



BRIEFING ON THE 2019/20 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS TO THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS

1

Lt Gen JS Mbuli (Chairman) & Mr CT Gilfellan (CEO)
Cape Town, Wednesday, 25 November 2020





MS N.N. MAPISA-NQAKULA
MINISTER OF DEFENCE AND
MILITARY VETERANS, MP



Board Members: From left to right: Lt Gen JS Mbuli,
Mr CT Gilfellan, Ms C De Vries, Ms A Aggenbach, Mr M Ngewu,
Mr D Williams and Col M Feni



Staff Members: From left to right: Mr P Msingizana, Ms N Gqweta, Ms V Kom, Mr S Hani,
Mr B Kondlo, Ms B Nkutsu, Mr S Fredericks, Ms T Sisusa, Ms J Fredericks, Mr M Ngewu,
Mr G Smuts, Mr D Williams, Mr S Maxebengula, Ms D Hartzenberg, Ms S Gertze,
Mr S Roberts and Ms V Reynolds (Absent: Ms N Swartz)

Minister, CCB Board & Staff

GENERAL INTRODUCTION

1. Castle Control Board (CBB)
Mandate from Castle Management Act (1993) and other relevant Legislation

2. Four (4) strategic objectives:

- *Good Corporate Governance and Administration*
- *Develop the museum and interpretative heritage components*
- *Develop and promote the Castle as a heritage tourism destination*
- *Ensure broad, public accessibility*

3. Alignment with national policy and strategic imperatives

4. The CCB manages the Castle on an enterprise-risk basis/partnerships

5. A regular, diligent process of risk assessment, risk register and mitigation i.e. going concern, revenue, safety & security, human resource management

BRIEF: EXPECTED OUTCOMES

1. Performance against 2019/20 targets set
2. Programmes and areas that require additional funding
3. Impact of any reprioritisation on the operations and management in the light of COVID-19 (R3M relief)
4. Areas of underperformance and measures to address these
5. Measures in place to address audit & other queries (BRRR)

HIGHLIGHTS-SUMMARY FY2019/20

1. Unqualified AGSA Audit Outcome
2. Completion of long-awaited Conservation Management Plan
3. Despite COVID-19, self-generated R5 516 780
4. Achieved more than 90% of our 22 KPI's (pp. 14 - 20)
5. Attracted 195 054 visitors to the Castle
6. Participated on two international and five local heritage platforms
7. DOD-funded maintenance vastly improved the gardens and site aesthetics of the Castle
8. Media coverage reached a global audience of 1.99 billion people translating in an AVE of R248.95 million

SUMMARY OF ACTUAL PERFORMANCE AGAINST (2019/20 APP TARGETS, AR PP. 14 - 20)

PERFORMANCE AREA	NUMBER OF KPI'S	UNDER/OVER	MITIGATION
Administration and Good Corporate Governance (3.1)	8	One KPI-target missed (30-day payment of valid invoices); majority met or exceeded.	If not for cashflow, we would have made it
Preservation, interpretation and showcasing of the Castle's History (3.2)	4	All 4 targets met; majority exceeded.	None
Maximizing Tourism potential (3.3)	6	One (1) out of 6 not met (tourism revenue) but all others significantly above KPI targets.	This is a product of our peculiar budgeting system; negotiating with NT to adjust
Increase public access and perception (3.4)	4	All 4 targets exceeded.	None





SUMMARY OF FINANCIAL PERFORMANCE (2019/20 BUDGET, AFS PP. 39 - 76)

Programme/ activity/ objective	2018/2019			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration through corporate governance	7 061	6 534	527	8 031	5 299	2 732
Preservation and protection of military and cultural heritage	525	230	295	662	428	234
Maximising the Castle's tourism potential	60	3	57	15	9	6
Increased public profile and positive perception of the Castle	204	294	(90)	250	109	141
TOTAL	7 850	7 061	789	8 958	5 845	3 113

SUMMARY OF FINANCIAL PERFORMANCE (2019/20 REVENUE, AFS PP. 86 - 89)

Sources of Revenue	2018/2019			2019/2020		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales	5 000	4 383	617	5 870	3 921	1 949
Rental Income	2 220	1 322	898	2 456	1 496	960
Other Income	575	3 343	(2 768)	622	394	228
Interest Income	55	14	41	10	0	10
Total	7 850	9 062	(1 212)	8 958	5 811	3 147

HUMAN RESOURCES (PP. 30 – 33)

- Since the CCB is a services/hospitality organization, it relies heavily on people to execute its mandate (this currently means a high staff: operations ratio).
- Although the CCB only had 16 full-time posts, interns and short-term contracts (28) pushed this number up to 44 (figures exclude SANDF and other entities on site).
- Save for senior management, our employment equity status is positive given our size.
- The salary bill for FY 2019/20 was R3 978m.
- For FY 2019/20, we have (through freezing of posts, reduction in internships, delaying/non-paying of C.o.L increases and incentives) reduced our salary bill by a further R923 000).
- We challenge other government entities and departments to follow our example...we need your support!

COVID-19 MEASURES

- Castle closed 19 March 2020
- Received R3 million relief funding from DOD, 20 May 2020 (conditional)
- Castle re-opened 1 September 2020
- Heavily scaled-down activities
- Relief funding spending until end of October 2020: R2.135m
- Own revenue for this period: R206 761,27 (this is less what we do in one “normal month”)
- Visitor numbers for this period: **5276** (what we do in one normal month)
- But – we shall remain hopeful for a strong December!

**we shall remain hopeful
during turbulent times!**



	APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		TOTAL TO DATE	
	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc
Ticket Sales												35 400,00		60 062,00		29 250,00		124 712,00
Income from sale of Castle stock												120,00		545,00				665,00
Commission from consignment stock sold												434,31		442,00				876,31
Film Shoots														1 000,00				1 000,00
TV Commercials								10 000,00						25 000,00				35 000,00
Photographic Shoots												750,00						750,00
Other functions		5 423,00		2 650,00				2 650,00		2 650,00		2 650,00		2 650,00		2 650,00		21 323,00
Staffing and sundry support costs								2 000,00										2 000,00
ABSA savings a/c							2 889,86	6 115,08		5 249,00		3 853,53		2 327,49				20 434,96
Consultancy fees							29 095,00											29 095,00
Audit Fees																		
- External auditors							107 346,70											107 346,70
- Internal Auditors										21 914,40								21 914,40
Bank Charges																		
- ABSA BANK Charges	2 357,70		3 125,20		2 053,30		1 922,80		2 119,65		2 186,30		2 884,92		394,00			17 043,87
- GYG charges													603,00					603,00
Honoraria/casual labour					200,00						800,00							1 000,00
Salaries & Wages																		
- CCB Employees	84 500,00		391 890,79		410 476,16		299 800,74		296 908,07		321 451,85		318 714,26					2 123 741,87
- Directors emoluments (Audit committee)							5 202,00						6 936,00					12 138,00
Security Services	885,64		885,64		885,64		885,64		885,64		960,93		960,93		960,93			7 310,99
Cleaning Materials																		
- General use					1 120,90						1 289,60		1 337,90					3 748,40
- Corporate events																		
- Heritage events																		
Computer Requirements																		
- Software licensing			2 250,80		20 095,59		1 972,97		1 988,24		2 053,54		5 094,88		79,00			33 535,02
- Consumables (cartridges ribbons etc)										1 010,00		279,00						1 289,00
- Upgrades/training/assistance			28 244,00						15 000,05						6 000,02			49 244,07
- Repairs																		
Corporate Functions & Gifts																		
- General									372,00		415,20		80,00					867,20
- Incidentals at corporate events																		
- Staff at heritage events																		
General Expenses												669,15						669,15
Hardware Maintenance & Repairs			340,00									944,30						1 284,30
Building Maintenance													1 420,75					1 420,75
Insurance	3 883,44				1 941,72		3 883,44				1 941,72		3 883,44					15 533,76
Laundry					1 780,00													1 780,00
Legal Fees Licences & Levies			530,00															530,00
Printing Costs																		
- Brochures																		
- Annual Reports													1 725,00		21 625,98			23 350,98
- Publications																		
- Other																		
Sanitation Services	709,86		709,86		709,86		709,86		709,86		709,86		709,86					4 969,02
Signboards												907,10						907,10
Stationery & Postage																		
- Stationery												14,00						14,00
- Postage																		
Telecommunication Costs																		
- Fixed Line																		
- Cellular costs	900,00				1 050,00		1 050,00		1 050,00		1 050,00		1 050,00		7 514,45			13 664,45
- Internet Connection Costs	1 031,86		1 031,86		1 031,86		1 031,86		1 031,86		1 408,86		1 050,06		1 487,06			9 105,28
Transport and travel - Local																		
Travel - International																		
Income for month		5 423,00		2 650,00		2 889,86		20 765,08		7 899,00		43 207,84		92 026,49		31 900,00		206 761,27
Expenses for month	94 268,50		429 008,15		577 786,73		316 459,31		342 289,77		337 812,41		346 730,00		38 061,44			2 482 416,31
Nett Loss		-88 845,50		-426 358,15		-574 896,87		-295 694,23		-334 390,77		-294 604,57		-254 703,51		-6 161,44		-2 275 655,04

R 3m Relief received on 20 May 2020

Salaries paid from April till end of October - R 2 135,879



PREVIOUS HIGH-LEVEL BRRR & AGSA (2019) QUERIES

PCDMV BRRR ISSUE	MITIGATION PROGRESS REPORT
One Castle, one Controlling Body	In hand-over report to EA for new EA. In Board meeting of September 2020, the Chair made a commitment to deal with the matter at the highest level.
SANDF Guards	Some improvement; it is a matter of the quality of soldier (reserves) deployed at the Castle: Colonel Feni.
Decreasing Surplus/Going Concern	Wrote to EA for bridging subsidy; the R3 million COVID-relief funding, albeit under very dire circumstances, is a precedent.

PREVIOUS BRRR (2019) QUERIES

PCDMV BRRR ISSUE	MITIGATION PROGRESS REPORT
Strategic Risks	The Board has a Risk Register/Action Plan to deal with organizational Risks. These are thoroughly dealt with at Management, Internal Audit, Audit & Risk Committee and Board levels.
Performance Bonuses	All but a few employees has signed performance agreements. The Board could neither afford nor have we paid any performance bonuses for the past two years.
AGSA findings and queries	The critical findings and queries are listed on a so-called dashboard, addressed by management and presented to the Audit Committee.

CONCLUSION

1. The Board wants to build and maintain good relations with this esteemed Committee;
2. Thank you for unwavering support and huge role to save 20+ jobs with the R3m relief funding;
3. Note that with nominal support, the CCB can significantly increase its social, economic and employment impact in the heritage sector; and
4. The focus is on resilience, economic recovery and the building of a brighter future for all!