPTA reserves	During the review of the organogram, consideration will be given to the establishment of full-service reserve-specific teams empowered to address all issues relating to the marketing of on-reserve products (from infrastructure, to facility management and maintenance, to product quality assurance, etc.)
Unregulated tourism industry	ECPTA will work with relevant stakeholders to establish Provincial Tourism Regulations, and mechanisms for implementation, monitoring and enforcing
Weak relations with external stakeholders	ECPTA will lead the revival of regional tourism forums, issue-specific task teams and multi-sectoral projects to regain stakeholder trust and create a unity of purpose in the industry

9 Programme 3: Operations

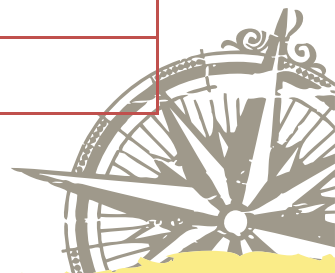
9.1 Strategic objectives

Strategic Objective 3.1 Revenue Growth	
Objective statement	To grow annual revenue generated through on-reserve activities (hospitality and game management) to R22 million by 2019
Baseline	Current level is R13.5 million
Justification	<p>With the shrinking fiscal envelope, the requirement that ECPTA generate own revenue is amplified. In addition, ECPTA is committed to developing, marketing and maintaining reserves as tourism products that can attract visitors and increase the number of tourists visiting the Province.</p> <p>This requires that each reserve is positioned to attract a particular tourist segment with appropriate products, activities and facilities. Reserve-specific activities could include (but not be limited to):</p> <ul style="list-style-type: none"> • Hunting • Environmental education • Game viewing • Adventure activities • Cultural and heritage tourism <p>Such initiatives will be well planned in collaboration with external partners such as LTOs, local communities, private-sector operators and local authorities. Attention will be given to providing opportunities for tourism products “incubated” by ECPTA, while strict quality criteria will be in place and monitored to ensure the integrity of the reserves.</p> <p>It is common cause that in order to achieve these revenue targets, significant investment is required to develop and market on-reserve products. To this end, public-private partnerships and other mechanisms for attracting external funding will be rigorously pursued. In appropriate situations, activities can be extended to neighbouring land, and involve local communities in the delivery of services such as guiding.</p> <p>A new approach to the annual game auction will be explored to regain the market-share lost to rival auctions over the past 2 years.</p> <p>The caveat to generating own-revenue is that regulations to the ECPTA Act must be established to allow for the retention of revenue for the purpose of Tourism Development and Biodiversity Conservation.</p>
Performance Indicator	Own Revenue

Strategic Objective 3.2 Protected Area Management	
Objective statement	To maintain effective management of protected areas in line with national targets
Baseline	70 (exceeds national average)
Justification	<p>South Africa’s system of protected areas is established in the National Environmental Management: Protected Areas Act, 2003 (the Act) and comprises of the following types of protected areas</p> <ul style="list-style-type: none"> - Special nature reserves as declared in terms of section 18 of the Act; - National Parks as declared in terms of section 20 of the Act;

Strategic Objective 3.2	Protected Area Management
	<ul style="list-style-type: none"> - Nature reserves as declare in terms of section 23 of the Act; - Protected environments as declared in terms of section 28 of the Act; <p>In addition the Act recognises the following protected areas as part of South Africa’s system of protected areas</p> <ul style="list-style-type: none"> - World heritage sites as proclaimed in terms of section 1 of the World Heritage Convention Act, 1999; - Marine protected areas declared in terms of section 43 of the Marine Living Resources Act, 1998; - Forest nature reserves and forest wilderness areas declared in terms of section 8 of the National Forests Act, 1998; and - Mountain catchment areas declared in terms of the Mountain Catchment Areas Act, 1979 <p>As a Contracting Party to the Convention of Biological Diversity, South Africa has an obligation to meet the goals set out in the Programme of Work for Protected Areas. The METT-SA is a monitoring tool designed to establish the extent to which South Africa meets this obligation. It is anticipated that a METT assessment is conducted every two to three years.</p> <p>Because the ECPTA wishes to manage the effectiveness of its protected area management on a more regular basis, and because the METT-SA has been identified as weak on the measurement of biodiversity objectives and outcomes, ECPTA will undertake a review of the METT-SA as an instrument, with a view to enhancing it for more immediate feedback at reserve level.</p>
Performance Indicator	METT-SA Score

Strategic Objective 3.3	Reserve security
Objective statement	To comply with relevant legislated prescripts for the security of protected areas
Baseline	The function is under-resourced and dependant on external contributions
Justification	<p>ECPTA is tasked with securing the protected areas under its management. The mandate includes both anti-poaching measures and fire risk management. Due to funding constraints, this aspect of the ECPTA mandate (as it relates to the management of protected areas) is inadequately executed. Reliance is placed on partner agencies for intelligence gathering, rapid response operations, and prosecution (currently there are no regulations linked to ECPTA Act that allow for the imposition of penalties for violations).</p> <p>While activities must always be supplemented and coordinated with key security cluster partners, ECPTA must develop and properly resource law enforcement and management plans at all reserves. Additionally, a policy to guide the establishment and utilisation of an informant network is urgently required.</p>
Performance Indicator	Reserve security index



Strategic Objective 3.4 Provincial conservation transformation	
Objective statement	To expand participation of previously disadvantaged individuals in the game and conservation industries
Baseline	The province currently has no black game farmers in the industry
Justification	Several attempts to transform the game industry over the past 5 years have proved unsuccessful. These efforts were aimed at hunters; the end users. A change of strategy is indicated, and for the next 5 years, ECPTA will focus on encouraging black farmers to become active participants in the game industry. This focus will extend to community co-operatives and farmers of communal land. Attention will be paid to integrating these efforts with those relating to Strategic Objectives 2.2. and 3.1
Performance Indicator	Provincial conservation transformation index

9.2 Resource considerations

9.2.1 Expenditure trends

The current budget trajectory, inclusive of infrastructure grant allocation, must be retained over the next 5 years with an annual 10% increment

Limitations to the Protected Area System are discussed in detail in section 8. Resource requirements relating to land purchases will be dependent on the “willing buyer, willing seller” principle, and can only be quantified on a case-by-case basis

9.2.2 Trends in the numbers of key staff

Staff numbers can be retained at current levels if there is significant investment in the professionalisation and capacitation of existing staff. Qualifications must be linked to mandate execution in respect of management and protection of reserves.

9.2.3 Trends in the supply of key inputs

It is critical that the infrastructure spend relating to reserve and tourism infrastructure is sustained (see 10.2.1 above). Such funding will provide the facilities and equipment necessary to optimise the maintenance of existing and new infrastructure.

9.3 Risk management

Risk	Mitigation
Inadequate financial resources (budget)	Resource mobilisation strategy implemented Off-budget fundraising from external parties Retention of own revenue through Conservation and Tourism Development Funds provided for by the ECPTA Act
Inadequately equipped reserves and personnel to meet the demands of mandate fulfilment as described in the new strategy	Investment in equipment for personnel (personal protective equipment, fleet, tools and equipment)

Risk	Mitigation
New Land Claims	Establish co-management agreements. Combine these with community education and awareness programmes, and involving communities in the planned tourism product incubation programme to ensure communities derive maximal benefit from their involvement in conservation
Fire	Resource all reserves to plan and implement comprehensive fire management strategies
Staff complement	Provide access to training and development to professionalise staff Implement succession plans to address issues related to ageing staff population Recruitment Improve salaries



10 Programme 4: Corporate Management Support

Corporate Management Support currently consists of three departments, namely Executive Office, Finance, and Human Capital Management. Together they are tasked with providing cross-cutting support services to the core departments that ensure the organisation’s ability to meet its mandate. The Information Management and Communication Technology unit, currently located in the Operations Department, also provides cross-cutting services, and is thus included here.

Corporate Management Support services are delivered in a manner that contributes to national outcomes and provincial priorities:

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

10.1 Strategic objective

Strategic Objective 4.1	Organisational Sustainability
Objective statement	To ensure the organisation’s ability to meet its mandate by providing cross-cutting support services
Baseline	Structures and systems for the provision of cross-cutting support services are well established and functional. Successive unqualified audits attest to the maturity of these services. However, because many services rely on technology, and because the operational imperative is to increase the ECPTA’s reach, it is imperative that investment in the maintenance and expansion of the organisation’s ICT backbone be prioritised. Priority will also be given to the ongoing refinement and evolution of policies and procedures relating to ensuring ease of business.
Performance Indicator	Organisational Sustainability Index

10.2 Resource considerations

10.2.1 Expenditure trends

Funds allocated to the Agency are currently inadequate to support the achievement of the mandate. The quantum of revenue generated through other sources has stagnated, and cannot, without regulations to effect the funds provided for in the ECPTA Act, be retained for the furtherance of the mandate.

In the anticipated absence of increased grant allocations, the Agency must increase revenue generation, with a guarantee that this can be retained for Agency work. It must also introduce a raft of cost-saving initiatives.

10.2.2 Trends in the numbers of key staff

The current organogram will not be aligned to the new strategy (contained in this plan), and will therefore be reviewed. There is insufficient capacity to manage and coordinate specialised projects across the organisation. Project management capacity will be developed or recruited in support of the new strategy. The ECPTA undertakes to make every effort to contain personnel-related costs by streamlining its operating model, promoting staff agility and teamwork.

10.2.3 Trends in the supply of key inputs

Equipment

In order to meet the requirements of the new strategy, attention will be given to adequately equipping units and personnel to execute their mandate (Specialist equipment for protected area management, biodiversity conservation and research, hospitality management, tourist product offerings etc.).

Particular attention will be paid to introducing mobile and digital platforms and applications in order to optimise the efficiency and effectiveness of operations.

Facilities

Suitable office accommodation must be obtained for head office, regional and reserve staff

Attention will be paid to procuring safe, eco-friendly and energy efficient accommodation

10.3 Risk management

Risk	Mitigation
Management instability	Appointment and retention of key senior personnel
Financial constraints	A rigorous, integrated revenue generation strategy that is coordinated and implemented by mixed-function teams (Biodiversity Conservation, Destination Tourism and Operations) Conclusion of revision to The Eastern Cape Parks and Tourism Agency Act (No. 2 of 2010) to incorporate regulations and activate the Tourism and Conservation Development Funds
Litigation arising from new land claims	Provide adequate contingency funds to provide required legal support as necessary
Shortage of scarce skills in Province	Expand recruitment processes and consider development programmes
Loss of Agency information through attrition, mis-filing and storage constraints	Centralised ICT infrastructure and systems



Part C: LINKS TO OTHER PLANS

11 Long-term infrastructure and other capital plans

RESERVE	PROJECT	CLASSIFICATION	PROJECTION 2015/16	FUNDED 2015/16	PROJECTION 2016/17	PROJECTION 2017/18
All	Upgrading of BOMAS & Abattoir Facilities	Rehabilitation	3 100 000	3 000 000	3 300 000	
All	Maintenance of Infrastructure	Maintenance	4 000 000		4 500 000	5 175 000
All	ICT Connectivity	New	1 600 000	1 600 000	700 000	805 000
All	Project Management costs	New	1 500 000		1 600 000	1 760 000
All	Energy projects	New	1 500 000	1 000 000	1 800 000	2 070 000
Prioritised	Fencing	New / Maintenance	5 800 000	2 000 000		
All	OHS Priority Projects	Rehabilitation	5 000 000	2 000 000	6 500 000	7 475 000
Sub Total			22 500 000	9 600 000	18 400 000	17 285 000
EASTERN REGION						
Mkambati	Staff Accommodation Upgrade (including electricity and water reticulation)	Rehabilitation	150 000			
Hluleka	Fencing (Hluleka 5km, Luchaba 6km)	New	950 000			
Hluleka	Building (Complete buildings at Hluleka & Silaka. Picnic & hiking trail sites upgrades)	New	500 000			
Hluleka	Civils (Silaka and Hluleka)	New	800 000			
Eastern Region	Buildings	New	1 000 000		1 200 000	1 225 125
Eastern Region	Civils	New	750 000		900 000	476 438
Eastern Region	Roads rehabilitation	Rehabilitation	4 200 000		3 300 000	2 041 875
Eastern Region	Fencing	Maintenance	950 000		1 200 000	1 701 562
Sub-total			9 300 000		6 600 000	5 445 000

RESERVE	PROJECT	CLASSIFICATION	PROJECTION 2015/16	FUNDED 2015/16	PROJECTION 2016/17	PROJECTION 2017/18
CENTRAL REGION						
Dwesa	Additional 5 chalets	New	5 500 000			
EL Coast	Civils (Kiwane, Mtiza, Hamburg and Kwelera)	New	700 000			
Kiwane	Picnic/camping site upgrade	Rehabilitation	500 000			
Kiwane	Water connection	New	100 000			
Tsolwana	Conference facility	Rehabilitation	3 000 000	3 000 000		
Central Region	Buildings	New	1 800 000		2 500 000	2 259 563
Central Region	Civils	New	850 000		950 000	4 017 000
Central Region	Roads rehabilitation	Rehabilitation	3 000 000		4 800 000	627 656
Central Region	Fencing	Maintenance	1 400 000		1 500 000	3 138 281
Sub-total			17 950 000	3 000 000	9 750 000	10 042 500
WESTERN REGION						
Western Region	Roads rehabilitation	Rehabilitation	4 100 000		5 500 000	8 706 429
Western Region	Fencing	Maintenance	1 400 000		1 650 000	3 482 571
Western Region	Buildings	New	900 000		1 100 000	
Western Region	Civils	New	2 500 000		3 700 000	
Sub-total			8 900 000		11 950 000	12 189 000
TOTAL			52 850 000	12 600 000	46 700 000	44 961 500



12 Materiality / Significance Framework



MATERIALITY / SIGNIFICANCE FRAMEWORK

Framework	Materiality/Significance Framework
Version	FIN025
Applicability	ECPTA Employees
Contact Person	Chief Financial Officer
Status	
Date of Approval	
Date last amended/review	September 2014
Related Policies	None
Legal Framework	Public Finance Management Act (PFMA) National Treasury Regulations

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1. Abbreviations and glossary of terms

The following abbreviations and terms are used in this document:

Abbreviation	Description
ECPTA	Eastern Cape Parks and Tourism Agency
PFMA	Public Finance and Management Act, No. 1 of 1999 as amended by Public Finance Management Amendment Act, No.29 of 1999
NTR	National Treasury Regulations of March 2005 issued in terms of the PFMA
Accounting officer / CEO	Chief Executive Officer
CFO	Chief Financial Officer



MATERIALITY / SIGNIFICANCE FRAMEWORK

2. PURPOSE

The purpose of this framework is to establish guidelines which will assist the executive authority in applying the concept of “significant” and “material” in the performance of their duties.

3. BACKGROUND

This document was developed to give effect to the March 2005 amendment to the Treasury Regulations (TR), whereby the following requirement was placed on public entities:

TR-Section 28.3.1 - *“For purposes of material [sections 50 (1) and 55 (2) and of the Public Finance Management Act (PFMA)] and significant [section 54 (2) of the PMFA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority”.*

TR-Section 29.1.1(f) - *“The corporate plan must cover a period of three years and must include (f) a materiality/significant framework, referred to section 28.3.1”*

TR-Section 30.1.3 (e) - *“The strategic plan must include the materiality/significant framework, referred to section 28.3.1”.*

SAAS 320.03 defines materiality as follows:

“Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a



threshold of cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

Accordingly we will be dealing with this framework under two main categories, being quantitative and qualitative aspects. The policy set out hereunder will be appropriately presented in the annual report as required.

4. QUANTITATIVE ASPECTS

MATERIALITY / SIGNIFICANCE LEVEL

Different levels of materiality can be set for different classes of transactions. We have however taken the approach of setting a more conservative materiality level that will be used for all classes of transactions.

As there are no authoritative pronouncements on how materiality should be assessed in quantitative terms, we have decided to use the approach whereby a percentage of a key figure in the Annual Financial Statements is used.

Our quantitative materiality /significance levels are set as follow based on the recent Audited Annual Financial Statements:

Element of the Audited Annual Financial Statements	Percentage applicable against the rand value
Total Assets	1-2%
Total Revenue	1/2-1%

Note the upper range will be used; this is based on the practice note issued by National Treasury in terms of section 54 of the PFMA

In determining the said materiality values, we also took cognisance of the following factors:

- Nature of Eastern Cape Parks and Tourism Agency (ECPTA) business.



- Statutory requirements applicable to the ECPTA.

The ECPTA, which receives its major funding as a transfer under Vote 9, has been listed in the Public Finance Management Act (PFMA), (Act 1 of 1999 as amended) as a Schedule 3C Public Entity. We accordingly decided to give preference to a higher level, due to the ECPTA being so closely governed by various acts and the public accountability responsibility it has to stakeholders.

- The control and inherent risks associated with the ECPTA.

In assessing the inherent and control risks of the ECPTA, and concluding that a materiality level of 2.5% of Total Revenue can be used, cognisance was given to the following issues:

- Proper and appropriate governance structures have been established;
- An audit committee that closely monitors the control environment of ECPTA, has been established;
- The function of internal audit has been established and has been outsourced ;
- The internal control department within finance department
- A three year internal audit plan, based on annual risk assessments being performed, will be annually reviewed and agreed upon by the Audit Committee;
- The function of financial management and administration is being performed by ECPTA employees;
- The result of recent internal audit reports highlighted that there are no material risks that are not in the process of being addressed.



4.1 QUALITATIVE ASPECTS

Materiality is not merely related to the size of the entity and the elements of its financial statements but also to the nature and impact of certain transactions. Obviously, misstatements that are large either individually or in the aggregate may affect a “reasonable” user’s judgment.

However, misstatements may also be material on qualitative grounds. These qualitative grounds include, amongst other:

- New ventures that the ECPTA has entered into;
- Unusual transactions entered into that are not of a repetitive nature and are to be disclosed purely due to the nature thereof and due to the knowledge thereof affecting the decision making of the user of the financial statements;
- Transactions entered into that could result in reputation risk to ECPTA;
- Any fraudulent or dishonest behaviour of an officer of staff of the ECPTA;
- Any infringement of ECPTA’s, agreed performance levels;
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations).

4.2 DISCLOSURE

This materiality framework will be disclosed in the ECPTA’s Annual Business Plan.

5. OTHER RELATED POLICIES

None

6. REVIEW OF FRAMEWORK

This framework must be reviewed at least every three years or earlier if need is identified.



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