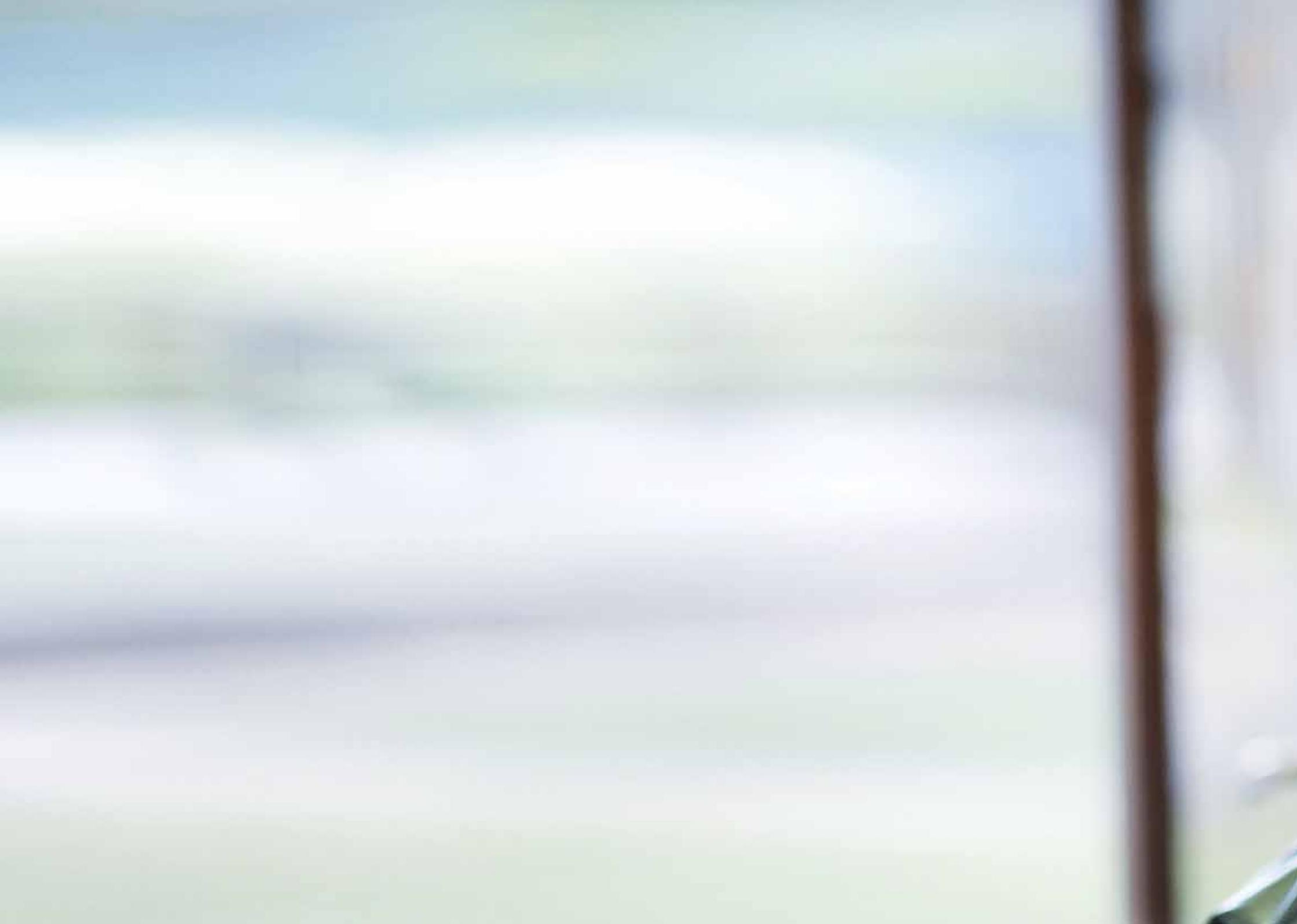


2015

The number '2015' is rendered in a large, bold, sans-serif font. The digit '2' is a solid tan color. The digit '0' is a dark, almost black color and contains a close-up photograph of a person's face, showing their eye and nose. The digit '1' is a solid tan color. The digit '5' is a dark, almost black color and contains a close-up photograph of a person's face, showing their eye and nose. The background is a textured, light brown surface.

# BEHIND THE SCENES

iSIMANGALISO WETLAND PARK **ANNUAL REPORT**





*We don't always acknowledge them. We sometimes don't even see them. But our staff are there; working hard behind the scenes of our unique World Heritage Site to conserve its heritage, protect its natural environment, ensure its smooth running and welcome its visitors.*

*We feature many of our people in these pages. To all of you we offer a thank you bigger than the dunes and whales of our park.*

*This annual report is dedicated to you.*

*Sunrise interview and photoshoot with our Tourism Information Officer, Thandi Shabalala, prior to the iSimangaliso St Lucia Half Marathon and Fun Run in May*

# CONTENTS

- 02** A Tribute to Herbert and Thembi
- 05** Message from the Minister of Environmental Affairs
- 09** Message from the Chairman
- 13** Message from the Chief Executive Officer
- 16** Board of Directors and Staff
- 17** General Information

## ANNUAL FINANCIAL STATEMENTS

- 19** Approval of the Financial Statements
- 22** Report of the Auditor-General to Parliament
- 25** Report of the Audit Committee
- 29** Corporate Governance
- 34** Performance Report
- 49** Directors' Report
- 57** Accounting Policies
- 66** Statement of Financial Position
- 67** Statement of Financial Performance
- 68** Statement of Changes in Net Assets
- 69** Cash Flow Statement
- 70** Notes to the Financial Statements
- 86** Detailed Statement of Financial Performance  
(Unaudited Supplementary Schedule)
- 91** Acknowledgements

*This report is printed on FSC™ 100% recycled paper*



# A TRIBUTE TO HERBERT AND THEMBI

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This report is dedicated to our staff who work relentlessly to bring social, economic and environmental improvement to our country. We would like to give a special acknowledgement to Herbert Mthembu and Thambi Buthelezi who are no longer with us. Our colleagues passed away tragically in a traffic accident on 5 November 2014, returning from a field trip to the site of the new field ranger camps that are being built to support anti-poaching efforts in the Park.

**Thambi Buthelezi** grew up near iSimangaliso in Madwaleni, matriculating in 1997 from the Madwaleni High School. In 1999 she wrote an exam qualifying her for the University of KwaZulu-Natal's Science Foundation Programme and headed for the Pietermaritzburg campus where her interest in agriculture culminated in a B.Sc. degree in Plant Pathology. Thambi joined iSimangaliso as an intern in 2004.

She was mentored by University of KZN's Professor Di Scott who spent some years working with iSimangaliso. At the end of 2005, Thambi was appointed as a Research Administrator. In October 2006 she joined the land care unit as Assistant Contract Manager, and was promoted to Contract Manager a year later. In 2010 Thambi was promoted to the position of the Environmental Management Officer at iSimangaliso. She worked in iSimangaliso and its buffer zone, making sure that environmental legislation was followed and that development did not have a negative impact on the World Heritage Site.

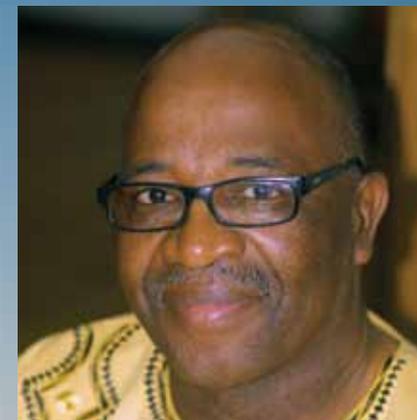
Thambi was a quick learner, always eager to be out of the office and in the field. She was a role model for women in the area and the organisation, and demonstrated that women are as capable as men in the conservation sector. Thambi was one of the first iSimangaliso staff

members to qualify as an Environmental Management Inspector (EMI). She was able to remain calm and smile under difficult circumstances - an important attribute in the area of compliance which is often confrontational. Thembi never said 'No', and she was always willing to try her best. When she committed to a course of action there was no stopping her. Thembi always said 'Yes' to life. This was a gift she gave to us all.

**Herbert Mthembu** was born in the Kosi Bay section of iSimangaliso - a true son of the soil. He had 40 years of committed conservation experience. In a career that began as a General Assistant at age 18 with the Natal Parks Board in 1976, his willingness to work hard and contribute enabled him to move quickly through the ranks. He was promoted to Field Ranger and then headed up anti-poaching operations. He completed his career with Ezemvelo KZN Wildlife as Conservation Manager of the uMkhuze section of iSimangaliso in 2004 to join iSimangaliso as its Park Operations Director. He had begun his Masters degree on full scholarship in 2014.

Herbert had a deep knowledge and understanding of fauna and flora and appreciated wild places. He was happiest when he was out in the field and we always knew it was a field day because Herbert would appear in the office in his bush hat and his boots with a beaming smile. Herbert wasn't scared of confrontation. In the early days of his career, conflict between conservation and communities was much more prevalent than it is today. He was warned on several occasions by local leadership that he and his staff would be killed. But he persisted, and he forged strong relationships with people in every iSigodi around iSimangaliso. So much so that he could arrest a man for poaching and still break bread with him the next day. Herbert valued integrity above all. He always believed that you should act in a manner that allows you to look another in the eyes. He believed in ubuntu in the true sense and this was reflected in his work and approach to problem solving. Herbert was a builder of bridges between people, conservation and the Park.

Mvelase, or 'Bra H' as he was more fondly called by our younger staff, you are gone but not forgotten.



*The Ncema Harvest* - around May every year, some 3 500 women from across the province of KwaZulu-Natal flock to our Park to harvest Ncema. Ncema is a fine reed and is the preferred material for making mats. Mats are central to traditional ways of life in our region and are used for sleeping, sitting and eating. Mats also play an important role in ceremonies including weddings and funerals.

Ncema grows in protected wetland areas. We open certain sections of the Park to allow harvesting of Ncema according to the Park's Sustainable Resource Use policy. Park ecologists ensure that the areas used are carefully chosen with rotational harvesting being practised to minimise environmental impact. Our staff are also on hand to issue permits to the participants and to monitor the harvesting.

---

Opposite: Mandisa Nkosi and Nosipho Ngcobo (Interns)



# MESSAGE FROM THE MINISTER OF ENVIRONMENTAL AFFAIRS

---

We are pleased to present the 2014/15 Annual Report of the iSimangaliso Wetland Park Authority, a jewel in our conservation estate, whose very name alludes to the miracles of nature to be found therein, from the Indian Ocean and corals to the east, and the bush and wetlands to the west.

The iSimangaliso Wetland Park was inscribed on the World Heritage roll in December 1999. It was the first of South Africa's sites to be accorded this privilege. With the status, came the responsibility for managing this iconic unique South African jewel, not only for our people, but for the global community. South Africa, as a developmental state, seeks to ensure that conservation efforts are within the space of socio-economic development.

Our livelihoods and economy depend entirely on our sustainable biodiversity. Without the natural resources and species that our country is richly endowed with, there would be no jobs, food, shelter, fuel, medicine and sectors like tourism.

In recognition of this, a new agency, the iSimangaliso Wetland Park Authority, was established to restore our beautiful World Heritage Site to its former glory. The big dream of creating one open ecological area so that animals could traverse the old migratory routes from the mountains to the sea was born.

So began the steady and considered redevelopment of the Park and the rebuilding of relationships.

The iSimangaliso highlights for 2014/15 included the delivery of conservation/visitor infrastructure totalling some R250 million, completing the return of all historically occurring species, and the continuation of work on the restoration of the natural functioning of Lake St Lucia. This formed part of iSimangaliso's drive to create Africa's greatest conservation-based tourism product centered around community empowerment.

Access for the physically disabled is part of the new infrastructure in line with iSimangaliso's strategy to enable all to enjoy the incredible beauty and solitude of the World Heritage Site.

The work has begun on the rebuild of the 200m walkway to kuMasinga, including ablution facilities, in keeping with other recent improvements throughout the Park. The car park has been reconfigured and an 'invisible' fencing placed between the car park and start of the walkway that allows visitors the unparalleled experience of walking unfettered in nature, yet adding to the peace of mind of those somewhat apprehensive of the presence of the uMkhuze section's growing lion population.

A phased approach was put in place to optimise the return on investment by government. The tourism market at the time was floundering, and the Park catered for a small segment of the market. Through the construction of appropriate infrastructure and the opening up of new areas for recreation many more interest groups are now catered for. Visitors can choose to explore this Park up close in a kayak, on foot, on a horse or a little more removed in a vehicle, or a big boat.

In a proactive and bold move, iSimangaliso has signed co-management agreements with claimants, even in instances where the land claims have not yet been finalised, and introduced progressive strategies to empower our people.

I hereby present the 2014/15 iSimangaliso Wetland Park Authority Annual Report which complies with all statutory reporting requirements of the Public Finance Management Act (PFMA) and the National Treasury Regulations.



Minister Edna Molewa, MP  
Minister of Environmental Affairs  
31 July 2015

*“Reeds are central to traditional ways of life in KwaZulu-Natal”*



*Nerosha Govender*





**Maintenance** - our infrastructure and facilities are meticulously maintained to ensure that they complement the Park's superlative natural beauty.

*iSimangaliso is committed to creating opportunities for local communities and therefore many of our projects are specifically designed around labour-intensive work that requires considerable manpower to complete.*

*With this in mind, our maintenance team collaborates with various contractors to repair iSimangaliso's numerous fences and roads, keep our picnic sites pristine, and assist with any building projects that are underway around the Park.*



# MESSAGE FROM THE CHAIRMAN

---

I have come to know the staff at iSimangaliso over the years, admittedly some better than others. In my time with them I have been impressed with the dedication and commitment of this team, this small family of conservation and development activists who have made the restoration of the iSimangaliso Wetland Park their calling.

Under the guidance of a visionary and tenacious leader, they have overcome many challenges and changed the lives of many people. Andrew Zaloumis and his team have given true meaning to the phrase "a people's park".

I am often reminded of George Bernard Shaw's words when working with this team: "The reasonable man adapts himself to the world: the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man". This is not a team of yes-men. They are passionate and driven and will motivate fiercely in the interests of conservation and empowerment.

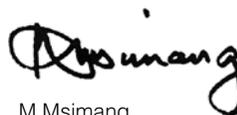
This is not to say they are all cut from the same cloth. On the contrary, they come from all walks of life: they are social scientists, conservationists, and planners. Some have worked in the private sector, in commerce or tourism. Some have worked for NGOs, They have different educational backgrounds and specialisations. They have learnt to build on each other's strengths and make less of their weaknesses. They are a finely balanced mix of bureaucrats and pioneers, detail-orientated and big picture people, leaders and supporters.

They are always looking for better ways to do things. The word failure is substituted with learning-experience, the word problem with challenge and opportunity. The word defeat is not in their vocabulary. I would describe them as adaptable, creative, enthusiastic, passionate, knowledgeable, considered, dogged, and energetic. No task is too big or too small.

They work until the job is done, often on weekends and after hours fighting fires, attending a community meeting, dealing with a crisis with a contractor, facilitating a far-flung training course, running a national athletic event like the exciting Mountain Bike Race or the iSimangaliso Half Marathon, escorting members of parliament on an inspection visit, reacting to an emergency in the park, overseeing the reintroduction of endemic game species, organising a local football match, accompanying a researcher into the Park, preparing for an audit or enforcing compliance with the strict environmental standards demanded of a World Heritage Site. The offices are humble, a park home which houses the new boardroom is the height of luxury, and there is no overtime pay or bonuses. (In fact personnel costs are only 10% of total expenditure). It is a demanding place to work.

Less visible are the many other local service providers who build and maintain park infrastructure, maintain our roads and fences, and keep our picnic sites pristine. We gratefully acknowledge the gruelling day-to-day work of our conservation agent, Ezemvelo KZN Wildlife.

I am humbled by the thought that the management of this extraordinary World Heritage Site rests on the shoulders of this small number of people who give of their best. I thank and salute you all.



M Msimang  
Chairman  
31 July 2015



*“Our infrastructure and facilities are meticulously maintained”*



*iSimangaliso's contracted cleaning staff* play a vital role in keeping the Park pristine and welcoming for visitors at all times.

*Whilst their responsibilities include the customary cleaning of facilities such as offices, hides, picnic sites and ablution blocks, their duties extend beyond the norm and include cleaning beaches, sanding and oiling timber structures and trimming trees which may intrude over walkways and hides. They further remove litter from roadsides, clear walking trails and mow everything from verges and nature paths to lawned areas.*



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

## iSIMANGALISO - A JOURNEY TO WHOLENESS

---

iSimangaliso's story is a story of restitution. There are in most countries places that, at certain moments in history, provide the backdrop against which a nation's collective aspirations and challenges play themselves out. Somehow Lake St Lucia - and the majestic wild lands of iSimangaliso - provides just such a symbolic landscape in South Africa today. In many ways, the rewilding of iSimangaliso forms a contemporary crucible in which the future of conservation in South Africa is being shaped.

iSimangaliso emerged from the oceans some 30 000 years ago as a consequence of climatic and geological events of the time. And it finds itself at a turning point again with the advent of climate change, global warming, and the many social and economic changes that we are experiencing. We are told that humans consume one and a half planets each year. We are told that the global shift to a low carbon economy is not happening fast enough and that consumerism will continue to increase. How development plays itself out in the next 10 to 15 years and the choices we make are critical for the future of mankind.

We know that the importance of environment and its wise use was neither understood nor valued as economies developed and countries sought to expand their influence across the globe. For iSimangaliso the incremental and steady destruction of the environment began in the late 1800s when the British parcelled off land around iSimangaliso for various uses including commercial agriculture. Extractive development that placed little if any value on natural resources has continued well into this century. The result was the decimation of game, the destruction of swamp forest, the drying up of lakes, the expansion of conservation-incompatible land uses such as military bases, and the emergence of sixteen different management regimes across the then unconsolidated 320 000ha park. The apartheid regime carried out forced removals of local populations to expand commercial plantations and establish a missile testing ground. The environmental agenda continued to lose ground as human misery deepened amongst natural plenty. By the time the Park was consolidated in 2000, the iSimangaliso region had become the second-poorest area in South Africa with some of the greatest development backlogs.

These were the puzzle pieces with which we, at iSimangaliso, started. We have come a long way with the restoration of the natural environment and the implementation of local livelihood strategies. iSimangaliso offers hope and a new model of conservation to other protected areas. In truth, however, iSimangaliso will always be a work in progress as our society changes and economies

shift. The already limited livelihood choices available to iSimangaliso's 640 000 people will become fewer as economies tighten, unsustainable practices continue and the impacts of climate change begin to be felt. The prognosis is not good, not just for iSimangaliso, but for the globe if our natural resources continue to remain "economically invisible". Perhaps it's time Mother Nature started billing.

My love affair with wild places and iSimangaliso started when I was a young boy accompanying my father Dr Nolly Zaloumis, on his dentistry trips to eManguzi Missionary Hospital. These trips always gave him an opportunity to pursue his passion - wetlands ducks. One of my earliest memories of these trips is being left hanging on a bending pool net pole inches above crocodile infested water, while he chased off after an escaping pygmy goose. This deep connection with the area was reaffirmed years later when as a reckless pony-tailed university student, I plunged my claptrap VW Beetle into the Kosi Bay Lake. The Beetle-turned-rowboat and I were swept straight into the life of 75-year-old Mshwayisa Tembe.

Mshwayisa, who would become a second grandfather to my children, lived high up on the Nkovukeni dunes that lie between the Kosi lakes and the sea. eNkovukeni is only accessible by foot. Mshwayisa was the natural leader of the 90-odd souls who lived on this spit of land. Once as we sat under his uMdoni tree he told me "Ngihlala phakathi kolwandle kanye nechweba umoya wolwandle uyangivuselela futhi uyangiphilisa" (I live between the sea and the lake and the wind keeps my spirit alive). He taught me the value of kinship and friends, and the interconnectedness of all things. This is best explained using the ecologically encompassing word "umuzi". Umuzi is used to denote a vine, a grain basket made from the vine, and a cluster of homesteads where people belong together under one uMnumzane (head of a homestead). He saw people and nature as one. From him I came to have a different view of conservation - a view from the other side of the fence informed by 800 years of traditional practices.

In 1994 big industry threatened to dredge mine the dunes of Lake St Lucia for titanium. This would strip the dunes of the very substance that is fundamental to the functioning of the wetland - water. This same titanium keeps the eggs of critically endangered leatherback turtles warm for hatching. Half a million South Africans signed a petition in this David and Goliath struggle. The new democratic government of South Africa under president Nelson Mandela, showed the world that there are socially- and environmentally-sustainable economic alternatives to smoke-stack industries. It turned down the mining, which would have destroyed this iconic place, in favour

# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

## CONTINUED

of conservation-based ecotourism. And so iSimangaliso, which extends from Maphelane to the Mozambique border comprising 8% of South Africa's coastline, was listed as a World Heritage Site in 1999, the first in our country. The idea of "developing to conserve" was born. The comparative study that was completed for the World Heritage application concluded that there is no other place quite like iSimangaliso on the planet. iSimangaliso was listed for its ecosystems processes, biodiversity, and sense of place and global beauty.

The Lubombo Spatial Development Initiative and subsequently the iSimangaliso Wetland Park Authority were established to give effect to this new approach. The strategy for the conservation of the Park recognised that ecosystems know no boundaries, that fish and birds cannot be controlled by fences, and that regional integration would be important. Mozambique and Swaziland became partners in this initiative.

The big dream to recreate the open ecological area that existed in precolonial times so that historically-occurring game can migrate from the mountains to the sea is almost a reality. This is enhancing the World Heritage values, increasing tourism opportunities and empowering local people. As we speak, iSimangaliso has established a black rhino population of continental significance, tourism supply has grown by 84%, and we are now one of the biggest employers in the region. Eco-tourism has become the regional economic driver.

iSimangaliso is one of the top eight biodiversity hotspots in the world. With 4 RAMSAR sites it has more wetland types than any other place in the world. It has five major ecosystems, 11 endemic species that occur only in iSimangaliso, 467 critically endangered and threatened species, and 25% of Africa's bird species. At a time when the rate of species extinction globally is 1 000 times higher than its natural rates, new species have been discovered every year since its World Heritage listing.

iSimangaliso is vital for the conservation of biodiversity. It is an important source of ecosystems goods and services. It showcases cultural heritage, provides

resources for traditional practices as well as subsistence, and is a source of significant economic benefits.

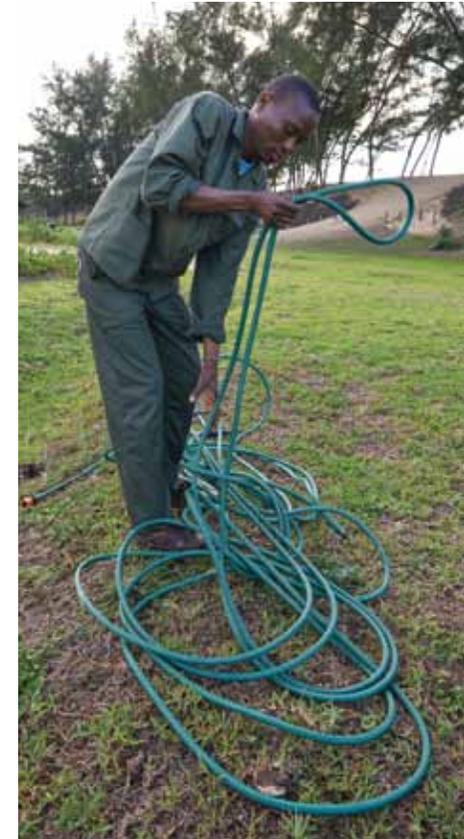
However, we know that for wild places to continue to exist we have to think beyond the extractive values of economics. We have to begin to recognise their real value - the contribution to our souls. Monbiot captures the issue of conserving our environment when he says rewilding brings back hope and inspiration, succour for the soul.

Self-determination brings us a step closer in the pursuit of higher ideals. Our development programmes are set up with that aim in mind. We have 67 students at university with a 96% pass rate. We support 178 small businesses. We run an internship programme. We generate some 8 000 permanent jobs and 2 000 temporary jobs each year. We manage natural resource harvesting and agriculture programmes, and implement crafts, art, drama, and many skills training programmes. We work extensively with schools to inculcate a green consciousness in our youth - the environment's new advocates.

But poverty remains a major problem in our area and people are tempted to believe the hollow promises of the smoke-stack industries to provide the jobs they desperately need. Romantic notions of a return to the land also challenge the existence of protected areas like iSimangaliso. There is no doubt that iSimangaliso's future is dependent on the socio-economic policies and choices of sub-Saharan Africa, and the continued political and economic backing of the South African government which has stood behind iSimangaliso since the 1990s.



Andrew Zaloumis  
Chief Executive Officer  
31 July 2015





*“iSimangaliso’s cleaning staff are key to maintaining the beauty of the Park”*



*Slindile Msweli with our team of cleaning staff*



*Thobeka Sibiya*



# BOARD OF DIRECTORS AND STAFF

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## Board of Directors

### Non-Executive Directors

M Msimang	- Chairman
K Mathebula	- Vice Chairman
S Mancotywa	- Dept of Environmental Affairs
Z Gumede	- kwaMduku Traditional Council
A Lax	
T Mhlongo	- Land Claimants
P Dlamini	- Ezemvelo KZN Wildlife
B Zwane	
T Nzama	

### Executive Director

A Zaloumis	- Chief Executive Officer
------------	---------------------------

### Staff

Basil Bafana	- Contract Manager: Commercial
Mike Bouwer	- Technical Manager: Park Operations
Terri Castis	- Chief Financial Officer
Debbie Cooper	- Executive Assistant: CEO
Lynette de Jager	- Finance Manager: Projects
Lindy Duffield	- Marketing and Brand Manager
Nerosha Govender	- Manager: Development and Planning
Trishia Govender	- Bookkeeper

Bronwyn James	- Senior Manager: Development and Planning
Abeeda Kadir	- Senior Manager: Finance
Sithembile Khumalo	- Administrator: Park Operations
Nonku Lafuleni	- Manager: Capacity Building
Siyabonga Mhlongo	- Media Officer
Stanley Mkhwanazi	- Assistant Contract Manager
Bheki Mlondo	- Assistant Contract Manager
Qiniso Mngomezulu	- Receptionist
Phumudzo Munyai	- Assistant Contract Manager: Land Care
Mfana Mthembu	- Bookkeeper
Carl Myhill	- Manager: Land Care
Ntombenhle Ncwane	- Contract Manager
Nqobile Nene	- Finance Clerk
Msizi Phakathi	- Finance Manager
Thandi Shabalala	- Tourism Information Officer
Sizo Sibiya	- Tourism Operations Manager
Ingelore Taylor	- Office/HR Manager
Minie Zikhali	- Assistant Contract Manager

### Contract Staff

Zakithi Mngomezulu	- Technical Officer: Rural Enterprise Programme
Thobeka Sibiya	- Project Assistant: GEF

# GENERAL INFORMATION

---

## Legal form of enterprise:

Established by Regulation 1193 of 24 November 2000, under the World Heritage Convention Act 49 of 1999. The iSimangaliso Wetland Park Authority is a Schedule 3A Public Entity.

## Nature of business:

The iSimangaliso Authority's business is to conserve the iSimangaliso Wetland Park and to create jobs and benefits for communities living in and adjacent to the Park through optimal tourism-based development. iSimangaliso is therefore in the business of conservation, local economic development and tourism.

## Country of incorporation:

South Africa

	<b>Total</b>	<b>Permanent</b>	<b>Temporary</b>	<b>Contract</b>	<b>Interns</b>
<b>Number of staff:</b>	27	27	0	2	14

## Address:

The Dredger Harbour, St Lucia  
Private Bag X05, St Lucia 3936  
Telephone: +27 (35) 590 1633  
Telefax: +27 (35) 590 1602  
[www.iSimangaliso.com](http://www.iSimangaliso.com)



*The iSimangaliso Environmental Education Programme gives us an opportunity to work with South Africa's future leaders - our youth. The primary goal of this programme is to create access for local communities by bringing learners from neighbouring schools into the Park and to create fun educational experiences around the natural and cultural heritage they can experience in iSimangaliso.*

*We are committed to providing environmental education and creating awareness in our communities. Many of the iSimangaliso-trained tour guides are employed on the environmental education programme. As an example of our commitment, we recently bought a bus specifically for awareness activities.*

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*Opposite: Sifiso Vumasi and a visiting school group*



# APPROVAL OF THE FINANCIAL STATEMENTS

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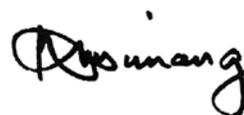
The annual financial statements set out on pages 57 to 88 have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 2 and 5 issued by the ASB in March 2009 and April 2010. The annual financial statements have been prepared on the historical cost basis.

The Board of Directors is responsible for the manner of presentation of the financial statements, the selection of accounting policies and the integrity of the financial information. The accounting policies have been approved by the Board.

The Board has satisfied itself that the organisation has maintained a system of internal control designed to provide reasonable but not absolute assurance that the assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The control system includes written accounting and control policies and procedures, clearly drawn lines of accountability and delegations of authority. All employees are required to maintain the highest ethical standards in ensuring that the organisation's business practices are

concluded in a manner which, in all reasonable circumstances, is above reproach. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits. The organisation maintains its internal control through, amongst other things, management review and a programme of internal audits.

The annual financial statements for the year ended 31 March 2015 set out on pages 57 to 88, have been approved by the Chief Executive Officer and the Board and are signed to that effect.



M Msimang  
Chairman  
31 July 2015



A Zaloumis  
Chief Executive Officer





Nerosha Govender

“ Building future environmental leaders ”

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

## ON THE iSIMANGALISO WETLAND PARK AUTHORITY FOR THE YEAR ENDED 31 MARCH 2015

---

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the iSimangaliso Wetland Park Authority set out on pages 57 to 85, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and the cash flow statement 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 Board of Directors, which constitutes 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 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 iSimangaliso Wetland Park Authority as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

#### Additional matter

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

#### Unaudited supplementary schedules

8. The supplementary information set out on pages 86 to 88 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT

## CONTINUED

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### **Predetermined objectives**

10. I performed procedures to obtain evidence about the usefulness and reliability of the Objective 1: conservation/park operations on pages 34 to 38 and Objective 4: finance and administration operations on pages 46 to 47, presented in the annual performance report of the public entity for the year ended 31 March 2015:
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned 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).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the conservation/park operations and finance and administration operations.

### **Additional matter**

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

### **Achievement of planned targets**

16. Refer to the annual performance report on pages 34 to 47 for information on the achievement of the planned targets for the year.

### **Compliance with legislation**

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

### **Internal control**

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

### **OTHER REPORTS**

#### **Audit-related service and special audits**

19. Agreed-upon procedures engagement were performed on donor funding relating to non-financial information as stated in the memorandum of agreement between the entity and the donor. The reports were issued on 19 December 2014 and 27 July 2015 which covered the periods; 1 April 2014 to 30 November 2014 and 1 April 2014 to 31 March 2015.

*Auditor-general*

Pietermaritzburg  
29 July 2015

*iSimangaliso's staff* have strong experience in development and conservation. The small, dedicated team is deeply committed to the iSimangaliso Wetland Park and its people. The team can list among its achievements: the redevelopment of the Eastern Shores, Western Shores and uMkhuze sections of the Park; benefit programmes that provide support to 178 small businesses, 67 university students, crafters, artists, and tour guides; and environmental education among others. The team also places a strong emphasis on corporate governance - and this shows in its audit track record - 14 consecutive unqualified audit opinions, one for each year of operation.



# REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2015.

## **Audit Committee members and attendance:**

The Audit Committee consists of the members listed hereunder and meets at least twice per annum as per its approved terms of reference. During the current year three meetings were held.

<b>Name of Member</b>	<b>29 May 2014</b>	<b>24 July 2014</b>	<b>19 March 2015</b>
L Quayle (Chairperson)	✓	✓	✓
ME Stewart	✓	✓	✓
P Dlamini			
K Mathebula	✓	✓	✓

## **Audit Committee responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from sections 51 and 55 of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## **The effectiveness of internal control**

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit 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. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial

Statements and the management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

## **The quality of the monthly/quarterly reports submitted in terms of the PFMA**

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the iSimangaliso Wetland Park Authority during the year under review.

## **Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority
- Reviewed the Auditor-General's management letter and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit

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



Chairman of the Audit Committee  
31 July 2015



*Carl Myhill*



*Debbie Cooper*



*Nqobile Nene*



*Ntombenhle Ncwane*



*Terri Castis*



*Abeeda Kadir*



*Msizi Phakathi*



*Andrew Zaloumis*



*Bronwyn James*



*Trishia Govender*



*Stanley Mkhwanazi*



*Minie Zikhali*



*Phumudzo Munyai*



*Zakithi Mngomezulu*



*Lindy Duffield*



*Nonku Lafuleni*



*Thobeka Sibiya*



*Ingelore Taylor*



*Sizo Sibiya*



*Basil Bafana*



*Lynette de Jager*



*Siyabonga Mhlongo*



*Qiniso Mngomezulu*



*Bheki Mlondo*

**Intern programme** - we currently have 14 new graduates as interns as part of the 'Groen Sebenza Pioneers' programme funded through SANBI (an agency of the Department of Environmental Affairs). They are participating in a 20-month work experience programme.

Selected from hundreds of applicants, these go-getting youngsters have brought a youthful, fresh perspective to iSimangaliso.

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Opposite: Phumlani Lugagu (Intern) working on Ncema Research



# CORPORATE GOVERNANCE

The iSimangaliso Wetland Park Authority's Board is cognisant of its obligations and responsibilities under the World Heritage Convention Act, the Protected Areas Act and the Public Finance Management Act (PFMA) and, more broadly, of corporate-governance issues. It recognises that sound governance is important to enable the iSimangaliso Authority to properly fulfil its objectives and to retain the confidence of all relevant stakeholders. The Board's purpose is to formulate policy and to oversee the executive of the iSimangaliso Authority. Members of the Board are mindful that they have a fiduciary duty to all stakeholders and are accountable to them through the relevant organs of state. Members of the Board are required to exercise care and skill in the performance of their duties. Extract from the Charter of the iSimangaliso Wetland Park Authority's Board of Directors.

Corporate governance is accorded the highest importance by the iSimangaliso Authority. Its Board and staff are required to conduct themselves with integrity and in the best interests of the organisation.

The iSimangaliso Authority's Board believes that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices & Conduct set out in the King Report on Corporate Governance for South Africa 2002 (King II Report), as well as the Protocol on Corporate Governance in the Public Sector 2002 and applicable management guidelines set down by UNESCO, and has begun integrating the more salient recommendations of the 2009 King III Report in its governance systems.

The organisational arrangements and systems that have been put in place to ensure good corporate governance embrace the inclusion of non-executive directors on the Board, the use of Audit, Executive and Tender Committees, as well as independent (outsourced) internal audits. Detailed financial policies and procedures make it clear that corporate governance and financial control are the responsibilities of every staff member in the organisation.

## **Governing bodies**

### ***Board of Directors***

The Board of Directors is appointed by the Minister of Environmental Affairs. It comprises a majority of non-executive directors and meets quarterly. The Chairman and Vice Chairman

are both non-executive directors. The board comprises representatives from key stakeholder groups.

### ***Non-executive Directors***

M Msimang	Chairman
K Mathebula	Vice Chairman
S Mancotywa	Department of Environmental Affairs
Z Gumede	kwaMduku Traditional Council
A Lax	
T Mhlongo	Land Claimants
P Dlamini	Ezemvelo KZN Wildlife
B Zwane	
T Nzama	

### ***Executive Directors***

A Zaloumis	Chief Executive Officer of the iSimangaliso Wetland Park Authority
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### ***Roles and Functions***

The CEO is the entity's Accounting Authority. The Board of Directors is responsible for the formulation of policy for the Park and for overseeing its implementation. It is also responsible for the adoption of strategic plans, for monitoring operational performance and management, for approving policy and processes to ensure the integrity of the Park's risk management and internal controls, and for the appointment of the executive staff. The Board has approved a charter that provides guidance to its directors in discharging their duties and responsibilities. The Board carries out a self-evaluation on a regular basis.

Remuneration of the directors is prescribed by Treasury. In the case of the current Board, the majority of non-executive directors have elected to work on a pro bono basis. The CEO's salary is determined in accordance with the grading and remuneration system that was approved by the then Minister of Environmental Affairs and Tourism in concurrence with the Minister of Finance.

*“Our interns are involved in an array of activities throughout the Park”*



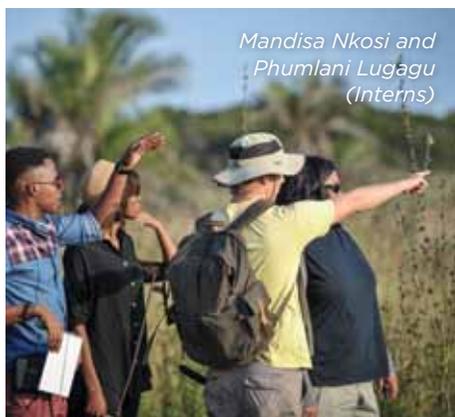
*Phumlani Lugagu and Mandisa Nkosi (Interns)*



*Nerosha Govender, Nosipho Ngcobo, Mandisa Nkosi and Phumlani Lugagu (Intern)*



*Nerosha Govender*



*Mandisa Nkosi and Phumlani Lugagu (Interns)*



*Mandisa Nkosi (Intern)*



*Phumlani Lugagu (Intern)*



*Bongani Gumedi (Intern)*



*Nkosikhona Mbatha, Fanela Fakude and Sifiso Vumase (Interns)*



*Fanela Fakude (Intern)*



*Sifiso Vumase, Nosipho Ngcobo and Nkosikhona Mbatha (Interns)*



*Zwelithini Miya (Intern)*

# CORPORATE GOVERNANCE

## CONTINUED

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### ***Audit Committee***

The Audit Committee is responsible for overseeing audit functions, internal control and the financial-reporting process. The committee comprises a number of independent members who are qualified chartered accountants. Other members include the Vice Chairman of the Board, Karin Mathebula, and Poppy Dlamini (who is also a member of the Board).

The Chief Financial Officer of the Department of Environmental Affairs and the Auditor-General attend meetings of the audit committee as observers.

### ***Internal Audit***

The internal audit function provides an independent, objective appraisal and evaluation of the risk management processes, internal controls and governance processes, and identifies corrective actions and enhancements to these.

The internal audit function is outsourced. These audits are carried out according to a three-year rolling plan, updated annually, and are based on the risks identified in the risk management process.

### **Risk Management**

The Board's policy on risk management embraces all significant risks to the iSimangaliso Authority which might undermine the achievement of its business objectives. In addition to regular reports by the executive, the Board also receives assurance from its internal auditors on risk and internal control.

The Board is of the opinion that appropriate risk management policies and practices are in place, and that adequate systems and expertise are being applied to achieve compliance with those policies and procedures. Mechanisms for managing risk include, where appropriate, the transfer of risk to third parties (for example, through public-private partnerships), the maintenance of an appropriate mix of self-insurance and commercial insurance for risks that the organisation retains, internal controls, and business-continuity planning, amongst other things.

Additional information is provided in the Accounting Policies section of the Annual Financial Statements.

### **Environmental Management**

The iSimangaliso Authority and its Board abide by the National Environmental Management Act: Protected Areas Act, and the World Heritage Convention Act, amongst others. The day-to-day wildlife and biodiversity management is carried out by Ezemvelo KZN Wildlife in accordance with a management agreement between it and the iSimangaliso Authority, pursuant to the regulations under the World Heritage Convention Act.

The Board believes that its environmental programmes conform to international best practice and are in line with the Park's inscription as a World Heritage Site which was based on its outstanding ecological beauty and bio-diversity.

### **Social Management**

The Board has adopted government's broad-based black economic empowerment (BBBEE) policies and has implemented a system based on the Department of Trade and Industry's codes and, where appropriate, on the Tourism Charter. Prospective new tourism enterprises in the Park are appraised in terms of a BEE scorecard and are required to include local communities as mandatory equity partners in their operations and as preferred service-providers in their procurement plans. The Park also implements special community-development programmes integral to its management of social and environmental risk.

### **Social and Environmental Risk**

The Park is situated in an area beset with unemployment and poverty, and people living in and around the Park see it as a source of economic benefit, both directly in the form of employment, and indirectly through the use of its natural resources for income generation.

To manage this risk, the iSimangaliso Authority implements special community-development programmes in areas such as craft production, interpretation of culture, tourism training, art, life-skills, HIV/AIDS awareness and entrepreneurship. It also sources people from neighbouring

# CORPORATE GOVERNANCE

## CONTINUED

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communities in the execution of its construction and land-rehabilitation programmes and provides alternatives to unsustainable practices that impact negatively on the ecology.

The iSimangaliso Authority also participates actively in crime-prevention fora in the area.

At a macro-level, the iSimangaliso Authority monitors the impact of climate change on the natural resources in the Park. It has also raised funds for the improvement of the hydrology of Lake St Lucia.

### **Communications Strategy**

The iSimangaliso Authority maintains a policy of open communication with its stakeholders on matters of significant interest and concern to them. Every effort is made to ensure that the information furnished to stakeholders conforms with the criteria of openness, substance over form, relevance, clarity, effectiveness, transparency and objectivity.

The iSimangaliso Authority publishes regular newflashes which keep stakeholders informed about developments as well as a website. Public consultations and meetings are held to keep community groups, environmental NGOs, relevant public institutions and private parties informed about the Park, the challenges it faces and activities undertaken. Regular meetings are held with land claimants and Traditional Councils. The iSimangaliso Authority also participates in a number of intergovernmental committees and fora.

### **Safety**

The iSimangaliso Authority abides by occupational health and safety laws and regulations. Staff and contractors working in the Park are trained in how to deal with dangerous game and how to use and dispose of toxic chemicals, especially in the Park's alien vegetation-clearing programme.



# PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2015

The iSimangaliso Authority (iSimangaliso) reviews and revises its corporate strategy annually in line with Government imperatives, its mandate in terms of the World Heritage Convention Act, changes in the business environment and its actual delivery. Its activities are monitored both quantitatively and qualitatively to ensure that the targets that are set are

achieved while observing iSimangaliso's code of ethics and conduct, as well as its policies and procedures. The quantitative indicators are determined by taking into account:

- iSimangaliso's risks
- Best practice in conservation, development and empowerment/transformation

- Costs and benefits of collecting the information vs its usefulness to management

The short-term actions identified in the corporate strategy are distilled into an annual plan of operation which sets out the activities for the year.

## CONSERVATION/PARK OPERATIONS

iSimangaliso's primary objective is to conserve and protect the World Heritage values for which it was inscribed. In order to do so it has set itself the following short and medium-term objectives.

### Overarching objectives

- Ensure that the World Heritage values are conserved

### Short-term actions

- Implement the Integrated Management Plan
- Oversee the implementation of the Conservation Operational Plan
- Implement programmes to support sustainable environmental management
- Implement co-management agreements/People and Parks programme
- Implement infrastructure programme
- Maintain and strengthen stakeholder relationships

### Medium-term aims

- Establish and manage the Park as one open ecological area
- Conserve the Park's terrestrial, freshwater and marine biodiversity and ecological processes cost-effectively, observing global best practice
- Rehabilitate degraded areas and restore ecological functioning within the Park
- Mitigate possible negative impacts to the Park from activities in the buffer zone eg catchment degradation, visual impacts, loss/damage to ecological links
- Procure funding from Government, donors, private sector for conservation programmes and optimise cost recovery

### Indicators:

Objective	Outcome <sup>1</sup>	Indicator	Target FY 2014/2015	Achieved
To ensure that the World Heritage values are conserved	Improved conservation of World Heritage values based on the ecosystems approach	Target for detection of poaching incidents	2 weeks	2 weeks
		Target for detection of illegal developments	48 hours	48 hours
		Target for response to EIAs and reported developments	100%	100%

<sup>1</sup> The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
To ensure the World Heritage values are conserved	Ensure adherence to Conservation Operational Plan	<ul style="list-style-type: none"> <li>Detection of illegal developments within 48 hours</li> <li>Detection of poaching incidents within two weeks</li> <li>Detection of developments in zone of influence within 48 hours</li> </ul>	<ul style="list-style-type: none"> <li>Attend Conservation Operational Plan (COP) meetings</li> <li>Review draft Conservation Operational Plan submitted by Ezemvelo KZN (EKZN) Wildlife</li> <li>Approve Conservation Operational Plan</li> <li>Review progress against Conservation Operational Plan on quarterly basis</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> <li>COP received from EKZN Wildlife and is in process of review</li> <li>Monthly narrative reports were received</li> <li>Two unauthorised developments detected in the buffer zone in the fourth quarter (bringing total to six for the year to date). Papers have been filed in respect of the one development</li> <li>Watching briefs were issued for two wildlife crime cases in the fourth quarter, bringing the total number of cases to 25 investigations (first, second &amp; third quarters - 23 court cases); there appears to be a problem with the registration of cases in the Ubombo Court; the matter has been escalated and is being assessed; in addition two civil actions were initiated in the third quarter</li> </ul>
	Implementation of 2014/2015 programmes supporting sustainable environmental management:			
	a) Effective environmental auditing	<ul style="list-style-type: none"> <li>Five environmental audits completed</li> </ul>	<p><u>Park facilities</u></p> <ul style="list-style-type: none"> <li>Develop and implement annual programme for inspection of facilities in the Park</li> <li>Draft and submit reports/ recommendations to EXCO</li> <li>Communicate findings to relevant parties</li> <li>Conduct follow-up inspections</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> <li>Follow-up meeting held with EKZN Wildlife regarding prior year non-compliance on facilities</li> <li>St Lucia waste site closure in process following notice from DEA</li> <li>Repairs to Wilderness and Thonga waste sites approved</li> </ul>
b) Rehabilitation of degraded habitats and ecosystems	<ul style="list-style-type: none"> <li>1 500ha follow-up</li> <li>500ha initial clearing</li> <li>4 wetlands</li> </ul>	<ul style="list-style-type: none"> <li>Map areas for rehabilitation</li> <li>Issue rehabilitation contracts</li> <li>Complete contracts for the year</li> </ul>	<ul style="list-style-type: none"> <li>KPI exceeded - 17 260ha (of which 2 102ha in first quarter, 1 795ha in second quarter, 599ha in third quarter and 12 764ha in the fourth quarter) plus 115km bush clearing in second quarter</li> </ul>	
c) Game restocking with a view to re-establishing extinct populations and achieving carrying capacity	<ul style="list-style-type: none"> <li>Annual game management programme completed</li> </ul>	<ul style="list-style-type: none"> <li>Review schedule of game introductions and off-takes submitted by EKZN Wildlife</li> <li>Approve schedule</li> <li>Monitor implementation</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> <li>Schedule approved and maximum numbers agreed</li> <li>Programme completed</li> </ul>	

## CONSERVATION/PARK OPERATIONS CONTINUED

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
	d) Compliance monitoring	<ul style="list-style-type: none"> <li>Appropriate legal action taken in respect of infractions (ie fines, court action etc)</li> </ul>	<p><u>Terrestrial Compliance</u></p> <ul style="list-style-type: none"> <li>Review reports submitted by EKZN Wildlife (these include database of incidents, warnings and fines issued, and criminal cases in progress)</li> <li>Where appropriate issue watching brief for the criminal case</li> <li>Issue warning letters, fines as appropriate or take court action</li> <li>Conduct environmental awareness for Park users</li> <li>Conduct workshops with other organs of state and the judiciary in respect of environmental law</li> </ul> <p><u>Marine areas</u></p> <ul style="list-style-type: none"> <li>Review marine inspection reports submitted by EKZN Wildlife (these include database of incidents, warnings and fines issued, and criminal cases in progress)</li> <li>Where appropriate issue watching brief for the criminal case</li> <li>Draft and submit reports/ recommendations to EXCO</li> <li>Communicate findings to EKZN Wildlife</li> <li>Conduct follow-up inspections</li> </ul> <p><u>Infrastructure</u></p> <ul style="list-style-type: none"> <li>Monitor environmental compliance by contractors</li> <li>Issue notices where appropriate and/or levy fines</li> </ul>	<p>KPI met</p> <p><u>Terrestrial Compliance</u></p> <ul style="list-style-type: none"> <li>Preliminary investigation undertaken into sewage discharge from St Lucia Municipal sewage pump house directly into wetlands. Compliance notice issued to district municipality and their contractor Chemjet by DEA. Vehicle access points to beaches placed at St Lucia and 'no alcohol' regulation enforced over December holiday period (resulting in a significant reduction of litter in day visitor areas)</li> <li>Illegal widening of a track in Kosi, boreholes in St Lucia and Mabibi stopped and actioned</li> <li>Van Tonder illegal development site assessed in July and close-out report completed</li> <li>Environmental awareness (refer to schools and workshops below)</li> <li>GEF bid issued and evaluated for capacity building of judiciary and contract negotiations concluded. Contract in place with service provider and work initiated in February</li> </ul> <p><u>Marine Compliance</u></p> <ul style="list-style-type: none"> <li>Reports reviewed and submitted</li> </ul> <p><u>Infrastructure Compliance</u></p> <ul style="list-style-type: none"> <li>Monitoring conducted</li> </ul>

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
	e) Buffer zone management	<ul style="list-style-type: none"> <li>Appropriate legal action taken in respect of infractions in buffer zone</li> </ul>	<ul style="list-style-type: none"> <li>Review and respond to applications for developments in buffer zone</li> <li>Maintain register of applications showing status of each</li> <li>Inspect buffer zone developments for compliance with Park conditions</li> <li>Alert relevant authority to any non-compliance</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>25 applications in process (of which nine applications in process in first quarter, 15 in second quarter and one in fourth quarter)</li> <li>Six unauthorised developments in the buffer (of which one in first quarter, two in second quarter, one in third quarter and two in the fourth quarter). The first has been handed over to the Provincial Department of Agriculture and Environment (the accused is an EKZN Wildlife staff member); the second is being actioned by iSimangaliso by way of civil action</li> </ul>
	f) Feasibility study in respect of hydrological solution for St Lucia mouth	<ul style="list-style-type: none"> <li>Initiate implementation of preferred solution</li> </ul>	<ul style="list-style-type: none"> <li>Complete study</li> <li>Implement EIA-type process in parallel (ie model consultation process on EIA process)</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Draft document on the effect of the dredge spoil pile in the St Lucia estuary mouth produced including recommendations on the effect of removal of all or portions of it</li> <li>Geotech survey completed</li> <li>Tender documents for dredge spoil submitted to World Bank. Advertisement scheduled for April</li> <li>Final document on the EA requirements for the preferred solution to guide project implementation produced and legally reviewed</li> </ul>
	g) Community-based natural resource use	<ul style="list-style-type: none"> <li>Harvesting within targets and parameters set in policy and protocols</li> </ul>	<ul style="list-style-type: none"> <li>Monitor implementation against policy</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Annual Ncema harvesting completed from 8 to 26 May</li> <li>Reed harvesting uMkhuze August/September 2014 completed</li> </ul>
	h) Input into TFCA/Mozambique World Heritage Listing	<ul style="list-style-type: none"> <li>Comments on listing application submitted</li> <li>Participate in TFCA implementation structures</li> </ul>	<ul style="list-style-type: none"> <li>This process is the responsibility of the Mozambique Government. iSimangaliso provides technical support as it has experience in the field. It is also an area of interest as it would contribute and promote the conservation of iSimangaliso's World Heritage values</li> <li>The chairmanship of the Lubombo TFCA (Kosi) is a rotating one. iSimangaliso provides support to KZN Province and DEA</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>The terms of reference drafted by the iSimangaliso specialists have been approved by the Mozambique committee</li> <li>Meeting held with Peace Parks and Mozambique counterparts to initiate the specialist studies - some TORs were redrafted and sent for further comment to officials; commitment secured from Peace Parks to fund some of the work</li> <li>The draft MOU was completed and submitted for review</li> <li>A list of specialists to conduct the studies has been developed</li> </ul>

## CONSERVATION/PARK OPERATIONS CONTINUED

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
	i) Review of IMP and local area plans	<ul style="list-style-type: none"> <li>Draft IMP for 2017-2021</li> </ul>	<ul style="list-style-type: none"> <li>Draft terms of reference</li> <li>Appoint consultants</li> <li>Complete consultation process</li> <li>Prepare draft document for approval</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Draft document completed</li> </ul>
	Complete infrastructure programme for the 2014/2015 year	<ul style="list-style-type: none"> <li>Project programme for the year achieved</li> </ul>	<ul style="list-style-type: none"> <li>Establish project programme</li> <li>Where required appoint contractors</li> <li>Monitor construction</li> <li>Decommission defunct infrastructure and rehabilitate affected areas</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Planning for year complete - interim plan in place for accelerated spending in order to achieve target</li> <li>Tender for professional services issued and awarded</li> <li>Procurement of materials complete (gravel for upgrade of roads on Eastern Shores and uMkhuze, and Sodwana Gate)</li> <li>Signage contractor has produced below par quality and contract is in abeyance pending resolution; schedules for St Lucia and uMkhuze and Eastern Shores sections are complete</li> </ul>

## TRANSFORMATION (SEED)

Transformation is regarded as a cross-cutting objective by iSimangaliso. In other words, each unit is required to develop an implementation plan in response to the organisation's strategy in respect of transformation. The overarching objective is to optimise empowerment participation in all activities of the Park in a way that will improve the livelihoods of historically disadvantaged individuals and communities living adjacent to the Park.

### Short-term actions

- Create temporary and permanent jobs
- Continue to implement and/or support local economic development programmes such as craft, arts, enterprise development and tourism skills
- Continue natural resource-harvesting programme

### Medium-term aims

- Source stable and consistent funds for the support of local economic development programmes

### Indicators:

Objective	Outcome <sup>2</sup>	Indicator	Target FY 2014/2015	Achieved
To optimise empowerment in all activities of the Park in a way that will improve the livelihoods of historically disadvantaged individuals and communities living adjacent to the Park through job creation and procurement	Improved access to work and income generating opportunities	Creation of temporary jobs (direct and indirect)	1 530	2 049
		New permanent jobs (direct and indirect) from Park related activities	10	19
		Increase number of BEE SMMEs (ownership in business 40% or more) through iSimangaliso programmes	50	142
		BEE procurement as percentage of qualifying expenditure <sup>3</sup>	76	86

<sup>2</sup> The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

<sup>3</sup> Qualifying expenditure is expenditure on non-state agencies.

## TRANSFORMATION (SEED) CONTINUED

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
To optimise empowerment in all activities of the Park	Equity participation in tourism product in the Park	<ul style="list-style-type: none"> <li>Refer to targets under commercialisation</li> </ul>	<ul style="list-style-type: none"> <li>Refer to activities under <i>commercialisation programme and training for people living in and adjacent to Park, specifically enterprise development</i></li> </ul>	<ul style="list-style-type: none"> <li>Refer to activities under <i>commercialisation programme and training for people living in and adjacent to Park, specifically enterprise development</i></li> </ul>
	Temporary and permanent jobs for land claimants and communities	<ul style="list-style-type: none"> <li>1 500 temporary jobs</li> <li>10 permanent jobs</li> </ul>	<ul style="list-style-type: none"> <li>Job creation opportunities within operations and projects in the Park have been identified in the following projects: <ul style="list-style-type: none"> <li>- Alien clearing</li> <li>- Construction of infrastructure</li> <li>- Maintenance and facilities management</li> </ul> </li> <li>Incorporate targets for job creation in third party agreements (eg contractors)</li> <li>Assist with selection processes for contractor labour</li> <li>Monitor compliance of third parties with contractual targets</li> </ul>	<ul style="list-style-type: none"> <li>KPI for temporary jobs exceeded</li> <li>KPI for permanent jobs exceeded</li> <li>Temporary jobs for the quarter 29 (cumulative ytd is 2 049)</li> <li>Permanent jobs for the quarter 1 (cumulative ytd is 19)</li> </ul>

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
	<p>Completion of training programmes for communities living in and adjacent to the Park</p>	<ul style="list-style-type: none"> <li>• 400 people trained</li> <li>• 25 students awarded bursaries for undergraduate study (existing students)</li> <li>• 50 SMMEs supported</li> </ul>	<ul style="list-style-type: none"> <li>• These areas have been identified for capacity building in this financial year:               <ul style="list-style-type: none"> <li>- Construction</li> <li>- Art</li> <li>- Craft</li> <li>- Tourism (including cultural tourism and About iSimangaliso)</li> <li>- Leadership</li> <li>- Administration</li> <li>- Undergraduate education in Park-related fields through education fund</li> <li>- Enterprise development</li> </ul> </li> <li>• Identify participants/participant groups</li> <li>• Complete skills audits as required by donors</li> <li>• Appoint service providers</li> <li>• Vet the design training programmes</li> <li>• Monitor the implementation of training programmes</li> </ul>	<p>KPI exceeded</p> <ul style="list-style-type: none"> <li>• 1 184 people trained in total</li> <li>• 47 students awarded bursaries at the end of the 2014 academic year. 44 students achieved pass/proceed status, 8% of whom passed with distinction; 13 students completed and will graduate, 3 failed and 2 have been excluded from the programme, 32 students will continue for the 2015 academic year. 93 applications for bursaries to study in the 2016 academic year have been sent to the service provider for short-listing</li> <li>• 178 SMMEs supported; one grant application received in fourth quarter (in total 86 grant applications have been received)</li> <li>• Additional programmes:               <ul style="list-style-type: none"> <li>- SANBI Internship - 14 interns hosted at iSimangaliso</li> <li>- Co-management workshops held with one trust (14 people), bringing total to 41</li> </ul> </li> </ul>

## COMMERCIALISATION

The objective of the commercialisation programme is to optimise the Park's revenue generation in a commercially- and environmentally-sustainable manner that fosters job creation and empowerment of historically disadvantaged communities.

### Short-term actions

- Commercialise/redevelop selected existing and new facilities in the Park based on demand and supply factors
- Tender range of activity concessions
- Improve day visitor facilities and activities
- Implement the marketing and branding strategy for the Park
- Develop an effective system to monitor concessions

### Medium-term aims

- Identify new business opportunities
- Reappraise investment strategy

### Indicators:

Objective	Outcome <sup>4</sup>	Indicator	Target FY 2014/2015 Revised	Achieved
To optimise the Park's revenue generation in a commercially- and environmentally-sustainable manner, that fosters job-creation and empowerment of historically disadvantaged communities	Improved financial sustainability	Increase revenue	R12.4m	15.9m
		Increase in visitor numbers	533 451	506 860

<sup>4</sup> The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
<p>To optimise the Park's revenue generation in a commercially- and environmentally-sustainable manner, that fosters job creation and empowerment of historically disadvantaged communities</p>	<p>Increased revenue and visitor-numbers to the Park</p>	<ul style="list-style-type: none"> <li>5% increase in visitor numbers to the Park off 2012/13 base</li> </ul>	<ul style="list-style-type: none"> <li>Implement the annual marketing plan which includes the following for the year:                             <ul style="list-style-type: none"> <li>Media junkets - four to coincide with Park announcements</li> <li>Four sporting events/festivals</li> <li>Four editorials with key publications to market the destination and approved Park operators</li> <li>Advertorials subject to budget availability</li> </ul> </li> <li>Consumer shows - Getaway, Jhb; Getaway, Cape Town</li> <li><u>Day-visitor facilities</u></li> <li>Improvement of park facilities (refer infrastructure section)</li> <li><u>Service levels</u></li> <li>Implement mystery guest programme for the year with a view to assessing and improving service levels</li> </ul>	<p>KPI not met</p> <ul style="list-style-type: none"> <li>Recorded visitor numbers are 5% below target. However, pedestrians and New Year's Day visitors are not recorded in the gate system for the St Lucia, Sodwana and CFR sections of the Park. Checks are done via aeroplane and numbers guesstimated. On New Year's Day the Park hosts approximately 60 000 people. If this were to be added to the figures recorded through the gates the number of visitors would exceed target</li> <li>Three events - St Lucia Half Marathon, iSimangaliso MTB, Sodwana Bay Shoot-out. This year the fun-run at Sodwana Bay did not take place due to budgetary constraints</li> <li>International Tour Guides Delegation hosted</li> <li>Media junkets: with (1) SAFM and Bicycling magazine, (2) holiday season with iSolezwe, Ilanga, Beeld, Zululand Fever, Observer, Saturday Star, Business Day, Witness and Sunday Tribune, (3) turtle season with Scott Ramsay, Go Magazine, Daily News, AA traveller and Sunday Times, (4) Caravan and Outdoor magazine, (5) Escapes magazine, (6) Sunday Tribune Travel Section</li> <li>Nine editorials</li> <li>Two advertorials</li> <li>Two consumer shows - Getaway in Gauteng attended. Decision taken not to attend the Getaway in Cape Town for cost saving purposes</li> <li>Mystery guests - 24 undertaken; reports assessed</li> </ul>
		<ul style="list-style-type: none"> <li>5% increase in commercial revenue to the Park off 2012/13 base</li> </ul>	<ul style="list-style-type: none"> <li>Sign off commercialisation programme for the year</li> <li>Assess demand and supply for activities and establish requirement for additional licences; tender where appropriate</li> <li>Re-tender of any activity licences that lapse within the next year</li> <li>Monitoring of EIA processes and construction of facilities</li> <li>Market surveys at gates</li> <li>Contract compliance/contract management</li> <li>Annual review of Park pricing</li> </ul>	<p>KPI exceeded</p> <ul style="list-style-type: none"> <li>Revenue is below target for the quarter but above target for the year by 28%. This is partly a consequence of the increase in gate tariffs</li> <li>Tender for activities concluded. Awards include:                             <ul style="list-style-type: none"> <li>Three community-owned</li> <li>9 awards in total in respect of turtle tours, horse rides, game drives</li> </ul> </li> <li>Three visitor surveys conducted in April 2014, October 2014 and December 2014 respectively (7 interns were trained as enumerators)</li> </ul>

## COMMERCIALISATION CONTINUED

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
		<ul style="list-style-type: none"> <li>Complete facilities management and maintenance programme on budget and within timeframes</li> </ul>	<ul style="list-style-type: none"> <li>Identify maintenance requirements and effect maintenance</li> <li>Monitor maintenance/facilities management contracts</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Contract monitoring taking place; corrective action taken where necessary</li> </ul>
To interpret and present the World Heritage values among stakeholder groups	Implementation of the annual communication/PR programme in respect of communities living in and adjacent to the Park	<ul style="list-style-type: none"> <li>40 schools to participate in school awards programme</li> </ul>	<ul style="list-style-type: none"> <li>Issue application forms and posters</li> <li>Adjudicate the submissions</li> <li>Host awards event</li> <li>Complete fundraising for 2015/16 financial year</li> <li>Conduct road-show with schools in respect of 2015/16 awards</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>46 schools were issued entry forms and 40 submitted applications to participate. Four schools were disqualified for non-attendance on the day and 36 went into the final round which took place on 16 March 2015</li> </ul>
		<ul style="list-style-type: none"> <li>2 700 children to participate in environmental awareness programme</li> </ul>	<ul style="list-style-type: none"> <li>Design course material</li> <li>Identify participants</li> <li>Identify tutors</li> <li>Implement programme</li> </ul>	<p>KPI exceeded</p> <ul style="list-style-type: none"> <li>77 schools (average 70 children per school - 5 390 children) came to the Park ytd (16 in first quarter, 40 in second quarter, 18 in third quarter, three in fourth quarter)</li> <li>EE trips with 20 additional schools (320 learners and 40 educators)</li> <li>The third tranche of LOTTO funding was paid across to iSimangaliso</li> <li>Community based environmental education facilitators trained in second quarter</li> <li>Workshop to define new environmental education (EE) programme held in uMkhuze in November with community-based EE facilitators</li> </ul>
		<ul style="list-style-type: none"> <li>12 workshops to be held with community groups across the Park</li> </ul>	<ul style="list-style-type: none"> <li>Design structured communication process, including identification of cost-effective distribution channels</li> <li>Complete material</li> <li>Implement programme</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>14 meetings in total of which four in first quarter, three in second quarter, two in third quarter and five in fourth quarter</li> </ul>

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
	Implementation of annual communication/PR programme in respect of land claimants	<ul style="list-style-type: none"> <li>12 workshops conducted</li> </ul>	<ul style="list-style-type: none"> <li>Agree plan for the year in accordance with co-management agreements</li> <li>Implement programme</li> <li>Attend RLCC meetings and support land claim settlement process</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>13 meetings held (of which two in first quarter, three in second quarter, three in third quarter and five in fourth quarter) with claimant trusts and People and Parks steering committee</li> <li>Two cheque handover events concluded</li> <li>People and Parks conference attended with 5 community representatives (Three sponsored by iSimangaliso and two by DEA)</li> <li>World Parks Congress attended in November in Australia with two community representatives who were sponsored by iSimangaliso</li> <li>Three mobile workshops with the               <ul style="list-style-type: none"> <li>Mabaso, Triangle and Emandleni Trusts</li> <li>Makhasa and Emdletsheni Trusts</li> <li>Khula, Dukuduku, Zwelisha</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Implementation of annual communication/PR programme in respect of environmental, Government and groups other than local community</li> </ul>	<ul style="list-style-type: none"> <li>24 newflashes emailed</li> <li>Two park tours for tourism product-owners living/operating adjacent to/in the Park</li> </ul>	<ul style="list-style-type: none"> <li>Maintain newflash database</li> <li>Prepare and send newflashes</li> <li>Update website</li> <li>Investigate social media</li> <li>Agree tour areas and issue invitations</li> <li>Host tours into the Park</li> </ul>	<p>KPI not met</p> <ul style="list-style-type: none"> <li>23 newflashes issued of which five in first quarter, seven in second quarter, eight in third quarter, three in fourth quarter</li> <li>PR plan for the year prepared and signed off</li> <li>Social media activated (Twitter, Instagram, YouTube and Facebook launched)</li> <li>Website updated to new platform</li> <li>Park tours were postponed until May when the uMkhuze infrastructure will be complete</li> </ul>

### Finance and Administration

iSimangaliso maintains the highest standards of internal control in order to ensure that its operations are properly funded and cost-effective, with effective controls. This requires the full, accurate and prompt reporting of accounting, management and statutory information.

#### Short-term actions

- Ensure good financial planning
- Procure requisite short-term funds
- Develop efficient treasury operation
- Instil good internal controls
- Facilitate good corporate governance
- Ensure proper, effective custody of assets
- Produce accurate, timely and meaningful reports
- Ensure compliance with PFMA, World Heritage Convention Act and Companies Act
- Obviate audit qualifications and adverse audit reports

#### Medium-term aims

- Procure funding from government, donors, private sector to fully implement long-term plans
- Strive for financial sustainability

### Human Resources

iSimangaliso objective is to cultivate an environment that will enable it to attract, develop and retain the best people to deliver its strategy.

#### Short-term actions

- Implement employment equity policy
- Recruit, appoint key unfilled posts
- Implement succession planning programme
- Develop and institute training programmes

#### Medium-term aims

- Develop, institute training programmes
- Develop appropriate succession plan

#### Indicators:

Objective	Outcome <sup>5</sup>	Indicator	Target FY 2014/2015	Achieved
To ensure that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information	Effective financial management	Unqualified audit opinion	✓	✓

<sup>5</sup> The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Strategic Objective	Outputs	Key Performance Indicator	Activities	Achievements/Challenges/Corrective Actions
To make research relevant to park management and transform the research sector in the Park	Research reports	<ul style="list-style-type: none"> <li>Quarterly reports tabled</li> </ul>	<ul style="list-style-type: none"> <li>Identify research needs in the Park</li> <li>Approve relevant research via research committee and/or commission research directly</li> <li>Table quarterly recommendations to EXCO</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>68 research applications received (17 in 1st quarter, 24 in second quarter, 17 in third quarter, and 10 in fourth quarter)</li> <li>61 research applications registered (17 in 1st quarter, 22 in second quarter, 13 in third quarter, 9 in fourth quarter)</li> <li>Seven research applications not approved (zero in first quarter, two in second quarter, four in third quarter, one in fourth quarter)</li> </ul>
To cultivate an environment that will enable iSimangaliso to attract, develop and retain the best people to deliver its strategy. Position iSimangaliso as an employer of choice	Maintain appropriate staffing and skills levels	<ul style="list-style-type: none"> <li>80% retention of staff</li> </ul>	<ul style="list-style-type: none"> <li>Source appropriate training materials/trainers</li> <li>Implement second phase of training programme</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Four resignations (three in first quarter, one in second) and three appointments</li> <li>Two terminations due to death in third quarter</li> <li>Staff training - one person completed EMI course; 20 people completed photographic training</li> </ul>
To ensure that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information	Clean external audit opinion	<ul style="list-style-type: none"> <li>Tabling of annual report on or before 31 August in Parliament</li> </ul>	<ul style="list-style-type: none"> <li>Preparation and submission of monthly and quarterly financial and progress reports</li> <li>Preparation and submission of reports to other external bodies including World Heritage/ UNESCO</li> <li>Completion of two internal audits without significant findings and resolution of audit queries and follow-up items</li> <li>Preparation of annual financial statements by end May 2014</li> <li>Review policies as necessary and secure board approval</li> </ul>	<p>KPI met</p> <ul style="list-style-type: none"> <li>Quarterly reports submitted</li> <li>AFS submitted</li> <li>Audit concluded</li> <li>Audit opinion received</li> <li>Annual report submitted and tabled on due date</li> <li>Two internal audits completed</li> <li>Financial policies and procedures manual updated and approved</li> <li>Updated RAMSAR information sheets submitted to DEA</li> </ul>

**Marketing** - iSimangaliso's dynamic marketing team consists of a group of passionate individuals who are responsible for building our brand. They provide information for visitors and liaise with the media. They are also the people behind the trade and consumer shows, the eco-series events and social media.

Events include the iSimangaliso St Lucia Half Marathon and Fun Run, the iSimangaliso Sodwana Shootout Festival (photographic competition) and the iSimangaliso MTB 4 Day. The events serve to promote environmentally responsible appreciation of the Park's World Heritage values through interactive exploration and fun activities in this versatile environment.

Forming part of the iSimangaliso Eco-Event series, the Half Marathon held in St Lucia in May is featured on the next few pages. On the day our staff manned registration tables, participated in the race, took photographs, and cheered on participants.

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Opposite: Thandi Shabalala, Siyabonga Mhlongo and Lindy Duffield



# DIRECTORS' REPORT

The directors present their annual report which forms part of the audited annual financial statements of the group for the year ended 31 March 2015. The iSimangaliso Wetland Park is incorporated as a Schedule 3A Public Entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended (PFMA). The iSimangaliso Authority's Chief Executive Officer (CEO) acts as the entity's Accounting Authority in terms of the PFMA, the Board of the Authority having been categorised as an advisory board by National Treasury.

## Directors for the year ended 31 March 2015:

<i>Non- Executive</i>		<i>Executive</i>	
M Msimang	Chairman	A Zaloumis	CEO
K Mathebula	Vice Chairman		
Z Gumede			
S Mancotywa			
A Lax			
T Mhlongo			
P Dlamini			
T Nzama			
B Zwane			

## Organisational structure

The iSimangaliso Authority has five operating units: Social Economic and Environmental Development (SEED), Park Operations, Research, Commercial and Financial. These units undertake the programmes reflected in the detailed Statement of Financial Performance, namely: infrastructure, park establishment, land care, local economic development and research and monitoring.

The SEED unit is responsible for developing sustainability strategies and for implementing training programmes for communities. The Park Operations unit establishes conservation policy, and oversees estate management and the implementation of conservation aspects of a management agreement with Ezemvelo KZN Wildlife. The Finance unit is responsible for financial management, and the Commercial unit for tourism and related development. The Research unit manages the Park's research programmes.

All units are required to develop and implement black economic-empowerment strategies pertaining to their functional areas.

A joint management committee, representing the iSimangaliso Authority and Ezemvelo KZN Wildlife, addresses Park-management matters.

## Remuneration

The iSimangaliso Authority is a total-cost-to-company employer. It is not subject to Public Service scales, and remunerates its employees in accordance with the prevailing dictates of the market. Remuneration for board members and board committees is regulated by directives from National Treasury. Disclosure of remuneration to managers, as required by Treasury, is made in note 15 to these Annual Financial Statements.

## Principal activities

The principal activities of iSimangaliso are structured around three main thrusts: conservation, delivery of economic benefits to local communities and tourism development. This year's highlights included:

- The training of 1 184 people, and the creation of 2 049 direct temporary jobs and 19 direct permanent jobs
- The participation of 142 small businesses on the iSimangaliso Enterprise Support Programme
- The hosting of 14 interns
- The award of 10 new bursaries and the continued support to 47 university students through the iSimangaliso Higher Education Access Programme
- A 33% (2013/14: 8%) increase in Park revenue and consequently an increase in revenue paid to land claims trusts in terms of the revenue-sharing agreements with iSimangaliso

## Review of operations and financial position

Accounting revenue for the year increased by 46,6% (2013/14: 8,7%), from R86,2m in 2014 to R126,4m, due mainly to an increase in project-related grants of R34,1m (2013/14: R8,0m) and Park revenue of R3,9m (2013/14: R1,0m).



*Thobeka Sibiya  
(Contract Staff Member)*



*Slindile Msweli  
(Intern)*



*“Promoting environmentally responsible appreciation of the Park”*



*Sizo Sibiya*



*Andrew Zaloumis*



*Bheki Mlondo*



*Msizi Phakathi*

**Community benefits** - the communities in the vicinity of our Park are of paramount importance to iSimangaliso. Our management and staff regularly meet with representatives from local communities to build mutual trust, develop relationships and address issues of common interest which can include job creation, optimising empowerment in Park activities, environmental education, and co-management issues.

iSimangaliso's strategy has always included a strong developmental approach. Currently we are supporting 67 university students and 178 small businesses, and provide training in a number of areas including arts, crafts, tourism, construction, leadership, governance, agriculture, environmental awareness and land rehabilitation.

iSimangaliso is also home to the first community-owned charter fishing license in the country and we are proud to have a total of five community-owned tourism businesses in the Park, including estuary cruises, turtle tours, and game drives.

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Opposite: Zakithi Mngomezulu



# DIRECTORS' REPORT

## CONTINUED

Expenditure increased by 8,2% (2013/14: 20,2%), from R107,0m to R116,0m in the current year. The major contributors to the net increase of R9,0m (2013/14: R18,0m) were project costs (R10,2m), a loss on disposal of fixed assets (R2,9m), depreciation (R1,4m) and other costs (R2,2m) of which security and boundary integrity to secure rhino was the largest contributor, offset by decreases in personnel costs (R2,4m).

The year's surplus was R10,3m compared to a deficit of R20,8m in the previous year. This is a non-cash surplus attributable to the application of GRAP23 (recognition of grants) and after charging depreciation (R22,7m) and recognising book losses on the disposal of fixed assets (R2,9m).

Two contingent liabilities have been disclosed in note 14 to the Annual Financial Statements: Sanyati was contracted by iSimangaliso to construct day-visitor facilities in the Park. In terms of the contract, Sanyati committed to certain labour targets, which it did not achieve. Consequently iSimangaliso levied penalties on Sanyati in terms of the contract of R11,9m. In mid-2012 Sanyati began liquidation proceedings. The liquidators have lodged a dispute in respect of these and other penalties. The amounts in question have been reflected in note 13 in the annual financial statements.

Siyaqubeka Forests (SQF; a subsidiary of Mondi) has issued summons in the amount of R15,0m in respect of an August 2012 fire in which SQF sustained some damage to its forests. The matter is being opposed by iSimangaliso. At this stage SQF have not provided the detailed workings of the claim and the amounts cannot be verified. iSimangaliso has been advised by counsel that in such matters the courts assess the negligence of both parties and assign costs on the basis of their respective contributions. It is the view of the directors that at worst iSimangaliso may be attributed 50% of the costs. The risk of this settlement to iSimangaliso is small.

In cash terms, R230,3m of grants and other revenue were received in 2014/15; R72,7m more than the R157,6m received in the preceding year. Disbursements to suppliers and employees increased, from R77,2m in 2013/14 to R93,5m in 2014/15. Net capital expenditure in 2014/15 was R27,5m compared with R5,1m in 2013/14 as projects roll-out was initiated following the planning that was primarily executed in the previous financial year.

In overall terms, cash and cash equivalents increased by R109,0m, from R162,6m at the end of the 2013/14 financial year to R271,6m at the end of the year under review. Property, plant and equipment increased by R6,3m in the current financial year, compared with a decrease of R39,7m during the previous year. Overall, total net assets increased by R10,3m from R371,4m at the end of 2013/14 to R381,7m at the end of the year under review.

### **Materiality and significance framework**

A materiality and significance framework has been developed as a benchmark against which to report losses through criminal conduct and irregular, fruitless and wasteful expenditure as envisaged in section 54(2) of the PFMA. The framework was reviewed by the external auditors.

### **Commercialisation**

The iSimangaliso Authority has a commercialisation strategy which includes the improvement of existing public-access facilities and the tendering of tourist-accommodation and tourism-activity concessions to private parties. Typically, the accommodation facilities fall within the scope of the PPP provisions under the PFMA, but this is not always the case. As far as possible, the iSimangaliso Authority aims to transfer operating, infrastructure and environmental risk to the private party on all such projects and to secure value-for-money for itself. Value-for-money may include, amongst other things, financial return, the empowerment of people from local communities and affordable public access.

### **Events subsequent to the reporting date**

There are no significant events subsequent to the reporting date.



Andrew Zaloumis  
Chief Executive Officer  
31 July 2015





*“Our local communities are of paramount importance to iSimangaliso”*



*Zakithi Mngomezulu*



*Penelope - the office cat*



*Zakithi Mngomezulu*

**There to welcome you!** - Our gate staff, or customer care attendants as they prefer to be called, are the first faces you see upon entering the Park. They provide visitors with their first exposure to the core values and friendly atmosphere which iSimangaliso is renowned for.

Their role is to welcome guests to the Park and ensure that they are aware of the rules and safety guidelines before entering our premises. Our gate staff are also trained to provide information about the Park should any queries arise.



# ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2015

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### 1. Basis of preparation

- 1.1 The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines, and directives issued by the Accounting Standards Board.
- 1.2 The Cash Flow Statement is prepared using the direct method.
- 1.3 Specific information such as receivables from non-exchange transactions (including taxes and transfers), taxes and transfers payable, and trade and other payables from non-exchange transactions, are presented separately on the Statement of Financial Position.
- 1.4 Assets, liabilities, revenues and expenses have not been offset, except where it is required or permitted by a Standard of GRAP.
- 1.5 The amount and nature of any restrictions on cash balances are disclosed in note 4 only in instances where there are restrictions.
- 1.6 The financial statements have been prepared on the historical-cost basis. There are no fair-value adjustments.
- 1.7 The Authority's continuing operations are reliant on the ongoing financial support of Government. These financial statements are prepared on the going-concern assumption which, amongst other things, implies that Government will continue to provide iSimangaliso with adequate grants.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

### 2. Currency

These financial statements are presented in South African rands, which is the currency in which the majority of the entity's transactions are denominated.

### 3. Revenue recognition

Revenue comprises revenue from exchange and non-exchange transactions. Exchange transactions involve the receipt of assets or services, or extinguishment of liabilities in exchange for which the Authority renders services, sells goods, or permits the use of an Authority asset. Non-exchange transactions involve the receipt of value by the Authority without the Authority giving approximate equal value in return.

#### 3.1 Revenue from Non-Exchange Transactions

##### 3.1.1 Grants and other donor income

Conditional government grants and other donor funding are recognised as revenue:

- In the period in which the revenue is receivable when the grants are not subject to restrictions or conditions
- In the period in which the revenue is receivable when the grants are subject to restrictions but not subject to conditions
- Incrementally against expenditure when the unspent portions of the grants must be refunded if the grant conditions are not met. A liability is raised in respect of the grant
- On project completion when the grants must be refunded in full if the grant conditions are not met. A liability is raised in respect of the grant

##### 3.1.2 Interest earned on grant income

Interest earned on grant monies received is reflected as "amounts owing to donors" in cases where specific permission is required from the donor before it can be expended on project activities. When approval is granted, interest earned is transferred to conditional grants and recognised as revenue in accordance with the principles set out in the paragraphs above.



*Basil Bafana*





*“ The first faces  
you see upon  
entering the  
Park ”*



## ACCOUNTING POLICIES CONTINUED

### 3.2 Revenue from Exchange Transactions

#### 3.2.1 Park revenue

Park revenue comprises inter alia fees for tourism activities operated for gain by private parties in the Park, gate-entrance fees, and events and filming. Park revenue is recognised when it is probable that the economic benefits will flow to the Authority and when the revenue can be reliably measured.

#### 3.2.2 Administration fees

Administration fees from the management of projects are recognised on a straight-line basis over the specific period in which the service is rendered.

#### 3.2.3 Interest (other than grant-related interest)

Interest is recognised when it accrues using the effective-interest-rate method.

#### 3.2.4 Bid and tender fees

Bid and tender fees are recognised when they accrue.

#### 3.2.5 Income received in advance

Fees for commercial activities (refer 3.2.1) are due in advance. Invoices raised in respect of such fees are raised in the last week of the preceding month in cases where there is a regular monthly charge and in advance of an ad hoc activity. The fees are recognised as income in advance and transferred to income received on the first day of the month.

### 4. Irregular, unauthorised, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation. Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised. Irregular, unauthorised or fruitless and wasteful expenditure is recognised against the specific class of events to which it relates and, if and when incurred, is disclosed in a note to the financial statements when it has been identified.

### 5. Property, plant and equipment

Property, plant and equipment are stated at historical cost or, in the case of assets taken over from other public entities, at estimated replacement value, which is fair value less

depreciation, adjusted for any impairments on initial recognition, and thereafter at cost.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as follows:

Buildings and structures	30 years except for park homes depreciated over 10 years
Roads and bridges	20 years
Fences	15 years
Dams, reservoirs and boreholes	15 years
Motor and other vehicles	5 years
Computer equipment	3 years
Office equipment	3 years
Furniture and fittings	10 years
Operating equipment	2 years

Expenditure on major improvements and additions to tangible property, plant and equipment is capitalised on the basis of measured work completed. Incomplete construction projects are shown at cost of materials and other direct costs.

Land, over which the Authority has custodial rights and responsibilities, belongs to the state or other entities. No value is therefore ascribed to it in the financial statements.

The depreciation charge is based on the componentisation approach where appropriate. Where the assessment of useful life is the same, or the cost component is not a significant proportion of total cost, assets are not componentised.

The useful lives of property, plant and equipment and their residual values are reassessed at the end of each financial year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (ie impairment losses are recognised).

Assets are derecognised when no future economic benefits or service potential can be derived from them. The gains or losses (ie the difference between any proceeds and the asset's carrying value) are recognised in the Statement of Financial Performance.

## 6. Intangible assets

Intangible assets are stated at cost at recognition and thereafter at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life of three years.

Management exercises its judgement when classifying intangible assets by taking into consideration whether or not these are integral to the hardware or machinery with which they are associated.

Expenditure is capitalised until the asset is used as originally intended, whereafter all marketing-related expenditure is expensed.

Assets are derecognised when they are disposed of or there are no future economic benefits or service potential to be derived from them. The gains or losses (ie the difference between any proceeds and the asset's carrying value) are recognised in the Statement of Financial Performance.

## 7. Investment property

The Authority holds investment property in order to generate fees. It grants use-rights to third parties through private-public-partnership (PPP) agreements. Typically these PPPs transfer operational and business risk to the third party. The third party is required to insure and maintain the underlying assets and pay a PPP fee to the Authority for the use-rights.

With the exception of three properties, the properties are all managed by Ezemvelo KwaZulu-Natal Wildlife, directly or through subcontractors. The Authority does not charge Ezemvelo KwaZulu-Natal Wildlife a PPP fee.

Investment property is stated at historical cost at recognition, as fair value cannot be reliably determined because there are no comparable market transactions, and thereafter at cost. The willing-buyer-willing-seller principle cannot be applied because of restrictions emanating from the World Heritage Convention Act. Nor is it possible to provide a range of estimates within which fair values may lie.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life, which is taken to be 30 years.

Transfers to and from investment property are made when there is a change in use. Investment properties are derecognised when they are permanently withdrawn from use. Gains or losses arising from derecognition are recognised in the Statement of Financial Performance.

The Authority maintains a register of investment property.

## 8. Impairments

### 8.1 Impairment of Non-Cash-Generating Assets

The Authority assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Authority estimates the recoverable amount of the individual asset or, where this is not possible, it assesses the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount an impairment loss is recognised.

The Authority also assesses, at each reporting date, impairment losses recognised in prior periods. Where the impairment losses no longer exist or have decreased, the Authority estimates the recoverable amount. A reversal of the impairment loss is recognised where the revised carrying amount (ie the carrying amount after the impairment loss is reversed) is higher than what the carrying amount would have been had no impairment loss been recognised in prior periods.

### 8.2 Impairment of Cash-Generating Assets

The Authority assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Authority estimates the recoverable service amount of the asset or, where this is not possible, the recoverable service amount of the non-cash-generating unit to which the asset belongs.

The recoverable service amount is the higher of a non-cash generating asset's fair

value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. If the recoverable service amount of an asset is less than its carrying amount an impairment loss is recognised.

The Authority also assesses, at each reporting date, impairment losses recognised in prior periods. Where the impairment losses no longer exist or have decreased, the Authority estimates the recoverable service amount. A reversal of the impairment loss is recognised when the revised carrying amount (ie the carrying amount after the impairment loss is reversed) is higher than what the carrying amount would have been had no impairment loss been recognised in prior periods. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 9. Leases

The Authority has no financial leases. Lease payments in respect of its operating leases are recognised as an expense on a straight-line basis over the lease term.

### 10. Financial instruments

#### 10.1 Recognition

Financial instruments are recognised on the Statement of Financial Position when the Authority becomes a party to a contract which gives rise to a financial asset or financial liability.

#### 10.2 Financial assets

##### 10.2.1 Measurement

Financial assets are measured initially at fair value and thereafter at amortised cost less any adjustments for impairments. Fair value is deemed to be the nominal value or transaction proceeds. Amortised cost is deemed to be the nominal value except in instances where the difference between the carrying value and the net present value is material. In such instances the amortised cost is determined by adjusting the nominal value using the effective-interest method.

##### 10.2.2 Impairment

At each reporting date management assesses whether there is any objective

evidence of impairment of a financial asset. Such evidence would include financial difficulty of the debtor, non-payment, or the probability of the debtor's bankruptcy. The carrying amount is reduced in instances where it is material.

#### 10.2.3 Derecognition

Financial assets are derecognised when the contractual right to the asset has expired.

#### 10.2.4 Categories of financial assets

The principal financial assets are loans and receivables. These are non-derivative financial assets with fixed or determinable payments. They comprise:

##### 10.2.4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits in the Authority's name with First National Bank.

##### 10.2.4.2 Receivables

Receivables include trade debtors, project advances, deposits and conditional grants. The receivables, other than deposits, are short-term in nature. Deposits are discounted only in instances where the effect is material.

#### 10.3 Financial liabilities

Financial liabilities are recognised when the transaction is entered into. The Authority's financial liabilities comprise trade creditors, accrued expenses, amounts owing to donors, project advances, accruals, retentions, amounts owing to SARS and non-interest-bearing deposits from concessionaires and licensees. Amounts owing to donors comprise interest earned on grant funding for which permission must be obtained for disbursement on the related project costs, whereupon the amounts are transferred to conditional grants.

##### 10.3.1 Measurement

Financial liabilities are measured initially at fair value and thereafter at amortised cost less any adjustments for impairments. Fair value is deemed to be the nominal value or transaction proceeds. Amortised cost is deemed to be the nominal value except in instances where the difference between the carrying

value and the net present value is material. In such instances the amortised cost is determined by adjusting the nominal value using the effective-interest method.

10.3.2 *Derecognition*

Financial liabilities are derecognised when the contractual obligation has been discharged, cancelled or expired.

10.3.3 *Categories of financial liabilities*

The principal financial liabilities are payables and inter-company loans. These are contractual obligations in respect of goods or services. They comprise:

10.3.3.1 *Payables*

Payables include trade creditors, accruals, amounts owing to donors, retentions, levies payable, concessionaires' performance bonds and deposits on staff housing. The payables, other than retentions, concessionaires' performance bonds and deposits, are short-term in nature. Retentions and deposits are discounted only in instances where the effect is material.

10.4 Risk associated with financial instruments

10.4.1 *Credit risk*

The Authority's trade debtors are other government agencies and private-sector entities, primarily licensees and concessionaires. In respect of the private sector, the Authority vets the financial strength of the private party prior to contracting with it. After a contract is entered into, the Authority secures performance bonds or deposits of not less than two months' fees as collateral. Fees are payable in advance. Non-payment results in immediate suspension of use-rights. No collateral is held in respect of government debt.

Debtors past due amount to:

	Total due	Of which, Government	
120 days	440 181	404 747	92,0%
90 days	3 667	-	0%
60 days	20 331	-	0%
30 days	108 227	30 780	28,4%

The risk associated with the outstanding Government debtors is considered low.

10.4.2 *Liquidity risk*

The Authority has sufficient funds to service its financial liabilities.

10.4.3 *Currency risk*

From time to time the iSimangaliso Authority receives foreign grants. Its policy is to pass the foreign-exchange risk onto the donor.

11. **Inventory**

Inventory is held for the delivery of services and includes such items as chemicals for alien-plant clearing and land rehabilitation, stationery and promotional (merchandising) materials. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is acquired by the Authority for no or nominal consideration (ie a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Consumable stores, raw materials, work-in-progress (excluding that relating to construction projects) and finished goods are valued at the lower of cost and net realisable value after initial recognition. In general, the basis of determining cost is the specific identification of costs. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost after initial recognition. The FIFO method is applied.

Redundant inventories are identified and written down from cost to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The write-down is recognised in the Statement of Financial Performance in the year in which it arises.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the

## ACCOUNTING POLICIES CONTINUED

inventory was distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

### 12. Critical accounting estimates and judgements

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Examples of such estimates involve items such as accrued expenses, provisions and the useful lives of property, plant and equipment.

### 13. Standards and interpretations issued but not yet adopted by the Authority

There are standards and interpretations in issue that are not yet effective. The initial application of these is not expected to have any material impact on the financial position of iSimangaliso.

*The following statements have been approved by the Minister of Finance with effect from 1 April 2016:*

GRAP 18	Segment Reporting
GRAP 105	Transfers between entities under common control
GRAP 106	Transfers between entities not under common control

*The following statements have been approved by the Minister of Finance, although their effective dates have not yet been announced:*

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 107	Mergers
GRAP 108	Statutory Receivables

### 14. Employee benefits

The Authority is a total-cost-to-company employer. It does not offer any retirement or post-retirement benefits. Short-term benefits include salaries, short-term-compensated absences and medical aid. The liability and expense are recognised when the employee has rendered the services that entitle him or her to the benefits. Leave pay and medical aid are provided for as follows:

#### 14.1 Leave pay

The Authority provides for estimated leave pay in full, based on the total days' leave accruing to employees at their respective total cost of employment.

#### 14.2 Medical Aid

Medical aid is mandatory for all staff and is included in the total cost of employment.

#### 14.3 Study Loans

The Authority provides study loans to staff. These are converted to grants on successful completion of each year of study and provided that the staff member concerned does not resign within a year of completion of the particular year of study.

### 15. Provisions and contingent liabilities

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance

as a finance cost as it occurs.

**16. Heritage assets**

The iSimangaliso Wetland Park was the first South African World Heritage Site to be listed by UNESCO. The Park was listed on the basis of its superlative natural beauty, biodiversity and threatened species and ecological processes. The Park is 358 534 hectares including 5 ecosystems, viz marine, coastal dune, lake, swamps, and dry savannah woodlands, thickets and sand forest. The Park also includes 4 RAMSAR sites.

**17. Biological assets**

The iSimangaliso Authority is responsible for managing a wide range of fauna, flora, geological structures and unique scenery. Since the iSimangaliso Authority does not control conditions affecting the progeny or quantity of any species, and since its main line of business does not include trade in these assets, it does not account for any biological assets.

**18. Taxation**

No provision is made for taxation as the Authority is exempt from income tax. It also does not charge value-added tax as it is precluded from doing so by statute.

**19. Risk management**

The Authority transfers risk to third parties in instances where use-rights are conferred on these parties. It imposes an obligation on all such third parties to adequately insure buildings and structures allocated for their use. The remaining risk, which the Authority carries itself, is within Authority's ability to manage.



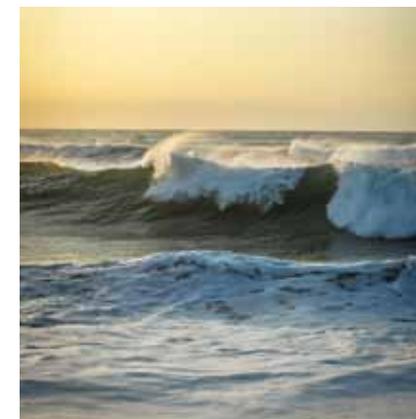
# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2014/15 R	2013/14 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
		367 279 025	364 046 168
Property, plant and equipment	1	276 981 629	270 661 386
Intangible assets	2	949	2 468
Investment property	3	90 296 447	93 382 314
<b>Current assets</b>			
		280 152 541	164 671 509
Cash and cash-equivalents	4	271 577 634	162 607 852
Receivables	5	8 411 759	1 852 226
Inventories	6	163 149	211 432
<b>Total assets</b>		<b>647 431 566</b>	<b>528 717 677</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		265 669 689	157 270 067
Payables	7	33 160 420	27 006 892
Conditional grants	8	232 178 222	129 979 148
Income received in advance	9	331 047	284 027
<b>Total liabilities</b>		<b>265 669 689</b>	<b>157 270 067</b>
<b>Net assets</b>		<b>381 761 877</b>	<b>371 447 610</b>
<b>NET ASSETS</b>			
		265 740 150	265 740 150
Value of assets taken over		116 021 727	105 707 460
Accumulated surplus			
<b>Total net assets</b>		<b>381 761 877</b>	<b>371 447 610</b>

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2015



	Notes	2014/15 R	2013/14 R
<b>REVENUE</b>		126 379 483	86 201 906
Revenue from Non-Exchange Transactions		108 904 320	73 152 216
- Grants		105 644 945	71 556 003
- Management Fees		1 097 642	777 331
- Administration Fees		2 062 332	788 883
- Donations		-	10 000
- Penalties		99 400	20 000
Revenue from Exchange Transactions		17 475 163	13 049 689
- Interest income		1 036 061	674 861
- Park revenue		15 843 871	11 901 839
- Other income		595 231	472 989
<b>EXPENDITURE</b>		116 065 217	107 014 787
Co-management agreement payments		1 136 685	861 864
Project costs		32 166 883	21 986 411
Personnel costs		10 554 585	12 991 910
Depreciation			
- Property, plant and equipment	1	18 276 390	16 902 382
- Intangible assets	2	1 511	2 571
- Investment property	3	4 444 791	4 438 744
Professional fees		5 739 723	5 194 221
Bad debts written off	19	70 205	6 079 009
Loss/(profit) on disposal of fixed assets			
- Property, plant and equipment		2 940 355	55 564
- Intangible assets		8	-
- Investment property		-	-
Other operating expenses		40 734 082	38 502 111
<b>SURPLUS/(DEFICIT) FOR YEAR</b>		10 314 266	(20 812 881)



# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2014/15 R	2013/14 R
<b>VALUE OF ASSETS TAKEN OVER</b>			
Balance at beginning of year		265 740 150	265 740 150
Balance at end of year		265 740 150	265 740 150
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>			
Balance at beginning of year		105 707 460	126 520 342
Surplus/(deficit) for the year		10 314 266	(20 812 881)
Balance at end of year		116 021 727	105 707 460
<b>TOTAL CHANGE IN NET ASSETS</b>			
Balance at beginning of year		371 447 610	392 260 492
Surplus/(deficit) for the year		10 314 266	(20 812 881)
Balance at end of year		381 761 877	371 447 610

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2014/15 R	2013/14 R
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash grants and other revenue received		230 340 492	157 603 203
Cash paid to suppliers and employees		(93 510 860)	(77 153 598)
Cash generated from/(utilised in) operations		136 829 633	80 449 605
Interest received		1 036 061	674 861
	12	137 865 694	81 124 466
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment		(27 536 987)	(5 142 825)
- Acquisitions		(27 854 956)	(5 142 825)
- Proceeds from disposals		317 969	-
Acquisition of investment property		(1 358 925)	-
		108 969 782	75 981 641
<b>NET INCREASE IN CASH AND CASH-EQUIVALENTS</b>			
		162 607 852	86 626 210
<b>CASH AND CASH-EQUIVALENTS AT BEGINNING OF YEAR</b>			
		271 577 634	162 607 852
<b>CASH AND CASH-EQUIVALENTS AT END OF YEAR</b>			
	4	271 577 634	162 607 852



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated depreciation at beginning of year R	Depreciation for year R	Depreciation written back R	Accumulated depreciation at end of year R	Carrying value at end of year R	Proceeds on disposals R
<b>1. PROPERTY, PLANT AND EQUIPMENT 2014/15</b>												
Buildings and structures	98 330 093	119 771 269	392 175	5 108 675	577 511	124 694 609	21 441 176	4 017 072	126 898	25 331 350	99 363 259	-
Roads and bridges	108 977 805	156 002 888	-	6 174 626	-	162 177 514	47 025 083	7 878 864	-	54 903 947	107 273 567	-
Fences	23 157 974	47 902 523	-	3 382 133	5 658 196	45 626 459	24 744 549	3 219 339	2 943 620	25 020 268	20 606 191	-
Dams, reservoirs and boreholes	11 402 056	15 807 090	-	-	-	15 807 090	4 405 035	1 053 799	-	5 458 834	10 348 256	-
Motor and other vehicles	452 228	1 108 173	-	-	438 750	669 422	655 945	152 794	350 999	457 739	211 683	288 040
Computer equipment	72 467	756 832	164 467	-	136 182	785 116	684 365	54 012	136 167	602 209	182 907	8 883
Office equipment	3 991	75 462	4 349	-	51 949	27 863	71 471	3 907	51 938	23 441	4 422	-
Furniture and fittings	251 650	593 838	99 476	-	-	693 314	342 188	51 754	-	393 942	299 372	-
Operating equipment	2 777 902	5 232 247	405 431	200 299	1 450 054	4 387 923	2 454 345	1 844 849	1 444 697	2 854 497	1 533 425	21 046
Capital work in progress	25 235 221	25 235 221	26 789 058	(14 865 732)	-	37 158 547	-	-	-	-	37 158 547	-
	270 661 386	372 485 543	27 854 956	-	8 312 642	392 027 857	101 824 157	18 276 390	5 054 319	115 046 228	276 981 629	317 969

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	Carrying value at beginning of year	Cost at beginning of year	Additions during year	Transfers in (out) during year	Disposals during year	Cost at end of year	Accumulated depreciation at beginning of year	Depreciation for year	Depreciation written back	Accumulated depreciation at end of year	Carrying value at end of year	Proceeds on disposals
	R	R	R	R	R	R	R	R	R	R	R	R
<b>1. PROPERTY, PLANT AND EQUIPMENT (cont.)</b>												
<b>2013/14</b>												
Buildings and structures	97 524 135	115 004 078	-	4 807 984	40 793	119 771 269	17 479 943	3 967 691	6 459	21 441 176	98 330 093	-
Roads and bridges	112 829 531	152 241 027	-	3 761 862	-	156 002 888	39 411 496	7 613 588	-	47 025 083	108 977 805	-
Fences	26 437 225	47 902 523	-	-	-	47 902 523	21 465 298	3 279 251	-	24 744 549	23 157 974	-
Dams, reservoirs and boreholes	12 455 855	15 807 090	-	-	-	15 807 090	3 351 235	1 053 799	-	4 405 035	11 402 056	-
Motor and other vehicles	641 585	1 108 173	-	-	-	1 108 173	466 588	189 357	-	655 945	452 228	-
Computer equipment	95 100	795 651	36 643	-	75 462	756 832	700 551	46 287	62 473	684 365	72 467	-
Office equipment	9 280	86 121	-	-	10 659	75 462	76 841	5 286	10 656	71 471	3 991	-
Furniture and fittings	304 070	593 838	-	-	-	593 838	289 768	52 420	-	342 188	251 650	-
Operating equipment	976 697	2 758 182	946 382	1 549 532	21 849	5 232 247	1 781 486	694 703	21 844	2 454 345	2 777 902	-
Capital work in progress	31 194 797	31 194 797	4 159 801	(10 119 377)	-	25 235 221	-	-	-	-	25 235 221	-
	282 468 274	367 491 480	5 142 825	-	148 762	372 485 543	85 023 206	16 902 382	101 432	101 824 157	270 661 386	-

	2014/15	2013/14
	R	R

Cost of property, plant and equipment  
fully depreciated but still in use:

Buildings and structures	145 469	-
Motor and other vehicles	161 387	161 387
Computer equipment	513 310	649 493
Office equipment	18 484	59 602
Furniture and fittings	123 028	100 229
Operating equipment	1 297 103	1 791 593
	2 258 781	2 762 304

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated amortisation at beginning of year R	Amortisation for year R	Amortisation written back R	Accumulated amortisation at end of year R	Carrying value at end of year R	Proceeds on disposals R
<b>2. INTANGIBLE ASSETS</b>												
<b>2014/15:</b>												
Website	167	88 342	-	-	-	88 342	88 174	164	-	88 339	3	-
Computer software	2 301	199 584	-	-	34 159	165 425	197 283	1 346	34 151	164 479	946	-
	<u>2 468</u>	<u>287 926</u>	<u>-</u>	<u>-</u>	<u>34 159</u>	<u>253 767</u>	<u>285 458</u>	<u>1 511</u>	<u>34 151</u>	<u>252 817</u>	<u>949</u>	<u>-</u>
<b>2013/14:</b>												
Website	1 392	88 342	-	-	-	88 342	86 950	1 225	-	88 174	167	-
Computer software	3 647	199 584	-	-	-	199 584	195 937	1 346	-	197 283	2 301	-
	<u>5 039</u>	<u>287 926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287 926</u>	<u>282 887</u>	<u>2 571</u>	<u>-</u>	<u>285 458</u>	<u>2 468</u>	<u>-</u>
	<b>2014/15</b> R	<b>2013/14</b> R										
Cost of intangibles fully depreciated but still in use:												
Computer software	161 385	195 543										
Website	88 342	-										
	<u>249 727</u>	<u>195 543</u>										

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	Cost at beginning of year R	Accumulated depreciation at beginning of year R	Carrying value at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during the year R	Depreciation for year R	Depreciation written back R	Carrying value at end of year R	Proceeds on disposals R
<b>3. INVESTMENT PROPERTY</b>										
<b>2014/15</b>										
Cape Vidal tourist accommodation	36 112 876	7 107 831	29 005 045	-	-	-	1 203 797	-	27 801 248	-
Charters Creek tourist accommodation	5 849 591	1 592 020	4 257 571	208 110	-	-	194 990	-	4 270 691	-
Eastern Shores hiking trails facility	996 000	395 533	600 467	-	-	-	33 205	-	567 262	-
False Bay tourist accommodation	1 007 000	400 000	607 000	-	-	-	33 566	-	573 433	-
Fani's Island tourist accommodation	5 966 343	1 930 560	4 035 783	-	-	-	198 883	-	3 836 899	-
Kosi Bay tourist accommodation	6 866 000	2 727 242	4 138 758	-	-	-	228 866	-	3 909 892	-
Mabibi tourist accommodation	7 582 856	2 480 688	5 102 169	-	-	-	251 631	-	4 850 537	-
Manzengwenya tourist accommodation	7 610 821	1 521 954	6 088 867	-	-	-	253 703	-	5 835 164	-
Maphelane tourist accommodation	4 490 000	1 783 521	2 706 479	-	-	-	149 665	-	2 556 814	-
Rocktail Bay tourist accommodation	1 680 782	648 481	1 032 301	-	-	-	56 119	-	976 182	-
Sodwana Bay tourist accommodation	37 925 030	13 186 192	24 738 838	420 771	-	-	1 264 146	-	23 895 463	-
St Lucia Estuary camp sites	7 236 843	2 373 932	4 862 911	-	-	-	241 253	-	4 621 658	-
uMkhuze tourist accommodation	9 866 526	3 660 401	6 206 125	730 044	-	-	334 967	-	6 601 202	-
	133 190 670	39 808 356	93 382 314	1 358 925	-	-	4 444 791	-	90 296 447	-

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	Cost at beginning of year R	Accumulated depreciation at beginning of year R	Carrying value at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during the year R	Depreciation for year R	Depreciation written back R	Carrying value at end of year R	Proceeds on disposals R
<b>3. INVESTMENT PROPERTY (cont.)</b>										
<b>2013/14</b>										
Cape Vidal tourist accommodation	36 112 876	5 904 034	30 208 842	-	-	-	1 203 797	-	29 005 045	-
Charters Creek tourist accommodation	5 849 591	1 397 030	4 452 561	-	-	-	194 990	-	4 257 571	-
Eastern Shores hiking trails facility	996 000	362 328	633 672	-	-	-	33 205	-	600 467	-
False Bay tourist accommodation	1 007 000	366 434	640 566	-	-	-	33 566	-	607 000	-
Fani's Island tourist accommodation	5 966 343	1 731 677	4 234 666	-	-	-	198 883	-	4 035 783	-
Kosi Bay tourist accommodation	6 879 000	2 503 107	4 375 893	-	-	13 000	228 902	-	4 138 758	-
Mabibi tourist accommodation	7 582 856	2 229 056	5 353 800	-	-	-	251 631	-	5 102 169	-
Manzengwenya tourist accommodation	7 610 821	1 268 251	6 342 570	-	-	-	253 703	-	6 088 867	-
Maphelane tourist accommodation	4 490 000	1 633 856	2 856 144	-	-	-	149 665	-	2 706 479	-
Rocktail Bay tourist accommodation	1 680 782	592 362	1 088 420	-	-	-	56 119	-	1 032 301	-
Sodwana Bay tourist accommodation	37 925 030	11 922 046	26 002 983	-	-	-	1 264 146	-	24 738 838	-
St Lucia Estuary camp sites	7 236 843	2 132 679	5 104 164	-	-	-	241 253	-	4 862 911	-
uMkhuze tourist accommodation	9 866 526	3 331 518	6 535 008	-	-	-	328 883	-	6 206 125	-
	133 203 670	35 374 379	97 829 291	-	-	13 000	4 438 744	-	93 382 314	-

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED



	2014/15 R	2013/14 R
<b>3. INVESTMENT PROPERTY (cont.)</b>		
Rental income from investment property	1 591 228	1 243 826
Direct operating expenses from investment property that		
- Generated income	-	-
- Did not generate income	-	-
Direct operating expenses include only expenses such as maintenance, repairs or other costs incurred on behalf of the operators of the properties.		
Restrictions on realisability of investment property		
- Property cannot be alienated without permission of the Minister of Environmental Affairs		
Contractual obligations to purchase, construct, repair or enhance investment property	None	None
<b>4. CASH AND CASH-EQUIVALENTS</b>		
Bank accounts	271 577 495	162 604 673
Petty cash	139	3 179
	<u>271 577 634</u>	<u>162 607 852</u>
<b>5. RECEIVABLES</b>		
Trade debtors	1 401 178	1 592 569
Prepaid expenses	5 425 598	96 458
Project advances	15 945	-
Deposits	97 954	92 993
SARS	17 600	70 205
Conditional grants receivable	1 453 484	-
	<u>8 411 759</u>	<u>1 852 226</u>



# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 6. INVENTORIES

Chemicals, protective clothing and equipment  
 Promotional materials  
 Stationery

	2014/15		2013/14	
	Carrying amount	Amount expensed	Carrying amount	Amount expensed
	R	R	R	R
Chemicals, protective clothing and equipment	90 618	249 897	140 347	967 159
Promotional materials	51 700	39 198	52 388	44 605
Stationery	20 831	65 147	18 696	38 211
	<u>163 149</u>	<u>354 241</u>	<u>211 432</u>	<u>1 049 975</u>

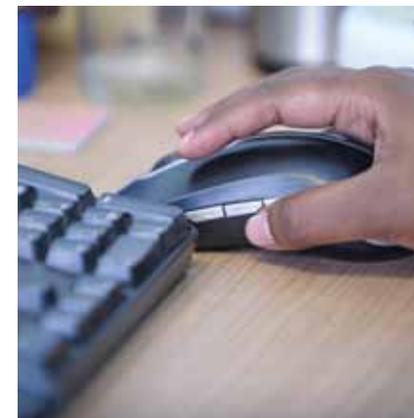
### 7. PAYABLES

Trade creditors  
 Accrued expenses  
 Amounts owing to donors  
 Project advances  
 Retentions  
 Levies payable  
 Deposits on staff housing  
 Concessionaires' performance bonds

	2014/15	2013/14
	R	R
Trade creditors	13 662 641	12 977 558
Accrued expenses	2 321 984	2 967 441
Amounts owing to donors	8 307 504	4 736 107
Project advances	-	2 136
Retentions	1 796 428	1 040 684
Levies payable	5 527 638	4 180 613
Deposits on staff housing	20 746	20 546
Concessionaires' performance bonds	1 523 479	1 081 807
	<u>33 160 420</u>	<u>27 006 892</u>

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED



	2014/15 R	2013/14 R
<b>8. CONDITIONAL GRANTS</b>		
Reference should be made to policy 3.1. The requirements of the grants below are:		
a) that funds be expended in accordance with the approved business plans and		
b) any unspent or misspent funds be returned to the donor by the Authority		
IP equipment and facilities (funded by DEA)	13 538 377	-
IP equipment and facilities 13/14 (funded by DEA)	19 931 767	-
Working for Water (funded by DWA)	672 504	84 046
Lubombo Route (development of tourism route through Mozambique, Swaziland and South Africa; funded by the KZN Dept of Local Government)	1 230 622	1 230 622
Lotto craft	209 817	-
Lotto environmental	1 252 082	-
IP Infrastructure programme (funded by DEA)	-	1 404 722
Corridor funding (funded by the KZN Dept of Local Government)	344	391 772
Art programme (funded by MTN)	12 136	12 136
GEF grant (funded by GEF)	24 017 706	7 965 906
Tourism infrastructure development (funded by DEA)	778 503	139 152
Coastcare programme (funded by DEA)	-	1 284 790
Craft and environmental education (funded by National Lottery)	-	232 705
IP infrastructure (funded by DEA)	14 593	4 451 349
MLRF programme (funded by DEA)	629 611	526 302
Working for Wetlands (funded by SANBI)	-	286 818
Infrastructure development "12/15" (funded by DEA)	169 811 874	111 968 828
Groen Sebenza (funded by SANBI)	78 285	-
	232 178 222	129 979 148



# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	2014/15 R	2013/14 R
<b>8. CONDITIONAL GRANTS (cont.)</b>		
<i>GEF Project:</i>		
The Authority has been awarded a grant by GEF for, inter alia, hydrological studies and capacity-building of local communities. On 24 March 2010, a contract was concluded with the World Bank, the administrators of the grant.		
Since the inception of the project, contracts totalling R40 051 531 (2009/2010 to 2013/2014: R30 710 855) have been awarded, in accordance with World Bank procurement policies	9 340 676	2 607 382
Expenditure since inception totals R39 421 097 (2009/10 to 2013/2014: R25 422 910) of which:		
- Component 1 - Hydrology of Lake St Lucia	4 666 688	4 357 178
- Component 2 - Improvement of livelihood and employment opportunities for communities	7 131 638	5 158 403
- Component 3 - Institutional strengthening and support	2 204 081	722 693
	14 002 407	10 238 274
The Authority has provided co-funding in the amount of R283 401 587 (2009/10 to 2013/14: R213 180 724), of which:	70 220 863	39 155 427
<i>National Lottery Projects:</i>		
The Authority has been awarded a grant by the National Lotteries Board for Youth Environmental Education, Art Skills and Craft Skills. The contract was concluded on 15 July 2010.		
No new contracts were awarded in this financial year. In 2013/14 contracts totalling R4 108 437 were awarded.		
Expenditure for the year was as follows:		
- Youth Environmental Education	99 152	(64 848)
- Art Skills	-	827
- Craft Skills	3 289	266 064
	102 441	202 043

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	2014/15 R	2013/14 R
<b>9. INCOME RECEIVED IN ADVANCE</b>		
Fees received in advance	331 047	284 027
	<u>331 047</u>	<u>284 027</u>
<b>10. SURPLUS/(DEFICIT) FOR YEAR</b>		
The operating surplus/(deficit) is calculated after taking into account the following items:		
Income		
- Transfer from grants to match related expenditure incurred during year	105 644 945	71 556 003
Expenses		
- Audit fees - external	1 027 238	1 164 978
- Audit fees - internal	122 202	261 945
- Depreciation	22 722 692	21 343 697
- Equipment rental	86 014	98 775
- Loss on scrapping of fixed asset	2 940 355	55 564





# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	2014/15 R	2013/14 R
<b>11. LEASES</b>		
Equipment rental comprises payments made for operating leases of photocopiers and telephone PABX systems. The PABX contract is on a month-to-month basis. The contract in respect of the photocopiers lapses on 21 July 2017. The future rental commitments are:		
- Payable during next financial year	81 824	34 903
- Payable 2 to 3 years after reporting date	27 275	-
<b>12. NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net surplus/(deficit) per statement of financial performance	10 314 266	(20 812 881)
Adjustments for:		
- Depreciation		
• Property, plant and equipment	18 276 390	16 902 382
• Intangible assets	1 511	2 571
• Investment property	4 444 791	4 438 744
- Bad debts	70 205	6 079 009
- Loss on disposal of fixed assets		
• Property, plant and equipment	2 940 355	55 564
• Intangible assets	8	-
	36 047 526	6 665 388
- (Increase)/decrease in receivables	(6 629 738)	(5 072 748)
- (Increase)/decrease in inventories	48 283	77 695
- Increase/(decrease) in deferred income	47 020	7 060
- Increase/(decrease) in conditional grants	102 199 074	69 223 205
- Increase/(decrease) in payables	6 153 529	10 223 867
Net cash inflow from operating activities	137 865 694	81 124 466

The Authority does not have any overdraft or other borrowing facilities.

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED



	2014/15 R	2013/14 R
<b>13. CAPITAL COMMITMENTS</b>		
Contracted for	22 035 653	8 006 571
	<u>22 035 653</u>	<u>8 006 571</u>
Expenditure authorised by the Board in respect of capital projects such as roads, hides, picnic sites, viewing decks, signage, water reticulation, and buildings, for the next three year cycle is:	491 862 469	466 194 606
<b>14. CONTINGENT LIABILITIES</b>		
<i>Land claims</i>		
A number of land claims have been settled on land controlled by the Authority in respect of which co-management agreements have been concluded. The agreements do not permit occupation or use of Park assets and there are no recurring fixed financial obligations for iSimangaliso.		
<i>Construction contract</i>		
Sanyati, a construction company contracted to iSimangaliso has been liquidated. iSimangaliso has taken the view that it will not recover any money due to it by Sanyati and has written these amounts off over the last two years. However the amount due to Sanyati is still reflected as a liability consistent with conservatism. Sanyati's arbitrators have made an additional claim for work measured post liquidation and are disputing penalties levied against Sanyati for non-achievement of labour targets. This has given rise to a contingent liability in the amount of:	<u>12 038 123</u>	-
<i>Fire claim</i>		
The Western Shores section of iSimangaliso has incorporated forestry land belonging to Siyaquubeka (SQF) by agreement. In August 2012, two fires broke out in park and forestry areas. SQF issued summons in 2015 for damages to two of its plantations. However at this stage the value of the claim has not been substantiated by SQF. The matter has been referred to counsel. The Authority has been advised that claims involving contributory negligence may run for up to 5 years. The amount of the claim is reflected as a contingent liability.	<u>15 047 425</u>	-



# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

		2014/15 R	2013/14 R
<b>15. DIRECTORS' AND SENIOR MANAGERS' REMUNERATION</b>			
<b>Non-executive directors</b>			
Fees		82 069	87 207
<b>Executive directors</b>			
<i>Chief Executive Officer</i>			
Salary		1 459 764	1 360 208
Allowances		88 156	86 314
Medical Aid		36 140	33 908
Total	12 months (12 months)	1 584 060	1 480 430
<b>Senior Managers</b>			
<i>Chief Financial Officer</i>			
Salary		1 155 040	1 070 753
Allowances		137 996	137 996
Medical Aid		15 660	14 332
Total	12 months (12 months)	1 308 696	1 223 081
The posts of Chief Financial Officer and Commercial Director were merged from February 2007			
<i>Parks Operations Director</i>			
Salary		553 854	860 548
Allowances		85 560	142 378
Medical Aid		36 776	52 148
Total	8 months (12 months)	676 190	1 055 074
<i>Research and Policy Senior Manager</i>			
Salary		800 903	746 376
Allowances		71 536	69 694
Total	12 months (12 months)	872 439	816 070

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED



	2014/15 R	2013/14 R
<b>15. DIRECTORS' AND SENIOR MANAGERS' REMUNERATION (cont.)</b>		
<i>Finance Senior Manager</i>		
Salary	668 416	621 312
Allowances	51 600	51 600
Total	12 months (12 months) 720 016	672 912
Total Directors' Remuneration	1 666 129	1 567 637
Total Senior Managers' Remuneration	3 577 341	3 767 137

The Chief Executive Officer and senior management are paid on a total-cost-to-company basis. The total package has been disaggregated for purposes of Treasury Regulation 28.1.4.

### 16. RELATED-PARTY DISCLOSURES

#### *Identity of related parties*

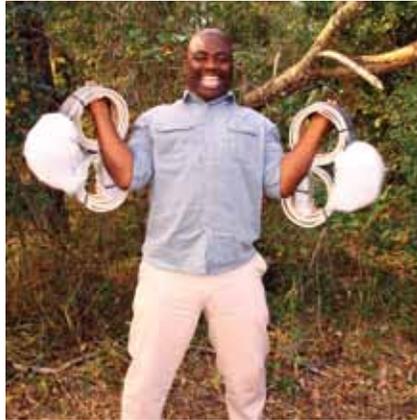
The Authority's parent department is the Department of Environmental Affairs (DEA). The Authority receives an annual allocation from DEA, which it uses to finance its operations. From time to time it also receives additional grants from the expanded public works programme managed by DEA.

#### *Material related-party balances and transactions*

Transfers from related party	172 697 864	126 972 493
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#### *Key management-related activities*

No loans or payments were made to management of DEA during the year, nor were any material transactions entered into with them.



*Tourism Operations Manager,  
Sizo Sibiyi holds aloft newly received  
elephant monitoring collars*

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 17. BUDGET INFORMATION

The budget (which covers the same period as these financial statements) is approved on a quasi-cash basis using a nature-of-expense classification. The financial statements are prepared on the accrual basis, also using a nature-of-expense classification. The following reconciliation summarises the differences between the actual financial performance for the year and the budget and provides explanation for the material variances.

#### Reconciliation between budget and statement of financial performance

	Variance between approved budget and actual 2014/15 R	Variance between final budget and actual 2014/15 R	Variance between final budget and actual 2013/14 R
Net surplus/(deficit) per the statement of financial performance	10 314 266	10 314 266	(20 812 881)
Adverse/(favourable) variances of actual from final budget (explanations for variances between the approved and final budget are in brackets):			
Income:			
- Grant revenue (was over budget as additional funding was sourced during the year - the additional funding is the difference between the approved and final budget)	(65 451 826)	(50 048 826)	15 499 801
- Administration fees	(287 815)	(287 815)	(119 883)
- Park revenue (gate tariffs were restructured post-budgeting to provide for an overnight levy - the difference in approved and actual budget was an adjustment following a change to the business plan)	(3 606 371)	(2 043 871)	(1 217 839)
- Other (the difference between approved and actual budget was a revision based on actual performance during the course of the year)	2 313 585	(748 915)	(754 181)
Expenses:			
- Chemicals and equipment (new methods of work were tested resulting in efficiencies)	(2 184 632)	(2 184 632)	2 482 711
- Depreciation and amortisation	771 402	771 402	417 697
- Personnel costs (the budgeted figure did not take into account savings from cost recoveries from projects)	(9 049 974)	(9 049 974)	(2 704 090)
- Repairs and maintenance	818 906	823 406	(11 931 691)
- Management and administration	(953 470)	(953 470)	725 436
- Professional fees (professional fees associated with projects were not incurred at the rate anticipated)	(1 914 191)	(1 914 191)	(3 568 438)
- Subcontractors (higher number of land care contracts were issued during the course of the year than had been planned)	11 533 160	11 533 160	(17 724 379)
- Training (the roll-out of training programmes under certain projects was postponed)	(4 014 798)	(4 014 798)	(2 463 011)
- Other (the variance is attributable largely to (a) increased security costs associated with rhino poaching prevention efforts, (b) loss on scrapping of assets, and (c) the operating costs of additional entrance gates)	9 687 186	9 682 686	8 501 552
	<u>(62 338 839)</u>	<u>(48 435 839)</u>	<u>(12 856 314)</u>
Differences in the bases of accounting:			
Capital expenditure treated on a cash basis in budget	(71 990 891)	(85 893 891)	(51 746 000)
Grants received treated on a cash basis in budget	124 015 464	124 015 464	85 415 195
	<u>52 024 573</u>	<u>38 121 573</u>	<u>33 669 195</u>
Net surplus/(deficit) per approved budget	<u>-</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 18. HERITAGE ASSETS

The iSimangaliso Wetland Park is 358 534 hectares in extent. The five major ecosystems found in iSimangaliso provide habitat for a significant diversity of African biota. These ecosystems are:

- The marine ecosystem, characterised by a warm sea, the southernmost extension of coral reefs in Africa, submarine canyons and long sandy beaches
- The coastal dune system, consisting of linear dunes up to 180m in height, sub-tropical forests, grassy plains and wetlands
- Lake systems, consisting of two estuarine-linked lakes (St Lucia and Kosi) and four large freshwater lakes
- The uMkhuze and uMfolozi swamps, with swamp forest, extensive reed and papyrus wetlands
- The inland Western Shores, with ancient shoreline terraces and dry savannah woodland

This diversity provides important habitats for a large number of species, including those that are rare, threatened or endemic. The species lists for iSimangaliso are the most extensive in the region and population sizes of most species are viable. Of the over 6 500 plant and animal species known to occur in the Park, populations of those with conservation importance include 11 species that are endemic to the Park, 56 species endemic to KwaZulu-Natal, and 108 species endemic to South Africa. Four hundred and sixty seven species are listed as threatened in South Africa. In the past, little was known about the status and viability of many rare, threatened and endemic species in the Park, particularly the lower vertebrate and invertebrate species. But studies on a number of these species are currently underway.

The Park is situated on the southernmost extremity of the Mozambique

coastal plain and, as a result, hosts numerous species not found elsewhere in South Africa. This adds to the value and importance of this unique area from a South African species conservation perspective. The presence of some of these species north of our borders, cannot detract from the importance of conserving the South African populations, as very little information is generally available on their conservation status and distribution in other parts of southern and central Africa. iSimangaliso is clearly a critical habitat for a range of species from Africa's marine, wetland and savannah environments.

iSimangaliso also has four Ramsar sites\*, an accreditation that recognises the ecological significance of those sites, their function as wetlands and their importance as resources of economic, cultural, scientific and recreational value. The sites are:

- St Lucia Lake System: on the coast, between the uMfolozi Swamps from south of the uMfolozi River to the uMkhuze River in the north. The site was designated on 2 October 1986 (Ramsar Site # 345)
- Turtle Beaches/Coral Reefs of Tongaland: on the coast, stretching from just south of Cape Vidal northwards to the border of Mozambique. The site was designated on 2 October 1986 (Ramsar Site # 344)
- Kosi Bay Lake System: on the coast south of Mozambique on the Maputaland Coastal Plain. The site was designated on 28 June 1991 (Ramsar Site #527)
- Lake Sibaya: on the coast, north of Cape Vidal and south of Sodwana Bay. The site was designated on 28 June 1991 (Ramsar Site # 528)

The remarkable ecological diversity and significance of iSimangaliso is therefore unique, not only on the African continent, but also from a

global perspective. For example, available information suggests that no other locality in the world harbours such a wide range of wetland types in a single protected area. Of the 32 marine/coastal and inland natural wetland forms recognised by the Ramsar Convention, no fewer than 23 of these forms occur within the Park.

The value of the Heritage Assets cannot be reliably measured as there is no active market for these.

*\*A Ramsar site is a wetland protected under the 1971 Ramsar Convention on Wetlands of International Importance.*

### 19. BAD DEBTS WRITTEN OFF

In the prior year, Sanyati, a construction company contracted to iSimangaliso was being liquidated. Sanyati was indebted to iSimangaliso in the amount of R11 979 745. The Authority has taken the conservative view, based on information available regarding the progress of the liquidation, that the amount owed by Sanyati will not be recovered. As at 31 March 2014 the remaining balance was written off. The Authority will continue to pursue the receipt of a liquidation dividend.

The amount in the current financial year is in respect of a refund due from SARS. The amount has been outstanding for over 5 years. iSimangaliso has taken the conservative view and written the amount off but will continue to follow it up.

2014/15	2013/14
R	R
70 205	6 079 009

# DETAILED STATEMENT OF FINANCIAL PERFORMANCE

UNAUDITED SUPPLEMENTARY SCHEDULE FOR THE YEAR ENDED 31 MARCH 2015

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2013/14 R
<b>Income:</b>								
Grants	24 992 000	37 668 584	156 287	25 990 709	742 487	16 094 877	105 644 945	71 556 003
Interest received	1 036 061	-	-	-	-	-	1 036 061	674 861
- From banks	1 036 061	-	-	-	-	-	1 036 061	674 861
Park revenue	15 843 871	-	-	-	-	-	15 843 871	11 901 839
Penalties	99 400	-	-	-	-	-	99 400	20 000
Sundry revenue	3 755 205	-	-	-	-	-	3 755 205	2 049 202
- Admin fees recovered from programmes	2 062 332	-	-	-	-	-	2 062 332	788 883
- Management fees recovered from programmes	1 097 642	-	-	-	-	-	1 097 642	777 331
- Discounts received	1 615	-	-	-	-	-	1 615	6 429
- Bid and tender fees	41 400	-	-	-	-	-	41 400	2 500
- Other	552 216	-	-	-	-	-	552 216	474 060
<b>Total income</b>	<b>45 726 538</b>	<b>37 668 584</b>	<b>156 287</b>	<b>25 990 709</b>	<b>742 487</b>	<b>16 094 877</b>	<b>126 379 483</b>	<b>86 201 906</b>

# DETAILED STATEMENT OF FINANCIAL PERFORMANCE

## UNAUDITED SUPPLEMENTARY SCHEDULE CONTINUED

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2013/14 R
<b>Expenditure</b>	69 394 949	9 753 612	156 287	19 930 174	742 487	16 087 708	116 065 217	107 014 787
Advertising	103 090	-	-	-	-	-	103 090	114 375
Audit fees - external	1 027 238	-	-	-	-	-	1 027 238	1 164 978
Audit fees - internal	122 202	-	-	-	-	-	122 202	261 945
Bad debts	70 205	-	-	-	-	-	70 205	6 079 009
Bank charges	138 894	4 846	878	5 010	919	5 588	156 135	119 558
Board expenses	208 114	-	-	-	-	-	208 114	182 354
Co-management agreement payments	1 136 685	-	-	-	-	-	1 136 685	861 864
Chemicals and equipment	-	4 814 768	-	897 079	237 320	1 571 028	7 520 195	4 650 711
Computer consumables	20 921	-	-	-	-	-	20 921	10 133
Conference expenses	18 757	-	-	-	-	-	18 757	4 033
Courier and postage	16 171	-	-	-	-	-	16 171	15 574
Depreciation:								
- Property, plant and equipment	18 276 390	-	-	-	-	-	18 276 390	16 902 382
- Intangible assets	1 511	-	-	-	-	-	1 511	2 571
- Investment property	4 444 791	-	-	-	-	-	4 444 791	4 438 744
Discounts allowed	19 720	-	-	-	-	-	19 720	3 320
Donations	28 500	-	-	-	-	-	28 500	11 000
Electricity	2 117 720	-	-	-	-	-	2 117 720	1 902 530
Game purchases and management	21 043	-	-	-	-	-	21 043	7 262
Gate operating costs	5 467 954	-	-	-	-	-	5 467 954	4 406 092
Insurance	133 761	-	-	-	-	-	133 761	112 317
Legal fees	3 367 203	-	-	-	-	-	3 367 203	2 425 579
Licences	22 117	-	-	-	-	-	22 117	21 337
Loss on disposal of fixed assets:								
- Property, plant and equipment	2 940 355	-	-	-	-	-	2 940 355	55 564
- Intangible assets	8	-	-	-	-	-	8	-
Management and administration	-	1 230 422	-	3 399 473	85 829	288 803	5 004 528	3 333 636
Marketing	420 380	-	-	-	-	-	420 380	439 650

# DETAILED STATEMENT OF FINANCIAL PERFORMANCE

## UNAUDITED SUPPLEMENTARY SCHEDULE CONTINUED

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2013/14 R
Personnel costs:								
- Salaries, wages and secondments	14 487 203	-	-	-	-	-	14 487 203	14 701 625
- Less: charged to programmes	(3 932 618)	-	-	-	-	-	(3 932 618)	(1 709 715)
Printing and stationery	282 617	-	-	-	-	-	282 617	254 387
Professional fees	2 372 520	1 221 042	155 409	-	41 389	10 306 173	14 096 533	11 908 362
Rental of equipment	86 014	-	-	-	-	-	86 014	98 775
Repairs and maintenance	7 578 706	-	-	-	-	-	7 578 706	5 992 309
Security	7 188 713	-	-	-	-	-	7 188 713	6 012 716
Staff teas, refreshments and cleaning	81 198	-	-	-	-	-	81 198	62 815
Subcontractors	-	2 482 534	-	15 394 885	-	1 747 500	19 624 919	19 640 621
Subscriptions	16 783	-	-	-	-	-	16 783	18 208
Telephone, telefax and internet	406 134	-	-	-	-	-	406 134	423 735
Training	-	-	-	233 726	377 031	2 168 616	2 779 373	1 605 989
Travelling expenses	580 846	-	-	-	-	-	580 846	381 572
Workshops & meetings	123 102	-	-	-	-	-	123 102	96 869
Net surplus/(loss) for period	(23 668 411)	27 914 973	-	6 060 535	-	7 169	10 314 266	(20 812 881)



*“ Conservation  
at work ”*





*iSimangaliso's recently acquired bus*



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Lubombo Spatial Development Initiative  
South African Tourism  
South African National Roads Agency

KZN Department of Co-operative Governance and Traditional Affairs  
KZN Department of Economic Development, Tourism and Environmental Affairs

KZN Department of Education  
KZN Department of Community Safety and Liaison

Ezemvelo KZN Wildlife  
KZN Tourism Authority  
KZN Director Police Services

Umkhanyakude District Municipality and the Mtubatuba  
Big 5 False Bay, Umhlabuyalingana, Hlabisa and Jozini local municipalities  
Uthungulu District Municipality and the Kwambonambi local municipality  
Mpukunyoni, Makhasa, Tembe, Ngwenya, Nsinde, Jobe, Mabaso, Mngqobokazi, Sokhulu, Mdletshe, and Nibela Traditional Councils

Emandleni, Mfusi, Libuyile, Bhangazi, Jobe, Nsinde, Sokhulu, Makhasa, Qhubekani Community Trusts and Triangle, Ngwenya, Western Shores, Tembe, and Dukuduku Land Claims Committees

WWF (SA)  
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Wildlands Conservation Trust  
World Bank  
Global Environment Facility

NLB - Lotto

Sean Brand Photography



**iSimangaliso**  
*Wetland Park*



KOSI BAY COASTAL FOREST LAKE SIBAYA SODWANA BAY uMKHUZE FALSE BAY CHARTERS CREEK LAKE ST LUCIA CAPE VIDAL MAPHELANE