



CapeNature

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ANNUAL REPORT

2017/2018

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FRONT COVER PHOTOS:

Main: Limietberg

Kids: Grootvaderbosch

Buck: Scott Ramsay, De Hoop Nature Reserve

Fish: Clanwillian redfin

Flower: Rupert Koopman.- Dorotheanthus clavatus



Grootvadersbosch Nature Reserve - Red Wood Forest (World Heritage Site)



PART A
GENERAL INFORMATION

I. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Western Cape Nature Conservation Board
REGISTRATION NUMBER (if applicable):	N/A
PHYSICAL ADDRESS:	PGWC Shared Services Centre Cnr Bosduif and Volstruis Streets Bridgetown 7764
POSTAL ADDRESS:	Private Bag X29 Gatesville 7766
TELEPHONE NUMBER/S:	+27 21 483 0000
FAX NUMBER:	+27 21 483 0070
EMAIL ADDRESS:	info@capenature.co.za
WEBSITE ADDRESS:	www.capenature.co.za
EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	Nedbank
COMPANY / BOARD SECRETARY:	Not applicable

2. LIST OF ABBREVIATIONS/ACRONYMS

CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFR	Cape Floristic Region
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DEA	Department of Environmental Affairs
DEA&DP	Department of Environmental Affairs and Development Planning
EPWP	Expanded Public Works Programme
FTE	Full Time Equivalent
GG	Government Garage
GMT	Government Motor Transport
HR	Human Resource
ICT	Information, Communication and Technology
METT	Management Effectiveness Tracking Tool
NBSAP	National Biodiversity Strategy and Action Plan
NEMA	National Environmental Management Act
PAMP	Protected Area Management Plan
PFMA	Public Finance Management Act
SMME	Small Medium and Micro Enterprise
WCNCB	Western Cape Nature Conservation Board

3. FOREWORD BY THE CHAIRPERSON



It is indisputable that biodiversity provides essential goods and services, such as food, medicine, raw materials, clean air, drinkable water, waste disposal and climate regulation, to human beings. However, the task of managing biodiversity conservation in the Western Cape remains perplexing and requires a substantial amount of team effort.

Increasingly, and given the fluctuation in the regional rainfall and temperature patterns that we are currently experiencing, water security is compromised. Poor water quantity and quality pose increasing environmental and socio-economic risks in the Western Cape. Factors that exacerbate the drought include climate change, population growth, increased water pollution, and the state of water infrastructure and management. All of these contributed to the lowest dam levels the Western Cape experienced over the past year. This predicament requires innovative ways of thinking about water resource management in the province. One of the contributions from CapeNature in alleviating the water shortage in the Western Cape is the clearing of invasive alien species specifically in the water catchment areas. Whilst water augmentation processes such as desalination and accessing ground water are seen to be the preferred solutions to increasing water yield, there are suggestions that the clearing of invasive alien species, particularly in water catchment areas, is likely to provide a proportionally higher yield of water, at a lower cost. The method of clearing invasive alien species from key water catchment areas will also result in job creation for communities surrounding these areas, which could have a positive impact on the local economy and bodes well for biodiversity. This is also likely to be a more sustainable solution to contribute to water security.

CapeNature continues to be a stable entity with strong governance. I am happy to report that, in addition to fulfilling its conservation mandate, CapeNature is now uniquely positioned to add greater value to economic development within the province. We are already seeing these rewards in economic activities through several upgraded tourism facilities that have boosted revenue generation for the entity. The increased revenue has been earmarked for activities that will further contribute to the entity's conservation mandate.

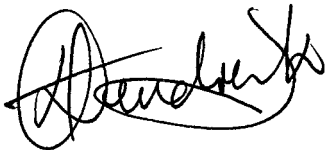
Various conservation agencies, partners and government departments such as the National Department of Environmental Affairs, and the Provincial Department of Environmental Affairs and Development Planning, contributed to the entity in fulfilling its mandate in areas such as youth development, job creation and the support of local small emerging enterprises.

I thank Ms Merle McOmbring-Hodges whose term as Chairperson ended on 28 February 2018. Her leadership assisted with the strengthening of CapeNature's positioning as a competent conservation authority. The term of three long-standing Board members also came to an end and I express my gratitude to Adv. Mandla Mdludlu,

Mr Danie Nel and Dr Bruce McKenzie for their contribution towards the growth of CapeNature. In addition, the term of two independent audit committee members, Ms Rozan Jaftha and Ms Marguerite Bond-Smith, also came to an end. I thank them for their input and guidance to ensure good governance.

In March 2018, CapeNature welcomed two new Board members namely Prof Gavin Maneveldt and Ms Marguerite (Kiki) Bond-Smith. Prof Maneveldt was also nominated as Vice-Chairperson. The two new independent members appointed are Ms Nirvani Dhevcharan and Mr Burton Van Staaden.

Finally, the integrity of the budget and the consequent delivery of the entity's strategic objectives remain the responsibility of the CEO and her team of Executive Directors. Collectively they steered the entity from strength to strength this past year. An organisation is only as effective as the staff and their degree of commitment. I can state with assurance that CapeNature's staff is committed to their roles and responsibilities. This is evident when individuals willingly address what needs to be done, even in the face of personal danger and potential human tragedy. We take this moment to honour those who have made the supreme sacrifice for a cause that ultimately benefits posterity.



Associate Professor Denver Hendricks

Chairperson of the Western Cape Nature Conservation Board

CapeNature

August 2018

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



OVERVIEW

The good governance practised at CapeNature resulted in another unqualified audit outcome during the 2017/18 period. In the audit opinion, the culmination of all the governance initiatives introduced during previous financial periods resulted in CapeNature achieving 100% of the Pre-Determined Objectives. Delivery of the strategic objectives, however, cannot be accomplished without the efforts and hard work of the staff.

The conservation estate that comprises the total hectares of land surface area of the Western Cape managed by CapeNature, has increased by a further 11 182.8Ha for the period under review, bringing the total estate to 974 866.8Ha.

In the management of the Protected Area Estate CapeNature applies the Management Effectiveness Tracking Tool (METT) to monitor and assess how well nature reserves are managed in conserving biodiversity. Protected area achievements are measured against set objectives in accordance with the Norms and Standards prescribed under the National Environmental Management: Protected Areas Act (NEM:PAA). A METT score of 67% (and above) is the minimum required level of effective management, with CapeNature overachieving with a score of 94%.

During the period under review, the entity has generated 552 employment opportunities for Full Time Equivalents (FTEs), against a target of 450. Most of the FTEs come from communities in close proximity to the nature reserves. Hence, CapeNature is providing job opportunities to some of the most vulnerable communities in the Province.

For a third consecutive year, despite the economic downturn, the tourism revenue generated by the entity exceeded its target. It grew year on year by 17% from R34 413 088 (restated 2017) to R40 283 036 (year under review), thus allowing for more resources to be earmarked for conservation operational requirements.

Various ICT projects were initiated to improve operational systems. The biggest of these is the network expansion project, which resulted in connecting a total of 42 sites, including most nature reserves, to a single network. At 80% completion of the connectivity project, efficiencies are evident in the areas of human resource management and financial administration.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

CapeNature's total revenue generated amounted to R364 million for the period under review. In this regard, R274 million was received from the Department of Environmental Affairs and Development Planning (EADP) and the remaining funds were generated from other funders and own revenue streams.

Revenue generated from own revenue streams such as tourism, licences and permits as well as interest received, exceeded projections by R20.5 million (56%) with tourism activities being the biggest contributor (R12.6 million). The improved performance attained through tourism activities is attributed to the upgrading of accommodation facilities and reserves, and the hosting of outdoor adventure events within reserves.

SPENDING TRENDS OF THE PUBLIC ENTITY

The entity spent 95% of its total budget on the accrual basis (and 93% on the cash basis). Over the past three years there has been an improvement in expenditure from 89% to 95% against the budget. The entity's year on year operating expenditure patterns increased from R284 million in 2015/16 to R313 million 2016/17 and to R328 million in the 2017/18 financial year.

The total expenditure of the entity was below budget by R19 million on the accrual basis and this was due to procurement delays on capital infrastructure projects commitments. Cost containment initiatives resulted in savings on consultants of R1.4 million.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

Notwithstanding the slowdown in economic growth in South Africa as a whole, the levels of operations in the entity has been sustained over the MTEF.

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

None of CapeNature's programmes were discontinued during the period under review as they remained relevant, interrelated and aligned to both national and provincial priorities. Furthermore, in recognition of the importance of support functions responsible for ensuring governance, compliance and sustainability of own revenue streams, no units were discontinued.

NEW OR PROPOSED ACTIVITIES

No new activities were implemented.

SUPPLY CHAIN MANAGEMENT

All concluded unsolicited bid proposals for the year under review

No unsolicited bids were received for the year under review.

Whether Supply Chain Management (SCM) processes and systems are in place

The entity maintained effective Supply Chain Management systems, except for instances where the Construction Industry Development Board (CIDB) regulations were not adhered to, thus resulting in Irregular Expenditure.

Challenges experienced and how they will be resolved

Protective clothing needs to be procured for staff on a regular basis. The revised Preferential Procurement Policy Framework Act (PPPFA) regulations has brought in stricter requirements when procuring goods. A minimum percentage of the materials of the goods must be manufactured locally. Many of the protective clothing goods such as fire proof garments and boots are not manufactured locally. Engagements were held with Provincial Treasury as well as the National Department of Trade and Industry to overcome this challenge. The implementation of these regulations has impacted negatively on the entity's ability to procure protective clothing timeously and efficiently.

Audit report matters in the previous year and how they would be addressed

There were no audit report matters in the previous year.

Outlook / Plans for the future to address financial challenges

To ensure sound financial management practices, CapeNature will continue to implement stringent control measures. This includes conducting monthly financial reviews to monitor financial performance.

The entity endeavoured to improve the performance of own revenue streams within a resource constrained environment. Adherence to cost containment measures, reprioritisation and identifying trade-offs are on-going considerations. The entity further strives to redress the imbalance between personnel and operational funding, through vacancy management. Any savings that are realised from personnel expenditure are utilised in the operational expenditure.

Events after the reporting date

A section 3 notice of a possible future fire claim in the Knysna area was served on CapeNature. Investigations are ongoing. The case of MTO vs. CapeNature was withdrawn by the claimant.

ECONOMIC VIABILITY

CapeNature is affected by pressures on the fiscus, and several measures were implemented to mitigate these pressures. The entity continued to implement austerity measures prescribed by National Treasury, while remaining committed to contributing to sustainable growth and job creation.

The entity endeavours to practise acceptable financial and administrative principles that are in line with all the relevant legislative prescripts.

ACKNOWLEDGEMENT/S OR APPRECIATION

I acknowledge, with gratitude, the guidance received from the Western Cape Nature Conservation Board, in particular, the preceding Chairperson, Ms Merle McOmbring-Hodges, and the current Chairperson, Associate Professor Denver Hendricks.

I would also like to thank the Standing Committee of the DEA&DP for their recommendations and encouragement. Support has also been readily available from other departments, both national and provincial. I am further grateful to DEA&DP for their ongoing valued support.

My final thank you goes out to all CapeNature staff for their hard work and dedication during the period under review.



Dr Razeena Omar

Chief Executive Officer

CapeNature

August 2018

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

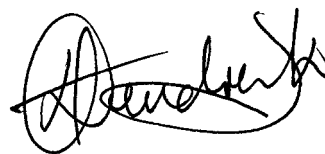
- All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General of South Africa.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the General Recognised Accounting Practice 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, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- 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 2018.

Yours faithfully



Chief Executive Officer
Dr Razeena Omar
August 2018



Chairperson of the Board
Associate Professor Denver Hendricks
August 2018

6. STRATEGIC OVERVIEW

6.1. Vision

Conserving nature for a sustainable future.

6.2. Mission

To manage, conserve and promote our human, natural and heritage assets through best practice, access, benefit sharing and sustainable use.

6.3. Values

CapeNature strives to create a work environment that nurtures people and motivates a high level of performance in putting people first through implementing the **Batho Pele** principles. The following are our core values:

VALUES	BEHAVIOUR
Customer Service	We endeavour to take care of the needs of our internal and external customers by providing professional, high quality service and assistance.
Accountability	We encourage staff to take responsibility for their actions and outcomes.
Respect	We strive to treat people with care and courtesy, having a high regard for their wellbeing.
Ethics	We embrace environmental ethics in all we do and conduct ourselves in a moral and ethical manner.

7. LEGISLATIVE AND OTHER MANDATES

7.1. Constitutional mandates

CapeNature is a Schedule 3C public entity responsible for nature conservation in the Western Cape. It discharges this mandate in terms of Schedule 4 of the Constitution of the Republic of South Africa, 1996 which sets out functional areas of concurrent national and provincial legislative competence.

7.2. Legislative mandates

CapeNature is the executive arm of the Western Cape Nature Conservation Board (WCNCB), established in terms of the Western Cape Nature Conservation Board Act, 1998 (Act 15 of 1998) as amended. The Act has three general objectives:

- a) Promote, ensure and enhance biodiversity conservation and related matters within the framework of sustainable development;
- b) Render services and provide facilities for research, education and awareness in connection with biodiversity and related matters in the Province; and
- c) Generate income, within the framework of any applicable policy determined by the responsible Minister of the Provincial Cabinet.

CapeNature works towards these objectives by implementing the mandate and functions which are derived from the Nature Conservation Ordinance, 1974 (Ordinance 19 of 1974), as amended.

The following are the key international conventions, and national and provincial statutes that are **relevant to the implementation of the mandate of nature conservation**, and include all amendments to these acts and ordinances and any regulations promulgated thereunder. Note that the list below excludes all other relevant legislation which public entities as employers, implementers of government mandates, and managers of public finance are subject to.

International Conventions, Protocols and Policies:

- Bonn Convention on the Conservation of Migratory Species of Wild Animals
- Convention on Biological Diversity
- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- Convention on Wetlands of International Importance especially as Waterfowl Habitat
- United Nations Framework Convention on Climate Change and the Kyoto Protocol
- United Nations Convention on the Law of the Sea
- International Union for Conservation of Nature
- Convention concerning the Protection of the World Cultural and Natural Heritage
- World Tourism Organisation
- Intergovernmental Oceanographic Commission
- International Whaling Commission
- United Nations Educational, Scientific and Cultural Organisation Man and Biosphere Programme

National Legislation:

The following are the key National Legislation **relevant to the implementation of the mandate of nature conservation** and include all amendments to these acts and any regulations promulgated thereunder:

- Civil Aviation Act, 2009 (Act 13 of 2009)
- Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983)
- Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- Construction Industry Development Board Act, 2000 (Act 38 of 2000)
- Criminal Procedure Act, 1977 (Act 51 of 1977)
- Disaster Management Act, 2002 (Act 57 of 2002)
- Environmental Conservation Act, 1989 (Act 73 of 1989)
- Forest Act, 1984 (Act 122 of 1984)
- Marine Living Resources Act, 1998 (Act 18 of 1998)
- Minerals Act, 1991 (Act 50 of 1991)
- Mountain Catchment Areas Act, 1970 (Act 63 of 1970)
- National Environmental Management Act, 1998 (Act 107 of 1998)
- National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004)
- National Environmental Management: Integrated Coastal Management Act, 2008 (Act 24 of 2008)
- National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003)
- National Environmental Management: Waste Act, 2008 (Act 59 of 2008)
- National Forests Act, 1998 (Act 84 of 1998)
- National Heritage Resources Act, 1999 (Act 25 of 1999)
- National Monuments Act, 1969 (Act 28 of 1969)
- National Veld and Forest Fire Act, 1998 (Act 101 of 1998)
- National Water Act, 1998 (Act 36 of 1998)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Sea Birds and Seals Protection Act, 1973 (Act 46 of 1973)
- Seashore Act, 1935 (Act 21 of 1935)
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
- World Heritage Convention Act, 1999 (Act 49 of 1999)

Provincial Legislation:

The following are the key provincial legislation **relevant to the implementation of the mandate of nature conservation** and include all amendments to these acts and ordinances and any regulations promulgated thereunder:

- Constitution of the Western Cape, 1998 (Act 1 of 1998)
- Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985)
- Nature Conservation Ordinance, 1974 (Ordinance 19 of 1974)

- Western Cape Land Administration Act, 1998 (Act 6 of 1998)
- Western Cape Nature Conservation Board Act, 1998 (Act 15 of 1998)
- Western Cape Nature Conservation Laws Amendment Act, 2000 (Act 3 of 2000)
- Western Cape Planning and Development Act, 1999 (Act 7 of 1999)
- Land Use Planning Act, 2014 (Act 3 of 2014)

New legislation and potential impacts:

The following legislation is either new or pending and it is envisaged that this legalisation will impact on CapeNature:

- National Environmental Management Laws Amendment Bill, 2017
- Threatened or Protected Species Regulations, 2007
- National Environmental Management: Biodiversity Act Amendment Bill, 2018
- Western Cape Biodiversity Bill, 2018
- Protection of Personal Information Act, 2013 (Act 4 of 2013)

7.3. Policy mandates

Beyond the Policy White Papers relevant to the sector, the following are key national and provincial environmental and biodiversity strategic policy frameworks that guide CapeNature's strategic response during the current strategic plan cycle. These lists are not exhaustive and exclude frameworks or policies or legislation currently in draft format:

National strategic frameworks:

- National Development Plan, 2030
- Medium Term Strategic Framework, 2014 – 2019
- National Framework Strategy for Sustainable Development, 2009
- National Strategy for Sustainable Development and Action Plan, 2011
- South Africa's National Biodiversity Strategy and Action Plan, 2015
- National Biodiversity Framework, 2009
- National Climate Change Policy, 2011.

Provincial strategic frameworks:

- OneCape 2040, 2013
- Western Cape Government: Provincial Strategic Plan, 2014 – 2019
- Western Cape Government: Western Cape Delivery Plan, 2015 – 2030
- Western Cape Provincial Spatial Development Framework, 2014
- Western Cape Green Economy Strategic Framework, 2013
- Western Cape Climate Change Response Strategy and Implementation Framework, 2014
- Provincial Biodiversity Strategy and Action Plan, 2015
- Provincial Coastal Management Programme, 2016.

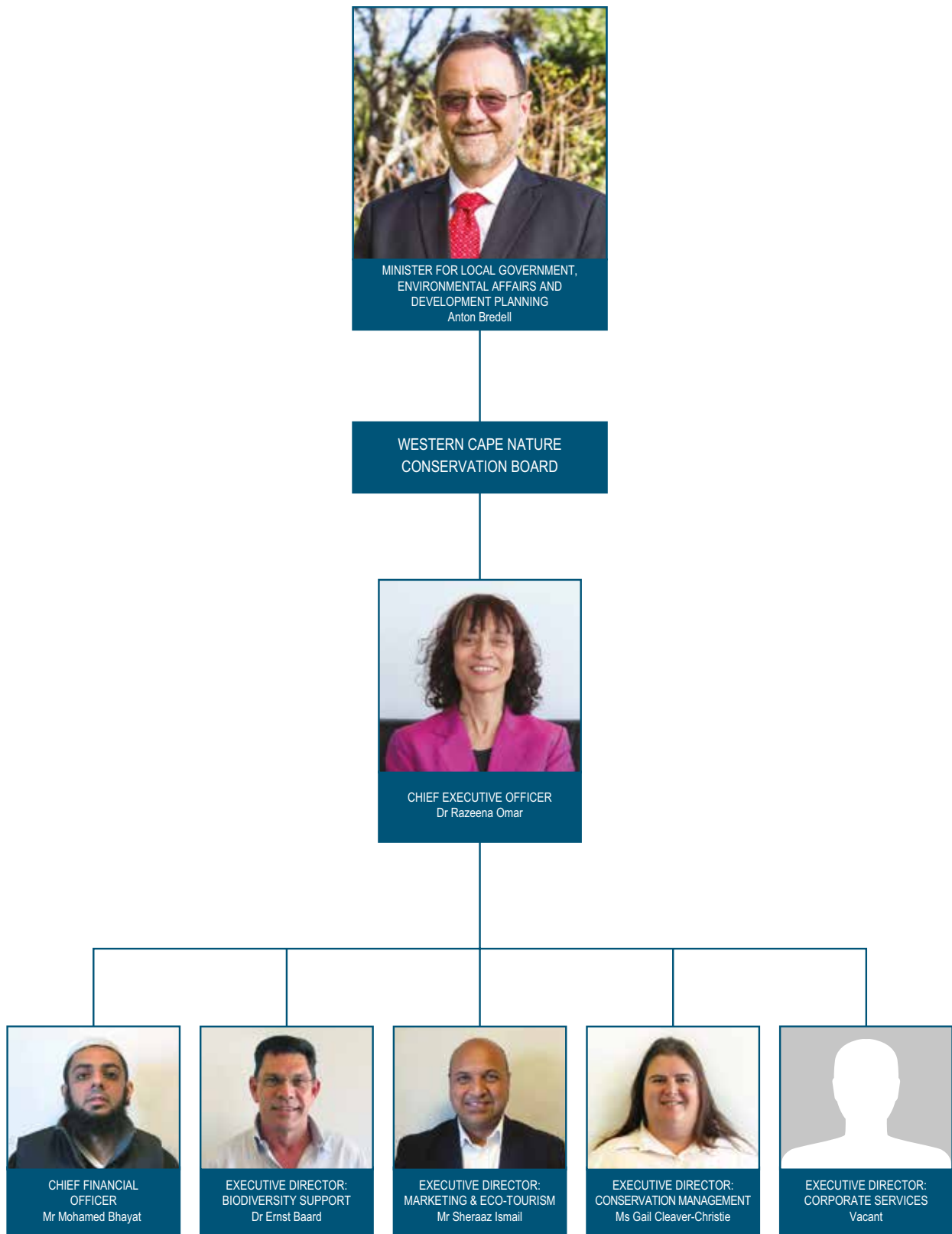
7.4. Relevant court rulings

With regard to estuary management, the recent legal interpretations following from the Supreme Court of Appeal “Abbott judgement” impacts on the role of local government in estuary management and has created a risk to fulfilling the function of managing estuaries. The National Estuarine Management Protocol (NEMP) (published in 2013 under Integrated Coastal Management Act) identifies Municipalities as the Responsible Management Authorities for implementing the NEMP. The Supreme Court of Appeal found that this identification is inconsistent with section 156(1)(b) of the Constitution since it does not comply with section 156(4) of the Constitution. In response, the National Department of Environmental Affairs has embarked on a process to amend the NEMP. The Provincial Department of Environmental Affairs and Development Planning, in conjunction with CapeNature, may in future thus be assigned management authority responsibilities for estuaries within the Western Cape and may require amendments to CapeNature’s resource requirements.

7.5. Planned legislative and policy initiatives

None.

8. ORGANISATIONAL STRUCTURE





Rocherpan Nature Reserve - black oyster catcher



**PART B:
PERFORMANCE
INFORMATION**

I. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa currently performs the necessary audit procedures on 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 90 of the Report of the Auditor's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

CapeNature strives to reduce biodiversity loss and promote ecosystem service delivery in the Western Cape. As one of the six Floral Kingdoms of the world, the Cape Floristic Region (CFR) is globally recognised as one of the most special places for plants in terms of diversity, density and number of endemic species.

The entity manages and restores ecosystems. Freshwater flowing from mountain catchments forms part of functional ecosystems services delivered, and the benefits thereof to communities include:

- Provisioning services such as food, water, timber and fibre;
- Regulating services that affect climate, floods, disease, wastes, and water quality;
- Cultural services that provide recreational, aesthetic and spiritual benefits; and
- Supporting services such as soil formation, photosynthesis, and nutrient cycling.

Following the disaster in a number of provinces as a result of the severe drought, CapeNature provided strategic management as well as scientific decision and in-field support for groundwater exploration and abstraction that forms part of water augmentation activities by local authorities to alleviate the water supply crisis in the Western Cape.

With the persisting drought in the province the urgency to secure additional water for the Western Cape Water Supply System has reached critical levels. Funding received from the National Department of Environmental Affairs for the implementation of the Natural Resource Management Programme enabled the entity to clear 114 092 hectares of alien invasive plants, thus contributing to current efforts to secure additional water.

In the 2017/18 Annual Performance Plan, CapeNature set 16 delivery targets to deliver against. The entity achieved 100% delivery against these targets, of which 12 (75%) were over-achieved. The narrative which follows depicts the achievements which CapeNature attained during the period under review.

Protected Area Management

Since the 2016/17 reporting period, CapeNature strategically committed to conducting biennial METT assessments, and as a result, compiled and concluded action plans to address shortcomings identified in the preceding METT assessment. During the 2017/18 financial year, CapeNature reaped the benefit of implementing the biennial assessment strategy as the organisation achieved a score of 94% for the assessment.

Noteworthy improvements in the scores achieved can be attributed to site level actions concluded over the past two financial years. Results further indicate that management exhibits an improved understanding of the protected area context and that planning is underway and implemented for the majority of protected areas managed by the entity.

Integrated Catchment Management

CapeNature experienced 131 fire ignitions during the 2017/18 financial year. Furthermore, the entity lend support to combat the disastrous Knysna fire. CapeNature sent 188 people (177 firefighters and 11 Incident Command) as well as 16 skid units to the Joint Operation Centre (JOC) in Knysna. On 10 June the entity deployed a crew of 50 firefighters to the Goukamma Nature Reserve to assist in saving the infrastructure. Strategic backburns were executed to battle the fire successfully. Damages to CapeNature infrastructure were severe with 100% of the Brenton Blue Butterfly Special Nature Reserve destroyed, over 61% of the Goukamma Nature Reserve and 3.4% of the Robberg Nature Reserve burnt.

Damages at the Robberg Nature Reserve were limited mostly to the gate house at the entrance and associated infrastructure, while the damage to Goukamma Nature Reserve was more significant with considerable damage to infrastructure. This include one accommodation unit and one staff accommodation unit that were destroyed with extensive fire damage to various buildings and supporting infrastructure. Given the veld age of the vegetation on the affected reserves and with the exception of the Wilderness Forest Thicket, it is not expected that any of the fynbos would have been negatively affected by the burn as fynbos species are able to survive periodic fires. The Wilderness Forest Thicket will require an estimate of 30 years to recover to the pre-burn state.

Community Conservation

CapeNature contributes to focussed and proactive community development by exerting strategic influence at key provincial forums such as the Western Cape Forestry Sector Forum and Jonkershoek Stakeholders Housing Intergovernmental Committee. Furthermore, ongoing assistance to *On The Edge* Restaurant at Stony Point in Betty's Bay has yielded a profit for the Mooiuitsig Trust. Mooiuitsig is a small community that consist of 42 houses outside Kleinmond which faces social ills such as substance abuse, crime, unemployment and poverty. This community was granted commercial rights to manage the restaurant called *On the Edge*. However, based on the lack of customer service and business management skills identified, there was an urgent need to facilitate the business development skills for the members of the Mooiuitsig Trust, which CapeNature has facilitated. Currently, the Mooiuitsig Trust has appointed three permanent employees and five casual workers, all members of the local community. They are also using local suppliers for their daily purchases.

Four Small, Medium and Micro Enterprises (SMME) involved in bioprospecting were additionally supported and provided access to the national Biodiversity Indaba that was held in East London in March 2018. These SMMEs are in involved in a wide range of product development such as sourfig jam, honeybush tea, aloe powder and buchu water. CapeNature's formalised approach to rooikrans harvesting at De Hoop is positively impacting local contractors who is provided with free access and technical support where required.

Sustained partnerships with the Department of Labour, South African Revenue Service, Nedbank, Department of Rural Development and Land Reform, Department of Economic Development and Tourism and Small Enterprise Development Agency (SEDA) provided business acumen for the appointed SMMEs. The predetermined target for the development and support of appointed SMMEs was over-achieved. This was as a result of a number of extra firefighting contractors appointed during the fire season. Of the appointed SMMEs, three contractors fall within the female, and four within the youth category of the Department of Labour’s designated groups. The services rendered by the SMMEs include:

- Laundry services at eco-tourism sites;
- gate guarding;
- hiking trail maintenance;
- fire breaks maintenance; and
- firefighting.

The number of SMMEs appointed directly impacts on the number of work opportunities recorded, hence the over-achievement of 1 893 against the target of 1 000 being reported for work opportunities.

Environmental Education and Awareness Interventions

As per table 1 below, a total of 31 636 learners participated in the environmental education activities that were conducted during the reporting period. The provision of environmental education and awareness is imbedded in the mandate of the Western Cape Nature Conservation Board. The strategy implemented has been aimed at capacity building programmes for teachers in collaboration with other role players whilst providing schools with curriculum aligned environmental education programmes. Collaborations with provincial and national departments on key environmental days have been successful during the period under review. A growing interest has been noted in CapeNature’s learning centres, where CapeNature has invested funding to improve the facilities on offer. Stony Point continues to be popular for African Penguin related environmental education activities. The Penguin Palooza event held in October 2017, attended by The Southern African Foundation for the Conservation of Coastal Birds and other key partners, was well attended and provided a platform for creating a greater awareness about the Stony Point Penguins.

Table 1: Environmental Awareness Activities per Region

Region	Number of Schools	Number of Learners
Central	67	8 863
West	45	4 629
East	41	18 144
Totals	153	31 636

Youth and Skills Development

CapeNature successfully applied and received funding to implement a Youth Environmental Services Programme over a period of two years. This programme is aimed at youth with a minimum qualification of Grade 12 for enrolment. One hundred and thirty-six (136) youths were successfully recruited and have thus far been enrolled for the Natural Resource Guardianship Skills Programme at various institutions, for the following disciplines:

- Assistant Chef;
- New Venture Creation;
- Tourism Guiding; and
- Community House Building.

The learners receive a monthly stipend and are supported to develop environmental expertise by CapeNature employees who fulfil the role of mentors.

Stakeholder Capacity Building

Fire and drought capacity building interventions were conducted across the province. Interventions were predominantly conducted with community groups and Natural Resource User Groups (NRUGs) on a wider range of topics which included fire awareness, water saving, fauna and flora permits, harvesting of natural resource protocols, and access to protected areas for varied purposes. Special interest groups were engaged on natural resource abstraction through structured People and Parks NRUG meetings and on an individual basis.

Job Creation, Training and Social Development

The provincial Expanded Public Works Programme (EPWP) implemented in CapeNature has created jobs for 552 Full Time Equivalent (FTE) which exceeds the planned target of 450 as the high turnover of FTEs resulted in additional appointments made. This has provided various key training and development opportunities to all the EPWP beneficiaries employed by CapeNature. Jobs are predominantly offered to the designated groups as per the Department of Labour, being females (60,3%), youth (74,3%) and people with disabilities (3,3%). The EPWP job opportunities are positively impacting on quality of life in the rural landscape especially for the communities living adjacent to the nature reserves. The table below represents the communities per district municipality that benefit from employment opportunities which CapeNature offers.

Table 2: Communities Deriving Socio-Economic Benefit per District Municipality

Name of the District Municipality	Number of Communities Benefiting
Cape Winelands District Municipality	7
Eden District Municipality	18
West Coast District Municipality	17
Overberg Municipality	13
Cape Metro	9
Total	64

Five FTEs have been successful in securing permanent employment opportunities within CapeNature, largely attributed to skills and personal development opportunities that the entity offers.

Landscape Conservation

CapeNature set a target to add 8 000 hectares additional to the previous year's conservation estate figure of 963 684 ha. Furthermore, a target of six new stewardship sites was set for expanding the protected area estate. The aim was to reach this target primarily through successfully negotiating and signing of biodiversity stewardship agreements with private landowners and thereby contributing to national targets for expanding the conservation estate. By March 2018, CapeNature added 24 740.68 ha to the conservation estate thereby exceeding the annual target by 16 740.68 ha or 287%. Furthermore 24 stewardship sites were added to the conservation estate, thus exceeding the target by 18 sites or 400%. The significant contribution made to conservation by private landowners is once again acknowledged by CapeNature.

During the 2017/18 reporting period, a number of substantial adjustments were made to the boundaries of the 31 provincial nature reserve clusters as necessitated by the Surveyor General's notices and adjustments to the cadastral boundaries (land parcels) of these nature reserves. The exercise resulted in the need to reduce the 2017/18 hectares contained in the conservation estate by 13 558 hectares to an adjusted baseline of 974 866 hectares for the ensuing reporting period.

Following the completion of the Western Cape Biodiversity Spatial Plan and the accompanying Handbook in the previous fiscal year, the Plan and Handbook were published in December 2017. The Plan and Handbook remain the biodiversity spatial informant central to provincial and local authority integrated development planning and decision-making, as well as protected area expansion.

Conservation Science

Every five years CapeNature produces a State of Biodiversity Report to document the state of biodiversity, protected areas and freshwater and estuarine ecosystems in the Western Cape. The report reflects progress made with the conservation, research and monitoring of the province's unique biodiversity and ecosystems.

To address the challenge of lack of certain scientific expertise within the entity, CapeNature initiated and shared a conservation research list with universities in the Western Cape and other tertiary institutions in an attempt to promote research required to inform conservation management and a strategic adaptive management approach.

During the reporting period, CapeNature authored and co-authored 15 peer-reviewed scientific publications, one chapter in a book and five scientific reports, including one MSc thesis. Representation was made through the presentation of seven oral papers at national conferences.

The Biodiversity Management Plan for the Cape mountain zebra was published for implementation, and the bontebok Biodiversity Management Plan was drafted and published for public comment during the reporting period. CapeNature are co-authors and co-leaders with the South African National Parks (SANParks) and other conservation partners in both instances.

Compliance and Enforcement

Wildlife crime is considered the fourth most important form of organised crime globally and it is reported that the annual cost of illegal wildlife poaching and trafficking is in the range of US\$5-23 billion globally¹. The unique plants and animals of the Western Cape are a big drawcard for illegal wildlife crime and our unique succulent plants, dwarf adders, girdled lizards and tortoises are targeted by both national and international individuals and syndicates. CapeNature's strong relationship with provincial and national prosecuting authorities has produced significant results in the prosecution of perpetrators.

During the 2017/18 financial year CapeNature compliance personnel conducted 143 enforcement actions. These enforcement actions involved the registration of 45 case dockets and the issuance of 98 J534 admission of guilt fines to the value of R127 250.

Wildlife Management

The Cape mountain zebra is endemic to South Africa. It is a subspecies of mountain zebra (*Equus zebra*), which historically occurred in the mountains of the Great Escarpment from the south west of Angola, through Namibia, the Northern Cape of South Africa, and the Cape Fold mountains in the Western and Eastern Cape Provinces.

Cape mountain zebra numbers declined drastically to less than 60 individuals at the beginning of the twentieth century. These animals were isolated in three locations: Cradock, Kammanassie and Gamkaberg. The Gamkaberg animals are special as a recent study revealed that these Cape mountain zebra hold precious genetic material not present in the other two populations (Kammanassie and Cradock stock). The 25 Gamkaberg zebras hold a third of the genetic material, which indicates that if we allow them to breed with either of the other source populations, we will potentially be able to restore some genetic diversity and therefore address the associated low genetic diversity manifestations like disease resistance or how their breeding success is affected.

¹ Aucoin, C and Donnerfeld, Z. 2017. *Guns, poison and horns: organised wildlife crime in southern Africa. Research Paper 01, September 2017, Institute for Security Studies, Pretoria.*

The publication for implementation of the Cape mountain zebra Biodiversity Management Plan has put in motion several first actions and interventions as part of the implementation of the Action Plan.

Following a fire in February 2017 where a large proportion of the Gamkaberg Nature Reserve was completely burned, a veld and body condition scoring assessment for Cape mountain zebra in the reserve was carried out in July 2017, with a follow-up assessment completed in August which resulted in supplementary feeding being provided to game on this reserve.

A Cape mountain zebra Biological Protocol was developed with conservation partners, SANParks and the National Zoological Gardens of South Africa (NZG), to guide the collection and processing of biological samples taken during management activities, for example capture and translocation of animals.

An aerial census of the Cape mountain zebra and other game in the Kammanassie and Gamkaberg Nature Reserves was completed. These counts are essential to inform future actions for meta-population management of this species and the long-term survival of this species in nature.

Coastal Management

Dyer Island, off the coast of the Walker Bay coastline, is an important breeding and roosting site for resident and migratory seabirds, and serves as an important stop-over and breeding site for seabirds that migrate on an annual basis between the southern and northern hemispheres. As such, an application to inscribe Dyer Island Nature Reserve as an internationally-listed Ramsar site² was submitted to the National Department of Environmental Affairs (Ramsar focal point) during the reporting period. It is envisaged that Dyer Island will be afforded Ramsar status.

Ten estuaries around the Western Cape coast (Olifants, Verlorenvlei, Berg, Bot, Klein, Uilkraal, Heuningnes, Goukou, Goukamma, Keurbooms Rivers) were selected for inclusion in the CapeNature Protected Area Expansion Strategy implementation plan.

Marketing Eco-Tourism

Tourism revenue grew by 17% compared to the previous year. Key tourism revenue contributions to this achievement include the following:

- Accommodation grew by 38%;
- Entrance fees and hiking by 10%;
- Wildcard sales by 11%; and
- Permit fees 57% .

A noteworthy achievement was the good performance of the online booking portal that proved to be a positive addition to CapeNature's revenue generating systems. The 2017/18 financial year is the first financial year of implementation and the online booking system has greatly contributed to assisting CapeNature in exceeding the planned income target for the organisation for the financial year. During the financial period under review, the online booking portal has contributed 39% towards accommodation revenue which is a clear indication that the online booking technology is being utilised and is trusted by tourism clients.

² *The Ramsar Convention, adopted in the Iranian city of Ramsar in 1971, is the oldest global environmental agreement and it promotes the wise use and conservation of water and wetland resources, with a strong focus on wetlands and wild bird populations, through national action and international co-operation.*

During September 2017 CapeNature held its annual Access Week campaign which coincides with National Heritage Day and Tourism Month and provides free access to citizens to the nature reserves and World Heritage Sites.

In terms of building a credible brand and ensuring a strong, positive reputation within the public, the entity managed to attain a 97% positive and neutral sentiment in the media. Media exposure was achieved with 2 246 media clips (articles and broadcast clips) reaching an Advertising Value Equivalent of R79 955 877 for the year under review.

The digital media growth for CapeNature showed a promising increase in website traffic with 6 687 additional new users on the website than the same period of the previous year and an overall increase in 41.7 % of Facebook followers. By increasing brand awareness in the online space, CapeNature is able to reach and interact with more members of the public, as well as market its services actively to attract visitors to its website and online booking system.

2.2. Organisational environment

During the reporting period, CapeNature established additional capacity within Scientific Services to address and guide the development of Cape Floristic Region Protected Area World Heritage Site Integrated Management Plans.

The entity developed and implemented a new electronic permit system to replace the outdated previous one. The new system includes a public self-service portal on the CapeNature website which allows the applicant to upload completed application forms with supporting documents and to track each step in the application process. Once approved, the permit is sent electronically to the client. This new system has introduced a more effective and efficient way of delivering the service to clients, permit applications and the processing of permit applications within legislative frameworks.

Some of the highlights experienced during this financial year was the approval of the updated Human Resource Policy and Procedure Manual. In addition the target for the appointment of Work Integrated Learners (WIL) has been exceeded by seven; thus facilitating the internship of 17 WIL, four of whom are placed in the Coastal Management Programme.

During the 2017/18 financial year, the entity took a decision to establish a project management office to centralise the management of all ICT related projects. Several projects were implemented namely the internet and telephony connectivity services that was rolled out to 42 sites including Head Office. The provision of such connectivity will enhance business productivity across the entity and positively contribute to efficiencies within the entity.

In addition to securing access, the Biometric System implemented enables supervisors to monitor real-time employees workflow information through capturing employees work hours accurately. The first phase of rollout system delivered the capability to sixteen sites across the entity.

2.3. Key policy developments and legislative changes

None.

2.4. Strategic Outcome Oriented Goals

Strategic Goal 1	BIODIVERSITY LOSS IS REDUCED IN THE WESTERN CAPE
Goal statement	<i>Biodiversity loss will be minimised, the conservation estate will be expanded and climate change responses will be implemented.</i>
Justification	A well-maintained and expanding conservation estate with the protection and restoration of degraded biodiversity and ecosystems, both on and off reserves, will reduce and limit biodiversity loss and thereby respond to climate change to ensure an increased yield of fresh, potable water from catchments.
Links	<p>Western Cape Government Strategic Goal 3 Increasing wellness, safety and tackle social ills.</p> <p>Western Cape Government Strategic Goal 4 Enable a resilient, sustainable, quality and inclusive living environment.</p> <p>Department of Environmental Affairs and Development Planning Strategic Objective Goal 1 Sustaining the ecological and agricultural resource-base. Sustainable and integrated urban and rural settlements.</p>

Strategic Goal 2	ACCESS IS PROVIDED TO OUR UNIQUE NATURAL AND CULTURAL HERITAGE
Goal statement	<i>The benefits of our natural resources are shared by facilitating access to our protected areas for sustainable utilisation, research and recreational purposes, environmental awareness as well as for cultural, spiritual and traditional purposes.</i>
Justification	CapeNature has a legal mandate to render services and provide facilities for research, education and awareness in connection with biodiversity and related matters in the Province.
Links	<p>Western Cape Government Strategic Goal 2 Improving education outcomes and opportunity for youth development.</p> <p>Western Cape Government Strategic Goal 3 Increasing wellness, safety and tackle social ills.</p> <p>Western Cape Government Strategic Goal 4 Enable a resilient, sustainable, quality and inclusive living environment.</p> <p>Department of Environmental Affairs and Development Planning Strategic Objective Goal 2 Increased economic opportunity through low-carbon development, the biodiversity economy and resource efficiency economy.</p>

Strategic Goal 3	CONTRIBUTE TO LOCAL ECONOMIC DEVELOPMENT THROUGH THE BIODIVERSITY ECONOMY
Goal statement	<i>Communities derive socio-economic benefits aligned to the National Development Plan imperatives.</i>
Justification	CapeNature is committed to enabling social benefits through increased opportunities for local economic development by implementing strategies that will encourage the participation of historically disadvantaged groups.
Links	<p>Western Cape Government Strategic Goal 1 Creating opportunities for growth and jobs.</p> <p>Western Cape Government Strategic Goal 3 Increasing wellness, safety and tackle social ills.</p> <p>Western Cape Government Strategic Goal 4 Enable a resilient, sustainable, quality and inclusive living environment.</p> <p>Department of Environmental Affairs and Development Planning Strategic Objective Goal 4 Increased economic opportunity through low-carbon development, the biodiversity economy and resource efficiency economy.</p>

Strategic Goal 4	EFFECTIVE GOVERNANCE AND ORGANISATIONAL WELLBEING IS IMPROVED
Goal statement	<i>An efficient, transformed and progressive working environment where sound governance principles are applied.</i>
Justification	CapeNature is committed to good governance, sound financial management, organisational wellbeing, sustainable funding streams, strategic partnerships, efficient administrative and decision support and systems
Links	<p>Western Cape Government Strategic Goal 5 Embed good governance and integrated service delivery through partnerships and spatial alignment.</p> <p>Department of Environmental Affairs and Development Planning Strategic Objective Goal 5 Good governance and integrated management.</p>

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme I: Administration and Governance

Purpose: To provide efficient corporate governance through effective leadership and resource management.

The programme consists of the following sub-programmes:

Sub-Programme I.1: Office of the CEO

Purpose: To ensure compliance with legislative requirements, governance frameworks and overall management within CapeNature.

Sub-Programme I.2: Finance Services

Purpose: To ensure effective preparation and implementation of a financial plan and budget for the Entity and the judicious application and control of public funds in line with the Public Finance Management Act, 1999 (Act 1 of 1999) and relevant legislation.

Sub-Programme I.3: Corporate Services

Purpose: To ensure the effective management of human resources, administration, corporate legal services and strategic support.

Sub-Programme I.4: People and Conservation

Purpose: To build and sustain support among communities in terms of natural resources management, education and cultural heritage activities through promoting biodiversity management.

Strategic Objective 2.2	Foster an organisational approach which promotes inclusivity and access for communities to our protected areas
Objective Statement	Communities derive benefits from the management of our unique natural and cultural heritage
Baseline (2012/13)	35

Strategic Objective 2.3	Promote access for sustainable utilisation, research and recreational purposes, environmental awareness as well as for cultural, spiritual and traditional purposes
Objective Statement	Communities access mandated areas to perform spiritual, traditional or cultural rituals, or for recreational or educational purposes
Baseline (2012/13)	3 362

Strategic Objective 3.1	Provide employment opportunities to communities
Objective Statement	Communities derive socio-economic benefits through employment opportunities
Baseline (2014/15)	Job opportunities created were 1 241 and 391 Full Time Equivalent

Strategic Objective 3.2	Provide business opportunities
Objective Statement	Communities derive socio-economic benefits through business opportunities
Baseline (2014/15)	54 Expanded Public Works Programme projects

Strategic Objective 4.2	Promote efficient, effective and responsive governance
Objective Statement	Efficient, effective and responsive governance through an integrated management approach with a focus on accountability
Baseline	Unqualified Audit opinion

Strategic Objective 4.3	Promote sound financial management
Objective Statement	Compilation of financial statements, budget preparation and development of procurement plans
Baseline (2014/15)	Unqualified Audit opinion

Strategic objectives, performance indicators planned targets and actual achievements

During the period under review, the entity achieved a clean audit for the 2016/17 financial period which means that the Auditor General acknowledges that CapeNature's Annual Financial Statements do not contain any material misstatements, that there is no non-compliance with legislation and that there are no material findings on PDOs. CapeNature has consistently achieved unqualified audits for the last five years with only one material finding on PDOs in 2015/16. The entity created social benefits to 64 communities within mainly the rural landscape surrounding the nature reserves and these communities benefitted from employment opportunities on offer as the entity was able to over-achieve on the number of FTEs by an additional 102 appointments.

Strategic objectives

Table 4: Strategic Objectives

Programme I – Administration and Governance					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Sub Programme I.2: Finance and Administration Services					
Audit Opinion obtained in respect of previous financial year	Unqualified audit opinion	Unqualified Auditor-General's opinion	Unqualified Auditor-General's opinion	None	None
Sub Programme I.4: People and Conservation					
Number of communities engaged to derive socio-economic benefit	70	60	64	4	Replacement and filling of vacant FTE posts were done from other communities in an effort to spread the opportunities equitably

Key performance indicators, planned targets and actual achievements

Table 5: Key performance indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Number of learners mentored through various initiatives in the sector (including learnerships)	11	10	17	7	CapeNature increased the scope of skills for mentoring to accommodate more learners, thus resulting in an over-achievement
Audit Opinion obtained in respect of previous financial statement	An unqualified audit opinion	An unqualified audit opinion	An unqualified audit opinion obtained	None	None
Number of work opportunities created through environmental programmes	1 333	1 000	1 893	893	More SMMEs were appointed hence more work opportunities were realised
Number of SMMEs used in environmental programmes implemented	21	15	21	6	Delayed start in actual tasks created a backlog that required more contractors to complete the planned work on time
Number of environmental awareness activities conducted	201	150	161	11	Ad-hoc requests received during the period resulted in an over-achievement
Number of environmental stakeholder capacity building interventions	91	80	80	None	None
Number of Full Time Equivalents (FTEs) created	557	450	552	102	High turnover of FTEs resulted in additional appointments made

Strategy to overcome areas of under-performance

N/A

Changes to planned targets

N/A

Linking performance with budgets

Please refer to note 32 of the Annual Financial Statement which explains the variance.

Table 6: Administration and Governance

Programme / Activity / Objective	2017/18			2016/17		
	Budget	Expenditure	(Over) / Under Expenditure	Budget	Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the CEO	5 437	4 517	920	5 207	4 430	777
Finance Services	47 097	63 320	(16 233)	46 942	52 255	(5 313)
Corporate Services	21 684	21 672	12	20 913	22 266	(1 353)
People and Conservation	36 058	35 604	454	36 857	35 237	1 620
Total	110 276	125 113	(14 837)	109 920	114 188	(4 268)

Budget is on cash basis and expenditure is on accrual basis.

3.2. Programme 2: Biodiversity Support

Purpose: The purpose of the programme is to support the conservation of the unique natural and cultural heritage of the Western Cape by developing and applying decision support and knowledge management systems and focus on reducing the loss of biodiversity.

Strategic Objective 1.1	Protect and expand the conservation estate
Objective Statement	To effectively manage both the terrestrial and marine components of the Entity's conservation estate and the further expansion thereof as aligned to the National Protected Areas Expansion Strategy.
Baseline (2014/15)	The numerical value of protected area under conservation was 881 854 ha

Strategic Objective 1.2	Improve ecosystem health
Objective Statement	To support and restore ecosystems which provide goods and serves to improve quality of life.
Baseline (2014/15)	32 Protected Area Management Plans Implemented

Strategic Objective 2.3	Promote access for sustainable utilisation, research and recreational purposes, environmental awareness as well as for cultural, spiritual and traditional purposes
Objective Statement	To facilitate research conducted within the Western Cape, excluding National Parks, and educate stakeholders about our natural and cultural heritage by raising their environmental awareness through focussed interventions.
Baseline (2012/13)	122 permits issued

Strategic objectives, performance indicators planned targets and actual achievements

CapeNature set a target to add 8 000 hectares to the previous year's conservation estate of 963 684 ha. In addition, the entity set a target to add six new stewardship sites for expanding the conservation estate. By March 2018, CapeNature added 24 740.68 ha to the conservation estate thereby significantly exceeding the annual target by 16 740.68 ha and 24 sites, respectively.

CapeNature publishes a State of Biodiversity Report every five years to document the condition of biodiversity, protected areas, freshwater and estuarine ecosystems. The 2017 State of Biodiversity Report reflects progress made with the conservation, research and monitoring of the province's unique biodiversity and ecosystems and was launched during the annual CapeNature Biodiversity Review in December 2017. This report makes a significant contribution to the body of literature on the unique biodiversity and eco-systems of the Western Cape.

Strategic objectives

Table 7: Strategic Objectives

Programme 2: Biodiversity Support					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Number of hectares in the conservation estate	963 684 Ha	Previous year + 8 000Ha	974 866.8 (988 425 less 13 558.2 SG boundary adjustments)	3 182.8 (16 741 less 13 558.2 SG boundary adjustments)	Surveyor General (SG) boundary adjustments effected, impacted the actual achievement for the current year. The extent of the agreements concluded resulted in an over-achievement

Key performance indicators, planned targets and actual achievements

Table 8: Key performance indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Number of hectares in the conservation estate	963 684 Ha	Previous year + 8 000 Ha	974 866.8 (988 425 less 13 558.2 SG boundary adjustments)	3 182.8 (16 741 less 13 558.2 SG boundary adjustments)	Surveyor General (SG) boundary adjustments effected. impacted the actual achievement for the current year. The extent of the agreements concluded resulted in an over-achievement
Number of new biodiversity stewardship sites	16	6	24	18	This target is demand driven and an over-achievement is desirable
Number of legislative tools to ensure the protection of species and ecosystems developed	1	1	1	None	None
Produce a Summarised State of Biodiversity 2017 Report	N/A	1	1	None	None
Number of permits issued within legislated timeframes (n)	4 716	4 800	4 914	114	This target is demand driven and therefore unpredictable

Strategy to overcome areas of under-performance

N/A

Changes to planned targets

N/A

Linking performance with budgets

Please refer to note 32 of the Annual Financial Statement which explains the variance.

Table 9: Biodiversity Support

Programme / Activity / Objective	2017/18			2016/17		
	Budget	Expenditure	(Over) / Under Expenditure	Budget	Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Biodiversity Support	25 914	25 721	193	23 765	23 626	139
Total	25 914	25 721	193	23 765	23 626	139

Budget is on cash basis and expenditure is on accrual basis.

3.3. Programme 3: Conservation Management

Purpose: To conserve the unique natural and cultural heritage of the Western Cape, to provide socio-economic benefits, and to promote equitable access to and sustainable use of natural resources through the biodiversity economy.

Strategic Objective 1.1	Protect and expand the conservation estate
Objective Statement	To effectively manage both the terrestrial and marine components of the Entity's conservation estate and the further expansion thereof as aligned to the National Protected Areas Expansion Strategy.
Baseline (2014/15)	Management Effectiveness Tracking Tool score = 74% (METT version 2)

Strategic Objective 1.2	Improve ecosystem health
Objective Statement	To support and restore ecosystems which provide goods and serves to improve quality of life.
Baseline (2014/15)	32 Protected Area Management Plans implemented

Strategic Objective 1.3	Promote compliance with environmental legislation
Objective Statement	To promote compliance with environmental legislation through implementing various legislative enforcement mechanisms
Baseline (2013/14)	Number of compliance enforcement actions (J534) was 64

Strategic objectives, performance indicators planned targets and actual achievements

CapeNature is strategically committed to conducting biennial METT assessments. This allows for the compilation and conclusion of action plans to address shortcomings identified in preceding METT assessments and provided the opportunity for the implementation of operational plans to improve the management of reserves. During the 2017/18 financial year, CapeNature reaped the benefit of implementing the biennial assessment strategy as the organisation achieved a score of 94% for the assessment. This is a significant improvement from the previous assessment where CapeNature achieved a score of 74%.

Strategic objectives

Table 10: Strategic Objectives

Programme 3: Conservation Management					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Percentage of area of state managed protected areas assessed with a METT score above 67% Numerator = 621 796.69Ha Denominator = 834 981.97Ha	N/A	74%	94%	20%	Decreasing the frequency of conducting the assessment positively influenced the achieved score

Key performance indicators, planned targets and actual achievements

Table II: Key performance indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Number of criminal enforcement actions undertaken for non-compliance with environmental management legislation	105	60	143	83	Target is demand driven. More criminal events were encountered than anticipated
Percentage of area of state managed protected areas assessed with a METT score above 67% Numerator = 621 796.69Ha Denominator = 834 981.97Ha	N/A	74%	94%	20%	Decreasing the frequency of conducting the assessment positively influenced the achieved score

Strategy to overcome areas of under-performance

N/A

Changes to planned targets

N/A

Linking performance with budgets

Please refer to note 32 of the Annual Financial Statement which explains the variance.

Table 12: Conservation Management

Programme / Activity / Objective	2017/18			2016/17		
	Budget	Expenditure	(Over) / Under Expenditure	Budget	Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Conservation Management	174 966	171 343	3 623	160 130	161 416	(1 286)
Total	174 966	171 343	3 623	160 130	161 416	(1 286)

Budget is on cash basis and expenditure is on accrual basis.

3.4. Programme 4: Marketing and Eco-tourism

Purpose: To develop and promote access to a diverse range of tourism products and contribute to revenue generation through a credible brand.

The programme consists of the following sub-programmes:

Sub-Programme 4.1: Tourism, Marketing and Communication

Purpose: To develop and maintain unique tourism product offerings that contribute to the sustainability of biodiversity management and to establish a positive and credible CapeNature brand by ensuring effective and efficient communication and marketing support to both internal and external stakeholders.

Sub-Programme 4.2: Special Projects: Marketing and Eco-tourism

Purpose: Develop and maintain a range of tourism products and income-generating initiatives that contributes to the Entity's financial sustainability.

Strategic Objective 2.1	Increase tourism revenue
Objective Statement	Increase revenue generated by tourism to improve organisational sustainability.
Baseline (2016/17)	R21 169 799

Strategic Objective 2.3	Promote access for sustainable utilisation, research and recreational purposes, environmental awareness as well as for cultural, spiritual and traditional purposes
Objective Statement	Communities access mandated areas to perform spiritual, traditional or cultural rituals or for recreational or educational purposes.
Baseline (2014/15)	159 064 visitors

Strategic objectives, performance indicators planned targets and actual achievements

During the period under review, tourism revenue grew by 17% in comparison to the previous year. This significant achievement can be attributed to growth in accommodation, entrance fees, hiking activities, wildcard sales and permit fees. The launch of the online booking portal in the previous financial year has contributed significantly to CapeNature’s revenue generating streams by contributing 39% of accommodation revenue generated. The top performing nature reserves for the financial period under review include De Hoop (Whale Trail), Robberg, Kogelberg and Grootvadersbosch Nature Reserves, and Cederberg Wilderness (Algeria).

Strategic objectives

Table 13: Strategic Objectives

Programme 4: Marketing and Eco-tourism					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Percentage increase in tourism income generated (%). Numerator = R2.24m Denominator = R24.91m	63%	8.9%	61.7%	52.8%	Introduction of new products and new technology lead to the over achievement

Key performance indicators, planned targets and actual achievements

Table 14: Key performance indicators, planned targets and actual achievements.

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement For 2017/18	Comment on Deviations
Percentage increase in tourism income generated (%). Numerator = R2.24m Denominator = R24.91m	63%	8.9%	61.7%	52.8%	Introduction of new products and new technology lead to the over achievement
Number of upgrades on existing tourism products (n)	6	6	8	2	Upgrades were reprioritised due to external factors, resulting in an over-achievement

Strategy to overcome areas of under-performance

N/A

Changes to planned targets

N/A

Linking performance with budgets

Please refer to note 32 of the Annual Financial Statement which explains the variance.

Table 15: Marketing and Eco-tourism

Programme / Activity / Objective	2017/18			2016/17		
	Budget	Expenditure	(Over) / Under Expenditure	Budget	Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Marketing and Communication	15 034	18 037	(3 003)	13 729	13 424	305
Special Projects: Marketing and Eco-tourism	28 227	22 759	5 468	25 678	24 129	1 549
Total	43 261	40 796	2 465	39 407	37 553	1 854

Budget is on cash basis and expenditure is on accrual basis.

4. REVENUE COLLECTION

Table 16: Sources of Revenue

Sources Of Revenue	2017/18			2016/17		
	Estimate	Actual	(Over)/ Under collection	Estimate	Actual	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government Grant, Own revenue and special projects	354 417	364 104	(9 687)	333 221	329 600	3 621
Total	354 417	364 104	(9 687)	333 221	329 600	3 621

Budget is on cash basis and actual is on accrual basis.

4.1. Capital investment

During the period under review, the following infrastructure upgrade projects were completed:

- Assegaibosch Nature Reserve - Upgrade of existing picnic area and day visitor facilities.
- Grootvadersbosch Nature Reserve – Upgrade of the internal braai areas to mitigate the fire risks to the facilities. Installation of clear bars to manage the intrusion and damage that baboons cause to the accommodation units and furniture.
- Vrolijkheid Nature Reserve – General upgrades at recreational areas e.g. landscaping, shaded verandas and pool cover installations. Upgrade of bathrooms in accommodation units and installation of grey water harvesting systems for landscape irrigation.
- Goukamma Nature Reserve - Upgrades to the Mvubu accommodation facility including improvements to the kitchen and living area.
- Limietberg Nature Reserve - Installation of fencing at Tweede Tol campsite.
- De Hoop Nature Reserve – Upgrade of the solar energy infrastructure on the Whale Trail.
- Lamberts Bay Bird Island – Design and construction of a new mobile visitor entrance facility.
- Rocherpan Nature Reserve - Construction of a nine-hole putt-putt recreational facility.



Photo: Rupert Koopman | *Geissorhiza eurystigma*



Anysberg Nature Reserve



PART C: GOVERNANCE

I. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, 2008 (No. 71 of 2008), corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by Act No. 29 of 1999 (PFMA), and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES (IF APPLICABLE)

Not Applicable

3. EXECUTIVE AUTHORITY

The following reports were submitted to the Executive Authority:

Document Description	Date Submitted
Monthly highlights for inclusion into report for Minister Bredell: May 2017	8 June 2017
Monthly highlights for inclusion into report for Minister Bredell: June 2017	7 July 2017
Monthly highlights for inclusion into report for Minister Bredell: July 2017	4 August 2017
Monthly highlights for inclusion into report for Minister Bredell: August 2017	7 September 2017
Monthly highlights for inclusion into report for Minister Bredell: September 2017	10 October 2017
Monthly highlights for inclusion into report for Minister Bredell: October 2017	8 November 2017
Monthly highlights for inclusion into report for Minister Bredell: November 2017	11 December 2017
Monthly highlights for inclusion into report for Minister Bredell: December 2017	22 January 2018
Monthly highlights for inclusion into report for Minister Bredell: January 2018	8 February 2018
Monthly highlights for inclusion into report for Minister Bredell: February 2018	8 March 2018
Monthly highlights for inclusion into report for Minister Bredell: March 2018	9 April 2018

4. THE ACCOUNTING AUTHORITY / BOARD

Introduction

The Western Cape Nature Conservation Board endorses the principles as set out in the Protocol on Corporate Governance and, where applicable, the King Reports on Corporate Governance for South Africa 2002 (King III). The Board has endeavoured to comply with the principles incorporated in the Code of Corporate Practices and Conduct.

The Western Cape Nature Conservation Board has a formalised system of Corporate Governance that is applied by the following board committees:

- Risk Committee
- Finance, ICT and Audit Committee
- HR and Remuneration Committee
- Conservation Committee
- Marketing and Eco-tourism Committee

The role of the Board:

The roles, responsibilities and objectives are per the Western Cape Nature Conservation Board Act, 1998 (Act 15 of 1998), which includes:

- To promote and ensure nature conservation and deal pro-actively with related matters in the Province;
- To render services and provide facilities for research and training that would inform and contribute to nature conservation and related matters in the Province; and
- In pursuing the objectives set out in the above two paragraphs, to generate income, within the framework of the applicable policy framework.

Board Charter

I. INTRODUCTION

- 1.1 Governance embodies processes, policies, systems, laws and regulations by which organisations are strategically directed, governed and held to account.
- 1.2 The King IV Report on Corporate Governance requires boards and management to publicly confirm that they have reviewed the effectiveness of risk management and internal control and have implemented systems essential for the effective discharge of their responsibilities.
- 1.3 Section 51(a)(i) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended (PFMA), requires the Accounting Authority for a public entity to have and maintain effective, efficient and transparent systems of financial and risk management and internal control.
- 1.4 In terms of Section 77 (Liability of Directors and Prescribed Officers) of the Companies Act, 2008 (Act No.71 of 2008), independent members and non-executive members of Board Committees carry the same fiduciary responsibility as Executive Directors.
- 1.5 The Western Cape Nature Conservation Board, hereafter referred to as the “Board”, hereby details the manner in which it will operate in terms of the Western Cape Nature Conservation Board Act, 1998 (Act No. 15 of 1998) as amended.

2. PURPOSE

- 2.1 The Western Cape Nature Conservation Board is established as a Schedule 3C public entity responsible for nature conservation in the Western Cape.
- 2.2 The objectives of the Board as per the Board Act shall be:
 - To promote and ensure nature conservation and deal pro-actively with related matters in the Province;
 - To render services and provide facilities for research and training that would inform and contribute to nature conservation and related matters in the Province; and
 - To generate income, within the framework of the applicable policy framework.
- 2.3 This Charter has been developed with the following objectives:
 - Clearly identify, define and record the corporate governance and fiduciary responsibilities, functions and composition of the Western Cape Nature Conservation Board; and
 - Provide a referencing tool to new Board members for the purpose of orientation and induction.
- 2.4 This Charter should be read, understood and accepted by all existing and future Board members of the Western Cape Nature Conservation Board. This Charter should be read in conjunction with the Western Cape Nature Conservation Act.

3. AUTHORITY

- 3.1 The Board is mandated to fulfil its roles and responsibilities as set out in the Western Cape Nature Conservation Act.
- 3.2 In so doing, the Board is authorised to:
- Assess and analyse any risk and / or governance related matters pertaining to CapeNature;
 - Request any official in the employ of CapeNature to attend meetings and to provide advice and/ or information;
 - Seek any information it requires from external parties and obtain outside legal or other independent professional advice;
 - Secure the attendance of any person with relevant experience and expertise if necessary;
 - Ensure that any appointments for the purposes of requesting information from any external party, obtaining independent professional advice and / or attendance shall be made subject to normal tender and procurement procedures and the availability of funding resources; and
 - Facilitate investigations into any matter within the scope of its responsibility.

4. BOARD STRUCTURE AND MEMBERSHIP

- 4.1 The Board shall consist of no more than twelve (12) members, of which at least four (4) shall have expertise in nature conservation. The majority of the members shall be non-executive.
- 4.2 The following conditions apply to the appointment of the members:
- The relevant Provincial Minister shall, in consultation with the Board, appoint or re-appoint one member of the Board as a Chairperson and one as Vice-Chairperson;
 - The Chairperson of the Board shall, in consultation with the Board, appoint Board Committee Chairpersons and members to each Committee;
 - The Chairperson and Vice-Chairperson shall hold office for a period not exceeding three years where after they shall be eligible for re-appointment subject to membership on the Board;
 - Non-executive members shall hold office for a period not exceeding five years and shall be eligible for re-appointment for one other period not exceeding five years;
 - A member may only be re-appointed to the Board if a period of at least 12 months has passed since having last served as a member of the Board;
 - Board members who fail to attend two or more successive quarterly Board meetings and also fail to tender their apologies, will be asked to consider resigning from the Board;
 - Should a Board member wish to resign from the Board, a formal written signed request must be sent to the relevant Provincial Minister to request such permission;
 - No member may resign from the Board until an official written response has been received from the relevant Provincial Minister to approve such resignation;
 - Remuneration of Board members are determined by scales approved by National Treasury; and
 - The Chief Executive Officer is a full member of the Board whereas the rest of the Executive Management attend Board meetings by invitation only. The relevant Provincial Minister and representatives of the respective Provincial Department will be standing invitees to all Board meeting proceedings and deliberations.

5. MEETINGS

- 5.1 The Board and all Board Committees will meet at least four (4) times during the course of the financial year.
- 5.2 The quorum for all meetings will be 50% plus one of the membership, provided that at least two members with expertise in nature conservation are present.
- 5.3 The Board can invite other parties to attend Board meetings. Invited parties shall be provided the opportunity to participate in discussions but shall have no voting rights and will attend the meeting for the appropriate agenda items only.
- 5.4 Other than for emergency and ad hoc meetings, members will be provided with documentation appropriate to the agenda at least seven (7) calendar days prior to the meeting.
- 5.5 The proceedings for all meetings shall be minuted by the Board Secretary. Draft minutes will be produced within ten (10) calendar days after the meeting and distributed to members as soon thereafter.
- 5.6 Minutes shall be supported by members of the Board and signed by the Chairperson at the next meeting or as soon thereafter.
- 5.7 Each member of the Board and Board Committees are allowed to request items to be placed on the agenda for that meeting.
- 5.8 In the event of both the Chairperson and Vice-Chairperson being absent from a meeting of the Board, the members shall elect a Chairperson from amongst the members present to preside at that meeting. The mandatory quorum requirements will still need to apply.
- 5.9 Special meetings of the Committee may be convened as required. Any member of the Committee may call a special meeting provided that it is convened in consultation with or through the Chairperson. Special meetings will be confirmed seven (7) calendar days prior to the date of the meeting.

6. ROLES AND RESPONSIBILITIES

- 6.1 The Board will, subject to the approval by the Minister, where applicable:
 - Align the Board's strategic goals and objectives with that of the Department of Environmental Affairs and Development Planning and Provincial and National Government;
 - Review, evaluate and approve, long-term strategic objectives, plans and projects for the organisation;
 - Review, evaluate and approve the organisation's annual budget, budget projections and Annual Financial Statements;
 - Review the delegations of the Board;
 - Review, evaluate and approve major resource allocations and capital investments;
 - Review the financial and operating results of the organisation;
 - Review and approve the strategic policies of the organisation;
 - Adopt and monitor compliance with the organisation's Code of Conduct, the PFMA and all legislation relevant to the Board;
 - Institute the necessary measures to safeguard the assets of the organisation;
 - Disclose real and potential conflicts of interest in a transparent manner informed by the imperative of ethical leadership and governance;

- Guide the organisation in terms of the demands and challenges of the broader societal context of transformation; and
- 6.2 Upon authorisation of the strategic plans and projects, Management will provide the Board with regular, accurate and relevant feedback on progress with regard to implementation.
- 6.3 The Board however remains accountable for the oversight of the implementation of the strategies and for the total process of risk management.
- 6.4 The Board has formally established Board Committees to assist in discharging its duties and responsibilities, as follows:
- Human Resources (HR) and Remuneration – The Committee fulfils an oversight role with respect to the human resource management strategy and related strategic policies in the organisation.
 - Audit, Finance and ICT – The Committee fulfils an Audit oversight role with respect to the effectiveness of the system of internal control, management of financial and operational risks and the auditing process as it relates to the functions performed by the Auditor-General and Internal Audit. The Committee fulfils a Finance oversight role with respect to reviewing the adequacy of financial management and budgeting processes and procedures, the accuracy of financial reporting, the recommendation of significant financial transactions and compliance with all relevant laws and regulations. The Committee fulfils an ICT oversight role with respect to the adequacy of the ICT environment, compliance to ICT laws, regulations and best practice, research and the recommendation of significant innovation investments.
 - Executive (EXCO) – This Committee is constituted of the Chairpersons of the Board Committees and convenes to attend to any urgent matters arising from Board meetings which could not be held over until the next Board or Board Committee meeting.
 - Conservation – The Committee fulfils an oversight role with respect to the biodiversity conservation functions and reviews progress towards meeting biodiversity and conservation targets and objectives of the organisation.
 - Marketing and Eco-Tourism – The Committee fulfils an oversight role with respect to matters pertaining to tourism and infrastructure development, marketing, communication, fundraising and partnerships.
 - Risk – The Committee fulfils an oversight role through independent counsel, guidance and advice with respect to the identification, assessment and management of risks and monitors compliance with corporate governance policies and guidelines.
- 6.5 Each Committee must be established in terms of an approved Charter, which will set out the roles and responsibilities for that Committee.
- 6.6 The Chairperson of the Board shall, in consultation with the Board, appoint Board Committee Chairpersons and members to each Committee.
- 6.7 The Board should review and assess, the required mix of skills and experience of members and its diversity on a regular basis.

7. STAKEHOLDER MANAGEMENT AND COMMUNICATION

- 7.1 The Board shall promote mutual goodwill, understanding and co-operation between the relevant Provincial Minister and other key role players.
- 7.2 With respect to the relationship with the respective Provincial Department, the Board shall further promote regular meetings between:
- The Provincial Minister and the Chairperson of the Board;
 - The Chief Executive Officer of the Board and the Head of Department; and
 - The Management of both organisations.
- 7.3 The Board shall further:
- Actively assist the Department in matters related to the Biodiversity management in the Province and provide the Department with specialist environmental management service and nature conservation scientific advice;
 - Actively co-operate in the development, establishment and maintenance of an environmental information management system;
 - Collaborate in the promotion of environmental awareness, education and relevant capacity building and job-creation initiatives in the Western Cape;
- 7.4 Media statements in respect of non-delegated matters shall be dealt with by the Chairperson of the Board or his/ her delegated authority.
- 7.5 Media statements in respect of delegated matters shall be dealt with by the Chief Executive Officer or his/ her delegated authority.
- 7.6 Media statements with political implications and/or that may reflect poorly on sound financial and human resource management, and/or that does not promote sound intergovernmental relations, must be cleared with the Head of Department and the Minister prior to its release.
- 7.7 Matters that are of material, strategic or reputational importance and that are either catastrophic (i.e. death, severe reputational loss, detrimental financial loss, total systems loss) or critical (i.e. severe injury with partial disability, reputational loss, partial systems loss or significant financial loss) in nature should be referred to the Board for consideration, discussion and appropriate interventions. All other matters should be dealt with by Management, but the Board must retain oversight of other issues in order to determine the performance and ability of Management.

8. MEMBER ORIENTATION AND INDUCTION

- 8.1 Management will provide new non-executive members with an induction and orientation programme in order to familiarise them with their responsibilities as non-executive members of the organisation in terms of the Western Cape Nature Conservation Board Act, 1998 (Act No. 15 of 1998) as amended and the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended (PFMA), the Code of Conduct of the organisation and other relevant laws.

9. CONFLICT OF INTEREST

- 9.1 Members are required to declare any conflict of interest that may arise in the course of any CapeNature business and excuse themselves from any deliberations dealing with that business.
- 9.2 All members shall be required to fully disclose all business related interests for record keeping purposes.
- 9.3 All non-public information that members acquire in the course of performing their duties should be treated as confidential and members must not use or appear to use this information for personal advantage or for the advantage of a third person.
- 9.4 Where the family member of a non-executive member applies and is appointed to a position within Management, such Board member is required to resign from the Board.

10. BOARD ADMINISTRATION

- 10.1 The Board Secretary shall be functionally responsible to the Board and provide administrative support services including:
 - Arranging of meetings
 - Drafting of agendas
 - Distribution of information packs prior to the meetings
 - Taking minutes at all meetings
 - File attendance registers and Declaration of Interest forms signed by members, minutes, self-assessment and Committee performance questionnaires and other documentation.
- 10.2 Meeting agendas and information packs shall be sent to members electronically at least seven (7) calendar days prior to any Board meeting.

11. PERFORMANCE ASSESSMENT

- 11.1 The Board has formally identified, clarified and documented its collective roles and responsibilities and the key roles, responsibilities and performance standards for each member.
- 11.2 The Board will conduct an annual performance assessment of its collective performance. The assessment will be used to identify key objectives and improvements for the effective functioning of the Board.

12. REVIEW

- 12.1 The Board will review its Charter as and when required.

Table 17: Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/End of term	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Merle McOmbring- Hodges	Chairperson	1 March 2013	28 February 2018	BSc; BSc (Hons); HDE; BEEd; MEd	Education		Finance, ICT and Audit Human Resource and Remuneration Marketing and Eco Tourism	20
Dr Colin Johnson	Vice Chairperson	11 April 2016	10 April 2021	MSc; PhD	Conservation Management; Natural Sciences		Conservation	11
Professor Gavin Maneveldt	Member	1 March 2018	28 February 2023	BSc; BSc (Hons); MSc; PhD Botany; Field Guide Association of South Africa; FGASA Honorary SKS)	Marine Biology		Conservation Human Resource and Remuneration	None
Adv Mandla Mdludlu	Member	1 March 2013	28 February 2018	Bachelor of Law (Bluris) Bachelor of Law (LLB)	Consumer and Construction Law		Risk	8

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/End of term	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Danie Nel	Member	1 March 2013	28 February 2018	Dipl. Luris; Diploma in Municipal Law and administration	Local government management and legislation; Legislative drafting and enforcement of legislation		Human Resource and Remuneration	8
Dr Bruce McKenzie	Member	1 March 2013	28 Feb 2018	BSc; BSc (Hons); (cum laude) MSc; PhD	Conservationist		Risk Conservation	11
Mervyn Burton	Member	15 June 2015	14 June 2020	CA (SA); BCompt (Hons)	Financial Management; Corporate		Finance, ICT and Audit Marketing and Eco Tourism	13
Professor Aubrey Redlinghuis	Member	15 June 2015	14 June 2020	BA (Hons); MA; Doctorate in Geography	Education		Human Resource and Remuneration Conservation	12
Paul Slack	Member	15 June 2015	14 June 2020	BComm (Hons) in Financial Management; CA (SA)	Corporate Governance and Risk		Finance, ICT and Audit Risk	11

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/End of term	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Associate Professor Denver Hendricks	Member	11 April 2016	10 April 2021	BSc; MSc; PhD	Medical Biochemistry; Natural Sciences; Conservation Management		Marketing and Eco Tourism Conservation	10
Marguerite (Kiki) Bond- Smith	Member	1 March 2018	28 February 2023	BCom; Postgraduate Diploma in Tax; CA (SA) LLB; LLM	Tax; Environmental Law		Finance, ICT and Audit Marketing and Eco Tourism Risk	None

Table 18 Independent Audit Committee Members

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of meetings attended
Rozan Jaftha	Independent member	3 February 2015	31 January 2018	BCom Honours; B Compt; CA (SA); Internal Auditor	CA (SA)		Finance, ICT and Audit	4
Marguerite (Kiki) Bond-Smith	Independent member	1 April 2016	28 February 2018	BCom; Postgraduate Diploma in Tax; CA (SA) LLB; LLM	Tax; Environmental Law		Finance, ICT and Audit	5
Nirvani Dhevcharan	Independent member	1 January 2018	31 May 2021	BSc Honours Computer Science; MSc; MCSE	Technology		Finance, ICT and Audit	1
Burton van Staaden	Independent member	1 January 2018	31 May 2021	BCom; BCompt; Postgraduate Certificate in Auditing; CA (SA)	Auditing		Finance, ICT and Audit	1

Table 19: Committees

Committee	No. of meetings held	No. of members	Name of members
Conservation	4	4	Dr Bruce McKenzie Professor Redlinghuis Associate Professor Denver Hendricks Dr Colin Johnson
Marketing and Eco-Tourism	4	3	Mervyn Burton Merle McOmbring-Hodges Associate Professor Denver Hendricks
Human Resource and Remuneration	4	3	Merle McOmbring-Hodges Danie Nel Professor Redlinghuis
Risk	4	4	Marguerite (Kiki) Bond-Smith (independent) Adv Mandla Mdludlu Dr Bruce McKenzie Paul Slack
Finance, ICT and Audit	4 plus 1 special meeting	7	Marguerite (Kiki) Bond-Smith (independent) Rozaan Jafftha (independent) Paul Slack Mervyn Burton Nirvani Dhevcharran (independent) Burton Van Straaten (independent) Merle McOmbring-Hodges (ex officio)

Table 20: Remuneration of board members

Name	Remuneration (Rands)	Other allowances	Other re-imbursments (Rands)	Total
Mervyn Burton	30 702		0	30 702.00
Associate Professor Denver Hendricks	22 278		0	22 278.00
Merle McOmbring-Hodges	59 679		0	59 679.00
Dr Colin Johnson	23 364		19 557.90	42 921.90
Dr Bruce McKenzie	28 755		0	28 755.00
Adv Mandla Mdludlu	17 523		1 465.65	18 988.65
Danie Nel	20 967		9 214.05	30 181.05
Professor Redlinghuis	23 364		1 592.66	24 956.66
Paul Slack	35 457		0	35 457.00
TOTAL	262 089		31 830.26	293 919.26

5. RISK MANAGEMENT

Governance embodies processes, policies, systems, laws and regulations by which entities are strategically directed, governed and held to account. The King IV Report on Corporate Governance requires boards to govern risk in a manner where the setting and achievement of organisational strategic objectives are supported. This requirement is supported by assessing the effectiveness of risk management and internal control, the alignment of Information and Communication Technology (ICT) with business objectives and sustainability and the integrity of financial reporting. Risk Management, as a component of governance, provides assurance that risks are being managed in such a manner that the goals and objectives of the entities are being achieved. Risk Management resides in the Administration and Governance Programme and reports to Executive Management and the CapeNature Board, which ensures that the activities of the component is strategically driven and focused, and decision-making support is risk based.

Risk Management assurance is provided by the implementation of the Risk Management Policy approved by the CapeNature Board. Oversight of the risk management function is provided by the Board Risk Committee. Notwithstanding the role of the Risk Committee, the Audit Finance and ICT Committee continue to perform its oversight role with respect to governance and related matters. The Risk Profile is tabled and discussed quarterly with both the Risk and Audit Finance and ICT Committees and progress is provided with the management of risk and implementation of risk mitigation measures. In addition to these structures the Risk Profile is tabled at all other Board Committees to ensure that it considers and incorporates all relevant aspects of risk, risk identification and mitigation, the identification of emerging risks and cross functional priorities. Progress reporting on risk takes place in consultation with relevant risk owners and ensures commitment and regular consideration from Management.

The CapeNature Risk Profile informs the risk management activities and operational focus areas for the entity. The Profile is aligned to the entity structure and incorporates all directorates and functional areas. During the reporting period the current drought situation in the Western Cape was identified as a strategic risk. Notwithstanding that CapeNature is not responsible for the provision of water to the Province the impact on the entity is significant. In this respect CapeNature had drafted a Business Continuity Plan to specifically address the challenges posed with the possibility of a day zero scenario. Initiatives were identified to reduce the water consumption and demand management include rain water harvesting and pilot the use of grey water for use in ablutions, CapeNature specifically included a bid proposal as part of the DEA: Natural Resource Management (NRM) programme implementation, to clear the Theewaterskloof Dam catchment of alien invasives. This does not only give effect to the current water drought situation but also addresses the strategic risk of reduced ecosystem and health. The entity continues to manage and mitigate risk within the limitations of the provincial allocations resulting from the current fiscal constraints and the impact of global economic conditions. This has placed additional focus on the need for greater strategic management of financial resources and the prudent spending thereof, ongoing strengthening of strategic partnerships, the identification of additional revenue streams and the diversification of these streams

6. INTERNAL CONTROL UNIT

The aim of the Internal Control Unit (ICU) is to facilitate the maintenance, improvement and implementation of an efficient and effective control environment. Furthermore, to facilitate the improvement of corporate governance and to monitor compliance within the entity.

This is pursued through the following mechanisms:

- Assurance services;
- Advisory services;
- Knowledge gathering;
- Knowledge sharing; and
- Visibility.

Through the reviews conducted during the 2017/18 financial year, the following should be noted:

- The control environment has improved;
- There was an improvement in the standardisation of business processes and procedures;
- Greater investment in training and development of staff was evident;
- Risks are managed and mitigated effectively;
- Systems implemented within the period resulted in effective and efficient operations, thus mitigating errors through manual intervention; and
- Monitoring and evaluation of the above is done timeously through follow-ups, reviews and consultation with the Internal Auditors (EY).

A process has been started to compile Standard Operating Procedures (SOPs) related to various indicators in the 2017/18 Annual Performance Plan. The SOPs related to Biodiversity Support and Conservation Management have been completed and formally signed off by the respective custodians.

Another project was to compile compliance templates, which have been completed for the following legislation:

- Western Cape Nature Conservation Board Act
- Basic Conditions of Employment Act
- Disaster Management Act
- Occupational Health and Safety Act
- National Forests Act
- Employment Equity Act
- Compensation for Occupational Injuries and Diseases Act (COIDA)
- Marine Living Resources Act
- Labour Relations Act

- Promotion of Access to Information Act
- National Environmental Management: Protected Areas Act
- Mineral Act
- National Environmental Management Integrated Coastal Management Act.

The internal control unit also performed a Committee of Sponsoring Organisations (COSO) (Gap) analysis to analyse the entity's compliance to best practice in terms of internal control, fraud risk management and corporate governance. Internal control was based on the COSO 2013 framework. Fraud risk management was based on the Luxembourg Court of Auditors guidance on fraud risk while Corporate Governance was based on King IV.

Phase one of the analysis was completed in the period under review.

Incidents of irregular, fruitless and wasteful expenditure were identified during the period under review and reported to the Audit Committee and the Board for write-off as the expenditure was irrecoverable per Treasury Regulation 12.7.1.

The following key reviews were conducted during the 2017/18 financial year:

- Human resource management;
- Supply chain management;
- Deferred revenue;
- Financial information (quarterly and interim);
- Contract management;
- Permits (Biodiversity); and
- NRM Integrated Catchment Management Procurement.

After the reviews, follow-ups were conducted from which revealed that recommendations have been actioned and have improved the control environment relating to finance and human resource management. A few concerns raised were discussed with the various Directorates. Dialogue between directorates is imperative for efficient functioning of the entity and is practised consistently. The Internal Control Unit is working more closely with the directorates to remedy control deficiencies.

Through conducting the reviews, the Internal Control Unit is ultimately assisting the organisation in achieving its mandate, vision and mission, creating a culture of sound controls which allows for a greater focus on conservation.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Table 21: Composition of the Audit Committee

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned/ End of Term	No. of Meetings attended
Marguerite (Kiki) Bond-Smith	BCom; Postgraduate Diploma in Tax; CA (SA) LLB; LLM	Independent Member		1 April 2016	28 February 2018	5
Rozan Jaftha	BCom Honours; BCompt; CA (SA); Internal Auditor	Independent Member		3 February 2015	31 Jan 2018	4
Paul Slack	BComm (Hons); CA (SA)	Board Member		15 June 2015	14 June 2020	5
Mervyn Burton	CA (SA); BCompt (Hons)	Board Member		15 June 2015	14 June 2020	4
Nirvani Dhevcharran	BSc Honours Computer Science; MSc; MCSE	Independent Member		1 January 2018	31 May 2021	1
Burton van Staaden	BCom; BCompt; Postgraduate Certificate in Auditing; CA (SA)	Independent Member		1 January 2018	31 May 2021	1
Merle McOmbring-Hodges	BSc; BSc (Hons); HDE; BEd; MEd	Ex Officio		1 March 2013	28 February 2018	5

8. COMPLIANCE WITH LAWS AND REGULATIONS

Compliance is read in conjunction with the Board Charter and the respective Board committees. The Western Cape Nature Conservation Board endorses the principles as set out in the Protocol on Corporate Governance in the Public Sector and, where applicable, the King IV Report on Corporate Governance for South Africa 2016 (King IV); and has endeavoured to comply as far as practically possible with the principles and practices contained in the King Report.

9. FRAUD AND CORRUPTION

CapeNature has developed a Fraud Prevention Policy approved by the Board. CapeNature's approach to fraud and corruption confirms its stance and support for a culture of zero tolerance in all of its forms and manifestations. The Policy recognises basic fraud prevention initiatives that are in place within CapeNature.

Through the Fraud Prevention Policy a mechanism is created through which employees are able to raise concerns responsibly where there were reasonable grounds to believe that fraud and corruption occurred. It is the responsibility of all employees to report all allegations or incidents of fraud and corruption to their immediate manager or next level of management immediately. Should any employee wish to report allegations of fraud they may contact any member of Management, the Chief Executive Officer, Chairperson of the Board or alternatively the National Anti-Corruption toll free number at 0800 701 701. In addition to above mechanisms, incidents can be reported directly to Provincial Forensic Services within the Department of the Premier.

All matters that are reported are considered and evaluated and may either be investigated internally and/or referred to any other advisory and support service at the entity's disposal, including Internal Audit, Auditor-General, Provincial Forensic Services and/or any other investigative agencies prescribed by law. Any fraud committed by an employee of CapeNature is thoroughly investigated to the full extent of the law, including consideration of disciplinary proceedings within a reasonable period of time after the incident, instituting recovery of financial losses, including formal civil action, initiating criminal prosecution and/or any other appropriate and legal remedy available. In order to strengthen investigative processes CapeNature and the Department of Environmental Affairs and Development Planning developed a protocol in collaboration with Provincial Forensic Services. The protocol was developed to contextualise the provision of forensic services by Provincial Forensic Services. The establishment of the Internal Control component has further allowed for a more prompt response to incidents where a breakdown of control has occurred and/or is suspected and to identify remedial actions to strengthen the control environment. These incidents will inform both proactive and reactive processes and functional areas to prevent future incidents of fraud and corruption.

During the reporting period two matters were investigated. The one matter related to fuel syphoning in the Central Region. This matter was investigated by Provincial Forensic Services. The scope of the investigation impacted on the finalisation of the investigation by Provincial Forensic Services and resulted in a delay in the finalisation of the investigation. The final report was issued during the reporting period and is being reviewed in order to implement recommendations.

The other matter related to the mismanagement of financial resources. The matter was investigated internally and informed the disciplinary proceedings. The disciplinary proceedings resulted in written warnings being issued to two employees. Two further employees had been implicated during the disciplinary proceedings and resulted in their dismissal. Both matters were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA). The outcomes of this process resulted in the matter for the one employee being settled in CapeNature's favour and the second matter resulting in a settlement being reached.

10. MINIMISING CONFLICT OF INTEREST

All staff and Board Members are required to complete an annual Declaration of Interest. For each Supply Chain Committee meeting held (Evaluation and Adjudication), all members sign a declaration pertaining to agenda items for discussion. During the period under review, no cases of conflict of interest were identified.

11. CODE OF CONDUCT

The code is a directive to all employees of CapeNature and should act as a guideline to employees as to what is expected of them from an ethical point of view, both in the individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and to build confidence in the entity. Failure to adhere to the spirit and the letter of the Code of Conduct may open an employee to disciplinary proceedings.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The main purpose of occupational health and safety in the workplace is to ensure compliance with the provisions of:

1. The Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), as amended, achieved by providing a safe working environment for employees, contractors, volunteers and students and visitors to CapeNature worksites;
2. The Consumer Protection Act, 2008 (Act No. 68 of 2008) achieved by providing a safe product to end-users of our tourism facilities (visitors accessing CapeNature managed land); and
3. The Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993), achieved by effective compensation claims management.

An important measurement of the effectiveness of the health and safety initiatives is the occurrence of injuries and incidents in the workplace and the days lost as a result thereof. During the period under review, 82 injuries

occurred which resulted in an average of 4 working days lost per injury. This is an increase in the average from 2016/17. This was caused by certain injuries having resulted in a significant number of days lost. All injuries are investigated to determine root causes and in order to identify remedial and improvement actions to prevent its re-occurrence.

CapeNature continued to give effect to the implementation of the occupational health and safety management system. This focused on the ongoing review and development of instructions and guidelines, regional support through the OHS Officers, investigation of incidents, communication and awareness. Significant focus was placed on project and programme health and safety compliance, particularly in the EPWP programmes. CapeNature continued to implement the Medical Surveillance Programme that was initiated during 2016/17. The Programme responded to the need for CapeNature to protect its employees against health and safety hazards that might arise from tasks and duties in the workplace.

13. COMPANY / BOARD SECRETARY (IF APPLICABLE)

Not Applicable

14. SOCIAL RESPONSIBILITY

No social responsibility projects undertook during the financial period.

15. FINANCE, AUDIT AND ICT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee Responsibility

The Finance, Audit and ICT Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act 1999 (Act 1 of 1999) and Treasury Regulation 3.1.13. The Finance, Audit and ICT Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

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

- Supply Chain Management
- Follow up of the prior year's extensive HR review
- ICT
- National Resource Management program
- Pre-implementation review of Permit System
- Procurement sub-system
- Web Application Security review

The following were areas of concern:

- Alignment of final contract price to original order value
- A range of ICT control issues
- Possible risk to public personal information access

In-Year Management and Monthly/Quarterly Report

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

Financial oversight

Financial oversight of the following took place:

- The Finance, Audit and ICT committee charter was reviewed
- Regular review of the audit matrix

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity and concur with the figures reported and the findings of the Auditor General.

The entity obtained a clean report in the four major areas of the Auditor General review viz.

- Financial statements
- Pre-determined objectives
- Compliance with laws and regulations
- Internal controls

Auditor General's Report

The committee has implemented a tracking and monitoring document entitled the "Audit Matrix", which is a standing item at every committee meeting. The matrix includes every item raised by internal and external auditors as well as the internal control unit, no matter how small. These matters stay on the audit matrix until management resolves them. Removal of an item from the audit matrix is only upon confirmation by the internal auditors that the matter has been fully resolved. In this way the committee satisfies itself that prompt and correct action is taken to resolve audit findings.

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

The Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Paul Slack

Chairperson of the Finance, Audit and ICT Committee

CapeNature

August 2018



Photo: Donovan Kirkwood | Leucadendron & Erica, Salmonsdam



PART D:
HUMAN RESOURCE
MANAGEMENT

I. INTRODUCTION

During the the period under review, the Human Resource Management component strived to deliver effective and efficient services to the entity through coordinated training and development initiatives, well-structured recruitment and selection processes, fair and transparent employee relations management and consistent performance management practices. The Annual Performance Plan (APP) deliverables of 10 Interns and / or Work Integrated Learners (WIL) and the appointment of 450 FTEs has been exceeded.

The entity made an concerted effort to translate FTEs from temporary to permanent appointments, which was achieved when five suitable vacancies became available. This enabled to entity to contribute to the sustainability of the programme and deliver on the mandate of sustainable job creation.

During the period under review HR policies, processes and procedures were reviewed and amended in line with best practice and amended legislation. HR systems were also updated and more efficient processes and systems were implemented to ensure improved quality of data and effective service delivery. These systems and services are monitored for continuous improvement and enhanced service delivery.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 22: Personnel cost by programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	2017/18		Average Personnel Cost per Employee (R'000)
			Personnel Expenditure as a % of Total Expenditure (R'000)	No. of Employees	
Administration and Governance	106 087	65 224	61,5%	619	105
Biodiversity Support	25 716	22 540	87,6%	43	524
Conservation Management	166 855	86 703	52,0%	330	263
Marketing and Eco-tourism	28 050	11 858	42,3%	31	383
Total	326 708	186 325	57,0%	1 023	182

Table 23: Personnel fixed cost by salary band

Salary Band	Personnel Expenditure (R'000)	% of Personnel Exp. To Total Personnel cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Executive Management 13-15	6 575	4	6	1 094
Senior Management 11-12	23 530	13	29	811
Professional qualified 9-10	51 382	28	91	565
Skilled 6-8	43 302	23	125	346
Semi-skilled 3-5	39 610	21	207	191
Unskilled 1-2	21 926	12	565	39
Total	186 325	100	1 023	182

Performance Rewards

N/A

Table 24: Training costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.
Programme 1: Administration and Governance	65 224	3 246	5,0%
Programme 2: Biodiversity Support	22 540	5	0,0%
Programme 3: Conservation Management	86 703	1 563	1,8%
Programme 4: Marketing and Eco-Tourism	11 858	4	0,0%
TOTAL	186 325	4 818	2,6%

Table 25: Employment and vacancies by programme

Programme	2016/17	2017/18	2017/18	% of Vacancies
	No. of Employees	No. of Employees	Vacancies	
Administration and Governance	554	619	4	0,06%
Biodiversity Support	46	43	10	18,8%
Conservation Management	294	330	43	11,5%
Marketing and Eco-tourism	25	31	0	0%
Total	919	1 023	57	5,3%

Table 26: Employment and vacancies by salary band

Salary Band	2016/17	2017/18	2017/18	% of Vacancies
	No. of Employees	No. of Employees	Vacancies	
Executive Management 13+	6	5	1	16%
Senior Management 11-12	31	29	9	23,6%
Professional qualified 9-10	89	91	7	7,1%
Skilled 6-8	115	125	11	8,0%
Semi-skilled 3-5	207	207	29	12,9%
Unskilled 1-2	471	565	0	0%
Total	919	1 023	57	5,3%

Table 27: Employment changes

Salary Band	Employment at beginning of period 1/4/2017	Appointments	Appointment FTEs	Terminations	Terminations FTEs	Employment at end of the period
Executive Management 13+	6	0	0	1	0	5
Senior Management 11-12	31	1	0	4	0	29
Professional qualified 9-10	89	6	0	7	0	91
Skilled 6-8	115	22	0	10	0	125
Semi-skilled 3-5	207	24	0	31	0	207
Unskilled 1-2	471	64	108	26	70	565
Total	919	117	108	79	70	1023

Table 28: Reasons for staff leaving

Reason	Number of Staff	% of total number of staff leaving
Death	4	0,4%
Resignation	86	8,4%
Dismissal	7	0,7%
Retirement	5	0,5%
Ill health	1	0,1%
Expiry of contract	25	2,4%
Other (Absconded)	23	2,2%
Retrenchment	1	0,1%
Total	148	14,5%

Table 29: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	26
Written Warning	57
Final Written warning	24
Dismissal	7

Table 30: Equity Target and Employment Equity (EE) Status

SALARY BAND	MALE											
	African			Coloured			Indian			White		
	Current	FTE	Target	Current	FTE	Target	Current	FTE	Target	Current	FTE	Target
Executive Management 13+	0	0	0	1	0	2	1	0	1	1	0	0
Senior Management 11-12	3	0	5	8	0	10	1	0	0	10	3	0
Professional qualified 9-10	9	0	8	11	0	15	0	0	0	28	9	0
Skilled 6-8	14	0	20	33	1	31	2	0	2	6	14	0
Semi-skilled 3-5	21	0	16	105	0	97	1	0	1	5	21	0
Unskilled 1-2	16	46	65	31	145	213	1	0	0	3	16	46
Total	63	46	114	189	146	368	6	0	4	53	63	46

SALARY BAND		FEMALE											
		African			Coloured			Indian			White		
		Current	FTE	Target	Current	FTE	Target	Current	FTE	Target	Current	FTE	Target
Executive Management 13+	0	0	1	0	0	0	2	0	0	1	1	0	0
Senior Management 11-12	0	0	3	3	0	4	1	0	0	1	3	0	0
Professional qualified 9-10	7	0	6	12	0	13	3	0	0	2	21	7	0
Skilled 6-8	13	0	14	32	0	13	2	0	0	2	22	13	0
Semi-skilled 3-5	15	2	15	46	0	47	1	0	0	0	11	15	2
Unskilled 1-2	20	106	70	17	178	115	0	0	0	0	1	20	106
Total	55	108	109	110	178	192	9	0	0	6	59	55	108

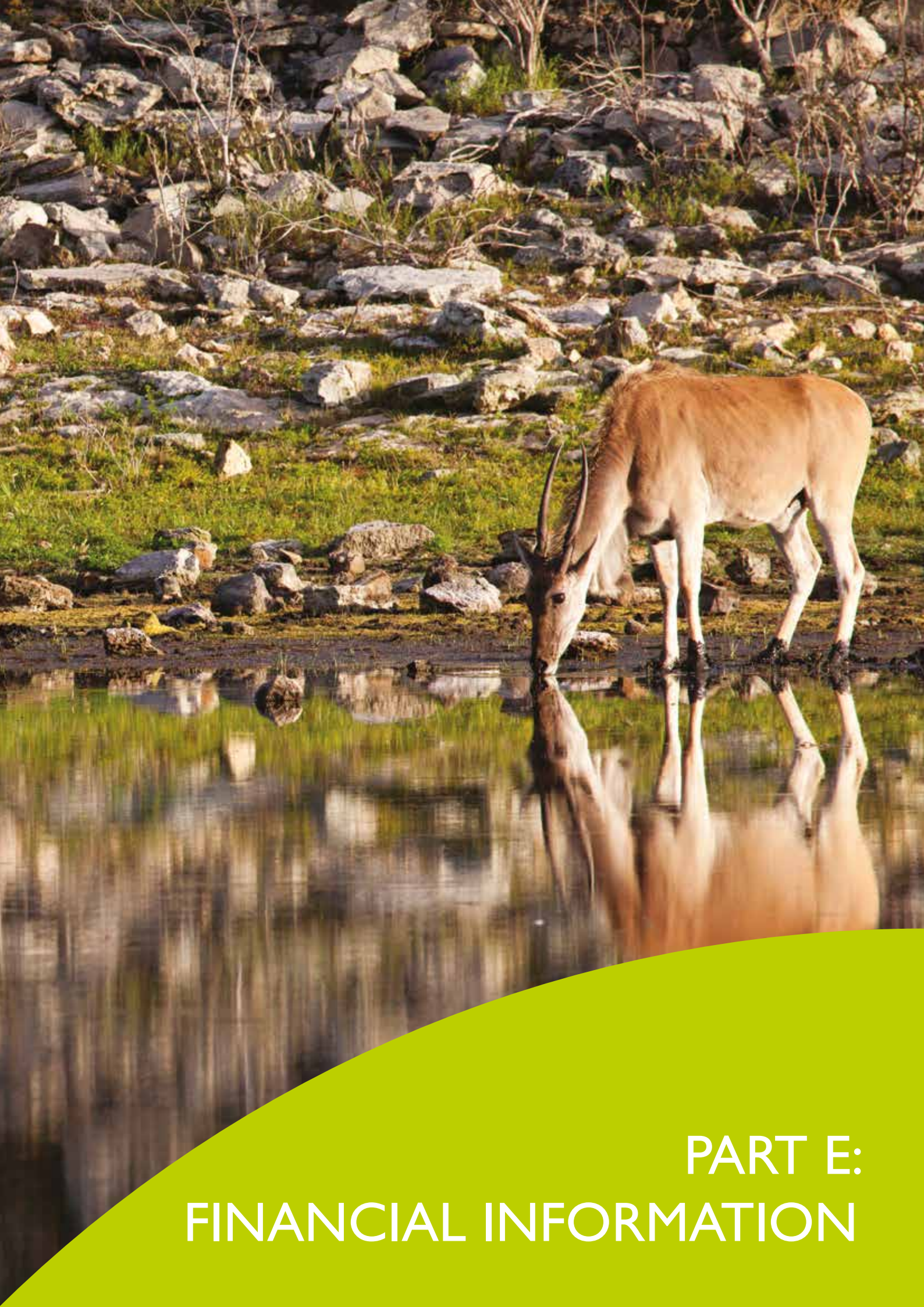
SALARY BAND	DISABLED STAFF					
	Male			FEMALE		
	Current	FTE	Target	Current	FTE	Target
Executive Management 13+	0	0	0	0	0	0
Senior Management 11-12	0	0	0	1	0	1
Professional qualified 9-10	0	0	1	0	0	1
Skilled 6-8	1	0	1	2	0	2
Semi-skilled 3-5	1	0	4	3	0	3
Unskilled 1-2	5	9	2	5	6	3
Total	7	9	8	11	6	10

Photo: Anton Wolfaardt | *Serruria linearis*





Photo: Scott Ramsay | De Hoop Nature Reserve



PART E:
FINANCIAL INFORMATION

I. REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE WESTERN CAPE NATURE CONSERVATION BOARD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Western Cape Nature Conservation Board set out on pages 95 to 136, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Nature Conservation Board as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of errors discovered during the 2017-18 financial year in the financial statements of the entity at, and for the year ended, 31 March 2017.

Significant uncertainties

8. With reference to note 24 to the financial statements, the entity is the defendant in fire damage claims and also has other potential claims in progress. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material underspending

9. As disclosed in the statement of comparison of budget and actual amounts, the entity has materially underspent the budget to the amount of approximately R25,3 million. The underspending is mainly due to procurement challenges during the year which resulted in projects that could not be finalised within the financial year, such as the Landroskop road upgrade, De Hoop fence project, and recreational area at Cederberg and Grootvaderbosch, as disclosed in notes 32 and 23 to the financial statements.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – Biodiversity Support	37 – 40
Programme 3 – Conservation Management	41 – 44

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Biodiversity Support
 - Programme 3 – Conservation Management

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 32 to 47 for information on the achievement of planned targets for the year and explanations for the under- or overachievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting authority's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

INTERNAL CONTROL DEFICIENCIES

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.



Cape Town
31 July 2018

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

2. ANNUAL FINANCIAL STATEMENTS

Western Cape Nature Conservation Board

Trading as CapeNature

Annual Financial Statements for the year ended 31 March 2018

Accounting Authority's Responsibilities and Approval

The Board (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 Board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was 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).

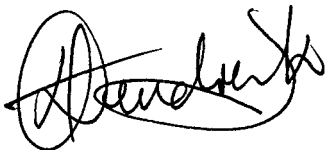
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the 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 Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

The Board has reviewed the entity's budget forecast for the 12 months from 1 April 2018 to 31 March 2019 and, in the light of this review and the current financial position, it is satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern.



Associate Professor Denver Hendricks
Chairperson

Western Cape Nature Conservation Board

Trading as CapeNature

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	7	2 036 943	2 597 278
Trade and other receivables from exchange transactions	8	4 497 505	2 831 712
Trade receivables from non-exchange transactions	8	4 032 571	3 182 946
Cash and cash equivalents	9	171 162 222	124 701 099
		181 729 241	133 313 035
Non-Current Assets			
Property, plant and equipment	4	140 738 075	123 807 828
Intangible assets	5	5 926 367	6 406 775
		146 664 442	130 214 603
Total Assets		328 393 683	263 527 638
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	14	31 870 808	26 345 388
Short term employee benefits	14	11 617 750	11 375 528
Unspent conditional grants and receipts	12	821 063	6 513 117
Finance lease obligations	13	4 848 927	4 140 229
Other payables from non-exchange transactions	14	939 740	925 907
		50 098 288	49 300 169
Non-Current Liabilities			
Employee benefit obligation	6	5 264 483	5 213 718
Unspent conditional grants and receipts	12	35 682 927	14 416 291
Finance lease obligations	13	34 029 630	28 652 749
Other payables from non-exchange transactions	14	995 445	1 017 849
		75 972 485	49 300 607
Total Liabilities		126 070 773	98 600 776
Net Assets		202 322 910	164 926 862
Revaluation reserve	10	15 834 068	15 834 068
Project reserve	11	46 685 884	29 100 000
Accumulated surplus		139 802 958	119 992 794
Total Net Assets		202 322 910	164 926 862

Western Cape Nature Conservation Board

Trading as CapeNature

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Tourism	16	40 283 036	34 413 088
Licences and permits		3 409 532	3 714 189
Other income	17	3 776 874	2 578 516
Interest received	18	9 609 771	8 329 841
Total revenue from exchange transactions		57 079 213	49 035 634
Revenue from non-exchange transactions			
Transfer revenue			
Grants, donations and project funds	19	32 775 147	30 716 369
Fines		199 600	130 900
Monetary government grants received	19	274 050 000	249 717 000
Total revenue from non-exchange transactions		307 024 747	280 564 269
Total revenue		364 103 960	329 599 903
Expenditure			
Employee related costs			
Depreciation and amortisation	20	(198 518 524)	(185 607 502)
Impairment on property, plant and equipment		(14 940 445)	(10 909 880)
Finance costs	21	(61 374)	(375 527)
Debt impairment		(10 363 900)	(9 397 894)
Repairs and maintenance	4	58 078	(804 587)
Administrative expenses		(2 999 190)	(1 907 037)
Stores		(19 326 804)	(23 439 985)
Transport and travel		(15 084 263)	(14 579 768)
Professional and other services		(23 645 401)	(21 862 837)
Training		(38 414 865)	(41 173 747)
		(4 817 722)	(3 163 466)
Total expenditure		(328 114 410)	(313 222 230)
Operating surplus		35 989 550	16 377 673
Gain on disposal of assets and liabilities		1 406 613	725 374
Loss on foreign exchange		(115)	(89)
		1 406 498	725 285
Surplus for the year		37 396 048	17 102 958

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Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Project Reserve	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	15 834 068	-	15 834 068	131 994 140	147 828 208
Adjustments	-	-	-	(4 304)	(4 304)
Prior year adjustments (note 27)	-	-	-	-	-
Balance at 01 April 2016 as restated*	-	15 834 068	15 834 068	131 989 836	147 823 904
Changes in net assets	-	-	-	-	-
Surplus for the year	-	-	-	17 102 958	17 102 958
Transfer	-	29 100 000	29 100 000	(29 100 000)	-
Total changes	-	29 100 000	29 100 000	(11 997 042)	17 102 958
Restated* Balance at 01 April 2017	15 834 068	29 100 000	44 934 068	119 992 794	164 926 862
Changes in net assets	-	-	-	-	-
Surplus for the year	-	-	-	37 396 048	37 396 048
Transfers in	-	25 000 000	25 000 000	(25 000 000)	-
Transfers out	-	(7 414 116)	(7 414 116)	7 414 116	-
Total changes	-	17 585 884	17 585 884	19 810 164	37 396 048
Balance at 31 March 2018	15 834 068	46 685 884	62 519 952	139 802 958	202 322 910
Note(s)	10	11			

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Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Grants, project funds and tourism revenue		368 594 627	321 525 074
Interest income		9 609 771	8 329 841
		378 204 398	329 854 915
Payments			
Employee costs		(198 225 537)	(183 599 074)
Suppliers		(99 194 373)	(99 377 274)
Finance costs		(10 363 900)	(9 397 894)
		(307 783 810)	(292 374 242)
Net cash flows from operating activities	22	70 420 588	37 480 673
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(35 175 983)	(23 091 800)
Proceeds from sale of property, plant and equipment	4	6 219 267	2 576 018
Purchase of other intangible assets	5	(1 088 389)	(1 195 227)
Proceeds from sale of other intangible assets	5	62	-
Net cash flows from investing activities		(30 045 043)	(21 711 009)
Cash flows from financing activities			
Additional finance lease		6 085 578	(2 156 081)
Net increase/(decrease) in cash and cash equivalents		46 461 123	13 613 583
Cash and cash equivalents at the beginning of the year		124 701 099	111 087 516
Cash and cash equivalents at the end of the year	9	171 162 222	124 701 099

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Non-tax Revenue						
Sale of goods and services other than capital assets	43 947 672	31 920 338	75 868 010	89 668 153	13 800 143	32
Fines, penalties and forfeits	500 000	-	500 000	199 600	(300 400)	
Interest, dividends and rent on land	3 200 000	-	3 200 000	9 609 771	6 409 771	32
Other non-tax revenue	799 350	-	799 350	4 676 873	3 877 523	32
Transfers received	287 050 000	(13 000 000)	274 050 000	274 050 000	-	
Total revenue	335 497 022	18 920 338	354 417 360	378 204 397	23 787 037	
Expenses						
Compensation of employees	(201 485 815)	1 342 059	(200 143 756)	(198 225 537)	1 918 219	32
Use of goods and services	(90 523 208)	(35 852 485)	(126 375 693)	(109 603 688)	16 772 005	32
Payment for capital assets	(43 487 999)	15 590 088	(27 897 911)	(21 248 923)	6 648 988	32
Payment for financial assets	-	-	-	49 795	49 795	
Total expenditure	(335 497 022)	(18 920 338)	(354 417 360)	(329 028 353)	25 389 007	
Surplus for the year	-	-	-	49 176 044	49 176 044	
Reconciliation						
Basis difference						
Depreciation and amortisation				(14 940 445)		
Gain on sale of asset				1 406 613		
Capital assets				20 657 691		
Working capital changes				(3 217 132)		
Post-retirement medical aid				(50 765)		
Unspent conditional grants				(15 574 584)		
Impairment on property, plant and equipment				(61 374)		
Actual amount in the Statement of Financial Performance				37 396 048		

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Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

I. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

The accounting policies and comparatives are consistent with the previous period except for those standards that have been adopted in the current year.

I.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

I.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements includes the following:

Impairment of Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period in determining whether an impairment loss should be recorded in surplus or deficit. Management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

I.3 Biological assets

The entity shall recognise biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

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Accounting Policies

1.4 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.

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.

Property, plant and equipment is initially measured at cost.

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 asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees, direct materials, labour and overhead expenses. Interest costs on borrowings to finance the construction of infrastructure are capitalised during the period of time that is required to complete and prepare the infrastructure for its intended use, and form part of the cost of the asset.

Included in buildings and infrastructure are accommodation units. This is classified as buildings as it is used in the supply of services to customers.

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

Item	Average useful life
Land	Indefinite
Buildings	50 years
Plant and machinery	2-6 years
Furniture and fixtures	2-15 years
Motor vehicles and boats	4-6 years
IT equipment	2-5 years
Leasehold improvements	6-50 years
Motor vehicles under finance leases	4-10 years
Infrastructure development	15-50 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

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

An intangible asset is identifiable if it is either:

- separable, i.e. 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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Accounting Policies

1.5 Intangible assets (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Average useful life
Computer software, other	2-10 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.

Classes of heritage assets include conservation areas such as nature reserves.

Recognition

The entity recognises a heritage asset as an asset if, and only if:

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

The entity is responsible for the management of proclaimed nature reserves in the Western Cape which are conservation areas and therefore regarded as heritage assets.

The entity does not recognise heritage assets which on initial recognition, do not meet the recognition criteria of a heritage asset because they cannot be reliably measured. Relevant and useful information has been disclosed in the notes to the financial statements.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

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Accounting Policies

1.6 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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Accounting Policies

1.7 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- All financial assets of CapeNature were categorised as Financial instruments at amortised cost. The classification depends on the nature and the purpose of the financial assets and is determined at the time of initial recognition
- All financial liabilities of CapeNature were classified as financial liabilities at amortised cost. The classification depends on the nature and the purpose of the financial liabilities and is determined at the time of initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the Statement of Financial Position when CapeNature becomes a party to the contractual provisions of the instruments.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised costs'. Financial assets are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or, where appropriate, a shorter period.

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Receivables from exchange transactions

Financial assets are assessed for indicators of impairment at year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

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Accounting Policies

1.7 Financial instruments (continued)

Payables from exchange transactions

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

Once an entity has classified a financial asset or a financial liability either at fair value or amortised cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognised a financial asset, or specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an entity has transferred control of the asset to another entity.

An entity derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as extinguishment of an existing liability and the recognition of a new liability. Where an entity modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An entity cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

Payables from non-exchange transactions

Payables from non-exchange are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives values 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

1.8 Taxation

No provision has been made to SA Income Taxation as the entity is exempt from income taxation in terms of section 10(1)(cA)(i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

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 on the remaining balance of the liability.

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.

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Accounting Policies

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 carried forward at weighted average cost.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs

The cost of fuel and chemicals are determined on the first-in, first-out (FIFO) basis, while uniforms, stores and other consumables are carried forward at the average cost. Ivory stocks are not capitalised as there is no legal trading market. Confiscated ivory stock is safeguarded by the Board.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by profit orientated entity.

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

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

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

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

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Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the entity. Identification

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

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-orientated entity.

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

Identification

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

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

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

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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Accounting Policies

1.13 Employee benefits (continued)

Defined benefit plans

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

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

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.

CapeNature provides post-retirement medical care benefits to some of its employees and their spouses. The entitlement to spouse retirement benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in profit or loss in the period in which it occurs.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

1.14 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.15 Revenue from exchange transactions

Revenue is the gross inflow 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.

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

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

Measurement

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

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1.15 Revenue from exchange transactions (continued)

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, royalties and dividends or similar distributions is recognised 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.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 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.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

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Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset, when, and only when: it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.

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.

1.17 Borrowing costs

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

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

1.18 Comparative figures

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year and as a result of corrections made.

1.19 Irregular, Fruitless and wasteful expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) the Public Finance Management Act 1999 (Act no 29 of 1999); or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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.

1.20 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2017/04/01 to 2018/03/31.

1.21 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national and provincial sphere of government are considered to be related parties.

The objective is to ensure that a reporting entity's financial statements contain disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

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Accounting Policies

1.21 Related parties (continued)

Close members of the family of a person, are considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with the entity.

The entity has already applied the principles of GRAP 20 which is approved, but not yet effective.

1.22 Segment Reporting

There is no separately available financial information that is regularly reviewed by management for decision making on the different activities of the entity and therefore the entity does not have any reportable segments as defined in the GRAP standards.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor; a public sector entity.

GRAP 108: Statutory Receivables

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

GRAP 109: Accounting by Principals and Agents

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

3. Biological assets

Non-financial information

CapeNature's biological assets include wildlife, fauna and flora and are not recognised in the statement of financial position. Fair value cannot be attached to these assets as they constantly change as dictated by natural processes like climate, fire, disease, predation, etc. which impacts directly on the rate of population growth and mortality. Some animal species also migrate from and to nature reserves (insects, birds, reptiles and even game species which escape) and therefore the entity does not have any control over these biological assets.

CapeNature's statutory responsibility is the conservation of the Western Cape's biodiversity, hence the holding of such assets. The biological assets are not recognised in the statement of financial position, as the value or cost of the assets cannot be measured reliably and the entity does not have control over these assets.

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4. Property, plant and equipment

	2018		2017			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	7 250 000	-	7 250 000	7 250 000	-	7 250 000
Buildings	12 142 512	(2 054 342)	10 088 170	12 142 512	(1 805 454)	10 337 058
Plant and machinery	5 345 427	(3 544 142)	1 801 285	4 827 888	(3 158 960)	1 668 928
Furniture and fixtures	66 626 367	(29 858 222)	36 768 145	59 810 943	(25 837 351)	33 973 592
Motor vehicles	8 014 584	(6 306 368)	1 708 216	7 732 076	(5 439 004)	2 293 072
IT equipment	18 552 394	(14 501 944)	4 050 450	16 263 939	(12 338 651)	3 925 288
Leasehold improvements	20 840 697	(1 778 796)	19 061 901	19 920 037	(1 278 043)	18 641 994
Capital assets under construction	9 749 542	-	9 749 542	2 073 189	-	2 073 189
Motor vehicles under finance leases	42 944 560	(9 676 566)	33 267 994	36 169 281	(9 889 039)	26 280 242
Infrastructure development	18 985 381	(1 993 009)	16 992 372	18 445 492	(1 081 027)	17 364 465
Total	210 451 464	(69 713 389)	140 738 075	184 635 357	(60 827 529)	123 807 828

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	7 250 000	-	-	-	-	-	7 250 000
Buildings	10 337 058	-	-	-	(248 888)	-	10 088 170
Plant and machinery	1 668 928	614 960	(4 417)	-	(478 186)	-	1 801 285
Furniture and fixtures	33 973 592	7 325 775	(47 464)	-	(4 483 758)	-	36 768 145
Motor vehicles	2 293 072	293 342	(2)	-	(878 196)	-	1 708 216
IT equipment	3 925 289	2 789 556	(1 077)	-	(2 663 318)	-	4 050 450
Leasehold improvements	18 641 994	917 659	-	3 001	(500 753)	-	19 061 901
Capital assets under construction	2 073 189	7 679 354	-	(3 001)	-	-	9 749 542
Motor vehicles under finance leases	26 280 242	15 015 448	(4 759 694)	-	(3 206 628)	(61 374)	33 267 994
Infrastructure development	17 364 465	539 889	-	-	(911 982)	-	16 992 372
Total	123 807 829	35 175 983	(4 812 654)	-	(13 371 709)	(61 374)	140 738 075

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	7 250 000	-	-	-	-	-	7 250 000
Buildings	9 529 801	1 037 132	-	-	(229 875)	-	10 337 058
Plant and machinery	1 355 199	766 170	(37 379)	3 490	(418 552)	-	1 668 928
Furniture and fixtures	23 142 825	647 741	(14 086)	12 353 942	(2 156 830)	-	33 973 592
Motor vehicles and boats	2 139 198	1 102 961	(181 077)	-	(768 010)	-	2 293 072
IT equipment	3 505 736	2 563 850	(283)	-	(2 144 014)	-	3 925 289
Leasehold improvements	14 447 421	2 651 474	-	1 920 821	(377 722)	-	18 641 994
Capital assets under construction	16 513 847	-	-	(14 440 658)	-	-	2 073 189
Motor vehicles under finance leases	28 315 988	2 714 235	(1 408 176)	-	(2 966 278)	(375 527)	26 280 242
Infrastructure development	5 961 320	11 608 238	-	162 405	(367 498)	-	17 364 465
Communication equipment	228 746	-	(209 643)	-	(19 103)	-	-
	112 390 081	23 091 801	(1 850 644)	-	(9 447 882)	(375 527)	123 807 829

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4. Property, plant and equipment (continued)		
Change in estimates on property, plant and equipment		
The annual review of the useful lives of furniture and fixtures, excluding chairs, resulted in a change in useful lives from 2-6 years to 2-10 years in March 2017 and resulted in a decrease of R1 309 168 in the depreciation charge.		
Due to the re-estimation the impact on depreciation in future years will amount to R963 687.		
Compensation received for losses on property, plant and equipment – included in operating profit.		
Furniture and fixtures	16 254	7 481
IT equipment	16 177	18 709
	32 431	26 190
Capital assets under construction		
Furniture and fixtures	4 697 862	2 073 189
Leasehold improvements	3 720 638	-
Infrastructure development	1 331 042	-
	9 749 542	2 073 189

The Kogelberg Development project to the value R2 809 651 which is included under Furniture and fixtures was delayed due to a Municipal rezoning conflict. The initial contract with the contractor was cancelled due to the delays and a new contractor has been appointed and the project will proceed according to a new project plan.

Expenditure incurred to repair and maintain property, plant and equipment

The repairs and maintenance for the year on property, plant and equipment is R2 999 190 (March 2017: R1 907 037), however this includes repairs and maintenance spent on property, plant and equipment that is not owned by the entity and excludes the purchase of materials and internal labour costs.

Motor vehicles under finance leases

CapeNature leases a range of vehicles from the Government Motor Transport Department. At 31 March 2018, CapeNature rented 149 (March 2017: 150) vehicles. This arrangement is disclosed in note 13 Finance lease obligations and note 25 Related parties.

5. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	14 343 196	(8 416 829)	5 926 367	13 608 167	(7 201 392)	6 406 775

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	6 406 775	1 088 389	(62)	(1 568 735)	5 926 367

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Figures in Rand	2018	2017		
5. Intangible assets (continued)				
Reconciliation of intangible assets - 2017				
	Opening balance	Additions	Amortisation	Total
Computer software	6 673 546	1 195 227	(1 461 998)	6 406 775

6. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

Some employees who were transferred over from the former Western Cape Department of Environmental Affairs and Development Planning are entitled to a post retirement medical aid benefit as they opted to continue with their benefits that they were previously entitled to.

The value of the accrued liabilities has been determined by using the Projected Unit Credit Method (the "funding method") and a set of actuarial assumptions.

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

Opening balance	5 213 718	4 627 000
Net (income) expense recognised in the statement of financial performance	50 765	586 718
	5 264 483	5 213 718

Net expense recognised in the statement of financial performance

Current service cost	57 736	39 000
Interest cost	462 821	466 000
Actuarial (gains) losses	(336 958)	184 132
Actual benefits paid by CapeNature	(132 834)	(102 414)
Total included in employee related costs (Note 20)	50 765	586 718

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Figures in Rand	2018	2017
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6. Employee benefit obligations (continued)

Key assumptions used

Assumptions used in the last valuation 31 March 2018:

Retirement Age	60	60
Discount rates used	9.12 %	8.94 %

The discount rate reflects the estimated timing of benefit payments. The average nominal yield curve for South African government bonds with duration of between 10 and 15 years were used. The resultant discount rate was 9.12%.

The basis used to determine the overall expected rate of return on assets is as follows:

An expected long-term increase in the medical subsidy payments of 0% per annum has been used as the benefit payable in terms of the agreement has been capped and the assumption is made that the maximum subsidy payment of R1 014 per month will remain.

The assumption is that 95% of in-service members entitled to a subsidy at retirement will be married and no dependant children after retirement.

The normal retirement age is 65, however the assumed retirement age of 60 years was used.

It is assumed that the male spouse will be four years older than the female spouse.

It is assumed that 100% of in-service members will remain on the healthcare arrangement should they stay until retirement.

Number of members included as active members	33	35
Number of members included as pensioners	29	28
	62	63

It is assumed that the level of benefits receivable, and the contributions payable in respect of such, would remain unchanged.

Sensitivity Analysis

The effect of an increase of one percentage point and the effect of a decrease of one percentage point for medical costs trends are as follows:

	1% decrease	1% increase
Projected Service Costs	71 000	56 000
Projected Interest Costs	454 000	474 000
Post-employment benefit obligation	5 744 000	4 850 000

Amounts for the current and previous four years are as follows:

	2018	2017	2016	2015	2014
	R	R	R	R	R
Defined benefit obligation	5 264 483	5 213 718	4 627 000	5 350 000	4 869 000

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6. Employee benefit obligations (continued)		
Defined contribution plan		
Pension benefits		
The Government Pension Fund (GEPF) is a defined benefit plan, but the organisation classifies the contributions as a defined contribution plan as it is under no obligation to cover any unfunded benefits. From August 2014, the Old Mutual Super Pension Fund (OMSPF) was established for all new employees and existing permanent employees were given the option to join before July 2015.		
As at March 2018 the entity employed 1023 staff of which 503 are permanent employees. There are 110 members belonging to the GEPF and 190 members belonging to the OMSPF.		
The entity is under no obligation to cover any unfunded benefits.		
The amount recognised as an expense for defined contribution plan	11 482 460	9 485 358
7. Inventories		
Uniforms, rations and other consumables	1 430 998	2 160 073
Fuel	199 586	146 338
Chemical Stores	406 359	290 867
	2 036 943	2 597 278
7.1 Additional Information		
Inventories recognised as an expense during the year	7 761 107	6 779 474
7.2 Non-financial information		
Ivory and other confiscated stocks are not capitalised as there is no legal trading market.		
8. Trade and other receivables from exchange transactions		
Trade debtors from exchange transactions	1 080 337	1 044 866
Other receivables from exchange transactions	3 417 168	1 786 846
Trade and other receivables from exchange transactions	4 497 505	2 831 712
From non-exchange transactions	-	-
Trade debtors from non-exchange transactions	4 032 571	3 182 946
	4 032 571	3 182 946

Other receivables includes prepaid expenses and accrued income. Prepaid expenses include licence fees and insurance.

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8. Trade and other receivables from exchange transactions (continued)		
Analysis of total trade and other receivables' ageing in days		
Trade and other receivables which are less than 3 months past due are not considered to be impaired.		
The ageing of the amounts is as follows:-		
Current	3 536 470	2 280 000
30 days	21 699	504 023
60 days	531 164	-
90 days plus	1 360 747	1 402 587
From exchange transactions	5 450 080	4 186 610
Current	3 724 987	2 801 218
30 days	162 289	-
90 days plus	145 295	381 728
From non-exchange transactions	4 032 571	3 182 946
Trade and other receivables from exchange and non-exchange transactions	9 482 651	7 369 577
Allowance for impairment of trade and other receivables	(952 575)	(1 354 919)
	8 530 076	6 014 658
Reconciliation of allowance for impairment of trade and other receivables		
Opening balance	(1 354 919)	(711 440)
(Increase)/decrease in allowance recognised in surplus for impairment	58 078	(804 587)
Amount written off as uncollectible	344 267	161 108
Closing Balance	(952 574)	(1 354 919)
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	211 010	206 010
Bank balances	170 951 212	124 495 089
	171 162 222	124 701 099
Credit quality of cash at bank and short term deposits, excluding cash on hand		
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:		
Credit rating		
Nedbank Limited Standard & Poors B	170 951 212	124 495 089
10. Revaluation reserve		
Opening balance	15 834 068	15 834 068

The frequency of revaluations depends upon the changes in the fair values of the items of property, plant and equipment being revalued.

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11. Project Reserve		
The project reserve is maintained to protect CapeNature's operating capacity by funding non-recurring needs and unexpected obligations after the budget process. The reserve is cash-backed and funded by own revenue.		
Opening Balance	29 100 000	-
Transfer in	25 000 000	29 100 000
Transfer out	(7 414 116)	-
	46 685 884	29 100 000

12. Unspent conditional grants and receipts

Year to date movement

Balance at the beginning of the year	20 929 408	25 190 877
Additional funds received during the year	47 078 159	18 714 616
Income recognition during the year	(31 503 577)	(22 976 085)
	36 503 990	20 929 408
Non-current liabilities	35 682 927	14 416 291
Current liabilities	821 063	6 513 117
	36 503 990	20 929 408

The unspent conditional grants and receipts represents amounts previously received from government grants and private funders that will be utilised in the future against respective projects.

13. Finance lease obligations

Finance leases liabilities	38 878 557	32 792 979
Less: Current portion transferred to current finance lease liabilities	(4 848 927)	(4 140 229)
Total long-term liabilities	34 029 630	28 652 750

The management of CapeNature is of the opinion that the carrying value of long-term liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

CapeNature as Lessee:

Finance leases relate to permanently allocated vehicles with lease terms between five to ten years. The effective annual interest rate on new vehicles purchased and permanently allocated to CapeNature during the period under review is between 23% and 34%.

Ownership of the leased vehicle is transferred to Government Motor Transport at the conclusion of the lease agreements.

The obligations under finance leases liabilities are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	March 2018	March 2017	March 2018	March 2017
Amounts payable under finance leases				
Within one year	15 458 794	12 842 941	4 848 927	4 140 229
In the second to fifth years	54 172 115	42 561 358	34 029 630	27 602 865
Over five years	-	1 066 615	-	1 049 885
Less: Future finance obligations	(30 752 352)	(23 677 937)	-	-
Present value of minimum lease obligations	38 878 557	32 792 977	38 878 557	32 792 979

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Figures in Rand	2018	2017
14. Trade and other payables		
From exchange transactions		
Trade payables from exchange transactions	19 425 416	14 075 649
Income received in advance from exchange transaction	12 445 392	12 269 739
	31 870 808	26 345 388
From non-exchange transactions		
Other payables - current	939 740	925 907
Other payables - non-current	995 445	1 017 849
	1 935 185	1 943 756
Short term employee benefits		
Employment leave entitlement	7 257 459	6 597 380
13th cheque cash portion	1 661 310	1 680 064
Salary accruals	2 698 981	3 098 084
	11 617 750	11 375 528

CapeNature has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Income received in advance mainly consists of tourism deposits.

Other payables arose due to an out of court settlement agreement previously disclosed as a contingent liability and is included at amortised cost using the prime rate of interest.

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15. Categories of financial instruments		
Financial assets	At amortised cost	At amortised cost
Receivables from exchange transactions	2 927 613	2 127 439
Receivables from non-exchange transactions	4 032 571	3 182 946
Cash and cash equivalents	171 162 222	124 701 099
	178 122 406	130 011 484
Financial liabilities	At amortised cost	At amortised cost
Trade and other payables from exchange transactions	31 870 808	26 345 388
Other payables from non-exchange transactions	1 935 185	1 943 756
Finance Lease obligations	38 878 557	32 792 979
	72 684 550	61 082 123
16. Tourism		
Accommodation	15 573 111	11 238 969
Entrance fees, hiking and activities	21 199 150	19 404 095
Wildcard sales	2 053 038	1 833 144
Filming fees	662 109	1 187 674
PPP Business income	795 628	749 206
	40 283 036	34 413 088
Entrance fees, hiking and activities includes income generated from events and concession fees.		
17. Other income		
Staff and private accommodation	762 007	765 259
Services rendered	970	8 000
Sundry income	2 981 226	1 773 455
Insurance recoveries	32 671	31 802
	3 776 874	2 578 516
18. Interest Received		
Bank interest	9 609 771	8 329 841
19. Revenue from non-exchange transactions		
Grants, donations and project funds		
Donations	65 691	53 065
Project grants	32 709 456	30 663 304
	32 775 147	30 716 369
MTEF allocation	274 050 000	249 717 000

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Figures in Rand	2018	2017
20. Employee related costs		
Salaries and wages	186 325 219	174 884 164
Leave pay accrual movement	660 080	639 862
Post-retirement medical benefit movement (note 6)	50 765	598 118
Post-employment pension benefits (note 6)	11 482 460	9 485 358
	198 518 524	185 607 502
Remuneration of board members		
Included in the salaries and wages above are the fees paid to the board members (non-executive management) of R245 652 (March 2017: R258 465). Refer to note 26.		
21. Finance costs		
Finance costs on leases	10 266 162	9 395 197
Interest charged	97 738	2 697
	10 363 900	9 397 894
22. Cash generated from operations		
Surplus	37 396 048	17 102 958
Adjustments for:		
Depreciation and amortisation	14 940 445	10 909 880
(Gain)/Loss on sale of assets	(1 406 613)	(725 374)
Impairment	61 374	375 527
Movements in retirement benefit assets and liabilities	50 765	586 718
Changes in working capital:		
Inventories	560 335	1 304 577
Trade and other receivables	(2 515 418)	(215 196)
Trade and other payables	5 759 070	12 403 052
Unspent conditional grants and receipts	15 574 582	(4 261 469)
	70 420 588	37 480 673
23. Commitments		
23.1 Authorised capital expenditure		
Approved and contracted		
• Central reservation system upgrades	666 646	1 697 605
• Implementation of permit system	34 588	345 882
• Landroskop road upgrade	2 631 760	-
• Recreational area at Cederberg and Grootvadersbosch	323 534	-
• De Hoop fence	1 304 389	-
• Accommodation at Gamkaberg	117 593	-
	5 078 510	2 043 487
Approved, not yet contracted		
• Shopfitting service at Algeria curio shop	138 000	-
	138 000	-
Total Commitments		
Approved and contracted	5 078 510	-
Approved and not yet contracted	138 000	-
	5 216 510	-

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23. Commitments (continued)		
23.2 Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 245 411	1 415 311
- in second to fifth year inclusive	252 462	1 497 874
	1 497 873	2 913 185

From June 2016 photocopy machine lease agreements were in place for a period of 3 years and the rentals are fixed for the duration of the lease term.

23.3 Operating lease arrangement

Motor vehicles

Operating lease relates to one vehicle with an anticipated remaining lease term of 24 months as at 31 March 2018. The entity does not have an option to purchase the leased assets at the expiry of the leased period.

This rental is classified as contingent rentals due to uncertain lease periods and fluctuating tariff increases. The operating lease payments are therefore not subject to straight-lining. It is therefore impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13:

- within one year
- in second to fifth year inclusive
- later than five years

24. Contingencies

The contingencies represent claim submission amounts. These values are in the process of assessment and do not represent actual future payments.

The ultimate outcome of these cases cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Contingent liabilities

MTO and Cape Sawmills vs CapeNature	33 616 497	33 616 497
MTO vs CapeNature	-	7 836 472
October M and October R vs CapeNature	1 400 000	1 400 000
Kruger HJJ vs CapeNature	-	328 805
Fourie CJ vs CapeNature	5 243 116	-
	40 259 613	43 181 774

The legal claims listed above relate to fires that spread onto private-owned land. The potential extent and outcome of the liability cannot be determined, since it is subject to litigation. A provisional estimate based on the value of the claims have been included above.

The case of Mountain to Ocean (MTO) and Cape Sawmills vs CapeNature is in respect of fire damage in Jonkershoek - 23 and 28 February 2009.

The case of October M and October R vs CapeNature is in respect of various civil claims relating to a fire incident in Rooisand area - 16 to 30 March 2011.

The case of Fourie CJ vs CapeNature is in respect of fire damage in the Ruitersbosch area - 7 February 2015.

The Kruger HJJ matter was prescribed.

The 2012 MTO matter was withdrawn by the claimants in July 2018.

Section 3 notices were served on Cape Nature of possible future fire claims in Hawequas, Outeniqua and Grabouw areas. These notices of intended legal proceedings are still in the early stages and therefore no reliable estimates of potential losses can be disclosed.

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24. Contingencies (continued)

Contingent assets

CapeNature vs Groendal/Stellenbosch Municipality	706 557	706 557
CapeNature vs J Orffer and Others	-	633 241
	706 557	1 339 798

The case of CapeNature vs Stellenbosch Municipality is in respect of damages arising from a fire which started in an informal settlement in Franschhoek - 25 December 2005.

The Cape Nature vs J Orffer matter has been settled out of court.

Legal fees

Legal fees associated with these claims have not been provided for.

25. Related parties

Relationships

Members of key management

Refer to note 26

CapeNature is a Schedule 3C state controlled public entity under the responsibility of the Western Cape Department of Environmental Affairs and Development Planning.

Department of Transport and Public Works (DTPW)

CapeNature occupies space in buildings fully owned by DTPW and CapeNature has no obligation towards office rental expenses as the responsibility lies with the DTPW for the settlement of these payments.

World Wildlife Fund South Africa

CapeNature has five (5) land management agreements and one (1) protected area management agreement with World Wildlife Fund South Africa for purpose of conservation. CapeNature is exempted from paying lease payments for all of these agreements.

Government Motor Transport (GMT) - also refer to note 13

A related party relationship exists between CapeNature and Government Motor Transport with regard to the management of government motor vehicles. This relationship is based on an arm's-length transaction in terms of tariffs approved by the Provincial Treasury.

Department of Environmental Affairs (DEA)

CapeNature receives funding from National Department of Environmental Affairs for various initiatives related to the mandate of the entity such as Alien Clearing, Marine Protected Area Management and Youth in Environmental Services.

Funding received - 2017	R15 567 624
Funding received - 2018	R20 791 909

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2018

2017

25. Related parties (continued)

National Department of Tourism

CapeNature received funding for the development of tourism accommodation at Goukamma Nature Reserve.

Funding received - 2017	R0
Funding received - 2018	R16 000 000

Department of Environmental Affairs and Development Planning (DEADP)

In the year under review, CapeNature received R274 050 000 (March 2017: R249 717 000) as a provincial grant from the Department of Environmental Affairs and Planning.

South African National Parks

South African National Parks and CapeNature are Project Partners of the GEF 5 Project which aims to fulfil the objective of the GEF 5 Project which is to: "Improving Management Effectiveness of the Protected Area Network and in funded by the United Nations Development Programme (UNDP).

The total funding that CapeNature received for the year under review is R3 102 102 (March 2017: R1 164 386).

A related party relationship also exists between CapeNature and SanParks with regards to wildcards. CapeNature receives 2% revenue on all wildcard sold - refer to note 16.

South African National Biodiversity Institute

The South African National Biodiversity Institute (SANBI) has agreed to collaborate with CapeNature based on their respective skills and expertise in order to bring the GEF Funded Biodiversity and Land Use Project to fruition.

The South African National Biodiversity Institute (SANBI) has been awarded funding from the Global Environmental Facility (GEF) through the United Nations Development Programme (UNDP) for a collaborative project entitled (GEF Funded Biodiversity and Land Use Project).

For the year under review CapeNature received R439 903.

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26. Key management information - Executive Management and Board Members' emoluments		
The following persons are employed by the Western Cape Nature Conservation Board in their respective executive capacities during the financial year.		
The Board operates a remuneration system based on the total cost to company principle. As such, all contributions to medical aid and pension funds are borne by the employee out of this package.		
No performance bonuses were paid in this financial year.		
Executive Management Emoluments		
Omar R - Chief Executive Officer	1 471 483	1 382 445
Ismail S - Marketing and Eco Tourism	1 116 918	1 068 871
Bhayat M - Chief Financial Officer	1 052 337	1 019 567
Baard E - Biodiversity	1 002 656	945 239
Cleaver-Christie G - Conservation Management	973 232	917 505
Jacobs M - Corporate Services*	958 850	907 385
	6 575 476	6 241 012

* Left the service 31 March 2018

Board Members' Emoluments

March 2018

	Remuneration	Reimbursive Expenses	Total
Hendricks D - Chairperson	22 278	-	22 278
Burton M	28 755	-	28 755
McOmbring-Hodges M*	56 871	-	56 871
Johnson C	21 417	19 558	40 975
Mckenzie B	24 861	-	24 861
Mdludlu M	15 576	1 466	17 042
Nel D	19 020	9 214	28 234
Redlinghuis A	23 364	1 592	24 956
Slack P	33 510	-	33 510
	245 652	31 830	277 482

*Outgoing Chairperson

March 2017

	Remuneration	Reimbursive Expenses	Total
McOmbring-Hodges M - Chairperson	33 909	-	33 909
Hendricks D	11 682	-	11 682
Johnson C	21 417	17 060	38 477
Lotter C	19 470	-	19 470
McKenzie B	27 894	-	27 894
Mdludlu M	15 576	896	16 472
Maneveldt G	31 449	-	31 449
Nel D	15 576	9 403	24 979
Redlinghuis A	17 523	1 108	18 631
Slack P	30 234	-	30 234
Burton M	22 053	-	22 053
Swart-Arries K*	11 682	-	11 682
	258 465	28 467	286 932

*Resigned

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2018

2017

26. Key management information - Executive Management and Board Members' emoluments (continued)

Independent Committee Members

March 2018

	Remuneration	Reimbursive Expenses	Total
Bond-Smith M (Audit and Risk)*	51 392	-	51 392
Jaftha R (Audit)	16 277	1 562	17 839
Van Staaden B (Audit)	3 030	-	3 030
Dhevcharran N (Audit)	3 030	120	3 150
	73 729	1 682	75 411

* Appointed a Board Member from 1 March 2018

March 2017

	Remuneration	Reimbursive Expenses	Total
Bond-Smith M (Audit and Risk)	33 592	-	33 592
Jaftha R (Audit)	13 280	1 074	14 354
	46 872	1 074	47 946

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27. Prior period errors and reclassifications

Correction of prior period errors

Cash Flow Statement reclassifications

The Government Motor Transport finance costs of R9 395 197 was incorrectly reflected and the movements are as follows:

Net cash flows from operating activities and note 22 Cash generated from operations changed from R46 875 870 to R37 480 673.

Net cash flows from financing activities changed from (R11 551 278) to (R2 156 081).

Net cash flows from investing activities changed when the Government Motor Transport transfers of (R1 825 940) was reclassified as Additions of (R2 472 825) and Disposals of R646 885.

Disclosure notes

Inventory expenses in March 2017 included a credit of R1 780 and has been adjusted from R6 777 694 to R6 779 474.

Irregular expenditure incurred in 2017 was incorrectly recorded as R2 646 instead of R2 664.

Reclassifications

Credit entries recorded under expenditure of R1 671 034 were reclassified as other income.

Property, plant and equipment

Government Motor Transport (GMT) transfers have been adjusted to be in line with the current year where transfers from GMT to CapeNature are recorded under Additions and transfers from CapeNature to GMT reported under Disposals.

Correction of prior year error of R4 304.

The cumulative expenditure recognised in the carrying value for assets under construction for the prior year amounting to R2 073 189 has been disclosed.

Trade and Other Payables

A proforma invoice of R151 371 was received and accrued for in March 2017. We have subsequently been informed that the invoice was not for CapeNature's account which resulted in an overstatement.

Invoices received were paid in the current year which resulted in understatement of the previous year's expenditure of R223 959.

The net adjustment is an increase of R72 000 (Administrative costs) and R588 (Professional fees).

Unspent Conditional Grants

The adjustment relates to salary costs incorrectly allocated to a project in March 2017 and revenue recognised in line with project expenses were reversed.

Statement of Financial Position

	As previously reported 2016-17	Correction of error	Restated 2016-17
Property, plant and equipment	123 812 133	(4 304)	123 807 829
Trade and other payables	(26 272 799)	(72 589)	(26 345 388)
Unspent conditional grants and receipts	(6 472 430)	(40 687)	(6 513 117)
Accumulated surplus	(120 110 374)	117 580	(119 992 794)
	(29 043 470)	-	(29 043 470)

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27. Prior period errors and reclassifications (continued)

Statement of Financial Performance	As previously reported	Correction of error	Reclassification	Restated 2016-17
Other income	(907 482)	-	(1 671 034)	(2 578 516)
Grants, donations and project funds	(30 757 056)	40 687	-	(30 716 369)
Employee costs	185 589 012	-	18 490	185 607 502
Administrative expenses	21 893 561	72 000	1 474 424	23 439 985
Stores	14 574 758	-	5 010	14 579 768
Transport and travel	21 689 727	-	173 110	21 862 837
Professional and other services	41 173 159	588	-	41 173 747
	253 255 679	113 275	-	253 368 954

Cash Flow Statement	As previously reported	Reclassification	Restated 2016-17
Purchase of property, plant and equipment	(20 618 975)	(2 472 825)	(23 091 800)
Proceeds from sale of property, plant and equipment	1 929 133	646 885	2 576 018
Transfers property, plant and equipment	(1 825 940)	1 825 940	-
Purchase of intangible assets	(1 195 227)	-	(1 195 227)
Net cash flow from investing activities	(21 711 009)	-	(21 711 009)

28. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash is managed prudently by keeping sufficient cash in bank accounts. Cash is received from government funding and several project funders. This cash is managed on behalf of the funders, and separate bank accounts are held for funder's money when requested.

At 31 March 2018	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	31 870 808	-	-
Other payables	939 740	995 445	-
Finance lease obligations	15 458 794	54 172 115	-
At 31 March 2017	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	26 345 388	-	-
Other payables	925 907	1 017 849	-
Finance lease obligations	12 842 941	42 561 358	1 066 615

Interest rate risk

The entity has interest-bearing assets and the income and operating cash flows are substantially dependent on the changes in the market interest rates. The interest-bearing assets consist of short-term investments with floating interest rates that expose the entity to cash flow interest rate risks. The interest rate used is based on the prime rate.

Interest rate sensitivity analysis

At 31 March 2018, if the interest rates on currency-denominated investments had been 1% higher or lower with all other variables held constant, the surplus for the year would have been R1 477 232 (March 2017: R1 176 808) higher or lower, mainly as a result of higher or lower expense on floating rate investments.

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28. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Trade and other receivables	6 960 184	5 310 385
Cash and cash equivalents	171 162 222	124 701 099

29. Events after the reporting date

A section 3 notice was served on CapeNature of a possible future fire claim in the Knysna area. Investigations are ongoing. The case of MTO vs CapeNature was withdrawn by the claimant.

30. Fruitless and wasteful expenditure

Expenditure incurred in the current year	22 080	4 517
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R22 080 expenditure incurred was as a result of a double booking of which R16 680 was approved for condonation on 16 May 2018.

Controls have been implemented to prevent the recurrence of double bookings within the central reservation system and the necessary disciplinary steps were taken.

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31. Irregular expenditure		
Opening balance	29 988	27 324
Failure to comply with prescribed policies and procedures	-	2 664
Non-compliance to Construction Industry Development Board (CIDB) Act	2 600 970	-
Services provided without a valid contract in place	56 576	-
Less: Irregular expenditure condoned	(29 988)	-
	2 657 546	29 988

Non-compliance to Construction Industry Development Board (CIDB) Act

The perimeter game fence at the Goukamma Nature reserve was destroyed during the Southern Cape fires in early 2017. Following the Preferential Procurement Policy Framework Act, a tender was awarded to an emerging contractor for the erection of the new game fence for R2 600 970. The entity did not include the CIDB regulations as a requirement in the tender specification. The appointed contractor did not have the relevant grading designation as required by the CIDB regulations for the value of the contract and the award is therefore considered to be non-compliant and the expenditure incurred is considered to be irregular. Although the contractor had a lower grading designation the fence was completed as per specification, on schedule and at the required quality. Hence the entity has not suffered any loss and has received value for money.

This matter will be taken to the Board for condonation and any disciplinary steps will be decided thereafter.

Services provided without a valid contract in place

Cleaning services to the value of R56 576 were provided without a valid contract in place at one of the nature reserves. No losses were suffered by the entity, as the entity benefited from the services rendered by the service provider. Disciplinary action will be implemented on implicated officials.

Irregular expenditure of R56 576 was approved for condonation on 16 May 2018.

Details of irregular expenditure condoned on 26 April 2017

Non-compliance to policies and procedures	Executive Authority	29 988
and policies and auto-card fraud		

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32. Material variances for the statement of comparison of budget and actual amounts

The entity prepares a budget on the cash basis and is not allowed to budget for a deficit. The actual revenue and expenditure is recorded on the accrual basis and has therefore been adjusted to cash basis to be comparable to the budget.

32.1 Revenue

Sales of goods and services other than capital assets

Tourism revenue attributed to the over-performance of the sale as a result of enhanced efficiencies by automating client interfacing systems within the revenue collection aspect.

Interest, dividend and rent on land

The entity surpassed interest projections owing to the receipt of upfront funding from various projects with differing delivery timeframes and good own cash balances.

Other non-tax revenue

The entity surpassed projections in terms of income recoveries and due to the accounting treatment of the Government Motor Transport transactions there was income on the sale of assets which was not budgeted for.

32.2 Expenditure

Compensation of employees

Savings from compensation of employees was realised as a result of the entity's cost containment practices which mainly consisted of the freezing of vacancies and only filling low level positions and critical high level positions.

Use of goods and services

R5.3 million is due to the fact that expenditure incurred in the final months of the financial year is only paid in the new financial year. Trade payables from exchange transactions balance at 31 March 2017 was R14.1 million whereas the trade payables from exchange transactions as at 31 March 2018 is R19.4 million.

Due to the lower than expected fires in quarter 4 savings were realised on fire management contractors and related costs.

A full business case analysis was performed on the proposed e-procurement solution which resulted in the project being anticipated to roll-out only in the next financial year; hence the full budget allocated was unspent but will be committed in the new financial year.

Unforeseen delays on implementation of various externally-funded projects resulted in underspending of marketing expenditure.

Cost containment measures implemented to curb consultants expenditure resulted in a savings in professional fees.

Payment for capital assets

Due to operational challenges the procurement for capital projects were finalised later than planned and hence these projects could not be completed by the end of the financial year. These projects are however included in commitments. Refer to note 23.

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33. Heritage Assets

Heritage assets for which fair values cannot be reliably measured

The following heritage assets were not recognised due to a reliable measurement not being possible on initial recognition:

Nature reserve complexes managed.

The entity manages 31 nature reserve complexes which include six marine protected areas in terms of its mandate. A significant portion of the land is owned by state institutions and other non governmental organisations. Due to the nature of the entity's activities, the entity could not establish either a fair value/deemed cost nor a replacement cost for these heritage assets.

The entity is not the legal owner of the land and only the management authority. For the reasons the heritage assets under management of the entity could not be recognised in the annual financial statements. However information pertaining to these nature reserves has been disclosed below:

Name of nature reserve complex	Size in hectares
Anysberg	79 629
Babilonstoring	1 569
Bird Island	394
Cederberg	79 689
Dassen Island	212
De Hoop	62 977
De Mond	1 593
Driftsands	507
Dyer Island	23
Gamkaberg	39 318
Geelkrans	4 600
Goukamma	6 063
Grootvadersbosch	33 526
Grootwinterhoek	27 330
Hottentots Holland	48 223
Islands and Rocks	30
Kammanassie	27 056
Keurbooms River	1 009
Knersvlakte	85 213
Kogelberg	26 560
Limietberg	45 192
Marloth	14 227
Outeniqua	39 296
Riverlands	1 715
Robberg	2 809
Rocherpan	1 076
Salmonsdam	712
Swartberg	131 457
Vrolijkheid	28 580
Walker Bay	6 225
Waterval	27 359
	824 169