

Annual Report

2014/15



CapeNature

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Photo: Scott N. Ramsay



ANNUAL REPORT

2014/15



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Cover photos:

Main picture: Scott N. Ramsay

Purple flowers - Knersvlakte: Adrian Fortuin

Workers - Goukamma: Steff Hughes

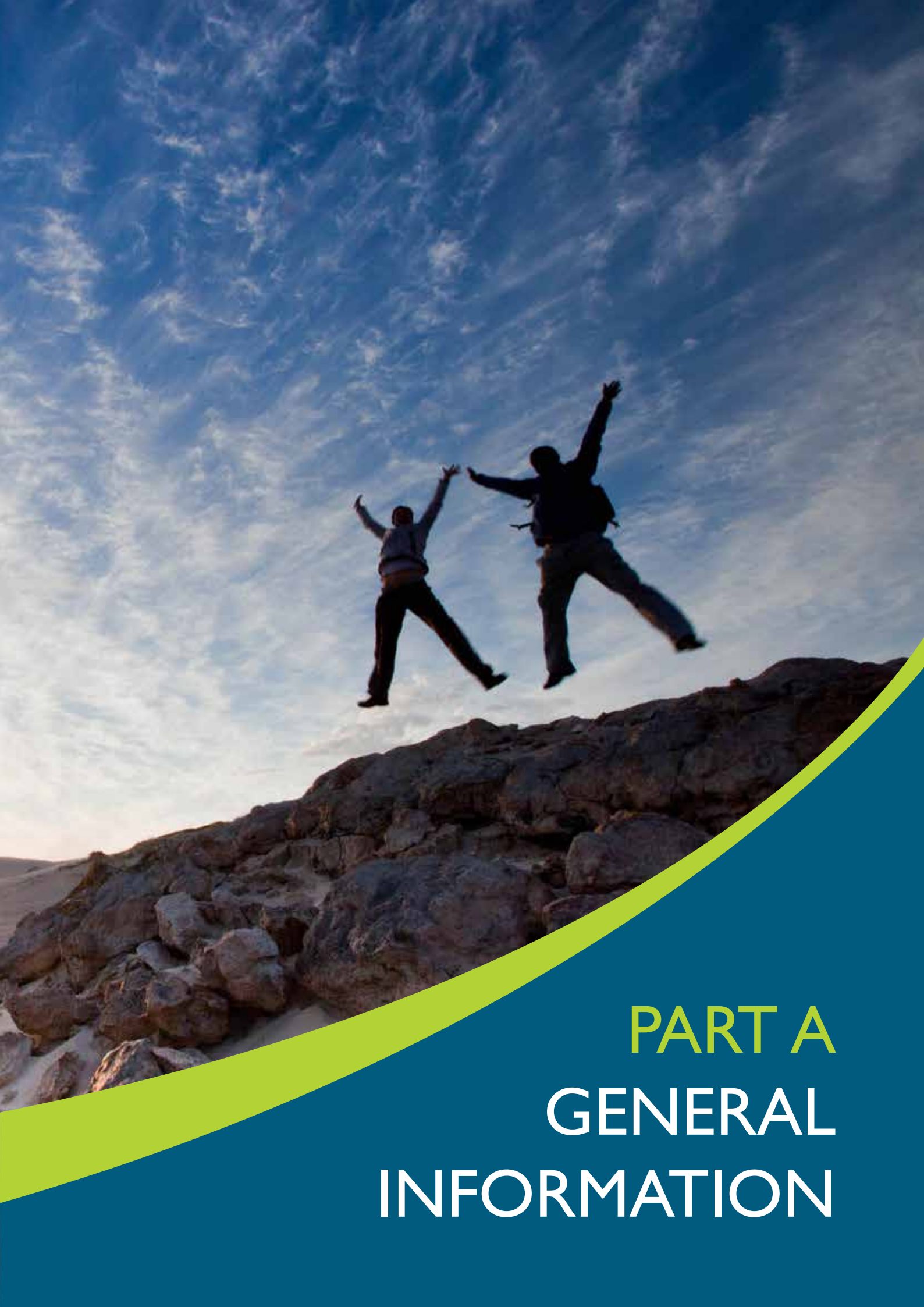
Children: Robin Thuynsma

Penguin - Stony Point: Justin Lawrence

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Photo: Scott N. Ramsay



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
E-MAIL ADDRESS:	info@capenature.co.za
WEBSITE ADDRESS:	www.capenature.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa
BANKERS:	Nedbank
COMPANY/BOARD SECRETARY:	Not applicable

2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor-General of South Africa
CAPEX	Capital Expenditure
CBD	Convention on Biological Diversity
CBNRM	Community Based Natural Resource Management
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMS	Convention on the Conservation of Migratory Species of Wild Animals
DEA	Department of Environmental Affairs
DTI	Department of Trade and Industry
EADP	Department of Environmental Affairs and Development Planning
EPIP	Environmental Protection and Infrastructure Programme
EPWP	Expanded Public Works Programme
FIU	Forensic Investigative Unit
FTE	Full Time Equivalent
GRAP	Generally Recognised Accounting Practice
GMT	Government Motor Transport
GPS	Global Positioning System
ICS	Incident Command System
ICT	Information, Communication and Technology
IOC	Intergovernmental Oceanographic Commission
IRM	Infrastructure Reporting Module
IUCN	International Union for the Conservation of Nature
IWC	International Whaling Commission
M&E	Monitoring and Evaluation
MAB	Man and the Biosphere
METT	Management Effectiveness Tracking Tool
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MUCP	Management Unit Clearing Plan
NBF	National Biodiversity Framework
NBSAP	National Biodiversity Strategy and Action Plan
NEM: PAA	National Environmental Management: Protected Areas Act
NFSD	National Framework for Sustainable Development
NRM	Natural Resource Management
NRUG	Natural Resource User Group
PAES	Protected Area Expansion Strategy
PAMP	Protected Area Management Plan
PFMA	Public Finance Management Act
PPP	Public Private Partnership



PSDF	Provincial Spatial Development Framework
SAIAB	South African Institute for Aquatic Biodiversity
SANBI	South African National Biodiversity Institute
SANCCOB	Southern African Foundation for the Conservation of Coastal Birds
SARS	South African Revenue Services
SDIP	Sustainable Development Implementation Plan
SMME	Small Medium and Micro Enterprise
UAMP	User Asset Management Plan
UNCLOS	United Nations Convention on the Law of the Sea
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNWTO	United Nations World Tourism Organisation
UWC	University of the Western Cape
VPN	Virtual Private Network
WCNCB	Western Cape Nature Conservation Board
WHC	World Heritage Convention
WIL	Work Integrated Learning
WIOMSA	Western Indian Ocean Marine Science Association

3. FOREWORD BY THE CHAIRPERSON



In an age where we are losing species at an unprecedented rate, and where we are using resources faster than the natural environment is able to replenish them, the conservation of our indigenous landscapes and their accompanying processes is becoming increasingly imperative. The Cape Floristic Region, almost entirely encompassed within the Western Cape Province, is undoubtedly one of the most critically endangered hotspots of biodiversity across the planet.

The rate of change of major challenges experienced over the past years, has accelerated. These include land-use change and development pressure, loss of biodiversity and concomitant ecosystem service delivery, fire management, invasion of alien species, shrinking freshwater reserves and climate change. As the conservation authority and custodian of biodiversity within the Western Cape Province,

CapeNature has continued with prioritisation in response to these challenges. This is achieved in an integrated manner through its various programmes of stewardship, which includes establishing protective buffer zones or corridors, land-use advice and proactive protected area expansion, integrated fire and invasive alien plant management and freshwater ecosystem rehabilitation. This approach is underpinned by an expanding platform of scientific knowledge and the use of Information Communication Technology as well as law enforcement.

CapeNature is faced with a constant challenge of balancing biodiversity conservation with increasing pressure on rapidly depleting natural resources, which is the product of unprecedented population growth and rampant economic development.

However, it is indisputable that biodiversity provides essential goods (such as food, medicine, raw materials) and services (such as clean air, drinkable water, waste disposal, climate regulation) to human beings.

Although the above-mentioned challenges require radical and new responses, it should be noted that at the end of its five-year strategic planning cycle (2009-2014), the organisation has achieved and in most cases exceeded the targets set. Highlights of the period under review include the expansion of both CapeNature's conservation estate as well as its marketing and eco-tourism portfolio; both bode well for future sustainability.

The daunting and all-encompassing task of managing biodiversity conservation is one that cannot be accomplished alone. In this regard we thank *inter alia* the national Department of Environmental Affairs (Oceans & Coasts, Natural Resource Management and Environmental Protection and Infrastructure Programmes); the provincial Department of Environmental Affairs and Development Planning as well as the Department of Transport and Public Works; the national Department of Economic Development and Tourism; Treasury; the City of Cape Town; the Southern African Foundation for the Conservation of Coastal Birds (SANCCOB) as well as numerous wildlife conservation organisations and youth development programmes, for their valued assistance and co-operation. The 2014/15 fire season was one of the most challenging on record. Once again, in partnership with Disaster Management in the province, CapeNature has effectively met the challenge and provided training to a growing generation of fire-fighters.

Many internal challenges have shaped CapeNature's path this past year. Several of these challenges were as a consequence of the changing leadership over the past three years and the consequent instability it created. Fortunately our new CEO, Dr Razeena Omar, has brought both positive energy and stability to the organisation. This, paired with renewed focus from the non-executive Board members, enables the Board to effectively fulfil its fiduciary responsibility as an oversight and governance instrument. With its internal stability now firmly established, CapeNature is now poised to add greater value to both biodiversity conservation and economic development.

The historical trend towards exclusivity, with respect to access to CapeNature-managed reserves and protected areas, is changing. Successful conservation is critically dependent on the awareness and concern as well as responsibility of our citizenry. Therefore, in order to instil a love for the natural environment and an understanding and appreciation for the value of biodiversity, CapeNature is striving to facilitate access to all.

Environmental education and youth development need to take centre stage. CapeNature strives to impart respect and love of nature to communities. In doing so, this lays the foundation for developing self-respect and understanding of interdependence between nature and human beings. In particular, the youth, who are our future leaders, need an understanding of the importance of protecting biodiversity, if only for the benefits we humans derive from it. CapeNature can thus play a pivotal role in 'healing' our society.

Furthermore, the organisation is instrumental in the promotion of economic growth and the positioning of the Western Cape Province as a Green Economy Hub.

CapeNature, as a multifaceted entity, requires the expertise of many dedicated personnel to deliver its mandate. The CEO and the rest of the Executive team are responsible for driving the organisation's strategic objectives. The head office teams contribute to the overall success of the organisation and ensure corporate governance. The staff on our reserves are our interface with the wider public and often create the first impression of the organisation.

Specialist committee members play a unique role as their expertise is essential to guide the organisation. The non-executive Board members have an oversight role in which they monitor and guide the organisation's overall performance within a framework of good corporate governance.

I hereby wish to express my appreciation to all these 'team players' for their role during the period under review.

A special word of thanks goes to my predecessor, Mr Eduard Kok, who ended his term of office on 31 January 2015 due to family commitments. Additionally, my thanks also go to two non-executive Board members, Ms Francina du Bruyn and Dr Edmund February, whose terms of office ended on 31 March 2015. These Board members each played pivotal roles during the past transitioning phase and we wish them and their families everything of the best for the future.

An organisation is naturally only as effective as the people who work for and with it and their degree of commitment. I can state with assurance that CapeNature's staff and our various partners are committed to their roles and responsibilities. One has only to observe how individuals under extreme pressure willingly address what needs to be done, even in the face of personal danger and potential human tragedy. We take this moment to honour those who have made the supreme sacrifice for a cause that ultimately benefits posterity.



Prof Gavin Maneveldt
Chairperson of the Western Cape Nature Conservation Board
CapeNature
August 2015

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Overview

In 2014/15 CapeNature embarked on a consultative process to develop a new strategic plan to guide the execution of our mandate for the next five years. The strategy for CapeNature is driven by a new vision, which is conserving nature for a sustainable future, and a new mission, which is to manage, conserve and promote our human, natural and heritage assets through best practice, access, benefit sharing and sustainable use. In tandem with this, the entity developed a set of values to guide the organisation during the next five years, known as the C.A.R.E. values. Our C.A.R.E. values are Customer Service, Accountability, Respect, and Ethics.

A significant event in CapeNature's recent history occurred when the Knersvlakte Nature Reserve

was proclaimed. The proclamation of the reserve, which is 85 518 ha in extent, contributed a substantial portion to the organisation's expansion of protected areas.

A total of 153 fires were recorded during this period; the latter being the highest number of fires experienced in 17 financial years. These fires resulted in over 133 129.31 ha being burnt, which placed significant strain on financial resources. The Department of Environmental Affairs and Development Planning (EADP) allocated R3.1 million additional funding to alleviate resource pressures. However, at the end of the period under review, the entity's contingent liability remained unchanged at R52.2 million.

CapeNature's tourism estate has been maintained and expanded to benefit the public at large. Income from tourism-related activities has also surpassed budget expectations by 24.6%. During the period under review, two new tourism developments, Rocherpan and Cederberg Nature Reserves, were completed and CapeNature was able to deliver on six upgrade projects. It is anticipated that these upgrades and expansions will yield additional revenue in ensuing years.

General Financial Overview

CapeNature's total revenue generated amounted to R303 465 million during the period under review. In this regard, the entity utilised R245 227 million (99.6%) of the R246 095 million received from the EADP and the remaining funds were generated from special projects and own revenue streams.

A decision was taken to concentrate on increasing own revenue generation in response to eminent financial constraints. During the period under review, the entity's own revenue projections of R33 290 million were exceeded by R2 674 million (8.03%). Revenue generated from own revenue streams such as tourism, licences and permits as well as interest

received, exceeded projections by 24.6%, 52.3% and 114.3% respectively. The above budget performance attained through tourism activities is attributed to upgrading of accommodation facilities, entrance fees paid, Wild Card sales and hosting of outdoor adventure events within reserves. Furthermore, CapeNature's Biodiversity Crime Unit was able to contribute R907 375 in income for the organisation through successful prosecutions and fines during 2014/15.

Grants: Revenue earned from government grants and project funding were underspent by R18 310 million, largely due to the late finalisation of the agreements with the Department of Environmental Affairs (DEA) and as a result of the number of wildfires not all contractor work could be completed as a result of unsafe conditions. The DEA, through the Environmental Protection and Infrastructure Programme (EPIP), approved funding to the value of R63.9 million for implementation of projects at the Driftsands, Knersvlakte, De Hoop and Anysberg Nature Reserves over the ensuing three years. Fencing and road upgrades will be undertaken with this funding.

CapeNature debtors amounted to R6.9 million, of which R5.8 million represents debtors less than 30 days old. The remaining R1.1 million relates to leases and concessions debtors. The entity implemented measures to recover outstanding debts.

In March 2015, land and building valuations were conducted by reputable valuers. In this regard higher valuations to the value of R550 000 and R810 574, which is considered the fair value of these properties, were obtained.

Spending trends of the public entity

As a result of adjustments to the division of revenue for the Medium Term Expenditure Framework (MTEF), the entity strived to strengthen the performance of own revenue streams in conjunction with attaining value for money from existing resources and implementation of cost saving measures.

Operational requirements for transport and travel were hampered by the need to meet Government Motor Transport fleet obligations, which resulted in a reduction of the size of the fleet.

The entity's total expenditure was below budget by R13 176 million, a position that is largely ascribed to the delayed finalisation of the DEA special grant funding.

Capacity constraints and challenges facing the public entity

The period under review marked the first year of the reduction in allocation by R13 million over the MTEF (2014/15 to 2016/17). This adjustment emanated from the revision of the division of revenue between the EADP and CapeNature. With the reduction in available resources by R39 million over the MTEF, the entity's operations and growth in personnel had to be curtailed as the levels of operations can no longer be sustained. In 2014/15, funded vacancies, totaling R6.6 million, could not be filled and the entity continues to restrain growth in personnel due to the inability to sustain this obligation. The remaining R6.4 million reduction from operations affects the effective management of the nature reserves. Consequently, the limited resources necessitated the entity to focus largely on sector indicators and national objectives.

To improve efficiencies, the entity clustered the eight areas into three regions, an intervention that will have medium to long-term benefits. However, sustainability of personnel obligations remained a challenge coupled with impeded growth in required operational funding.

Discontinued activities/activities to be discontinued

The entity's programmes remained relevant, interrelated and aligned to both national and provincial priorities. Therefore, no programmes were discontinued during the period under review. Additionally, in recognition of the significance of support functions responsible for ensuring governance, compliance and sustainability of own revenue streams, the entity did not identify any units to be discontinued.

Due to budget constraints, the entity could not factor in baseline increases for all programmes. Therefore, programmes operated at 2013/14 levels.

New or proposed activities

The Dassenberg Coastal Catchment Partnership (DCCP) corridor and the Stony Point African Penguin Colony Complex were assigned to CapeNature's management portfolio during the year under review.

To mitigate the risk associated with Information and Communication Technology (ICT) governance, the EADP allocated R5 million to the entity to strengthen ICT security. The funding was predominately utilised to develop a Disaster Recovery site at Driftsands Nature Reserve.

Requests for roll over of funds

Pursuant to the receipt of funding for ICT interventions, the Disaster Recovery site was established, however, due to the intricate nature of hardware materials, there was a delay in the receipt of equipment amounting to R868 449. Therefore, the entity requested to roll over funds to enable the completion of this site.

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 processes and systems are in place

The entity maintained effective Supply Chain Management systems. The Supply Chain Management Policy and Delegation of Authority were reviewed and approved.

Challenges experienced and how they will be resolved

The implementation of the Provincial Integrated Procurement Solution (IPS), resulted in a slight delay in requesting quotations from suppliers, since they were required to familiarise themselves with submissions of quotations via the system.

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

To strengthen internal control, fraud and risk scrutiny was incorporated within supply chain management for all procurement activities. Specific training to familiarise all staff was conducted.

Outlook/ Plans for the future to address financial challenges

The entity introduced more stringent control measures to ensure sound financial management practices. Monthly financial reviews were conducted to monitor financial performance. Additionally, finance policies were reviewed to ensure standardisation of processes.

CapeNature strived to improve the performance of own revenue streams in light of a resource constrained environment. Additionally, adherence to cost containment measures, reprioritisation and identifying trade-offs are ongoing considerations. The entity further strives to redress the imbalance between personnel and operational funding.

Events after the reporting date

The challenging fire season continued beyond the period under review. The entity experienced 18 fires in April 2015, burning 10 173 ha.

Economic Viability

Although the entity was adversely affected by pressures on the fiscus and contends with a climate of resource constraint, several measures were implemented to mitigate these pressures. CapeNature continued with austerity measures as introduced by National Treasury. The entity's commitment to contribute to sustainable growth and job creation within the Western Cape is demonstrated by successes derived in implementing the Expanded Public Works Programme (EPWP).

The entity strives to uphold acceptable financial and administrative principles, which are entrenched in the scrutiny of financial and operational performance levels as well as compliance with all relevant legislative prescripts. For the period under review, CapeNature attained a clean unqualified audit award from the Auditor General of South Africa, a position which supports the existence of controls that ensure improved accountability and leadership.

Acknowledgement/s or Appreciation

I gratefully acknowledge mentorship received from the preceding and current Chairpersons of the Board, Mr Eduard Kok and Professor Gavin Maneveldt respectively.

The Standing Committee of the EADP have similarly been supportive. Support has also been readily forthcoming from other departments, both national and provincial – especially in terms of funding received from the Department of Environmental Affairs. My thanks go equally to EADP for its valued oversight role and to the CapeNature Board and Committees for their guidance.

Finally, I convey my gratitude to the CapeNature staff for their hard work and dedication during the period under review.



Dr Razeena Omar
CHIEF EXECUTIVE OFFICER
CapeNature
August 2015

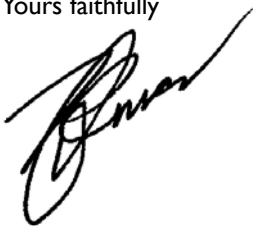
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- all information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General;
- the annual report is complete, accurate and free from any omissions;
- the annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury;
- the Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity;
- the accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information;
- the accounting authority is responsible for establishing and implementing a system of internal control, 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; and
- the external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects operations, performance information, human resources information and the financial affairs of the public entity for the financial year ended 31 March 2015.

Yours faithfully



Chief Executive Officer
Dr Razeena Omar
August 2015



Chairperson of the Board
Prof Gavin Maneveldt
August 2015

6. STRATEGIC OVERVIEW

6.1. Vision

The vision for 2014/15 as reflected in our 5 year strategic plan remains:

“A quality driven public entity conserving the unique natural heritage resources of the Western Cape for the benefit of all”.

6.2. Mission

The establishment of biodiversity conservation as a foundation of a sustainable economy creating access, benefits and opportunities for all.

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:

- Honesty:** We conduct our business with honesty, accuracy and without error.
- Excellence:** We espouse a deep sense of responsibility to our work and endeavour to constantly improve it, so that we may give our stakeholders the highest quality of service. We believe that work done excellently gives us dignity, fulfilment and self-worth.
- Fitness of purpose:** We strive to ensure that our mission remains relevant to the local, provincial, national and international context of transformation and modernisation of the biodiversity conservation sector.
- Fitness for purpose:** We strive to ensure that our strategic responses and resource allocations, including staff appointments, add optimal value in implementing our mandate.
- Accountability:** We ensure financial, performance and political accountability in the implementation of our mandate.
- Equity and access:** We strive to ensure that benefits and opportunities accruing from the conservation of biodiversity are equitably shared and that our resources and services are accessible to all; ensuring redress for historically disadvantaged individuals with specific emphasis on women, youth and the disabled; and enabling cultural, traditional and spiritual uses of natural resources on a sustainable basis.
- Personal responsibility:** We, as the custodians of the natural resources essential for human health and well-being and growth and development in the Western Cape, undertake this responsibility with the highest possible level of personal responsibility. We are committed to measurable targets for individual performance which we pursue through strong professional work ethics, political neutrality and selfless service.

7. LEGISLATIVE AND OTHER MANDATES

7.1. Constitutional Mandates

CapeNature is the 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 (Act No. 108 of 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 No. 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 that are derived from the Nature Conservation Ordinance, 1974 (Ordinance 19 of 1974) as amended.

The following are the key conventions, national and provincial statutes 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 to which public entities as employers, implementers of government mandate and managers of public finance are subject.

International Conventions, Protocols and Policies:

- Bonn Convention on the Conservation of Migratory Species of Wild Animals (CMS)
- Convention on Biological Diversity (CBD)
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
 - CITES Regulations, 2010
- Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar)
- Convention concerning the Protection of the World Cultural and Natural Heritage (WHC)
- Intergovernmental Oceanographic Commission (IOC)
- International Union for the Conservation of Nature (IUCN)
- International Whaling Commission (IWC)
- United Nations Convention on the Law of the Sea (UNCLOS)
- United Nations Educational, Scientific and Cultural Organisation (UNESCO) Man and the Biosphere (MAB) Programme
- United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol
- United Nations World Tourism Organisation (UNWTO)

National Legislation

- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983)
- Criminal Procedure Act, 1977 (Act No. 51 of 1977)
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Environmental Conservation Act, 1989 (Act No. 73 of 1989)
- Marine Living Resources Act, 1998 (Act No. 18 of 1998)
- Minerals Act, 1991 (Act No. 50 of 1991)
- Mountain Catchment Areas Act, 1970 (Act No. 63 of 1970)
- National Environmental Management Act, 1998 (Act No. 107 of 1998)
- National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004)
 - Threatened or Protected Species Regulations, 2007
 - Bioprospecting, Access and Benefit Sharing Regulations, 2008
 - Alien and Invasive Species Regulations, 2014
- National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008)
- National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003)
- National Forests Act, 1988 (Act No. 84 of 1998)
- National Heritage Resources Act, 1999 (Act No. 25 of 1999)
- National Monuments Act, 1969 (Act No. 28 of 1969)
- National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998)
- National Water Act, 1998 (Act No. 36 of 1998)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- Sea Birds and Seals Protection Act, 1973 (Act No. 46 of 1973)
- Seashore Act, 1935 (Act No. 21 of 1935)
- Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013)
- World Heritage Convention Act, 1999 (Act No. 49 of 1999)

Provincial Legislation

- Constitution of the Western Cape, 1998
- Land Use Planning Act, 2014 (Act No. 3 of 2014)
- Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985)
- Nature Conservation Ordinance, 1974 (Ordinance 19 of 1974)
- Western Cape Land Administration Act, 1998 (Act No. 6 of 1998)
- Western Cape Nature Conservation Board Act, 1998 (Act No. 15 of 1998)
- Western Cape Nature Conservation Laws Amendment Act, 2000 (Act No. 3 of 2000)
- Western Cape Planning and Development Act, 1999 (Act No. 7 of 1999)

New/draft legislation

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

- Threatened or Protected Species Regulations, 2007 (currently being revised)
- Alien and Invasive Species Regulations, 2014
- Regulations for the Proper Administration of Nature Reserves, 2012
- National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004): Norms and standards for the marking of rhinoceros and rhinoceros horn, and for the hunting of rhinoceros for trophy hunting purposes

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.

National strategic frameworks:

- *National Framework for Sustainable Development (NFSD) (2008)*: This presents the framework within which a Strategy and Action Plan will be developed during this planning period as set out in the Medium Term Strategic Framework (MTSF). The NFSD identifies the following pathways for sustainable development:
 - enhancing systems for integrated planning and implementation;
 - sustaining our ecosystems and using natural resources efficiently;
 - economic development via investing in sustainable infrastructure;
 - creating sustainable human settlements; and
 - responding appropriately to emerging human development, economic and environmental challenges.

NFSD highlights the following opportunities and key challenges for sustainable development with respect to biodiversity:

- making the case for the value of biodiversity;
 - minimising loss and degradation of natural habitat, especially in threatened ecosystems;
 - preventing and controlling impacts of invasive alien species;
 - making sure that extractive use of our natural resources is sustainable, especially in the marine environment;
 - building the capacity of local government to include biodiversity opportunities and constraints in integrated development planning and other municipal functions;
 - unlocking a mechanism for integrated natural resources management at a local level; and
 - expanding the protected area network through innovative mechanisms.
- *Strategic Plan for the Environmental Sector, 2009-2014*: This plan is a forward looking common perspective for the environmental sector by government under the custodianship of the Department of Environmental Affairs, the provincial departments responsible for the environment and the public entities at both national and provincial level. The vision is: "A prosperous and equitable society living in harmony with our natural resources." The Environmental Sector seeks to achieve the vision through integrated and co-ordinated environmental management addressing:
 - people's quality of life and their daily living and working environments;
 - equitable access to land and natural resources;
 - integration of economic development, social justice and environmental sustainability;
 - sustainable use of social, cultural and natural resources;
 - conservation and sustainable use of our biological diversity; and
 - public participation in environmental governance.

In responding to the challenge of climate change and championing sustainable development, the Sector Plan aims to integrate and co-ordinate policy and action across all sectors of government and society and align government institutions to deliver on cross-cutting challenges.

In responding to the challenge of increasing the effectiveness of delivery of sectoral mandates the Sector Plan identifies six core focus areas with specific targets:

- Air Quality Management;
- Waste and Chemicals Management;
- Pollution Incident Management and Response;

- o Environmental Impact Management;
- o Conservation and Sustainable Use of Biodiversity; and
- o Marine and Coastal Management.

The following means of implementation are identified with specific targets:

- o sharing responsibility and improving environmental governance;
 - o promoting and strengthening enforcement and compliance;
 - o providing support and building capacity;
 - o improving environmental information and decision making;
 - o mainstreaming “environment” into strategic development planning and decision making;
 - o mainstreaming “environment” into large scale public events;
 - o communicating and raising awareness; and
 - o financing the sector.
- *National Biodiversity Strategy and Action Plan (NBSAP) (2005)*: A 20-year strategy for biodiversity conservation in South Africa with the following strategic objectives:
 - o an enabling policy and legislative framework integrates biodiversity management into the economy;
 - o enhanced institutional effectiveness and efficiency ensures good governance in the biodiversity sector;
 - o integrated terrestrial and aquatic management minimises the impacts of threatening processes on biodiversity, enhances ecosystems services and improves social and economic security;
 - o human development and well-being is enhanced through sustainable use of biological resources and equitable sharing of benefits; and
 - o a network of conservation areas conserves a representative sample of biodiversity and maintains key ecological processes across the landscape and seascape.
 - *National Biodiversity Framework (NBF)(2009)*: Published on 3 August 2009 in terms of the Biodiversity Act, its purpose is to:
 - o provide for an integrated, co-ordinated and uniform approach to biodiversity management;
 - o identify priority areas for conservation action;
 - o identify priority areas for the establishment of protected areas; and
 - o reflect regional co-operation issues concerning biodiversity management in southern Africa.

The NBF presents a prioritised five-year plan of action detailing specific targets for government, business and civil society in terms of the Strategic Objectives of the NBSAP. These actions and targets are relevant for provincial nature conservation agencies and provincial environmental departments. Many of the actions have already been included in the Annual Performance Plans for the previous Medium Term Expenditure Framework (MTEF).

- *Climate Change Response Strategy (2004)*: This strategy provides for responses in terms of climate change mitigation (i.e. reduction of greenhouse gas emissions) as well as climate change adaptation strategies (e.g. ensuring water security, enabling resilience of ecosystems).

Provincial strategic frameworks:

- *Western Cape Sustainable Development Implementation Plan (SDIP) (2007)*: This framework identifies priority interventions for all organs of government in the Western Cape. The SDIP identifies the key challenges facing the biodiversity and ecosystems of the Western Cape to ensure that all sectors of society understand biodiversity’s crucial value to the economy and human well-being; arrest current patterns of degradation; identify ways in which resources can be benefited responsibly; and build government and civil society awareness and capacity. The vision for sustainable development in the Western Cape is as follows:

For the Western Cape Province, sustainable development will be achieved through implementing integrated governance systems that promote economic growth in a manner that contributes to greater social equity and that maintains the ongoing capacity of the natural environment to provide the ecological goods and services upon which socio-economic development depends.

Within the four priority areas identified in the SDIP: ensuring integrated governance, promoting sustainable settlements and infrastructure; promoting resource efficiency and sustainability; ecosystem services management and biodiversity conservation; CapeNature has the most significant role in implementing the goal of the fourth priority area: *Protection of ecosystems and natural habitats such that they maintain their capacity to provide ecosystem services and to support genetically viable populations of indigenous species.* Interventions and actions that focus on promoting biodiversity conservation cover:

- o developing a provincial biodiversity strategy and action plan;
 - o implementing programmes that promote biodiversity conservation;
 - o promoting Community-based Natural Resource Management projects;
 - o expanding conservation corridors and networks of protected areas in the Province;
 - o promoting biodiversity accounting;
 - o developing a Biodiversity Business Programme; and
 - o building capacity and developing skills in the biodiversity sector.
- *Western Cape Climate Strategy and Action Plan (2007)*: This strategy has identified natural systems: water, biodiversity, coastal and marine systems, resources and economic sectors: agriculture, tourism and fisheries as the most vulnerable to climate change. Responses and targets are set out together with means of implementation.
 - *Western Cape Provincial Spatial Development Framework (PSDF)*: The PSDF, which provides strategic direction for spatial development, has already integrated existing biodiversity information to inform physical development. It is likely that the future revisions will include the Western Cape Bioregional Plan.

7.4. Relevant Court Rulings

None.

7.5. Planned Legislative and Policy Initiatives

CapeNature is in the process of drafting a Biodiversity Bill. The purpose of this Bill will be to replace the existing provincial Nature Conservation Ordinance, 1974 (Ordinance 19 of 1974).

The following legislative and policy initiatives are planned:

- Western Cape Biodiversity Bill.

Policies

The Board approved five finance-related policies recommended by the Policy Review Committee. These were the Accounts Receivable, Accounts Payable, Asset Management, Cash Management, as well as the Banking and Investment policies. In addition, the Board approved a Fraud Prevention Policy and staff at all levels attended anti-corruption training provided by Forensic Services.

Furthermore, the Fencing and Enclosure of Game, Predators and Dangerous Animals Policy was approved by the Board in January 2015. The finalisation of this Policy for implementation was a high priority and will be of great assistance to Conservation Services staff during implementation.

8. ORGANISATIONAL STRUCTURE

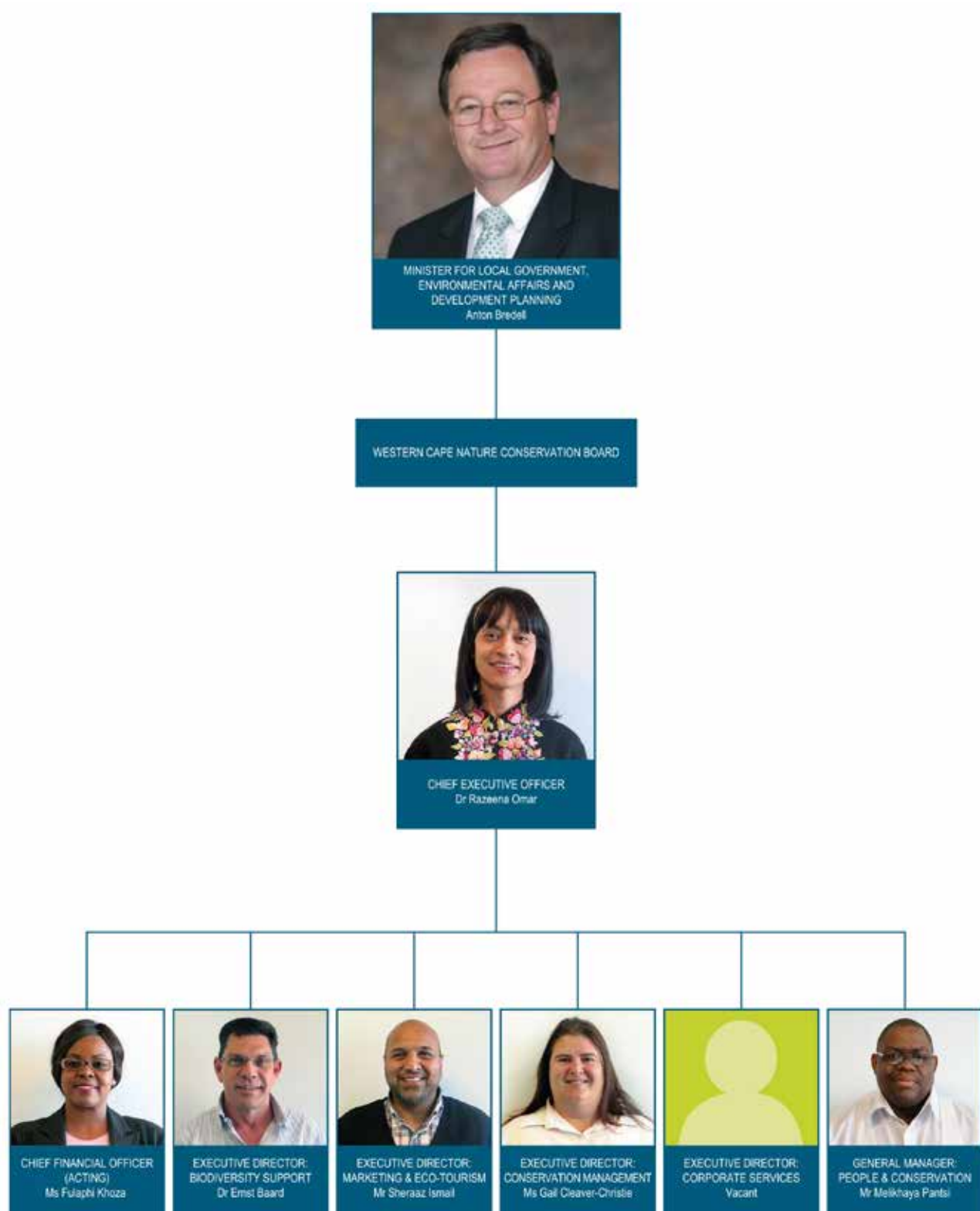




Photo: Scott N. Ramsay



PART B:
PERFORMANCE
INFORMATION

I. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General 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's Report.

Refer to page 93 of the Report of the Auditor's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

At the end of the five-year strategic planning cycle 2009-2014, CapeNature achieved and, in most cases, exceeded targets which were set. Outlined below are a few of the highlights of the 2014/15 year, which include the significant expansion of both the CapeNature conservation estate as well as the Marketing and Eco-tourism portfolios.

2.1.1 LANDSCAPE CONSERVATION

The national Protected Area Expansion Strategy (PAES) 2010 strategy set a CapeNature expansion target of an additional 147 740 ha of land to be formally protected by 2015. The achievement against this target was 124 106 ha, or 84%. A significant portion of this can be attributed to the declaration of the Knersvlakte Nature Reserve, which resulted in a total of 85 518 ha being declared in September 2014.

During the period under review, seven new Nature Reserves and one Protected Environment¹ were declared. An additional three Protected Area Management Agreements were signed for nature reserves amounting to 3921.35 ha; these are awaiting declaration. Two Biodiversity Agreements were also signed, one with the City of Cape Town for 17 of their Open Spaces in the City which are 381 ha in extent and another in the Overberg for 271.15 ha.

Proclamation of Knersvlakte Nature Reserve

Arguably the most significant event in CapeNature's recent history took place when the Knersvlakte Nature Reserve was launched on Heritage Day, 24 September 2014. This event served as a reminder that South Africa's cultural and environmental heritage is inextricably intertwined, and the conservation thereof is critical for our nation.

The 85 518 ha Knersvlakte Nature Reserve is home to approximately 1 500 plant species, including 190 endemic species, of which 155 are threatened with extinction. The proclamation of the Knersvlakte as a Nature Reserve is the culmination of more than 20 years of multi-party collaboration.

Dassenberg Coastal Catchment Partnership (DCCP)

CapeNature and partners have for years been proactive in working towards securing the DCCP for conservation as it is one of the last remaining lowland corridors still intact in the Western Cape. This corridor is crucial for mitigation against climate change and the surrounding communities of Atlantis, Mamre, Pella, Chatsworth and Riverlands are partners in the initiative and will benefit significantly from it.

The Memorandum of Agreement, which articulates the transfer of custodianship from the Department of Human Settlements to the Department of Transport and Public Works of Atlantis State Land unimpeded by human habitation and to be managed by CapeNature as a reserve, was officially signed on 8 December 2014. CapeNature will manage this additional 7 260 ha and the formal proclamation of the reserve in terms of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) (NEM: PAA) will follow in the ensuing years.

Stony Point African Penguin Colony Complex

On 1 July 2014, CapeNature assumed the responsibility for the operational management of the Stony Point African Penguin Colony Complex. This area was previously managed by the Overstrand Municipality. This complex is an integral

1. A Protected Environment is a legal mechanism for single or multiple landowners to control and direct land use on the properties concerned whereas Nature Reserves are declared in areas which are sufficiently large enough to be self-contained eco-systems or adjacent to other existing Protected Areas. They will contain critically important species, habitats and landscape processes.

part of the greater Betty's Bay Marine Protected Area and is home to more than 2 500 breeding pairs of the endangered African Penguin and other rare and, in some cases, threatened seabirds. Stony Point will be proclaimed as a protected area within the Kogelberg Nature Reserve Complex once the property is officially transferred to CapeNature.

Other State Land

CapeNature has added two portions of state land to its management portfolio, namely the Zuurvlak Wetland (forestry exit land adjoining the Waterval Nature Reserve) and the Wolvendrift Annex Property (adjoining the Vrolijkheid Nature Reserve in the Robertson Karoo area). Both properties are vital for water production and the conservation of biodiversity in the Western Cape. In addition, after many years of negotiation to include the Shaw's Pass offset area and the pass itself as a biodiversity site, a Memorandum of Understanding (MoU) with the Theewaterskloof Municipality for the Shaw's Pass Outspan was signed on 19 December 2014.

2.1.2 PROTECTED AREA MANAGEMENT

In compliance with the NEM: PAA, CapeNature is required to develop Protected Area Management Plans (PAMPs) for each of its nature reserves. Currently, 32 PAMPs have been concluded.

Furthermore, an application for the Bot River Estuary to be declared as a Ramsar site of international importance was submitted to the Department of Environmental Affairs (DEA) Ramsar Office for consideration.

Management Effectiveness

CapeNature annually conducts Management Effectiveness Tracking Tool (METT) South Africa assessments for the protected areas within the CapeNature conservation estate. The national norm for management effectiveness assessments has been set at 68%; within the CapeNature conservation estate 84% of areas are thus deemed to be managed effectively.

In November 2014, World Heritage Site METT assessments were conducted at the following Cape Floral Region World Heritage Site reserves: De Hoop Nature Reserve, Boosmansbos Wilderness Area, Swartberg Nature Reserve, Boland Mountain Complex, Cederberg Wilderness and Groot-Winterhoek Wilderness Areas.

Disaster Management

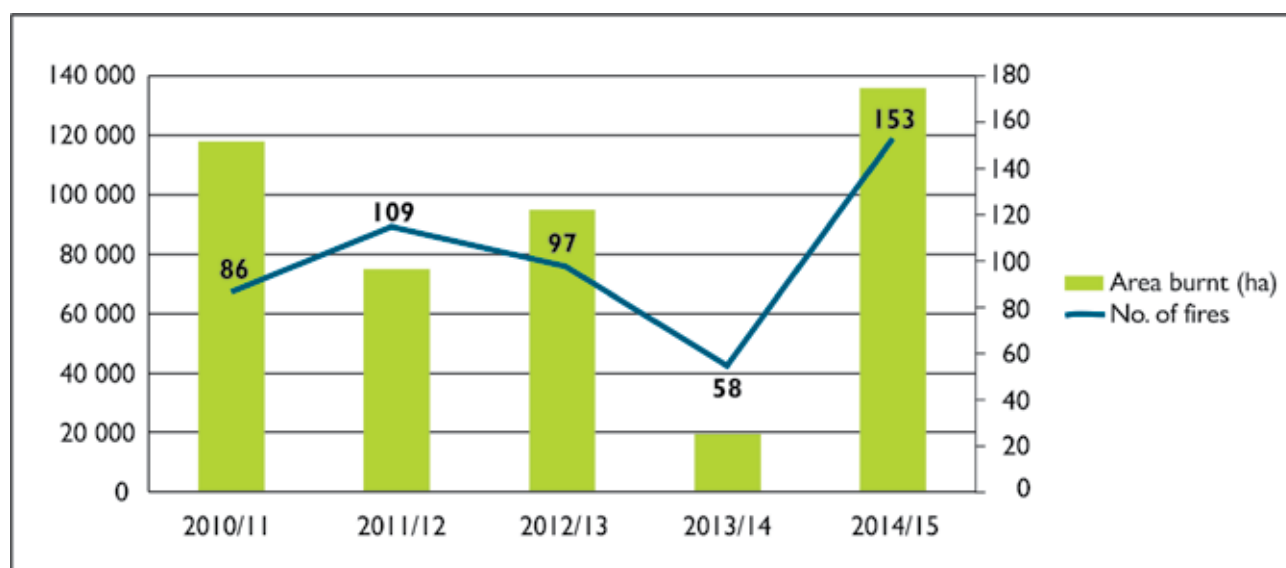
During the 2014/15 fire season, CapeNature responded to 153 fires that burnt an area of 133 129.31 ha.

Records indicate that most of the fires originated on private land adjacent to the nature reserves, which then spread and burnt sections of CapeNature-managed land.

CapeNature is reliant on various partnerships to assist in Disaster Management in the Province, including Provincial Disaster Management, District and Local Municipalities, Working on Fire, Fire Protection Agencies and the Volunteer Wildfire Services.

Compared to previous years, the 2014/15 fire season was significant in both numbers and hectares affected as illustrated in Figure 1.

Figure I: Comparison of Fire Seasons



In 2014/15 the entity invested more than R350 000 in accredited fire and disaster management training for CapeNature and Expanded Public Works Programme (EPWP) Full Time Equivalent (FTE) staff. This accredited training is critical to mitigate risk to the organisation by ensuring that staff meet the legal training requirements and to maximise the available human resources in the organisation to be able to effectively respond to disasters, including wildfires on or threatening CapeNature-managed nature reserves.

CapeNature further utilises the Incident Command System (ICS), an internationally recognised systematic tool used for command, control, and co-ordination, which is specifically designed to improve emergency response operations of all types and complexities. This training therefore enables CapeNature to actively assist in any environmental disaster in the Province should the need arise.

Table I: Fire and Disaster Management Training

Fire Training	CapeNature Staff	EPWP FTEs
Type of Training		
Basic Fire Suppression	5	74
Refresher Basics: Fire Suppression	35	16
Crew Leader/Boss Fire Suppression	8	
Refresher Crew Leader/Boss Fire Suppression	12	
Fire Boss Level I (IC Type 5) Fire Suppression	14	
Refresher: Fire Boss Level I (IC Type 5) (3 years)	8	
Fire Simulations	31	
Sub-total	113	90

Table 1: Fire and Disaster Management Training (continued)

Disaster Management Training	CapeNature Staff	EPWP FTEs
Type of Training		
Radio Base Station Operator Course	15	
Incident Command System (ICS) Type 3	6	
ICS Logistics Chief (Fire Boss Level 3)	6	
ICS Operations Planning Chief	3	
ICS Operations (Fire Boss Level 3)	3	
Area-wide Command	6	
Multi-agency Training	4	
Sub-total	43	0
Total	156	90

Integrated Catchment Management

A MoU between the DEA's Natural Resource Management Directorate (DEA: NRM) and CapeNature was signed on 6 October 2014. This contract secures funding for the next three years (2014-2017) for the implementation of the Working for Water and Working for Wetlands programmes and includes funding for special projects; such as the management of invasive aliens through the application of bio-control agents, the harvesting and replanting of spekboom plants to rehabilitate areas transformed by commercial agriculture as well as the removal of alien fauna.

With 5 049 distinct geographical management units designated across all CapeNature's reserves, it is essential to prioritise the clearing of invasive alien vegetation. In this regard CapeNature is collaborating with the DEA in the development of a management unit clearing plan system that facilitates this prioritisation and CapeNature will have access to the tool, once it is developed.

2.1.3 BIODIVERSITY SUPPORT SERVICES

Scientific Services

During the period under review an updated Critical Biodiversity Areas map was produced, indicating areas of outstanding biodiversity value and ecological support areas in the Western Cape. The map also quantifies biodiversity gains and losses, specifically additions to the protected area estate and where threatened habitats have been lost through unauthorised activities. This map is a critical decision support tool for province-wide land-use planning and decision support both at provincial and local authority levels.

To support the continued survival of bontebok, a threatened antelope, within its natural distribution range and to mitigate against a hybridization threat by blesbok, CapeNature partnered with national and international geneticists in the development of a quantified genetic threshold to retain and manage as much of the bontebok ancestral gene pool as possible.

Extensive field surveys for two newly-described freshwater fish species were completed in collaboration with the South African Institute for Aquatic Biodiversity (SAIAB) and all distribution data were captured in the biodiversity database. Following the completion of the fieldwork and stakeholder involvement, a draft Biodiversity Management Plan for Species for the Barrydale redbfin, a threatened freshwater fish species, was submitted to DEA.

CapeNature staff members either authored or co-authored in excess of 50 peer-reviewed South African Reptile Red-list Assessments. In addition, staff published seven peer-reviewed scientific articles and provided scientific input into the drafting of the Biodiversity Management Plans for Species and the national Scientific Authority Non-detrimental Findings² for lion, cheetah, cycads and aloes.

Biodiversity Legislation

Extensive comments and technical input were provided in the finalisation of the national Alien Invasive Species Regulations and Threatened or Protected Species Regulations, as well as Norms and Standards for Elephants, Rhinoceros and the Translocation of Indigenous Species. The annual Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) report was completed.

In terms of revenue collection from permits, licenses and leases, the period under review has shown significant increases in this regard and specific interventions by staff ensured sustained debtor management. Forecasted revenue collection was exceeded by 52.3% (R852 108).

Biodiversity Crime and Wildlife Management

Combined anti-poaching operations were conducted in partnership with the South African National Defence Force and other law enforcement departments aimed at combatting illegal harvesting of abalone in the Betty's Bay area, as well as a joint operation with the Biodiversity Crime Unit at the Olifants River Estuary.

Scheduled roadblocks and site visits resulted in increased awareness about poaching and illegal activities in the coastal zone.

Regarding wildlife management, CapeNature continued to foster stronger relationships in the wildlife sector. A total of 40 game management plans were reviewed and approved during 2014/15, and training interventions were undertaken for damage-causing animal management and professional hunting.

During the period under review, 96 criminal enforcement actions were undertaken for non-compliance with environmental management legislation. Mr Paul Fombuto was found guilty of the possession of 27 pieces of African elephant ivory and sentenced on 3 April 2014 to a fine of R100 000 or five years imprisonment. In July 2014 Mr Cheng Jie Liang, who was found in possession of 1 001 kg of ivory, was sentenced to 10 years imprisonment with three years suspended on condition that he pays a R5 million fine within 12 months; the latter being the harshest sentence awarded for an offence involving African elephant ivory in South Africa.

A total of R907 375 income was earned through successful prosecutions and fines during 2014/15.

2.1.4 MARKETING AND ECO-TOURISM

CapeNature's tourism products continued to show positive growth in both revenue generation as well as visitor numbers. Tourism revenue surpassed its projected income by 24.6%, which is well above the average provincial tourism growth of 6.4% for the period under review. Visitor numbers to the organisation's nature reserves increased by 39% compared to the preceding financial year.

There are a number of contributing factors to this growth, which includes the following:

- the acquisition of Buffalo Valley Nature Reserve and Stony Point African Penguin Colony Complex;
- the implementation of the Canopy Tour concession at Hottentots Holland Nature Reserve;
- the finalisation of the partnership agreements with private landowners at the Rocklands bouldering site at the Cederberg Nature Reserve; and

2. The CITES convention requires that, in cases where a scientific assessment shows that the regulated international trade in CITES-listed species will not have a detrimental impact on the conservation status of the species, the Scientific Authority of party countries issues a species-specific non-detrimental finding.

- the increased performance with regards to accommodation, entrance fees, Wild Card sales, hosting of outdoor adventure events within reserves as well as an integrated approach to marketing and communications across all mediums all contributed to the over-achievement.

Tourism income accounted for R24 499 121 of the organisation's own revenue generation.

Two new tourism developments were completed, namely: phase two of the tourism plan for Rocherpan Nature Reserve, which included the development of four new accommodation units, an extensive network of boardwalks suitable for wheelchair access, and the construction of an upgraded day visitor facility and a bird hide; and the tourism development project in the Cederberg Nature Reserve has also been successfully completed. The Cederberg development was a joint initiative between the national Department of Environmental Affairs (Environmental Protection and Infrastructure Programme – EPIP), Provincial Department of Transport and Public Works and CapeNature. The project included the development of six new tourism accommodation units, a new reserve management office and visitor centre, and a new campsite ablution facility. The Vrolijkheid Nature Reserve Tourism Project, the completion of which was delayed in the 2013/14 reporting period due to unforeseen electrical problems in the new houses, was also completed during the period under review.

The organisation has also undertaken significant upgrades at the following nature reserves:

- De Hoop Nature Reserve – overnight accommodation at Noetsie on the Whale Trail was redeveloped;
- Cederberg Nature Reserve – upgrades to the Kliphuis campsite and boma area;
- Walker Bay Nature Reserve – upgraded ablution facilities, interpretation centre and signage at Klipgat Cave;
- Hottentots Holland Nature Reserve – upgraded management road, created a visitor centre and extensive work was completed on Suicide Gorge Kloofing route to improve visitor safety;
- Penguin (Bird) Island Nature Reserve – upgraded interpretation and new curio shop; and
- Robberg Nature Reserve – upgraded information centre to include a new curio shop.

During April 2014, CapeNature's Public Private Partnership (PPP) launched its Ocean House Villa which represents a R30 million investment by the private partner at the Koppie Alleen site at De Hoop Nature Reserve. During the 12-month construction period the project created 60 employment opportunities for the local community. This development is completely self-sustaining, utilising the latest green technology and innovation available.

Effective brand-building initiatives were undertaken during the year to improve brand exposure (brand awareness), including national and provincial exhibitions, broadcasting on television and local radio programmes, profiles in corporate publications and a strong online media drive. The organisation has also expanded its social media presence and is active on *Facebook*, *Instagram* and *Twitter* and is able to cross-sell the CapeNature brand onto social media sites of partner organisations. Media exposure for the 2014/15 year included 1 930 articles and broadcasts with a total advertising value equivalent of R71 million with a positive and/or neutral sentiment of 97%.

2.1.5 PEOPLE AND CONSERVATION

The key deliverable for the People and Conservation Programme was job creation with an emphasis on the EPWP FTE model, Small, Medium and Micro Enterprise (SMME) Development aligned to Integrated Catchment Management Projects, Environmental Education, Youth Development and Awareness, implementation of People and Parks initiatives and Social Development and Training of the EPWP participants.

There were a number of business and social interventions that were conducted by partners for the EPWP participants in all three regions. The investment in these social development and training interventions are yielding results as a number of the FTEs are finding employment outside of the organisation.

Table 2: Number of Participants in the Various Social Development Training Areas

Social Interventions	No of Beneficiaries in Attendance
Heritage Day	200
Sport and Talent Show	40
Substance Abuse	56
Mandela Day	161
Team Building	44
One Man Can Campaign	217

Table 3: EPWP FTE Functional Training Interventions conducted in 2014/15

Training	No of Beneficiaries in Attendance
Brushcutter Operator	50
Bee Handling	7
Chainsaw Operator	27
First Aid LI	118
Herbicide Applicator	46
Health and Safety LI	119
Total	367

Local Economic Development Projects Support

Based on interactions with community groups in the implementation of the People and Conservation Programme activities, the organisation assisted by engaging the Department of Trade and Industry (DTI) and the Department of Rural Development and Land Reform in realising the following community projects.

Sandfontein Community Farm

This 1 086 ha farm, situated between Bonnievale and McGregor, was bought in 2001 by the Department of Rural Development and Land Reform for 147 households of emerging lamb-farmers from Ashton. Through the Protected Area Advisory Committee established for the Vrolijkheid Nature Reserve in Robertson, CapeNature received a request for assistance to unlock capacity building and financial support. The People and Conservation team responded by facilitating support from the Department of Rural Development and Land Reform. This department showed commitment to the community's plight by providing a mentor to assist with the development of a business plan for their consideration and funding. The mentor will additionally assist with the management of the farm for a 5-year period; the latter commenced in February 2015.

Sour Fig Project

The Sour Fig Sustainable Harvesting project was developed for the communities of Gansbaai, Stanford, Buffeljagsbaai and Pearly Beach who have been partnering with CapeNature for the harvesting of sour figs both inside and around the Walker Bay Nature Reserve for a number of years. The DTI appointed a consultant to develop a business case and fundable business plan for the manufacture of jams.

Albertinia Aloe Project

The consultant appointed for the Sour Fig project by the DTI was additionally used to deliver a business case and bankable business plan for the Albertinia Co-op, and presented the business case for consideration and funding in 2015/16 to the department. This Co-op was formed by the community of Albertinia and through this project the community should derive benefit from harvesting aloe and producing aloe sap, jam, powder and crystals. The community aims to sell the powder and crystals as raw materials.

Community Involvement in Protected Area Activities

Through the following engagements CapeNature has facilitated the increased participation of communities in conservation management activities:

- environmental education;
- awareness and youth development opportunities;
- access to employment opportunities;
- participation in the Protected Area Advisory Committees;
- structured engagements with community groups such as Rastafari, Traditional Healers, and Youth Groups; and
- providing access to small business opportunities.

Natural Resource User Groups (NRUGs)

CapeNature is able to share the natural heritage resources of the Western Cape by regularly engaging community groups on issues of access to protected areas for spiritual, cultural and traditional purposes as well as natural resource use. Engagements are structured around the quarterly regional and provincial meeting platforms where discussions are facilitated, or around engagements pertaining to Protected Area Management Plans. The following capacity building interventions were conducted with the steering committee members:

- business principles and leadership skills;
- conflict management and resolution skills; and
- basic computer skills inclusive of Microsoft PowerPoint, emails and internet.

Job Creation

The organisation's job creation programmes provided work opportunities to individuals living within the surrounding areas of or adjacent to CapeNature's reserves and 63 communities have derived socio-economic benefits.

During the period under review, CapeNature recruited 461 EPWP FTE staff. The work conducted by these staff members translated into 102 413 person days and 1 233 work opportunities. Both recruitment and selection of the EPWP participants were aligned to the EPWP Phase III requirements, which places emphasis on the appointment of women, youth and people with disabilities, i.e. vulnerable groups from poorest communities.

Table 4: Delivery Against Targets Set for the Appointment of Individuals from Vulnerable Groups

Vulnerable Groups	EPWP Phase III Targets	CapeNature Actuals
Women	55%	48%
Youth between 16 and 35	55%	71%
Persons with disabilities	2%	2%

As per the table above, the target set for the percentage of youth appointments was achieved. However, the target set for the percentage of women appointed was not achieved. The under-achievement can be attributed to work required in challenging terrain and the camping requirements. These circumstances are less attractive to women, especially where the woman is a single parent. This challenge will be mitigated by exploring options to attract more women in areas where these circumstances are not as prevalent.

The following capacity building activities were conducted in partnership with other stakeholders:

- Department of Community Safety – learners licence training;
- Department of Rural Development and Land Reform – GPS and mapping training;
- Sonke Gender Justice workshops – non-violence against women and children;
- South African National Cancer Association and South African Police Service – substance abuse; and
- Griqua Community – culture and heritage celebrations.

SMME Development

During the period under review, eight Small, Medium and Micro Enterprises (SMMEs) were recruited and participated in a development programme. These SMMEs secured short to medium term contracts within CapeNature ranging from laundry and cleaning service and gate guarding to integrated catchment management services. These SMMEs are compliant with the South African Revenue Service (SARS), the Department of Labour and are registered on the Western Cape Supplier Database. The SMMEs in turn have created job opportunities for at least nine people from their respective communities.

As part of the CapeNature-managed Stony Point African Penguin Colony Complex, the national Department of Tourism funded a community project which led to the establishment of the 'On The Edge' restaurant and an eco-centre, managed by the Mooi Uitsig Trust. The restaurant offers employment opportunities to members of the local community and contributes to tourism in the area.

Youth Development

Nineteen Work Integrated Learning (WIL) interns were placed within CapeNature. Nine of these interns, placed in January 2014, have graduated. In January 2015 a further 10 interns were placed within the organisation and are scheduled to complete their internships by December 2015. Interns participate in conservation activities, which may include conducting research as well as conservation management, under the supervision of CapeNature employees.

CapeNature is an implementing agent of the 30-month Groen Sebenza programme, a capacity building intervention initiated in 2013 and funded through the South African National Biodiversity Institute (SANBI). Fifteen interns have exited the programme into contract posts, while one intern successfully completed her Postgraduate Diploma in Integrated Water Resource Management at the University of the Western Cape (UWC). Groen Sebenza interns were afforded the opportunity to participate in 26 training interventions.

Environmental Education and Awareness events conducted by CapeNature included formal environmental education on reserves, outreach events off reserves, career guidance and environmental calendar day activities.

2.2. Organisational Environment

CapeNature strives to achieve good governance as well as the provision of efficient and effective services in its financial, risk, strategic and human resource management.

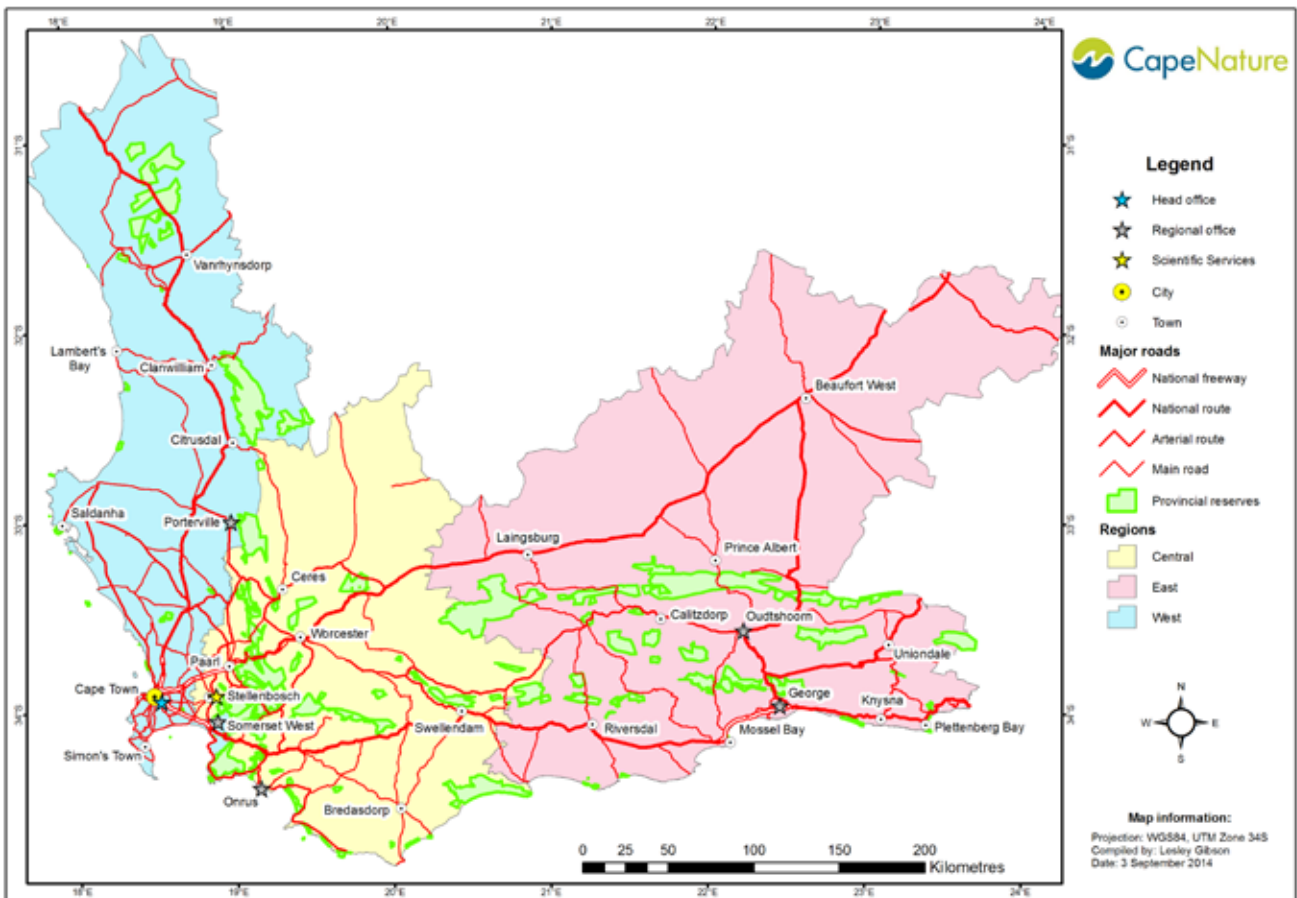
The entity had to contend with a scarcity of resources. In the 2013/14 financial year a resolution between CapeNature and the Department of Environmental Affairs and Development Planning (EADP) resulted in a reduction of the entity's 2014/15 budget allocation by R13 million, which further exacerbated the situation. The reduction exacerbated the existing imbalance in the distribution of resources between goods and services and personnel commitments, resulting in the restrained growth in personnel with the reduction of the 23 funded positions to the value of R6.6 million. This resulted in a decrease of the vacancy rate from 8% to 5%.

The need to absorb annual increases within the reduced budget baseline presented further challenges. In response to this, the entity reviewed the regional model to build efficiencies in the medium to long term period. On 1 September 2014 CapeNature implemented a 3-regional management model that replaced the previous 8-area management design.

The new regional delineation is as follows (and also illustrated in Figure 2 below):

- West: Cape Metro, Breedeberg and North West
- Central: Boland, Overberg and a portion of Langeberg
- East: Karoo, Garden Route and a portion of Langeberg

Figure 2: New Regional Delineation



Due to the existing commitments towards personnel costs, a significant decline in the allocation against goods and services was realised. While reductions were made throughout, transport and travel were significantly reduced. The reductions were not consistent with the demands of the decentralised localities coupled with the nature of operations that render travel a significant cost. By the first quarter, it became evident that further adjustments would be mandatory as the costs attached to the Government Motor Transport (GMT) obligations impacted on the organisation's ability to sustain further transport and travel costs. In evaluating the impact, levels of operations were adjusted in line with available resources.

On a positive note, during the period under review, EADP approved an additional allocation of R11.6 million for non-recurring costs to alleviate the financial pressure on the organisation. The additional resources were channelled towards: wildfires R3.1 million; replacement of old tractors R1 million; ICT governance R5 million; R982 000 to upgrade environmental education centres and conservation priorities R1.5 million.

An analysis of the organisation's revenue strength was conducted and revealed that it would not be feasible to factor any increases in programme budget baselines. Reprioritisation was conducted within programmes in an attempt to channel available resources to support critical aspects. The entity could not identify any programmes to be discontinued due to their value and contribution to CapeNature's mandate. All programmes were found to be relevant for the attainment of effective biodiversity management.

During the year under review, Professor Gavin Maneveldt was appointed as the Board Chairperson and officially assumed this role on 1 February 2015 after Mr Eduard Kok resigned. In addition to this, the terms of two Board members, Ms Francina du Bruyn and Dr Ed February, ended on 31 March 2015 after serving on the Board for five years. The expiry of the Chief Financial Officer's contract also necessitated the appointment of Ms Fulaphi Khoza in an acting capacity.

An MoU outlining the mutual roles and responsibilities of EADP and CapeNature was signed for 2014/15 and an implementation plan to guide the achievement of the prescribed outcomes is in place.

ICT inadequacies identified by the Auditor-General in the preceding financial year resulted in the application and consequent approval of funds for the establishment of a Disaster Recovery Site during the period under review.

Treasury approved the entity's application for funding to establish an Internal Control component. Funding (R3 million) will be received from 2015/16 for this purpose.

During the period under review, the DEA appointed Deloitte South Africa to conduct a review of all public entities in the environmental sector. This review was conducted in line with the prescripts of the King Report on Governance for South Africa (2009) and was conducted in August/September 2014. The results demonstrate that CapeNature is well-aligned with all applicable aspects of best practice.

2.3. Key Policy Developments and Legislative Changes

During the period under review the following internal policies were approved by the Board:

- Recruitment and Selection;
- Media Engagement;
- Supply Chain Management;
- Game Translocation and Utilisation;
- Bontebok Conservation, Translocation and Utilisation;
- ICT Information Security;
- Organisational Performance Information Management;
- ICT Change Management;
- Fraud Prevention;
- Risk Management;
- Fencing and Enclosure of Game & Predators in the Western Cape (Fencing);
- Fixed Asset Management;
- Accounts Payable; and
- Accounts Receivable.

2.4. Strategic Outcome-oriented Goals

Strategic Goal 1	Well-maintained, protected and restored biodiversity and ecosystems, which are accessible and create sustainable socio-economic benefits to stimulate the green economy.
Goal statement	Well-maintained, protected and restored biodiversity and ecosystem goods and services to ensure long term climate change resilience and provide for the sustainable utilisation of natural resources by: <ul style="list-style-type: none"> • protecting natural resources (terrestrial, aquatic and marine); • mainstreaming biodiversity into decision making; • providing access for leisure, recreation, education and awareness; • creating opportunities in the green economy; and • developing and realising investment in ecosystem goods and services.
Strategic Goal 2	An effective and efficient institution.
Goal statement	Ensuring an efficient and effective institution through cutting edge leadership.

Table 5 provides a summary of the intervention logic for CapeNature by showing the linkages between the Strategic Goals, Strategic Objectives and current Programmes. The Strategic Objectives are presented below under the four Programmes of Administration and Governance, Biodiversity Support, Conservation Management and Marketing and Eco-tourism.

Table 5: Summary of CapeNature Strategic Results and Programme Allocations

Strategic Goal	Programme	Sub-programme	Strategic Objectives	Strategic objective performance indicator	Achievement
Well-maintained, protected and restored biodiversity and ecosystems, which are accessible and create sustainable socio-economic benefits to stimulate the green economy.	Programme 2: Biodiversity Support	N/A	1.1 To improve the state of biodiversity by mainstreaming biodiversity into decision making and by safeguarding ecosystems, species and genetic diversity.	% of ecological matrixes completed on all CapeNature-managed reserves per annum.	100%
			1.3 To enhance biodiversity implementation through the development of strategic tools and knowledge management systems.		
	Programme 3: Conservation Management	N/A	1.2 To reduce direct pressures on and enhance the benefits of biodiversity and ecosystem services to all citizens in the Western Cape by promoting sustainable use of biological resources.		
			1.4 To provide access for leisure, recreation, education and awareness		
An effective and efficient institution	Programme 4: Marketing and Eco-tourism	Sub-programme 4.1 Tourism, Marketing and Communication	1.4 To provide access for leisure, recreation, education and awareness.	Number of communities engaged to derive socio-economic benefit.	63
		Sub-programme 4.2 Special Projects: Marketing and Eco-tourism	1.4 To provide access for leisure, recreation, education and awareness.	Percentage increase in tourism income generated (%).	31.1%
		Sub-sub programme 4.2.1 Special projects: Green economy	2.1 Develop policies, systems and processes to support service delivery.	Unqualified Auditor-General's Report.	Unqualified Auditor-General's Report
		Sub-programme 1.1 Office of the CEO	2.2 Institution building enables a supportive working environment	% Increase in organisational well-being.	12%
	Programme 1: Administration and governance	Sub-programme 1.2 Finance and Administration Sub-programme 1.4 Information Technology and Systems Sub-programme 1.3 Human Resource Management			

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Administration and Governance

Purpose: To ensure that good corporate governance is achieved and that efficient and effective services are delivered to the organisation with regard to finances and administration and all aspects of human resource management.

Strategic Objective	Policies, systems and processes
Objective Statement	Develop policies, systems and processes to support service delivery.
Baseline	Improved service delivery was supported and an unqualified Auditor-General's report achieved. Key systems for corporate monitoring and evaluation, financial management, quality management, risk management and information technology are being developed.

Strategic Objective	Institution building
Objective Statement	Institution building enables a supportive working environment.
Baseline	An institutional building strategy was developed, including a new organisational structure, pay parity significantly advanced, a performance management system was developed and a Personal Development Plan developed and implemented for each employee.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 6: Strategic Objectives

Programme Objective: Develop effective policies, systems and processes to support the core business and enhance service delivery					
Sub-Programme 1.2: Finance and Administration Services					
Strategic Objectives	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
% Deviation from corporate governance standards	Unqualified Auditor-General's Report	Unqualified Auditor-General's Report	Unqualified Auditor-General's Report	None	None

Programme Objective: Institution building enables a supportive working environment.					
Sub-Programme I.3: Human Resource Management					
Strategic Objectives	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
Percentage of under-performers improving in performance appraisal score (%)	52%	10% of under-performers improving in performance appraisal score	5% of under-performers improving in performance appraisal score	-5%	Inconsistencies were identified in the process followed which will be addressed during the ensuing financial years

Table 7: Key performance indicators, planned targets and actual achievements

Programme I: Administration and Governance						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
Develop effective policies, systems and processes to support the core business and enhance service delivery	Finalise collaboration implementation plan	N/A	I	I	None	None
	Revise Risk Policy and Strategy	N/A	I	I	None	None
	Revise M & E system	N/A	I	I	None	None
	Unqualified Auditor-General's Report	Unqualified Auditor-General's Report	Unqualified Auditor-General's Report	Unqualified Auditor-General's Report	None	None
Institution building enables a supportive working environment	% Increase in organisational well-being Baseline = To be determined in 2013/14 perception survey	N/A	2%	12%	+10%	Pro-active engagements by both the Human Resource and the Communications teams have positively impacted on perceptions within the organisation

Programme I: Administration and Governance (continued)						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
Institution building enables a supportive working environment	Revised Employment Equity Plan	N/A	I	I	None	None
	Realignment of the organisational structure to the CapeNature strategic plan	N/A	I	I	None	None

Strategy to overcome areas of under-performance

The organisation has met all performance indicator targets as set out under Programme I for the year under review.

Changes to planned targets

The public entity had no in-year changes to performance indicators.

Linking performance with budgets

A resolution was taken to establish a Corporate Services Directorate, however, it was impractical to implement the resolution within the current financial year as the job evaluation process had not been finalised. The under-expenditure relates to the receipt of the equipment for ICT Infrastructure upgrade, which has taken longer than anticipated.

Table 8: Administration and Governance

Programme/activity/objective	2014/15			2013/14		
	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	10 150	9 102	1 048	5 586	4 149	1 437
Finance and Administration	26 094	26 137	(43)	30 644	39 904	(4 260)
Human Resource Management	8 487	8 627	(140)	10 931	7 064	3 687
Information Technology and Systems	13 752	11 555	2 197	6 067	5 748	320
Total	58 484	55 422	3 062	53 227	51 864	1 363

Note: Budget and expenditure excludes CAPEX.

3.2. Programme 2: Biodiversity Support

Purpose: To develop and apply effective knowledge management and decision support systems to maintain, restore and conserve biodiversity and ecosystems required to sustain livelihoods in the Western Cape.

Strategic Objective	Knowledge management
Objective Statement	To improve the state of biodiversity by mainstreaming biodiversity into decision making and by safeguarding ecosystems, species and genetic diversity.
Baseline (2008/2009)	Biodiversity priorities consolidated into the Biodiversity Information System, which enables the State of Biodiversity reports, informed planning, management and decision-making.

Strategic Objective	Securing biodiversity priorities
Objective Statement	To reduce direct pressures on and enhance the benefits of biodiversity and ecosystem services to all citizens in the Western Cape by promoting sustainable use of biological resources.
Baseline (2008/2009)	Currently the Biodiversity Management System has incorporated all information from fine-scale plans that will be the information platform for the Biodiversity Plan and Protected Area Expansion Strategy (PAES), both currently in development.

Strategic Objective	Conservation management maintains ecosystem services
Objective Statement	To enhance biodiversity implementation through the development of strategic tools and knowledge management systems.
Baseline (2008/2009)	The total area of alien vegetation cleared on CapeNature-managed land was 42 897 ha (initial) and 87 952 ha (follow-up). The current statistic for land burned due to wildfires was in the order of 99% of all land burned in a year.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 9: Strategic Objectives

Programme Objective: To enhance biodiversity implementation through the development of strategic tools and knowledge management systems.					
Programme 2: Biodiversity Support					
Strategic Objectives	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
% of ecological matrixes completed on all CapeNature-managed reserves per annum	N/A	100%	100%	None	None

Table 10: Key performance indicators, planned targets and actual achievements

Programme 2: Biodiversity Support						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
To improve the state of biodiversity by mainstreaming biodiversity into decision making and by safeguarding ecosystems, species and genetic diversity	A Western Cape spatial biodiversity plan is developed	N/A	A draft provincial Critical Biodiversity Areas Map is developed	A draft provincial Critical Biodiversity Areas Map was developed	None	None
	Western Cape Biodiversity Bill presented to EADP by March 2015	N/A	I	I	None	None

Programme 2: Biodiversity Support (continued)						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
To enhance biodiversity implementation through the development of strategic tools and knowledge management systems	Number of functional environmental information management databases maintained (n)	5	6	6	None	None
To reduce direct pressures on and enhance the benefits of biodiversity and ecosystem services to all citizens in the Western Cape by promoting sustainable use of biological resources	Number of criminal enforcement actions undertaken for non-compliance with environmental management legislation (n)	64	60	96	+36	This target is demand-driven. An over-achievement results from more actions undertaken than were undertaken in previous years; the latter provides the baseline for this target
To enhance biodiversity implementation through the development of strategic tools and knowledge management systems	Number of management plans for Ramsar site in accordance with the Ramsar convention guidelines developed (n)	1	1	1	None	None

Programme 2: Biodiversity Support (continued)						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
To reduce direct pressures on and enhance the benefits of biodiversity and ecosystem services to all citizens in the Western Cape by promoting sustainable use of biological resources	Percentage of land under the CapeNature conservation estate within the Western Cape (%). Denominator = 10 000 ha	N/A	0.08%	0.27%	+0.19%	The target was set as an increase of 0.08% per annum. CapeNature secured two very large areas which could not be included in the planning for the year due to the uncertainty around when the process would be concluded. The current percentage of land under the CapeNature conservation estate is 6.81%.

Strategy to overcome areas of under-performance

The organisation has met all targets as set out under Programme 2 for the year under review.

Changes to planned targets

The public entity had no in-year changes to performance indicators.

Linking performance with budgets

Expenditure includes non-cash items, which is depreciation. The entity does not budget for depreciation.

Table II: Biodiversity Support

Programme/activity/objective	2014/15			2013/14		
	Budget	Expenditure	(Over)/ Under Expenditure	Budget	Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Biodiversity Support	21 448	22 446	(998)	26 444	26 244	200
Total	21 448	22 446	(998)	26 444	26 244	200

Note: Budget and expenditure excludes CAPEX.

3.3. Programme 3: Conservation Management

Purpose: To conserve the unique natural heritage of the Western Cape, to build social capital through people and conservation initiatives, and to promote equitable access to and sustainable use of natural resources in pursuit of the conservation economy.

Strategic Objective I.3	Conservation management maintains ecosystem services
Objective Statement	To enhance biodiversity implementation through the development of strategic tools and knowledge management systems.
Baseline (2008/2009)	The total hectares alien vegetation cleared on CapeNature-managed land is 42 897 ha initial and 87 952 ha follow-up. The current statistics for land burned due to wildfires is in the order of 99% of all land burned in a year.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 12: Strategic Objectives

Programme Objective: Conservation management maintains ecosystem services					
Programme 3: Conservation Management					
Strategic Objectives	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
% of ecological matrixes completed on all CapeNature-managed reserves per annum	N/A	100%	100%	None	None
Number of communities engaged to derive socio-economic benefit	N/A	35	63	+28	EPWP FTEs appointed to replace those who had left CapeNature's employment originated from different communities

Key performance indicators, planned targets and actual achievements

Table 13: Key performance indicators, planned targets and actual achievements

Programme 3: Conservation Management						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
	Number of provincial protected areas with approved management plans (n)	11	30	32	2	Due to the decision not to complete the Management Unit Clearing Plan System, resources were diverted in order to over-achieve on protected area management plans
	Percentage of protected areas with 68% management effectiveness (%) Baseline = 11	85%	85%	84%	-1%	The under-achievement of this target is ascribed to management challenges experienced at the Waterval Nature Reserve Complex which comprises 7 parcels of land and has impacted on the overall METT scores for the organisation
	Percentage of fire reports analysed Denominator = number of fires during fiscal period	N/A	100%	100%	None	None

Programme 3: Conservation Management (continued)						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
	Management Unit Clearing Plan (MUCP) System Developed for CapeNature	N/A	Management Unit Clearing Plan (MUCP) System developed for CapeNature	Management Unit Clearing Plan (MUCP) System not developed for CapeNature	-1	An in-year decision by DEA to appoint consultants to develop a national MUCP resulted in CapeNature's decision to collaborate with DEA in the development of the system
	Number of environmental stakeholder capacity building workshops (n)	101	100	65	-35	Providing adequate documentation to support participation in capacity building workshops was identified as a challenge and was subsequently addressed during the reporting year
	Number of EPWP full time equivalents (FTEs)	391	410	461	+51	Appointments were made additional to the planned numbers as a result of under-achievement on person days due to the excessive unpaid leave days experienced

Programme 3: Conservation Management (continued)						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
	Number of Expanded Public Works Programme (EPWP) job opportunities	1 241	1 357	1 233	-124	EPWP FTEs take more leave than allocated to them, which results in excessive unpaid leave taken. Furthermore not all Integrated Catchment Management contracts were completed due to excessive fires making access to work areas too dangerous
	Number of Environmental Awareness Activities conducted	360	165	209	+44	<i>Ad hoc</i> requests from schools to provide environmental education were received

Strategy to overcome areas of under-performance

Detailed action plans will be developed to address the shortcomings in METT scores. These action plans will be tracked monthly to ensure challenges are addressed timeously. We continue our collaboration with the DEA to develop the MUCP with CapeNature as a test site. Training has been provided on adequate documentation required to support reports. The appointment of additional FTEs in anticipation of salary savings due to the unpaid leave taken.

Changes to planned targets

The public entity had no in-year changes to performance indicators.

Linking performance with budgets

Under-performance is influenced by delayed finalisation of the DEA contract.

Table 14: Conservation Management

Programme/activity/ objective	2014/15			2013/14		
	Budget	Expenditure	(Over)/ Under Expenditure	Budget	Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Conservation Management	189 912	176 609	13 303	193 748	178 083	15 401
Total	189 912	176 609	13 303	193 748	178 083	15 401

Note: Budget and expenditure excludes CAPEX.

3.4. Programme 4: Marketing and Eco-tourism

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.

Strategic Objective 1.3	Sustainable revenue streams
Objective Statement	Increased sustainable revenue is attained through enhanced tourism product development.
Baseline (2008/2009)	Revenue through sales was R14 379 000, one PPP has been concluded, visitor numbers were 210 000, and the filming industry provided for R710 530 in income.

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

Purpose: During the final year of the five-year period, CapeNature will continue with the implementation of the Tourism Infrastructure Development Programme. This will ensure that tourism products are adequately staffed, tourism industry standards are consistently applied, tourism sustainability is reviewed and additional funding is secured.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Table 15: Strategic Objectives

Programme Objective: Sustainable revenue streams					
Programme 4: Marketing and Eco-tourism					
Strategic Objectives	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
Percentage increase in tourism income generated (%)	10.3%	6.5%	31.1%	24.6%	Acquisition of new products such as Buffalo Valley Nature Reserve and Stony Point African Penguin Colony Complex, the finalisation of the agreement with private landowners at Rocklands bouldering site and increase in accommodation, entrance fees, Wild Card sales, events and concession fees resulted in the over-achievement

Key performance indicators, planned targets and actual achievements

Table 16: Key performance indicators, planned targets and actual achievements

Programme 4: Marketing and Eco-tourism						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comment on deviations
	Number of new tourism products established in line with the Strategic Tourism Plan (n)	1	2	3	+1	The Vrolijkheid product was completed in the current year although it was planned for completion in the previous financial year
	Number of upgrades on existing tourism products (n)	12	6	6	None	None
	Green Economy – Phase I	N/A	N/A	N/A	N/A	N/A

Strategy to overcome areas of under-performance

The organisation has met all targets as set out under Programme 4 for the year under review.

Changes to planned targets

The public entity had no in-year changes to performance indicators.

Linking performance with budgets

The over-expenditure relates to the incomplete items of capital nature procured against infrastructure budget. These items will reflect as a capital expenditure upon capitalisation, thus reducing operational expenditure.

Table 17: Marketing and Eco-tourism

Programme/activity/objective	2014/15			2013/14		
	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	9 052	8 106	946	8 510	7 585	921
Special Projects: Marketing and Eco-tourism	14 116	17 253	(3 137)	27 275	14 228	13 047
Total	23 168	25 359	(2 191)	35 785	21 813	13 968

Note: Budget and expenditure excludes CAPEX.

4. REVENUE COLLECTION

Table 18: Sources of Revenue for 2014/15 and 2013/14

Sources of revenue	2014/15			2013/14		
	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	319 102	303 465	15 637	309 204	290 026	18 731
Total	319 102	303 465	15 637	309 204	290 026	18 731

During the year under review, the entity generated 95.1% of projected revenue. This improvement is attributed to the performance of CapeNature's own revenue streams following concerted efforts aimed at fortifying revenue generation. Tourism, licences and interest received performed above budget by R8.2 million. However, the entity experienced a R1.7 million reduction in revenue owing to variations in the DEA funding conditions. CapeNature's overall performance was below budget by 4.9% due to under performance on special projects, predominantly as a result of the delayed finalisation of the DEA contract for the implementation of Natural Resource Management projects.

In recognition of the imbalance in resource distribution emanating from the high resource absorption rate by personnel costs and eminent threat to the sustainability of operations, the organisation implemented several mitigation interventions. Revenue collection processes were strengthened and austerity measures were enforced. The above budget performance on tourism by 24.6% is attributed to the introduction of new tourism products into the market. Further efficiencies were built into the management of the recovery process of license and lease fees and improved debt recovery. This resulted in a 52.3% over-recovery within the period under review.

Although the entity received revenue relating to special projects, the under-performance relates to the accounting treatment regarding the recognition of revenue for conditional grants. Funding received is only considered as revenue once expenditure has been incurred.

4.1. Capital investment

a. Progress made on implementing the capital, investment and asset management plan.

All projects have been included in the Infrastructure Reporting Module (IRM) and Annexure A of Vote 9 up to the 2016/17 financial year. The relevant service providers have been appointed to commence with the design and planning aspects of these respective projects.

b. Material variances in infrastructure projects completed in the current year compared with planned progress.

The development at the Vrolijkheid Nature Reserve, which was planned for 2013/14, has now been completed.



c. Infrastructure projects currently in progress, and expected completion dates.

i. Gamkaberg Nature Reserve – Ou Kraal Overnight 4x4 Camp

The Ou Kraal Overnight camp has not been completed due to delays in the appointment of the service provider. Initial progress has been slow and the projected completion date is expected during Quarter 2 of 2015.

ii. Goukamma Nature Reserve - Groenvlei Bushcamp

The development of the Groenvlei Bushcamp will start during the 2015/16 financial year due to late advertising of the tender by the tender office of the Department of Public Works. The projected duration of this contract is seven months.

iii. Grootvadersbosch Nature Reserve – Tourism Development

The scheduled completion date for this development is March 2016.

d. Plans to close down or downgrade any current facilities.

The following facilities will be closed due to proposed upgrades: Goukamma (Groenvlei Bushcamp), Gamkaberg (Ou Kraal Overnight 4x4 Camp) and Grootvadersbosch Nature Reserves.

e. Progress made on the maintenance of infrastructure.

All maintenance and upgrades of products for the reporting period were identified and implemented. CapeNature was able to deliver on six upgrade projects during the financial year under review.

f. Developments relating to the above that are expected to impact on CapeNature's current expenditure.

The implementation of these projects will not impact on the expenditure of CapeNature as funding allocated for tourism infrastructure development, upgrade and maintenance is funded by the Provincial Treasury of the Western Cape.

g. Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft.

The organisation acquired R23 940 million of which R3 444 million pertains to motor vehicle under finance lease and disposed of R951 114 worth of assets. Land and buildings were revalued by R550 000 and R810 574 respectively.

h. Measures taken to ensure that the public entity's asset register remained up-to-date during the reporting period.

The entity maintains a Fixed Asset Register and conducts asset verification bi-annually to ensure accuracy and completeness.

i. The current state of the public entity's capital assets.

In total, 66% of the organisation's assets are in a good condition. The remaining 30% is in a fair condition; and 4% is in a bad condition that requires disposal.

j. Major maintenance projects that have been undertaken during the reporting period.

- Walker Bay Nature Reserve - Upgrade of existing tourism centre, provision of new signage and interpretation of the caves;
- De Hoop Nature Reserve - Upgrade of the Noetsie accommodation facilities on the 5-day overnight Whale Trail;
- Hottentots Holland Nature Reserve - Upgrade of the Landroskop road to ensure improved access to the visitors and users of the new canopy tourism at the reserve;
- Penguin (Bird) Island Nature Reserve - Upgrade to interpretation centre and construction of a new penguin pool;

- Hottentots Holland Nature Reserve - Upgrade of the Muilstal facility to serve as a visitor centre and curio shop for the canopy tours at the reserve;
- Cederberg Wilderness Area - Construction of a central Boma at the Kliphuis campsite for use during the popular bouldering season and the public at large; and
- Robberg Nature Reserve - Upgrade to the visitor centre and the extension of the facility to include a curio shop.

k. Progress made in addressing the maintenance backlog during the reporting period.

CapeNature manages approximately 6.81% of the Western Cape Province land surface as protected areas. In 2014/15 the CapeNature User Asset Management Plan (UAMP) required R494 998 956 to address the maintenance backlog. This is largely due to the size of the conservation estate and the vast number of buildings, roads and fences which require maintenance. Flood damage to roads and the occurrence of wildfires remain a threat to infrastructure faced by the organisation.

CapeNature managed to secure funding to the value of R63 912 600 from the DEA through the EPIP to address maintenance backlogs and improve efficiencies to manage a selected few protected areas. The reserves that benefit from this programme are:

- Anysberg Nature Reserve – upgrading of access road to the value of R17 500 000;
- De Hoop Nature Reserve – provision of permanent road surface for the internal road network in the Opstal area of the reserve to the value of R20 000 000;
- Knersvlakte Nature Reserve – erection of 350 km of jackal-proof fences around strategic areas of the reserve to the value of R11 000 000; and
- Driftsands Nature Reserve – erection of 11 km of palisade fencing to address illegal activities and dumping on the reserve to the value of R15 412 600.



Photo: Scott N. Ramsay



PART C:
GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, 2008 (No. 71 of 2008), corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by Act No. 29 of 1999 (PFMA), and run in tandem with the principles contained in the King 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 2014	8 May 2014
Monthly Highlights for inclusion into report to Minister Bredell : May 2014	3 June 2014
Monthly Highlights for inclusion into report to Minister Bredell :June 2014	3 July 2014
Monthly Highlights for inclusion into report to Minister Bredell :July 2014	4 August 2014
Monthly Highlights for inclusion into report to Minister Bredell :August 2014	5 September 2014
Monthly Highlights for inclusion into report to Minister Bredell :September 2014	2 October 2014
Monthly Highlights for inclusion into report to Minister Bredell :October 2014	6 November 2014
Monthly Highlights for inclusion into report to Minister Bredell :November 2014	8 December 2014
Monthly Highlights for inclusion into report to Minister Bredell :December 2014	17 January 2015
Monthly Highlights for inclusion into report to Minister Bredell :January 2015	9 February 2015
Monthly Highlights for inclusion into report to Minister Bredell :February 2015	5 March 2015
Monthly Highlights for inclusion into report to Minister Bredell :March 2015	1 April 2015

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 2002 (King III). The Board has endeavoured to comply with the principles incorporated in the Code of Corporate Practices and Conduct.

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

- Audit Committee
- Risk Committee
- Finance and ICT 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 related matters in the Province;
- to render services and provide facilities for research and training in connection with 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 any applicable policy determined by the responsible Minister or the Provincial Cabinet.

Board Charter

I. Preamble

This Charter has been developed with the following objectives:

- a. Clearly identify, define and record the corporate governance and fiduciary responsibilities, function and composition of the Western Cape Nature Conservation Board
- b. Provide a referencing tool to new Board members for the purpose of induction and orientation

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 Board Act 15 of 1998, as amended.

2. Objectives of the Board

The objectives of the Board shall be:

- a) To promote and ensure nature conservation and deal pro-actively with related matters in the Province
- b) 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
- c) To generate income, within the framework of the applicable policy framework.

3. 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 (Department), other key Provincial agents, the private sector, civil society and relevant NGO's and all other key role players. As regards relations with the host Department, the Board shall further promote regular meetings between:

- a) The MEC and the Chairperson of the Board
- b) The Chief Executive Officer of the Board and the Head of the Department
- c) The Top and Middle Management of both organizations

The Board shall further:

- i) 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
- ii) actively co-operate in the development, establishment and maintenance of an environmental information management system
- iii) collaborate in the promotion of environmental awareness, education and relevant capacity building in the Western Cape
- iv) collaborate in mutual training initiatives between the parties
- v) collaborate in implementing an integrated CBNRM and community conservation and EPW programme strategically guided and directed by a Joint Steering Committee.

4. Composition of the Board

The Board shall consist of no less than nine members and no more than 12 members, of which at least four 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 Executive Directors of the Western Cape Nature Conservation Board are collectively referred to as the "Top Management" within this Charter. The CEO is a full member of the Board whereas the rest of the "Top Management" attend Board meetings by invitation.

Every effort shall be made to ensure that the composition adequately considers and reflects the demographics of the Western Cape Province.

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. 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.

5. Role and responsibilities of the Board and its Members

The basic responsibility of the members is to exercise their rational judgement to act in what they reasonably believe to be in the best interest of the organization and its stakeholders. The members should rely on the honesty and integrity of the organization's Top Management and its external advisors and auditors.

In furtherance of its responsibilities, the Board will, subject to the approval by the Minister, where applicable:

- Align the Board's strategic goals and objectives with that of the Province and the Department
- Review, evaluate and approve, on a regular basis, long-range plans, projects and services for the organization
- Review, evaluate and approve the organization's budget and forecasts and Annual Financial Statements
- Review the delegations of the organization
- Review, evaluate and approve major resource allocations and capital investments
- Review the financial and operating results of the organization
- Review and approve the policies of the organization
- Review, evaluate and approve the overall corporate organizational structure, the assignment of Top Management's responsibilities and plans for Top Management's personal development, growth and succession
- Review, evaluate and approve the compensation strategy as it relates to Top Management of the organization, as well as of the performance contracts of Top Management
- Adopt and monitor compliance with the organizations' Code of Conduct, the Public Finance Management Act 1 of 1998 as amended by Act 29 of 1999 and all legislation relevant to the Board Review on a regular basis the organization's corporate objectives and policies relating to social responsibility
- Institute the necessary measures to safeguard the assets of the organization
- Disclose real and potential conflicts of interest in a transparent manner informed by the imperative of ethical leadership and governance
- Guide the organization in terms of the demands and challenges of the broader societal context of transformation
- Establish a closer working relationship with all stakeholders and the broader community.

Upon authorisation of the plans and strategies, the Board empowers and directs Top 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:

- A Human Resources and Remuneration Committee – this committee assumes an oversight role of the human resource management strategy and related policies in the organization
- An Audit Committee – assumes an oversight role in that it reviews the adequacy and effectiveness of the financial reporting process, the system of internal control and management of financial and operational risks, the audit process and the organization's process for monitoring compliance with all relevant laws and regulations
- Finance committee - assumes oversight of financial risk management strategy, policy and treasury transactional matters, and reviews major financial transactions on behalf of the Board
- Executive Committee – meets between Board meetings to attend to any urgent matters arising from Board meetings and to assist Top Management in the execution of and expediting decision making, which could not be held over until a next Board or Board Committee meeting
- Conservation Committee – this committee guides the scientific and research functions and reviews progress towards meeting Biodiversity targets and objectives of the organization
- Business Development Committee - meets to discuss and review tourism, commercialization, fundraising and strategic public-private partnerships
- Risk Committee – provides independent counsel, oversight and advice with respect to the identification, assessment and management of risks and monitors compliance with corporate governance policies and guidelines
- Each committee to have a clearly signed and approved Charter or Terms of Reference which includes all relevant laws and regulations pertaining to that Committee
- Each committee to submit annually to the Board a Work Plan 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
- Is responsible for electing members and Chairpersons to committees
- Reviews and assesses, on an annual basis, the required mix of skills and experience of Board members, its demographic profile and diversity to determine its ability to effectively achieve the objectives of the organization and adds value to the operation and functioning of the organization.

6. Quorum

The quorum for a meeting shall be seven members, provided that at least two members with expertise in nature conservation matters shall be present.

An attendance register that is signed by every person present at Board and Committee meetings will be maintained.

7. Agenda items for Board and Committee meetings

The Chairpersons of the Board and other committees shall determine the agenda for each meeting, in conjunction with the CEO and other relevant members of Top Management. Each member of the Board and other Committees are however free to request items to be placed on the agenda for that meeting. Detailed packs for each meeting will be distributed to the members approximately ten days prior to the meeting.

8. Frequency of meetings

The Board and all Board committees shall meet no less than four times per annum to carry out its responsibilities.

9. Board and Remuneration Principles

The organization's policy that guides the remuneration of Board members is guided by Provincial Treasury norms and standards and any applicable Cabinet resolution.

10. Evaluation and Code of Conduct (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 for the subsequent year.

Individual Board members are expected to adhere to the organization's code of conduct.

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 to 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 to approve such resignation from the Minister of Local Government, Environmental Affairs and Development Planning.

11. 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 organization, in terms of the various applicable statutes, being the Western Cape Nature Conservation Board Act no 15 of 1998 and the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999, as well as the code of conduct of the organization and other relevant laws.

12. Member access to employees

Non-executive members shall have full and free access to employees of the organization in consultation with the CEO of CapeNature.

13. Independent Advisors

The Board and each Committee shall have the authority to engage experts or advisors, including independent legal counsel, at the organization's expense, deemed appropriate by the Board or Committee, in consultation with the CEO and Top Management, after requesting that sufficient funds are made available for the procurement.

14. Conflicts

The existence, real or perceived, of conflicts of interest by members could bring into question the integrity of the entire Board. Failure to identify and deal with such conflicts could cause significant damage to the organization's image and reputation and the perceived value of the going concern. Accordingly, it is critical that there is in place a practical and consistent relationship checking procedures to enable the organization to recognise, respond to and manage any potential and real conflicts of interest. 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 a member is an executive or non-executive member of an organization that operates in the same industry as the organization or in a competing industry, there is a requirement that these members maintain ethical practices (i.e. they do not use intellectual capital and/or knowledge gained from the one to the advantage or disadvantage of the other).

Where the family member of a non-executive member applies and is appointed to a position within "Top Management", such Board member to resign from the Board.

15. Materiality of the Board and an approval framework

At a high level, issues that are of material, strategic or reputational importance and which are either catastrophic (i.e. death, loss of organizational image, detrimental financial loss, total disability or system loss) or critical (i.e. severe injury with partial disability, severe loss of image, partial system loss or large financial loss) in nature should be referred to the Board for consideration, discussion and appropriate interventions. All other issues should be dealt with at Top Management Level, but the Board must retain oversight of other issues in order to determine the performance and ability of Top Management.

16. Media Statements:

Media statements in respect of non-delegated matters shall be dealt with by the Chairperson.

Media statements in respect of delegated matters shall be dealt with by the Chief Executive Officer.

Media statements with political implications and/or that may reflect poorly on sound financial and human resource management, and/or which do not promote sound intergovernmental relations, must be cleared with the Head of Department and Minister prior to release.

Table 19: Composition of the Board

Name	Designation (in terms of the Public Entry Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of meetings attended
Mr Eduard Kok	Chairperson of the Board & Finance & ICT Committee (until 31 January 2015)	20 Sept 2010	31 Jan 2015	CA (SA)	Chartered Accountant with 30 years commercial experience	-	Board	4
							Audit & Risk ²	2
							Audit	3
							Finance & IT	5
							HR & Remuneration	3
Prof Gavin Maneveldt	Chairperson of the Board (1 Feb 2015) Vice Chairperson (until 31 Jan 2015)	01 Dec 2011	-	BSc; BSc (Hons); MSc; PhD Botany; Field Guide Association of South Africa Honorary - Special Knowledge and Skills in Marine Guiding (FGASA Honorary SKS)	Biodiversity & Conservation Biology	-	Risk	3
							Board	4
							Conservation	3
							Marketing & Eco-Tourism	4
Ms Francina du Bruyn	Board member	01 Apr 2010	31 Mar 2015	Diploma in Road Transport Management	Business Consultant and Coach with expertise in Human Resources Development, Strategic Planning and Change Management	-	Audit & Risk	1
							Board	5
							Finance & IT	6
							HR & Remuneration	4

3. During the period under review, a resolution was passed by the Board to separate the Audit and Risk Committee into two separate Board Committees.

Composition of the Board (continued)

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of meetings attended
Dr Edmund February	Board member	01 Apr 2010	31 Mar 2015	BA (Hons); Archaeology; MA Archaeology; PhD Botany.	Botany and Plant Ecologist; Mountaineer		Board Conservation Marketing & Eco-Tourism	4 2 3
Mr Mico Eaton	Board member	20 Sept 2010	-	BComm	Strategic Planning and Marketing Professional 4x4 Trail & Overland Tour Guide - National; Registered 4x4 driving instructor; CMAS 3-Star diver		Board Conservation Marketing & Eco-Tourism	3 4 4
Prof Francois Hanekom	Board member	01 Apr 2011	-	BA (Hons); MA; Senior Teachers Diploma; D Lit et Phil (Doctoral); Diploma in Public Management (cum laude).	Facilitator: Development, Environment and Tourism		Board Conservation Marketing & Eco-Tourism	5 4 4
Mr Carl Lotter	Board member	01 Dec 2011	-	-	Financial and SMMEs		Board Audit & Risk Audit Finance & IT	5 3 1 5

Composition of the Board (continued)

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee/ Ministerial task team)	No. of meetings attended
Dr Bruce McKenzie	Board member	01 Mar 2013	-	BSc (Hons) (cum laude); MSc; PhD	Conservation		Board	5
							Audit & Risk	1
							Conservation	3
							Risk	3
							Finance & IT	1
Ms Merle McOmbring-Hodges	Board member	01 Mar 2013	-	BSc; BSc (Hons); HDE; BEd; MEd			Board	2
							Finance & IT	1
							HR & Remuneration	3
							Marketing & Eco-Tourism	3
							Audit & Risk	1
Adv Mandla Mdludlu	Board member	01 Mar 2013	-	Bachelor of Laws (Bluris) Bachelor of Laws (LLB)	Consumer and Construction Law		Board	5
							Audit & Risk	1
							Audit	2
							HR & Remuneration	1
							Risk	3
Mr Danie Nel	Board member	01 Mar 2013	-	Dipl. Iuris; Diploma in Municipal Law and Administration	Local government management and legislation; Legislative drafting and enforcement of legislation		Finance & IT	1
							Board	5
							Finance & IT	4
							HR & Remuneration	4
							Audit & Risk	1

Table 20: Independent Audit Committee Members

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g. Audit committee/ Ministerial task team)	No. of meetings attended
Mr Paul Slack (Alternate Member)	Chairperson of the Audit Committee	20 Jan 2009	31 January 2015 (Mr Slack however still chaired 2 meetings up to 31 March 2015 due to there not being sufficient Independent members.)	BComm (Hons) in Financial Management; CA (SA).	Corporate Governance and Risk		Audit & Risk	2
							Audit	3
							Risk	2
							Finance & IT	3
Ms Marguerite Bond-Smith (Alternate Member)	Chairperson of the Risk Committee	01 Apr 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		Audit & Risk	2
							Audit	3
							Risk	4
							Finance & IT	1
Mr Christiaan (Tiaan) Snyman (Alternate Member)	Independent Audit & Risk Committee member	01 Apr 2013	30 Sep 2014	CA (SA)	Assurance		Audit & Risk	2
							Audit	1
							Finance & IT	1
Ms Rozan Jaftha (Alternate Member)	Independent Audit Committee member	01 Mar 2015	-	BComm (Hons); BCompt; CA (SA); Certified Internal Auditor.			Audit	1

Table 21: Committees

Committee	No. of meetings held	No. of members	Name of members
Board	4 plus 1 special meeting	11 – as of 01 March 2014	Bruce McKenzie Carl Lotter Danie Nel Edmund February Eduard Kok Francina du Bruyn Francois Hanekom Gavin Maneveldt Mandla Mdludlu Merle McOmbring-Hodges Mico Eaton
Audit (Previously known as Audit & Risk)	3 plus 1 special meeting	5 – on a basis of how the appointment falls during the financial year	Bruce McKenzie Carl Lotter Eduard Kok (by invitation) Gavin Maneveldt (by invitation) Mandla Mdludlu Marguerite Bond-Smith Paul Slack Tiaan Snyman
Conservation	4	5 – on a basis of how the appointment falls during the financial year	Bruce McKenzie Edmund February Francois Hanekom Gavin Maneveldt Mike Eaton
Finance & IT	4 plus 1 special meeting	4 – on a basis of how the appointment falls during the financial year	Carl Lotter Danie Nel Eduard Kok Francina du Bruyn Merle McOmbring-Hodges Mico Eaton
HR & Remuneration	4	4 – on a basis of how the appointment falls during the financial year	Danie Nel Eduard Kok Francina du Bruyn Mandla Mdludlu Merle McOmbring-Hodges
Risk (Previously known as Audit & Risk)	3	5 – on a basis of how the appointment falls during the financial year	Bruce McKenzie Eduard Kok (by invitation) until 31 Jan 2015 Gavin Maneveldt (by invitation) from 01 Feb 2015 Mandla Mdludlu Marguerite Bond-Smith Paul Slack (initial meeting)
Marketing & Eco Tourism	4	5 – on a basis of how the appointment falls during the financial year	Edmund February Francois Hanekom Gavin Maneveldt Merle McOmbring-Hodges Mico Eaton

Table 22: Remuneration of board members

Name	Remuneration (Rands)	Other allowances	Other re- imbursements (Rands)	Total (Rands)
Prof F Hanekom	29 205		6 257	35 462
Prof G Maneveldt	45 591			45 591
Dr C Johnson	5 616		5 392	11 008
Dr E February	21 192			21 192
Dr B McKenzie	25 311			25 311
Ms F Du Bruyn	36 543		4 158	40 701
Mr E Kok	99 291		1 422	100 713
Mr M Eaton	38 490		5 920	44 410
Mr C Lotter	31 152			31 152
Adv M Mdludlu	31 152		2 532	33 684
Ms M McOmbring-Hodges	19 470			19 470
Mr D Nel	27 258		18 809	46 067
Total	410 271	0	44 490	454 761

5. RISK MANAGEMENT

Governance is defined as providing stakeholders assurance that organisational goals and objectives will be achieved in an effective, efficient and ethical manner. Risk Management, which is a component of governance, provides assurance that risks are being managed in such a manner that the organisational goals and objectives are achieved. Risk Management resides in the Office of the CEO, which ensures that the activities of the component are strategically driven and focused, and decision-making support is risk-based.

The Strategic Risk Profile informs the risk management activities and operational focus areas in the organisation. Independent oversight is provided by both the Audit and Risk Committees of the Board. During the period under review, a resolution was passed by the Board to separate the Audit and Risk Committee into two separate Board Committees. This resolution was passed to provide greater focus and attention on risk management by the Board. An independent member of the Audit Committee has been appointed as Chairperson of the Risk Committee with the Audit Committee continuing to perform its oversight role with respect to risk management and related matters. Progress reports are tabled on a quarterly basis at both Committees and focus on the identification, assessment and management of risks and the current status and implementation of risk mitigations. This process involves the verification of mitigations in consultation with relevant risk owners. Where weaknesses are identified, comments are included in reports which are tabled with both Committees. Board oversight is provided through the risk report which is tabled at quarterly Board meetings.

During the period under review, the organisation reviewed the Strategic Risk Profile. The review was conducted to coincide with the development of the 5-Year Strategic Plan (2015-2020). The review confirmed key elements of the previous assessment and elevated the needs of the organisation on ecosystem health and functioning, financial sustainability, the sustainable use of resources and the management of people, knowledge and information.

The key risks are summarised below:

RISK 1	REDUCED ECOSYSTEM HEALTH AND FUNCTIONING	HIGH
RISK 2	INABILITY TO PROTECT BIODIVERSITY	HIGH
RISK 3	LACK OF KNOWLEDGE MANAGEMENT	HIGH
RISK 4	INABILITY TO ADDRESS THE IMPACT OF WEATHER VARIABILITY AND CLIMATE CHANGE	HIGH
RISK 5	INCREASE IN ENVIRONMENTAL AND BIODIVERSITY CRIME	HIGH
RISK 6	LACK OF FINANCIAL SUSTAINABILITY	HIGH
RISK 7	REDUCED OPERATIONAL RESOURCES	HIGH
RISK 8	LACK OF ORGANISATIONAL HEALTH AND WELL-BEING	HIGH
RISK 9	INCREASED LEGAL VULNERABILITY	HIGH
RISK 10	INADEQUATE ICT SYSTEMS AND GOVERNANCE	HIGH

6. INTERNAL CONTROL UNIT

Treasury approved the organisation's request for funding to establish an Internal Control component. Funding (R3 million) will be received from 2015/16 and the unit will be established.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit function of CapeNature is outsourced to an external service provider, for a 3-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 under review, CapeNature utilised the services of two Internal Auditors following the termination of the Mazaars contract in October 2014. Ernst and Young (EY) was appointed and officially served as CapeNature's Internal Auditors from October 2014.

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;
- follow ups - follow up of the implementation of the audit matrix management action plans; and
- 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 and 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's Report and Management Letter; and
- add value to CapeNature's business by carrying out its oversight role and proposing ongoing improvements to internal control and risk management processes.



Table 23: Composition of the Audit Committee

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr Paul Slack	BComm (Hons) in Financial Management; CA (SA)	Internal	Independent Audit Committee member	20 January 2009	31 January 2015 (Mr Slack, however, still chaired 2 meetings up to 31 March 2015 due to there not being sufficient Independent members.)	3
Mr Christiaan (Tiaan) Snyman	CA (SA)	Internal	Independent Audit Committee member	01 April 2013	30 September 2014	1
Ms Marguerite Bond-Smith	BComm; Postgraduate Diploma in Tax; CA (SA); LLB; LLM	Internal	Independent Audit Committee member	01 April 2013	-	3
Mr Eduard Kok	CA (SA)	Internal	Board member	20 September 2010	31 January 2015	3
Mr Carl Lotter	-	Internal	Board member	01 December 2011	-	1
Adv Mandla Mdludlu	Bachelor of Laws (Bluris) Bachelor of Laws (LLB)	Internal	Board member	01 March 2013	-	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 2002 (King III), and has endeavoured to comply with the principles incorporated in the Code of Corporate Practices and Conduct.

9. FRAUD AND CORRUPTION

In creating an environment where the highest standards of governance and institutional values can be demonstrated and which will give direct effect to the Strategy, the Board has established a formalised system of governance that includes the establishment of formal Committees to assist the Board in fulfilling its fiduciary responsibilities. The establishment of risk management structures and operational capacity has further strengthened the Board's governance oversight. At an operational level, Management has recommended the development of standard operating procedures and guidelines to ensure organisational processes are consistently implemented and effectively monitored. This intervention will assess the effectiveness of the control environment and presents opportunities for system and process improvements.

CapeNature reviewed the Fraud Prevention and Detection Policy and Strategy that was previously approved. Through the review process the organisation condensed the provisions of the Policy and Strategy into the Fraud Prevention Policy, which was approved by the Board during the period under review. CapeNature's approach to fraud and corruption confirms its stance and support for a culture of zero tolerance in all its manifestations. The strategy 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. In addition to informing staff on the implementation of policies, procedures, induction and orientation, the entity has utilised formal meeting forums and actual risk assessment engagements to create further awareness. The organisation has recognised the need for structured fraud and corruption training to further support current internal processes. During the period under review, employees attended Anti-Corruption Training presented by the Provincial Forensic Services.

One of the key aspects of this strategy was to create a mechanism through which employees would be able to raise concerns responsibly where there were reasonable grounds to believe that fraud and corruption occurred. It is the responsibility of all employees to report all allegations or incidents of fraud and corruption to their immediate manager or next level of management immediately. Should any employee wish to report allegations of fraud anonymously, they can contact the Chief Risk Officer, any member of Executive Management, the Chief Executive Officer, Chairperson of the Board or alternatively the National Anti-Corruption toll free number at 0800 701 701.

All matters that are reported are screened and evaluated and are investigated internally and/or referred to any other advisory and support service at the entity's disposal, including Internal Audit, the Auditor-General, Provincial Forensic Services, formally the Forensic Investigative Unit (FIU), Public Protector and/or any other investigative agencies prescribed by law. Any fraud committed by an employee of CapeNature is thoroughly investigated to the full extent of the law, including consideration of disciplinary proceedings within a reasonable period of time after the incident, instituting recovery of financial losses, including formal civil action, initiating criminal prosecution and/or any other appropriate and legal remedy available.

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. Within the reporting period, 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 expose an employee to disciplinary proceedings.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The main purpose of the organisation's Occupational Health and Safety Component is to reduce the legal vulnerabilities through ensuring compliance with the provisions of:

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

During the period under review, 76 injuries occurred which resulted in an average of 3.95 working days lost per injury.

13. COMPANY /BOARD SECRETARY

Not applicable.

14. SOCIAL RESPONSIBILITY

As part of the Culture Team initiative, the organisation promotes social responsibility among staff as a way to connect with the communities we work in. Some of the initiatives for the period under review are listed below:

- CapeNature employees donated over R2 000 worth of care packages to the Salvation Army Carehaven shelter for abused women and children in Athlone on Nelson Mandela Day;
- Head Office and the Porterville Regional Office employees participated in the 2014 Santa Shoebox Project where gifts were donated to children from disadvantaged backgrounds; and
- the George Regional Office employees participated in a “CANSAs Relay for Life” event and raised over R7 000 for the cause.

15. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2015.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices as no material changes occurred in the year.

The Effectiveness of Internal Control

The Audit and Risk Committee’s review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the entity.

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

- Risk – Increase in Fire and Alien Infestation May 2014
- Risk Management Review July 2014

The term of the previous Internal Auditors came to an end during the period under review and the appointment of a new internal auditor was finalised. The new internal auditors concluded many interviews with user sections in the entity and the result of that was a comprehensive 3-year rolling plan for the internal audit function based, in addition, on the Risk Management Review they conducted.

The internal Audit Charter was reviewed and updated in the year.

The following were areas of concern:

- A continuing focus for the Audit Committee this year was the elimination of the problems which led to the audit qualification in prior years. The efforts appear to have paid dividends.
- Management continued to make progress in the collection of accounts receivable and this element of the finance is now under better control.
- The latest Risk Assessment conducted by Management reflected no areas of regression with a number of the risks reflecting an improved status:
 - The implementation of the ICT Strategy was started in the year and is rolling out at a satisfactory pace. Militating against this however, are budgetary constraints resulting in some of the key strategies being unattainable. Notable issues are: the implementation of a virtual private network (VPN).
 - Obtaining sufficient disk space for necessary storage.
- Last year the Audit and Risk Committee reported “some challenges have been experienced in obtaining timeous information to properly manage the performance of the entity”. Management has committed itself to establish procedures to generate performance information in a more “timely manner”. The Audit and Risk Committee can now report that during the year management embarked on an exercise to speed up the length of time it takes to finalise the financial information each month. Previously, monthly information was taking virtually the whole of the next month to prepare, which effectively rendered the information so prepared, near useless. Management need to be commended for bringing this down to a 3-day close period which has been sustained since implementation.
- The Chairperson of the Audit and Risk Committee was invited to attend Board meetings and address the Board directly on significant issues impacting on their fiduciary responsibilities.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

The Audit and Risk Committee have reviewed the annual financial statements prepared by the public entity.

Financial oversight

During the year management embarked on an exercise to speed up the length of time it takes to finalise the financial information each month. Previously, monthly information was taking virtually the whole of the next month to prepare, which effectively rendered the information so prepared near useless. Management needs to be commended for bringing this down to a 3-day close period which has been sustained since implementation.

Also during the year, it was decided that the risk portfolio is of sufficient significance as to merit its own oversight committee. The Risk Committee was formed in the year and reports through the Audit committee to the Board.

Policies adopted at the Audit committee for recommendation for approval by the Board were:

- the Fraud Prevention policy; and
- the Risk Management policy.

Auditor's Report

The Audit and Risk Committee has implemented a tracking and monitoring document entitled the "Audit Matrix" which is a standing item at every Audit Committee. 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 during the course of the year. These audit items stay on the Audit Matrix until Management resolves them. Removal from the matrix is done only once Internal Audit verifies that the reported actions have indeed taken place and that the new control is operating efficiently. In this way the Audit and Risk Committee satisfies itself that prompt and correct action is taken to review matters raised by the Auditors.

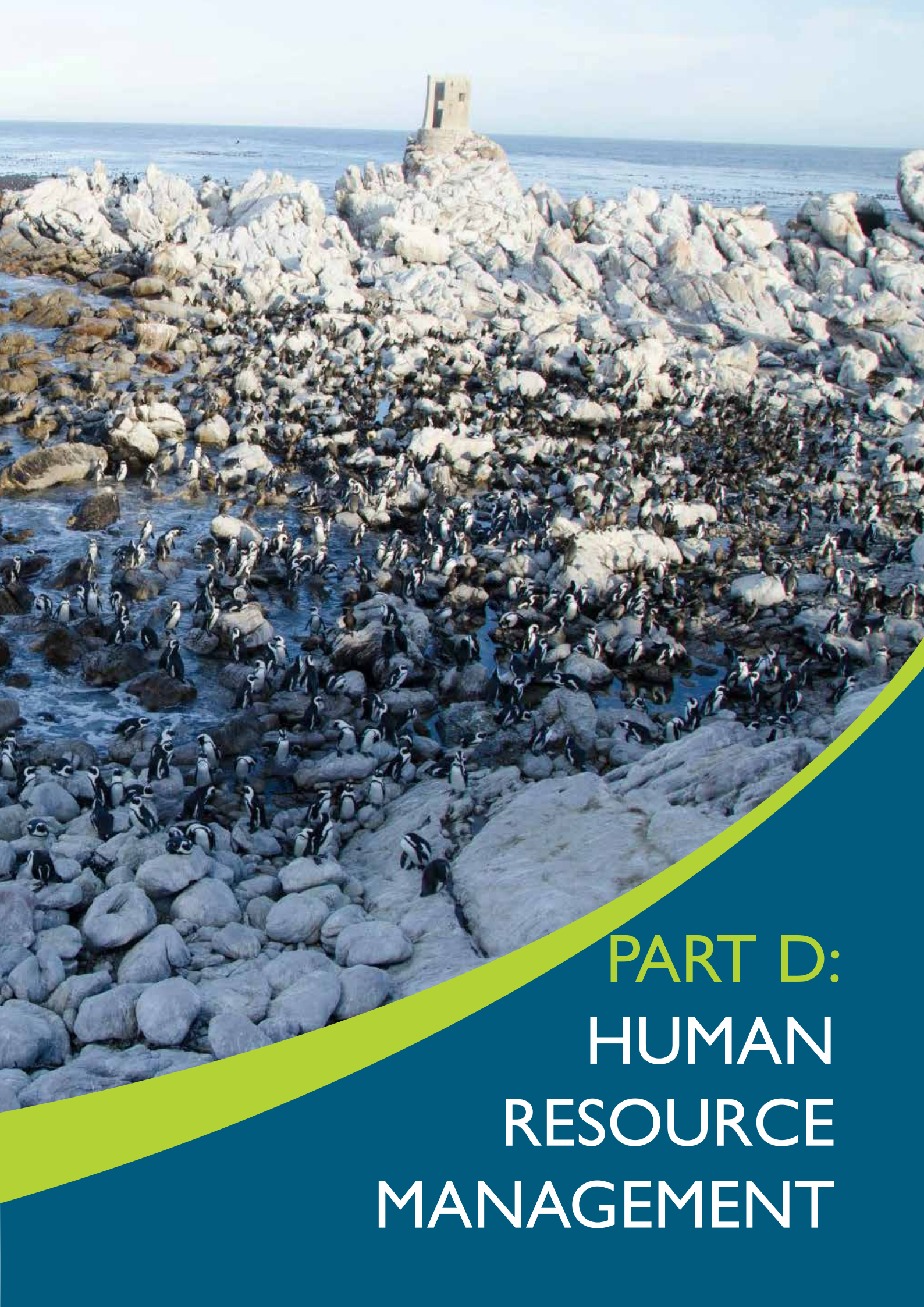
The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Mr Paul Slack
Chairperson of the Audit Committee
CapeNature
July 2015



Photo: Justin Lawrence



PART D:
HUMAN
RESOURCE
MANAGEMENT

I. INTRODUCTION

The key focus areas for the Human Resource Management Directorate during the year under review were to increase organisational well-being, develop a new 5-year Employment Equity Plan and realign the organisational structure to the CapeNature 5-year Strategic Plan. Significant progress has been made in meeting the targets set. The organisation has an approved new 5-year Employment Equity Plan and the organisational structure has been realigned and is being refined in a phased approach.

The Service Excellence Programme that was initiated during the year under review resulted in the drafting of the organisation's C.A.R.E. Values, which also represent the first two and the last two letters of the spelling of CapeNature to read "CApenatuRE". Our C.A.R.E. Values are Customer Service, Accountability, Respect, and Ethics. Employees are encouraged to nominate, on a quarterly basis, fellow employees who demonstrate these values.

The establishment of a Culture Team has ensured that well-being and charity initiatives are implemented throughout the organisation and has been met with enthusiastic participation by all employees. Two perception surveys were conducted to assess staff morale and the organisational culture.

The implementation and monitoring of the Human Capital Development Strategy has been key in ensuring that the correct training and development interventions were implemented; thus making a positive contribution towards the organisational culture. Training initiatives implemented during the period under review include, but are not limited to: Managing Workplace Discipline, Conflict Management, Sexual Harassment, Project Management, Supervisory Skills and Personal Mastery.

The Western Indian Ocean Marine Science Association (WIOMSA) training programme has been successfully implemented and saw three employees progress to Level 2. Further assessments have been planned in the ensuing financial year for all CapeNature Marine Rangers.

The Skills Development Levies Act, 1999 (Act No. 9 of 1999) specifies that 1% of the salary bill must be apportioned to capacitating/training staff. CapeNature has invested more than double this figure, utilising 2.3% of its budget for development purposes.

Furthermore, the realignment of the Conservation Management Directorate from an 8-Area Management model to a 3-Regional Model and the reprofiling, amalgamation and realignment of the People and Conservation Programme, which now reports into the Office of the CEO, was initiated during the year under review. Further realignment will be initiated in a phased approach in the ensuing financial year.

During the period under review, the entity abolished a number of vacancies, due to budget cuts, which resulted in the vacancy rate decreasing from 8% to 5%.

The decline in disciplinary matters from 100 (32 Board and 68 FTEs) to 49 (20 Board and 29 FTEs), can be attributed to line managers enforcing the prescripts of the human resources function in conjunction with additional support provided by dedicated human resource capacity.

The organisation conducts two performance appraisals per annum, the mid-term review being conducted in October and the final review conducted in April/May of the following year. A key fact in the performance management process is the lack of understanding of the implementation of the performance management process. To ensure consistent application of the process, the Human Resources Component will strengthen initiatives to ensure effective management of performance.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 24: Personnel Fixed Cost by programme⁴

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)
1	55 422	31 534	57%	129	0	244
2	22 446	19 106	85%	57	0	335
3	176 609	99 422	56%	319	460	128
4	25 359	8 311	33%	33	0	252
Total	279 835	158 373	57%	538	460	159

Table 25: 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	4 830	3%	5	0	966
Senior Management	22 803	14%	36	0	633
Professional qualified 9 - 10	42 522	27%	101	0	421
Skilled 6 - 8	36 655	23%	114	0	322
Semi-skilled 3 - 5	34 562	22%	222	0	156
Unskilled 1 - 2	17 001	11%	60	460	33
Total	158 373	100%	538	460	159

4. The figures reported under Part D refer to Fixed Costs.

Performance Rewards

No performance rewards.

Table 26: Training Costs

Directorate/ Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost
Office of the CEO	5 799	130	2.2%
Finance and Administration	17 336	389	2.2%
Human Resource Management	5 602	441	7.9%
Information Technology and Systems	2 797	0	0%
Biodiversity Support	19 106	31	0.2%
Conservation Management	99 422	2 527	2.5%
Tourism Marketing and Communication	8 311	71	0.9%
Total	158 373	3 589	2.3%

The total number of staff training in the 2014/2015 financial year amounted to 844.

More than 80% of staff were trained as a result of internal initiatives aimed at the entire organisation such as the C.A.R.E. workshops to launch the new values of the organisation and the recognition process linked to the values.

Due to partnerships concluded with providers such as the Commission for Conciliation, Mediation and Arbitration (CCMA) who provided training at a discounted rate, more of our staff could benefit from training.

Table 27: Employment and vacancies

Programme	2013/14 No. of Employees including FTEs	2014/15 Approved Posts Board only	2014/15 No. of Employees including Special Projects	2014/15 No. of FTEs	2014/15 Vacancies	% of vacancies
1	111	115	129	0	9	7.8%
2	53	76	57	0	2	2.6%
3	665	365	319	460	14	3.8%
4	32	25	33	0	5	20%
Total	861	581	538	460	30	5.2%

The vacancies in Programme 4 related to resignations during the period under review.

Table 28: Employment and vacancies

Programme	2013/14 No. of Employees including FTEs	2014/15 Approved Posts Board only	2014/15 No. of Employees including Special Projects	2014/15 No. of FTEs	2014/15 Vacancies	% of vacancies
Top Management 13+	5	6	5	0	1	16.7%
Senior Management 11-12	38	41	36	0	0	0%
Professional qualified 9-10	101	108	101	0	4	3.7%
Skilled 6-8	116	131	114	0	12	9.1%
Semi-skilled 3-5	235	248	222	0	11	4.4%
Unskilled 1-2	366	47	60	460	2	4.3%
Total	861	581	538	460	30	5.2%

Table 29: Employment changes

Salary Band	Employment at beginning of period 1/4/2014	Appointments	Appointment FTEs	Terminations	Terminations FTEs	Employment at end of the period
Top Management 13+	5	0	0	0	0	5
Senior Management 11-12	38	0	0	2	0	36
Professional qualified 9-10	101	3	0	3	0	101
Skilled 6-8	116	6	0	14	0	114
Semi-skilled 3-5	235	7	0	23	0	222
Unskilled 1-2	366	11	241	20	153	520
Total	861	27	241	62	153	998

Table 30: Reasons for staff leaving

Reason	Number	FTE	% of total no. of staff leaving
Death	0	1	0.4%
Resignation	32	54	39.8%
Dismissal	3	4	3.2%
Retirement	4	0	1.9%
Ill health	3	0	1.4%
Expiry of contract	20	91	51.4%
Other	0	4	1.9%
Total	62	154	100%

Table 31: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number	FTE
Verbal Warning	2	3
Written Warning	7	5
Final Written warning	8	17
Dismissal	3	4
Total	20	29

Certain disciplinary actions have resulted in eight cases being referred to the CCMA. Six cases have been successfully concluded with no adverse outcomes. One case has been settled and one case remains pending.

Table 32: 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	1	2	0	1	0	0	1	1	0	0
Senior Management	4	0	6	10	0	13	0	0	0	13	0	2
Professional qualified	10	0	14	14	0	30	0	0	2	32	0	4
Skilled	12	0	20	30	0	41	2	0	4	8	0	6
Semi-skilled	23	0	44	116	0	79	1	0	2	7	0	10
Unskilled 1-2	8	67	62	29	169	109	0	0	2	1	1	15
Total	57	67	147	201	169	273	3	0	11	62	1	37

Table 33: 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	0	1	0	1	0	0	1	1	0	1
Senior Management	1	0	7	4	0	13	1	0	1	3	0	2
Professional qualified	5	0	14	14	0	30	2	0	3	24	0	4
Skilled	11	0	20	28	0	41	1	0	4	22	0	6
Semi-skilled	12	0	43	50	0	79	0	0	3	13	0	11
Unskilled 1-2	13	66	61	8	156	109	0	0	3	1	1	15
Total	42	66	145	105	156	273	4	0	15	64	1	39

For the new 5-Year EE Plan (2015-2020) more emphasis will be placed on female appointments, employees with disabilities and especially EE representation at Senior to Top Management level.

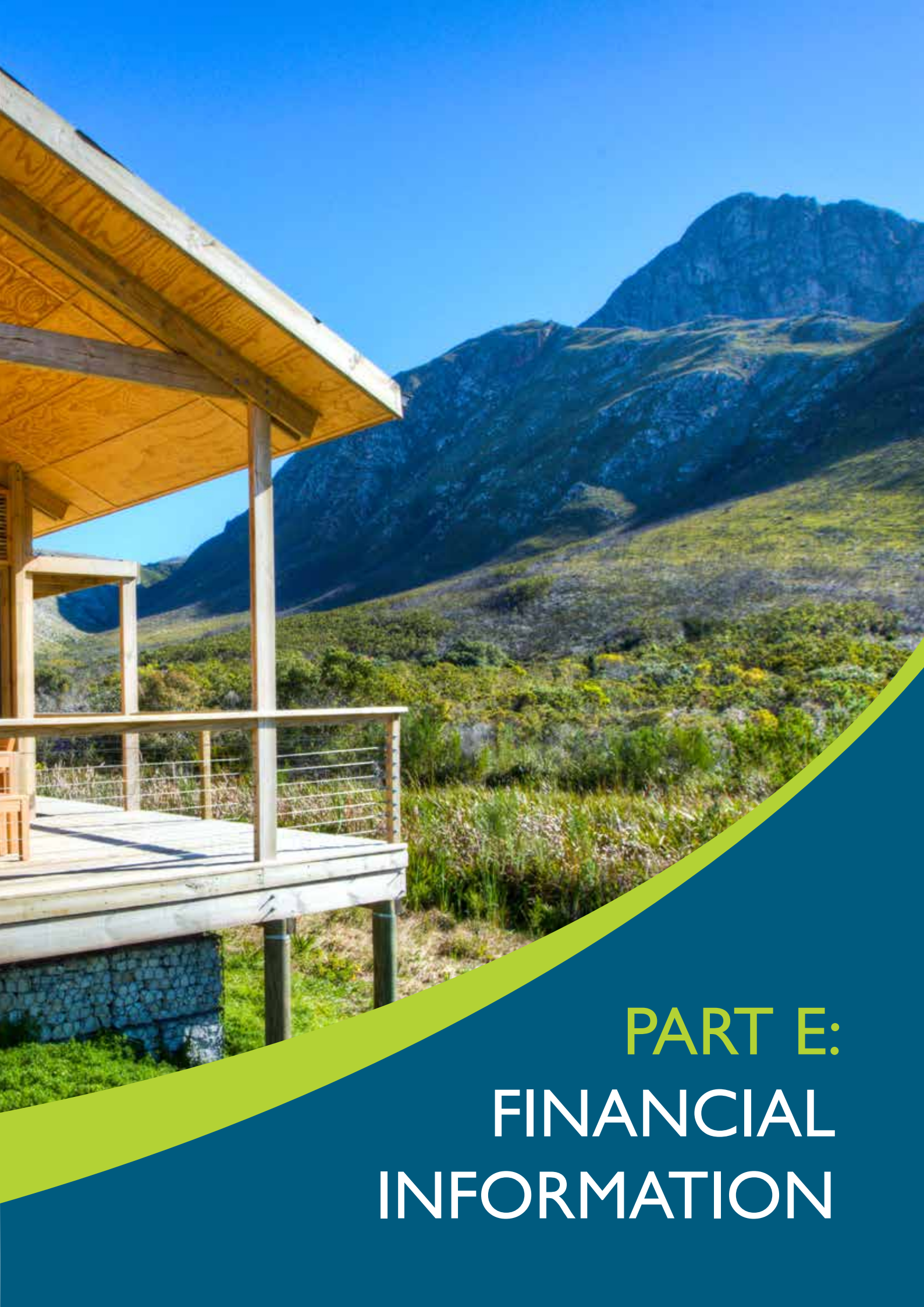
The EE statistics submitted to the Department of Labour is based on the period 1 October 2013 to 30 September 2014.

Table 34: Equity Target and Employment Equity (EE) Status (Disabled Staff)

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	0
Professional qualified	1	0	1	1	0	0
Skilled	1	0	1	2	0	1
Semi-skilled	3	0	2	3	0	1
Unskilled	0	4	2	0	1	2
Total	5	4	6	7	1	4



Photo: Scott N. Ramsay



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 financial statements

Introduction

1. I have audited the financial statements of the Western Cape Nature Conservation Board set out on pages 98 to 136 which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion the financial statements present fairly, in all material respects, the financial position of the Western Cape Nature Conservation Board as at 31 March 2015 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 24 to the financial statements, the Western Cape Nature Conservation Board is a defendant in legal claims which are disclosed as contingent liabilities amounting to R52 181 774. The ultimate outcome of these five cases cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material underspending of the budget

9. The entity has materially underspent on its capital budget to the amount of R5 439 811 (21%).

Report on other legal and regulatory requirements

In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2015:

- Programme 2: Biodiversity support on pages 43 to 46
- Programme 3: Conservation Management on pages 47 to 51

11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matter

15. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

16. Refer to the annual performance report on pages 40-53 for information on the achievement of the planned targets for the year.

Compliance with legislation

17. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor General
2

Cape Town
29 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2015

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Member	Prof. G Maneveldt
Business address	PGWC Shared Service Centre Cnr Bosduif & Volstruis streets Bridgetown 7764
Postal address	Private Bag X29 Gatesville 7766
Bankers	Nedbank
Auditors	Auditor-General

Western Cape Nature Conservation Board
Trading as CapeNature

Annual Financial Statements for the year ended 31 March 2015

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).

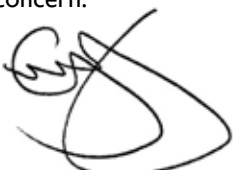
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 cash flow forecast for the 12 months to 31 March 2016 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 entity is wholly dependent on the Western Cape Department of Environmental Affairs and Development Planning for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern.



Prof. G Maneveldt
Chairperson of the Board

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2015

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Inventories	7	3 156 083	2 119 389
Trade and other receivables from exchange transactions	8	6 465 082	3 052 844
Trade receivables from non-exchange transactions	8	510 134	8 050 794
Cash and cash equivalents	9	95 644 922	77 229 140
		105 776 221	90 452 167
Non-Current Assets			
Property, plant and equipment	4	99 781 578	83 994 779
Intangible assets	5	7 717 929	6 709 655
		107 499 507	90 704 434
		213 275 728	181 156 601
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	13	26 775 541	22 218 930
Trade payables from non-exchange transactions	13	8 394 710	8 472 144
Unspent conditional grants and receipts	11	9 256 730	22 148 482
Finance lease obligations	12	2 197 837	1 934 421
		46 624 818	54 773 977
Non-Current Liabilities			
Employee benefit obligation	6	5 350 000	4 869 000
Unspent conditional grants and receipts	11	23 073 557	10 708 564
Finance lease obligations	12	31 757 401	29 790 223
		60 180 958	45 367 787
		106 805 776	100 141 764
Net Assets			
		106 469 952	81 014 837
Net Assets			
Revaluation reserve	10	17 542 302	16 181 728
Accumulated surplus		88 927 650	64 833 109
		106 469 952	81 014 837

*Refer to Note 27

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2015

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Tourism	15	24 499 121	19 760 931
Licences and permits		2 482 108	3 142 433
Other Income	16	4 275 628	4 368 881
Interest received	17	4 714 819	3 196 534
Total revenue from exchange transactions		35 971 676	30 468 779
Revenue from non-exchange transactions			
Transfer revenue			
Grants, donations and project funds	18	22 266 715	38 029 788
Monetary government grants received	18	245 226 551	221 527 827
Total revenue from non-exchange transactions		267 493 266	259 557 615
Total revenue		303 464 942	290 026 394
Expenditure			
Employee Costs	20	(165 389 082)	(152 993 115)
Depreciation and Amortisation		(11 240 359)	(10 859 915)
Impairment on property, plant and equipment		(178 816)	-
Finance costs	21	(9 263 363)	(8 953 549)
Debt impairment		(598 600)	(215 536)
Repairs and Maintenance		(1 652 165)	(3 314 848)
Contractors		(14 916 711)	(27 668 394)
Administrative expenses		(15 943 060)	(17 117 122)
Stores and Livestock		(13 621 774)	(10 384 235)
Transport and Travel		(20 263 932)	(20 117 232)
Professional and Special Services		(12 783 000)	(14 669 206)
Management Fees and Other Services		(10 393 775)	(7 220 408)
Training		(3 589 820)	(5 402 205)
Total expenditure		(279 834 457)	(278 915 765)
Operating surplus	19	23 630 485	11 110 629
Gain on disposal of assets and liabilities		464 848	915 540
Loss on exchange differences		(792)	(4 098)
Surplus for the year		24 094 541	12 022 071

*Refer to Note 27

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2015

STATEMENT OF CHANGES IN NET ASSET

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	20 981 183	52 125 758	73 106 941
Adjustments			
Prior year adjustments Note 27	-	685 280	685 280
Balance at 01 April 2013 as restated*	20 981 183	52 811 038	73 792 221
Changes in net assets			
Revaluations	(4 799 455)	-	(4 799 455)
Net income (losses) recognised directly in net assets	(4 799 455)	-	(4 799 455)
Surplus for the year	-	12 022 071	12 022 071
Total recognised income and expenses for the year	(4 799 455)	12 022 071	7 222 616
Total changes	(4 799 455)	12 022 071	7 222 616
Balance at 01 April 2014	16 181 728	64 833 109	81 014 837
Changes in net assets			
Revaluations	1 360 574	-	1 360 574
Net income (losses) recognised directly in net assets	1 360 574	-	1 360 574
Surplus for the year	-	24 094 541	24 094 541
Total recognised income and expenses for the year	1 360 574	24 094 541	25 455 115
Total changes	1 360 574	24 094 541	25 455 115
Balance at 31 March 2015	17 542 302	88 927 650	106 469 952
Note(s)	10		

*Refer to Note 27

Western Cape Nature Conservation Board
Trading as CapeNature
Annual Financial Statements for the year ended 31 March 2015

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Grants, project funds and tourism revenue		302 878 544	281 170 495
Interest income		4 714 819	3 196 534
		307 593 363	284 367 029
Payments			
Employee costs		(166 036 122)	(152 898 822)
Suppliers		(89 719 864)	(100 943 034)
Finance costs		(10 649)	(66 305)
		(255 766 635)	(253 908 161)
Net cash flows from operating activities	22	51 826 728	30 458 868
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(23 939 985)	(12 758 730)
Proceeds from sale of property, plant and equipment	4	1 415 962	2 255 999
Transfers Property, plant and equipment	4	(1 885 190)	(1 431 310)
Purchase of intangible assets	5	(1 979 613)	(13 110)
Net cash flows from investing activities		(26 388 826)	(11 947 151)
Cash flows from financing activities			
Additional finance lease		2 230 594	2 165 931
Finance lease payments		(9 252 714)	(8 887 244)
Net cash flows from financing activities		(7 022 120)	(6 721 313)
Net increase in cash and cash equivalents		18 415 782	11 790 404
Cash and cash equivalents at the beginning of the year		77 229 140	65 438 736
Cash and cash equivalents at the end of the year	9	95 644 922	77 229 140

*Refer to Note 27

Western Cape Nature Conservation Board

Trading as CapeNature

Annual Financial Statements for the year ended 31 March 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Tourism	19 634 282	26 908	19 661 190	24 499 121	4 837 931	32
Licences and permits	1 630 700	(700)	1 630 000	2 482 108	852 108	32
Other Income	4 335 449	5 471 361	9 806 810	4 275 628	(5 531 182)	32
Interest received	2 200 000	-	2 200 000	4 714 819	2 514 819	32
Total revenue from exchange transactions	27 800 431	5 497 569	33 298 000	35 971 676	2 673 676	
Revenue from non-exchange transactions						
Transfer revenue						
Grants, donations and project funds	17 525 005	22 183 756	39 708 761	22 266 715	(17 442 046)	32
Monetary government grants received	230 203 000	15 892 000	246 095 000	245 226 551	(868 449)	32
Total revenue from non-exchange transactions	247 728 005	38 075 756	285 803 761	267 493 266	(18 310 495)	
Total revenue	275 528 436	43 573 325	319 101 761	303 464 942	(15 636 819)	
Expenditure						
Employee Costs	(167 267 954)	(117 257)	(167 385 211)	(165 389 082)	1 996 129	32
Management Fee	(1 879 578)	(13 119)	(1 892 697)	(1 962 393)	(69 696)	32
Depreciation and Amortisation	-	-	-	(11 240 359)	(11 240 359)	32
Impairment on property, plant and equipment	-	-	-	(178 816)	(178 816)	
Finance costs	-	-	-	(9 263 363)	(9 263 363)	32
Bad debts written off	-	-	-	(598 600)	(598 600)	32
Repairs and Maintenance	(2 391 123)	(499 680)	(2 890 803)	(1 652 165)	1 238 638	
Contractors	(9 922 750)	(15 654 023)	(25 576 773)	(14 916 711)	10 660 062	32
Stores and Livestock	(12 473 906)	(4 316 607)	(16 790 513)	(13 621 774)	3 168 739	
Administrative expenses	(17 448 339)	(381 278)	(17 829 617)	(15 943 060)	1 886 557	32
Professional and Special Services	(9 303 443)	(3 982 157)	(13 285 600)	(12 783 000)	502 600	
Other services	(6 592 823)	(4 439 340)	(11 032 163)	(8 431 382)	2 600 781	32
Training	(4 242 728)	(1 362 150)	(5 604 878)	(3 589 820)	2 015 058	32
Transport and Travel	(26 560 370)	(4 161 769)	(30 722 139)	(20 263 932)	10 458 207	
Total expenditure	(258 083 014)	(34 927 380)	(293 010 394)	(279 834 457)	13 175 937	
Operating surplus	17 445 422	8 645 945	26 091 367	23 630 485	(2 460 882)	
Gain on disposal of assets	-	-	-	464 848	464 848	
Loss on foreign exchange	-	(1 600)	(1 600)	(792)	808	
	-	(1 600)	(1 600)	464 056	465 656	
Surplus	17 445 422	8 644 345	26 089 767	24 094 541	(1 995 226)	

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I. Presentation of Annual Financial Statements

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

I.1 Significant judgements and sources of estimation uncertainty

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

Impairment of Trade receivables

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

Post retirement benefits

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

I.2 Biological assets

The entity shall recognise a biological asset 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 associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

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1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment 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.

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as the owned assets or, where appropriate, the term of the relevant lease, and are recognised in the statement of the financial performance.

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ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

The actual useful lives of the motor vehicles are assessed annually based on the condition of the vehicles and the replacement policy of the entity.

A change in useful life or residual value is accounted for as a change in accounting estimate, thus the depreciation for the current year and future years are restated.

Gains and losses on the disposal of motor vehicles are recognised in the statement of the financial performance once they accrue to the entity.

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	2-6 years
Motor vehicles and Boats	4-6 years
IT equipment	2-3 years
Motor Vehicles under finance lease	15 years
Communication equipment	2 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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 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.

In assessing the remaining useful lives and residual values of property, plant and equipment, management have made judgements based on historical evidence as well as the current condition of the property, plant and equipment under its control.

1.4 Intangible assets

An asset is identifiable if it:

- 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.

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.

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ACCOUNTING POLICIES

1.4 Intangible assets (continued)

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

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

1.5 Financial instruments

Classification

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

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

Initial recognition and measurement

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial 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. Financial instruments are measured initially at fair value.

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.

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1.5 Financial instruments (continued)

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 loans and receivables.

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 fair value.

1.6 Taxation

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

1.7 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.

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ACCOUNTING POLICIES

1.7 Leases (continued)

Finance leases - lessee

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

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

Operating leases - lessee

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

1.8 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.

1.9 Impairment of cash-generating assets

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

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ACCOUNTING POLICIES

1.9 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

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

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.

1.10 Impairment of non-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.

1.11 Western Cape Nature Conservation Fund

CapeNature will apply to retain cash surplus in line with section 53(3) of the Public Finance Management Act, 1999 (Act No.1 of 1999), where applicable.

1.12 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.

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ACCOUNTING POLICIES

1.12 Employee benefits (continued)

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.

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.

1.13 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.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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ACCOUNTING POLICIES

1.14 Revenue from exchange transactions (continued)

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

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

Interest and royalties

Revenue arising from the use by others of entity assets yielding interest and royalties is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

1.15 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.

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.

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ACCOUNTING POLICIES

1.15 Revenue from non-exchange transactions (continued)

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

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

Services in-kind are not recognised and measured but disclosed as related party transactions in the notes.

Recognition

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

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

Measurement

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

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

Grants, Donations and Project funds

Funding by way of special project grants are disclosed under liabilities as unspent conditional grants and receipts. The liability is transferred to revenue when the conditions attached to the grants, donations and project funds are met. Grants, donations or project funds that are not subject to any conditions are recognised as revenue.

Interest earned on investment of grants, donations and project funds received is treated in accordance with the stipulations set out in the respective agreements.

1.16 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

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

1.17 Comparative figures

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year.

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

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ACCOUNTING POLICIES

1.18 Irregular, Fruitless and wasteful expenditure (continued)

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.

1.19 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2014 to 31 March 2015.

1.20 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.

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Western Cape Nature Conservation Board

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2015 or later periods:

GRAP 18 Segment reporting

This standard requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to the management of this entity. This standard does not yet have an effective date.

GRAP 20 Related party disclosure

The objective of this standard is to ensure that a reporting entity's financial statements contain the 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 statement will be minimal.

GRAP 105 Transfer of functions between entities under common control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. 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).

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.

However, the organisation has 13 horses that were acquired for no consideration which are utilised in operational activities and the fair value of these assets amounts to R51,400 and are deemed to be immaterial.

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Figures in Rand

2015

2014

Restated*

4. Property, plant and equipment

	2015			2014 Restated*		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	7 000 000	-	7 000 000	6 450 000	-	6 450 000
Buildings	11 571 997	(1 207 997)	10 364 000	10 761 424	(981 424)	9 780 000
Plant and machinery	3 797 645	(2 325 232)	1 472 413	3 599 819	(2 113 268)	1 486 551
Furniture and fixtures	44 360 706	(19 572 265)	24 788 441	36 055 548	(15 871 450)	20 184 098
Motor vehicles and boats	7 047 732	(4 220 847)	2 826 885	5 306 779	(3 327 780)	1 978 999
IT equipment	11 612 740	(8 154 445)	3 458 295	9 585 051	(6 859 432)	2 725 619
Infrastructure	22 371 430	-	22 371 430	15 367 622	-	15 367 622
Motor Vehicles under finance leases	34 920 460	(7 642 124)	27 278 336	32 559 420	(7 053 653)	25 505 767
Communication equipment	1 153 287	(931 509)	221 778	1 407 659	(891 536)	516 123
Total	143 835 997	(44 054 419)	99 781 578	121 093 322	(37 098 543)	83 994 779

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening carrying value	Additions	Disposals	Revaluations/Impairments	Transfers	Depreciation	Impairment loss	Total
Land	6 450 000	-	-	550 000	-	-	-	7 000 000
Buildings	9 780 000	-	-	810 574	-	(226 574)	-	10 364 000
Plant and machinery	1 486 551	577 674	(58 547)	-	-	(533 265)	-	1 472 413
Furniture and fixtures	20 184 098	6 896 108	(43 838)	-	1 756 103	(4 004 030)	-	24 788 441
Motor vehicles and boats	1 978 999	1 753 407	-	-	-	(905 521)	-	2 826 885
IT equipment	2 725 619	2 412 081	(1 132)	-	1 904	(1 680 177)	-	3 458 295
Infrastructure	15 367 622	8 761 815	-	-	(1 758 007)	-	-	22 371 430
Motor Vehicles under finance leases	25 505 767	3 443 942	(842 630)	-	885 190	(2 535 117)	(178 816)	27 278 336
Communication equipment	516 123	94 958	(4 967)	-	-	(384 336)	-	221 778
Total	83 994 779	23 939 985	(951 114)	1 360 574	1 885 190	(10 269 020)	(178 816)	99 781 578

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014 (Restated)

	Opening carrying value	Additions	Disposals	Revaluations/ Impairments	Transfers	Depreciation	Total
Land	11 900 000	-	-	(5 450 000)	-	-	6 450 000
Buildings	9 341 250	-	-	650 545	-	(211 795)	9 780 000
Plant and machinery	1 584 877	378 267	(6 658)	-	8 133	(478 068)	1 486 551
Furniture and fixtures	22 859 441	1 280 352	(105 451)	-	34 256	(3 884 500)	20 184 098
Motor vehicles and boats	2 649 909	248 921	-	-	4 519	(924 350)	1 978 999
IT equipment	3 127 223	1 218 437	(29 737)	-	2 509	(1 592 813)	2 725 619
Infrastructure	9 750 309	5 666 730	-	-	(49 417)	-	15 367 622
Motor Vehicles under finance leases	24 210 218	3 246 284	(1 121 332)	-	1 431 310	(2 260 713)	25 505 767
Communication equipment	407 492	719 739	(77 281)	-	-	(533 827)	516 123
Total	85 830 719	12 758 730	(1 340 459)	(4 799 455)	1 431 310	(9 886 066)	83 994 779

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014 Restated*
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4. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was 31 March 2015. Revaluations were performed by independent valuers:

- (1) John du Toit, Seeff Properties, a member of the Estate Agency Affairs Board
- (2) Anton W Roodt (ACIS,AIBS, FICB (SA), MIVSA of Anton Roodt and Associates, Professional Valuer
- (3) Richard van Reenen Barry, Barry & Mouton, a member of the Estate Agency Affairs Board
- (4) Helene de Villiers, Strandloper Properties, Professional Valuer
- (5) Polla van Wyk, Seeff Properties, a member of the Estate Agency Board

The above valuers are not connected to the entity. Land and buildings are revalued every year in March.

These assumptions were based on current market conditions.

The main events and circumstances that led to the recognition of these impairment losses were based on current replacement costs and is also due to the weak market conditions. The cost value of the revalued assets under the cost model would be:

Land	7 000 000	6 450 000
Buildings	11 571 997	10 761 424

CapeNature rents a range of vehicles from the Government Motor Transport Department. At 31 March 2015, CapeNature rented 157 (2014: 159) vehicles. This arrangement is disclosed in note 25 (related parties).

5. Intangible assets

	2015			2014 Restated*		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	12 285 512	(4 567 583)	7 717 929	10 327 737	(3 618 082)	6 709 655

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	6 709 655	1 979 613	(971 339)	7 717 929

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	7 670 394	13 110	(973 849)	6 709 655

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6. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

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

Opening balance	4 869 000	5 797 000
Net expense recognised in the statement of financial performance	481 000	(928 000)
	5 350 000	4 869 000

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

Current service cost	65 000	87 000
Interest cost	422 000	432 000
Actuarial (gains) losses	265 752	(1 285 774)
Expected benefits paid on behalf of CapeNature	(219 024)	(109 512)
Actual benefits paid by CapeNature	(52 728)	(51 714)
Total included in employee related costs (Note 20)	481 000	(928 000)

Key assumptions used

Assumptions used in the last valuation 31 March 2015:

Retirement Age	60	60
Discount rates used	8.27 %	8.89 %

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. This stems from the assumption that the maximum subsidy payment of R1,014 per month will remain in rand terms for the lifetime of the employees and pensioners.

90% of the employee members are assumed to be married at retirement (or on death-in-service) with no dependant children.

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.

All employees are assumed to continue their medical scheme membership after retirement.

A discount rate of 8.27% has been used to place a present value on future subsidy payments. The rate used reflects the yields used on long term government bonds.

Number of members included as active members	42	43
Number of members included as pensioners	23	23
	65	66

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6. Employee benefit obligations (continued)

Defined contribution plan

Pension benefits

Former Department of Environmental Affairs 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 Act 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. Existing permanent employees were given the option to join which expires 31 July 2015.

As at March 2015, the entity employed 998 staff of which 469 are permanent employees. 142 are members of the Government Employees Pension Fund and 59 are members of the Old Mutual Super Pension Fund. The remaining members are responsible for their own retirement benefit planning.

The amount recognised as an expense for defined contribution plans is (refer note 20)	4 839 073	3 674 345
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7. Inventories

Uniforms, rations and other merchandise	2 061 771	1 194 257
Fuel	240 588	200 274
Chemical stores	853 724	724 858
	3 156 083	2 119 389

7.1 Additional Financial information

Inventories recognised as an expense	6 722 410	5 668 055
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7.2 Non-financial Information

Ivory and other confiscated stocks are not capitalised as there is no legal trading market. As at 31 March 2015 the Board held 10,069 kg (March 2014: 10,057 kg) of confiscated ivory and other stock.

8. Trade and other receivables

From exchange transactions

Trade debtors from exchange transactions	2 344 296	1 990 112
Employee costs in advance from exchange transactions	186 441	7 352
Other receivables from exchange transactions	3 934 345	1 055 380
Trade and other receivables from exchange transactions	6 465 082	3 052 844

From non-exchange transactions

Trade debtors from non-exchange transactions	510 134	8 050 794
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Other receivables includes prepaid expenses and accrued income. March 2015 interest income, R499,814, was only received in April 2015 hence the increase in accrued income. Prepaid expenses included an amount of R3,067,139 for Microsoft licences purchased, relating to the period April 2015 to March 2016.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014 Restated*
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8. Trade and other receivables (continued)

Analysis of total trade and other receivables' ageing in days

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

The ageing of the amounts are as follows:-

Current	5 273 420	889 015
30 days	68 932	41 442
60 days	237 755	361 497
90 days plus	1 566 778	2 046 611
From exchange transactions	7 146 885	3 338 565
Current	469 332	7 019 511
30 days	40 802	1 025 662
60 days	-	-
90 days plus	-	5 621
From non-exchange transactions	510 134	8 050 794
Trade and other receivables from exchange and non exchange transactions	7 657 019	11 389 359
Allowance for impairment of trade and other receivables	(681 803)	(285 721)
Total trade and other receivables	6 975 216	11 103 638

Reconciliation of allowance for impairment of trade and other receivables

Opening balance	(285 721)	(450 762)
(Increase)/decrease in allowance recognised in surplus for impairment	(490 600)	(215 536)
Amounts written off as uncollectible	94 518	380 577
Closing Balance	(681 803)	(285 721)

The average credit period on exchange revenue is 30 days. No interest is charged on trade receivables for amounts outstanding longer than the period.

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.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	229 010	211 351
Bank balances	95 415 912	77 017 789
	95 644 922	77 229 140

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014 Restated*
10. Revaluation reserve		
Opening balance	16 181 728	20 981 183
Revaluation during the year (refer note 4)	1 360 574	(4 799 455)
	17 542 302	16 181 728

The revalued amount relates to the current fair value of land and buildings at Kogelberg, Stilbay, Uitvlugt, Vrolijkheid and Grootvadersbosch.

11. Unspent conditional grants and receipts

Year to date movement

Balance at the beginning of the year	32 857 046	17 018 500
Additional funds received during the year	66 930 563	88 439 897
Income recognition during the year	(67 457 322)	(72 601 351)
	32 330 287	32 857 046
Non-current liabilities	23 073 557	10 708 564
Current liabilities	9 256 730	22 148 482
	32 330 287	32 857 046

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.

12. Finance lease obligations

Finance lease liabilities	33 955 238	31 724 644
Less: Current portion transferred to current finance lease liabilities	(2 197 837)	(1 934 421)
Total long-term liabilities	31 757 401	29 790 223

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.

Obligations under finance lease liabilities

CapeNature as Lessee:

(a) Finance leases relate to permanently allocated vehicles with lease terms between 5 to 19 years. The effective annual interest rate on new vehicles purchased and permanently allocated to CapeNature during the year under review is between 24% and 35%. Ownership of the leased vehicle is transferred to Government Motor Transport at the conclusion of the lease agreements.

(b) The entity leases cellphones on fixed term contracts. The leases were classified as finance leases because all the risks and rewards of ownership have substantially been transferred to the entity. The average term of these cellphone contracts is two years. As at 31 March 2015 the finance lease liability amounts to R221,639 (March 2014: R515,932).

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Figures in Rand	2015	2014 Restated*
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12. Finance lease obligations (continued)

The obligations under finance leases liabilities are as follows:

Amounts payable under finance leases	Minimum lease payments		Present value of minimum lease payments	
	March 2015	March 2014	March 2015	March 2014
Within one year	11 360 368	10 984 362	2 197 837	1 934 421
In the second to fifth years	50 422 399	46 008 273	25 989 825	18 835 583
Over five years	7 198 408	13 360 299	5 767 576	10 954 640
Less: Future finance obligations	(35 025 937)	(38 628 290)	-	-
Present value of minimum lease payments	33 955 238	31 724 644	33 955 238	31 724 644

13. Trade and other payables

From exchange transactions

Trade payables from exchange transactions	18 685 998	13 972 623
Income received in advance from exchange transactions	7 961 274	5 700 452
Sundry payables from exchange transactions	128 269	2 545 855
	26 775 541	22 218 930

From non-exchange transactions

Employment leave entitlement from non-exchange transactions	6 670 746	6 756 267
13th cheque cash portion from non-exchange transactions	1 723 964	1 715 877
	8 394 710	8 472 144

Interest is charged on trade payables. CapeNature has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Income received in advance mainly consists of tourism accommodation and trail deposits.

14. Categories of financial instruments

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

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14. Categories of financial instruments (continued)

March 2015

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	6 465 082	6 465 082
Receivables from non-exchange transactions	510 134	510 134
Cash and cash equivalents	95 644 922	95 644 922
	102 620 138	102 620 138

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	18 814 267	18 814 267
Trade and other payables from non-exchange transactions	8 394 710	8 394 710
Finance lease obligations	33 955 238	33 955 238
	61 164 215	61 164 215

March 2014

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	3 052 844	3 052 844
Receivables from non-exchange transactions	8 050 794	8 050 794
Cash and cash equivalents	77 229 140	77 229 140
	88 332 778	88 332 778

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	16 518 478	16 518 478
Trade and other payables from non-exchange transactions	8 472 144	8 472 144
Finance lease obligations	31 724 644	31 724 644
	56 715 266	56 715 266

15. Tourism

Accommodation	10 232 791	7 138 171
Entrance fees, hiking and activities	11 518 899	10 143 099
Wildcard Sales	1 510 483	1 131 794
PPP Business Income	667 814	633 600
Filming Fees	569 134	714 267
	24 499 121	19 760 931

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

Western Cape Nature Conservation Board

Trading as CapeNature

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Figures in Rand	2015	2014 Restated*
16. Other income		
Management fees	1 960 353	2 851 256
Insurance recoveries	221 478	268 377
Staff and private accommodation	709 960	745 040
Fines	907 375	96 200
Game - Sales	-	196 000
Services rendered	900	165 633
Sundry income	475 562	46 375
	4 275 628	4 368 881
17. Investment revenue		
Interest revenue		
Bank interest	4 714 819	3 196 534
18. Revenue from non-exchange transactions		
Grants, donations and project funds		
Donations	8 247	30 096
Project grants	15 060 725	10 334 895
Department of Environmental Affairs (Natural Resource Management)	7 197 743	27 664 797
	22 266 715	38 029 788
Monetary government grants received		
Transfer payments - Initial	143 225 000	144 914 480
Transfer payments - Additional	102 001 551	76 613 347
	245 226 551	221 527 827
19. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
(Profit)/Loss on sale of property, plant and equipment	(464 848)	(915 540)
Impairment on property, plant and equipment	178 816	-
Loss on exchange differences	792	4 098
Amortisation on intangible assets	971 339	973 849
Depreciation on property, plant and equipment	10 269 020	9 886 066
Employee related costs	165 389 082	152 993 115
Audit fees - External	2 815 021	3 822 408
Professional and special services	9 967 979	10 876 798
Contractor costs	14 916 711	27 668 394
20. Employee related costs		
Salaries and wages	160 154 531	149 786 569
Leave pay accrual	(85 522)	460 201
Post-retirement medical benefit	481 000	(928 000)
Post-employment pension benefits	4 839 073	3 674 345
	165 389 082	152 993 115

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Figures in Rand	2015	2014 Restated*
21. Finance costs		
Interest charged	10 649	66 305
Finance costs on leases	9 252 714	8 887 244
	9 263 363	8 953 549
22. Cash generated from operations		
Surplus	24 094 541	12 022 071
Adjustments for:		
Depreciation and amortisation	11 240 359	10 859 915
(Gain)/Loss on sale of assets and liabilities	(464 848)	(915 540)
Finance costs - Finance leases	9 252 714	8 887 244
Impairment	178 816	-
Movements in retirement benefit assets and liabilities	481 000	(928 000)
Changes in working capital:		
Inventories	(1 036 694)	526 971
Trade and other receivables	4 128 422	(5 686 793)
Trade & other payables	4 479 177	(9 487 290)
Unspent conditional grants and receipts	(526 759)	15 180 290
	51 826 728	30 458 868
23. Commitments		
23.1. Authorised capital expenditure		
Approved and contracted		
The following capital commitments will be financed through operating cash flows		
• Appointed to construct planned developments at Noetsie, De Hoop Nature Reserve	-	3 648 246
• Design and supply of signage	-	415 701
• Supply and delivery of Izuzu bakkie	-	434 570
	-	4 498 517
23.2. Authorized operational expenditure		
• Cleaning, laundry and portorage services at the Whale Trail (3 years)	-	2 688 449
• Veterinarian services for Baboon Management (2 years)	-	360 000
Subtotal	-	3 048 449

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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23. Commitments (continued)

23.3 Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 212 549	1 096 518
- in second to fifth year inclusive	66 712	2 356 256
Subtotal	1 279 261	3 452 774

Photocopy machine leases are negotiated for an average term of three years and the rentals are fixed for the duration of the lease term.

The lease agreement between URAD Technologies and CapeNature is for subscription fees for the ResByWeb software for the Central Reservation System and Permit Suite. The contract commenced 1 October 2012 and expires on 30 September 2015.

Grand Total	1 279 261	10 999 740
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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 Estate vs CapeNature	9 000 000	9 000 000
MTO and Cape Sawmills vs CapeNature	33 616 497	33 616 497
MTO vs CapeNature	7 836 472	19 500 000
Heymann JJ vs CapeNature	-	25 000
October M and October R vs CapeNature	1 400 000	1 400 000
Van Reenen N vs CapeNature	-	100 000
Meyer K vs CapeNature	-	6 092
Kruger HJJ vs CapeNature	328 805	-
	52 181 774	63 647 589

The case of Lourensford Estate vs CapeNature is in respect of fire damage in Jonkershoek - 4 February 2009.

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

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24. Contingencies (continued)		
Contingent assets		
CapeNature vs Stellenbosch Municipality	706 557	706 557
CapeNature vs Grootwinterhoek Wilderness Area	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 Grootwinterhoek Wilderness Area 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.

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. In the ordinary course of business, the Board enters into various sales and purchase transactions on an arm's length basis at market rates with other state controlled entities.

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 had 10 land management agreements in the prior year with World Wildlife Fund South Africa for purpose of conservation. During the current year, 3 of these agreements were cancelled and replaced with a single Notarial agreement, totalling to 7 agreements. CapeNature is exempted from paying lease payments for all of these agreements.

Government Motor Transport (GMT) - also refer to note 12

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

In 2014 CapeNature executed certain projects on behalf of DEA, on a cost recovery plus 7.5% implementing agent fee basis. In October 2014 (when the contract was signed) the structure of the management fee agreement changed to a fixed rate per person day delivered.

Department of Environmental Affairs and Development Planning (DEADP)

In the year under review, CapeNature received R246,095,000 (March 2014: R221,907,000) as a provincial grant through the Department of Environmental Affairs and Planning.

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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. A performance system is in place for the current financial year.

Executive Management Emoluments

March 2015

	Emoluments	Total
Omar R - Chief Executive Officer	1 256 610	1 256 610
Preston A - Chief Financial Officer	961 338	961 338
Ismail S - Marketing and Eco Tourism	961 338	961 338
Cleaver - Christie G - Conservation Management	819 126	819 126
Baard E - Biodiversity	831 423	831 423
	4 829 835	4 829 835

March 2014

	Emoluments	Acting Allowance	Performance Bonus	Total
Omar R - Chief Executive Officer (Jan - Mar 2014)	297 212	-	-	297 212
Hamman KCD - Acting Chief Executive Officer	284 228	-	11 642	295 870
Hamman KCD - Acting Chief Executive Officer	652 026	11 172	-	663 198
Preston A - Chief Financial Officer	891 836	-	-	891 836
Ismail S - Marketing and Eco Tourism	891 836	-	3 427	905 263
Cleaver-Christie G - Conservation Management (Mar 2014)	64 276	-	-	64 276
Espey Q - Conservation Management (Apr - May 2013)	145 369	-	-	145 369
Baard E - Biodiversity (Jul 2013 - Mar 2014)	587 162	43 886	-	631 048
Vaughan R - Acting Human Resources	-	199 459	-	199 459
Cloete E - Acting Conservation Management	-	247 899	-	247 899
	3 813 945	502 416	25 069	4 341 430

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

Non-executive Management Emoluments

March 2015

	Remuneration	Reimbursive Expenses	Total
Maneveldt G	45 591	-	45 591
February E	21 192	-	21 192
Du Bruyn F	36 543	4 158	40 701
Eaton M	38 490	5 920	44 410
Hanekom F	29 205	6 257	35 462
Lotter C	31 152	-	31 152
Kok E	99 291	1 422	100 713
McKenzie B	25 311	-	25 311
Mdludlu M	31 152	2 532	33 684
McOmbring-Hodges M	19 470	-	19 470
Nel D	27 258	18 809	46 067
Johnson	5 616	5 392	11 008
	410 271	44 490	454 761

March 2014

	Remuneration	Reimbursive Expenses	Total
Redlinghuis A	1 770	-	1 770
Johnson C	116 592	65 695	182 287
Van der Merwe J	2 334	-	2 334
February E	53 173	-	53 173
Du Bruyn F	89 356	10 286	99 642
Kok E	74 101	2 224	76 325
Eaton M	59 275	2 463	61 738
Hanekom F	28 086	8 796	36 882
Lotter C	28 822	-	28 822
Maneveldt G	22 245	-	22 245
McKenzie B	35 046	-	35 046
Mdludlu M	44 781	3 235	48 016
McOmbring-Hodges M	27 258	1 236	28 494
Nel D	23 364	9 869	33 233
	606 203	103 804	710 007

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27. Prior period errors and reclassifications

Categories of financial instruments (note 14)

The amount disclosed for finance lease obligations under financial liabilities for March 2014 was incorrectly disclosed as R31,208,714. The amount should have been R31,724,645.

Grants, donations and project funds (note 18)

Project grants of R10,631,186 was incorrectly disclosed. The amount should have been R10,334,895.

Risk management (note 28)

The amount disclosed for March 2014 under finance lease obligations between 2 and 5 years was incorrectly disclosed as R9,382,224. The amount should have been R46,008,273.

Trade and other receivables

Accrued income and interest received for 2014 was understated by R341,474.

Trade and other payables

Trade and other payables and expenditure was understated in 2014 by R620,729. This was due to prior year invoices paid in the current financial year and an understatement of funds received in advance in respect of accommodation. R31,812 relates to reversals of duplicate invoices processed in the years 2011 to 2013 and expenditure was overstated.

Unspent conditional grants

Unspent conditional grants decreased by R758,020. R99,833 of the decrease related to conditional funding incorrectly allocated to restricted funding in 2013-14 fiscal year. R476,460 in 2012 fiscal year and R181,799 in 2008 fiscal year related to the correction of income recognition.

Statement of Financial Position

Increase in trade and other payables (accounts payables)	-	(593 708)
Increase in trade and other receivables	-	341 474
Decrease in unspent conditional grants	-	758 092
	-	505 858

Statement of Changes in Net Assets

Increase in accumulated surplus	-	(685 280)
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Statement of Financial Performance

Increase in operating expenses	-	643 848
Increase in finance Costs	-	4 310
Increase in interest income	-	(341 474)
Increase in revenue	-	(127 262)
	-	179 422

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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 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Trade and other payables	27 208 977	-	-	-
• Finance Lease obligations	11 360 368	-	50 422 399	7 198 408

At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Trade and other payables	24 990 622	-	-	-
• Finance Lease obligations	10 984 362	-	46 008 273	13 360 299

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 rate that expose the Board to cash flow interest rate risks. The interest rate used is based on the Prime rate.

Interest rate sensitivity analysis

At March 2015, 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 R956,449 (March 2014: R772,338) 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, derivative financial instruments 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	3 580 132	11 091 935
Cash and cash equivalents	95 644 922	77 229 140

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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:

10 649	66 305
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March 2015

Costs relating to interest paid on late payments has drastically reduced, mainly due to Government Motor Transport queries that have been resolved. Fruitless and wasteful expenditure mainly consist of a claim against CapeNature. The Whale Trail was closed and a client claimed all expenses incurred from CapeNature. The necessary disciplinary action was taken.

March 2014

The amount of R64,892 relates to interest paid on late payments and is mainly due to timing and billing differences of invoices raised by Government Motor Transport. Regular meetings were conducted to address the discrepancies and the matters have been resolved.

31. Irregular expenditure

Opening balance	-	1 497 369
Procurement process not followed (Gate Guarding and Cleaning Services)	-	178 569
Approval not in place (IT Service Desk Solution)	-	41 610
General - procurement process	-	144 082
	-	1 861 630

Details of irregular expenditure condoned

Condoned by (condoning authority)

Irregular Expenditure for the period 2012 to 2014	Accounting Authority	1 861 630
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These transactions, conditions and events have not resulted in a loss and value for money was derived from the use of the goods or services. No person is liable in law and the Accounting Authority resolved to write off the expenditure.

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32. Explanation of variances between Actual and Budget

REVENUE

During the year under review, the entity achieved 94,92% of its projected revenues. This improvement was influenced by the performance of own revenue streams. However, the entity's overall performance was below budget by 5,08% due to below budget performance in grants, special projects and donations revenues. An amount of R7,5 million retained from the previous financial year is included in the budget but performance was accounted in the prior year.

Tourism

Tourism revenues for the year under review exceeded budget by 24,6%, due to the positive performance in accommodation, entrance fees, wildcard sales and events revenue. Other contributing factors include the acquisition of Buffalo Valley Nature Reserve and Stony Point. The formalisation of the Rocklands bouldering site, in the Cederberg, with private landowners, favourable weather conditions, which minimised product closures resulting in fewer cancellations and refunds.

Licences and Permits

Further efficiencies were built into management of the recovery process of licence and lease fees and improved debt recovery. This resulted in a 52,3% over-recovery within the period under review.

Monetary grants received

The revenue recognition is directly influenced by the expenditure pattern.

Interest received

The over performance relates to the bank interest accumulated on unutilised funds owing to spending variations on special projects.

Other Income

Although there was a 49,48% decrease in management fees and underperformance in revenue collection from private tenants, the entity managed to achieve 91,55% of the projected income. Additionally, the entity's application for rolled over funds was approved.

Interest Received

Interest received from the bank was higher than the levels budgeted, as a direct result of the spending on various projects not occurring as planned.

Grants, donations and project funds

Grants, donations and project funds represent a significant portion of the entity's revenue source. The underperformance relates to the accounting treatment regarding the recognition of revenue. The delayed finalisation of the DEA project resulted in an under recovery of 43,9%. The overlapping nature of special projects is responsible for the underperformance.

Gain on disposal of assets

Revenues from this adhoc activity arose primarily from the disposal of certain assets and relates to Government Motor Transport.

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32. Explanation of variances between Actual and Budget (continued)

EXPENDITURE

The entity's expenditure is below budget by 4,92%.

Employee Costs

To strengthen efficiency and streamline operations, the entity resolved to establish a Corporate Services Directorate. However due to the delays experienced in finalising the job evaluation process, it was impractical to implement the resolution within the year under review.

Management Fee

The above budget performance is attributed to the initiation of other special projects during the period under review and the realisation of additional management fees.

Depreciation and amortisation

Due to financial constraints the entity does not budget for depreciation as it is a non-cash movement item.

Finance costs

Finance costs relate mainly to Government Motor Transport finance charges of R9,252,714. This cost is not regarded as an over expenditure as it is budgeted under transport and travel costs.

Debt Impairment

Losses arising from impairment of debt are not budgeted. The entity implements concerted efforts to recover amounts from debtors. However, where all recovery efforts have failed and after careful consideration, amounts considered as irrecoverable are written off. In the year under review a decision was taken to write off debt amounting to R598,600 which was considered irrecoverable.

Contractors

The underperformance mainly influenced by the delayed finalisation of the DEA contract in October 2014. Therefore, the entity realised low expenditure in contractors.

Administrative expenses

The entity has been prudent in containing the general administration costs inline with cost containment measures.

Other Services

The underperformance mainly relates to Microsoft licences. The savings have been committed to honour this obligation.

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32. Explanation of variances between Actual and Budget (continued)

Training

The training budget predominantly constitutes functional training required across all Projects. R3.8 million presenting 69% of the training budget relates to special programmes and projects. The delayed commencement of some projects influenced this position as not all planned training could be provided. Planned training interventions remain relevant and will be offered in the ensuing year.

Stores and livestock

The entity received additional resources to upgrade Environmental Educational Centres towards the end of the financial year. Delays were experienced in the finalisation of the project. Additionally, due to the variable delivery lead times of hardware for ICT infrastructure upgrade, receipt of the equipment for the committed funds took longer than anticipated.

Professional services

The entity utilized 96,22% of the budget and the under expenditure relates to special projects.

Transport and travel

The under performance relates to Government Motor Transport operating lease payments. Payment were split between finance charges and capital redemption for the year ended 31 March 2015.

Repairs and maintenance

There has been a variation between the initial projection for maintenance in comparison to the maintenance requirements during the period under review.

33. Subsequent events

In April 2015 eighteen (18) fires were experienced on properties managed by CapeNature. Investigations are ongoing to evaluate the impact.

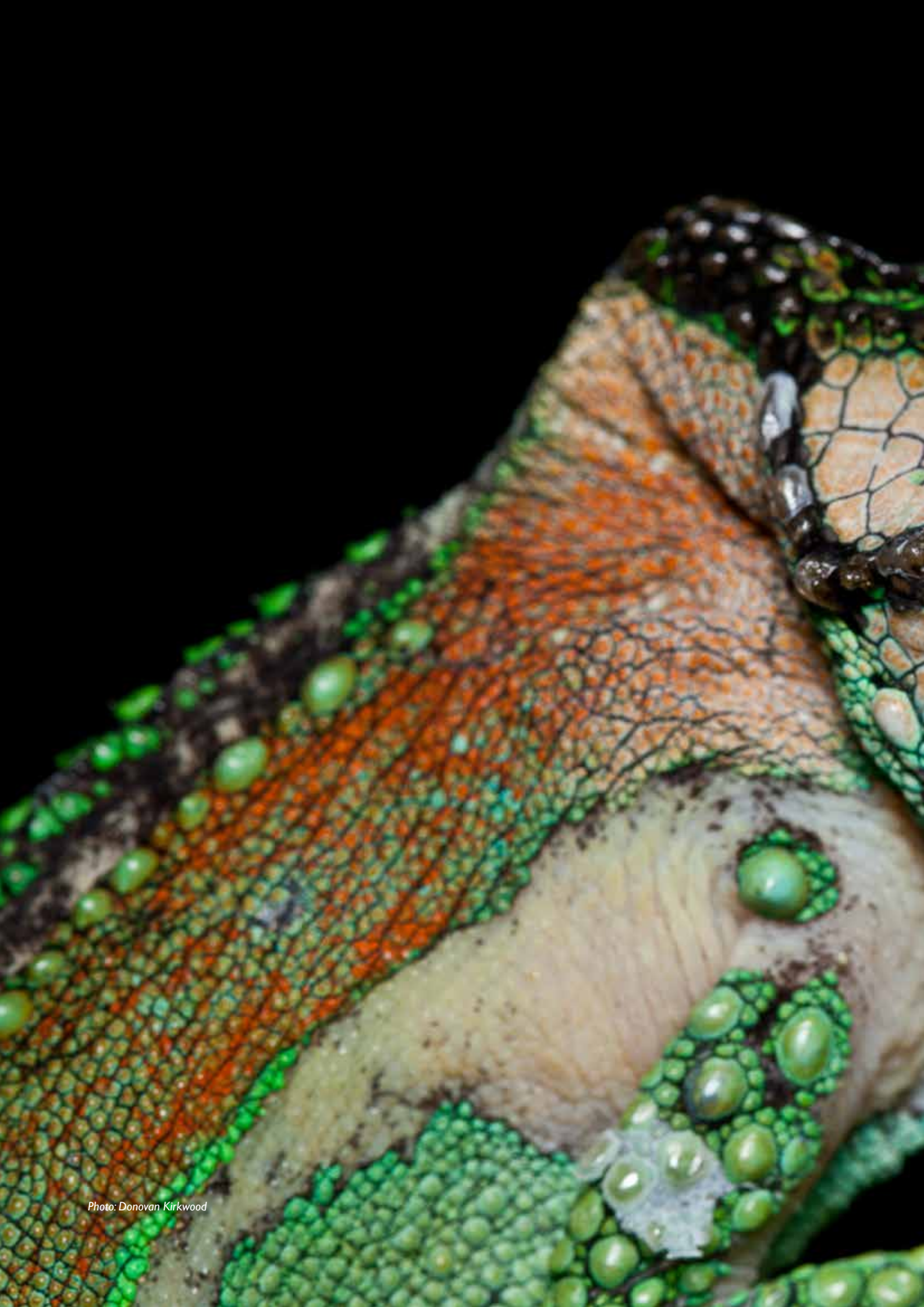


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