



iSimangaliso

Wetland Park

**Portfolio and Select Committees
Quarter 2 2016/17 Report Presentation
October 2016**



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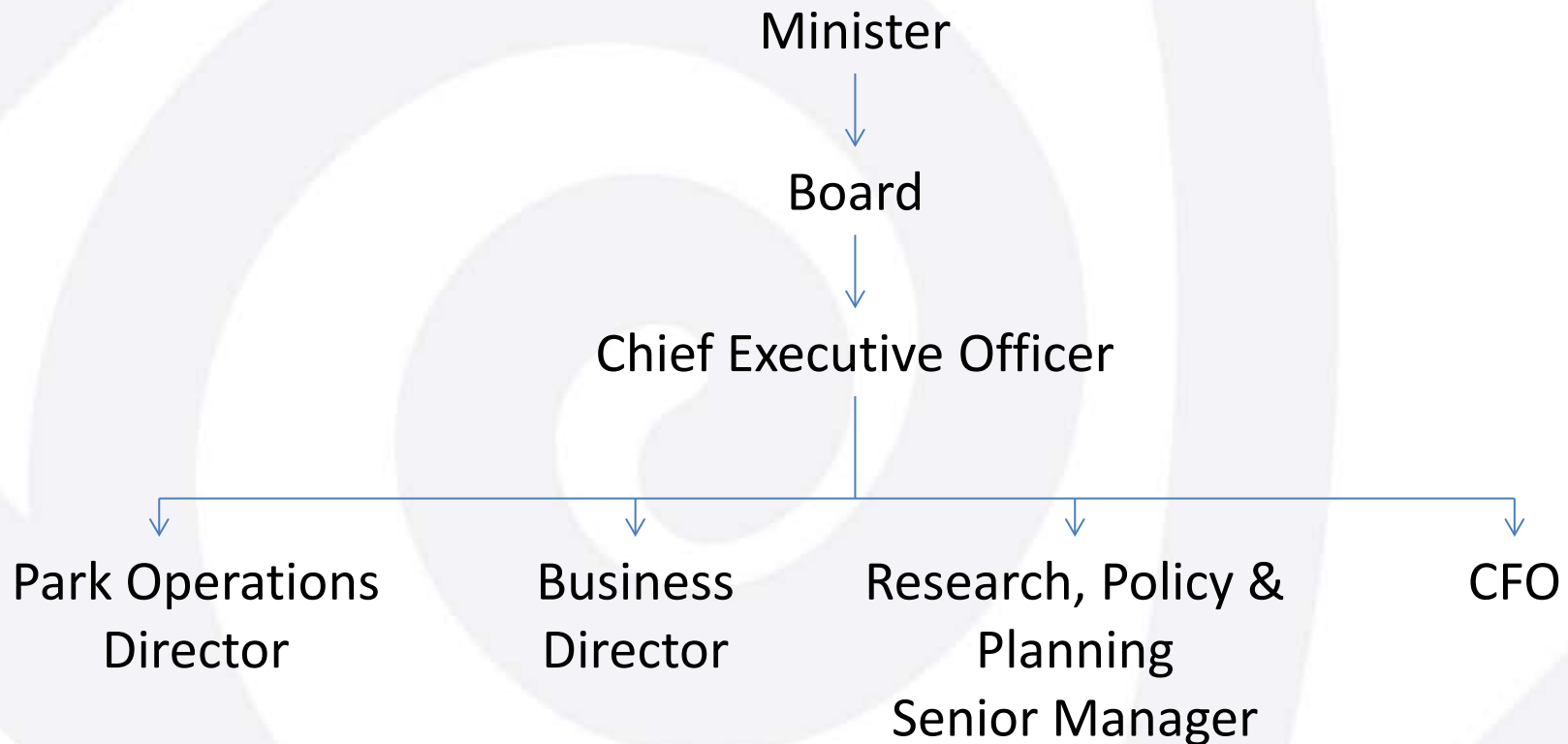
Vision: to create Africa's greatest conservation-based tourism destination driven by community empowerment

Mission: To protect, conserve and present the Wetland Park and its World Heritage Values for current and future generations in line with the standards laid down by UNESCO and the World Heritage Act, and to deliver benefits to communities living in and adjacent to the Park by facilitating optimal tourism and related development

High-Level Structure



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Synopsis Second Quarter 2016/17 Results



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Programme	Quarter Two			Year to Date		
	Off target	Work in progress	On target	Off target	Work in progress	On target
Park Operations	0	1	9	0	1	9
Transformation	0	2	3	0	1	4
Commercialisation/Tourism	0	1	6	0	1	6
Corporate Governance	0	1	9	0	1	9
Total	0	5	27	0	4	28

= On Target

= Work in progress

= Off target

= No milestone

= Information not provided



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Programme One: *Conservation & Park Operations*

Strategic objective: *to ensure the world heritage values are conserved*

SO: To ensure the World Heritage Values are conserved

Performance indicator	Baseline	Annual target 2016/17	Qu2 target	Qu 2 Actual	YTD target	YTD Actual	Achievements/Challenges/Corrective Measures
Number of park management meetings	New indicator	6	2	2	3	4	Key issue in park management meeting is the drought; section of the Park most affected has been uMkhuze. There was some temporary reprieve which obviated the need to truck in water for animals. The one consequence has been the delay in removing cattle from the Park and the joining of the uMkhuze and Ozabeni sections of the Park into one open area
Number of new environmental audits	5	6	2	2	3	3	Environmental audits focussed on activities (game drives and boat cruises). Findings have been communicated and will be followed up
Number of follow-up environmental audits	New indicator	5	2	2	2	2	There has been little progress by the third party on the follow-up audits. A second notice will be issued in accordance with the compliance framework for the Park
Number of environmental monitors deployed	30	30	0	0	30	30	30 monitors remain deployed across the Park

SO: To ensure the World Heritage Values are conserved

Performance indicator	Baseline	Annual target 2016/17	Qu2 target	Qu 2 Actual	YTD target	YTD Actual	Achievements/Challenges/Corrective Measures
15000ha of land rehabilitation	15500ha	15000ha	3750	0	7500	1108	<p><u>Challenges:</u> funding was received in the second quarter. Implementation was further delayed due to problems with tax clearance and motor vehicle certification of the contractors.</p> <p><u>Corrective Measure:</u> administrative issues to be addressed proactively; manager concerned to do programme to accelerate implementation so that annual targets can be met</p>
Number of kilometres of accessible coastline cleaned	New indicator	320	320	320	320	320	<p>This work is undertaken by a third party provider. There appears to be unauthorised dumping of waste by unknown parties on the beaches. A system has been devised to determine the extent and exact location of the problem.</p>
Percentage completion of annual burning programme	New indicator	100	15	15	15	15	<p>The burning programme has been revised to take into account vegetation changes resulting from climate changes.</p>

SO: To ensure the World Heritage Values are conserved

Performance indicator	Baseline	Annual target 2016/17	Qu2 target	Qu 2 Actual	YTD target	YTD Actual	Achievements/Challenges/Corrective Measures
Percentage applications processed ird developments in the buffer zone	80	80	80	100	80	100	Two applications have been received and processed. The one is for an airport at uMkhuze. This project has been under consideration for some 7 years by the various relevant authorities. It is expected to have a positive impact on tourism in the northern sections of the Park in particular for charter visitors
Percentage of identified unauthorised activities actioned legally	100	100	100	100	100	100	Two unauthorised developments identified in this quarter. Letters have been issued in accordance with the compliance framework of the Park. The prior quarter unauthorised developments have been concluded. With respect to the Secret Lakes matter (512 holiday home development) the court found in favour of the Park and the illegal occupiers must vacate by 31 Dec 2016 and rehabilitate
Percentage completion of infrastructure maintenance programme	100	100	25	25	50	50	Maintenance is undertaken by third party providers.



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Programme Two: *Transformation*
Strategic objective: *to optimise the empowerment in all activities of the Park in a way that will improve the livelihoods of previously-disadvantaged*

SO: to improve access to work and income generation activities

Performance indicator	Baseline	Annual target 2016/17	Qu 2 target	Qu 2 Actual	YTD target	YTD Actual	Achievements/Challenges/Corrective Measures
Number of temporary jobs created	1400	1782	440	162	880	929	Below target for quarter two but above target for year-to-date. All third-party contracts contain job creation targets. If not achieved these attract penalties. It is anticipated that the annual target will be achieved
Number of training days	4800	4800	1200	1092	2400	2292	Below target for quarter two and year-to-date. This is the result of delays in land care roll-out as well as withdrawal of a procurement process due to inconsistencies in quotations. It is anticipated that the annual target will be achieved.
Number of people participating in SMME and skills development programmes	142	250	60	330	180	450	The target is being revised in the mid-term review to take into account funding that has come on line for a craft programme. The timing of this funding was not known at the time that the business plan was drafted and approved. 53 SMMEs, 247 crafters and 30 environmental monitors received training in the quarter

SO: to improve access to work and income generation activities

Performance indicator	Baseline	Annual target 2016/17	Qu 2 target	Qu 2 Actual	YTD target	YTD Actual	Achievements/Challenges/Corrective Measures
Number of bursaries awarded	20	24	0	0	24	26	
Percentage procurement from black-owned suppliers	76	76	76	77	76	76	



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Programme Three: *Tourism/Commercial*
Strategic objective: *to optimise the Park's revenue generation in a commercially- and environmentally-sustainable manner, that fosters job creation and empowerment of historically-disadvantaged communities*

SO: to improve financial sustainability

Performance indicator	Baseline	Annual target 2016/17	Qu 2 Target	Qu 2 Actual	YTD Target	YTD Actual	Achievements/Challenges/Corrective Measures
Revenue from commercial sources	15.9m	R17.4m	4.35	5.52	8.7	8.76	Revenue has recovered from the last quarter. This can be attributed in part to the World AIDS Conference in Durban which brought in an unusual number of international tourists. The last two quarters are largely domestic market seasons – the impacts of the recession may be felt on both revenue and visitor numbers
Visitor entries	506 860	500 000	125 000	114 948	250 000	217 342	There has been a partial recovery in visitor numbers due to the World AIDS conference as stated above
Percentage lapsed concessions tendered	New indicator	80	80	100	80	100	All the lapsed concessions were re-tendered in the second quarter
Percentage implementation of plan for new tourism developments	New indicator	60	20	20	30	30	Charter's Creek construction tendered Preliminary report in respect of 5 new sites completed New activity licences in Kosi Bay tendered Bhangazi Heritage EIA in progress
Number events implemented	3	3	2	4	3	5	St Lucia Half-Marathon and iSimangaliso Mountain Bike ride completed as well as pilots for a trail run and surf ski event

SO: to improve financial sustainability

Performance indicator	Baseline	Annual target 2016/17	Qu 2 Target	Qu 2 Actual	YTD Target	YTD Actual	Achievements/Challenges/Corrective Measures
Percentage implementation of PR programme	100	100	25	25	50	50	R112 worth of publicity generated for every R1 spent by iSimangaliso (this is up by R7:R1 from the last quarter)
Percentage Implementation of infrastructure programme	90	90	25	25	35	35	The uMkhuze facilities project is proceeding as planned. The roads projects in uMkhuze, Eastern and Western Shores are nearing completion. A new tender was issued and closed for facilities in the remaining sections of the Park. This includes new entrance gates, hides, and other day-visitor attractions



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Programme Four: *Corporate Governance*

Strategic objective: *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*

SO: to make research relevant to park management and transform the research sector

Performance indicator	Baseline	Annual target 2016/17	Qu 2 Target	Qu 2 Actual	YTD Target	YTD Actual	Achievements/Challenges/Corrective Measures
Percentage of new approved research programmes that relate to management	New indicator	50	20	80	30	66	As iSimangaliso does not have funding for research at best it can shape the research proposals submitted to it to improve their relevance for Park management. The target it sets itself was 50%. It has enjoyed a higher success rate thus far this year
Implementation of effective monitoring programme for the Park	New indicator	Monitoring of impacts of St Lucia restoration programme	Review report completed	Review report completed	Review report completed	Review report completed	A system to monitor various aspect of the Lake St Lucia system has been installed. This information yields reports that track the condition of the system.
Number visitor market surveys	2	2	1	0	1	0	These have been deferred to the third quarter to neutralise the effects of the unusual visitor numbers resulting from the World AIDS conference to ensure greater comparability of results
Percentage completion of the environmental education plan	100	100	25	54	50	84	Planned visits will take place in third and fourth quarters to make allowance for the examination timetable of schools; Unsolicited visits total 3896 children

SO: to make research relevant to park management and transform the research sector

Performance indicator	Baseline	Annual target 2016/17	Qu 2 Target	Qu 2 Actual	YTD Target	YTD Actual	Achievements/Challenges/Corrective Measures
Percentage implementation of plans to mitigate impact of identified threats to rare and endangered species and ecosystems	Initiation of implementation	100	25	30	35	40	Two plans underway (a) st lucia estuary restoration and (b) alien invasive management plan
Percentage completion of plans requested/required this financial year	New indicator	80	15	60	25	85	Plans in progress – (a) integrated management plan (b) 3 estuarine management plans. The consultation process has been concluded and the comments and responses report together with the revised IMP will be submitted to the Minister in the next quarter for approval

SO: effective financial management

Performance indicator	Baseline	Annual target 2016/17	Qu 2 Target	Qu 2 Actual	YTD Target	YTD Actual	Achievements/Challenges/Corrective Measures
Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	
Percentage retention of skills	80	90	90	100	90	100	
Assessment of and percentage implementation of business improvements	New indicator	100	0	0	0	0	This indicator is in respect of the IT strategy

2016/17 Q2 Financial Performance



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		Month			6 Months to date		
		Sep-15	Sep-16	Budget	to Sep-15	to Sep-16	Budget
Operating results:							
Income		R 4.1 m	R 109.3 m	R 6.5 m	R 42.4 m	R 135.8 m	R 39.0 m
grants		R 2.1 m	R 2.2 m	R 2.2 m	R 12.9 m	R 13.4 m	R 13.4 m
Park revenue		R 1.3 m	R 2.4 m	R 1.4 m	R 8.8 m	R 8.8 m	R 8.5 m
projects net profit/(loss)		R 0.3 m	R 103.7 m	R 1.5 m	R 18.1 m	R 108.6 m	R 9.2 m
other		R 0.3 m	R 1.0 m	R 1.3 m	R 2.6 m	R 5.0 m	R 7.9 m
Expenditure		R 5.8 m	R 3.6 m	R 6.5 m	R 33.7 m	R 34.2 m	R 39.0 m
depreciation		R 1.9 m	R 1.9 m	R 2.4 m	R 11.4 m	R 11.4 m	R 14.6 m
maintenance & repairs		R 0.3 m	R(2.0)m	R 0.9 m	R 4.0 m	R 4.0 m	R 5.4 m
personnel costs (net)		R 1.4 m	R 0.4 m	R 0.5 m	R 6.0 m	R 3.1 m	R 2.7 m
professional fees		R 0.5 m	R 1.6 m	R 0.6 m	R 2.7 m	R 5.3 m	R 3.6 m
other		R 1.7 m	R 1.8 m	R 2.1 m	R 9.7 m	R 10.4 m	R 12.7 m
Net profit/(loss)		R(1.8)m	R 105.7 m	R(0.0)m	R 8.7 m	R 101.6 m	R(0.0)m

2016/17 Quarter 2 Financial Performance cont.



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Income exceeds budget by R96,8m for the period April to September 2016. This difference is due to differences in the basis of preparation of the budget (modified cash basis as required by the PFMA) and the financial statements (GRAP as required by the PFMA and the application of GRAP23).

Other income decreased by R2.9m due to lower recoveries of administration and related fees recovered from certain projects as a result of late receipt of funding. This has a knock on effect on various other line items for example personnel costs which are 14% above budget. This will even out as the projects are implemented and concluded by end March 2017.

2016/17 Quarter 2 Financial Performance cont.



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Expenditure is 12.4% below budget. This is largely a function of lower depreciation which in turn is a function of delays in the completion of a roads contract and the capitalisation of these assets, as well as cost containment measures in other areas.

These savings contain the effect of the higher than anticipated professional fees. This is a timing issue. The legal fees budget has been allocated on a straight-line basis over the months. The fees themselves are incurred as and when the matters reach the high court and are concluded. The two matters in the year under review were in respect of the St Lucia Estuary breaching and the unauthorised development in the Park's buffer zone. Both of these were concluded in favour of the Park.

2016/17 Quarter 2 Financial Performance cont.



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iSimangaliso's current ratio is 1.2 indicating that it is able to cover its short-term liabilities.

- Cash deposits include grant funding which has been received but not yet expended. This is carried as a current liability in circumstances where the funder had placed conditions on the grant. Grants are only recognised as income if there are no conditions or when the expense is incurred.
- Current liabilities include inter alia performance bonds, levies, and retentions.

The debt/equity ratio is 27%. iSimangaliso has no long-term liabilities. The ratio is influenced largely by the deferred grants balances.

STAFF DEMOGRAPHICS

Qu2 (16/17)

		BASELINE:	TARGET:	QUARTER 2	QUARTER 3
AFRICAN	Male	9	-	15	15
	Female	11	-	15	15
WHITE	Male	3	-	3	3
	Female	6	-	6	6
INDIAN	Male	0	-	0	0
	Female	3	-	3	3
COLORED	Male	0	-	0	0
	Female	0	-	0	0
% African		63%	65%	71%	71%
% Female		63%	51%	57%	57%
% Mngmt - Female	<i>46%bl</i>	60%	55%	59%	59%
% PWD		0%	2%	2%	2%



SIYABONGA – THANK YOU