

Annual Report

2016/2017



CapeNature

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ANNUAL REPORT

2016/2017



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Cover photos

Main Picture: Scott Ramsay

Cederberg Nature Reserve Hiking: Rudolph de Girardier

Frog: CapeNature

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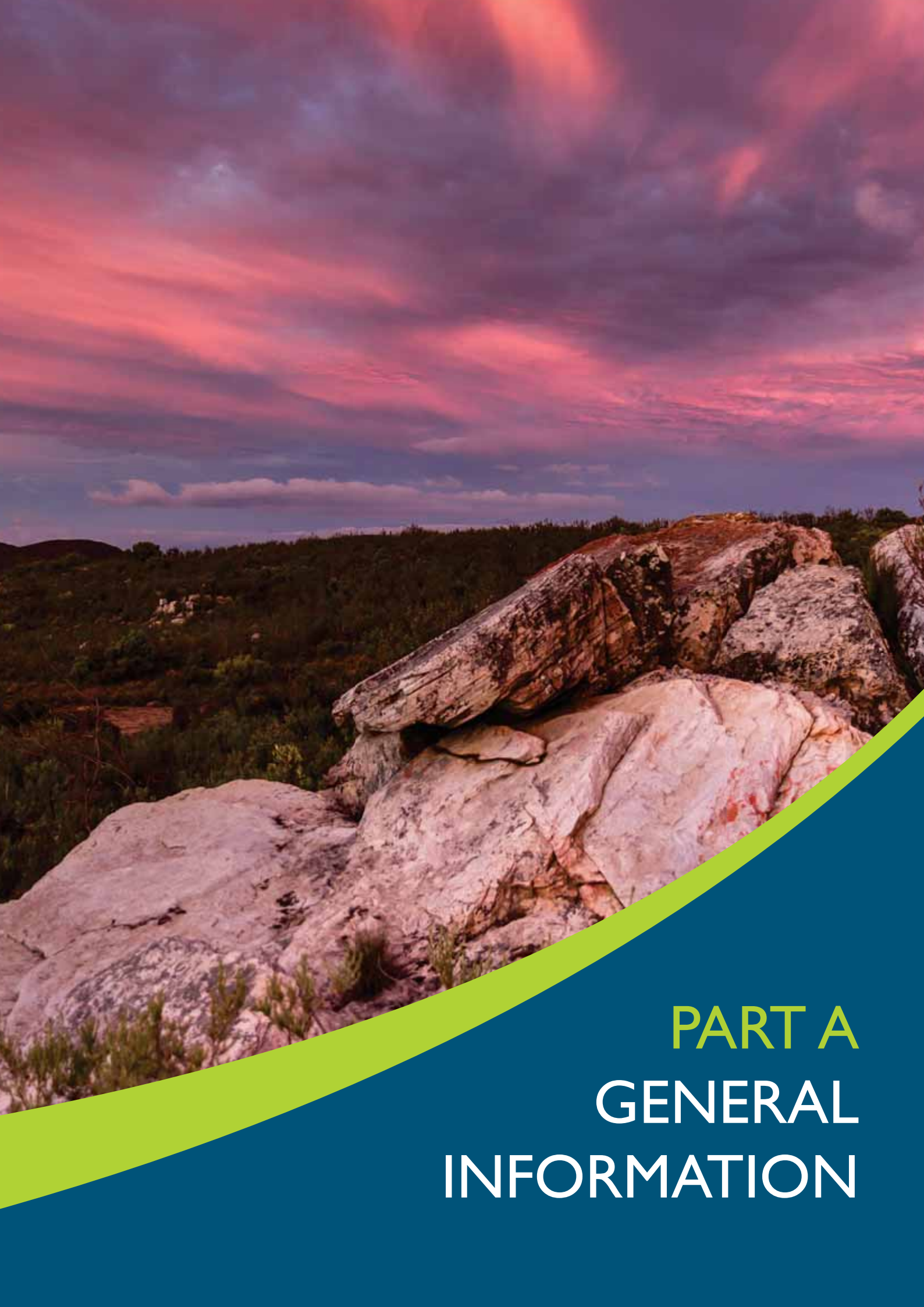
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Photo: Rudolph de Girardier, Gamkaberg Oudekraal Accomodation



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

| | |
|--------------|---|
| AIS | Alien Invasive Species |
| APP | Annual Performance Plan |
| CAPEX | Capital Expenditure |
| CDD | Conservation Detection Dog |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| DEA | Department of Environmental Affairs |
| EPWP | Expanded Public Works Programme |
| FTE | Full Time Equivalent |
| GG | Government Garage |
| HR | Human Resources |
| ICT | Information, Communication and Technology |
| METT | Management Effectiveness Tracking Tool |
| NBSAP | National Biodiversity Strategy and Action Plan |
| NEM | National Environmental Management |
| PAMP | Protected Area Management Plan |
| PFMA | Public Finance Management Act |
| SANBI | South African National Biodiversity Institute |
| SMME | Small Medium and Micro Enterprise |
| WCNCB | Western Cape Nature Conservation Board |

3. FOREWORD BY THE CHAIRPERSON



The 2016/2017 reporting year will be remembered for the devastating drought experienced across South Africa, including most of the Western Cape. The absence of rain and continued reduction of dam levels to current critical levels, bring sharply into focus the importance of maintaining a steady flow of clean, potable water from mountain catchments to the people of the Western Cape to sustain livelihoods and its economy. Our biggest fear currently is what will happen in future if insufficient rainfall continues and dam levels remain critically low.

The importance of the maintenance and restoration of ecological infrastructure (rivers and streams, wetlands and estuaries) associated with our mountain catchments can no longer be doubted. Mountain catchments, managed by CapeNature, act as “water factories”, which supply essential

ecological goods and services to the people and the economy of the region. These ecological goods and services may include clean, potable water, clean air, fisheries, pollination, and mitigate disaster management.

Land transformation continues to encroach on important conservation, water resource and agricultural areas, resulting largely in the loss of provisioning of ecosystem services. Should the loss of natural habitats and ecosystems in South Africa continue at current rates as predicted, there will be little natural vegetation and associated biodiversity, ecological infrastructure and ecosystems service provision left outside of protected areas by around 2050; the same can be predicted for the Western Cape.

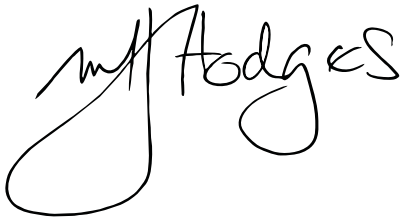
CapeNature was successful with the expansion of the conservation estate, adding 69 338 hectares of land contributing towards the protection and maintenance of important biodiversity areas and ecosystems, primarily through agreements concluded with private landowners. This achievement exceeds the lower level of the 5-year target as set in the expansion strategy. This achievement made a significant contribution to national conservation targets, and the contribution of private landowners is hereby gratefully acknowledged.

CapeNature supported 21 Small Medium & Micro Enterprise (SMME) in and around nature reserves, and a total of 557 Expanded Public Works Programme (EPWP) employment contracts were entered into between CapeNature and job seekers from 70 communities across the Western Cape. What is encouraging is that CapeNature met and over-achieved on the national Government's job creation goals by providing jobs to youth, females, and people with disabilities. This substantiates CapeNature's approach to remain an important role-player in placing biodiversity at the foundation of the Western Cape economy.

CapeNature's continued vigilance and presence in the landscape has led to many successful prosecutions against biodiversity crime, and staff have contributed successfully to compliance monitoring in both terrestrial and coastal areas with law enforcement partners at local, provincial and national level.

This annual report documents the achievements and successes of a workforce that remains dedicated to and focused on the core business of CapeNature that is maintaining and restoring those ecosystems, providing essential ecological goods and services to people in sustaining their livelihoods, and maintaining the economy of the region. Acknowledgement is given to the challenges faced by CapeNature and its workforce by dwindling resources and an increasingly austere working environment.

A word of thanks to my predecessor, Prof. Gavin Maneveldt for maintaining good governance during his tenure as Chairperson of the Board, as well as other members of the Board.



Ms Merle McOmbring-Hodges
Chairperson of the Western Cape Nature Conservation Board
CapeNature
August 2017

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



OVERVIEW

During the period under review, CapeNature focused efforts on strengthening governance structures through the review of policies, procedures and systems. The Government Technical Advisory Centre (GTAC), was appointed to conduct an organisational diagnostic of the entity and guide the organisational development process. Phase I was completed and will be implemented in the ensuing year in order to improve functionality and alignment within the organisation.

To ensure staff wellness, the Medical Surveillance Programme was formalised with the approval of the Medical Surveillance Policy in October 2016. This programme applies to all staff and responds to staff fulfilling the duty of care for themselves and their colleagues in the workplace. Through the implementation of the programme, all employees are afforded the opportunity to focus on their own health and wellbeing and to receive the appropriate medical recommendation on how to improve it.

CapeNature won two awards at the annual Mail & Guardian Greening the Future award ceremony. CapeNature's Biodiversity Stewardship programme was the winner in the category *Biodiversity Stewardship* – an award that recognises communities, companies, organisations and/or individuals who nurture biodiversity. The Conservation Detection Dog (CDD) Project won in the category *Species Conservation* for their project on the use of CDDs to assist with geometric tortoise surveys. During the 2016/2017 period the CapeNature conservation detection dog team fulfilled the role of securing credible data about this critically endangered species and its associated habitat.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The total revenue generated amounted to R328 million. The Department of Environmental Affairs and Development Planning (DEA&DP) allocated R250 million to CapeNature, while the remaining funds were generated from other funders and own revenue streams.

The revenue generated from own revenue streams such as tourism, licences and permits as well as interest received, exceeded projections. The budget performance achieved through tourism activities can be attributed to the upgrade and maintenance work of accommodation facilities, hosting of outdoor adventure events within reserves, Wild Card sales, entrance fees paid, as well as fees earned due to filming. During the reporting year, income from nature-based tourism activities has seen a significant year-on-year increase for the third year in succession. The building of new and upgrading of existing eco-tourism facilities and the implementation of a new booking system have been met with great success.

Due to most tourism activities being settled on a cash or deposit basis, the entity does not have a significant debtors' book in comparison to the income that is earned. Debtors amounted to R6 million, of which R5 million represents debtors less than 30 days old. The entity has implemented measures to recover outstanding debts.

SPENDING TRENDS OF THE PUBLIC ENTITY

Adjustments to the division of revenue for the Medium Term Expenditure Framework (MTEF), resulted in CapeNature strengthening the performance of own revenue streams in conjunction with attaining value for

money from existing resources and the implementation of cost saving measures.

The total expenditure of the entity was below budget by R13 million. The unexpected delay experienced on the Kogelberg Nature Reserve Phase 2 development, accounted for the R3 million under-expenditure. The entity has committed this to be spent in the ensuing financial year when the project is expected to start.

Operational challenges experienced with regards to alien clearing, resulted in a further R4.8 million not being spent.

Savings were realised on Information Technology network and consultant costs, as part of cost containment measures and driving efficiencies. The agreement with the Western Cape Provincial Training institute yielded further savings.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

CapeNature's operations and growth in personnel is curtailed as the levels of operations can no longer be sustained due to the reduction in available resources over the MTEF. As a result, the sustainability of personnel obligations, coupled with impeded growth in required operational funding, remains a concern. Due to limited resources, the entity largely focused on sector indicators and national objectives.

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.

Due to budget constraints, the entity could not factor in baseline increases for all programmes.

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.

Challenges experienced and how they will be resolved

The implementation of the new Preferential Procurement Regulations, 2017 (PPPFA) represents a challenge to the entity. The entity is working with the relevant officials within the Provincial Treasury on implementing the regulations.

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

There were no supply chain related 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, which includes conducting monthly financial reviews to monitor financial performance.

Events after the reporting date

The Western Cape suffered the worst fires in recorded history in the Southern Cape in June 2017. The area was declared a Disaster Area with Knysna and Plettenberg Bay and surrounds being affected. CapeNature suffered extensive infrastructure losses the value of which is undetermined at this time.

A section 3 notice was served on CapeNature of a possible future fire claim in the Hottentots Holland Nature Reserve. The incident arose six months prior to the date and investigations are on-going. No value of loss or damages has been determined at this stage.

A section 3 notice was also served on CapeNature of a possible future fire claim in the Limietberg Nature Reserve. This incident also arose six months prior to the date and investigations are on-going.

ECONOMIC VIABILITY

CapeNature continues to contend with resource constraints and, though it is affected by pressures on the fiscus, several measures were implemented to mitigate same. The entity continued to implement austerity measures which have been prescribed by National Treasury, while remaining committed to contributing to sustainable growth and job creation in the province.

The entity endeavours to practice 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, the preceding Chairperson, Professor Gavin Maneveldt, the current Chairperson, Ms Merle McOmbring-Hodges, and from the various Board Committees.

I would also like to thank the Minister of Local Government, Environmental Affairs and Development Planning, Anton Bredell, 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 2017

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 Generally 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 2017.

Yours faithfully



Chief Executive Officer
Dr Razeena Omar
August 2017



Chairperson of the Board
Ms Merle McOmbring-Hodges
August 2017

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 undertake to care for 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 that 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:

- Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983)
- Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- 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)
- Protection of Personal Information Act, 2013 (Act 4 of 2013)
- 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)
- CITES Regulations, 2010
- Bioprospecting, Access and Benefit-Sharing Regulations, 2008
- Regulations for the Proper Administration of Nature Reserves, 2012
- Alien and Invasive Species Regulations, 2014

- Regulations for the registration of professional hunters, hunting outfitters and trainers, 2013

Provincial Legislation:

- 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

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, 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 I, 2011
- 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

There have been no court rulings during the period under review that may have significant on-going impact on CapeNature's operations and/or service delivery obligations.

7.5. Planned legislative and policy initiatives

The following biodiversity related policies were approved by the Board:

- Bontebok Conservation, Translocation and Utilisation Policy.
- Conservation and Utilisation of Amphibians and Reptiles in the Western Cape Province.
- Conservation, Translocation and Utilisation of Carnivores in Captivity Policy.
- Conservation, Transport and Utilisation of Indigenous Freshwater Fish in the Western Cape Province.
- Game Translocation and Utilisation Policy.
- Veldfire Management Policy.

8. ORGANISATIONAL STRUCTURE

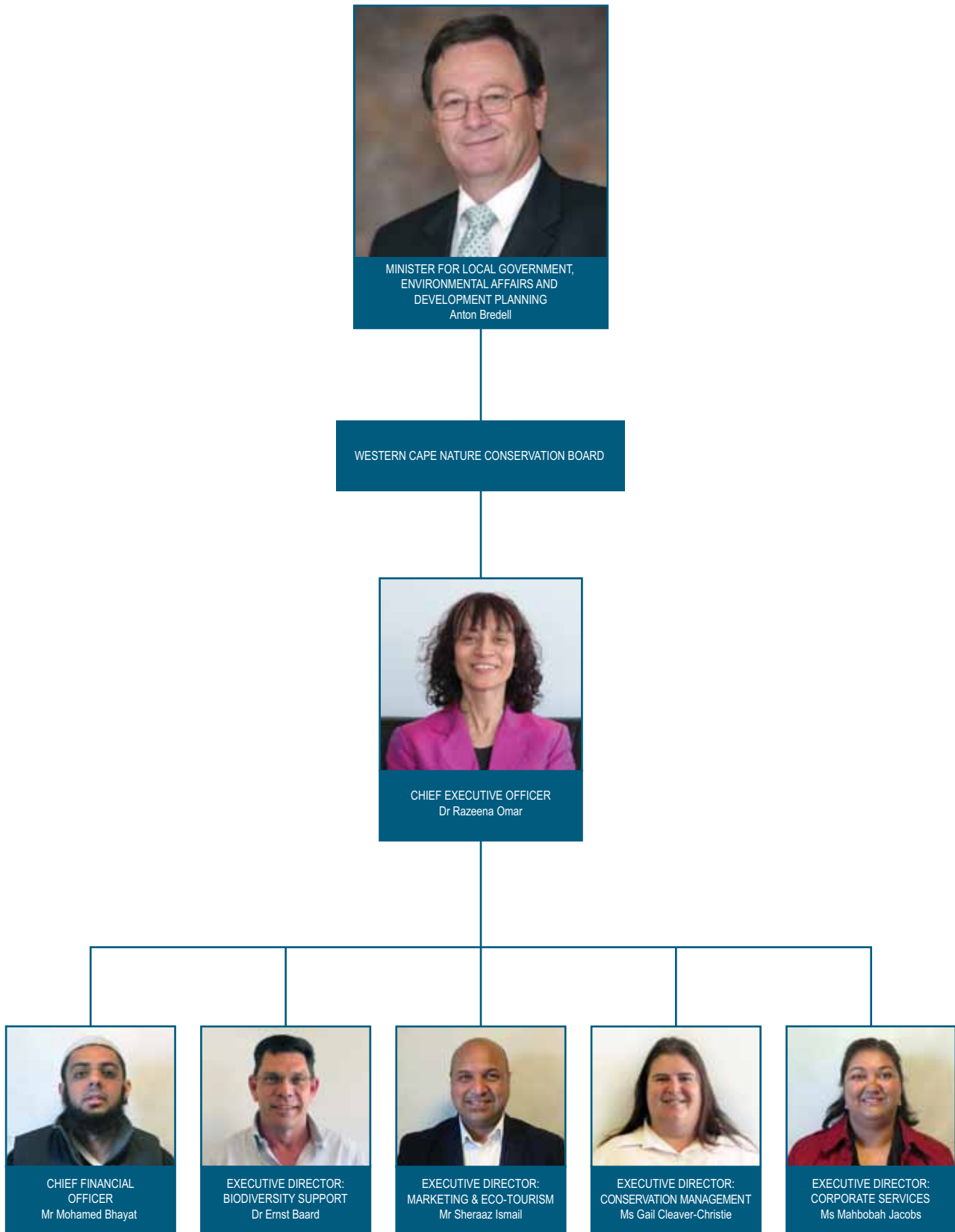
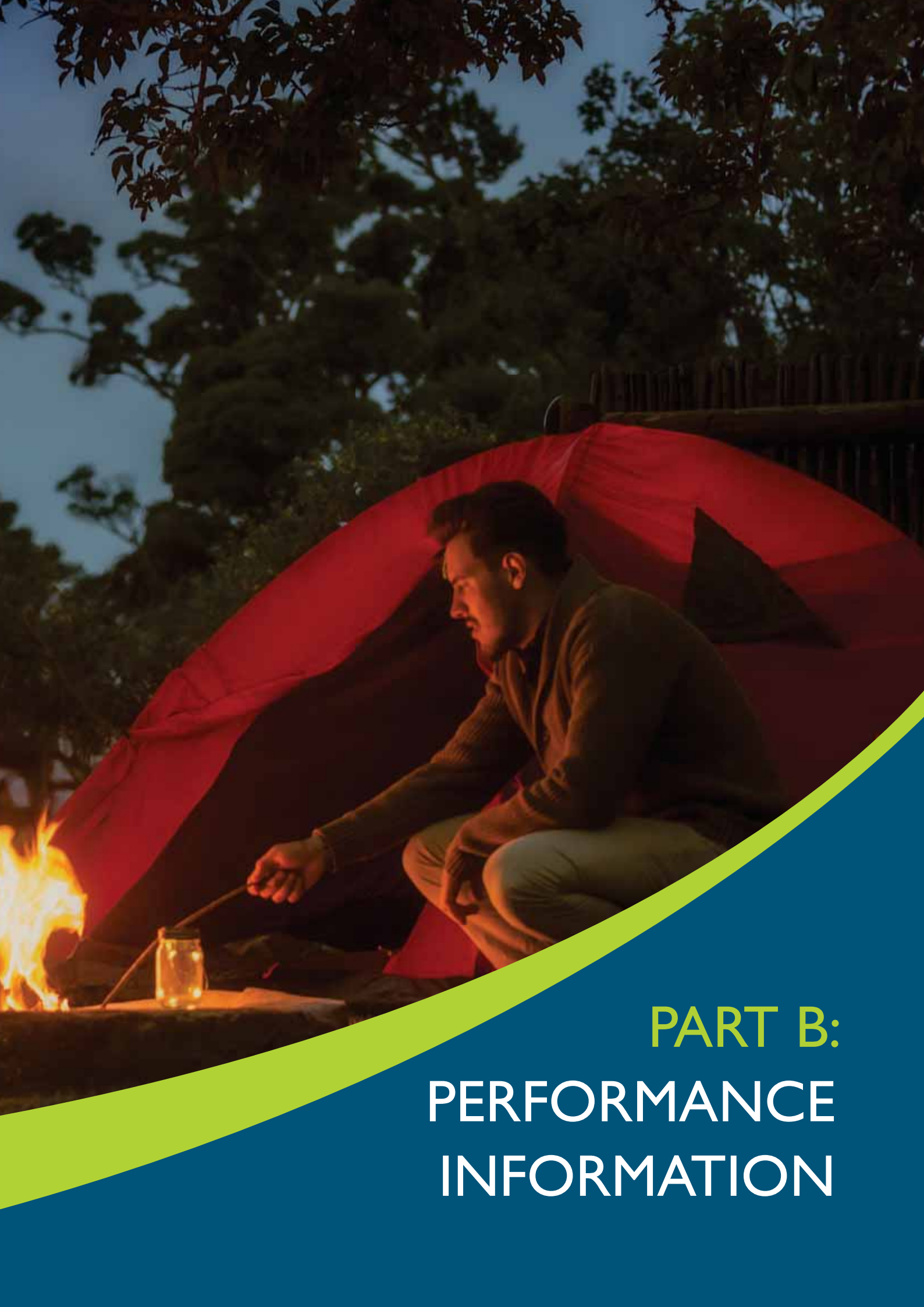




Photo: CapeNature





PART B:
PERFORMANCE
INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with findings being reported under the Pre-determined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor General's Report.

Refer to page 105 of the Auditor General's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

CapeNature's "Catchment to Coast" approach integrates the management activities of mountain catchments, biodiversity, fresh water, and coastal and estuarine habitats. This aims to reduce biodiversity loss and promote a healthy ecosystem delivering essential ecosystem services such as fresh, potable water, clean air and pollination services to the people of the Western Cape.

The impact of climate change is no more evident in the Western Cape than in the province's diminishing water supplies. As one of the key water catchment areas for the country, and having eight of 21 (almost 38%) of South Africa's strategic water resources, the Western Cape is critical to water conservation. South Africa experienced a water shortage of unprecedented levels, with drought affecting many parts of the country. While some parts of the Western Cape remained partially unaffected by the ongoing drought in the country, the entire province felt the side effects, with water restrictions in place in many areas. This water scarcity affects the natural environment, negatively impacting fauna and flora, and the landscape prone to devastating wildfires. The challenge is therefore to ensure that the province's water is used sparingly and water sources remain secure by addressing the five main threats to water security, namely over-abstraction, poor water quality, alien invasive plants and fish, development and habitat destruction¹.

With 92% of the terrestrial land managed by CapeNature comprising mountain catchments, the entity's role in water management is key. High water source areas with high water yield in the Western Cape include the Boland, Groot Winterhoek, Langeberg, Swartberg and Outeniqua Mountains which are predominantly managed by CapeNature.

A major threat to Western Cape mountain catchments is that of alien invasive species (AIS). It is estimated that approximately 1.44 trillion litres of water is lost to alien invasive plants nationally each year.

¹WWF-SA. 2016. Water: Facts and Futures. Cape Town.

Another threat to mountain catchment areas are fires that occur out of season and too frequently. While fynbos must burn periodically to maintain its diversity and ecological health, unwanted and uncontrolled fires devastate landscapes each year, and affect the natural functioning of ecosystems. With the increased fuel load from alien invasive species, fires are burning too hot and too frequently; this impacts on fynbos and in turn, negatively affects the ecology of catchments for optimum water production. Records show that people remain the main cause of wildfires, often with devastating impacts.

These threats, coupled with lower rainfall figures over the past few years, highlight the importance of the entity's work concerning:

- The continued implementation of CapeNature's Integrated Catchment Management Strategy.
- Implementation of the Western Cape Protected Area Expansion Strategy.
- Enhancement of ecosystem-based adaptation responses, with increased monitoring and research into the impact of climate change and extreme events.
- Support of long-term research into climate change resilience, adaptation and innovation.
- The development of tools to improve water use efficiency and water demand management, as well as the investigation into alternative water sources.
- The continuation of water saving and water conservation advocacy.

Landscape conservation

During the period under review, the 2017 Western Cape Biodiversity Spatial Plan (spatial component of the Western Cape Biodiversity Sector Plan) and accompanying handbook were completed to inform land-use planning and decision-making processes in the region. This legislative tool stands central to and remains an important informant of provincial and local authority integrated development planning and protected area expansion.

In the same period, the CapeNature Biological Control Strategy 2016 was drafted. This will guide the entity's responses to the management of alien invasive species through biocontrol. In addition, templates, maps and species lists for Alien Invasive Species Control and Eradication Plans, as required by the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004) (NEMBA) AIS Regulations, were compiled for all CapeNature Protected Area clusters. These lists and categorisations of alien species on CapeNature Protected Areas, required for inclusion in the National Status Report on Biological Invasions in South Africa, were submitted to the South African National Biodiversity Institute (SANBI).

CapeNature contributed to a new publication namely, *Mapping Biodiversity Priorities*. This guidance document is a joint effort between SANBI and the United Nations Environment Programme – World Conservation Monitoring Centre and summarises the essential components of South Africa's well-established approach to systematic biodiversity planning.

A total of 16 biodiversity stewardship agreements were signed in the year under review, adding 69 338 hectares of land to the protected areas in the province. This is a significant contribution by private landowners towards achieving national protected area expansion targets and CapeNature wishes to acknowledge this contribution. CapeNature exceeded the Western Cape Protected Area Expansion Strategy low level target of 50 000 hectares over five years for protected area expansion in the Western Cape.

CapeNature received recognition for its conservation efforts when it won awards in the Biodiversity Stewardship and Species Conservation categories at the annual Mail & Guardian Greening the Future award ceremony. These accolades illustrate the conservation value of the entity.

Conservation Science

Twenty-nine peer-reviewed scientific publications, 14 popular publications and three scientific reports/theses were authored or co-authored by CapeNature staff during the reporting period. Representation was made through one paper read at an international conference and the presentation of eight oral papers and four posters at national conferences.

The entity facilitated and supported the research to describe the true diversity of the Cape Fold Mountain animals. During the period under review, sampling by CapeNature scientific and field staff, and genetic analysis by scientific partners on mountain toads (*Capensibufo*), which are unique to the fynbos coastal and inland mountain regions of the Western Cape, established that there are at least five new mountain toad species in addition to the currently recognised two species. Another population of the critically endangered waxy watsonia (*Watsonia humilis*) was found, meaning that the number of known populations has doubled from two to four; and in August 2016, a new species of succulent plant was discovered at the Knersvlakte Nature Reserve which is undergoing taxonomic identification. This species will add to the list of highly endemic succulents only found at the Knersvlakte Nature Reserve.

As an acknowledgement of CapeNature's role and function in the protection and management of three of the world's largest African Penguin (*Spheniscus demersus*) populations (Dassen Island, Dyer Island and Stony Point), the Ninth International Penguin Congress was held in Cape Town during September 2016, with CapeNature chairing the Local Organising Committee. During the conference, CapeNature staff members were afforded the opportunity to communicate and engage with penguin specialists and managers from around the world.

The bontebok (*Damaliscus pygargus pygargus*), occurring naturally only within the Western Cape, is a threatened endemic antelope species that have been identified for the development of a Biodiversity Management Plan (BMP) to ensure its continued conservation and survival in the wild. CapeNature, in partnership with the South African National Parks (SANParks), developed a draft Bontebok Biodiversity Management Plan for Species.

Enforcement

CapeNature staff conducted 105 enforcement actions during the 2016/2017 financial year. These included issuing 74 fines (J534) and the registration of 31 case dockets.

The following cases investigated during the 2016/2017 financial year bear mentioning:

1. Johan Bernard Philip Mans was prosecuted in the Beaufort West Regional Court in case no. BSH 76/2016. The trial involved five case dockets registered in Leeu Gamka, Beaufort West and Malmesbury for the illegal hunting of one Cape mountain zebra, two bontebok, two kudu, one gemsbok, one springbok and one fallow deer.
 - a. Mans was sentenced to R115 000 or nine and a half years imprisonment, of which R55 000 or six years and three months imprisonment was suspended for five years.
 - b. Mans also was ordered by the Court to forfeit his firearm to CapeNature.
2. Jiawei Yang and Liao Bingchang, Chinese nationals, were apprehended in Hout Bay while in possession of rhino horn and African elephant ivory items. They were prosecuted in the Wynberg Regional Court in case no. SHL 08/2017.
 - a. Yang was prosecuted for the possession of two pieces of rhino horn (with a total mass of 75 grams). He was sentenced to five years direct imprisonment, suspended for five years, and a fine of R35 000. He was also ordered to leave South Africa, after the fine was paid.
 - b. Bingchang was prosecuted for the possession of six items of elephant ivory (four chopsticks, one bangle and one bracelet totalling 135 grams). He was sentenced to five years direct imprisonment, suspended for five years, and a fine of R35 000. He was also ordered to leave South Africa, after the fine was paid.

The following cases, which originated in the previous financial year, were finalised in court during the reporting period:

1. Cape Town CAS 706/01/2016. Innocent Kumvulumvula was convicted on 8 June 2016 in the Cape Town Magistrates' Court for the illegal possession of one African elephant tusk with a mass of 2.389 kg. He was sentenced to a fine of R4 000 or one year imprisonment and a further sentence of three years imprisonment suspended for five years.
2. Grassy Park CAS 590/01/2016. Ismael Amardien was convicted on 29 July 2016 in the Wynberg Regional Court (SHB93/2016) for the illegal possession of one rhino horn with a mass of 2.058 kg. He was sentenced to a fine of R100 000 or two years imprisonment, plus a fine of an additional R100 000 or two years imprisonment, wholly suspended for five years.

Socio-Economic

The Provincial Economic Review Outlook (PERO)² report provides a review of socio-economic development trends and development in the Western Cape, including population dynamics, income, poverty, human development, education, health, housing, access to basic services, substance abuse and crime.

During this reporting period, incorporating the growth hotspots (i.e. West Coast, Overberg and Cape Winelands as identified in the 2016 PERO), CapeNature continued its job creation footprint and facilitation of social development and functional training interventions across the province where Expanded Public Works Programme (EPWP) projects were being implemented in the nature reserves. Most of the participants in the CapeNature job creation programmes were youth (85%) and/or females (60%), and 2% were people with disabilities. A total of 557 EPWP employment contracts were entered into between CapeNature and job seekers during the reporting year. The appointed participants came from 70 communities across the Western Cape. Accredited and functional training was arranged for the different categories of workers, and knowledge and skills gained will add value to their employability in the mainstream economy. As part of CapeNature's social development objectives, Nelson Mandela International Day was celebrated in the Jonkershoek Nature Reserve. Children from Kayamandi were taken through the nature reserve and informed of conservation actions being undertaken. The South African Police Service addressed the identification of drugs and dagga, whilst Stellenbosch Municipality presented on snake identification and handling. For National Women's Day, a group of 50 women from local churches were allowed access to Hottentots Holland Nature Reserve for hiking and later conducted a prayer session. Invited speakers spoke to the women about financial freedom, domestic violence and leadership.

Table 1: Achieved Vulnerability Group Ratios 2016/2017

| 2016/2017 CapeNature Vulnerability Ratios | Planned FTE* Targets | Actual Number of FTEs | Female | Females in % | Youth | Youth in % | People with Disability | People with Disability in % |
|--|----------------------------|-----------------------------|--------|-----------------|-------|---------------|------------------------------|--------------------------------------|
| Total | 450 | 557 | 334 | 60% | 473 | 85% | 13 | 2% |

*Full Time Equivalent (FTE)

² Western Cape Government Provincial Economic Review Outlook, 2016

Small Medium & Micro Enterprise (SMME)

Small business opportunities within both the eco-tourism operations as well as integrated catchment management services of CapeNature have created 21 direct SMME opportunities. Because these SMMEs are situated locally where nature reserves are managed, local economic development is stimulated. Partnerships that have been established and sustained over the last number of years provide much-needed business support and capacity-building interventions. This support has been in the form of workshops and training sessions on tax matters (South African Revenue Services), business training (Small Enterprise Development Agency), SMME development, and opportunities within the construction industry (Construction Industry Development Board), healthy living and nutrition (Western Cape Department of Health), business banking (Nedbank) and labour legislation (Department of Labour).

Two further communities were supported with business development assistance: Mooi Uitsig Community Trust for its Stony Point “On the Edge” restaurant operation and the Honeybush Tea Co-op in Oudtshoorn.

Community Participation in protected area management

Participation of stakeholders in protected area management is encouraged through Protected Area Advisory Committees, which are CapeNature-institutionalised structures.

The focus for the 2016/2017 financial year was to sustain and strengthen the existing Protected Area Advisory Committees and align the committees' operational framework to both Department of Environmental Affairs (DEA) People and Parks and CapeNature Action Plans. Besides the Protected Area Advisory Committees, CapeNature sustained relations with Natural Resources User Groups (NRUGs) and aligned its People and Conservation activities to the 2012 and 2016 National People and Parks Conference Resolutions. The structures of NRUGs at regional level were provided with capacity-building opportunities so they can meaningfully participate in discussions at various platforms. Topics covered by these sessions included understanding the Nature Conservation Ordinance, 1974 (Ordinance 19 of 1974), fire awareness, access to certain sites for initiation purposes, sustainable harvesting, the war on leaks, climate change, waste management, recycling and water management. Provincial People and Parks Steering Committee capacity building, training and skills development interventions included bioprospecting, meeting procedures and co-management agreements.

Environmental Education, Awareness and Youth Development

CapeNature promotes nature-based environmental awareness that enables the entity to act as an agent of positive change. CapeNature provides an enabling environment through its wide network of nature reserves, dedicated personnel and learning centres, which can all be used by partners who share the same objectives with

regard to environmental education and awareness, youth development and holiday programmes. Most of the environmental educational programmes offered by CapeNature are curriculum-aligned whilst awareness campaigns are aligned mainly to environmental calendar days and species conservation.

Sustained partnerships have enabled communities and schools to benefit from awareness interventions and critical environmental education interventions, which have included fire awareness, wetlands, water, alien invasive plants, and marine protected areas. The newly established relationship with Beyond Expectation Environmental Project provided more enthusiasm and interest among learners. Their experience in taking children aged 10 to 15 years from townships to the nearby Driftsands Nature Reserve proved to be successful. This partnership complements the CapeNature Junior Ranger Programme, which has school learners from Delft, Wesbank and Riverlands participating in afterschool and holiday activities.

Protected Area Management

In compliance with the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003), CapeNature developed two protected area management plans for Hottentots Holland and De Hoop Nature Reserve Complexes, which are both World Heritage Sites and brings the total number of completed management plans for complexes to 17.

CapeNature compiled Management Effectiveness Tracking Tool (METT) action plans (per complex) to address shortcomings identified in the 2015/2016 METT assessments. A total of 112 of the 116 planned actions were completed and the balance are carried forward into the ensuing year for completion prior to the METT-SA assessments being conducted in 2017/2018. During the period under review, the 2015 METT-SA scores for Goukamma, Gamkaberg, Swartberg, Kogelberg, Limietberg and Hottentots Holland Nature Reserves were audited by the DEA Directorate: Protected Area Governance, during which CapeNature received positive feedback.

The prevailing weather conditions resulted in extreme runaway veld fires. CapeNature personnel responded to 124 ignitions that occurred on or threatened the respective nature reserves. Although the number of ignitions was slightly lower than during the 2015/2016 financial year (160), the intensity of the fires was greater, due largely to the extended drought and strong wind conditions that prevailed for most of the summer fire season.

All three CapeNature regions experienced large fires that resulted in the available human resources being tested to the limit. To assist with the rotation and relief of fire-fighting teams, CapeNature contracted an additional six Working on Fire teams to be deployed in the Western Cape. These additional teams were deployed from the Free State and Eastern Cape Provinces and were present in the Province during January 2017. CapeNature further contracted three additional fire-fighting teams to provide additional resources to assist throughout the fire season.

Wildlife Management

CapeNature's first Cape mountain zebra capture and translocation operation took place in September in and around the De Hoop Nature Reserve. This operation was conducted in an attempt to improve the resilience and growth of this iconic Western Cape species. A total of 28 Cape mountain zebras (12 males, 16 females) were captured and translocated to Sanbona Wildlife Reserve near Montagu. Capture teams from Shamwari Game Reserve, Sanbona and CapeNature took part in the operation, while scientists from the National Zoological Gardens took specimens, blood samples, measurements and photographs of each of the zebras to ensure that identikits can be produced for further research on the species.

Coastal Management

The Bot-Kleinmond Estuarine System in the Overberg was inscribed into the list of Wetlands of International Importance by the Ramsar Convention in January 2017, becoming the 23rd area in South Africa to be acknowledged with this significant conservation status. The Ramsar Convention, adopted in the Iranian city of Ramsar in 1971, is the oldest global environmental agreement. It promotes the wise use and conservation of water and wetland resources through national action and international co-operation. With both a terrestrial and estuarine component, the site falls within the Kogelberg Biosphere Reserve, and comprises part of CapeNature's Rooisand Nature Reserve (293 ha) and the Bot Estuary Water Body (1336 ha).

CapeNature manages six Marine Protected Areas (MPAs) in the Western Cape, with funding from the Department of Environmental Affairs: Oceans and Coast and support various estuary advisory forums within the Province. Estuary advisory forums have been identified by the Western Cape Province as an effective means of communication between applicable government departments and members of the public. CapeNature focused on providing support to the Western Cape Government regarding the management of over 20 forums that exist at estuaries in the Province.

As part of the implementation of Operation Phakisa, aimed at launching an ocean economy around the South African coastline, CapeNature participated in the Compliance Monitoring and Law Enforcement Phakisa Operation. Ground-breaking processes are being developed to stem the illegal harvesting of abalone and West Coast rock lobster, both threatened and protected species. In addition to this, focus on illegal development and off-road vehicle activities has resulted in all appropriate departments participating in the identification of hot spots and reacting to illegal activities along the Western Cape coastline. This exercise contributes to achieving CapeNature's strategic objective of reducing biodiversity loss in the Western Cape through, amongst others, the promotion of compliance with environmental legislation.

Marketing and Eco-tourism

Over the past three years, CapeNature has seen consistent year-on-year growth in revenue, surpassing provincial and national growth targets. The downturn in the country's economy resulted in a conducive tourism and filming environment at both an international and domestic level. This, coupled with the organisation's expanded product offering, successful implementation of various marketing and public relations campaigns, strengthened social media presence and the launch of the online reservation system, all contributed towards growth in revenue. All tourism revenue generation streams exceeded its planned targets with notable growth in entrance fees and hiking, Wild Card sales, events, filming and concession fees.

In October, the Oudebosch Mountain Cabin tourism development at the Kogelberg Nature Reserve was awarded the Afrisam-SAIA Award, for sustainable architecture and innovation. This is the second time that the Oudebosch project has received such a prestigious award for its contribution towards sustainable development.

CapeNature established a partnership with the United Kingdom (UK) Travel Foundation to develop a sustainable tourism programme that uses adventure tourism to support biodiversity conservation through economic development, which includes SMME opportunities for local communities surrounding our protected areas. An 18-month research project was fully funded by the UK Travel Foundation entailing various stakeholder engagements across the province to identify key opportunities at selected nature reserves. Phase 1 of the latter study was completed during the period under review. Phase 2 of the project, which will be funded in the ensuing year, will focus on detailed feasibility studies of the top five SMME opportunities.

The dynamic and ever-changing media engagement platforms have necessitated constant revision on how CapeNature connects with the public. Subsequently, CapeNature has increased efforts within its digital marketing communication channels to create awareness around biodiversity conservation and eco-tourism. During the period under review, CapeNature achieved an Advertising Value Equivalent of R78 million, with a combined positive and neutral sentiment of 98%.

Phase 1 of CapeNature's online booking portal was launched in February 2017, yielding immediate success with reservations to the value of more than R600 000 recorded in the first month. Many of these bookings were administered after regular call centre hours, enabling CapeNature to increase its revenue collection potential. Phase 2, planned for the ensuing financial year, will include the option of booking hiking trails and campsites.

2.2. Organisational Environment

To determine the organisational efficiencies and effectiveness, Phase 1 of the Government Technical Assistance Centre (GTAC) diagnostic and organisational review process was concluded. CapeNature will be embarking on Phase 2 in the ensuing year.

A Task Team has been formed with the Internal Control Unit and components within Human Resources (HR) to ensure effective control measures are in place to monitor and evaluate compliance to HR processes.

A number of training and development opportunities are now linked to those offered by the Provincial Training Institute (PTI), and employees have access to all the courses offered by the PTI. This has resulted in a significant saving on the training budget, which was used to supplement other ad hoc and functional training.

Operational staff are required to be medically fit to perform their duties, in often difficult terrain. CapeNature has introduced a medical surveillance process to ensure the health and well-being of staff and 834 employees participated in this exercise.

2.3. Key Policy Developments and Legislative Changes

During the period under review, the Board approved the following internal policies:

- Cell Phone Policy.
- Lease of Official Housing Policy.
- Leave Policy.
- Media Engagement Policy.
- Medical Surveillance Policy.
- Recruitment and Selection Policy.

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 ³ 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> |

³ Conservation estate refers to the approximate 7% of the 12 943 558 hectares of the Western Cape Province managed by CapeNature.

| | |
|--------------------------------|--|
| <p>Strategic Goal 2</p> | <p>ACCESS IS PROVIDED TO OUR UNIQUE NATURAL AND CULTURAL HERITAGE</p> |
| <p>Goal statement</p> | <p><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></p> |
| <p>Justification</p> | <p>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.</p> |
| <p>Links</p> | <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 1: 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 1.1: Office of the CEO

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

Sub-Programme 1.2: 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 1.3: Corporate Services

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

Sub-Programme 1.4: 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 (2012/2013) | 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 (2012/2013) | 3 362 |



| | |
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| Strategic Objective 3.1 | Provide employment opportunities to communities |
| Objective Statement | Communities derive socio-economic benefits through employment opportunities. |
| Baseline (2014/2015) | 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 (2014/2015) | 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 (2014/2015) | Unqualified Audit opinion |

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 2: Strategic Objectives

| Programme I: Administration and Governance | | | | | |
|--|---|--------------------------------------|-------------------------------------|--|------------------------------|
| Strategic Objectives | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Sub Programme I.2: Finance and Administration Services | | | | | |
| Audit Opinion obtained in respect of previous financial year | Unqualified Auditor-General's Report with one material finding on PDO | Unqualified Auditor-General's Report | An unqualified audit opinion | N/A | N/A |
| Sub Programme I.4: People and Conservation | | | | | |
| Number of communities engaged to derive socio-economic benefit | 75 | 70 | 70 | N/A | N/A |

Table 3: Key Performance Indicators, Planned Targets and Actual Achievements

| Programme 1: Administration and Governance | | | | | | | |
|---|--------------------------------------|--------------------------------------|---|------------------------------|------------------------------|---|--|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of new learners appointed through various initiatives in the sector (including learnerships) | N/A | N/A | 14 | 10 | 11 | +1 | A MoU signed, in addition to the planned agreement, resulted in an over-achievement. |
| Audit Opinion obtained in respect of previous financial year | Unqualified Auditor-General's Report | Unqualified Auditor-General's Report | An unqualified audit opinion with one material finding on PDO | An unqualified audit opinion | An unqualified audit opinion | None | None |

| Programme 1: Administration and Governance | | | | | | | |
|---|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|---|--|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of work opportunities created through environmental programmes | 1 241 | 1 233 | 1 257 | 1 000 | 1 333 | +333 | More SMMEs were appointed hence more work opportunities were realised. |
| Number of SMMEs supported | 8 | N/A | 16 | 15 | 21 | +6 | Early completion of work plans resulted in additional SMMEs being supported. |



| Programme 1: Administration and Governance | | | | | | | |
|---|------------------------------|------------------------------|------------------------------|--------------------------|--|---|---|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of persons accessing CapeNature protected areas for cultural, traditional, spiritual, sustainable harvesting, and youth development activities (n) | N/A | N/A | 4 055 | 2 000 | This indicator was not reported on in the financial year | | See the explanation under "Changes to Planned Targets" below for the reason for not reporting against this indicator. |

| Programme 1: Administration and Governance | | | | | | | |
|---|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|---|--|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of environmental awareness activities conducted | 360 | 209 | 162 | 150 | 201 | +51 | CapeNature's staff liaised with more schools who subsequently participated in the entity's programmes. |
| Number of environmental stakeholder capacity building interventions (n) | 101 | 65 | 100 | 80 | 91 | +11 | The National People and Parks Conference resolved that more biodiversity related training for Natural |



| Programme 1: Administration and Governance | | | | | | | |
|---|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|---|--|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of Full Time Equivalents (FTEs) appointed. | 391 | 461 | 497 | 450 | 557 | +107 | Resources User Groups was required. Hence, CapeNature received more training requests. High turnover of FTEs resulted in savings and more appointments were made. |

Strategy to overcome areas of under-performance

N/A

Changes to planned targets

Following the 2015/2016 audit, the entity decided to review all indicators to ensure that the indicators are useful and reliable. It was identified that there were two indicators that did not meet the criteria as per the Framework for Managing Programme Performance Information, namely:

1. The number of persons accessing CapeNature protected areas for cultural, traditional, spiritual, sustainable harvesting and youth development activities; and
2. Percentage increase in people accessing CapeNature protected areas for recreational purposes.

The following was identified as factors which negatively impacted on the ability to obtain reliable supporting evidence:

- Twenty six of CapeNature-managed nature reserves allow for tourism access, often with multiple access points that are in remote and inaccessible locations where it is not always practical to deploy staff.
- CapeNature also has multiple agreements in place with partners that sell permits on behalf of the entity.
- Some access points are on private property (servitude arrangements or Memoranda of Understanding [MoU] in place).
- Access points managed by private security companies and Full Time Equivalents (FTEs) have a high staff turnover.
- Permits are issued manually at access points, which raises a number of issues:
 - completeness of information;
 - accuracy of information;
 - increased human error; and
 - handling of cash.

Due to the various challenges faced, although mitigating controls are being implemented to ensure that the financial risks are reduced, it is not feasible to implement controls to ensure that the risks of counting visitors are completely eliminated, and that there is 100% reliable information to support reported achievements with regards to visitor numbers.

Financial Implications

- The cost to implement systems to ensure reliable information are not feasible, given the current economic climate. There is insufficient budget to implement complex systems to ensure access is controlled effectively.
- The cost to implement further controls simply to ensure that the visitor numbers can be reliably audited could result in unnecessary expenditure as this would not necessarily translate into additional income.

- Considering that the performance of the entity in terms of its mandate can still be measured by other indicators in the Annual Performance Plan (APP), it does not justify that further expenditure be incurred to ensure 100% reliability of visitor numbers.

As a result of this exercise, a process was followed to remove the indicators from the APP. Final approvals for the removal of the indicator was received by the Department of the Premier on 1 September 2016 and noted as such at the Standing Committee on 7 February 2017.

Linking performance with budgets

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

Table 4: Administration and Governance

| Programme / activity / objective | 2016/2017 | | | 2015/2016 | | |
|----------------------------------|----------------|----------------|----------------------------|---------------|---------------|----------------------------|
| | 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 | 5 063 | 4 430 | 633 | 5 151 | 3 967 | 1 184 |
| Finance Services | 42 293 | 44 938 | (2 645) | 37 860 | 29 713 | 8 147 |
| Corporate Services | 20 828 | 21 726 | (898) | 16 665 | 13 746 | 2 919 |
| People and Conservation | 35 757 | 34 108 | 1 649 | 31 908 | 31 113 | 794 |
| Total | 103 941 | 105 202 | (1 261) | 91 584 | 78 539 | 13 045 |

Note: Budget and expenditure excludes CAPEX.

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.

| | |
|--|--|
| <p>Strategic Objective 1.1</p> <p>Objective Statement</p> <p>Baseline (2014/2015)</p> | <p>Protect and expand the conservation estate</p> <p>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.</p> <p>The numerical value of protected area under conservation was 881 854 ha</p> |
| <p>Strategic Objective 1.2</p> <p>Objective Statement</p> <p>Baseline (2014/2015)</p> | <p>Improve ecosystem health</p> <p>To support and restore ecosystems which provide goods and serves to improve quality of life.</p> <p>32 Protected Area Management Plans Implemented</p> |
| <p>Strategic Objective 2.3</p> <p>Objective Statement</p> <p>Baseline (2012/2013)</p> | <p>Promote access for sustainable utilisation, research and recreational purposes, environmental awareness as well as for cultural, spiritual and traditional purposes</p> <p>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.</p> <p>122 permits issued</p> |

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 5: Strategic Objectives

| Programme 2: Biodiversity Support | | | | | |
|--|------------------------------|--------------------------|------------------------------|---|-----------------------|
| Strategic Objectives | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Percentage of area of state managed protected areas assessed with a METT score above 67% | 74% | - | - | None | None |

Table 6: Key Performance Indicators, Planned Targets and Actual Achievements

| Programme 2: Biodiversity Support | | | | | | | |
|---|------------------------------|------------------------------|------------------------------|--------------------------------|--|---|---|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of hectares in the conservation estate | 846 665 Ha | 881 854 Ha | 894 346 Ha | Previous year + 9 000 Ha | 963 684 Ha (69 338 Ha were added during 2016/2017) | +60 338 Ha | The extent of the agreements concluded resulted in an over-achievement. |
| Number of new biodiversity stewardship sites | 7 | 6 | 10 | 7 | 16 | +9 | This target is demand driven and an over-achievement is desirable. |
| Percentage progress against implementation of Biodiversity Research & Monitoring Strategy | N/A | N/A | N/A | 100% of Y1 Action Plan targets | 100% of Y1 Action Plan targets | None | None |



| Programme 2: Biodiversity Support | | | | | | | |
|--|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|---|---|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of legislative tools to ensure the protection of species and ecosystems developed | 1 | N/A | 1 | 1 | 1 | None | None |
| Number of biodiversity research projects facilitated with valid permits | N/A | N/A | 148 | 80 | 120 | +40 | This target is demand driven and therefore unpredictable. |
| Number of permits issued within legislated timeframes (n) | N/A | N/A | 4 864 | 5 100 | 4 716 | -384 | This target is demand driven and therefore unpredictable. |

Strategy to overcome areas of under-performance

The number of permits issued within legislated timeframes is the only indicator for which under-performance was recorded. In the ensuing year the target was adjusted downwards because historical trends suggest 4 800 is potentially the maximum number of permits.

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 7: Biodiversity Support

| Programme / activity / objective | 2016/2017 | | | 2015/2016 | | |
|----------------------------------|---------------|---------------|----------------------------|---------------|---------------|----------------------------|
| | Budget | Expenditure | (Over) / Under Expenditure | Budget | Expenditure | (Over) / Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Biodiversity Support | 23 696 | 23 563 | 133 | 24 945 | 24 527 | 417 |
| Total | 23 696 | 23 563 | 133 | 24 945 | 24 527 | 417 |

Note: Budget and expenditure excludes CAPEX.

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 (2014/2015) | 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 (2014/2015) | 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 (2013/2014) | Number of compliance enforcement actions (J534) was 64 |

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 8: Strategic Objectives

| Programme 3: Conservation Management | | | | | |
|--|------------------------------|--------------------------|------------------------------|---|-----------------------|
| Strategic Objectives | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Percentage of area of state managed protected areas assessed with a METT score above 67% | 74% | - | - | None | None |

Key performance indicators, planned targets and actual achievements

Table 9: Key Performance Indicators, Planned Targets and Actual Achievements

| Programme 3: Conservation Management | | | | | | | |
|--|------------------------------------|------------------------------------|------------------------------------|--------------------------------|------------------------------------|---|---|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of protected area management plans for reserve complexes implemented | N/A | N/A | 15 | 17 | 17 | None | None |
| Percentage progress against implementation of Integrated Catchment Management Strategy as per the approved annual workplan | N/A | N/A | N/A | 100% | 100% | None | None |
| Number of criminal enforcement actions undertaken for non-compliance with environmental management legislation | 64 | 96 | 89 | 60 | 105 | +45 | Target is demand driven. The over-achievement resulted from encountering more criminal events than anticipated. |
| Percentage budget spent on Disaster Prevention Measures (Earmarked Allocation) | N/A | N/A | N/A | 90% | 100% | +10% | The intensity of fires during drought conditions impacted on an increase in costs incurred. |
| Percentage progress against Management Effectiveness Tracking Tool (METT) action plans | N/A | N/A | N/A | 100% | 97% | -3% | 112 of 116 actions were completed. The remaining four actions will be addressed in the ensuing year. |

Strategy to overcome areas of under-performance

Actions identified to improve METT assessment scores will be planned for conclusion over a two-year period, in line with the assessments conducted.

Changes to planned targets

The method of calculating the delivery target for protected area management plans was amended prior to the commencement of the 2016/2017 audit period. In 2015/2016 the number of protected area management plans reflected individual protected areas. However, in the 2016/2017 and future reporting periods, the management plans of complexes, and not individual protected areas, are and will be reported on. A complex is a collection of protected areas, therefore decreasing the total number of management plans required. This clarifies the change from the 44 management plans for individual protected areas reported in 2015/16 Annual Report and the recalculation which now reflects 15 plans for the complexes in the current Annual Report.

Linking performance with budgets

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

Table 10: Conservation Management

| Programme / activity / objective | 2016/2017 | | | 2015/2016 | | |
|----------------------------------|----------------|----------------|----------------------------|----------------|----------------|----------------------------|
| | Budget | Expenditure | (Over) / Under Expenditure | Budget | Expenditure | (Over) / Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Conservation Management | 155 139 | 156 652 | (1 513) | 154 841 | 152 609 | 2 233 |
| Total | 155 139 | 156 652 | (1 513) | 154 841 | 152 609 | 2 233 |

Note: Budget and expenditure excludes CAPEX.

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 (2015/2016) | 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 (2014/2015) | 159 064 visitors |

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table I I: Strategic Objectives

| Programme 4: Marketing and Eco-tourism | | | | | |
|---|------------------------------|--------------------------|------------------------------|---|--|
| Strategic Objectives | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Percentage increase in tourism income generated (%) | 43% | 12.6% | 63% | +50.4% | Tourism in South Africa benefited from the poor performance of the Rand against other major currencies, making CapeNature destinations a more viable option for international travel, which is reflected not only in the accommodation but also in the increases achieved in filming and events. |

Key performance indicators, planned targets and actual achievements

Table 12: Key Performance Indicators, Planned Targets and Actual Achievements.

| Programme 4: Marketing and Eco-tourism | | | | | | | |
|--|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|---|--|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Percentage increase in projected tourism income generated (%) n=R23 837 194 | 10.3% | 31.1% | 43% | 12.6% | 63% | +50.4% | Tourism in South Africa benefited from the poor performance of the Rand against other major currencies, making CapeNature destinations a more viable option for international travel, which is reflected not only in the accommodation but also in the increases achieved in filming and events. |
| Number of new tourism products established (n) | 1 | 3 | 1 | 1 | 1 | None | None |



| Programme 4: Marketing and Eco-tourism | | | | | | | |
|--|------------------------------|------------------------------|------------------------------|---|---|---|---|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Number of upgrades on existing tourism products (n) | 12 | 6 | 9 | 6 | 6 | None | None |
| A comprehensive evaluation of income generation opportunities on viable CapeNature reserves (Green Economy Project: Phase III) | N/A | N/A | 0 | Finalisation of investment case and engagement with potential investors | Finalisation of investment case and engagement with potential investors | None | None |
| Percentage of media exposure that is positive and/or neutral | N/A | N/A | 98% | 92% | 98% | +6% | The best practice benchmark within the industry is 90% positive and neutral media exposure and an over-achievement is the desired result. |

| Programme 4: Marketing and Eco-tourism | | | | | | | |
|--|------------------------------|------------------------------|------------------------------|--------------------------|--|---|---|
| Performance Indicator | Actual Achievement 2013/2014 | Actual Achievement 2014/2015 | Actual Achievement 2015/2016 | Planned Target 2016/2017 | Actual Achievement 2016/2017 | Deviation from Planned Target to Actual Achievement for 2016/2017 | Comment on Deviations |
| Percentage increase in people accessing CapeNature Protected Areas for recreational purposes | N/A | N/A | 17% | 5% | This indicator was not reported on in the financial year | | See the explanation under "Changes to Planned Targets" below for the reason for not reporting against this indicator. |

Strategy to overcome areas of under-performance

N/A

Changes to planned targets

Following the 2015/2016 audit, the entity decided to review all indicators to ensure that the indicators are useful and reliable. It was identified that there were two indicators that did not meet the criteria as per the FMPPPI, namely:

1. The number of persons accessing CapeNature protected areas for cultural, traditional, spiritual, sustainable harvesting and youth development activities; and
2. Percentage increase in people accessing CapeNature protected areas for recreational purposes.

The following was identified as factors which negatively impacted on the ability to obtain reliable supporting evidence:

- Twenty six of CapeNature-managed nature reserves allow for tourism access, often with multiple access points that are in remote and inaccessible locations where it is not always practical to deploy staff.
- CapeNature also has multiple agreements in place with partners that sell permits on behalf of the entity.
- Some access points are on private property (servitude arrangements or Memoranda of Understanding [MoU] in place).
- Access points managed by private security companies and Full Time Equivalents (FTEs) have a high staff turnover.
- Permits are issued manually at access points, which raises a number of issues:
 - completeness of information;
 - accuracy of information;
 - increased human error; and
 - handling of cash.

Due to the various challenges faced, although mitigating controls are being implemented to ensure that the financial risks are reduced, it is not feasible to implement controls to ensure that the risks of counting visitors are completely eliminated, and that there is 100% reliable information to support reported achievements with regards to visitor numbers.

Financial Implications

- The costs to implement systems to ensure reliable information are not feasible, given the current economic climate. There is insufficient budget to implement complex systems to ensure access is controlled effectively.

- The cost to implement further controls simply to ensure that the visitor numbers can be reliably audited could result in unnecessary expenditure as this would not necessarily translate into additional income.
- Considering that the performance of the entity in terms of its mandate can still be measured by other indicators in the Annual Performance Plan (APP), it does not justify that further expenditure be incurred to ensure 100% reliability of visitor numbers.

As a result of this exercise, a process was followed to remove the indicators from the APP. Final approvals for the removal of the indicator was received by the Department of the Premier on 1 September 2016 and noted as such at the Standing Committee on 7 February 2017.

Linking performance with budgets

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

Table I3: Marketing and Eco-tourism

| Programme / activity / objective | 2016/2017 | | | 2015/2016 | | |
|---|---------------|---------------|----------------------------|---------------|---------------|----------------------------|
| | 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 | 13 529 | 13 348 | 181 | 12 316 | 12 095 | 221 |
| Special Projects: Marketing and Eco-tourism | 10 816 | 12 016 | (1 201) | 12 604 | 14 969 | (2 365) |
| Total | 24 345 | 25 365 | (1 020) | 24 919 | 27 064 | (2 144) |

Note: Budget and expenditure excludes CAPEX.

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

4. REVENUE COLLECTION

Table I4: Sources of Revenue

| Sources of revenue | 2016/2017 | | | 2015/2016 | | |
|--|----------------|-------------------------|-------------------------|----------------|-------------------------|-------------------------|
| | Estimate | Actual Amount collected | (Over)/Under collection | Estimate | Actual Amount collected | (Over)/Under collection |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Government Grant, Own revenue and special projects | 333 221 | 327 997 | 5 224 | 320 997 | 329 442 | (8 445) |
| Total | 333 221 | 327 997 | 5 224 | 320 997 | 329 442 | (8 445) |

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

The entity prepares a budget on the cash basis and is not allowed to budget for a deficit, therefore if expenditure is going to be incurred in the financial year, there has to be an income that is budgeted for as well to ensure that the budget is in balance. In the prior year the entity had received funding for projects that were not completed and were only utilised in the current year, as the expenditure needed to be budgeted for as well to avoid any irregular expenditure the income had to be included in the budget however the cash was not received in the 2016/2017 financial year. In the 2015/2016 year the entity had commitments of R10 million for which funds were received in the 2015/2016 year but was only spent in the 2016/2017 year.

4.1. Capital Investment

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

- Rocherpan Nature Reserve: upgrading of the recreational area surrounding the pool area which included fencing, decking, extension of existing boardwalk making the area accessible for wheelchair users and laying of artificial grass.
- Vrolijkheid Nature Reserve: established a recreational area that included two communal swimming pools and a nine-hole putt-putt course was added to enhance visitor experience.
- Hottentots Holland Nature Reserve: upgraded the braai lapa and communal area of Boesmanskloof hut.
- De Hoop Nature Reserve: upgraded and revised Whale Trail information signage and constructed a new vulture viewing deck.

- Marloth Nature Reserve: constructed a new hiking hut that included waterless toilets as well as showers at Boskloof.
- Grootvadersbosch Nature Reserve: constructed two new private campsites and upgraded the existing campsite ablutions.

The main tourism development at Grootvadersbosch Nature Reserve was due for completion by 31 March 2017. Due to delays experienced, this project was finalised during the financial year. The development included staff accommodation, a new visitor information centre and 11 new tourism accommodation units. As part of the product enhancement, the access road to the accommodation units was upgraded.



Photo: Rudolph de Girardier, De Hoop 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 (Act 71 of 2008), corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act, 1999 (Act 1 of 1999) as amended by Act 29 of 1999 (PFMA), and run in tandem with the principles contained in the King Report on Corporate Governance.

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

2. PORTFOLIO COMMITTEES

Not Applicable

3. EXECUTIVE AUTHORITY

The following reports were submitted to the Executive Authority:

| Document Description | Date Submitted |
|---|------------------|
| Monthly Highlights for inclusion into report to Minister Bredell: April | 6 May 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: May | 7 June 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: June | 8 July 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: July | 3 August 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: August | 6 September 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: September | 6 October 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: October | 3 November 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: November | 9 December 2016 |
| Monthly Highlights for inclusion into report to Minister Bredell: December | 13 January 2017 |
| Monthly Highlights for inclusion into report to Minister Bredell: January | 8 February 2017 |
| Monthly Highlights for inclusion into report to Minister Bredell: February | 7 March 2017 |
| Monthly Highlights for inclusion into report to Minister Bredell: March | 6 April 2017 |

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 Report on Corporate Governance for South Africa 2009 (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 No. 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. Purpose & Objectives

The Western Cape Nature Conservation Board is established as a Schedule 3C public entity responsible for nature conservation in the Western Cape.

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.

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.

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.

2. Board's relationship with key role players

The Board shall promote mutual goodwill, understanding and co-operation between the Minister for Local Government, Environmental Affairs and Development Planning (MEC), the Department of Environmental Affairs and Development Planning (the Department), other key Provincial agents, the private sector, civil society and relevant NGO's and all other key role players.

With respect to the relationship with the Department, the Board shall further promote regular meetings between:

- The MEC and the Chairperson of the Board;
- The Chief Executive Officer of the Board and the Head of Department; and
- The Management of both organisations.

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 cooperate in the development, establishment and maintenance of an environmental information management system;
- Collaborate in the promotion of environmental awareness, education and relevant capacity building in the Western Cape;
- Collaborate in mutual training initiatives between the parties; and
- Collaborate in implementing an integrated People and Conservation programme and community conservation and Expanded Public Works Programme initiatives.

3. Composition of the Board

The Board shall consist of no less than nine (9) members and 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. The Board comprises a Chairperson, a Vice-Chairperson and a maximum of ten non-executive members.

The following conditions apply to the appointment of the members:

- The 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 successive quarterly Board meetings may be asked to reconsider their membership 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 Minister of Local Government, Planning and Environmental Affairs to request such permission;
- No member may resign from the Board until an official written response has been received from the Minister of Local Government, Environmental Affairs and Development Planning 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 Minister for Local Government, Environmental Affairs and Development Planning and representatives of the Department of Environmental Affairs and Development Planning will be standing invitees to all Board meeting proceedings and deliberations.

4. Role and responsibilities of the Board and its members

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, on a regular basis, long-term plans, projects and services for the organisation;
- Review, evaluate and approve the organisation's annual budget, budget projections and Annual Financial Statements;
- Review the delegations of the organisation;
- Review, evaluate and approve major resource allocations and capital investments;
- Review the financial and operating results of the organisation;
- Review and approve the policies of the organisation;
- Review, evaluate and approve the overall organisational structure, the assignment of Management's responsibilities and plans for Management's personal development, growth and succession;
- Review, evaluate and approve the compensation strategy as it relates to Management of the organisation, as well as of the performance contracts of Management;
- Adopt and monitor compliance with the organisation's Code of Conduct, the PFMA and all legislation relevant to the Board;
- Review on a regular basis the organisation's strategic objectives and policies relating to social responsibility;
- 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
- Establish a closer working relationship with all stakeholders and the broader community.

Upon authorisation of the plans and strategies, the Board empowers and directs Management to implement the plans and strategies and to provide the Board with regular, accurate and relevant feedback on progress in this regard.

The Board however remains accountable for the oversight of the implementation of the strategies and for the total process of risk management that includes an effective and functional internal control system.

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 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 of South Africa 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 and to assist Management in the execution of and expediting decision making, 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 scientific and research functions and reviews progress towards meeting Biodiversity 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.

Each Committee must be established in terms of an approved Charter, which will set out the roles and responsibilities for that Committee.

Each Committee must annually submit a work plan to the Board for consideration and approval. The Board has the right to institute task teams as it sees fit to assist in the implementation of plans and processes.

The Chairperson of the Board shall, in consultation with the Board, appoint Board Committee Chairpersons and members to each Committee.

The Board should review and assess, on an annual basis, the required mix of skills and experience of members and its demographic profile and diversity in order to determine its ability to effectively achieve the objectives of the organisation and add value to its operational functioning.



5. Meetings

The Board and all Board Committees will meet at least four (4) times during the course of the financial year.

The quorum for all meetings will be seven (7) members, provided that at least two members with expertise in nature conservation are present.

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.

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.

The proceedings for all meetings shall be minuted by the Board Secretary. Draft minutes will be distributed to all members within ten (10) calendar days after the meeting.

Minutes shall be supported by members of the Board and signed by the Chairperson at the next meeting.

The Chairpersons of the Board and Board Committees shall determine the agenda for each meeting, in conjunction with the CEO and other relevant members of Executive Management. Each member of the Board and Board Committees are however allowed to request items to be placed on the agenda for that meeting.

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.

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. Evaluation (of each member, the Board as a whole and the Board Committee) principles

The Board has formally identified, clarified and documented its collective roles and responsibilities and the key roles, responsibilities and performance standards for each member.

The Board's collective performance is assessed annually in a formal meeting conducted by the

Chairperson. The assessment will be used to identify key objectives and improvements for the effective functioning of the Board and will be conducted during the first quarter of the new financial year and cover the preceding financial year.

7. Member orientation and induction

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.

8. Authority

The Board is mandated to fulfil its roles and responsibilities as set out in the Western Cape Nature Conservation Act.

In so doing, the Board is authorised to:

- Assess and analyse any risk and/ or governance related matters pertaining to CapeNature;
- Request members of Management or any other 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.

9. Conflicts

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.

All members shall be required to fully disclose all business related interests for record keeping purposes.

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.

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. Materiality of the Board and an approval framework

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.

11. Media Statements:

Media statements in respect of non-delegated matters shall be dealt with by the Chairperson of the Board or his/ her delegated authority.

Media statements in respect of delegated matters shall be dealt with by the Chief Executive Officer or his/ her delegated authority.

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.

Table 15: 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 |
|----------------------------------|---|--------------------|--------------------------------------|-----------------------------------|---|--|---|--------------------------------|
| Prof Gavin Maneveldt | Chairperson | 1 December 2011 | 30 November 2016 | BSc; BSc (Hons); MSc; PhD | Marine Biology | | Conservation Marketing & Eco- tourism | 9 |
| Mr Carl John Lotter | Vice-Chairperson | 1 December 2011 | 30 November 2016 | | Financial and SMMEs | | Finance, ICT and Audit | 7 |
| Ms Merle McOmbring- Hodges | Chairperson | 1 March 2013 | | BSc; BSc (Hons); HDE; Bed; MEd | Education | | HR & Remuneration Marketing & Eco- tourism | 16 |
| Dr Colin Johnson | Vice-Chairperson | 11 April 2016 | | MSc; PhD | Natural Sciences; Conservation Management | | Conservation | 11 |
| Mr Mervyn Burton | Member | 15 June 2015 | | CA (SA); BCompt (Hons) | Financial Management; Corporate | | Marketing & Eco- tourism Finance, ICT and | 12 |



| 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 |
|-------------------------|---|-------------------|--------------------------------------|--------------------------------------|---|--|---|--------------------------------|
| Prof Denver Hendricks | Member | 11 April 2016 | | BSc; MSc; PhD | Medical Biochemistry; Natural Sciences; Conservation Management | | Conservation Marketing & Eco- tourism | 8 |
| Prof Aubrey Redlinghuis | Member | 15 June 2015 | | BA (Hons); MA; PhD | Education | | Conservation HR & Remuneration | 12 |
| Adv Mandla Mdludlu | Member | 1 March 2013 | | Bluris; LLB | Consumer and Construction Law | | Risk | 8 |
| Prof Kamilla Swart | Member | 11 April 2016 | 2 February 2017 | MA; EdD: Sport Tourism | Marketing and Eco- tourism; Sport Science | | Marketing & Eco- tourism | 6 |
| Dr Bruce McKenzie | Member | 1 March 2013 | | BSc; BSc (Hons) (cum laude); MSc; | Conservation | | Conservation Risk | 14 |

| 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 |
|---------------|---|-------------------|--------------------------------------|--|---|--|---|--------------------------------|
| Mr Danie Nel | Member | 1 March 2013 | | Dipl. Juris; Diploma in Municipal Law and Administration | Local Government Management and Legislation; Legislative drafting and enforcement of legislation | | HR & Remuneration | 10 |
| Mr Paul Slack | Member | 15 June 2015 | | BComm (Hons); CA (SA) | Corporate Governance and Risk | | Risk Finance, ICT and Audit | 14 |

Table 16: Independent Audit Committee Members

| 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 |
|--------------------------|---|----------------|-----------------------------|---|--|---|--|--------------------------|
| Ms Marguerite Bond-Smith | Chairperson of the Risk Committee | 01 April 2013 | | BComm; Postgraduate Diploma in Tax; CA (SA); LLB; LLM | Chartered Accountant with taxation and financial industry experience; LLB in Environmental Law and conducts environmental research and advisory work | | Risk Finance, ICT and Audit | 10 |
| Ms Rozan Jaftha | Independent Audit Committee member | 01 March 2015 | | BComm (Hons); BCompt; CA (SA); Certified Internal Auditor | Chartered Accountant | | Finance, ICT and Audit | 3 |

Table 17: Committees

| Committee | No. of Meetings Held | No. of Members | Name of Members |
|------------------------------|--------------------------|----------------|---|
| Board | 4 plus 1 special meeting | 12 | Prof Maneveldt Mr Lotter Ms McOmbring-Hodges Dr Johnson Mr Burton Dr McKenzie Prof Redlinghuis Adv Mdludlu Mr Nel Prof Hendricks Prof Swart Mr Slack |
| Board Exco | 2 | 7 | Prof Maneveldt Mr Lotter Ms McOmbring-Hodges Dr Johnson Mr Burton Mr Slack Mr Nel Dr McKenzie Ms Bond-Smith |
| Board Induction and Training | 1 | 12 | Prof Maneveldt Mr Lotter Ms McOmbring-Hodges Dr Johnson Mr Burton Dr McKenzie Prof Redlinghuis Adv Mdludlu Mr Nel Prof Hendricks Prof Swart Mr Slack |



| Committee | No. of Meetings Held | No. of Members | Name of Members |
|-------------------------|--------------------------|----------------|--|
| Conservation | 4 | 5 | Dr McKenzie Prof Maneveldt Prof Redlinghuis Dr Johnson Prof Hendricks |
| Marketing & Eco-tourism | 4 | 5 | Mr Burton Ms McOmbring-Hodges Prof Maneveldt Prof Swart Prof Hendricks |
| HR & Remuneration | 4 | 3 | Ms McOmbring-Hodges Mr Nel Prof Redlinghuis |
| Finance, ICT and Audit | 4 plus 1 special meeting | 5 | Mr Slack Mr Lotter Mr Burton Ms Bond-Smith Ms Jaftha |
| Risk | 4 | 4 | Ms Bond-Smith Dr McKenzie Adv Mdludlu Mr Slack |

Table 18: Remuneration of Board Members and Independent Committee Members

| Name | Remuneration (Rands) | Other Allowances | Other Re-imbursments (Rands) | Total (Rands) |
|-------------------------------|----------------------|------------------|------------------------------|----------------|
| Prof G Maneveldt (Chair) | 31 449 | | | 31 449 |
| Mr C Lotter (Vice-Chair) | 19 470 | | | 19 470 |
| Ms M McOmbring-Hodges (Chair) | 33 909 | | | 33 909 |
| Dr C Johnson (Vice-Chair) | 21 417 | | 17 060 | 38 477 |
| Mr M Burton | 22 053 | | | 22 053 |
| Dr B McKenzie | 27 894 | | | 27 894 |
| Prof A Redlinghuis | 17 523 | | 1 108 | 18 631 |
| Adv M Mdludlu | 15 576 | | 896 | 16 472 |
| Mr P Slack | 30 234 | | | 30 234 |
| Prof K Swart | 11 682 | | | 11 682 |
| Prof D Hendricks | 11 682 | | | 11 682 |
| Mr D Nel | 15 576 | | 9 403 | 24 979 |
| Ms M Bond-Smith | 33 592 | | | 33 592 |
| Ms R Jaftha | 13 280 | | 1 074 | 14 353 |
| TOTAL | 305 337 | | 29 541 | 334 877 |

5. RISK MANAGEMENT

Governance embodies processes, policies, systems, laws and regulations by which organisations 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 organisation goals and objectives are being achieved. Risk Management resides in the Administration and Governance Programme, within the Corporate Services directorate, and 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 Risk Committee and Chairpersonship of the Committee is held by an independent member of the Board. Notwithstanding the role of the Risk Committee, the Audit Finance and ICT Committee continues to perform its oversight role with respect to governance and related matters. The Risk Profile is tabled on a quarterly basis and reports on progress 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 organisation. The Profile is aligned to the organisational structure and incorporates all directorates and functional areas. During the reporting period the Risk Profile was reviewed and differentiated between strategic and operational risks. During the review process the risk of reduced socio-economic benefit was identified. This will further strengthen the organisation's focus and contribution to job creation, the development of SMMEs, local economic development and access to protected areas. The organisation continues to manage and mitigate risk within the limitations of provincial allocations resulting from the current fiscal constraints and the impact of global economic conditions. This has placed additional focus on the need for and the 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 is to facilitate the maintenance, improvement and implementation of an efficient, effective and economical internal control environment.

The unit sets out to achieve this goal through the following mechanisms:

- Periodic reviews of financial and non-financial information
- Analysis of current internal control practices
- Providing an advisory role in the development, implementation and improvement of new and existing internal control practices.

Extensive work has been performed within all directorates, with the main focus being Corporate Services, Marketing & Eco-Tourism and Finance, with control weaknesses identified and practical remedial action recommended. Remedial actions have been followed up with positive impacts that have strengthened the internal control environment.

For the period under review, the following audits were conducted:

- Risk – increase in fire and alien infestation;
- Risk management review;
- Deferred revenue;
- Information and communications technology;
- Predetermined objectives;
- Human resources;
- Supply chain management; and
- Follow-up of the implementation of the audit matrix management action plans.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit function of CapeNature is outsourced to an external service provider, for a three-year period. The Audit Committee reviews the appointment of the internal audit function and makes recommendations to the Board, which is responsible for their appointment.

The aim of the internal audit function is to provide independent, objective assurance, and consulting services designed to add value and improve the organisation's operations. This exercise contributes to the realisation of objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The scope of work of the internal auditing function is to determine whether the organisation's system of risk management, control, and governance processes, as designed and represented by Management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance stakeholders occur as required;
- Significant financial, management, and performance information is accurate, reliable, and timely;
- Employee actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately allocated;
- Programmes, plans, and objectives are achieved;
- Quality and continuous improvement is fostered in the organisation's control environment; and
- Significant legislative or regulatory requirements impacting the organisation are recognised and adhered to.

Risks and opportunities that could impact management effectiveness, organisational sustainability, and the organisation's reputation, may be identified during the audit process. These matters will be formally communicated to the appropriate level of management.

During the period 1 April 2016 to 31 March 2017, CapeNature utilised Internal Auditors, Ernst and Young (EY).

For the period under review, per the approved internal audit plan, the following audits were conducted:

- Safeguarding of assets.
- Human resources data quality review.
- Permits process review.
- Information and communications technology SAP basis review and authorisation testing.
- Follow-ups of the implementation of recommendations from previous internal audit reports.
- Testing the supply chain management processes for the procurement of goods and services within the threshold of between R2 000 and R500 000.

An Internal Audit Charter was developed, which captures the manner in which the internal audit function will operate and how internal control deficiencies will be identified, managed, and improved.

The key activities and objectives of the Audit Committee are to:

- Provide independent counsel, advice, and direction in respect of risk management and internal control;
- Consider any matters relating to the identification, assessment, monitoring, and management of risks associated with the operations of CapeNature;
- Review quarterly and other periodic reports and recommendations submitted by Internal Audit and the Chief Risk Officer;
- Discuss with Management their response to audit findings and their agreed actions to improve internal control;
- Discuss with Management their response to the auditor's proposed risk mitigations and Management's agreed actions to mitigate risks;
- Review with Management, the Auditor-General of South Africa's Report and Management Letter; and
- Add value to CapeNature's business by carrying out its oversight role and proposing on-going improvements to internal control and risk management processes.

Table 19: 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 |
|--------------------------|---|----------------------|--|-----------------|-----------------------------|--------------------------|
| Mr Paul Slack | BComm (Hons) in Financial Management; CA (SA) | Board member | | 15 June 2015 | | 4 |
| Mr Mervyn Burton | CA (SA); BCompt (Hons) | Board member | | 15 June 2015 | | 3 |
| Ms Rozan Jaftha | BComm (Hons); BCompt; CA (SA); Certified Internal Auditor | Independent member | | 1 March 2015 | | 3 |
| Ms Marguerite Bond-Smith | BComm; Postgraduate Diploma in Tax; CA (SA); LLB; LLM | Independent member | | 1 April 2013 | | 5 |
| Mr Carl Lotter | | Board member | | 1 December 2011 | 30 November 2016 | 2 |

8. COMPLIANCE WITH LAWS AND REGULATIONS

Compliance is read in conjunction with the charter of the respective board committees. The Western Cape Nature Conservation Board endorses the principles as set out in the Protocol on Corporate Governance and, where applicable, the King Report on Corporate Governance for South Africa 2009 (King III); and has endeavoured to comply with the principles incorporated in the Code of Corporate Practices and Conduct.

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 forms and manifestations. The Policy recognises basic fraud prevention initiatives that are in place within CapeNature.

Ongoing awareness initiatives and interventions are critical to ensure that staff are continually sensitised to issues of fraud and corruption through formal communication channels, policies, standard operating procedures and guidelines, induction and orientation and other formal and informal meeting forums and initiatives. Initiatives should not only include communication directly related to fraud and corruption but also address behaviour. Through the establishment of the Internal Control component CapeNature has been able to respond 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 in order to prevent future incidents of fraud and corruption.

Through the Fraud Prevention Policy a mechanism is created through which employees would be able to raise concerns where there are reasonable grounds to believe that fraud and corruption has 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. Should any employees 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 the mechanisms above, incidents can be reported directly to Provincial Forensic Services within the Department of the Premier.

All matters that are reported will be considered and evaluated and may either be investigated internally and/or referred to any other advisory and support service at the organisation's disposal, including Internal Audit, Auditor-General, Provincial Forensic Services, the Public Protector and/or any other investigative agencies prescribed by law. Any fraud committed by an employee of CapeNature will be thoroughly investigated to the full extent of the law, and may include:

- The consideration of disciplinary proceedings within a reasonable period of time after the incident,
- Instituting recovery of financial losses,
- Formal civil action,

- Initiating criminal prosecution, and/or any other appropriate and legal remedy available.

To strengthen investigative processes, CapeNature and the DEA&DP 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 matter reported in the Annual Report 2015/2016 relating to potential fraud and corruption claims by Government Motor Transport that Government Garage (GG) vehicles and fuel cards were being fraudulently used by CapeNature staff, was concluded and the matter closed. Disciplinary proceedings were initiated against staff implicated in this matter and resulted in one employee being dismissed. Processes and procedures have been reviewed and amendments communicated in order to improve the administration and management of GG vehicles and the use of fuel cards. Monitoring of the implementation of recommendations was undertaken by the Internal Control component.

During the reporting period, two matters were investigated. One matter related to fuel syphoning in the Central Region, and is being investigated by Provincial Forensic Services. Disciplinary proceedings were implemented by CapeNature but it was found on review that all aspects might not have been considered at the time these proceedings took place. The scope of the investigation affected the finalisation of the investigation by Provincial Forensic Services and as a result impacted CapeNature in concluding the necessary disciplinary proceedings.

The other matter, which related to the mismanagement of financial resources, was investigated internally. To date disciplinary proceedings have resulted in written warnings for two employees with two further employees being implicated. One of the employees implicated was dismissed and has consequently referred the matter to the Commission for Conciliation, Mediation and Arbitration. The outcome of the other employee's disciplinary proceeding is pending.

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 their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and build confidence in the

organisation. 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 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 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 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, 85 injuries occurred with an average of two working days lost per injury. This is a reduction of one working day from three working days reported in 2015/2016. CapeNature will continue to implement initiatives to lower this average even further.

The implementation of the Medical Surveillance Programme was a significant health and safety initiative. 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. This requires a formalised approach in the surveillance of the health of employees exposed to workplace health hazards as informed by the Occupational Health and Safety (OHS) Act, 1993 (Act 85 of 1993). The Programme further supports the need for each and every CapeNature employee to fulfil the duty of care for themselves and their colleagues in the workplace. Through the implementation of the Programme all employees were provided with the opportunity to focus on their own health and well-being and to receive the appropriate guidance and assistance in how to improve it. CapeNature endeavours to create and strengthen awareness and appreciation of health and safety and how all staff can contribute positively to their environment and workplace.

The Programme was warmly received and welcomed with generally widespread positivity and support. This was especially evident where staff received negative feedback, and resulted in a number of staff reflecting on their lifestyle and behaviour and making the necessary changes to improve their quality of life. This will have a positive outcome not only for staff personally but also professionally. The Programme will continue to be implemented at a reduced level based on the risk and hazard exposure of the staff and the legislated frequency of medical surveillance. Within the current budget limitations, CapeNature will focus on specific wellness initiatives, based on the outcomes of the Programme, to drive ongoing staff health and wellness.

13. COMPANY /BOARD SECRETARY (IF APPLICABLE)

Not Applicable.

14. SOCIAL RESPONSIBILITY

The organisation promotes social responsibility among staff as a way to engage with the communities in which they function. A few of the initiatives for the period under review are listed below:

- In support of Nelson Mandela International Day, employees based at Head Office joined the Department of Environmental Affairs and Development Planning in its efforts to shape and collect EcoBricks for the Greyton Transition Town. EcoBricks are part of a waste management and housing programme. They are made of plastic bottles, of any shape or size, which are filled with clean, dry, non-recyclable waste.
- CapeNature established a community vegetable garden at a crèche at Schoemanshoek in the Klein Karoo. This was done as part of the East Region's 67 minutes on Nelson Mandela International Day.
- FTE employees based in the West Region spent 67 minutes giving back to the community in Ceres at the Northridge Primary School as part of their Nelson Mandela International Day activities. They planted indigenous trees and mowed the grass around the classrooms.
- As part of the Heritage and Tourism month celebrations, the organisation once again hosted a free Access Week from 19 to 25 September in an effort to encourage more people to visit reserves that are managed by CapeNature. This provided all citizens with the opportunity to access Protected Areas in the Western Cape free of charge.
- Staff throughout the organisation supported and partook in Casual Day, a national campaign for persons with disabilities, and Slipper Day, a national initiative in support of children fighting life-threatening illnesses.
- CapeNature donated indigenous trees and food supplies to the Salvation Army Carehaven shelter for abused women and children during National Arbor Week, which serves to promote awareness for the need to plant and maintain indigenous trees throughout South Africa.
- The West Coast Regional Office participated in the 2016 Santa Shoebox Project where gifts are donated to children from disadvantaged backgrounds.

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ending 31 March 2017.

The audit committee is one element of the combined assurance model and we are happy to report that this combined assurance resulted in the entity receiving a clean audit this year.

Audit & Risk Committee Responsibility

The Audit & Risk 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 Audit & Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit & Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein, with the exception of reviewing changes in accounting policies and practices as no material changes occurred during the period under review.

The Effectiveness of Internal Control

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

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

- Safeguarding of assets.
- Project management and controls.
- ICT.
- Supply Chain Management.

A risk control framework was prepared in conjunction with management to ensure that the core business of conservation and biodiversity was adequately covered in the framework.

In terms of the drivers of internal control, there was no regression in the year under review.

There were no major areas of concern and the clean audit attests to that.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

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

Financial Oversight

Financial oversight of the following took place:

- The Audit and Risk committee charter was reviewed
- A self-assessment of the audit and risk committee was conducted

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. This matrix includes every item raised in the annual external audit, no matter how minor, as well as every item raised by the internal auditors and the internal control unit during the course of the year. These audit items stay on the audit matrix until management resolves them. Removal from the matrix is only done once internal audit verifies that the reported actions have indeed taken place and that the new control is operating efficiently. In this way the Committee satisfies itself that prompt and correct action is taken to review matters raised by the auditors.

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-General.



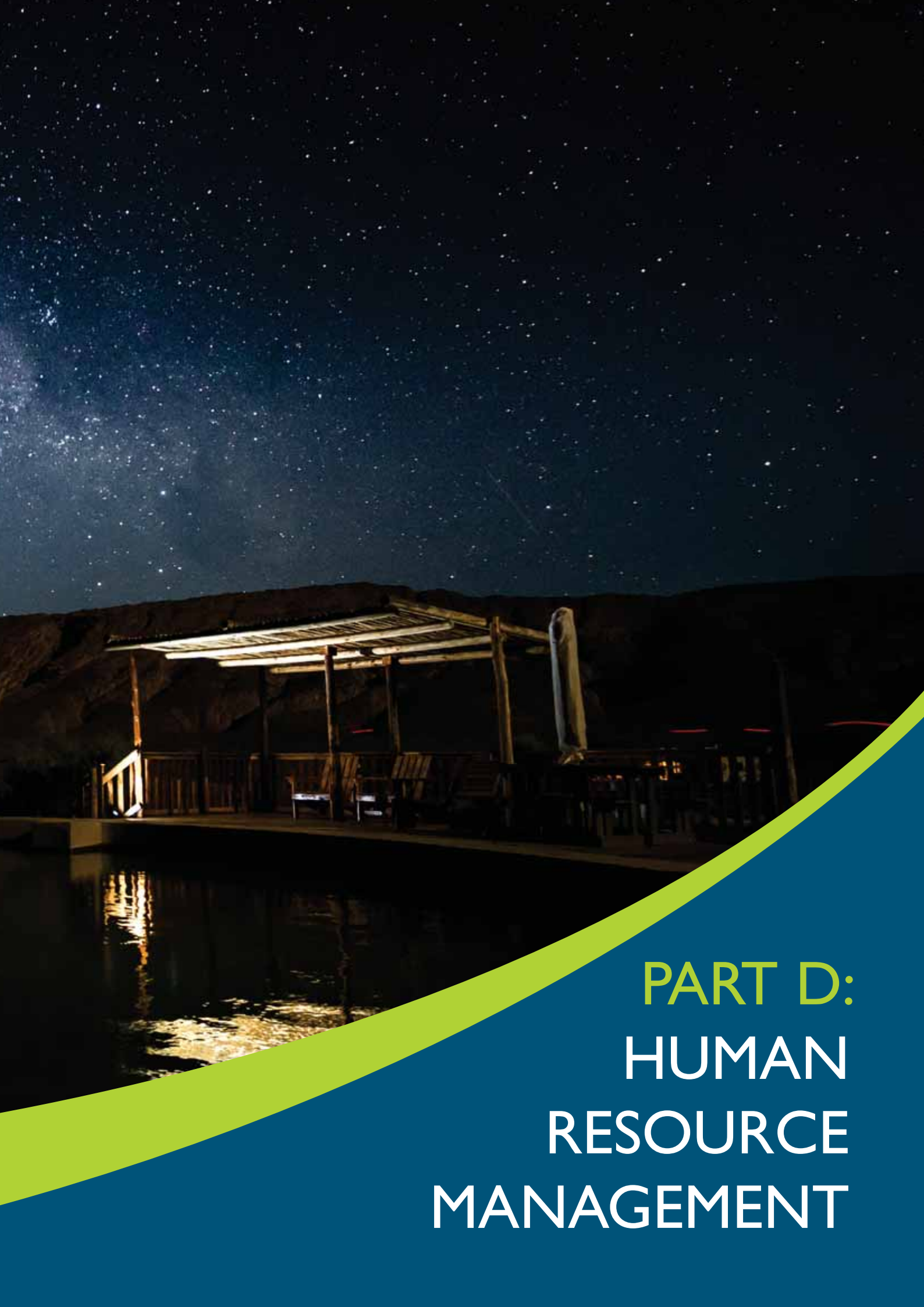
Paul Slack
Chairperson of the Audit Committee
CapeNature
August 2017



Photo: Alistair Daynes, Kogelberg Nature Reserve



Photo: Rudolph de Girardier, Anysberg Accomodation Night



PART D:
HUMAN
RESOURCE
MANAGEMENT

I. INTRODUCTION

The Human Resource Management component strived to deliver effective and efficient services to the organisation during the period under review through co-ordinated training and development initiatives, well-structured recruitment and selection processes, fair and transparent employee relations management and consistent performance management practices.

As a result of partnerships with institutions of higher learning in the province, and continued commitment to engaging the communities surrounding CapeNature-managed reserves, the predetermined objectives as outlined in the APP 2016/2017 of 10 Work Integrated Learners (WIL) interns, as well as the appointment of 450 FTEs, have been exceeded.

The drive to ensure good governance and standardisation in the application of controls continued at a corporate level through the review of policies, processes and procedures. As a result, the new Human Resources Policies and Procedures Manual was approved by the Board during the financial year. The manual has been benchmarked against HR best practice to ensure legislative compliance and relevance to current business practice.

During the period under review, several events were embarked upon to improve the health and wellbeing of the employees. Information sessions were held, on breast and prostate cancer, amongst others. CapeNature additionally focussed on stress management; the identification, the symptoms of stress in your personal and work life, as well as the management thereof.

Phase I of the GTAC process yielded a diagnostic review of the organisation, which will inform the organisational review and the design of a service delivery model as part of Phase 2 of the GTAC engagement commencing in the ensuing financial year.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 20: Personnel Cost by Programme

| Programme | Total Expenditure for the Entity (R'000) | Personnel Expenditure (R'000) | Personnel Exp. as a % of Total Exp. (R'000) | No. of Employees | No. of FTEs | Average Personnel Cost per Employee (R'000) |
|---|--|-------------------------------|---|------------------|--------------|---|
| Programme 1: Administration and Governance* | 105 202 | 63 097 | 59.9% | 130 | 424 | 114 |
| Programme 2: Biodiversity Support | 23 563 | 21 134 | 89.7% | 46 | 0 | 459 |
| Programme 3: Conservation Management | 156 652 | 80 318 | 51.3% | 294 | 0 | 273 |
| Programme 4: Marketing and Eco-tourism | 25 365 | 11 004 | 43.4% | 25 | 0 | 440 |
| Total | 310 781 | 175 553 | 56.5% | 495 | 424** | 191 |

*The EPWP budget resides in Programme 1.

**The number of FTEs reported on herein reflects employees who were in service as at 31 March 2017.

Table 21: Personnel Fixed Cost by Salary Band

| Salary Band | Personnel Expenditure (R'000) | % of Personnel Exp. to Total Personnel Cost (R'000) | No. of Employees | No. of FTEs | Average Personnel Cost per Employee (R'000) |
|-------------------------------|-------------------------------|---|------------------|-------------|---|
| Top Management 13 – 15 | 6 241 | 4% | 6 | 0 | 1 040 |
| Senior Management 11 – 12 | 24 922 | 14% | 31 | 0 | 804 |
| Professional qualified 9 – 10 | 47 164 | 27% | 89 | 0 | 530 |
| Skilled 6 – 8 | 40 546 | 23% | 114 | 1 | 356 |
| Semi-skilled 3 – 5 | 37 176 | 21% | 205 | 2 | 181 |
| Unskilled 1 – 2 | 19 504 | 11% | 50 | 421 | 41 |
| Total | 175 553 | 100% | 495 | 424 | 191 |

Performance Rewards

N/A

Table 22: Training Costs

| Programme | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Training Expenditure as a % of Personnel Cost. |
|--|-------------------------------|------------------------------|--|
| Programme 1: Administration and Governance | 63 097 | 1 945 | 3% |
| Programme 2: Biodiversity Support | 21 134 | 13 | 0% |
| Programme 3: Conservation Management | 80 318 | 1 167 | 2% |
| Programme 4: Marketing and Eco-tourism | 11 004 | 38 | 0% |
| Total | 175 553 | 3 163 | 2% |

The table above reflects training across all Programmes in the organisation, from the Corporate Services training budget, and includes contract employees and Special Projects.

Table 23: Employment and Vacancies by Programme

| Programme | 2015/2016 No. of Employees including Special projects and FTEs | 2016/2017 Approved Posts | 2016/2017 No. of Employees including Special Projects | 2016/2017 No. of FTEs | 2016/2017 Vacancies | % of Vacancies |
|--|--|--------------------------------|--|-----------------------------|------------------------|-------------------|
| Programme 1: Administration and Governance | 136 | 144 | 130 | 424 | 14 | 9.7% |
| Programme 2: Biodiversity Support | 51 | 53 | 46 | 0 | 7 | 13.2% |
| Programme 3: Conservation Management | 796 | 322 | 294 | 0 | 28 | 8.7% |
| Programme 4: Marketing and Eco-tourism | 28 | 29 | 25 | 0 | 4 | 13.8% |
| Total | 1 011 | 548 | 495 | 424* | 53 | 9.7% |

*The number of FTEs reported on herein reflects employees who were in service as at 31 March 2017.

Table 24: Employment and Vacancies by Salary Band

| Salary Band | 2015/2016 No. of Employees including Special projects and FTEs | 2016/2017 Approved Posts | 2016/2017 No. of Employees | 2016/2017 No. of FTEs | 2016/2017 Vacancies | % of Vacancies |
|-------------------------------------|--|--------------------------------|----------------------------------|-----------------------------|------------------------|-------------------|
| Top Management 13+ | 6 | 6 | 6 | 0 | 0 | 0% |
| Senior Management 11 – 12 | 34 | 38 | 31 | 0 | 7 | 18.4% |
| Professional qualified 9 – 10 | 93 | 96 | 89 | 0 | 7 | 7.3% |
| Skilled 6 – 8 | 114 | 129 | 114 | 1 | 15 | 11.6% |
| Semi-skilled 3 – 5 | 216 | 225 | 205 | 2 | 20 | 8.9% |
| Unskilled 1 – 2 | 548 | 54 | 50 | 421 | 4 | 7.4% |
| Total | 1011 | 548 | 495 | 424* | 53 | 9.7% |

*The number of FTEs reported on herein reflects employees who were in service as at 31 March 2017.

Table 25: Employment Changes

| Salary Band | Employment at Beginning of Period 1/4/2016 | Appointments | Appointment FTEs | Terminations | Terminations FTEs | Employment at End of the Period |
|-------------------------------|--|--------------|------------------|--------------|-------------------|---------------------------------|
| Top Management 13+ | 6 | 0 | 0 | 0 | 0 | 6 |
| Senior Management 11 – 12 | 34 | 0 | 0 | 4 | 0 | 31 |
| Professional qualified 9 – 10 | 93 | 8 | 0 | 9 | 0 | 89 |
| Skilled 6 – 8 | 114 | 22 | 1 | 14 | 0 | 115 |
| Semi-skilled 3 – 5 | 216 | 28 | 2 | 20 | 0 | 207 |
| Unskilled 1 – 2 | 548 | 103 | 554 | 87 | 132 | 471 |
| Total | 1011 | 161 | 557 | 134 | 132 | 919 |

Note: The closing balance in the 2015/2016 Annual Report differs to the opening balance of the 2016/2017 Annual Report due to contracts, terminations and appointments.

Terminations include Specially Funded projects in which the vacancies are not always filled as they are subject to further funding. Furthermore, vacancies are not always treated as replacement posts as, in some instances, posts are frozen and functions are redistributed.

Table 26: Reasons for Staff Leaving

| Reason | Number | FTE | % of Total No. of Staff Leaving | % of Staff Leaving |
|--------------------|------------|------------|---------------------------------|--------------------|
| Death | 0 | 0 | 0% | 0% |
| Resignation | 43 | 86 | 14.0% | 8.7% |
| Dismissal | 4 | 1 | 0.5% | 0.8% |
| Retirement | 5 | 0 | 0.5% | 1.0% |
| Ill health | 1 | 0 | 0.1% | 0.2% |
| Expiry of contract | 71 | 3 | 8.1% | 14.3% |
| Other (Absconded) | 10 | 42 | 5.7% | 2.0% |
| Total | 134 | 132 | 28.9% | 27.1% |

Most of the reasons for staff leaving are as a result of the expiry of short-term employment contracts and FTEs finding alternate employment.

Table 27: Labour Relations: Misconduct and Disciplinary Action

| Nature of Disciplinary Action | Number | FTE |
|-------------------------------|--------|-----|
| Verbal Warning | 11 | 24 |
| Written Warning | 16 | 26 |
| Final Written warning | 1 | 3 |
| Dismissal | 4 | 1 |

Table 28: Equity Target and Employment Equity (EE) Status – Male

| Salary Band | MALE | | | | | | | | | | | |
|------------------------|-----------|-----------|-----------|------------|------------|------------|----------|----------|----------|-----------|----------|-----------|
| | African | | | Coloured | | | Indian | | | White | | |
| | Current | FTE | Target | Current | FTE | Target | Current | FTE | Target | Current | FTE | Target |
| Top Management | 0 | 0 | 0 | 1 | 0 | 2 | 1 | 0 | 0 | 1 | 0 | 1 |
| Senior Management | 3 | 0 | 1 | 10 | 0 | 10 | 0 | 0 | 0 | 11 | 0 | 13 |
| Professional qualified | 6 | 0 | 8 | 13 | 0 | 15 | 0 | 0 | 0 | 28 | 0 | 31 |
| Skilled | 11 | 0 | 2 | 32 | 1 | 31 | 2 | 0 | 2 | 6 | 0 | 8 |
| Semi-skilled | 22 | 1 | 15 | 108 | 0 | 97 | 2 | 0 | 1 | 5 | 0 | 7 |
| Unskilled | 7 | 44 | 65 | 28 | 125 | 213 | 0 | 0 | 0 | 1 | 1 | 5 |
| Total | 49 | 45 | 91 | 192 | 126 | 368 | 5 | 0 | 3 | 52 | 1 | 65 |

The number of FTEs reported on herein reflects employees who were in service as at 31 March 2017.

Table 29: Equity Target and Employment Equity (EE) Status – Female

| Salary Band | FEMALE | | | | | | | | | | | |
|------------------------|-----------|-----------|-----------|-----------|------------|------------|----------|----------|----------|-----------|----------|-----------|
| | African | | | Coloured | | | Indian | | | White | | |
| | Current | FTE | Target | Current | FTE | Target | Current | FTE | Target | Current | FTE | Target |
| Top Management | 0 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 1 | 0 | 1 |
| Senior Management | 1 | 0 | 1 | 3 | 0 | 4 | 1 | 0 | 1 | 2 | 0 | 4 |
| Professional qualified | 6 | 0 | 6 | 11 | 0 | 13 | 2 | 0 | 2 | 23 | 0 | 24 |
| Skilled | 12 | 0 | 2 | 28 | 0 | 13 | 4 | 0 | 2 | 20 | 0 | 24 |
| Semi-skilled | 13 | 1 | 3 | 43 | 0 | 47 | 0 | 0 | 0 | 12 | 0 | 1 |
| Unskilled | 7 | 96 | 1 | 6 | 154 | 115 | 0 | 0 | 1 | 1 | 1 | 0 |
| Total | 39 | 97 | 14 | 92 | 154 | 193 | 8 | 0 | 6 | 58 | 1 | 54 |

The number of FTEs reported on herein reflects employees who were in service as at 31 March 2017.

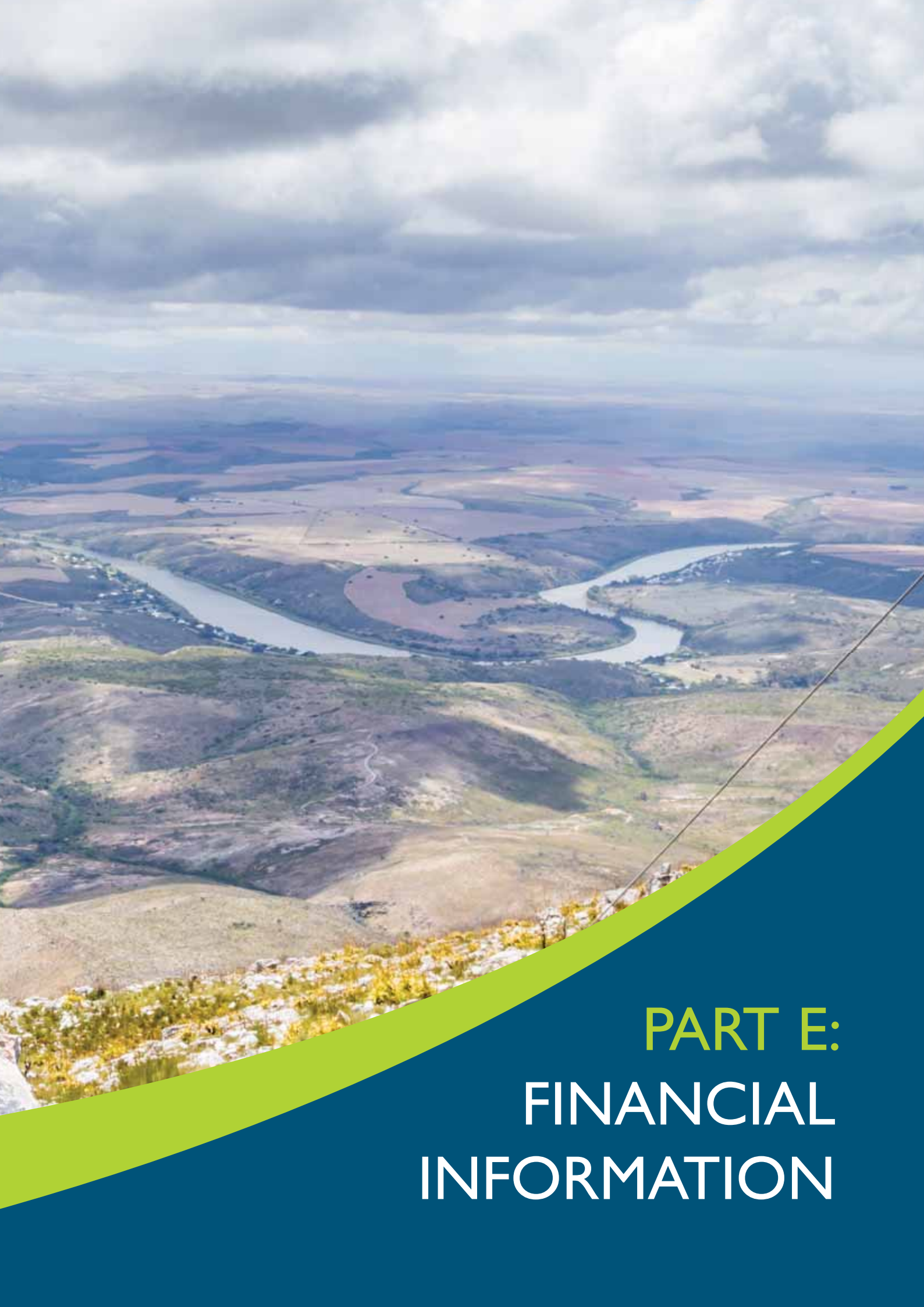
Table 30: Equity Target and Employment Equity (EE) Status – Disabled

| Salary Band | DISABLED STAFF | | | | | |
|------------------------|----------------|----------|----------|----------|----------|----------|
| | Male | | | Female | | |
| | Current | FTE | Target | Current | FTE | Target |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 | 1 | 0 | 1 |
| Professional qualified | 0 | 0 | 1 | 0 | 0 | 1 |
| Skilled | 1 | 0 | 1 | 2 | 0 | 0 |
| Semi-skilled | 2 | 0 | 3 | 2 | 0 | 2 |
| Unskilled | 0 | 8 | 2 | 1 | 4 | 3 |
| Total | 3 | 8 | 7 | 6 | 4 | 7 |

The number of FTEs reported on herein reflects employees who were in service as at 31 March 2017.



Photo: Rudolph de Girardier, 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

I have audited the financial statements of the Western Cape Nature Conservation Board set out on pages 109 to 151, which comprise the statement of financial position as at 31 March 2017, the statement of financial, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

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 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards on Generally Recognised Accounting Practices (SA Standards on GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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 my report.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors discovered during the 2016/2017 financial year in the financial statements of the Western Cape Nature Conservation Board at, and for the year ended, 31 March 2016.

Significant uncertainties

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

Material underspending

As disclosed in the Statement of Comparison of Budget and Actual Amounts, the entity has materially underspent the budget to the amount of approximately R30,2 million. The underspending is mainly due to use of goods and services and payment for capital assets. Refer to note 32 of the financial statements for more detail.

Responsibilities of the accounting authority for the financial statements

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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting authority is responsible for assessing the Western Cape Nature Conservation Board'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 cease operations, or has no realistic alternative but to do so.

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

My objectives are to obtain reasonable assurance about whether the 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.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this report.

Report on the Audit of the Annual Performance Report

Introduction and scope

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.

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.

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 17:

| Programmes | Pages in the annual performance report |
|--|--|
| Programme 1: Administration and Governance | 34 – 43 |
| Programme 2: Biodiversity Support | 44 – 48 |
| Programme 3: Conservation Management | 49 – 51 |
| Programme 4: Marketing and Eco-tourism | 52 – 58 |

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.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 1: Administration and Governance
- Programme 2: Biodiversity Support
- Programme 3: Conservation Management
- Programme 4: Marketing and Eco-tourism.

Other matters

I draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on pages 34 - 58 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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.

I did not identify any instances of material non-compliance in respect of the compliance criteria for the applicable subject matters.

Other information

The Western Cape Nature Conservation Board's 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 financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in the auditor's report.

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.

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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

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.

Auditor General

Cape Town
31 July 2017



2. ANNUAL FINANCIAL STATEMENTS

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Board (Accounting Authority) is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the 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).

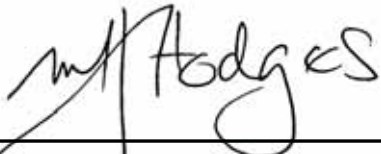
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 to 31 March 2018 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.



Ms M McOmbring-Hodges
Chairperson

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 7 | 2 597 278 | 3 901 855 |
| Trade and other receivables from exchange transactions | 8 | 2 831 712 | 3 121 345 |
| Trade receivables from non-exchange transactions | 8 | 3 182 946 | 2 678 117 |
| Cash and cash equivalents | 9 | 124 701 099 | 111 087 516 |
| | | 133 313 035 | 120 788 833 |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 123 812 133 | 112 394 385 |
| Intangible assets | 5 | 6 406 775 | 6 673 546 |
| | | 130 218 908 | 119 067 931 |
| Total Assets | | 263 531 943 | 239 856 764 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 14 | 26 272 799 | 17 307 802 |
| Short term employee benefits | 14 | 11 375 528 | 9 953 818 |
| Unspent conditional grants and receipts | 12 | 6 472 430 | 7 781 424 |
| Finance lease obligations | 13 | 4 140 229 | 2 418 050 |
| Other Payables from non-exchange transactions | 14 | 925 907 | - |
| | | 49 186 893 | 37 461 094 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 6 | 5 213 718 | 4 627 000 |
| Unspent conditional grants and receipts | 12 | 14 416 291 | 17 409 453 |
| Finance lease obligations | 13 | 28 652 750 | 32 531 009 |
| Other Payables from non-exchange transactions | 14 | 1 017 849 | - |
| | | 49 300 608 | 54 567 462 |
| Total Liabilities | | 98 487 501 | 92 028 556 |
| Net Assets | | 165 044 442 | 147 828 208 |
| Revaluation reserve | 10 | 15 834 068 | 15 834 068 |
| Project Reserve | 11 | 29 100 000 | - |
| Accumulated surplus | | 120 110 374 | 131 994 140 |
| Total Net Assets | | 165 044 442 | 147 828 208 |

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

STATEMENT OF FINANCIAL PERFORMANCE

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Tourism | 16 | 34 413 089 | 30 848 281 |
| Licences and permits | | 3 714 189 | 2 630 552 |
| Other Income | 17 | 907 482 | 1 189 564 |
| Interest received | 18 | 8 329 841 | 5 873 796 |
| Total revenue from exchange transactions | | 47 364 601 | 40 542 193 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Grants, donations and project funds | 19 | 30 757 056 | 34 917 864 |
| Fines | | 130 900 | 1 407 900 |
| Monetary Government Grants received | 19 | 249 717 000 | 252 556 374 |
| Total revenue from non-exchange transactions | | 280 604 956 | 288 882 138 |
| Total revenue | | 327 969 557 | 329 424 331 |
| Expenditure | | | |
| Employee Costs | 20 | (185 589 012) | (172 902 291) |
| Depreciation and Amortisation | | (10 909 880) | (13 505 700) |
| Impairment on property, plant and equipment | | (375 527) | (216 285) |
| Finance costs | 21 | (9 397 894) | (9 555 872) |
| Debt Impairment | | (804 587) | (51 180) |
| Repairs and Maintenance | | (1 907 037) | (2 233 953) |
| Administrative expenses | | (21 893 561) | (16 602 107) |
| Stores | | (14 574 758) | (10 263 241) |
| Transport and travel | | (21 689 727) | (19 394 857) |
| Professional and Other services | | (41 173 159) | (35 856 322) |
| Training | | (3 163 466) | (3 423 527) |
| Total expenditure | | (311 478 608) | (284 005 335) |
| Operating surplus | | 16 490 949 | 45 418 996 |
| Gain on disposal of assets and liabilities | | 725 374 | 1 287 199 |
| Loss on exchange differences | | (89) | (3 080) |
| | | 725 285 | 1 284 119 |
| Surplus for the year | | 17 216 234 | 46 703 115 |

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

Statement of Changes in Net Asset

| Figures in Rand | Revaluation reserve | Project Reserve | Total reserves | Accumulated surplus | Total net assets |
|---|---------------------|-------------------|-------------------|---------------------|--------------------|
| Opening balance as previously reported | 17 542 302 | - | 17 542 302 | 86 332 629 | 103 874 931 |
| Adjustments | | | | | |
| Prior year adjustments Note 27 | - | - | - | (1 041 604) | (1 041 604) |
| Balance at 01 April 2015 as restated* | 17 542 302 | - | 17 542 302 | 85 291 025 | 102 833 327 |
| Changes in net assets | | | | | |
| Surplus for the year | - | - | - | 46 703 115 | 46 703 115 |
| Total recognised revenue and expenditure for the year | - | - | - | 46 703 115 | 46 703 115 |
| Revaluations | (1 708 234) | - | (1 708 234) | - | (1 708 234) |
| Total changes | (1 708 234) | - | (1 708 234) | 46 703 115 | 44 994 881 |
| Balance at 01 April 2016 | 15 834 068 | - | 15 834 068 | 131 994 140 | 147 828 208 |
| Changes in net assets | | | | | |
| Surplus for the year | - | - | - | 17 216 234 | 17 216 234 |
| Transfers | - | 29 100 000 | 29 100 000 | (29 100 000) | - |
| Total changes | - | 29 100 000 | 29 100 000 | (11 883 766) | 17 216 234 |
| Balance at 31 March 2017 | 15 834 068 | 29 100 000 | 44 934 068 | 120 110 374 | 165 044 442 |
| Note(s) | 10 | 11 | | | |

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

CASH FLOW STATEMENT

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|---|---------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Grants, project funds and tourism revenue | | 319 854 041 | 312 676 212 |
| Interest income | | 8 329 841 | 5 873 796 |
| | | 328 183 882 | 318 550 008 |
| Payments | | | |
| Employee costs | | (183 580 584) | (174 964 205) |
| Suppliers | | (97 724 731) | (92 008 216) |
| Finance costs | | (2 697) | (4 477) |
| | | (281 308 012) | (266 976 898) |
| Net cash flows from operating activities | 22 | 46 875 870 | 51 573 110 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (20 618 975) | (27 301 740) |
| Proceeds from sale of property, plant and equipment | 4 | 1 929 133 | 1 588 743 |
| Transfers Property, plant and equipment | 4 | (1 825 940) | (84 935) |
| Purchase of intangible assets | 5 | (1 195 227) | (1 775 010) |
| Net cash flows from investing activities | | (21 711 009) | (27 572 942) |
| Cash flows from financing activities | | | |
| Additional finance lease | | (2 156 081) | 993 821 |
| Finance lease payments | | (9 395 197) | (9 551 395) |
| Net cash flows from financing activities | | (11 551 278) | (8 557 574) |
| Net increase in cash and cash equivalents | | 13 613 583 | 15 442 594 |
| Cash and cash equivalents at the beginning of the year | | 111 087 516 | 95 644 922 |
| Cash and cash equivalents at the end of the year | 9 | 124 701 099 | 111 087 516 |

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| Budget on Cash Basis | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|----------------------|--------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Non-tax revenue | | | | | | |
| Sale of goods and services other than capital assets | (66 202 638) | (13 189 849) | (79 392 487) | (68 329 665) | 11 062 822 | 32 |
| Fines, penalties and forfeits | (500 000) | - | (500 000) | (130 900) | 369 100 | 32 |
| Interest, dividends and rent on land | (2 996 334) | - | (2 996 334) | (8 329 841) | (5 333 507) | 32 |
| Other non-tax revenue | (613 542) | (1 955) | (615 497) | (907 482) | (291 985) | 32 |
| Transfers received | (261 717 000) | 12 000 000 | (249 717 000) | (249 717 000) | - | |
| Total revenue | (332 029 514) | (1 191 804) | (333 221 318) | (327 414 888) | 5 806 430 | |
| Expenses | | | | | | |
| Compensation of employees | 193 160 952 | (9 054 782) | 184 106 170 | 183 580 584 | (525 586) | 32 |
| Use of goods and services | 115 891 968 | 7 122 624 | 123 014 592 | 97 530 634 | (25 483 958) | 32 |
| Payment for capital assets | 22 976 594 | 3 123 962 | 26 100 556 | 21 814 202 | (4 286 354) | 32 |
| Payments for financial assets | - | - | - | 93 601 | 93 601 | 32 |
| Total expenditure | 332 029 514 | 1 191 804 | 333 221 318 | 303 019 021 | (30 202 297) | |
| Surplus for the year | - | - | - | (24 395 867) | (24 395 867) | |
| Reconciliation | | | | | | |
| Basis difference | | | | | | |
| Depreciation and amortisation | | | | 10 909 880 | | 22 |
| Gain on sale of asset | | | | (725 374) | | 22 |
| Capital assets | | | | (21 711 009) | | |
| Working capital changes | | | | 12 650 850 | | 22 |
| Finance Leases | | | | 9 395 197 | | 22 |
| Post retirement medical aid movement | | | | 586 718 | | 22 |
| Unspent conditional grants | | | | (4 302 156) | | 22 |
| Impairments | | | | 375 527 | | 22 |
| Actual Amount in the Statement of Financial Performance | | | | (17 216 234) | | |

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

ACCOUNTING POLICIES

1. 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, 1999 (Act No. 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.

1.1 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.

1.2 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.

1.3 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.

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2017

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, its 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 or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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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1.4 Property, plant and equipment (continued)

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

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 equipment | 2-15 years |
| Motor vehicles and boats | 4-6 years |
| IT equipment | 2-3 years |
| Leasehold improvements | 6-50 years |
| Motor Vehicles under finance leases | 4-10 years |
| Infrastructure development | 15-50 years |
| Communication equipment | 2 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.

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ACCOUNTING POLICIES

1.5 Intangible assets

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

An intangible asset is identifiable if it either:

- is 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.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Useful life |
|--------------------------|--------------------|
| Computer software, 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

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ACCOUNTING POLICIES

1.6 Heritage assets (continued)

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.

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 assess 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).

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.

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ACCOUNTING POLICIES

1.7 Financial instruments (continued)

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 asset, 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 each 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 receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit. Trade and other receivables are classified as financial instruments are amortised cost.

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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. Financial instruments are measured initially at fair value.

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

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

An entity derecognises a financial asset, or the 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 the extinguishment of an existing liability and the recognition of a new financial 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.

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 for 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 a profit-oriented entity.

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

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

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

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

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

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

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

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ACCOUNTING POLICIES

1.11 Impairment of cash-generating assets (continued)

Useful life is either:

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

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

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 legitimate spouses. The entitlement to post 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 project 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 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 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.

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ACCOUNTING POLICIES

1.16 Revenue from non-exchange transactions (continued)

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.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset when, and only when:
it is probable that the 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 Public Finance Management Act, 1999 (Act No. 1 of 1999) is expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with:

- (a) a requirement of the Public Finance Management Act, 1999 (Act No. 29 of 1999); or
- (b) a requirement of the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) a requirement in 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 1 April 2016 to 31 March 2017.

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 sphere of government are considered to be related parties.



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ACCOUNTING POLICIES

1.21 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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.

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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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2017

2016

2. Standards and new interpretations issued, but not yet effective

GRAP 20 – Related Party Disclosure

The objective of this standard 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. Preliminary investigations indicate that the impact of the financial statements will be minimal. The entity has already applied the principles of this standard in the policy.

GRAP 32 – Service Concession Arrangement: Grantor

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

Arrangements within the scope of this standard involve the operators providing a mandated function related to the service concession asset on behalf of the grantor. The operator providing the mandated function can either be a private party or another public sector entity. No effective date has been determined.

GRAP 108 – Statutory Receivables

The objective of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Statutory receivables can arrive from both exchange and non-exchange transactions. No effective date has been determined.

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 a party to a principal-agent arrangement and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No effective date has been determined.

IGRAP 17 – Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

The objective of this interpretation is to provide 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 concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact.

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 fair 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

| | 2017 | | | 2016 | | |
|-------------------------------------|---------------------|---|--------------------|---------------------|---|--------------------|
| | 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 | (1 805 454) | 10 337 058 | 11 105 380 | (1 575 579) | 9 529 801 |
| Plant and machinery | 4 827 888 | (3 158 960) | 1 668 928 | 4 227 940 | (2 872 741) | 1 355 199 |
| Furniture and fixtures | 59 810 943 | (25 837 351) | 33 973 592 | 47 234 996 | (24 092 171) | 23 142 825 |
| Motor vehicles and boats | 7 732 076 | (5 439 004) | 2 293 072 | 7 140 142 | (5 000 944) | 2 139 198 |
| IT equipment | 16 263 939 | (12 334 346) | 3 929 593 | 14 244 313 | (10 734 273) | 3 510 040 |
| Leasehold improvements | 19 920 037 | (1 278 043) | 18 641 994 | 15 347 746 | (900 325) | 14 447 421 |
| Capital assets under construction | 2 073 189 | - | 2 073 189 | 16 513 847 | - | 16 513 847 |
| Motor Vehicles under finance leases | 36 169 281 | (9 889 039) | 26 280 242 | 36 091 731 | (7 775 743) | 28 315 988 |
| Infrastructure developments | 18 445 492 | (1 081 027) | 17 364 465 | 6 674 848 | (713 528) | 5 961 320 |
| Communication equipment | - | - | - | 1 097 289 | (868 543) | 228 746 |
| Total | 184 635 357 | (60 823 224) | 123 812 133 | 166 928 232 | (54 533 847) | 112 394 385 |

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

| | Opening carrying value | 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 | 3 510 040 | 2 563 850 | (283) | - | (2 144 014) | - | 3 929 593 |
| 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 | 241 410 | (761 291) | 1 825 940 | (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) | - | - |
| Total | 112 394 385 | 20 618 976 | (1 203 759) | 1 825 940 | (9 447 882) | (375 527) | 123 812 133 |

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

| | Opening carrying value | Additions | Disposals | Revaluations/Impairments | Transfers | Depreciation | Impairment loss | Total |
|-------------------------------------|------------------------|-------------------|------------------|--------------------------|---------------|---------------------|------------------|--------------------|
| Land | 7 000 000 | - | - | 250 000 | - | - | - | 7 250 000 |
| Buildings | 10 272 017 | - | - | (1 958 234) | 1 491 616 | (275 598) | - | 9 529 801 |
| Plant and machinery | 1 472 413 | 513 735 | (83 440) | - | - | (547 509) | - | 1 355 199 |
| Furniture and fixtures | 25 016 980 | 2 645 750 | - | - | - | (4 519 905) | - | 23 142 825 |
| Motor vehicles and Boats | 2 826 885 | 92 410 | - | - | - | (780 097) | - | 2 139 198 |
| IT equipment | 4 939 510 | 830 225 | - | - | - | (2 259 695) | - | 3 510 040 |
| Leasehold improvements | 12 964 005 | 1 851 141 | - | - | - | (367 725) | - | 14 447 421 |
| Capital assets under construction | 1 494 759 | 16 510 704 | - | - | (1 491 616) | - | - | 16 513 847 |
| Motor Vehicles under finance leases | 27 278 336 | 4 015 932 | (217 297) | - | 84 935 | (2 629 633) | (216 285) | 28 315 988 |
| Infrastructure development | 5 759 659 | 513 497 | - | - | - | (311 836) | - | 5 961 320 |
| Communication equipment | 221 778 | 328 346 | (807) | - | - | (320 571) | - | 228 746 |
| Total | 99 246 342 | 27 301 740 | (301 544) | (1 708 234) | 84 935 | (12 012 569) | (216 285) | 112 394 385 |

Change in Estimates on property, plant and equipment

The annual review of the useful lives of furniture and fixtures, excluding chairs, were changed from 2-6 years to 2-10 years. This resulted in a decrease of R1 309 168 in the depreciation charge to the statement of financial performance.

Due to the re-estimation the impact on depreciation in future years will amount to R1 227 225.

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4. Property, plant and equipment (continued)

Compensation received for losses on property, plant and equipment – included in operating profit.

| | | |
|-------------------------|---------------|----------------|
| Plant and machinery | - | 34 647 |
| Furniture and fixtures | 7 481 | 79 984 |
| IT equipment | 18 709 | 38 212 |
| Communication Equipment | - | 9 684 |
| | 26 190 | 162 527 |

Expenditure incurred to repair and maintain property, plant and equipment

The repairs and maintenance for the year on property, plant and equipment is 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 cost.

Motor Vehicles under finance leases

CapeNature leases a range of vehicles from the Government Motor Transport Department. At 31 March 2017, CapeNature rented 150 (March 2016: 152) vehicles. This arrangement is disclosed in note 25 (related parties).

5. Intangible assets

| | 2017 | | | 2016 | | |
|-------------------|------------|---|----------------|------------|---|----------------|
| | Cost | Accumulated amortisation and accumulated impairment | Carrying value | Cost | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 13 608 167 | (7 201 392) | 6 406 775 | 12 414 127 | (5 740 581) | 6 673 546 |

Reconciliation of intangible assets – 2017

| | | | | |
|-------------------|------------------------|------------------|---------------------|--------------|
| | Opening balance | Additions | Amortisation | Total |
| Computer software | 6 673 546 | 1 195 227 | (1 461 998) | 6 406 775 |

Reconciliation of intangible assets – 2016

| | | | | |
|-------------------|------------------------|------------------|---------------------|--------------|
| | Opening balance | Additions | Amortisation | Total |
| Computer software | 6 391 667 | 1 775 010 | (1 493 131) | 6 673 546 |

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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.

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

| | | |
|---|------------------|------------------|
| Opening balance | 4 627 000 | 5 350 000 |
| Net (income) expense recognised in the statement of financial performance | 586 718 | (723 000) |
| | 5 213 718 | 4 627 000 |

Net (income)/expense recognised in the statement of financial performance

| | | |
|---|----------------|------------------|
| Current service cost | 39 000 | 61 000 |
| Interest cost | 466 000 | 432 000 |
| Actuarial (gains) losses | 184 132 | (1 134 880) |
| Actual benefits paid by CapeNature | (102 414) | (81 120) |
| Total included in employee related costs (Note 20) | 586 718 | (723 000) |

Key assumptions used

Assumptions used in the last valuation 31 March 2017:

| | | |
|----------------|----|----|
| Retirement Age | 60 | 60 |
|----------------|----|----|

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 in rand terms for the lifetime of the employees and pensioners.

The assumption is that 95% of eligible employees on a healthcare arrangement at retirement will have an adult dependant.

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

Actual data was used for pensioner members' spouses and child dependants. A four year difference between spouses' ages, with the female being younger, has been assumed. This is consistent with the previous valuation.

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

A discount rate of 8.94% has been used to determine the present value on future subsidy payments.

| | | |
|--|-----------|-----------|
| Number of members included as active members | 35 | 40 |
| Number of members included as pensioners | 28 | 25 |
| | 63 | 65 |

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6. Employee benefit obligations (continued)

Other assumptions

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

Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

| | -20% mortality rate | +20% mortality rate |
|---|---------------------|---------------------|
| Effect on the aggregate of the service cost and interest cost | 520 000 | 492 000 |
| Effect on defined benefit obligation | 5 388 000 | 5 059 000 |

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

| | 2017 R | 2016 R | 2015 R | 2014 R | 2013 R |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Defined benefit obligation | 5 213 718 | 4 627 000 | 5 350 000 | 4 869 000 | 5 797 000 |

Defined contribution plan

Pension benefits

Former Department of Environmental Affairs and Development Planning employee contributions to the Government Employees Pension Fund are charged to the statement of financial performance in the year to which it relates. This fund is governed by the Government Employees Pension Law 1996 with benefits that are calculated according to the prescribed formulae.

The Government Pension Fund is a defined benefit plan, but the organisation treats 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 was established for all new permanent employees and existing permanent employees were given the option to join before July 2015.

As at March 2017, the entity employed 976 staff of which 459 are permanent employees and 57 terminations. 125 are members of the Government Employees Pension Fund and 173 are members of the Old Mutual Super Pension Fund (OMSPF). The remaining members are responsible for their own retirement benefit planning. The OMSPF was started in 2014 and employees were allowed to contribute 7.5% and from 2015 the maximum contribution of 15% was implemented. Employees are paid on a total cost of employment basis and there are no extra contributions from the entity.

| | | |
|---|-----------|-----------|
| The amount recognised as an expense for defined contribution plans is | 9 485 358 | 7 257 553 |
|---|-----------|-----------|

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7. Inventories

| | | |
|---|------------------|------------------|
| Uniforms, rations and other merchandise | 2 160 073 | 3 272 739 |
| Fuel | 146 338 | 109 397 |
| Chemical stores | 290 867 | 519 719 |
| | 2 597 278 | 3 901 855 |

7.1 Additional information

| | | |
|--------------------------------------|-----------|-----------|
| Inventories recognised as an expense | 6 777 694 | 5 840 846 |
|--------------------------------------|-----------|-----------|

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 | 1 044 866 | 1 340 624 |
| Other receivables from exchange transactions | 1 786 846 | 1 780 721 |
| Trade and other receivables from exchange transactions | 2 831 712 | 3 121 345 |

From non-exchange transactions (Refer to Note 19)

| | | |
|--|-----------|-----------|
| Trade debtors from non-exchange transactions | 3 182 946 | 2 678 117 |
|--|-----------|-----------|

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

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 are as follows:-

| | | |
|--|------------------|------------------|
| Current | 2 280 000 | 1 339 547 |
| 30 days | 504 043 | - |
| 60 days | - | 548 550 |
| 90 days plus | 1 402 587 | 1 944 688 |
| From exchange transactions | 4 186 631 | 3 832 785 |
| Current | 2 801 218 | 1 879 472 |
| 30 days | - | 158 422 |
| 90 days plus | 381 728 | 640 223 |
| From non-exchange transactions | 3 182 946 | 2 678 117 |
| Trade and other receivables from exchange and non-exchange transactions | 7 369 577 | 6 510 902 |
| Allowance for impairment of trade and other receivables | (1 354 919) | (711 440) |
| | 6 014 658 | 5 799 462 |

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8. Trade and other receivables (continued)

Reconciliation of allowance for impairment of trade and other receivables

| | | |
|---|--------------------|------------------|
| Opening balance | (711 440) | (681 803) |
| (Increase)/decrease in allowance recognised in surplus for impairment | (804 587) | (51 180) |
| Amounts written off as uncollectible | 161 108 | 21 543 |
| Closing Balance | (1 354 919) | (711 440) |

Trade receivables, disclosed above, include amounts which are past due, ie. (more than 90 days) at the end of the reporting period. Management believes no further credit provisions are required in excess of the present allowance for doubtful debts, because there has not been a significant change in credit quality and the amounts are still considered recoverable. Each debtor is assessed every month to determine the recoverability of the debt and where the indications are that the debt is not recoverable the debt is impaired and a provision is raised.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------|--------------------|--------------------|
| Cash on hand | 206 010 | 221 010 |
| Bank balances | 124 495 089 | 110 866 506 |
| | 124 701 099 | 111 087 516 |

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

Credit rating

| | | |
|------------------------------------|-------------|-------------|
| Nedbank Limited Standard & Poors B | 124 495 089 | 110 866 506 |
|------------------------------------|-------------|-------------|

10. Revaluation reserve

| | | |
|-----------------|-------------------|-------------------|
| Opening balance | 15 834 068 | 17 542 302 |
| Revaluation | - | (1 708 234) |
| | 15 834 068 | 15 834 068 |

11. Reserves

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.

| | | |
|-------------|------------|---|
| Transfer In | 29 100 000 | - |
|-------------|------------|---|

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|--|-------------------|-------------------|
| 12. Unspent conditional grants and receipts | | |
| Year to date movement | | |
| Balance at the beginning of the year | 25 190 877 | 34 254 124 |
| Additional funds received during the year | 18 714 616 | 72 071 827 |
| Income recognition during the year | (23 016 772) | (81 135 074) |
| | 20 888 721 | 25 190 877 |
| Non-current liabilities | 14 416 291 | 17 409 453 |
| Current liabilities | 6 472 430 | 7 781 424 |
| | 20 888 721 | 25 190 877 |

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

13. Finance lease obligations

| | | |
|--|-------------------|-------------------|
| Finance leases liabilities | 32 792 979 | 34 949 059 |
| Less: Current portion transferred to current finance lease liabilities | (4 140 229) | (2 418 050) |
| Total long-term liabilities | 28 652 750 | 32 531 009 |

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 year under review is between 25% and 31%. 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 2017 | March 2016 | March 2017 | March 2016 |
| Amounts payable under finance leases | | | | |
| Within one year | 12 842 941 | 11 965 808 | 4 140 229 | 2 418 050 |
| In the second to fifth years | 42 561 358 | 51 373 968 | 27 602 865 | 29 675 777 |
| Over five years | 1 066 615 | 3 336 229 | 1 049 885 | 2 855 232 |
| Less: Future finance obligations | (23 677 937) | (31 726 946) | - | - |
| Present value of minimum lease payments | 32 792 979 | 34 949 059 | 32 792 979 | 34 949 059 |

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14. Trade and other payables

From exchange transactions

| | | |
|---|-------------------|-------------------|
| Trade payables from exchange transactions | 14 003 060 | 9 889 136 |
| Income received in advance from exchange transactions | 12 269 739 | 7 418 666 |
| | 26 272 799 | 17 307 802 |

From non-exchange transactions

| | | |
|------------------------------|------------------|----------|
| Other Payables – current | 925 907 | - |
| Other Payables – non-current | 1 017 849 | - |
| | 1 943 756 | - |

Short term employee benefits

| | | |
|------------------------------|-------------------|------------------|
| Employment leave entitlement | 6 597 380 | 5 957 518 |
| 13th cheque cash portion | 1 680 064 | 1 711 175 |
| Salary Accruals | 3 098 084 | 2 285 125 |
| | 11 375 528 | 9 953 818 |

Interest is charged on trade payables. 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 accommodation and trail 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.

15. Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

March 2017

Financial assets

| | |
|--|--------------------|
| Receivables from exchange transactions | 2 127 439 |
| Receivables from non-exchange transactions | 3 182 946 |
| Cash and cash equivalents | 124 701 099 |
| | 130 011 484 |

Financial liabilities

| | |
|---|-------------------|
| Trade and other payables from exchange transactions | 26 272 799 |
| Other Payables from non-exchange transactions | 1 943 756 |
| Finance lease obligations | 32 792 979 |
| | 61 009 534 |

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|-----------------|------|-------------------|
|-----------------|------|-------------------|

15. Categories of financial instruments (continued)

March 2016

Financial assets

| | |
|--|--------------------|
| Receivables from exchange transactions | 2 281 431 |
| Receivables from non-exchange transactions | 2 678 117 |
| Cash and cash equivalents | 111 087 516 |
| | 116 047 064 |

**At amortised
cost**

Financial liabilities

| | |
|---|-------------------|
| Trade and other payables from exchange transactions | 17 302 802 |
| Finance lease obligations | 34 949 059 |
| | 52 251 861 |

**At amortised
cost**

16. Tourism

| | | |
|--------------------------------------|-------------------|-------------------|
| Accommodation | 11 238 969 | 12 186 830 |
| Entrance fees, hiking and activities | 19 404 095 | 15 567 649 |
| Wildcard Sales | 1 833 144 | 1 530 806 |
| PPP Business Income | 749 206 | 703 877 |
| Filming Fees | 1 187 675 | 859 119 |
| | 34 413 089 | 30 848 281 |

Entrance fees, hiking and activities includes income generated from events and concession fees.

17. Other income

| | | |
|---------------------------------|----------------|------------------|
| Insurance recoveries | 31 802 | 216 238 |
| Staff and private accommodation | 765 259 | 750 279 |
| Interest on debt | - | 151 446 |
| Services rendered | 8 000 | 39 520 |
| Sundry income | 102 421 | 32 081 |
| | 907 482 | 1 189 564 |

18. Investment revenue

| | | |
|-------------------------|-----------|-----------|
| Interest revenue | | |
| Bank interest | 8 329 841 | 5 873 796 |

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|--|--------------------|--------------------|
| 19. Revenue from non-exchange transactions | | |
| Grants, donations and project funds | | |
| Donations | 53 065 | 10 935 |
| Project grants | 15 543 451 | 15 109 191 |
| Department of Environmental Affairs (Natural Resource Management) | 15 160 540 | 19 797 738 |
| | 30 757 056 | 34 917 864 |
| MTEF Allocation | 249 717 000 | 253 392 000 |
| Unspent conditional grant | - | (835 626) |
| | 249 717 000 | 252 556 374 |
| 20. Employee related costs | | |
| Salaries and wages | 174 865 674 | 167 080 966 |
| Leave pay accrual movement | 639 862 | (713 228) |
| Post-retirement medical benefit movement | 598 118 | (723 000) |
| Post-employment pension benefits (note 6) | 9 485 358 | 7 257 553 |
| | 185 589 012 | 172 902 291 |
| Remuneration of board members | | |
| Included in salaries and wages above are the fees paid to the board members (non executive management) of R258 465 (March 2016: R263 222). Refer to note 26. | | |
| 21. Finance costs | | |
| Interest charged | 2 697 | 4 477 |
| Finance costs on leases | 9 395 197 | 9 551 395 |
| | 9 397 894 | 9 555 872 |
| 22. Cash generated from operations | | |
| Surplus | 17 216 234 | 45 657 205 |
| Adjustments for: | | |
| Depreciation and amortisation | 10 909 880 | 13 505 700 |
| (Gain)/Loss on sale of assets | (725 374) | (1 287 199) |
| Finance costs – Finance leases | 9 395 197 | 9 551 395 |
| Impairment | 375 527 | 216 285 |
| Movements in retirement benefit assets and liabilities | 586 718 | (723 000) |
| Changes in working capital: | | |
| Inventories | 1 304 577 | (745 772) |
| Trade and other receivables | (215 196) | 1 116 505 |
| Trade & other payables | 12 330 463 | (7 700 670) |
| Unspent conditional grants and receipts | (4 302 156) | (8 017 339) |
| | 46 875 870 | 51 573 110 |

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23. Commitments

23.1 Authorised capital expenditure

Approved and contracted

| | | |
|--|------------------|-------------------|
| Grootvaderbosch (GVB) development | - | 5 556 407 |
| Mycontent ECM implementation | - | 750 000 |
| GVB roads upgrade (consulting engineer) | - | 480 000 |
| Central reservation system upgrades | 1 697 605 | 3 235 779 |
| Implementation of permit system | 345 882 | - |
| | 2 043 487 | 10 022 186 |
| Not yet contracted, but completed in 2017 | | |
| GVB roads upgrade (contractor) | - | 3 239 419 |

23.2 Operating leases – as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|------------------|----------------|
| - within one year | 1 415 311 | 391 372 |
| - in second to fifth year inclusive | 1 497 874 | 328 627 |
| Subtotal | 2 913 185 | 719 999 |

The lease agreement between URAD Technologies and CapeNature is for subscription fees for Permit Suite. The contract expires 30 September 2017.

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

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|-----------------|------|-------------------|
|-----------------|------|-------------------|

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

| | | |
|---|-------------------|-------------------|
| Lourensford Events and Lourensford Sawmills vs CapeNature | - | 15 499 584 |
| MTO and Cape Sawmills vs CapeNature | 33 616 497 | 33 616 497 |
| MTO vs CapeNature | 7 836 472 | 7 836 472 |
| October M and October R vs CapeNature | 1 400 000 | 1 400 000 |
| Kruger HJJ vs CapeNature | 328 805 | 328 805 |
| | 43 181 774 | 58 681 358 |

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, but a provisional estimate based on the value of the claims have been included above.

The Lourensford matter was settled out of court.

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

The case of Mountain to Ocean vs CapeNature is in respect of fire damage in the Wolseley area – 7 to 12 January 2012.

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 Kruger HJJ vs CapeNature is in respect of fire damage in the Gysmanshoek area – 19 to 20 August 2014

Contingent assets

| | | |
|---|------------------|------------------|
| CapeNature vs Stellenbosch Municipality | 706 557 | 706 557 |
| CapeNature vs J Orffer and Others | 633 241 | 633 241 |
| | 1 339 798 | 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 case of CapeNature vs J Orffer and Others is in respect of damages arising from fire claims which started on Misgund and Poplar Grove farm respectively - 1 February 2008.

Legal fees

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

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25. Related parties

Relationships

Members of key management

Refer to note 26

CapeNature is a Schedule 3C state controlled public entity resorting 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 land management agreements and one 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 arms-length transaction in terms of tariffs approved by the Provincial Treasury.

Department of Environmental Affairs (DEA) Natural Resource Management Project

CapeNature executes certain projects on behalf of DEA on a cost recovery implementing agent fee basis. The structure of the management fee agreement is calculated on a fixed rate per person day delivered. For the year under review CapeNature received R13 154 650 (March 2016: R12 564 000) and related expenditure amounted to R11 479 042 (March 2016: R12 073 232) and the amount unspent was R1 989 574 (March 2016: R313 966).

Department of Environmental Affairs and Development Planning (DEADP)

In the year under review, CapeNature received R249 717 000 (March 2016: R253 392 000) as a provincial grant through the Department of Environmental Affairs and Planning.

South African National Parks

South African National Parks the executing agent of the GEF5 Project has approved CapeNature as a Project Partner of the GEF5 Project which aims to fulfil the objective of the GEF5 Project which is to: "Improving Management Effectiveness of the Protected Area Network".

The project is classified as a foreign donor funded project as funding is received in dollars (\$) from the United Nations Development Programme (UNDP) by the South African National Parks and distributed to CapeNature and other Project Partners. The total funding that CapeNature received for the year under review is R1 164 386 and related expenditure amounting to R1 062 484 with an unspent portion of R101 901.

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

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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.

Executive Management Emoluments

March 2017

| | Emoluments | Total |
|--|------------------|------------------|
| Omar R – Chief Executive Officer | 1 382 445 | 1 382 445 |
| Ismail S – Marketing and Eco Tourism | 1 068 871 | 1 068 871 |
| Cleaver - Christie G – Conservation Management | 917 505 | 917 505 |
| Baard E – Biodiversity | 945 239 | 945 239 |
| Jacobs M – Corporate Services | 907 385 | 907 385 |
| Bhayat M – Chief Financial Officer | 1 019 567 | 1 019 567 |
| | 6 241 012 | 6 241 012 |

March 2016

| | Emoluments | Acting Allowance | Other Benefits | Total |
|--|------------------|------------------|----------------|------------------|
| Omar R – Chief Executive Officer | 1 325 724 | - | - | 1 325 724 |
| Preston A – Chief Financial Officer | 80 409 | - | 160 817 | 241 226 |
| Ismail S – Marketing and Eco Tourism | 1 017 972 | - | - | 1 017 972 |
| Cleaver-Christie G – Conservation Management | 864 177 | - | - | 864 177 |
| Baard E – Biodiversity | 887 014 | - | - | 887 014 |
| Jacobs M (July 2015 to March 2016) | 648 133 | - | - | 648 133 |
| Bhayat M (September 2015 to March 2016) | 500 004 | - | - | 500 004 |
| Khoza F (Acting Chief Financial Officer) | - | 89 388 | - | 89 388 |
| | 5 323 433 | 89 388 | 160 817 | 5 573 638 |

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26. Key management information - Executive management and board members' emoluments (continued)

Board Members' Emoluments

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 R | 22 053 | - | 22 053 |
| Swart-Arries K | 11 682 | - | 11 682 |
| | 258 465 | 28 467 | 286 932 |

March 2016

| | Remuneration | Reimbursive Expenses | Total |
|---------------------------|----------------|----------------------|----------------|
| Maneveldt G - Chairperson | 57 344 | - | 57 344 |
| Eaton M | 15 351 | - | 15 351 |
| Hanekom F | 25 086 | - | 25 086 |
| Lotter C | 21 417 | - | 21 417 |
| McKenzie B | 20 133 | - | 20 133 |
| Mdludlu M | 19 497 | 1 468 | 20 965 |
| McOmbring-Hodges M | 33 735 | - | 33 735 |
| Nel D | 17 523 | - | 17 523 |
| Redlinghuis A | 15 576 | 604 | 16 180 |
| Slack P | 23 931 | - | 23 931 |
| Burton R | 13 629 | 5 053 | 18 682 |
| | 263 222 | 7 125 | 270 347 |

Independent committee members

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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26. Key management information - Executive management and board members' emoluments (continued)

March 2016

| | Remuneration | Reimbursive Expenses | Total |
|-------------------------------|---------------|----------------------|---------------|
| Bond-Smith M (Audit and Risk) | 58 211 | - | 58 211 |
| Jaftha R (Audit) | 11 539 | 776 | 12 315 |
| Lapoorta S (Audit) | 3 894 | - | 3 894 |
| | 73 644 | 776 | 74 420 |

27. Prior period errors and reclassifications

Correction of prior period errors

Statement of Financial Performance

Repairs and maintenance was previously included under Stores and is reclassified and separately disclosed under Expenditure.

Unspent Conditional Grants

The adjustment relates to a conditional grant of R1 045 908 received in March 2011 incorrectly recognised as revenue which resulted in an overstatement.

Property, plant and equipment

Reversal of accumulated depreciation of R4 304 relating to assets purchased in March 2015.

Statement of Financial Position

| | As previously reported 2015-16 | Correction of error | Restated 2015-16 |
|---|--------------------------------|---------------------|--------------------|
| Property, plant and equipment | 112 390 081 | 4 304 | 112 394 385 |
| Unspent conditional grants and receipts | (6 735 516) | (1 045 908) | (7 781 424) |
| | 105 654 565 | (1 041 604) | 104 612 961 |

Impact on 2015-16 opening balances

| | |
|--|------------------|
| Increase in unspent conditional grants | 1 045 908 |
| Decrease in property, plant and equipment - accumulated depreciation | (4 304) |
| | 1 041 604 |

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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 funders' money as and when required.

At 31 March 2017

- Trade and other payables
- Other payables
- Finance lease obligations

| Less than 1 year | Between 2 and 5 years | Over 5 years |
|------------------|-----------------------|--------------|
| 26 272 799 | - | - |
| 925 907 | 1 017 849 | - |
| 12 842 941 | 42 561 358 | 1 066 615 |

At 31 March 2016

- Trade and other payables
- Finance lease obligations

| Less than 1 year | Between 2 and 5 years | Over 5 years |
|------------------|-----------------------|--------------|
| 17 302 802 | - | - |
| 11 965 808 | 51 373 968 | 3 336 229 |

Interest rate risk

The entity has interest-bearing assets and the income and operating cash flows are substantially dependant 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 March 2017, if interest rates on currency-denominated investments had been 1% higher/lower with all other variables held constant, the surplus for the year would have been R1 176 808 (March 2016: R1 031 412) higher/lower, mainly as a result of higher/lower interest expense on floating rate investments

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 instruments

- Trade and other receivables
- Cash and cash equivalents

| 2017 | 2016 |
|-------------|-------------|
| R | R |
| 5 310 385 | 4 959 548 |
| 124 701 099 | 111 087 516 |

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|-----------------|------|-------------------|
|-----------------|------|-------------------|

29. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

30. Fruitless and wasteful expenditure

During the year under review the board incurred fruitless expenditure amounting to:

| | |
|-------|---|
| 4 517 | - |
|-------|---|

March 2017

During the year costs were incurred relating to a ladder that was purchased and returned to the supplier. A dispute arose between the entity and the supplier which gave rise to interest and legal charges. Due to the fact that the employees involved have left the employ of the organisation, it was decided to settle the matter with the supplier.

31. Irregular expenditure

Opening balance
Auto-card Fraud Irregularities
Failure to comply with prescribed policies and procedures.

| | |
|---------------|---------------|
| 27 324 | - |
| - | 27 324 |
| 2 646 | - |
| 29 970 | 27 324 |

Analysis of expenditure awaiting condonation per age classification

Current year
Prior year 2016

| | |
|--------------|---------------|
| 2 646 | - |
| - | 27 324 |
| 2 646 | 27 324 |

Details of irregular expenditure

-

During the financial year it was discovered that an employee failed to comply with the Cash Management and Banking policy resulting in loss of revenue. An investigation was undertaken and a disciplinary process was followed after which the employee was dismissed.

Irregular expenditure of R29 970 was approved for condonation subsequent to the year-end.

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32. Explanation of material differences between actual and budget

32.1 Revenue

Sale of goods and services other than capital assets

The entity prepares a budget on the cash basis and is not allowed to budget for a deficit, therefore if expenditure is going to be incurred in the financial year, there has to be an income that is budgeted for as well to ensure that the budget is in balance. In the prior year the entity had received funding for projects that were not completed and were only utilised in the current year, as the expenditure needed to be budgeted for as well to avoid any irregular expenditure the income had to be included in the budget however the cash was not received in the 2016/2017 financial year. In the 2015/2016 year the entity had commitments of R10 million for which funds were received in the 2015/2016 year but was only spent in the 2016/2017 year.

Interest, dividends and rent on land

The entity surpassed interest projections owing to the receipt of upfront funding from various projects with differing delivery time frames thus interest was generated.

32.2 Expenditure

Use of goods and services

R9 million is due to the fact that expenditure incurred in the last month of the financial year is only paid in April. The trade and other payables balance at 31 March 2016 was R17 million whereas the creditors balance at 31 March 2017 was R26 million.

Savings were incurred on training as a result of the fact that the entity has partnered with the Western Cape Government Provincial Training Institute which provides a significant number of training courses in the public sector for a minimal cost.

Expenditure on contractors was lower than planned due to operational limitations such as inaccessibility due to natural occurrences and lack of capacity of contractors.

Due to cost containment measures and use of internal resources where applicable savings were realised on consultants.

R9.3 million is a classification difference as payments made to Government Motor Transport are classified as finance charges.

32.3 Payments for capital assets

The underperformance is due to the fact that challenges were experienced in getting the land zoned for development and the site could not be handed over to the contractor before year end.

The savings and under expenditure had no significant impact on the service delivery objectives of the entity

Budget Adjustments

All budget adjustments were made within the approved budget parameters and related to additional funds received from project funders as well as the additional grant allocations.

33. Heritage assets

Heritage assets 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 is as follows:

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33. Heritage assets (continued)

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 | 393 |
| Cederberg | 79 534 |
| Dassen Island | 230 |
| De Hoop | 65 957 |
| De Mond | 1 593 |
| Driftsands | 507 |
| Dyer Island | 25 |
| Gamkaberg | 40 110 |
| Geelkrans | 4 433 |
| Goukamma | 5 505 |
| Grootvadersbosch | 33 528 |
| Grootwinterhoek | 27 512 |
| Hottentots Holland | 48 473 |
| Island and Rocks | 40 |
| Kammanassie | 27 451 |
| Keurbooms River | 1 012 |
| Knervlakte | 85 766 |
| Kogelberg | 30 612 |
| Limietberg | 44 934 |
| Marloth | 14 256 |
| Outeniqua | 39 296 |
| Riverlands | 1 716 |
| Robberg | 2 809 |
| Rocherpan | 1 063 |
| Salmonsdam | 838 |
| Swartberg | 131 558 |
| Vrolijkheid | 28 583 |
| Walker Bay | 6 240 |
| Waterval | 32 442 |
| | <u>837 614</u> |



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34. Events after the reporting date

The Western Cape suffered the worst fires in recorded history in the Southern Cape in June 2017. The area was declared a Disaster Area with Knysna and Plettenberg Bay and surrounds being affected. CapeNature suffered extensive infrastructure losses the value of which is undetermined at this time.

A section 3 notice was served on CapeNature of a possible future fire claim in the Hottentots Holland Nature Reserve. The incident arose six months prior to the date and investigations are ongoing. No value of loss or damages has been determined at this stage.

A section 3 notice was also served on CapeNature of a possible future fire claim in the Limietberg Nature Reserve. This incident also arose six months prior to the date and investigations are ongoing.



Photo: Scott Ramsay, Gamkaberg Nature Reserve



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