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## Foreword from the **MINISTER OF ENVIRONMENTAL AFFAIRS**

Dr Edna Bono Molewa

t is with pleasure that I present to you the 2017/18 Annual Report of the iSimangaliso Wetland Park Authority.

The iSimangaliso Wetland Park is South Africa's first World Heritage Site - declared by UNESCO in 1999. Over the years, the organisation has had to realign its institutional arrangements in order to address the needs of different stakeholder groups and simultaneously drive the transformation of the organisation.

Despite a number of challenges confronting the organisation during the period under review, the Authority is functioning well.

In 2017/18 a transformation process was put in place during the tenure of interim CEO Professor Anis Mahomed Karodia. During his tenure a new structure and organogram for the organisation was developed, and will be put into place during the second phase of the transformation agenda by the new CEO, who assumes office on 1 September 2018.

Additional changes in the past financial year have included the introduction of new human resources policies with the assistance of the Department of Environmental Affairs. The iSimangaliso Wetland Park Authority Board was constituted at the end of the 2017/18 financial year.

I take this opportunity to thank Professor Karodia, a seasoned public administrator, for his efforts towards transformation of the organisation.

Whilst much success has been achieved in the reshaping of iSimangaliso during the period under review, much work still needs to be done.

The performance of iSimangaliso was added to the audit process in the 2017/18 financial year, matching performance against financial inputs. The organisation received an unqualified audit from the Auditor-General for the 2017/18 budget year and I wish to acknowledge the inputs from the interim CEO and the Chief Financial Officer.

I am satisfied by assurances from the current management that the organisation will take the necessary steps to become more professional and provide an improved and more sustainable service to its constituents.

In line with iSimangaliso's five-year Corporate Strategy (2016-2020) the organisation's APP for the next financial year priorities ensuring equitable access to the Park and bringing surrounding communities into the mainstream of conservation by making them full and active participants as we chart our sustainable development path.

#### FOREWORD FROM THE MINISTER

Under the guidance of the Department, the iSimangaliso Executives and the outgoing Board, stakeholder-relations improved considerably in the period under review.

Given the historic injustices and inequalities experienced in South Africa, iSimangaliso has achieved much in the past year in reaching its transformation goals. Improved stakeholder relations assist government to achieve its goals of eradicating unemployment, poverty and inequality.

I am confident that the iSimangaliso Wetland Park Authority will in the year ahead remain committed to its vision and mission; to transformation and affirmative action, particularly with regard and to empowering staff and communities.

In this regard, I wish the new management well.

I can confirm that the iSimangaliso Wetland Park Authority's 2017/18 Annual Report complies with all statutory reporting requirements of the Public Finance Management Act (PFMA), 1999, as well as the relevant National Treasury Regulations.

DR B E E MOLEWA, MP

**Minister of Environmental Affairs** 









# Message from the INTERIM CHIEF EXECUTIVE OFFICER

Professor Anis Karodia

t was a pleasure to be part of the iSimangaliso Wetland Park Authority as the Interim CEO for the financial period 2017 – 2018. I started my tenure in the second quarter of the year.

The year 2017-18 was a challenging year for the organisation in terms of stakeholder issues and a call for transformation by various communities. It was during the year when the long serving CEO – Mr Andrew Zaloumis left the organisation. I express my appreciation and thanks to him for his valued contribution and the foundation that he had laid over the years in terms of tourism, conservation and sustainable development.

Despite the changes and challenges experienced, iSimangaliso continues to implement its mandate of protecting, conserving and presenting the Wetland Park and its World Heritage Values for current and future generations, in line with the standards laid down by UNESCO and the World Heritage Act, and delivering benefits to communities living in and adjacent to the Park by facilitating optimal tourism and related development.

During the year iSimangaliso had to review its strategy in terms of community engagement, empowerment and transformation. To necessitate this, a new transformed organisational structure was developed. New operational policies and frameworks were established. Stakeholder relationships were enhanced through various stakeholder forums and community meetings.

Unemployment, poverty and inequality remain key challenges facing government, and iSimangaliso continues to place greater emphasis in contributing to socio-economic and transformation objectives of the country. Through the implementation of the Expanded Public Works Programmes within the Park, approximately 1 857 jobs were created in the year under review. A total of R24.8m was spent on land rehabilitation. In addition to job creation, iSimangaliso implements SMME development programmes as one of the key instruments to drive transformation and job creation. In the financial year under review, 101 local beneficiaries participated in the SMME and skills development programme.

To ensure iSimangaliso remains the preferred tourist destination during the year under review a total of R182.5m was spent on infrastructure development within the Park. iSimangaliso welcomed 527 085 visitors into the various sections of the Park. There was a corresponding increase in the tourism revenue which grew by 20% from the previous financial year.

iSimangaliso flag flies high on the international stage and within the mandates of the World Heritage Council. During this period, we also fulfilled our mandates of conservation and fostered greater relationships with Ezemvelo KZN Wildlife and other African and international agencies in respect of conservation and tourism initiatives. The importance of conservation has become a global concern and as iSimangaliso we will continue in pursuit of sustainable conservation ideals and will make every attempt to foster and nurture these high ideals for the good of the present and future generations.

## MESSAGE FROM THE INTERIM CHIEF EXECUTIVE OFFICER

To ensure that good governance, transformation and accountability is maintained within the organisation, The Honourable Minister of Environmental Affairs, effective 1 April 2018, promulgated the Board as the Accounting Authority. This will bring a new era in respect of administration and accountability. I congratulate the Board and urge them to continue to be servants of the organisation and most importantly South Africa as they are the focal point and custodian of good corporate governance.

I remain confident that after the transformation agenda has been completed the organisation will deliver on its mandates with greater zeal and professionalism and overcome any barriers to success.

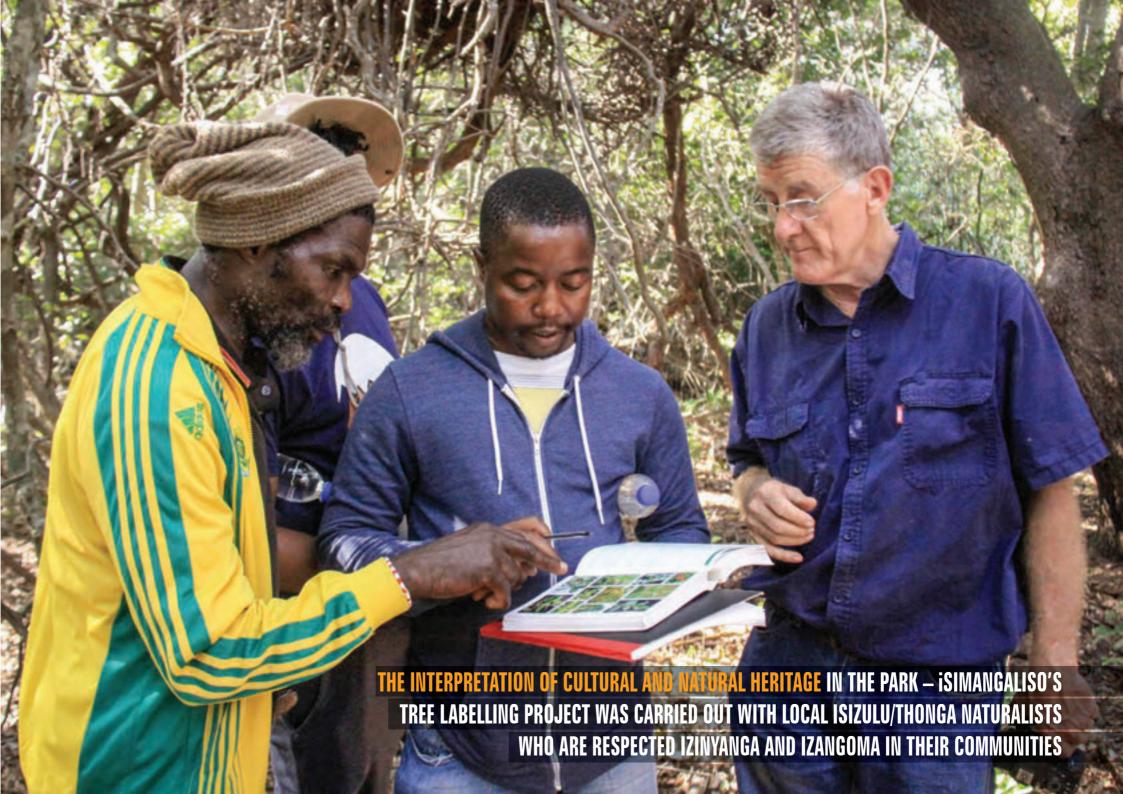
I take this opportunity of thanking The Honourable Minister of Environmental Affairs, for entrusting me to lead this organisation, and the Board members for having confidence in me to usher a new era and culture within the organisation.

I give a heartfelt applause and thanks to all my staff for their support, zeal and dedication during my tenure and I wish the organisation every success in the years that lie ahead.

This report must be read in conjunction with the Integrated Report.

PROF (DR) ANIS MAHOMED KARODIA

Interim Chief Executive Officer





he iSimangaliso Wetland Park World Heritage Site was listed by UNESCO in 1999 for its unique ecological and biological processes, superlative natural phenomena, and biological diversity. The Lake St Lucia Estuary, which is central to the listing, is, in global terms, one of a kind.

What began as 16 different parcels of land, was consolidated under one management authority and management system. The Park, which extends from Maphelane in the south to Kosi Bay in the north and extends westward to include uMkhuze, comprises approximately 9% of South Africa's coastline. It is 358 534ha in size and includes five different eco-systems. It is one of 47 marine World Heritage Sites and one of 23 combined marine/terrestrial sites.

iSimangaliso provides critical habitats for a wide range of species. Three phenomena have been judged outstanding by UNESCO: the shifting salinity states of Lake St Lucia Estuary (the estuary shifts from fresh water to water that's saltier than the sea); the large numbers of nesting turtles, and the populations of dolphins, whales, and whale sharks that migrate offshore; and the large numbers and breeding colonies of waterfowl such as pelicans, storks, flamingos and herons. The species list for iSimangaliso runs to over 6 500 species, and includes 530 bird species, 11 species that are endemic to iSimangaliso, and 108 that are endemic to South Africa, as well as 467 threatened species.

The iSimangaliso Wetland Park Authority was established for the sole purpose of managing this global treasure. The Authority began its work in 2002. Its mandate, set out in the World Heritage Convention Act's regulations, is to conserve and protect the Park's World Heritage values, and to empower communities living around the Park, through tourism development.

#### **VISION**

The Authority's vision is to create South Africa's greatest conservation-based tourism destination powered by communities.

#### **MISSION**

The Authority's mission is to protect, conserve and present the iSimangaliso Wetland Park and its World Heritage values for current and future generations in line with the standards laid down by UNESCO and the World Heritage Convention Act, and to deliver benefits to communities living in and adjacent to iSimangaliso, by facilitating optimal tourism and tourism-related development.

#### **STRATEGY**

The strategic objective of the Authority is the conservation and enhancement of World Heritage values. In order to achieve this, it is important for the Park to remain relevant for people living in the neighbouring areas, beyond delivery of economic benefits. Two of the key pillars of the strategy are inclusivity, and the development of an awareness and realisation of the value of the environment and biodiversity.

Amongst the considerations taken into consideration when developing the Authority's strategy are:

- the mandate as set out in the Act:
- the national priorities for the environment determined by the Department of Environmental Affairs (DEA);
- the national priorities set by government for social and economic development in terms of the National Development Plan (NDP);
- the local, provincial and regional context and circumstances;
- the iSimangaliso Wetland Park's Integrated Management Plan (IMP); and
- institutional risk.

The Authority's strategy contributes to the following NDP (Table 1) and DEA (Table 2) objectives:

Table 1: NDP Objectives

NDP OBJECTIVE	DESCRIPTION
Environmental sustainability and resilience	<ul> <li>Land and oceans under protection</li> <li>Energy efficiency</li> <li>Zero-emission building standards</li> <li>Climate change</li> <li>Investment in rural livelihoods</li> <li>Regulatory framework for land to ensure conservation and restoration of protected areas</li> </ul>
South Africa in the region and in the world	<ul> <li>Regional integration strategy identifying and promoting practical opportunities for cooperation based on complementary and national endowments</li> </ul>
Economy and employment	<ul> <li>Reduce unemployment</li> <li>Young labour market entrants</li> <li>Increased GDP</li> <li>Broaden ownership of assets</li> </ul>
Social protection	Provide income support through labour market initiatives such as public works programmes, training and skills development
Inclusive rural economy	Tourism investments
Improving education, training and innovation	<ul> <li>Provide learning opportunities</li> <li>Increase enrolments at universities</li> </ul>
Health care	Prevent and reduce disease burdens through deterring and treating HIV/AIDS, new epidemics and alcohol abuse
Building a capable and developmental state	<ul> <li>Public service immersed in the development agenda</li> <li>Experienced, competent staff</li> <li>Relations between national, provincial and local government</li> </ul>
Fighting corruption	

**Table 2: DEA Objectives** 

DEA OBJECTIVE	DESCRIPTION			
Biodiversity and conservation	<ul> <li>Ecosystems conserved, managed, and sustainably used</li> <li>Strengthened knowledge, science and policy interface</li> <li>Improved socio-economic benefits</li> </ul>			
Climate change and air quality	Threats to environmental quality and integrity managed			
Environmental programmes	<ul> <li>Improved socio-economic benefits</li> <li>Ecosystems conserved, managed, and sustainably used</li> </ul>			
Corporate affairs	<ul> <li>Equitable and sound corporate governance</li> <li>Adequately appropriately skilled diverse workforce</li> <li>Efficient and effective information technology service</li> <li>Strengthened knowledge and science for policy interface</li> <li>Enhanced international cooperation of SA environmental/ sustainable plans</li> </ul>			
Legal authorisations, compliance and enforcement	Improved compliance with environmental legislation by effective compliance and enforcement			
Oceans and coasts	<ul> <li>Threats to environmental quality and integrity managed</li> <li>Strengthened knowledge, science, and policy interface</li> <li>Ecosystems conserved, managed, and sustainably used</li> </ul>			

#### **Institutional Arrangements**

Key institutional arrangements pertaining to the iSimangaliso Wetland Park are set out below:

INSTITUTION	FOCUS OF ARRANGEMENT	CHALLENGES
Ezemvelo KZN Wildlife	<ul> <li>Conservation management against a conservation operational plan</li> <li>Operation of overnight accommodation and associated activities against a service level agreement</li> </ul>	Monitoring and accountability of service provider through agreement and inter-governmental framework act – unwieldy and not easy to compel specific performance
South African Tourism	Marketing	Staying top of mind with South African Tourism
uMkhanyakude District Municipality and associated municipalities	<ul> <li>Allocation of roles and responsibilities with regard to basic services (water, electricity, refuse etc) and planning</li> </ul>	<ul> <li>Most of the municipalities are or have been under administration and have funding issues negatively impacting service delivery;</li> <li>perceptions of jurisdictional overlap particularly with respect to planning</li> <li>Appropriate inclusion of the Park IMP in the IDP</li> </ul>
Land claimants	Co-management agreements	<ul> <li>Delays by RLCC in settlement of remaining claims</li> <li>Non-payment of money on settled claims (RLCC has told claimants money is no longer available)</li> <li>Delays in transfer of title</li> <li>Institutional capacity of land claims trusts</li> <li>Unrealistic expectations of level of benefits</li> </ul>
DEA: Oceans & Coasts	Management of the coast (conservation, research & tourism activities)	<ul> <li>MOU in place renewable after three years for further three year periods</li> <li>Jurisdictional issues especially with respect to commercial issues</li> <li>Lack of institutional memory</li> </ul>
Department of Rural Development and Land Reform	Resolution of remaining (3) land claims	On-going support and participation in land claims resolution process by the Park within the Park's legal mandate
Department of Water and Sanitation	<ul><li> Use rights to water bodies in the Park</li><li> Protection of water catchments</li></ul>	<ul> <li>Securing collaboration on the issuing of water rights</li> <li>Securing collaboration with respect to the protection of catchments</li> </ul>
Department of Agriculture, Forestry and Fisheries	Sustainable livelihoods related to agriculture, fisheries and other natural resource use	<ul> <li>Legislative greyness/overlap leading to misunderstanding of Protected Area mandates and legislation</li> <li>Securing collaboration on subsistence uses in the Park</li> </ul>
Ingonyama Trust	<ul><li>Tourism on and conservation of Trust land in Park</li><li>Cooperation on buffer zone</li></ul>	<ul> <li>Working within existing Ingonyama Trust /Ezemvelo agreement</li> <li>Monitoring of rights issued for development &amp; enforcement</li> </ul>

Currently, the key challenges affecting the Authority and the execution of its mandate may be summed-up as:

- the ability to deliver against the co-management agreements on a scale expected by communities. In addition to the limits on development, and therefore community beneficiation, the global recession has impacted negatively on investor markets. To counter this, the Authority has to provide short-term benefits until there is a resurgence in the tourism-investment market;
- the constraining effect on private-sector investment in development of the legal complexities emanating from legislation applied by various government departments,

- and which impacts on the types of deals the Authority may negotiate;
- the fluid nature of the tourism sector and changing commercial realities, and balancing these with the needs of traditional visitor groups, while also ensuring equitable access for all.

The Authority's approach is to strategically influence critical areas through lobbying, in order to align with Government's key goals and programmes, and thereby ensuring delivery of economic benefits and empowerment.

#### **International Engagement**

The Authority participates in international forums (in particular UNESCO) as part of the State's (eg DEA's) team. In addition, periodic reports are furnished to UNESCO, through DEA, in line with the requirements of the WHCA and the World Heritage Convention. It also participates in the Lubombo Spatial Development Initiative and Lubombo Transfrontier Conservation Area processes and structures.

iSimangaliso is presently supporting Mozambique with its listing of the Maputaland Elephant Reserve as a World Heritage Site. Should this be successful it will be the first trans-frontier marine World Heritage Site in South Africa.

#### **CORPORATE GOVERNANCE**

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

The Authority's Board believes that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices & Conduct set out in the 2002 King Report on corporate governance (King II Report), as well as the 2002 protocol on corporate governance in the public sector, and the applicable management guidelines set down by UNESCO. We have integrated the salient recommendations of the 2009 King III Report and King IV Report.

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

The Authority has received unqualified audit opinions for each year of operation.

#### **GOVERNING BODIES**

#### **Roles and Functions**

For the financial year ending 31 March 2018, the CEO was the entity's Accounting Authority. The Board then became the Accounting Authority from 1 April 2018. The delegations of the Board have been approved in principle. The Board has approved a charter that provides guidance to its directors in discharging their duties and responsibilities. The Board carries out a self-evaluation on a regular basis.

Remuneration of the directors is prescribed by Treasury. The CEO's salary is determined in accordance with the grading and remuneration system approved by the then Minister of Environmental Affairs & Tourism in concurrence with the Minister of Finance. [See also "Remuneration below"]

#### Directors for the year ended 31 March 2018:

Non-Executive Executive

Mr P N B Zwane (Chair) Mr A P Zaloumis (CEO) – April 2017 to August 2017
Ms B Schreiner (Vice Chair) Prof A Karodia (ICEO) – September 2017 to March 2018

Ms P S Dlamini iNkosi Z T Gumede Mrs T Mhlongo Mrs D S Nene Prof A T Nzama Mr S Roopa

#### **Audit and Risk Committee**

The Audit and Risk Committee is responsible for overseeing audit and risk functions, internal control and the financial reporting process. The committee includes several independent non-executive members who are qualified chartered accountants. Other members include the Vice-Chair of the Board, as well as one other Board member.

The Chief Financial Officer of the DEA and a representative from the Auditor-General attend meetings of this committee as observers.

#### **Internal Audit**

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

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

#### **Risk Management**

The policy on risk management embraces all significant risks that might undermine the Authority's achievement of its business objectives. In addition to regular reports by the executive, the Accounting Authority, and the Board (Advisory body until 31 March 2018) also receive assurance from the internal auditors and audit risk committee on risk and internal control (see above).

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

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

#### **Environmental Management**

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

The Authority's environmental programmes conform to international best practice and are in line with the Park's inscription as a World Heritage Site, which was based on its outstanding ecological beauty and biodiversity (see above).

#### **Social Management**

The Authority has adopted government's broad-based black economic empowerment (BBBEE) policies and has implemented a system based on the Department of Trade & Industry's Codes of Good Practice and, where appropriate, on the Tourism Charter. Prospective new tourism enterprises in the Park are appraised in terms of a BEE scorecard, and include local communities as mandatory equity partners in their operations and as preferred service providers in their procurement plans. The Park also implements special community development programmes. Further, contractors for infrastructure and maintenance contracts are required to comply with the 30% of the contract value being subcontracted to local black SMMEs.

#### Social & Environmental Risk

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

To manage this reality, the Authority implements special community development programmes in areas such as craft production, interpretation of culture, tourism training, art, life skills, HIV/AIDS awareness and entrepreneurship. It also sources people from neighbouring communities in the execution of its construction and land-rehabilitation programmes, and provides alternatives to unsustainable practices that impact negatively on the ecology.

The Authority actively participates in crime prevention forums in the area.

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

#### Communications

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

The Authority publishes regular and fairly frequent Newsflashes, in the form of electronic information sheets, which keep stakeholders apprised of developments. It also maintains a web site. Quarterly progress on performance, and the annual report, are uploaded on the website. Public consultations and meetings are held to keep community groups, environmental NGOs, relevant public institutions, and private parties informed about iSimangaliso, the challenges and opportunities it faces and the activities it undertakes. Regular meetings are held with land claimants and Traditional Councils. The Authority participates in a number of intergovernmental committees and forums.

#### Safety

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

#### Information and Communications Technology (ICT)

The Authority's Strategic Planning Framework guides the Strategic ICT Plan within the Authority, which in turn provides an ICT roadmap to ensure ICT investment is aligned with the business strategy. Future core business applications identified include financial management, document management, content management and an MIS system.

Due to the current structure and size of the organisation, the Authority has outsourced most of the ICT functions. The broad ICT services rendered and supported through the entire organisation cover areas such as desktop and server management, network administration and maintenance, email and internet management as well as website management.

#### **ORGANISATIONAL STRUCTURE**

The Authority has four operating units:

- Development and Planning,
- Park Operations,
- Commercial, and
- Finance.

These units undertake the programmes reflected in the detailed Statement of Financial Performance, namely: infrastructure, park establishment, land care, local economic development and research & monitoring.

The Development and Planning unit is responsible for developing sustainable development strategies, local economic development, implementing training programmes for communities as well as coordinating planning and research. Park Operations establishes conservation policy, and oversees estate management and the implementation of conservation aspects of a management agreement with Ezemvelo KZN Wildlife. The Commercial unit handles tourism and related development, while Finance is responsible for financial management.

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

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

#### Staff

Name	Position
Anis Karodia	Interim CEO

Basil Bafana Finance Manager/Acting Director: Business Development

Mike Bouwer Technical Manager: Park Operations

Debbie Cooper Executive Assistant: CEO
Lindy Duffield Marketing & Brand Manager

Nerosha Govender Manager: Development and Planning
Bongani Gumede Training and Capacity Building Officer

Bronwyn James Senior Manager: Development and Planning

Abeeda Kadir Chief Financial Officer

Sithembile Khumalo Development Facilitation Manager

Nonku Lafuleni Manager: Capacity Building

Phumlani Lugagu Environmental Compliance Officer

Nkosi Mbatha Data Capture Clerk
Siboniso Mbense Environmental Planner

Robert Mhlongo Area Manager
Zweli Miya GIS Mapping Officer

Phindile Mkhize Executive Assistant: DPO

Zama Mkhwanazi Bookkeeper

Bheki Mlondo Assistant Contract Manager

Qiniso Mngomezulu Receptionist
Futhi Mthembu Bookkeeper
Sli Msweli Marketing Officer

Phumudzo Munyai Assistant Contract Manager

Carl Myhill Manager: Land Care
Ntombenhle Ncwane Contract Manager
Ngobile Nene Finance Clerk

Nosipho Ngcobo Project and Facilitation Assistant

Msizi Phakathi Finance Manager

Thandi Shabalala Tourism Information Officer
Sizo Sibiya Director: Park Operations
Ingelore Taylor Office/HR Manager

Tholakele Vilane Bookkeeper

Sifiso Vumase Environmental Education Assistant

Minie Zikhali Contract Manager

#### Remuneration

The Authority is a total-cost-to-company employer. It is not subject to Public Service scales, and remunerates its employees in accordance with the prevailing dictates of the market. Remuneration for board members and board committees is regulated by directives from National Treasury. Disclosure of remuneration to managers, as required by Treasury, is made in note 22 to the Annual Financial Statements.

#### PERFORMANCE REPORT

This year's highlights included the:

Appointment and deployment of 116 Environmental Monitors from local communities;

- implementation of tourism and conservation infrastructure development that included hide refurbishment in uMkhuze, the Bhangazi gate complex, the Charters Creek campsite refurbishment, the Kwasheleni tower refurbishment, the St Lucia precinct development, the eMshophi gate complex, the Ophansi craft market and the new Field Ranger accommodation units in uMkhuze, Ozabeni, the Coastal Forest and Mission Rocks:
- creation of some 1 800 direct temporary jobs;
- clearing of 59 530 ha of alien plants using community based contractors and labour;
   and
- Unqualified audit opinion.

#### **Programme 1: Park Operations**

This programme is managed by the Park Operations unit of the iSimangaliso. The primary functions of the unit are to determine conservation policy and ensure that the day-to-day conservation management activities are undertaken in accordance with the Integrated Management Plan for the Park, as well as the Conservation Operational Plan. Day-to-day conservation management has been outsourced to Ezemvelo KZN Wildlife. Ezemvelo receives its funding for this function directly from the provincial government. iSimangaliso does undertake certain activities directly. These include land rehabilitation (alien plant clearing), fire management and controlled burns in the Western Shores of the Park, cleaning and maintenance of day-visitor facilities and access roads, and access control of all but three of the Park visitor entrances.

The unit also engages communities with whom iSimangaliso has signed co-management agreements twice a year in respect of the corporate strategy and annual plan of operation. Consultation with communities is a significant and important component of the unit's work.

The effectiveness of compliance interventions is dependent on high levels of service delivery from Ezemvelo KZN Wildlife as well as strong working relationships with SAPS, provincial and local government, and the judiciary. Environmental law programmes have been designed and implemented by the Park for these partner organs of state and agencies. In addition iSimangaliso issues watching briefs to support prosecutors with criminal cases and takes civil action where necessary.

#### Strategic objectives

Strategic Objective	Conserve the Park's terrestrial, freshwater and marine biodiversity and ecological processes cost-effectively observing global best practice
Objective statement	• Developing and implementing policies, plans, procedures and systems to for the conservation of the World Heritage values both within the Park and in the buffer zone of the Park and the mitigation of impacts of identified threats to rare and endangered species
Baseline	Complete implementation of annual plans in respect of conservation and threat mitigation
Justification	The conservation of the World Heritage values in accordance with South Africa's international obligations to inter alia UNESCO and World Heritage and for the provision of ecosystems goods and services
Links	<ul> <li>iSimangaliso Programmes 2 &amp; 3</li> <li>DEA Programmes 2, 3, 4, 5, &amp; 6</li> <li>NDP (National Development Plan) Objective: (a) Environmental Sustainability &amp; Resilience &amp; (b) South Africa in the region and the world</li> </ul>

#### Performance against annual targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of park management meetings attended with day-to-day conservation manager	6	n/a	6	KPI met.  Key issues of alignment of the two agencies included the provision of water, drought, poaching of rhinos and the deployment of the environmental monitors.
Number of new environmental audits completed	6	n/a	7	KPI exceeded A total of 7 new environmental audits were undertaken in this financial year  Shoreline boat cruisers who licenced operators within the Park (Q1)  Sodwana Bay dump site (Q2)  Sodwana Bay wastewater treatment works (Q2)  uMkhuze Game Reserve abattoir (Q3)  uMkhuze Game Reserve dump site (Q3)  Ezemvelo KZN Wildlife Dredger Harbour mechanical workshops (Q4)  EKZNW Sugarloaf campsite facilities (Q4)  Although only one environmental audit was planned for Q4, it was necessary to also include the Dredger Harbour mechanical workshop due to its proximity to the estuary.
Number of follow-up environmental audits completed	6	n/a	6	KPI met A total of 6 follow-up environmental audits were completed this financial year:  • Maphelane dump site (Q1)  • Eastern Shores APU workshop (Q2)  • EKZNW Mission Rocks staff accommodation audit (Q2)  • Katanga Cleaning Services (Q3)  • EKZNW Bhangazi Bush Lodge (Q3)  • EKZNW False Bay campsites and associated facilities (Q4)
Number of environmental monitors deployed in iSimangaliso	30	n/a	116	<ul> <li>KPI exceeded</li> <li>Thirty monitors were deployed for the first three quarters, and appointment of more monitors were planned for the 2018/19 financial year as part of the intervention to deliver benefits to the northern section of the Park. The funding was allocated earlier than expected and a further 86 monitors were appointed in the fourth quarter.</li> </ul>

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of hectares of invasive alien plants treated	25 000	46 000	59 530	<ul> <li>KPI exceeded</li> <li>Despite challenges in commencing project implementation in the first quarter, good progress followed with figures for these projects getting the project back on target for conclusion for the financial year. The revised and approved year end targets have been exceeded as expected due to additional funding, having been allocated through NRM. The final total 59 530.07 ha YTD.</li> </ul>
Number of kilometres of accessible coastline cleaned	320	n/a	320	<ul> <li>KPI met</li> <li>320km of accessible coastline were cleaned each quarter. The stretch of beach that is cleaned extends from Maphelane to Kosi Bay. Typically the nodes accessible to members of the public are cleaned daily and the sections that are not accessible to the public are cleaned once a quarter.</li> </ul>
Percentage completion of annual controlled burning programme	100	n/a	55% (1470ha)	<ul> <li>KPI not met</li> <li>The cumulative YTD achievement is 55% (1470ha of the planned 2652ha) for the 2017/8 season. [Q1=1070 ha, Q2 = 50 ha, Q3 = 350 ha, Q4 = 0 ha) and the KPI is not met.</li> <li>The burning programme is dynamic and carried out in response to the impact of changing weather patterns on vegetation and other environmental factors. Unfavourable environmental conditions together with continued work on a ground fire that was a result of an uncontrolled fire impacted on available resources and time in mop up and monitoring work related to achieving the planned burn hectares.</li> </ul>
Percentage applications processed in respect of developments in the buffer zone	80	n/a	100	KPI exceeded for the financial year A total of 7 applications were received (with all relevant information for decision-making) for the financial year of which all 7 were finalised (100%).  Buffer zone application for a residential development in Mbazwana (Q1)  Comment on the Draft BAR for the P2-8 (3) Borrow Pit application (Q2)  Comments on the Proposed 20 ML Desalination Plant  Comment on the Draft BAR for the P2-8 (2) Borrow Pit application (Q2)  Comment on the Draft BAR for the P466 Borrow Pit application (Q3)  Comment on the Draft BAR for the P236-1 Borrow Pit application (Q3)  Comment on the Draft BAR for the D1830 Borrow Pit application (Q3)  A further 2 buffer zone applications were received, but have not been finalised as the applicants have not submitted all the necessary information.
Percentage of identified unauthorised developments/ activities actioned legally	100	n/a	100	KPI met All unauthorised activities identified were actioned legally during the financial year totalling a 100% target met.  • Unauthorised business operating in the Park (Q3).  • Unauthorised event (party) within the Park (Q4).  • Unauthorised unmanned aerial vehicle (drone) flying in the Park (Q4).
Percentage completion of annual infrastructure maintenance programme	100	n/a	100	<ul> <li>KPI met</li> <li>Infrastructure maintenance is outsourced to Katanga and undertaken on a continuous monthly basis to all day visitor facilities, roads, fences and water reticulation.</li> <li>Cleaning and greening for the Park as per the TOR in the contract is done on a daily basis, including cutting of verges, pruning of vegetation, cleaning of day visitor sites, cleaning and provision of ablutions and refuse and sewage removal.</li> <li>Regular maintenance is carried out on all wooden decks, hides and viewpoints, including sanding and oiling of wood twice a year. All public ablutions and gate houses are also repaired and maintained by Katanga.</li> <li>Water maintenance to Park infrastructure including pipelines boreholes, waterholes, staff houses and reservoirs is done by the Thanda Manzi, an SMME created for the purpose, and sub-contracted to Katanga.</li> <li>Road maintenance on Park roads now includes grading, repair of potholes, drain and culvert cleaning and urgent repairs after extreme water events.</li> </ul>

#### **Programme 2: Transformation**

The transformation programme is integrated into the work of the Commercial, Park Operations, and Planning and Development units. The Planning and Development unit is directly responsible for the roll-out of training and development programmes, while the other units are directly responsible for job creation and equity participation in tourism developments. Its primary function is to improve access to job and income generation opportunities for previously disadvantaged individuals and communities who live in and around the Park, including land claimants groups. The programme includes (a) job creation

through land and coast care programmes, and infrastructure programmes, (b) training and capacity building for people and community-based contractors employed by the Park (c) development programmes for rural enterprises and entrepreneurs, craft producers and artists, (d) a higher education access programme that provides bursaries and academic support, and (e) the procurement of goods and services from black owned businesses. In addition, the Commercial unit monitors manages the issuing of licences and concessions which all specify minimum ownership targets for local communities.

#### Strategic objectives

Strategic Objective	• To optimise empowerment in all activities of the Park in order to support the transformation of tourism, conservation, and research sectors and through ownership, education, training and job creation
Objective statement	• Developing and implementing initiatives that (a) improve the skills of individuals and small enterprises to better compete in the market place for employment and business opportunities (b) support job creation initiatives of the organisation's other programmes
Baseline	<ul> <li>1550 training days, 2049 temporary jobs, 142 enterprises support and 20 bursaries awarded</li> </ul>
Justification	• This is in fulfilment of iSimangaliso's mandate to deliver sustainable benefits to people living around the Park. Furthermore poverty alleviation and improved access to economic opportunities decreases pressure on natural resources and builds support for biodiversity conservation.
Link	<ul> <li>iSimangaliso programmes 1 &amp; 3</li> <li>DEA programme 6</li> <li>NDP Objectives (a) Economy and employment, (b) social protection, (c) education, training and innovation, (d) healthcare, &amp; (e) inclusive rural economy</li> </ul>

#### Performance against annual targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of temporary jobs created	1221	n/a	1857	<ul> <li>KPI exceeded</li> <li>Jobs are higher than anticipated as a consequence of increased budget allocations from DEA for land care work in the Park.</li> </ul>
Number of training days	4800	n/a	4981	<ul> <li>KPI exceeded</li> <li>Training in respect of infrastructure, working for water, and working for wetlands.</li> <li>The KPI was exceeded by 181 training days thanks to the unexpected increased budget available for land care that saw new contractors employed and trained before work started.</li> </ul>
Number of people participating in SMMEs and skills development programmes	50	100	101	<ul> <li>KPI exceeded</li> <li>There are 132 registered SMMEs on the programme, of which 101 participated in the programme workshops and guiding site visits.</li> </ul>
Number of bursaries awarded	31	n/a	32	<ul> <li>KPI exceeded</li> <li>22 bursaries for study in 2017 have been awarded.</li> <li>10 bursaries for new students were awarded for study in 2018</li> <li>2 students completed their degrees and attended graduation in April 2018, 4 students were withdrawn due to poor performance and 1 student failed, but is repeating studies failed.</li> <li>The pass rate on the programme is 80.7%.</li> </ul>
Moderated BEE spend as a percentage of qualifying expenditure	76%	n/a	79%	KPI exceeded  Increase in procurement from local contractors.

#### **Programme 3: Commercialisation**

This programme is managed by the Commercial unit of iSimangaliso. The primary functions of the unit are (a) to identify revenue generation opportunities for the Park that are consistent with the parameters set out in the Park's IMP and afford economic benefits to claimants and local communities, (b) implement the tourism development programme for the Park and (c) market and promote the Park as a must-see destination. It does this by outsourcing activities to third parties and monitoring the operation of tourism accommodation. There are presently three private-public-partnerships in respect of accommodation, 1 public-public-

partnership with Ezemvelo KZN Wildlife, and 54 activity licenses. Access control has also been outsourced.

The unit is supported by the Park Operations unit in the delivery of the infrastructure plan and the Planning and Development unit to deliver the environmental education programmes (viz., presentation of the World Heritage values).

#### **Strategic Objectives**

• .	
Strategic Objective 1	To optimise the Park's revenue generation in an environmentally and commercially sustainable manner, that fosters job-creation and empowerment of historically disadvantaged communities
Objective statement	To identify revenue generation activities that are compatible with the Integrated Management Plan of the Park and simultaneously create opportunities for job creatic and ownership
Baseline	• R15.9m
Justification	Own revenue generation is important for the funding of operations and for the reduction of dependence on the fiscus
Link	<ul> <li>iSimangaliso programmes 1,2, &amp; 4</li> <li>DEA programmes 1, 5 &amp; 6</li> <li>NDP Objectives (a) economy and employment, (b) inclusive rural economy, (c) building a capable and developmental state</li> </ul>
Strategic Objective 2	To promote and market the Park
Objective statement	To undertake marketing activities that will increase the profile of the Park and position it as a must-see destination
Baseline	100% implementation of the annual marketing plan and the hosting of three major athletic events
Justification	Increased demand will positively affect the revenues and reduce the risk for financial investors
Link	<ul> <li>iSimangaliso programmes 1,2, &amp; 4</li> <li>DEA programmes 1, 5 &amp; 6</li> <li>NDP Objectives (a) economy and employment</li> </ul>
Strategic Objective 3	To develop environmentally appropriate tourism infrastructure that supports the development of the tourism market for the Park as well as conservation management.
Objective statement	To improve day visitor and accommodation facilities in order to improve visitor experience and fulfil the "marketing promise" and improve the cost structure of the operations
Baseline	100% completion of annual infrastructure plan for the year
Justification	• Improved facilities improve the product offering for visitors and simultaneously afford an opportunity to (a) remove unused structures and structures that are not fit for purpose, (b) redesign facilities to incorporate green building standards and (c) rationalise facilities and roads in order to reduce the costs of maintenance
Link	<ul> <li>iSimangaliso programmes 1,2, &amp; 4</li> <li>DEA programmes 1, 5 &amp; 6</li> <li>NDP Objectives (a) economy and employment, (b) inclusive rural economy, (c) building a capable and developmental state, (d) environmental sustainability and resilience</li> </ul>

#### Performance against annual targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Revenue to the Park from commercial sources (Rand million)	R18.4	n/a	R21.9	<ul> <li>KPI exceeded</li> <li>The increase in revenue was due to increase in CPI tariffs and licences and increase in paying visitors this year as compared to last year. Also, there were additional activity licences issued and iSimangaliso took over the management and received revenue from two additional Park gates in the 3rd quarter.</li> </ul>
Visitor entries	520 000	n/a	527 085	<ul> <li>KPI exceeded</li> <li>Visitor numbers increased in the 3rd and 4th quarters due to the inclusion of visitor numbers from the additional Park gates at False Bay and Maphelane.</li> </ul>
Percentage lapsed licenses/concessions retendered	80	n/a	100	<ul> <li>KPI exceeded</li> <li>2 (of 14) licences were tendered and adjudicated in the 3rd quarter.</li> <li>The remaining 12 licenses were retendered in the 4th quarter.</li> </ul>
Percentage implementation of plan in respect of new tourism developments	60	n/a	60	<ul> <li>KPI met</li> <li>Bhangazi Development draft basic assessment report prepared; Invitation to attend a site visit &amp; information session was submitted to interested parties. ISimangaliso commented on the draft basic assessment.</li> <li>St Lucia Precinct ground work for entrance to Sugarloaf done; ground cleared for market area. Work commenced.</li> <li>Bhangazi gate and meet &amp; greet, eMshophi gate and Ophansi craft market 95% complete.</li> <li>Charters Creek campsite nearly complete.</li> <li>EOI for the Bhangazi Development advertised.</li> </ul>
Number of annual events implemented	3	n/a	3	KPI met The following events took place:  iSimangaliso trail run was held in July 2017  iSimangaliso MTB 4 day was held in August 2017  iSimangaliso Dukuduku sport tournament was held on 16 December 2017
Implementation of annual marketing and PR programme (%completion)	100	n/a	119	<ul> <li>KPI exceeded</li> <li>2 (target 2) Travel, Tourism or Lifestyle Consumer Expos</li> <li>23 (target 4) editorials (print and broadcast)</li> <li>5 (target 4) media junkets</li> <li>2 (target 2) tour operator site visits</li> <li>24 (target 24) newsflashes</li> <li>Website updates with current news releases, visitor notices uploaded, documents and annual reports and event pages updates</li> <li>Social media (Twitter – 3 893, Instagram – 1 114, Facebook 7 784)</li> <li>A news-clipping service to determine the value of print and media coverage ongoing</li> <li>12 Maputaland Community Radio (MCR 107.6FM) and other community radio stations information programmes</li> <li>63 meetings with community leaders (Trusts, Claimants Committee, Traditional leadership) held</li> <li>4 community awareness events held</li> </ul>

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Implementation of annual infrastructure programme (% completion)	90	n/a	95	<ul> <li>KPI exceeded</li> <li>The infrastructure program included hide refurbishment in uMkhuze, the new Bhangazi gate complex, the Charters Creek campsite refurbishment, the Kwasheleni tower refurbishment, the St Lucia precinct development and the Ingwe beach access and turning circle, the eMshophi gate complex, the Ophansi craft market and the new Field Ranger accommodation units in uMkhuze, Ozabeni, the Coastal Forest and Mission Rocks.</li> <li>Due to the importance of the Bhangazi Gate with regard to the smooth and efficient flow of traffic and its importance as a revenue earner, construction effort was increased with the contractor working weekends and some nights.</li> <li>Field Ranger camp construction effort was also increased due to the fact that iSimangaliso is involved with hiring and training the new Environmental Monitors contracted through DEA who will assist Ezemvelo in patrol duties. Extra accommodation for the EM's is required.</li> <li>The Field Ranger camp boreholes at Perlite and Mandetane were also finished slightly ahead of schedule due to the necessity of moving staff in as soon as possible.</li> <li>Signage schedules for Eastern Shores and Western shores were completed and signed off.</li> <li>The Ingwe access ramp and turning circle, were completed. The guardhouse is awaiting timber cladding.</li> <li>Except for minor fence work and landscaping the Kwasheleni tower was completed.</li> </ul>

#### **Programme 4: Finance and Administration**

#### **Sub-programme 1: Planning and Development**

The Planning and Development unit provides scientific, technical and policy support services to the other units and programmes in iSimangaliso. It is also responsible for the roll-out of training and capacity building programmes as well as community development programmes. The details pertaining to the latter are discussed under Programme 2.

Of the two permanent staff, one is allocated to this sub-programme and the other is responsible for programme 2: transformation (SEED). The unit is responsible for (a) contracting of research to address specific management objectives, and (b) the management of external research projects. External research applications are processed through the

research committee that comprises iSimangaliso and Ezemvelo KZN Wildlife staff members. The committee sits 4 times a year for purposes of vetting and approving applications, and to shape the research so that it not only contributes to the general/global body of knowledge, but also so that it has relevance to Park management. Additional programme functions include: (a) monitoring compliance with the research agreements, (b) disseminating the findings of the research internally and for external communication, (c) drafting funding proposals for research priorities identified by management, where this research is not readily forthcoming from academic quarters, and (d) negotiating partnership arrangements with institutions that are leaders in particular subject areas. In addition to the scientific support function, the unit is called on to develop plans such as the Integrated Management Plan and to monitor the implementation of same. To this end, a service provider may be appointed to manage implementation.

#### Strategic Objectives

Strategic Objective 1	To promote research that is innovative and relevant to the knowledge requirements and management objectives of the iSimangaliso Wetland Park
Objective statement	Promoting innovation in natural and social science research that is relevant to Park management through the (a) shaping and approving of externally driven research projects and (b) contracting of top specialists to provide scientific and technical research and advice to defined management requirements
Baseline	Processing all applications, with conditions, within six weeks of the quarterly research committee meeting
Justification	The promotion of research capacity of a quality and standard that supports active management and policy development for approaches to conservation and local economic development in protected areas
Link	<ul> <li>iSimangaliso programmes 1, 2, &amp; 3</li> <li>DEA programmes 3, 4 &amp; 5</li> <li>NDP Objectives (a) economy and employment, (b) inclusive rural economy, (c) building a capable and developmental state, (d) environmental sustainability and resilience</li> </ul>
Strategic Objective 2	To present the World Heritage values of the Park
Objective statement	To present the World Heritage values of the Park through the implementation of environmental education aimed at youth
Baseline	2700 learners
Justification	To build support for conservation and iSimangaliso through the development of opinion leaders and ambassadors in South Africa's youth
Link	<ul> <li>iSimangaliso programmes 1, 2, &amp; 3</li> <li>DEA programmes 3, 4 &amp; 5</li> <li>NDP Objectives (a) economy and employment, (b) inclusive rural economy, (c) building a capable and developmental state, (d) environmental sustainability and resilience</li> </ul>
Strategic Objective 2	To develop plans, policies, and strategies for protected area management
Objective statement	To develop plans, policies and strategies based on research and technical advice that guide and support conservation, transformation and tourism
Baseline	1 plan developed, 1 implementation initiated
Justification	<ul> <li>Ecological processes and the environment are increasingly under threat by factors outside of management's control such as climate change as well as factors within management's control such as natural resource use. It is important to understand the impacts and develop plans that proactively address these matters to prevent ecological degradation and to also focus resources, particularly in times where cost containment is vital</li> </ul>
Link	<ul> <li>iSimangaliso programmes 1, 2, &amp; 3</li> <li>DEA programmes 3, 4 &amp; 5</li> <li>NDP Objectives (a) building a capable and developmental state, (b) environmental sustainability and resilience</li> </ul>

#### **Sub-programme 2: Corporate Governance**

The finance and administration component is responsible for the financial management of the organisation, as well as human resources, information technology and administrative support for the CEO. Supply Chain Management is managed by the Director: Business Development. Line managers are responsible for the drafting of tender documentation. iSimangaliso does not have a dedicated SCM unit for reasons of affordability. Controls have been put in place to mitigate against any risks that may arise from this, though.

#### **Strategic Objectives**

Strategic Objective 1	To ensure good governance and a sound control environment
Objective statement	To ensure good governance, risk management, and control processes, and reduce audit findings resulting in an unqualified audit report
Baseline	Unqualified audit report
Justification	The importance of safe-guarding and applying taxpayers' funds responsibly and ensuring value for money in expenditure
Link	Programme 1: Park Operations, Programme 2: Transformation, Programme 3: Commercial
Strategic Objective 2	To ensure the organisation is appropriately staffed in order to deliver against its mandate and business plan
Objective statement	To position the organisation as an employer of choice in the market
Baseline	80% retention rate
Justification	• The importance of attracting qualified and motivated staff and retaining trained and experienced people and so optimise the organisation's return on its investment in its people
Link	<ul> <li>iSimangaliso programmes 1,2, &amp; 3</li> <li>DEA programmes 1</li> <li>NDP Objectives (a) building a capable and developmental state, (b) fighting corruption</li> </ul>

#### Performance against annual targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Percentage of new approved research proposals that relate to management	50	n/a	51	<ul> <li>KPI exceeded</li> <li>The year to date actual is marginally exceeded. 18 of the 35 research proposals received relate to management. 18 of 35 is 51%.</li> </ul>
Implementation of effective monitoring programme for the Park	Monitoring of impacts of implementation on the ecological health of Lake St Lucia	n/a	Monitoring of impacts of implementation on the ecological health of Lake St Lucia (Reports completed for each quarter)	<ul> <li>KPI met</li> <li>The real-time monitoring system is in place and a service provider maintains the system that includes on-line access to real-time data.</li> <li>Using the data from the real-time monitoring 4 monitoring reports have been produced for the Lake St Lucia system: Autumn (February to April), Winter (May-July) and Spring (August-October), Summer (November to January).</li> </ul>
Number of visitor market surveys	2	n/a	2	<ul> <li>KPI met</li> <li>2 visitor market surveys completed for financial year, one during April and one in December.</li> </ul>

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Percentage completion of the environmental education plan for the year	100	n/a	108	<ul> <li>KPI exceeded</li> <li>In total 4849 learners visited the Park; 8 % more than planned.</li> </ul>
Percentage implementation of plans to mitigate impact of identified threats to rare and endangered species and ecosystems	100	n/a	100	<ul> <li>KPI met</li> <li>The plans implemented for this financial year included</li> <li>Lake St Lucia Estuary rehabilitation</li> <li>The rehabilitation project was completed in November. The contractors completed the removal of the dredge spoil by July. Removal of casaurina trees and toilet block from estuary beach was completed by the end of November.</li> <li>Wetland rehabilitation plan (as per National Working for Wetland Plan for iSimangaliso)</li> <li>Stump removal on Eastern and Western Shores: 1445 ha</li> <li>Decommission roads (former commercial forestry &amp; old poorly aligned tourism) impacting on wetlands: 4052 cubic metres</li> <li>Budget allocated spent.</li> </ul>
Percentage completion of plans requested/required within the financial year	80	n/a	20	<ul> <li>KPI not met</li> <li>Tourism plans, implemented as part of the implementation of the comanagement agreements with land claimants were in the process of being developed with the uMkhuze land claimants, and with Sokhulu. A consultant has identified tourism development sites, and preliminary workshops were held with land claimant trusts in Q1. This process has been put on hold due to funding and prioritisation.</li> <li>In addition, this indicator also includes integration with regional planning processes. During quarter 4, two integration meetings took place with Mtubatuba municipality to discuss:</li> <li>iSimangaliso dune management plan, setback line, disaster management strategies, the municipality's desalination project</li> <li>the municipal Spatial Development Framework (SDF) and alignment with iSimangaliso's zonation plan and IMP</li> </ul>
Unqualified external audit opinion	Unqualified external audit opinion		Unqualified external audit opinion	KPI met  Unqualified external audit achieved in Q2.
Percentage retention of skills (staff)	90	n/a	91	<ul> <li>KPI met</li> <li>Staff number at beginning of year started with a total of 65. Six (6) people (including Environmental Monitors) left the employ of iSimangaliso through resignations or termination of contracts leaving a total of 59 staff at 31 March 2018</li> </ul>
Assessment of and percentage implementation of business improvements	90	n/a	90	<ul> <li>KPI met</li> <li>Requirement analysis of future core business applications completed (financial management system, document management system, management information system, content management system and MS Office 365). Recommendation for document management system and financial system completed.</li> </ul>

#### **Review of Operations and Financial Position**

Accounting revenue for the year decreased from R314.9m in 2016/17 to R234.4m in 2017/18, due mainly to a decrease in project-related grants of R79.7m (2016/17: R278.3m). The increase in other income in 2016/17 is attributable to the reversal of an amount payable to a third party.

Expenditure increased by approximately 4% (2016/17: 36.2%), from R169.4m to R176.0m in the current year. The major contributors to the net increase of R6.7m (2016/17: R45m) were depreciation costs (R8.2m), operating costs (R15.1m). The reason for the increase in the operations is the facilities management contract which incorporated aspects of road and building maintenance. Projects costs reduced by R23.6m due to the majority of the work carried out in the projects related to capital work in progress and expenditure. Professional and legal fees reduced by R1.5m due to limited technical expertise relating to operations.

The year's surplus was R58.4m compared to R145.4m in the previous year. This surplus is the result of the application of GRAP23, which requires that capital grants be recognised as revenue in the statement of financial performance. The expense is reflected in the statement of financial position under property, plant and equipment. It is an accounting surplus rather than a cash surplus.

Two contingent liabilities have been disclosed in note 16 to the financial statements, viz., SiyaQhubeka Forests (SQF; a subsidiary of Mondi), in the amount of R35.1m. SQF issued a summons in 2015 in respect of a 2012 fire that caused damage to certain of their plantations. The initial amount of the summons was R15m, which was revised during the course of the 2015/16 financial year to R35.1m. The Authority is opposing this claim. Court proceedings are in their early stages and the Authority's liability, if any, has not yet been determined.

The second contingent liability is in respect of Sanyati, in the amount of R12m. Sanyati, a construction company that was contracted to iSimangaliso to construct day visitor facilities in the Park, was liquidated in July 2012. The Authority took the view that it would not recover any monies due to it by Sanyati and wrote the amounts in question off in previous years. Subsequently, Sanyati's liquidator raised a claim for work measured post liquidation, and disputed penalties levied by the Authority against Sanyati for non-achievement of labour targets. The liquidator's claim, however, had not been pursued and, in the Authority's view,

may have become prescribed. Nonetheless, the Sanyati liquidator called for the issue of a final account and a final payment certificate, indicating that its claim might not, in fact, have prescribed. In the circumstances, the Authority considers it prudent to treat a potential claim from the liquidator as a contingent liability.

In cash terms, R233.4m of grants and other revenue were received in 2017/18; R39.4m more than the R194m received in the preceding year. Disbursements to suppliers and employees increased from R127.3m in 2016/17 to R153.8m in 2018/19. Net capital expenditure in 2017/18 was R91.9m compared with R162m in 2016/17 as the pace of projects' roll-out decreased.

Overall, cash and cash equivalents decreased by R31.1m, from R205.5m at the end of the 2016/17 financial year to R174.4m at the end of the year under review.

Non-current assets (property, plant and equipment, intangibles and investment property) increased by R65.5m in the current financial year, compared with an increase of R126.9m during the previous year.

Total net assets increased by R58.4m, from R592.6m at the end of 2016/17 to R651m at the end of the year under review.

#### **Materiality and Significance Framework**

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

#### Commercialisation

The iSimangaliso Authority has a commercialisation strategy that includes the improvement of existing public access facilities and the tendering of tourist accommodation and tourism activity concessions to private parties. Typically, the accommodation facilities fall within the scope of the PPP provisions under the PFMA, but this is not always the case. As far as possible, the iSimangaliso Authority aims to transfer operating, infrastructure and environmental risk to the private party on all such projects and to secure value for money for

itself. Value for money may include, amongst other things, financial return, the empowerment of people from local communities and affordable public access.

#### **Events Subsequent to the Reporting Date**

There are no significant events subsequent to the reporting date.

#### **Looking Ahead**

For the year ahead, the iSimangaliso Authority will prioritise the redevelopment of the northern section of the Park, particularly in the Coastal Forest. With support from and in partnership with the Department of Environmental Affairs (DEA), the Authority will implement the following projects:

- R30m to develop and upgrade 44km of key community access and investment roads in the park [ KwaDapha (16km), Mabibi (15km), Kosi mouth (5km), Black Rock (2km), Coastal (2km), eMalangeni (2km) and Key Beach Node ramps (2km) that also connects communities inside the Park (74 work opportunities);
- R3m for construction of a swimming pool at Sodwana Bay for recreation and skills development;
- R10 million to pilot the construction Green Houses (Lighthouse) with roof water feed
  tanks and toilets in eNkovukeni, KwaDapha, eMalangeni and Mabibi for people living
  inside the Park as well as construction of 4 libraries at the 4 schools (eNkovukeni,
  KwaDapha, eMalangeni and Mabibi) inside the Park and the provision of 100 desks (70
  work opportunities). The construction of a waste transfer station:
- R35m has been secured for the development of the Bhangazi Lokothwayo Heritage site

- R55.9m for the Charters Creek tourist facility for camping and self catering accommodation. (118 work opportunities will be created)
- R30m for the Dredger office complex
- R30m for the St Lucia precinct
- R12m for the Coastal Forest Reserve tented camps development

These projects will assist the iSimangaliso Wetland Park Authority to resolve the challenges related to balancing and addressing the needs of different stakeholder groups, and ensuring equitable access to the Park. Forging effective partnerships with key institutions, such as the Department of Rural Development and Land Reform and the Ingonyama Trust, is an important component of alleviating poverty, transformation and the delivery of socioeconomic benefits to communities living in and around the Park. The Authority will continue to engage with communities so that sustainable development can take place alongside the biodiversity conservation of iSimangaliso's World Heritage values.



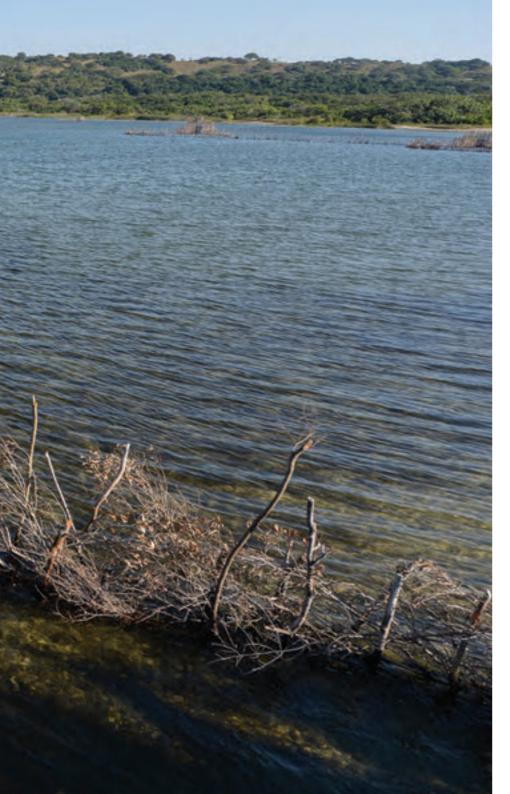
MR BUYANI ZWANE

Chairman of the Board and Accounting Authority

31 July 2018







## **GENERAL INFORMATION**

#### **LEGAL FORM OF ENTERPRISE**

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

#### **NATURE OF BUSINESS**

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

#### **COUNTRY OF INCORPORATION**

South Africa

#### **NUMBER OF STAFF**

Total	Permanent	Temporary	Contract	
147	34	0	113	

#### **ADDRESS**

The Dredger Harbour, St Lucia Private Bag X05, St Lucia 3936 Telephone: +27 (35) 590 1633 www.iSimangaliso.com

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## Approval of THE FINANCIAL STATEMENTS

he annual financial statements set out on pages 50 to 83 have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 2 and 5 issued by the ASB in March 2009 and April 2010. The annual financial statements have been prepared on the accrual basis of accounting and as a going concern.

The Accounting Authority is responsible for the manner of presentation of the financial statements, the selection of accounting policies and the integrity of the financial information. The accounting policies have been approved by the Accounting Authority, who is the Board and who became the Accounting Authority on 1 April 2018.

The Chief Executive Officer and the Board are satisfied that the organisation has maintained a system of internal control designed to provide reasonable but not absolute assurance that

the assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The control system includes written accounting and control policies and procedures, clearly drawn lines of accountability and delegations of authority. All employees are required to maintain the highest ethical standards in ensuring that the organisation's business practices are concluded in a manner which, in all reasonable circumstances, is above reproach. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits. The organisation maintains its internal control through, amongst other things, management review and a programme of internal audits.

The annual financial statements for the year ended 31 March 2018 set out on pages 50 to 83, have been approved by the Accounting Authority (the Board became Accounting Authority from 1 April 2018) and are signed to that effect.

PROF (DR) ANIS KARODIA Interim CEO

31 July 2018

MR BUYANI ZWANE

MR BUYANI ZWANE
Accounting Authority
31 July 2018



## **AUDITOR-GENERAL TO PARLIAMENT**

#### **FOR THE YEAR ENDED 31 MARCH 2018**

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### **Opinion**

- 1. I have audited the financial statements of the iSimangaliso Wetland Park Authority set out on pages 50 to 81, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, 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 entity as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### **Basis for opinion**

- 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 entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 code.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Emphasis of matter**

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

#### Uncertainty relating to the future outcome of exceptional litigation

7. With reference to note 21 to the financial statements, the entity is the defendant in a fire-claim lawsuit. The entity has referred the claim to its legal counsel. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

#### Other matter

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

#### Unaudited supplementary schedule

9. The supplementary information set out on pages 81 to 83 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

#### Responsibilities of accounting authority for the financial statements

- 10. 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 the 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.
- 11. In preparing the financial statements, the accounting authority is responsible for assessing the iSimangaliso Wetland Park Authority'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 accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

# REPORT OF THE AUDITOR-GENERAL

#### Auditor-General's responsibilities for the audit of the financial statements

- 12. 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 these financial statements.
- 13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

#### Introduction and scope

- 14. 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 programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 15. 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. 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.
- 16. 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 programme presented in the annual performance report of the entity for the year ended 31 March 2018:

- ProgrammePages in the annual performance reportProgramme 1 Park Operations17 19
- 17. 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.
- 18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

#### Other matter

19. I draw attention to the matter below.

#### Achievement of planned targets

20. The annual performance report on pages 17 to 26 contains information on the achievement of planned targets for the year and explanations provided for the over and under achievement of a number of targets.

#### REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

#### Introduction and scope

- 21. 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. I performed procedures to identify findings but not to gather evidence to express assurance.
- 22. The material findings on compliance with specific matters in key legislation are as follows:

#### **Annual financial statements**

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of reserves, grants, property plant and equipment, project costs and other operating expenditure identified by the auditors in the submitted financial statements were corrected and the

## REPORT OF THE AUDITOR-GENERAL

supporting records were provided subsequently resulting in the financial statements receiving an unqualified audit opinion.

#### Other information

- 24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 25. 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.
- 26. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 27. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

- 28. 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.
- 29. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

#### Financial management

30. Systems and controls were not designed in a manner that would prevent, detect and address risks that had an impact on financial reporting. In this regard, the financial statements were not adequately reviewed to ensure that property plant and equipment, reserves, grants, project costs and other operating expenses are appropriately classified and disclosed.



Pietermaritzburg 31 July 2018





# Report of the

# **AUDIT AND RISK COMMITTEE**

We are pleased to present our report for the financial year ended 31 March 2018.

#### Audit and Risk Committee Members and Attendance

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

Name of Member	24 May 2017	24 July 2017	6 February 2018	6 March 2018
L Quayle (Chairperson)	✓	✓	✓	✓
ME Stewart	✓	✓	Resigned	Resigned
N Gevers			✓	✓
EK Ameyaw				✓
B Schreiner	✓		✓	
S Roopa		✓	✓	✓

#### **Audit and Risk Committee Responsibility**

The Audit and Risk Committee reports that it has complied with its responsibilities arising from sections 51 and 55 of the PFMA and Treasury Regulation 3.1.13.

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its audit and risk committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with

the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that, whilst there were no material deficiencies detected in the year under review, there appeared to be certain irregularities in a contract entered into in 2010 which came to the Auditor-General's attention and for which no justifying documentation could be traced. Consequently an amount was raised as irregular expenditure in the current financial statements. Despite this, we can report that the system of internal control for the period under review was efficient and effective.

#### Governance

The change of the Board on the 1st April 2018 from an Advisory Board to the Board being the full Accounting Authority has raised certain governance challenges and these are being addressed with the assistance of the Department. The Audit and Risk Committee recognises the need for these changes and trusts that the introduction of a revised Delegation of Authority Framework will take place expeditiously.

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

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

# REPORT OF THE AUDIT AND RISK COMMITTEE

#### **Evaluation of Financial Statements**

The Audit and Risk Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General's management letter and management's response thereto:
- reviewed changes in accounting policies and practices; and

financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

reviewed significant adjustments resulting from the audit. The Audit and Risk Committee accepts the Auditor-General's conclusions on the annual **Chairperson of the Audit and Risk Committee** 31 July 2018



## **FOR THE YEAR ENDED 31 MARCH 2018**

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation

- 1.1 The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines, and directives issued by the Accounting Standards Board and the Public Finance Management Act (Act No.1 of 1999).
- 1.2 The Cash Flow Statement is prepared using the direct method.
- 1.3 Specific information such as receivables from non-exchange transactions (including taxes and transfers), taxes and transfers payable, and trade and other payables from non-exchange transactions, are presented separately on the Statement of Financial Position.
- 1.4 Assets, liabilities, revenues and expenses have not been offset, except where it is required or permitted by a Standard of GRAP.
- 1.5 The amount and nature of any restrictions on cash balances are disclosed in note 5 only in instances where there are restrictions.
- 1.6 The financial statements have been prepared on the historical-cost basis. There are no fair-value adjustments.
- 1.7 The Authority's continuing operations are reliant on the ongoing financial support of government. These financial statements are prepared on the going-concern assumption which, amongst other things, implies that government will continue to provide iSimangaliso with adequate grants.

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

#### 2. Currency

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

#### 3. Revenue recognition

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

3.1 Revenue from Non-Exchange Transactions

#### 3.1.1 Grants and other donor income and donations

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

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

#### 3.1.2 Interest earned on grant income

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

#### 3.2 Revenue from Exchange Transactions

#### 3.2.1 Park revenue

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

#### 3.2.2 Administration fees

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

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

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

#### 3.2.4 Bid and tender fees

Bid and tender fees are recognised when they accrue.

#### 3.2.5 Income received in advance

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

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

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

#### 5. Property, plant and equipment

Property, plant and equipment are stated at cost and subsequently at cost less accumulated depreciation and impairment losses.or, in the case of assets taken over from other public entities, at estimated replacement value, which is fair value less depreciation, adjusted for any impairments on initial recognition, and thereafter at cost. Depreciation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as follows:

Buildings & structures 30 years

except for park homes depreciated over 10 years

Roads & bridges 20 years Fences 15 years Dams, reservoirs & boreholes 15 years Motor & other vehicles 5 to 15 years Computer equipment 3 to 15 years Office equipment 3 to 20 years Furniture & fittings 10 to 20 years Operating equipment 2 to 20 years

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

The iSimangaliso Wetland Park is approximately 358 000ha in extent. The land is unregistered state land with the exception of the section north of Sodwana Bay (approx. 17% of the Park) which belongs to the Ingonyama Trust Board and some 2 hectares abutting St Lucia which belongs to the Mtubatuba Municipality. In terms of GRAP 17, the land is not valued as there is no willing-buyer-willing-seller and the value cannot be reliably measured. The use-right is accounted for in terms of GRAP23, and considered a good-in-kind. GRAP23 requires that goods-in-kind be reflected as assets at fair value where these can be reliably measured. It is not possible to reliably measure this and therefore a value is not ascribed to the land. Furthermore, a number of restrictions are placed on the land under inter alia the World Heritage Convention Act. The land can only be used for conservation and it cannot be sold, leased, or encumbered in any way.

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

The useful lives of property, plant and equipment and their residual values are reassessed at the end of each financial year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (ie impairment losses are recognised). Any changes from the previous year are dealt with as changes in estimates in accordance with Accounting Policy 12.1.

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

#### 6. Intangible assets

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

Website 3 to 15 years
Computer Software 3 to 15 years

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

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

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

#### 7. Investment property

Authority holds investment property in order to generate fees. It grants use-rights to third parties through private public partnership (PPP) agreements. Typically these PPPs

transfer operational and business risk to the third party. The third party is required to insure and maintain the underlying assets and pay a PPP fee to the Authority for the use-rights.

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

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

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

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

The Authority maintains a register of investment property.

#### 8. Impairments

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

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

The recoverable amount is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount an impairment loss is recognised.

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

#### 8.2 Impairment of Cash-Generating Assets

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

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

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

#### 9. Leases

The Authority has no financial leases. Lease payments in respect of its operating leases are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 10. Financial instruments

#### 10.1 Recognition

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

#### 10.2 Financial assets

#### 10.2.1 Measurement

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

#### 10.2.2 Impairment

At each reporting date management assesses whether there is any objective evidence of impairment of a financial asset. Such evidence would include financial difficulty of the debtor, non-payment, or the probability of the debtor's bankruptcy. The carrying amount is reduced in instances where it is material.

#### 10.2.3 Derecognition

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

#### 10.2.4 Categories of financial assets

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

#### 10.2.4.1 Cash and cash equivalents

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

#### 10.2.4.2 Receivables

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

#### 10.3 Financial liabilities

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

#### 10.3.1 Measurement

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

#### 10.3.2 Derecognition

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

#### 10.3.3 Categories of financial liabilities

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

#### 10.3.3.1 Payables

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

#### 10.4 Risk associated with financial instruments

#### 10.4.1 Credit risk

The Authority's trade debtors are other government agencies and private-sector entities, primarily licensees and concessionaires. In respect of government and

other donor agencies, in general, the Authority enters into arrangements or agreements that include a mobilisation allowance or upfront payment to mitigate against risk of non-payment. No collateral is held in respect of this debt. In respect of the private sector, the Authority vets the financial strength of the private party prior to contracting with it. After a contract is entered into, the Authority secures performance bonds or deposits of not less than two months' fees as collateral and if deemed necessary sureties are secured from the principals. Fees are payable in advance. Non-payment results in immediate suspension of use-rights.

#### 10.4.2 Liquidity risk

The Authority has sufficient funds to service its financial liabilities. It's policy is to pay all creditors within 30 days. It raises accruals in respect of all amounts due and conducts monthly cash flow analyses to ensure that it always has adequate funds to cover its liabilities.

#### 10.4.3 Currency risk

From time to time the iSimangaliso Authority receives foreign grants. The Authority transfers currency risk to the donor. Where this is not possible it contracts with third party providers in such a manner as to be able to reduce the scope of work or terminate the contract in response to adverse movements in the exchange rate.

#### 11. Inventory

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

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

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

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

The carrying amount of inventories is recognised as an expense in the period that the inventory was distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

#### 12. Critical accounting estimates and judgements

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical judgements and estimations that management have made in the process of applying the Authority's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

12.1 Useful lives of property, plant and equipment, intangible assets and investment property

The Authority depreciates its property, plant & equipment and investment property, and amortises its intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives. The life of the asset is determined with due regard to Accounting Policy 5 and is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service

requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

#### 12.2 Revenue Recognition

Accounting Policy 3.2 on Revenue from Exchange Transactions and Accounting Policy 3.1 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the Authority.

This judgement is based inter alia on the criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions).

#### 12.3 Financial Assets and Liabilities

Accounting Policy 10.2 on Financial Assets Classification and Accounting Policy 10.3 on Financial Liabilities Classification describe the factors and criteria considered by the Authority in the classification of financial assets and liabilities.

The definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (Financial Instruments) are taken into consideration when making the judgement on classification of financial assets and liabilities.

#### 12.4 Impairment of Financial Assets

Accounting Policy 8.1 and 8.2 on Impairment of Financial Assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the Authority considers the criteria set out in GRAP 104 (Financial Instruments).

#### 12.5 Budget Information

Deviations between budget and actual amounts are regarded as material differences when there is a deviation of 15% or more. All material differences are explained in Note 24 to the Annual Financial Statements.

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

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

The following statements have been approved by the Minister of Finance, and their effective dates have been announced:

GRAP 20	Related Party Disclosures – effective 1 April 2019
GRAP 32	Service Concession Arrangements: Grantor – effective 1 April 2019
GRAP 108	Statutory Receivables – effective 1 April 2019
GRAP 109	Accounting by Principals and Agents – effective 1 April 2019
GRAP 110	Living and Non-Living Resources – effective 1 April 2020

#### 14. Employee benefits

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

#### 14.1 Leave pay

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

#### 14.2 Medical Aid

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

#### 14.3 Study Loans

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

#### 15. Provisions and Contingent Liabilities

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present

obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This unavoidable cost resulting from the contract is the amount of the provision to be recognised.

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

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

Contingent Assets and Contingent Liabilities are not recognised but are disclosed in the Note 21 to the Annual Financial Statements.

#### 16. Commitments

Commitments are future expenditure to which the authority committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are reflected in Note 20 of the Annual Financial Statements.

The following commitments are disclosed:

- · where disclosure is required by a Statement of GRAP;
- approved commitments which have been contracted at the reporting date;

#### 17. Segment Reporting

The iSimangaliso Authority's mandate is to conserve the World Heritage values and in so doing provide ecosystems goods and services, tourism and transformation opportunities. While there are separate units in the organisation responsible for aspects of this service, management relies and uses the financial information of the business as a whole to assess performance and make decisions concerning inter alia the allocation of resources. Consequently, for purposes of GRAP 18 the businesses is considered to have one segment. There is therefore, no requirement for additional notes to the financial statements in this regard. The iSimangaliso Authority operates in one geographic area viz., northern KwaZulu-Natal, in the proclaimed iSimangaliso Wetland Park. It does not distinguish between the various sections of the iSimangaliso Wetland Park in its reporting for decision-making purposes.

#### 18. Heritage Assets

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

The Authority does not attach a value to its Heritage Assets as there is no active market and the value cannot be measured reliably.

#### 19. Biological Assets

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

#### 20.Taxation

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

#### 21. Risk management

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

#### 22. Events after the reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events are disclosed in Notes to the Annual Financial Statements, to the extent that non-adjusting events have taken place.



# STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2018** 

	Notes	2017/18	Restated 2016/17
		R	R
ASSETS	_		
Non-current assets		611,754,572	546,270,665
Property, plant and equipment	1.	512,429,497	462,904,440
Intangible assets	2.	241,602	124,985
Investment property	3.	99,083,473	83,241,240
Current assets		178,836,442	225,229,241
Cash and cash equivalents	5.	174,369,064	205,458,105
Receivables			
- From exchange transactions	6.	4,280,149	1,691,433
- From non-exchange transactions	6.	55,006	17,826,709
Inventories	7.	132,223	252,995
Total assets		790,591,015	771,499,906
LIABILITIES			
Current liabilities		139,630,459	178,931,016
Payables	8.	36,792,543	58,886,133
Conditional grants	9.	102,480,449	119,696,636
Income received in advance	12.	357,466	348,247
Total liabilities	_	139,630,459	178,931,016
Net assets	=	650,960,556	592,568,890
NET ASSETS			
Accumulated surplus	26.	650,960,556	592,568,890
Total net assets	_	650,960,556	592,568,890

# STATEMENT OF FINANCIAL PERFORMANCE

Restated

# **FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2017/18	2016/17
	_	R	R
REVENUE		234,417,598	314,781,288
Revenue from non-exchange transactions		198,968,980	278,319,119
- Grants	Γ	198,578,221	278,319,119
- Donations		390,759	0
Revenue from exchange transactions	_	35,448,617	36,462,169
- Interest income		2,486,553	2,285,427
- Management fees		3,292,461	2,567,789
- Administration fees		4,762,003	5,991,426
- Park revenue		22,556,078	18,852,996
- Other income	15.	2,351,523	6,764,530
EXPENDITURE	_	176,025,931	169,350,652
Co-management agreement payments		1,548,269	1,321,599
Project costs	16.	40,750,891	64,330,114
Personnel costs		16,372,346	7,318,496
Depreciation:			
- Property, plant & equipment	1.	26,766,881	18,526,448
- Intangible assets	2.	138,211	53,559
- Investment property	3.	4,747,416	4,494,623
Professional fees		9,514,945	11,060,770
Bad debts written off	29.	15,896	0
Loss on disposal of fixed assets:			
- Property, plant & equipment		15,563,077	17,223,104
- Investment property		520,293	0
Other operating expenses	27.	60,087,706	45,021,939
	_		
SURPLUS FOR YEAR	26.	58,391,667	145,430,636

# STATEMENT OF CHANGES IN NET ASSETS

# **FOR THE YEAR ENDED 31 MARCH 2018**

			Restated
	Notes	2017/18	2016/17
		R	R
RESERVES - CAPITAL	-		
Balance at 1 April 2016 restated	_	-	-
- Reserves for the year			265,740,150.12
- Correction of prior period error	26.	-	(265,740,150.12)
Balance 31 March 2017 restated	-	-	-
ACCUMULATED SURPLUS			
Balance at beginning of the year (1 April 2016 restated)		592,568,889.62	447,138,253.97
- Surplus for the year			178,418,575.40
- Correction of prior period errors	26.		268,719,679.23
Surplus for the year (31 March 2017 restated)		58,391,666.81	145,430,635.64
- Surplus for the year	Ī		145,613,050.00
- Correction of prior period error	26.		(182,414.97)
Balance at end of year	-	650,960,556.43	592,568,889.61
TOTAL CHANGE IN NET ASSETS			
Balance at beginning of the year (1 April 2016 restated)	26.	592,568,889.61	447,138,253.97
Surplus for the year (31 March 2017 restated)	26.	58,391,666.81	145,430,635.64
Balance at end of year	-	650,960,556	592,568,890

# **CASH FLOW STATEMENT**

# **FOR THE YEAR ENDED 31 MARCH 2018**

		2017/18	2016/17
	Notes	R	23 13/1/ R
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash grants and other revenue received		233,402,554	194,014,861
Cash paid to suppliers & employees		(153,758,362)	(127,314,219)
Cash generated from/(utilised in) operations		79,644,192	66,700,641
Interest received		2,486,553	2,285,427
	19.	82,130,745	68,986,068
NET CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant & equipment		(91,855,014)	(162,047,435)
- Acquisitions		(91,856,414)	(162,066,827)
- Proceeds from disposals		1,400	19,392
Acquisition of intangible assets		(254,830)	(0)
Acquisition of investment property		(21,109,942)	(2,139,671)
NET INCREASE IN CASH & CASH-EQUIVALENTS		(31,089,042)	(95,201,039)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		205,458,106	300,659,144
	_	174 000 004	205 452 425
CASH & CASH-EQUIVALENTS AT END OF YEAR	5.	174,369,064	205,458,105

Restated

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

**FOR THE YEAR ENDED 31 MARCH 2018** 

	Approved budget	Approved budget Adjustments Final approved budget		D Actual	Difference between final approved budget & actual	
_	R	R	R	R	R	
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE:						
Grant funding	168,278,586	27,520,722	195,799,308	253,364,548	57,565,240	
Admin fees	5,505,707	(760,000)	4,745,707	4,762,003	16,296	
Park revenue	18,400,000	3,880,000	22,280,000	22,556,078	276,078	
Other	9,132,969	1,171,119	10,304,088	8,521,296	(1,782,792)	
<del>-</del>	201,317,262	31,811,841	233,129,103	289,203,924	56,074,821	
EXPENSES:						
Chemicals & equipment	38,047,679	(10,000,000)	28,047,679	17,250,955	(10,796,724)	
Depreciation and amortisartion	36,596,075	45,565	36,641,640	31,652,508	(4,989,133)	
Personnel costs	14,951,172	7,234,782	22,185,954	16,372,346	(5,813,608)	
Maintenance and repairs	11,489,056	9,601,102	21,090,158	21,411,377	321,219	
Management and administration	18,371,937	(2,898,767)	15,473,170	337,087	(15,136,083)	
Professional fees	6,255,180	1,374,150	7,629,330	10,139,463	2,510,133	
Subcontractors	16,255,883	2,256,224	18,512,107	24,731,714	6,219,607	
Training	4,453,156	572,000	5,025,156	4,979,976	(45,180)	
Other	31,534,189	1,282,925	32,817,114	3,443,710	(29,373,404)	
Total operating expenses	177,954,327	9,467,981	187,422,308	130,319,136	(57,103,172)	
Capital expenditure	23,362,935	22,343,860	45,706,795	=		
_	201,317,262	31,811,841	233,129,103			
_	0	0	0	158,884,789		

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (cont.)

**FOR THE YEAR ENDED 31 MARCH 2018** 

	R
Actual amount on a comparable basis	158,884,789
Reconciliation	
Timing difference	
Capital expenditure	(45,706,795)
Adjustment for accrual-basis	
accounting of grant revenue	(54,786,327)
Actual surplus per statement of financial performance	58,391,667
Actual surplus per statement of financial performance	50,391,007

Reasons for material variances between budget and actual amounts are detailed in note 24

Actual

# **FOR THE YEAR ENDED 31 MARCH 2018**

	Carrying value at beginning of year	Cost at beginning of year	Additions during year	Transfers in (out) during year	Disposals during year	Cost at end of year	Accumulated depreciation at beginning of year	Depreciation for year	Depreciation written back	Accumulated depreciation at end of year	Carrying value at end of year	Proceeds on disposals
	R	R	R	R	R	R	R	R	R	R	R	R
1. PROPERTY, PLANT & EQUIPMENT 2017/18:												
Buildings and structures	94,748,804	128,432,749		47,490,764	3,955,888	171,967,625	33,683,945	4,905,756	1,674,691	36,915,010	135,052,614	
Roads and bridges	245,594,361	299,746,939		65,566,821	20,864,174	344,449,587	54,152,578	16,433,693	8,962,892	61,623,379	282,826,208	
Fences	20,762,880	52,155,755		2,332,858	12,333,000	42,155,613	31,392,875	2,781,418	12,332,991	21,841,302	20,314,311	
Dams, reservoirs and boreholes	8,240,658	15,807,090		2,350,282	3,089,000	15,068,372	7,566,433	927,043	3,088,991	5,404,485	9,663,887	
Motor and other vehicles	1,134,505	2,091,479	631,088		161,387	2,561,180	956,974	387,783	125,130	1,219,627	1,341,553	
Computer equipment	573,213	1,033,973	31,542		84,409	981,107	460,760	284,160	27,277	717,644	263,463	1,400
Office equipment	12,804	38,491	77,971		5,030	111,432	25,687	24,667	5,029	45,325	66,107	
Furniture and fittings	283,701	693,314	31,577		2,668	722,223	409,613	58,014	1,524	466,104	256,119	
Operating equipment	2,791,823	4,357,382	2,230,164	-	1,626,563	4,960,983	1,565,559	964,345	339,117	2,190,787	2,770,196	
Capital work in progress	88,761,692	88,761,692	88,854,072	(117,740,725)		59,875,039					59,875,039	
	462,904,440	593,118,865	91,856,414	-	42,122,119	642,853,160	130,214,424	26,766,881	26,557,642	130,423,663	512,429,497	1,400

	Carrying value at beginning of year	Cost at beginning of year	Additions during year	Transfers in (out) during year	Disposals during year	Cost at end of year	Accumulated depreciation at beginning of year	Depreciation for year	Depreciation written back	Accumulated depreciation at end of year	Carrying value at end of year	Proceeds on disposals
	R	R	R	R	R	R	R	R	R	R	R	R
PROPERTY, PLANT & EQUIPMENT (cor 2016/17:	nt.)											
Buildings and structures	99,110,577	128,580,778			148,029	128,432,749	29,470,201	4,274,450	60,706	33,683,945	94,748,804	
Roads and bridges	101,999,621	165,013,980		167,720,776	32,987,817	299,746,939	63,014,359	8,252,417	17,114,198	54,152,578	245,594,361	
Fences	17,564,983	45,626,459		6,529,296		52,155,755	28,061,476	3,331,399		31,392,875	20,762,880	
Dams, reservoirs and boreholes	9,294,457	15,807,090				15,807,090	6,512,633	1,053,799		7,566,433	8,240,658	
Motor and other vehicles	988,599	1,548,796	542,683			2,091,479	560,197	396,777		956,974	1,134,505	
Computer equipment	769,451	1,401,381	101,670		469,077	1,033,973	631,930	288,606	459,776	460,760	573,213	19,392
Office equipment	19,613	38,491				38,491	18,878	6,809		25,687	12,804	
Furniture and fittings	339,321	693,314				693,314	353,993	55,620		409,613	283,701	
Operating equipment	3,601,490	5,437,505	56,931		1,137,054	4,357,382	1,836,015	866,570	1,137,026	1,565,559	2,791,823	
Capital work in progress	101,646,221	101,646,221	161,365,543	(174,250,072)		88,761,692		-		-	88,761,692	
	335,334,333	465,794,015	162,066,827	-	34,741,977	593,118,865	130,459,682	18,526,448	18,771,706	130,214,424	462,904,440	19,392

#### 1. PROPERTY, PLANT & EQUIPMENT (cont.)

Capital work in progress year-end balances:

#### Buildings and structures

comprise design and construction fees in respect of Nhlozi gate, ablutions, field ranger camps and day visitor facilities in the uMhuze, Eastern and Western Shores sections of the Park. The contracts were issued in the previous year under review and are proceeding according to schedule. There have been delays in the roll-out of parl furniture. New prototypes have been purchased

#### Roads and bridges

comprise (a) design and civil engineering fees in respect of civils work associated with gates, other day-visitor facilities and upgrading of roads in the Coastal Forest Reserves as well as (b) construction and rehabilitation of roads/pavings in respect of gates and day visitor facilities is in progress.

32,598,710.95

36,555,393.9

18,718,619.38 48,768,551.6

	2017/18	2016/17
	R	R
1. PROPERTY, PLANT & EQUIPMENT (cont.)		
Capital work in progress year-end balances (cont.):		
Fences and Signage comprise the construction of the fence in the Mkuze. Ozabeni and Sodwana sections of	5,518,218.00	624,859.22
the Park. There were no delays in the project programme.		
Operating equipment	3,039,490.26	2,812,886.94
comprises signage. The signage for the Western Shores and part Eastern Shores section		
of the Park was completed. The signs were found not to be fit for purpose and had to be		
redesigned and tested for fire and strength inter alia. The contractor agreed to pay for the		
replacement of the signs as they fail. The new materials and designs have passed the		
tests and test signs have been manufactured for installation. It is anticipated that the		
signage for uMkhuze and part Eastern Shores will be completed in FY2018/19.		
	59,875,038.59	88,761,691.66

1. PROPERTY, PLANT & EQUIPMENT (cont.)	2017/18 R	2016/17 R
Repairs and maintenance in respect of Property Plant & Equipment:		
Buildings and structures	682,729.25	114,487.76
Fences	8,175,311.51	6,600,833.42
Dams, reservoirs and boreholes	2,946,575.80	902,588.89
Roads and Bridges	1,113,967.32	-
Motor vehicles	16,285.22	3,537.40
Equipment	238,624.25	250,977.49
Visitor Facilities	8,225,490.90	6,947,499.67
Non-capital items	12,392.78	14,695.85
Cost recovery - boundary integrity		(5,170,684.86)
	21,411,377.03	9,663,935.62

All items under the repairs and maintenance has been disclosed for the different classes of assets. This includes the 2016/17 financial year-end

	Carrying value at beginning of year	Cost at beginning of year	Additions during year	Transfers in (out) during year	Disposals during year	Cost at end of year	Accumulated amortisation at beginning of year	Amortisation for year	Amortisation written back	Accumulated amortisation at end of year	Carrying value at end of year	Proceeds on disposals
	R	R	R	R	R	R	R	R	R	R	R	R
2. INTANGIBLE ASSETS												
2017/18:												
Website (internal development)	41,737.03	88,341.82				88,341.82	46,604.79	5,889.45		52,494.24	35,847.58	
Computer software (acquired externally)	83,247.49	162,961.45	254,830.01		-	417,791.46	79,713.96	132,322.67	-	212,036.63	205,754.83	-
	124,984.52	251,303.27	254,830.01	-	-	506,133.28	126,318.75	138,212.12	-	264,530.87	241,602.41	-
2016/17:												
Website (internal development)	47,626.48	88,341.82				88,341.82	40,715.34	5,889.45		46,604.79	41,737.03	
Computer software (acquired externally)	130,918.63	167,001.96			4,040.51	162,961.45	36,083.33	47,669.14	4,038.51	79,713.96	83,247.49	
	178,545.11	255,343.78	0.00	-	4,040.51	251,303.27	76,798.67	53,558.59	4,038.51	126,318.75	124,984.52	-

There were no development costs during the course of the year.

	Cost at beginning of year	Accumulated depreciation at beginning of year	Carrying value at beginning of year	Additions during year	Transfers in (out) during year	Disposals during the year	Depreciation for year	Depreciation written back	Carrying value at end of year	Proceeds on disposals
	R	R	R	R	R	R	R	R	R	R
3. INVESTMENT PROPERTY										
2017/18:										
Cape Vidal tourist accommodation	37,617,588	10,719,222	26,898,365				1,253,954		25,644,412	
Charters Creek tourist accommodation	6,889,779	2,218,599	4,671,180	13,641,369		128,000	376,457	63,999	17,872,091	
Eastern Shores hiking trails facility	1,630,960	495,148	1,135,813				54,370		1,081,442	
False Bay tourist accommodation	1,007,000	500,699	506,301				33,566		472,735	
Fanies Island tourist accommodation	5,966,343	2,527,211	3,439,132				198,883		3,240,249	
Kosi Bay tourist accommodation	6,866,000	3,413,839	3,452,161				228,866		3,223,295	
Mabibi tourist accommodation	7,582,856	3,235,582	4,347,274			226,000	247,237	115,509	3,989,546	
Manzengwenya tourist accommodation	7,610,821	2,283,063	5,327,759				253,703		5,074,056	
Maphelane tourist accommodation	4,490,000	2,232,517	2,257,483				149,665		2,107,818	
Rocktail Bay tourist accommodation	1,680,782	816,838	863,944				56,119		807,825	
Sodwana Bay tourist accommodation	38,345,800	17,006,680	21,339,121				1,278,171		20,060,950	
St Lucia Estuary camp sites	7,236,843	3,097,691	4,139,152			728,000	237,209	382,199	3,556,142	
uMkhuze tourist accommodation	9,345,694	4,482,139	4,863,555	7,468,572			379,215		11,952,913	
	136,270,468	53,029,227	83,241,240	21,109,941	0	1,082,000	4,747,416	561,707	99,083,473	0

	Cost at beginning of year	Accumulated depreciation at beginning of year	Carrying value at beginning of year	Additions during year	Transfers in (out) during year	Disposal during the year	Depreciation for year	Depreciation written back	Carrying value at end of year	Proceeds on disposals
3. INVESTMENT PROPERTY (Cont.)										
2016/17:	R	R	R	R	R	R	R	R	R	R
Cape Vidal tourist accommodation	36,112,876	9,515,425	26,597,451	1,504,711			1,203,797		26,898,365	
Charters Creek tourist accommodation	6,889,779	1,988,937	4,900,842				229,662		4,671,180	
Eastern Shores hiking trails facility	996,000	461,943	534,057	634,960			33,205		1,135,813	
False Bay tourist accommodation	1,007,000	467,133	539,867				33,566		506,301	
Fanies Island tourist accommodation	5,966,343	2,328,327	3,638,016				198,883		3,439,132	
Kosi Bay tourist accommodation	6,866,000	3,184,973	3,681,027				228,866		3,452,161	
Mabibi tourist accommodation	7,582,856	2,983,951	4,598,906				251,631		4,347,274	
Manzengwenya tourist accommodation	7,610,821	2,029,360	5,581,462				253,703		5,327,759	
Maphelane tourist accommodation	4,490,000	2,082,852	2,407,148				149,665		2,257,483	
Rocktail Bay tourist accommodation	1,680,782	760,719	920,063				56,119		863,944	
Sodwana Bay tourist accommodation	38,345,800	15,728,508	22,617,292				1,278,171		21,339,121	
St Lucia Estuary camp sites	7,236,843	2,856,438	4,380,405				241,253		4,139,152	
uMkhuze tourist accommodation	10,820,464	4,348,586	6,471,878			1,474,770	336,101	202,547	4,863,555	
•	135,605,566	48,737,152	86,868,414	2,139,671	0	1,474,770	4,494,623	202,547	83,241,240	0

#### 3. INVESTMENT PROPERTY (Cont.)

PPP Fees from investment property

No direct operating expenses or repairs and maintenance costs were incurred in respect of investment property.

New investment property under development:

- The Lokotwayo Heritage Site: this is being developed in conjunction with the Bhangazi Land Claims Trust and is in the Environmental Impact Assessment Stage. The total cost of this project is expected tobe in the region of R35million. Funding is being sourced from the National Department of Environmental Affairs for the community equity.
- The Charters Creek Site: designs have been refined and finalised. Construction of phase 1 is almost complete. Construction of phase 2 is set to start in FY2017/18. Phase 1 comprises a camp site and phase 2 a lodge. R45million has been sourced from the Department of Environmental Affairs.

Restrictions on realisability of investment property

Property cannot be alienated without the permission of the Minister of Environmental Affairs

Contractual obligations to purchase, construct repair or enhance investment property

2016/17	2017/18
R	R
2,191,011	2,890,565

None None

#### 4. PPP ARRANGEMENTS

The Authority has entered into PPP Agreements in respect of:

- Rocktail Bay Beach Lodge operated by Wilderness Manzengwenya Camp (Pty) Ltd (September 2007 August 2022);
- Thonga Beach Lodge operated by Mabibi Development Company (Pty) Ltd) (April 2006 -March 2036); and
- Mabibi Camp Site operated by Rich Rewards Company (Pty) Ltd (April 2006 March 2036)

The agreements are for the construction and operation of accommodation facilities in the Manzengwenya and Mabibi sections of the iSimangaliso Wetland Park.

Community shareholding is mandatory, and ranges from 18% to 62%. The agreements also include job-creation and procurement targets.

The agreements require the payment of a PPP fee monthly in advance, as well as a turnover-based fee (ranging from 8% to 12%) at the end of the private party's financial year.

The agreements permit the private party to use the buildings for purposes of tourism accommodation only. The facilities must be operational daily and cannot be mothballed without the express permission of the Authority. The private party may not sell, cede or transfer any rights without the express permission of the Authority. The private party may also not encumber any of the physical assets of the facility.

The assets must be returned in good order to the Authority at the end of the agreement. In order to ensure that the buildings are properly maintained, the private party must provide six months' PPP fees as collateral in the final six months of the operation. This collateral is released on final inspection of the buildings provided they are in good order. The actual amount of the collateral is determined with reference to the total PPP fee of the second-last year of the contract. The contracts are not renewable and must be re-tendered. The outgoing operator is not precluded from bidding.

The Authority has also entered into an agreement with Ezemvelo KZN Wildlife in respect of its facilities in the iSimangaliso Wetland Park. This agreement is also styled as a PPP agreement and is in respect of the management and maintenance of tourism accommodation in the Park. While it does not impose any fee payments on Ezemvelo in respect of these operations, it does impose conditions in respect of the operation and maintenance of the facilities, all of which will be redeveloped and tendered in due course.

		_	2017/18 R	2016/17 R	
5.	CASH & CASH-EQUIVALENTS  Bank accounts - operational  Bank accounts - conditional grants  Bank accounts - other		35,263,697 128,945,585 10,159,670	44,537,040 152,251,560 8,669,303	
	Petty cash		112	202	
6.	RECEIVABLES		174,369,064	205,458,105	
	From exchange transactions: Trade debtors		3,924,141	1,336,820	
	Prepaid expenses		84,820	185,275	
	Project advances		108,771	11,267	
	Deposits		114,605	108,070	
	SARS		47,812	50,000	
	From non-exchange transactions:		4,280,149	1,691,433	
	Conditional grants receivable		55,006	17,826,709	
		•	55,006	17,826,709	
			4,335,155	19,518,141	
		2017	<u>7/18</u>	<u>2016</u>	<u>/17</u>
		Carrying amount	Amount expensed	Carrying amount	Amount expensed
_	INVENTORIES				<del></del>
7.	INVENTORIES Chemicals, protective clothing & equipment	Carrying amount  R  46,519	Amount expensed R 1,153,047	Carrying amount  R  126,215	Amount expensed R 888,633
7.	Chemicals, protective clothing & equipment Promotional materials	Carrying amount  R  46,519 66,064	Amount expensed  R  1,153,047 40,199	Carrying amount  R  126,215 106,264	Amount expensed  R  888,633 28,558
7.	Chemicals, protective clothing & equipment	Carrying amount  R  46,519 66,064 19,640	Amount expensed R 1,153,047 40,199 63,129	Carrying amount  R  126,215 106,264 20,517	Amount expensed  R  888,633 28,558 23,690
7.	Chemicals, protective clothing & equipment Promotional materials	Carrying amount  R  46,519 66,064	Amount expensed  R  1,153,047 40,199	Carrying amount  R  126,215 106,264	Amount expensed  R  888,633 28,558
7. 8.	Chemicals, protective clothing & equipment Promotional materials	Carrying amount  R  46,519 66,064 19,640	Amount expensed R 1,153,047 40,199 63,129	Carrying amount  R  126,215 106,264 20,517	Amount expensed  R  888,633 28,558 23,690
	Chemicals, protective clothing & equipment Promotional materials Stationery  PAYABLES	Carrying amount  R  46,519 66,064 19,640	Amount expensed R  1,153,047 40,199 63,129  1,256,375  3,946,179 2,711,636	Carrying amount  R  126,215 106,264 20,517  252,995  18,612,545 10,897,423	Amount expensed  R  888,633 28,558 23,690
	Chemicals, protective clothing & equipment Promotional materials Stationery  PAYABLES Trade creditors Accrued expenses Amounts owing to donors	Carrying amount  R  46,519 66,064 19,640	Amount expensed R  1,153,047 40,199 63,129  1,256,375  3,946,179 2,711,636 11,314,393	Carrying amount  R  126,215 106,264 20,517  252,995  18,612,545 10,897,423 8,208,109	Amount expensed  R  888,633 28,558 23,690
	Chemicals, protective clothing & equipment Promotional materials Stationery  PAYABLES Trade creditors Accrued expenses Amounts owing to donors Project advances	Carrying amount  R  46,519 66,064 19,640	Amount expensed R  1,153,047 40,199 63,129  1,256,375  3,946,179 2,711,636 11,314,393 4,291	Carrying amount  R  126,215 106,264 20,517  252,995  18,612,545 10,897,423 8,208,109 0	Amount expensed  R  888,633 28,558 23,690
	Chemicals, protective clothing & equipment Promotional materials Stationery  PAYABLES Trade creditors Accrued expenses Amounts owing to donors Project advances Retentions	Carrying amount  R  46,519 66,064 19,640	Amount expensed R  1,153,047 40,199 63,129  1,256,375  3,946,179 2,711,636 11,314,393 4,291 8,688,475	Carrying amount  R  126,215 106,264 20,517  252,995  18,612,545 10,897,423 8,208,109 0 11,080,537	Amount expensed  R  888,633 28,558 23,690
	Chemicals, protective clothing & equipment Promotional materials Stationery  PAYABLES Trade creditors Accrued expenses Amounts owing to donors Project advances Retentions Levies payable	Carrying amount  R  46,519 66,064 19,640	Amount expensed R  1,153,047 40,199 63,129  1,256,375  3,946,179 2,711,636 11,314,393 4,291 8,688,475 7,393,703	Carrying amount  R  126,215 106,264 20,517  252,995  18,612,545 10,897,423 8,208,109 0 11,080,537 7,742,738	Amount expensed  R  888,633 28,558 23,690
	Chemicals, protective clothing & equipment Promotional materials Stationery  PAYABLES Trade creditors Accrued expenses Amounts owing to donors Project advances Retentions	Carrying amount  R  46,519 66,064 19,640	Amount expensed R  1,153,047 40,199 63,129  1,256,375  3,946,179 2,711,636 11,314,393 4,291 8,688,475	Carrying amount  R  126,215 106,264 20,517  252,995  18,612,545 10,897,423 8,208,109 0 11,080,537	Amount expensed  R  888,633 28,558 23,690

36,792,543

58,886,133

	2017/18 R	2016/17 R
CONDITIONAL GRANTS  Reference should be made to policy 3.1. The requirements of the grants below are: (a) that funds be expended in accordance with the approved business plans and (b) any unspent or misspent funds be returned to the donor by the Authority.		<del></del>
IP equipment & facilities (funded by DEA)	22,908,115	41,358,816
IP equipment & facilities 13/14 (funded by DEA)	15,119,253	18,397,571
NIHSS Humanities Hub)	487,971	529,000
Working for water (funded by DWA)	232,120	64,521
Lubombo route (development of tourism route through Mozambique, Swaziland and		
South Africa; funded by the KZN Dept of Local Government)	2,922	2,922
Corridor funding (funded by the KZN Dept of Local Government)	344	344
Tourism infrastructure development (funded by DEA)	5,078,542	1,475,991
Craft & environmental education (funded by National lottery)	0	375,033
MLRF programme (marine management funded by DEA)	560,417	736,171
Working for wetlands (funded by SANBI)	1,000	1,143,517
Infrastructure development "12/15" (funded by DEA)	4,719,862	54,899,774
Specialist Studies Mozambique World Heritage Listing (Funded by Peace Parks)	63,055	63,055
Working for Coast (15/18) (funded by DEA)	1,033,204	0
IP Infrastructure 15/18 (funded by DEA)	37,454,665	0
Tourism Guides	278,122	649,920
IP Infrastructure 17/18 (funded by DEA)	14,540,857	0
	102,480,449	119,696,636

9.

#### 9. CONDITIONAL GRANTS (cont.)

The disclosure below on the GEF and Lotteries projects is a requirement of the donor.

#### GEF Project:

The Authority has been awarded a grant by GEF for, inter alia, hydrological studies and capacity-building of local communities. On 24 March 2010, a contract was concluded with the World Bank, administrators of the grant. Since the inception of the project, contracts totalling R85,127,052 (2015/16:R55,625,612) have been awarded, in accordance with World Bank procurement policies

Expenditure since inception totals R104,884,490 (2015/2016: R57,568,985) of which:

- Component 1 hydrology of Lake St Lucia
- Component 2 improvement of livelihood and employment opportunities for communities
- Component 3 institutional strengthening and support

The Authority has provided co-funding in the amount of R599,296,364 (2015/16: R394,374,320). The project has closed

#### National Lottery Projects:

The Authority was awarded a grant by the National Lotteries Board for Youth Environmental Education, Art Skills and Craft Skills. The contract was concluded on 15 July 2010. Since inception of the project, contracts totalling R5,623,606 (since 2011/12 to 2016/17: R5,290,806) have been awarded

Expenditure for the year was as follows:

- Youth Environmental Education
- Art Skills
- Craft Skills

R	R
0	29,501,440
	20,001,110
0	39,369,926
0	4,235,706
0	3,709,873
0	47,315,505
0	204,922,044
O	204,322,044
97,974	23,352
188,194	23,352
143,786	785,963
	,
429,954	809,315

2017/18

2016/17

		2017/18	2016/17
		R	R
10.	GRANTS RECONCILIATION		_
	Conditional Grants		
	Balance beginning of year	119,696,636	214,468,445
	Additions during the year	161,659,119	149,755,630
	Revenue recognition during the year	(162,468,713)	(244,058,212)
	Management and admin fees recovered	(8,028,885)	(8,559,216)
	Personnel costs charged out	(9,487,288)	(11,070,631)
	Penalties	1,054,660	636,461
	Total grant balances	102,425,529	101,172,476
	Debit balances transferred to receivables	55,006	17,826,709
	Total conditional grants balance as per Note 9	102,480,449	119,696,636
	Revenue recognition conditional and unconditional grants		
	Conditional grants	162,468,713	244,058,212
	Unconditional grants	36,109,508	34,260,907
	Total	198,578,221	278,319,119

#### 10. Conditional Grants Description

Donor / Grant Name	Purpose	Opening Balance	Additions/Movements during the year	Income recognition	Closing Balance
Department of Environmental Affairs: Project - IP Equipment & Facilities	Marketing/branding materials & equipment. Facilities and boundary upgrade (electrified game fencing); Furnishing of meet & greet; purchase of field vehicles and anti-poaching equipment, office upgrade	59,756,386.96		21,729,019.04	38,027,367.92
National Institute of Human and Social Science: Project - NIHSS Humanities Hub	Social science funding to implement a social hub to foster a spirit of collaborative knowledge production and dissemination amongst communities, civil society and different academic disciplines.	529,000.00	317,400.00	358,429.18	487,970.82
Department of Environmental Affairs: Project - Working for Water	The restoration of iSimangaliso land, through the empowerment of neighbouring communities, by clearing invasive alien plants.	64,520.83	20,951,211.14	20,783,611.66	232,120.31
Department of Environmental Affairs: Project - Oceans and Cost	To manage the marine protected area	736,171.45	2,200,000.00	2,375,754.76	560,416.69
Department of Local Government & Traditional Affairs: Project - Corridor Lubombo	Lubombo route development and marketing.	3,266.45	-	-	3,266.45
Department of Environmental Affairs: Project - Tourism Infrastructure	Infrastructure Development Programme for Charters Creek upgrade	1,475,991.39	3,603,555.17	1,005.00	5,078,541.56
National Lotteries Board: Project - Lotto Art, Craft & Environment Programme	Youth Environmental education, Art skills & Economic Development Programme and craft programme.	375,032.96	(85.00)	429,954.07	(55,006.11)
Department of Environmental Affairs: Project - IP Infrastructure 12/15	Infrastructure Development Programme	54,899,774.04	3,466,222.86	53,646,134.72	4,719,862.18
Department of Environmental Affairs: Project - Working for Wetlands	Restore functioning of degraded wetlands system.	1,143,516.96	2,599,438.25	3,741,955.22	999.99
Peace Parks Foundation: Project - Peace Parks Foundation	Special scientific research studies for the Transfrontier Conservation with Mozanbique	63,054.84			63,054.84
Department of Environmental Affairs: Project- Working for the Coast 15/18	Coast clean-up, maintenance of ablution blocks, maintenance of boardwalk, jetties and viewing decks and monitoring of beach.		4,799,907.02	3,766,702.69	1,033,204.33
Department of Environmental Affairs: IP Inftrastructure 15/18	Infrastructure Development Programme		96,721,384.47	59,266,719.57	37,454,664.90
Department of Tourism: Tourism Guides	To develop the capacity of tourist guides to enhance the overall visitor experience provided at the iSimangaliso Wetland Park.	649,920.00		371,797.93	278,122.07
Department of Environmental Affairs: Project - IP Equipment & Facilities 17/18	IT equipment ,Gate furniture & equipment , Park furniture,office improvements, Signage. Dredge spoil removal	-	27,000,000.00	12,459,142.66	14,540,857.34
		119,696,635.88	161,659,033.91	178,930,226.50	102,425,443.29

#### 11. FINANCIAL INSTRUMENTS

Credit Risk

Notes 5 and 6 reflect the carrying amounts of the financial assets. The fair value and carrying amounts of the assets are the same.

Debtors past due for this financial year amount to:

The risk associated with government debtors is considered low.

The government debt reflected in 120 days is in respect of utilities payable by

The risk associated with cash holdings is also considered low as deposits are held with a major South African bank.

The Authority does not invest in any equity instruments.

Deposits held as collateral in respect of private sector debtors are:

The deposits are held in a dedicated bank account.

Liquidity Risk

Notes 8 and 9 reflect the carrying amounts of the financial liabilities. The fair value and carrying amounts are the same.

Trade creditors are paid within 30 days. Guarantees, together with a system of retentions, are in place in respect of all construction contracts. Typically guarantees are 10% of the contract value and must be with recognised financial-services institutions. Retentions are between 5% and 10%.

Currency Risk

Currency risk was transferred via third-party service contracts.

#### 12. INCOME RECEIVED IN ADVANCE

Fees received in advance

Total due R	Of which governm	ent
28,731 5,787 2,219,974 73,284	25,200 0 2,200,000	87.7% 0.0% 99.1% 0.0%
	2017/18 R	2016/17 R
	2,712,546	2,324,735
	28,731 5,787 2,219,974	28,731 25,200 5,787 0 2,219,974 2,200,000 73,284

357,466

357.466

348.247

348,247

		2017/18 R	2016/17 R
13.	SURPLUS FOR YEAR The operating surplus is calculated after taking into account the following items:		
	Income Transfer from greate to metals related expanditure incurred during year		
	- Transfer from grants to match related expenditure incurred during year	198,578,221	278,319,119
	Expenses		
	- Audit fees - external	1,276,442	1,035,348
	- Audit fees - internal	403,323	247,951
	- Depreciation	31,652,508	23,074,630
	- Equipment rental	85,116	82,582
	- Loss on scrapping of fixed asset	16,083,370	17,223,104
14.	DONATIONS		
	Donations are received and transferred to the rare and endangered species fund.		
	These are recognised as revenue in the period in which the expense was approved and incurred	390,759	0
15.	OTHER INCOME		
	Sundry Income: 'The amount of R6,737,031 (which represents 99.6% of the amount in		
	other income) is in respect of a reversal of an amount due to Sanyati (refer Note 22)		
	which is considered to have prescribed. (2016/17)	2,331,423	6,737,030
	Bid and Tender Fees	20,100	27,500
		2,351,523	6,764,530
16.	PROJECT COSTS		
	Project costs comprises:		
	Bank charges	17,642	16,490
	Chemicals, materials & equipment hire	17,250,955	49,979,109
	Management and administration fees	337,087	753,662
	Wages	23,145,207	13,580,853
70		40,750,891	64,330,114
72		·	

Personnel costs comprises:   Salary			2017/18 R	2016/17 R
Salary         23,044,143         15,924,447           Allowances         969,803         878,161           Medical Aid         257,095         268,589           Leave & bonus pay         388,032         587,417           Travel reimbursive         468,197         390,948           Skills development levy         195,478         181,612           Payroll processing         49,741         40,430           Recruitment         91,995         23,178           Workmens compensation         94,667         88,101           Relocation         49,588         0           Training         243,214         6,245           Other costs related to personnel         7,681         0           Charge-outs to projects         (9,487,288)         (11,070,631)           Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:         - Payable during next financial year         87,640         27,531	17.	PERSONNEL COSTS		
Allowances       969,803       878,161         Medical Aid       257,095       268,589         Leave & bonus pay       388,032       587,417         Travel reimbursive       468,197       390,948         Skills development levy       195,478       181,612         Payroll processing       49,741       40,430         Recruitment       91,995       23,178         Workmens compensation       44,667       88,101         Relocation       49,588       0         Training       243,214       6,245         Other costs related to personnel       25,859,634       18,389,128         Charge-outs to projects       (9,487,288)       (11,070,631)         18. LEASES         Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:       87,640       27,531         - Payable during next financial year       87,640       27,531		Personnel costs comprises:		
Medical Aid         257,095         268,589           Leave & bonus pay         388,032         587,417           Travel reimbursive         468,197         390,948           Skills development levy         195,478         181,612           Payroll processing         49,741         40,430           Recruitment         91,995         23,178           Workmens compensation         94,667         88,101           Relocation         49,588         0           Training         243,214         6,245           Other costs related to personnel         7,681         0           Charge-outs to projects         (9,487,288)         (11,070,631)           18. LEASES         Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:         -Payable during next financial year         87,640         27,531		Salary	23,044,143	15,924,447
Leave & bonus pay       388,032       587,417         Travel reimbursive       468,197       390,948         Skills development levy       195,478       181,612         Payroll processing       49,741       40,430         Recruitment       91,995       23,178         Workmens compensation       94,667       88,101         Relocation       49,588       0         Training       243,214       6,245         Other costs related to personnel       7,681       0         Charge-outs to projects       (9,487,288)       (11,070,631)         18. LEASES         Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:       - Payable during next financial year       87,640       27,531		Allowances	969,803	878,161
Travel reimbursive       468,197       390,948         Skills development levy       195,478       181,612         Payroll processing       49,741       40,430         Recruitment       91,995       23,178         Workmens compensation       94,667       88,101         Relocation       49,588       0         Training       243,214       6,245         Other costs related to personnel       7,681       0         Charge-outs to projects       (9,487,288)       (11,070,631)         Teach costs related to personnel       16,372,346       7,318,496         Take the costs related to personnel       25,859,634       18,389,128         Charge-outs to projects       (9,487,288)       (11,070,631)         Take the costs related to personnel       16,372,346       7,318,496         Take the costs related to personnel       87,640       7,318,496         Take the costs related to personnel       87,640       27,531         Take the costs related to personnel       88,640       7,318,496         Take the costs related to personnel       88,640       7,318,496         Take the costs related to personnel       88,640       7,318,496         Take the costs related to personnel       88,640       7,318,4		Medical Aid	257,095	268,589
Skills development levy       195,478       181,612         Payroll processing       49,741       40,430         Recruitment       91,995       23,178         Workmens compensation       94,667       88,101         Relocation       49,588       0         Training       243,214       6,245         Other costs related to personnel       7,681       0         Charge-outs to projects       (9,487,288)       (11,070,631)         18. LEASES         Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:         - Payable during next financial year       87,640       27,531		Leave & bonus pay	388,032	587,417
Payroll processing Recruitment         49,741         40,430           Recruitment         91,995         23,178           Workmens compensation         94,667         88,101           Relocation         49,588         0           Training         243,214         6,245           Other costs related to personnel         7,681         0           Charge-outs to projects         (9,487,288)         (11,070,631)           18. LEASES           Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:         -Payable during next financial year         87,640         27,531		Travel reimbursive	468,197	390,948
Recruitment         91,995         23,178           Workmens compensation         94,667         88,101           Relocation         49,588         0           Training         243,214         6,245           Other costs related to personnel         7,681         0           Charge-outs to projects         (9,487,288)         (11,070,631)           18. LEASES         Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:         -Payable during next financial year         87,640         27,531		Skills development levy	195,478	181,612
Workmens compensation         94,667         88,101           Relocation         49,588         0           Training         243,214         6,245           Other costs related to personnel         7,681         0           Charge-outs to projects         25,859,634         18,389,128           Charge-outs to projects         (9,487,288)         (11,070,631)           18. LEASES         Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:		Payroll processing	49,741	40,430
Relocation   49,588   0		Recruitment	91,995	23,178
Training Other costs related to personnel       243,214 (6,245) (7,681)       6,245 (7,681)       0         Charge-outs to projects       25,859,634 (11,070,631)       18,389,128 (11,070,631)         18. LEASES       Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:		Workmens compensation	94,667	88,101
Other costs related to personnel  Charge-outs to projects  Charge-outs to projects  Charge-outs to projects  (9,487,288)  16,372,346  7,318,496  18. LEASES  Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:  - Payable during next financial year  87,640  27,531		Relocation	49,588	0
Charge-outs to projects  Charge-outs to projects  (9,487,288)  16,372,346  18,389,128  (11,070,631)  16,372,346  7,318,496  18. LEASES  Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:  - Payable during next financial year  87,640  27,531		Training	243,214	6,245
Charge-outs to projects (9,487,288) (11,070,631)  16,372,346 7,318,496  18. LEASES  Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:  - Payable during next financial year 87,640 27,531		Other costs related to personnel	7,681	0
18. LEASES Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are: - Payable during next financial year  16,372,346 7,318,496 87,640 7,318,496			25,859,634	18,389,128
18. LEASES  Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:  - Payable during next financial year  87,640  27,531		Charge-outs to projects	(9,487,288)	(11,070,631)
Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are:  - Payable during next financial year  87,640  27,531			16,372,346	7,318,496
contracts in respect of photocopiers lapse on 23 October 2020. The future rental commitments are: - Payable during next financial year 87,640 27,531	18.	LEASES		
		contracts in respect of photocopiers lapse on 23 October 2020. The future rental		
		- Payable during next financial year	87,640	27,531
			131,460	

	R	R
19. NET CASHFLOW FROM OPERATING ACTIVITIES	•	
Net surplus per statement of financial performance	58,391,667	145,430,636
Adjustments for:		
- Depreciation		
property, plant & equipment	26,766,881	18,526,448
intangible assets	138,211	53,559
investment property	4,747,416	4,494,623
- Bad debts	15,896	0
- Loss on disposal of fixed assets		
property, plant & equipment	15,563,077	17,223,104
investment property	520,293	0
	106,143,440	185,728,370
- (Increase)/decrease in receivables	15,167,090	(17,117,506)
- (Increase)/decrease in inventories	120,772	(1,205)
- Increase/(decrease) in deferred income	9,219	19,882
- Increase/(decrease) in conditional grants	(17,216,186)	(94,771,809)
- increase/(decrease) in payables	(22,093,590)	(4,174,213)
Net cash inflow from operating activities	82,130,745	69,683,518

The disclosure requirements for commitments are (a) the contract is non-cancellable or (b) cancellable at significant cost. The contracts are set out below

Capital commitments for: building and structures roads

signage

COMMITMENTS

Operational commitments in respect of land rehabilitation programmes

The Authority does not have any overdraft or other borrowing facilities

14,70	0,183	84,358,956
5,89	0,249	19,452,660
6,15	4,412	5,413,898
26,74	4,844	109,225,514
	0	17,467,355
26,74	4,844	126,692,869
	·	

2017/18

2016/17

**CONTINGENT LIABILITIES** 

#### Land claims

A number of land claims have been settled on land controlled by the Authority in respect of which co-management agreements have been concluded. The agreements do not permit occupation or use of Park assets and there are no recurring fixed financial obligations for iSimangaliso.

#### Construction contract

Sanyati, a construction company that contracted to iSimangaliso, was liquidated in July 2012. The Authority took the view that it would not recover any monies due to it by Sanyati and wrote the amounts in question off in previous years. Subsequently, Sanyati's liquidator raised a claim for work measured post liquidation, and disputed penalties levied by the Authority against Sanyati for non-achievement of labour targets. The liquidator's claim has, however, not been pursued and, in the Authority's view, may have become prescribed. Nonetheless, the Sanyati liquidator called for the issue of a final account and a final payment certificate, indicating that its claim might not, in fact, have prescribed. In the circumstances, the Authority considers it prudent to treat a potential claim from the liquidator as a contingent liability.

#### Fire Claim

The Western Shores section of iSimangaliso has incorporated forestry land belonging to Siyagubeka (SQF) by agreement. In August 2012, two fires broke out in park and forestry areas. SQF issued summons in 2015 for damages to its Dukuduku and Nyalazi plantations initially in the amounts of R705,188 and R14,342,237 respectively. After March 2015, SQF amended its pleadings and increased the claim to R3,056,150 for Dukuduku and R32,010,887 for Nyalazi. The matter has been referred to counsel. The Authority has been advised that claims involving contributory negligence may run for up to 5 years. The amount of the claim is reflected as a contingent liability.

2017/18 R	2016/17
n	<u>R</u>
12,038,123	

35,067,037

35,067,037

R   Non-executive directors   424,123	R
Fees         424,123           Executive directors:         Chief Executive Officer           Salary         698,855           Allowances         38,444           Medical Aid         19,050           Severance Pay         4,148,773           Total for 5 months (2016/17: 12 months)         4,905,122           Interim Chief Executive Officer         38,000           Salary         1,133,011           Allowances         98,000           Medical Aid         1,231,011           Senior Managers         8usiness Director           Salary         844,021           Allowances         80,498	<u></u>
Executive directors:       Chief Executive Officer         Salary       698,855         Allowances       38,444         Medical Aid       19,050         Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       1,133,011         Salary       98,000         Medical Aid       98,000         Total for 7 months       1,231,011         Senior Managers       8usiness Director         Salary       844,021         Allowances       80,498	
Executive directors:         Chief Executive Officer         Salary       698,855         Allowances       38,444         Medical Aid       19,050         Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       3         Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Senior Managers       1,231,011         Senior Managers       844,021         Allowances       80,498	116,174
Chief Executive Officer         Salary       698,855         Allowances       38,444         Medical Aid       19,050         Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       38,000         Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Senior Managers       1,231,011         Business Director       844,021         Salary       844,021         Allowances       80,498	
Salary       698,855         Allowances       38,444         Medical Aid       19,050         Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       5         Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       8usiness Director         Salary       844,021         Allowances       80,498	
Allowances       38,444         Medical Aid       19,050         Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       1,133,011         Salary       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       8usiness Director         Salary       844,021         Allowances       80,498	1,681,474
Medical Aid       19,050         Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       1,133,011         Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       8usiness Director         Salary       844,021         Allowances       80,498	92,265
Severance Pay       4,148,773         Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       1,133,011         Salary       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       844,021         Salary       844,021         Allowances       80,498	41,768
Total for 5 months (2016/17: 12 months)       4,905,122         Interim Chief Executive Officer       1,133,011         Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       844,021         Salary       844,021         Allowances       80,498	,
Interim Chief Executive Officer         Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       844,021         Salary       844,021         Allowances       80,498	1,815,507
Salary       1,133,011         Allowances       98,000         Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       844,021         Salary       844,021         Allowances       80,498	.,,
Allowances 98,000  Medical Aid  Total for 7 months 1,231,011  Senior Managers  Business Director  Salary Allowances 80,498	
Medical Aid       1,231,011         Total for 7 months       1,231,011         Senior Managers       844,021         Salary       844,021         Allowances       80,498	
Total for 7 months         1,231,011           Senior Managers         844,021           Salary         844,021           Allowances         80,498	
Senior Managers Business Director Salary 844,021 Allowances 80,498	0
Business Director Salary 844,021 Allowances 80,498	
Salary       844,021         Allowances       80,498	
Allowances 80,498	1,343,107
•	137,996
Medical Aid	18,584
Severance Pay 2,816,010	. 5,55 .
Total for 7 months (2016/17: 12 months) 3,752,065	1,499,687
Parks Operations Director	.,,
Salary 1,112,358	1,037,631
Allowances 70,524	68,265
Medical Aid 63,116	58,588
Total for 12 months (2016/17: 12 months) 1,245,998	1,164,484
Chief Financial Officer	.,,
Salary 989,399	1,080,619
Allowances 77,904	51,600
Total for 12 months (2016/17: 12 months) 1,067,303	1,132,219
Research & Policy Senior Manager	1,102,210
Salary 1,159,874	922,541
Allowances 51,600	75,645
Total for 12 months (2016/17: 12 months) 1,211,474	998,186
1,211,777	000,100
Total Directors' Remuneration 6,560,256	1,931,681
Total Senior Managers' Remuneration 7,276,840	4,794,576

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

22.

2017/18

2016/17

	R	R
RELATED-PARTY DISCLOSURES		
Identity of related parties  The Authority's parent department is the Department of Environmental Affairs (DEA).  The Authority receives an annual allocation from DEA, which it uses to finance its operations. From time to time it also receives additional grants from the expanded public works programme managed by DEA.		
Material related-party balances and transactions Transfers from related party Commitments by related party in respect of:	207,177,104	160,053,102
- operations for the next financial year	32,821,000	34,523,000
- infrastructure & equipment for the next financial year	71,650,000	100,000,000
Amounts due by related party Amounts due to related party (interest on project funds not yet approved for use)	55,006 11,314,393	17,826,709 8,208,109
Key management-related activities  No loans or payments were made to management of DEA during the year, nor were		

23.

any material transactions entered into with them.

Remuneration for management is set out in Note 22.

		Variances between approved initial budget & actual results	Variances between approved final budget & actual results	Variances between final budget & actual results
		2017/18 R	2017/18 R	2016/17 R
24.	BUDGET INFORMATION  The budget (which covers the same period as these financial statements) is approved on a cash basis using a nature-of-expense classification. The financial statements are prepared on accrual basis, also using a nature-of-expense classification. The following reconciliation summarises the differences between the actual financial performance for the year and the budget, and provides explanations for material variances.		·	•
	Reconciliation between budget & statement of financial performance  Net surplus per statement of financial performance	58,391,667	58,391,667	145,430,636
	Adverse/(favourable) variances of from budget:			
	Income:			
	- Grant revenue additional funding was received from the National Department of Environmental Affairs.	(85,085,962)	(57,565,240)	(15,737,949)
	- Administration fees	743,704	(16,296)	(1,533,261)
	admin fees are calculated as a percentage of project expenditure.			
	- Park revenue	(4,156,078)	(276,078)	(1,452,546)
	two gates, namely Maphelane and False Bay, were taken over from Ezemvelo during the third quarter of the year			
	- Other	611,673	1,782,792	(6,883,029)
	the enterprise programme makes provision for grant funding to SMMEs on a merit basis. These amounts cannot be properly quantified for budgeting purposes. The money is re-allocated from the levies account to sundry income			

	Variances between approved initial budget & actual results	Variances between approved final budget & actual results	Variances between final budget & actual results
	2017/18 R	2017/18 R	2016/17 R
Expenses:			
- Chemicals and equipment	(20,796,724)	(10,796,724)	35,109,390
the enterprise programme makes provision for grant funding to SMMEs on a merit basis. These amounts cannot be properly quantified for budgeting purposes.			
- Depreciation and amortisation	(4,943,568)	(4,989,133)	(6,213,147)
the budgeted depreciation was calculated using anticipated dates for the capitalisation of infrastructure. The infrastructure was completed, but handover did not take place until the snags were completed. The contract did not make provision for sectional completion and the progressive handover and capitalisation of the assets.			
- Personnel costs	1,421,174	(5,813,608)	(6,123,721)
the budget was increased to accommodate the settlement amounts for departing staff. In addition, vacant posts were not filled due to the on-going restructuring process			
- Repairs and maintenance	9,922,321	321,219	(1,154,384)
ad-hoc work undertaken under the facilities management contract on buildings			
- Management and administration	(18,034,850)	(15,136,083)	(3,704,503)
management and administration expenses are calculated as a percentage of project expenditure. The lower charges are related to delays in certain projects			
- Subcontractors	8,475,831	6,219,607	1,406,157
additional budget for landcare was secured from the National Department of Environmental Affairs.			
- Training	526,820	(45,180)	(289,806)
variance is due to delays in procurement of infrastructure training service provider.			
<ul> <li>Other</li> <li>this variance is largely attributable to the writing off of infrastructure which were substantially reconstructed during the course of the year.</li> </ul>	17,616,317	16,333,391	13,461,279
castal than y 1000 for action during the course of the your.	(89,815,058)	(67,471,199)	2,116,655
<u>Differences in the bases of accounting:</u>		,	
Capital expenditure treated on a cash basis in budget	(23,362,936)	(45,706,795)	(44,995,318)
Grants received treated on a cash basis in budget	54,786,327 31,423,391	54,786,327 9,079,532	(102,551,973) (147,547,291)
Net surplus/(deficit) per approved budget	0	9,079,532	(147,547,291)
. 13. 55. Piss (25) por applicated badget			

#### 25. HERITAGE ASSETS

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

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

This diversity provides important habitats for a large number of species, including those that are rare, threatened or endemic. The species' lists for iSimangaliso are the most extensive in the region, and population sizes of most species are viable. Of the over 6,500 plant and animal species known to occur in the Park, populations of those with conservation importance include 11 species that are endemic to the Park, 56 species endemic to KwaZulu-Natal, and 108 species endemic to South Africa. 467 Species are listed as threatened in South Africa. In the past, little was known about the status and viability of many rare, threatened and endemic species in the Park, particularly the lower vertebrate and invertebrate species. But studies on a number of these species are currently underway.

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

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

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

The remarkable ecological diversity and significance of iSimangaliso is, therefore, unique, not only on the African continent, but also from a global perspective. For example, available information suggests that no other locality in the world harbours such a wide range of wetland types in a single protected area. Of the 32 marine/coastal and inland natural-wetland forms recognised by the Ramsar Convention, no fewer than 23 of these forms occur within the Park.

The financial value of the Park's heritage assets cannot be reliably measured as there is no active market.

#### 26. CORRECTION OF ERROR - USEFUL LIFE OF ASSETS

During the current financial year the Authority corrected a fundamental error. The entity had not reassessed its useful life for its PPE in the previous financial years. GRAP 17 requires that useful lives for fully depreciated assets be reassessed. The correction of this error is made to the earliest period presented. The entity has restated its opening balance as at 1 April 2016.

Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. It will be very difficult and possibly not prudent to measure intangible assets under the revaluation model, as an active market for intangible assets is rare and consequently a price paid for one asset may not be sufficient evidence of the fair value of another and furthermore, prices are often not accessible to the public. Therefore the entity revised the useful life of all fully depreciated Intangible Assets. This adjustment has been retrospectively applied.

The effect of this revision of the useful lives has increased the depreciation charge for the current and the future period for the certain classes of assets. This is reflected in Note 5 under the policies

#### **CORRECTION OF ERROR - RESERVES**

During the current financial year the Authority corrected a fundamental error relating to its Reserves (in the previous financial statements it was referred to as Value of Assets Taken Over). This was disclosed separately in the Statement of Changes in Net Assets. GRAP23 states that transfers satisfy the definition of "non-exchange transactions" because the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. These assets taken over from various entities are a non-exchange transaction and therefore must be recognised as an asset and revenue. the correction of error is made to the earliest period presented. The Authority has restated its opening balance as at 1 April 2016

#### Disclosure of correction of error for Reserves and Useful life of Assets

2016	
Accumulated Net Surplus as previously stated	178,418,575
Correction of error for useful life of asset - depreciation	2,979,529
Correction of error for Reserves	265,740,150
Restated Accumulated Net Surplus Opening balance as at 1 March 2016	447,138,254
2017	
Restated Accumulated Net Surplus Opening balance as at 1 March 2016	447,138,254
Surplus for the year as previously reported	145,613,050
Correction of error for useful life of asset - depreciation	(182,415)
Restated Accumulated Net Surplus Opening balance as at 1 March 2017	592,568,889
Statement of Changes in Net Assets for the year ended 2016	
Reserves - Capital	
Balance at beginning of year	265,740,150
Correction of error - transfer to Accumulated Surplus	(265,740,150)
Restated balance at end of year	0

OTHER OPERATING EXPENSES	2017/18 R	2016/17 R
	<u></u>	<u> </u>
Advertising	232,152	98,289
Audit fees - external	1,276,442	1,035,348
Audit fees - internal	403,323	247,951
Bank charges	253,809	181,746
Board expenses	1,187,426	223,048
Computer consumables	14,984	16,911
Conference expenses	2,300	77,935
Courier and postage	18,983	28,685
Discounts allowed	15,030	22,220
Donations	9,000	5,000
Electricity, water, sewer, rates	1,429,319	830,759
Game purchases and management	572,716	16,180
Gate operating costs	11,128,687	4,834,316
Insurance	266,723	191,977
Licences	189,127	141,440
Marketing	779,508	490,538
Printing and stationery	341,307	312,533
Rental of equipment	85,116	82,582
Contracted services	25,124,242	21,707,301
Security	8,620,793	8,242,921
Staff teas, refreshments, consumables and cleaning	108,679	132,926
Wages - monitors	1,586,508	1,229,907
Subscriptions	123,020	22,472
Telephone, telefax and internet	328,478	421,220
Training	4,979,976	3,537,469
Travelling expenses	728,235	688,712
Workshops & meetings	281,824	201,553
	60,087,706	45,021,939

#### 28. IRREGULAR EXPENDITURE

Opening Balance
Prior period error
As restated
Add irregular expenditure relating to prior year
Add irregular expenditure relating to current year
Closing Balance

During the financial year under review, construction services were procured from a contractor, who was appointed in 2010 and had a new contract issued in 2016. Payments amounting to R2,128,043 were made to the contractor in the previous years and in the current financial year payments totalling R2,072,917 were made. The irregular expenditure was due to the non compliance of the procurement processes in terms of National Treasury regulations on the stipulated tender advert time frames and on the subsequent contract deviation in 2016.

The irregular expenditure was not the result of fraudulent, corrupt and/or criminal activities by the Authority's officials. Value for money was derived from the construction services rendered that are essential for the Authority's operations. The Authority will seek condonement from National Treasury

#### 29. BAD DEBTS WRITTEN OFF

The amount written off is in respect of dangerous game training and recovery costs owing by Ezemvelo, a balance on a boat permit owing by the University of KwaZulu-Natal and photocopies charges for access to information. The amounts have been outstanding for over 5 years. iSimangaliso has taken the conservative view and written these amounts off.

2017/18 R	2016/17 R
0.100.040	
2,128,043	U
	1,821,393
	1,821,393
	306,650
2,072,917	
4,200,960	2,128,043

15,896 0

### **UNAUDITED SUPPLEMENTARY SCHEDULE**

## **DETAILED STATEMENT OF FINANCIAL PERFORMANCE**

### **FOR THE YEAR ENDED 31 MARCH 2018**

# UNAUDITED SUPPLEMENTARY SCHEDULE DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2018

	Core operations	Infrastructure R	Park establish- ment R	Land care R	Local economic development programmes R	Research & monitoring R	Total R	2016/17 R
Income:								
Grants	29,613,508	134,753,227	0	30,804,050	1,160,181	2,247,255	198,578,221	278,319,119
Interest received	2,486,553	0	0	0	0	0	2,486,553	2,285,427
- from banks	2,486,553	0	0	0	0	0	2,486,553	2,285,427
Park revenue	22,556,078						22,556,078	18,852,996
Sundry revenue	10,796,746	0	0	0	0	0	10,796,746	15,323,746
- admin fees recovered from programmes	4,762,003						4,762,003	5,991,426
- management fees recovered from programmes	3,292,461						3,292,461	2,567,789
- bid and tender fees	20,100						20,100	27,500
- other	2,722,182						2,722,182	6,737,031
Total income	65,452,884	134,753,227	0	30,804,050	1,160,181	2,247,255	234,417,598	314,781,288

### DETAILED STATEMENT OF FINANCIAL PERFORMANCE

## UNAUDITED SUPPLEMENTARY SCHEDULE DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2018

	Core operations R	Infrastructure R	Park establish- ment R	Land care R	Local economic development programmes R	Research & monitoring R	Total R	2016/17 R
Expenditure	126,582,198	20,110,176	0	24,770,279	2,253,926	2,309,351	176,025,931	169,350,652
Advertising	232,152						232,152	98,289
Audit fees - external	1,276,442						1,276,442	1,035,348
Audit fees - internal	403,323						403,323	247,951
Bad debts	15,896						15,896	0
Bank charges	253,809	6,331	0	8,919	2,393	0	271,452	198,237
Board expenses	1,187,426						1,187,426	223,048
Co-management agreement payments	1,548,269						1,548,269	1,321,599
Chemicals, materials and equipment		14,923,351	0	2,267,108	36,116	24,380	17,250,955	49,979,109
Computer consumables	14,984						14,984	16,911
Conference expenses	2,300						2,300	77,935
Courier and postage	18,983						18,983	28,685
Depreciation:								
- property, plant and equipment	26,766,881						26,766,881	18,526,448
- intangible assets	138,211						138,211	53,559
- investment property	4,747,416						4,747,416	4,494,623
Discounts allowed	15,030						15,030	22,220
Donations	9,000						9,000	5,000
Electricity, water, sewer, rates	1,429,319						1,429,319	830,759
Game purchases and management	572,716						572,716	16,180
Gate operating costs	11,128,687						11,128,687	4,834,316
Insurance	266,723						266,723	191,977
Legal fees	3,088,348						3,088,348	4,634,066
Licences	189,127						189,127	141,440

### DETAILED STATEMENT OF FINANCIAL PERFORMANCE

# UNAUDITED SUPPLEMENTARY SCHEDULE DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2018

			Park establish-		Local economic development	Research &		001047
	Core operations R	Infrastructure R	ment R	Land care R	programmes R	monitoring R	Total R	2016/17 R
Loss/(profit) on disposal of fixed assets:								
- property, plant and equipment	15,563,077						15,563,077	17,223,104
- investment property	520,293						520,293	0
Management and administration	0	33,840	0	284,633	18,614	0	337,087	753,662
Marketing	779,508	0	0	0	0	0	779,508	490,538
Personnel costs:								
- salaries, wages & secondments	25,859,634						25,859,634	18,389,128
- less: charged to programmes	(9,487,288)						(9,487,288)	(11,070,631)
Printing and stationery	341,307						341,307	312,533
Professional fees	6,426,597	2,673,414	0	0	599,310	440,141	10,139,463	18,470,069
Rental of equipment	85,116						85,116	82,582
Repairs and maintenance	21,411,377	0	0	0	0	0	21,411,377	9,663,936
Security	8,620,793						8,620,793	8,242,921
Staff teas, refreshments, consumables and cleani	108,679						108,679	132,926
Subcontractors	1,586,508	668,907	0	20,700,273	28,527	1,747,500	24,731,714	14,810,760
Subscriptions	123,020						123,020	22,472
Telephone, telefax and internet	328,478						328,478	421,220
Training	0	1,804,334	0	1,509,346	1,568,967	97,330	4,979,976	3,537,469
Travelling expenses	728,235						728,235	688,712
Workshops & meetings	281,824						281,824	201,553
Net surplus/(deficit) for period	(61,129,314)	114,643,051	0	6,033,771	(1,093,745)	(62,096)	58,391,667	145,430,636



## **ACKNOWLEDGEMENTS**

Department of Tourism

Department of Environmental Affairs

Department of Rural Development and Land Reform

National Treasury

Kingdom of Swaziland (eSwatini)
Republic of Mozambique
Lubombo Spatial Development Initiative
South African Tourism
South African National Roads Agency

KZN Department of Co-operative Governance and Traditional Affairs

KZN Department of Economic Development, Tourism and

**Environmental Affairs** 

KZN Department of Education

KZN Department of Community Safety and Liaison

Ezemvelo KZN Wildlife
KZN Tourism Authority
KZN Director Police Services

Umkhanyakude District Municipality and the Mtubatuba Big 5 False Bay, Umhlabuyalingana, Hlabisa and Jozini local municipalities

Uthungulu District Municipality and the Kwambonambi local Municipality

Mpukunyoni, Makhasa, Tembe, Ngwenya, Nsinde, Jobe, Mabaso, Mnqobokazi, Sokhulu, Mdletshe, and Nibela Traditional Councils

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

WWF (SA)
Raizcorp
Rural Education Access Programme (REAP)

National Lotteries Board













