

The images contained on the cover of Heritage Western Cape's Annual Report 2018/19:

1. Leeuwenhof Estate, Cape Town Metropolitan (51.068659 S, 3.653403 E)
2. Kaaimans River Bridge, George, Garden Route (-33.988342 S, 22.552616 E)
3. Philippi Horticultural Area, Cape Town Metropolitan (-33.92584 S, 18.42322 E)
4. Rock Art in Elands Bay Cave, Elands Bay, Cederberg (-32.31401 S, 18.34413 E)

Contents

PART A: GENERAL INFORMATION	4
1. PUBLIC ENTITY'S GENERAL INFORMATION	5
2. LIST OF ABBREVIATIONS / ACRONYMS	6
3. FOREWORD BY THE CHAIRPERSON	8
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	10
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	12
6. STRATEGIC OVERVIEW	13
6.1 Vision	13
6.2 Mission	13
6.3 Values	13
7. LEGISLATIVE AND OTHER MANDATES	14
7.1 Constitutional Mandates	14
7.2 Legislative mandates	15
7.3 Case law	16
8. ORGANISATIONAL STRUCTURE	18
PART B: PERFORMANCE INFORMATION	19
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	20
2. SITUATIONAL ANALYSIS	20
2.1 Service Delivery Environment	20
2.1.1 Summary of applications, heritage reports and enquiries	21
2.1.2 Processing of applications by HWC Committees	23
2.1.3 Internal appeals process	23
2.1.4 Appeals to Ministerial Tribunal	23
2.1.5 Digitisation and Information Management	24
2.2 Organisational environment	24
2.3 Consideration of inventories of the national estate	24
2.4 Formal Protection of Heritage Resources	25
2.5 Key policy developments and legislative changes	26
2.5.1 Policy development	26
2.5.2 Legal matters	26
2.6 Strategic outcome oriented goals	26
3. PERFORMANCE INFORMATION BY PROGRAMME: Heritage Western Cape	27
3.1 Revenue Collection	29
3.2 Capital investment	30

PART C: GOVERNANCE	31
1. INTRODUCTION	32
2. PORTFOLIO COMMITTEES	32
3. EXECUTIVE AUTHORITY	32
4. THE HERITAGE WESTERN CAPE COUNCIL	33
4.1 Introduction	33
4.2 The role of the Council is as follows:.....	33
4.3 Board Charter.....	33
5. RISK MANAGEMENT.....	43
6. INTERNAL CONTROL UNIT	45
7. INTERNAL AUDIT AND AUDIT COMMITTEES.....	46
PART D: HUMAN RESOURCES	50
1. INTRODUCTION	51
2. HUMAN RESOURCE OVERSIGHT STATISTICS.....	51
PART E: FINANCIAL INFORMATION	52
7.1 Report on the audit of the financial statements.....	53
7.1.1 Opinion.....	53
7.1.2 Basis for opinion.....	53
7.1.3 Emphasis of matter	53
7.1.4 Responsibilities of accounting authority for the financial statements	54
7.1.5 Auditor-general's responsibilities for the audit of the financial statements.....	54
7.2 Report on the audit of the annual performance report	54
7.2.1 Introduction and scope	54
7.2.2 Other matter	55
7.3 Report on the audit of compliance with legislation.....	55
7.3.1 Introduction and scope	55
7.4 Other information	56
7.5 Internal control deficiencies	56
7.5.1 Financial statements	57
7.5.2 Communication with those charged with governance	57

PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Heritage Western Cape
LEGAL FORM OF ENTITY	Public Entity
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	To identify, protect, conserve, manage and promote heritage resources in the Western Cape
REGISTRATION NUMBER	N/A
PHYSICAL ADDRESS	3 rd Floor, Protea Assurance Building Greenmarket Square Cape Town 8001
POSTAL ADDRESS	P. O. Box 1665 Cape Town 8000
TELEPHONE NUMBER/S	021 483 9598
FAX NUMBER	021 483 9845
EMAIL ADDRESS	Ceoheritage@westerncape.gov.za
WEBSITE ADDRESS	www.hwc.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Nedbank and ABSA

2. LIST OF ABBREVIATIONS / ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APM	Archaeology, Palaeontology and Meteorites Committee
BAR	Basic Assessment Report
BELCOM	Built Environment and Landscapes Committee
BID	Basic Information Document
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMF	Conservation Management Framework
CMP	Conservation Management Plan
CoCT	City of Cape Town
DCAS	Department of Cultural Affairs and Sport
DERM	Directorate Enterprise Risk Management, Department of the Premier
EE	Employment Equity
EIA	Environmental Impact Assessment
EIR	Environmental Impact Report
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practice
HWC	Heritage Western Cape
IACOM	Impact Assessment Committee
IGIC	Inventories, Grading and Interpretations Committee
MEC	Member of the (Provincial) Executive Council
MTEF	Medium-Term Expenditure Framework
NEMA	National Environmental Management Act
NHRA	National Heritage Resources Act
NID	Notification of Intent to Develop
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act

PN	Provincial Notice
RWOPS	Remunerative Work Outside the Public Service
SAHRA	South African Heritage Resources Agency
SAHRIS	South African Heritage Resources Information System
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SITA	State Information Technology Agency
WCG	Western Cape Government

3. FOREWORD BY THE CHAIRPERSON



In the past year we were pleased to have declared the Lwandle Migrant Labour Hostel near Somerset West and Rex Trueform Factory Complex in Woodstock as provincial heritage sites. The Stellenbosch Municipality (Rural Tangible) Heritage Survey and Inventory has been endorsed and was nominated for a Provincial award.

The establishment of a heritage tourism route for the Western Cape – the Cradle of Human Culture – is a proud achievement. HWC contributed in several ways towards the project, not least of which was the role of the Archaeology, Palaeontology and Meteorites Committee in ensuring the recognition and protection of the sites over the years. As an archaeologist, I am especially gratified.

Members of Council and HWC staff visited Wupperthal (proclaimed a Conservation Area in 1996) to assess the damage caused by a devastating fire. The general consensus of the residents who attended the meeting with HWC was that wish for their cottages, which were built by forefathers and have been passed on for generations to be restored and not demolished. The church and community buildings on the central werf are already under going restoration. HWC is supporting government departments, the Moravian church and Wupperthal community, generous benefactors and professional volunteers, to reconstruct, enhance and protect the unique character of the village.

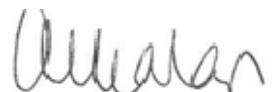
Consultation and collaboration at local governance level remains a challenge. While good relations are being built with municipalities, and an increasing number of local heritage conservation bodies are registering with HWC, the sheer extent of the province makes regular, face-to-face engagement difficult. It is at local level that valued heritage should be celebrated and where good management really counts.

We are also paying close attention to broader issues, such as proposed revisions to the manner in which heritage is legislated for and managed at national level by the Department of Arts and Culture and the National Heritage Council. HWC remains one of only three functioning Provincial Heritage Resources Authorities, and currently enjoys excellent relations with the South African Heritage Resources Agency.

As usual, many members of committees have gone ‘beyond the call of duty’ to support staff in carrying out the functions of the entity. Their dedication is invaluable. There have been sad losses, and resignations for various reasons, but it is encouraging that, in these pressing financial times, people are prepared to give of their time and expertise.

However, it remains a deep concern that Council and committees are not representative of provincial demographics and I hope the forthcoming call for nominations yields opportunities for transformation. It must also be recognised that the heritage sector attracts vigorous debate and passionate engagement, which requires a high degree of relevant knowledge and managerial skills.

As this is my last report as a member and Chair of Council, I would like to record my personal thanks to the honourable Minister, departmental officials, HWC executives, staff and interns who have helped to make the learning curve less daunting. It has been a memorable three years.



Dr Antonia Malan
Chairperson Heritage Western Cape
31 May 2019

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Introduction

Heritage Western Cape's mandate to identify, protect, conserve, manage and promote heritage resources is undoubtedly a daunting task if one considers the nature of the diverse heritage that is within the province. Adding to this challenge is the growing interest towards the use of heritage to build social inclusion and the responsibility of integrating principles of heritage conservation with planning and spatial development. This has necessitated that HWC Council and its committees respond swiftly and host additional meetings in order to deal with the complexity of heritage applications. In order to ensure that HWC Council and committees take decisions that are in line with the legislative mandate, there has been an increase in the frequency of site visits, particularly where applications are of a controversial nature and there are objections from interested and affected parties. During the course of 2018 the Western Cape experienced one of the worst droughts. Heritage Western Cape expedited the approval of urgent permits, with a limited public participation period, in order to enable the mitigation of the impact of the drought.

The passing of Professor Fabio Todeschini was a sad loss to Heritage Western Cape and the heritage sector. Professor Todeschini had been a member of the Impact Assessment Committee and played a crucial role during the process of scrutinising complex heritage applications.

Processing of Applications

The processing of heritage applications is one of the major functions of HWC. Council has developed a framework of delegation in order to ensure that some of its work is performed by committees. The following committees are fully constituted and functional: Archaeology, Palaeontology and Meteorites Committee (APM); Built Environment and Landscape Committee (BELCom); Inventories, Grading and Interpretation Committee (IGIC); Impact Assessment Committee (IACom); Appeals Committee; and Heritage Officers' Meetings (HOMs). The role of HOMs became evident as approximately 81% of all heritage decision were taken by this committee.

Formal protection of heritage resources

Formal protection of heritage resources forms an important tool to manage heritage that is deemed delicate. In 2018 Heritage Western Cape's Council provisionally protected the Riverclub, in Observatory, and a portion of the Philippi Horticultural Area in terms of section 29 of the National Heritage Resources Act (NHRA). While these provisional protections have ignited rigorous debates, HWC has been able to consult and negotiate with all stakeholders as well as interested and affected parties to find ways of managing these heritage resources.

World Heritage Site matters

Heritage Western Cape has continued to collaborate with the Department of Cultural Affairs and Sport to develop a Nomination Dossier for the Emergence of Early Modern Humans. The South African World Heritage Convention Committee is updated regularly about the status of the Nomination Dossier. While the Nomination Dossier is being finalised, work was undertaken to ensure that a framework of Management Authorities is established.

Spending Trends

2018/2019				2017/2018		
Programme /activity /objective	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	4 079	4 647	*(568)	3 232	3 764	(532)

The over expenditure is mainly related to the GRAP 23 adjustments made for salaries (employee cost: R590 000) of the financial management staff pertaining to services in-kind received from the department. Refer note 16 for more details.

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

Appreciation

In conclusion I would like to thank the Minister of Cultural Affairs and Sport for her leadership and support to the entity. I further extend my appreciation to the Audit Committee and other oversight bodies who conducted a critical appraisal of HWC's performance throughout the year.

Dr Mxolisi Dlamuka
Chief Executive Officer
31 May 2019

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

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

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

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

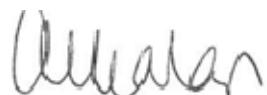
The accounting authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2019.

Yours faithfully

Chief Executive Officer
Dr Mxolisi Dlamuka
31 May 2019



Chairperson of Council
Dr Antonia Malan
31 May 2019

6. STRATEGIC OVERVIEW

6.1 Vision

Inclusive, proactive identification and sustainable management of heritage resources.

6.2 Mission

Heritage Western Cape ensures and implements the inclusive identification, effective management, conservation and promotion of heritage resources for present and future generations.

6.3 Values

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

7. LEGISLATIVE AND OTHER MANDATES

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

- To promote good governance at all levels;
- To empower communities to nurture and conserve the heritage resources so that they may be bequeathed to future generations;
- To lay down general principles for governing heritage resources management throughout the Western Cape; and
- To introduce an integrated system for the identification, protection, conservation, management and promotion of heritage resources in the province in terms of the NHRA and its regulations.

7.1 Constitutional Mandates

Section	Direct Responsibility of Heritage Western Cape
Constitution of the Republic of South Africa, 1996	
Section 24(b)(ii): Environment	Heritage Western Cape must, by legislative and other measures, regulate and monitor the promotion of conservation of the heritage environment in the Western Cape. This may not be exercised in a manner inconsistent with any provision of the Bill of Rights. Annual reports on this mandate must be submitted to the Western Cape Provincial Parliament.
Section 31: Cultural, religious and linguistic communities	Heritage Western Cape must ensure that its programmes and projects take into account the cultural diversity of the population of the Western Cape.
Section 41: Principles of cooperative government and intergovernmental relations	Heritage Western Cape cooperates with all spheres of government. In terms of its mandates, HWC works in close cooperation with the Department of Cultural Affairs and Sport, the South African Heritage Resources Agency (SAHRA) and municipalities in the Western Cape.
Schedule 4A: Functional Areas of Concurrent National and Provincial Legislative Competence	Heritage Western Cape works closely with the South African Heritage Resources Agency regarding heritage matters especially National Heritage Sites that are located within the Western Cape.
Section 195: Basic values and principles governing public administration	Heritage Western Cape officials must adhere to the provisions of section 195, which provides a description of the democratic values and principles governing public administration. Section 195(1)(b) requires the promotion of the efficient, economic and effective use of resources. This implies that programmes undertaken in the public sector should yield maximum benefits at the lowest possible cost.
Constitution of the Western Cape, 1997	
Section 81	Heritage Western Cape must implement policies to actively promote and maintain the welfare of the people of the Western Cape, specifically with regard to the protection and conservation of the natural historical, cultural historical, archaeological and architectural heritage of the Western Cape for the benefit of present and future generations. Heritage Western Cape must implement specific policies in this regard.

7.2 Legislative mandates

National Legislation	Reference	Description
Public Finance Management Act, 1999	Act 1 of 1999	<p>The Public Finance Management Act (PFMA):</p> <ul style="list-style-type: none"> • regulates financial management in national and provincial governments, listed or unlisted public entities, constitutional institutions and provincial legislatures. • ensures that all revenue, expenditure, assets and liabilities of these institutions are managed efficiently and effectively; and defines the responsibilities of persons entrusted with financial management in these bodies.
Promotion of Access to Information Act, 2000	Act 2 of 2000	<p>This Act gives effect to the right to have access to records held by the state and private bodies. Among other things, HWC and every other public and private body must:</p> <ul style="list-style-type: none"> • compile a manual that explains to members of the public how to lodge an application for access to information that the body holds; and • appoint an information officer to consider requests for access to information held by the body.
Promotion of Administrative Justice Act, 2000	Act 3 of 2000	<p>This Act:</p> <ul style="list-style-type: none"> • sets out the rules and guidelines that administrators must follow when making decisions; • requires administrators to inform people about their right to review or appeal and their right to request reasons; • requires administrators to give reasons for their decisions; and • gives members of the public the right to challenge the decisions of administrators in court.
Protection of Personal Information Act, 2013	Act 4 of 2013	<p>This Act places a responsibility on institutions to ensure the following:</p> <ul style="list-style-type: none"> • To promote the protection of personal information processed by public and private bodies; and • To introduce certain conditions so as to establish minimum requirements for the processing of personal information. <p>As HWC collects personal information in the processing of applications, the POPI Act needs to be complied with.</p>
National Heritage Resources Act, 1999	Act 25 of 1999	<p>Heritage Western Cape derives its mandate from this legislation. Furthermore, the Act empowers HWC to perform the following:</p> <ul style="list-style-type: none"> • To identify, record and assess relevant heritage resources within Western Cape; • To protect and manage heritage resources within the Western Cape; and • To establish policies, objectives and strategic plans for heritage resources management.
World Heritage Convention Act, 1999	Act 49 of 1999	<p>Heritage Western Cape, in compliance with this Act, ensures that sites that are nominated for World Heritage Site status must be formally protected and where necessary provide support with ongoing conservation and periodic reporting.</p>

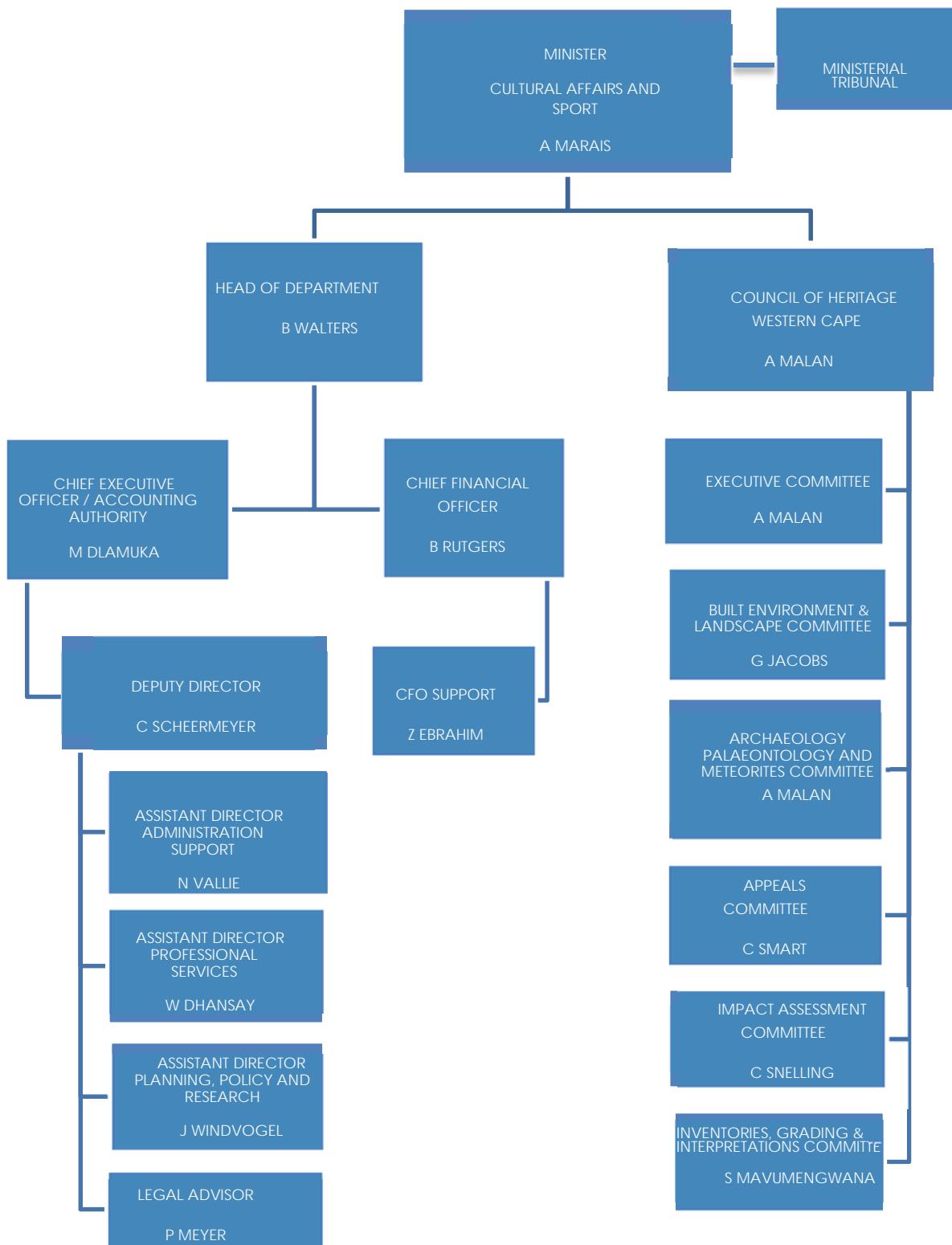
National Legislation	Reference	Description
Western Cape Heritage Resource Management Regulations	PN 336 of 25 October 2002, PN 298 of 29 August 2003, PN 212 of November 2004, PN 106 of 31 March 2005. PN 7497/2015 of September 2015.	Regulations provide for the practical implementation of heritage management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

7.3 Case law

Court Case	Reference	Description
Louis Johannes Raubenheimer v the Trustees of the Hendrik Johannes Bredenkamp Trust and Others	Western Cape High Court, case no. 10228/2004	The judgment deals with what constitutes a "bona fide interest" in a decision of a heritage authority which will convey locus standi to appeal in terms of the NHRA. The Court found that it had to be a real interest and not just a sentimental attachment to the heritage resource.
Top Performers (Pty) Ltd v Minister of Cultural Affairs and Recreation	Western Cape High Court, case no. 5591/2005	This judgment had a profound impact on the appeal processes of the tribunals appointed by the MEC in terms of section 49 of the National Heritage Resources Act, 1999, read with Regulation 12 of PN 336 of 2003. DCAS and the MEC took corrective steps to ensure fair administrative processes and make provision for the admission of new evidence into the record of a tribunal process, as well as better compliance with the rules of natural justice in terms of the <i>audi alteram partem</i> maxim.
The Chairpersons' Association v Minister of Arts and Culture	Supreme Court of Appeal, case no. 25/2006	This judgment sets out what constitutes adequate consultation with local communities and other stakeholders in respect of proposed changes to geographical names. DCAS and the Western Cape Provincial Geographical Names Committee established by the MEC are important role players in the implementation of the relevant legislation, especially with respect to the facilitation of consultation with stakeholders and communities. They must take this judgment into account in the processes and procedures they use to manage proposed changes to geographical names.
Qualidental Laboratories v Heritage Western Cape	Supreme Court of Appeal, case no. 647/2006	This judgment confirmed the powers conferred on the MEC and Heritage Western Cape to impose conditions on a development in terms of section 48 of the National Heritage Resources Act, 1999.
South African Heritage Resources Agency v the Arniston Hotel Property (Pty) Ltd and One Other	Western Cape High Court, case no. 5446/2006	The judgment deals with the matter of work approved under the National Building Regulations prior to the institution of a formal protection in terms of the NHRA and issues of validity of a notice of provisional protection.
Willows Properties (Pty) Ltd v Minister of Cultural Affairs and Sport	Western Cape High Court, case no. 13521/2008	The applicant filed an urgent application in the High Court to compel the MEC to make a decision or, alternatively, to issue the Record of Decision in respect of an appeal lodged with the MEC in terms of section 49 of the National Heritage Resources Act, 1999, read with regulation 12(7) of PN 336 of 2003. The impact of the judgment on DCAS is that it must ensure that tribunals issue Records of Decision in good time. Corrective measures have been implemented.

Court Case	Reference	Description
Waenhuiskrans Arniston Ratepayers Association and Another v Verreweide Eiendomsontwikkeling (Edms) Bpk and Others	Western Cape High Court, case no. 1926/2008	The Court considered whether the South African Heritage Resources Agency or Heritage Western Cape have jurisdiction in respect of sites that have been graded by SAHRA as Grade 1 sites in terms of sections 35 and 36 of the National Heritage Resources Act, 1999. The Court found that, in such cases, SAHRA has jurisdiction. The implication of this judgment for HWC is that the Department must provide legal assistance to Heritage Western Cape to interpret the legislation, and it must ensure that HWC acts within its legal mandate.
Peter Gees v the Provincial Minister of Cultural Affairs and Sport, Western Cape, the Chairperson, Independent Appeal Tribunal, Heritage Western Cape, the City of Cape Town, City Bowl Ratepayers; & Residents' Association	Western Cape High Court, case no. 6205/2015	The Court has confirmed that, despite the facts in this case are different than in the Qualidental case, the imposition of conditions are within the parameters of the National Heritage Resources Act, 1999 and are consistent with the overall scheme of the Act. Conditions can be imposed in a permit for demolition of an existing structure older than 60 years in terms of section 34(1) of the Act.
Piketberg Local Heritage Committee and Another v Liebco Vleishandelaars Edms Bpk and others (Heritage Western Cape 2nd Respondent)	Western Cape High Court, case no. 1103/ 2016	Application for review of a decision of HWC's Built Environment and Landscape Committee (BELCom). Permission was granted by BELCom to demolish a building on Erf 207 Piketberg. The Piketberg Heritage Committee applied to the High Court to review the decision as the provisions of PAJA were not complied with. The Court considered HWC's present policy of requiring consultation only with registered conservation bodies and held that, as the decisions taken had the potential to affect members of the general public, broader public consultation was required. This will mean that applicants will be required to advertise proposals for comment from the general public.
Bryer NO and others v HWC	Western Cape High Court, case no. 16392/2017	Application for review of a decision of HWC to impose a stop works order and a declaratory as to whether an application in terms of section 38 of the NHRA was necessary. This hinged on the definition of the trigger factor in S38(1) of a "site greater than 5000m ² ". Heritage Western Cape had consistently used the erf size as the trigger. The applicant argued that "site" did not mean "erf", and that in this specific case, the erf, although larger than 5000m ² , it was notionally divisible into two separate sites. The court agreed with this argument. It is important to note that the court did not hold that the site was equivalent to the development footprint. The erf size may still be indicative of the site size, but a more nuanced approach is necessary.
Bo-Kaap Civic and Ratepayers Association v City of Cape Town	Western Cape High Court, case no. 7031/2017	Heritage Western Cape joined as an applicant in this application to review the decision of the City of Cape Town to permit the construction of a multi-storey development on this site which is partially in an HPOZ, and borders on the historic Bo-Kaap. Heritage Western Cape argued that the proximity of the development to two provincial heritage sites meant that it would "alter" the provincial heritage sites and that a permit in terms of S27 of the NHRA should be obtained. The court did not accept this argument. It also declined to review the decision of the City of Cape Town.

8. ORGANISATIONAL STRUCTURE



PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings reported under the Predetermined Objectives heading in the report on other legal and regulatory requirement section of the auditor's report.

Refer to page 53-57 for the report of the Auditor General, published as Part E: Financial Information of this Annual Report 2018/19

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

Heritage resources management is an important part of the value chain in the assessment of development applications where Heritage Western Cape is either the decision maker or a commenting authority in terms of the National Heritage Resources Act. During the year under review, HWC has considered its interpretation of the definition of a site with particular reference to the case of Anson Square, a development situated in Observatory. In this particular matter the consideration pertained to the extent of the site as not necessarily being an erf size. This judgment has created considerable debate amongst heritage professionals, interested and affected parties and developers. The nature of heritage applications has become significantly technical and legal in interpretation, placing great emphasis on the need to ensure that administrative processes are in-line with these scenarios.

Heritage Western Cape has taken cognisance of the need for greater collaboration with local authorities and continues the dialogue towards delegation of functions to local authorities. Some local authorities have expressed an interest to manage heritage resources. However, the overriding challenge remains their lack of appropriate resources and capacity to undertake the responsibilities of managing heritage resources of local significance. This challenge is much broader than the Western Cape as no local authority in the country has been delegated with functions to manage heritage resources.

On 30 December 2018 the historic village of Wupperthal suffered a devastating fire that burned down more than half of the church werf and 53 community houses. Given that Wupperthal enjoys formal protection as a declared heritage area, HWC joined various provincial departments and the local authority in trying to provide a restorative solution. As a result, council members, committee members and management of HWC have made numerous site visits where it engaged with members of the community and the church leadership. In addition, HWC has facilitated meetings with the Cape Institute for Architecture and the provincial Department of Human Settlements which is leading the provision of temporary structures in Wupperthal.

Given the urgency of the situation HWC has done the following:

- Waived the application fee for all heritage applications relating to Wupperthal;
- Committed to expediting the processing of heritage applications from Wupperthal; and
- Issued two emergency applications in order to commence with the temporary structures and the restoration of the church werf.

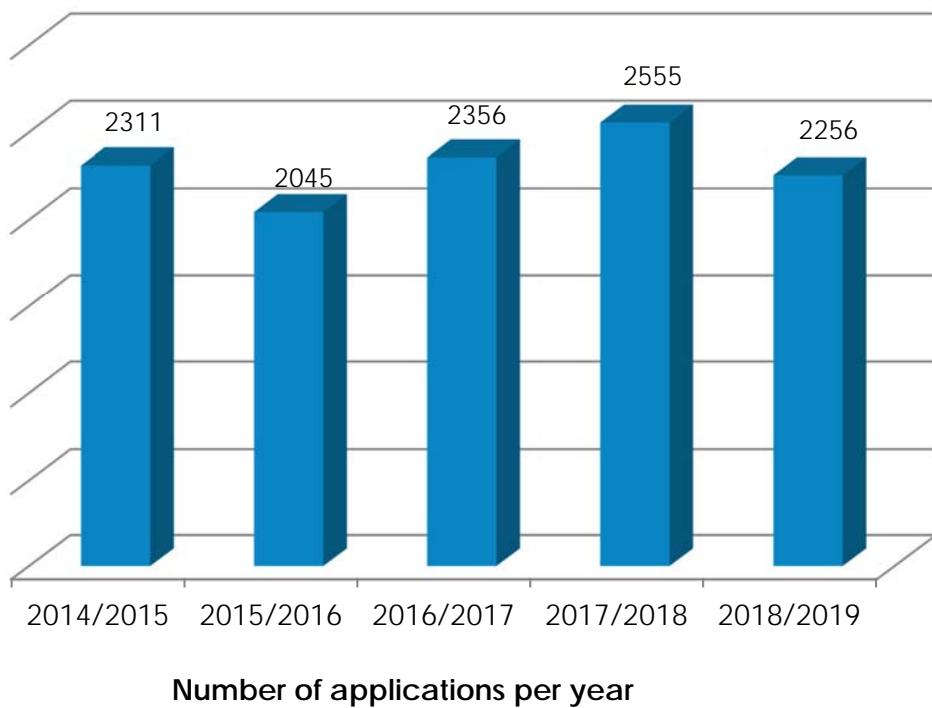
The reconstruction initiatives have highlighted the importance of collaborative working relationships with interested and affected parties, local authorities and other provincial departments in the management of significant heritage resources. While the collaborative efforts to rebuilding Wupperthal are long-term, many immediate collaborative efforts have been set in place between HWC and stakeholders. Efforts to mitigate the impacts of the fire will continue as HWC carries on its work with all stakeholders. The challenges with environmental changes, water shortages, droughts and fires has created greater cognisance of environmental risks in the management of the heritage environment.

Heritage Western Cape has sought to foster greater working relationships with conservation bodies that have shown interest in promoting and conserving the heritage resources of their local areas. Moreover, HWC has engaged different municipalities in order to ensure that there is appreciation and protection of heritage resources at a local level. In addition, HWC has provided specialist advice to municipalities that are compiling their heritage inventories. It is also envisaged that the promotion of the work of HWC will encourage communities to value and protect their heritage and inculcate a culture of compliance.

Finally, HWC council approved new application forms relating to emergency and minor works applications. The introduction of these application forms aims to create more efficiency within the application process especially when heritage resources are being threatened.

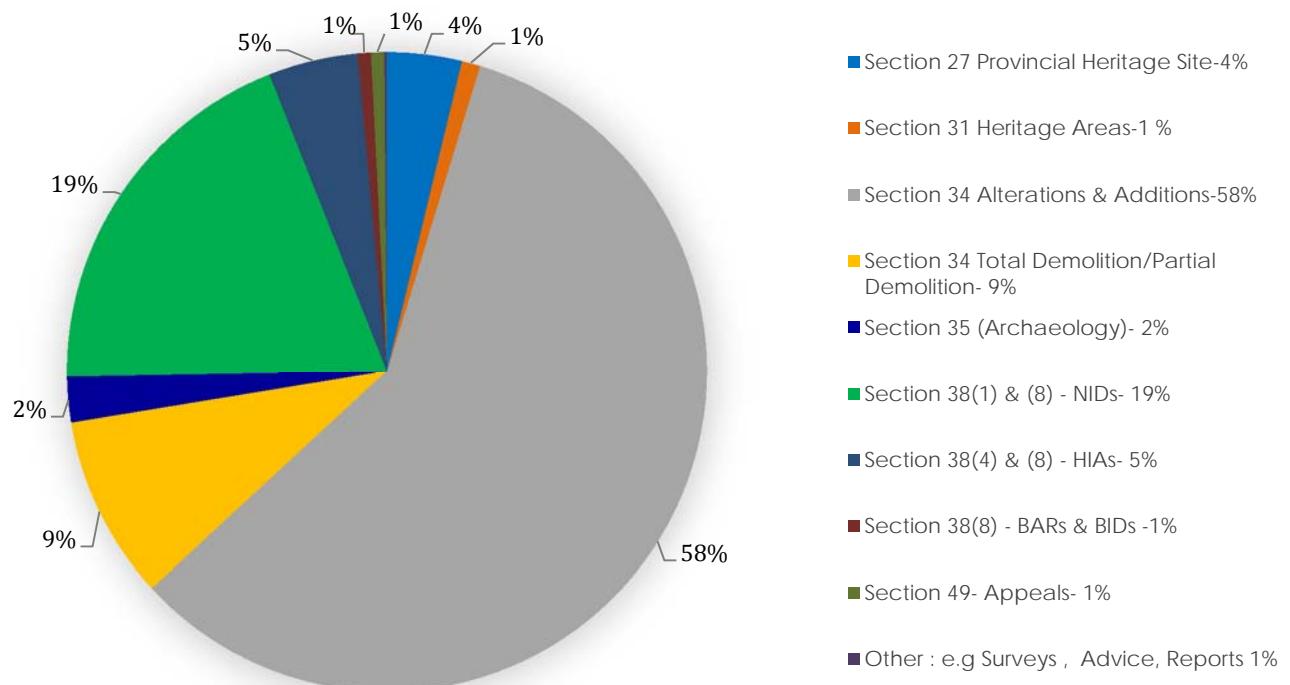
2.1.1 Summary of applications, heritage reports and enquiries

While the NHRA provides for a variety of activities to be undertaken by a provincial heritage resources authority, the bulk of the work of HWC still compromises the processing of applications under the terms of Chapter II of the Act. During the year under review HWC received 2 256 heritage applications. While there has been a marginal decrease in heritage applications received, the complexity of many applications required more time of committees and therefore more meetings for committees to consider and make decisions on applications.



Number of applications per year

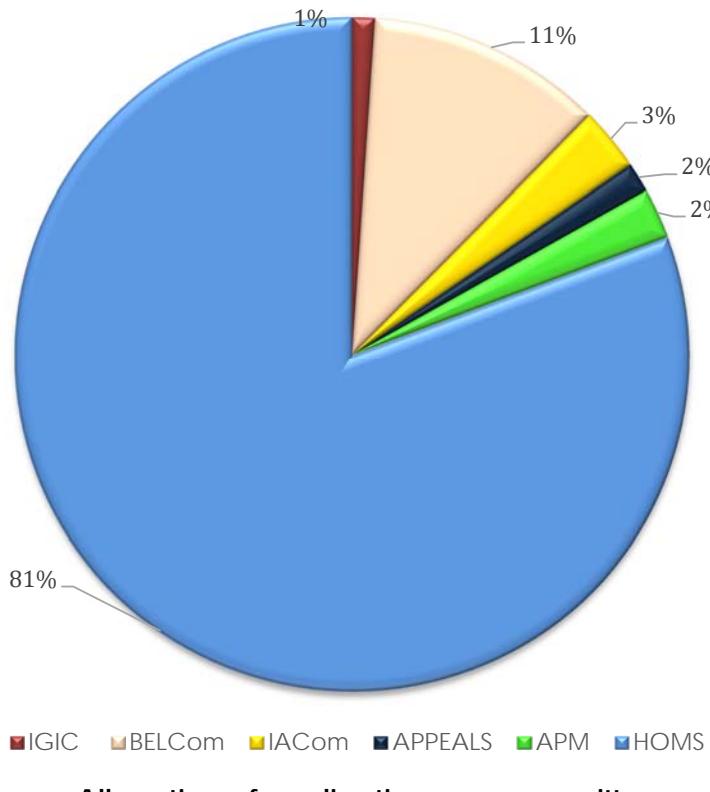
The bulk of applications pertained to development applications and those related to alterations, additions or total demolition to structures older than 60 years in terms of the NHRA. Of the 2 256 applications received by HWC, 85 were applications made pertaining to the management of Provincial Heritage Sites. 62 permit applications for the excavation or research of archaeological or paleontological sites or objects were received. The following graph below illustrates types of applications received by HWC.



Types of applications received by HWC

2.1.2 Processing of applications by HWC Committees

Applications to HWC are processed by the following committees: Archaeology, Palaeontology and Meteorites (APM); Built Environment and Landscapes Committee (BELCom); Inventories, Grading and Interpretations Committee (IGIC), Impact Assessment Committee (IACom); Appeals Committee and Heritage Officers Meetings (HOMs). Council has expanded the delegations to enable HOMs to deal with applications that are more complex and those that have objectors. The graph below illustrates the percentage of applications processed by each committee.



2.1.3 Internal appeals process

Section 49 of the NHRA empowers HWC to establish the Appeals Committee. During the financial year under review, a total of 37 appeal applications were lodged with the Appeals Committee. Of the appeal applications, 51% were decided in favour of the original decision-making committee.

2.1.4 Appeals to Ministerial Tribunal

If any member of the public or an applicant is not satisfied with decision of the Appeals Committee, they have an opportunity to escalate their appeal to the Minister in terms of section 38(6) and 49 of the NHRA. The Minister is empowered to establish an Independent Tribunal consisting of three experts having expertise regarding the matter.

2.1.5 Digitisation and Information Management

The website (www.hwc.org.za) of HWC has been in operation for some time and has enabled HWC to provide updated information to the public on its application processes. The website provides information on frequently asked questions such as how to apply for different kinds of permits and what information HWC requires. HWC is working towards the integration of the Heritage Information Management System (HIMS) with the South African Heritage Resources Information System (SAHRIS), developed by the South African Heritage Resources Agency (SAHRA). Such integration will contribute to HWC complying with its responsibilities of reporting to the national heritage resources authority, SAHRA, on its national inventory management and provide greater scope for integrated database capabilities in the management of its heritage resources management system.

2.2 Organisational environment

The Department of Cultural Affairs and Sport provides a subsidy, staff and operational support to HWC in order to enable it to implement the NHRA. HWC has continued to ensure that service delivery targets of the organisation are met in spite of challenges in the sector and staff limitations. Furthermore, HWC has received additional support from DCAS through the EPWP programme. Notwithstanding these limitations, the Council of HWC has considered its strategic vision, mission and values and reworked these to reflect the future vision for the work of the PHRA.

The functioning of HWC is overseen by a Council which consists of specialists in the fields of architecture, town and regional planning, urban planning, archaeology, social history and law. The current Council was appointed by the Provincial Minister for a three-year term, 1 November 2016 to 31 October 2019. In addition, Council has ensured that committees are operational and where necessary new members of committees are appointed in order to ensure that HWC executes its mandate with efficacy and efficiency.

The work of the committee such as BELCom continues to grow annually due to the increased complexity of applications that are submitted to HWC. This has resulted to the increased number of BELCom and IACOM meetings as applications where conservation bodies and interested and affected parties have raised objections are referred to these committees.

2.3 Consideration of inventories of the national estate

Heritage Western Cape has a duty to consider and approve inventories that are submitted in terms of section 30 (5) of the NHRA. The following inventories were considered by IGIC during this financial year:

- Stellenbosch Rural Heritage Survey (final phase)
- Elim Heritage Inventory
- Tulbagh Church Street Heritage Inventory

- Parow Station Precinct Heritage Inventory
- Harfield Village Heritage Inventory

The submission of inventories is important as they form the basis for identification and formal protection of sites in terms of Part 1 of Chapter II of the NHRA and, because they grade sites, assist HWC and local authorities to understand the relative values of heritage resources.

2.4 Formal protection of heritage resources

During the financial year, HWC dealt with the protection of heritage resources that are associated with the spatial and social expression of resilience and oppression which dominated the South African settlement morphology. The following sites were formally protected as provincial heritage sites:

Site Name	Provincial Gazette Notice	Statement of significance	Locality and GPS coordinates
Hostel 33, Lwandle, Stand	P.N. 97/2018	Hostel 33 forms part of the Lwandle Migrant Labour Museum and illustrates how people lived within the migrant labour system. It represents an extraordinary spatial and social expression of resilience and oppression, which dominated the South African settlement morphology as part of an "apartheid" city. The heritage significance of Hostel 33 is both historical and social on a broad provincial level.	34°07'09.8"S 18°51'52.3"E
Erf 175134, Rex Trueform Factory Complex, Salt River	P.N. 14/2019	The Rex Trueform Factory Complex is socially and architecturally significant as it is testimony to both the workers' rights movement and the modern functionalist movement of the mid-20th Century. Rex Trueform employed many residents of the then 'coloured' Salt River district. This large factory also typifies South African work spaces that were segregated according to gender and race. In addition, the Rex Trueform building is an exceptionally clear and well-preserved example of the modern functionalist movement in South Africa.	33°55'57.8"S 18°27'28.9"E

2.5 Key policy developments and legislative changes

2.5.1 Policy development

During the financial year the following policies were developed and amended by Council:

- Section 30 and 31 regulations relating to heritage areas and surveys; and
- Remuneration of Council and its Committees Policy.

2.5.2 Legal matters

Criminal Charges

Case number	Case name	Status
76/5/2015	"Juno", Provincial Heritage Site in Paarl	Discussions being held with duty prosecutor, more charges to be added.

HWC attends the environmental law forum being held at the NPA, which is also attended by the police, in order to provide information on heritage crime. Members of the forum are also helping to follow up on stalled prosecutions.

HWC matters in Courts

During the financial year under review HWC has been involved in the following court actions:

Case Number	Court	Matter	Status
46055/15	High Court, North Gauteng	Midnight Storm	The trial took place in July 2019
14894/17	High Court, Western Cape	Exclusive Access Trading 570 (Pty Ltd) v Chairperson, Independent Tribunal, Minister of Cultural Affairs and Sport and Heritage Western Cape	Still in pleadings stage

2.6 Strategic outcome oriented goals

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

The entity continued to strive towards achieving this goal during the year under review. Significant achievements are listed in the narrative of this report.

3. PERFORMANCE INFORMATION BY PROGRAMME: Heritage Western Cape

The purpose of Heritage Western Cape is to advise the Minister on the implementation of the National Heritage Resources Act (Act 25 of 1999) and in so doing, protecting and managing the heritage resources of the Western Cape.

Strategic Objective: Management of an integrated heritage resources management system in the Western Cape.

Programme/activity/objective: Heritage Western Cape					
Strategic objective indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of scheduled meetings of council and committees to manage heritage resources in the Western Cape	106	92	102	+10	Additional meetings were held to process the increase in complexity of applications

Key performance indicators, planned targets and actual achievements

Programme/activity/objective: Heritage Western Cape							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of scheduled meetings of the Council and its Executive Committee to implement the NHRA	9	8	8	8	8	-	-
Number of scheduled meetings of the committees to make decisions on applications to implement the NHRA	40	43	45	40	46	+6	Additional meetings were held to process the increase in complexity of applications
Number of meetings of the staff to make decisions on applications as per delegations from the Council to implement the NHRA	46	50	49	44	48	+4	Additional meetings were held to process the increase in complexity of applications

Strategy to overcome areas of under performance

The entity achieved all its planned targets.

Changes to planned targets

No indicators have been changed during the year under review

Linking performance with budgets

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

Programme /activity /objective	2018/2019			2017/2018		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	4079	4647	(568)	3232	3764	(532)
Total	4079	4647	*(568)	3232	3764	(532)

* The over expenditure is mainly related to the GRAP 23 adjustments made for salaries (employee cost: R590 000) of the financial management staff pertaining to services in-kind received from the department.

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

3.1 Revenue Collection

Sources of revenue	2018/2019			2017/2018		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	1736	2236	500	1611	1611	-
Other operating cost	1803	1980	177	1266	1429	163
Interest income	540	504	(36)	355	559	204
Total	4079	4720	*641	3232	3599	367

* The over collection on revenue is due to:

- the GRAP 23 adjustment made for salaries (Donations service in-kind: R590 000) of the financial management staff pertaining to services in-kind received from the department; and
- From 1 January 2014 HWC commenced collection of fees for the processing of applications.

This followed a submission for approval to the MEC of Finance. Schedule of fees charged is as follows:

Amount	Type of Application	Section of NHRA
R 330	Permit	Section 48 & Chapter II (excluding Section 38)
R 330	Notification of Intent to Develop	Sections 38(1) & (8)
R 200	Appeals	Section 49
R1 100	Heritage Impact Assessment	Sections 38(2), (3) & (8)

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

3.2 Capital investment

Not applicable.

PART C: GOVERNANCE

1. INTRODUCTION

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

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

2. PORTFOLIO COMMITTEES

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

Standing Committee on Cultural Affairs and Public Accounts	
Date of Hearing	Matter under consideration
2 May 2018	<ul style="list-style-type: none">Briefing by the Department of Cultural Affairs and Sport and its entity on the first, second and third Quarterly Performance Reports for 2017/18
23 May 2018	<ul style="list-style-type: none">Briefing by Heritage Western Cape on the delegation of responsibilities to local authorities
16 October 2018	<ul style="list-style-type: none">Discussion on the Department of Cultural Affairs and Sport's 2017/2018 Annual Report, as well as Heritage Western Cape
23 November 2018	<ul style="list-style-type: none">DCAS Vote 13: WC Adjustment Appropriation
12 March 2019	<ul style="list-style-type: none">DCAS Vote 13: WC Appropriation

3. EXECUTIVE AUTHORITY

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

Quarterly Performance Report	31 July 2018, 31 October 2018, 31 January 2019 and 30 April 2019.
In-year Monitoring Report	31 July 2018, 31 October 2018, 31 January 2019 and 30 April 2019.

4. THE HERITAGE WESTERN CAPE COUNCIL

4.1 Introduction

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

4.2 The role of the Council is as follows:

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

4.3 Board Charter

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

Composition of the current Council, 2016 to 2019

Name	Designation (<i>in terms of the Public Entity Board structure</i>)	Date appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings attended
Dr Antonia Malan	Member Chairperson	1 November 2016	n/a	PhD in Archaeological Records and Inventory; BA Hons. in Archives, Architecture and Archaeology	Heritage law and policy formation; architecture; cultural landscape; sites related to intangible heritage	South African Heritage Resources Agency	EXCO, and APM	24
Ms Quahnita Samie	Member	1 November 2016	13 March 2019	BTech: Town and Regional Planning (cum laude); ND: Town and Regional Planning, Planning and Geometrics	Heritage law and policy formation; cultural landscape; town and regional planning	n/a	IGIC	5
Mr Rowen Ruiters	Member	1 November 2016	n/a	BTech: Architectural Technology; BTech: Project Management ND: Architectural Technology	Architecture	n/a	Appeals	11

Name	Designation (<i>in terms of the Public Entity Board structure</i>)	Date appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings attended
Mr Siphiwo Mavumengwana	Member	1 November 2016	n/a	Dipl. Marketing Management	Cultural landscape; town and regional planning; archaeology (rock art paintings)	Western Cape Liquor Authority Conbin South Africa PTY LTD Imvelo Heritage Concepts PTY LTD Oasis Development Agency	ExCo, IGIC and IACOM	23
Ms Corlie Smart	Member	1 November 2016	n/a	BProc; LLM	Heritage law and policy formulation	Belvidex PTY LTD	ExCo and Appeals	15
Mr Chris Snelling	Member	1 November 2016	n/a	Bachelor in Architectural Studies	Architecture; documentation of heritage and database	n/a	ExCo and IACOM	36

Name	Designation (<i>in terms of the Public Entity Board structure</i>)	Date appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings attended
Ms Karin Dugmore- Ström	Member	1 November 2016	21 October 2018	Bachelor in Architectural Studies	Architecture; documentation of heritage and database	n/a	Exco and BELCom	10
Dr Ignatius de Swardt	Member	1 November 2016	n/a	MA in Cultural History (cum laude); BA Hons. History; BA African Studies	Architecture; documentation of heritage and database	n/a	IGIC	8
Mr Graham Jacobs	Member	1 November 2016	n/a	Bachelor in Architectural Studies	Architecture; documentation of heritage and database	n/a	ExCo and BELCom	25

Name	Designation (<i>in terms of the Public Entity Board structure</i>)	Date appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings attended
Ms Katherine Dumbrell	Member	1 November 2016	n/a	Bachelor in Architectural Studies Post Graduate Diploma in African Studies	Architecture; documentation of heritage and database	Friends of the Drostdy Museum Kathy Dumbrell Architect Historian Aesthetics Committee of Swellendam Local Municipality	IGIC	7
Dr Rolf Annas	Member	1 November 2016	n/a	BA(Hons)	Promotion, interpretation and education of heritage resources.	n/a	IGIC	7

List of Committee members 2016-2019

Committee name	No. of meetings held	No. of members	Name of members
EXCO	4	5	Dr Antonia Malan (Chairperson) Mr Siphiwo Mavumengwana Ms Corlie Smart Mr Chris Snelling Ms Karen Dugmore Strom (resigned on 21 October 2018) Mr Graham Jacobs (elected as from 25 October 2018)
BELCOM	16	8	Ms Karen Dugmore Ström (Chairperson) (resigned on 21 October 2018) Mr Graham Jacobs (elected Chairperson from 26 October 2018) Mr Peter Büttgens Mr Mike Scurr (moved from BELCom to IACOM on 13 March 2019) Mr Mayiji Nyikosa (resigned without formal notice) Ms Janine de Waal Mr Gaarith Williams (resigned on 21 February 2019) Ms Belinda Jane Mutti Mr David Gibbs (appointed 12 September 2018) Ms Nicola Irving (appointed on 25 April 2018 and resigned on 27 February 2019) Mr Irvin Smidt (appointed on 25 April 2018) Mrs Melanie Attwell (appointed on 13 March 2019) Mrs Helene van der Merwe (appointed on 13 March 2019)

Committee name	No. of meetings held	No. of members	Name of members
APM	12	8	Dr Antonia Malan (Chairperson) Dr Ragna Redelstorff Dr Lita Webley Dr Mariagrazia Galimberti (resigned 10 June 2018) Ms Cecilene Muller Dr Jayson David John Orton Mr John Gribble Dr Wendy Black (appointed on 1 May 2018) Dr Abigail Moffett (appointed on 5 June 2018)
Appeals	11	5	Ms Corlie Smart (Chairperson) Mr Rowen Ruiters Dr Nicholas Baumann Mr Tseliso Leshoro Prof Andrew van Graan Mr Stuart Hermansen (for a meeting of 16 May 2018)
IGIC	4	9	Mr Siphiwo Mavumengwana (Chairperson) Dr Ignatius Petrus de Swardt Ms Quahnita Samie (resigned on 13 March 2019) Ms Katherine Dumbrell Dr Rolf Annas Mr Stefan de Kock Ms Jenna Lavin Ms Katherine Dumbrell Ms Fowzia Achmat (resigned on 27 August 2018) Mr Ron Martin (appointed on 3 August 2018) Ms Constance Pasengrouw (appointed on 3 August 2018)

Committee name	No. of meetings held	No. of members	Name of members
IACOM	14	9	Mr Chris Snelling (Chairperson) Mr Siphiwo Mavumengwana Mr Frik Vermeulen Prof Fabio Todeschini (passed away on 23 May 2018) Prof Lucien le Grange (resigned on 18 February 2019) Mr Guy Thomas Ms Cecilene Muller Mr Dave Saunders (appointed on 8 November 2017) Dr Lita Webley (appointed 17 January 2018) Mr Mokena Makeka (appointed 13 March 2019) Mike Scurr (moved from BELCom on 13 March 2019 to serve on IACOM)

Remuneration of members

The service benefit packages for office-bearers of certain statutory and other institutions are defined by the Minister of Finance and described in a Provincial Treasury Circular. The Chairperson's Council rate was R511 per hour and the Chairperson per sub-committee is R448 per hour the rate for members is R310 per hour.

Names		Remuneration R'000	Other allowances (T & S) R'000	Total R'000
Annas	R	19	6	25
Attwell	M	3	0	3
Baumann	N	21	0	21
Büttgens	P	44	4	48
Black	W	6	0	6
de Kock	S	8	9	17
de Swardt	IP	15	17	32
de Waal	J	32	8	40
Dumbrell	K	17	17	34
Galimberti	M	2	0	2
Gibble	J	22	2	24
Gibbs	D	39	3	42
Hermansen	S	1	0	1
Irving	N	38	2	40
Jacobs	G	75	18	93
Lavin	J	8	0	8
le Grange	L	33	1	34
Leshoro	T	19	0	19
Malan	A	46	1	47
Mangiangalli	B	14	0	14
Martin	R	8	2	10
Mavumengwana	S	57	41	98

Names		Remuneration R'000	Other allowances (T & S) R'000	Total R'000
Moffette	A	13	0	13
Muller	C	57	0	57
Mutti	BJ	37	25	62
Nyikosa	M	25	4	29
Orton	J	15	4	19
Pansegrouw	C	10	0	10
Ruiters	R	29	0	29
Dugmore-Ström	K	39	3	42
Samie	Q	11	0	11
Saunders	D	35	2	37
Scurr	M	51	4	55
Smart	C	29	13	42
Smidt	I	47	3	50
Snelling	C	79	5	84
Thomas	G	24	0	24
Todeschini	F	5	0	5
van Graan	A	20	0	20
van der Merve	H	3	0	3
Vermeulen	F	39	1	40
Webley	L	47	4	51
Williams	G	34	1	35
Total		1176	200	1376

5. RISK MANAGEMENT

The Entity forms part of the Department's established Enterprise Risk Management and Ethics Committee (ERMECO) to assist the Accounting Authority in executing his responsibilities relating to risk management.

The Department established an Enterprise Risk Management and Ethics Committee (ERMECO) to assist the Accounting Officer and Accounting Authority in executing their responsibilities relating to risk management.

ERMECO Responsibility

The Enterprise Risk Management and Ethics Committee (ERMECO) reports that it has complied with its responsibilities arising from Section 38 (1)(a)(i) of the Public Finance Management Act, Treasury Regulation 27.2.1 and Public Service Regulations of 2016, Chapter 2, Part 1, 2 and 3. The ERMECO also reports that it has adopted the appropriate formal Terms of Reference (approved by the ERMECO chairperson on 31 March 2017) and regulated its affairs in compliance with this Terms of Reference and has discharged all its responsibilities as contained therein.

ERMECO Members

The ERMECO comprises of selected members of the Department's management team (inclusive of Public Entity management). As per its Terms of Reference the ERMECO met at least four times (quarterly) during the year under review.

The table below discloses relevant information on ERMECO members:

MEMBER	POSITION	SCHEDULED MEETINGS	ATTENDED	DATE APPOINTED
Mr B Walters	Accounting Officer (ERMECO Chairperson)	4	4	31/03/2017
Ms B Rutgers	Director: Financial Management – (CFO)	4	4	31/03/2017
Ms C Sani	Director: Library Service	4	3 (a representative attended one meeting during Ms Sani's absence)	31/03/2017
Mr D Esau	Deputy Director: Internal Control (Risk Champion)	4	3	31/03/2017
Mr D Flandorp	Deputy Director: Corporate Relations Unit (Ethics Officer)	4	3	31/03/2017
Mr G Mohamed	Director: Enterprise Content Management	4	1	31/03/2017
Mr G Redman	CD: Cultural Affairs	4	4	31/03/2017
Ms J Boulle	CD: After-School Game Changer	4	2	31/03/2017

MEMBER	POSITION	SCHEDULED MEETINGS	ATTENDED	DATE APPOINTED
Ms J Moleleki	Director: Arts, Cultures and Language AA: WCLC AA: WCCC	4	4	31/03/2017
Dr L Bouah	CD: Sport and Recreation	4	4	31/03/2017
Dr M Dlamuka	Director: Museums, Heritage and Geographical Names Services AA: HWC	4	2 (a representative attended one meeting during Dr Dlamuka's absence)	31/03/2017
Ms N Momoti	Director: Provincial Archive Service	4	1	31/03/2017
Ms N Dingayo	Director: Provincial Archive Service	4	1	12/03/2019
Mr S Julie	Director: Strategic and Operational Management Support	4	3	31/03/2017
Mr T Tutu	Director: Sport Promotion	4	3 (a representative attended one meeting during Mr Tutu's absence)	31/03/2017
Mr P Hendricks	Director: Sport Development	4	4	31/03/2017

OTHER ATTENDEES	POSITION	SCHEDULED MEETINGS	ATTENDED
Ms A Haq	Director: Enterprise Risk Management (DotP)	4	3
Mr D Micketts	Chief Risk Advisor: Enterprise Risk Management (DotP)	4	4
Ms M Natesan	Deputy Director: Provincial Forensic Services (DotP)	4	3 (a representative attended one meeting during Ms Natesan's absence)

ERMECO Key Activities

The Accounting Officer is the chairperson of the ERMECO and the Deputy Director: Internal Control is the Risk Champion of the department. The Accounting Authority represents HWC at ERMECO.

In executing its function, the ERMECO performed the following key activities during the year:

- Reviewed the Department's and Public Entity's Risk Management Policy, Strategy and Implementation Plan; for recommendation by the Audit Committee and approval by the Accounting Officer / AA;
- Set, reviewed and applied appropriate risk appetite and tolerances, and recommended same for approval by the Accounting Officer / AA;

-
- Reported to the Accounting Officer / AA any material changes to the risk profile of the Department;
 - Identified emerging risks;
 - Reviewed the Fraud Prevention Plan (Strategy, Policy and Implementation Plan) and recommended for approval by the Accounting Officer / AA;
 - Evaluated the extent and effectiveness of integration of risk management within the Public Entity;
 - Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan;
 - Assessed the implementation of the Public Entity Ethics Management approach;
 - Evaluated the effectiveness and mitigating strategies to address the material, ethics and economic crime risks;
 - Provided oversight on ethics management in the Public Entity.

Key risks considered and addressed during the year

The following are the key risks that were considered and addressed during the year:

- Loss of heritage resources through unauthorised alteration/ destruction or vandalism.

Other risks were deliberated/debated at the quarterly ERMECO meetings. Senior managers were required to provide feedback on progress with implementation of action plans to reduce the likelihood of risks materialising and/or the impact should they materialise. ERMECO also referred risks back that should be analysed more extensively and recommended additional mitigations or actions to manage risks.

Key emerging risks for the following financial year

The Committee acknowledged that additional risks will be discussed and considered during the next financial year.

Conclusion

There has been significant progress with the management of risks during the 2018/19 financial year. Good progress was made in embedding risk management and raising the risk maturity level within the Entity which has contributed to favourable performance.

6. INTERNAL CONTROL UNIT

It is the responsibility of the Accounting Authority to continually assess and evaluate internal controls to ensure that the control activities in place are effective, efficient and transparent and that they are improved when necessary. To achieve this, quarterly key

control meetings were held with the Auditor-General and the Minister. This is an ongoing process to ensure that HWC obtains clean audit outcomes. The entity has devised an Internal Control Strategy and Plan that outlines a high level plan on the implementation of internal control within its core functions.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the Department/entity, which include oversight and review of the following:

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

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

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Mr Ameen Amod	MBA; CIA; CGAP; CRMA; BCOM	External	N/a	01 January 2019 (2 nd term)	N/a	7
Ms Judy Gunther	CIA; AGA; CRMA; Masters in Cost Accounting; BCompt	External	N/a	01 January 2016 (2 nd term)	2 nd term expired 31 December 2018	5
Mr Francois Barnard	MComm (Tax); CA(SA); Postgrad Diploma in Auditing; CTA BCompt (Honours); BProc	External	N/a	01 January 2016 (2 nd term)	2 nd term expired 31 December 2018	5
Mr Kerry Larkin	B Compt; ND FIS; FIIASA CIA; CRMA; CCSA	External	N/a	01 January 2018 (1 st term)	31 August 2018	3
Mr Ebrahim Abrahams	B Com Hons	External	N/a	1 January 2019	N/a	2
Mr Pieter Strauss	B Acc; B Com Hons; CA (SA)	External	N/a	1 January 2019	N/a	2
Ms Annelise Cilliers	B Compt Hons CA (SA)	External	N/a	1 January 2019	N/a	2

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee Responsibility

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

The Effectiveness of Internal Control

In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of

controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The following internal audit engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

Assurance Engagements:

- DPSA Directive Delegations
- Archives Management – Preservation and Conservation
- Cultural Organisations
- Management of Public Entities
- Transfer Payments – Museums

Follow-ups:

- Performance Monitoring and Reporting
- Heritage Western Cape
- Initiation Practices

The internal audit plan was completed for the year. The areas for improvements, as noted by internal audit during performance of their work, were agreed to by management. The Audit committee continues to monitor the actions on an on-going basis.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

The Audit Committee has:

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

Compliance

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

Provincial Forensics Services

The Provincial Forensic Services presented us with statistics. The Audit Committee Monitors the progress of the PFS reports on a quarterly basis. There were no matters brought to our attention that required further reporting by the Audit Committee.

Performance Information

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

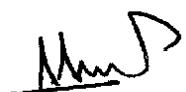
Report of the Auditor-General South Africa

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

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

The Audit Committee commends the Department for maintaining an unqualified audit opinion with no material findings.

The Audit Committee wishes to express their appreciation to the management of the Department, the AGSA and the WCG Corporate Assurance Branch for the co-operation and information they have provided to enable us to compile this report.



Mr Ameen Amod

Chairperson of the Social Cluster Audit Committee

Department of Cultural Affairs and Sport

31 July 2019

PART D: HUMAN RESOURCES

1. INTRODUCTION

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

2. HUMAN RESOURCE OVERSIGHT STATISTICS

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

PART E: FINANCIAL INFORMATION

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Report of the auditor-general to Western Cape Provincial Parliament on the Heritage Western Cape

7.1 Report on the audit of the financial statements

7.1.1 Opinion

1. I have audited the financial statements of the Heritage Western Cape set out on pages 60 to 82, which comprise statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year ended 31 March 2019, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Heritage Western Cape as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and section 15(5) of the Provincial Heritage Resources Authority Regulations, 2002 (Provincial Notice No. 336 of 2002) (PHRAR).

7.1.2 Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

7.1.3 Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 22 to the financial statements, the corresponding figures for the year ended 31 March 2018 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2019.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Restatement of corresponding figures

7.1.4 Responsibilities of accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Heritage Western Cape's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

7.1.5 Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

7.2 Report on the audit of the annual performance report

7.2.1 Introduction and scope

12. 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 material findings on the reported performance information against predetermined objectives for selected strategic objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objective presented in the annual performance report of the entity for the year ended 31 March 2019:

Strategic Objective	Pages in the annual performance report
Management of an integrated heritage resources management system in the Western Cape	27-28

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for this strategic objective:
 - Management of an integrated heritage resources management system in the Western Cape

7.2.2 Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 27 to 28 for information on the achievement of planned targets for the year and explanations provided for the over achievement of a number of targets.

7.3 Report on the audit of compliance with legislation

7.3.1 Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

I performed procedures to identify findings but not to gather evidence to express assurance.

20. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

7.4 Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the foreword by the chairperson and the chief executive officer's overview. The other information does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

7.5 Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

31 July 2019



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic objective and on the entity's compliance with respect to the selected subject matters.

7.5.1 Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Heritage Western Cape's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

7.5.2 Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

General Information

Nature of business and principal activities	Heritage Western Cape must regulate and monitor the promotion of conservation of the heritage environment in the Western Cape.
Registered office	Protea Assurance Building Greenmarket Square Cape Town 8000
Business address	Protea Assurance Building Greenmarket Square Cape Town 8000
Postal address	Private Bag X9067 Cape Town 8000
Bankers	Nedbank ABSA Bank

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Statement of Financial Position

Statement of Financial Performance

Statement of Changes in Net Assets

Cash Flow Statement

Statement of Comparison of Budget and Actual Amounts

Accounting Policies

Notes to the Annual Financial Statements

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	3	6 594
Inventories	4	122
Receivables from exchange transactions	5	93
Receivables from non-exchange transactions	6	500
	<hr/>	<hr/>
	7 309	7 880
Total Assets	<hr/>	<hr/>
	7 309	7 880
Liabilities		
Current Liabilities		
Payables from exchange transactions	7	7
Unspent conditional grants and receipts	8	165
	<hr/>	<hr/>
	172	816
Total Liabilities	<hr/>	<hr/>
	172	816
Net Assets	<hr/>	<hr/>
Accumulated surplus	7 137	7 064
	<hr/>	<hr/>

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Performance

	Note(s)	2019 R '000	2018 R '000
Revenue			
Revenue from exchange transactions			
Heritage application fees	9	839	845
Interest income	10	504	559
		<hr/>	<hr/>
Total revenue from exchange transactions		1 343	1 404
Revenue from non-exchange transactions		<hr/>	<hr/>
Other income from non - exchange transactions	11	590	546
Utilisation of conditional grants	12	551	38
Transfers and subsidies received	13	2 236	1 611
		<hr/>	<hr/>
Total revenue from non-exchange transactions		3 377	2 195
		<hr/>	<hr/>
Total revenue		4 720	3 599
		<hr/>	<hr/>
Expenditure			
Audit fees	14	(87)	(86)
Consulting and outsourced services	15	(1 485)	(708)

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

**General
expenses**

16 (1 899) (2 013)

**Members
fees**

17 (1 176) (957)

Total
expenditure

(4 647) (3 764)

Surplus (deficit) for the
year

73 (165)

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2017	7 229	7 229
Changes in net assets		
Deficit for the year	(165)	(165)
Total changes	<u>(165)</u>	<u>(165)</u>
Balance at 01 April 2018	7 064	7 064
Changes in net assets		
Surplus for the year	73	73
Total changes	<u>73</u>	<u>73</u>
Balance at 31 March 2019	7 137	7 137

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Cash Flow Statement

	Note(s)	2019 R '000	2018 R '000
Cash flows from operating activities			
Receipts			
Cash received		3 127	3 696
Interest income		552	527
		<hr/> 3 679	<hr/> 4 223
Payments			
Cash paid to suppliers and employees		(4 701)	(2 970)
Net cash flows from operating activities	18	<hr/> (1 022)	<hr/> 1 253
Net increase/ (decrease) in cash and cash equivalents		(1 022)	1 253
Cash and cash equivalents at the beginning of the year		7 616	6 363
Cash and cash equivalents at the end of the year	3	<hr/> 6 594	<hr/> 7 616

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Heritage application fees	825	-	825	839	14	25.1
Interest income	540	-	540	504	(36)	25.2
Other income - Investment	-	427	427	-	(427)	25.3
Total revenue from exchange transactions	1 365	427	1 792	1 343	(449)	
Revenue from non-exchange transactions						
Transfer revenue						
Conditional grant- Lotto Funding	-	551	551	551	-	
Other income from non-exchange transactions	-	-	-	590	590	25.4
Transfers and subsidies received	1 736	-	1 736	2 236	500	25.5
Total revenue from non-exchange transactions	1 736	551	2 287	3 377	1 090	
Total revenue	3 101	978	4 079	4 720	641	
Expenditure						
Members fees	(899)	(293)	(1 192)	(1 176)	16	
Audit fees	(97)	10	(87)	(87)	-	
General Expenses	(2 105)	(695)	(2 800)	(3 384)	(584)	25.6
Total expenditure	(3 101)	(978)	(4 079)	(4 647)	(568)	
Surplus before taxation	-	-	-	73	73	

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	73	73
<hr/>					
Reconciliation					
Timing difference					
Operating				73	
Entity difference					
Operating				-	
Actual Amount in the Statement of Financial Performance				73	
			64		

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

All figures have been rounded to the nearest thousand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and 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. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Receivables

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

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

Allowance for impairment

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for impairment debt shall be calculated on trade receivables only. The total impairment provision of the entity shall be calculated either by individual debtor or at least per risk category.

1.3 Financial instruments

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

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.3 Financial instruments (continued)

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Classification

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

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

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

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

Initial measurement of financial assets and financial liabilities

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

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Fair value measurement considerations

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

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

Financial assets measured at amortised cost:

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

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

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

Financial assets measured at cost:

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

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

Financial liabilities

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

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

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

1.4 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.5 Contingent Liabilities

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

Contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.6 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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

1.7 Revenue from exchange transactions

Recognition

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

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable. The amount is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved.

Interest, royalties and dividends

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

1.8 Revenue from non-exchange transactions

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.8 Revenue from non-exchange transactions (continued)

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Conditional grants and receipts

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

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

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

Services in-kind

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

1.9 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

1.10 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Fruitless and Wasteful expenditure:

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

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Irregular expenditure

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

Transfers and subsidies

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

1.12 Accumulated surplus

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

1.13 Budget information

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

The approved budget covers the fiscal period from 2018/04/01 to 2019/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.14 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.14 Related parties (continued)

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.15 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.16 Value-added Tax (VAT)

The entity is exempt from VAT registration. However, if any funding is received that requires the entity to register as a VAT Vendor, such application will be lodged.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
--	----------------	----------------

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (as amended 2018): Presentation of Financial Statements	01 April 2018	The impact of the amendment is not material.
• GRAP 2 (as amended 2018): Cash Flow Statements	01 April 2018	The impact of the amendment is not material.
• GRAP 3 (as amended 2018): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2018	The impact of the amendment is not material.
• GRAP 9 (as amended 2018): Revenue from Exchange Transactions	01 April 2018	The impact of the amendment is not material.
• GRAP 12 (as amended 2018): Inventories	01 April 2018	The impact of the amendment is not material.
• GRAP 14 (as amended 2018): Events after the reporting Period	01 April 2018	The impact of the amendment is not material.
• GRAP 19 (as amended 2018): Provisions, Contingent Liabilities and Contingent Assets	01 April 2018	The impact of the amendment is not material.
• GRAP 23 (as amended 2018): Revenue from Non-exchange Transactions	01 April 2018	The impact of the amendment is not material.
• GRAP 24 (as amended 2016): Presentation of Budget Information in Financial Statements	01 April 2018	The impact of the amendment is not material.
• GRAP 104 (as amended 2018): Financial Instruments	01 April 2018	The impact of the amendment is not material.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
--	----------------	----------------

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	268	501
Short-term deposits	<u>6 326</u>	<u>7 115</u>
	<u>6 594</u>	<u>7 616</u>

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

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.		
4. Inventories		
Inventory	<u>122</u>	<u>123</u>
Inventory consists of ceramic tiles used to identify heritage sites. During the year under review 5 tiles were distributed free of charge.		
	74	
5. Receivables from exchange transactions		
Trade debtors	89	89
Accrued interest	<u>4</u>	<u>52</u>
	93	141
Receivables are classified at amortised cost. The fair value of receivable transactions approximates their fair value.		
6. Receivables from non-exchange transactions		
Other receivables from non-exchange revenue	500	-
7. Payables from exchange transactions		
Trade payables	<u>7</u>	<u>100</u>
Payables are classified at amortised cost. The carrying amount of payables transactions approximates their fair value		
8. Unspent conditional grants		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Unspent conditional grant - National Lotteries Board	144	516
Unspent conditional grant - National Department of Tourism	<u>21</u>	<u>200</u>
	165	716

Conditional grant received from National Lotteries Board for the Baboon Point Conservation Management Plan project as well as from National Department of Tourism for the Tourism Interpretive signage at Gugulethu Seven Memorial.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R '000	R '000
9. Heritage application fees		
Heritage application fees	839	845
	<hr/>	<hr/>
10. Interest income		
Interest received	504	559
	<hr/>	<hr/>
11. Other income from non-exchange transactions		
Donation: services in-kind	590	546
	<hr/>	<hr/>
	75	
Services in-kind is further explained in Note 16		
12. Utilisation of conditional grants		
Unspent conditional grant - National Lotteries Board	372	38
Unspent conditional grant - National Department of Tourism	179	-
	<hr/>	<hr/>
	551	38
During the year under review, movement of funds from the conditional grants as indicated in note 8.		
13. Transfers and subsidies received		
Transfers and subsidies received	2 236	1 611
	<hr/>	<hr/>
During 2018/19 the Entity received an additional transfer payment of R500 000 from the Department of Cultural Affairs and Sport for the World Heritage Nomination Dossier.		
14. Audit fees		
External audit	87	86
	<hr/>	<hr/>
15. Consulting and outsourcing services		
Consulting and outsourcing services	1 485	708
	<hr/>	<hr/>
During the year under review consulting and outsourcing services increased mainly due to the appointment of services providers for projects such as the Baboon Point Conservation Management Plan, Tourism interpretive signage at Gugulethu Seven Memorial and World Heritage Nomination Dossier.		
16. General expenses		
Advertising	112	117

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R '000	R '000
Bank charges	3	4
Employee cost: services in kind	590	546
Entertainment	341	99
Legal fees	427	834
Printing and stationery	84	48
Seminars and workshops	8	70
Software Licence renewal	31	28
Travel and subsistence	303	229
Venue expenses	-	38
	1 899	2 013

Employee cost: services in-kind:

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

Entertainment:

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

Legal fees:

The variance is due to the decrease in litigation and court cases dealt with during the year under review.

Printing and stationery:

The variance is due to the printing of the annual report and purchasing customised receipt books, stamps and stationery

Seminars and workshops:

The entity held a strategic workshop for members and staff during 2017/18.

Travel and subsistence:

Fuel increase throughout the year under review coupled with additional travelling to the various sites.

Venue Expense:

2017/18 expenditure is related to the Baboon Point Conservation Management Plan.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R '000	R '000

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R '000	R '000
17. Members fees		
Achmat, F	-	3
Annas, R	19	14
Attwell, M	3	-
Baumann, N	21	13
Büttgens, P	44	48
Black, W	6	-
De Kock, S	8	3
de Swardt, I	15	12
de Waal, J	32	40
Dumbrell, K	17	14
Galimberti, M	2	10
Gribble, J	22	12
Gibbs, D	39	24
Hall, A	-	13
Hermansen, S	1	-
Irving, N	38	-
Jacobs, G	75	58
Lavin, J	8	3
le Grange, L	33	31
Leshoro, T	19	13
Malan, A	46	60
Martin, R	8	-
Mangiagalli, B	14	8
Mavumengwana, S	57	50
Moffette, A	13	-
Muller, C	57	51
Mutti, B	37	44
Nyikosa, M	25	13
Orton, J	15	11
Pansegrouw, C	10	-
Ruiters, R	29	17
Samie, Q	11	13
Saunders, D	35	10
Scurr, M	51	43
Smart, C	29	24
Smidt, I	47	-
Snelling, C	79	70
Dugmore-Ström, K	39	74
Thomas, G	24	23
Todeschini, F	5	14
van de Merwe, H	3	-
van Graan, A	20	14
Vermeulen, F	39	31
Walker, S	-	10
Webley, L	47	23
Williams, G	34	16
Young, J	-	27
	1 176	957

The Increase is due to the annual tariff increase as stipulated by National Treasury as well as for members attending site visits.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
18. Cash (used in) generated from operations		
Surplus (deficit)	73	(165)
Adjustments for:		
Utilisation of Conditional Grant	(551)	(38)
Distribution of inventory	1	-
Changes in working capital:		
Inventories	1	-
Receivables from exchange transactions	47	(31)
Other receivables from non-exchange transactions	(500)	1 200
Payables from exchange transactions	(93)	88
Unspent conditional grants and receipts	-	199
	(1 022)	1 253

19. Commitments

Authorised operational expenditure

Approved and contracted

• African Web - Website hosting	6	23
• Cedar Tower Services	44	-
• Joline Young Heritage Consultancy	224	-
• Eco Africa Environmental Consultants (Pty) Ltd	319	147
• Creative Catering	-	77
• Archaeo- Adventures: CMP for Early Cape Farmsteads	94	94
	687	341

Total operational commitments

• Approved and contracted	687	341
	687	341

This expenditure will be financed from:

Total commitments

Authorised operational expenditure	687	341
	687	341

Refer to note 22 for detail on prior period error related to approved and contracted commitments.

20. Contingent liabilities

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

This relates to a court case that was lodged in the North Gauteng High Court. The case relates to a decision that was taken by HWC not to approve a planned upmarket housing development, rezoning and subdivision rights to a property which is a Provincial Heritage Site. HWC is cited as a 3rdDefendant. The owners have issued a summons to recover the costs they have expended on the land as they allege that the declaration limits their property rights and should be seen as a constructive expropriation. The trial has been postponed and is now set down to take place in July 2019. HWC, together with other defendants, is defending the matter. If the claim succeeds HWC's liability is estimated at R8.2 million.

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
--	----------------	----------------

21. Related parties

Relationships

- Primary Funder
- Strategic Partner
- Strategic Partner

Department of Cultural Affairs and Sport
Western Cape Cultural Commission
Western Cape Language Committee

The Department of Cultural Affairs and Sport provides accommodation to Heritage Western Cape to execute their administrative and financial operations.

Related party transactions

Income received from related party

Department of Cultural Affairs and Sport	2 236	1 611
--	-------	-------

22. Prior period errors

Note 19: Commitments for 2017/18 were adjusted during the 2018/19 financial year to include the following:

- a commitment for Eco Africa Environmental Consultants (Pty) Ltd which was incorrectly included under Approved and not yet contracted instead of Approved and contracted and
- a commitment for Archaeo- Adventures : CMP for Early Cape Farmsteads, which was erroneously excluded from the 2017/18 disclosure.

The correction of the error results in adjustments as follows:

Commitments

Approved and contracted:

Eco Africa Environmental Consultants (Pty)Ltd	-	147
Archaeo-Adventures: CMP for Early Cape Farmsteads	-	94

23. Risk management

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

Liquidity risk

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

Sensitivity analysis

At 31 March 2019, if the interest rates on variable rate financial instruments had been 1% higher/lower with all other variables held constant, surplus for the year would have been R79 102 higher / lower.

Credit risk

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
--	----------------	----------------

Maximum exposure to credit risk

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

Market risk

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

Interest rate risk

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

Financial assets

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

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

Cash flow interest rate risk

Financial instrument	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Normal credit terms : Cash in current banking institutions	6 594	-	-	-	-
Payables - Extended credit terms	(7)	-	-	-	-
Net amount	<u>6 587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Past due but not provided for	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial instrument 032019	Current	Due in 1-30 days	Due in 31-60 days	Due in 61-90 days	Due in 90+ days
Trade and other receivables - normal credit terms	-	-	-	-	89
Trade and other receivables- Non exchange transactions	500	-	-	-	500
	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89</u>
					589
Financial instrument 032018	Current	Due in 1-30 days	Due in 31-60 days	Due in 61-90 days	Due in 90+ days
Trade and other receivables - normal credit terms	-	-	-	-	89
Fixed interest loan from X Ltd	-	-	-	-	89
					89

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
24. Irregular expenditure		
Add: Irregular Expenditure - current year	-	35
Less: Amounts condoned	-	(35)
	<hr/>	<hr/>
	-	-

HERITAGE WESTERN CAPE

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019 R '000	2018 R '000
--	----------------	----------------

25. Budget variances

Material variances between budget and actual amounts

Budget Adjustment:

During the 2018/19 financial year a budget adjustment was made from R3,101m to R4,079m. A total increase of R978 000.

This is mainly due to the conditional grant received from the National Lotteries Commission for the Baboon Point Conservation Management Plan in the 2016/17 financial year and the conditional grant received for the World Heritage Nomination Dossier in 2017/18 budget but was expensed during the current financial year as the scope of the projects extends over a number of years.

25.1 - Heritage Application Fees:

The variance is mainly due to Income exceeding the estimated budget. Income is based on demand and therefore it is difficult to accurately project.

25.2 - Interest Income:

The variance is mainly due to less reserves available in the bank due to the increase in expenditure related to projects during the year under review.

25.3 - Other income- Investments:

During the year, funds were moved from the investment account to cover required expenditure of the projects initiated.

25.4 - Other income from non-exchange transactions:

The variance is mainly due to GRAP 23 donation/employee cost adjustment made for services in-kind received from the Department of Cultural Affairs and Sport. Refer to note 16 for detail.

25.5 - Transfers and subsidies received:

The variance is mainly due to additional funding received from the Department of Cultural Affairs and Sport during the year under review.

25.6 - General Expense:

The variance is mainly due to Non-exchange transactions: GRAP 23 donation/employee cost adjustment made for services in-kind received from the Department of Cultural Affairs and Sport. Refer to note 16 for detail.