



# ANNUAL REPORT 2019/2020

MARINE AND TERRESTRIAL EXPERIENCE IN ONE WORLD HERITAGE SITE



iSimangaliso  
Wetland Park





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PART A

# GENERAL INFORMATION



# ISIMANGALISO'S GENERAL INFORMATION

Legal form of enterprise:	Established by Regulation 1193 of 24 November 2000, under the World Heritage Convention Act 49 of 1999. The iSimangaliso Wetland Park Authority is a Schedule 3A Public Entity.
Nature of business:	The iSimangaliso Authority's business is to conserve the iSimangaliso Wetland Park and to create jobs and benefits for communities living in and adjacent to the Park through optimal tourism-based development. iSimangaliso is, therefore, in the business of conservation, local economic development and tourism.
Name:	iSimangaliso Wetland Park Authority
Registration numbers:	The iSimangaliso Wetland Park Authority is a Public Entity established in terms of the National Environmental Management: Biodiversity Act of 2004 (No. 10 of 2004)
Head office address:	Dredger Harbour, St Lucia Estuary, 3936
Postal address:	P/Bag X05, St Lucia Estuary, 3936
Contact telephone number:	035 590 1633
Email address:	info@isimangaliso.com
Website address:	www.isimangaliso.com
External auditor:	Auditor-General South Africa Registered Auditors
Bankers:	First National Bank



# LIST OF ACRONYMS AND ABBREVIATIONS

AG	Auditor-General
APP	Annual Performance Plan
APO	Annual Plan of Operation
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPI	Consumer Price Index
DAFF	Department of Forestry and Fisheries
DEA	Department of Environmental Affairs
DEFF	Department of Environment, Forestry and Fisheries
DWS	Department of Water and Sanitation
EAP	Economically Active Population
EIA	Environmental Impact Assessment
Ezemvelo	Ezemvelo KZN Wildlife
FY	Financial Year
GDP	Gross Domestic Product
GEF	Global Environment Facility
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
ISA	International Standards on Auditing
IMP	Integrated Management Plan
iSimangaliso	iSimangaliso Wetland Park Authority
IT	Information Technology
KZN	KwaZulu-Natal
MLRA	Marine Living Resources Act, 1998 (Act 18 of 1998)

MOU	Memorandum of Understanding
MPA	Marine Protected Area
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDLTF	The National Lottery Distribution Trust Fund
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
PAA	National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003)
Park	iSimangaliso Wetland Park
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PPP	Public Private Partnership
PR	Public Relations
Ramsar	Convention on Wetlands of International Importance Especially as Water Fowl Habitat 1971
RLCC	Regional Land Claims Commission
SAPS	South African Police Service
SCM	Supply Chain Management
SEC	Social and Ethics Committee
SEED	Socio-Economic Environment Development
SMME	Small, Medium and Micro-Enterprise
TFCA	Trans-frontier Conservation Area
UNESCO	United Nations Educational, Scientific, and Cultural Organization
VUCA	Volatility, Uncertainty, Complexity, Ambiguity
WHCA	World Heritage Convention Act 1999, (Act No 1 of 1999)





## MESSAGE FROM THE MINISTER OF ENVIRONMENT, FORESTRY AND FISHERIES

iSimangaliso Wetland Park Authority is a public entity reporting to the Department of Environment, Forestry and Fisheries (DEFF). In 1999, it was inscribed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in the list of World Heritage Sites, which makes it the first of South Africa's World Heritage Sites. The Park was listed based on its superlative natural beauty, biodiversity, threatened species and ecological processes.

iSimangaliso Wetland Park Authority is a public entity reporting to the Department of Environment, Forestry and Fisheries. In 1999, it was inscribed by UNESCO in the list of World Heritage Sites, which makes it South Africa's first World Heritage Site.

Extending from Maphelane south of St Lucia to Kosi Bay in the north, it covers the country's most north-eastern 220km of coastline and shares a Marine Protected Area (MPA) with Mozambique, forming Africa's largest transfrontier MPA. With an additional 970 366.57ha of ocean now falling under the iSimangaliso MPA, the Park's combined terrestrial and marine area is some 1 328 900ha (13 289 square kilometres), making it the second largest protected area in the country after the Kruger National Park. iSimangaliso has five ecosystems – marine, coastal dune, lake, swamps, dry savannah woodlands, thickets and sand forest – which bolsters its uniqueness.

The iSimangaliso Wetland Park Authority's performance goals for the year have focused on upholding its mandate, while strengthening its focus on creating an inclusive rural economy, and improving the socio-economic conditions of

neighbouring communities and landowners. By doing this, the Park is contributing to one of the key outcomes of the National Development Plan.

Work continues in ironing out challenges within stakeholder groups in terms of delivering and sharing benefits. Efforts are also being made to address unemployment in the predominantly rural areas surrounding the Park. Training and skills development programmes exceeded their targets.

- A total of 156 people participated in local economic development programmes such as arts and crafts, while 101 participated in the rural enterprise programme, which included business, financial management and bookkeeping training, and mentorship visits.
- 5 111 visited the park, 33 schools were visited as part of the environmental education programme, and 34 youth rhino ambassadors participated in environmental awareness activities.

The Authority, in partnership with DEFF, continues to focus on improving infrastructure and facilities in the Park. Among the

projects being undertaken are the refurbishment of the Park's resorts, the improvement of signage and the upgrading of staff housing and field ranger camps. More than R78 million is being spent on improving infrastructure to benefit community access for neighbouring communities and visitors, enabling tourism and revenue opportunities.

I appointed a new Board led by Professor A.T. Nzama, which will be an accounting authority of iSimangaliso for the next three years. I wish them well as they commence with the critical responsibilities entrusted to them.

The 2019/2020 Annual Report for the iSimangaliso Wetland Park complies with all statutory reporting requirements of the Public Finance Management Act (PFMA) and National Treasury Regulations.

**Ms Barbara Creecy, MP**

Minister of Environment, Forestry and Fisheries



**The future requires all of us to rethink the form and nature of our current programmes and how we will share resources under the 'new normal' and a nature-based economy without compromising valuable work such as anti-poaching, ranger services and wildlife management.**



## MESSAGE FROM THE CHAIRPERSON

It is said that a journey of thousand miles starts with the first mile. This is true for us as the new Board of iSimangaliso as we join the journey started by our predecessors. They laid a solid foundation upon which we shall continue towards the realisation of the vision of building a renowned World Heritage Park where conservation, sustainable tourism and benefit sharing prevails. We are under no illusion that this is going to be an easy journey as we commence our task amid the outbreak of the COVID-19 pandemic, which threatens to reverse gains built over years by the conservation and tourism industry.

Clearly, due to recent developments, the world calls upon all of us to adapt to the 'new normal' and 'business unusual' as we forge ahead and review our ways of conducting business. The words of our late former President Mandela, "It seems impossible until it is done", should be our motto going forward as our attitude will be the determining factor for our future survival. We have been entrusted with this wonder of the world called iSimangaliso Wetland Park, a jewel that has been acknowledged internationally and endorsed by UNESCO 20 years ago by declaring it South Africa's first World Heritage Site on the basis of its superlative natural beauty, biodiversity, threatened species and ecological processes.

The iSimangaliso Wetland Park Authority is in the process of rebuilding the image of this World Heritage Site, particularly on issues relating to stakeholder engagement and management. Much work has been done in advancing

cohesive cooperation between iSimangaliso and communities, and the iSimangaliso Park Authority adheres to a paradigm shift that seeks to advocate for 'conservation for the people with the people'. There are 14 land claims in iSimangaliso Wetland Park – nine have been settled with five co-management agreements while five are still outstanding.

We count on the dedicated employees of iSimangaliso for the attainment of the vision of building a renowned World Heritage Park, without whom the vision of the Authority would remain just a dream. It is with this understanding that the well-being of the employees remains so dear to the Board. The iSimangaliso employees are the most valuable and unique asset of an Entity and we recognise that the successful investment in human resources results in exciting, dynamic and multi-skilled employees. By the end of the 2019/2020 financial year, there were 41 permanent

employees and 133 fixed-term contract employees who are environmental monitors funded by DEFF. The total number of employees was 174 by the end of the financial year.

During these trying times, we count on the relationships built over years with various stakeholders such as our local communities, land claimants, business sector and international partners to carry us through as we continue implementing the business strategy of the Authority into the next decade.

**Prof. A.T. Nzama**

Chairperson, iSimangaliso Wetland Park Authority Board



**During these trying times, we count on the relationships built over years with various stakeholders such as our local communities, land claimants, business sector and international partners to carry us through as we continue implementing the business strategy of the Authority into the next decade.**

# BOARD MEMBERS

FOR THE YEAR ENDED 31 MARCH 2020

## Non-Executive

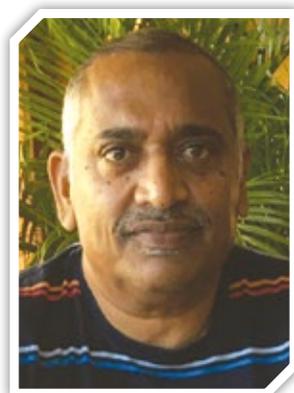
Prof A.T. Nzama  
CHAIRPERSON



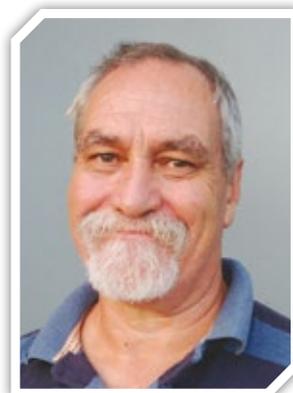
Inkosi M.I. Tembe  
VICE-CHAIRPERSON



Mr L. Langalibalele



Mr G. Nair



Prof. C.P. Small



Ms N. Cawe



Ms L. Noge-Tungamirai

**Executive**



**Mr S.E. Bukhosini**





## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Building sound relationships with communities neighbouring and living within the Park is the cornerstone upon which I would like to lay the foundation for the future of iSimangaliso Wetland Park. The history of the relationship between the Park and local communities has been an adversarial one that over many years can be traced back to the history of undemocratic South Africa. The dawn of the democratic dispensation opened doors and made it possible for people with divergent opinions to sit around the table to discuss and come to an agreed settlement.

Lessons learned from leaders such as the late Nelson Mandela have taught us that it is possible to resolve any situation that seems too complex through dialogue. This is the motto we want to live by as we continue on our journey of building iSimangaliso Wetland Park, South Africa's first World Heritage site.

The Authority remains steadfast in the transformation of the biodiversity economy of the area, balancing it with protecting the World Heritage Site values. Our marine and terrestrial natural beauty is what makes iSimangaliso stand out from any other destination. Divers define the Park as a diving mecca, while bird lovers view it as a birding heaven. Whether you are a deep-sea diving fanatic or passionate about birding and wildlife, it is all found in one basket in iSimangaliso Wetland Park.

The shrinking of the public purse has necessitated that we

relook at our business model and come up with an innovative one to make the Park self-sustainable.

Accounting revenue for the year increased in the current year from R163,3m in 2018/2019 to R192,9m in 2019/2020 due to increase in the project-related grants of R36,7m.

The expenditure also increased in the current year from R165,3m in 2018/2019 financial year to R203,2m due to increase in the project costs by R30m. The Authority had received a further funding of R32m, and Environmental Monitors were appointed which increased the project cost. The personnel cost increased by R6,3m due to the appointment of new staff in the current year.

The Authority's deficit in the current year has increased from R1,9m in 2018/2019 to R10,3m in the current year.

The Authority received grants amounting to R294,8m which

was an increase of R124,3m if compared with R170,5m received in 2018/2019 financial year.

During the financial year under review, the Authority developed and refined SCM policies that were taken through the Board approval processes. Seventy one percent of tenders issued during the financial year were awarded to BEE compliant suppliers.

The destruction of the swamp forest in Sodwana Bay by the local community is a threat that is being addressed with the involvement of local leadership. The Stakeholder Engagement Unit has been engaging with various sectors in an attempt to find a lasting solution as the continued destruction may affect the Park's standing as a World Heritage Site.

The Authority had an extensive engagement with stakeholders and interest groups about the question of opening the St Lucia

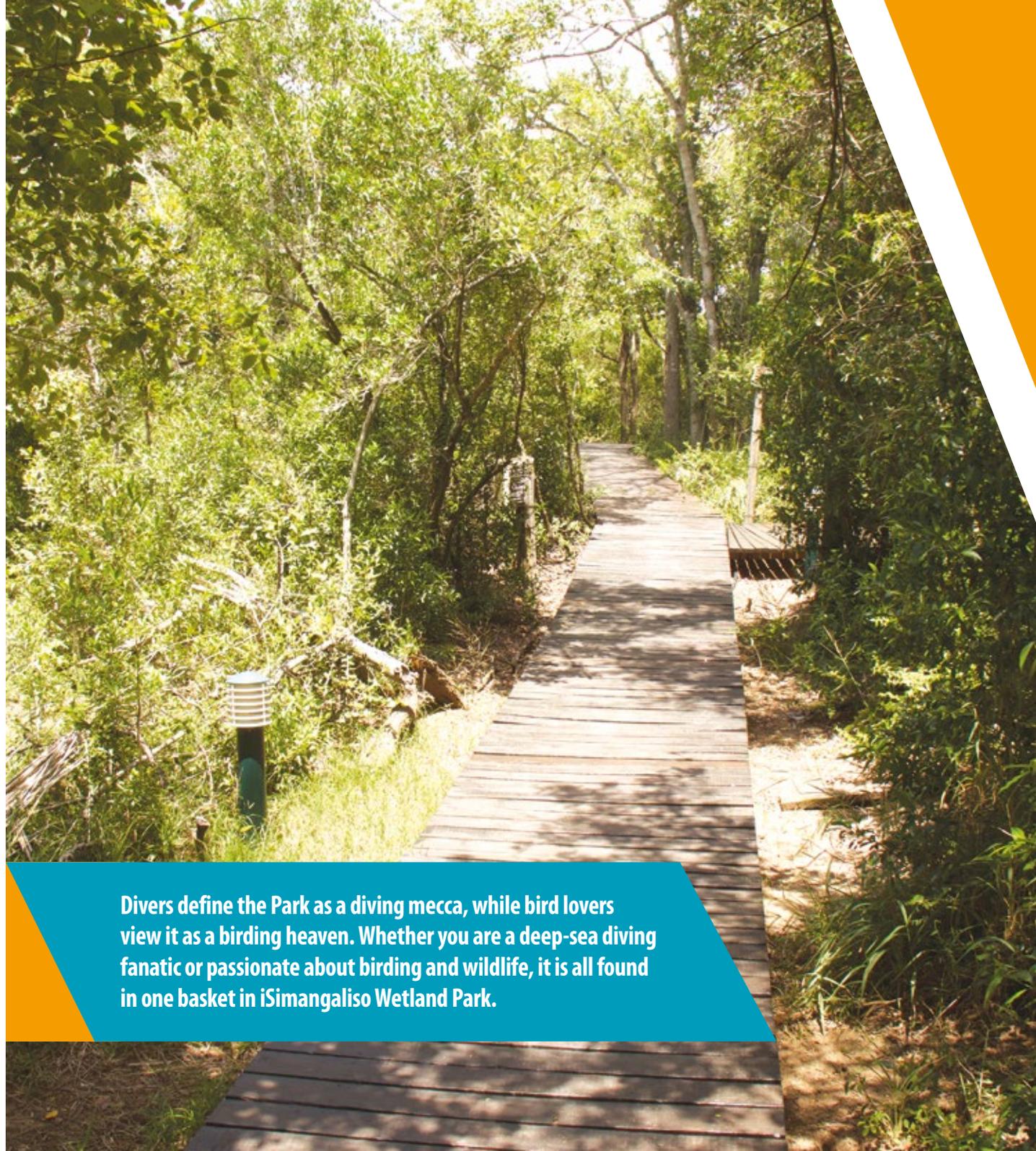
Lake mouth. Various groups hold divergent views, hence the need for extensive engagement on this matter. A forum comprising representatives from the Sokhulu community, subsistence and commercial framers engage on an ongoing basis to address the challenges.

The outbreak of the COVID-19 pandemic has badly affected the tourism industry and iSimangaliso was not spared from the impact. Gates to the Park had to be shut down to visitors as the result of nationwide lockdown. Major construction projects like roads and the head office building construction, etc., had to be temporarily suspended, resulting in project delays.

Continued support and partnership with the local leadership and structures such as People and Parks, local municipalities, *amakhosi*, land claimants, the business sector and NGOs are highly appreciated, and we will be working towards deepening our relations even more in the next financial year.



**Mr S.E. Bukhosini**  
Chief Executive Officer



**Divers define the Park as a diving mecca, while bird lovers view it as a birding heaven. Whether you are a deep-sea diving fanatic or passionate about birding and wildlife, it is all found in one basket in iSimangaliso Wetland Park.**



## **VISION**

**A renowned World Heritage Park where conservation, sustainable tourism and benefit-sharing prevails.**



## **MISSION**

**iSimangaliso's mission is to protect, preserve and present its World Heritage values for current and future generations while benefitting communities living in and adjacent to the Park by facilitating optimal tourism and related development.**



## **VALUES**

**iSimangaliso subscribes to the Batho Pele Principles.  
In addition, below are our core values:  
Integrity; Honesty; Transparency; Accountability;  
Performance and Professionalism**

## LEGISLATIVE MANDATES

The World Heritage Convention Act 1999 (WHCA) sets out the objectives of iSimangaliso. These objectives, which have been set out below, have been incorporated into iSimangaliso's mission, namely:

- To protect, conserve and present the Park
- To empower historically disadvantaged adjacent communities
- To promote and facilitate optimal tourism and related development in Park

The management of the iSimangaliso Wetland Park is further subject to the National Environmental Management Act, 1998 (Act 107 of 1998), the National Water Act, 1998 (Act 36 of 1998), the National Forests Act, 1998 (Act 84 of 1998), the National Heritage Resources Act, 1999 (Act 25 of 1999), the KwaZulu-Natal Heritage Act, 2008 (Act 4 of 2008), the National Environmental Management: Waste Act, 2008 (Act 59 of 2008) and the National Environmental Management: Integrated Coastal Management Act, 2008 (Act 24 of 2008). In addition, the iSimangaliso Wetland Park Authority takes note of, supports, and, where applicable, aligns its activities with national initiatives such as the National Biodiversity Strategic Action Plan, the National Biodiversity Framework and the National Protected Area Expansion Strategy.



# ABOUT THE ISIMANGALISO WETLAND PARK

The iSimangaliso Wetland Park World Heritage Site is in its twenty-first year of existence, having been inscribed by UNESCO in December 1999 for three outstanding universal values: unique ecological and biological processes, superlative natural phenomena and biological diversity. iSimangaliso is one of 47 marine World Heritage Sites and South Africa's only current marine World Heritage Site.

Two decades after inscription, much about the area is unrecognisable from its beginnings as 16 different parcels of land. Now consolidated as a contiguous Park spanning 970 366ha of marine and terrestrial protected area, iSimangaliso has rightfully taken its place as one of the country's

premier conservation areas, where extensive rewilding and rehabilitation of habitat continues to this day.

iSimangaliso provides critical habitats for a wide range of species. Among these are large numbers of nesting leatherback and loggerhead turtles in the southernmost nesting sites in Africa; the world's oldest fish, the coelacanth, in deep marine canyons off one of the world's top 10 diving sites, Sodwana Bay; a significant population of black and white rhino, elephant, leopard, buffalo, lion, cheetah, wild dog, hippo, crocodile, dolphins, whales and whale sharks; 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. iSimangaliso is, therefore, an essential repository of biodiversity in a rapidly changing world.

The expansion of the marine protected area substantially increased the area under conservation management by the iSimangaliso Wetland Park Authority, a public entity reporting directly to DEFF.

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.



## STRATEGIC OVERVIEW

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 the 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.

Among the considerations 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, Forestry and Fisheries (DEFF).
- 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.

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

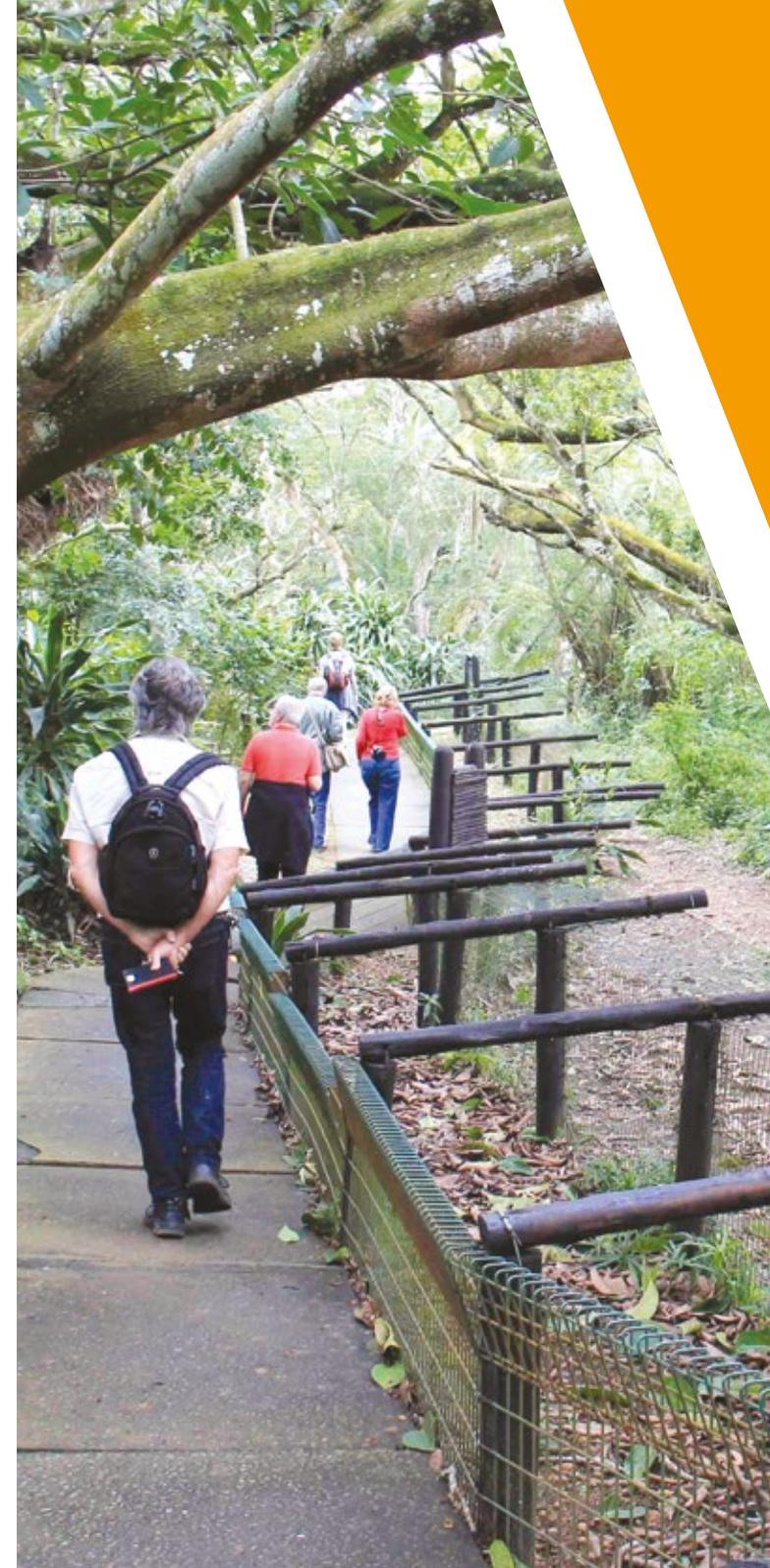
there is a resurgence in the tourism-investment market. There is also a growing idea to review these agreements in an attempt to have realistic and implementable co-management agreements.

- 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 (e.g. DEFF's) team. In addition, periodic reports are furnished to UNESCO, through DEFF, in line with the requirements of the World Heritage Convention Act. It also participates in the Lubombo Spatial Development Initiative and Lubombo Trans-frontier Conservation Area processes and structures.



# ORGANISATIONAL STRUCTURE



**Mr S. Bukhosini**  
**CHIEF EXECUTIVE OFFICER**



**Ms A. Kadir**  
**Chief Financial Officer**

**Vacant**  
**Executive Manager Corporate Support Services**



**Mr S. Sibiya**  
**Executive Manager Biodiversity Conservation**



**Mr J. Ngubane**  
**Executive Manager Tourism and Business Development**



**Mr C. Khumalo**  
**Executive Manager Transformation (Social and Economic Development)**



## Scuba Diving within a World Heritage Site

It is not just the warm waters of our ocean that make iSimangaliso the dive destination of choice and one among the top five in the world, but according to divers from various parts of the continent, the quality and colour of coral throughout iSimangaliso indicate the impact of protection that is levelled by conservation efforts in these protected areas.



PART B

# PERFORMANCE INFORMATION



## **PURPOSE**

The purpose of the Corporate Support Services Programme is to provide effective and efficient corporate support services (human resources, financial management, information technology, strategic management, research, and communications), which enable us to execute our mandate.

## **PROGRAMME DESCRIPTION**

The Corporate Support Services programme is implemented by two units, Finance and Support Services.

The Finance Unit is responsible for the financial management, ensuring that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information. The unit creates and maintains PFMA-compliant financial management systems, including Supply Chain Management; ensures good governance, risk management and control processes; and reduces audit findings, resulting in an unqualified audit report. It is also responsible for B-BBEE compliance monitoring and reporting. There are eight positions in the Finance Unit, including the Chief Finance Officer.

The Support Services Unit is responsible for the management of information technology, office management, human resources, strategic planning and reporting, communications and PR, as well as research coordination, policy and planning. These services provide support to the Organisation in a range of areas that are required by the Organisation to implement its mandate. There are 13 positions in this unit.

# **PROGRAMME 1: CORPORATE SUPPORT SERVICES**



## Strategic Objective: Sound Corporate Governance

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
External audit opinion	Unqualified external audit opinion	N/A	Unqualified external audit opinion	<b>KPI met</b>
Percentage expenditure of budget	95%	N/A	97%	<b>KPI exceeded</b> This was due to an additional infrastructure budget allocation from the Department, which was not part of the original allocation letters and budget
Average number of days: trade creditor payment	30 days	N/A	44.5 days	<b>KPI not met</b> This was due to inaccuracy of invoices submitted by suppliers
Average number of days: trade debtor collection	60 days	N/A	33.37 days	<b>KPI not met</b> Concessionaires defaulted on payments. Management is developing a debt recovery strategy to improve the situation and the debtors policy
Percentage compliance with key statutory requirement	100%	N/A	100%	<b>KPI met</b>
Implementation of the procurement plan	100%	N/A	100%	<b>KPI met</b>
BEE spend on majority black-owned suppliers as a percentage of qualifying expenditure	60%	N/A	71%	<b>KPI exceeded</b> This was due to a revised transformation strategy focusing on majority black-owned suppliers

## Strategic Objective: Adequate, Appropriately Skilled and Diverse Workforce

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Percentage employee turnover	10%	N/A	10%	<b>KPI met</b>
Percentage vacancy rate	10%	N/A	10%	<b>KPI met</b>
Workplace Skills Plan developed, approved, and submitted to SETA by 31 March 2020	Plan developed and submitted to relevant SETA	N/A	Submit workplace skills plan for approval to the Board	<b>KPI not met</b> Workplace Skills Plan developed and will be submitted in the 2020/21 financial year
Percentage implementation of the Workplace Skills Plan	25%	N/A	0%	<b>KPI not met</b> Percentage implementation of the Workplace Skills plan could not take place due to the COVID-19 pandemic

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Employee Performance Management System developed and implemented (signing of performance contracts and submission of performance assessment reports on time)	100% of performance contracts and performance assessment re-ports submitted on time	N/A	100% of performance contracts and performance assessment reports submitted on time	<b>KPI met</b>
Development and approval of employment equity plan	Development and approval of plan	N/A	Employment equity plan developed and approved	<b>KPI met</b>
Percentage of Employment Equity Plan implemented (as per action plan)	Annual target achieved	N/A	Target not achieved	<b>KPI not met</b> The implementation of employment equity targets will take place in the 2020/21 financial year

### Strategic Objective: Conducive Working Environment

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of Employee Satisfaction Survey conducted, and recommendations/findings implemented	1 Employee Satisfaction Survey conducted, and report prepared	N/A	1 Employee Satisfaction Survey conducted, and report produced with recommendations, but recommendations were not implemented	<b>KPI not met</b> Employee Satisfaction Survey recommendations will be implemented in the 2020/2021 financial year
Number of occupational health and safety assessment/ inspection conducted, and recommendation implemented	Annual assessments conducted and recommendation implemented	N/A	1 occupational health and safety assessment/ inspection conducted, and recommendations implemented	<b>KPI met</b>

### Strategic Objective: Effective and Efficient Information Communication and Technology (ICT) Systems

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Review and revise ICT governance framework	ICT governance framework approved	N/A	ICT governance framework approved	<b>KPI met</b>
Number of key ICT systems supporting the Authority's business	1	N/A	0	<b>KPI not met</b> Procurement of ICT service provider will take place in the 2020/2021 financial year



### Strategic Objective: Effective Knowledge and Information Management Systems

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Percentage of new independent research proposals approved that relate to management	50%	N/A	78%	<b>KPI exceeded</b> Excess research application proposals that relate to management were received
Park Monitoring Programme implemented	Reports completed for each quarter	N/A	Reports completed for each quarter	<b>KPI met</b>
System for sharing knowledge and research implemented	Quarterly reports distributed to managers	N/A	Report produced and distributed	<b>KPI met</b>

### Strategic Objective: Sound Plans, Policies and Strategies for Protected Area Management

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of plans approved	2	N/A	2	<b>KPI met</b>

### Strategic Objective: Effective Partnerships and Stakeholder Relations

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Five-year communication strategy developed	5-year communication strategy developed		5-year communication strategy developed	<b>KPI met</b>
Annual communication plan implemented	Annual communication plan implemented	N/A	Annual communication plan implemented	<b>KPI met</b>
Number of stakeholder engagement conducted	120	N/A	125	<b>KPI exceeded</b> This was due to interview handling workshops that were conducted for our neighbouring communities



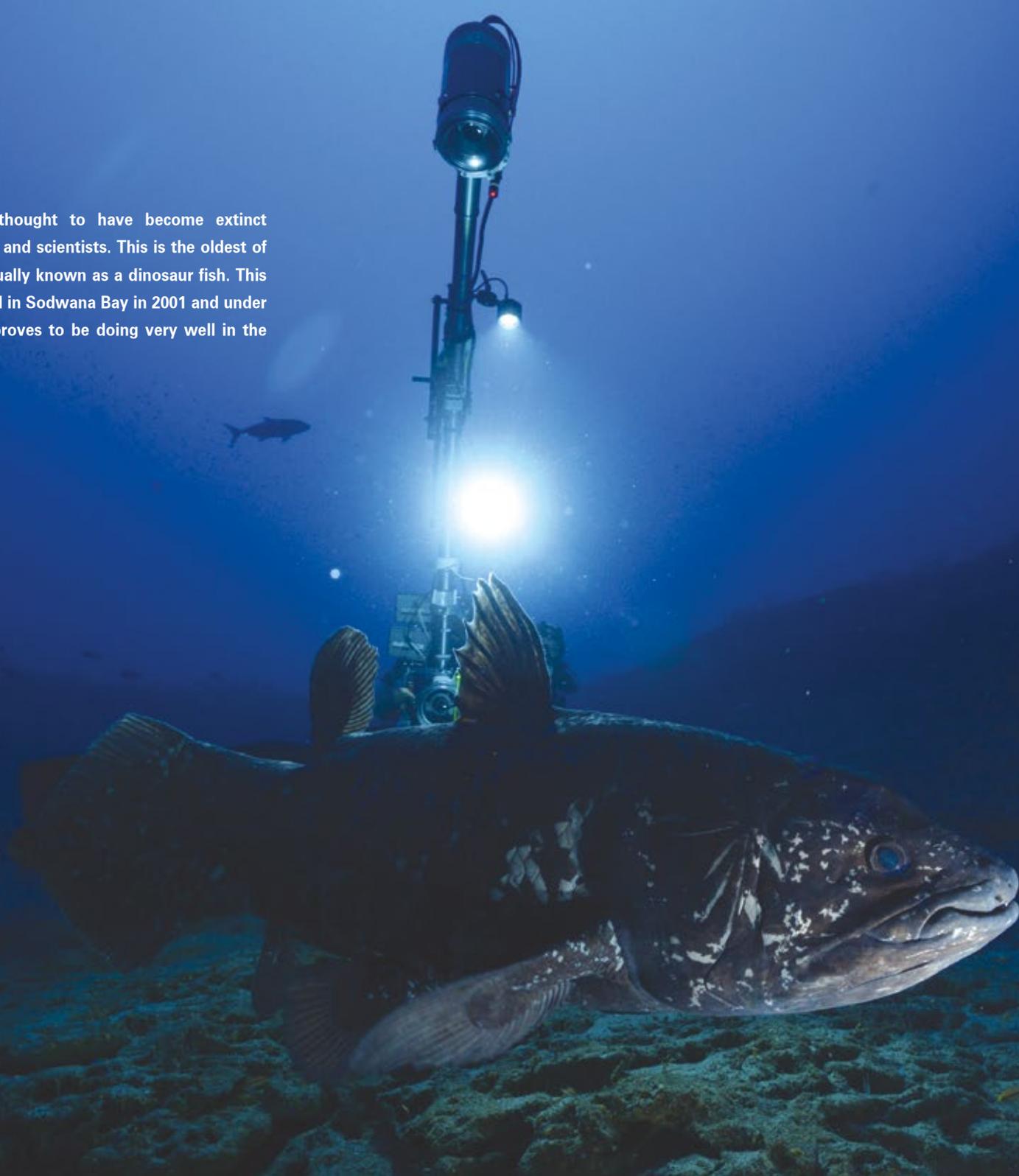
## DISCOVERY OF NEW SPECIES

### Sodwana Pygmy Seahorse (*Hippocampus nalu*)

The rich natural biodiversity and beauty of iSimangaliso is unmatched. New and endemic species are still being discovered in the various eco-systems of the Park. The International Union for Conservation of Nature (IUCN) recently named the new Sodwana Pygmy Seahorse (*Hippocampus nalu*), discovered by a young local diver, Savannah Nalu Olivier, in 2018. It is now officially known as the Sodwana Pygmy Seahorse (*Hippocampus nalu*) – the first ever pygmy known from the Indian Ocean.

## Coelacanth fish

Coelacanth was once thought to have become extinct according to researchers and scientists. This is the oldest of all fish in the world, casually known as a dinosaur fish. This species was rediscovered in Sodwana Bay in 2001 and under continuous monitoring proves to be doing very well in the waters of iSimangaliso.



## Purpose

The purpose of the Biodiversity Conservation Programme is to manage the development and implementation of biodiversity and conservation strategies, which enable the Park to maintain World Heritage values in a manner that facilitates sustainable development.

## Programme Description

This programme is managed by the Biodiversity Conservation Unit of the iSimangaliso Authority. 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.

As part of its biodiversity conservation function, iSimangaliso implements a Land And Coast Care Programme (including alien plant control), fire management and controlled burns on the Western Shores of the Park, cleaning and maintaining day-visitor facilities and access roads, commenting on buffer zone applications, conservation compliance actions, and employment of environmental monitors access control. The effectiveness of compliance interventions is dependent on high levels of service delivery from Ezemvelo KZN Wildlife as well as strong working relationships with the South African Police Service (SAPS), provincial and local government, and the judiciary. In addition, iSimangaliso issues watching briefs to support prosecutors with criminal cases and takes civil action, where necessary.

Currently, day-to-day conservation management is outsourced to Ezemvelo KZN Wildlife. Ezemvelo receives its funding for this function directly from the provincial government but is facing resource constraints. This plan positions iSimangaliso to take over the day-to-day conservation function and tourism management from Ezemvelo KZN Wildlife.

The unit comprises 22 positions, including an Executive Director. One-hundred-and-thirty-three environmental monitors are deployed in the Park and managed by this unit.

## PROGRAMME 2: BIODIVERSITY CONSERVATION



## Strategic Objective: Effective Conservation of World Heritage Values

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Conservation operational plan (COP) reviewed and approved	Annual COP reviewed and approved	N/A	Annual COP reviewed and approved	<b>KPI met</b>
Number of conservation operational plan interventions implemented	6	N/A	6	<b>KPI met</b>
Number of environmental audits conducted	12	N/A	12	<b>KPI met</b>
Number of environmental monitors deployed in the Park	120	N/A	133	<b>KPI exceeded</b> Additional funding was received from DEFF
Number of hectares of invasive alien plants treated	50 000ha	N/A	58390.39ha	<b>KPI exceeded</b> <ul style="list-style-type: none"> <li>• Additional R4m budget was received in fourth quarter of 2018/19 financial year and reflected on iSimangaliso account on 1 April 2019</li> <li>• Adding the normal annual budget for the Working for Water Programme, which iSimangaliso received in the 3rd quarter led to the KPI being exceeded by 8390.39ha</li> </ul>
Number of hectares burnt in controlled burning programme	1 250ha	N/A	1 250ha	<b>KPI met</b>
Number of kilometres of coastline cleaned	320	N/A	320	<b>KPI met</b>
Number of cubic metres of earthworks in wetland rehabilitation project	3 000m <sup>3</sup>	N/A	1 444m <sup>3</sup>	<b>KPI not met</b> Funding received late and could not complete the planned target
Percentage applications for developments in the buffer zone commented on and feedback provided within prescribed timeframe	100%	N/A	100%	<b>KPI met</b>
Percentage of identified unauthorised developments/ activities actioned legally	100%	N/A	100%	<b>KPI met</b>



Trail walks in the Tiwate Wilderness





## PROGRAMME 3: TOURISM AND BUSINESS DEVELOPMENT

### Purpose

The purpose of the programme is to undertake research and develop and implement tourism development initiatives aimed at positioning the Park as a destination of choice.

### Programme Description

This programme is managed by iSimangaliso's Tourism and Business Development Unit. The programme strategy includes the improvement of existing public access facilities, awarding tourism accommodation concessions to private parties with community equity, and the development and maintenance of day visitor facilities. 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 destination of choice. Due to resource constraints, certain tourism facilities managed by Ezemvelo KZN Wildlife are in a poor state. Those tourism and business functions currently undertaken by Ezemvelo will be handed over to iSimangaliso, and refurbishment of these facilities will take place. Not only will this lead to an increase in revenue but will also result in increased opportunities for participation of local communities in the programmes. Value chain linkages will be made to create further inclusive opportunities for local community-based businesses. There are currently 54 activity licences in the Park, which will be reviewed to ensure empowerment of historically disadvantaged businesses.

## Strategic Objective: Enhanced Promotion and Marketing of the Park

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Five-year marketing plan developed	Marketing plan developed and approved	N/A	Five-year marketing plan developed	<b>KPI met</b>
Number of annual marketing events implemented	3	N/A	3	<b>KPI met</b>
Annual visitor market research completed	1	N/A	0	<b>KPI not met</b> Annual visitor market research disrupted by the COVID-19 pandemic as the target audience was international visitors
Visitor Satisfaction Survey	1	N/A	1	<b>KPI met</b>
Editorials published/broadcasted	6	N/A	8	<b>KPI exceeded</b> Additional interviews broadcasted and 1 extra editorial published by iSimangaliso's strategic partners
Media junkets hosted	4	N/A	4	<b>KPI met</b>
Site visit for tourism trade	3	N/A	3	<b>KPI met</b>
Travel, tourism and lifestyle shows	3	N/A	4	<b>KPI exceeded</b> iSimangaliso was invited to attend one additional show
Newsflashes and press releases	20	N/A	20	<b>KPI met</b>
Social media posts done across three platforms (Facebook, Twitter, Instagram)	500	N/A	531	<b>KPI exceeded</b> iSimangaliso used social media platforms to keep the stakeholders updated on business operations before the COVID-19 lockdown



### Strategic Objective: Improved Financial Sustainability of the Park

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of paid visitor entries	265 000	N/A	278 238	<b>KPI exceeded</b> iSimangaliso embarked on an aggressive digital marketing of the Park and implemented strict entry rules to the beach to reduce illegal entries
Monetary value of non-paying visitors (through fee-paying gates)	R6.4m (115 000 visitors)	N/A	R7.8 million (142 431 visitors)	
Revenue to the Park from commercial sources (rand million)	R25m	R20.7 m	R21 496 823	
Annual commercial development plan developed	Plan developed and approved	N/A	Plan developed and approved	<b>KPI met</b>
Percentage implementation of commercial development plan	60%	N/A	63%	<b>KPI exceeded</b> iSimangaliso received additional funding for infrastructure

### Strategic Objective: Appropriate Tourism and Conservation Infrastructure

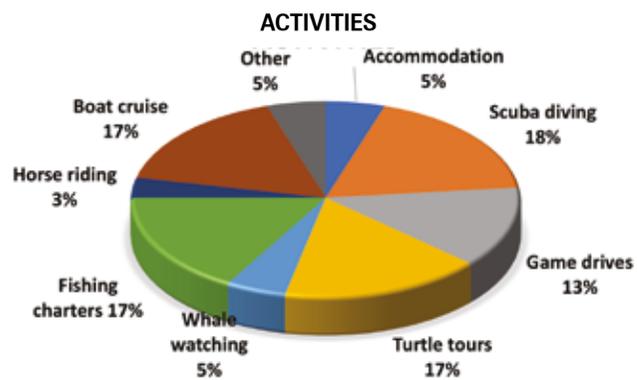
PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Annual infrastructure development and maintenance plan developed	Annual plan approved	N/A	Plan developed and approved	<b>KPI met</b>
Implementation of annual conservation and tourism infrastructure plan (% completion of plan)	80%	N/A	80%	KPI met
Park infrastructure maintained according to schedule	Annual schedule completed	N/A	Schedule completed as per milestones	KPI met

## Guests to iSimangaliso Wetland Park

For the period under review, total guests to iSimangaliso Wetland Park slightly decreased by 0,3% from 278 759 to 278 239 persons.

## Concessions in iSimangaliso Wetland Park

TYPE OF CONCESSION	NUMBER
Accommodation	3
Scuba diving	11
Game drives	8
Turtle tours – drive	6
Turtle tours – walks	4
Whale watching	3
Fishing charters	10
Horse riding	2
Boat cruises	10
Other – leases (coral divers; Vodacom; Ski Boat Club)	3
<b>Total</b>	<b>60</b>



## Infrastructure Development

For the period under review, the Park invested more than R220 million in infrastructure development, which will improve visitors' experiences through the provision of superior quality infrastructure. This development includes, among others, the refurbishment of iSimangaliso Headquarters, fencing and upgrading of the road network within the Park, making inaccessible areas accessible to visitors.



The uMkhuze fencing project



The CEO addressing stakeholders



## PURPOSE

The purpose of the programme is to facilitate the development and implementation of socio-economic programmes for the benefit of local communities.

## PROGRAMME DESCRIPTION

The transformation programme is integrated into the work of the Tourism & Business Development, Biodiversity Conservation, and Socio-economic and Environment Development Directorate, which is directly responsible for the roll out of training and development programmes, while other directorates are directly responsible for job creation and equity participation in tourism development. 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 claimant 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 Directorate manages the issuing of licences and concessions, which all specify minimum ownership targets for local communities. This programme is aligned to the Department of Environmental Affairs' Biodiversity Economy and People and Park's programmes, where biodiversity conservation and natural assets are equitably and sustainably used to contribute to socio-economic development of communities.

# PROGRAMME 4: TRANSFORMATION (SOCIO-ECONOMIC AND ENVIRONMENT DEVELOPMENT)



## Strategic Objective: Optimise Socio-economic Benefits to Local Communities

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of full-time equivalent jobs	550	N/A	367	<b>KPI not met</b> This target is linked to Working for Water Project funding, which arrived in February 2020 from DEFF
Number of accredited training days (NMR)	4 789	N/A	4 856	<b>KPI exceeded</b> More accredited trainings were conducted
Number of non-accredited training days (NMR)	577	N/A	1 019	<b>KPI exceeded</b> More non-accredited training conducted
Number of people participating in skills development programmes (IP Infrastructure, tourism, life guides and environmental monitors)	215	N/A	547	<b>KPI exceeded</b> Additional people participated in the skills development programmes
Number of people participating in local economic development programmes (arts and craft)	150	N/A	156	<b>KPI exceeded</b> Additional people participated in the local economic development programmes (arts and craft)
Number of people participating in rural enterprise programme (business services, training, mentoring, guiding and grants)	100	N/A	101	<b>KPI exceeded</b> SMMEs were trained in business, financial management and bookkeeping, and mentorship visits were conducted

## Strategic Objective: Improved Environmental Education and Awareness

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of learners visiting the Park	5 000	N/A	5 111	<b>KPI exceeded</b> 5 111 learners visited the Park
Number of schools visited by iSimangaliso and partners for environmental awareness	30	N/A	33	<b>KPI exceeded</b> 33 schools were visited Attending to request from schools
Number of youth (rhino) ambassadors participating in environmental awareness activities	30	N/A	34	<b>KPI exceeded</b> 34 rhino ambassadors participated Additional ambassadors requested permission to attend the workshop. There were no budget implications as enabling conditions are a human resource
Number of leadership structures participating in conservation awareness and capacity building	2	N/A	2	<b>KPI met</b>
Number of events celebrating key environmental calendar days (e.g. heritage, Wetland)	1	N/A	1	<b>KPI met</b>

## LOOKING AHEAD

The Authority, in partnership with DEFF, continues to focus on improving infrastructure and facilities in the Park. Training and development are also a key priority. Projects include:

- R78m to improve infrastructure Park-wide, which will allow both community access for neighbours as well as visitors, enabling better tourism and revenue opportunities
- R20m for the refurbishment of resorts in the Park
- R7m for field ranger camp upgrading
- R5.m for improving signage in the Park
- R11m for people and Parks
- R4m for staff housing upgrading

## Scuba Diving Training for Diverse Groups

Nature, Environment and Wildlife Filmmakers (NEWF) has conducted Beginners and an Advanced Underwater Filmmaking Labs to fast track the specialised skills required for underwater filmmaking. This was done with a vision to develop the next generation of nature and wildlife filmmakers while bringing much-needed diversity and transformation to the nature and wildlife film industry. The Lab took place in Sodwana Bay with iSimangaliso's licenced dive operators.

The concept of the Advanced Underwater Filmmaking Lab was: A team of storytellers brought together by their need to protect the environment are tasked with producing a short film while learning how to dive.





**PART C**  
**GOVERNANCE**



## 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 applied and complied with Treasury regulations and the principles of corporate governance in the public sector as well as the applicable management guidelines set down by UNESCO.

The organisational arrangements and systems that have been put in place to ensure good corporate governance embrace the inclusion of non-executive members 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 iSimangaliso Board

The iSimangaliso Board became the Accounting Authority from 1 April 2018 and the delegations were approved. The Board has approved a charter that provides guidance to its members in discharging their duties and responsibilities. The Minister appointed a new Board, which commenced with its function as from March 2020, The Board comprises seven members.

Remuneration of the members is prescribed by National Treasury. The CEO's salary is determined in accordance with the grading and remuneration system approved by the then

Minister of Environmental Affairs and Tourism in concurrence with the Minister of Finance.

## Social and Ethics Committee of the iSimangaliso Board

**Cross-cutting issues that the Social and Ethics Committee (SEC) has worked on and still in the process of implementing:**

- Development of guidelines to establish an all-inclusive iSimangaliso People and Parks Structure to ensure that all interested and relevant stakeholders are encapsulated and appropriately represented in the structure
- Streamlining implementation of the local People and Parks Programme in line with the national priorities and conference resolution
- Clarification of buffer zones and applicable legislation, together with DEFF
- Park access for land claimant communities and neighbouring communities
- Park infrastructure development, including construction of roads in the northern section of the Park
- Human wildlife conflict
- Tourism development and opportunities
- Unauthorised activities, including swamp forest destruction by local communities
- Sand mining
- Natural resource harvesting and other sporadic unauthorised farming activities
- Development of stakeholders' engagement and management strategy
- The review of land claim settlement and co-management agreements

- Review of existing implementation of SMMEs development in the Tertiary Education Bursary Scheme to ensure adequate representation on student selection across the entire Park
- Ensuring fair distribution of business opportunities from the Park to communities (e.g. unbundled projects and contracting and sub-contracting opportunities)
- Capacity building to communities and staff
- Revision of organisational policies
- Conclusion of the communication strategy of the Organisation

### Matters Needing Further Attention

Most of the items that were sent to the Social Ethics Committee (SEC) received the attention they deserved. However, while these issues were partly dealt with in the past within iSimangaliso's workspace, they still require serious attention to bring them to finality. These include the following:

#### (i) Sokhulu agricultural field water inundation and the request/demand to open the mouth

The issue of opening the mouth remains a matter that will require further interaction with the communities to reach an amicable resolution. Several engagements were undertaken with the intention to ease the tension that existed between the Park and the affected communities.

#### (ii) Development of the iSimangaliso Beneficiation Scheme for all local community benefits

In the current situation, the Park's survival hinges on the value it presents to its local communities and interested stakeholders. While the Park has attempted to deal with issues of the co-management agreement pay-outs, the question of expanding benefits to the rest of the communities



remains a critical matter to be dealt with. It will, therefore, be critical to ensure that a comprehensive scheme is developed in consultation with relevant stakeholders.

The SEC believes that despite some dynamism in relation to community behaviours that changes every time, there are significant strides made in terms of dealing with issues related to social and ethic adherence within iSimangaliso and particularly community issues that have faced iSimangaliso during past years. However, it is worth noting that many challenges facing iSimangaliso are so deep that they cannot be overcome within a short space of time. Most of the areas are relatively calm while some areas need further strategic approaches to control the situation, particularly where tension is high. Other areas are within reach to be stabilised under the guidance of the current leadership, who have demonstrated enormous passion for serving communities and harmonising the relationship between iSimangaliso and its neighbours.

## Audit Risk Committee

The Audit Risk Committee is responsible for overseeing audit and risk functions, internal controls, and the financial reporting process. The committee consists of several independent non-executive members who possess the necessary expertise and qualifications. Other members include the Deputy Chairperson of the Board as well as one other Board member.

## 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 that is updated annually and is 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 also receive assurance from the internal auditors and Audit Risk Committee on risk and internal control.

The Accounting Authority, the Board and the Audit 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, among others.

## Environmental Management

The Authority abides, primarily, by the National Environmental Management Act: Protected Areas Act, and the World Heritage Convention Act as key legislation. 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 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.

## Social Management

The Authority has adopted Government's broad-based black economic empowerment (B-BBEE) policies and has implemented a system based on the Department of Trade and Industry's Codes of Good Practice and, where appropriate, on the Tourism Charter. Prospective 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 30% of the contract value being sub-contracted to local black SMMEs.

## Social and 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 it as a source of economic benefit, both directly in the form of employment, and indirectly through the use of its natural resources for income generation.

To manage this 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 monitoring the hydrology of Lake St Lucia.

## Communications

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

The Authority publishes regular Newsflashes in the form of electronic information sheets, which keep stakeholders apprised of developments. It also maintains a website. Quarterly progress reports on performance and the annual report are uploaded onto 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 several 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 prescriptions.

## 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 that ICT investment is aligned with the business strategy. Future core business applications identified include financial management, document management, content management and a management information system (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 five operating units:

- Socio-economic and Environment Development
- Biodiversity Conservation
- Tourism and Business Development
- Support Services and Finance

The Socio-economic and Environment Development Unit is responsible for developing and implementing sustainable development strategies, local economic development and implementing training programmes for communities. Furthermore, it is responsible for stakeholder engagement and management.

The Biodiversity Conservation Unit establishes conservation policy and oversees estate management and the implementation of conservation aspects of a management agreement with Ezemvelo KZN Wildlife.



Staff with family at the St Lucia Marathon

The Tourism and Business Development Unit handles tourism and related development, while Support Services coordinates policy planning and research, communications, human resources, and IT functions, among others. The staffing of new positions in the revised units is ongoing.

The Finance Unit is responsible for supply chain management and financial management. All units are required to develop and implement BEE strategies pertaining to their functional areas. A joint management committee, representing the Authority and Ezemvelo KZN Wildlife, addresses Park management matters.

## 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 29 to the Annual Financial Statements.



## Marketing and Brand Management

As part of marketing and branding, iSimangaliso identified three key travel lifestyle shows to attend and exhibit displays to promote and interact with travel agents and operators: The World Travel Market, Tourism Indaba and Gauteng Getaway Show.



Minister Mchunu visiting iSimangaliso's stand during Business Summit

Left: The iSimangaliso Exhibition at the World Trade Market  
Left and below: The iSimangaliso stand at the Getaway Exhibition Show



PART D

# HUMAN RESOURCES MANAGEMENT



## HUMAN RESOURCE MANAGEMENT

iSimangaliso employees are the most valuable and unique assets of the Entity. iSimangaliso recognises that the successful investment in its human resources results in exciting, dynamic, and multi-skilled employees. Even though specific human resource functions/activities are assigned to the Human Resources Department, the actual management of employees is the responsibility of all the managers within the Entity. During the financial year 2019/2020, the Entity made serious efforts to ensure that necessary mechanisms were employed to create quality of work life for every employee. The Entity has ensured that it complies with labour laws that regulate and provide for the efficient and effective management of all employees.

## EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The Entity was able to develop and implement the performance management system. This was done through the development and approval of the Employee Performance Management Policy, which provided clear guidelines on how the Entity manages employee performance. iSimangaliso was also able to have its employees sign performance agreements in line with strategic objectives and the Annual Performance Plan for the financial year 2019/2020. This became critical as each employee can see the value that he/she adds to the achievement of the Entity's goals. This allows the manager/supervisor to acknowledge, in a positive manner, contributions and accomplishments the employee makes. In relation to the performance gaps, there will be a mutual understanding on what needs to be done to close them.

## EMPLOYEE TRAINING AND DEVELOPMENT

iSimangaliso endeavours to embark on a skills development revolution. This became clear when the Entity successfully conducted the skills audit during the financial year 2019/2020. This was done to identify the skills and knowledge that the Organisation requires, as well as the skills and knowledge it currently has. The Workplace Skills Plan was developed and the training needs identified during the skills Audit, which formed part of the plan. A budget allocation was made for the training and development needs identified.

## EMPLOYMENT EQUITY PLAN

In line with section 20 of the Employment Equity Act, the Entity developed the Employment Equity Plan for a duration of five years commencing from 1 April 2020 to 31 March 2025. The main objective identified in the plan is to promote equal opportunities and fair treatment to all employees within iSimangaliso by eliminating unfair discrimination. The numerical targets and goals were set and are to be achieved during the period of the plan. The Employment Equity Committee was established to monitor the implementation of the plan to ensure that set targets are achieved and will also monitor the training and development issues to ensure compliance with the Skills Development Act 97 of 1998. The committee will work with HR to ensure the implementation of the Workplace Skills Plan.

## EMPLOYEE SATISFACTION SURVEY

During the financial year 2019/2020, the Entity conducted an Employee Satisfaction Survey as it had become critical

to assess the perceptions and views of the employees. The survey served as a powerful tool to understand the level of satisfaction of employees and the probable measures to use in accelerating their contentment with the Organisation. On analysing the results of the survey, the Entity was able to prioritise the employee skills development, well-being and occupational health and safety in the workplace as main drivers to ensure productivity and quality of work life for all employees within the Entity.

## OCCUPATIONAL HEALTH AND SAFETY

Health and safety in the Entity is a priority and it is critical for the employees that they enjoy working in a healthy and safe environment. The Entity conducted health and safety inspections, which helped in the identification of existing hazards so that appropriate corrective action could be taken. To continue with these formal inspections and in compliance with the Occupational Health and Safety Act within the Entity, the health and safety committee, health and safety representative, first aider and fire marshal were nominated. The training of all the nominees and all employees is a priority. The Occupational Health and Safety Plan and Policy was developed in line with the Occupational Health and Safety Act No. 85 of 1993.

## WORKFORCE PROFILE

The following table represents the workforce profile for all employees within iSimangaliso, including people with disabilities during the financial year end 2019/2020. There were 41 permanent employees and 133 fixed-term contract employees who are environmental monitors funded by DEFF. The total number of employees by the end of the 2019/2020 financial year was 174 employees.

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	4	0	0	0	1	0	1	0	0	0	6
Professionally qualified and experienced specialists and mid-management	5	0	0	2	4	0	0	0	1	0	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	10	0	0	0	9	0	0	0	0	0	19
Semi-skilled and discretionary decision-making	1	0	0	0	2	0	0	0	0	0	3
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PERMANENT</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>16</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>41</b>
Temporary employees	76	0	0	0	57	0	0	0	0	0	133
<b>GRAND TOTAL</b>	<b>97</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>73</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>174</b>



Prof. A.T. Nzama  
Board Chairperson





PART E  
**FINANCIAL INFORMATION**



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON ISIMANGALISO WETLAND PARK AUTHORITY

## 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 51 to 107, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts 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 iSimangaliso Wetland Park Authority as at 31 March 2020, 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

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the international code of ethics for professional accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 35 to the financial statements, which indicates that the entity incurred a loss of R10,31 million during the year ended 31 March 2020 and, as of that date the entity's current liabilities exceeded its current assets by R9,03 million. As stated in note 35, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

### Emphasis of matters

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

### Uncertainty relating to future outcome of exceptional litigation

9. With reference to note 28, the entity is a 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.

### Irregular expenditure

10. As disclosed in note 37 to the financial statements the entity incurred irregular expenditure of R4,79 million, as the tax matters of suppliers were not confirmed to be in order.

### Responsibilities of accounting authority for the financial statements

11. 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 the financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless



the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

13. 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.
14. 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

15. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to

identify material findings but not to gather evidence to express assurance.

16. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the entity enabled service delivery. My procedures also do 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.
17. 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 programme 2: biodiversity conservation as presented in pages 27-28 of the annual performance report of the entity for the year ended 31 March 2020.
18. 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.

19. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

### Programme 2 – biodiversity conservation

#### Various indicators

20. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 2 of the 10 indicators relating to this programme. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements as reported in the annual performance report for the indicators listed below:

PERFORMANCE INDICATOR	PLANNED TARGET	REPORTED ACHIEVEMENT
Number of hectares burnt in controlled burning programme	1 250ha	1 250ha
Number of cubic meters of earthworks in wetland rehabilitation project	3 000 m <sup>3</sup>	1 444 m <sup>3</sup>

#### Other matters

21. I draw attention to the matters below.

#### Achievement of planned targets

22. The annual performance report on pages 21-36 includes information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 20 of this report.

### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of biodiversity conservation. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

### Annual financial statements

26. 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 or (b) of the PFMA. Material misstatements of property, plant and equipment, receivables from exchange transactions, unspent conditional grants and receipts, revenue and capital commitments identified by the auditors in the submitted financial statements were corrected and the supporting records were provided

subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

27. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).

### Other information

28. 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 the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
29. 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.
30. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

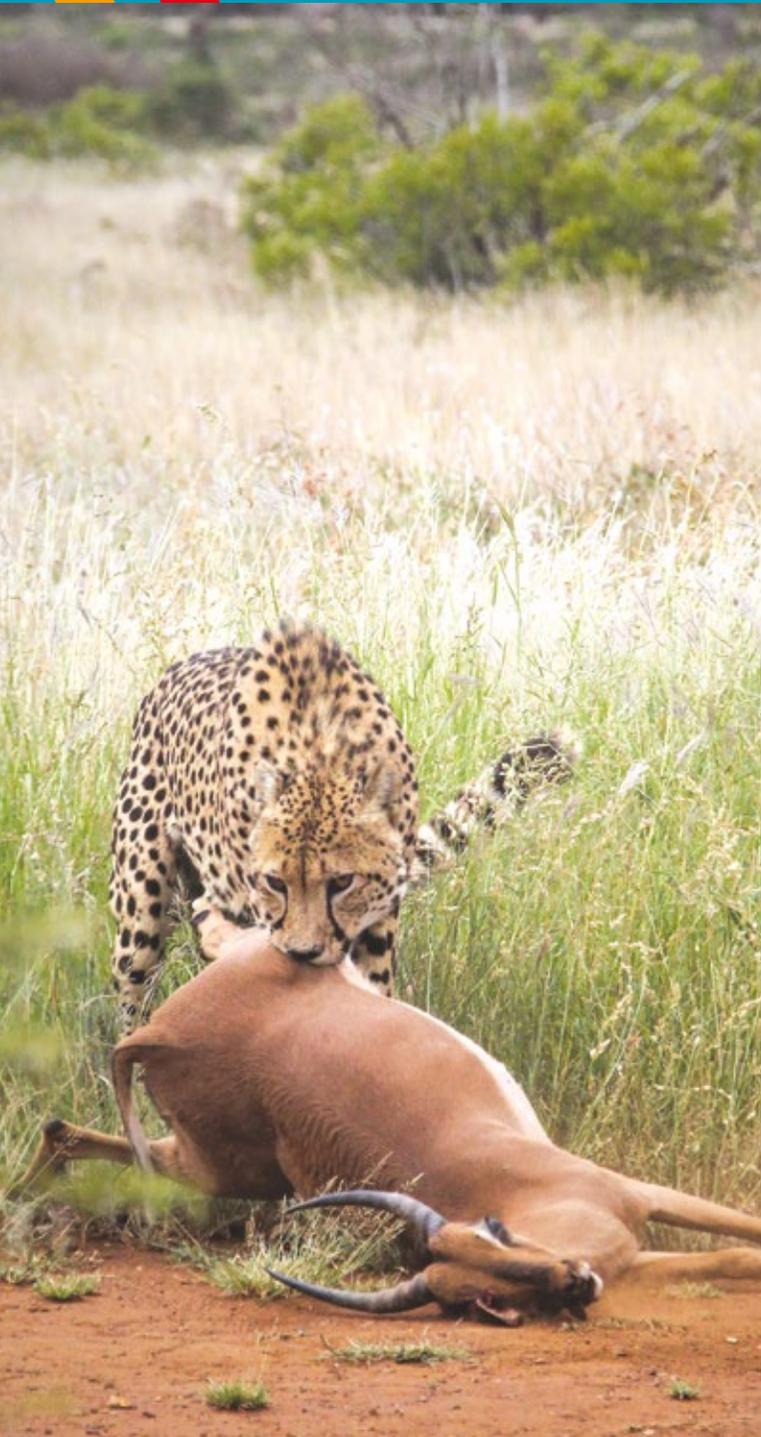
### Internal control deficiencies

32. 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. The matters reported below are limited to the significant internal control deficiencies that resulted to the findings on the annual performance report and the findings on compliance with legislation included in this report.
33. Systems and controls were not designed in a manner that would prevent, detect and address risks that had an impact on financial, performance reporting and compliance monitoring. In this regard, compliance was not reviewed and monitored and the annual performance report was not adequately reviewed to ensure compliance with applicable laws and regulations and that reported achievements are supported by appropriate evidence.

*Auditor-General*

Pietermaritzburg  
30 September 2020





## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - Conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also

conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of iSimangaliso Wetland Park Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease operating as a going concern

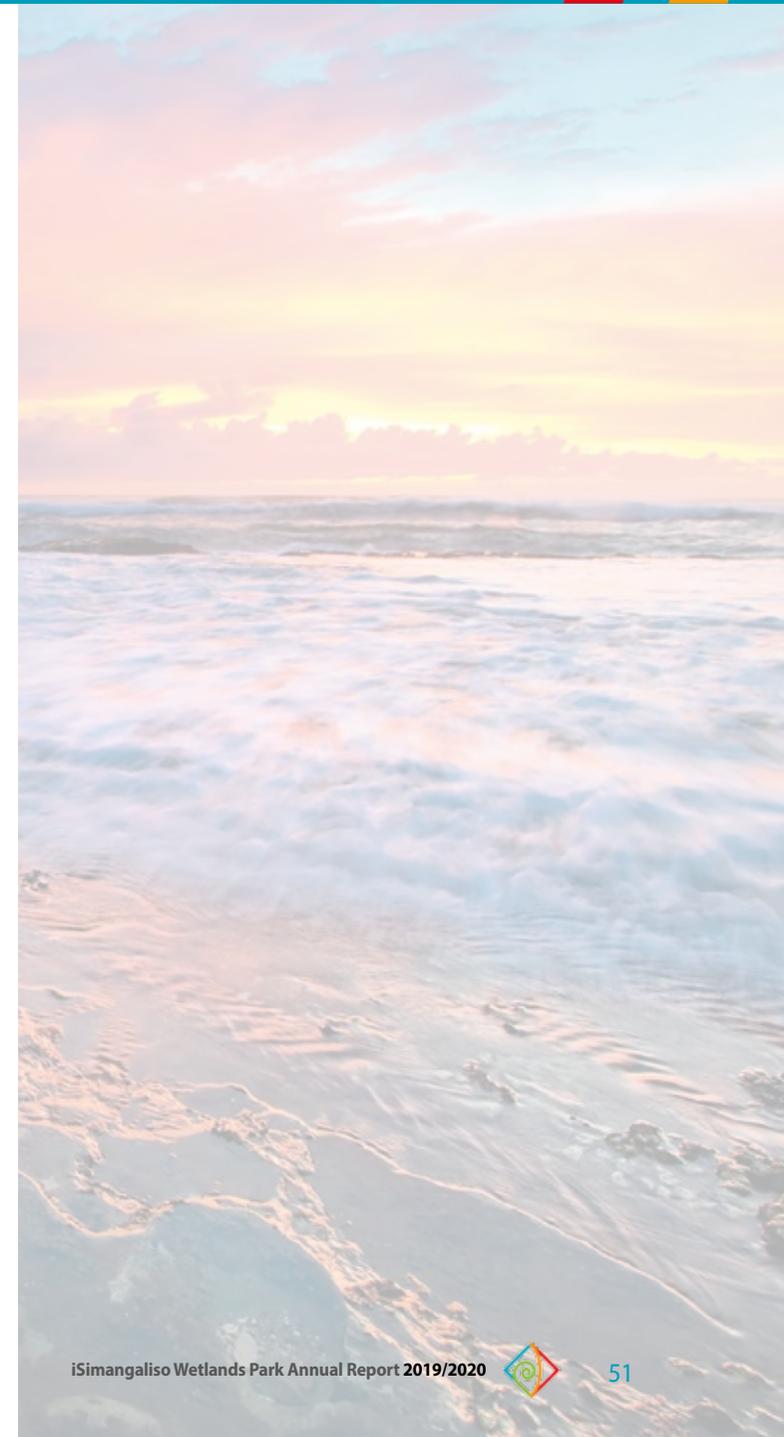
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

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

## General Information

<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form of entity</b>	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.
<b>Nature of business and principal activities</b>	The iSimangaliso Authority's business is to conserve the iSimangaliso Wetland Park and to create jobs and benefits for communities living in and adjacent to the Park through optimal tourism-based development. iSimangaliso is therefore in the business of conservation, local economic development and tourism.
<b>Directors</b>	<p><b>Non-Executive</b></p> <p>Prof A T Nzama (Chairperson effective 1 March 2020)            Mr Ml Tembe (Vice Chair effective 1 March 2020)            Mr P N B Zwane (Chairperson - term expired 29 Feb 2020)            Mr U Soni (Appointed 1 March 2020)            Mr N Cawe (Appointed 1 March 2020)            Mr L Langalibalele (Appointed 1 March 2020)            Mr GG Nair (Appointed 1 March 2020)            Mrs L Noge-Tungamirai (Appointed 1 March 2020)            Mr CP Small (Appointed 1 March 2020)            Prof A T Nzama (Chairperson)            Mr B Langalibalele - Department of Environment, Forestry and Fisheries Affairs (DEFF)</p> <p><b>Executive</b></p> <p>Mr S.E Bukhosini (CEO)</p>
<b>Business address</b>	The Dredger Harbour, St Lucia Private Bag X05, St Lucia St Lucia 3936
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor-General South Africa Registered Auditors





## Index

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

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Cash Flow Statement	57
Statement of Comparison of Budget and Actual Amounts	58
Accounting Policies	60
Notes to the Annual Financial Statements	75
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
PPP	Public Private Partnership

## Board's Responsibilities and Approval

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The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the Authority's cash flow forecast for the year to 31 March, 2021 and, in the light of this review and the current financial position, they are satisfied that the Authority has or has access to adequate resources to continue in operational existence for the foreseeable future.

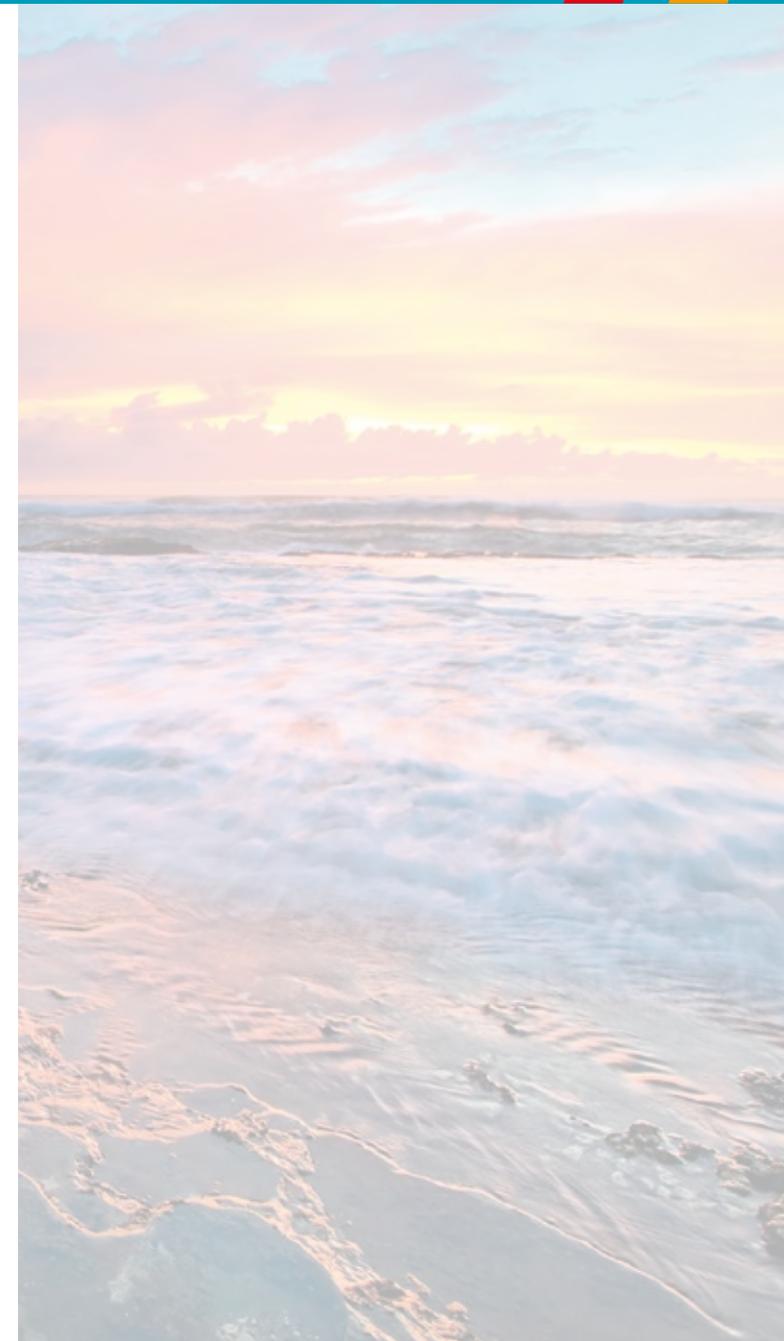
The Authority is dependent on the Department of Environment, Forestry and Fisheries Affairs for continued funding of operations. The annual financial statements are prepared on the basis that the Authority is a going concern and that the government, through Environment, Forestry and Fisheries Affairs has neither the intention nor the need to liquidate or curtail materially the scale of the Authority.

The annual financial statements set out on page 51, which have been prepared on the going concern basis, were approved by the board on 31 July, 2020 and were signed on its behalf by:



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**Prof A T Nzama(Chairperson)**  
**Accounting Authority**





## Statement of Financial Position as at 31 March, 2020

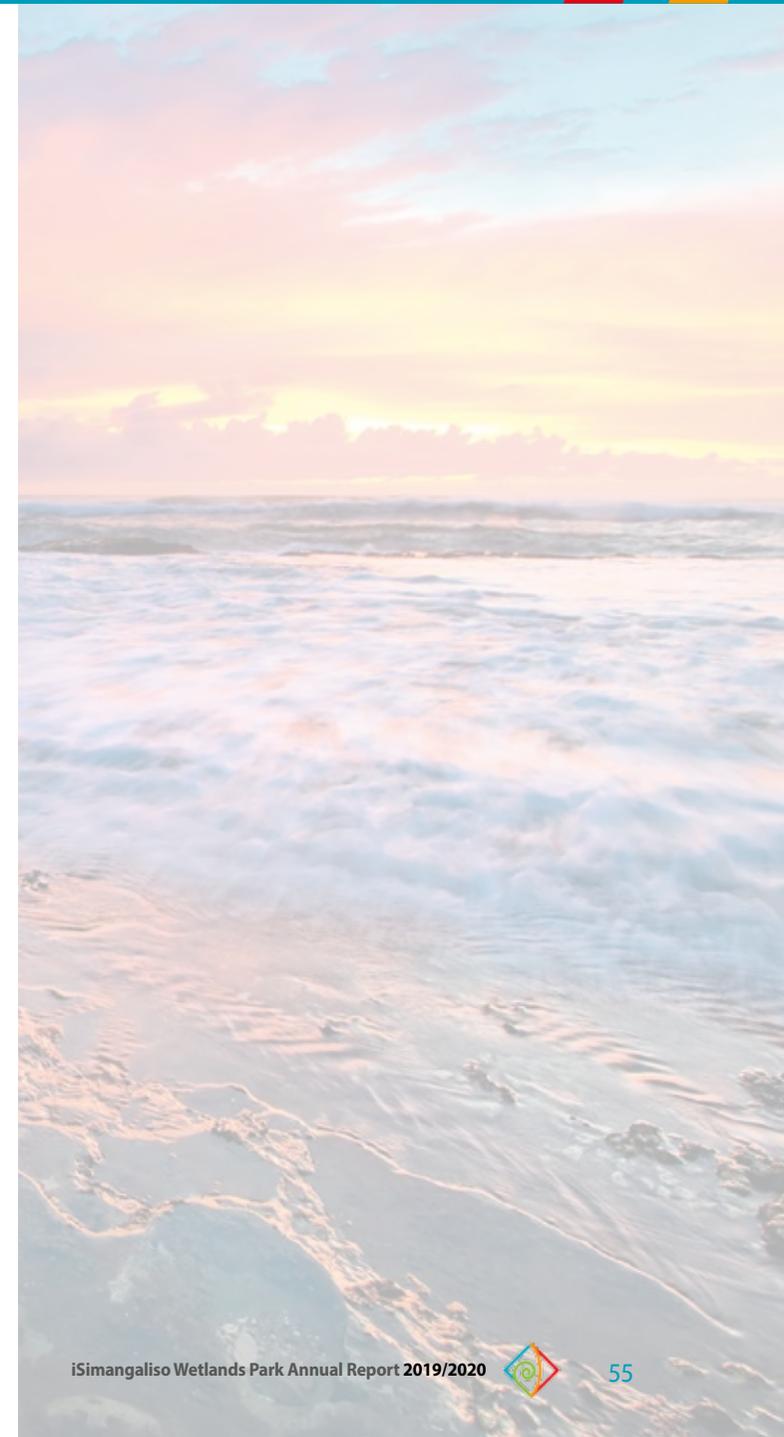
Figures in Rand	Note(s)	2020	2019 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	545,811,283	522,605,884
Investment property	4	91,448,581	96,417,114
Intangible assets	5	92,749	121,541
		<b>637,352,613</b>	<b>619,144,539</b>
<b>Current Assets</b>			
Inventories	6	30,494	100,532
Receivables from exchange transactions	7	10,220,495	1,379,971
Receivables from non-exchange transactions	8	-	11,584,446
Cash and cash equivalents	9	284,656,972	199,403,761
		<b>294,907,961</b>	<b>212,468,710</b>
<b>Total Assets</b>		<b>932,260,574</b>	<b>831,613,249</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	10	46,868,857	48,207,380
Unspent conditional grants and receipts	11	257,064,183	144,767,109
		<b>303,933,040</b>	<b>192,974,489</b>
<b>Total Liabilities</b>		<b>303,933,040</b>	<b>192,974,489</b>
<b>Net Assets</b>		<b>628,327,534</b>	<b>638,638,760</b>
Accumulated surplus		628,327,537	638,638,759

\* See Note 33 & 32

## Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Park revenue		21,806,811	22,874,355
Management fees		2,094,545	2,895,018
Administration fees		2,747,946	2,592,053
Interest received - investment	12	806,815	2,068,644
Other income	13	3,272,588	3,400,502
<b>Total revenue from exchange transactions</b>		<b>30,728,705</b>	<b>33,830,572</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Grants and subsidies	14	162,012,308	129,395,499
Public contributions and donations	15	179,621	118,780
<b>Total revenue from non-exchange transactions</b>		<b>162,191,929</b>	<b>129,514,279</b>
<b>Total revenue</b>		<b>192,920,634</b>	<b>163,344,851</b>
<b>Expenditure</b>			
Personnel costs	16	(24,071,476)	(17,290,897)
Project costs	17	(63,974,926)	(34,515,976)
Co-management agreement payments		(1,496,739)	(1,528,791)
Professional, consulting and legal fees	18	(8,433,860)	(6,918,091)
Depreciation and amortisation	19	(35,853,895)	(35,512,028)
Lease rentals on operating lease	20	(80,893)	(88,148)
Contracted services	21	(45,887,175)	(42,105,834)
Loss on disposal and write off of assets	22	(2,253,216)	(6,830,559)
Other operating expenses	23	(21,179,675)	(20,518,635)
<b>Total expenditure</b>		<b>(203,231,855)</b>	<b>(165,308,959)</b>
<b>Deficit for the year</b>		<b>(10,311,221)</b>	<b>(1,964,108)</b>

\* See Note 33 & 32





## Statement of Changes in Net Assets

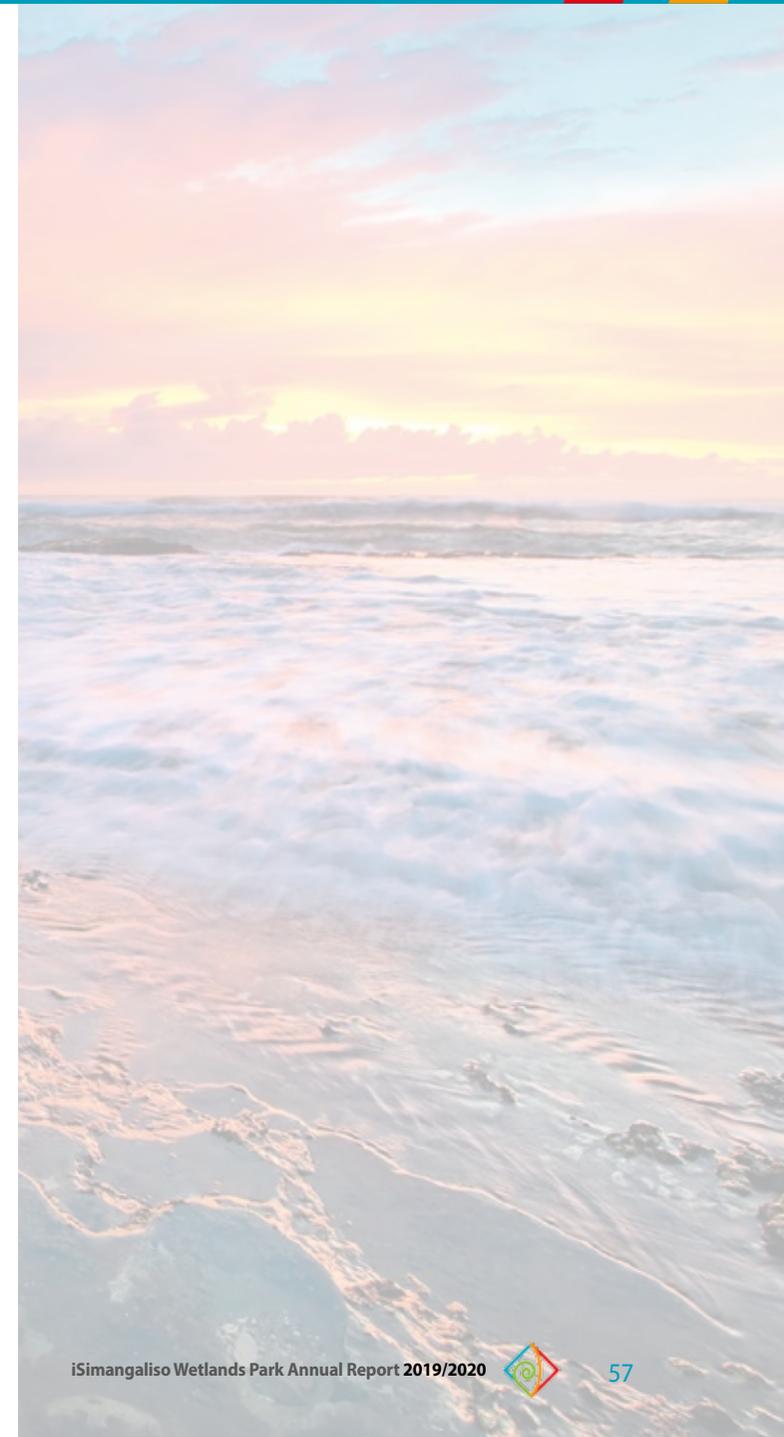
Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	651,248,296	651,248,296
Adjustments (Refer to note 32)		
Prior year adjustments	1,654,571	1,654,571
<b>Balance at 1 April, 2018 as restated</b>	<b>652,902,867</b>	<b>652,902,867</b>
Changes in net assets		
Deficit for the year	(1,964,108)	(1,964,108)
Distributions to owners	(12,300,000)	(12,300,000)
Total changes	(14,264,108)	(14,264,108)
<b>Restated* Balance at 1 April, 2019</b>	<b>638,638,758</b>	<b>638,638,758</b>
Changes in net assets		
Deficit for the year	(10,311,221)	(10,311,221)
Total changes	(10,311,221)	(10,311,221)
<b>Balance at 31 March, 2020</b>	<b>628,327,537</b>	<b>628,327,537</b>

\* See Note 33 & 32

## Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Park revenue		20,513,938	25,412,822
Grants	14	294,875,663	170,539,289
Interest income	12	806,815	2,068,644
Donations		88,500	118,780
Other income		555,207	563,150
		316,840,123	198,702,685
<b>Payments</b>			
Employee costs		(27,419,675)	(22,055,315)
Suppliers		(147,943,168)	(89,917,561)
		(175,362,843)	(111,972,876)
<b>Net cash flows from operating activities</b>	25	<b>141,477,280</b>	<b>86,729,809</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(54,960,263)	(45,827,051)
Proceeds from sale of property, plant and equipment	3	-	12,361
Purchase of investment property	4	(1,263,806)	(3,580,422)
<b>Net cash flows from investing activities</b>		<b>(56,224,069)</b>	<b>(49,395,112)</b>
<b>Cash flows from financing activities</b>			
Refund of surplus to National Treasury	26	-	(12,300,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>85,253,211</b>	<b>25,034,697</b>
Cash and cash equivalents at the beginning of the year		199,403,761	174,369,064
<b>Cash and cash equivalents at the end of the year</b>	9	<b>284,656,972</b>	<b>199,403,761</b>

\* See Note 33 & 32



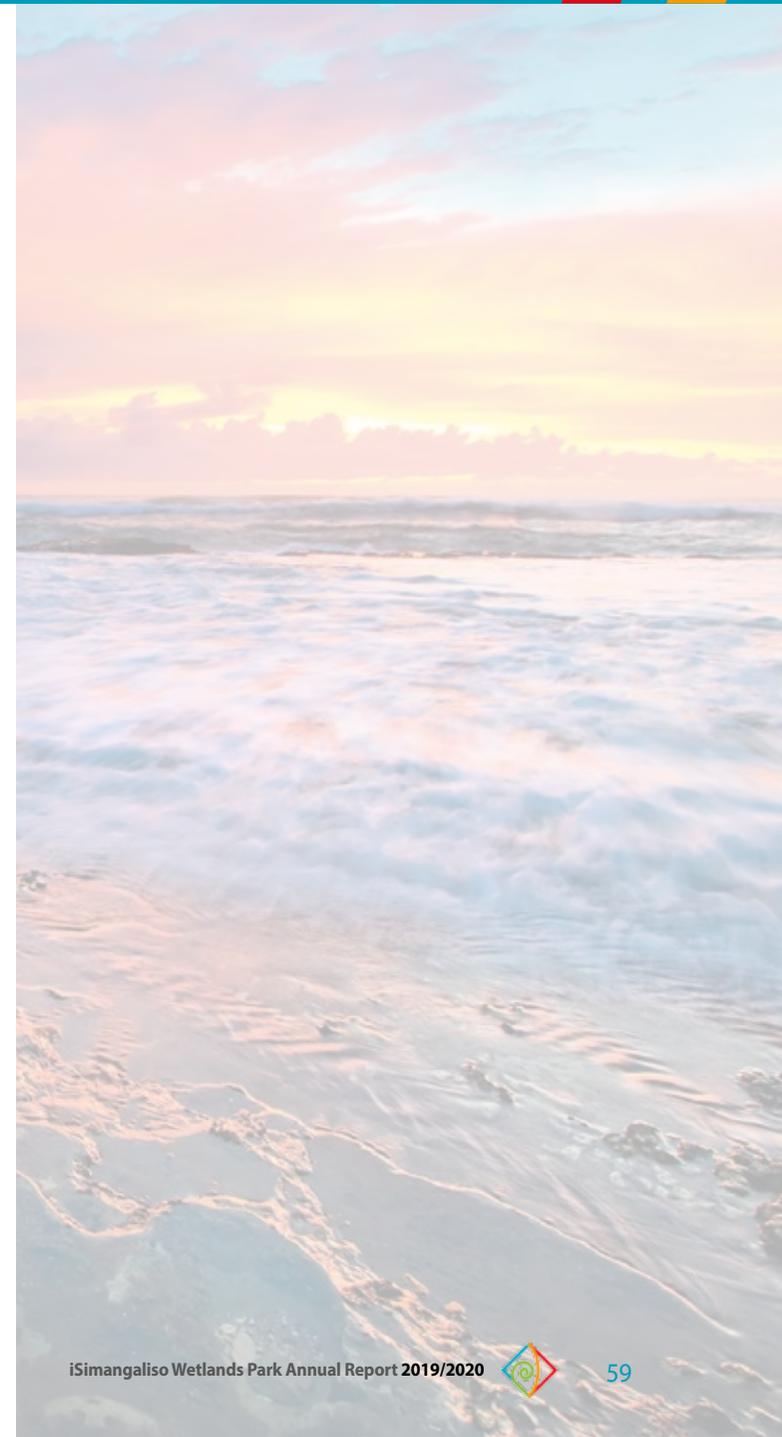
## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Park revenue	24,936,430	(2,757,883)	<b>22,178,547</b>	20,513,938	<b>(1,664,609)</b>	BC1
Administration fees	4,763,408	456,274	<b>5,219,682</b>	2,747,946	<b>(2,471,736)</b>	BC2
Management and other fees	14,519,841	(4,586,966)	<b>9,932,875</b>	2,094,545	<b>(7,838,330)</b>	BC3
Interest revenue	3,573,066	(2,738,324)	<b>834,742</b>	806,815	<b>(27,927)</b>	BC4
Sundry income	4,366,529	-	<b>4,366,529</b>	3,272,588	<b>(1,093,941)</b>	BC5
<b>Total revenue from exchange transactions</b>	<b>52,159,274</b>	<b>(9,626,899)</b>	<b>42,532,375</b>	<b>29,435,832</b>	<b>(13,096,543)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	189,919,660	64,349,340	<b>254,269,000</b>	290,033,172	<b>35,764,172</b>	BC6
Public contributions and donations	-	-	-	179,621	<b>179,621</b>	
<b>Total revenue from non-exchange transactions</b>	<b>189,919,660</b>	<b>64,349,340</b>	<b>254,269,000</b>	<b>290,212,793</b>	<b>35,943,793</b>	
<b>Total revenue</b>	<b>242,078,934</b>	<b>54,722,441</b>	<b>296,801,375</b>	<b>319,648,625</b>	<b>22,847,250</b>	
<b>Expenditure</b>						
Chemicals & equipment	(5,568,806)	(137,699)	<b>(5,706,505)</b>	(7,479,482)	<b>(1,772,977)</b>	BC7
Depreciation and amortisation	(38,163,551)	2,802,977	<b>(35,360,574)</b>	(35,853,895)	<b>(493,321)</b>	BC8
Personnel	(27,884,976)	-	<b>(27,884,976)</b>	(27,419,675)	<b>465,301</b>	BC9
Contracted repairs and maintenance, cleaning and IT support	(22,848,127)	-	<b>(22,848,127)</b>	(32,451,338)	<b>(9,603,211)</b>	BC10
Management and administration	(3,613,528)	3,003,704	<b>(609,824)</b>	(742,857)	<b>(133,033)</b>	BC11
Professional fees	(7,536,562)	616,445	<b>(6,920,117)</b>	(7,542,909)	<b>(622,792)</b>	BC12
Subcontractors	(26,841,668)	(30,199,001)	<b>(57,040,669)</b>	(47,267,778)	<b>9,772,891</b>	BC13
Training	(8,660,986)	(194,359)	<b>(8,855,345)</b>	(8,020,287)	<b>835,058</b>	BC14
Other	(32,088,083)	(3,893,458)	<b>(35,981,541)</b>	(41,997,138)	<b>(6,015,597)</b>	BC15
<b>Total expenditure</b>	<b>(173,206,287)</b>	<b>(28,001,391)</b>	<b>(201,207,678)</b>	<b>(208,775,359)</b>	<b>(7,567,681)</b>	
<b>Surplus before taxation</b>	<b>68,872,647</b>	<b>26,721,050</b>	<b>95,593,697</b>	<b>110,873,266</b>	<b>15,279,569</b>	
<b>Surplus for the year from operating</b>	<b>68,872,647</b>	<b>26,721,050</b>	<b>95,593,697</b>	<b>110,873,266</b>	<b>15,279,569</b>	
Capital expenditure	(68,872,647)	(26,721,050)	<b>(95,593,697)</b>	(56,224,063)	<b>39,369,634</b>	BC16
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>54,649,203</b>	<b>54,649,203</b>	

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Reconciliation</b>						
<b>Basis difference</b>						
Capital expenditure				56,224,063		
<b>Timing difference: Adjustment for accrual-basis accounting</b>						
-Grant funding				(128,020,865)		
-Park revenue				1,292,873		
-Personnel costs				3,348,198		
-Other expenses				2,195,304		
<b>Actual Amount in the Statement of Financial Performance</b>				<b>(10,311,224)</b>		

Refer to Annexure A for detailed reasons between budget and actual amounts.



## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The Cash Flow Statement is prepared using the direct method.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Authority.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Authority will continue to operate as a going concern for at least the next 12 months. The Authority's continuing operations are reliant on the ongoing financial support of government which, amongst other things, implies that government will continue to provide iSimangaliso with adequate grants.

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Impairment testing

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

#### Useful lives of non-current assets

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 asset accounting 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.

#### 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 Annexure A to the Annual Financial Statements.

## Accounting Policies

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Authority; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the Authority is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings & structures	Straight line	30 years except for park homes depreciated over 10 years
Roads & bridges	Straight line	20 years
Fences	Straight line	15 years



## Accounting Policies

### 1.4 Property, plant and equipment (continued)

Reservoirs & boreholes	Straight line	15 years
Motor & other vehicles	Straight line	5 to 12 years
Computer equipment	Straight line	3 to 15 years
Office equipment	Straight line	3 to 20 years
Furniture & fittings	Straight line	10 to 20 years
Operating equipment	Straight line	2 to 20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Authority. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Authority assesses at each reporting date whether there is any indication that the Authority expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Authority revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The Authority separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The Authority discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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 recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Authority, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

## Accounting Policies

### 1.5 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is taken to be 30 years.

Transfers to and from investment property are made when there is a change in use. Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

The Authority discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 4).

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an Authority and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Authority intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Authority or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Authority; and
- the cost or fair value of the asset can be measured reliably.

The Authority assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

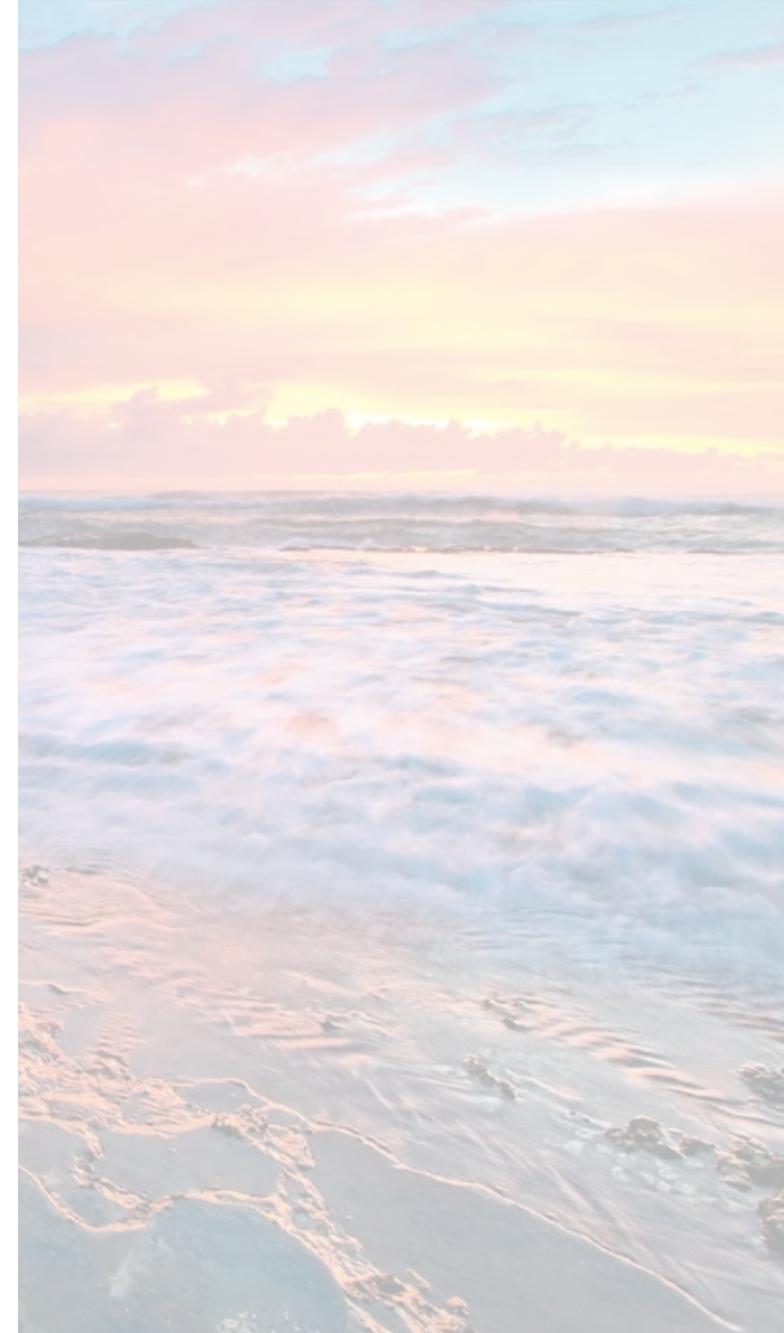
Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Website	Straight line	3 to 15 years
Computer software	Straight line	3 to 15 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.



## Accounting Policies

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### 1.6 Intangible assets (continued)

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.7 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.

### 1.8 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.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases - lessee

Operating lease payments 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.

### 1.10 Inventories

Inventories are held for the delivery of services and includes items such as chemicals for alien plant clearing and land rehabilitation, stationery and promotional (merchandising) materials.

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

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

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the Authority.

### 1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

## Accounting Policies

### 1.11 Impairment of cash-generating assets (continued)

#### Designation

At initial recognition, the Authority designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a Authority's objective of using the asset.

The Authority designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the Authority expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the Authority designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Authority assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Authority estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also tests a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the Authority estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Authority applies the appropriate discount rate to those future cash flows.

#### Recognition and measurement (individual asset)

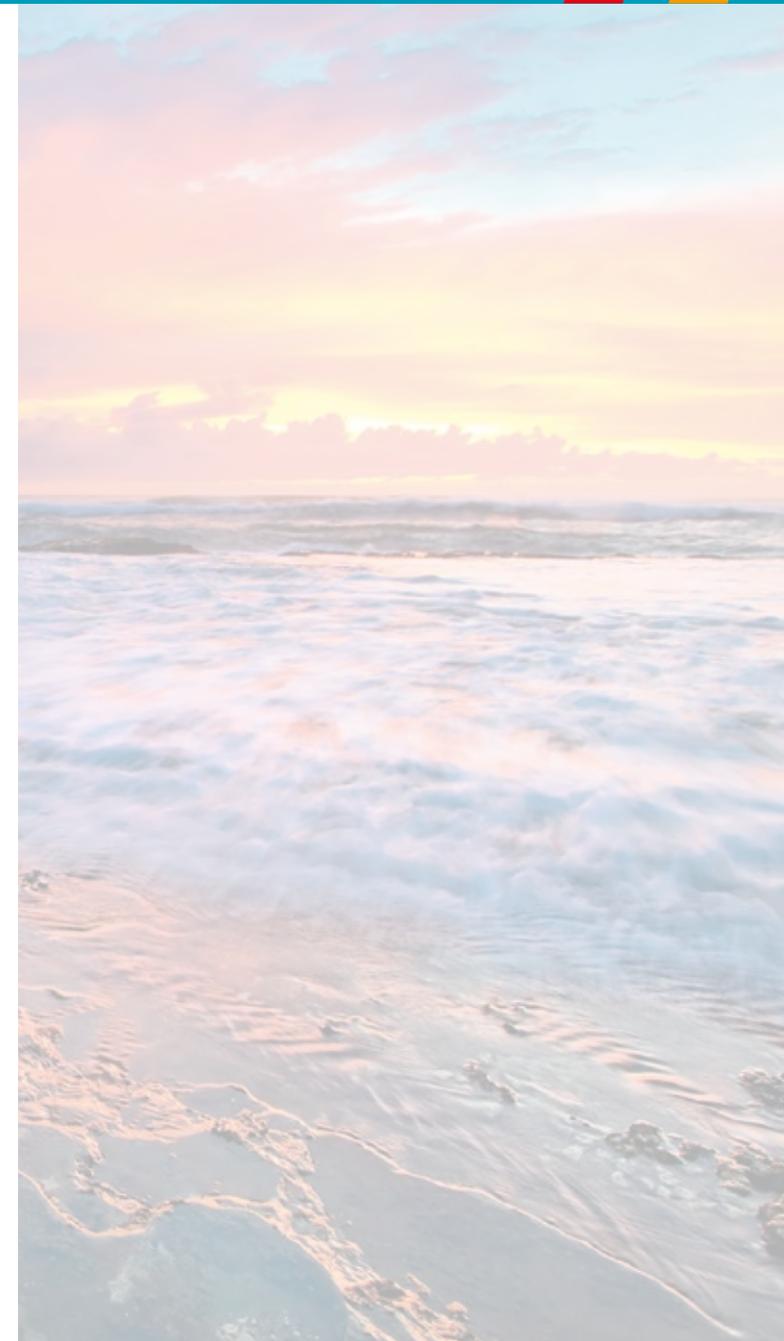
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Authority recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.





## Accounting Policies

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### 1.11 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Authority determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Authority use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the Authority does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

## Accounting Policies

### 1.11 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Authority estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.12 Impairment of non-cash-generating assets

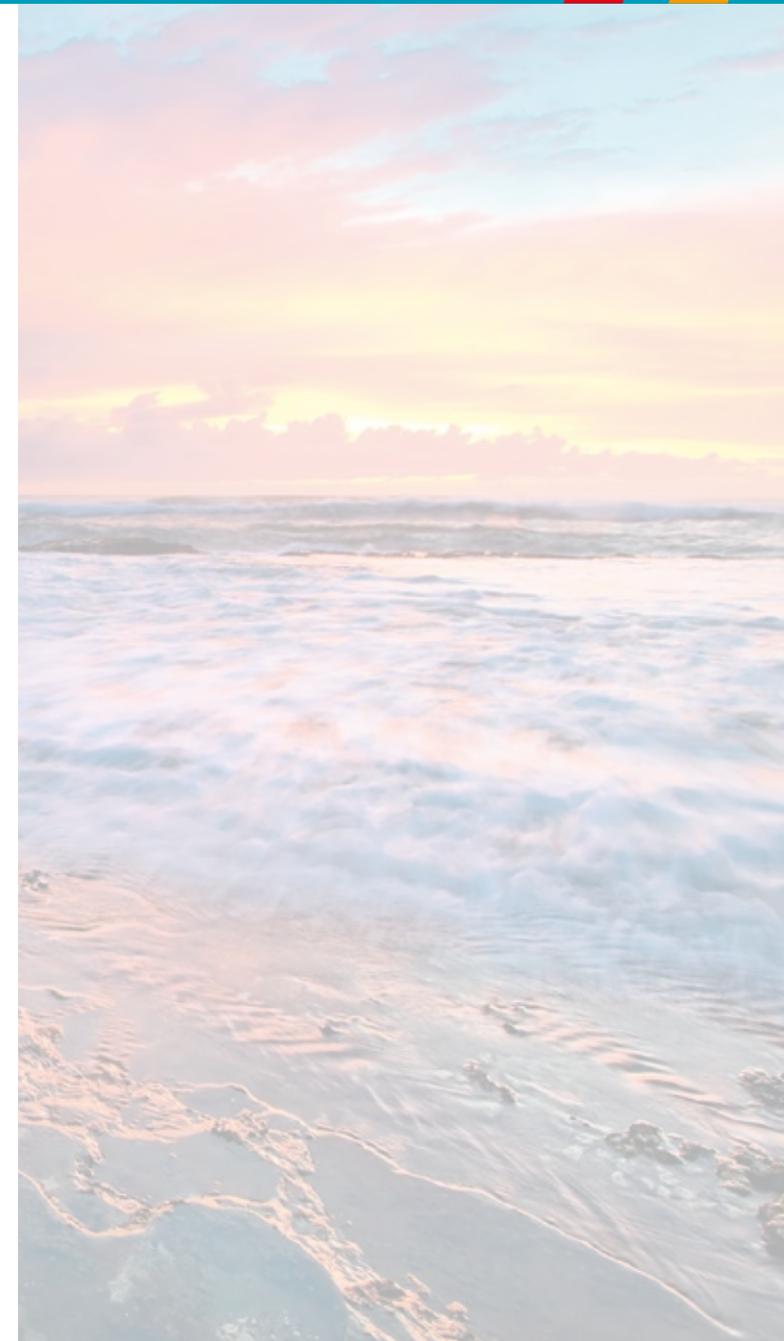
Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

#### Designation

At initial recognition, the Authority designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a Authority's objective of using the asset.

The Authority designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.





## Accounting Policies

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### 1.12 Impairment of non-cash-generating assets (continued)

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Authority assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Authority estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also tests a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Authority recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Authority estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the Authority receives value from another Authority without directly giving approximately equal value in exchange.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

## Accounting Policies

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### 1.13 Revenue from non-exchange transactions (continued)

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The Authority assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursalment basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

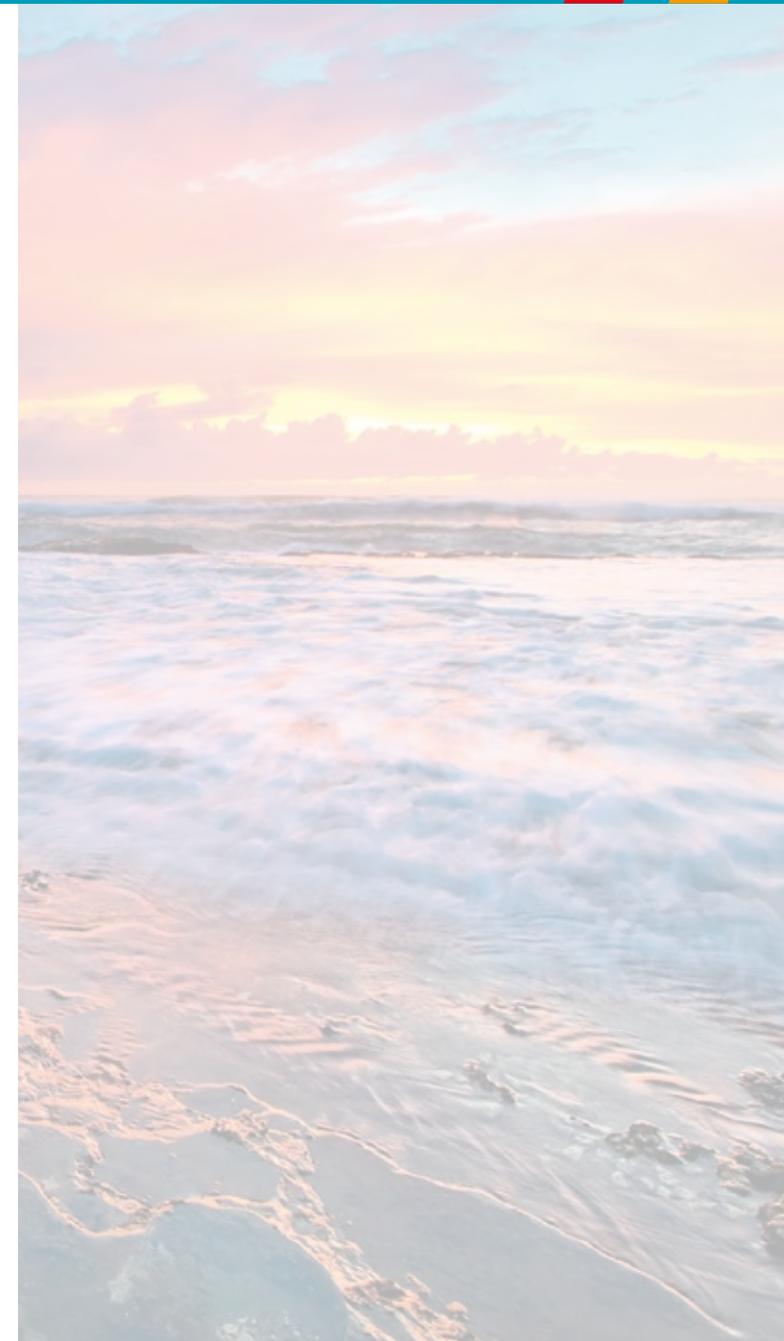
### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.





## Accounting Policies

### 1.14 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### -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 touring activities have been performed. Fees for commercial activities 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. Although invoicing is done in advance, no accounting entries are made at invoicing, revenue is only recognised on the first day of the month following the invoicing. However for all Debtors that pay for the advance invoices in the month of invoicing (i.e. in advance), such payment is accounted for as income received in advance and is recognised as a liability.

#### -Management and Administration fees

Management and administration fees from the management of projects are recognised on a pro-rata basis over the specific period in which the service is rendered.

### 1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.16 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Leave pay, medical aid and study loans are provided for as follows:

#### -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.

#### -Medical Aid

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

#### -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.

### 1.17 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

## Accounting Policies

### 1.17 Expenditure (continued)

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, contracted expenditure, projects costs and other operating expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Major expenses include:

- Project costs- all operating expenditure incurred in implementing projects that are funded by grants;
- Contracted services-included are costs incurred to on long-term contract basis and major categories are repair and maintain assets by external parties, cleaning and IT services;
- Professional fees-all expenses related to professional services rendered to the Authority;
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance; and
- Other operating expenses which constitute several expense items which are not individually significant.

### 1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an Authority in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.19 Provisions and contingencies

Provisions are recognised when:

- the Authority has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

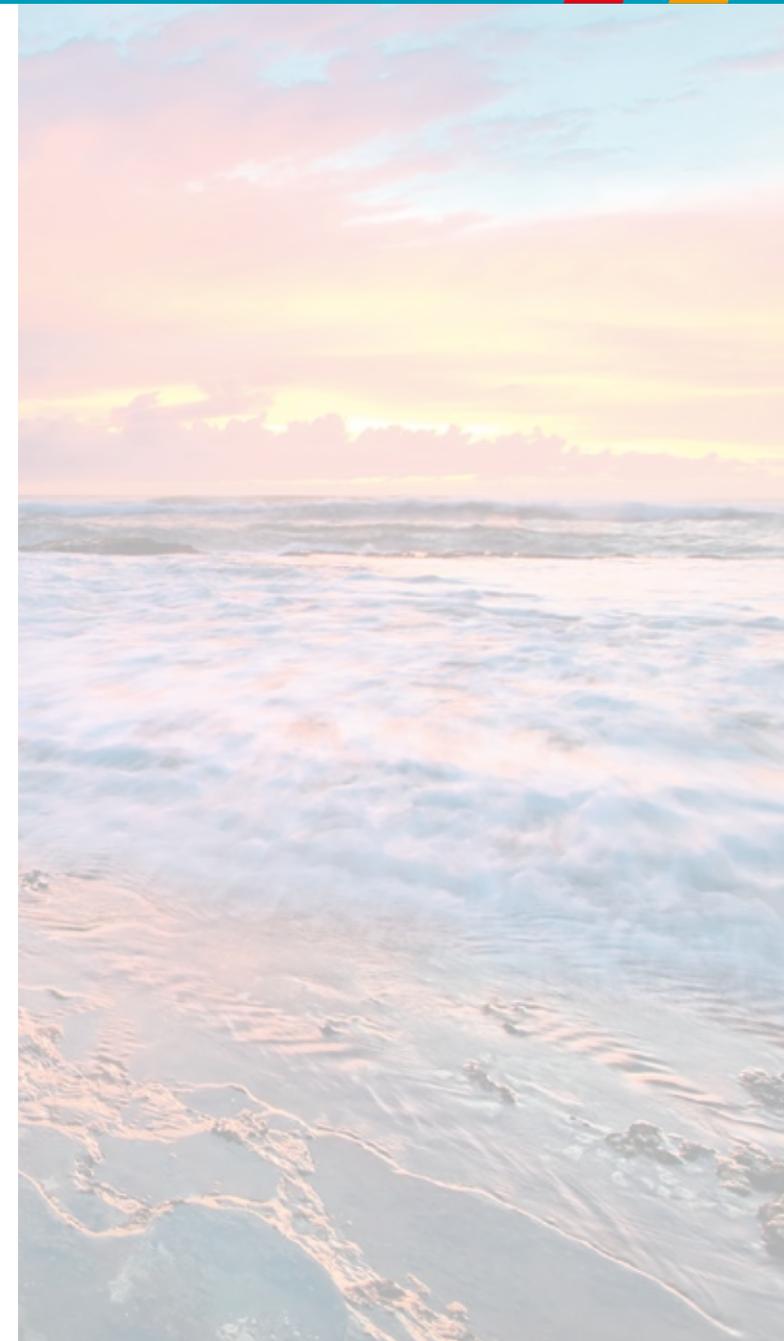
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Authority settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.





## Accounting Policies

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### 1.19 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus.

If an Authority has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

### 1.20 Commitments

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

The commitments disclosed in the disclosure note are the differences between expenditure to date and expenditure contracted for as at the reporting date. Material contracts entered into after the reporting date but prior to approval of the financial statements will be disclosed under subsequent events.

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

- Contracts should be non-cancellable or only cancellable at significant cost, and
- Contracts should relate to something other than the routine, steady, state business of the Authority – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.21 Comparative figures

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

### 1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government; or
- (d) Provincial instructions issued in terms of section 76 of the PFMA; or
- (e) internal policies of the public entity; or
- (f) any applicable legislation.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

## Accounting Policies

### 1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.24 Segment reporting

The iSimangaliso Authority's mandate is to conserve the World Heritage values and in so doing provide eco-systems 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 are 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.

### 1.25 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Authority shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 4/1/2019 to 3/31/2020.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

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 Annexure A to the Annual Financial Statements.

Comparative information is not required.

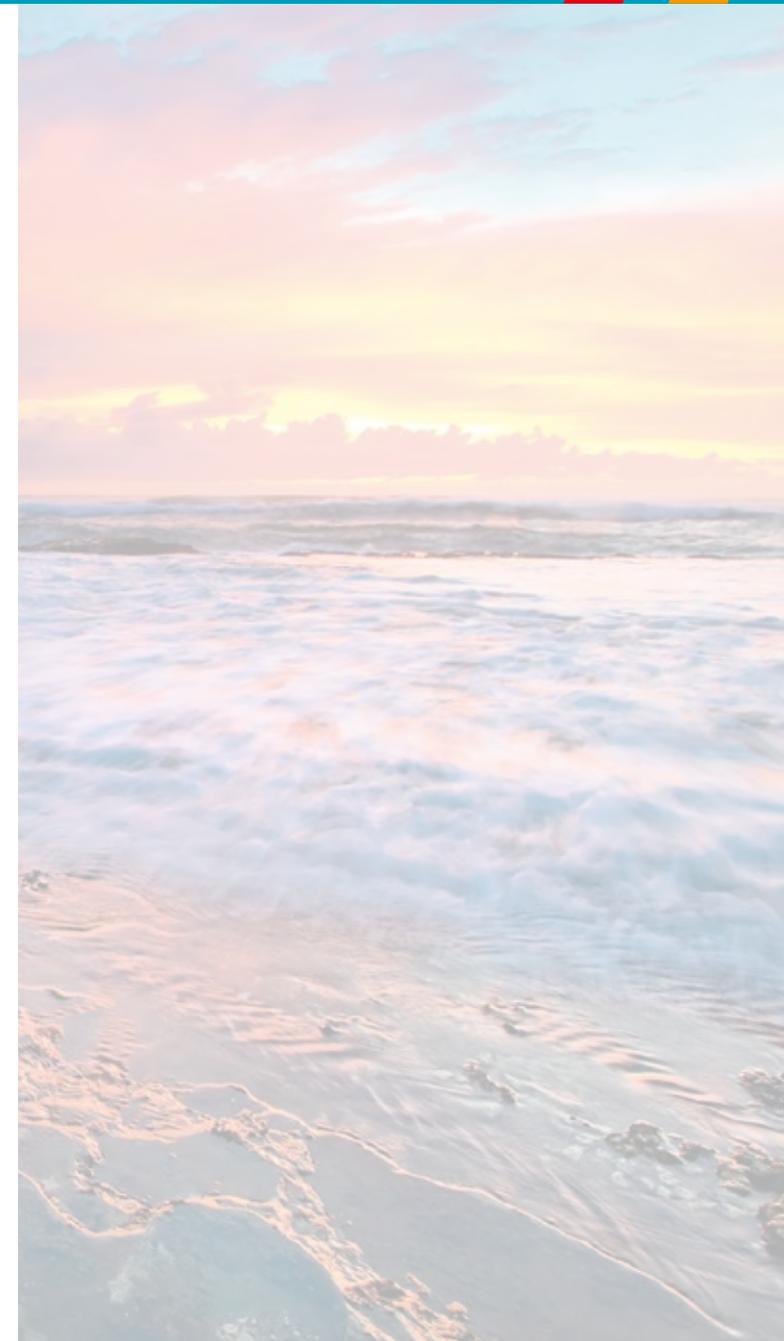
### 1.26 Related parties

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

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

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

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





## Accounting Policies

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### 1.26 Related parties (continued)

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

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

### 1.27 Tax

No provision is made for taxation as the Authority is exempt from income tax as per section 10 of Income Tax Act. It also does not charge value-added tax as it is precluded from doing so by statute.

### 1.28 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.

### 1.29 Events after reporting date

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

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

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

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

## Notes to the Annual Financial Statements

Figures in Rand

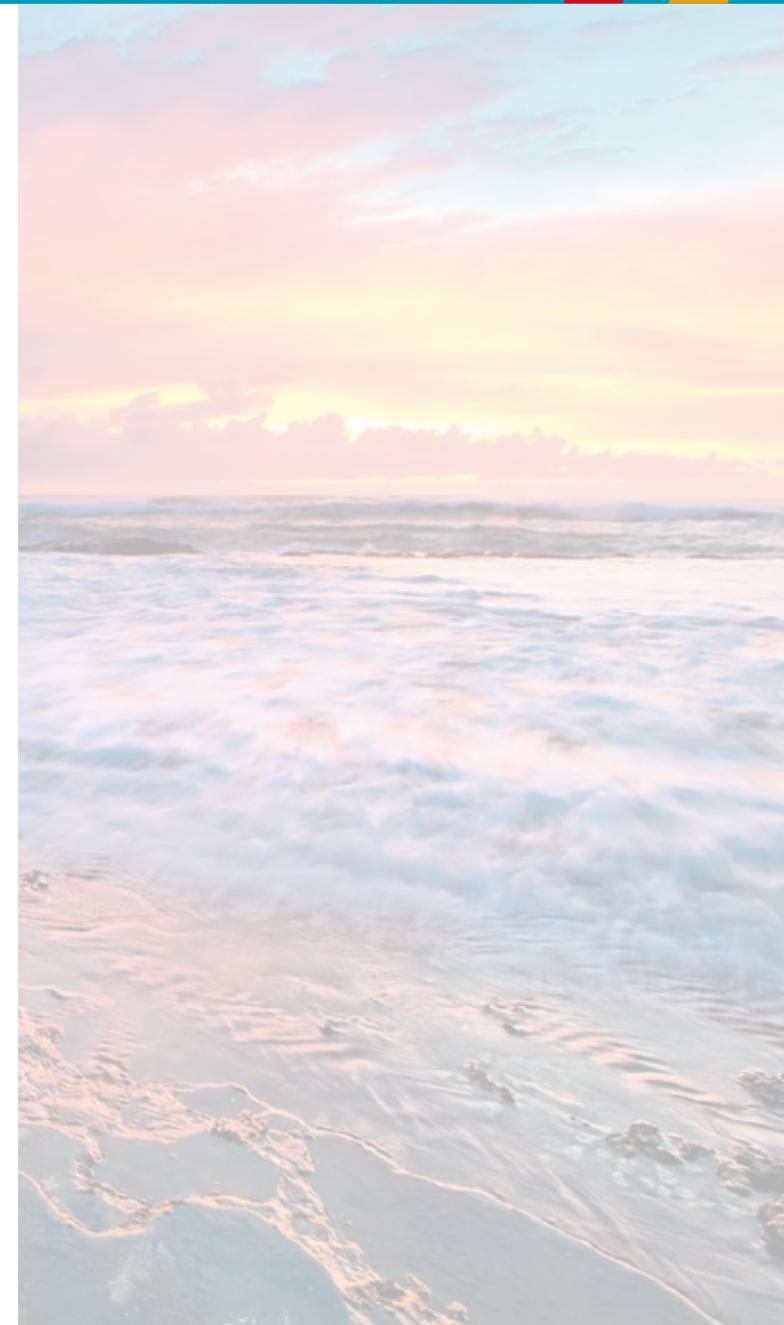
	2020	2019
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The Authority has not applied the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 1 April, 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	To be determined	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	1 April, 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	1 April, 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	1 April, 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	1 April, 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	1 April, 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	1 April, 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	1 April, 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	1 April, 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	1 April, 2020	Unlikely there will be a material impact



## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings and structures	226,013,999	(48,689,864)	177,324,135	222,029,555	(42,474,208)	179,555,347
Roads and bridges	404,170,999	(98,534,164)	305,636,835	380,501,191	(79,755,610)	300,745,581
Fences	65,637,251	(17,935,833)	47,701,418	47,354,153	(20,768,214)	26,585,939
Reservoirs and boreholes	15,715,457	(7,325,504)	8,389,953	15,276,481	(6,356,969)	8,919,512
Motor vehicles	2,561,180	(2,034,158)	527,022	2,561,180	(1,622,697)	938,483
Computer equipment	1,547,523	(852,362)	695,161	1,056,530	(721,291)	335,239
Office equipment	265,762	(83,068)	182,694	173,109	(63,513)	109,596
Furniture and fittings	1,139,969	(573,533)	566,436	768,803	(494,119)	274,684
Operating equipment	7,388,748	(2,601,119)	4,787,629	7,876,143	(2,734,640)	5,141,503
<b>Total</b>	<b>724,440,888</b>	<b>(178,629,605)</b>	<b>545,811,283</b>	<b>677,597,145</b>	<b>(154,991,261)</b>	<b>522,605,884</b>

### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions through purchase	Additions through construction	Donations	Write off	Depreciation	Closing Balance
Buildings and structures	179,555,347	606,938	4,911,945	-	(898,012)	(6,852,083)	177,324,135
Roads and bridges	300,745,581	-	23,669,808	-	-	(18,778,554)	305,636,835
Fences	26,585,939	105,018	23,852,254	-	(1)	(2,841,792)	47,701,418
Reservoirs and boreholes	8,919,512	-	480,992	-	(11,210)	(999,341)	8,389,953
Motor vehicles	938,483	-	-	-	-	(411,461)	527,022
Computer equipment	335,239	450,772	-	40,221	-	(131,071)	695,161
Office equipment	109,596	92,653	-	-	-	(19,555)	182,694
Furniture and fittings	274,684	323,082	-	50,900	(439)	(81,791)	566,436
Operating equipment	5,141,503	466,797	-	-	(311,281)	(509,390)	4,787,629
	<b>522,605,884</b>	<b>2,045,260</b>	<b>52,914,999</b>	<b>91,121</b>	<b>(1,220,943)</b>	<b>(30,625,038)</b>	<b>545,811,283</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions through purchase	Additions through construction	Disposals & write off	Depreciation	Closing Balance
Buildings and structures	167,770,745	-	23,341,839	(5,139,847)	(6,417,390)	179,555,347
Roads and bridges	301,310,936	-	17,834,449	(267,573)	(18,132,231)	300,745,581
Fences	25,947,001	-	4,146,231	(278,475)	(3,228,818)	26,585,939
Reservoirs and boreholes	9,663,887	-	286,214	(26,036)	(1,004,553)	8,919,512
Motor vehicles	1,349,953	-	-	-	(411,470)	938,483
Computer equipment	297,464	106,798	-	(16,181)	(52,842)	335,239
Office equipment	66,226	77,007	-	(5,279)	(28,358)	109,596
Furniture and fixtures	310,293	29,918	-	(10,122)	(55,405)	274,684
Operating equipment	6,051,007	4,595	-	(95,445)	(818,654)	5,141,503
	<b>512,767,512</b>	<b>218,318</b>	<b>45,608,733</b>	<b>(5,838,958)</b>	<b>(30,149,721)</b>	<b>522,605,884</b>

#### Reconciliation of Work-in-Progress 2020

	Buildings and structures	Roads and bridges	Fences	Reservoirs and boreholes	Operating equipment	Total
Opening balance	16,407,320	4,929,699	-	286,214	2,951,645	24,574,878
Additions/capital expenditure	4,911,945	23,669,808	23,852,254	480,992	-	52,914,999
Transferred to completed items	-	(10,260,729)	(23,852,254)	-	-	(34,112,983)
Subtotal	21,319,265	18,338,778	-	767,206	2,951,645	43,376,894
	<b>21,319,265</b>	<b>18,338,778</b>	<b>-</b>	<b>767,206</b>	<b>2,951,645</b>	<b>43,376,894</b>

#### Reconciliation of Work-in-Progress 2019

	Buildings and structures	Roads and bridges	Fences	Reservoirs and boreholes	Operating Equipment	Total
Opening balance	32,718,130	18,484,729	5,632,690	-	3,039,490	59,875,039
Additions/capital expenditure	23,341,839	17,834,449	4,146,231	286,214	-	45,608,733
Transferred to completed items	(36,083,032)	(31,121,906)	(9,672,670)	-	-	(76,877,608)



## Notes to the Annual Financial Statements

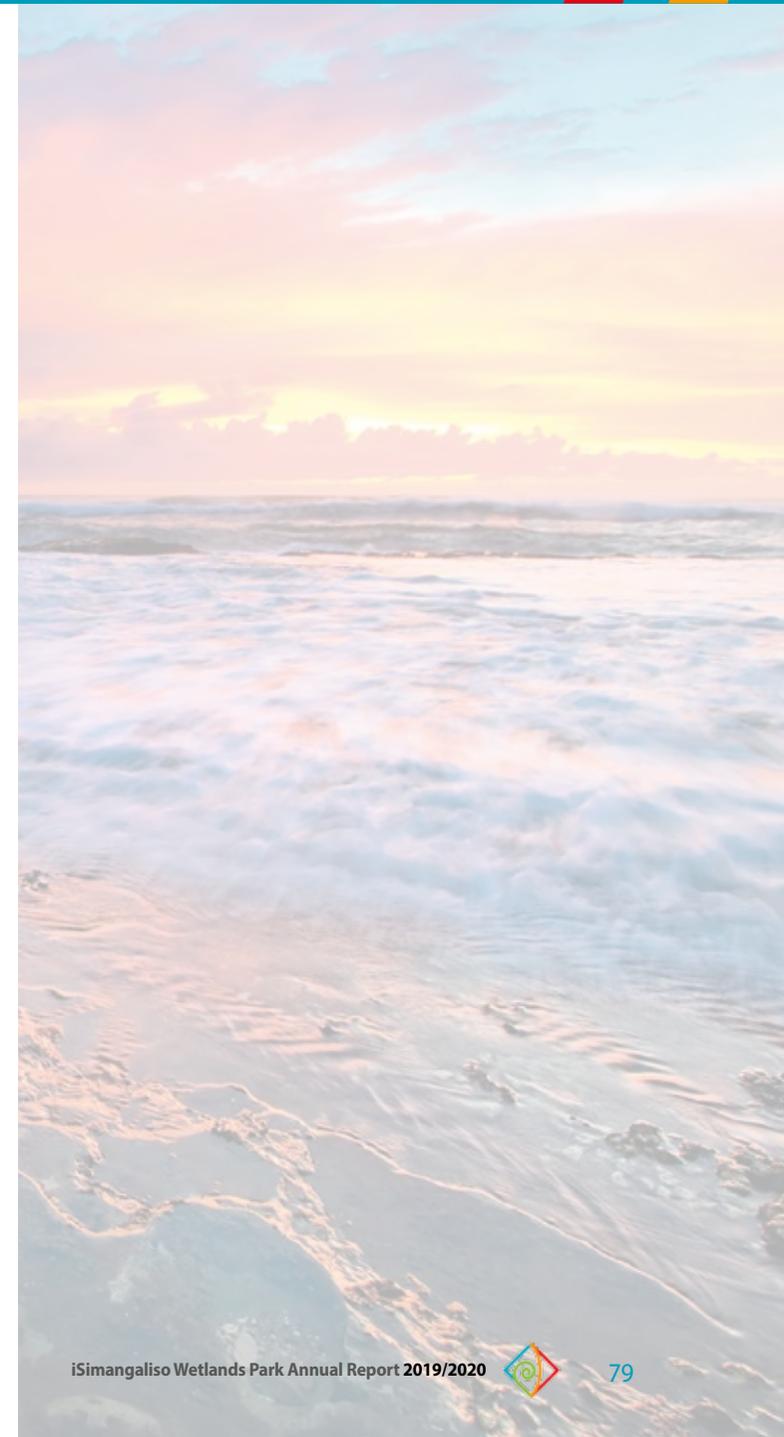
Figures in Rand

<b>3. Property, plant and equipment (continued)</b>						
Abandoned projects written off as expense	(3,569,617)	(267,573)	(106,251)	-	(87,845)	(4,031,286)
Subtotal	16,407,320	4,929,699	-	286,214	2,951,645	24,574,878
	<b>16,407,320</b>	<b>4,929,699</b>	<b>-</b>	<b>286,214</b>	<b>2,951,645</b>	<b>24,574,878</b>

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>3. Property, plant and equipment (continued)</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under contracted services to the value of R9 189 700 (Prior year R7 511 231) is as follows:</b>		
<b>Funded from internal operations</b>		
Buildings and structures	605,957	18,498
Fences	3,481,616	2,908,109
Reservoirs and boreholes	3,996,561	3,880,156
Roads and Bridges	978,589	545,733
Motor vehicles	126,863	115,368
Equipment*	114	43,367
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under project costs to the value of R8 909 014 (R8 320 459) is as follows:</b>		
Buildings and structures	400,758	670,403
Fences	5,334,183	-
Roads and Bridges	3,174,072	7,650,056
	<b>18,098,713</b>	<b>15,831,690</b>

A register containing the information of all assets is available for inspection at the registered office of the Authority.



## Notes to the Annual Financial Statements

Figures in Rand

### 4. Investment property

	2020			2019		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	157,363,023	(65,914,442)	91,448,581	157,576,830	(61,159,716)	96,417,114

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Investment property (continued)

#### Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	99,083,473	(2,666,359)	96,417,114

#### Reconciliation of investment property - 2020

	Opening balance	Additions	Write off	Depreciation	Closing balance
Cape Vidal tourist accommodation	24,708,145	-	(2,889)	(1,244,969)	23,460,287
Charters Creek tourist accommodation	19,091,190	1,263,806	(901,471)	(690,500)	18,763,025
Eastern Shores hiking trails facility	1,027,072	-	(54,379)	(54,370)	918,323
False Bay tourist accommodation	439,169	-	-	(33,566)	405,603
Fanies Island tourist accommodation	2,892,293	-	-	(187,490)	2,704,803
Kosi Bay tourist accommodation	2,897,164	-	(19,334)	(221,434)	2,656,396
Mabibi tourist accommodation	3,745,448	-	-	(244,098)	3,501,350
Manzengwenya tourist accommodation	4,820,353	-	-	(253,703)	4,566,650
Maphelane tourist accommodation	1,958,153	-	-	(149,665)	1,808,488
Rocktail Bay tourist accommodation	751,706	-	-	(56,119)	695,587
Sodwana Bay tourist accommodation	18,618,362	-	(54,200)	(1,265,605)	17,298,557
St Lucia Estuary camp sites	4,166,768	-	-	(245,041)	3,921,727
uMkhuze tourist accommodation	11,301,292	-	-	(553,507)	10,747,785
Subtotal	96,417,115	1,263,806	(1,032,273)	(5,200,067)	91,448,581
	<b>96,417,115</b>	<b>1,263,806</b>	<b>(1,032,273)</b>	<b>(5,200,067)</b>	<b>91,448,581</b>

#### Reconciliation of investment property - 2019

	Opening balance	Additions	Write off	Depreciation	Closing balance
Cape Vidal tourist accommodation	25,644,412	799,438	(466,206)	(1,269,499)	24,708,145
Charters Creek tourist accommodation	17,872,091	1,939,343	(35,762)	(684,482)	19,091,190
Eastern Shores hiking trails facility	1,081,442	-	-	(54,370)	1,027,072
False Bay tourist accommodation	472,735	-	-	(33,566)	439,169
Fanies Island tourist accommodation	3,240,249	-	(149,073)	(198,883)	2,892,293
Kosi Bay tourist accommodation	3,223,295	-	(97,265)	(228,866)	2,897,164



## Notes to the Annual Financial Statements

Figures in Rand

<b>4. Investment property (continued)</b>					
Mabibi tourist accommodation	3,989,546	-	-	(244,098)	3,745,448
Manzengwenya tourist accommodation	5,074,056	-	-	(253,703)	4,820,353
Maphelane tourist accommodation	2,107,818	-	-	(149,665)	1,958,153
Rocktail Bay tourist accommodation	807,825	-	-	(56,119)	751,706
Sodwana Bay tourist accommodation	20,060,950	-	(164,417)	(1,278,171)	18,618,362
St Lucia Estuary camp sites	3,556,142	841,639	-	(231,013)	4,166,768
uMkhuze tourist accommodation	11,952,913	-	(91,148)	(560,473)	11,301,292
	<b>99,083,474</b>	<b>3,580,420</b>	<b>(1,003,871)</b>	<b>(5,242,908)</b>	<b>96,417,115</b>

### Reconciliation of Investment property under construction 2020

	Charters Creek	Total
Opening balance	1,545,578	1,545,578
Additions/capital expenditure	1,263,806	1,263,806
	<b>2,809,384</b>	<b>2,809,384</b>

### Reconciliation of Investment property under construction 2019

	Cape Vidal	Charters Creek	St Lucia Estuary	Total
Additions/capital expenditure	799,438	1,939,344	841,639	3,580,421
Transferred to completed items	(799,438)	(393,766)	(841,639)	(2,034,843)
	-	<b>1,545,578</b>	-	<b>1,545,578</b>

## Notes to the Annual Financial Statements

Figures in Rand

	2020	2019
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### 4. Investment property (continued)

#### Investment property under construction

Carrying value of investment property under construction is R2 809 384 (Prior year R1 545 577) and is included under Charters Creek tourist accommodation

#### New investment property under development

- The Lokotwayo Heritage site: This is being developed in conjunction with the Bhangazi Land Claims Trust and is still in the Environmental Impact Assessment stage. The total costs of this project is expected to be in the region of 35million. Funding is being sourced from the National Development of Environment, Forestry and Fisheries Affairs for the community equity.
- Charters Creek Sites: Designs have been refined and finalised. Construction of phase 1 is complete. Construction of phase 2 is set to start in 2020/21 financial year. Phase 1 comprises of camp site and phase 2 a tourism lodge. R49 million has been sourced from the National Department of Environment, Forestry and Fisheries Affairs.

#### Restrictions on realisability of investment property

Property cannot be alienated without the permission of the Minister of Environment, Forestry and Fisheries Affairs.

There are no contractual obligations to purchase, construct, repair or enhance investment property.

A register containing the information of all assets is available for inspection at the registered office of the Authority.

### 5. Intangible assets

	2020			2019		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	279,135	(210,456)	68,679	279,135	(187,552)	91,583
Website (internal development)	88,342	(64,272)	24,070	88,342	(58,384)	29,958
<b>Total</b>	<b>367,477</b>	<b>(274,728)</b>	<b>92,749</b>	<b>367,477</b>	<b>(245,936)</b>	<b>121,541</b>

#### Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Closing Balance
Computer software	91,583	(22,904)	68,679
Website (internal development)	29,958	(5,888)	24,070
	<b>121,541</b>	<b>(28,792)</b>	<b>92,749</b>

#### Reconciliation of intangible assets - 2019

	Opening balance	Disposals	Amortisation	Closing Balance
Computer software	205,180	(91)	(113,506)	91,583
Website (internal development)	35,848	-	(5,890)	29,958
	<b>241,028</b>	<b>(91)</b>	<b>(119,396)</b>	<b>121,541</b>





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>6. Inventories</b>		
Chemicals, protective clothing and consumables	-	7,984
Promotional materials	12,887	68,469
Stationery	17,607	24,079
	<b>30,494</b>	<b>100,532</b>
<b>7. Receivables from exchange transactions</b>		
Trade debtors	2,386,714	1,028,207
Prepaid expenses	7,551,560	67,695
Project advances and study loans to staff	128,381	136,237
Deposits	139,455	133,447
SARS	14,385	14,385
	<b>10,220,495</b>	<b>1,379,971</b>
<b>8. Receivables from non-exchange transactions</b>		
Grants and subsidies	-	11,584,446
<b>Grants receivable comprises of:</b>		
IP Equipment and facilities	-	7,951,594
Working for the Coast 15/18	-	3,632,852
	-	<b>11,584,446</b>
Refer to note 14 for detailed grants reconciliation		
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank accounts - operational	18,549,624	8,801,865
Bank accounts - conditional grants	255,237,029	180,021,015
Bank accounts - other	10,866,068	10,580,675
Petty cash	4,251	206
	<b>284,656,972</b>	<b>199,403,761</b>
<b>10. Payables from exchange transactions</b>		
Trade payables	11,923,672	13,427,484
Accrued expenses	827,214	4,519,866
Accrued leave pay	2,106,091	1,337,588
Employee related deductions	36,564	13,920
Amounts owing to donors	23,827,206	15,853,654
Retentions	1,639,698	5,470,419
Levies payable	4,687,162	5,983,598
Deposits on staff housing	28,836	25,686
Concessionaires' performance bonds	1,726,781	1,575,165
Advance income	65,633	-
	<b>46,868,857</b>	<b>48,207,380</b>

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>11. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants comprises of:</b>		
<b>Unspent conditional grants</b>		
IP Equipment & Facilities	26,007,165	32,729,073
NIHSS Humanities Hub	501,071	526,071
Working for Water	1,850,470	-
Oceans and Cost	2,668,973	990,024
Corridor Lubombo	2,922	2,922
Tourism Infrastructure	35,076,343	5,077,468
Lotto Art, Craft & Environment Programme	1,296,698	435,074
Peace Parks Foundation	63,055	63,055
Tourism Guides	9,963	41,135
IP Equipment & Facilities 17/18	610,237	2,834,591
IP Infrastructure 18/21	139,254,603	62,067,696
IP Value Added Industries	39,442,448	40,000,000
Environmental Monitors	6,745,549	-
Environmental Monitors Host	1,751,761	-
Additional allocation- Infrastructure	415,925	-
Operation Pakisa Youth Training	1,367,000	-
	<b>257,064,183</b>	<b>144,767,109</b>

The nature and extent of grants recognised in the annual financial statements and the source thereof are disclosed under the reconciliation of government grants.

See note 14 for reconciliation of grants from National/Provincial Government.

All amounts received are invested in a ring-fenced investment until utilised.

## 12. Investment revenue

<b>Interest revenue</b>		
Bank	806,815	2,068,644

Interest income is interest earned by the Authority on operational bank accounts. All interest earned on bank balances for conditional grants is recognised as a liability under payables as amounts owing to donors.

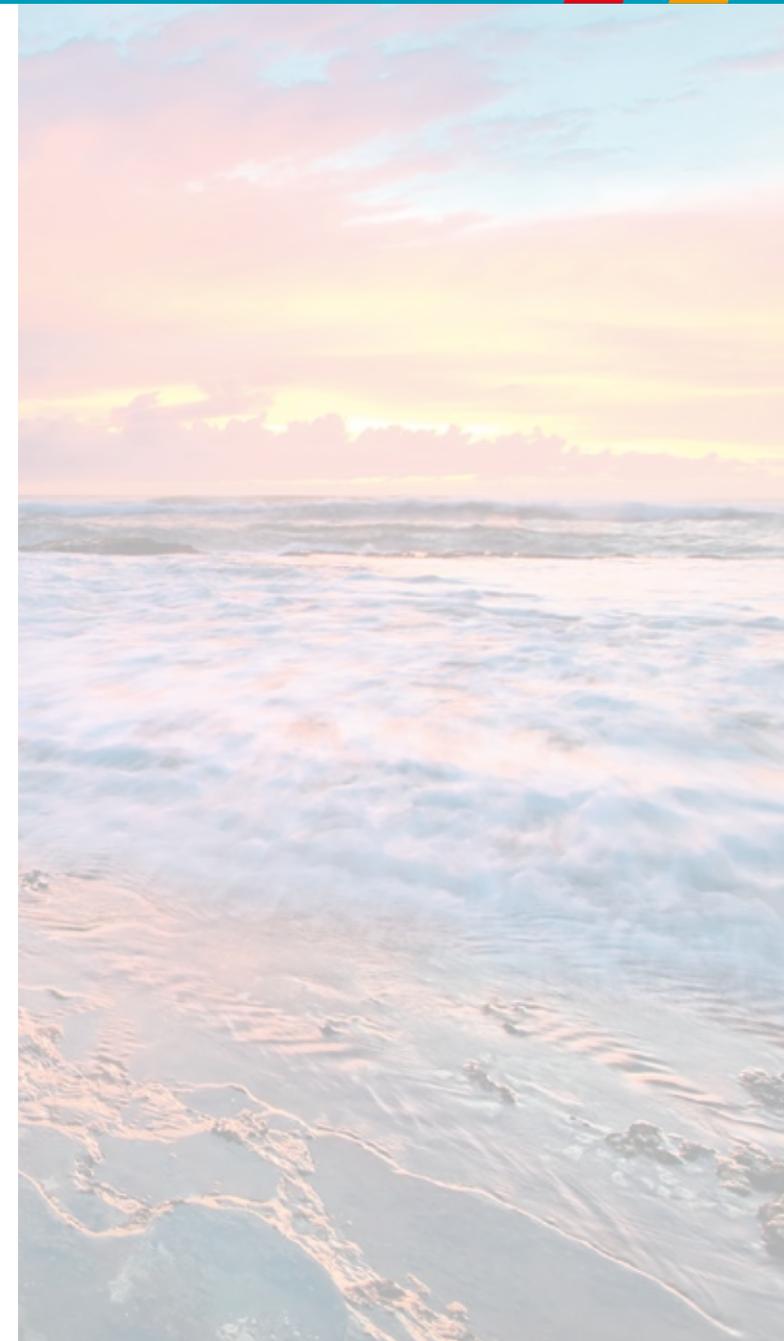
## 13. Other income

Sundry income	3,272,588	3,348,502
Bid and tender fees	-	52,000
	<b>3,272,588</b>	<b>3,400,502</b>

Included in Sundry income are costs recoveries (as shown in the table below) relating to Enterprise Development of SMME's (Training) and the students bursaries programme (selected students from the local communities). The income is recognised from the levy account when the expenditure is incurred.

### The amount included in Sundry income is as follows:

Training and bursary income realised	2,630,482	2,767,211
Rental income	210,917	291,414
Sale of maps at gates	101,185	176,720
Sundry cash income	243,105	95,017
Sundry non-cash income	86,900	18,141
	<b>3,272,589</b>	<b>3,348,503</b>





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>14. Grants and subsidies</b>		
<b>Operating grants</b>		
Unconditional grants	36,076,000	32,821,000
Operation Pakisa Youth Training	1,367,000	-
NIHSS Humanities Hub	25,000	173,500
Working for Water	19,194,952	18,124,293
Oceans and Cost	1,921,051	1,828,623
Corridor Lubombo	-	38,102
SANParks - Environmental Monitors Projects	442,326	5,431,034
Lotto Art, Craft & Environment Programme	470,011	841,555
Working for Wetlands	927,300	2,389,842
Working for the Coast 15/18	2,327,504	4,380,538
Tourism Guides	31,172	736,987
Environmental Monitors	20,714,811	-
Environmental Monitors Host	5,968,959	-
	<b>89,466,086</b>	<b>66,765,474</b>
<b>Capital grants</b>		
IP Equipment & Facilities	5,745,389	4,528,657
Additional allocation- Infrastructure	32,164,169	-
Tourism Infrastructure	1,125	1,073
IP Infrastructure 12/15	-	4,371,386
IP Infrastructure 15/18	-	34,850,837
IP Equipment & Facilities 17/18	1,901,337	10,005,547
IP Equipment & Facilities 18/21	32,176,649	8,872,525
IP Value Added Industries	557,553	-
	<b>72,546,222</b>	<b>62,630,025</b>
	<b>162,012,308</b>	<b>129,395,499</b>
<b>Grants receipts</b>		
Grants receipts during the year are as follows:		
Conditional grants received	258,799,663	137,718,289
Unconditional grants received	36,076,000	32,821,000
	<b>294,875,663</b>	<b>170,539,289</b>
Reconciliation of conditional grants movements:		
<b>IP Equipment &amp; Facilities</b>		
Balance unspent at beginning of year	32,729,073	38,027,368
Conditions met - transferred to grant revenue	(5,745,389)	(4,528,657)
Conditions met - transferred to management fees	(402,096)	(316,924)
Conditions met - transferred to administration fees	(172,327)	(135,790)
Conditions met - transferred to personnel costs recoveries	(402,096)	(316,924)
	<b>26,007,165</b>	<b>32,729,073</b>

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

**Purpose of grant:**

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

## Notes to the Annual Financial Statements

Figures in Rand

	2020	2019
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### 14. Grants and subsidies (continued)

#### NIHSS Humanities Hub

Balance unspent at beginning of year	526,071	487,971
Current-year receipts	-	211,600
Conditions met - transferred to grant revenue	(25,000)	(173,500)
	<b>501,071</b>	<b>526,071</b>

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by National Institute of Human and Social Science.

#### **Purpose of grant:**

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.

#### **Working for Water**

Balance unspent at beginning of year	(7,951,594)	232,120
Current-year receipts	32,988,214	13,711,790
Conditions met - transferred to grant revenue	(19,194,952)	(18,124,293)
Conditions met - transferred to management fees	(1,432,630)	(1,584,813)
Conditions met - transferred to administration fees	(613,984)	(679,205)
Conditions met - transferred to personnel costs recoveries	(1,944,584)	(1,507,193)
	<b>1,850,470</b>	<b>(7,951,594)</b>

Refer to note 8 for conditional grants receivable.

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

Restoration of iSimangaliso land, through the empowerment of neighbouring communities, by clearing invasive alien plants.

#### **Oceans and Cost**

Balance unspent at beginning of year	990,024	560,417
Current-year receipts	3,600,000	2,258,230
Conditions met - transferred to grant revenue	(1,921,051)	(1,828,623)
	<b>2,668,973</b>	<b>990,024</b>

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

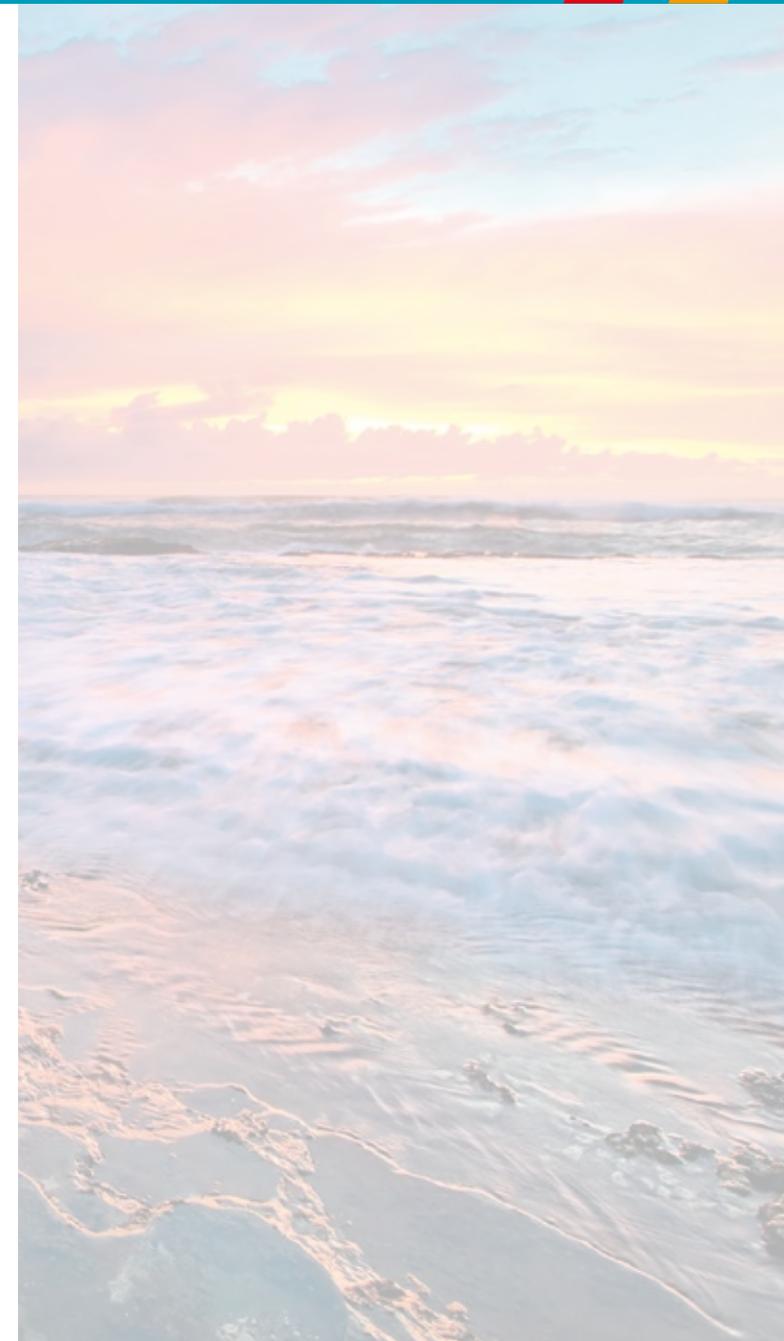
To manage the marine protected area.

#### **Corridor Lubombo**

Balance unspent at beginning of year	2,922	3,266
Conditions met - transferred to revenue	-	(38,101)
Interest income transferred to grant	-	37,757
	<b>2,922</b>	<b>2,922</b>

Conditions still to be met - remain liabilities (see note 11).

The project is funded by Department of Local Government & Traditional Affairs.





## Notes to the Annual Financial Statements

Figures in Rand 2020      2019

### 14. Grants and subsidies (continued)

#### **Purpose of grant:**

Lubombo route development and marketing.

#### **Tourism Infrastructure**

Balance unspent at beginning of year	5,077,468	5,078,542
Current-year receipts	30,000,000	-
Conditions met - transferred to grants revenue	(1,125)	(1,074)
	<b>35,076,343</b>	<b>5,077,468</b>

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

Infrastructure Development Programme for Charters Creek upgrade

#### **Lotto Art, Craft & Environment Programme**

Balance unspent at beginning of year	435,074	(55,006)
Current-year receipts	1,331,635	1,331,635
Conditions met - transferred to revenue	(470,011)	(841,555)
	<b>1,296,698</b>	<b>435,074</b>

Conditions still to be met - remain liabilities (see note 11). Refer to note 8 for conditional grants receivable in prior year.

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 R6,001,851 (since 2011/12 to 2019/20: R5,623,606) have been awarded

#### **Purpose of grant:**

Youth Environmental education, Art skills & Economic Development Programme and craft programme.

#### **Expenditure for the year was as follows:**

- Youth Environmental Education	212,736	-
- Art Skills	145,675	681,942
- Craft Skills	111,600	159,613
	<b>470,011</b>	<b>841,555</b>

#### **IP Infrastructure 12/15**

Balance unspent at beginning of year	-	4,719,862
Conditions met - transferred to grants revenue	-	(4,371,386)
Conditions met - transferred to administration fee	-	(130,661)
Conditions met - transferred to personnel costs recoveries	-	(217,815)
	-	-

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

Infrastructure Development Programme.

#### **Working for Wetlands**

Balance unspent at beginning of year	-	1,000
Current-year receipts	927,300	2,624,000

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>14. Grants and subsidies (continued)</b>		
Conditions met - transferred to grant revenue	(927,300)	(2,389,842)
Conditions met - transferred to management fee	-	(155,326)
Conditions met - transferred to administration fee	-	(79,832)
	-	-

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

**Purpose of grant:**

Restore functioning of degraded wetlands system.

**Peace Parks Foundation**

Balance unspent at beginning of year	63,055	63,055
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Conditions still to be met - remain liabilities (see note 11).

The project is funded by Peace Parks Foundation.

**Purpose of grant:**

Special scientific research studies for the Transfrontier Conservation with Mozambique

**Working for the Coast 15/18**

Balance unspent at beginning of year	(3,632,852)	-
Current-year receipts	6,200,000	1,033,204
Conditions met - transferred to grant revenue	(2,327,504)	(4,380,538)
Conditions met - transferred to management fee	(126,799)	(137,643)
Conditions met - transferred to administration fee	(32,263)	(49,560)
Conditions met - transferred to personnel costs recoveries	(80,582)	(98,315)
	-	<b>(3,632,852)</b>

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

**Purpose of grant:**

Coast clean-up, maintenance of ablution blocks, maintenance of boardwalk, jetties and viewing decks and monitoring of beach.

**IP Infrastructure 15/18**

Balance unspent at beginning of year	-	37,454,665
Conditions met - transferred to grants revenue	-	(34,850,837)
Conditions met - transferred to administration fee	-	(950,745)
Conditions met - transferred to personnel costs recoveries	-	(1,653,083)
	-	-

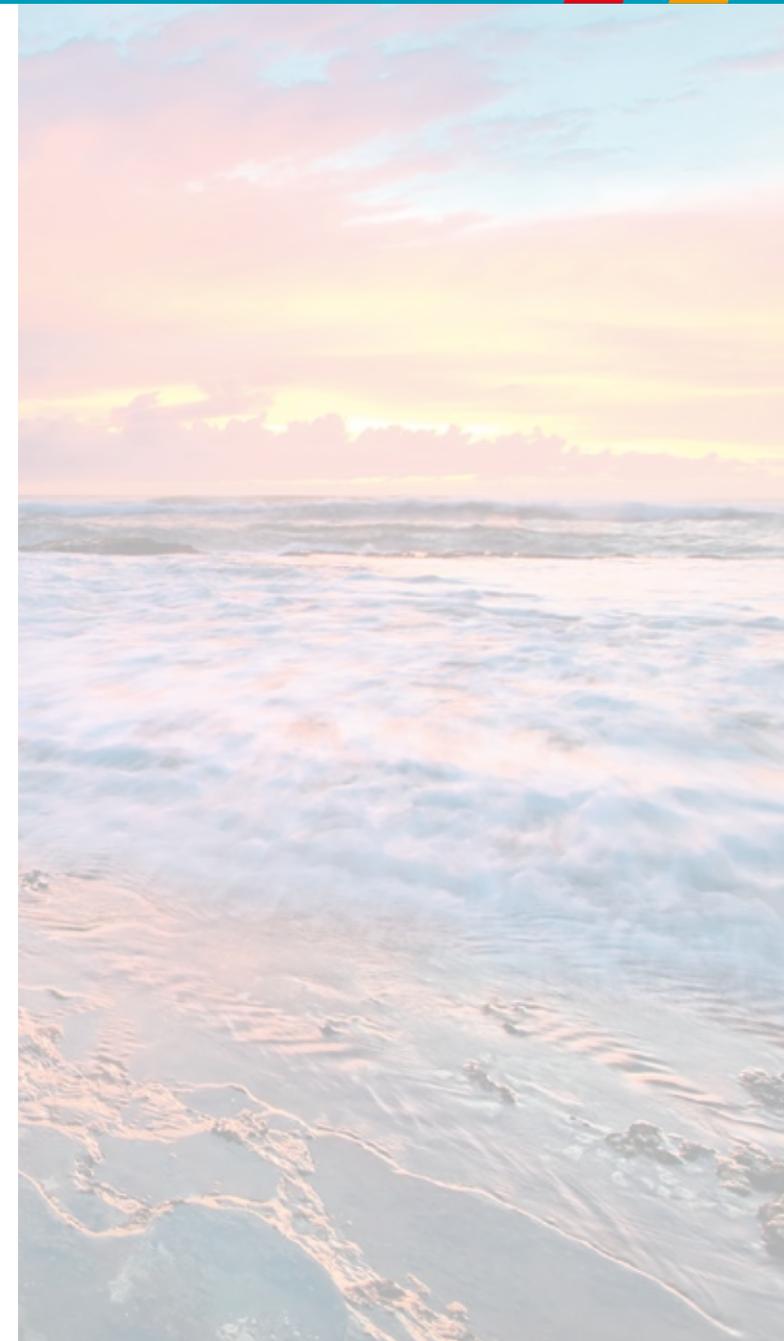
The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

**Purpose of grant:**

Infrastructure Development Programme

**Tourism Guides**

Balance unspent at beginning of year	41,135	278,122
Current-year receipts	-	500,000
Conditions met - transferred to grants revenue	(31,172)	(736,987)
	<b>9,963</b>	<b>41,135</b>





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>14. Grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 11).		
The project is funded by Department of Tourism.		
<b>Purpose of grant:</b>		
To develop the capacity of tourist guides to enhance the overall visitor experience provided at the iSimangaliso Wetland Park.		
<b>IP Equipment &amp; Facilities 17/18</b>		
Balance unspent at beginning of year	2,834,591	14,540,857
Conditions met - transferred to grants revenue	(1,901,337)	(10,005,547)
Conditions met - transferred to management fee	(133,020)	(700,312)
Conditions met - transferred to administration fee	(56,977)	(300,095)
Conditions met - transferred to personnel costs recoveries	(133,020)	(700,312)
	<b>610,237</b>	<b>2,834,591</b>
Conditions still to be met - remain liabilities (see note 11).		
The grant is funded by Department of Environment, Forestry and Fisheries Affairs.		
<b>Purpose of grant:</b>		
IT equipment ,Gate furniture & equipment , Park furniture,office improvements, Signage. Dredge spoil removal		
<b>IP Infrastructure 18/21</b>		
Balance unspent at beginning of year	62,067,696	-
Current-year receipts	111,296,094	71,650,000
Conditions met - transferred to revenue	(32,176,649)	(8,872,525)
Conditions met - transferred to administration fee	(353,476)	(266,166)
Conditions met - transferred to personnel costs recoveries	(1,579,062)	(443,613)
	<b>139,254,603</b>	<b>62,067,696</b>
Conditions still to be met - remain liabilities (see note 11).		
The grant is funded by Department of Environment, Forestry and Fisheries Affairs.		
<b>Purpose of grant:</b>		
Charters Creek tourism development, office building, roads, fence and building maintenance and signage.		
<b>SANParks - Environmental Monitors</b>		
Current-year receipts	442,326	5,431,034
Conditions met - transferred to revenue	(442,326)	(5,431,034)
	-	-
The grant is funded by Department of Environment, Forestry and Fisheries Affairs.		
<b>Purpose of grant:</b>		
To fund the environmental monitors.		
<b>IP Value Added Industries</b>		
Balance unspent at beginning of year	40,000,000	-
Current-year receipts	-	40,000,000
Conditions met - transferred to revenue	(557,552)	-
	<b>39,442,448</b>	<b>40,000,000</b>

## Notes to the Annual Financial Statements

Figures in Rand

	2020	2019
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### 14. Grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

Roads rehabilitation, housing, field ranger camp, libraries and ablution at schools using value add materials and development of craft market.

#### **Environmental Monitors**

Current-year receipts	28,700,000	-
Conditions met - transferred to revenue	(20,714,811)	-
Conditions met - transferred to administration fee	(1,239,640)	-
	<b>6,745,549</b>	-

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

To fund the environmental monitors

#### **Environmental Monitors Host**

Current-year receipts	8,000,000	-
Conditions met - transferred to revenue	(5,968,959)	-
Conditions met - transferred to administration fee	(279,280)	-
	<b>1,751,761</b>	-

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

#### **Purpose of grant:**

To fund the environmental monitors.

#### **Additional allocation- Infrastructure**

Current-year receipts	32,580,094	-
Conditions met - transferred to revenue	(32,164,169)	-
	<b>415,925</b>	-

Conditions still to be met - remain liabilities (see note 11).

The grant is funded by Department of Environment, Forestry and Fisheries Affairs.

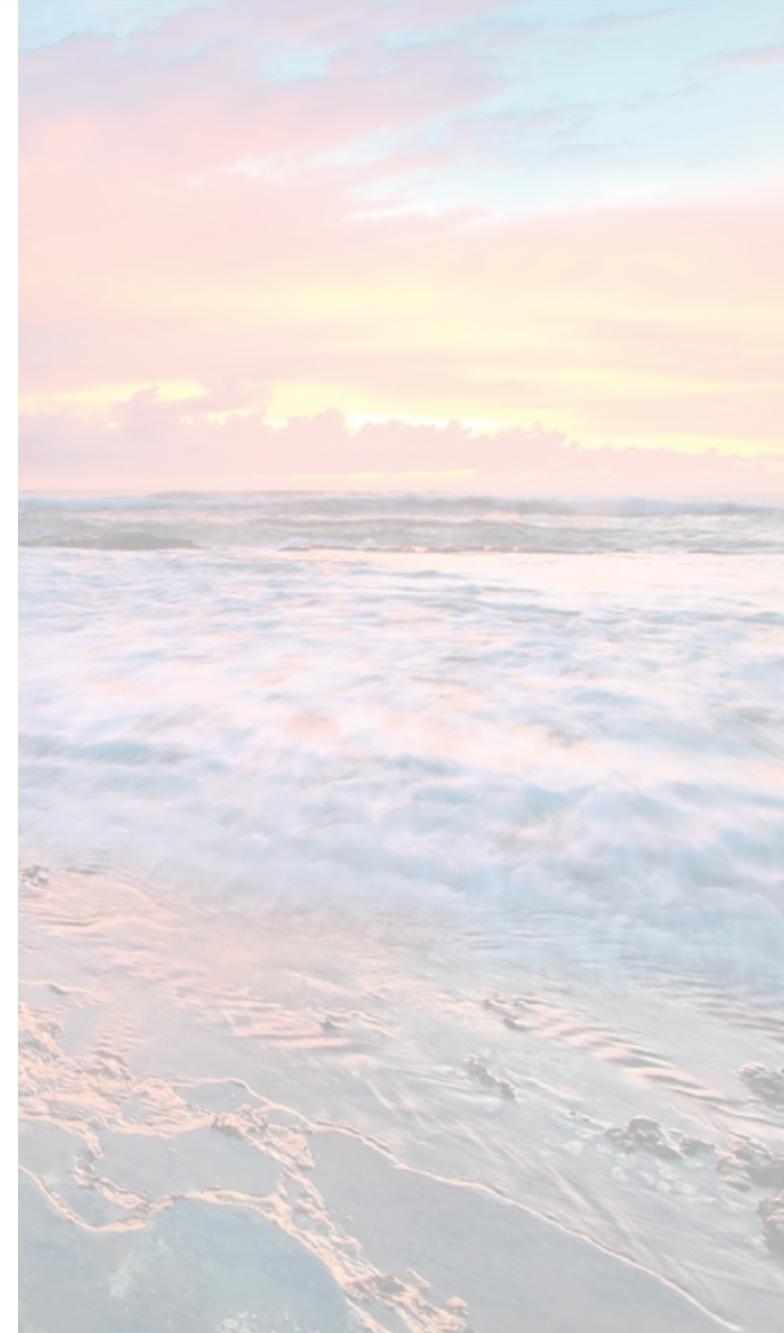
#### **Purpose of grant:**

Infrastructure refurbishment and coast care.

#### **Operation Pakisa Youth Training**

Current-year receipts	2,734,000	-
Conditions met - transferred to revenue	(1,367,000)	-
	<b>1,367,000</b>	-

Conditions still to be met - remain liabilities (see note 11).





## Notes to the Annual Financial Statements

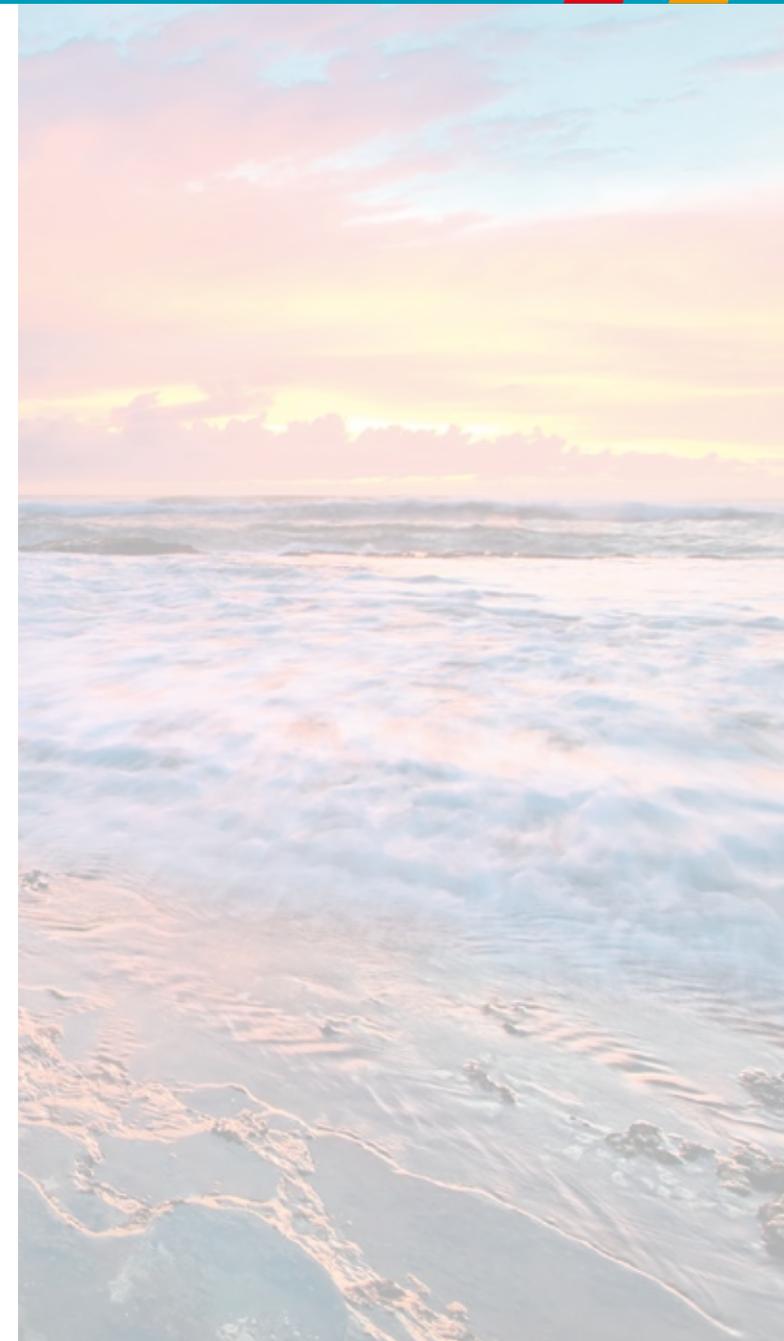
Figures in Rand	2020	2019
<b>14. Grants and subsidies (continued)</b>		
The grant is funded by Department of Environment, Forestry and Fisheries Affairs.		
<b>Purpose of grant</b>		
To assist in youth training:		
<b>15. Public contributions and donations</b>		
Donations in cash	88,500	118,780
Donations in kind	91,121	-
	<b>179,621</b>	<b>118,780</b>
Donations are received and transferred to the rare and endangered species fund. These are recognised as revenue in the period in which they are received.		
<b>16. Personnel costs</b>		
Basic salary	25,505,487	20,920,886
Leave & bonus pay	768,503	179,075
Travel reimbursive	1,162,628	494,092
Skills development levy	319,590	254,226
Payroll processing	53,147	56,453
Recruitment	170,209	151,460
Workmens compensation	131,819	98,320
Training	89,957	63,500
Other costs related to personnel	9,481	10,140
	28,210,821	22,228,152
Charge-outs to projects	(4,139,345)	(4,937,255)
	<b>24,071,476</b>	<b>17,290,897</b>
<b>17. Project costs</b>		
<b>Project costs comprises:</b>		
- Bank charges	18,121	16,620
- Chemicals, materials & equipment hire	7,479,482	4,157,898
- Management and administration fees	742,857	402,051
- Wages and coast care cleaning	46,825,452	21,618,948
-Maintenance	8,909,014	8,320,459
	<b>63,974,926</b>	<b>34,515,976</b>
<b>18. Professional, consulting and legal fees</b>		
Professional and consulting	7,542,909	5,387,820
Legal fees	890,951	1,530,271
	<b>8,433,860</b>	<b>6,918,091</b>
<b>19. Depreciation and amortisation</b>		
<b>Depreciation and amortisation comprises:</b>		
- Depreciation on property, plant & equipment	30,625,038	30,149,722
- Depreciation on Investment property	5,200,066	5,242,910
- Amortisation on Intangible assets	28,792	119,396
	<b>35,853,896</b>	<b>35,512,028</b>

## Notes to the Annual Financial Statements

	2020	2019 Restated*
<b>20. Lease rentals on operating lease</b>		
<b>Equipment</b>		
Contractual amounts	80,893	88,148
Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. Refer to commitment note for contractual commitments disclosure.		
<b>21. Contracted services</b>		
<b>Contracted services comprises of:</b>		
Repairs and maintenance to assets: Refer to note 3	9,189,701	7,511,231
Cleaning services	14,131,522	9,958,605
Gate management and access control costs	14,387,836	14,786,742
Security	7,957,015	9,622,568
IT support	221,101	226,688
	<b>45,887,175</b>	<b>42,105,834</b>
<b>22. Loss on disposal and write off of fixed assets</b>		
<b>Loss on disposal of fixed assets comprises:</b>		
- Property, plant & equipment	1,220,943	5,826,597
- Investment property	1,032,273	1,003,871
-Intangible assets	-	91
	<b>2,253,216</b>	<b>6,830,559</b>
<b>23. Other operating expenses</b>		
Advertising	61,954	23,940
Audit fees - internal	1,699,235	265,204
Auditors remuneration	1,451,243	1,276,024
Bank charges	215,682	347,660
Board expenses	1,349,979	786,909
Computer expenses	22,396	12,341
Donations	3,000	12,980
Electricity, water, sewer and rates	1,248,893	1,097,821
Fines and penalties	-	79,001
Game purchases and management	276,478	305,842
Insurance	165,949	154,995
Issue of maps*	25,000	32,500
License fees	278,500	221,150
Marketing and promotion	477,792	918,258
Postage and courier	1,791	18,581
Printing and stationery	1,128,917	311,644
Minor assets expensed	27,504	1,857
Staff refreshments, consumables and cleaning	199,997	104,212
Telephone and fax	328,506	295,974
Training	8,020,287	7,107,738
Travel	2,753,126	916,300
Wages - monitors	442,326	5,431,034
Workshops & meetings	1,001,120	796,670
	<b>21,179,675</b>	<b>20,518,635</b>

\*The line item "issue of maps" was presented as discount allowed in the prior year.

\* See Note 33 & 32





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>24. Auditors' remuneration</b>		
Fees	1,451,243	1,276,024
<b>25. Cash generated from operations</b>		
Deficit	(10,311,221)	(1,964,108)
<b>Adjustments for:</b>		
Depreciation and amortisation	35,853,895	35,512,028
Loss on disposal of assets	2,253,216	6,830,559
Donations in kind	(91,121)	-
<b>Changes in working capital:</b>		
Inventories	70,038	31,691
Receivables from exchange transactions	(8,840,524)	2,551,031
Other receivables from non-exchange transactions	11,584,446	(11,529,440)
Payables from exchange transactions	(1,338,523)	13,011,388
Unspent conditional grants and receipts	112,297,074	42,286,660
	<b>141,477,280</b>	<b>86,729,809</b>
<b>26. Refund of surplus</b>		
Surplus funds refunded to National Treasury	-	(12,300,000)
During the prior year, the Authority refunded R12 300 000 to National Treasury in terms of section 53(3) of PFMA.		
<b>27. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Building and structures	27,968,602	-
• Boreholes drilling	6,419,008	-
• Roads	41,057,660	-
• Signage	-	5,872,317
<b>Total capital commitments</b>	<b>75,445,270</b>	<b>5,872,317</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	75,445,270	5,872,317
<b>Authorised capital expenditure</b>		
The commitment expenditure relates to the the road rehabilitation and upgrade contracts and the office building contract. These contracts will be financed through project grants already allocated and received from the Department.		
<b>Operating leases - as lessee (expense)</b>		
Operating lease payments represent rentals payable by the Authority for photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. No contingent rent is payable.		
The future rental commitments are:		
<b>Minimum lease payments</b>		
Payable during next financial year	51,535	88,345
Payable 2 to 3 years after reporting date	-	51,535
	<b>51,535</b>	<b>139,880</b>

\* See Note 33 & 32

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>28. Contingencies</b>		
<b>The Authority had the following contingent liabilities:</b>		
Construction contract	12,038,123	12,038,123
Fire Claim	35,067,037	35,067,037
	<b>47,105,160</b>	<b>47,105,160</b>

### Land claims

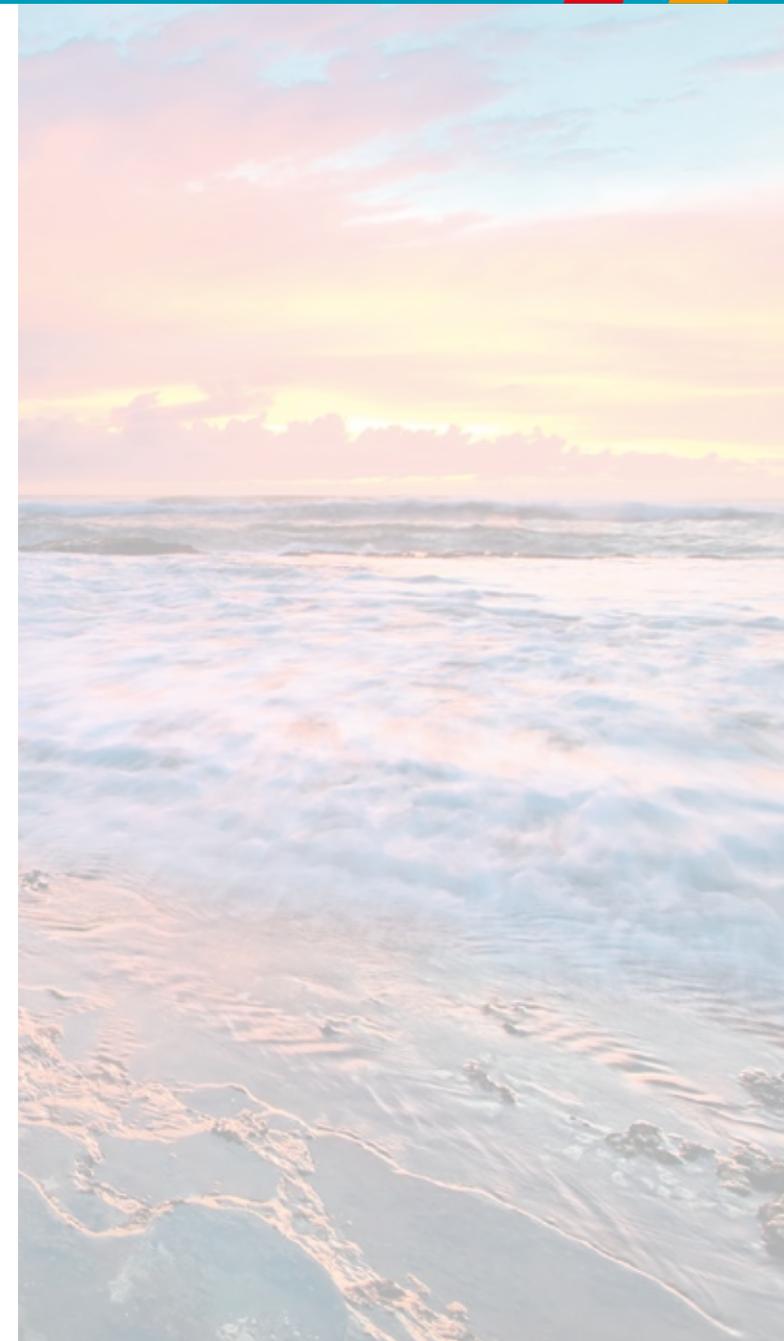
A number of land claims have been settled on land controlled by the Authority in respect of which co-management agreements have been concluded. The agreements do not permit occupation or use of Park assets and there are no recurring fixed financial obligations for iSimangaliso.

### 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 Siyaqubeka (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.





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>29. Related parties</b>		
Relationships		
Parent department	Department of Environment, Forestry and Fisheries Affairs (DEFF)	
Controlled by DEFF	South African National Parks	
<b>Identity of related parties</b>		
The Authority's parent department is the Department of Environment, Forestry and Fisheries Affairs (DEFF). The entities under the control of the Department of Environment, Forestry and Fisheries Affairs (DEFF) are South African Biodiversity Institute, South African National Parks and South African Weather Services. The Authority receives an annual allocation from DEFF, which it uses to finance its operations. From time to time it also receives additional grants from the Expanded Public Works Programme (EPWP) managed by DEFF.		
<b>Related party balances</b>		
<b>Amounts included in payables regarding related parties</b>		
DEFF-Amounts owing to donors (interest on project funds)	23,308,756	15,403,935
<b>Amounts included in receivables regarding related parties</b>		
Grants receivable	-	11,584,446
<b>Approved allocation of funding with related parties</b>		
DEFF-Operations for the next financial year	116,672,000	36,076,000
DEFF-Infrastructure & equipment for the next financial year	-	74,516,000
COVID-19 relief funding to cover operating costs	39,000,000	-
<b>Related party transactions</b>		
<b>Transfers from related party</b>		
DEFF-Grants received	293,101,702	163,065,020
SANPARKS-Grants received	442,326	5,431,034
<b>Key management information</b>		
<b>Class</b>	<b>Description</b>	<b>Number</b>
Non-executive board members	All independent	9
Executive board members	CEO	1
Executive management	Departmental heads	4
<b>Key management-related activities</b>		
No loans or payments were made to management of DEFF during the year, nor were any material transactions entered into with them.		

\* See Note 33 & 32

## Notes to the Annual Financial Statements

Figures in Rand

### 29. Related parties (continued)

#### Remuneration of management

##### Board members

##### 2020

	Meeting attendance fees	Allowances/ Re- imbursements	Total
<b>Non-Executive Directors</b>			
Mr P N B Zwane (Chair up to 29 Feb 2020)	146,780	7,336	154,116
Ms B Schreiner (Vice Chair up to 29 Feb 2020)	59,126	-	59,126
iNkosi Z T Gumede	7,857	10,368	18,225
Mrs T Mhlongo	26,190	2,736	28,926
Mrs D S Nene	49,761	-	49,761
Prof A T Nzama (Chair effective 1 March 2020)	37,443	6,572	44,015
Mr S Roopa	44,343	2,515	46,858
Mr Soni U	5,238	1,631	6,869
Mrs N Cawe	5,238	-	5,238
Mr L Langalibalele	5,238	-	5,238
Mr GG Nair	5,238	-	5,238
Mrs L Noge-Tungamirai	5,238	-	5,238
Mr MI Tembe	7,556	-	7,556
Mr CP Small	5,238	-	5,238
	<b>410,484</b>	<b>31,158</b>	<b>441,642</b>

##### 2019

	Meeting attendance fees	Allowances/ Re- imbursements	Total
<b>Non-Executive Directors</b>			
Mr P N B Zwane (Chair)	95,435	6,450	101,885
Ms B Schreiner (Vice Chair)	77,448	822	78,270
Ms P S Dlamini	43,435	5,875	49,310



## Notes to the Annual Financial Statements

Figures in Rand

### 29. Related parties (continued)

iNkosi Z T Gumede	7,325	-	7,325
Mrs T Mhlongo	31,428	6,869	38,297
Mrs D S Nene	54,999	-	54,999
Prof A T Nzama	10,340	2,263	12,603
Mr S Roopa	33,390	2,882	36,272
	<b>353,800</b>	<b>25,161</b>	<b>378,961</b>

Expenses paid to non-executive board member are included in board expense in the Statement of Financial Performance.

### Executive Directors and Senior management

#### 2020

Name	Basic salary	Allowances	Medical Aid	Other statutory contributions	Total
Mr S.E Bukhosini (CEO)	1,832,820	194,372	37,834	21,527	2,086,553
Chief Financial Officer	1,373,541	74,257	-	16,104	1,463,902
Executive Manager Biodiversity	1,327,307	135,940	53,168	16,373	1,532,788
Executive Manager SED (9 months)	845,631	366,129	-	12,196	1,223,956
Executive Manager Tourism (8 months)	739,929	275,639	-	10,727	1,026,295
	<b>6,119,228</b>	<b>1,046,337</b>	<b>91,002</b>	<b>76,927</b>	<b>7,333,494</b>

#### 2019

Name	Basic salary	Allowances	Medical Aid	Severance Pay	Total
Mr S.E Bukhosini (CEO) – September 2018 to March 2019	990,626	-	-	-	990,626
Prof A Karodia (ICEO) – April 2018 to August 2018	869,965	120,580	-	-	990,545
Acting Business Director	-	546,416	-	-	546,416
Executive Manager Biodiversity	1,196,510	72,595	62,556	-	1,331,661
Chief Financial Officer	1,243,466	51,600	-	-	1,295,066
Research & Policy Senior Manager	883,263	66,646	-	475,000	1,424,909
	<b>5,183,830</b>	<b>857,837</b>	<b>62,556</b>	<b>475,000</b>	<b>6,579,223</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 29. Related parties (continued)

During the 2020 Financial year, the Chief Financial Officer was for one month sick and later suspended for the last month of the financial year and 2 people acted on the position consecutively. They were paid a total acting allowance of R97 167.

An interim CFO was then appointed in July 2020 after year end.

### 30. 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.





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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### 30. Heritage assets (continued)

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.

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

### 31. Change in estimate

#### Property, plant and equipment

The useful life of computer equipment was revised in the current year after management noted that some assets have more useful life than originally estimated. The effect of this revision has reduced depreciation charges for the current period by R 414,675 and increased depreciation charges for future by the same amount.

#### Intangible assets

The useful life of computer software assets still in use and approaching the end of their original estimated useful life was revised in the current year. The effect of this revision has reduced amortisation charges for the current period by R 63,659 and increased depreciation charges for future by the same amount.

## Notes to the Annual Financial Statements

Figures in Rand

	2020	2019
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### 32. Prior period errors

#### Error 1

Useful lives of property, plant and equipment were reviewed in the prior year, however depreciation was calculated only for one month instead of 12 months for the revised assets only. The error was corrected by adjusting the depreciation by the 11 months erroneously not depreciated. The net effect of the adjustments on each class of asset are shown below:

Operating equipment	-	133,262
Motor vehicles	-	770
Office equipment	-	326
Furniture & Fittings	-	1,506
Computer equipment	-	10,623
	-	<b>146,487</b>

Further, property plant and equipment was understated due to some assets that were not included in the fixed asset register. These assets were fair valued and added to the asset register. The impact of this resulted in increase in Furniture and fittings at book value of R44 733, increase in depreciation expense by R4 967 and increase in opening accumulated surplus for 2019 by R49 700.

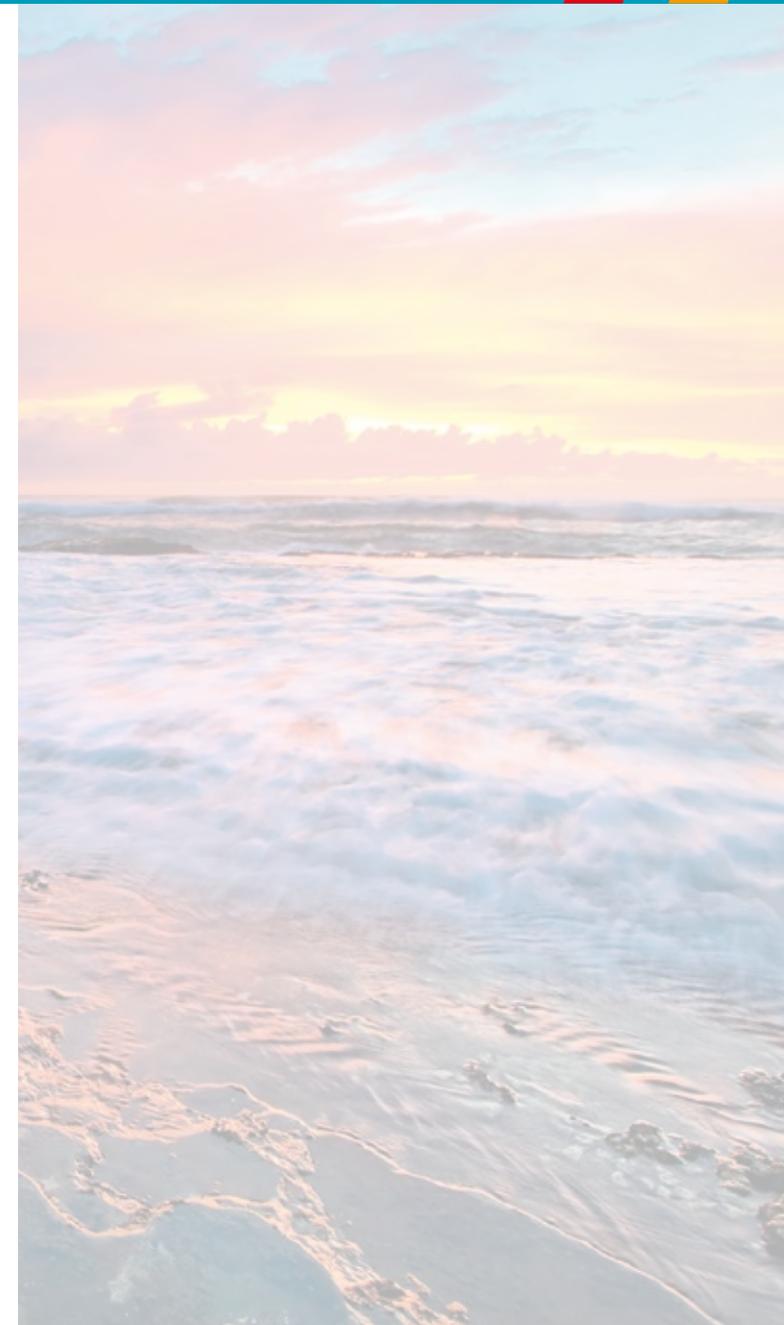
Deposit to Eskom of R13, 084 was incorrectly expensed in prior years and interest on deposit amounting to R659 was not recognised.

The correction of the errors results in adjustments as follows:

#### Statement of financial position

Decrease in property, plant and equipment	-	(101,753)
Increase in receivables from exchange transactions (Deposits)	-	13,085
Increase in opening accumulated surplus	-	(62,126)

\* See Note 33 & 32





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>32. Prior period errors (continued)</b>		
<b>Statement of financial performance</b>		
Increase in interest income	-	(659)
Increase in depreciation expense	-	151,453
Error 2		
<p>The Authority invoices all its regular customers a month in advance for park access and activities. This invoicing was incorrectly accounted for as income received in advance whilst there is no income actually received. This resulted in overstatement of receivables from exchange transactions and overstatement of income received in advance. The error was corrected retrospectively to reverse all advance income that was incorrectly raised in prior years. The net effect of the correction resulted in decrease in income received in advance by R359,148 and decrease in receivables from exchange transactions by the same amount.</p>		
<p>Donations from rare and endangered species was incorrectly accounted for as conditional donation in the past. All donations received was recognise as a liability (Payables from exchange transactions) under the line item "Concessionaires' performance bonds," and income from donations would be recognised only when the funds are used for their intended purpose. However, no condition as per GRAP 23 is placed by donors and all donations should be recognised as income when the Authority obtains control of the donated funds and not when expenditure is incurred.</p>		
<p>Payment for work done in 2018 financial year to the value of R102,151 was incorrectly recognised as an expense in 2019 financial year. The error was corrected retrospectively to reduce project costs for 2019 financial year by this amount.</p>		
<p>Retention were overstated due to the following errors:</p> <ul style="list-style-type: none"> <li>• One supplier was overstated by R432,181</li> <li>• Two suppliers were understated by a total of R30,563</li> </ul>		
<p>These retentions were corrected retrospectively to resulting in decrease in retention of R401,618 and increase in opening accumulated surplus by the same amount.</p>		
<p>Training and bursary fees to the value of R329,705 was incorrectly presented under professional fees. The error was corrected by mapping the account to training and bursary fees under other operating expenses.</p>		
<p>Minor assets to the value of R1,857 were incorrectly included under contacted services, these were reclassified to other operating expenses.</p>		
<p>Security costs and Gate management and access control costs amounting to R9,622,568 and R14,786,742 respectively were incorrectly included under operating expenses, these were reclassified to other contacted services</p>		
<p>Penalties paid to SARS were incorrectly included under insurance in the prior period under general expenses. This was correct in the current year and the amount was further disclosed as fruitless expenditure.</p>		
<p>The correction of the error results in adjustments as follows:</p>		
<b>Statement of financial position</b>		
Decrease in receivables from exchange transactions (trade receivables)	-	(359,148)
Decrease in payables (Concessionaires' performance bonds)	-	1,154,869
Decrease in income received in advance	-	359,148
Decrease in payables (Retention)	-	401,618
Increase in opening accumulated surplus	-	(1,592,445)
	-	<b>(35,958)</b>
<b>Statement of financial performance</b>		
Increase in interest income	-	(50,233)
Decrease in donations income	-	187,062
Decrease in project costs (chemicals, materials & equipment hire)	-	(102,151)
Decrease in professional fees	-	(329,705)
Decrease in contracted services costs	-	(1,857)

\* See Note 33 & 32

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>32. Prior period errors (continued)</b>		
Increase in contracted services costs ((security)	-	9,622,568
Decrease in operating expenses	-	(9,622,568)
Increase in contracted services costs (Gate management and access control costs)	-	14,786,742
Decrease in operating expenses	-	(14,786,742)
Increase in operating expenses (bank charges)	-	1,280
Increase in operating expenses (minor assets)	-	1,857
Increase in operating expenses (Fines and penalties)	-	79,001
Decrease in operating expenses (insurance)	-	(79,001)
Increase in operating expenses (training and bursary fees)	-	329,705
	-	<b>35,958</b>

### Error 3

Grant received from SANParks to the value of R5 431 034 was incorrectly classified as unconditional grants. This grant was corrected in the current year and included under conditional grants.

Cash paid to employees in the cash flow statement was reported after deducting personnel cost charged out to project costs and the effect of leave accrual was not adjusted.

Non-cash components of other income were incorrectly included in cash flow statement and this resulted in overstatement of cash inflow from other income by R2 737 352. These non-cash items were removed from the cash flow statement.

### 33. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

##### 2019

		As previously reported	Correction of error	Restated
Property, plant and equipment	3	522,707,637	(101,753)	522,605,884
Receivables from exchange transactions	7	1,726,034	(346,063)	1,379,971
Payables from exchange transactions	10	(49,763,867)	1,556,487	(48,207,380)
Income received in advance		(359,148)	359,148	-
Accumulated Surplus		(637,170,939)	(1,467,819)	(638,638,758)
		<b>(162,860,283)</b>	-	<b>(162,860,283)</b>

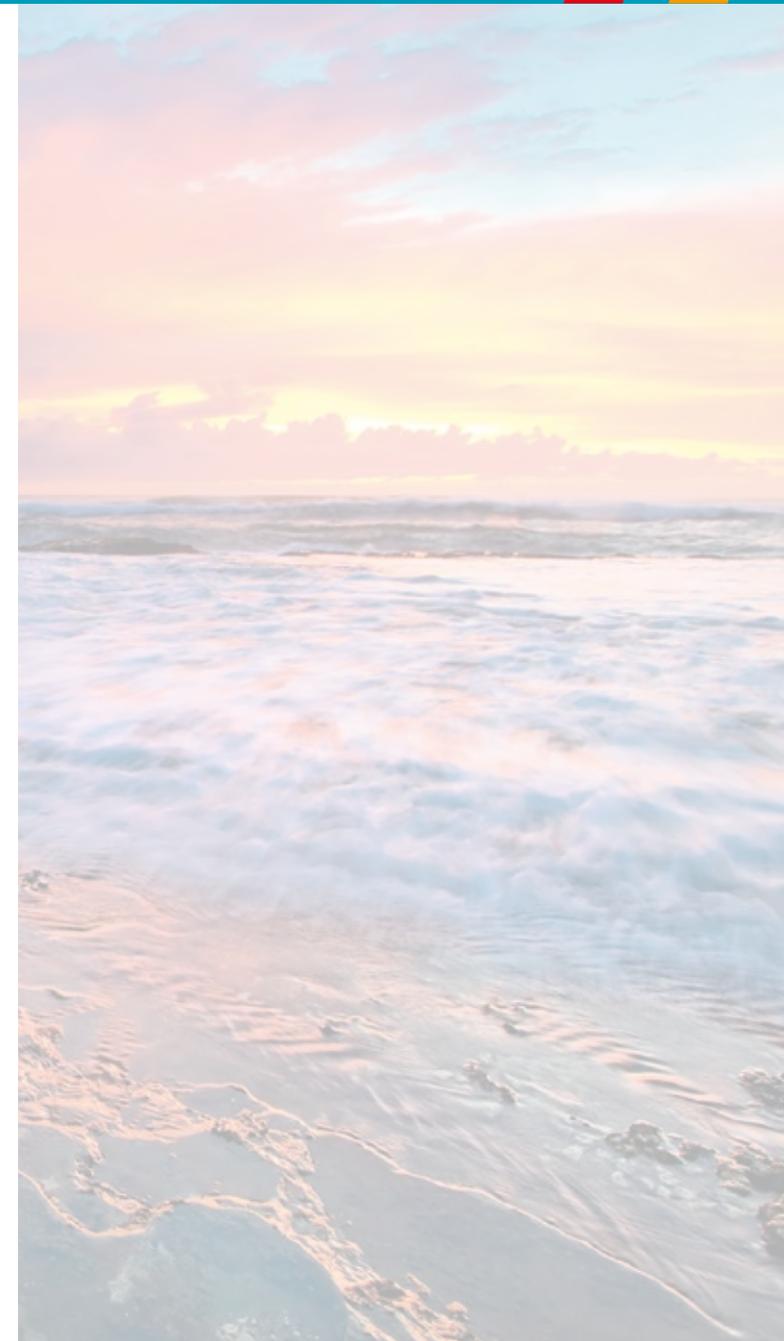
#### Statement of financial performance

##### 2019

		As previously reported	Correction of error	Restated
Interest income	12	2,017,752	50,892	2,068,644
Public contributions and donations	15	305,842	(187,062)	118,780
Project costs	17	(34,618,127)	102,151	(34,515,976)
Professional fees	18	(7,247,796)	329,705	(6,918,091)
Depreciation expense	19	(35,360,575)	(151,453)	(35,512,028)
Contracted services	21	(17,698,381)	(24,407,453)	(42,105,834)
Other operating expenses	23	(44,595,104)	24,076,469	(20,518,635)
<b>Surplus for the year</b>		<b>(137,196,389)</b>	<b>(186,751)</b>	<b>(137,383,140)</b>

#### Cash flow statement

\* See Note 33 & 32





## Notes to the Annual Financial Statements

Figures in Rand	2020	2019	
<b>33. Prior-year adjustments (continued)</b>			
<b>2019</b>			
	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Park revenue	25,413,739	(917)	25,412,822
Interest income	2,017,752	50,892	2,068,644
Donation received	305,842	(187,062)	118,780
Other income	3,400,502	(2,837,352)	563,150
Cash paid to employees	(17,290,897)	(4,764,418)	(22,055,315)
Cash paid to suppliers	(97,656,418)	7,738,856	(89,917,562)
	<b>(83,809,480)</b>	<b>(1)</b>	<b>(83,809,481)</b>

## Notes to the Annual Financial Statements

Figures in Rand

	2020	2019
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### 34. Risk management

#### Liquidity risk

The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments.

The table below shows the Authority's financial liabilities at the statement of financial position date. The amounts disclosed in the table are the undiscounted cash flows as all liabilities are due within 12 months and the impact of discounting is not significant.

Financial instrument		
Trade and other payables	46,868,857	48,207,380
Unspent conditional grants	257,064,183	144,767,109
	<b>303,933,040</b>	<b>192,974,489</b>

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions. The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

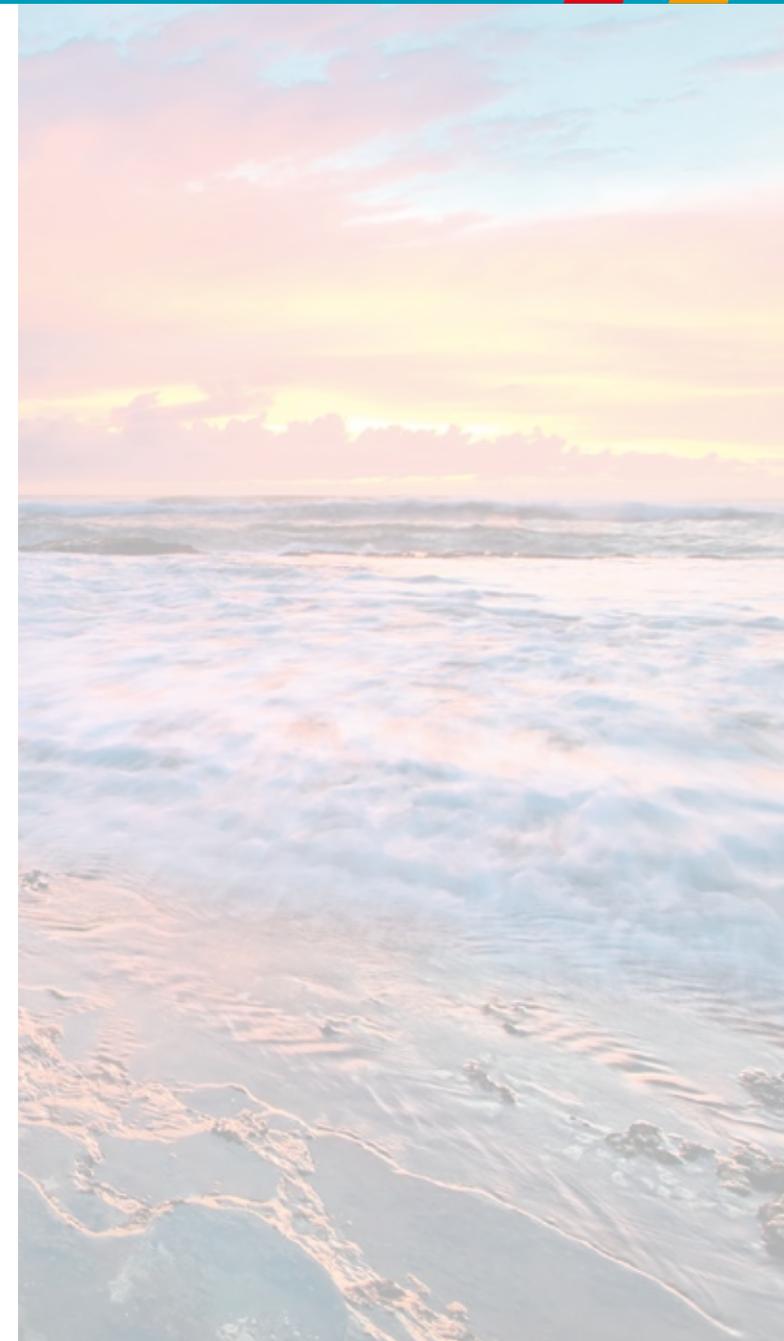
Financial instrument		
Trade debtors	2,386,714	1,028,207
Deposits	139,455	133,447
SARS	14,385	14,385
Grants receivable	-	11,584,446
<b>Debtors past due</b>		
>120 days	936,739	222,740
>90 days	157,036	27,841
>60 days	145,719	146,380
>30 days	330,400	103,232
	<b>1,569,894</b>	<b>500,193</b>

Included in debtors past due are government debtors totalling R291 301 (2019 R184 763). The risk associated with government debtors is considered low. government debt owing for more than 120 days of R231 660 (2019 R20 308) is in respect of utilities payable by Ezemvelo KZN Wildlife.

#### Other risks

##### Interest rate risk

As the Authority has no significant interest-bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates. Hence the risk is considered low as deposits are held with major South African bank. The Authority does not invest in equity instruments.





## Notes to the Annual Financial Statements

Figures in Rand 2020 2019

### 35. Going concern

We draw attention to the fact that the Authority made a loss of R10,311,221 in the 2020 financial year and that the entity's current liabilities exceed its current assets by R9,025,079. However, as at 31 March, 2020, the Authority had an accumulated surplus of R 628,327,537.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Authority to continue as a going concern is dependent on a number of factors. The most significant of these is that the government will continue to procure funding for the ongoing operations for the Authority. Note to related part transactions provides grant allocated by the government to fund the future operations of the entity.

### 36. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure incurred in current year	186,774	-
Fruitless and wasteful expenditure incurred in prior year but identified in current year	79,001	-
	<b>265,775</b>	<b>-</b>

Fruitless expenditure amounting R42,523 relates to travel and accommodation reservation that was either cancelled or not utilised and expenditure was incurred by the Authority. A further R144,251 was incurred as a result of overpayment to service providers whose scope of work was reduced but still paid the full price as per original quotation.

Fruitless expenditure incurred in prior year but identified in current year relates to SARS penalties.

### 37. Irregular expenditure

Opening balance	7,596,400	6,905,790
Add: Irregular Expenditure - current year	4,792,036	690,610
Less: Amounts written off and awaiting condonment	(7,596,400)	-
	<b>4,792,036</b>	<b>7,596,400</b>

During the current year, goods and services were procured from service providers whose tax matters were not compliant at the time of appointment. This resulted in total irregular expenditure during the year of R4,642,788.

During the previous years, construction services were procured from a contractor, who was appointed in 2010 and had a new contract issued in 2016. Payments amounting to R4,200,960 were made. The irregular expenditure was due to non-compliance with the procurement processes in terms of National Treasury regulations on the stipulated advertisement timeframe and on the subsequent contract deviation in 2016. The irregular expenditure was not as a result of fraudulent, corrupt and/or criminal activities by the Authority's officials. Value for money was driven and the services rendered were essential for the Authority's operations. The Authority will seek condonation from National Treasury.

Also, during the previous years, Request for quotation documents relating to the purchase of uniforms did not include the evaluation criteria for local content.

Construction services to the value of R690,610 were procured from a contractor for signage in the park in prior year and the contractor was appointed in 2011. The supply chain management processes were not followed in terms of the timeframe of the contract and the approval for a change in the scope of the work. Subsequent restructuring of the Authority and the formation of the supply chain management unit took place during the prior year in order to address, inter alia, these issues.

All irregular expenditure incurred in prior years was approved for write off in the current year.

### 38. Events after the reporting date

The novel coronavirus (COVID-19) pandemic is spreading around the globe rapidly. The virus has taken its toll on not just human life, but businesses and financial markets too, the extent of which is currently indeterminate.

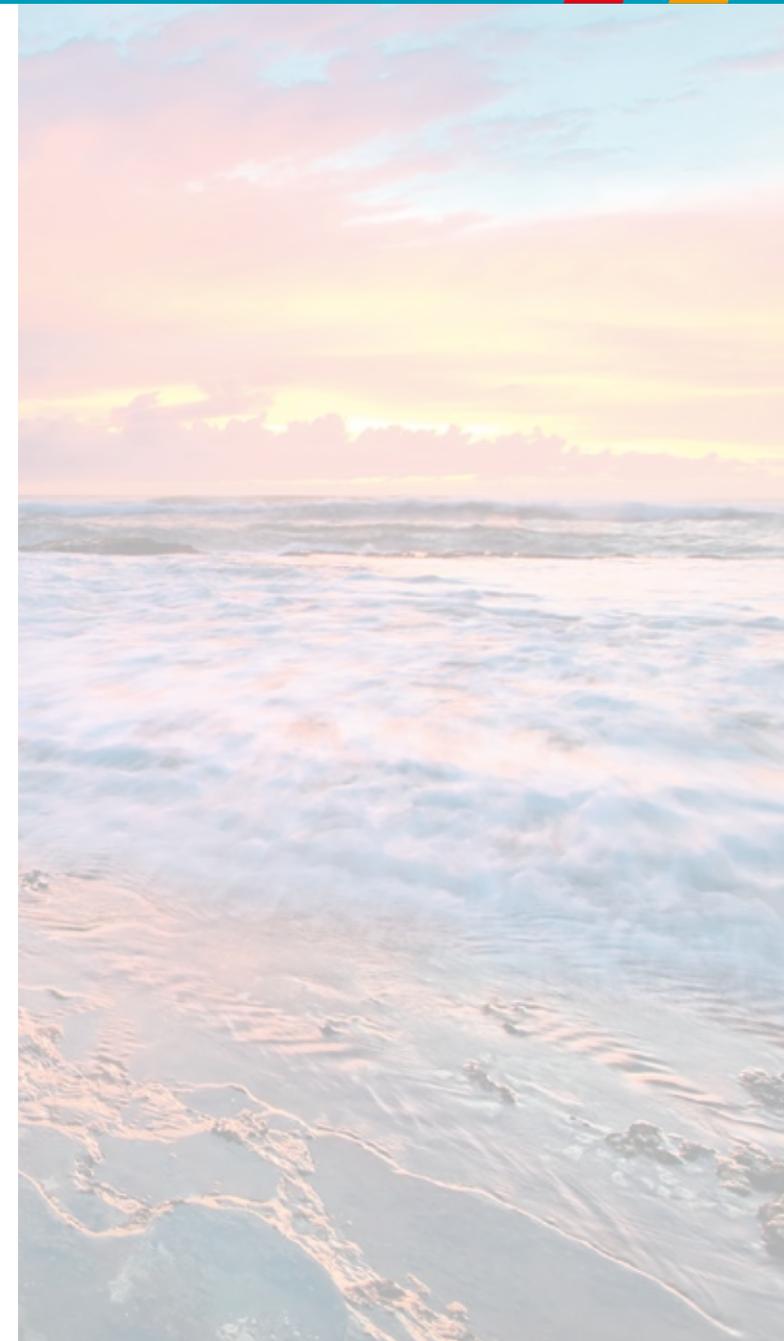
Tourism business has been affected adversely because all international tourists will not be visiting until lockdown restrictions are lifted. Revenue from park operations is therefore expected to be significantly low during this pandemic.

## Notes to the Annual Financial Statements

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### 38. Events after the reporting date (continued)

The Authority is currently in the process of taking over the daily operation of some tourism facilities currently being operated by Ezemvelo. The expected takeover will result in the Authority generating some revenue from accommodation through operating these properties, and cleaning and maintenance costs will also increase. As part of takeover of these properties, iSimangaliso will also take over employees who are directly involved in operating these properties from Ezemvelo resulting in increase in employee costs.





## Statement of Comparison of Budget and Actual Amounts

### Annexure A

**BC1**-Park revenue – new vessel launching fees introduced. Above average annual accommodation concession fees received. Increased visitors to the Park.

**BC2**-Administration fees – roll-out of infrastructure procurement plan revised and deferred as organisation was undergoing a transitional period in which a new CEO was appointed. Restructuring process took place.

**BC3**-Management fees – roll-out of infrastructure procurement plan revised and deferred as organisation was undergoing a transitional period in which a new CEO was appointed. Restructuring process took place.

**BC4**-Interest income –

**BC5**-Sundry income – roll-out of infrastructure procurement plan revised and deferred as organisation was undergoing a transitional period in which a new CEO was appointed. Restructuring process took place.

**BC6**-Grants – roll-out of infrastructure procurement plan revised and deferred as organisation was undergoing a transitional period in which a new CEO was appointed. Restructuring process took place.

**BC7**-Chemical and equipment –

**BC8**-Depreciation and amortisation - roll-out of infrastructure procurement plan revised and deferred as organisation was undergoing a transitional period in which a new CEO was appointed. Restructuring process took place.

**BC9**-Personnel – variance due to delays in appointment of vacant positions and cost savings from resignations and secondments.

**BC10**-Contracted services – the final budget was based on the operational allocation. The project plan included R12million for the maintenance which was allocated against the project costs.

**BC11**-Management & Admin – approved budget revised due to re-allocation of the fees directly to revenue. Actual is less than final budget due to delays in the roll-out of the working for the coast project as a result of delays in funding.

**BC12**-Professional fees – variance due to matters requiring legal advice and facilitation of stakeholder workshops.

**BC13**-Subcontractors – additional budget secured.

**BC14**-Training – training newly appointed contractors on land-care projects in the North with the additional funding.

**BC15**-Other expenses – work in progress expensed as per engineers report due to re-prioritisation of projects. Assets written off after physical verification and impairment testing.

**BC16**-Capital expenditure – roll-out of infrastructure procurement plan revised and deferred as organisation was undergoing a transitional period in which a new CEO was appointed. Restructuring process took place.



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