



**Western Cape
Government**

Cultural Affairs and Sport



ILifa leMveli leNtshona Koloni
Erfenis Wes-Kaap
Heritage Western Cape



Annual Report
2015/2016

Cover: Rock Art, Monte Cristo. Image is courtesy of Prof. John Parkington, Department of Archaeology, University of Cape Town.

Contents

PART A: GENERAL INFORMATION.....	3
1 PUBLIC ENTITY'S GENERAL INFORMATION.....	4
2 LIST OF ABBREVIATIONS/ACRONYMS.....	5
3 FOREWORD BY THE CHAIRPERSON.....	7
4 INTERIM CHIEF EXECUTIVE OFFICER'S OVERVIEW.....	9
5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT.....	11
6 STRATEGIC OVERVIEW.....	12
6.1 Vision.....	12
6.2 Mission.....	12
6.3 Values.....	12
7 LEGISLATIVE AND OTHER MANDATES.....	13
8 ORGANISATIONAL STRUCTURE.....	17
PART B: PERFORMANCE INFORMATION.....	18
1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES.....	19
2 SITUATIONAL ANALYSIS.....	19
2.1 Service delivery environment.....	19
2.2 Organisational environment.....	19
2.3 Key policy developments and legislative change.....	24
2.4 Strategic outcome-orientated goals.....	25
3 PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE.....	26
4 REVENUE COLLECTION.....	28
4.1 Capital investment.....	29
PART C: GOVERNANCE.....	30
1 INTRODUCTION.....	31
2 PORTFOLIO COMMITTEES.....	31

3	EXECUTIVE AUTHORITY.....	31
4	THE HERITAGE WESTERN CAPE COUNCIL.....	31
5	RISK MANAGEMENT.....	40
6	INTERNAL CONTROL UNIT.....	40
7	INTERNAL AUDIT AND AUDIT COMMITTEES.....	41
8	COMPLIANCE WITH LAWS AND REGULATIONS.....	43
9	FRAUD AND CORRUPTION.....	43
10	MINIMISING CONFLICT OF INTEREST.....	43
11	CODE OF CONDUCT.....	44
12	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES.....	44
13	COMPANY /BOARD SECRETARY.....	44
14	SOCIAL RESPONSIBILITY.....	44
15	AUDIT COMMITTEE REPORT.....	45
	PART D: HUMAN RESOURCE MANAGEMENT.....	47
1	INTRODUCTION.....	48
2	HUMAN RESOURCE OVERSIGHT STATISTICS.....	48
	PART E: FINANCIAL INFORMATION.....	49
1	REPORT OF THE AUDITOR-GENERAL.....	50
2	ANNUAL FINANCIAL STATEMENTS.....	54
3	STATEMENT OF FINANCIAL POSITION.....	55
4	STATEMENT OF FINANCIAL PERFORMANCE.....	56
5	STATEMENT OF CHANGES IN NET ASSETS.....	61
6	CASH FLOW STATEMENT.....	58
7	STATEMENT OF COMPOSITION OF BUDGET AND ACTUAL AMOUNTS.....	59
8	RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS AND ACTUAL AMOUNTS.....	60
9	NOTES TO THE FINANCIAL STATEMENTS.....	68

PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Heritage Western Cape
LEGAL FORM OF ENTITY	Public entity
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	To regulate and monitor the promotion of conservation of the heritage environment in the Western Cape
REGISTRATION NUMBER	n/a
PHYSICAL ADDRESS	3rd Floor, Protea Assurance Building Greenmarket Square Cape Town 8001
POSTAL ADDRESS	Private Bag X9067 Cape Town 8000
TELEPHONE NUMBER/S	021 483 9598
FAX NUMBER	021 483 9845
EMAIL ADDRESS	ceoheritage@westerncape.gov.za
WEBSITE ADDRESS	www.hwc.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Nedbank and ABSA Bank

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APM	Archaeology, Palaeontology and Meteorites Committee
BAR	Basic Assessment Report
BELCOM	Built Environment and Landscapes Committee
BID	Basic Information Document
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMF	Conservation Management Framework
CMP	Conservation Management Plan
CoCT	City of Cape Town
CPD	Continuing Professional Development
DCAS	Department of Cultural Affairs and Sport
D: ERM	Directorate Enterprise Risk Management, Department of the Premier
EE	Employment Equity
EIA	Environmental Impact Assessment
EIR	Environmental Impact Report
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ERMCOM	Enterprise Risk Management Committee
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practice
HIMS	Heritage Information Management System
HOMS	Heritage Operational Management Services
HWC	Heritage Western Cape
IACOM	Impact Assessment Committee
IGIC	Inventories, Grading and Interpretation Committee
IMS	Information Management System
ISIS	City of Cape Town Integrated Spatial Information System
KINGIII	King Report on Corporate Governance, 2009
LUPO	Land Use Planning Ordinance (Ordinance 15 of 1985)
MEC	Member of the (Provincial) Executive Council
MPRDA	Mineral and Petroleum Resources Development Act, 2002
MTEF	Medium-Term Expenditure Framework
NEMA	National Environmental Management Act, 1998
NHRA	National Heritage Resources Act, 1999
NTPSRMF	National Treasury Public Sector Risk Management Framework
PAIA	Promotion of Access to Information Act, 2000
PERSAL	Personnel Salary System
PFMA	Public Finance Management Act, 1999
PN	Provincial Notice
ROD	Record of Decision
RWOPS	Remunerative Work Outside the Public Service
SAHRA	South African Heritage Resources Agency
SAHRIS	South African Heritage Resources Information System
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SITA	State Information Technology Agency

TR Treasury Regulations
WCG Western Cape Government

3. FOREWORD BY THE CHAIRPERSON



Ms Laura Robinson
Chairperson of the Council of Heritage Western Cape

It is my pleasure, as outgoing Chairperson of the Council, to write this foreword to the Annual Report of Heritage Western Cape for the year 2015/2016. This is the last term of office for a number of the Council members, myself included, and I would like to take this opportunity to extend my best wishes to the incoming Council. I trust that they will collectively take HWC forward in the coming years with the commitment and enthusiasm that has characterised the outgoing Council.

During the course of the past year, Heritage Western Cape, its Council, committees and staff have continued to build upon the achievements of the previous several years and I am pleased to say that we can be proud of the institution, which to my mind, is the most effective, well managed and operational Provincial Heritage Resources Agency in the country. This is in no little part due to the work of many colleagues both at Council level, but also within the staffing component of the institution. HWC has been fortunate to have attracted staff of the highest calibre who have shown a sincere dedication to the sometimes daunting tasks at hand, my thanks go out to all of them, both professional and administrative.

The past year has not, however, been without its challenges. HWC has enjoyed the support of acting CEO, Dr Errol Myburg, for the past year, and under his leadership the administrative functions of the organisation have been refined and many important policies and procedures have been successfully implemented. Dr Myburg has left us, after a year-long contract at the end of March. It has been personally a great pleasure to have worked with him. We could discuss challenges and issues in an open and supportive manner and I will certainly miss the engagement that we had, thank you Errol! Given the enormous workload in terms of applications, additional professional staff are always needed and often staff are placed under pressure to cope with the huge number of often difficult applications. They rise to the challenge and for that I must congratulate them, an important role of Council is to support them and to continue to motivate for additional resources to enable the institution to carry out its mandate successfully.

We are equally fortunate to have acquired the service of Mr Mxolisi Dlamuka, our incoming CEO, who has brought with him a wealth of experience. I have worked with Mr Dlamuka in the past and have the fullest confidence that he will lead HWC successfully into the future forward. Similarly Mrs Colette Scheermeyer has recently been appointed as Deputy Director and we are very pleased to have her join us with her wealth of experience in the heritage arena.

Council has worked with enthusiasm and dedication and I must thank my fellow members for their support, engagement and insight when dealing with often complex, challenging and contentious matters. Their participation in our strategic workshop was enthusiastic and valuable, providing a clear directive as to the priorities for the next few years. I would particularly like to take this opportunity to thank my colleagues who serve on the Executive Committee, all of whom convene one of the sub-committees of the institution and who put in many hours of their professional time to ensure that these committees are run efficiently and effectively.

In conclusion I would also like to thank a number of people who have collectively demonstrated myself and the Council support during the course of the past term of office. Our Minister, Minister Anroux Marais, has shown an immediate and active interest in the work that HWC undertakes; senior officials within the Department of Cultural Affairs and Sport, all of whom have been supportive and with whom I have enjoyed an excellent working relationship, especially Mr Brent Walters as Head of Department, and the Chief Director, Ms Hanneltjie du Preez, who has been a stalwart supporter of heritage for many years.

I wish Heritage Western Cape continued success in the important task of identifying, conserving, protecting and managing our invaluable heritage resources.



**Ms Laura Robinson
Chairperson Heritage Western Cape**

31 May 2016

4. INTERIM CHIEF EXECUTIVE OFFICER'S OVERVIEW



Interim CEO: Dr. E Myburg

Introduction

Andrew Hall, the previous CEO of Heritage Western Cape (HWC), left the Department of Cultural Affairs and Sport at the end of March 2015. I was appointed as interim CEO of HWC from 11 May 2015. During my tenure, HWC worked on improving the permitting management systems by means of enforcing compliance with existing processes such as formally structured committee meetings. Also strict timelines were introduced for the case information to be accepted and placed on the agendas, and making the case files available electronically on the HWC blog/website to committees for their preparation of meetings. This meant that we had to enable staff and committees to have sufficient time to prepare inputs on their cases for the meetings. The administrative support section also started managing the finances, agendas and minutes of meetings more efficiently and contributed to a more positive working environment. All of this, in addition to the employment of additional Heritage Officers in June 2015, led to improved morale amongst HWC's staff.

During this year, a number of policies, guidelines were developed and approved by Council. These include:

- The Grading guide and policy, approved on 16 March 2016. This guide will assist local authorities and conservation bodies in their grading of and compiling inventories.
- The Guideline for Monuments and Memorials was approved on 26 August 2015.
- Regulations regarding the publications of statements of general policy and conservation management plans were published on 24 September 2015.

During this financial year, a Code of Conduct for Conservation Bodies was also drafted and circulated to all the registered conservation bodies for comments. A workshop with representatives of the conservation bodies to discuss the draft Code of Conduct was held on 12 March 2016. This Code of Conduct focussed on a number of related issues including the role of conservation bodies and their relationship with HWC. There was a general acceptance of the Draft Code of Conduct by representatives of conservation bodies who attended, in addition we received positive written feedback by those who were unable to attend.

The staff complement improved during this year with a number of appointments that were made. Mr. A September, an archaeologist, was initially an EPWP beneficiary, but was appointed as a heritage officer from June 2015, Ms. H Boise and Ms. W Dhansay were also appointed as heritage officers. Ms. N Vallie was appointed as Assistant Director: Administrative Support for Heritage Resource Management Services from 1 November 2015. Mrs. C Scheermeyer was appointed as Deputy Director: Heritage Resource Management Services from 4 January 2016. I

wish them and all staff the very best in their careers at HWC and continued good performance with the entity.

- **General financial review**

An allocation of R1.590 million from voted funds was transferred from DCAS to HWC to execute its mandate for the 2015/16 financial year. The allocation of funds was effectively managed in accordance with applicable financial prescripts.

- **Spending trends**

Programme /activity /objective	2015/2016			2014/2015		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	2 606	3 305	699	2 273	2 104	169
Total	2 606	3 305	(699)	2 273	2 104	169

* The over expenditure relates to the GRAP 23 adjustments made for salaries (employee cost: R538 000) of the financial management staff pertaining to services in-kind received from the department.

- **Capacity constraints and challenges facing the public entity**

Heritage Western Cape continues to execute its provincial mandate with limited staffing capacity. Due to the volume and complexity of permit applications to the entity, its committees spent more time reviewing complex applications, at times necessitating additional meetings to accommodate applications within the specified processing timeframes.

- **Supply chain management**

No unsolicited bid proposals were entered into for the year under review

SCM processes and systems are in place to ensure compliance to laws and regulations.

- **Appreciation**

In conclusion I would like to acknowledge the work of the Auditor-General South Africa, who conducted an audit of the annual financial statements and performance information. I extend my appreciation to the Audit Committee which provided a critical appraisal of the annual financial statements and their oversight role throughout the year over the financial and non-financial results of the entity.

Finally, I would like to acknowledge the role and support of our Minister, Ms Anroux Marais, for her strategic direction and guidance, our partners in other government spheres and civil society.



Dr Errol Myburg
Interim Chief Executive Officer
Heritage Western Cape
31 May 2016

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

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

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

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the 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 that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully



Interim Chief Executive Officer
31 May 2016



Chairperson of the Council of Heritage Western Cape
Ms Laura Robison
31 May 2016

6. STRATEGIC OVERVIEW

6.1 Vision

To celebrate, treasure, maintain and nurture the diverse urban and rural heritage resources of the people of the Western Cape by promoting pride in both tangible and intangible heritage, particularly among the previously marginalised.

6.2 Mission

By establishing, implementing and maintaining an effective integrated heritage resources management strategy in the Western Cape, we will ensure systematic identification, conservation, protection and promotion of heritage resources for all communities for present and future generations.

6.3 Values

Competence, Caring, Accountability, Integrity, Innovation and Responsiveness.

7. LEGISLATIVE AND OTHER MANDATES

Heritage Western Cape (HWC), a Schedule 3C Public Entity, regards the legislative mandate on which its overall functioning is based as binding in terms of the following:

- To promote good governance at all levels;
- To empower civil society to nurture and conserve the heritage resources so that they may bequeathed to future generations;
- To lay down general principles for governing heritage resources management throughout the Western Cape; and
- To introduce an integrated system for the identification, conservation, protection, promotion and management of heritage resources in the province in terms of the National Heritage Resources Act (Act 25 of 1999) and its regulations.

Constitutional mandates

Section	Direct Responsibility of Heritage Western Cape
Constitution of the Republic of South Africa, 1996	
Section 24(b)(ii): Environment	Heritage Western Cape must, by legislative and other measures, regulate and monitor the promotion of conservation of the heritage environment in the Western Cape. This may not be exercised in a manner inconsistent with any provision of the Bill of Rights. Annual reports on this mandate must be submitted to the Western Cape Provincial Parliament.
Section 31: Cultural, religious and linguistic communities	HWC must ensure that its programmes and projects take into account the cultural diversity of the population of the Western Cape.
Section 41: Principles of cooperative government and intergovernmental relations	Heritage Western Cape cooperates with all spheres of government. In terms of its mandates, HWC works in close cooperation with the Department of Cultural Affairs and Sport, the South African Heritage Resources Agency (SAHRA) and municipalities in the Western Cape.
Schedule 5: Functional Areas of Exclusive Provincial Legislative Competence	Heritage Western Cape, the provincial heritage resources authority, is provided with personnel and other shared financial and administrative support to execute and administer its legal mandate by the Department of Cultural Affairs and Sport. The Minister also has certain legal powers and is the appointed appeals authority in the legislation.
Section 195: Basic values and principles governing public administration	HWC officials must adhere to the provisions of section 195, which provides a description of the democratic values and principles governing public administration. Section 195(1)(b) requires the promotion of the efficient, economic and effective use of resources. This implies that programmes undertaken in the public sector should yield maximum benefits at the lowest possible cost.
Constitution of the Western Cape, 1997	
Section 70	Provincial legislation must provide for the establishment and reasonable funding, within the Province's available resources, of a cultural council or councils for a community or communities in the Western Cape, sharing a common cultural and language heritage.

Legislative mandates

National Legislation	Reference	Description
Public Finance Management Act, 1999	Act 1 of 1999	The Public Finance Management Act (PFMA): <ul style="list-style-type: none"> • regulates financial management in national and provincial governments, listed or unlisted public entities, constitutional institutions and provincial legislatures. • ensures that all revenue, expenditure, assets and liabilities of these institutions are managed efficiently and effectively • defines the responsibilities of persons entrusted with financial management in these bodies.

National Legislation	Reference	Description
Promotion of Access to Information Act, 2000	Act 2 of 2000	This Act gives effect to the right to have access to records held by the state, government institutions and private bodies. Among other things, HWC and every other public and private body must: <ul style="list-style-type: none"> • compile a manual that explains to members of the public how to lodge an application for access to information that the body holds • appoint an information officer to consider requests for access to information held by the body.
Promotion of Administrative Justice Act, 2000	Act 3 of 2000	This Act: <ul style="list-style-type: none"> • sets out the rules and guidelines that administrators must follow when making decisions • requires administrators to inform people about their right to review or appeal and their right to request reasons • requires administrators to give reasons for their decisions • gives members of the public the right to challenge the decisions of administrators in court.
Cultural Institutions Act, 1998	Act 119 of 1998	HWC must liaise and cooperate with nationally declared cultural institutions regarding arts, culture and heritage matters.
Cultural Promotion Act, 1983	Act 35 of 1983	This legislation was assigned to the Western Cape and DCAS is responsible for complying with the provisions of the Act.
Cultural Affairs Act (House of Assembly), 1989	Act 65 of 1989	This legislation was assigned to the Western Cape and DCAS is responsible for complying with the provisions of the Act.
National Heritage Council Act, 1999	Act 11 of 1999	DCAS is responsible for the nomination of a Western Cape provincial representative to sit on the National Heritage Council (NHC), and for cooperating with and coordinating activities related to funding and projects that the NHC is conducting in the Western Cape.
National Heritage Resources Act, 1999	Act 25 of 1999	DCAS provides HWC, as the provincial heritage resources authority for the Western Cape, with personnel and other shared financial and administrative support to execute and administer its legal mandate. DCAS oversees the nomination of a Western Cape provincial representative, preferably a member of the Council of Heritage Western Cape, to sit on the Council of the South African Heritage Resources Agency. DCAS also ensures that the MEC appoints a Council for HWC – the provincial heritage resources authority appointed in terms of the NHRA. DCAS also assists the MEC when appeals have been lodged with him or her against decisions of HWC.
World Heritage Convention Act, 1999	Act 49 of 1999	DCAS is responsible for appointing a Western Cape provincial representative to sit on the South African World Heritage Advisory Committee. The Department is also responsible for complying with the provisions of the Act and the World Heritage Convention regarding the nominations of potential sites for the South African Tentative List, and the nomination of sites on the South African Tentative List for the attention of UNESCO's World Heritage Committee.
Provincial Legislation	Reference	Description
Western Cape Cultural Commissions and Cultural Councils Act, 1998	Act 14 of 1998 (Western Cape)	This Act establishes the Western Cape Cultural Commission (WCCC) to, among other things, consider the registration and deregistration of cultural councils representing communities sharing a common cultural and language heritage. The WCCC may also make recommendations on the following: <ul style="list-style-type: none"> • the visual, performing and literary arts • the natural and human sciences • cultural history • the cultural awareness and cultural involvement of youth. DCAS has oversight of the WCCC and provides the Commission with administrative and financial support.

National Legislation	Reference	Description
Western Cape Heritage Resource Management Regulations	PN 336 of 25 October 2002, PN 298 of 29 August 2003, PN 212 of November 2004, PN 106 of 31 March 2005. PN 7497/2015 of September 2015	

Case law

Court Case	Reference	Impact on Heritage Western Cape
<i>Louis Johannes Raubenheimer v the Trustees of the Hendrik Johannes Bredenkamp Trust and Others</i>	Western Cape High Court case no. 10228/04	The judgement deals with the inadmissibility of a late appeal as well as the importance of authenticity and integrity; the irrelevance of romantic and sentimental attachment to heritage that has lost significance; and the need to demonstrate how one's rights are affected by the issuing of a permit one is opposed to.
<i>Top Performers (Pty) Ltd v Minister of Cultural Affairs and Recreation</i>	Western Cape High Court case no. 5591/05	This judgment had a profound impact on the appeal processes of the tribunals appointed by the MEC in terms of section 49 of the National Heritage Resources Act, 1999, read with Regulation 12 of PN 336 of 2003. DCAS and the MEC took corrective steps to ensure fair administrative processes and make provision for the admission of new evidence into the record of a tribunal process, as well as better compliance with the rules of natural justice in terms of the <i>audi alteram partem</i> maxim.
<i>The Chairpersons' Association v Minister of Arts and Culture [2007] SCA 44 (RSA)</i>	Supreme Court of Appeal case no. 25/2006	This judgment sets out what constitutes adequate consultation with local communities and other stakeholders in respect of proposed changes to geographical names. DCAS and the Western Cape Provincial Geographical Names Committee established by the MEC are important role players in the implementation of the relevant legislation, especially with respect to the facilitation of consultation with stakeholders and communities. They must take this judgment into account in the processes and procedures they use to manage proposed changes to geographical names.
<i>Qualidental Laboratories v Heritage Western Cape [2007] SCA 170 (RSA)</i>	Supreme Court of Appeal case no. 647/06	This judgment confirmed the powers conferred on the MEC and Heritage Western Cape to impose conditions on a development in terms of section 48 of the National Heritage Resources Act, 1999.
<i>South African Heritage Resources Agency v the Arniston Hotel Property (Pty) Ltd and One Other</i>	Western Cape High Court case no. 5446/2006	The judgment deals with the matter of work approved under the National Building Regulations prior to the institution of a formal protection in terms of the NHRA and issues of validity of a notice of provisional protection.
<i>Willows Properties (Pty) Ltd v Minister of Cultural Affairs and Sport</i>	Western Cape High Court case no. 13521/08	The applicant filed an urgent application in the High Court to compel the MEC to make a decision or, alternatively, to issue the Record of Decision in respect of an appeal lodged with the MEC in terms of section 49 of the National Heritage Resources Act, 1999, read with regulation 12(7) of PN 336 of 2003. The impact of the judgment on DCAS is that it must ensure that tribunals issue Records of Decision in good time. Corrective measures have been implemented.
<i>Waenhuiskrans Arniston Ratepayers Association and Another v Peter Gees v the Provincial Minister of Cultural Affairs and Sport, Western Cape, the Chairperson, Independent Appeal Tribunal, Heritage Western Cape, the City of Cape Town, City Bowl Ratepayers; & Residents' Association</i>	Western Cape High Court case no. 1926/2008 Western Cape Division of the High Court of South Africa No. 6205/2015	The Court has confirmed that, despite the facts in this case being different to those in the Qualidental case, the imposition of conditions are within the parameters of the National Heritage Resources Act of 1999 and are consistent with the overall scheme of the Act. Conditions can be imposed in a permit for demolition of an existing structure older than 60 years in terms of section 34(1) of the Act.

Key Constitutional mandates

Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

Section 24(b)(ii) Environment: Heritage Western Cape must, by legislative and other measures, regulate and monitor the promotion of conservation of the heritage environment in the Western Cape. This may not be exercised in a manner inconsistent with any provision of the Bill of Rights. Annual Reports on this mandate must be submitted to the Western Cape Legislature.

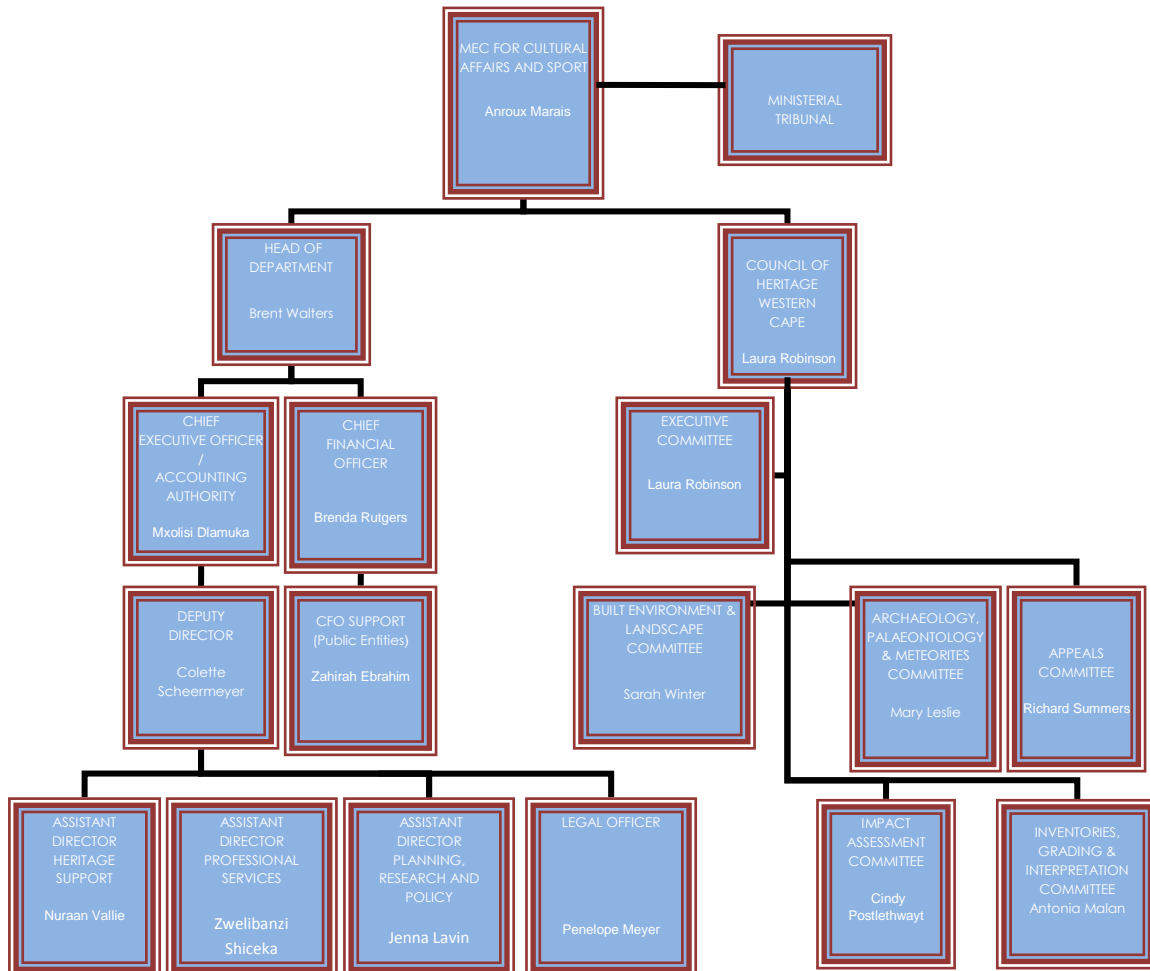
Section 31: Cultural, religious and linguistic communities: Heritage Western Cape must ensure that its programmes and projects take into account the cultural diversity of the population of the Western Cape.

Section 41: Principles of cooperative government and intergovernmental relations: Heritage Western Cape cooperates with all spheres of government. In terms of its mandates Heritage Western Cape works in close cooperation with the Department of Cultural Affairs and Sport, the South African Heritage Resources Agency and municipalities in the Western Cape.

Schedule 5: Functional areas of exclusive provincial legislative competence: Heritage Western Cape, the provincial heritage resources authority, is provided with personnel and other shared financial and administrative support to execute and administer its legal mandate by the Department of Cultural Affairs and Sport. The Minister also has certain legal powers and is the authority of final appeal under the terms of the NHRA.

Section 81: Heritage Western Cape must implement policies to actively promote and maintain the welfare of the people of the Western Cape, specifically with regard to the protection and conservation of the natural historical, cultural historical, archaeological and architectural heritage of the Western Cape for the benefit of present and future generations. Heritage Western Cape must implement specific policies in this regard.

8. ORGANISATIONAL STRUCTURE



PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 50 to 53 for the Auditor's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

This year has been punctuated by the student protests which emanated from the call for the removal of the statue of Cecil John Rhodes from the campus of the University of Cape Town. The *#RhodesMustFall* movement created a space for debate around issues of heritage and identity. It has also underscored the necessity and role heritage authorities play in proactively addressing issues of transformation in the heritage landscape. This responsibility is espoused in the preamble of the NHRA, and underscores the enabling environment heritage can create to educate, foster healing and contribute to social cohesion and nation building.

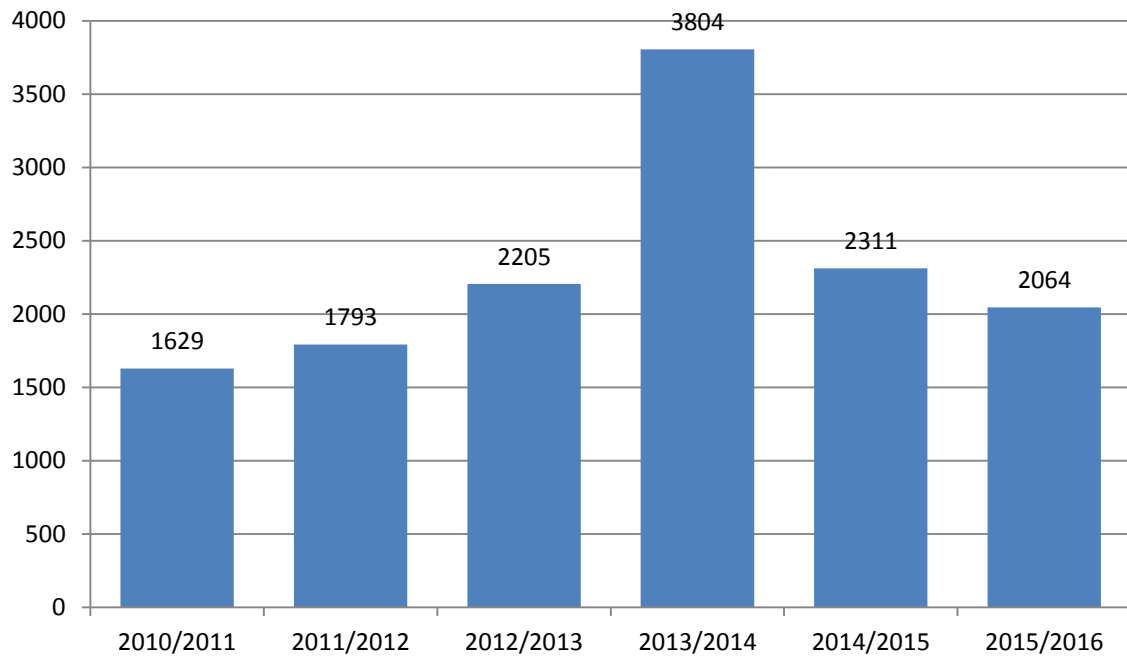
Processing of applications

While the NHRA provides for a variety of responsibilities to be undertaken by a provincial heritage resources authority, the bulk of the work of HWC still comprises the processing of applications under the terms of Chapter II of the Act. The number of applications processed in the course of the year amounted to 2 045, a 20% decrease in the number of applications received in the previous financial year (2311). The continued reduction in the number of applications received could be attributed to adverse economic conditions in the construction industry. Please see the charts below.

Of the 2045 applications received by HWC, approximately 102 were applications made in terms of section 27 and pertain to the management of Provincial Heritage Sites. Less than 1% of the applications received were for Heritage Areas protected in terms of section 31 of the NHRA. Approximately 40 permit applications in terms of section 35 of the NHRA for the excavation or research of archaeological or palaeontological sites or objects were received. By far the bulk of applications processed by HWC were for section 38 applications (Notifications of Intent to Develop – NID – and Heritage Impact Assessments – HIAs) which pertain to development and applications for alterations and additions to structures older than 60 years in terms of section 34 of the NHRA.

During this financial year, HWC has received 158 applications for the total demolition of structures older than 60 years. Of these 158 applications, 18 are either incomplete (information is outstanding), in process or are under investigation. Of the remaining 140 applications for total demolition, 108 of these structures were considered to not be worthy of conservation in terms of the significance criteria outlined in the NHRA. Of the remaining 32 applications for total demolition, 18 of the structures were approved for demolition by the Heritage Offers Committee meeting and 14 were decided on by BELCom. Of these 14, six were refused permission to demolish and eight (one graded IIIB and the rest graded IIIC) were approved.

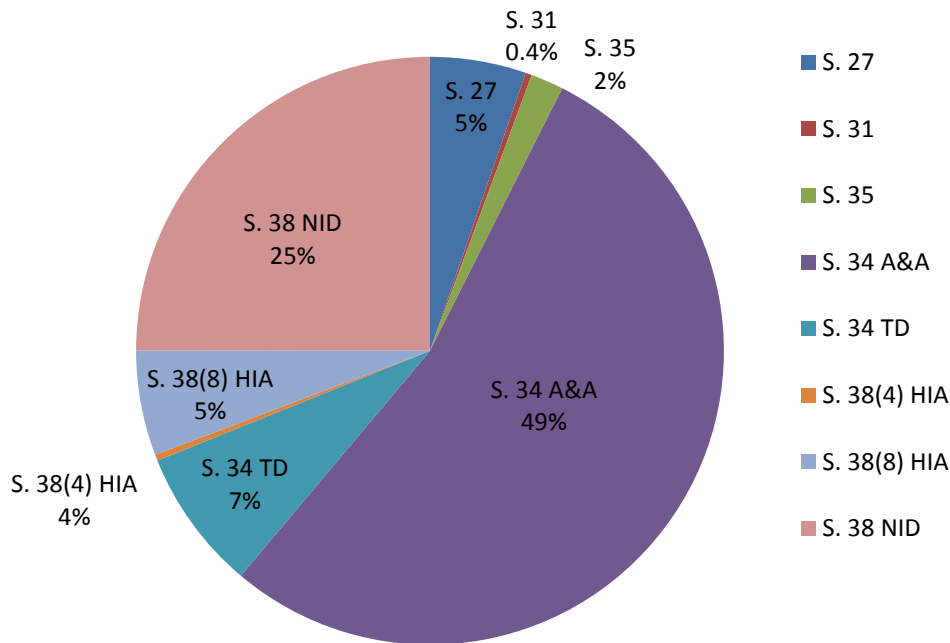
Total Number of Applications Received per financial year



It is important to note that in the 2013/2014 there was a significant increase in the number of applications received due to the improved economic conditions in the construction sector of the economy.

Summary of types of applications received

Summary of the types of applications received in 2015/2016



Section 27-	Provincial Heritage Site
Section 31-	Heritage Areas
Section 35-	Archaeology, Palaeontology and Meteorites
Section 34-	A&A- Amendments and alterations
Section 34- TD	Total demolition
Section 38- (4) HIA	Heritage Western Cape's decision
Section 38- (8) HIA	HWC's comments
Section 38- NID	Notification of intent to develop

Appeals

In the course of the year 55 appeals were heard by the Appeals Committee of HWC. The total number of applications received for the financial year was 2064. To calculate the percentage of appeals received for the financial year, the number of appeals received is to be divided by the total number of applications received, that amount then is multiplied by 100 which total 2.66 percent.

The increase in appeals may be attributed to HWC's need to balance the competing interests of management and conservation of heritage resources with increased economic development pressures and the difficulty of satisfying all parties.

Other activities involving local government

During the course of the year there was on-going discussion with the City of Cape Town concerning the proposed delegation of powers to manage Gr III Heritage Sites in the Metro. The CoCT officials raised a number of concerns regarding the previous draft agreement sent by HWC. These concerns included the clarification of the appeal authority in terms of decisions taken under the NHRA, as well as whether HWC could delegate powers in terms of the NHRA to officials of the CoCT or to CoCT Council.

Digitisation and Information Management

During this financial year, HWC and the Centre for e-Innovation have worked with a service provider to develop a Heritage Information Management System (HIMS). Phase 1 of the HIMS project will enable online applications under the NHRA and will automate many functions currently being performed manually. It is expected that the system will make the approximately 15 000 files of HWC easily accessible to the public and will free up professional staff to concentrate more specifically on the functions for which they are employed.

The current EPWP funded project to digitise the records of HWC and its predecessors made steady progress during the year, with all incoming submissions that were not received in electronic form continuing to be digitised. In addition, 10 460 out of a total of 15 576 files in the Registry have now been scanned. The project currently employs two beneficiaries.

In 2015, HWC launched its own website, www.hwc.org.za. The HWC website provides information on frequently asked questions such as how to apply for different kinds of permits and what information is required. The website also provides a mechanism through which any member of the public can report a heritage crime. The website also provides an interactive map of all the registered conservation bodies' areas of interest as well as their contact details.

2.2 Organisational environment

The functions of the organisation are overseen by a Council consisting of 13 members who are specialists in architecture, town and regional planning, urban planning, archaeology, social history and law. The current Council was appointed by the MEC and took office on 1 September 2013; where after new committees were also appointed. The terms of office of the present Council and its committees expire on 31 August 2016.

In order for Heritage Western Cape to fulfil its various legislative responsibilities, it established various committees that are responsible for considering applications and making decisions regarding the management of heritage resources in the Western Cape.

The staff complement made available to HWC by the Department of Cultural Affairs and Sport is made up of highly skilled permanent personnel and EPWP beneficiaries, who provide both the heritage and administrative expertise necessary to handle the day to day operations of the organisation. The staff also received continuous support in their work from committees of Council made up of senior professionals in the heritage conservation sector.

Consideration of inventories of the national estate

HWC has been working with local authorities to develop inventories of local heritage resources. Inventories are an important first step in identifying areas for protection as heritage areas in terms of both Section 31 of the NHRA and municipal zoning schemes. This year, HWC has specifically worked with municipalities in Swartland and George to finalise the Swartland Rural Heritage Survey and the George Heritage Inventory respectively.

The submission of inventories is important for a number of reasons. They form the basis for identification and formal protection of sites in terms of Part 1 of Chapter II of the NHRA and, because they grade sites, assist HWC and local government to understand the relative values of heritage resources. With regard to the latter, the submission of inventories has greatly assisted the organisation with the grading of former national monuments and their subsequent marking with badges indicating their status as provincial heritage sites. Above all, the purpose of an inventory is to show the presence of heritage resources within physical space. This contributes greatly to the ability of those planning development to avoid conflict with the heritage resources authorities and to use the presence of heritage resources to their advantage where that is possible. Inventories are hence invaluable as the means to resolving traditional tensions between heritage conservation and the need for development.

Declaration of provincial heritage sites and issuing of badges

During this financial year, three Provincial Heritage Sites (PHSs) were declared. These include Elandsberg Farm in the Drakenstein Municipality for its natural ecological and architectural significance, Elandsfontein Fossil Dune Site in the Saldanha Bay Municipality for its significance as the southernmost fossil hominid site in the world and Blombos Cave archaeological site in the Hessequa Municipality, for the discoveries made there pertaining to the origins of symbolic thought and, consequently, the origins of modern humans.

Heritage Month – Wiki Loves Monuments project

Once again, HWC supported Western Cape activities of the Wiki Loves Monuments project to the value of R15 000 for prizes for photographs taken in the Western Cape, as well as to assist with the promotion of the competition. This is the third year HWC has provided such support. This initiative of Wikipedia, now in its sixth year of existence and the fourth in which it has included South Africa, remains the world's largest photographic competition. Through use of the internet and cell phone technology the competition is attractive to youth and involves them in a project to record heritage sites, providing a record of heritage resources that is useful to heritage authorities.

2.3 Key policy developments and legislative changes

Policy development

This financial year the following policy documents and guidelines were developed by HWC:

- Site Inspection Guidelines
- Updated Guidelines for Media and Communications
- Guideline for Monuments and Memorials
- Draft updated Guide for Grading: Implications and Management
- Draft Guideline for Managing Palaeontology
- Standard Operating Procedure between HWC and DEADP with regard to Section 38(8) of the NHRA

Legal matters

The following Regulations were promulgated:

- Regulations in terms of Section 47(4) of the NHRA governing the public participation process required in developing conservation management plans and statements of general policy (Provincial Notice 201/2016)
- Regulations setting Fees (Provincial Notice 143/2016 (143 of 2016))

Criminal Charges

Criminal charges were laid against various accused for contraventions of the NHRA. These cases and investigations are ongoing. Criminal charges are only laid in instances where serious or repeated breaches of the NHRA have occurred.

Interdict proceedings against Elandsfontein Exploration and Mining (Pty) Ltd

The Settlement Agreement between HWC and Elandsfontein Exploration and Mining (Pty) Ltd was made an order of court and a deposit of R1 million was paid into an Attorney's Trust Account. Monitoring of the mining operation is ongoing. The Appeal to the DMR against the grant of the mining license is still pending.

Legal action against HWC

Heritage Western Cape Council has been cited as the third Defendant in a matter before the Pretoria High Court, by a company known as Midnight Storm Investments 170 under case number 22365/15, in which the Plaintiff has alleged against Heritage Western Cape:

This matter is sub-judice.

2.4 Strategic outcome-oriented goals

Heritage Western Cape's strategic outcome-oriented goal is to steer and manage the process of transforming the heritage landscape of the Western Cape Province. This involves identification, conservation, protection, promotion, recording and management of both tangible and intangible heritage resources as prescribed in the National Heritage Resource Act, No. 25 of 1999.

Strategic Outcome-Orientated Goal	To protect, conserve and manage the heritage resources of the Western Cape.
Goal Statement	To protect, conserve and manage the heritage resources of the Western Cape for the present and future generations.

3 PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Programme: Heritage Western Cape

To establish and maintain an integrated heritage resources management system in the Western Cape through Heritage Western Cape, the Provincial Heritage Resources Authority.

Strategic Objective: Establishment and maintenance of an integrated heritage resources management system in the Western Cape.

Programme/activity/objective:					
Strategic objective	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To establish and maintain an integrated heritage resources management system in the Western Cape	91	92	100	+8	Additional meetings were held to process an unexpected increase in number of applications.

Key performance indicators, planned targets and actual achievements

Programme/activity/objective:					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of scheduled meetings of the Council and its Executive Committee to implement the NHRA	8	8	9	+1	Council and Exco Meetings were held as planned. As a result of the Council agenda points being excessive, it was agreed that a special Exco be held to discuss the delegations as well as approve the new schedule for meetings to be held in the new year.
Number of scheduled meetings of the committees to make decisions on applications to implement the NHRA	36	36	40	+4	Due to the commenting times required in terms of the new NEMA regulations published in December 2014, HWC Council agreed to hold

Programme/activity/objective:					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					additional meetings per month in order to meet these commenting deadlines on applications.
Number of meetings of the staff to make decisions on applications as per delegations from the Council to implement the NHRA	47	44	46	+2	Annual target achieved. Two extra staff meetings were held to process the applications received.
Number of scheduled meetings of the committee that considers surveys and applications for formal protection	-	4	5	+1	An additional meeting was scheduled to process nomination applications and surveys. The Committee met as scheduled.

The performance indicators provide an indication of performance on the bulk of the work of the organisation that concerns the processing of applications per annum.

This work is undertaken by the Heritage Operational Management Services (HOMS) and the APM, IACom and BELCom committees of the Council. The work of these components of HWC hence reflects the major work effort of the organisation for the financial year. The work of the Council and Executive Committee reflects the bulk of the balance of tasks undertaken by HWC in that these organs deal with matters relating to policy, declaration of sites, approval of inventories, gradings, financial and other oversight.

Strategy to overcome areas of under performance

No underperformance occurred for the period under review.

Changes to planned targets

There were no changes to planned targets for the year under review.

Linking performance with budgets

All indicators are directly linked to the budget as per the APP. The budget is in line with the administrative support of meetings of Heritage Western Cape Committees.

Programme /activity /objective	2015/2016			2014/2015		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	2 606	3 305	699	2 273	2 104	169
Total	2 606	3 305	*(699)	2 273	2 104	169

* The over expenditure relates to the GRAP 23 adjustments made for salaries (employee cost: R538 000) of the financial management staff pertaining to services in-kind received from the department.

The funding received from the DCAS was utilised to defray expenditure related to the activities of the Heritage Western Cape, as intended.

4 Revenue Collection

Sources of revenue	2015/2016			2014/2015		
	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
Transfers and subsidies	1 590	2 270	680	1 500	3 838	2 338
Other operating cost	720	1 207	487	685	805	120
Interest income	296	351	55	88	204	116
Total	2 606	3 828	*1 222	2 273	4 847	2574

* The over collection on revenue relates to:

- GRAP 23 adjustment made for salaries of the financial management staff pertaining to services in-kind received from the department (service in-kind: R538 000)
- Transfer payment due by DCAS to fund the cost of developing Conservation Management Plans (CMP) for Early Cape Farmsteads in 2017, not budgeted for.

Fees applicable for the various applications listed below:

Amount	Type of Application	Section of NHRA
R300	Permit	Section 48 & Chapter II (excluding Section 38)
R300	Notification of Intent to Develop	Sections 38(1) & (8)
R1 000	Heritage Impact Assessment	Sections 38(2), (3) & (8)

The process for collection of fees is set out in terms of a policy approved by the Council of the organisation.

4.1 Capital investment

Not applicable

PART C: GOVERNANCE

1. INTRODUCTION

Governance, Risk Management and Compliance are three pillars that work together for the purpose of assuring that the Entity meets its objectives. Compliance with the Entity's policies and procedures, laws and regulations that translates into strong and efficient governance is considered key to the Entity's success.

This report provides an overview of the governance embedded in the Entity.

2. PORTFOLIO COMMITTEES

The committees of the Provincial Parliament that have oversight of Heritage Western Cape are the Standing Committee on Community Safety, Cultural Affairs and Sport, and the Standing Committee on Public Accounts (SCOPA)

Standing Committee on Public Accounts	
Date of Hearing	Matter Under Consideration
24 June 2015	Presentation on Fourth Quarterly Performance Report 2014/2015.
28 October 2015	Annual Report Discussion

3. EXECUTIVE AUTHORITY

The Executive Authority executed his oversight responsibility by monitoring financial and non-financial information for the period under review. The following reports were submitted for monitoring purposes:

Quarterly Performance Report	31 July 2015, 31 October 2015, 31 January 2016 and 30 April 2016.
In-year Monitoring Report	31 July 2015, 31 October 2015, 31 January 2016 and 30 April 2016.

4. THE HERITAGE WESTERN CAPE COUNCIL

Introduction

The Council is established in terms of the National Heritage Resources Act, 1999, and regulations published as Provincial Notice 336 of 25 October 2002.

The role of the Council is as follows:

The Council is the decision-making authority on matters of policy and all areas of decision-making in terms of the NHRA that have not been delegated to its committees, staff or municipalities.

Board Charter

Heritage Western Cape does not have a formal charter but is guided by the National Heritage Resources Act (Act 25 of 1999).

Composition of the Council

Name	Designation (in terms of the Public Entity Council 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
Ms Laura Robinson	Chairperson	1 September 2013	-	B.Architecture	Heritage and policy formulation; architecture and cultural landscape; town and regional planning; sites related to intangible heritage	Cape Town Partnership	EXCO and IGIC	15 (Two meetings as an additional member in appeals meetings)
Ms Sarah Winter	Member	1 September 2013	-	BA Archaeology, Anthropology; Masters in City and Regional Planning	Heritage law and policy formulation; cultural landscapes; town and regional planning; archaeology; sites related to intangible heritage; documentation of heritage; database	n/a	EXCO and BELCOM	23 (One meeting as an additional member in appeals meetings)
Mrs Mary Leslie	Member	1 September 2013	-	Masters in Archaeology	Scientific and natural heritage; heritage law and policy formulation; archaeology; documentation of	n/a	EXCO, APM and IACOM	31

Name	Designation (in terms of the Public Entity Council 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
					heritage and database			
Dr Piet Claassen	Member	1 September 2013	-	BSc Eng (Civil); M (TRP); Dphil (Town and Regional Planning)	Heritage law and policy formation; architecture; town and regional planning; promotion and interpretation of, and education about heritage resources; scientific and natural heritage	n/a	EXCO and IACOM	31 (Seven meetings as an additional member in appeals meetings)
Dr Antonia Malan	Member	1 September 2013		PHD in Archaeological Records and Inventory; BA Hons. in Archives, Architecture and Archaeology	Heritage law and policy formation; architecture; cultural landscape; sites related to intangible heritage; documentation of heritage and database; promotion and interpretation of, and education about heritage resources	n/a	EXCO, IGIC and Appeals	23
Ms Maureen	Member	1 September	-	BA Architecture	Architecture; documentation of	Charaprep	IGIC	7

Name	Designation (in terms of the Public Entity Council 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
Wolters		2013			heritage and database	Holdings		
Ms Quahnita Samie	Member	1 September 2013	-	BTech: Town and Regional Planning (cum laude); ND: Town and Regional Planning, Planning and Geometrics; CPD: History of conservation, conservation discipline and practices; planning and geometrics; researching and assessing heritage resources	Heritage law and policy formation; cultural landscape; town and regional planning; sites related to intangible heritage; documentation of heritage and database; promotion and interpretation of, and education about heritage resources	n/a	IACOM and IGIC	25 (Six meetings as an additional member in appeals meetings)
Mr Julian Kritzinger	Member	1 September 2013	-	LLM Advanced Company Law; LLM Law on International Business Transactions; LLB International Mercantile Law; BA International Relations; Diploma des Etudes de la langue Francaise	Architecture; documentation of heritage and database	n/a	-	3

Name	Designation (in terms of the Public Entity Council 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 Rowen Ruiters	Member	1 September 2013	-	BTech: Architectural Technology; BTech: Project Management ND: Architectural Technology	Architecture	n/a	BELCOM and IGIC	20
Mr Sipiwo Mavumengwana	Member	1 September 2013	-	Dipl. Marketing Management; Management Development Programme Old Mutual Finance School Programme (Banking Finance); Wesbank (FNB)	Architecture; cultural landscape; town and regional planning; archaeology (rock art paintings); palaeontology; meteorites; sites related to intangible heritage; documentation of heritage and database; promotion and interpretation of, and education about heritage resources; scientific and natural heritage	Western Cape Liquor Authority	IACOM	18
Dr Lita Webley	Member	1 September 2013	-	PHD Archaeology; MA Archaeology; BA; BA Hons; GIS	Heritage law and policy formation; architecture;	n/a	APM	25 (One

Name	Designation (in terms of the Public Entity Council 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
				course; Architectural and Urban Conservation Course	archaeology; palaeontology; sites related to intangible heritage; documentation of heritage and database; promotion and interpretation of, and education about heritage resources			meeting as an additional member in appeals meetings)
Mr Ignatius de Swardt	Member	1 September 2013	-	MA in Cultural History (cum laude); BA Hons. History; BA African Studies	Architecture; documentation of heritage and database	n/a	IGIC	8
Ms Maureen Wicomb	Member	1 September 2013	-	ND: Business Skills; Development Education and Leadership Teams in Action (DELTA) course	Documentation of heritage and database; promotion and interpretation of, and education about heritage resources; scientific and natural heritage	n/a	-	4

Committees

Committee	No. of meetings held	No. of members	Name of members
Council	4	13	Ms Laura Robinson (Chairperson) Mrs Mary Leslie Ms Sarah Winter Dr Antonia Malan Dr Piet Claassen Dr Lita Webley Ms Maureen Wolters Ms Maureen Wicomb Ms Quahnita Samie Mr Siphiso Mavumengwana Mr Rowen Ruiters Mr Julian Kritzinger Mr Ignatius de Swardt
EXCO	5	5	Ms Laura Robinson (Chairperson) Mrs Mary Leslie Ms Sarah Winter Dr Antonia Malan Dr Piet Claassen
BELCOM	15	7	Ms Sarah Winter (Chairperson) Ms Belinda Mutti Mr Rowen Ruiters Mr Stuart Hermansen Mr Graham Jacobs Mr Mike Scurr Mr Peter Buttgens
IACOM	16	10	Ms Cindy Postlethwayt (Chairperson) Dr Piet Claassen Mr Quinton Lawson Mr Tim Hart Mr Frik Vermeulen

Committee	No. of meetings held	No. of members	Name of members
			Mr Sipiwo Mavumengwana Ms Corlie Smart Mrs Mary Leslie Ms Quahnita Samie Mr Chris Snelling Mr Steven Walker Dr Lita Webley
APM	9	8	Mrs Mary Leslie (Chairperson) Dr Lita Webley Dr John Pether Ms Harriet Cliff Mr Jayson Orton Mr John Gribble Dr Mariagrazia Galimberti Dr Ragna Redelstorff (appointed in August 2015)
Appeal	13	4	Mr Richard Summers (Chairperson) Dr Antonia Malan Dr Nicolas Baumann Mr Trevor Thorold
IGIC	5	8	Dr Antonia Malan (Chairperson) Dr Stephen Townsend Ms Laura Robinson Ms Quahnita Samie Mr Ignatius de Swardt Mr Rowen Ruiters Mr Stefan de Kock Ms Maureen Wolters

Remuneration of members

The service benefit packages for office-bearers of certain statutory and other institutions are defined by the Minister of Finance and described in a Provincial Treasury Circular. The Chairperson's rate is R448 per hour, the Deputy Chairperson's rate is R392 per hour and the rate for members is R272 per hour.

Name	Remuneration R,000	Other Allowances (T&S) R'000	Total R,000
Baumann, Nicholas	13	1	14
Buttgens, Peter	25	0	25
Claassen, Piet	41	13	54
De Kock, Stefan	6	18	24
De Swart, Ingatius	11	49	60
Galimberti, Mariagrazia	11	0	11
Hart, Tim	20	3	23
Hermansen, Stuart	16	4	20
Jacobs, Graham	29	8	37
Kritzinger, Julian	3	2	5
Lawson, Quinton	19	2	21
Leslie, Mary	54	12	66
Malan, Antonia	29	0	29
Mavumengwana, Simphiwo	30	25	55
Mutti, Belinda	27	16	43
Orton, Jayson	8	2	10
Postlethwayt, Cindy	37	4	41
Robinson, Laura	26	0	26
Ruiters, Rowen	37	0	37
Samie, Quahnita	35	0	35
Scurr, Mike	25	0	25
Smart, Corlie	20	8	28
Snelling, Chris	26	1	27
Summers, Richard	11	0	11
Thorold, Trevor	13	1	14
Townsend, Stephen	6	0	6
Vermeulen, Frik	26	1	27
Walker, Steven	10	0	10
Webley, Litha	38	4	42
Wicomb, Maureen	6	17	23
Winter, Sarah	50	1	51
Wolters, Maureen	10	11	21
Total	718	203	921

5. RISK MANAGEMENT

The Accounting Authority (AA) for the Western Cape Language Committee takes responsibility for implementing Enterprise Risk Management (ERM) in accordance with the National Treasury Public Sector Risk Management Framework (PSRMF) and the Directorate Enterprise Risk Management (D:ERM) in the Department of the Premier (DotP) provides a centralised strategic support service to the Department.

In compliance with the National Treasury Public Sector Risk Management Framework (PSRMF) and to further embed risk management within the Entity, the Western Cape Government (WCG) has adopted an ERM Policy Statement which sets out the WCG's overall intention with regard to ERM. The Entity adopted an ERM Policy 2015/16 – 2016/17, approved by the Accounting Officer of the Department of Cultural Affairs and Sport on 29 April 2015; and an ERM Strategy and Implementation Plan for 2015/16, approved by the Accounting Officer on 29 April 2015. The ERM Implementation Plan gave effect to the Entity's ERM Policy and Strategy and outlines the roles and responsibilities of management and staff in embedding risk management in the entity.

The Entity assessed significant risks that could have an impact on the achievement of its objectives, both strategically and on a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

The Department of Cultural Affairs and Sport established an Enterprise Risk Management Committee (ERMCO) to assist the Accounting Authority in executing his responsibilities relating to risk management. The Committee operated under a Terms of Reference approved by the Accounting Officer on 15 May 2015. ERMCO in the main evaluated the effectiveness of the mitigating strategies implemented to address the risks of the department and recommended further action where relevant.

The Audit Committee provided the independent oversight of the Entity's system of risk management. The Audit Committee was furnished with Quarterly ERM progress reports and risk profiles and registers to execute their independent oversight role. The Audit Committee's evaluation of the risk management process was in relation to the progress of implementation of the ERM Implementation Plan and risks faced by the Entity and their relevant risk response/treatment strategies.

6. INTERNAL CONTROL UNIT

It is the responsibility of the Accounting Authority to continually assess and evaluate internal controls to ensure that the control activities in place are effective, efficient and transparent and that they are improved when necessary. To achieve this, quarterly key control meetings were held with the Auditor-General and the MEC. This is an ongoing process to ensure that HWC obtains clean audits.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Entity. It assists the Entity to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes. The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

Management of Public Entity's assurance engagement was approved in the 2015/16 Internal Audit Plan.

The Audit Committee is established as oversight bodies, providing independent oversight over governance, risk management and control processes in the Entity, which include oversight and responsibilities relating to:

- Internal Audit function;
- External Audit function (Auditor-General of South Africa - AGSA);
- Accounting and reporting;
- Accounting Policies;
- Review of AGSA management and audit report;
- Review of In year Monitoring;
- Risk Management;
- Internal Control;
- Pre-determined objectives;
- Ethics and Forensic Investigations.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr Ronnie Kingwill	CA(SA); CTA; BCom	External	N/a	01 January 2013 (2 nd term)	2 nd term expired 31 December 2015	7
Mr Mervyn Burton	CA(SA); CFP; B Compt (Hons); B Compt;	External	N/a	01 January 2015 (2 nd term)	N/a	8
Ms Judy Gunther	CIA; AGA; CRMA; Masters in Cost Accounting; BCompt	External	N/a	01 January 2016 (2 nd term)	N/a	8
Mr Louw van der Merwe	CA(SA); ACMA; CIA; CISA; CRMA	External	N/a	01 January 2013 (2 nd term)	2 nd term expired 31 December 2015	7
Mr Francois Barnard	MComm (Tax); CA(SA); Postgrad Diploma in Auditing; CTA; BCompt (Honours); BProc	External	N/a	01 January 2016 (2 nd term)	N/a	8
Mr Ameen Amod	MBA, CIA, CGAP, CRMA; BCom (Hons)	External	N/a	01 January 2016	N/a	1

8. COMPLIANCE WITH LAWS AND REGULATIONS

Systems, policies and processes are in place to ensure compliance with laws and regulations.

9. FRAUD AND CORRUPTION

The Western Cape Government (WCG) adopted an Anti-Corruption Strategy which confirms the Province's zero tolerance stance towards fraud and corruption. The Department has an approved Fraud Prevention Plan and a Fraud Prevention Implementation plan which gives effect to the Fraud Prevention Plan. The plan includes the Heritage Western Cape.

Various channels for reporting allegations of fraud and corruption exist and these are described in detail in the Provincial Anti-Corruption Strategy and the Departmental Fraud Prevention Plan. Each allegation received by the Provincial Forensic Services (PFS) Unit is recorded in a Case Management System which is used as a management tool to report on progress made with cases relating to the Department and generating statistics for the Province and Department.

Employees who blow the whistle on suspicions of fraud, corruption and theft are protected if the disclosure is a protected disclosure (i.e. meets statutory requirements, e.g. was made in good faith). In this regard a transversal Whistle-blowing Policy was approved on 24 February 2016 to provide guidelines to employees on how to raise concerns with the appropriate line management, specific designated persons in the WCG or external institutions, where they have reasonable grounds for believing that offences or improprieties have been or are being perpetrated within the WCG. The opportunity to remain anonymous is afforded to any person who would like to report acts of fraud, theft and corruption and should they do so in person, their identities are kept confidential by the person to whom they are reporting.

Once fraud or corruption is confirmed after completion of an investigation, the relevant employee who participated in these acts is subjected to a disciplinary hearing. In all such instances, the WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where prima facie evidence of criminal conduct is detected, a criminal matter is reported at the South African Police Services.

For the period under review, no cases were reported for the Entity.

10. MINIMISING CONFLICT OF INTEREST

HWC ensures that there is no conflict of interest by ensuring that a Declaration of Interest (WCBD4 form) is obtained from every supplier not registered on the Western Cape Supplier Database/Central Supplier Database.

Provincial Treasury is assisting departments and public entities to reduce the risk of conflicts of interest where owners or directors of companies are also public servants in the Western Cape. This is done by providing information from PERSAL (the Personnel Salary System) about public servants who are registered as owners or directors of companies. HWC ensures that such persons possess a Remunerative Work outside the Public Service (RWOP) approval letter before doing business with them.

HWC has not found any conflict of interest with any business concluded with suppliers. If such a conflict were to be discovered, the matter will be treated as a fraudulent Supply Chain Management activity and, after a due diligence investigation, the supplier will be identified as a 'non-preferred' service provider.

With regard to the processes conducted by HWC in terms of the NHRA, registering conflict of interest is a standing item on the agendas of the Council and its committees. Issues registered by members are dealt with in terms of relevant provisions of the organisation's 'Rules of Order and Conduct of Meetings of the Council of Heritage Western Cape and its Committees', with any conflict of interest and the action taken in such regard being minuted under the relevant item of business.

11. CODE OF CONDUCT

The policy implemented by DCAS incorporates the HWC.

The code of conduct is distributed to all staff annually. Information sessions have also been held to discuss the contents of the code of conduct and how it should be practically implemented. In addition, the Public Service Commission's explanatory manual on the practical implementation of the code of conduct has been distributed to staff.

In addition, the Council members of Heritage Western Cape are obliged to sign and adhere to a code of conduct pertaining to their area of responsibility.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The DCAS provides the WCLC with office space, the policy implemented by the DCAS is therefore applicable to the WCLC.

13. COMPANY /BOARD SECRETARY

Not Applicable

14. SOCIAL RESPONSIBILITY

Not Applicable

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted an appropriate formal Terms of Reference, has regulated its affairs in compliance with these Terms and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The Entity is serviced by the Department of Cultural Affairs and Sport and no internal control deficiencies were reported at the Entity level.

In-Year Management and Monthly/Quarterly Reports

The Audit Committee is satisfied with the content and quality of the quarterly in-year management and performance reports issued during the year under review by the Accounting Authority of the Entity in terms of the National Treasury Regulations and the Division of Revenue Act.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General South Africa (AGSA) and the Accounting Authority;
- reviewed the AGSA's Management Report and Management's responses thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed material adjustments resulting from the audit of the Entity.

Compliance

The Audit Committee has reviewed the Entity's processes for compliance with legal and regulatory provisions.

Performance Information

The Audit Committee has reviewed the information on predetermined objectives as reported in the Annual Report.

Report of the Auditor-General South Africa

We have on a quarterly basis reviewed the Entity's implementation plan for audit issues raised in the prior year. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA are monitored by the Audit Committee on a quarterly basis.

The Audit Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements, and proposes that these Audited Annual Financial Statements be accepted and read together with their report.

The Audit Committee commends the Entity for maintaining an unqualified audit opinion.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Entity, Auditor-General South Africa and the WCG Corporate Assurance Branch for the co-operation and information they have provided to enable us to compile this report.



Ameen Amod

Chairperson of the Audit Committee

Heritage Western Cape

Date: 5 August 2016

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Staff are employed by the Department of Cultural Affairs and Sport, and the relevant information appears in the DCAS Annual Report.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

These statistics are reported in the Annual Report of the Department of Cultural Affairs and Sport.

PART E: FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL

Report of the Auditor-General to the Western Cape Provincial Parliament on Heritage Western Cape

Report on the financial statements

Introduction

I have audited the financial statements of Heritage Western Cape set out on pages 54 to 78, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

1. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and section 15(5) of the Provincial Heritage Resources Authority Regulations, 2002 (Provincial Notice No. 336 of 2002) (PHRAR), 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

2. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with 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.
3. 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.

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

Opinion

5. In my opinion, the financial statements present fairly, in all material respects, the financial position of Heritage Western Cape as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and the PHRAR.

Emphasis of matter

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

Significant uncertainties

7. As disclosed in note 20 to the financial statements, the entity is the defendant in a legal claim as a result of a decision taken to decline an application for the development of a declared provincial heritage site. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

8. As disclosed in notes 23.1 and 23.2 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the financial statements of Heritage Western Cape at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, compliance with legislation and 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 strategic objective presented in the annual performance report of the entity for the year ended 31 March 2016:
 - Strategic objective: to establish and maintain an integrated heritage resource management system in the Western Cape on pages 26 to 27
11. 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 strategic objective. 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.
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the strategic objective: to establish and maintain an integrated heritage resource management system in the Western Cape.

Additional matters

14. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic objective, I draw attention to the following matters:

Achievement of planned targets

15. Refer to the annual performance report on pages 26 to 27 for information on the achievement of planned targets for the year.

Compliance with legislation

16. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material finding on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, is as follows:

Financial statements

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving

an unqualified audit opinion.

Internal control

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matter reported below is limited to the significant internal control deficiency that resulted in the finding on compliance with legislation included in this report.

Financial management

19. Management did not put adequate internal control review processes in place, which resulted in material corrections to the financial statements having to be made.

Auditor-General

Cape Town

29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

HERITAGE WESTERN CAPE

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

	Note(s)	2016 R '000	2015 R '000
Assets			
Current Assets			
Cash and cash equivalents	3	5 846	5 661
Inventories	4	123	123
Receivables from exchange transactions	5	103	19
Receivables from non-exchange transactions	5	680	-
		<u>6 752</u>	<u>5 803</u>
Total Assets		<u>6 752</u>	<u>5 803</u>
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	171	265
Provisions	7	-	50
Unspent Conditional Grant	15	570	-
		<u>741</u>	<u>315</u>
Total Liabilities		<u>741</u>	<u>315</u>
Net Assets		<u>6 011</u>	<u>5 488</u>
Accumulated surplus		<u>6 011</u>	<u>5 488</u>

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Performance

	Note(s)	2016 R '000	2015 R '000
Revenue			
Revenue from exchange transactions			
Heritage application fees	8	669	775
Interest received	9	351	204
Total revenue from exchange transactions		1 020	979
Revenue from non-exchange transactions			
Other operating income - rebate	10	-	30
Other income from non - exchange transactions	11	538	-
Transfers and subsidies received	12	2 270	3 838
Total revenue from non-exchange transactions		2 808	3 868
Total revenue		3 828	4 847
Expenditure			
Audit fees	13	(55)	(110)
Consulting and professional fees	14	(1 337)	(812)
General expenses	16	(1 195)	(463)
Members fees	17	(718)	(719)
Total expenditure		(3 305)	(2 104)
Surplus for the year		523	2 743

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2014	2 745	2 745
Changes in net assets		
Surplus for the year	2 743	2 743
Total changes	<u>2 743</u>	<u>2 743</u>
Balance at 01 April 2015	5 488	5 488
Changes in net assets		
Surplus for the year	523	523
Total changes	<u>523</u>	<u>523</u>
Balance at 31 March 2016	<u>6 011</u>	<u>6 011</u>

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Cash Flow Statement

	Note(s)	2016 R '000	2015 R '000
Cash flows from operating activities			
Receipts			
Cash received		2 939	4 613
Interest income		351	204
		<u>3 290</u>	<u>4 817</u>
Payments			
Cash paid to suppliers and employees		<u>(3 105)</u>	<u>(1 990)</u>
Net cash flows from operating activities	18	<u>185</u>	<u>2 827</u>
Cash flows from financing activities			
Cash (utilised) by provision		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>185</u>	<u>2 827</u>
Cash and cash equivalents at the beginning of the year		<u>5 661</u>	<u>2 834</u>
Cash and cash equivalents at the end of the year	3	<u>5 846</u>	<u>5 661</u>

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 24)
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Heritage application fees	720	-	720	669	(51)	24.1
Interest received	93	203	296	351	55	24.2
Total revenue from exchange transactions	813	203	1 016	1 020	4	
Revenue from non-exchange transactions						
Other income from non-exchange transactions	-	-	-	538	538	24.3
Transfers and subsidies received	1 793	(203)	1 590	2 270	680	24.3
Total revenue from non-exchange transactions	1 793	(203)	1 590	2 808	1 218	
Total revenue	2 606	-	2 606	3 828	1 222	
Expenditure						
Members fees	(909)	-	(909)	(718)	191	24.4
Audit fees	(110)	-	(110)	(55)	55	24.5
General expenses	(1 587)	-	(1 587)	(2 532)	(945)	24.6
Total expenditure	(2 606)	-	(2 606)	(3 305)	(699)	
Surplus	-	-	-	523	523	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	523	523	
Reconciliation (must be disclosed if actuals not on comparable basis to budget)						
Basis difference						
Operating				-		
Timing difference						
Operating				680		
Entity difference						
Operating				-		
Actual Amount in the Statement of Financial Performance				523		

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999), and the Treasury Regulations issued in terms of the Act.

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

All figures have been rounded to the nearest thousand.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Receivables

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

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 7 Provisions.

Allowance for impairment

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for impairment debt shall be calculated on trade receivables only.

The total impairment provision of the entity shall be calculated either by individual debtor or at least per risk category.

Contingent liabilities

An estimate for contingent liabilities is made when the entity has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.3 Financial instruments

The financial instruments of the entity are categorised as either financial assets or liabilities.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.3 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures all other financial assets and financial liabilities initially at fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.3 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability in the case of a financial asset.

Fair value measurement considerations

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

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and un-collectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.3 Financial instruments (continued)

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

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

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

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

1.4 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, 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.

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.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.4 Inventories (continued)

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.

1.5 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 the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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 reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If the entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.5 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.6 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and when the amount of revenue can be reliably measured, and specific criteria have been met for the entity's activities. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

The amount is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

1.7 Revenue from non-exchange transactions

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and when the amount of revenue can be reliably measured, and specific criteria have been met for the entity's activities. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

The amount is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.7 Revenue from non-exchange transactions (continued)

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the liability and if not, it is recognised as interest earned in the statement of financial performance.

Grants that compensate the entity for expenses incurred are recognised in surplus or deficit on a systematic basis in the same years in which the expenses are recognised.

Services in-kind

Services in-kind are services provided by individuals to entities, without charge, but may be subject to stipulations. Public entity staff provide valuable support to the entity in achieving its objectives. The service provided can be measured reliably and therefore it is recognised in the statement of financial performance and disclosed in the notes to the financial statements.

1.8 Expenditure

Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and /or under spending of appropriated funds. The write off occurs at year end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

1.9 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.10 Translation of foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are charged against surplus/deficit.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.11 Commitments

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which are disclosed in note 19.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Budget information

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

The approved budget covers the fiscal period from 2015/04/01 to 2016/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.13 Value-added Tax (VAT)

The entity is not entitled to register as a VAT vendor. However, if any funding is received that entitles the entity for possible exemption such application will be lodged.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
--	----------------	----------------

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (as amended 2015): Presentation of Financial Statements	01 April 2015	The impact of the amendment is not material.
• GRAP 2 (as amended 2015): Cash Flow Statements	01 April 2015	The impact of the amendment is not material.
• GRAP 3 (as amended 2015): Accounting Policies, Changes in Accounting Estimates and Errors	01 April 2015	The impact of the amendment is not material.
• GRAP 7 (as amended 2015): Investments in Associates	01 April 2015	The impact of the amendment is not material.
• GRAP 10 (as amended 2015): Financial Reporting in Hyperinflationary Economies	01 April 2015	The impact of the amendment is not material.
• GRAP 11(as amended 2015): Construction Contracts	01 April 2015	The impact of the amendment is not material.
• GRAP 13 (as amended 2015): Leases	01 April 2015	The impact of the amendment is not material.
• GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2015	The impact of the amendment is not material.
• GRAP 19 (as amended 2015): Provisions, Contingent Liabilities and Contingent Assets	01 April 2015	The impact of the amendment is not material.
• GRAP 21 (as amended 2015): Impairment of Non-cash-generating Assets	01 April 2015	The impact of the amendment is not material.
• GRAP 23 (as amended 2015): Revenue from Non-exchange Transactions	01 April 2015	The impact of the amendment is not material.
• GRAP 24 (as amended 2015): Presentation of Budget Information in Financial Statements	01 April 2015	The impact of the amendment is not material.
• GRAP 25 (as amended 2015): Employee Benefits	01 April 2015	The impact of the amendment is not material.
• GRAP 26 (as amended 2015): Impairment of Cash-generating Assets	01 April 2015	The impact of the amendment is not material.
• GRAP 31 (as amended 2015): Intangible Assets	01 April 2015	The impact of the amendment is not material.
• GRAP 103 (as amended 2015): Heritage Assets	01 April 2015	The impact of the amendment is not material.
• GRAP 104 (as amended 2015): Financial Instruments	01 April 2015	The impact of the amendment is not material.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

• GRAP 18: Segment Reporting	01 April 2015	The impact of the amendment is not material.
• GRAP 105: Transfers of Functions between Entities under Common Control	01 April 2015	The impact of the amendment is not material.
• GRAP 106: Transfers of Functions between Entities not Under Common Control	01 April 2015	The impact of the amendment is not material.
• GRAP 107: Mergers	01 April 2015	The impact of the amendment is not material.
• Directive 11: Changes in Measurement Bases Following the Initial Adoption of Standards of GRAP	01 April 2015	The impact of the amendment is not material.

2.2 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 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related Parties	No effective date	The impact of the amendment is not material.
• GRAP 32: Service Concession Arrangements: Grantor	No effective date	The impact of the amendment is not material.
• GRAP 108: Statutory Receivables	No effective date	The impact of the amendment is not material.
• GRAP 109: Accounting by Principals and Agents	No effective date	The impact of the amendment is not material.
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	No effective date	The impact of the amendment is not material.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	481	527
Short-term deposits	5 365	5 134
	<u>5 846</u>	<u>5 661</u>

Credit quality of cash at bank and short term deposits, excluding cash on hand

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.

4. Inventories

Inventory	<u>123</u>	<u>123</u>
-----------	------------	------------

Inventory consists of ceramic tiles used to identify heritage sites. These tiles are distributed free of charge.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
5. Receivables		
Exchange transactions	103	19
Non-exchange transactions	680	-
	<u>783</u>	<u>19</u>

Receivables are classified as amortised cost. The carrying amount of Receivables transactions approximate their fair value.

The increase in receivables is due to (1) dispute with SARS and (2) transfer payment to be received from the department (DCAS).

6. Payables from exchange transactions

Trade payables	170	265
Accrued expenses	1	-
	<u>171</u>	<u>265</u>

Payables are classified as at amortised cost. The carrying amount of payables transactions approximate their fair value.

7. Provisions

Provisions	-	50
------------	---	----

Reconciliation of provisions - 2016

	Opening Balance	Utilised during the year	Total
Provision	50	(50)	-

Reconciliation of provisions - 2015

	Opening Balance	Utilised during the year	Total
Provision	83	(33)	50

A stop work order was initiated with the owner of a heritage building in contravention of heritage regulations and fined R50 thousand as security until such time as an investigation into the contravention is completed. This amount was refunded during the 2015/2016 financial year.

8. Heritage application fees

Heritage application fees	<u>669</u>	<u>775</u>
---------------------------	------------	------------

9. Interest income

Interest received	<u>351</u>	<u>204</u>
-------------------	------------	------------

10. Other operating income

Rebate: Audit fees	<u>-</u>	<u>30</u>
--------------------	----------	-----------

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
11. Other income from non-exchange transactions		
Donation: services in kind	538	-
	<u>538</u>	<u>-</u>
For the detail on the donation: services in kind refer to the narrative on note 16.		
12. Transfers and subsidies received		
Transfers and subsidies received	2 270	3 838
	<u>2 270</u>	<u>3 838</u>
13. Audit fees		
External audit	55	110
	<u>55</u>	<u>110</u>
The reduction is due to the significant decrease in audit cost for the public entity.		
14. Consulting and professional fees		
Consulting and professional fees	1 337	812
	<u>1 337</u>	<u>812</u>
Heritage Western Cape is in the process of developing a database over 24 months.		
15. Unspent Conditional Grant		
Unspent conditional grant – Lotto Funding	570	-
	<u>570</u>	<u>-</u>

Conditional grant received from Lotto funding for Baboon Point for the Conservation Management Plan project.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
16. General expenses		
Advertising	62	77
Bank charges	2	2
Computer services	-	16
Courier services	2	2
Employee cost: services in kind	538	-
Entertainment	101	66
Equipment <R5 000	2	-
Honoraria	32	-
Legal fees	188	-
Printing and publications	56	49
Printing and stationery	9	4
Seminars	-	30
Sponsorships	-	60
Subscriptions and membership fees	1	-
Travel and subsistence	203	157
	1 195	463

Employee cost: services in kind:

Officials of the Department of Cultural Affairs and Sport fulfil the executive and administrative functions associated with the Heritage Western Cape. Departmental staff that supports the Public Entity includes the Chief Financial Officer, Director: Museums, Heritage and Geographical Names, line function in the aforementioned Directorate as well as a dedicated Financial Management team that supports the Chief Financial Officer. Whilst line function staff and Senior Managers fulfils a dual role, the financial management team is dedicated to the Public Entity. Due to the dual role performed by most of the aforementioned staff, it is difficult to apportion the time spent with the Public Entities. Resultantly, the service in kind related to their salaries cannot be measured reliably. Therefore, the recognition relates only to the dedicated finance team who supports the CFO in the execution of her role as CFO to the Public Entity and the Department. The values therefore represents the services in kind provided by the finance team only.

Entertainment:

The variance is due the increase in the number of meetings held during the year under review compared to the previous year.

Legal fees:

Legal fees incurred for legal cases dealt with during the year under review.

Travel and subsistence:

The variance is due the increase in the number of meetings held during the year under review compared to the previous year.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
17. Members fees		
Baumann, N	12	9
Buttgens, P	25	26
Claassen, Dr P	41	43
Clieft, H	-	-
De Gois, S	-	-
De Kock, S	6	13
De Swardt, I	11	22
Deacon, J	-	-
Galimbert, M	11	-
Gubble, J	-	-
Hart, T	20	15
Hermansen, S	16	22
Jacobs, G	29	29
Kantoor, P	-	4
Kritzinger, J	3	6
Lawson, Q	19	26
Leslie, M	54	49
Louw, P	-	20
Malan, Dr A	29	37
Mavumengwena, S	30	22
Mutti, B	27	22
Orton, J	8	14
Postlethwayt, C	37	28
Robinson, L	26	33
Ruiters, R	37	39
Samie, Q	35	36
Scurr, M	25	29
Smart, C	20	24
Snelling, C	26	-
Summers, R	11	8
Thorold, T	13	9
Townsend, S	6	13
Vermeulen, F	27	24
Walker, S	10	-
Webley, L	38	19
Wicomb, M	6	6
Winter, S	50	53
Wolters, M	10	19
	718	719
18. Cash generated from operations		
Deficit / Surplus	523	2 743
Adjustments for:		
Movements in provisions	(50)	(33)
Changes in working capital:		
Inventories	-	(50)
Receivables from exchange transactions	(84)	(16)
Receivables from non-exchange transactions	(680)	-
Payables from exchange transactions	(94)	183
Unspent Conditional grant	570	-
	185	2 827

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
19. Related parties		
Relationships		
Primary funders		Department of Cultural Affairs and Sport
Strategic partner		Western Cape Language Committee
Strategic partner		Western Cape Cultural Commission
Secondary funder		National Treasury
Nature of relationship		
Officials of the Department of Cultural Affairs and Sport in the Western Cape fulfil the executive and administrative functions associated with the Heritage Western Cape.		
The entity occupies the accommodation of the Department of Cultural Affairs and Sport and has access to the use of their assets and security service provided by the Department of Community Safety.		
National Treasury subsidised the audit fees of Heritage Western Cape.		
Related party transactions		
Income received from related parties		
Department of Cultural Affairs and Sport	2 270	3 838
National Treasury	-	30
20. Commitments		
Approved and contracted		
<ul style="list-style-type: none">Business Connexion: Database developmentAfrican Web Science: Website hosting	2 632 14 2 646	4 071 26 4 097
Approved not yet contracted		
<ul style="list-style-type: none">Eco Africa Environmental Consultants (Pty) Ltd : CMP for Human OriginsArchaeo -Adventures: CMP for Early Cape Farmsteads	890 680 1 570	- - -
This expenditure will be finance from:		
Government grants	4 216	3 116
Application fees received	-	981
	4 216	4 097

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

2016 R '000	2015 R '000
----------------	----------------

21. Contingent liabilities

MIDNIGHT STORM INVESTMENTS 170 (PTY) LTD v MINISTER OF ARTS AND CULTURE, case 46055/15

Summons in the High Court in Pretoria, Gauteng. (This is because the National Minister is the First Defendant.) We are 3rd Defendant and our Minister of Cultural Affairs and Sport is 5th Defendant. The plaintiff purchased properties in Elands Bay in 2005. They were zoned Agricultural and Industrial and fell outside the Urban Edge. They intended to develop an upmarket housing development, and applied for rezoning and subdivision rights. This triggered S38 of the NHRA. HWC was opposed to the development as it impacted significantly on the Baboon Point Caves. The land was declared a PHS. Two applications to HWC to develop have been recommended for refusal. The owners have issued summons to recover the costs (which they have not quantified) they have expended on the land as they allege "constructive expropriation".

The matter has been set down for hearing on 7 November 2016. HWC defending along with the State and the Minister.

If claim succeeds our liability is in the region of R8, 2 million. However, it would be the Minister of Finance who would be responsible for payment. Fees: 1/3 of R240 thousand (R80 thousand).

GEES v PROVINCIAL MINISTER OF CULTURAL AFFAIRS AND SPORT AND OTHERS, case 6205/2015 High Court, WC division

The case concerns the proposed demolition of a block of flats in Vredehoek. BELCom and the Appeals committee of HWC refused the demolition. The Ministerial Tribunal approved it subject to conditions, amongst which a condition is that plans for the development which is to replace the demolished building must be approved by HWC. The applicant applied to the Court to review the decision of the Tribunal, not in respect of the approval of the demolition, but in respect of the conditions which he contended were ultra vires the NHRA. The High Court heard the application and refused it.

The matter has been taken on appeal to the SCA.

The estimated fees for this case amount to R65 thousand.

PIKETBERG LOCAL HERITAGE COMMITTEE AND ANOTHER v LIEBCO VLEISHANDELAARS (EDMS) BPK AND OTHERS, case 1103/2016

The case concerns the proposed demolition of Erf 207 Piketberg. The First Applicant is, as they admit in their papers, not a registered conservation body. There was a registered conservation body in Piketberg named the Heritage and Aesthetics Association of Piketberg - HAAP- but this body did not re-register as required in the regulations under the NHRA. The Applicants initially applied for an interdict pending the review of the decision of HWC's BELCom to permit the demolition. HWC did not oppose the interdict. However, a counter-application was launched by the First Respondent (Liebco) prior to the Review being launched, which essentially agrees with the First and Second Respondents that the decision of BELCom is reviewable as they were not consulted, and has requested that the decision be referred back to BELCom, with a certain procedure to be followed whereby the First and Second Applicants are consulted prior to BELCom re-considering the matter. The First Respondent (Liebco) has argued that the process followed by HWC whereby conservation bodies are registered and then consulted is not consistent with Promotion of Administrative Justice Act. As these issues are central to HWC's public participation process, the counter-application is being defended by HWC.

The estimated fees for this case amount to R65 thousand.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
--	----------------	----------------

22. Risk management

The entity's activities expose it to a variety of financial risks: market risk (fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. In terms of its borrowing requirements, the entity ensures that adequate funds are available to meet its expected and unexpected financial commitments. All outstanding Accounts payable balances are due within 30 days of the reporting date.

Sensitivity analysis

At 31 March 2016, if the interest rates on variable rate financial instruments had been 1% higher/lower with all other variables held constant, surplus for the year would have been R 50 422 higher / lower.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy parties.

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.

No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties

Maximum exposure to Credit Risk

The entity's exposure to credit risk with regards to receivables is limited to the amounts on the balance sheet.

Market risk

The entity is not exposed to market risk, due to it being required to settle creditors within 30 days of receiving an invoice as required by the treasury regulations and the PFMA.

Interest rate risk

The entity's risk profile consists of fixed and floating rate loans and bank balances which exposes the entity to fair value interest rate risk and cash flow interest rate risk and can be summarized as follows:

Financial Assets

Receivables are at a fixed rate. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans.

Management also has a policy balancing the interest on asset loans with the interest payable on liabilities.

Cash flow interest rate risk

Financial instrument	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years
Cash in current banking institutions	5 845	-	-	-	-
Payables - extended credit terms	(170)	-	-	-	-
Net amount	5 675	-	-	-	-
Past due but not provided for	-	-	-	-	-

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

					2016 R '000	2015 R '000
Financial Instrument 2016	Current	Due 1-30 days	Due 31-60 days	Due 61- 90 days	Due 91+ days	Total
Receivables from exchange transactions - normal credit terms	88	-	-	-	-	88
Receivables from non-exchange transactions – normal credit terms	680	-	-	-	-	680
Provision for bad debts	-	-	-	-	-	-
Net amount	768	-	-	-	-	768
Past due but not provided for	-	-	-	-	-	-

23. Prior period errors

23.1 Commitments

During the 2016 financial period management realised that commitments amounting to R 678 573 was not recognised in the 2015 notes to the financial statement due to a calculation error. The prior period was adjusted retrospectively.

The effect of the error on the individual line items in the financial statements is as follows:

Increase in commitments from Business Connexion	-	679
Decrease in surplus for the period	-	679

23.2 Cash flow statement

During the 2016 financial period management realised that the provision was incorrectly classified in the 2015 financial period under cash flow from financing activities as oppose to cash flow from operating activities. The prior period was adjusted retrospectively.

The effect of the error on the individual line items in the financial statements is as follows:

Increase in cash flow from operating activities	-	33
Decrease in cash flow from financing activities	-	33

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R '000	2015 R '000
24. Budget differences		
Material differences between budget and actual amounts		
24.1 Heritage application fees		
variance was due to Applications being less than anticipated.		
24.2 Interest income		
The variance is due to interest rate increases.		
24.3 Other income		
Exchange transactions: GRAP 23 donation/employee cost adjustment made for services in-kind received from the Department of Cultural Affairs and Sport. Refer to note 16 for detail.		
Non-exchange transactions: Transfer payment due by DCAS to fund the cost of developing Conservation Management Plans (CMP) for Early Cape Farmsteads in 2017, not budgeted for.		
24.4 Members fees		
Meetings are budgeted for a full 8 hour day but sometimes lasts for less than 8 hours.		
24.5 Audit fees		
The cost of the audit was less than anticipated.		
24.6 General expense		
The variance is mainly due to:		
Legal fees not budgeted for - R188 thousand		
Travel and Subsistence fees mainly due to the fuel increases - R65 thousand		
Printing and publications - R27 thousand		
Consultants Fees for the Heritage Information Management System (HIMS) - R97 thousand		