

2013 ANNUAL 2014 REPORT



LEGAL & CONSTITUTIONAL MANDATE

SANParks was established in terms of the National Environmental Management: Protected Areas Act, 57 of 2003. In terms of this Act, SANParks' mandate is to conserve, protect, control, and manage national parks and other defined protected areas and their biological diversity (biodiversity). The organisation is also subject to the prescripts of the Public Finance Management Act of 1999.

VISION

South African National Parks connecting to society

MISSION

To develop, manage and promote a system of national parks that represents the biodiversity and heritage assets by applying best practices, environmental justice, benefit sharing and sustainable use.

MANDATE

Delivery of the conservation mandate by excelling in the management of a national park system.

CORPORATE VALUES

South African National Parks has adopted eleven corporate values, which serve as guiding principles around which all employee behaviour and actions are governed and shaped.

These corporate values are listed below:

Leadership	We shall demonstrate leadership in all we do
Environmental Ethics	We shall embrace, and be guided by environmental ethics in all we do
Transformation	We shall promote transformation within, and outside of the organisation
Scientific and Service Excellence	We shall strive for scientific and service excellence at all times
Professionalism	We shall act with professionalism at all times
Initiative and Innovation	We shall adopt, and encourage initiative and innovation by all
Equity and Justice	We shall treat all our stakeholders with equity and justice
Discipline	We shall exercise discipline at all times
Respect	We shall show respect to all
Honesty	We shall act with honesty and integrity
Transparency and Open Communication	We shall strive for transparency and open communication at all times

PARKS LOCATION & OPERATIONS

The operational component of South African National Parks is delivered through the current 22 national parks – these being organised under two divisions namely, Kruger National Park and the Parks Division (which entails the remaining 21 national parks).

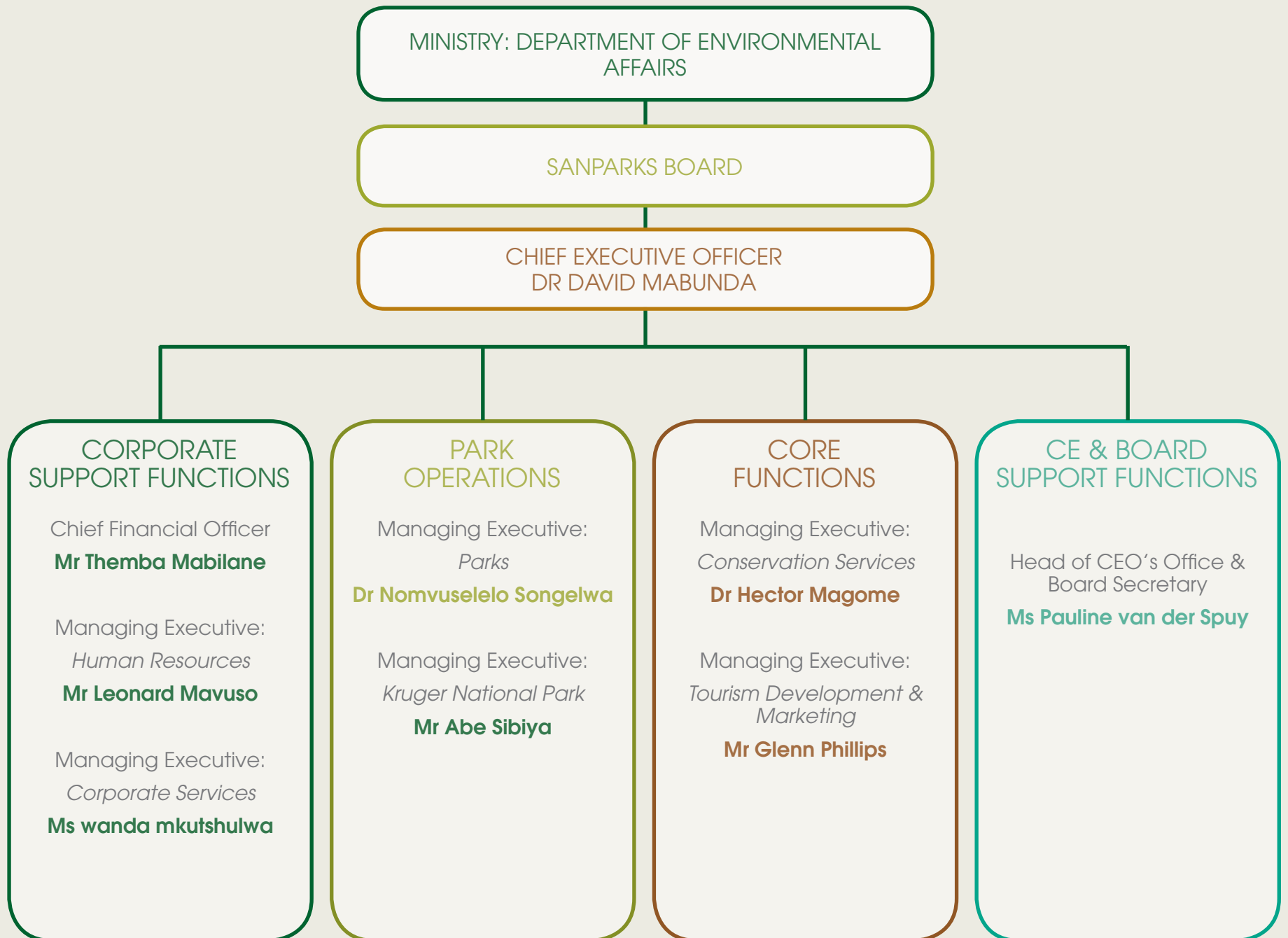


Map of South African National Parks

1. Addo Elephant National Park **2.** Agulhas National Park **3.** Au-grabies Falls National Park **4.** Bontebok National Park **5.** Camdeboo National Park **6.** Garden Route National Park (Wilderness; Knysna and Tsitsikamma) **7.** Golden Gate Highlands National Park **8.** Karoo National Park **9.** Kgalagadi Transfrontier Park **10.** Kruger National Park **11.** Mapungubwe National Park **12.** Marakele National Park **13.** Mokolala National Park **14.** Mountain Zebra National Park **15.** Namaqua National Park **16.** |Ai-|Ais/Richtersveld Transfrontier Park **17.** Table Mountain National Park **18.** Tankwa Karoo National Park **19.** West Coast National Park.



ORGANISATIONAL STRUCTURE



A photograph of two penguins on a rocky shore. The penguin on the left is an adult with black and white feathers, looking to the right. The penguin on the right is a fluffy chick, mostly black with some white on its belly, also looking to the right. The background shows a blue sky and a blue ocean. A grid of ten light blue rounded squares is overlaid on the image, with the text 'TABLE OF CONTENTS' centered in the middle of the grid.

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South African
NATIONAL PARKS



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SANParks Board Members and Executive Management

SANPARKS BOARD MEMBERS AND EXECUTIVE MANAGEMENT

BOARD MEMBERS:

Mr KD Dlamini (Board Chairperson)

Prof G Swan (Chair of Conservation & Tourism Committee)

Dr GC Dry (Chair of HR&REMCO)

Ms B Kunene (Chair of Audit & Risk Committee)

Prof G Kerley

Dr Z Lees

Ms L McCourt

Mr S Mbanga

Ms R Kalidass

Ms NS Mteto

Dr MD Mabunda (Chief Executive Officer)

Mr RT Mabilane (Chief Financial Officer)

EXECUTIVE MANAGEMENT:

Dr MD Mabunda – Chief Executive Officer (31 March 2014)

Dr H Magome – Managing Executive: Conservation Services

Mr RT Mabilane – Chief Financial Officer

Mr G Phillips – Managing Executive: Tourism Development and Marketing

Mr A Sibiya - Managing Executive: Kruger National Park

Mr L Mavuso – Managing Executive: Human Resources

Ms P van der Spuy – Head: Chief Executive Office and Board Support (by invitation)

Dr N Songelwa – Managing Executive: Parks Division

Ms W Mkutshulwa – Managing Executive: Corporate Services



MINISTER'S FOREWORD



Mrs B E E Molewa

South African National Parks as one of the public entities under the jurisdiction of the Department of Environmental Affairs plays a vital role in the management of biodiversity at a national level. Biodiversity management is a concurrent function shared with provinces and local government. SANParks is tasked with the responsibility of managing all the proclaimed national parks of the country, currently at 19 individual parks and constituting about 4 million hectares of land.

SANParks and the country have been under tremendous pressure in the last six years through the on-going onslaught spearheaded by international syndicates against our rhino populations. I want to commend SANParks for the sterling work in attempts to combat poaching, in especially the Kruger National Park, under seriously trying conditions. The anti-poaching activities have ensured that in real terms the growth of poaching year on year continues to decline with the difference between 2012 and 2013 sitting at 42.6% while the previous year's difference was at 68.7%. These averages are an improvement on those of the country which has seen a lateral increase in the same period with a growth of 50.3% year on year against a previous growth of 49.1%. Though the numbers of poaching continue to grow even this reduction gives us hope that a better day is yet to come. Growth in arrests of suspected poachers and the ever increasingly stiffer sentences meted against convicted poachers are some of the measures which are hoped will pay dividends in the not so distant future.

Linked to the issue of challenges like rhino poaching amongst the myriad of social ills our country has to battle with is our work with communities, to bring hope, to educate and to build active constituencies. I am proud to note that SANParks continues to improve its efforts to reach out to communities through its extensive list of initiatives. In the year under review, SANParks freely admitted more than 42 000 people using campaigns like the annual South African National Parks Week as well as other various park based campaigns. With this free access granted to our citizens, SANParks has truly ensured that it is not only "connecting to society", in line with its vision, but that it plugs into the government's efforts to bring communities closer to the coalface of government delivery.

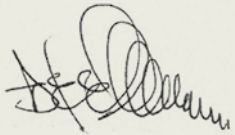
Through education we will achieve the ideals to which our country seeks to realize. I am also happy that SANParks is also making a major contribution in this aspect through its Kids in Parks and other environmental education oriented initiatives. It is through these initiatives, that we saw some more than 215 000 learners and educators participating in our educational programmes. I would like to see SANParks



putting more of an effort in bringing communities closer to conservation as the future of conservation is highly dependent on the understanding and contributions by communities.

The Board and management of SANParks continue to make us proud as they raise the bar on governance and financial management. SANParks was one of few government departments and entities to receive an award from the Auditor General at the end of the 2012/13 financial year for having attained clean audits. I want SANParks to keep up this sterling record as a symbol of good governance and an example to other government entities. Despite the many challenges it faces internally and externally it has managed over the years to prioritise on key issues like good governance, healthy financial growth and business development.

Through the actions of SANParks I am aware of no species lost or land degradation or any number of unsavoury activities that could otherwise mar our world renowned reputation as one of the world leaders in biodiversity management and thus I must congratulate SANParks once again for a job well done.



Mrs B E E Molewa

Minister of Environmental Affairs





Mr KD Dlamini

CHAIRPERSON'S REPORT

Over the past twenty years we have seen a dramatic and sustained process of formation of environmental guiding principles, institution building and restructuring, legislation and policy development, and domestic and international engagement.

South Africa is the third most mega bio-diverse country in the world, therefore a fine balance is required in the management of a diverse people, culture, landscape, biological resources and economy. It is therefore imperative that such a balance is found with the national parks system. As an organisation, over the years we have pursued a sound principle of sustainable utilisation of our natural resources which has always guided our policy positions at home and in our international engagements. Local communities have been placed center stage in all our guiding principles.

However, despite all the strides we have recorded to date, we are faced with the growing problem of illicit wildlife trade, the fourth largest syndicated criminal activity in the world after arms smuggling, drug and human trafficking. There has been an alarming increase in rhino poaching country wide. The total number of rhinos recorded as being poached in the whole of South Africa increased from 714 in the 2012/13 financial year to 1 044 in 2013/14. For the Kruger National Park the corresponding figures are 482 in 2012/13 compared to 615 in 2013/14.

However, we believe without the interventions made by the South African government and SANParks in particular the challenge with rhino poaching would have been much more desperate as compared to where we are currently.

In the last year SANParks has developed a Rhino Management Strategy with two broad strategic objectives:

1. Managing the threat of rhino poaching by:
 - Disrupting organised transnational crime networks.
 - Creating economic opportunities for neighbouring communities to provide viable alternatives to rhino poaching.
2. Managing the rhinos themselves through:
 - Ecological management to create and maintain rhino habitats.
 - Establishing viable rhino populations outside of the Kruger National Park.

In an amplified effort to fight the scourge of rhino poaching an international agreement with the Mozambican authorities has been signed by Minister BEE Molewa, South Africa's Environmental Affairs Minister and Minister Carvalho Muária of Mozambique to strengthen working relations and introduce legislative improvements in the fight against rhino poaching.



SANParks continues to be grateful for the support and continued interaction with the government security sector and other conservation agencies in the fight against rhino poaching.

During the 2013/14 financial year the national park system was expanded by 3 267 ha with the inclusion of land into Addo Elephant, Namaqua and West Coast National Parks. In the area of Transfrontier Conservation, good progress has been made on a number of fronts which include the establishment of the Southern African Development Community (SADC) desk to assist countries with the implementation of SADC transfrontier initiatives. In the year under review, the Minister of Water and Environmental Affairs approved revised park management plans for seven (7) parks, while management plans for two (2) parks are awaiting public comment.

For the year under review a total of approximately 13 141 job opportunities were created through the SANParks Expanded Public Works Programme (EPWP). This accounted for 1 094 961 person-days of work. These beneficiaries supported approximately 52 400 people (at an estimated four dependents per person). Furthermore, 624 SMMEs were supported at a cost of R144 million. To further address poverty, particularly in the rural areas where most of our parks are situated, R900 million for the period 2014/15 to 2016/17 has been approved to the SANParks EPWP, and will be spent on six sub-programmes.

SANParks has aligned its programmes to maximise job creation in response to the National Development Plan 2030. SANParks contributes to both direct and indirect job creation; on 31 March 2014, more than 12 484 people were in the employ of SANParks, in which over 4 676 are full time employees. There are over 1 930 jobs created through SANParks Public Private Partnership Programme.

During the 2013/14 financial year, SANParks turned over R1.69 billion, most of it through its tourism operations and a smaller portion through other sources. Total expenses amounted to over R1.66 billion. This exchange of income and expenditure adds up to R3.35 billion. Economists normally put a multiplier of at least 2 to estimate the contribution of such exchanges to the economy, so one can safely say SANParks contribution to the RSA economy is at least R6.7 billion annually.

In line with SANParks vision statement, **'South African National Parks Connecting to Society'**, various successes were achieved as far as allowing access into national parks is concerned. In the year under review 215 232 learners participated in the SANParks environmental education programme. In all 42 330 community members had free access to the national parks in 2013/14 – this is 135.2% (24 330) more than planned (18 000).

I am satisfied that in most areas we have achieved our annual performance for the year under review and those that were not achieved were duly affected by constraints beyond our control. Lastly the acknowledgement received from the Office of the Auditor General of South Africa with regards to clean audits is dedicated to all SANParks employees for their meticulous way and dedicated approach to their daily duties.



Mr Kuseni Dlamini

Chairperson of the Board

SANParks



CHIEF EXECUTIVE OFFICER'S REPORT



Mr VA Sibiya

The year under review has seen a continued increase in rhino poaching incidents, particularly in the Kruger National Park, where 131 (28%) more animals died as compared to the previous year. Despite these relentless incursions, incredible success was achieved in apprehending some perpetrators. Where poachers were successfully convicted, hard sentences were meted out and we hope that this will to a large extent, disincentivise potential poachers. Besides the law enforcement effort, SANParks has adopted a comprehensive meta-population management approach which also seeks to reduce the impact of poaching.

In furthering the objective of our anti-poaching campaign, several community organisations as well as civil society have been encouraged to help us fight this scourge. Private organisations and individuals also continue to lend support to our anti-poaching effort. A donation of R255 million was received from the Howard G. Buffet Foundation for purposes of securing the southern part of the Kruger National Park, thereby giving effect to the Intensive Protection Zone concept. The SANParks Honorary Rangers continue to be a significant partner to our anti-poaching effort by donating equipment and resources to SANParks. Isolated rhino poaching incidents were reported in other parks. To counter this, efforts have been made to ensure security in all other parks. Quite incidentally, two cases of elephant poaching were recorded in the Kruger National Park.

Tourism continues to be an integral ingredient to enable SANParks to deliver on its conservation mandate. All such tourism developments are, however, considered with due regard to applicable ecological parameters. In this regard, the SANParks Responsible Tourism Strategy 2022 has been adopted for implementation. In line with this strategy, several tourism development opportunities have been identified for implementation across seven national parks. These developments will assist in generating the required revenue to offset the increasing costs of managing national parks across the country. Over and above this, regional economic growth and employment will be created for local communities.

The remote location of national parks enables SANParks to reach out and positively contribute towards community socio-economic development. Since the dawn of democracy in South Africa, considerable efforts have been made towards fostering healthy relationships and co-existence between parks and neighbouring communities. Some of the community related initiatives include providing free access to national parks during the annual SANParks Week, hosting several special community groups such as senior citizens and people with disabilities. Environmental education for learners continues to be a significant area of focus. In all these categories, we have reached record numbers compared to previous years.



In social media and web related access Facebook fans increased from 33 913 in 2012/13 to 61 612 during this reporting period. The same trend has developed on Twitter. The SANParks Forum has shown a growth of 1 400 members. As far as other media are concerned, a vibrant publication, SANParks Times was initiated resulting in some 1 600 copies distributed throughout the country. Further to this, a SANParks youth broadcast programme, SIYAYA, has been produced with assistance from the SABC, and will start broadcasting next year. We hope to reach a considerable number of young viewers country wide.

A one per-cent portion of accommodation revenue has been set aside to support local community projects. Projects to the value of R6,2 million have been implemented. These include upgrading some schools, building and equipping computer centres, science laboratories and administrative facilities. A total of 25 learners were awarded study bursaries. This is in addition to other interventions such as internships.

Financial discipline and good corporate governance continue to underpin our operations at every level, especially in light of the ever-increasing costs of natural resource protection. We will continue to exercise prudence, while we explore new markets and products in order to upscale our tourism performance.

I wish to acknowledge the hard work and commitment displayed by the management team and all employees in SANParks. In the same vein, we appreciate the role played by the Board and its committees in providing guidance and oversight throughout this reporting period. We also recognize the continued support we receive from all our stakeholders and business partners. It is through this that we can perform better each successive year.



Mr Abe Sibiyi

Chief Executive Officer (Acting)





Conservation Services Report

CONSERVATION SERVICES REPORT

EXECUTIVE SUMMARY

Conservation Services is tasked with providing South African National Parks with leadership in biodiversity conservation through scientific, technical and policy support services. The functions of Conservation Services contribute to improving the state of conservation assets, building strong constituencies for the management of national parks, and continuous improvement of the knowledge and evidence on which management decisions are based.

IMPROVING THE STATE OF THE CONSERVATION ASSET

Rhino Poaching

There has been an alarming increase in rhino poaching countrywide. The total number of rhinos recorded as being poached in the whole of South Africa increased from 714 in the 2012/13 financial year to 1 044 in 2013/14. For the Kruger National Park the corresponding figures are 482 in 2012/13 compared to 615 in 2013/14. For the first six months of 2014 rhino in Kruger have been poached at the rate of 1,77 per day, which represents a 5,6 per cent increase when compared with the same period of the previous year.

Over the first six months of 2014, 136 suspects were arrested and charged with rhino poaching and related crimes. This represents a small increase on the 134 arrests over the same period last year. An amount of R103 million for the period of 2014/15 to 2016/17 Medium Term Expenditure Framework (MTEF) has been allocated to SANParks for the purpose of combating rhino poaching. This is in addition to other financial assistance that SANParks has and continues to receive from private sector organisations through its fundraising initiatives.

An international agreement with the Mozambican authorities has been signed to strengthen working relations and to introduce legislative improvements in the fight against rhino poaching.

National Park Expansion

The total area added to national parks for the period under review is 3 267,46 ha. This comprised 306,46 ha of Thicket Biome for Addo Elephant National Park, 2 219,61 ha of Succulent Karoo Biome to Namaqua National Park and 741,38 ha of Lowland Fynbos Biome to West Coast National Park Transfrontier Conservation

The Southern African Development Community (SADC) has established a Transfrontier Conservation Area (TFCA) desk to assist countries with implementation of SADC transfrontier initiatives.

Greater Limpopo Transfrontier Park (GLTP)

The Memorandum of Understanding between South Africa and Mozambique was signed on 17 April 2014.

Greater Mapungubwe Transfrontier Conservation Area (GMTP)

Botswana would like the name Mapungubwe Transfrontier Conservation Area to be changed to Limpopo-Shashe Transfrontier Conservation Area. Brand and market analysis will be undertaken to determine the feasibility and viability of the name change.

| Ai- | Ais/ Richtersveld Transfrontier Park (ARTP)

Building of the pontoon has increased the number of tourists who overnight in South Africa. The Integrated Development Plans have been developed and approved by the Joint Management Board.

Maloti-Drakensberg Transfrontier Park (MDTP)

The European Union has granted the Golden Gate Highlands National Park R120 million towards the building of a Dinosaur Interpretation Centre. The project cost is estimated at R200 million, and the difference will be raised between the Department of Environmental Affairs and the National Department of Tourism. Implementation of the project will start in June 2014.

Park Management Plans

The Minister for Water and Environmental Affairs approved the revised park management plans for the Agulhas, Augrabies, Bontebok, Camdeboo, Golden Gate Highlands, Namaqua and West Coast National Parks. Park Management Plans for the Marakele and Tankwa Karoo National Parks were revised and underwent a public review processes.

Wildlife Sales

Income generated from wildlife sales during the financial year amounted to R38 236 982.00 (excluding VAT).



BUILDING STRONG CONSTITUENCIES FOR THE MANAGEMENT OF THE NATIONAL PARK SYSTEM

LAND CLAIMS

No land rights or ownership on land managed by SANParks was awarded to claimant persons or communities in the past financial year by the Department of Rural Development and Land Reform. Most of the land claims in national parks are in the negotiation stages. The economic scoping exercise on the economic benefit projects that Kruger National Park land claimants can derive, has been completed. SANParks is supportive of the process of appropriate redress for persons or communities who unjustly lost rights or ownership of land because of past discriminatory laws.

ENVIRONMENTAL EDUCATION AND AWARENESS

Various national initiatives contributed to the SANParks' Environmental Education Programme, including the Kudu Green School Initiative for climate change environmental literacy, the indigenous knowledge-based Imbewu Programme and the Kids in Parks. Learners who participated in the SANParks' Environmental Education Programme for the period under review, amounted to 215 232 - an improvement of 22,6% on the set target. This increase is attributed to SANParks' efforts to intensify its recruitment and outreach drive to schools and the public and the adoption of the Environmental Education programmes by some educational districts. The National Heritage Outreach Education Programme was held in Marakele National Park from 23 - 27 September 2013 with 45 learners participating. Limpopo Province received first prize, while Northwest was second and Gauteng third.

A street parade was organised on World Rhino Day to highlight the efforts being made to fight the scourge of rhino poaching commencing with a march and ending with address by the Minister for Water and Environmental Affairs. The event involved concerned society, businesses, environmental organisations and media.

CONTINUOUS IMPROVEMENT OF KNOWLEDGE AND EVIDENCE, ON WHICH MANAGEMENT DECISIONS ARE BASED

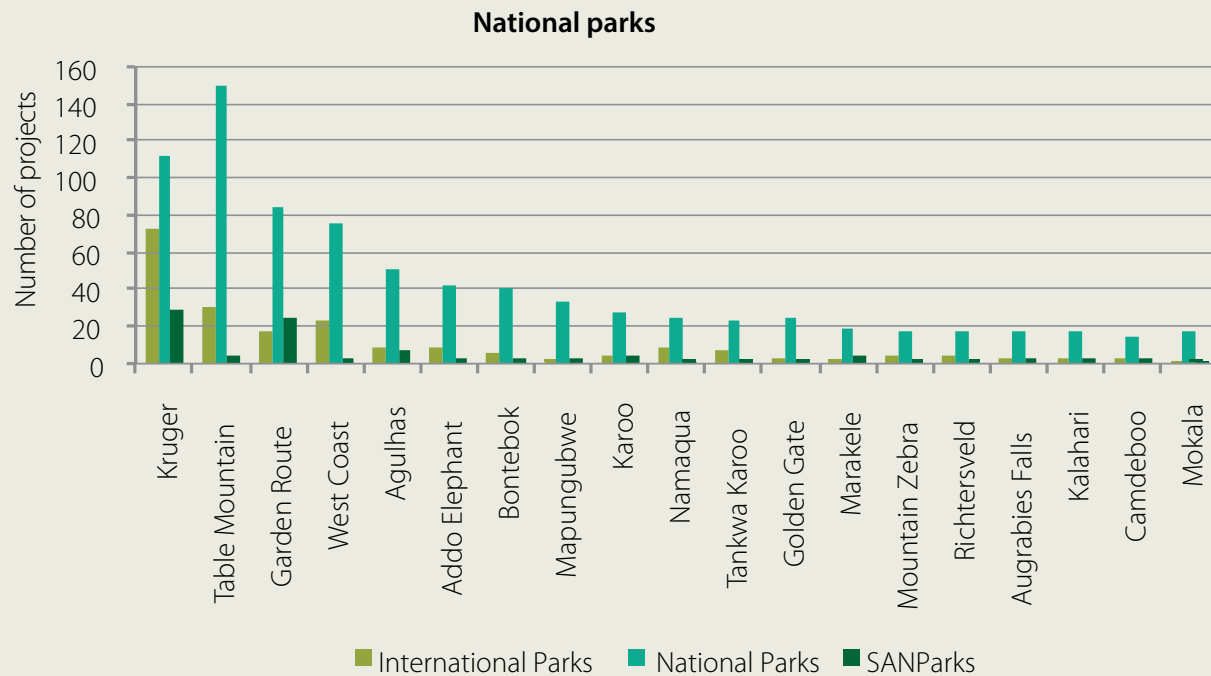
RESEARCH IN NATIONAL PARKS

SANParks is not primarily a research organisation but its research is focused on the mandate of managing a system of parks, which represents the indigenous fauna, flora, landscapes and associated cultural heritage of the country. This mandate gives SANParks accountability for conservation of important public assets. Accountability for performance represents a particular challenge for SANParks in that the public assets for which it is accountable are socio-ecological systems, characterised by complexity and inherent unpredictability. In such systems, relationships between management interventions and desired conservation outcomes are not always clear and foreseeable. Research and monitoring provide the essential 'feedback' that allows re-evaluation and adaptation of management interventions and the models upon which they are based. Research and monitoring are therefore essential to SANParks in demonstrating performance in managing public assets. Selected highlights of SANParks research will be published in the 2013 Annual Research Report.

Research Projects

As a long-standing tradition, SANParks has encouraged research in national parks. Prospective external researchers are invited to submit research proposals outlining research questions, methods, anticipated study period, as well as requirements for support from SANParks. During 2013, there were 644 registered research projects active across SANParks, 123 of which were registered during the year, while the rest were ongoing from previous years. Eleven per cent of the projects were initiated and driven by SANParks scientists, while the remainder were led by external researchers, with 22% overall initiated by research institutions outside of South Africa. The majority of research is therefore led by researchers from South African universities, government institutions and NGOs. By far the most projects are active in the Kruger National Park (213), which is the biggest national park and houses SANParks' oldest research node, and Table Mountain National Park (185), which is in close proximity to three national universities and a technical university.





Number of research projects across all national parks

Below graph shows the number of projects registered in each park by non-South African institutions (international), national universities, technical colleges, government and non-governmental organisations (national) and SANParks researchers. Parks are sorted in order of the total number of projects registered in each park. In many instances a single project has been registered across multiple parks and has been counted separately for each park in which it is registered (for this figure).

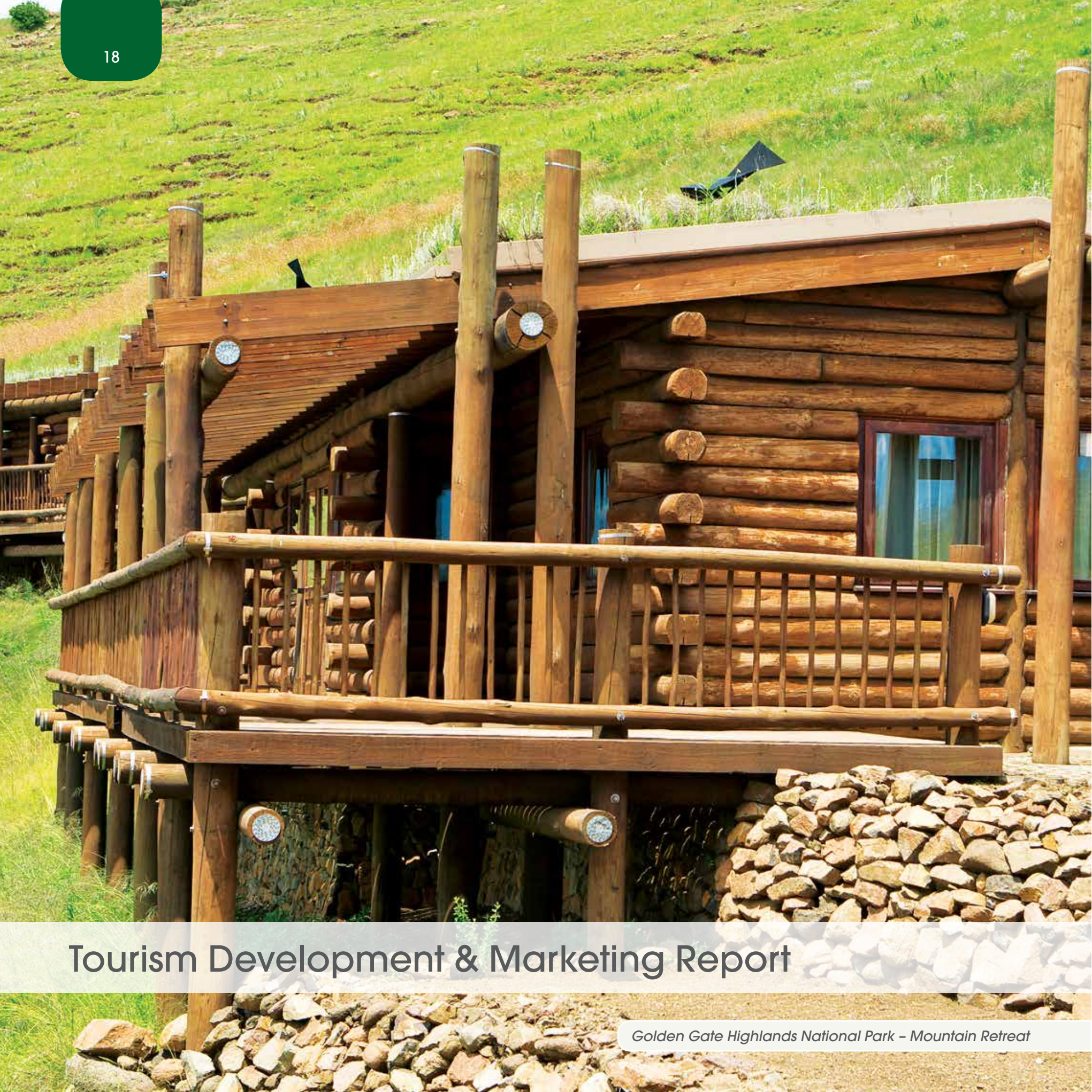
Publications

During 2013, SANParks research staff authored or co-authored 54 peer-reviewed journal articles. Forty-three staff members contributed as authors, with a total of 82 SANParks authorships across the papers. Eleven SANParks staff members were principle authors on 17 (31%) of the publications. Twenty-eight staff members authored/co-authored one paper, 13 authored/co-authored two to four papers, while two staff members published five or more papers in 2013.

Conference Participation

SANParks research staff presented 18 papers at national and 25 papers (and 1 poster) at international conferences during 2013, representing SANParks at 23 different conferences and forums. Fourteen of the conferences were hosted in South Africa, while nine were hosted abroad.





Tourism Development & Marketing Report

TOURISM DEVELOPMENT AND MARKETING REPORT

EXECUTIVE SUMMARY

The focus of the Tourism Development and Marketing Division (TDM) for the financial year under report was specifically aimed at the implementation of the key focus areas contained in the 2022 Responsible Tourism Strategy, namely:

1. Internal and external communication of the 2022 Responsible Tourism Strategy.
2. Incorporation of the responsible tourism objectives strategy into revised park management plans.
3. The development of a product development protocol.
4. Prioritisation of products for specific parks in the parks division.
5. The development of a tourism research framework.
6. Implementation of projects identified in the Strategic Plan for Commercialisation (SPfC) i.e. Skukuza Airport, franchise/branded restaurants.
7. Revision of the sales and marketing strategy.
8. Development of a tourism systems strategy.
9. Enhancement of customer service standards.
10. Sound revenue and cost management.

Tourism Performance

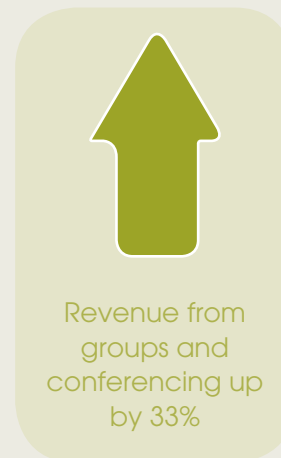
From a tourism-industry performance perspective, the market has seen good growth with business confidence continuing to improve. When compared to industry growth, SANParks was once again able to exceed industry growth trajectories. From a SANParks perspective, the year under review saw the gains made in the previous year being expanded on with all major indicators exceeding budget expectations.

1. Total tourism revenue increased by 13,4% from R856 424 million to R970 759 million and the budgeted amount of R920 914 million was exceeded by 5,4%.
2. The number of guests to parks grew by 5,9% from 4 941 697 to a record 5 235 095.

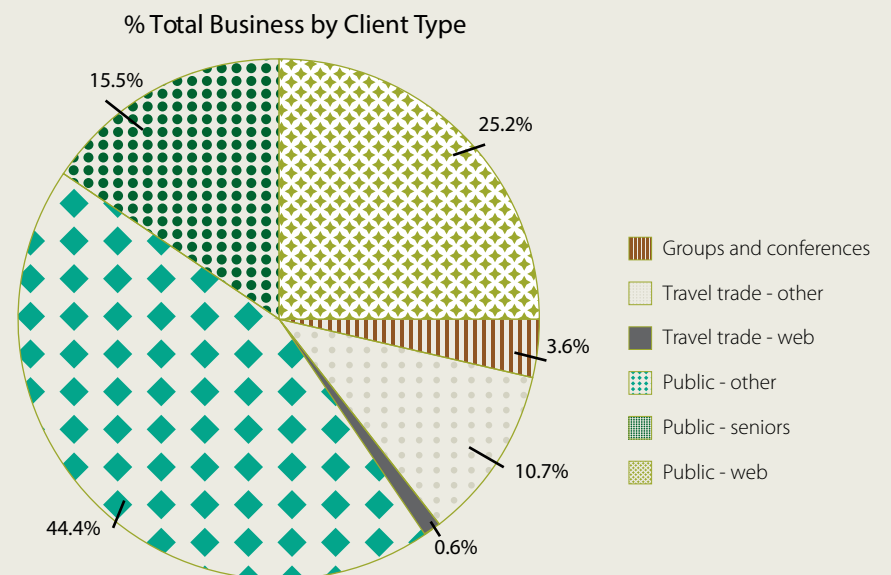
3. Unit occupancy increased by 0,9 percentage points from 70,0% to 70,9%.
4. Campsite occupancy declined by 1,6 percentage points from 45,7% to 47,3%.

SALES AND MARKETING

Efficient Selling



Following the special focus on professional conference organisers, corporates, special interest groups and key account travel agents, SANParks groups and conferences business grew by 33% Year on Year (YOY). In total, R16 million worth of business was generated in the 2013/14 financial year. To achieve more growth in the coming years a specialised groups and conventions reservation sub-unit has been formed to improve the turnaround time of the conference quotation process. Furthermore, despite an expected decline in travel trade from where it was a few years ago, we are pleased with the fact that about 85% of our total realised revenue now comes from direct sales to the public. Online reservations now account for 25,2% of realised revenue, a healthy 5% growth YOY (See graph below).



Face-to-Face Interaction with Clients



Tourism exhibition stand at Indaba – Durban.

Exhibitions, travel-trade road shows, and orientation trips continue to provide SANParks sales and marketing staff with an excellent opportunity to sell products and services to existing and potential clients. Through face-to-face interaction with clients, we are able to educate and convince more clients to visit our parks. The sales and marketing team attended various local and international exhibitions, including the World Travel Market (WTM), the Tourism Indaba, and the Soweto and Guguletu Wine Festivals. The two wine festivals in particular attracted the top of the crop black middle class from Johannesburg and Cape Town, giving SANParks an opportunity to showcase its parks to this audience while tasting good wines on display from reputable wine estates. Two groups of conferencing sales consultants from leading travel agents in the country were taken on a tour of the Golden Gate Hotel and Mopani rest camp to showcase our conferencing facilities and other services the parks have to offer.

Efficient Revenue Generation

To improve SANParks ability to generate more revenue, the Online Tour Operators (OTAs), and satellite office contracts were reviewed. With OTAs, the process involves the reduction of the level of commission paid out with an aim to cap it at 15% in 2016. The satellite office process will include the reduction of commission payable on discounted accommodation.

Wild Card



Wild Card members at the film premier of *Chimpanzee*, a Disney Nature documentary.

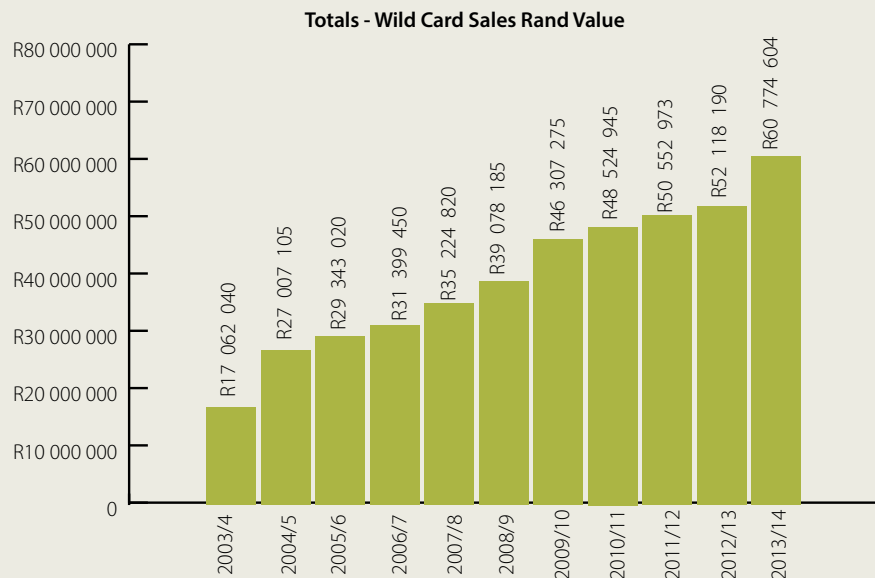


Wild Card sales
revenue increased
16,6%

The *Wild Card Programme* increased sales by 16,6% from R52 118 190 to R60 774 604 for the 2013/14 financial year. Membership increased in the same period by 4 113 members from 72 989 to 76 989. A total of 133 942 new Wild Cards were created and issued, meaning the overall performance in dispatching new Wild Cards improved by 16%.

Uncollected *Wild Cards* that were returned by the SA Post Office amounted to 4 637; 2 511 cards were re-mailed. The *Wild Card Service Centre* received 5 345 more calls (39 798). However, the abandonment rate remained below the 10% target. Email queries decreased from 21 634 to 18 297. The *Wild Card Membership* demography for the year was 10% *Individual* membership, 60% *Couple* membership and 30% *Family* membership. Gauteng had the highest membership of 35% followed by 28% members in the Western Cape.





Sales revenue YOY for 2013/14 was **up** by **+16,6%**. 2013/14: R60 774 604 turnover vs. 2012/13 : R52 118 190 (**R8 656 414 increase** for 2013/14 YOY).

Wild Talk Events are one of the initiatives that the *Wild Card Programme* hosts in non-exclusive collaboration with retailers as a benefit to *Wild Card Members*. The *Wild Talk Events* are held throughout South Africa and 855 people attended. The aim is to increase customer engagement, brand awareness, and social media support. The *Wild Card Programme* is developing a lifestyle and entertainment approach to increase public visibility and appropriate market segmentation. During 2013, *Wild* joined forces with Ster-Kinekor in three major cities for an exclusive benefit for *Wild Card Members* to view the film premier of *Chimpanzee*, a *Disney Nature* documentary.



Front covers of PICA Award winning *Wild Magazine*.

The *Wild Card* loyalty and Customer Relations Management (CRM) component is under development. The development and implementation of the second phase (1B) of the MyPark new system software for the *Wild Card Programme* is 98% complete. The *Wild Magazine* won another Pica Award during 2013 for *Best Magazine* in the category *Education, Health, Conservation and Safety & Security*. *Wild Magazine* also won the *SA Publication Forum Award for Best Magazine*.

To leverage on the *Wild* brand, and to generate additional income for conservation, an *Expression of Interest* was advertised to identify and evaluate potential suppliers of *Wild Merchandising*, which will be implemented in the new financial year.

BUSINESS DEVELOPMENT AND PUBLIC PRIVATE PARTNERSHIPS (PPPs)

Strategic Plan for Commercialisation 2006 – 2014 Implementation



Over 40 PPPs
Programs in active
implementation

A significant development is the incorporation of the Tourism Product Development portfolio into the successful Public Private Partnership Portfolio. The requirement for increased revenue generation and defined processes for non-PPP products resulted in all Tourism Product Development programmes being positioned in the Business Development Unit. Grant-funded tourism product development will also now follow stringent feasibility and prioritisation processes. This inclusion is incorporated into the updated Strategic Plan for Commercialisation. In the coming years, the capability for such non-PPP Tourism Product Developments will be increased.

The existing PPPs portfolio continues to yield dividends. Since 2000, PPPs in South Africa have been regulated by the Public Finance Management Act (PFMA), providing a clear and transparent framework for government and its private sector partners to enter into mutually beneficial commercial transactions for the public good. Over the past 12 years, SANParks have progressively increased the number of PPP transactions, covering a wide range of projects, including accommodation, restaurants, retail, activities, and the Table Mountain Aerial Cableway. By March 2014, there were more than 40 PPPs projects in active implementation.

The growing number of PPP projects attests to the increasing body of experience related to PPPs, both within SANParks and across the private sector. There have been some key lessons over the years. SANParks accordingly developed the Strategic Plan for Commercialisation, which is a significant element of SANParks' nature-based responsible tourism pillar. It has as its objectives (through the implementation of PPPs) reducing the cost of delivery, improving service levels by focusing on core business, leveraging private capital and expertise as well as the objective of the



Malelane Safari Lodge



expansion of tourism products and the generation of additional revenue for the funding of conservation and constituency building.

Other high-level commercialisation objectives for SANParks include any or all of the following: revenue generation; loss minimisation or savings on existing operations; optimal use of under-performing assets; job creation and poverty alleviation; Broad Based Black Economic Empowerment (BBBEE); infrastructure upgrades; upgrade/development of historical and/or cultural sites; tourism promotion and further biodiversity protection and conservation.

An additional objective of the Strategic Plan for Commercialisation (SPfC) is to ensure an institutional understanding of the PPP imperatives and that SANParks has the fundamentals, including capacity, in place for managing existing and entering into new PPPs successfully.

In particular, PPPs in SANParks have proved to be an important service delivery mechanism. In each SANParks PPP project, there is a BEE Scorecard with targets set for the private party to promote direct ownership of substantial interests by black people, black women, and black enterprises. This is to achieve effective participation in the management of the private party and its subcontractors by black people and black women. This ensures that the private party contracts a significant proportion of its subcontracting and procurement to black people, black women and black enterprises, and promote positive local socio-economic impact from the project to the benefit of SMMEs, the disabled, the youth and non-governmental organisations within a targeted area of the projects operations.

The SPfC is a living document and needs to be updated. Accordingly, the SPfC has been amended to ensure alignment with the National Development Plan (NDP), SANParks Responsible Tourism Strategy 2022, the National Tourism Sector Strategy, and the National Minimum Standards for Responsible Tourism (SANS1162), the SANParks Responsible Tourism Policy, and the SANParks Product Development Protocol, the SANParks Management Plans and the SANParks Responsible Tourism Product Framework and their respective objectives. The SPfC is furthermore updated to reflect an updated checklist for all commercial opportunities identified thereby re-introducing PPPs as a Key Strategic Objective of SANParks for the next five years. The initial checklist for identified projects also falls within the structure of the SANParks Responsible Tourism Product Framework.

Finally, the SPfC addresses the capacity requirements of the Business Development Unit to ensure the effective delivery of the SANParks Responsible Tourism Strategy 2022.

During 2013/14, there has been significant progress in the implementation of the SPfC and other business development projects with emphasis placed on:

- Skukuza Airport Kruger National Park – The successful award of the airport



to Skukuza Airport Management Company (Pty) Ltd with SA Airlink to re-introduce scheduled flights to and from the airport. Significant progress with the remediation and rehabilitation of the runway was completed and building works to the terminal building is in process. The commencement date for scheduled flights between OR Tambo and Skukuza, and Cape Town and Skukuza is on 2 June 2014.

- The conclusion of the tender process for restaurant opportunities in the Kruger National Park, the Tsitsikamma section of the Garden Route National Park, Addo Elephant National Park and Karoo National Park;
- Extension of the Compass Management Agreement to ensure minimal service interruption at the Kruger National Park (KNP) restaurants during refurbishment;
- The opening of the first two franchised restaurants – Mugg & Bean in Lower Sabie, and the Cattle Baron Grill & Bistro in the Addo Elephant National Park;
- Refurbishment of the Punda Maria and Shingwedzi shops. The refurbishment of the Shingwedzi shop included various environmental friendly initiatives e.g. use of natural light, use of recycled material for shelving, consolidation of the cooling equipment emissions and installation of low energy use air conditioners;
- Evaluation of workable models for the retail and restaurant opportunities in the Mountain Zebra National Park;
- Significant progress been made with the Environmental Impact Assessment for the Malelane Safari Lodge in the Kruger National Park with the Scoping Report approved by the Department of Environmental Affairs;
- Skukuza Conference Lodge in the Kruger National Park – Considerable progress was made with the appointment of a professional team and finalization of the Stage 1 Concept Design;
- The successful conclusion of the arbitration proceedings on Nguni River Safari Lodge in the Addo Elephant National Park;
- The settlement of the dispute on the residual value of the Langebaan Houseboats in the West Coast National Park;
- The appointment of an operator for black-water tubing in the Garden Route National Park;
- The conclusion and implementation of the one-way traversing proposal of Lion Sands Kruger National Park onto Lion Sands Sabie Sands;
- Post-award management of PPPs – significant progress has been made with

the variation management of PPPs. This included continued negotiations with Storms River Adventures in the Tsitsikamma section of the Garden Route National Park and the Roundhouse Restaurant in Table Mountain National Park as well as a focus on the service delivery of certain outsourced operations in parks; and

- Product Development – significant progress with the development of the Product Development Protocol, the Product Development Guidelines and the conclusion of viability workshops conducted in six parks to identify new products to be developed, ensuring that conservation, community and market needs are taken into account.

During the financial year 2014/15, the following tourism products will be developed (continuation or initiation as per project plan) :

Non-PPP Tourism Product Development:

- Skukuza Conference Lodge, Kruger National Park;
- Creation of Peripheral Activity Centres within national parks;
- Optimisation of the Open Safari Vehicle model;
- Opening of the new Shangoni gate between the Phalaborwa and Punda Maria gates;
- Wild Card Merchandising Project; and
- The conclusion of the SANParks Strategy on Universal Access in Tourism.

PPP Tourism Product Development:

- Opening of the following restaurants: Mugg & Bean in Lower Sabie, Satara, Olifants and Letaba, Debonairs in Satara, Wimpy in Pretoriuskop and a Cattle Baron Grill and Bistro in Skukuza (Kruger National Park) and Addo Elephant National Park and a Cattle Baron Seafood Bistro and Grill in the Tsitsikamma Section of the Garden Route National Park;
- Sourcing of suitable operators or implementation of a workable model (which might include operation by SANParks internally) at Mountain Zebra National Park (restaurant and retail), Punda Maria camp in the Kruger National Park (restaurant), Shingwedzi camp in the Kruger National Park (restaurant) and the Kgalagadi Transfrontier National Park (restaurant and retail) ;
- Refurbishment of various retail shops in the Kruger National Park;
- Variation management of the Selati PPP Agreement;



- Skukuza Airport Kruger National Park – completion of the terminal buildings in order to obtain the South African Civil Aviation Authority's approval for the commencement of scheduled flights between OR Tambo and Skukuza, and Cape Town and Skukuza on 2 June 2014;
- The tender for the appointment of an operator for the Langebaan Houseboats in the West Coast National Park;
- The conclusion of the Environmental Impact Assessment (EIA) process and commencement of construction of the Malelane Safari Lodge;
- The tender of zipline activities in several parks including in the Tsitsikamma section of the Garden Route National Park;
- The tender of the Segway people transporter in the Tsitsikamma section of the Garden Route National Park;
- The tender for water-based recreational and adventure activities in the Tsitsikamma section of the Garden Route National Park; and
- Nkambeni Community Lodge – investigation of an opportunity of a partnership with the community to diversify the SANParks product and engage effectively with the community to ensure community development and local economic development in the area.
- Auob Lodge – Investigation into the development of a 24-bed lodge in the Kgalagadi Transfrontier Park with the Khomani San as beneficiaries.

Summary Net PPP Income



6,2% increase in
PPP Income

Since inception up to 31 March 2014, in addition to infrastructural developments worth over R450 million with the assets reverting to SANParks, commercialisation has resulted in a total PPP Income of R626 million to SANParks as follows: -

SUMMARY NET PPP INCOME			
	Life-to-Date (2002 to 2014)	2014-Mar	2013-Mar
Cape Point Lease and TMACC - TMNP	154 134 351	23 416 046	21 409 852
KNP Shops - Tigers Eye	165 574 791	19 245 751	17 227 585
Singita Lebombo - Kruger	80 962 856	7 860 556	6 600 000
Addo Shop & Restaurant - Tigers Eye	21 914 744	2 500 539	2 251 432
Shishangeni Lodge - Kruger	20 945 736	2 409 676	2 279 507
Tinga Private Game Lodge - Kruger	20 010 489	2 289 797	2 089 514
Imbali Safari Lodge - Kruger	14 218 609	2 036 926	1 391 822
Tsitsikamma Shop & Restaurant - Tigers Eye	18 427 528	2 034 045	1 866 366
Jock Safari Lodge - Kruger	16 100 067	1 028 356	1 696 897
Gorah Elephant Camp - Addo	1 680 564	1 021 291	659 273
Lukimbi Safari Lodge - Kruger	6 501 389	817 691	579 182
*Addo Nyati Concession - Addo	3 876 789	696 311	
Tsitsikamma Forest Income (Various Operators)	2 142 506	692 947	756 765
Rhodes Memorial	1 229 314	677 993	551 321
Quay 4 Restaurant - Knysna	1 079 903	582 853	497 049
Rhino Walking Safaris - Kruger	3 729 020	523 711	458 433
Tintswalo Atlantic - Table Mountain	1 742 891	522 329	358 147
River Bend Country Lodge - Addo	2 157 813	443 531	328 578
Augrabies Shop & Restaurant - Quiver Tree	484 196	398 405	85 791
Marakele (Pty) Ltd - Marakele	6 090 214	370 868	360 200
Kuzuko Safari Lodge - Addo	1 559 256	367 030	46 515
Mopani Restaurant - Tindlovu	408 353	323 448	84 905
Untouched Adventures - Tsitsikamma	417 161	208 848	107 723
Karoo Shop & Restaurant - Jan Viljoen	1 889 400	189 660	208 696
Roundhouse Restaurant - Table Mountain	1 701 055	185 088	185 088
Langebaan Houseboats - West Coast	1 893 873	184 427	186 983
Eden Adventure Canoe Trails - Wilderness	994 103	167 113	138 987
**Berg en Dal Restaurant - Select Portolios	111 620	111 620	
Geelbek Restaurant – West Coast	708 961	92 252	95 020
Listers Arboretum Tearoom - TMNP	139 073	74 879	61 654
Duinepos Chalets - West Coast	331 513	65 733	74 171
Mugg and Bean - Lower Sabie	57 131	57 131	0



SUMMARY NET PPP INCOME

	Life-to-Date (2002 to 2014)	2014-Mar	2013-Mar
Absailing - TMNP	117 246	55 812	60 960
!Xaus Lodge - Kgalagadi	345 734	24 445	80 000
KNP Avis Rentals	663 838	19 147	13 618
Tankwa Lodge - Tankwa	50 991	14 648	13 708
Canoe Trails - Augrabies	58 255	7 693	6 644
Goudveld Tea Garden	23 400	7 200	16 200

PPP Income depicted below are contracts that have ended thus reflecting Zero Income for March 2014	Life-to-Date (2002 to 2014)	2014-Mar	2013-Mar
Brandwag Hotel - Golden Gate	4 317 280	0	0
Darlington Lodge - Addo	175 000	0	0
Intsomi Lodge - Addo	46 285	0	0
Knysna Oyster Company - Knysna	1 039 767	0	0
Tender Fees Received	514 803	0	0
Duinepos - West Coast	24 081	0	0
KNP Restaurants – Compass Game Park Services	45 757 257	0	889 505
Staff Shop KNP - Stoffels and Pursad CC	1 353 421	0	0
Tshokwane & Nkuhlu KNP- Outpost Picnics	622 578	0	0
Mountain Zebra Shop & Restaurant - Tigers Eye	1 286 098	0	75 657
Augrabies Shop & Restaurant - EJ Viljoen	3 216 392	0	201 381
Kgalagadi Shops & Restaurants - EJ Viljoen	5 386 056	0	488 476
TOTAL PPP INCOME	628 807 059	71 725 797	64 483 607

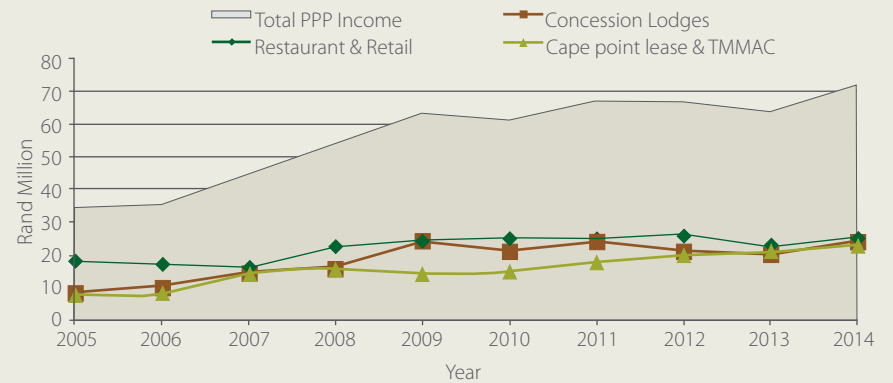


Contract ended: Income represents outstanding amount

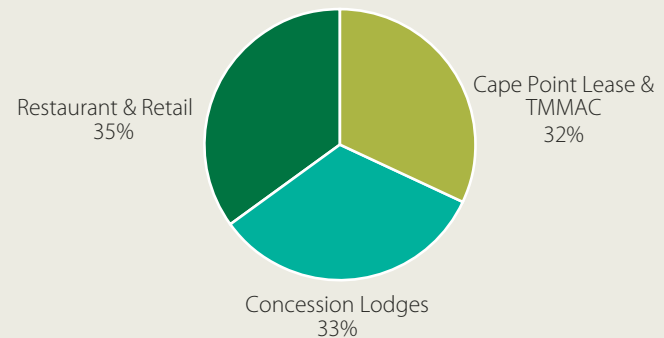


New Contract

Sanparks PPP Income Multiple Years



% Of Total PPP Income 2013/14

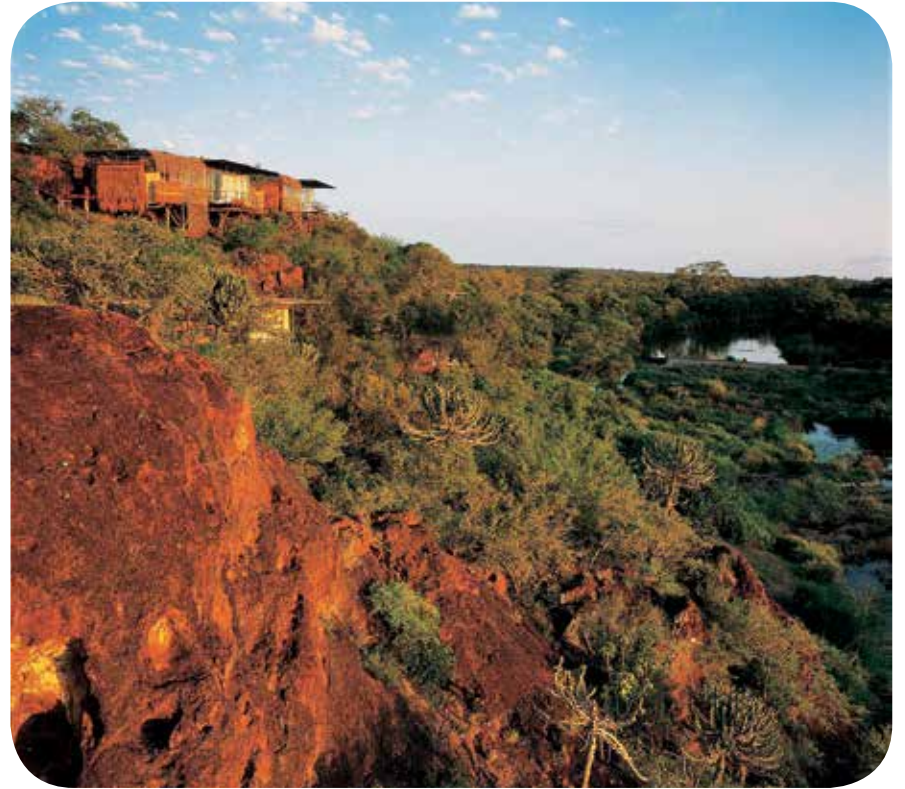


Singita Lebombo





Hoyo Hoyo Camp - Imbali Safari Lodge



Exterior view - Singita Lebombo



Hamiltons tented camp - Imbali Safari Lodge



Interior view - Singita Lebombo



Concession Lodge Occupancies



10% increase
in average
occupancy at
concession lodges

The average annual Lodge Concession occupancies have shown a noteworthy increase of 10% to 59,7% since the previous reporting period. This is an indication that despite a slowdown in the domestic economy, there was a twofold benefit from the weaker rand towards the latter of 2014, as an influx of foreign and local travellers boosted the tourism industry.

The highest average occupancy achieved by an operator was 76% in 2014 opposed to 66% in 2013, 57% in 2012, 56% in 2011, 60% in 2010, 66% in 2009, 69% in 2008, and 63% in 2007. The average annual occupancies from 2006 to 2014 for all the Lodge Concessions are depicted in the figure below:

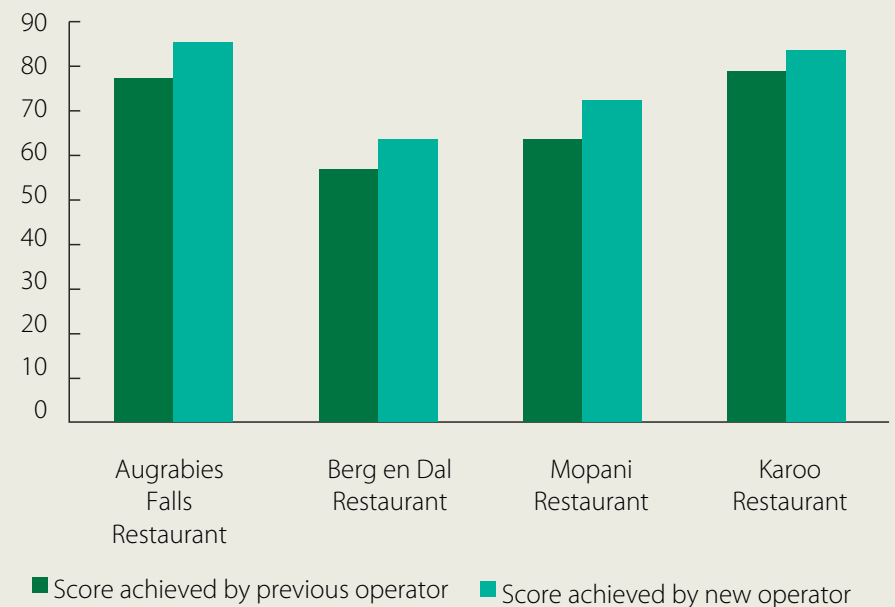
Lodge Concessions Average Annual Occupancies



Restaurant Performance

The improvement of the performance of restaurants was a key focus area. The following graph outlines the improvement in customer satisfaction. Improvement occurred at the sites where a new operator or revised model was implemented through a tender process. The improvement was measured via the customer satisfaction system from those who visited the national parks. As can be seen from the graph all the sites improved and hence the change in operator and/or model should be deemed as highly successful:

Improvement of customer satisfaction since new contract award

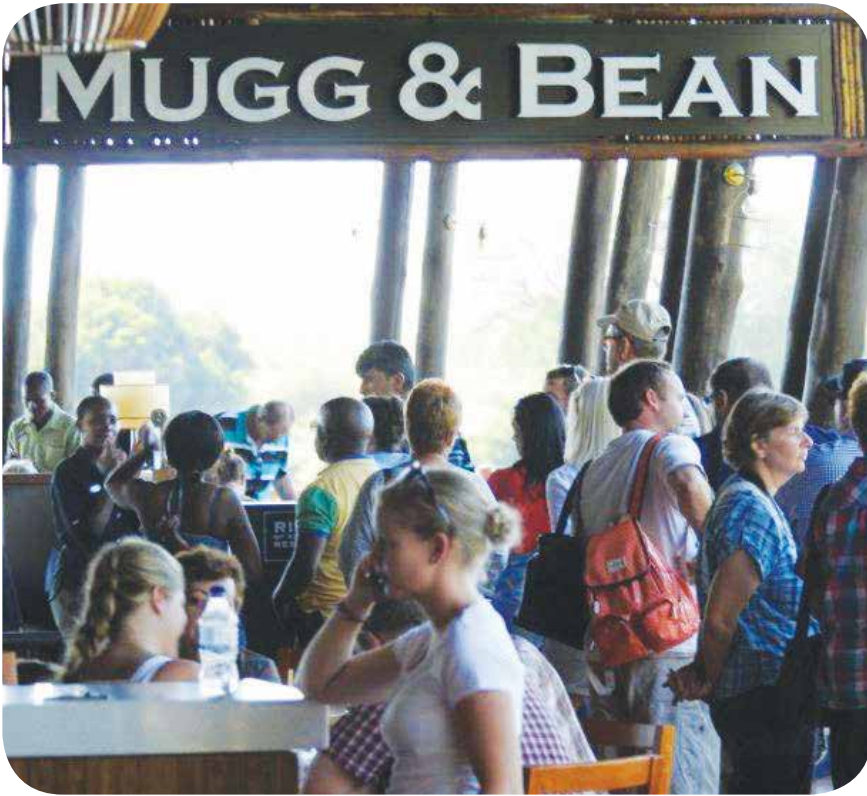


* *Figure comparisons based on dates for the same period over the previous financial year as well as new contract starting date.*

Due to the recent opening of Mugg & Bean in Lower Sabie, and Cattle Baron Grill & Bistro in the Addo Elephant National Park, comparative figures are not yet available but the initial response from the public is overwhelmingly positive. The following pictures provide an idea of the products that were implemented. It is important to note that the signage and branding was toned down to compliment the environment and from customer feedback, it is clear that the introduction of the franchised brands does not have a negative effect on the ambience of the park/s.



Mugg & Bean:



Cattle Baron:



Retail Performance

Whilst performance at retail outlets in the national parks was consistently at acceptable levels, a key focus area was to improve customer offering through freshness of vegetables, pricing, and product range. The following photo shows a picture of the Shingwedzi shop, which was refurbished recently.

The stores will also introduce improved merchandise ranges with a focus on value for money.



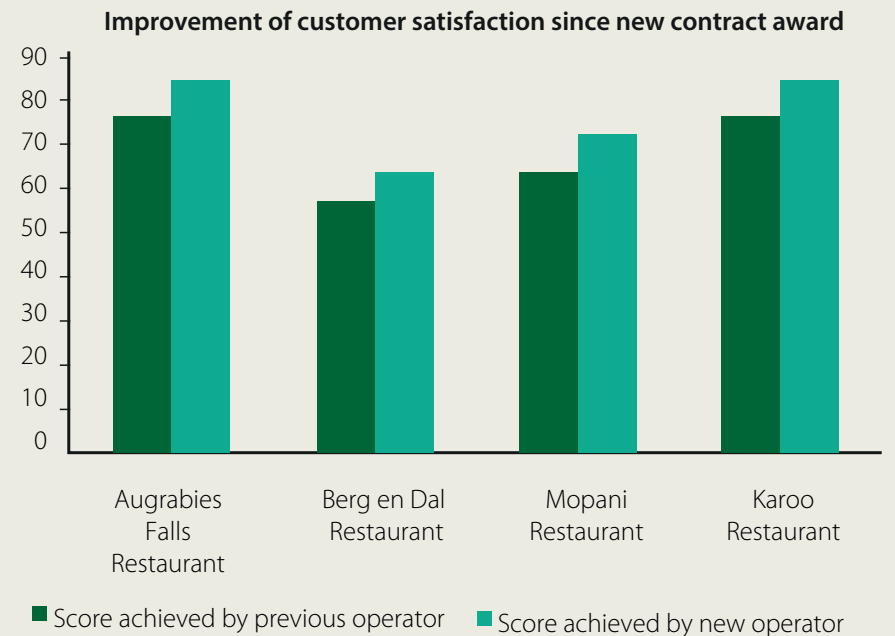
Shingwedzi Shop

The following environmental-friendly changes will form part of the refurbishment of the stores:

- Replacing air conditioner systems with more efficient indirect evaporative cooling systems – a first in the Kruger National Park;
- Cooling of stores through nano-technology (insulating buildings with 'Nansulate', a newly developed microfilm invisible to the eye and harmless to the environment) – another first in the Kruger National Park;
- Replacing old inefficient refrigeration systems with new units specifically designed to optimise energy efficiency and installed in a manner which reduces heat build-up in the stores;
- Extensive use will be made of the most effective LED lighting and in some stores, daylight will be introduced using the latest daylight tracking systems, and

- Display units will be made from sustainably sourced recyclable material.

The following graph outlines the improvement in customer satisfaction. Improvement occurred at the sites where new contracts were awarded. The improvement was measured via the customer satisfaction system from those who visited the national parks.



* Figure comparisons based on dates for the same period over the previous financial year as well as new contract starting date.

Accessible Tourism



Skukuza Nursery staff assist visually impaired guest on Wetland Boardwalk.

Whilst the Strategy for Universal Accessibility was not completed in the past financial year as was anticipated, preparation work to feed into the strategy as well as initiatives to make SANParks more accessible was undertaken during the 2013/14 financial year.



The following aims to give an overview of the initiatives undertaken:

- The focus was moved from mobility impairment to mobility, sensory and cognitive impairment. By doing this the potential market increases and SANParks becomes more inclusive and will be seen as even more accessible;
- People with the above impairments were taken to national parks and first-hand experience has outlined areas that can be focused on and be improved.

The following outlines some of these:

- Creating awareness of the uniqueness of interacting with people with impairments. Various workshops led by a visually impaired person were held in selected camps and included the hospitality sector, activity personnel and technical staff;
- Use of technology to assist people with impairments to enjoy SANParks' products optimally. An example of this is the use of audio description to make nature come alive for a visually impaired person evaluation of existing products within the organisation, i.e. tactile exhibits at the Berg-en-Dal Rhino museum as well as inaccessible game viewing vehicles to ensure that a wider audience is reached; and
- Use of scent, sound, touch and taste to open a new product line to people with certain impairments.



Tactile exhibit in Berg-en-Dal Rhino museum.

Apart from the above SANParks continued to reach out to this potential market through various avenues, i.e. disability shows (also frequented by various schools for children with disabilities), ensuring that the accommodation on offer caters for people with impairments and through dedicated marketing campaigns in appropriate publications.

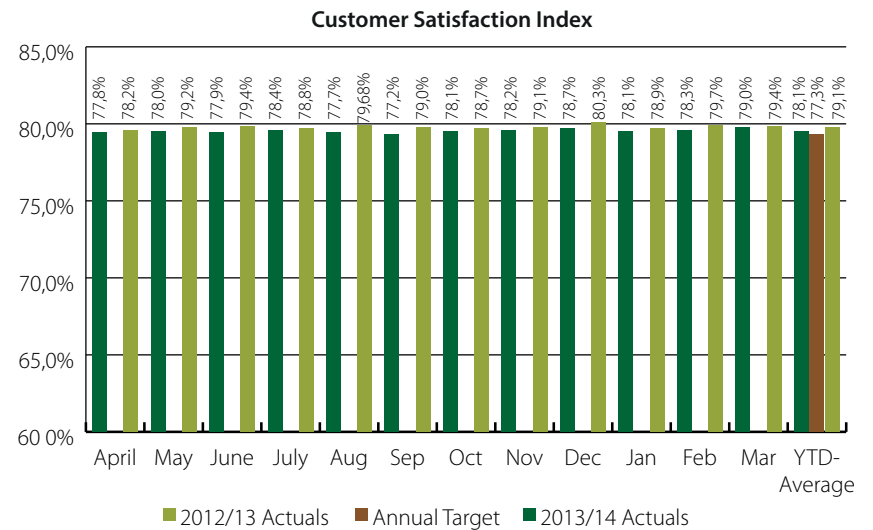
The gathering of information and understanding of requirements of this market, benchmarking of SANParks' targets to provide accommodation suitable to

people with mobility, sensory and cognitive impairment, and continuous participation in shows and forums, will ultimately contribute to the establishment of a universal accessibility strategy with the objective to position SANParks as a leader in the accessible tourism field.

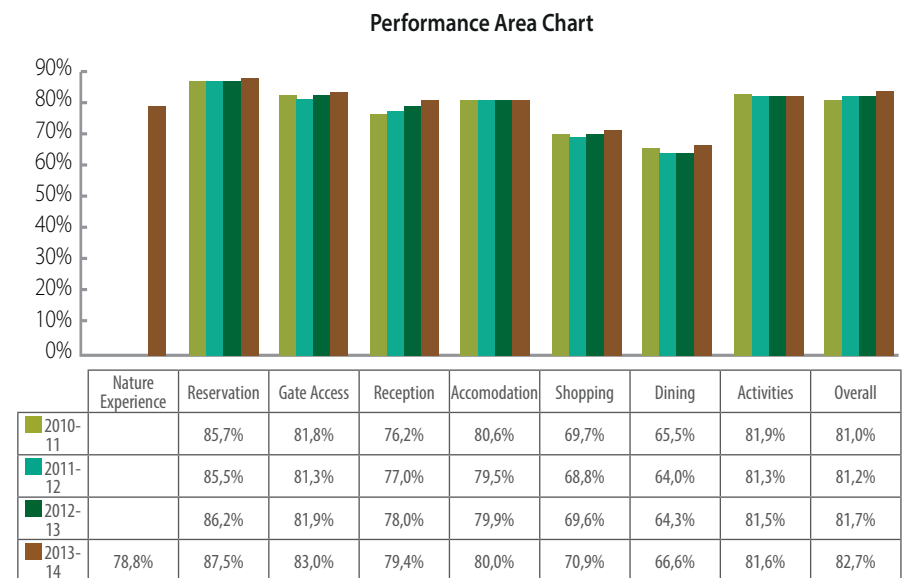
STRATEGIC TOURISM SERVICES

Electronic Guest Feedback System

- The overall Customer Satisfaction Index (CSI) score improved by 1,0 percentage point, from 78,1% to 79,1% when compared to the previous financial year.

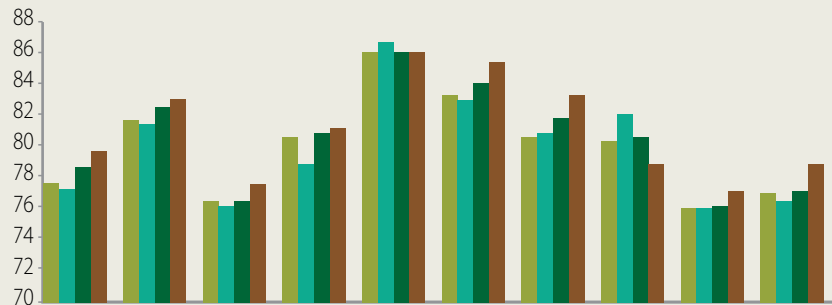


For the period under review all performance areas have shown improvements, with the category Dining showing the highest improved by achieving 2,3 percentage point increase (from 64,3% to 66,6%). The category, Nature Experience performance-area was introduced in July 2013 and had achieved 78,8% rating.



The Kruger National Park's Nxanatseni region has shown the highest percentage improvement in 2013/14, by achieving 1,6 percentage point improvement (from 76,7% to 78,3%). The Northern region has shown the greatest decline, having dropped by -1,8 percentage point (from 80,1% to 78,3%). The Cape Region shows the highest overall score at 85,6%, while the lowest score is from the Marula Region at 76,6%.

Site Trend Analysis



	SANParks	Parks Division	Kruger National Park	Arid Region	Cape Region	Frontier Region	Garden Route	Northern Region	Marula	Nxanatseni
Apr10-Mar11	77,6	81,2	75,9	80,2	85,5	82,5	80,1	79,9	75,6	76,6
Apr11-Mar12	77,5	81,0	75,7	78,5	86,1	82,4	80,4	81,5	75,7	75,9
Apr12-Mar13	78,1	82,0	76,1	80,4	85,5	83,6	81,5	80,1	75,8	76,7
Apr13-Mar14	79,1	82,5	77,1	80,7	85,6	84,9	82,8	78,3	76,6	78,3

Customer Care

- In order to communicate and gain support for the implementation of the Customer Care Protocol, two consultative sessions were held in the Kruger National Park (one in each region).
- The two sessions were attended by the respective regional management, and the managers were taken through the protocol and its application in their daily operations.

Tourism Standards

Eleven Tourism Standards Quality Assessments were undertaken during the reporting period, at the following sites: Tsitsikamma – Storms River Mouth Rest Camp, Berg-en-Dal Rest Camp, Phabeni Gate, Karoo National Park, Mokala National Park, Bontebok

National Park, Wilderness National Park, Orpen Rest Camp, Tamboti Tented Camp, Shingwedzi Rest Camp, and Shimuwini Bushveld Camp. The assessments were undertaken as one of the Responsible Tourism 2012–2022 Strategy key initiatives, which is to improve visitor service and experience.

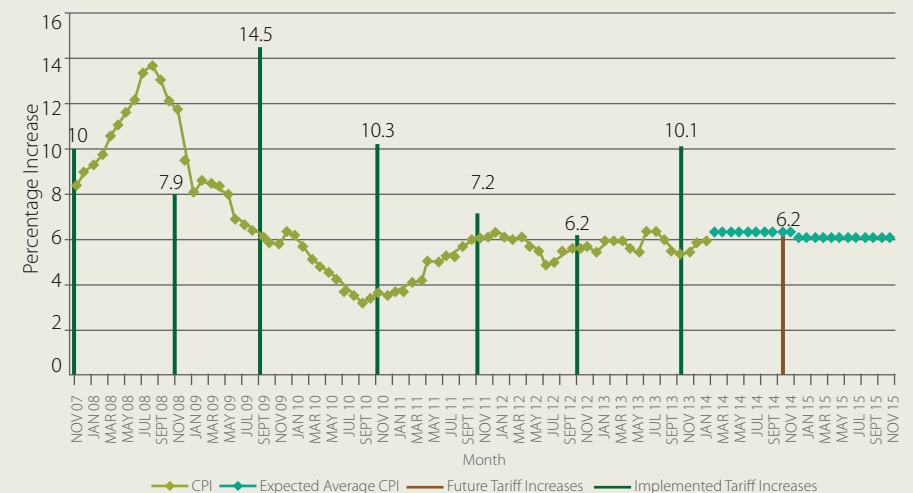
In an effort to improve tourism operations efficiency and effectiveness, the following standard operating procedures were developed and approved for implementation: Front Office Standard Operating Procedure and Tourism Quality Assurance Assessment Standard Operating Procedure. In order to ensure that SANParks receives value for money and to ensure consistency the following tourism commodities were placed on a national tender: bath linen, bed linen, and cleaning chemicals.

Yielding Initiatives

SANParks introduced a three-tiered pricing structure (low, medium, and high season) for accommodation and camping with effect from 1 November 2013. These tiers are determined by demand for products and aim to replace seasonal discounts in use in some low demand periods while yielding better from high occupancy periods and products. Annual increases coming into effect on 1 November 2013 for the tariff year to 31 October 2014 averaged 6,7% for guided activities, 7,5% for conference facilities, 10,1% for accommodation and camping, and 21% for conservation fees – higher than anticipated due to increased operational expenditure.

SANParks ExCo approved average tariff increases of 6,2%, in line with expected Consumer Price Index (CPI) levels, to come into effect from 1 November 2014, for the tariff year to 31 October 2015, across all product categories.

Accommodation Tariff Increases vs Consumer Price Index (CPI)



Protocols on Pricing and Yielding were approved by SANParks ExCo in March 2014.



The total discount granted to senior South Africans in 2013 compared to 2012 increased by 10,2% to R11,9 million. This is still well below the R13,1 million discount granted in 2009, prior to the amended benefits for senior citizens being implemented. Compared to the 2012 calendar year, accommodation unit nights taken up by South Africans over 60 years of age in 2013 increased by 3,7% (3 079 unit nights) and in terms of camping, site nights taken up by this market segment increased by 4% (2 593 site nights).



Several other initiatives during 2013/14 yielded good results. These included the introduction of short notice discounts on distressed inventory, a promotion at the Golden Gate Highlands National Park in celebration of the 50th anniversary of the park's proclamation, and special rates offered in the Kruger's Nxanatseni region in the traditionally low-season months of November 2013 and January and February 2014.

Tourism Systems

RoomSeeker, SANParks' central reservation and property management system, undergoes continuous system enhancements and maintenance to improve the quality and security of the solution, to keep pace with updated technology, to improve and support productivity in the workplace, to ensure business continuity and to improve the customer experience.

The following were achieved in the 2013/14 financial year:

- The online bookings period has been extended to allow web reservations to open one day after other reservation channels, instead of a month later;
- Donating to the cause of anti-rhino poaching efforts is now possible as part of the online bookings process;
- Implementation of stricter business rules to collect full payment of reservation costs before arrival date;
- Compliance with legislative and industry body requirements, such as Payment Card Industry Data Security Systems (PCI DSS) and the Consumer Protection Act (CPA);
- Added additional functionality and set-ups in the RoomSeeker system in order to keep track of the issuing and use of the new Wi-Fi Pin Entry Devices (VX680) to be used throughout SANParks business units for the processing of credit card payments and the RoomSeeker Reconciliation Process.
- Optimization of internal processes, e.g.
 - A credit card refund process via SANParks financial system (Great Plains) to avoid duplication of refunds processed in Corporate Finance;
 - Added additional criteria to increase auto allocation of EFT payments when files are imported to RoomSeeker;
- Development and testing has commenced to allow same-day activities to be booked online. This booking system is soon expected to be available online.

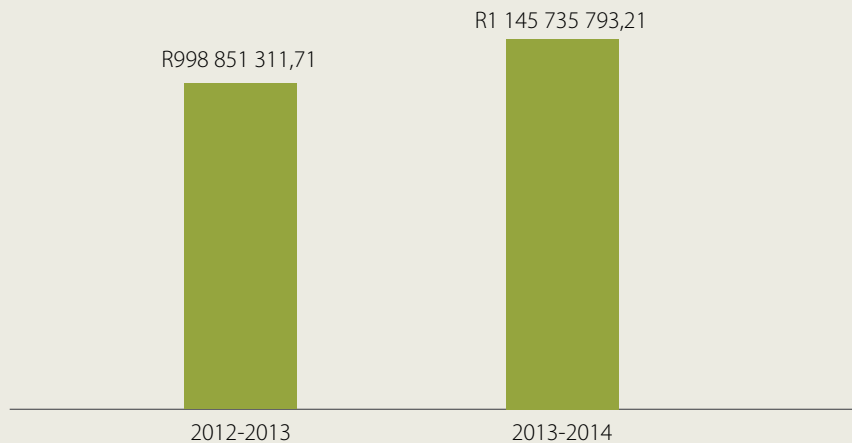


RoomSeeker currently has approximately 540 active users. In the 2013/14 financial year, in addition to the 482 778 distinct reservations made in the system, a total of 879 654 payment transactions worth more than R1,145 billion was processed



through RoomSeeker. This represents an increase of 5,3% in the total number of payments processed during the previous financial year. Online reservations now represents 25,7% of SANParks total booking value, with payments worth over R199,6 million passing through this channel during the reporting period. The core team responsible for the maintenance and setup of the RoomSeeker system as well as user support consists of four staff members.

Value of Payments Procesed Through Roomseeker



A hotel management system (including property management, online booking, conference and banqueting and point-of-sales facilities, with stock control to be available from May 2014), was rolled out at Golden Gate Hotel and Chalets on 2 December 2013, with the view to enabling hotel-specific operations and rate management. In addition, Golden Gate Hotel now provides Wi-Fi access within key central areas of the main hotel.



R520 000 invested in management system for Golden Gate Hotel during 2013/14

The Tourism Systems Strategy has been developed in order to address the increasing needs for systems to replace aging technologies, enhance and control income generation, enable management reporting and customer engagement, and is likely to take five to seven years to implement after final review.

Research and Interpretation

Tourism Research was prioritized during the year with the establishment of a research department within the Visitor Management and Interpretation Unit. A Tourism Research Framework was created and a paper on this process was published in the SANParks Scientific Journal, Koedoe. A Tourism Research needs

analysis was conducted and the outcomes of this study will guide research into

the new financial year. Completed tourism research within SANParks is indicated below:

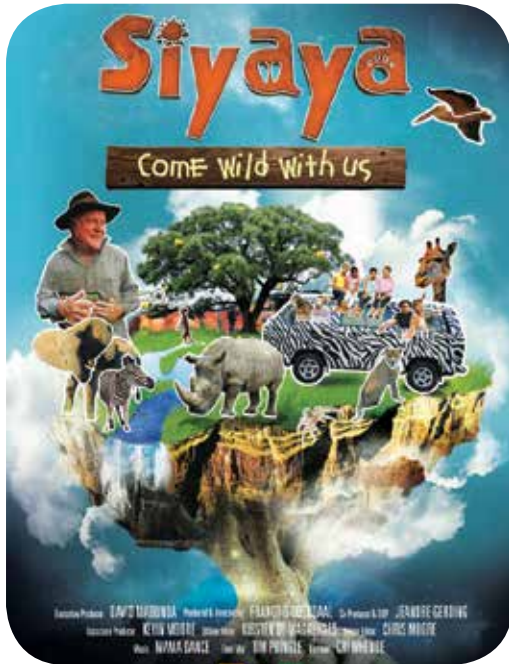
- Hermann, U; Coetzee, W & Saayman, M. 2013. *Development of a tourism management framework for Mapungubwe National Park*. University of North West.
- Saayman, M. & van Niekerk, M. 2013. *A marketing analysis of tourists visiting National Parks. Addo, Garden Route, Golden Gate, Kruger and Marakele National Parks*. University of the North West.
- Saayman, M. & van Niekerk, M. 2013. *The Socio-Economic Impact of Namaqua National Park on surrounding communities*. University of the North West.
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- Biggs, D; Swemmer, L; Phillips, G; Stevens, J & Freitag, S. 2014 *The development of a tourism research framework by South African National Parks to inform management*. Koedoe 56(2).
- Cini, F & Saayman, M. 2014. *Which age group spends the most in national parks?* Koedoe 56(2)
- Kruger, M. & Saayman, M. 2014. *The determinants of visitor length of stay at the Kruger National Park*. Koedoe 56(2)
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The Siyaya “Come Wild with us”, SANParks, 26-episode television series, was concluded, following a highly successful film production and filming process over the last three years. The South African Broadcasting Agency agreed to broadcast the series. One thousand (full series) HD films were cut for distribution to Stakeholders and neighbouring communities who took part in the show. The series was made possible through a R10 million grant from the National Lotteries Board. “Siyaya” was shot in 13 national parks and records the adventures of local community children (four amateurs from each park) who visit their local national park to explore the cultural and natural wonders together with “Oompie” and the Zebra bus.

Tourism Statistics

Of relevance to the 2013/14 tourism performance figures, the following significant differences affected comparisons to previous year:

- The 2012/13 financial year included two Easter weekends, while the 2013/14 financial year, included none.
- Flooding in January 2013 and (to a lesser extent) March 2014 resulted in the closure of many camps and other facilities in the Kruger, Marakele, and Mapungubwe National Parks for extended periods.
- Maintenance work to the Agulhas Light House commenced on 4 February 2013 and it re-opened to visitors on 10 December 2013.



- The Table Mountain Aerial Cableway was closed for maintenance for a five week period from 22 July to 25 August 2013 (the annual closure normally spans only two weeks).

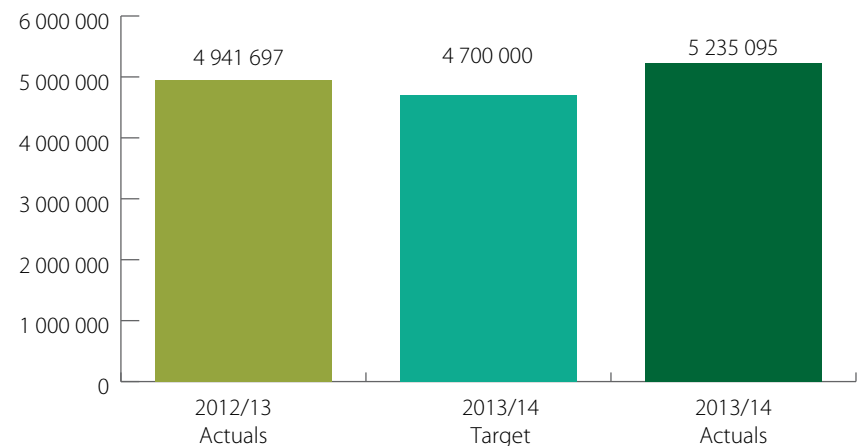
Guests to National Parks



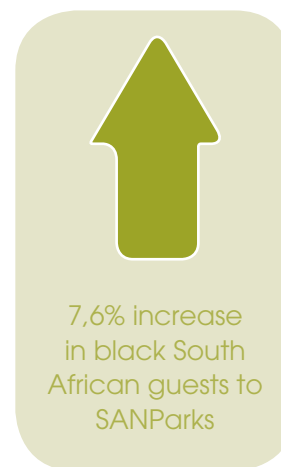
For the 2013/14 financial year, the total for the category Guests to Parks reached record levels and increased by 5,9% from 4 941 697 to 5 235 095 persons through SANParks gates. For the **KNP**, the number increased by 7,3% from 1 450 481 to 1 556 916 and

for parks increased by 5,4% from 3 491 216 to 3 678 179 persons.

Guests to Parks



Black South African Guests

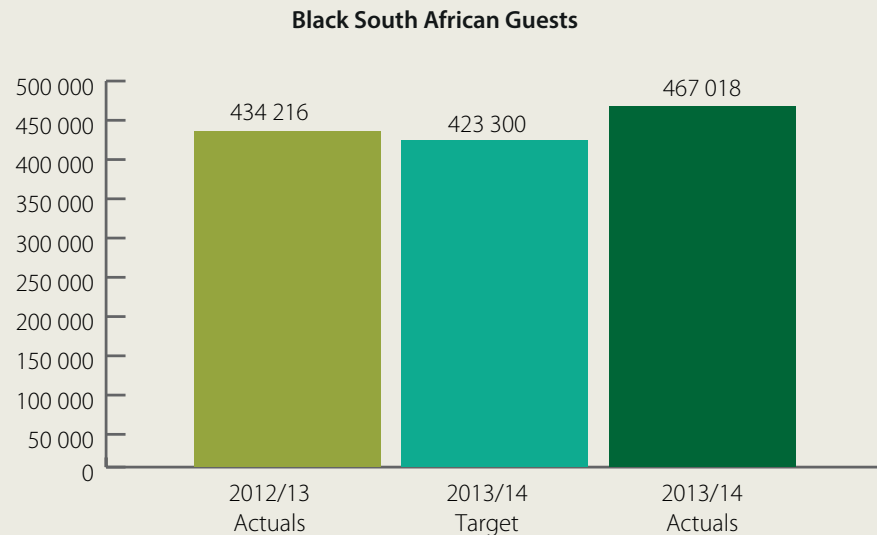


For the 2013/14 financial year, total black South African guests increased by **7,6%** from **434 216** to **467 018** comprising an increase of **10,0%** from **385 826** to **424 489** for *Day Visitors* and a decrease of **-12,1%** from **48 390** to **42 529** for *Overnight Guests*. Black guests comprise a total of **32,9%** (previous year 31,8%) of *South African Day Visitors* and **8,6%** (previous year 9,8%) of *South African Overnight Guests*.

The total black guests (day visitor and overnight) comprise **26,1%** (previous year 25,5%) of *total South African Guests*.



Please note that the Table Mountain and West Coast National Parks are excluded from reporting in this category, as demographics information is not captured there.

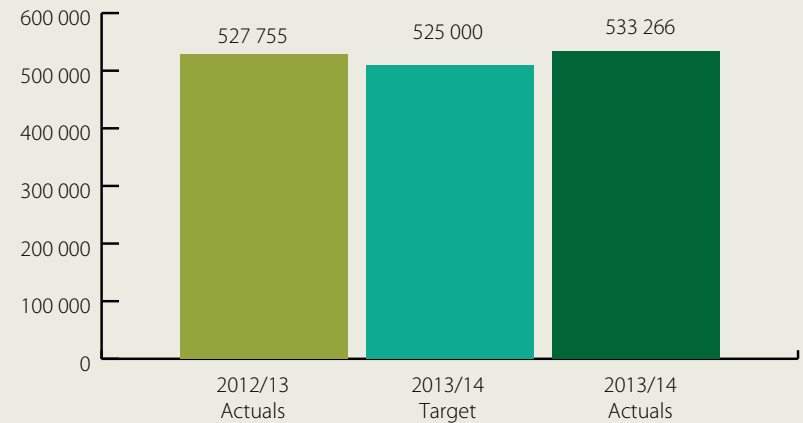


Accommodation Occupancy



SANParks' average *Unit Occupancy* for the 2013/14 financial year was **70,9%** (last year 70%) comprising **58,2%** (last year 56,5%) for **Parks Division** and **78,4%** (last year 77,7%) for **Kruger Division**. Having fewer units available for sale due to flooding is reflected in the 2013/14 occupancy percentage being higher than it would have been otherwise.

Accommodation Unit Nights Occupied



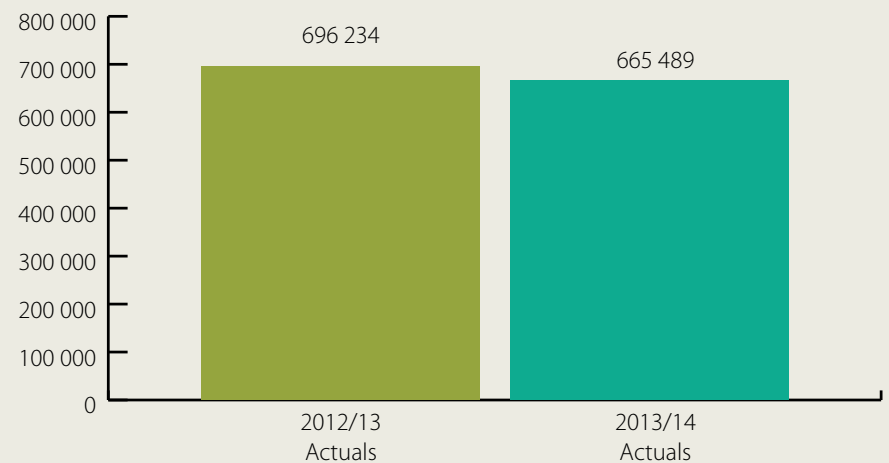
Camping



4,4% decline in totals for Camping Person Nights Sold

For the period under review, the total for *Camping Person Nights Sold* is down by **-4,4%** from the previous year from **696 234** to **665 489** person-nights. In the case of **Parks Division**, *Camping Person Nights Sold* is down by **-3,5%** from **263 719** to **254 363** person-nights, while **Kruger Division** decreased by **-4,9%** from **432 515** to **411 126** person-nights.

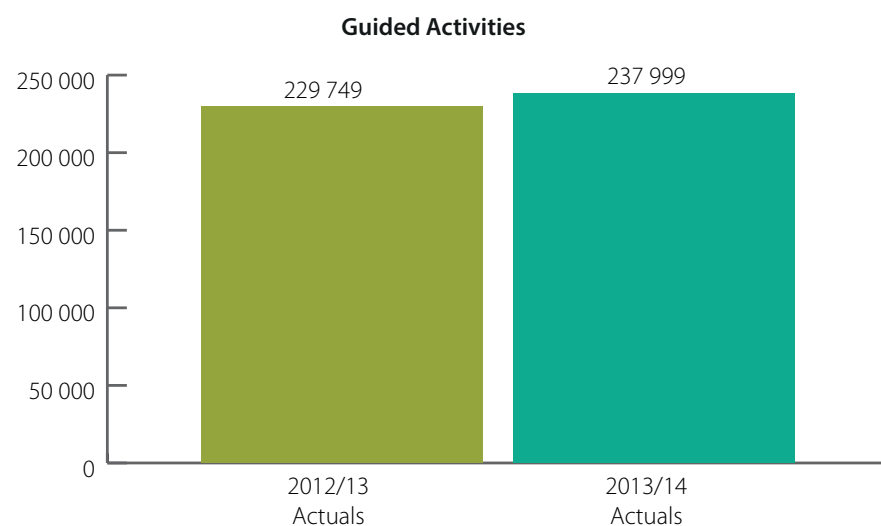
Camping Person Nights



Guided Activities



For the period under review, the statistics for the activities show an overall increase of **3,6%** from **229 749** to **237 999** activities across SANParks with totals for **Kruger** showing an increase of **2,7%** from **153 696** to **157 874** activities, while totals for **parks** show an improvement of **5,4%** from **76 053** to **80 125** activities.



Summary of Tourism Statistics for the twelve months ended March 2014 for the South African National Parks

PARK	ACCOMMODATION (EXCL CAMPING)				CAMPING			GUESTS TO PARK	GUIDED ACTIVITIES
	UNIT NIGHTS SOLD	UNIT OCCUPANCY	BED NIGHTS SOLD	BED OCCUPANCY	SITE NIGHTS SOLD	CAMP SITE OCCUPANCY	PERSON NIGHTS SOLD		
ADDO	26 708	84,3%	60 511	69,8%	9 541	79,2%	25 211	186 111	29 193
AGULHAS	2 071	35,5%	5 836	28,4%			0	14 597	0
AUGRABIES	9 711	45,2%	20 367	41,1%	4 940	27,1%	14 219	68 366	1 443
BONTEBOK	1 912	45,3%	4 424	30,6%	2 049	13,9%	5 684	13 964	0
CAMDEBOO	722	49,6%	1 385	47,6%	1 928	35,2%	4 562	32 470	0
GOLDEN GATE	21 452	39,0%	47 488	30,3%	4 046	24,6%	11 795	46 080	486
GARDEN ROUTE	29 762	58,2%	70 025	48,9%	20 941	17,7%	62 483	331 788	16 172
KAROO	9 027	66,0%	22 456	45,1%	5 157	59,4%	12 849	35 285	1 062
KGALAGADI	30 965	87,6%	71 303	69,4%	21 048	73,9%	60 585	32 969	6 379
KRUGER	371 499	78,4%	891 818	61,4%	149 264	64,1%	411 126	1 556 916	157 874
MARAKELE	2 581	64,6%	5 837	45,3%	5 605	41,9%	14 986	19 591	1 425
MAPUNGBWE	5 001	49,4%	11 743	42,6%	2 344	64,2%	6 377	30 448	18 582
MOKALA	6 191	57,0%	13 630	45,1%	1 786	44,5%	4 709	19 691	1 214
MOUNTAIN ZEBRA	5 743	76,5%	14 828	48,2%	3 620	49,6%	8 970	23 484	2 254
NAMAQUA	737	40,4%	1 598	24,3%	2 302	16,1%	7 170	15 705	0
RICHTERSVELD	1 927	29,6%	4 150	26,2%	3 692	18,1%	11 917	5 686	4
TABLE MOUNTAIN	3 967	33,3%	11 011	26,4%			0	2 586 243	926
TANKWA KAROO	2 550	59,8%	7 301	33,5%	1 115	21,8%	2 846	5 305	0
WEST COAST	740	67,6%	2 805	38,6%			0	210 396	985
TOTAL 2013/14	533 266	70,9%	1 268 516	55,8%	239 378	45,7%	665 489	5 235 095	237 999



SANParks Honorary Rangers Report for 2013

In the year that the SANParks Honorary Rangers celebrates its 50th anniversary, it is pleasing to note that, notwithstanding the on-going challenging economic environment during 2013, SANParks Honorary Rangers once again delivered significant voluntary support to SANParks by way of both duties performed, and funds raised for projects in parks despite the sluggish global economic environment.

The cost of travel remains the most significant economic factor that influenced the ability of Honorary Rangers to travel long distances to national parks to perform duties. During 2013, the average fuel price increased by about 15%. Since 2008, fuel prices have increased by 83% and these costs have been absorbed by the members when doing duty.

Together with the cost of toll fees, this has forced many Honorary Rangers to be very circumspect and selective with regard to the duties that they can afford to perform. It has become very expensive, including the fact that they must take leave from work to support the parks.

SANParks Honorary Rangers have demonstrated their ongoing passion for conservation in general and our national parks in particular by continuing to support SANParks in two major areas: performing voluntary duties in and outside parks and raising funds for projects in parks, based on the parks wish lists approved by SANParks top management.

With regard to the value of direct duties performed the contribution increased by 3,5% to the value of R224 million.

Fundraising remains a major focus in line with the SANParks Honorary Rangers Strategy agreed on in October 2010.

Fundraising now takes the form of regional golf days, various bush camps, birding events, marathons, merchandise sales, etc., as well as corporate social investment and commercial sponsorships where the four major sponsors – Unitrans VW, Nampak, Sasol, Lasher and many other sponsors have continued their loyal support, for which we are most grateful.

It is also encouraging to see that we have once again achieved a clean audit and the financial control system and corporate governance practices continue to improve.

As far as our measurable annual goals are concerned, the SANParks Honorary Rangers achieved the following results:

1. Membership increased by 3% from 1 281 to 1 320 in 31 regions throughout South Africa. Of these 1 071 completed all the training required and have been appointed as Honorary Rangers.

2. The Historically Disadvantaged Individuals (HDI) members decreased by 2,6% from 194 to 189 and now represents 14,3% of the total number of Honorary Rangers.
3. Contributions from environmental education increased by 28,7% from R2 872 million to R3 683 million.
4. The total contribution to SANParks decreased marginally by 1,6% from R44 million to R43,3 million. Broken down further:
 - Duties (direct) increased by 3,5% from R21,7 million to R22,4 million.
 - Cash funds raised and donations in kind decreased by 10,3% from R10,1 to R9,1 million
 - This reflects a total direct contribution to SANParks of R31,5 million
 - Cost of providing the service to SANParks (indirect) decreased by 3,6% from R12,2 million to R11,7 million - reflecting the out-of-pocket cost to individual members to render services and duties to SANParks.
 - Funds available but not spent on projects at year end amounted to R10,5 million. This suggests that the total contribution was potentially R53,8 million during 2013. The new Wish List system for all parks will ensure that these funds are used for priority projects in parks during 2014.

The two major highlights during the last 10 years:

- It is a tribute to all members that during the last 10 years, we saw the annual total contribution to SANParks grow from R3,6 million to R43,3 million (R53,8 million if funds available are included) representing a cumulative total of R248,6 million over 10 years. This reflects the beginning of the change in organisational culture from one of passive membership to one of active contribution by all members.
- SANParks Honorary Rangers now deliver voluntary services and duties to all 21 national parks based on the parks wish list system mentioned earlier.

In conclusion, SANParks Honorary Rangers volunteers once again delivered excellent results in tough economic times during the year and are well set to continue to do so in future years.

We need to express our appreciation for their loyalty and support to all the members in all the regions, and to all the Regional Management Committees, all the National Projects and NEC members, and all the SANParks staff who have made this possible.





Human Resources Report

HUMAN RESOURCES REPORT

EXECUTIVE SUMMARY

The Corporate Human Resources programme for 2013/14 was structured in accordance with SANParks' strategic business requirements, as outlined in the Corporate Business Plan. The programme was informed by both policy and strategy imperatives, and covers the following key areas:

- Employee Benefits;
- Staff Procurement (Recruitment) ;
- Labour Relations;
- Human Capital and Organisational Development;
- Employee Wellness and Occupational Health and Safety.

The report indicates high-level strategic objectives of the Human Resources programme, the highlights and achievements and provides the quantitative Human Resources information.

EMPLOYEE BENEFITS

Employee benefits constitute value propositions other than normal employee payments. SANParks provides these to its employees in return for their invaluable contribution to the organisation. SANParks expresses its recognition for value-adding service through a number of benefits other than remuneration, as part of the retention programme.

These include the following:

- Medical Aid Post-Retirement Benefits;
- Study bursary scheme (for employees and their children) ;
- Motor vehicle and financing scheme at special rates;
- Hostel fee subsidy for employees' children;
- Comprehensive Medical Aid Membership;
- Membership of Retirement and Provident Funds;
- Funeral Schemes;
- Pension backed lending scheme for all employees for housing needs;

- Free holiday accommodation for staff.

The above benefits are reviewed periodically to ensure their continued relevance in providing SANParks with a competitive advantage. SANParks offers three different medical aid schemes to its employees. This is done to provide a wider choice to all employees at different levels. The broad range of medical aid schemes continues to have a positive impact in employee retention strategy, and interventions are being introduced to address the escalation of the post-retirement medical aid liability. Compulsory medical aid membership contributed towards the decline of adult deaths among our employees and their families.

STAFF PROCUREMENT (RECRUITMENT)

The quality of an organisation is determined by the people it employs. SANParks has, during the reporting period adopted a strategic focus in managing talent. This enabled SANParks to identify trends, use available opportunities and manage potential threats that affect the procurement of talent. The introduction of social media tools such as Twitter, Facebook and LinkedIn as part of the recruitment tools, has not only saved recruitment cost, but also widened the net for sourcing talent and ensuring that the organisation obtained the best fit for the job. To minimize risk in sourcing talent, SANParks introduced vigorous verification processes, ensuring that staff procurement processes were executed successfully, and candidates vetted in line with related human resources policies. The use of employee assessment batteries has proved to be cost-effective, quick and convenient in determining the required competencies. In the past year, SANParks used this method for staff recruitment as well as career development and employee progression.

LABOUR RELATIONS

The strategic intent of the labour relations programme for the financial year under review was to ensure that employees in the bargaining unit are remunerated at a level that attracts, retains and motivates them to achieve SANParks' strategic objectives. The year has been successful due to the positive results of salaries and conditions of service negotiations, and favourable awards from the Commission for Conciliation, Mediation and Arbitration. SANParks complied with all applicable labour legislation, which resulted into good governance and labour peace. The recognised trade unions depicted in the table below played an active role within SANParks during the period under review.

TRADE UNION MEMBERSHIP

Health and Other Services Personnel Trade Union of South Africa (HOSPERSA)	1 616
National Education, Health and Allied Workers Union (NEHAWU)	733
South African Commercial, Catering and Allied Workers Union (SACCAWU)	733



SALARIES AND CONDITIONS OF SERVICE NEGOTIATIONS

The joint collective bargaining process on salaries and conditions of service for employees in the Bargaining Unit between SANParks, HOSPERSA and SACCAWU yielded positive results which entailed the following:

- Across the board increase of 10% per month;
- Minimum salaries as depicted in the table below:

BAND MINIMUM SALARIES 2012/13	NEW MINIMUM 2013/14
A R53 750.00	R60 307.00
B1 R56 854.00	R63 539.00
B2 R58 329.00	R65 445.00
B3 R60 079.00	R67 409.00
B4 R61 881.00	R70 111.00
B5 R72 114.00	R80 912.00

The employees' salary adjustments are inclusive of the recognition of years of service, and adjustments to the minimum and across-the-board increase for those with 10 years and less. Employees with 10 years and above received a 0,2% adjustment for every completed year of service.

Sleep-Out Allowance

Employees, who are required to sleep out during the normal execution of official duties within their normal place of work, receive a sleep-out allowance of R50.00 per night.

Danger Allowance

The danger allowance is payable to eligible employees as follows:

- Field Rangers: R300.00 per month;
- Employees who work in the Environmental Crime Division: R120.00 per month;
- Employees who work in Conservation and Technical Services: R100.00 per month.

Bicycle Allowance

Employees who are required to execute their official duties by using a bicycle are entitled to the allowance of R200.00 per month (for purchasing and maintenance).

Night Shift Allowance

The Night Shift Allowance of R55.00 per night is payable to employees who are required to work after 18h00 and before 06h00 of the following morning on condition that they have worked a minimum of four hours. Employees who have worked less than four hours will be paid on a pro rata basis. Employees shall not be entitled to both Nightshift and Sleep-out Allowance.

Ration Allowance

The Ration Allowance of R300,00 per month shall only be paid to A and B band employees who do not qualify for a housing allowance. The dry rations can be taken instead of a Ration Allowance if employed in the Kruger National Park.

Farewell Gifts

Upon retirement, employees with more than 20 years of service shall receive a gift or cash equivalent. The following amounts are applicable: All bands - R1 000.00 for 20 years of service and R50.00 per full year thereafter.

ALIGNMENT OF CONDITIONS OF SERVICE

All conditions of employment for former Department of Water Affairs and Forestry (DWAF) parties who were transferred to SANParks, in accordance with the 2005 collective agreement entered into by and between DWAF, National Education, Health and Allied Workers Union (NEHAWU) and the Public Servants Association of South Africa (PSA), are aligned to SANParks' conditions of service with effect from 1 June 2013.

Employees Performing Same Jobs but Earning Different Salaries

The new Paterson Grades which were the outcome of the job profiling and grading by an independent party were implemented from 1 April 2013 for employees within the BU; Paterson A1 to B5 bands. The salary increases granted during the 2013/14 financial year were substantial and above inflation, which demonstrated SANParks' commitment to improve salaries of its employees.

JOINT RELATIONSHIP COLLECTIVE AGREEMENT

The Joint Relationship Collective Agreement entered into by and between SANParks, HOSPERSA and SACCAWU was successfully reviewed to include an entry clause that would permit NEHAWU and any trade union that is sufficiently representative to participate in the collective bargaining process.



Labour Litigation

Labour disputes were managed efficiently to ensure minimum liability for SANParks as per the statistics below:

- 43 cases were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) ;
- Of the above, 28 cases were resolved in favour of SANParks, three in favour of employees and 12 are still pending;
- Seven Labour Court (LC) cases are pending.

SANParks' success rate on CCMA cases is 90% and prospects of success are good for the pending CCMA and LC cases.

LEARNING AND DEVELOPMENT

Sustainability, innovation, efficiency and maintaining a competitive edge are some of the elements identified at the executive strategic planning level to drive revenue, contain costs and retain talent. It is on this basis that the human resources division has acknowledged that the role of learning and development will have to change to leverage the function as a strategic capability. This was done as follows:

- Realignment of the function to business needs and ensuring an effective learning culture and the proactive development of organisational resources, competence base, and leadership capabilities to meet the rapidly changing requirements of the business sector we operate in and the surrounding environment;
- Review of the learning and development strategy to promote an integrated framework that looks at employees holistically and to ensure a sustainable leadership pipeline;
- Spending of 1,57% of the total human resources cost on development of the skills base of the organisation in 2013/14 financial year. This translated to an average of 2.0 training days per employee (analysis of the 2013/14 study leave given) ;
- Conducted a baseline assessment on 54 potential and current managers participating in the Management Development Programme (MDP). The outcomes of this were to inform the development of the programme and take a bespoke approach to each employee, and by mapping out the right type of training and development;

- Developing a Quality Management System (QMS) as part of the organisation's effort to seek an accredited status with Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA) to ensure that the quality of training meet the industry standards and quality;
- Streamlining the training interventions to ensure that they address business-strategic objectives;
- Collaborating with the South African National Botanical Institute (SANBI) and the Department of Environmental Affairs to address youth unemployment by implementing internship opportunities for 102 graduates and matriculates.



SANPARKS WORKFORCE PROFILE AS AT 31 MARCH 2014

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

OCCUPATIONAL LEVEL	MALE				FEMALE				TOTAL MALES	TOTAL FEMALES	TOTAL EMPLOYEES
	AFRICAN	INDIAN	COLOURED	WHITE	AFRICAN	INDIAN	COLOURED	WHITE			
S	0	0	0	1	0	0	0	1	1	1	2
F	5	0	0	2	2	0	0	0	7	2	9
E	12	1	5	19	8	0	1	3	37	12	49
D	83	5	16	95	47	2	11	47	199	107	306
C	185	1	46	48	130	3	35	63	280	231	511
B	970	0	291	20	286	4	115	31	1 281	436	1 717
A	761	0	57	1	546	0	85	2	819	633	1 452
TOTAL PERM	2 016	7	415	186	1 019	9	247	147	2 624	1 422	4 046
LEARNESHIP	10	0	0	0	15	0	0	0	10	15	25
INTERNSHIP	13	0	0	1	24	0	3	1	14	28	42
EPWP (BSP)	189	3	110	26	138	3	80	24	328	245	573
TEMPS	180	0	39	30	199	2	45	19	249	265	514
TOTAL TEMPS	392	3	149	57	376	5	128	44	601	553	1 154
SUB TOTAL	2 408	10	564	243	1 395	14	375	191	3 225	1 975	5 200

The total number of permanent SANParks' employees is **4 046**, with **2 624 (65%)** males and **1 422 (35%)** females across all the occupational levels. Women represented in the Managerial Levels Bands D to F account for **32%** as compared with the **68%** of males. Developmental interventions were streamlined to be implemented across SANParks. The interventions include targeted skills programs, academic courses, management and leadership development programmes, and the establishment of Women's Forums.



ORGANISATIONAL DEVELOPMENT

The Organisational Development Model is underpinned by the culture of organisational performance as driven by the Balanced Score Card, thus a number of interventions were introduced in the year under review, which entailed the following:

- The Remuneration & Reward Strategy is being implemented, with the first phases focussed on salary parity for the A and B bands. The Job Evaluation and Remuneration Committee were established. The committee's key role is to maintain consistency in the evaluation of all jobs within SANParks to maintain impartiality and objectivity in the overall job analysis process.
- The 2022 SANParks Responsible Tourism Strategy aims to position SANParks as one of the top 20 tourism destinations globally. The key strategic projects to be executed to achieve this strategy include, amongst others, restructuring the division, reducing the cost of tourism operations, growing the tourism revenue, and improving visitor service and expectations. To determine the team's readiness to attain the above key milestones, a team cohesion and coaching exercise was successfully implemented during the reporting period, resulting in the adoption of leadership team charter, and concomitant leadership action plans.

OCCUPATIONAL HEALTH AND SAFETY PROGRAMME - OHS

In line with SANParks' strategic objectives, significant progress was made on our operating parks across the organisation in improving health safety and reducing fatalities, and eliminating serious disabling incidents on our sites through several key initiatives listed below:

- Demonstration of visible and active leadership that engages employees and stakeholders, and manage health and safety (OHS) performance as a line responsibility with clear authorities and accountabilities;
- Management of all projects and processes through their life-cycles in a way that protects safety and health and minimising impacts on the workers and the environment;
- Providing employees with the capabilities, knowledge and resources necessary to instil personal ownership and motivation to achieve OHS excellence through training;
- Maintaining a secure work environment to protect our workers, our contractors and the organisation's assets from risks of injury, property loss or damage resulting from hostile acts;

- Ensuring that all employees and contractors understand that working safely is a condition of employment, and that they are each responsible for their own safety and the safety of those around them through the revision of SANParks current contractor management standard;
- Measuring performance through annual audits and public reporting of OHS performance, and maintaining open dialogue with stakeholder groups and client communities where we operate. Through the review and implementation of SANParks OHS policies, we seek to earn the public's trust and to be recognised as the leader in workplace health and safety performance.

Milestones

- Implementation of the OHSAS 18001 management system model, which provides a comprehensive and international OHS management system, which guides the organisation to achieve industry and global standards;
- Structured inspections and targeted audits to monitor progress and identify shortfall thus aiding continuous improvement to the system and programs;
- Monitoring and analysis of the legislative, standards/norms and trend changes so that adequate advice and guidance is provided;
- Compliance, control and enforcement to influence the organisation to achieve its intended goals, and meet the industry and global expectations;
- Establishment of the organisation's health surveillance programme.



ORGANISATIONAL PERFORMANCE RESULTS AND TARGETS - OHS

South African National Parks Health & Safety Performance Statistics

	Total Number	Total Number	Total Number	Total Number	Total Number	Total Number
	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Total Lost Time Accidents (LTA)	166	103	149	487	390	294
Work related deaths	0	0	3	0	3	0
Total Man-hours lost due to injury	54 512	32 032	5 340	57 984	32 896	2 352
Disabling Injuries (Over 3 Days off duty due to injury)	92	49	61	30	28	38
Disabling Injury Frequency Rate (DIFR) – Cumulative [@]	1,77	1,42	1,19	0,68	0,31	0,06
Disabling Injury Severity Rate (DISR) - Cumulative [*]	9,84	8,37	7,38	4,88	4,94	0,49
Minor reported injuries	74	54	88	187	263	409

@Calculation for Organisational DIFR rate = total number of disabling injuries x 200,000/ total number of hours worked

*Calculation for Organisational DISR rate = total number of days lost due to injury x 200,000/ total number of hours worked

EMPLOYEE WELLNESS PROGRAMME (EWP)

According to the World Health Organisation (WHO), wellness is not merely the absence of disease or infirmity, but a state of complete physical, mental and social wellbeing. Our ability to establish and maintain positive relationships with family, friends and co-workers contributes to our social wellness. It can thus be said, wellness is a multi-dimensional concept that covers an individual's social, emotional, occupational, physical, spiritual and intellectual domains.

During the year under review, the scope of Employee Wellness achievements is highlighted as follows:

- Physical wellness to improve employees' health: Studies have shown that exercise promotes weight loss, slows down visceral fat that is responsible for diabetes and heart disease. It combats chronic disease, improves sleep, immunity and brainpower. SANParks' employees are engaging in different sporting codes to improving their overall wellness, (physical and psycho-emotional) as well as contribute positively to teamwork and productivity.
- Information, education and communication: wellness promotion efforts engage in different lifestyle awareness programmes that are linked to the national health calendar days to improve the overall health status of employees and the quality of their lives.

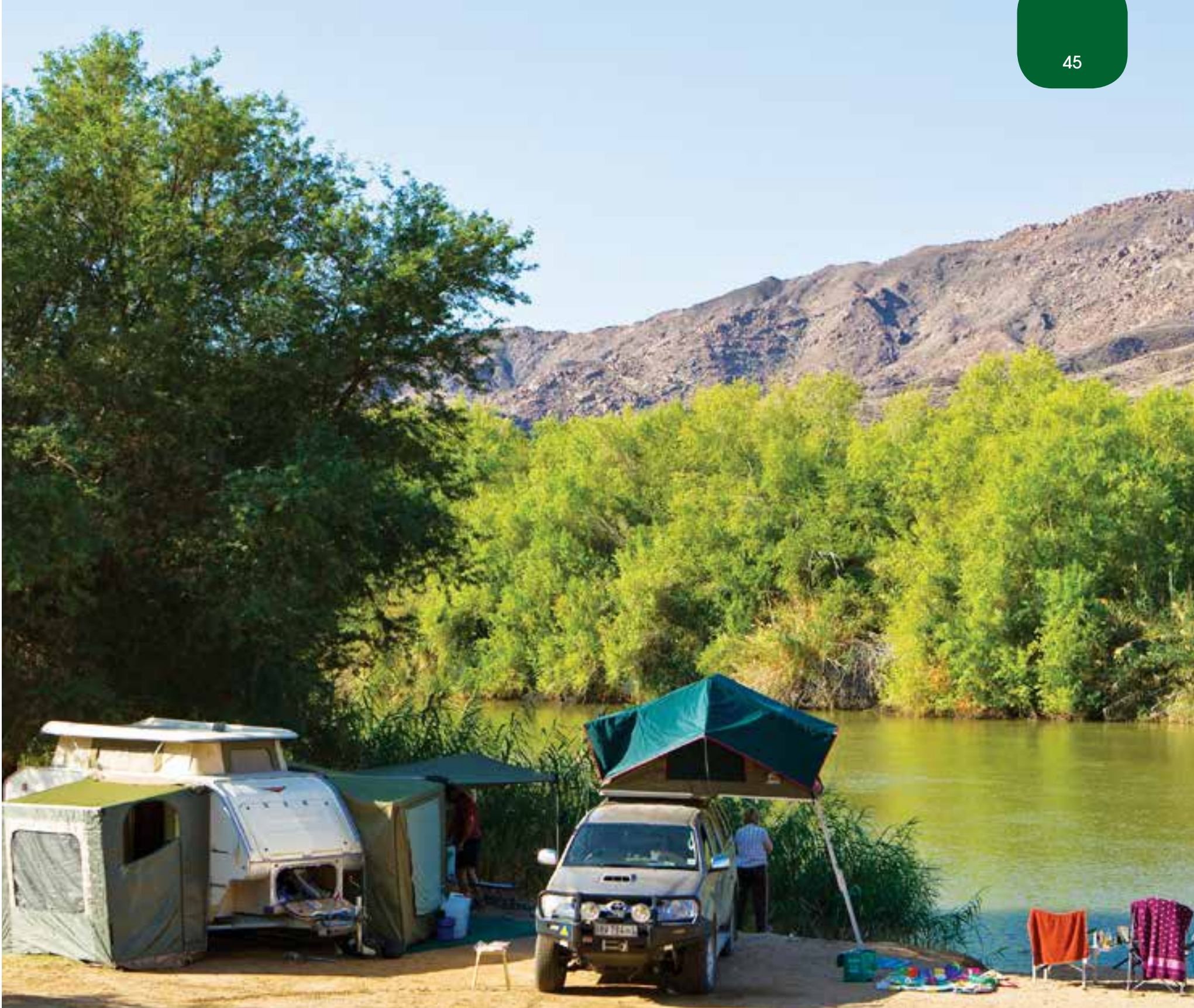
ICAS 24/7 personal support service

- A comparative study was done to determine the usability of ICAS services with organisations that have the same geographical spread as well as public service. The utilization assessment report showed that SANParks is doing comparatively well.
- Problems relating to money management constituted the most commonly presented broad-problem category during the review period, accounting for 14,6 of all difficulties. This has changed from the previous comparable period, when relationship issues was the most commonly presented problem, accounting for 17,6% of all issues dealt with by the EWP.
- Even though addictive behaviours decreased from the previous year, it remains higher than the industry average of 3.1%. These issues mostly involved alcohol abuse and were present at all sites except the Kruger National Park and Frontier Cluster. It is encouraging to note that the majority of these employees were formally referred to the Expanded Public Works Programme (EPWP) for assistance by their managers.



Photo comment





Corporate Services Report

CORPORATE SERVICES REPORT

EXECUTIVE SUMMARY

Our Corporate Services division was set up as from 1 April 2013 with its primary objective being to consolidate the already established departments of Corporate Communications, Corporate Social Investment (CSI), Information Technology (IT), Legal Services, and Head Office Facilities Management. The Corporate Communications division was then, through this process, downgraded to a department within the new division and lost its privilege as a permanently invited member of the Executive Management Committee.

The Managing Executive was further mandated to consolidate the newly created function of Corporate Social Investment, which had been established in the 2012/13 financial year. The CSI department had been established as a vehicle to deliver on the 1% tourism levy as well as other social oriented programmes. The new Managing Executive was tasked further with the responsibility of integrating IT services across the organisation as well as improving the strategic focus of IT within SANParks. The division has started on the process of integrating IT services within the areas of process and decision-making. The next phase in the financial year will entail the completion of personnel integration under appropriate departments and units within IT. This area is now well poised to be a strategic enabler for business development and processes.

CORPORATE COMMUNICATIONS

Highlights

The organisation continues to receive acceptable media attention with most matters being graded as neutral/statement of fact and positive coverage. The highest coverage received during the financial year 2013/14, was the plight of the rhino, which has made headlines both in national and international media. It is also important to note that SANParks has over the years remained a credible point of contact for the media and various information seekers. The organisation is regularly approached for comment on a wide variety of issues that affect conservation and tourism.

The proactive media relations on topical issues, more particularly on rhino poaching statistics as well as successful arrests made, have stimulated media interest and attention, while improving the organisational reputation in the public eye. To keep track of SANParks media relations, media reputation, and to evaluate the reach of messages, we have engaged the services of a media monitoring service in the past. However, during the year under review, SANParks experienced challenges in acquiring credible information on its perceived media reputation. This matter is being addressed.



A partnership was established in the last financial year with Caxton Media Group for the production of a quarterly newspaper. The SANParks Times has been successfully running for a year. The agreement which included additional coverage on national parks in other Caxton owned magazines has recorded huge publicity amounting to an advertising equivalence of about R13 968 978.00 (June 2012 – February 2014).

The SANParks website continues to be an area of immense pride for the organisation. It has reached new heights in supporting revenue generation, information dissemination, and growing ambassadors for SANParks. In the period under review, E-Commerce generated R217 million, of which R200 million were through online reservations - a 49% increase over the previous year's R135 million made in bookings. The website continued to attract high numbers of visitors, with 7 693 085 visitor-sessions during the year (a 4% increase), nearly 50 million page views, and 2 849 416 unique visitors to the site (27% increase). The social media platforms continue to play a critical role in providing access to customers and stakeholders with information pertaining to amongst others tourism, conservation, as well as key and current developments within SANParks.

The SA National Parks Week programme media coverage was quite extensive with features of every park on SABC 2 Morning Live show for the duration of the National Parks Week. Extensive coverage was also received from various community radio stations positioned in various regions for the duration of the SA National Parks Week.

The annual Kudu Awards was conducted successfully and continues to receive financial support from First National Bank (FNB).

Much attention was given to rhino poaching communications, with a dedicated programme on communicating the challenges faced by SANParks. This has successfully changed many negative perceptions against SANParks.

There is a lot of support from ordinary South Africans and Corporate South Africa on anti-poaching initiatives. These initiatives include support from UNITRANS Volkswagen United Against Poaching, the Ichikowitz Family Foundation and Paramount Group, Bavaria Breweries in partnership with South Africa's Big Five Retailers, and a massive donation from the United States Howard G. Buffet Foundation.

EXTERNAL STAKEHOLDER RELATIONS

SANParks continues to nurture numerous existing stakeholder relations, which have benefited the organisation immensely. These include various media houses, sponsors, donors, government departments and entities, NGOs, SANParks Honorary Rangers, businesses and various communities.

It is important to note some of the strategic and key partners who have worked with SANParks over the years. These include First National Bank for the Kudu Awards



and SA National Parks Week, Pick 'n Pay for the Kids in Parks Programmes, Total SA for various Environmental Educational programmes, and Caxton Media for publicity and the production of SANParks Times quarterly newspaper. Key sponsorship relations were established with Microsoft, Ricoh, and Intervate for the development of a SANParks App.

GOVERNMENT RELATIONS

SANParks has been in the forefront of an establishment of the State Owned Entities Communications Association (SOECA) with a number of key parastatals such as the SABC, ESKOM, Land Bank, SAA, Denel, Telkom, SA Post Office to mention but a few. The organisation strives to form strategic partnerships and share best practices in the communications field.

Relations with key government entities both nationally and provincially in the sphere of environment through the Environmental Affairs Government Communications Forum has been making good strides. Following approval from MINTECH, this forum was elevated to Working Group status, with SANParks continuing to be a key role player in its affairs.

MEDIA RELATIONS AND MANAGEMENT

Various issues attracted media attention. The most attention was given to the rhino poaching challenges that SANParks and the entire country continues to experience.

Other issues were the:

- Floods experienced in February 2013 in the Kruger National Park;
- Salaries of SA National Parks CEO and the Executive Team;
- Attack of a tourist vehicle by an elephant in the KNP;
- Proposed cycle challenge in the Kgalagadi Transfrontier Park;
- Departure of the former SANParks CEO (Dr David Mabunda) ;
- Launch of the Gazelle Helicopter to help fight rhino poaching in KNP;
- Public Protector's complaint against SANParks by AIKONA.

E-COMMERCE

Ongoing development in E-Commerce resulted in generating over R217 million on the site, of which R200 million was through online reservation - a 49% increase over the previous year's R135 million made in bookings. The number of reservation transactions made online increased by 8% from 63 445 to 68 677. Much of this was

attracted by online promotions crafted by careful yield management. Likewise, the Rand value of Wild Cards sold online increased by 14% from R14 516 490 to R16 568 005. The Business-to-Business (B2B) module that was developed for our Travel Trade partners has brought an additional R786 482.24 in value of reservations. Another feature that was implemented in the past year was the anti-rhino fundraising option offered as part of the shopping experience. Within six months of the launch, this facility has raised R289 871.33. The next E-Commerce product in the pipeline is selling single day activities on the site.

All accommodation is visually represented through still photography and approximately 75% is covered via 360-degree virtual reality images. Shooting aerial footages of points of interest in the parks and camps is still on SANParks Visual Production's wish list.

As in previous years, in the mobile space Sanparks.Mobi is equipped with a full suite of services, including online bookings. Plans for the SANParks.org website are to reengineer it into a responsive design for seamless integration onto mobiles, tablets, and browsers.

WEBSITE STATS & DEMOGRAPHICS

The website continued to attract high numbers of visitors, with 7 693 085 visitor-sessions during the year (a 4% increase), nearly 50 million page views, and 2 849 416 unique visitors to the site (27% increase). Most visitors (69%) are based in South Africa, with Germany, UK, and US leading the 31% international group. Continuous research of stakeholder needs through various surveys and polls contribute in identifying areas that need further streamlining and enhancements. Approximately 300-400 positive polling-email messages are received from clients while 5 to 10 negative ones are received. Website uptime was maintained at an acceptable 99,99% and online communication was further enhanced through Facebook, Twitter, and YouTube.

GROWING ONLINE AMBASSADORS FOR SANPARKS

It is commendable to note that the website community forum, formed in November 2004, is still growing, having a membership of 26 610 at the end of the financial year, an increase of 6% from the previously reported 25 013 members. The forum has 934 919 active articles (excluding articles removed by volunteer moderators during the reporting period), an increase of 12% over the previous 837 215. A ranking system based on public voting takes forum members from one Kudu (Junior Virtual Ranger) through to five Kudus (Legendary Virtual Ranger). Within the eight years of existence, the forums have seen only eight Legendary Virtual Rangers, making this a most prestigious online status.

Most of the success on the forums is due to the volunteer service provided by the forum moderators, and the Virtual Honorary Rangers (VHRs). While the moderators



assist in observing the forum rules and mediate in conflict resolution, the VHRs focus on running projects, many of which are fundraising in nature. Their total direct and indirect contribution to SANParks is valued at nearly R2 million per annum.

At the time of reporting, support on Facebook was 73 902 (more than double over the previous year), which compares favourably with similar platforms of big corporates in South Africa. The number of followers on Twitter is now more than 34 000.

ONLINE INITIATIVES

- Three out of the four webcams – Addo Elephant, Orpen, and Satara – are still streaming live video, making webcams #1 on the list of most visited sites on SANParks.org. Following on the list are the home page, online bookings, and the forums.
- The Annual Photographic Competition conducted by the online forum moderators, once again produced breath-taking digital compact or digital single lens reflex (DSLR) photographs submitted by public in the categories: Portraits, Landscapes, All Animals and Insects, Human Activity In Any SANPARKS, Plants, Black and White, and Birds. All winning pieces can be found on the forum site.
- The Annual Online Forum Awards accomplished by public votes, produced winners in the categories: Angel, Avatar, Birder, Cammer, Musketeer, Newcomer, Quiz Whiz of the Year, Best/Funniest Forum Name, Sighting (Birds), Sighting (Non Predator), Sighting (Predator), Sighting (Small creatures and/or insects). In addition, there were awards for Travel Tale of the year for KNP, Travel Tale of the Year for Other Parks, and Small Parks Promoter of the Year. All winners carry prestigious “badges” that define their distinguished status on the site.
- Likewise, there are thrilling campaigns from time to time that invoke further interaction that relates to experiences in the national parks. An example of that is “Love is in the Air” which marked Valentine’s Day celebrations with images of animals “in love.” All the submissions and winning photos are available on the forums.

CORPORATE SOCIAL INVESTMENT

The mandate of the CSI department is to develop and implement a strategy on social responsibility for the organisation, to grow ambassadors for the national parks system of South Africa through meaningful social programmes, and develop and implement a strategy on community-based economic empowerment.

The policies on SANParks Corporate Social Investment and Community Based Economic Empowerment were developed to guide implementation of the

programmes.

Strategic partnerships were entered into with the Departments of Education in Limpopo, Mpumalanga and Free State provinces for the provision of science and computer laboratories in the schools bordering national parks in their provinces. In terms of the agreement, SANParks provides the facility and the Departments take responsibility for the operationalization and maintenance upon the official hand over of the equipment.

A Memorandum of Understanding was signed with the Department of Education in the Northern Province for the provision of mobile library services to schools bordering national parks in the province.

TOTAL SA committed grant funding amounting to R5 million per annum, over a two-year period for the implementation of projects in the CSI department. These include environmental education, establishment of medicinal nurseries and tree planting. At time of reporting, a partnership agreement was being finalized with Resource Africa for the implementation of an enterprise development program in communities adjacent to the Kruger National Park. An amount of R14 604 959 was contributed by the Jobs Fund and R3 500 000 by Resource Africa bringing the total contribution to R18 104 959. This money will be spent over a two-year period and is expected to benefit a hundred SMMEs.

The students support program, which is implemented as a partnership initiative between the SANParks and the University of Pretoria, is in its third year of operation. The program received funding from the National Lottery to support students from disadvantaged backgrounds to study at the University of Pretoria. Twenty-seven students including 13 undergraduates and 14 postgraduates benefitted from the program in the financial year under review.

SOCIAL RESPONSIBILITY PROGRAMME

Six social responsibility projects were completed and handed over to beneficiaries. These include the administration block at Dumisani High School in Mpumalanga province, computer centres at Masiza and Alldays High Schools in Limpopo province, science laboratories at Emang-Mmogo and Setsoto High Schools in Northern Cape and Free State provinces and the playground for Grade R learners at Takheleni Primary School in Mpumalanga province. Three thousand six hundred (3 600) learners will benefit from these initiatives.

A total amount of R5 152 516,88 was spent on these projects and local contractors and labour were used during the construction of the facilities.

COMMUNITY BASED ECONOMIC EMPOWERMENT PROGRAMME

Training on business management skills for the first 50 enterprises bordering



Kruger National Park has commenced. The training programme will cover business management, technical skills development, including construction and tourism development.

The feasibility study for the implementation of Knysna Oyster Project as a community-based enterprise has been completed. An Environmental Impact Assessment (EIA) will be conducted and possible implementation models explored.

Plans for the establishment of an abattoir for livestock farmers bordering Kruger National Park are at an advanced stage. The project will be piloted at Mnisi village. Under the close guidance of the Veterinary Units in SANParks and the University of Pretoria, cows earmarked for sale at the abattoir have been quarantined and tagged. Permission is being sought from the Department of Agriculture to use the abattoir inside Kruger National Park for the processing of domestic meat.

The construction of Awelani Community Lodge has been completed. It will be operational as of June 2014. The CSI department will facilitate the establishment of a community legal entity and ensure their mentoring and coaching.

AMBASSADOR PROGRAMME

The criteria for identification and selection of ambassadors have been developed. The Terms of Reference for the establishment of the ambassador programme committee which will guide and advise on the implementation of the programme are being developed.

The programme participated at the Walk and Learn in the Wild Tourism & Conservation career expo held at Mopani camp in KNP. Twenty schools attended and 200 learners from Limpopo and Mpumalanga provinces participated.

CORPORATE LEGAL SERVICES

Key Achievement for the Year 2013/14

Two achievements stand out that Legal Services has been strategically involved in realising.

Settlement of Henderson Grazing Rights Matter at Addo Elephant National Park

For several years exceeding a decade, SANParks had been involved in a dispute with the Henderson family over the existence and exercise of grazing rights on land SANParks acquired for purposes of park consolidation.

During that period of a dispute, SANParks was unable to consolidate sections of Addo Elephant National Park, the key obstacle being the grazing servitude rights over SANParks' land, in favour of the adjacent Henderson land. In such a situation,

SANParks could not drop any fences, as it would lead to the intermingling of Henderson livestock and game. The dropping of fences would have also exposed the livestock to a danger of being attacked by predators.

During the past financial year, and after a long period, which was punctuated by more than one court battle lost by SANParks, Legal Services successfully concluded a settlement deal for R22 million to be paid as compensation for the Henderson's cancellation of the grazing rights. The compensation amount is payable in tranches and already the first payment has been honoured. SANParks is now free to drop the fences and consolidate the Park. This has improved the management of the park tremendously.

Settlement of Houseboats Eviction at West Coast National Park

SANParks has been hosting illegal houseboats that are moored on the lagoon in the West Coast National Park for a period exceeding a decade.

Despite many actions directed at houseboat owners to leave the lagoon, they continued to frustrate all non-litigious attempts by SANParks to have them out of the park. Issues addressed were the regularisation of houseboat owners' rights to occupy the lagoon, and consultation with them in compliance with Administrative Law.

In the period preceding the year under review, with SANParks having no alternative option, eviction summons were issued at Western Cape High Court. The houseboats owners dragged out the matter for over a year. It was only at the beginning of the 2013/14 financial year that SANParks' lawyers were able to secure a court date on the matter, which was scheduled for 4 December 2013.

On 10 December 2013, a settlement agreement was made at the doorsteps of the court, facilitated by the high court judge who strongly believed in SANParks' case.

In terms of the settlement agreement, which was made an Order of the Court, the houseboats were given a notice period until February 2015 to vacate the lagoon, where after they will vacate the park and have no further claim and/or reason to remain within the park.

With the settlement of this matter, the West Coast National Park can plan better and with certainty. The management of the commercial agreements and activities at the park has certainly been enhanced by the finalisation of this matter's long and convoluted history.

ICT OPERATIONS

During the year under review, the Information and Communications Technology (ICT) Department was instrumental in implementing several technological initiatives in the SANParks environment. Some of the improvements were aimed at paving the



way towards better governance measures.

The key initiative for SANParks in the period under review has been a total revisit of the governance of Information and Communications Technology in line with the principles of the control objectives of Information Technology Framework, version 5 (COBIT 5©) and according to the guidelines provided by the Department of Public Administration of South Africa (DPSA). This will bring the governance of ICT in line with organisational governance and the functioning of ICT and in alignment with business requirements and strategy. A Corporate Governance of ICT Framework (CGICT) has been developed and is in the process of being implemented. As part of this initiative, a maturity assessment has been conducted to identify the areas of improvement. This assessment will be conducted annually to ensure that SANParks progresses against its own identified improvement plans.

ENTERPRISE APPLICATIONS DEVELOPMENT

Governance

Since 2009, the organisation has continued to improve on process governance and enforcement of business rules. The deployment of the Business Process Management Suite of applications has been a key driver in driving these efforts. The technology has assisted in standardizing the execution patterns of key business processes, their visibility, efficiency, and transparency.

Supply Chain Management Processes

The period under review has seen the automation of key Supply Chain Management (SCM) process. The process for daily procurement of goods was automated allowing for transparent tracking of the procured services. The process allows for rotational allocation of bidding opportunities for registered suppliers within a specific commodity group. This implementation has greatly improved the SCM environment's governance and transparency.

Human Resources Processes

The leave process, being our most utilized process, has matured and embedded as a seamless process activity within the organisation. The last year has seen reduced audit queries on leave and related administrative issues. More than 65 000 leave days were processed in the last year. The implementation has greatly improved on the accountability and tracking of leave records. This has improved the organisation's ability to calculate the organisation's leave liability annually.

Finance Processes

The finance department remains a key interest area for improving on governance. The travel and subsistence payment process has completed a year of operation.

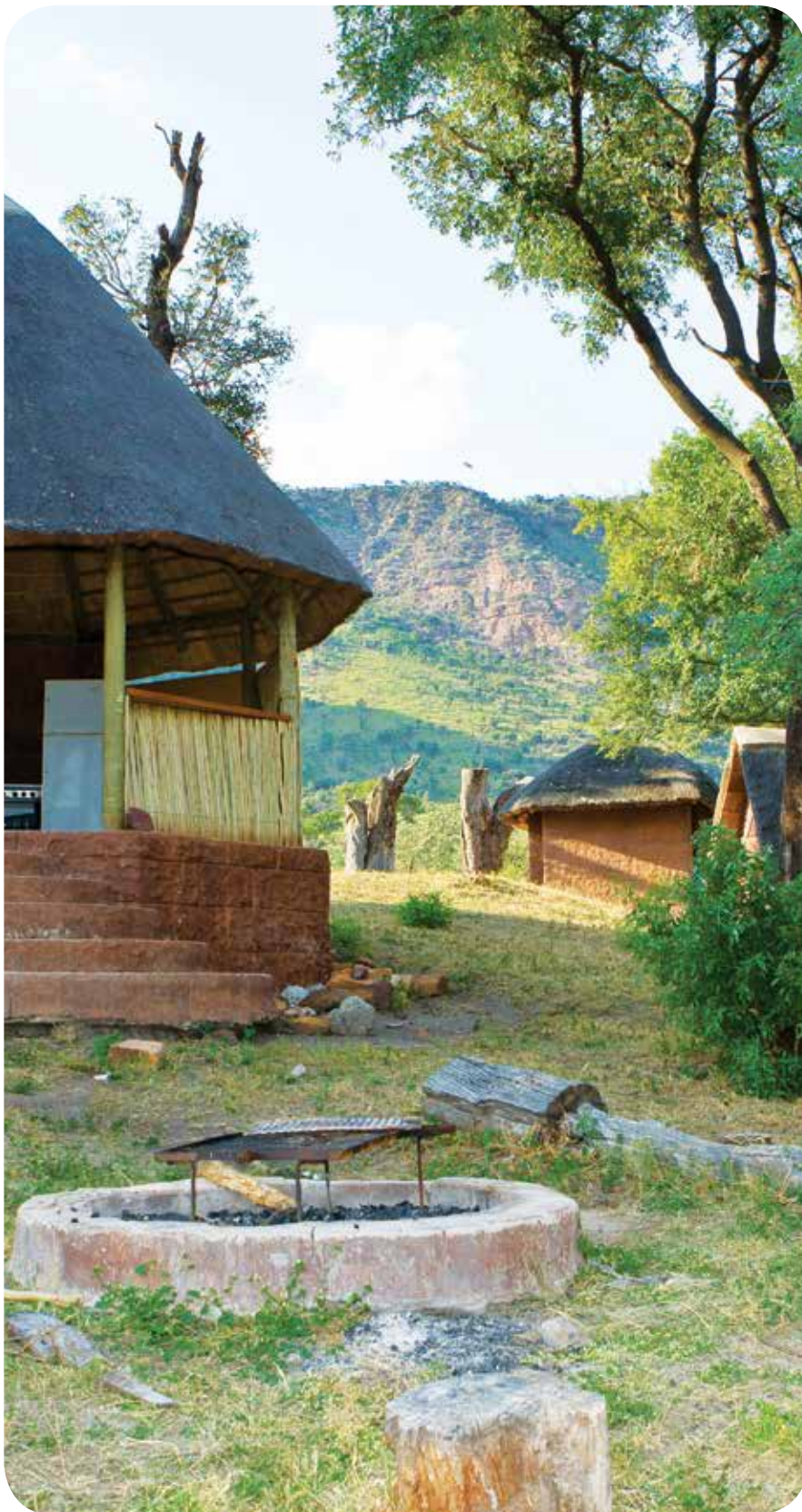
Over R26 million worth of claims have been completed through this process. The automation of the process has allowed the organisation to electronically track travel behaviours and enforce financial rules more efficiently.

Technology Partnerships with other Entities

The organisation continually seeks methods and techniques of improving process governance from both internal and external sources. It was with this aim that SANParks, through the Enterprise Applications Development (EAD) department, entered into an agreement with Companies and Intellectual Property Commission (CIPC) to integrate with their systems. This integration will allow SANParks to automatically validate suppliers and employees' business interests seamlessly within bidding organisations prior to them entering into business contracts with us.



Special Programmes Report



EXPANDED PUBLIC WORKS PROGRAMME

SANParks implemented seven Expanded Public Works Programmes (EPWP) and various other projects during 2013/14. Projects were approved as part of the Department of Environmental Affairs (DEA) Environmental Protection Programmes. The 13 141 people employed in the various EPWP projects, worked more than one million person-days. All the projects implemented had a biodiversity focus, creating temporary jobs for communities adjacent to parks. Projects were implemented in all national parks, buffer areas to national parks, nature reserves of Mpumalanga Parks and Tourism Agency, and on a national basis, i.e. the Environmental Monitors Programme.

EPWP Programmes implemented in 2013/14

EPWP Programme	Description
Working for the Coast	Cleaning of beaches
Working for Wetlands	Rehabilitation of wetland systems
Environmental Monitors	Support to conservation functions in parks, buffer zones, provincial nature reserves and private nature reserves
Working for Water	Clearing of invasive alien vegetation
Working for Land: Rehabilitation and Bush Clearing	Soil erosion projects, bush encroachment control, and Addo Spekboom project for carbon sequestration.
Eco Furniture Projects	Manufacture school desks and furniture from alien vegetation
Working on Fire	Fire prevention and control in national parks

New implementation cycles started for the Working for the Coast and Environmental Monitors programmes, with the remainder forming part of the annual DEA Natural Resource Management Programme. The implementation model of SANParks continued to focus on the creation and use of small contractors and made use of 624 SMMEs. R144 million was paid to these small contractors during the past year. Additional funding allocations during the last quarter increased the original budget of R282 million, and expenditure of R300,7 million was achieved. Some delayed approvals of projects affected the performance and while teams were doubled, not all planned person-days, full time equivalent jobs, and training days were achieved.



Highlights of the programme included the following:

- The Agulhas Wetlands projects received the award for the best project in the Working for Wetlands programme.
- The number of school desks successfully delivered to 264 schools in the Eastern Cape amounted to 26 800.
- The Working for Land programme doubled in budget and size and exceeded all planned targets.
- Funding was approved for three parks on the People and Parks programme during the past financial year.

The table below presents the social deliverables achieved by the EPWP programme.

Social deliverables of EPWP Programmes

Programme	No of People	Person-days	Full Time Equivalent (FTE)	Training	SMMEs	Amount paid to SMMEs ('000)	Expenditure ('000)
Planned Targets 2013/14	5 911	1 240 359	5 393	99 734	352	135.085	282.65
Working for the Coast	807	80 383	349	11 216	70	13 350	23 430
Working for Wetlands	270	26 543	115	4 961	18	4 395	8 420
Environmental Monitors	1 003	177 371	771	1 519	-	-	29 721
Lisbon Project	195	25 397	110	1 231	19	3 500	4 610
Nurseries	73	4 934	21	261	10	0 862	1 651
Working for Water	5 583	368 272	1 601	42 805	261	61 600	106 743
Working for Land: Rehabilitation	2 764	174 583	759	12 759	134	29 710	43 276
Working for Land: Bush clearing	270	20 571	89	1 352	10	3 950	5 386
Working for Land: MTPA	194	32 529	141	2 406	17	4 800	7 800
Bio-control & Alien Fish	658	23 799	103	2 569	24	4 020	6 806
Eco Furniture Factories	1 044	96 765	421	2 357	61	17 770	62 856
Working on Fire	191	44 232	192	1 543	-	-	-
Working on Fire: High Altitude	89	19 582	85	-	-	-	-
TOTAL	13 141	1 094 961	4 676	84 979	624	143 957	300 699
Percentage	222%	88%	88%	85%	177%	107%	106%

The biodiversity deliverables included clearing of invasive alien plants, wetland rehabilitation, cleaning of beaches, rehabilitation of erosion areas, and removal of manmade structures. The main biodiversity deliverables for 2013/14 are summarised below.



Biodiversity deliverables of the EPWP Programmes

Deliverables	Planned	Achieved	%
Beach clean-up			
WftC Beach clean-up (km)	18 389	16 560	90%
Wetlands Rehabilitation			
Cubic metres	3 578	3 318	93%
Hectares	1 215	1 264	104%
Alien vegetation clearing			
Initial hectares	37 887	44 190	117%
Follow-up hectares	310 204	261 330	84%
Working for Land: Rehabilitation			
Initial Rehabilitation (ha)	3 599	4 789	133%
Follow-up Rehabilitation (ha)	1 626	2 330	143%
Working for Land: Bush clearing			
Initial bush clearing	335	397	119%
Follow-up bush clearing	83	62	75%
Eco Furniture Factories			
School desks	26 500	28 621	108%

INFRASTRUCTURE DEVELOPMENT PROGRAMME 2013/14

Implementation of Phase 2 and 3 of the Infrastructure Development Programme was done during the 2013/14 financial year. The Infrastructure Development Programme had a total allocation of R306 843 million, i.e. R66 843 million for the final year of Phase 2 and R240 million for the first year of Phase 3. Expenditure of R216 million was achieved after a very late start of the Phase 3 projects due to delayed business plan approvals.

Most of the projects for Kruger on the Infrastructure Development Phase 2 were completed and upgrading the roads, tourism accommodation, and staff units made up the bulk of the deliverables. The implementation of the last remaining projects such as Cape Point sewer plant, Nossob chalets, and Tokai offices will be finalised in the next financial year.

Phase 3 of the programme focussed on planning new projects, including professional appointments, designs, and Environmental Impact Assessments (EIA), while implementation started on existing infrastructure and projects where no EIA approvals are required. The construction of the Skukuza Conference Lodge to the value of R240 million will be the first large project implemented by SANParks in many years.





SANParks' Performance Against Predetermined Objectives

SANPARKS' PERFORMANCE AGAINST PREDETERMINED OBJECTIVES – 2013/14 FINANCIAL YEAR

1. PROMOTING EFFECTIVE BUDGET MANAGEMENT

Performance Indicator	Annual Target	Actual Performance
1.1 Income Budget Variance	Break Even	Income 22,7% above budget
1.2 Expenditure Budget Variance		Expenditure 22,9% over budget
Performance Analysis	<p>The income budget and expenditure budget variances for the year under review are 22,7% above budget and 22,9% over budget respectively. This means that although the organisation has cumulatively incurred 22,9% (equivalent of R310,47 million) expenses above budget to R1,66 billion, the income generated exceeded budget by 22,7% (equivalent of R311,07 million) to R1,68 billion, resulting to a net surplus of R40,75 million.</p> <p>Although our tourism revenue streams have made a significant contribution to enhance our collective income performance, excessive expenses were unavoidable due to escalating inflation; including insourcing of restaurants' operations, gate security and hiring of additional rangers in the Kruger National Park. This is in addition to actuarial loss on medical aid prefunding valuation which resulted into an increase in post-employment subsidy of medical scheme contributions.</p> <p>Operational costs of R27,0 million per annum towards funding the Tsitsikamma indigenous forests are still being carried by SANParks, and to date no financial compensation has been received from the Department of Agriculture, Forestry & Fisheries.</p> <p>SANParks' Retail Gross Profit is 5,1% (R3,53 million) lesser than the budget of R67,55 billion, this has improved by 17,9% (R9,71 million) compared to the previous financial year.</p>	
Planned Improvement / Corrective Actions	<p>In addition to continuous budget variance monitoring, regular (monthly and quarterly) financial forecast will be undertaken to closely monitor performance and implement cost-curtailement measures, with particular focus on human resources management and asset management. SANParks will seek additional income-generating sources to enhance revenue yielding streams.</p> <p>National Treasury will be engaged to facilitate budgetary allocation for the Tsitsikamma indigenous forests including required tourism infrastructural requirements.</p>	

2. GROWING REVENUE

Performance Indicator	Annual Target	Actual Performance
2.1 Operating Tourism Revenue (Year on Year)	7,0%	13,4%
Performance Analysis	<p>Gross Operating Revenue (tourism income) for the year under review improved by 13,4% (R141,90 million) when compared to the same period of the previous financial year. This is 7,4% (R82,6 million) better than the budget of R1,12 billion, and 6,4 percentage points above a planned annual target of 7,0% growth year-on-year.</p> <p>This performance can mainly be attributed to improvement in the number of day visitors to national parks and more recovery of rebates when compared to the same period in the previous financial year. Furthermore, this has been influenced by an increase in our tourism tariffs and revenue generated from sales of fauna and flora, and insourcing of restaurants in some of our national parks.</p> <p>On the other hand, SANParks' Retail Gross Profit is 5,1% (R3,53 million) lesser than the budget of R67,55 billion, this has improved by 17,9% (R9,71 million) compared to the same period of the previous financial year.</p>	
Planned Improvement / Corrective Actions	<p>Roll out of the Product Development Strategy will be done in the next financial year.</p>	



3. ENHANCING ORGANISATIONAL REPUTATION

Performance Indicator	Annual Target	Actual Performance
3.1 Media Reputation Rating	71,3%	Not available
Performance Analysis	<p>For the period under review, media reputation rating could not be quantified as the organisation was still battling with acquiring a suitable analytical tool for conducting this exercise. However, efforts were put in place to analyse organisational media performance in-house, while a suitable service provider to undertake this activity is being sourced.</p> <p>While the organisation has been proactive in a number of media releases, in some case reactive responses had to be pursued, and following were key media focus areas:</p> <ul style="list-style-type: none"> • Due to the rising incidents of rhino poaching in the country, particularly in the Kruger National Park (KNP) as the most affected area, SANParks collaborated with the Department of Environmental Affairs (DEA) to inform the public about management of rhino poaching in general. This included various initiatives undertaken by SANParks in collaboration with other law enforcement agencies to fight the scourge of rhino poaching, such as the deployment of anti-poaching technology, ground and aerial surveillance solutions and additional human capacity in the ranger corps aimed at increasing patrols in the KNP. • Donations made by the public and various private sector organisations in support of anti-poaching operations were extensively reported of which the most prominent were the Howard G. Buffet Foundation; Bavaria Adopt a Rhino initiative; and Audi/VW to mention just a few. • Coverage on launches of new restaurants and other strategic retails operators in various national parks, including the Kruger National Park. • Coverage of SANParks key reputational events such as the 2013 Kudu Awards and the 2013 SA National Parks Week, which was combined with the opening of the Mokala Interpretive Centre. • Coverage of the Mokala National Park expansion programme, which formed part of the entire SANParks Expansion programme. <p>It is worth mentioning that, due to negative publicity relating to the rise of rhino poaching incidents for the year under review, various media-houses were engaged to enhance accurate reporting and public information.</p> <p>The following were some of the negative reporting issues that might have affected our reputational rating for the period under review:</p> <ul style="list-style-type: none"> • Escalation of rhino poaching incidents in the Kruger National Park, including reports of SANParks officials who are allegedly implicated in rhino poaching crimes. • Incidents of illegal hunting in the Mapungubwe National Park, in which some of SANParks officials were implicated. • Increased violent muggings of tourists in the Table Mountain National Park. • Tourists encounters with dangerous wild animals in the Kruger National Park, which resulted into some animals in the parks being euthanised. <p>SANParks media coverage in all categories increased from 273 to 6 310 compared to the previous financial year.</p>	
Planned Improvement / Corrective Actions	<p>Continuous reputation management will be monitored while corrective measures are being implemented to enhance organisational reputation.</p>	



4. GROWING SOCIETAL SUPPORT AND PROVIDING ACCESS AND BENEFIT SHARING

Performance Indicator	Annual Target	Actual Performance
4.1 Total Number of Participants in Environmental Education Programme	175 580	215 232
Performance Analysis	<p>The total number of learners participating in the SANParks Environmental Education Programme for the year under review improved by 22,6% (39 652) when compared to the planned annual target. This is a 0,9% (1 905) improvement for the same period of the previous financial year.</p> <p>This performance can mainly be attributed to SANParks' efforts to intensify its recruitment and outreach drive to schools, and to some educational districts who have adopted this programme as part of their learning curriculum.</p> <p>The following initiatives have contributed to the SANParks Environmental Education Programme:</p> <ul style="list-style-type: none"> • Kudu Green School Initiative: This project's aim is to enhance environmental literacy of learners and educators while providing free access to national parks. In support of formal and informal learning on key environmental issues, learning materials have been developed for participants. • Kids in Parks (including 'Take Kruger to Kasia Project'): The curriculum and training materials have been developed for both learners and their respective educators to enhance environmental literacy at primary school levels. • Park-Based Environmental Education Programme: This is a programme for training of both school learners and the general public on environmental issues, mostly during the school holidays. An interactive booklet for this programme has been developed as a hand-out. • Imbewu Youth Project: This project aims to promote indigenous cultural knowledge, where wilderness camps are organised for local 'wise elders' to engage with youth and share information. In doing so, traditional knowledge is passed on from the elders to younger generation participating in the project. For the year under review, the project has been rolled out in three national parks, namely Marakele, Golden Gate and Namaqua National Parks. • SANParks Junior Rangers and Kruger National Parks' Kids in Kruger: this is a voluntary programme meant to enhance career development in the field of environmental science and nature conservation. 	
Planned Improvement / Corrective Actions	Interventions have been undertaken to adhere to the school tour policy established by the Department of Basic Education, and more NGOs will be engaged to broaden the project reach.	

Performance Indicator	Annual Target	Actual Performance
4.2 Total Number of Free Access Entrants	18 000	42 330
Performance Analysis	<p>For the period under review, the total number of people who were granted free access to the national parks was 42 330. This is 135,2% (24 330) more visitors than the planned target of 18 000 visitors for the year, and 37,3% (11 496) more visitors than the previous financial year. This performance can mainly be attributed to various programmes implemented by the organisation in various national parks during the course of the year in pursuit of its vision statement of connecting to society. This included SA National Parks Week that was launched in the Mokala National Park in September 2013.</p> <p>It is worth noting that since 2006 more than 136 000 people have been granted free access to the national parks.</p>	
Planned Improvement / Corrective Actions	No corrective measures are required at this stage.	



5. PROMOTING CUSTOMER FOCUSED RESPONSIBLE TOURISM

Performance Indicator	Annual Target	Actual Performance
5.1 Accommodation Occupancy	68,5%	70,9%
Performance Analysis	<p>For the year under review, SANParks Accommodation Occupancy rate improved by 2,4 percentage points above the set annual targets and 0,9 percentage points above, when compared to the same period of the previous financial year.</p> <p>Although there was an improvement of 1,0% (5 511) in Accommodation Unit Sold, and 3,6% (8 250) in Tourism Activities, Camping Person Nights sold declined by 4,4% (30 745), when compared to the same period of the previous financial year.</p> <p>Good performance can mainly be attributed to increased visitor numbers to the national parks over the festive season. It should however, be noted that worsening foreign and domestic economic conditions are continuing to put financial pressure on consumers' disposable income. It is further envisaged that rising inflationary pressure will have negative impact on our next financial year tourism performance.</p> <p>Although there has been slow economic recovery in the tourism industry, particularly at the macro-economic level, SANParks' performance in terms of its tourism occupancy levels is better than expected.</p>	
Planned Improvement / Corrective Actions	<p>Other than SANParks cost-curtailment strategies, future bookings are being analysed for better forecasts; while sales, marketing and promotional initiatives, particularly at regional levels, will be undertaken to enhance performance in this regard. Furthermore, efforts will be put together to improve efficiencies in the SANParks tourism business model through our 2022 Responsible Tourism Strategy.</p>	

Performance Indicator	Annual Target	Actual Performance
5.2 Total Number of Visitors	4 700 000	5 235 095
5.3 Total Number Of Domestic Black Visitors	423 300	467 018
Performance Analysis	<p>The total number of visitors to national parks for the year under review improved by 11,4% (535 095) to 5 235 095 when compared to the set annual target. This is 5,9% (293 398) better performance than the previous financial year.</p> <p>For the same reporting period, the total number of day visitors improved by 10,9% (169 420) while total overnight-visitor numbers improved by 3,4% (23 533). Please note that the separation of day and night visitor numbers excludes Table Mountain and West Coast National Parks.</p> <p>The total number of domestic black visitors to the national parks (excluding Table Mountain and West Coast) for the year under review is 5,6% (23 216) above the set annual target. This is 13,6% (56 018) improvement when compared to the same period in the previous financial year. Despite a decline of 12,1% (5 861) in overnight-visitor numbers in this category, day visitor numbers improved by 10,0% (38 663) when compared to the same period in the previous financial year.</p> <p>It is worth mentioning that Table Mountain and West Coast National Parks demographics (i.e. black visitor numbers) have been excluded as their visitor monitoring systems are not yet in line with those used by the rest of the national parks.</p> <p>Slow global and local economic growth and rising fuel prices exacerbated by ZAR/US\$ exchange rate and inflationary increases, are putting more pressure on both local and international markets. Unless the next financial year improves, future occupancy and visitor numbers might be affected.</p>	
Planned Improvement / Corrective Actions	<p>Continued marketing and sales efforts will be undertaken in order to attract and increase visitors to national parks, with the emphasis on domestic black visitors.</p>	



Performance Indicator	Annual Target	Actual Performance
5.4 Customer Satisfaction Index	77,3%	79,1%
Performance Analysis	<p>For the year under review, overall SANParks' Customer Satisfaction Index improved by 1,0 percentage points (from 78,1% to 79,1%) when compared to the same period in the previous financial year. This is also 1,8 percentage points better than the set annual target of 77,3%.</p> <p>This good performance can mainly be attributed to improvements made in the implementation tourism standards audit recommendations, improvement of tourism service levels and continuous management of guest feedback. This has ensured that the organisation responds swiftly to guest queries and appropriate recommendations, hence enabling it to respond to its customers' needs.</p> <p>For the same reporting period, customer feedback rate was 30,5% (equivalent of 46 941 out of 154 074 invites sent), which is 0,8 percentage points less when compared to the same period last year.</p>	
Planned Improvement / Corrective Actions	<p>The following improvement interventions will be undertaken to further enhance performance in this area:</p> <ul style="list-style-type: none"> • Continuous use of the satisfaction ratings, customer comments and suggestions to identify areas of improvement. • Conducting continuous tourism standards audits and encouraging both maintenance and hospitality management to act on findings (and recommendations) to improve our products and services offering. • Regularly engage customers to understand their needs in relation to our products and services offering. • Continuous monitoring of our guest feedback from the social media sites hosted by the organisation. • Ensure that all new restaurants operators adhere to SANParks tourism standards. 	

6. IMPROVING CORPORATE GOVERNANCE

Performance Indicator	Annual Target	Actual Performance
6.1 Auditor General Audit Report	Unqualified, with no other matters	Unqualified
Performance Analysis	<p>The audit fieldwork by the Auditor General (AG) was successfully concluded for the year 2013/14, while other areas of audit were being evaluated.</p> <p>For the year under review, three regions were selected for the audit: the Cape Cluster, Garden Route and Kruger National Parks, as well as the SANParks head office.</p> <p>SANParks obtained an unqualified audit report for the 2013/14 financial year.</p> <p>This performance can mainly be attributed to the following:</p> <ul style="list-style-type: none"> • Adaptation of Generally Recognised Accounting Practice (GRAP) reporting standards, particularly when conducting asset verification and reports for accountability, including presentation and disclosure of our financial records. • Improvement in our reporting against pre-determined strategic objectives to increase accountability and to inform our stakeholders. • Better working relations with both internal and external auditors for their better understanding of SANParks operating environment, hence providing ways for improved assessment and accountability. 	
Planned Improvement / Corrective Actions	<p>Where there are weaknesses in management systems and processes for controls, management will work with both internal and external auditors on a regular basis to enhance compliance and sustainable performance in an accountable manner.</p>	



7. IMPROVING CONSERVATION ESTATE

Performance Indicator	Annual Target	Actual Performance
7.1 % progress against Biodiversity Monitoring Plan	100%	98%
<p>Performance Analysis</p>	<p>SANParks Biodiversity Monitoring Plan was 98% complete against all planned activities for the year under review.</p> <p>The following key activities were completed:</p> <ul style="list-style-type: none"> • The execution of the Species of Special Concern (SSC) project is in progress in the Agulhas National Park, and relevant data is being collected for further analysis. • Evaluations of spatial and temporal (seasonal / estuarine phase / long-term 20-plus years) changes of five basic water quality variables in the Swartvlei system have been completed to understand water quality dynamics in this unique system, and assess the occurrence of environmental degradation. • Quarterly water quality surveys in the Wilderness lakes have been completed. • Bi-annual waterbird counts in the Garden Route National Park showed that the abundance of most waterbirds in the Swartvlei system remains low due primarily to aquatic plant declines resulting from long-term water chemistry changes. • The bi-annual surveys for linefish in the Tsitsikamma Marine Protected Area (MPA) have been completed through the use of new Stereo Baited Remote Video techniques, which are essential for future research of this nature. • Annual assessment of the intertidal bait in the Garden Route National Park was completed. • Springbok surveys were undertaken in both Darlington section of the Addo Elephant National Park and Karoo National Park. This forms part of the Frontier Region's comparative jackal study, which is crucial in their population management. • Vegetation re-growth measurements were done on the high-intensity fire experiment plots at Afsaal in the Kruger National Park. • The rhino-demography profiling survey was also concluded in the Kruger National Park. This is crucial for understanding rhino population dynamic (including count) in the park. • The KNP invasive plant monitoring programme - mapping of <i>Parthenium hysterophorus</i> has commenced in the eastern part of Skukuza, and this will continue into the next financial year. • The development of the biodiversity reporting framework is in progress, and it is envisaged to be concluded by the end of the first quarter of the next financial year. 	
<p>Planned Improvement / Corrective Actions</p>	<p>Biodiversity monitoring programme will be implemented on an on-going basis across all national parks as part of our mandatory conservation obligations. It should be noted however, that as much as the organisation would like to pursue more comprehensive biodiversity initiatives, limited resources constrain progress in this regard.</p> <p>Hence, proposed reviews of the organisational reporting programme will be carried over to the next financial year due to time and capacity constraints.</p>	



Performance Indicator	Annual Target	Actual Performance
7.2 Number of Revised Park Management Plans	2	0
Performance Analysis	<p>To date, the development of two park management plans has been undertaken and these are in their final stages for completion. They will be submitted to the Department of Environmental Affairs for technical review and approval by the minister.</p> <p>The following park management plans are under consideration:</p> <ul style="list-style-type: none"> • Marakele National Park - 95% completed. • Tankwa Karoo National Park - 95% completed. <p>It envisaged that these should be completed and signed off by the end of the first quarter of the next financial year.</p>	
Planned Improvement / Corrective Actions	<p>If there are any corrective actions to be undertaken prior to ministerial approval, these will be given priority to ensure speedy execution of the plans.</p>	

Performance Indicator	Annual Target	Actual Performance
7.3 % progress against implementation of Cultural Heritage Programme	100%	85%
Performance Analysis	<p>SANParks Cultural Heritage programme has achieved 85% against progress for the period under review, and the following progress has undertaken:</p> <ul style="list-style-type: none"> • Mapungubwe World Heritage Site: Subsequent to the visitation of the UNESCO advisory Board delegation at Mapungubwe Heritage Site, it was decided that the Mapungubwe buffer zone modification should further be discussed at the coming 39th session of the World Heritage Committee in June 2014 at Qatar. • Mapungubwe Interpretation Centre: Discussion on heritage agreement between South African Heritage Resources Agency (SAHRA), SANParks and University of Pretoria on the management of the Mapungubwe collections has reached a stalemate, with the University of Pretoria not willing to cede ownership of especially National Collections to SANParks. However, discussions will be pursued with higher authorities to expedite this matter. • Skukuza Museum: The project has been completed. However, few logistic activities still needs to be completed by all relevant stakeholders before the museum can be officially opened. • Heritage Education and Awareness: The program is done in conjunction with the National Heritage Council and SAHRA. Preparatory work and logistics for the 2014 conference are in progress. • National Heritage Nomination (Thulamela) : A meeting held with an official from SAHRA confirmed that the submitted nomination papers for Thulamela to be a national heritage site cannot be located. Preparation for new nomination papers is in progress. • Arid Reginald Cultural Heritage Events: The 2014 Arid Region Cultural Heritage Event is earmarked for Kgalagadi Transfrontier Park. • Coastal Artillery (1st and 2nd World Wars) : A site meeting with the South African National Defence Force (SANDF) on the management of Coastal Artillery and other associated movable and immovable military equipment/structures in the different parks will only be held in August 2014 due to the non-availability of the SANDF. • Lotteries Oral History Programme: Preparatory work for the second phase of the Oral History Project is in progress, and the appointment of community researchers is underway. It is envisaged that this process should be complete by the end on the second quarter of the next financial year. • Oral History Project: Partnership with the Department of Arts and Culture (DAC) : Discussions with DAC are in progress to have a memorandum of understanding in place, which should guide cooperation relations between SANParks and DAC regarding cultural heritage matters. Furthermore, a pilot site-recording project in the Marakele National Park has commenced. 	
Planned Improvement / Corrective Actions	<p>Follow-up on lottery funding of the Oral History Project will be expedited.</p> <p>Funding allocating will be conducted in consultation with relevant internal stakeholders.</p>	



Performance Indicator	Annual Target	Actual Performance
7.4 Total Area Added to National Parks	8 726 ha	3 267,46 ha
Performance Analysis	<p>The total area added into the National Parks System for the period under review is 3 267.46 ha, of which 52,2% (1 703.99 ha) were contractual land incorporated to form part of various national parks. This is 62,6% (5 458.54 ha) short fall from the planned 8 726 ha for the year under review.</p> <p>The following is the amount of land added per national park:</p> <ul style="list-style-type: none"> • Addo Elephant National Park – 306.46 ha • Namaqua National Park – 2 219.61 ha • West Coast National Park – 741.38 ha <p>Please note that the annual target of 8 726 ha was based on the amount of budget allocated by the Department of Environmental Affairs Land Grant.</p>	
Planned Improvement / Corrective Actions)	<p>Performance in this regard is satisfactory given recent economic conditions, and the difficulty of concluding earmarked land acquisition deals.</p> <p>However, efforts will be put in place for the Department of Environmental Affairs to expedite its engagement with the Department of Agriculture for the Agulhas National Park land rezoning application approval.</p>	

Performance Indicator	Annual Target	Actual Performance
7.5 Total Area Rehabilitated of Alien/Invasive Species	New Area = 34 400 ha Follow-Up = 269 000 ha	44 190 ha 261 330 ha
Performance Analysis	<p>For the period under review, the total (cumulative) new area rehabilitated of alien and/or invasive species was 28,5% (9 790 ha) better than the planned target, while the total for areas to be followed up was slightly below planned target by 2,9% (7 670 ha).</p> <p>This performance is satisfactory, considering that clearing follow-up targets were revised from 255 544 to 269 000 by the Department of Environmental Affairs during the course of the year, which resulted into an increase of the work that was initially planned.</p> <p>It should also be noted that due to heavy rains experienced during the second and third quarter of the fiscal year in the Cape and Garden Route areas, some of planned clearing had to be delayed. However, additional funds were availed to expedite progress and to meet all of the Working for Water programme planned annual targets.</p>	
Planned Improvement / Corrective Actions	<p>Annual targets have been achieved and exceeded in both areas of performance; therefore, no corrective actions are required at this stage. However, planning will be improved to mitigate any project risks.</p>	



Performance Indicator	Annual Target	Actual Performance
7.6 Poaching Incident Rate	Rhino = 0,0%	27,6%
Performance Analysis	<p>For the period under review, cumulatively SANParks had 615 rhino poaching incidents. This is 27,6% (133) increase compared to the same period in the previous financial year. For the same period, no elephant poaching incidents were reported.</p> <p>It is also interesting to note that on the year-on-year basis, the rate of poaching incidents in the Kruger National Park has declined by 49,0% points (from 76,6% to 27,6%), even though the cumulative number of rhinos poached has increased by 27,6% (133). This is a sign that security interventions introduced by SANParks to curb rhino-poaching are beginning to bear positive results.</p> <p>Cumulatively, 323 suspects were arrested nationally and charged with rhino-poaching crimes. Of these, 36,5% (118) were arrested in the Kruger National Park alone. This is a good performance considering the conditions in which SANParks rangers operate – including working in bushy terrain at night, particularly with increased incursions from the Mozambique, which borders the entire eastern part of the Kruger National Park.</p> <p>In addition to the R33 million allocated by the Department of Environmental Affairs for rhino anti-poaching operation, SANParks has received financial grants totalling to about R260 million in support of rhino anti-poaching operations, of which R255 million was donated by the Nature Conservation Trust (funded by the Howard G. Buffet Foundation) ; R3,5 million donated by the Bavaria 0.0% company; and R1,3 million from Audi/VW.</p>	
Planned Improvement / Corrective Actions	<p>Implementation and roll out of the National Strategy on Safety and Security of Rhino Population in South Africa and the NATJOINTS Priority Committee 'Operation Rhino' initiatives, particularly in the Kruger National Park, will be prioritised.</p> <p>21st Century ground and aerial surveillance solutions in addition to normal ranger patrols are being considered. Considering that these will be costly to undertake, several fundraising initiatives will also be considered to fund these initiatives.</p>	

8. FACILITATING SOCIO-ECONOMIC DEVELOPMENT

Performance Indicator	Annual Target	Actual Performance
8.1 Total Number of Person-days on Temporary Jobs Created through EPWP	1 016 820	1 094 961
Performance Analysis	<p>The total number of person-days in temporary jobs created through the SANParks Expanded Public Works Programme (EPWP) for the year under review was 7,7% (78 141) better than the set cumulative annual target. This is an equivalent of 4 676 Full Time Equivalent (FTE) being created through this programme.</p> <p>The main contributing factor to this performance is the Working for the Coast (WftC) programme, which started late and Environmental Monitor (EM) programmes where finalisation of host agreements is taking longer than planned and placements in provinces were not finalised by the Department of Environmental Affairs.</p> <p>The overall performance must consider the later start of the Department of Environmental Affairs Environmental Protection and Infrastructure Programme (EPIP) projects such as WftC, EMs, nurseries and Lisbon. All of these programmes run over three years, and action plans are in place to remedy the situation, while Department of Environmental Affairs has indicated that the EM programme is to be managed by them.</p> <p>Additional budgetary allocation for the year under review, and capacity to implement this programme, resulted in better performance than initially planned.</p>	
Planned Improvement / Corrective Actions	<p>All SANParks Expanded Public Works Programme (EPWP) projects have exceeded their planned annual targets on person-days, and no major challenges are foreseeable in the near future. No corrective action plans are required at this stage.</p>	



Performance Indicator	Annual Target	Actual Performance
8.2 Total Number of Temporary Jobs Created through EPWP	5 334	13 141
8.3 Total Number of SMMEs Supported through EPWP	444 (R102,0 million)	624 (R144,0 million)
Performance Analysis	<p>The total number of jobs created through SANParks Expanded Public Works Programme (EPWP) for the period under review is cumulatively 146,4% (7 807) above the planned annual target of 5 334.</p> <p>However, a total of 28,8% (180) less SMMEs were supported through the same programme than the planned annual target of 624, and an amount of R144,0 million was spent towards this initiative.</p> <p>Good performance in this regard can mainly be attributed to:</p> <ul style="list-style-type: none"> • Appointment of additional beneficiaries and SMMEs as part of the catch-up plans for the DEA Environmental Protection and Infrastructure Programme (EPIP) projects which started later than planned. In some instances the number of people and teams appointed had to be doubled in order to meet the planned working targets. • In the Working for Water programme, more people and SMMEs were appointed to mitigate the late start in some projects and the impact of heavy rain experienced during the process. • Additional funds received on the DEA Natural Resource Management Programme (NRMP) projects resulting in more people being employed. 	
Planned Improvement / Corrective Actions	<p>No corrective actions are required at this stage. However, the organisation will continue to implement EPWP and Infrastructure Development programmes as efficiently as possible thus pursuing Government's objective for job creation.</p>	



Performance Indicator	Annual Target	Actual Performance
8.4 Number of Community-based Socio-Economic initiatives implemented	10	9
Performance Analysis	<p>For the period under review, SANParks implemented a total of nine community-based socio-economic initiatives amounting to about R6,2 million. These are socio-economic initiatives funded from the 1% tourism levy, which the organisation committed as part of its corporate social investment to mainly benefit communities adjoining national parks. In addition to this, other initiatives were funded through other funding partnerships.</p> <p>The following is a list of projects implemented and provinces in which they were implemented:</p> <p>Development of Science Laboratories</p> <ul style="list-style-type: none"> • Setsoto High School - Free State = R482 774 • Ema Mmogo High School - Northern Cape, Kimberly = R34 902 <p>Development of School Computer Laboratories</p> <ul style="list-style-type: none"> • Masiza High School - Limpopo = R874 786 • AllDays High School - Limpopo = R300 000 • Sandisulwazi High School - Eastern Cape = R800 000 <p>Development of school administration block</p> <ul style="list-style-type: none"> • Dumisani High School - Mpumalanga = R2 358 571 <p>Development of early childhood centre</p> <ul style="list-style-type: none"> • Takheleni - Mpumalanga = R101 482 <p>Post-matric bursary scheme</p> <ul style="list-style-type: none"> • Funding of 27 learners from previously disadvantaged backgrounds to study at the University of Pretoria = R700 000. <p>Economic empowerment initiatives</p> <ul style="list-style-type: none"> • Contractor Development - Kruger National Park = R9.0 million 	
Planned Improvement / Corrective Actions	A blue-print for socio-economic development initiatives in SANParks has been developed to ensure effective and efficient implementation of these projects where they are needed most in the communities surrounding our national parks.	



9. PROMOTING RESEARCH AND DEVELOPMENT

Performance Indicator	Annual Target	Actual Performance
9.1 % of new research projects relevant to SANParks key issues	70% in 'Essential' and 'Important' categories	74,4%
Performance Analysis	<p>To date 621 active registered research projects across the suite of national parks. This decrease from the last quarter reporting is due to a large number of projects having closed and been completed at the end of 2013, which aligns with academic year-end.</p> <p>The total of registered projects at the end of March 2014 in the Garden Route National Park is 124; Cape Research Centre has 283 and the Savannah & Arid node has 214 active registered research projects. Of these projects approximately 35% are considered to be essential and 40% are important to address key SANParks knowledge needs. Of the other projects registered, 28 projects are registered primarily as monitoring or inventory projects.</p> <ul style="list-style-type: none"> • Nine research papers, authored and/or co-authored by SANParks' scientists, appeared in the scientific literature in this reporting period. • The 12th annual Savannah Science Networking meeting was hosted by Scientific Services in Skukuza during March 2014. This meeting enables scientific exchange and debate while fostering new systemic understanding of Savannah protected areas and encouraging new research ideas and partnerships. The theme of this year's meeting, 'Is science informing African savannah conservation?' encouraged delegates to both think about their own research within the framework of informing conservation management. Over 200 delegates attended the meeting, representing 72 scientific or conservation institutions from 11 countries. A total of 59 full-length platform presentations, 63 speed talks and 27 posters were presented. <p>Collectively these implemented research projects are contributing significantly to research and development within South Africa and internationally, resulting in significant knowledge generation and scientific growth, which can be beneficial to SANParks.</p>	
Planned Improvement / Corrective Actions	No corrective actions are required at this stage.	

10. PROMOTING EFFECTIVE MANAGEMENT OF HUMAN CAPITAL

Performance Indicator	Annual Target	Actual Performance
10.1 Total Number New Employment (Jobs Created)	Permanent: 30 Temporary: 10	241 114
Performance Analysis	<p>For the year under review, 241 permanent jobs and 114 temporary jobs were created within SANParks. The significant decrease in both the number of permanent and temporary appointees was as a result of employing more staff to address needs. The gender distribution reflects that females account for 129 (54%) of the total new appointees, whereas male appointments account for 112 (46%).</p> <p>These are vacancies spread across various structures of the organisation, covering a wide variety of expertise. Most of non-permanent appointments are a variety of temporary positions based on various business requirements, as well as interns across the national parks, and other fixed term contractors.</p>	
Planned Improvement / Corrective Actions	Annual targets have been achieved and exceeded in this area of performance; therefore no corrective actions are required at this stage.	



Performance Indicator	Annual Target	Actual Performance
10.2 % of Employees from Designated EE Groups	Women % of Management = 30,0% People with Disabilities = 0,7%	32,0% 0,4%
Performance Analysis	<p>The number of women in SANParks' management (Bands D to F) is at 32%, against the planned annual target of 30,0% out of 366 incumbents.</p> <p>Performance on gender equity can be attributed to the following performance per occupational levels:</p> <ul style="list-style-type: none"> • Top management (F) = 78% male, 22% female, and 78% black, against nine incumbents. • Senior management (E) = 77% male, 23% female and 55% black, against 49 incumbents. • Professionally qualified and experienced specialists (D) = 66% male, 34% female and 54% black, against 306 incumbents. • Technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (C) = 55% male, 45% female and 78% black, against 511 incumbents. • Semi-skilled and discretionary decision making (B) = 74% male, 26% female and 97% black, against 1 717 incumbents. • Unskilled and defined decision making (A) = 55% male, 45% female and 100% black, against 1 452 incumbents. <p>To date, the total permanent SANParks staff complement is 4 046; of which 65% (2 624) and 35% (1 422) are males and females respectively. Women representivity in the managerial levels (Bands D to F) account for 32% when compared to 68% of males.</p> <p>People with disabilities remain unchanged at 0,4% of the total staff complement. Developmental interventions are being implemented to address gender, race and disability under-representation. The interventions include targeted skills programmes, academic programmes, and management and leadership development programmes.</p>	
Planned Improvement / Corrective Actions	<p>The organisational Employment Equity (EE) plan has been completed and submitted to the Department of Labour.</p> <p>Interventions have been planned to ensure disability and diversity mainstreaming in future.</p>	

Performance Indicator	Annual Target	Actual Performance
10.3 Disabling Injury Frequency Rate (DIFR)	< 0,82	0,06
Performance Analysis	<p>The Disabling Injury Frequency Rate (DIFR) target was set at 0,82. This target has been reached and exceeded by a wide margin of 0,76, due to the impactful implementation of current Occupations Health and Safety (OHS) strategies which included training at shop floor level and other structures of the organisation.</p> <p>Performance in this regard is mainly attributed to improved awareness training and sensitisation on aspects of health and safety at shop floor level in terms of understanding the implications of reporting of Injuries On Duty (IODs). Reporting in this regard includes near misses and first aid cases, as well as understanding the benefits of incident investigation of all serious incidents. The final DIFR on record for the period under review is 0,06.</p> <p>The introduction of OHSAS 18001 Safety Management System has also contributed to improvement in legal compliance, implementation of best practice and commitment to ethical principles of health and safety.</p>	
Planned Improvement / Corrective Actions	<p>Development of several new risk management tools to further improve OHS performance.</p> <p>Further provision of awareness training and empowerment of available human resources will be planned and implemented in the next financial year.</p>	



A photograph of a wooden deck with a table and chairs, overlooking a lush green landscape. The deck is made of light-colored wood and features a wooden table and four chairs. The background shows a dense forest of green trees under a clear sky. The deck is part of a building with a wooden roof structure and a fire extinguisher on the wall.

Financial Report

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

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STATEMENT OF RESPONSIBILITY OF THE BOARD

for the year ended 31 March 2014

The Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended requires the Board (accounting authority) to ensure that South African National Parks keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of SANParks, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of Generally Recognised Accounting Practice (GRAP).

The annual financial statements presented on pages 86 to 137 have been prepared in accordance with GRAP where applicable and include amounts based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates made by management.

The Board has reviewed SANParks' budgets and cash flow forecasts for the year ended 31 March 2014. On the basis of this review, and in view of the current financial position, the Board has every reason to believe that the organisation will be a going concern in the year ahead, however this is dependant on continued future funding from government. The annual financial statements support the viability of South African National Parks. The going concern basis has therefore continued to be adopted in preparing the annual financial statements.

The Board sets standards to enable management to meet the responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute, assurance against material misstatements and losses. South African National Parks maintains internal financial controls to provide assurance regarding:

- The safeguarding of assets against unauthorised use or disposition
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time.

The Board has reviewed SANParks' systems of internal control and risk management for the period from 1 April 2013 to 31 March 2014. The Board is of the opinion that South African National Parks' systems of internal control and risk management were effective for the period under review.

In the opinion of the Board, based on the information available to date, the annual financial statements fairly present the financial position of South African National Parks at 31 March 2014 and the results of its operations and cash flow information for the year, and that the Code of Corporate Practices and Conduct has been adhered to.

The annual financial statements for the year ended 31 March 2014, set out on pages 86 to 137, were submitted for auditing on 31 May 2014 and approved by the Board in terms of section 51 (1) (f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and are signed on its behalf by:



Mr KD Dlamini
Chairperson
Pretoria, 31 July 2014



Mr VA Sibiya
Chief Executive Officer (Acting)
Pretoria, 31 July 2014



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

The Accounting Authority of SANParks hereby presents its report for the year ended 31 March 2014.

The Accounting Authority and, where appropriate, those charged with governance acknowledge and understand that they have the responsibility:

- (a) For preparation and fair presentation of the financial statements in accordance with Generally Recognised Accounting Principles;
- (b) 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; and
- (c) To provide the Office of the Auditor General with:
 - (i) Access to all information of which the Accounting Authority is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that may be requested from the Accounting Authority for the purpose of the audit; and
 - (iii) Unrestricted access to persons within the entity from whom it may be necessary to obtain audit evidence.

NATURE OF BUSINESS

South African National Parks is a schedule 3A Public Entity, governed by the Protected Areas Act No. 57 of 2003 and is primarily engaged in nature conservation as well as the tourism and hospitality industries.

FINANCIAL RESULTS

Full details of the financial results for the year under review are set out on pages 86 to 137.

Revenue

Total revenue from tourism, retail, concession and other income increased to R1 200 012 million in 2014 (2013 - R1 058 117 million). This represents an increase of 13% year-on-year..

Net Income Before Investing Activities

The surplus from operations before investing activities amounts to R20 968 million (2013 R88 833 million - restated) a positive turn of R5 987million, due to the application of GRAP 23 whereby all revenue received for infrastructure projects, where South African National Parks satisfied the obligations, were recognised for the year under review.

Net investment income

The income from investments and interest increased by R5 670 million from the previous year.

Finance Charges and Interest Paid

The finance cost decreased by R1 879 million from the previous year as a result of capital repayments on long term loans.

Actual Performance Versus Budget

The South African National Parks budgeted for a break-even position. A surplus of R40 751 million in 2014 (2013 - R76 283 million-restated), is mainly due to:

- R215 947 million Infrastructure grant revenue recognised as SANParks satisfied the obligations during the year under review as well as the security services.
- The Garden Route Forestry Grant to the value of R19,4 million was not received in the current financial year.
- The subsidising of employees' post-retirement health care benefits resulted in an actuarial loss of R157 500 million for this financial year due to:

	Actuarial loss - Rand
• Actual contribution increases being higher than expected	7 978 407
• Change in economic assumptions	40 341 359
• Addition of new members	103 831 949
• Demographic experience being different from expected	5 348 256
Total actuarial loss	157 499 971



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

DEPARTMENT OF ENVIRONMENTAL AFFAIRS

EXPANDED PUBLIC WORKS PROGRAMME

South African National Parks received funding to the value of R320,7 million in 2013/14 from the Department of Environmental Affairs for the implementation of projects that form part of the two broader programmes, i.e.:

- Natural Resource Accounting Authority programme
- Environmental Protection and Infrastructure Programme

During 2013/14, the focus of the Expanded Public Works Programme (EPWP) in SANParks was mainly biodiversity projects. Participation in the various EPWP programmes enables the creation of temporary employment, SMME and skills development through the implementation of labour intensive projects in all national parks.

South African National Parks EPWP projects created 13 141 temporary jobs and achieved over a million person days, i.e. 1 094 961. This is equivalent to 4 676 Full Time Equivalent (FTE) positions. In total 624 SMMEs were supported and R144 million paid to them for the various activities.

Environmental Protection and Infrastructure Programme

Working for the Coast Programme

The Working for the Coast (WftC) programme implement projects and activities that supports the coastal policy and at the same time provides temporary employment in coastal communities to create a clean and safe coastline.

Funding of R58,3 million was approved for a new two year cycle starting the past year, while the previous cycle of projects were closed down in June 2013. WftC is implemented in eight coastal national parks and 807 people were employed, 80 383 person days worked and 70 SMMEs used. R13,3 million (57%) of the total expenditure of R23,4 million was paid to these SMMEs. The main deliverable of beach clean-up achieved 16 560 km of repeated and scheduled removals of waste.

Working for Wetlands Programme

Working for Wetlands is implemented by the South African National Biodiversity Institute, and initial funding of R7,8 million was increased to R8,6 million during the

year. Four projects were implemented in Agulhas; Namaqua; KNP and Golden Gate National Parks. The Agulhas project received the Best Project Award.

All planned social deliverables were achieved, including the employment of 270 people, working 26 543 person days and the use of 18 SMMEs.

Work carried out in the identified wetland areas resulted in 3 318m³ of rehabilitation and included gabion construction, earth plugs and earth works.

Environmental Monitors

South African National Parks was appointed as national implementing agent for this R141 million programme to be implemented over the next three years starting April 2013. Eleven host agreements with other protected areas, together with SANParks resulted in the employment of 1 003 Environmental Monitors (EMs) to date. The aim of this programme is to strengthen conservation management capacity in protected areas with a focus on rhino protection. R29,7 million expenses were incurred resulting in 117 371 person days worked and 1 519 field ranger training days.

Nurseries

This R13 million programme aims to establish 12 nurseries associated with national parks over the next three years to propagate indigenous vegetation and establish community food gardens. The nurseries are to propagate indigenous plants for use in rehabilitation of degraded land, endangered medicinal plants (i.e. pepper bark trees) and to provide vegetables for teams in remote parks, while teaching them vegetable gardening. The projects employed 73 beneficiaries working 4 934 person days. Ten SMMEs were created, receiving R1,65 million of the annual R4,9 million budget.

Lisbon Project

This project was started as part of the wildlife economy programme to involve communities in wildlife management. A three year budget of R15,1 million was approved. The aim of the project is to get communities on the border of Kruger National Park involved in Wildlife Economy and provide rehabilitation to an area in the buffer zone around the park. The project on the border of Kruger employed 195 people working 25 397 person days. Nineteen SMMEs were used and received R3,5 million of the R4,6 million paid out by the project.

“People and Parks” Programme

Applications for funding were submitted to the Department of Environmental Affairs (DEA) for this programme which mainly focuses on infrastructure in the parks. Three



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

projects to the value of R43 million were approved for Tsitsikamma; Mokala and Richtersveld and business development is in process. SANParks will also implement the Bushbuckridge Nature Reserve project on behalf of Mpumalanga Tourism and Parks Agency (MTPA) valued at R27 million.

Natural Resources Accounting Authority Programme

This programme continued to grow over the past year resulting in projects to the value of R234 million implemented in the past year.

Working for Water Programme

Continued implementation of the Working for Water (WfW) programme to remove and control invasive alien vegetation assisted to address one of the main threats to biodiversity in national parks.

The budget for the Working for Water programme was R107,3 million with projects in all national parks. Alien vegetation removal created temporary work for 5 583 people resulting in 368 272 person days. Initial clearing of alien vegetation species was done on 44 190 ha with a follow up clearing of 261 330 ha. A total of 261 SMMEs were used and R61,6 million was paid to these small contractors.

The Bio-control and Alien fish project of R7,4 million employed 658 people achieving 23 799 person days. 4 838 kg of alien fish was removed from Darlington dam in Addo Elephant National Park.

Working for Land: Rehabilitation

The annual budget for this programme focusing on soil rehabilitation increased from R37,3 million to R43,5 million during the past year when additional funding was approved due to excellent performance. All the projects employed 2 764 people and achieved 174 583 person days. R29,7 million was paid to 134 SMMEs contracted. Initial rehabilitation of 4 789 ha of land was done, while follow-up maintenance work on 2 330 ha took place.

Working for Land: Bush Clearing

This programme received a budget of R5,5 million and was able to employ 270 people resulting in 20 571 person days to remove encroaching woody plants, i.e. mopane (KNP) and sickle bush (Marakele). Ten SMMEs were used by the programme to achieve 397 ha of initial clearing and 62 ha follow-up maintenance on previous cleared areas.

Working for Land: Mpumalanga Tourism and Parks Agency

This project employed people to work in four nature reserves of MTPA. Seventeen SMMEs employing 194 people worked 32 529 person days. This project received a R7,8 million budget

Eco Furniture Projects

The total allocation of the programme was increased from R32,3 million to R62,7 million when additional funds were made available. The programme aims to manufacture useful items from timber obtained through the clearing of alien invasive trees. As interim implementer, the social benefits are mainly directed to supply desks to schools, assisting the government commitment. A secondary benefit is to supply furniture to SANParks facilities. To date four eco-furniture dry mills and five wet mills were established. 1 044 people were employed to work 96 765 person days. R17,7 million of the R62,8 million expenses was paid to the 16 SMMEs employed in the programme. The delivery of 28 621 school desks and harvesting of R6,578 m³ timber were achieved.

Working for Fire

The teams employed in the eight approved projects SANParks focuses on fire prevention and control, and general base duties. These projects employed 191 people and achieved 44 232 person days. The High Altitude Teams operated during the past year as a separate programme and employed 89 people working 19 582 person days.

INFRASTRUCTURE DEVELOPMENT PROGRAMME

The objective of the Infrastructure Development Programme is to develop and upgrade tourism facilities, personnel accommodation, roads and other infrastructure services within the national parks.

The final year of the Infrastructure Development Phase 2 programme (IP2) was implemented, while the first year of implementation for Phase 3 (IP3) started. Expenditure of R216 million was achieved for both programmes in 2013/14.

IP2 achieved R55,4 million expenditure in 2013/14 and a programme total of R150,5 million of the R189,6 million three allocation, i.e. 80%. The majority of the projects are in Kruger National Park and implementation is close to completion. Environmental Impact Assessment processes caused long delays for three projects in the Parks Division, but all issues were resolved to allow implementation to proceed.



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

IP3 had a delayed start due to the development of business plans. The programme achieved expenditure of R160,7 million of the 2013/14 allocation, 67% of R240 million. All R240 million was committed into contracts during 2013/14. Planning on the first large project for SANParks, Skukuza Conference Lodge to the value of R240 million has progressed to concept stage and elemental estimates, while the rest of the projects focused on roads in Kruger (repairs of flood damage): tourism accommodation and staff accommodation. The upgrade of the Skukuza Airport was completed to allow commercial flights to commence.

Recognition of Fauna and Flora

As part of its mission, SANParks is responsible for managing a wide range of biodiversity, encompassing fauna, flora, geological structures, unique scenery and heritage assets. The exact quantity and value of these assets cannot be measured with reliable accuracy. The key drivers to ensure successful biodiversity include scientific management of the eco-system in terms of fauna and flora and the implementation of processes to maintain these patterns. This does not however constitute the management of the biological assets through growth, degeneration or procreation. IAS 41 (Agriculture) will therefore not be applicable to the accounting of wildlife. As such SANParks does not reflect the value of wildlife in its financial statements.

Acquisition of Land

During the year SANParks acquired land to the value of R2 388 million (2013 - R19 598 million) for the purpose of expanding land under conservation and the system of national parks. This land was acquired through a variety of funding sources including the Department of Environmental Affairs Land Grant, and donor funding, as follows:

	ha	Rand
Share in portion 2 and 3 of the farm Rodeklipheuveld no. 470		436 856
Portion 1 of the farm Nieuw Jaars Kop no. 300	306.47 Hectares	1 951 523

Business Development - Public Private Partnership Programme

In September 1998, the former Department of Environmental Affairs and Tourism articulated the need for SANParks to prepare for a lesser dependence on state funding, which would increasingly be aimed at funding essential conservation requirements. This formed the basis of the Commercialisation Strategy adopted by SANParks in 2000 with its foundation in the economic theory which defines the

State's responsibility as one of performing a regulatory function and intervening in the market-place only where there is market failure. The objective was to reduce the dependence on state funding and improve existing operational efficiencies.

The implementation of the Commercialisation Strategy 2000, resulted in the award of 12 lodge concession sites to private operators as well as the outsourcing of 21 shops and 17 restaurants across all national parks to private operators. Following the implementation of the Commercialisation Strategy 2000, there have been significant developments in South African National Parks' approach to Public Private Partnership (PPP) initiatives. South African National Parks accordingly developed the Strategic Plan for Commercialisation (SPfC) which is a significant element of South African National Parks' ecotourism pillar and has as its objective (through the implementation of Public Private Partnerships) reducing the cost of delivery, improving service levels by focusing on core business, leveraging private capital and expertise as well as the objective of expansion of tourism products and the generation of additional revenue for the funding of conservation and constituency building. South African National Parks in 2013 updated the SPfC to ensure alignment with the SANParks Responsible Tourism Strategy 2022 and to reflect an updated checklist for all commercial opportunities identified thereby re-introducing PPPs as a Key Strategic Objective for the next five years.

Over the past 13 years, SANParks have progressively increased the number of PPP transactions, covering a wide range of projects including accommodation, restaurants, retail, activities and the Table Mountain Aerial Cableway. By March 2014, there were more than 40 PPP projects. The growing number of PPP projects attests to the growing body of experience related to PPPs, both within SANParks and across the private sector.

Other high level commercialisation objectives for SANParks include any or all of the following; revenue generation, loss minimisation or savings on existing operations, optimal use of under-performing assets, job creation and poverty alleviation, BBBEE, infrastructure upgrades including historical sites, tourism promotion and further biodiversity protection. In particular, PPPs in South African National Parks have proved to be an important service delivery mechanism as they can facilitate rapid infrastructure delivery as envisaged under the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA). In addition, Black Economic Empowerment (BEE) is a national policy objective, and PPPs are a good vehicle for promoting and developing it.



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

Board members attendance at meetings, remuneration and associated costs

	Board Meetings & Workshops	Conservation & Tourism Committee	Audit & Risk Committee	HR & Remuneration Committee	March 2014	
					Remuneration	Subsistence & Travel Allowance
					R	R
Number of Meetings:	6	3	6	3		
	No	No	No	No		
Mr KD Dlamini ¹	5	0	0	0	-	-
Dr GC Dry ⁴	6	3	6	3	49 784	3 752
Prof G Kerley	6	3	0	0	40 166	30 723
Ms B Kunene ³	3	0	5	0	17 126	3 127
Prof G Swan ²	5	3	0	0	26 744	2 630
Dr Z Lees	4	3	0	0	26 898	2 168
Ms R Kalidass	5	0	2	0	25 766	16 950
Mr S Mbanga	4	0	0	2	14 246	10 215
Ms NS Mteto	4	0	4	0	15 686	787
Ms L McCourt	5	0	0	1	-	-
Dr MD Mabunda	4	3	4	3	-	-
Mr RT Mabilane	4	0	6	1	-	-
Total					216 416	70 352

1 - Chairperson - Board and Chairperson's Committee

2 - Chairperson - Conservation & Tourism Committee

3 - Chairperson - Audit and Risk Committee

4 - Chairperson - HR & Remuneration Committee

The Chairperson of the Board, Mr KD Dlamini has opted not to claim.

Ms L McCourt is a government employee and she is therefore not eligible to receive the Board per diem remuneration.

Dr MD Mabunda and Mr RT Mabilane are employees of South African National Parks and therefore not eligible for Board per diem remuneration.



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

Materiality Framework

During the year under review for purposes of materiality (sections 50 (1), 55 (2) and 66 (1) of the Public Finance Management Act) and significance (section 54 (2) of the Public Finance Management Act), the South African National Parks determined a materiality figure of R7,94 million, for the year ended 31 March 2014. This has been determined by applying 0,75% to last year's gross annual turnover of R1 058 117 million.

All losses of a quantitative nature need to be disclosed in the annual report and financial statements if they arose through irregular, fruitless, or wasteful expenditure.

Material facts of a qualitative nature need to be disclosed if:

- Disclosure of the event/item is required by law, or
- The fact discovered could influence the actions of the executive authority or legislature.

Any material losses arising through criminal conduct need to be disclosed.

Irregularities

The Board has reviewed SANParks' systems of internal control and risk management for the period from 1 April 2013 to 31 March 2014. The Board is of the opinion that South African National Parks' systems of internal control and risk management were effective for the period under review.

Executive Management Interests in Contracts

No material contracts involving Executive Management's interests were entered into in the current year.

Executive Management and their remuneration

The following people served on the Executive Management of South African National Parks during the financial year and were appointed by the Accounting Authority.



ACCOUNTING AUTHORITY'S REPORT

for the year ended 31 March 2014

		Cost to Company	Allowances	Bonuses and Incentives	2014 Total	2013 Total
		R'000	R'000	R'000	R'000	R'000
MABUNDA, MD	Chief Executive Officer (Termination date 31 March 2014)	2 394	1	530	2 925	2 966
DAPHNE, P ¹	Managing Executive: Parks	-	-	-	-	1 716
SIBIYA, VA	Managing Executive: Kruger National Park	1 620	1	349	1 970	1 872
MAGOME, DT	Managing Executive: Conservation Services	1 620	1	342	1 963	1 861
MAVUSO, L	Managing Executive: Human Resources	1 302	1	265	1 568	1 508
PHILLIPS, G	Managing Executive: Tourism	1 405	1	294	1 700	1 625
MKUTSHULWA, W	Managing Executive: Corporate Services (appointed 1 April 2013)	1 490	1	326	1 817	-
SONGELWA, N	Managing Executive: Parks (appointed 1 April 2013)	1 311	1	30	1 342	-
MABILANE, RT	Chief Financial Officer	1 756	1	362	2 118	2 032
Total		12 897	8	2 498	15 403	13 580

¹Note 1: Mr P Daphne vacated the position of Managing Executive Parks on 31 March 2013. Mr Daphne is still employed by SANParks in the position of Head of Communications.

The remuneration disclosed above excludes the cost of providing for post-retirement health benefits. The bonuses paid relates to the previous financial year.

Addresses

Registered office:

South African National Parks
643 Leyds Street
Muckleneuk
Pretoria
0002

Postal address:

PO Box 787
Pretoria
0001

Auditors

South African National Parks, as a Public Entity, is audited by the Auditor-General.

Approval

The annual financial statements set out on pages 86 to 137 have been approved by the Accounting Authority.



Mr KD Dlamini

Chairperson

31 July 2014



CORPORATE GOVERNANCE STATEMENT

for the year ended 31 March 2014

South African National Parks is a Schedule 3A Public Entity, and therefore fully adheres to the rules and regulations as set out in the Public Finance Management Act, Act 1 of 1999 and applicable Treasury Regulations. In addition to this the South African National Parks subscribes and is committed to comply, where applicable, to the principles and standards of integrity and accountability as contained in the recommendations of the King III Report on Corporate Governance 2009.

BOARD OF SOUTH AFRICAN NATIONAL PARKS

The Board of South African National Parks is established by the Minister of Environmental Affairs by notice in the Government Gazette for the control, management and preservation of national parks and protection of public interest therein. The current Board was established from 1 April 2012 for the three years ending 31 March 2015.

The current Board consists of 12 members appointed by the Minister of Environmental Affairs.

Mr KD Dlamini	Re-appointed 1 April 2012 (Chairperson)
Dr Z Lees	Appointed 1 April 2012
Mr S Mbanga	Appointed 1 April 2012
Prof G Swan	Re-appointed 1 April 2012
Prof G Kerley	Re-appointed 1 April 2012
Ms R Kalidass	Appointed 1 April 2012
Dr MD Mabunda	Re-appointed 1 April 2012 (Chief Executive Officer)
Dr GC Dry	Re-appointed 1 April 2012
Ms B Kunene	Re-appointed 1 April 2012
Ms. NS Mteto	Appointed 1 April 2012
Ms. L McCourt	Appointed 1 April 2012
Mr RT Mabilane	Re-appointed 1 April 2012 (Chief Financial Officer)

AUDIT AND RISK COMMITTEE

The Committee further assists the Board through critically evaluating Board's financial control measures, accounting practices, information systems and audit

procedures. It performs this function continuously by way of close liaison with the Executive Management and with the Board's internal and external auditors. The Audit and Risk Committee consists of three non-executive Board members plus the Chief Executive Officer and Chief Financial Officer. Nominated representatives of the Auditor-General and Department of Environmental Affairs attend by standing invitation. The Committee may involve other members of management or external specialists in meetings for specific purposes. The authority and mandate of the Audit and Risk Committee, its duties and functions, its composition and its operations have been approved by the Board in the form of a detailed charter.

Risk Management

Effective risk management is integral to the organisation's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures that have been developed to mitigate and manage operating risk, involve segregation of duties, transaction authorisation, supervision, monitoring of financial and management reporting.

The insurance and risk management policies adopted by South African National Parks are aimed at obtaining sufficient cover to protect its asset base, earning capacity and legal obligations against possible insurable losses.

Risks of a possible catastrophic nature are identified and insured while acceptable risks of a non-catastrophic nature are self-insured through a dedicated self insurance fund. These risks are reviewed on an annual basis to ensure that cover is adequate. An amount of R12 million, as a self insurance fund, is allocated to cover these risks. This amount is included in cash and cash equivalents in the Statement of Financial Position. Claims of a general nature are adequately covered.

SANParks manages risks associated with financial instruments and this is dealt with in note 23 to the financial statements.

Internal Control Systems

In order to meet its responsibility of providing reliable financial information, SANParks maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's delegated authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and



CORPORATE GOVERNANCE STATEMENT

for the year ended 31 March 2014

that transactions are properly authorised and recorded. A three year rolling internal audit plan has been completed by the Internal Auditors to ensure that risks identified in their risk assessment are adequately covered in their audit plan.

The system includes a documented organisational structure and division of responsibility, established policies and procedures, including a code of ethics to foster a strong ethical climate, which is communicated throughout the organisation, and the careful selection, training and development of staff.

South African National Parks has appointed the auditors, SizweNtsaluba VSP, to provide internal audit services. Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the Audit Committee. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through the Audit Committee, provides oversight of the financial reporting process and internal control systems.

Audit and Risk Committee Members:

Ms B Kunene - Chairperson

Ms R Kalidass

Ms NS Mteto

Dr GC Dry

Dr MD Mabunda (Chief Executive Officer)

Mr RT Mabilane (Chief Financial Officer)

CONSERVATION AND TOURISM COMMITTEE

The primary function of this Committee is to identify, acquire, develop and advise on the management of a system of national parks for South Africa. This Committee also monitors the application of both science and the ethics of conservation in SANParks and ensures that the Board is aware of international trends in biodiversity science and environmental management. The Committee further assists the Board in the formulation of policy especially with regard to reconciling conservation with human development needs by assessing and interpreting the significance of scientific and technological considerations.

The Committee must consist of at least four non-executive members of the Board plus the Chief Executive Officer. The Chief Executive Officer, Managing Executives of Conservation Services, Tourism and Marketing, Parks and Kruger Divisions are

required at each meeting. In addition, the Committee may co-opt ad-hoc members as and when required. The Committee will, as a primary responsibility, recommend the strategic plans of the Conservation Services and Tourism and Marketing Divisions prior to submission to the Board. This will ensure compliance to the strategic plan, communicate its activities to the Board, and recommend to the Board any policy or financial requirement that may require Board attention or approval. The Committee also monitors the performance of the Tourism and Marketing and Conservation Services Divisions, and helps forge business and stakeholder linkages where possible. The Committee further ensures the maintenance of the balance between tourism developments against the core mandate of SANParks, which is conservation.

Conservation and Tourism Committee Members:

Prof G Swan (Chairperson)

Prof G Kerley

Dr Z Lees

Dr MD Mabunda (Chief Executive Officer)

Dr GC Dry

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Committee provides strategic advice to the Board and Management on matters of Human Resource and Remuneration. The Committee formulates and reviews Human Resource and Remuneration policies as and when appropriate. The Committee consists of at least three non-executive members. The managing executive human resources is required to attend each meeting.

Human Resources and Remuneration Committee Members:

Dr GC Dry (Chairperson)

Ms L McCourt

Mr S Mbanga

Dr MD Mabunda (Chief Executive Officer)



REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2014

The Audit and Risk Committee is pleased to present this report for the financial year ended 31 March 2014.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Six mandatory meetings should be scheduled per annum. Six meetings were convened and attendance was as per schedule below:

	Audit & Risk Committee
Number of Meetings:	6
	Attendance
Ms B Kunene	5
Dr GC Dry	6
Ms R Kalidass	2
Ms NS Mteto	4
Dr MD Mabunda	4
Mr RT Mabilane	6

Audit and Risk Committee Responsibility

Appropriate, formal terms of reference, were adopted, which have been confirmed by the Board. The responsibilities as set out in the terms of reference, are in line with the requirements of Section 51 (1) (a) of the PFMA and Treasury Regulation 27.1. The affairs of the entity have been conducted in compliance with this charter.

Internal Audit

The internal audit function is operating effectively and we are satisfied that it has addressed the risks pertinent to the entity in its audits. Internal Audit completed their 2013/14 annual coverage plan as approved by the Audit and Risk Committee.

The Effectiveness of Internal Control

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent.

In line with the PFMA and the recommendations from King III Report on Corporate Governance, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Full details of the financial results for the year under review are set out on pages 86 to 137.

Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa; Internal auditors and the Chief Executive Officer
- Reviewed the Auditor General of South Africa's management letter as well as management's response.
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives included in the annual report; and
- Reviewed significant adjustments and noted none resulting from the audit.

The Committee concurs with and accepts the Auditor-General South Africa's report on the annual financial statements, and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

Auditor General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues from the previous year.

The Audit and Risk Committee agrees that the adoption of the going concern premise is appropriate in preparing the annual financial statements. The Audit and Risk Committee has therefore recommended the adoption of the annual financial statements by the Board.



Ms B Kunene

Chairperson

Pretoria, 31 July 2013



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON SOUTH AFRICAN NATIONAL PARKS

for the year ended 31 March 2014

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the South African National Parks set out on pages 86 to 137, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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

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

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Parks as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON SOUTH AFRICAN NATIONAL PARKS

for the year ended 31 March 2014

PREDETERMINED OBJECTIVES

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2014:
 - a. Objective 4: Growing Societal Support and Providing Access and Benefit Sharing on page 58
 - b. Objective 5: Promoting Customer Focused Responsible Tourism on pages 59 to 60
 - c. Objective 7: Improving Conservation Estate on pages 61 to 64
 - d. Objective 8: Facilitating Socio-Economic Development on pages 64 to 66
 - e. Objective 9: Promoting Research and Development on page 67.
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. 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 objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. The material findings in respect of the selected objectives are as follows:

Objective 4: Growing Societal Support and Providing Access and Benefit Sharing

Usefulness of the reported performance information

13. I did not report any material findings on the usefulness of the reported performance information for this objective.

Reliability of reported performance information

14. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 50% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to the absence of information systems.

Objective 5: Promoting Customer Focused Responsible Tourism

Usefulness of the reported performance information

15. I did not report any material findings on the usefulness of the reported performance information for this objective.

Reliability of reported performance information

16. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 33% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to a lack of internal control measures implemented by the entity.

Objective 7: Improving Conservation Estate

Usefulness of the reported performance information

17. I did not report any material findings on the usefulness of the reported performance information for this objective.

Reliability of reported performance information

18. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information of three significantly important targets was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements, recording and monitoring of performance / monitoring of the completeness of source documentation in support of actual achievements / frequent review of the validity of reported achievements against source documentation.



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON SOUTH AFRICAN NATIONAL PARKS

for the year ended 31 March 2014

Objective 9: Promoting Research and Development

Usefulness of the reported performance information

19. I did not report any material findings on the usefulness of the reported performance information for this objective.

Reliability of reported performance information

20. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information of one significantly important target was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements, recording and monitoring of performance / monitoring of the completeness of source documentation in support of actual achievements / frequent review of the validity of reported achievements against source documentation.

Objective 8: Facilitating Socio-Economic Development

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for Objective 8: Facilitating Socio-Economic Development.

Additional matters

22. I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on pages 56 to 68 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected objectives reported in paragraphs 13 to 18 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective 8 - Facilitating Socio-Economic Development. As management subsequently corrected the misstatements on this objective I did not raise material findings on this objective.

Unaudited supplementary information

25. The supplementary information set out on pages 72 to 78 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

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

Strategic planning and performance management

27. The public entity did not maintain an effective, efficient and transparent system and internal controls regarding performance management, which described and represented how the institution's processes of performance planning, monitoring, measurement, review and reporting would be conducted, organised and managed, as required in terms of section 51(1)(a)(i) of the PFMA.

Financial statements, performance and annual reports

28. 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 Public Finance Management Act. Material misstatements of non-current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Asset and liability management

29. Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the Public Finance Management Act.



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON SOUTH AFRICAN NATIONAL PARKS

for the year ended 31 March 2014

Internal control

30. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

31. The following challenges were experienced that contributed to the weaknesses in the financial and performance environment and the ultimate audit outcome:
- Management did not ensure that the policies for financial reporting were aligned to the applicable financial reporting framework to ensure accurate, complete and valid financial reporting.

Financial and performance management

32. The public entity does not have individuals who sufficiently understand the financial reporting framework and compliance requirements. This resulted in material misstatements that were not identified by management's internal processes.
33. Management did not perform an adequate review of the annual financial statements and annual performance report for accuracy, validity and completeness prior to submission. This resulted in numerous material misstatements not being identified.

OTHER REPORTS

INVESTIGATIONS

34. An internal investigation at the request of the public entity, which covered the period April 2010 to April 2013. The investigation was initiated based on an allegation of possible fraudulent transactions at Stormsrivier Gate. The investigation had concluded on 17 April 2014 and resulted in criminal proceedings being instituted against three employees. All three officials had resigned with immediate effect upon conclusion of the investigation.

Auditor-General

Auditor-General

Pretoria

31-Jul-2014



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence



South African National Parks

ACCOUNTING POLICIES

for the year ended 31 March 2014

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 91 (1) of the Public Finance Management Act, (Act No 1 of 1999).

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

1.2 Underlying Concepts And Comparative Figures

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically required or permitted by an accounting standard.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

1.3 Revenue Recognition

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

Applying the Probability Test on Initial Recognition of Revenue

This Interpretation of the Standards of GRAP provides guidance on how an entity

applies the probability test on initial recognition of revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction and uncertainty exists about the entity's ability to collect such revenue based on past history or because discretion about collectability is exercised subsequently.

This interpretation of standards of GRAP is applicable to South African National Parks based on past experience where less than 100% of the revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction, is expected.

South African National Parks recognises the full amount of exchange and non-exchange revenue based on the terms of the arrangement with each debtor, notwithstanding its knowledge based on past experience.

Consideration is given to whether there is objective evidence that an impairment loss has been incurred when making the impairment assessment for subsequent measurement of the receivables at the reporting date.

Revenue from exchange transactions

SANParks derives revenue from exchange and non-exchange transactions. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Examples of exchange transactions include:

- a. Revenue from tourism, retail and concession fees
- b. The sales of fauna and flora

Rendering of services

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

- a. The amount of revenue can be measured reliably.
- b. It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- c. The stage of completion of the transaction at the reporting date can be measured reliably.



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ACCOUNTING POLICIES
 for the year ended 31 March 2014

- d. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

- a. Accommodation income is accrued on a daily basis.
- b. Conservation levies are recognised on a daily basis and other tourist related activities are recognised upon commencement of the activity.
- c. Wild Card sales are amortised over the validity period of the Wild Card.

Sale of goods

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

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

Sales are recognised upon delivery of the products and customer acceptance.

Measurement of revenue from exchange transactions

Revenue shall be measured at the fair value of the consideration received or receivable.

Exchange transactions

The following is included in revenue from exchange transactions:

Tourism, retail, concession and other

Concession income

Income from concessions granted to operators to build, operate and transfer lodges and from rental of facilities to operators is recognised as it accrues over the period of the agreement.

Management fees

Management fees for managing special projects are recognised on a monthly basis, based on the services performed.

Rent received

Rent received is accrued on a daily basis in accordance with the substance of the relevant agreements.

Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

South African National Parks receives grant income from the Department of Environmental Affairs, Special Projects Grants from different funding institutions, and donations from various sources and individuals, and provides no consideration directly in return. These are clearly non-exchange transactions.

Stipulations

Assets may be transferred with the expectation and/or understanding that they will be used in a particular way and, therefore, that the recipient entity will act or perform in a particular way. Where laws, regulations or binding arrangements with external parties impose terms on the use of transferred assets by the recipient, these terms are stipulations as defined in this Standard of GRAP. A key feature of stipulations, as defined in this Standard, is that an entity cannot impose a stipulation on itself, whether directly or through an entity that it controls.

Conditions on transferred assets

Conditions on transferred assets (hereafter referred to as conditions) require that the entity either consume the future economic benefits or service potential of the asset as specified or return future economic benefits or service potential to the transferor in the event that the conditions are breached. Therefore, the recipient incurs a present obligation to transfer future economic benefits or service potential to third parties



South African National Parks

ACCOUNTING POLICIES

for the year ended 31 March 2014

when it initially gains control of an asset subject to a condition. This is because the recipient is unable to avoid the outflow of resources as it is required to consume the future economic benefits or service potential embodied in the transferred asset in the delivery of particular goods or services to third parties or else to return to the transferor future economic benefits or service potential. Therefore, when a recipient initially recognises an asset that is subject to a condition, the recipient also incurs a liability.

1.3.1 Restrictions on transferred assets

Restrictions on transferred assets (hereafter referred to as restrictions) do not include a requirement that the transferred asset, or other future economic benefits or service potential is to be returned to the transferor if the asset is not deployed as specified. Therefore, gaining control of an asset subject to a restriction does not impose on the recipient a present obligation to transfer future economic benefits or service potential to third parties when control of the asset is initially gained. Where a recipient is in breach of a restriction, the transferor, or another party, may have the option of seeking a penalty against the recipient by, for example, taking the matter to a court or other tribunal, or through an administrative process such as a directive from a government minister or other authority, or otherwise. Such actions may result in the entity being directed to fulfil the restriction or face a civil or criminal penalty for defying the court, other tribunal or authority. Such a penalty is not incurred as a result of acquiring the asset, but as a result of breaching the restriction.

Substance over form

In determining whether a stipulation is a condition or a restriction, it is necessary to consider the substance of the terms of the stipulation and not merely its form. The mere specification that, for example, a transferred asset is required to be consumed in providing goods and services to third parties or be returned to the transferor is, in itself, not sufficient to give rise to a liability when the entity gains control of the asset.

In determining whether a stipulation is a condition or a restriction, the entity considers whether a requirement to return the asset or other future economic benefits or service potential is enforceable and would be enforced by the transferor. If the transferor could not enforce a requirement to return the asset or other future economic benefits or service potential, the stipulation fails to meet the definition of a condition and will be considered a restriction. If past experience with the transferor indicates that the transferor never enforces the requirement to return the transferred asset or other future economic benefits or service potential when breaches have occurred, then the recipient entity may conclude that the stipulation has the form but not the substance of a condition, and is, therefore, a restriction. If the entity has no experience with the transferor, or has not previously breached stipulations

that would prompt the transferor to decide whether to enforce a return of the asset or other future economic benefits or service potential, and it has no evidence to the contrary, it would assume that the transferor would enforce the stipulation and, therefore, the stipulation meets the definition of a condition.

The definition of a condition imposes on the recipient entity a performance obligation – that is, the recipient is required to consume the future economic benefits or service potential embedded in the transferred asset as specified, or return the asset or other future economic benefits or service potential to the transferor. To satisfy the definition of a condition, the performance obligation will be one of substance not merely form, and is required as a consequence of the condition itself. A term in a transfer agreement that requires the entity to perform an action that it has no alternative but to perform may lead the entity to conclude that the term is in substance neither a condition nor a restriction. This is because in these cases, the terms of the transfer itself do not impose on the recipient entity a performance obligation.

To satisfy the criteria for recognition as a liability, it is necessary that an outflow of resources will be probable, and performance against the condition is required and is able to be assessed. Therefore, a condition will need to specify such matters as the nature or quantity of the goods and services to be provided or the nature of assets to be acquired as appropriate and, if relevant, the periods within which performance is to occur. In addition, performance will need to be monitored by, or on behalf of, the transferor on an ongoing basis. This is particularly so where a stipulation provides for a proportionate return of the equivalent value of the asset if the entity partially performs the requirements of the condition, and the return obligation has been enforced if significant failures to perform have occurred in the past.

Measurement of revenue from a non-exchange transaction

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

Examples of Non-Exchange Transactions

Government grants

Government grants related to income are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Funding from non-exchange transactions are recognised as revenue, except to the extent that a liability is recognised for the same inflow.



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 for the year ended 31 March 2014

Donations and special grant funding

Donations received for the acquisition of land are recognised in surplus and deficit when received, unless the conditions associated with the donations have not yet been met. The unrecognised portion at year end is presented as deferred income. Ad-hoc donations are recognised in surplus and deficit when received.

Funding from non-exchange transactions are recognised as revenue, except to the extent that a liability is recognised for the same inflow.

Interest

Interest is accrued on a time apportionment basis taking into account the principal amount outstanding and the expected effective interest rate over the period to maturity. Interest is recognised as it accrues unless the collectability is in doubt.

Rent received

Rent received is accrued on a daily basis in accordance with the substance of the relevant agreements.

1.4 Irregular, Fruitless and Wasteful Expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred.

1.6 Property, Plant and Equipment

Property, plant and equipment are tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one reporting period.

Recognition

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

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

Measurement at recognition

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost shall be measured at its fair value as at the date of acquisition.

Depreciable amount and depreciation period

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

The residual value and the useful life of an asset is reviewed at least annually and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Where significant parts of an item have different useful lives, or pattern in which future economic benefits are expected to be consumed, to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.



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for the year ended 31 March 2014

The following methods and rates were used during the year:

Buildings	Straight line over 20 to 50 years
Roads and Infrastructure	Straight line over 20 to 50 years
Vehicles, machinery and equipment	Straight line over 5 to 8 years
Aircraft	Over production hours
Furniture, office equipment and computer software	Straight line over 3 to 10 years

Land is not depreciated.

South African National Parks has acquired the usage of certain land that is registered in the name of the State and which is incorporated as part of its national park system. This land is reflected as an asset of SANParks.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter over the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance.

Impairment of property, plant and equipment

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

SANParks assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. No such indication existed at the end of the current financial reporting period.

1.7 Intangible Assets

Identifiability

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- a. Is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- b. Arises from contractual rights (including rights arising from binding

arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset shall be recognised if, and only if:

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

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

An intangible asset is measured:

- a. Initially at cost by SANParks. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, is measured at its fair value as at that date.
- b. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

The only intangible asset owned by SANParks is computer software. Computer software is measured initially at cost. After initial recognition, computer software is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis, and the useful life varies between three and 10 years and is reviewed annually.

Impairment of intangible assets

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

SANParks assesses at each reporting date whether there is any indication that the computer software may be impaired. No such indication existed at the end of the current financial reporting period.

1.8 Heritage Assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the



South African National Parks
ACCOUNTING POLICIES
 for the year ended 31 March 2014

benefit of present and future generations.

Classes of Heritage Assets include conservation areas such as national parks.

Characteristics often displayed by heritage assets include the following:

- a. Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in monetary terms.
- b. Ethical, legal and/or statutory obligations may impose prohibitions or severe stipulations on disposal by sale.
- c. They are often irreplaceable.
- d. Their value may increase over time even if their physical condition deteriorates.
- e. They have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural scientific, technological, artistic or historical significance.
- f. They are protected, kept unencumbered, cared for and preserved.

A heritage asset shall be recognised as an asset if, and only if:

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

South African National Parks holds heritage assets through conservation areas in national parks, but they do not meet the recognition criteria of a heritage asset because they cannot be reliably measured.

1.9 Work in Progress

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

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1.10 Inventories

Inventories, which exclude fauna and flora, are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, adjusted for any selling expenses. Cost is determined by the first-in-first-out method. SANParks inventories include consumable stores, stock for resale and spare parts.

1.11 Leasing

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership and is recorded as a purchase of equipment by means of long-term borrowings. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the organisation at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of financial performance over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Assets acquired under leases where all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease or another basis if more representative of the time pattern of the user's benefit.

Where an operating lease is terminated before the lease expiry date, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

1.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- Cash
- A residual interest of another entity or
- A contractual right to receive cash or another financial asset from another



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for the year ended 31 March 2014

entity or exchange financial assets of financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to

- Deliver cash or another financial asset to another entity or
- Exchange financial assets and financial liabilities under conditions that are potentially unfavourable to the entity.

The entity has the following types of financial assets as reflected in the statement of financial position;

Class	Category
Cash and cash equivalents	Financial asset at fair value
Receivables from exchange transactions	Financial asset at cost
The entity has the following types of financial liabilities as reflected in the statement of financial position;	

Class	Category
Post-retirement health benefit obligation	Financial liability at fair value
Long term borrowings	Financial liability at amortised cost
Long term liabilities from non-exchange transactions	Financial liability at cost
Trade and other payables from exchange transactions	Financial liability at cost
Provisions	Financial liability at cost
Short term portion of long term borrowings	Financial liability at amortised cost
Reservation deposits held	Financial liability at cost
Liabilities from non-exchange transactions	Financial liability at cost

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

The fair value of a financial asset or a financial liability is the amount the asset could be exchanged and the liability settled, between knowledgeable willing parties in an

arm's length transaction.

Financial instruments at costs are financial assets and financial liabilities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

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.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, in the case of financial instruments not subsequently measured at fair value, the transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability.

The entity measures a financial asset and financial liability initially at its fair value, if subsequently measured at fair value.

Subsequent measurement

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 and,
- Financial instruments at cost.

Impairment and uncollectability of financial assets

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

Financial assets 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 cashflows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance



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account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of 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 directly or by use of an allowance account. The reversal does not result in any carrying amount of the financial asset exceeding the amortised cost that would have been had the impairment not been recognised. The amount of impairment is recognised in surplus or deficit.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on financial assets measured at cost, 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.

1.13 Taxation

1.13.1 Income Tax

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962).

1.13.2 Value Added Tax (VAT)

South African National Parks accounts for VAT on the invoice basis as stipulated in Section 15 of the VAT Act regulating that every vendor shall account for VAT on the invoice basis unless differently approved by the SARS.

1.14 Employee Benefits

Employee benefits are all forms of consideration given by the entity in exchange for services rendered by employees.

A qualifying policy is an insurance policy issued by an insurer that is not a related party of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity unless either:

- a. The proceeds present surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or

- b. The proceeds are returned to the reporting entity to reimburse it for the employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- a. An entity's decision to terminate an employee's employment before the normal retirement date; or
- b. An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits.

A constructive obligation is an obligation that derives from an entity's actions whereby established pattern of past practice, published policies or sufficiently specific current statement whereby the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than terminating benefits) that are due to be settled within twelve months after the end of the period in which the employee renders the related service.

Short-term employee benefits include items such as:

- a. Wages, salaries and social security contributions;
- b. Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absence is due to be settled within 12 months after the end of the reporting period in which the employees render the related service ;
- c. Bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render



South African National Parks
ACCOUNTING POLICIES
 for the year ended 31 March 2014

the related service; and

- d. Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- a. As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises the excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- b. As an expense, unless another standard requires or permits the inclusion of the benefits in the cost of the asset.

The expected cost of compensated absences is recognised as an expense as the employees render the services that increase their entitlement or, in the case of non-accumulating absences, when the absences occurs. The entity measures the expected cost of accumulating compensated absence as the additional amount that the entity expects to pay as result of the unused entitlement that has accumulated at the reporting date.

The entity will recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation to be made. A present obligation when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payables after the completion of employment.

Post-employment plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: (defined contribution plans)

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will for no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the

current and prior periods.

When an employee has rendered a service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- a. As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund and
- b. As an expense, unless another standard requires or permits the inclusion of the contribution in the cost of an asset.

When contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.



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The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains and losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay the employee benefits. An example of an constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- a. The present value of the defined benefit obligation at the reporting date;
- b. Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- c. Plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at lower of:

- a. The amount determined above; and
- b. The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Adjustments arising from the limit above are recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit,

except to the extent that another Standard requires or permits their inclusion in the cost of an asset.

- a. Current service cost;
- b. Interest cost;
- c. The expected return on any reimbursement right;
- d. Actuarial gains and losses;
- e. Past service cost;
- f. The effect of any curtailments or settlements; and
- g. The effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit /years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight line basis from:

- a. The date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) ; or until
- b. The date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by an independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment and settlement occurs. The gain or loss on curtailment or settlement comprises:



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 for the year ended 31 March 2014

- a. Any resulting change in the present value of the defined benefit obligation; and
- b. Any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan asset, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The entity offsets an asset relating to one plan against the liability relating to another plan, when the entity has a legally enforceable right to use a surplus in one plan to settle the obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.15 Accounting Policies, Estimates and Errors

Change in accounting estimate

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of a period consumption of an asset, the results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Change in accounting estimate result from new information and new developments and, accordingly, are not correction of errors.

The effect of a change in accounting estimate, other than a change to which paragraph 39 applies, shall be recognised prospectively by including it in surplus or deficit in:

- a. The period of the change, if the change affects that period only; or
- b. The period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net assets, it shall be recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

Prior period errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use or misuse of, reliable information that:

- a. Was available when financial statements for those period were authorised for issue; and
- b. Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of the error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

Change in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

An entity shall change an accounting policy only if the change:

- a. Is required by a standard of GRAP; or
- b. Results in the financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cashflows.

A change in accounting policy shall be applied retrospectively, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

When is it impracticable to determine the period-specific effects of changing an accounting policy on comparative information of one or more prior periods



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for the year ended 31 March 2014

presented, the entity shall apply the new accounting policy to the carrying amounts of the assets and liabilities as at the beginning of the earliest period of which retrospective application is practicable, which may be the current period, and shall make a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the entity shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable.

1.16 Related Parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

SANParks has no control or significant influence over any other entity.

SANParks is a statutory organisation governed by the Protected Areas Act, no. 57 of 2003, and a national public entity as listed under Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

SANParks does not disclose the value of transactions with other public sector entities as the transactions were concluded within normal operating procedures and on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person.

1.17 New Standards and Interpretations

Standards and interpretations effective and adopted in the current year

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

GRAP 25: Employee Benefits - This standard is in line with the IAS19 which is applied and therefore has been fully adopted by SANParks.

GRAP 104: Financial Instruments - SANParks adopted GRAP104 and chose to measure debtors and creditors at cost. Cash and bank is at fair value and long term loans are at amortised cost.

GRAP 23: Revenue from Non-exchange Transactions - Although the effective date was 1 April 2012, SANParks adopted this standard on 1 April 2013 and restated the financials for 2013.

The following standards have been approved but are not yet effective;

GRAP 18: Segment Reporting - unlikely to have an impact on SANParks.

GRAP 105: Transfers of functions between entities under common control - unlikely to have an impact on SANParks.

GRAP 106: Transfers of functions between entities not under common control - unlikely to have an impact on SANParks.

GRAP 107: Mergers - unlikely to have an impact on SANParks.



STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	9.1	1 427 136	1 328 492
Intangible assets	9.2	33 930	9 632
Current assets			
Inventories	10	36 520	34 568
Receivables from exchange transactions	11	31 601	27 629
Cash and cash equivalents	13	795 223	569 192
Receivables from non-exchange transactions	12	1 161	5 186
Total assets		2 325 571	1 974 699
LIABILITIES			
Non-current liabilities			
Post-retirement health benefit obligation	14	(408 758)	(242 681)
Long-term borrowings	15	(9 366)	(9 960)
Current liabilities			
Trade and other payables from exchange transactions	17	(220 109)	(198 245)
Provisions	19	(45 545)	(40 082)
Short-term portion of long-term borrowings	15	(7 358)	(6 556)
Reservation deposits held	18	(216 436)	(147 025)
Liabilities from non-exchange transactions	16	(408 341)	(266 721)
Total liabilities		(1 315 913)	(911 270)
Net assets		1 010 248	1 063 637
NET ASSETS			
Accumulated surplus		(1 010 248)	(1 063 637)
Accumulated surplus		(1 010 248)	(1 063 637)



STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 R'000
REVENUE			
Revenue from exchange transactions		(1 253 710)	(1 082 065)
Tourism, retail, concession and other	2.1	(1 200 012)	(1 058 117)
Sale of fauna and flora	4	(33 529)	(3 752)
Other operating income	2.3	(20 169)	(20 196)
Revenue from non-exchange transactions		(949 032)	(643 134)
Operational grants received	2.2	(392 738)	(196 158)
Land acquisition grant	3	(34 039)	(19 124)
Special project grants		(516 864)	(425 115)
Donations	5	(5 391)	(2 737)
		(2 202 742)	(1 725 199)
EXPENSES		2 181 774	1 814 032
Operating expenses	6.1	715 942	689 540
Administration expenses	6.2	63 438	58 982
Compensation of employees	6.3	885 530	640 394
Expenses relating to special project grants		516 864	425 116
Surplus from operations		(20 968)	88 833
Net investment income		(20 122)	(12 573)
Investment income	7	(21 275)	(15 605)
Finance costs	8	1 153	3 032
(Surplus)/ Deficit from ordinary activities		(41 090)	76 260
Natural disasters		339	23
(Surplus)/ Deficit for the year attributed to the owners		(40 751)	76 283



STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

R'000

Accumulated Surplus

Opening accumulated surplus

Correction of prior period error - assets restated

548 810

25 727

Transfers to/from accumulated surplus/ (deficit)

(196)

Prior period error - note 19

565 580

Restated at 1 April 2012**1 139 920**

Deficit for the period - Restated

(76 283)

Balance at 31 March 2013 - Restated

1 063 637

Changes in Accounting policy - Note 20.9

220 204

Correction of prior period error

52 058

Balance at 1 April 2013**1 335 899**

Transfers to/from accumulated surplus/ (deficit)

(366 402)

Surplus for the period

40 751

Balance at 31 March 2014**1 010 248**

South African National Parks
CASH FLOW STATEMENT
 for the year ended 31 March 2014

	Notes	31 March 2014 R'000	31 March 2013 Restated R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 662 987	1 318 450
Cash receipts from exchange transactions		1 434 951	1 146 071
Cash receipts from non-exchange transactions		206 761	156 774
Interest received	7	21 275	15 605
Payments		(1 399 113)	(1 120 692)
Cash paid to employees		(714 361)	(631 958)
Cash paid to suppliers		(683 599)	(485 702)
Interest paid	8	(1 153)	(3 032)
Net cash flows from operating activities	21	263 874	197 758
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9.1	(78 990)	(57 259)
Purchase of Intangible assets	9.2	(31 339)	(4 152)
Expenditure from conditional grants		(220 204)	(65 120)
Cash receipts for conditional grants		306 843	63 000
Proceeds from sale of plant and equipment		602	38
Net cash flows from investing activities		(23 088)	(63 493)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings		(13 936)	(20 944)
Repayment of finance lease obligations		(820)	(5 198)
Net Cash flow from financing activities		(14 756)	(26 142)
Net increase in cash and cash equivalents		226 030	108 123
Cash and cash equivalents at the beginning of the year		569 192	461 069
Cash and cash equivalents at the end of the year	13	795 223	569 192



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
2. REVENUE		
<i>2.1 Tourism, Retail, Concession and Other</i>		
Retail activities conducted by SANParks	(274 434)	(232 548)
- Shops and restaurant	(111 975)	(72 358)
- Filling station sales	(162 459)	(160 190)
Tourism	(547 040)	(493 009)
- Accommodation	(464 112)	(417 866)
- Drives	(36 526)	(32 305)
- Trails	(26 039)	(24 571)
- Other tourism related activities	(20 363)	(18 267)
Concession	(71 726)	(64 484)
- Facilities rental on retail and restaurant operations	(24 979)	(23 488)
- Lodge concession fees	(46 747)	(40 995)
Conservation levy and entrance fees	(289 190)	(244 613)
- Wild Card income	(32 514)	(29 690)
- Conservation levy	(250 901)	(209 799)
- Entrance fees	(5 775)	(5 124)
Other	(17 622)	(23 463)
- Rent received	(11 058)	(10 539)
- Services rendered (incl. managing of special projects, technical services)	(6 564)	(12 924)
	(1 200 012)	(1 058 117)
<i>2.2 Operational Grants Received</i>		
- Conservation	(382 212)	(185 632)
- Road	(10 526)	(10 526)
	(392 738)	(196 158)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
<i>2.3 Other Operating Income</i>		
Sundry income	(9 119)	(8 221)
Settlement discount received	(2 017)	(1 538)
Royalty Income	(7)	(8)
Handling/Admin Charges	(1)	(6)
Sales - Scrap	(765)	(375)
Sales - Non-Retail	(1 275)	(924)
Replacement ID Cards, Security	(141)	(77)
Sundry Income for Sub-Systems	(1 455)	(1 692)
Waste Removal Fees	(143)	(135)
Hostel Fees Received	(327)	(330)
Traffic Offences	(1 433)	(962)
Accident Excess Inc	-	(1)
B/Debts Recovered	(4)	(730)
Course Fee Inc	(1 201)	(1 002)
Insurance Claim Inc	(4)	(83)
Facsimile Service Inc	(4)	(9)
Telephone Inc	(25)	(61)
Tender Fees	(150)	(74)
Internet Cafe Income	(18)	(15)
Surplusses	(149)	(199)
Income from conservation management	(997)	(1 402)
Commission received	(758)	(677)
Location fee for filming rights	(1 797)	(1 633)
Rebates received	(664)	(843)
Water and electricity recoveries	(6 834)	(7 420)
	(20 169)	(20 196)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
3. LAND ACQUISITION GRANT		
Department of Environmental Affairs	<u>(34 039)</u>	<u>(19 124)</u>
4. SALES OF FAUNA AND FLORA		
	<u>(33 529)</u>	<u>(3 752)</u>
The sale of fauna and flora is used for bio-diversity and related expenses to expand the national park system.		
5. DONATIONS		
	<u>(5 391)</u>	<u>(2 737)</u>
Donations form a minor part of the funding of conservation and people and conservation programs of the SANParks. Due to the varying nature of such funding and the direct allocation thereof to identifiable projects, it is not deemed to be part of normal operations.		
6. EXPENSES		
<i>6.1 Operating Expenses</i>		
Operating lease payments	99 175	87 980
Depreciation-charge for the year	82 521	76 110
Cost of sales retail operations	210 408	178 224
Marketing and promotions	14 386	13 088
Operating costs	57 576	110 861
Consumables	46 169	39 543
Office costs	6 996	6 301
Employee expenses	38 227	37 719
Voice communication costs	10 867	10 457
Vehicle and aircraft operating costs	16 486	11 231
Information technology outsourced services	10 480	8 011
Municipal costs	45 857	41 979
Bank charges	17 582	13 725
Software assurance costs	7 227	8 897
Data communication costs	13 019	12 740
Consultants, contractors and special services	10 962	11 013
Legal fees	6 958	4 147
Board membership fees	256	190
Losses and net shortages	2 748	823
Self Insurance costs	8 202	7 121
Net loss on sale of property, plant and equipment	2 930	2 693
Internal audit fees	1 267	2 441
Auditors' remuneration	5 643	4 241
	<u>715 942</u>	<u>689 540</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
6.2 Administration Expenses		
Maintenance, repairs and running costs		
- Property and buildings	42 076	39 713
- Machinery and equipment	6 377	6 186
- Office and computer equipment	1 042	645
- Consumables utilised in maintenance programs	13 943	12 438
	63 438	58 982
6.3 Compensation of Employees		
Salaries and wages		
- Salaries	573 710	512 592
- Performance awards	464 337	417 559
- Periodic payments	12 625	10 313
- Other non-pensionable allowances	23 825	21 435
	72 923	63 285
Social contributions		
- Pension costs - defined contribution plans	74 371	64 751
- Medical	47 424	40 774
- UIF	20 481	17 203
- Insurance	4 586	3 845
- Staff development costs	1 880	2 929
- Recruitment and placement costs	10 138	8 649
- Other costs	2 295	1 913
- Leave pay outs	44 262	40 277
- Prov for - leave balances	950	1 469
- Contribution - RSC personnel	5 088	9 257
- Staff dependant bursaries	-	1
- Transport - staff, schools	779	(5)
- Personnel recreation	782	610
- Contributions - hostel fees	326	348
- Discount Allwd - water and elect	1 212	1 159
- Overtime	3	7
- Protective / safety clothing	28 948	22 358
- Go Wild, Koedoe free to staff	934	516
- Free accom - staff holidays	173	257
- Free meal costs allocated	4 732	3 903
Post-retirement health benefit obligations	335	397
	180 754	12 211
	885 530	640 394



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
6.4 Operating Lease Payments (Note 6.1)	99 175	87 980
- Within one year	55 024	58 972
- Between two and five years	65 063	66 252
	120 087	125 224

The following represents significant leasing arrangements and the basis on which future minimum lease payments were calculated:

The rental agreement with VUSWA Fleet Services (Pty) Ltd provides for the provision of a vehicle fleet in both the Kruger National Park and the rest of South African National Parks. All vehicles are rented on a full maintenance lease and operational lease with managed maintenance basis. All monthly fees (not fixed dependent on the vehicles leased during a month) except the finance portion of the lease are subject to an annual Consumer Price Index (CPI) adjustment from the effective date. The interest rate is set at prime minus 1% and will fluctuate with changes as set by First National Bank.

The Vuswa contract period began on 01 September 2008, and ended on 31 August 2013. SANParks has however, agreed to renew the contract for another four years ending 01 September 2017.

As VUSWA leases include both fixed and variable amounts, only the fixed amounts were calculated to disclose as per note 6.4.

6.5 Irregular Expenditure

SANParks did not incur any irregular expenditure during the current year.

Fruitless and wasteful expenditure

SANParks did not incur any unauthorised expenditure which was made in vain and would have been avoided had reasonable care been exercised. No losses through criminal conduct were incurred during the year ended 31 March 2014.

	31 March 2013 R'000	31 March 2012 R'000
7. INVESTMENT INCOME		
Interest income	(21 275)	(15 390)
Net foreign exchange transaction (loss) /gain	-	(215)
	(21 275)	(15 605)
8. FINANCE COSTS		
Borrowings	843	2 679
Finance leases	309	353
	1 153	3 032



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

9. NON CURRENT ASSETS

9.1 Property, Plant and Equipment

	Land	Assets under construction	Buildings and Infrastructure	Vehicles, Aircraft and Mechanical equipment	Furniture & Office equipment	Total
	R'000		R'000	R'000	R'000	R'000
Gross carrying amount	494 410	83 434	883 487	149 301	117 645	1 728 277
Accumulated depreciation	-	-	(206 213)	(107 601)	(85 971)	(399 786)
Book value at 01 April 2013	494 410	83 434	677 274	41 700	31 674	1 328 492
Additions	7 655	99 804	39 110	10 085	21 702	178 357
Transfers	-	(26 955)	26 955	-	-	-
Disposals	-	-	(1 248)	(1 592)	(1 531)	(4 371)
Depreciation charge	-	-	(38 731)	(16 134)	(20 476)	(75 341)
Closing book value	502 065	156 284	703 359	34 059	31 369	1 427 136
31 March 2014						
Cost	502 065	156 284	948 303	157 795	137 816	1 902 263
Accumulated depreciation	-	-	(244 944)	(123 735)	(106 447)	(475 127)
Book value	502 065	156 284	703 359	34 059	31 369	1 427 136



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Property, Plant and Equipment

	Land	Assets under construction	Buildings and Infrastructure	Vehicles, Aircraft and Mechanical equipment	Furniture & Office equipment	Total
	R'000		R'000	R'000	R'000	R'000
Gross carrying amount	464 569		739 124	135 927	106 408	1 446 028
Accumulated depreciation			(172 172)	(91 137)	(66 748)	(330 057)
Book value at 01 April 2012	464 569	-	566 952	44 790	39 660	1 115 971
<i>Prior year adjustment</i>	10 243					10 243
Additions	19 598	266 663		17 782	19 878	323 921
Transfers	-	(183 228)	183 228	-	-	-
Disposals	-		(38 866)	(4 408)	(8 642)	(51 915)
Depreciation charge	-		(34 041)	(16 464)	(19 223)	(69 729)
Closing book value	494 410	83 434	677 274	41 700	31 674	1 328 492
31 March 2013						
Cost	484 167	83 434	883 487	149 301	117 645	1 718 034
Prior year adjustment	10 243					10 243
Accumulated depreciation	-	-	(206 213)	(107 601)	(85 971)	(399 786)
Book value	494 410	83 434	677 274	41 700	31 674	1 328 492



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The register containing details of land and buildings is available for inspection at the Head Office of the South African National Parks. The Board is of the opinion that the market value of land and buildings substantially exceeds its book value.

Certain land included above is registered in the name of the State.

SANParks assesses at each reporting date whether there is any indication that the property, plant and equipment may be impaired. No such indication existed at the end of the current financial reporting period.

9.2 Intangible Assets

	31 March 2014 R'000			31 March 2013 R'000		
	Cost	Accumulated amortisation	Book value	Cost	Accumulated amortisation	Book value
Rights	20 200	-	20 200	-	-	-
Computer Software	32 574	(18 844)	13 730	34 528	(24 897)	9 632
	52 774	(18 844)	33 930	34 528	(24 897)	9 632

	Opening book value	Additions	Disposals / transfers	Transfers	Amortisation	Closing book value
Rights	-	20 200	-	-	-	20 200
Computer Software	9 632	11 139	(30)	169	(7 180)	13 730
Intangible assets 2014	9 632	31 339	(30)	169	(7 180)	33 930

	Opening book value	Additions	Disposals / transfers	Transfers	Amortisation	Closing book value
Computer Software	16 445	4 152	(4 584)	-	(6 381)	9 632
Intangible assets 2013	16 445	4 152	(4 584)	-	(6 381)	9 632

The amortisation expense has been included in the line item 'operating expenses' in the income statement and in the line item 'depreciation' in note 6.1.

The useful life used in the calculation of amortisation of Software is between three years and 10 years.

SANParks assesses at each reporting date whether there is any indication that the computer software may be impaired. No such indication existed at the end of the current financial reporting period.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

9.3 Heritage Assets

South African National Parks has the following class of heritage assets:

Conservational Areas, i.e. National Parks

Name of National Park	Size in Hectares
Kruger National Park	1 962 362.00
Kalahari Gemsbok National Park	960 029.00
Addo Elephant National Park	163 296.72
Mountain Zebra National Park	27 899.16
Bontebok National Park	2 432.31
Golden Gate Highlands National Park	34 062.22
Augrabies Falls National Park	58 699.03
Groenkloof National Park	7.26
Karoo National Park	84 081.83
West Coast National Park	47 026.11
Tankwa Karoo National Park	138 570.35
Richtersveld National Park	162 445.00
Marakele National Park	60 864.91
Mapungubwe National Park	15 311.19
Table Mountain National Park	33 010.32
Agulhas National Park	20 414.65
Namaqua National Park	130 640.78
Camdeboo National Park	18 946.00
Mokala National Park	25 901.55
Garden Route National Park	137 795.72
Vaalbos National Park	4 575.07
TOTAL	4 088 371.18

The reason why the class of heritage assets could not be measured reliably, is because there is not a fair or market value for these assets. They were not acquired at a cost, but were conserved as governed by the Protected Areas Act No.57 of 2003.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
<i>9.4 Included in Movable Assets are Assets that serve as Security for Long Term Borrowings</i>		
9.4.1 Assets as security for a notarial bond in favour of IDC as detailed in note 15 (i)		
Cost	173 706	163 869
Accumulated depreciation	(120 439)	(109 949)
Book value	53 267	53 920
9.4.2 Assets that serve as security under finance leases as detailed in note 15 (ii)		
Cost	26 878	26 420
Accumulated depreciation	(20 522)	(19 848)
Book value	6 356	6 572
Vehicles:		
Cost	4 823	5 974
Accumulated depreciation	(4 099)	(4 213)
Book value	724	1 761
Furniture, Office equipment and Computer software:		
Cost	22 055	20 446
Accumulated depreciation	(16 423)	(15 635)
Book value	5 632	4 811
Total book value	6 356	6 572
10. INVENTORIES		
Retail goods and fuel	18 314	20 059
Consumables	18 206	14 509
	36 520	34 568



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
11. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Concession debtors	9 703	8 292
Trade receivables	12 333	10 535
Other receivables	8 259	7 705
Study loans	2 435	1 534
Debtors control - other	1 913	5 677
Unpaid cheques	10	28
Unpaid c/cards	19	(0)
Claims on suppliers trade	(0)	(4)
Staff purch	3 882	470
Prepayments	1 536	1 613
	31 831	28 145
Provision for doubtful debts	(230)	(516)
	31 601	27 629

Additional narration on the accounts receivables note

We assessed the entity's receivables from exchange transactions and noted that South African National Parks majority of receivables from non-exchange transactions includes majority receivables that are due in 30 days. SANParks' debtor's management is such that debtors are collected within 30 days. Past experience have indicated that SANParks' debtors adhere to our debtors policy. This can be evidenced by the fact that we only accounted for less than 1% percentage as a provision for doubtful debts. The bad debts provision was based on assessment of individual debtors from our debtors list.

12. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2014	2013 Restated
Opening balance	1 845	17 114
Special project grants received	(10 657)	(74 774)
Grant amount utilised	9 973	62 846
Closing balance	1 161	5 186

SANParks receives conditional grants from different funders. Normally SANParks contracts with the funder over the budget of the special project the grant is funded for. For projects of which the lifespan exceeds one reporting period, SANParks will contract with the funder to receive the funds in stages. It sometimes happens that SANParks will exceed the annual allocation for a particular project by using SANParks' funds to finance contracted projects and recoup the money when the funder makes payments the following year. Receivables from non-exchange transactions therefore, represents amounts of money from which SANParks has overspent the annual allocation for the funded project. The prior year closing and opening balance will not correspond as, at the end of the year, only the sum total of individual funders on whose projects we overspent, is disclosed as a receivable. This is because it is not the same funders on whose account we overspent in the prior period for whom we will overspend in the current year, thus making the opening balance differ from that of prior period.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
13. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	347	302
Bank balances	535 182	399 528
Bank overdrafts	(35 951)	(30 976)
Short term deposits	1 577	1 444
Investments short term	294 067	198 896
	795 223	569 192
Bank balances per institution		
First National Bank	499 088	368 551
Standard Bank	143	-
	499 231	368 551
Short term Investments per institution		
Notice account: FNB (Interest rate range 5.9% : 2013 5.10% -5.15%)	55 610	69 185
Notice account: Investec (Interest rate range 5.95%-6% : 2013 5.10% -5.19%)	88 199	59 871
Notice account: Nedbank (Interest rate range 5.75%-5.9%)	19 887	-
Notice account: ABSA (interest rate range 5.75% : 2013 5.15%-5.20%)	76 075	69 840
Call account: Standard (Interest rate range 5%)	54 297	-
	294 067	198 896

On 31 March 2014 the SANParks had short term general banking facilities, with First National Bank, that amounted to R25 million (2013 - R25 million). The interest rate on overdraft is the prime rate. The facilities are unsecured.

First National Bank was appointed as bankers for SANParks by tender process and is used for all SANParks' activities.

Standard Bank was appointed as a Grant condition for Grant funding.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

31 March 2014
R'00031 March 2013
Restated
R'000

14. POST RETIREMENT HEALTH BENEFIT OBLIGATION

Movement in the defined benefit obligation for the year:

Balance as at 1 April	242 681	243 509
Interest cost	20 364	20 357
Current service cost	2 890	3 539
Actual employer benefit payments	(14 677)	(13 039)
Actuarial (gain) /loss recognised in the year	157 500	(11 685)
Balance as at 31 March	408 758	242 681

Amounts recognised in the Statement of Financial Performance

Current service cost	2 890	3 539
Interest cost	20 364	20 357
Actuarial loss/ (gain)	157 500	(11 685)
Total	180 754	12 211

SANParks' employees contribute to three medical aid schemes, namely Discovery Health, Bestmed and Umvuzo.

The obligation in respect of the medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was prepared on 31 March 2014 by the Health Monitor Company.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9,00%	8,60%
Medical aid inflation rate	6,50%	7,53%
Net effective discount rate	0,28%	1,00%
Retirement age		
Males	65	65
Females	65	65
Number of eligible members	1432	629
Number of pensioners	447	326
Mortality pre-retirement		
Male	SA 85-90 (light)	
Female	SA 85-90 (light)	
Mortality post-retirement		
Male	PA90 males rated down by one year	
Female	PA90 females rated down by one year	
Effect of one percent increase and decrease in the health care cost inflation rate is as follows:		

	1% Increase R'000	Valuation Basis R'000	1% Decrease R'000
Employer's accrued liability	471 418	408 758	357 311
Actuarial (gain) /loss	220 161	157 500	106 053



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
15. LONG TERM BORROWINGS		
Secured borrowings	16 135	16 308
(i) Industrial Development Corporation (IDC) - Commercial development	8 720	12 224
(ii) Wesbank Limited - Lease obligations	8 004	4 292
Total borrowings	16 724	16 516
Short-term portion transferred to current borrowings	(7 358)	(6 556)
Long-term borrowings	<u>9 366</u>	<u>9 960</u>
Borrowings		
	8 720	12 224
Less: Current portion transferred to current liabilities	3 504	3 504
Total long term non-current borrowings	<u>5 216</u>	<u>8 720</u>

(i) The commercial development IDC long-term loan was entered into for development of new infrastructure to a total value of R35 million.

The loan is repayable in 119 equal monthly instalments of R0,292 million that commenced 1 October 2006 with a final instalment of R0,252 million on 1 August 2016. The loan bears interest at prime less 2.5%. At 31 March 2014 the interest rate was 7.5% (2013 -7,5%)) subject to a minimum rate of 7,5%.

In terms of section 32.1.1 of the Treasury Regulations, SANParks may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

The IDC loan is guaranteed by a notarial bond over movable assets as detailed in Note 9.4.1



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Finance Lease Liability - Wesbank

2014	Present value of minimum lease payments	Future finance charges	Minimum lease payment
	R'000	R'000	R'000
Amounts payable under finance leases			
Within one year	3 491	363	3 854
Within two to five years	3 924	226	4 150
	7 415	589	8 004
Less: Amount due for settlement within 12 months (current portion)	3 491	363	3 854
	3 924	226	4 150
2013	Present value of minimum lease payments	Future finance charges	Minimum lease payment
	R'000	R'000	R'000
Amounts payable under finance leases			
Within one year	2 844	164	3 008
Within two to five years	1 240	44	1 284
	4 084	208	4 292
Less: Amount due for settlement within 12 months (current portion)	2 844	164	3 008
	1 240	44	1 284

- (ii) Lease obligations are secured by moveable assets which revert to the lessor in the event of default as detailed in Note 9.4.2. The lease obligations bear interest at 7% (2013 - 6.5%) per annum.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
16. LIABILITIES FROM NON-EXCHANGE TRANSACTIONS		
Opening balance	37 522	641 825
Infrastructure grants received	306 843	63 000
Grant amount utilised	(220 204)	(667 303)
Closing balance	124 161	37 522
Opening balance - (Refer Note 12)	225 858	137 956
Special project grants received	565 213	532 099
Grant amount utilised	(506 890)	(440 856)
Closing balance	284 181	229 199
Total liabilities from non-exchange transactions	408 341	266 721
Special Project Grants		
Nature Conservation Trust - HGBF		
Opening balance	-	-
Grant income	54 440	-
Grant amount utilised	-	-
Closing balance	54 440	-
Working for Water		
Opening balance	500	2 049
Grant income	290 388	359 642
Grant amount utilised	(284 375)	(361 191)
Closing balance	6 513	500
Limpopo Transfrontier Park		
Opening balance	4 799	1 795
Grant income	-	3 968
Grant amount utilised	(4 504)	(964)
Closing balance	295	4 799
Ivory sales		
Opening balance	66 724	59 091
Grant income	4 628	10 692
Grant amount utilised	(30 057)	(3 059)
Closing balance	41 295	66 724
Mellon foundation		
Opening balance	7 863	7 952
Grant income	12 484	2 336
Grant amount utilised	(6 587)	(2 425)
Closing balance	13 760	7 863



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	31 March 2014 R'000	31 March 2013 Restated R'000
Theta		
Opening balance	2 724	3 235
Grant income	11 304	29
Grant amount utilised	(720)	(540)
Closing balance	13 308	2 724
EPWP		
Opening balance	(3 342)	(20 691)
Grant income	29 562	68 101
Grant amount utilised	(24 586)	(50 752)
Closing balance	1 634	(3 342)
Other		
Opening balance	146 590	63 834
Grant income	216 847	155 431
Grant amount utilised	(156 063)	(72 675)
Closing balance	207 374	146 590



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

31 March 2014
R'00031 March 2013
Restated
R'000

17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Other payables	12 582	14 455
WCA Accruals	7 128	7 938
Cred recon suspense	4 252	5 161
Deps received (not reservation)	57	92
Deps received	71	46
Unclaimed credits/stale cheques	1 000	1 144
Salaries - small change control	(1)	(1)
Salary control	75	75
Trade payables	127 366	126 177
Accrued expenses	6 746	8 947
Revenue received in advance	72 695	39 997
Value added tax	720	8 669
	220 109	198 245

18. RESERVATION DEPOSITS

Opening balance	147 025	128 364
Current year deposits	4 907 354	3 415 916
Deposits utilised during the year	(4 837 943)	(3 397 256)
Closing balance	216 436	147 025

19 PROVISIONS

Leave liability	39 427	34 339
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Employee entitlement to annual leave is recognised as and when it accrues to employees. An accrual is made for the liability for annual leave as a result of past services rendered by employees to the year end date. The organisation allows its employees to accumulate annual leave to a maximum of one year's allocation. The organisation remains liable to pay out an amount equal to the leave balance at the current rate of remuneration.

Bonus provision	6 118	5 743
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Provision for bonuses to employees on A and B level payable in December of each year.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

20.1 *Prior Period Error - Investments*

During 2014, SANParks disclosed that cash and cash equivalent was incorrectly classified as non-current investments. Investments should have been recognised as part of cash and cash equivalent in 2013.

In 2013 the following was reported:

	31 March 2013
Non-current assets	
Investments	198 896
Current assets	
Cash and cash equivalent	370 297

The correction of this error has the following financial implication in the 2013 Statement of Financial Position:

	31 March 2013
Non-current assets	
Investments	-
Current assets	
Cash and cash equivalent	569 193

The correction of this error has the following financial implication in the 2012 Statement of Financial Position:

	31 March 2012
Non-current assets	
Investments	-
Current assets	
Cash and cash equivalent	282 441

20.2 *Prior Period Errors - Incorrect Deferred Income Amount*

During the current year we identified that deferred income arising from grant assets was recognised at an incorrect amount in prior periods.

The comparative amounts have been restated as follows:

Decrease in deferred income	347 511
Net effect on Statement of Financial Position	-
	347 511
Net effect on accumulated surplus opening balance	-
	347 511



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20.3 Prior Period Errors - Zero Value Assets

The useful lives of items of property, plant and equipment of SANParks were not at each reporting date reviewed in prior periods as required by GRAP 17. Consequently assets that actually had different useful lives than those previously estimated were not identified. The useful lives were therefore, not adjusted as a change in accounting estimate as required by the Generally Recognised Accounting Practice (GRAPs). This error has been identified in the current financial period and is retrospectively corrected for the periods presented with the financial statement line item effect below:

The comparative amounts have been restated as follows:

	2 013
Decrease in depreciation	12 537
Net effect in Financial Performance	<u>12 537</u>
Increase in property, plant and equipment	27 810
Net effect on Statement of Financial Position	<u>-</u> <u>27 810</u>
Net effect on accumulated surplus opening balance	<u>40 347</u>

20.4 Prior Period Errors - Grant Expenditure

During the current year we identified that SANParks included as assets under construction, certain items that relate to expenditure from special projects grant.

The comparative amounts have been restated as follows:

Increase in expenses relating to government grants	61 188
Net effect in the Statement of Financial Performance	<u>61 188</u>
Decrease of assets under construction	61 188
Net effect on Statement of Financial Position	<u>-</u> <u>61 188</u>
Net effect on Accumulated surplus opening balance	<u>122 377</u>

20.5 Prior Period Errors - Assets Not Included In The Fixed Assets Register

During the current year we identified SANParks' infrastructure assets that were completed during previous periods that were never included in the fixed asset register.

The comparative amounts have been restated as follows:

Increase in property, plant and equipment	183 228
Increase in accumulated depreciation	(9 369)
Net effect in the Statement of Financial Position	<u>173 860</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20.6 Prior Period Errors - Incorrect Value for Assets under Construction

During the current year we identified that SANParks had incorrectly recognised certain expenditures into assets under construction. The error had the following impact on the Annual Financial Statements;

The comparative amounts have been restated as follows:

Decrease in assets under construction	318 708
Net effect in the Statement of Financial Position	<u>318 708</u>

20.7 Prior Period Errors - Capital Expenditure Assets not Included in the Fixed Asset Register

During the current year we identified SANParks' different category of assets that were not included in the fixed asset register.

The comparative amounts have been restated as follows:

Increase in property, plant and equipment	57 259
Increase in accumulated depreciation	<u>(5 201)</u>
Net effect in the Statement of Financial Position	<u>52 058</u>
Net effect on accumulated surplus opening balance	<u>52 058</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20.8 Change in Accounting Policy

The following adjustments were made to amounts previously reported in the annual financial statements of the entity arising from the implementation of new accounting policies and changes to existing policies:

During the year under review, SANParks adopted GRAP 23: Revenue from non-exchange transactions, which caused a change in the accounting policy. Previously, IAS 20: Government grants, was used.

The previous standard, IAS 20: Government grants, required that government grants be recognised in the profit and loss on a systematic basis, using the income approach, over the periods in which the entity recognises as expense the related costs for which the grants are intended to compensate.

The adopted standard, GRAP 23: Revenue from non-exchange transactions, requires that inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the entity satisfies a present obligation recognised as a liability, in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

The comparative amount has been restated as follows:

Revenue from non-exchange

Revenue from non-exchange relating to periods prior to 2013

Net effect on surplus/ (deficit) for the year

2014	2013
(220 204)	61 245
-	606 058
(220 204)	667 303



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	2014 R'000	2013 R'000
21. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year from:		
Continuing operations	40 751	(76 283)
Adjustments for:		
Depreciation	82 521	76 110
Increase in provision for post-retirement benefit obligation	166 077	(828)
Movement in provisions	5 088	9 316
(Gain) /loss on sale of assets	2 930	2 693
Other losses and net shortages	2 748	823
Other non-cash items	5 711	27 812
Operating surplus before working capital changes	305 826	39 644
(Increase) /decrease in inventories	(1 952)	(11 820)
(Increase) /decrease in trade and other receivables	(3 973)	(3 102)
Increase/ (decrease) in conditional grants and receipts	59 008	103 170
Increase/ (decrease) in trade and other payables	27 327	61 363
Movements in payments made and received in advance	69 412	18 660
Movement in Infrastructure grants	(191 774)	(10 158)
Net cash flows from operating activities	263 874	197 758

22. FINANCIAL INSTRUMENTS*22.1 Capital Risk Management*

South African National Parks' objectives, when managing capital, are to safeguard their ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of SANParks consist of debt, which includes the borrowings, cash and cash equivalents and equity.

There have been no changes to what SANParks manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

22.2 Financial Risk Management

South African National Parks' activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

SANParks overall risk management program focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on SANParks financial performance. Risk management is carried out under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

22.3 Maximum Credit Risk Exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. SANParks only deposit cash with major banks with high quality credit standing.

Cash deposits and cash equivalent: SANParks minimise credit risk, which is the risk of loss due to the failure of the security issuer by using banks with an A1+ or A1 grading according to the Fitch IBCA and similar grading reports. These banks are registered in South Africa and approved by the National Treasury.

Trade debtors: Sales to retail customers are settled in cash or using major credit cards. No credit is allowed unless backed by tender or agreement whereby risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The financial assets, carried at cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each classes of financial assets at cost.

Classes	2014	2013
Cash and cash equivalents - Operations	795 223	569 192
Trade and other receivables from exchange transactions	31 601	27 629
Other current financial assets	37 681	39 755

22.4 Concentration of Credit Risk

Potential concentrations of credit risk consist mainly of short-term cash, cash equivalent investments and trade debtors.

SANParks limits its counter party exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. The credit exposure to any one counter party is managed by setting transaction/exposure limits, which are reviewed annually.

Trade debtors comprise a large number of customers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Where appropriate, credit guarantee insurance cover is purchased. Trade debtors are presented net of the allowance for doubtful debt.

Concentration of credit risks

	Exposure R'000	% of Total exposure
Cash and cash equivalents	795 223	71%
Other parties	325 668	29%
	<u>1 120 891</u>	<u>100.0%</u>

22.5 Liquidity Risk

South African National Park's risk to liquidity is a result of the funds available to cover future commitments. SANParks manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

22.6 Interest Rate Risk

SANParks has no significant interest-bearing assets, therefore income and operating cash flows are substantially independent of changes in the market interest rates.

SANParks' interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose SANParks to cash flow interest rate risk. Borrowings issued at fixed rates will expose entity to fair value interest rate risk.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date as well as the cash flow interest rate risk.

2014	Within one year	Later than one year and not later than five years	Current interest rate
Gross finance lease obligations (note 15)	3 854	4 150	7%
Borrowings (note 15)	3 504	8 720	Prime less 2,5%
Trade and other payables (note 16 & 17)	220 109	-	
Revenue received in advance	216 436	-	
Long-term liabilities from non-exchange transactions	408 341	-	
Other	73 059	381 243	

2013	Within one year	Later than one year and not later than five years	Current interest rate
Gross finance lease obligations (note 15)	3 008	1 284	6,50%
Borrowings (note 15)	3 504	12 224	Prime less 2,5%
Liabilities from exchange transactions (note 16 & 17)	198 245	-	
Revenue received in advance	147 025	-	
Long-term liabilities from non-exchange transactions	266 721	-	
Other	54 759	228 004	

These amounts best represent maximum exposure to credit risk at the end of the reporting period without taking account of any credit enhancements.

22.7 Interest Rate Risk Sensitivity Analysis

The susceptibility of South African National Parks' financial performance to changes in interest rates can be illustrated as follows:

Effect of 1% change in the interest rate	Current interest rate	Value 31 March 2014	Discounted value at current rate	Discounted value at Current rate (+1%)	Discounted value at Current rate (-1%)
Trade and other receivables from exchange transactions	-	31 601	31 601	31 917	31 285
Trade and other payables from exchange transactions	-	220 109	220 109	222 310	226 265
Cash in current banking institutions	5%	501 156	477 291	482 064	472 518
Call investment deposits	-	294 067	294 067	297 007	291 126

The sensitivity analysis was based on the assumption that a 1% increase or decrease in the interest rate could occur. The method used to prepare the sensitivity analysis was based on the discounted value of the respective cash flow for one year using the respective current interest rate in order to determine the effect of applicable market risk of a 1% increase or decrease in the interest rate.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

22.8 Financial Assets Pledged as Security

The following financial assets were pledged as security for liabilities

Description of financial asset	Line item financial asset is included in	Value of the balance pledged as security - R'000	Details of the liability that it was pledged as security for
Mechanical and office equipment	Property, plant and equipment	53 267	A notarial bond in favour of the IDC borrowing
Vehicles, furniture and office equipment and software	Property, plant and equipment and Intangible assets	6 356	Serves as security under finance leases

23. SOUTH AFRICAN NATIONAL PARKS RETIREMENT FUNDS**23.1 South African National Parks Joint Retirement Funds**

The SANParks retirement fund consists of the SANParks Pension Fund and was established 1 November 1993.

Contributions by the employer and the employees are allocated to the SANParks Pension Fund. The fund is a defined contribution plan which is controlled by the Pension Funds Act, 1956 and administered by a financial institution. During the year, SANParks contributed an amount of R31,2 million (Note 6.3) for 2 131 employees (2013 - R35,5 million for 2 564 employees), to the retirement fund.

23.2 SACCAWU National Provident Fund

The fund is a defined contribution plan, which is controlled by the Pension Funds Act, 1956, and administered by a financial institution. Retirement benefits are based on the accumulated credits as contributed by both employer and employee. During the year SANParks contributed an amount of R16,8 million (Note 6.3) for 1 889 employees (2013 - R7,2 million for 1 074 employees).

24. RELATED PARTIES

The SANParks does not have control or significant influence over any other entity.

The SANParks is a statutory organisation governed by the Protected Areas Act, no. 57 of 2003, and a national public entity as listed under Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

The SANParks is not required to disclose the value of transactions with other public sector entities as the transactions were concluded within normal operating procedures and on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Key personnel

Key personnel is viewed to be all members of the Executive Management appointed by the Accounting Authority.

		Cost to Company	Uniform allowance	Bonuses and Incentives	2014 Total	2013 Total Restated
		R'000	R'000	R'000	R'000	R'000
Mabunda, MD Dr	Chief Executive Officer	2 394	1	530	2 925	2 966
Daphne, P ¹	Managing Executive: Parks	-	-	-	-	1 716
Sibiya, VA	Managing Executive: Kruger National Park	1 620	1	349	1 970	1 872
Magome, DT Dr	Managing Executive: Conservation Services	1 620	1	342	1 963	1 861
Mavuso, L	Managing Executive: Human Resources	1 302	1	265	1 568	1 508
Phillips, G	Managing Executive: Tourism	1 405	1	294	1 700	1 625
mkutshulwa, w ²	Managing Executive: Corporate Services	1 490	1	326	1 817	-
Songelwa, N Dr ³	Managing Executive: Parks	1 311	1	30	1 342	-
Mabilane, RT	Chief Financial Officer	1 756	1	362	2 118	2 032
		12 897	8	2 498	15 403	13 580

1- Mr Daphne's contract terminated 31 March 2013

2- Ms mkutshulwa was appointed from 1 April 2013

3- Dr Songelwa was appointed from 1 April 2013

No loans outside the policy applied when loans are granted to staff, have been made to key personnel. Dr D Mabunda and Dr H Magome qualify for post retirement health benefits and the liability as at 31 March 2014 has been included in the total liability of South African National Parks.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Board members attendance at meetings, remuneration and associated costs

	March 2014					
	Board Meetings & Workshops	Conservation & Tourism Committee	Audit & Risk Committee	HR & Remuneration Committee	Remuneration	Subsistence & Travel Allowance
Number of Meetings:	6	3	6	3		
	No	No	No	No	R	R
Mr KD Dlamini ¹	5	0	0	0	-	-
Dr GC Dry ²	6	3	6	3	49 784	3 752
Prof G Kerley	6	3	0	0	40 166	30 723
Ms B Kunene ³	3	0	5	0	17 126	3 127
Prof G Swan ⁴	5	3	0	0	26 744	2 630
Dr Z Lees	4	3	0	0	26 898	2 168
Ms R Kalidass	5	0	2	0	25 766	16 950
Mr S Mbangwa	4	0	0	2	14 246	10 215
Ms NS Mteto	4	0	4	0	15 686	787
Ms L McCourt	5	0	0	1	-	-
Dr MD Mabunda	4	3	4	3	-	-
Mr RT Mabilane	4	0	6	1	-	-
Total					216 416	70 352

1 - Chairperson - Board and Chairperson's Committee

2 - Chairperson - Conservation & Tourism Committee

3 - Chairperson - Audit and Risk Committee

4 - Chairperson - HR & Remuneration Committee

The Chairperson of the Board, Mr KD Dlamini has opted not to claim.

Ms L McCourt is a government employee and she is therefore, not eligible to receive the Board per diem remuneration.

Dr MD Mabunda and Mr RT Mabilane are employees of SANParks and therefore not eligible for Board per diem remuneration.

25. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for
Infrastructure

	2014 R'000	2013 R'000
	118 648	104 365
	118 648	104 365



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Department of Environmental Affairs (DEA) through the Natural Resource Management Programmes is working with South African National Parks, to establish an integrated Natural Resource Management Programme in South Africa. The suite of Natural Resources Management Programmes, spearheaded by the Working for Water Programme, ensure that South African National Parks addresses its responsibility relating to the management of natural resources, whilst ensuring meaningful livelihood opportunities are supported for those employed in these Programmes.

DEA makes funding available to South African National Parks for the implementation of programmes that ensure DEA achieves the above mandate. South African National Parks' responsibilities entails the following;

- Drafting of business plans, the total of which, informs the funding required from DEA.
- Implementation of projects in accordance with Business Plan.
- Adhere to all relevant guidelines, norms, standards and ministerial determinations, Code of Good Practice.
- Fulfil EPWP requirements, as detailed in Annexure 1 of the Memorandum of Agreement between South African National Parks and DEA.

DEA is involved in the management of the projects and certification of the work. DEA will also serve on the Project Advisory Committee for the purpose of progress and challenges on the project. DEA considers projects conditions to have been met on completion of project in accordance with stipulated deliverables in terms of designs and the business plans. These projects only create infrastructure assets. Additionally, these projects are audited by an external auditor, registered as a Public Accountant and Auditor in terms of the Public Auditing Act, 2005 and with the South African Institute of Chartered Accountants (SAICA).

26. CONTINGENT LIABILITIES

26.1 Land Claims

The Department of Rural Development and Land Reform did not award any land rights or land managed by SANParks to any claimant person or communities in the past financial year. SANParks is still supportive of the process of appropriate redress for persons or communities who unjustly lost rights or ownership of land as a result of it being declared a national park. No significant financial obligations are placed on SANParks in consequence of this process, however, the co-management framework with successful claimant communities and the attendant beneficent scheme will exert financial strain on SANParks once the land has been restored to the claimants.

26.2 Municipal Property Rates

National parks constitute rateable property in terms of the Local Government: Municipal Property Rates Act, No. 6 of 2004 (the Rates Act) which came into effect on 2 July 2005. The Rates Act started applying to national parks as from 2 July 2009.

SANParks made a submission to the Minister of Environmental Affairs in March 2011 whereby the Minister was requested to make a formal submission on behalf of SANParks to the Minister of Co-operative Governance and Traditional Affairs requesting:

- A total exemption of all national parks from the application of the Property Rates Act; or
- To consider prescribing a National Rates framework that can be applied to all national parks to bring about consistence to the application of the Rates Act by all municipalities and ensure that national parks afford the prescribed rates; and
- In the interim all national parks that are rateable, be exempted from payment of Property Rates until such time that the Minister of Co-operative Governance and Traditional Affairs has made a decision in respect of points..



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

27. PUBLIC PRIVATE PARTNERSHIP PROGRAMME - PPP FEE INCOME*27.1 Lodge Concession PPP Fees*

The lodge concessions entail allowing private operators to build and operate tourism facilities within the national parks, on the basis of a defined period usually over a 20 year concession contract. Investors take over and upgrade specified existing lodge facilities, or build new ones. The contractual mechanism is a concession contract, which enables the private operator to use a defined area of land, plus any building that may already exist on that land, over a specific time period in return for payment of concession fees. Against these rights of occupation and commercial use of facilities, there is a set of obligations on the part of the concessionaire regarding financial terms, environmental management, social objectives, empowerment and other factors. Infringement of these requirements carries specified penalties, underpinned by performance bonds, and finally termination of the contract, with the assets reverting to SANParks.

The annual concession fee payable by the concessionaire to SANParks for any given concession year shall be the higher of a minimum rental as determined by the agreement for the concession year or a calculated annual concession fee based on the bid percentage of gross revenue for the concession year.

At the end of the concession period the concessionaires shall hand over the concession area, the camp, all concession assets and its rights or interest in the developments to SANParks free of charges, liens, claims or encumbrances of any kind whatsoever and free of any liabilities in good condition, fair wear and tear excepted. The concessionaire shall not, other than as provided for in respect of the residual value, be entitled to payment of any compensation in connection therewith.

Performance bonds were provided to SANParks by the concessionaires that are operative from the effective dates. The concessionaires will maintain valid performance bonds from the effective dates until 90 business days after the expiry or earlier termination of the concession contracts. The amounts to be guaranteed by the performance bonds shall be equal to R250 000 at effective date and increased every three years by Consumer Price Index per Concession Area.

The calculated annual concession fee is based on the bid percentage of actual gross revenue for that concession year. The specific obligations per concession are detailed in the schedule below:

National Park - Concession Area	Concession holder	Commissioning Date	Termination Date	% of Gross Revenue
Addo - Gorah Elephant Camp	Hunter Hotels (Pty) Ltd	1 Jan 2001	31 Dec 2025	5 - 12,5%
Kruger - Mutlumuvi	Rhino Walking Safaris (Pty) Ltd	1 Jul 2002	30 Jun 2022	5 - 8%
Kruger - Mpanamana	Shishangeni Lodge (Pty) Ltd	1 Jan 2002	31 Dec 2021	10 - 20%
Kruger - Jakkalsbessie	Jakkalsbessie Lodge (Pty) Ltd	1 Jan 2002	31 Dec 2021	10 - 15%
Kruger - Jock of the Bushveld	Mitomeni River Lodge (Pty) Ltd	1 Jul 2001	30 Jun 2021	11,5 - 22%
Kruger - Lwakahle	Lukimbi Safari Lodge (Pty) Ltd	1 Nov 2001	31 Oct 2021	5 - 25%
Kruger - Mluwati	Imbali Safari Lodge (Pty) Ltd	1 Jan 2002	31 Dec 2021	10 - 25%
Kruger - Nwanetsi	Singita Lebombo (Pty) Ltd	1 Mar 2002	31 Dec 2032	12,30%
Table Mountain - Roundhouse	Roundhouse Hospitality (Pty) Ltd	1 Aug 2002	31 Jul 2027	4 - 5%
Table Mountain - Koeel Bay	Koeel Bay Hospitality (Pty) Ltd	1 Jan 2004	31 Dec 2023	3,5 - 10%
West Coast - Houseboats	Langebaan Houseboats (Pty) Ltd	1 Nov 2004	31 Oct 2024	10 - 20%
Addo - Nyati Concession	Nguni Safari Lodge	1 Jan 2001	October 2011	8 - 12%



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

27.2 *Public Private Partnership Programme: Retail and Restaurant Facility Rental Income (Refer note 2.1)*

The concession contracts for retail and restaurant operations entail allowing private operators to operate SANParks' existing facilities on the basis of a medium-term operating agreement. Investors manage and upgrade existing retail and restaurant facilities (it should be noted that as part of the most recent tender process SANParks undertook refurbishments to some facilities which included upgrading to electricity, refrigeration, roofs, floors and tiling). The agreements enable the operators to use a defined area over a pre-determined term in return for payment of concession fees. Funding for the refurbishment of aging infrastructure is for the concessionaire's account. Against the right of occupation and commercial use of facilities, there are set obligations on the part of the concessionaire regarding financial terms, environmental management, social objectives, empowerment and other factors. Infringement of these requirements carries specified penalties, including termination of the contract with the assets reverting to SANParks.

The monthly rental payable for the facilities by the private operator to SANParks for any given month shall be the higher of the fixed monthly rental as defined by the agreements, escalating on an annual basis; or the rental based on actual gross revenue realised, expressed as a percentage of gross revenue.

The private operators have provided SANParks with Performance Bonds equivalent to three months fixed rental in the form of Performance Guarantees that secure the operators performance under the Operating Agreement on the basis set out in the Facilities Rental Agreement.

The management agreement with the Compass Group for operation of the restaurants in the Kruger National Park was extended to 31 July 2014 to allow for SANParks to source suitable replacement restaurant operators. This was done and the following restaurants in the KNP started operation under new management in the 2013/14 financial year: Berg en Dal restaurant, Selati restaurant in the Skukuza camp and Lower Sabie restaurant.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

The following schedule summarises the potential income receivable from the various operators for the various sites:

Operator	Commissioning Date	Termination Date	Annual Minimum rental	% of Gross Revenue
The Park Shop North (Pty) Ltd	1 Feb 2013	1 Feb 2023	10 670 100	12
The Park Shop South (Pty) Ltd	1 Feb 2013	1 Feb 2023	1 402 000	12
Jobojali CC t/a Salt and Pepper Restaurant	1 Dec 2013	1 Dec 2023	144 900	5
Geelbek Restaurant	1 March 2013	28 Feb 2018	60 000	5
Tindlovu JV cc	1 Dec 2012	1 Dec 2022	144 900	7.5
Astrotail 145 cc	15 Nov 2012	15 Nov 2022	249 200	7
Aspigon 273 cc	1 March 2014	1 March 2024	415 722	7
Tourvest Holdings (Pty) Ltd	1 April 2014	1 April 2024	283 047	8
Select Events and Venues cc	1 Dec 2013	1 Dec 2023	193 295	7
Ringgold 468 (Pty) Ltd	1 Dec 2013	1 Dec 2023	113 358	7
Quay 4 Knysna	28 March 2008	27 March 2023		6 - 10%
Karoo National Park - Jan Viljoen	1 Dec 2003	30 Nov 2013	12 000	Flat rental

Activities

Augrabies Falls National Park	Canoe Trails			
Kruger National Park / Kgalagadi Transfrontier National Park	Avis	19 Dec 01	5 year term	19-25%
Cape Point Lease and TMACC	Cape Point - Concor	1 May 95	30 Jun 21	10,00%
	Table Mountain Aerial Company	26 Nov 26	25 Nov 25	12,50%
	Listers Arboretum Tearoom	1 Aug 10	31 Jul 15	10,00%
	Absailing	1 Dec 11	30 Nov 14	7,00%
	Rhodes Memorial	1 Oct 10	30 Sep 18	10,00%
Tsitsikamma Forest Income	Mild2Wild	1 Apr 13	30 Sep 13	R25 per person
	Tube and Axe	1 Apr 13	30 Sep 13	R25 per person
	Adventures Out There	1 Oct 13	30 Sep 18	8,00%
	Stormsriver Adventures - Treetop Tours and Woodcutter Trail	1 Apr 13		R25 per person
	Cadeau Hiking Trail	1 Sep 11	30 Sep 16	8,00%
Tsitsikamma Rest Camp	Untouched Adventures	1 Apr 14	30 Sep 14	10,00%
Wilderness Rest Camp	Eden Adventures Canoe Trails	1 Apr 13	31 May 14	15,00%
Farleigh Forest	Goudveld Tea Garden	1 Dec 13	31 Mar 17	R21 600.00 pa



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

Operator	Commissioning Date	Termination Date	Annual Minimum rental	% of Gross Revenue
Contractual Parks				
Addo Nyati Section	Riverbend Country Lodge	1 Jun 04	31 May 54	3,5 to 7,5%
Marakele	Marakele Pty Ltd	2 Nov 00	01/12/2030	4-8%
Addo	Kuzuko Lodge	99 year lease		4,00%
West Coast National Park	Duinepos Chalets	1 Mar 09	1 Mar 19	5,00%
Kgalagadi National Park	Ixhaus Lodge	1 May 07	30 Apr 27	5-10%
Tankwa Karoo National Park	Gannaga / Tankwa Lodge	1 Apr 10	revised every 3 years	6,00%

Various other restaurants specifically in the Kruger National Park as well as Tsitsikamma Section of the Garden Route National Park will become operational within the 2014/15 financial year.

27.3 Biological Assets

South African National Parks main purpose is the conservation of a representative system of biodiversity, landscape, encompassing fauna, flora, geological structures and unique scenery within the national park under its management authority. SANParks does not focus on traditional natural resource management of species, but rather on ecosystem management and ecological integrity within the national park; SANParks can intervene in ecosystems responsibly and sustainably, but it focuses management on complementing natural processes (e.g. floods, fires and disease outbreaks) under a minimum interference philosophy. SANParks does not manage for the reproduction of biodiversity, but for biodiversity representivity and complementarity that promote resilience and ensure ecosystem integrity. SANParks acquired the majority of biodiversity at no cost.

SANParks major source of revenue comprise retail, tourism and concession with tourism (in the form of accommodation and conservation fees) being the most significant revenue source. SANParks management is involved in the biological transformation of fauna and flora primarily as a service to the public for the purpose of a recreational activity, rather than for sale.

SANParks performs wildlife censuses from time-to-time on animals that can easily be counted from the air and for specific sections of national parks where after the results of such counts are extrapolated to estimate the total number of animals in the national park. SANParks is not able to accurately measure the quality and/or quantity of all their faunal and floral biological diversity within the national park. SANParks does not perform counts on small animals, insects, birds, marine and freshwater biodiversity.

SANParks does not measure the quantities of biological assets as they are not of a nature that can be easily counted and the parks cannot keep up with births and deaths and migrations of wildlife, although the parks undertake an annual game census. As the biological assets cannot be counted, it is impossible to calculate gains and losses in biological assets during the year.



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

	Notes	31 March 2014 Actual R'000	31 March 2014 Budget R'000	31 March 2014 Difference R'000	31 March 2013 Actual R'000	31 March 2013 Budget R'000	31 March 2013 Difference R'000
Revenue							
• Exchange Revenue		(1 253 710)	(1 163 947)	(89 763)	(1 082 065)	(1 002 449)	(79 616)
Tourism, retail, and concession	2.1	(1 200 012)	(1 117 424)	(82 588)	(1 058 117)	(956 577)	(101 540)
Sale of fauna and flora	4	(33 529)	(12 000)	(21 529)	(3 752)	(12 000)	8 248
Other operating income	2.3	(20 169)	(34 523)	14 355	(20 196)	(33 871)	13 675
• Non-Exchange Revenue		(949 032)	(205 472)	(743 559)	(643 134)	(158 931)	(484 203)
Operational grants received	2.2	(392 738)	(191 171)	(201 566)	(196 158)	(145 452)	(50 707)
Land acquisition grant	3	(34 039)	(14 301)	(19 739)	(19 124)	(13 479)	(5 645)
Income from special project grants		(516 864)	-	(516 864)	(425 115)	-	(425 115)
Donations	5	(5 391)	-	(5 391)	(2 737)	-	(2 737)
Gross Revenue		(2 202 742)	(1 369 420)	(833 322)	(1 725 199)	(1 161 379)	(563 819)
Expenses		2 181 774	1 354 438	827 336	1 814 032	1 163 010	651 022
Operating expenses	6.1	715 942	617 757	98 185	689 540	501 394	188 146
Administration expenses	6.2	63 438	64 164	(726)	58 982	60 469	(1 486)
Compensation of employees	6.3	885 530	672 516	213 014	640 394	601 147	39 247
Expenses relating to special project grants		516 864	-	516 864	425 115	-	425 115
(Surplus) /Deficit from operations		(20 968)	(14 982)	(5 987)	88 833	1 631	87 202
Net investment income		(20 122)	(11 372)	(8 750)	(12 573)	(7 638)	(4 935)
Investment income	7	(21 275)	(12 886)	(8 389)	(15 605)	(10 201)	(5 404)
Finance costs	8	1 153	1 513	(361)	3 032	2 562	469
(Income) /Loss from ordinary activities		(41 090)	(26 354)	(14 736)	76 260	(6 007)	82 266
Extraordinary Items		339	54	285	23	-	23
(Surplus) /Deficit for the year		(40 751)	(26 300)	(14 451)	76 283	(6 007)	82 289



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

Reconciliation between actual and budget statement of financial performance

	31 March 2014 R'000
Surplus as per the Statement of Financial Performance	(40 751)
Variances on budget	
• Operational revenue - realised more than budget due to more visitors in parks than anticipated and a price increase in November 2013.	311 067
• Operational expenditure - a result of the Consumer Price Index and above inflation increase in costs.	(98 184)
• Maintenance expenditure - spent less than budgeted due to running behind on schedules.	726
• Finance activities - more interest received than anticipated due to very good cashflow and investment control.	8 750
• Donations received and extraordinary items.	5 106
• Human Resource cost: Mainly due to the huge increase in the liability arising from South African National Parks' post-employment subsidy of medical scheme contributions. Security services in the Kruger National Parks was insourced as well as additional rangers being appointed in the fight against rhino poaching.	(213 014)
Net surplus/deficit per approved budget	(26 300)



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