



Conservation, Partnerships & Ecotourism

KwaZulu-Natal Nature Conservation Board Annual Integrated Report 2012/13



**WAR
ON POACHING**

An Ezemvelo KZN Wildlife initiative





KwaZulu-Natal Nature Conservation Board

Annual Integrated Report 2012/13



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KWAZULU-NATAL NATURE CONSERVATION BOARD ANNUAL INTEGRATED REPORT 2013

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The KwaZulu-Natal Conservation Board

The KwaZulu-Natal Nature Conservation Board is an entity formed in terms of the KwaZulu-Natal Nature Conservation Management Act (Act No 9 of 1997). The entire operation is conducted by the KwaZulu-Natal Conservation Service – more popularly known as Ezemvelo KZN Wildlife (Ezemvelo). The primary business of the entity is Conservation and Ecotourism.

In this report, the terms "Accounting Authority" and "the Board" are used interchangeably

This report

KwaZulu-Natal Nature Conservation Board presents this Integrated Report to stakeholders for the 2013 financial year following the principles of the King Report on Governance (King III). The report was compiled in terms of the Discussion Paper: Framework for Integrated Reporting and the Integrated Report, as published by the Integrated Reporting Committee of South Africa on 25 January 2011.

It is important to note that this is the second attempt at integrated reporting, and improvements will be made in future reports.

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PART 1: OVERVIEW

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KwaZulu-Natal Premier, Dr Zweli Mkhize during one of Ezemvelo's rhino capture operation's.

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FEATURES

- Ezemvelo's mandate is derived from the KwaZulu-Natal Nature Conservation Management Act (Act No 9 of 1997), which is to direct the management of nature conservation within the Province including Protected Areas (PAs). This includes the development and promotion of ecotourism facilities within the PAs.
- Ezemvelo manages 114 PAs, of which 110 are terrestrial and four are coastal and marine reserves.
- Ezemvelo is pioneering the debate for legalising the sale of rhino horn as a means to curb poaching.
- The first valuation conducted in 2011/12 estimated the annual rand value of ecosystem goods and services to be R149,7 billion. Ezemvelo's annual Provincial budget allocation is 0.34% of the value of ecosystems free goods and services.
- Ezemvelo, as a state-owned entity, remains committed to deliver on the priorities of Government which include job creation. This is achieved by the organisation either entering into partnerships or implementing programmes that enable job creation. These programmes are also aligned to further conservation efforts.
- Community development has been high on Ezemvelo's agenda as conservation must create tangible benefits to people, especially those residing in buffer zones, for example, adjacent to PAs.
- Management plans continue to be implemented by Ezemvelo to stabilise key species, many of which have been considered vulnerable or were once on the brink of extinction. Examples of such species include vultures, white and black rhino, loggerhead turtles and wattled cranes.
- Ezemvelo is entrusted with the responsibility for managing the uKhahlamba Drakensberg Park World Heritage Site as well as performing conservation and ecotourism activities within the iSimangaliso Wetlands Park World Heritage Site. The organisation also manages a number of RAMSAR sites (wetlands of international importance), such as Ndumo Game Reserve, Kosi Bay and Lake Sibaya.
- Ezemvelo is considered to be one of the leading conservation authorities both locally and internationally by its peers.
- Ezemvelo is forging a distinctive identity in the field of Community Conservation as part of its integrated approach to enable job creation as well as environmentally sensitive land use activities.
- Ezemvelo is cognisant that conservation is a land use in direct competition with other land uses.

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APPROVAL OF THE ANNUAL INTEGRATED REPORT

Ezemvelo is committed to integrated reporting and disclosure. This will be enhanced in subsequent years to enable stakeholders to make an informed assessment of Ezemvelo's ability to deliver services in a sustainable manner.

Scope and Boundary of this Report

The Annual Integrated Report covers the performance – financial and non-financial – of Ezemvelo for the year ended 31 March 2013. The entity operates in the Province of KwaZulu-Natal within the Republic of South Africa.

The financial report complies with Generally Recognised Accounting Practice (GRAP). Management is working towards ensuring alignment to the draft guidelines on integrated reporting as provided by the Integrated Reporting Committee of South Africa .

Assurance

Assurance of this Annual Integrated Report is provided by the accounting authority and management of Ezemvelo. The Auditor-General has provided external assurance on the financial and non-financial performance reports, which appear from page 51 to page 94.

Approval of the Annual Integrated Report

The accounting authority acknowledges its responsibility to ensure the integrity of the Annual Integrated Report. The members of the accounting authority are satisfied with its content and have approved this Annual Integrated Report.


ZC NGIDI
CHAIRPERSON
ANNUAL INTEGRATED REPORT 2012/13

CORPORATE PROFILE

BRIEF HISTORY

The history of Ezemvelo is a source of considerable pride for all associated with it. This organisation has been at the forefront of South Africa's conservation efforts for many decades and its reputation has a strong international standing as well. The success of Ezemvelo can be attributed to a pioneering history as well as an ongoing adherence to strategies and plans that are in line with international best practice.

The entity's mandate is derived from the KwaZulu-Natal Nature Conservation Management Act (Act No 9 of 1997). The entity is a Schedule 3C public entity in terms of the Public Finance Management Act (Act No 1 of 1999), reporting to the KwaZulu-Natal Department of Agriculture and Environmental Affairs.

CORPORATE IDENTITY

Modern day conservation is particularly challenging owing to the dynamic economic and social environment we live in. This challenge is compounded by the escalating pressures of a developing society. Ezemvelo's vision, mission and values have been worded to encapsulate these challenges as well as help distinguish ourselves in all facets of our business.

Ezemvelo seeks to fulfil its vision, mission and core values by focusing on Conservation, Ecotourism and Partnerships.

VISION

"To be a world renowned leader in the field of biodiversity conservation."

MISSION

"To ensure effective conservation and sustainable use of KwaZulu-Natal's biodiversity in collaboration with stakeholders for the benefit of present and future generations."

CORE VALUES

- Integrity:** To act at all times in a moral, ethical and honest manner.
- Respect:** To treat stakeholders with patience and politeness. We acknowledge and value their rights as well as those of the environment.
- Accountability:** To involve all stakeholders in our activities within a culture of openness and transparency. We are accountable for the consequences of our actions and activities.
- Teamwork:** By setting goals, we will work together to achieve our vision.
- Innovation:** We are an adaptable organisation that embraces a culture of creativity and learning.
- Excellence:** Being a progressive organisation we apply best practices to achieve the highest quality and standards.
- Commitment:** We undertake our activities with passion, loyalty and dedication.
- Productivity:** We endeavour to produce results timeously, efficiently and effectively.

Aims of Ezemvelo

Ezemvelo, in terms of the KZN Nature Conservation Management Act (Act No 9 of 1997), is mandated to:

- a) Direct the management of
 - i. nature conservation within the province;
 - ii. protected areas; and
 - iii. the development and promotion of ecotourism facilities within the protected areas.
- b) Ensure the proper efficient and effective management of the Conservation Service.

OPERATIONS

Rhino Security

Ezemvelo continued to implement its Rhino Security Intervention Programme (Programme). The essence of the Programme is to review all Standard Operating Procedures (SOP's), refine them, and implement them through an evaluation process that includes an annual rhino security assessment in all the rhino reserves. The rhino security assessment has now increased to a bi-annual requirement.

The other requirements of the Programme are to ensure that the rhino reserves are adequately staffed to the levels recommended by the International Union for Conservation of Nature (IUCN) African Rhino Specialist Group, that subsistence, transport and overtime allowances are increased to ensure that field operations are more effective and that staff are screened to ensure confidentiality and secrecy in all law enforcement operations. The programme identified that the recruitment process for vacated rhino security posts should be fast-tracked.

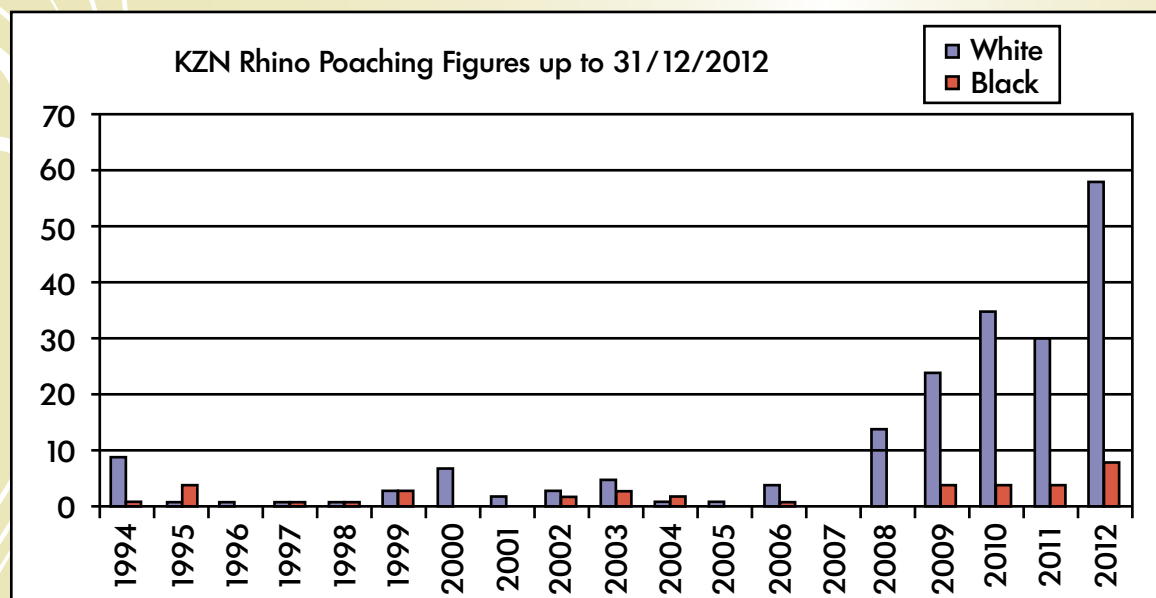
The Programme further recommended that the investigations and information gathering aspects of the rhino security programme be vastly improved to ensure that poachers are apprehended. This has been achieved by the recently formed Ezemvelo Rhino Security Unit and is in the final planning stages in terms of responsibilities, reporting lines and purchasing of important equipment, including a stand-alone environmental crime database.

The Programme also required all rhino reserves be issued with Cybertracker Units to measure patrol effort, incidents and sightings. This has proven to be extremely valuable and has been a good indicator of management effectiveness in terms of adequate staffing levels and good ground coverage. The budget of R28-million received from the Provincial Treasury has made a significant contribution to the rhino security programme and has enabled Ezemvelo to hire helicopters, purchase new vehicles for rhino reserves, and other much needed resources.

The establishment of the Community Rhino Ambassadors Programme has been a huge success in enhancing awareness and creating a culture of ownership of South Africa's wildlife heritage. In December 2012 Ezemvelo also appointed the 2012 London Olympics Swimming Gold Medallist, Chad le Clos, as Ezemvelo Rhino Ambassador for a period of one year. Chad is creating awareness about the plight of rhinos nationally and internationally, and also encourages various stakeholders he comes into contact with to financially support Ezemvelo's anti rhino poaching efforts.

Rhino Poaching Statistics

Table 1: Rhino poaching figures



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Table 2: Black and White Rhino poaching figures

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | TOTAL |
|--------------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|------------|
| White | 9 | 1 | 1 | 1 | 1 | 3 | 7 | 2 | 3 | 5 | 1 | 1 | 4 | 0 | 14 | 24 | 35 | 30 | 58 | 200 |
| Black | 1 | 4 | 0 | 1 | 1 | 3 | 0 | 0 | 2 | 3 | 2 | 0 | 1 | 0 | 0 | 4 | 4 | 4 | 8 | 38 |
| Total | 10 | 5 | 1 | 2 | 2 | 6 | 7 | 2 | 5 | 8 | 3 | 1 | 5 | 0 | 14 | 28 | 39 | 34 | 66 | 238 |

Compliance with Marine Living Resource Act

The year under review has been extremely positive in terms of implementing marine compliance in the Province of KwaZulu-Natal, where positive communication was maintained throughout the year between Ezemvelo and Department of Agriculture, Forestry and Fisheries (DAFF) management structures. The outcome of the interactions has culminated in Ezemvelo implementing an extensive "portfolio of evidence" process, whereby all reported activities can be recorded in the DAFF compliance procedures documents, which will provide an easy-to-manage audit trail.

In respect of targets/achievements, Ezemvelo is pleased to report that the majority of the 2012/2013 targets were exceeded:

- 162 foreign or local commercial vessels were monitored and inspected, and 99 732 shore/estuarine boat anglers were inspected (Target 50 778);
- 838 fish processing establishments/fish dealers were inspected (Target 856);
- 38 fishing competitions were attended where 2 048 vessels and 5 619 fishers were inspected, and 9 570 assorted patrols were carried out (Target 7 238); and
- 258 marine-themed meetings were attended or facilitated which were attended by 853 people. A total of 165 127 pieces of "awareness material" were distributed to the fishing public by staff and honorary officers. 99 732

Marine Protected Areas

There has been excellent communication between Department of Environmental Affairs: Oceans and Coast and Ezemvelo KwaZulu-Natal Wildlife staff in respect of managing the Aliwal Shoal and Trafalgar Marine Protected Areas. The Memorandum of Understanding has been concluded successfully. The Aliwal Shoal Advisory Forum was successfully established. The majority of targets have been exceeded. Law enforcement /compliance was carried out to a high standard: 573 patrols being carried out (target 380), and 18 865 inspections done (target 7 648) which resulted in 135 prosecutions, all successful. Information and awareness was provided through the distribution of 12 018 pieces of "awareness material".

Symposium of Contemporary Conservation Practice

The Symposium of Contemporary Conservation Practice was well attended by over 300 delegates from 84 organisations, and provided a platform for active interaction between scientists, conservation managers, legal experts and key conservation organisations, and had a strong focus of student involvement.

The Symposium was hosted by Ezemvelo, and organised in partnership with Wildlands Conservation Trust, Msunduzi Innovation and Development Institute (MIDI), Endangered Wildlife Trust (EWT), South African Environmental Observation Network (SAEON) and the Universities of Zululand and KwaZulu-Natal. Key themes were management of rhino and other endangered species, ecosystem services and resource economics, wildlife trade, and the understanding of long-term trends in biodiversity change (and climate impacts) through observation systems.

Biodiversity Sector Plans

Biodiversity Sector Plans were completed for a further three of the 11 District Municipalities –Umkhanyakude, uThungulu and Ugu – bringing the total to six completed Plans. These Plans provide spatial maps identifying the Critical Biodiversity Areas and Ecosystem Support Areas, which are essential for mitigation of climate change impacts and protection of the ecosystem services (such as water) provided by the natural assets in each District.

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Monitoring Plans for Threatened Species

Ezemvelo has a large number of valuable long-term monitoring programmes that track trends and identify threats to key species and habitats, both within and outside Protected Areas. The development of plans is part of the process to formalise these programmes, which aim to provide reports on results and responses to changes in species status and threats. These plans provide up-to-date means to analyse trends on abundance and distribution of the species monitored, and describe the methods and reporting requirements in detail.

Management Plans for Species that are Over-exploited

Five management plans for species that are over-exploited or of concern due to high harvesting levels have been completed, and are in the process of being approved by the Board. These are: river-bream, ilala palms, iNcema, traditional use of vultures, and grassland medicinal plants. The plans summarise the status of the resource and provide recommended interventions to prevent further deterioration in status, promote recovery, and to ensure they are harvested sustainably.

Technical Report on the Value of Biodiversity to the Province

The technical report on the value of biodiversity to the Province – both within and outside protected areas – was completed and disseminated. This information has been incorporated in the Provincial Economic Development Framework, as well as presented at Provincial and National forums. It highlights the economic dependence of both rural and urban populations on the free services provided by the natural assets in the Province, and the importance of maintaining the ecological integrity of natural systems, such as wetlands, and attempting to prevent destruction of the remaining intact natural systems, such as forests and grasslands.

Protected Area Management Effectiveness

The effectiveness of management of all the Protected Areas administered by Ezemvelo in KwaZulu-Natal was assessed, and a report summarising the results has been produced. There has been an encouraging improvement in the overall effectiveness score since the last assessment in 2009/10, with over 50 Protected Areas showing a significant improvement. This is a manifestation of the strong emphasis Ezemvelo is placing on implementing an adaptive management approach to achieve effective management of the Protected Areas, and involves the following:

- Setting key management objectives for each Protected Area;
- Identifying any constraints and challenges that may be affecting achievement of these;
- Implementation of focused interventions; and
- Monitoring a number of indicators to assess progress.

There is a general shift towards higher score classes. Currently of those assessed, no Protected Areas scored below the 31-40% score class. Four Protected Areas have now scored in the 81-90% score class, and there is a sharp rise in numbers scoring in the 71-80% score class.

Six (6) Management Plans for Protected Areas were approved and signed by the MEC for Agriculture and Environmental Affairs: Karkloof, Ncandu, Coleford, Hluhluwe-iMfolozi, Ntsikeni and Enseleni Management Plans. A further four (Mpenjati, Beachwood, Umhlanga, Mt Currie) have been completed.

RAMSAR Site

Umngeni Vlei was not only proclaimed as a Nature Reserve but was also listed – by the RAMSAR Convention – as South Africa's 21st, and KZN's eighth, Wetland of International Importance on the 19th March 2013. The vlei abuts the Drakensberg foothills, Alpine Centre biodiversity hotspot, and contains endemic and nationally threatened plant species including the KwaZulu-Natal endemic red hot pokers (*Kniphofia brachystachya* and *Keckiaella breviflora*).

Turtle Monitoring

2012 was the 50th year of monitoring the endangered loggerhead and leatherback turtles that nest annually on the shores of the iSimangaliso Wetland Park. This monitoring programme has been executed annually for the last 50 years without interruption, providing an important dataset on population trends and movements of these iconic species.

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Animal Population Control

One of Ezemvelo's primary conservation objectives is the management of the various Protected Areas throughout the Province. A key aspect of this management includes strategies to identify and manage game population densities.

The world renowned game capture unit captures excess game for translocation or sale. This process is achieved through the development and implementation of the annual game capture plan. This plan is informed by the number of animals allocated for removal from each protected area and the corresponding translocation plan is determined by the disposal options available in each given year. The Board approved the recommended game removal and translocation proposals.

Game counts within Protected Areas were conducted for the purposes of determining the state of biodiversity and for the management of animal populations where required. A number of methods were used including fixed-wing aerial counts, helicopter aerial counts, and walked line transect counts for game species ranging from suni to elephants.

Game Sales

In the 2012 season a total of 973 animals were sold realising a turnover of R 14 690 300.

Table 3: Rand Value per Species

| SPECIES | ACHIEVED | NO. OF ANIMALS SOLD |
|------------------|--------------|---------------------|
| Blue Wildebeest | R 200 725 | 119 |
| Black Wildebeest | R 27 500 | 20 |
| Blesbok | R 30 525 | 30 |
| Buffalo | R 929 600 | 44 |
| Giraffe | R 251 000 | 24 |
| Hippo | R 348 500 | 10 |
| Impala | R 120 100 | 202 |
| Kudu | R 99 800 | 60 |
| Nyala | R 930 350 | 214 |
| Red Hartebeest | R 136 000 | 40 |
| Springbok | R 40 200 | 30 |
| White Rhino | R 10 981 000 | 45 |
| Zebra | R 445 000 | 130 |
| Lions | R 150 000 | 5 |
| Totals | R 14 690 300 | |

Major conservation initiatives conducted during the year under review included the translocation of 13 black rhino to KwaZulu Private Game Reserve as part of the ongoing Black Rhino Range Expansion Project. This brings the total number of rhino translocated in support of this initiative to 111. In addition to this, 466 animals comprising six different species (giraffe, nyala, kudu, warthog, impala and zebra) were translocated to the Maputo Special Reserve in Mozambique. This was in support of the international Transfrontier Conservation Area established between the two countries.

Priority Species Management

A total of 26 rhino and 4 elephant were immobilised for the purposes of fitting transmitters and identification notches. These initiatives are aimed at assisting the protected area managers with improving the monitoring and population management of these priority species. In addition, a total of 49 elephant underwent contraception in Tembe Elephant Park in support of the ongoing population control programme in that reserve.

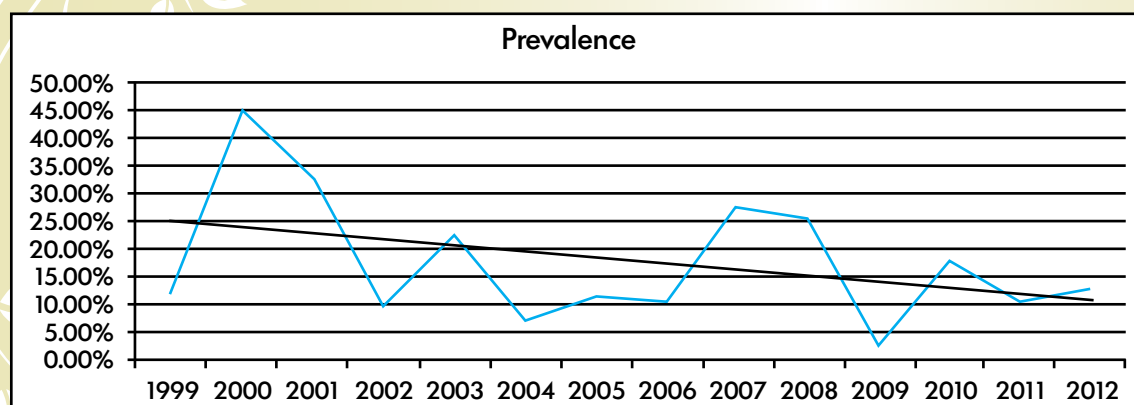
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Disease Management

Bovine Tuberculosis: In June 2012 a total of 271 buffalo from two different herds were captured in the Makhamsa section of Hluhluwe iMfolozi Park (HiP). Herd prevalence was established at 5.63% and 30% respectively. A large percentage of buffalo in the herd with the lowest prevalence had previously been tested in 2008 which clearly demonstrated the efficacy of the test and cull programme at a herd level. It is encouraging to note that the implementation of the control programme has reduced the average prevalence rates by 50%.

Graph 1 below depicts the prevalence rates in HiP for the last 14 years:



Graph 1: Graph indicating average BTB prevalence rates in Hluhluwe iMfolozi Park (HiP) buffalo over 14 years

Brucellosis: A total of 271 buffalo were sampled for Brucellosis (TB) in Hluhluwe iMfolozi Park with negative results. This ongoing surveillance will continue during next year's TB Control Programme.

Foot and Mouth Disease: In September 2012 the controlled area affecting iSimangaliso and Hluhluwe iMfolozi Park was deregulated to a "Surveillance area of the Free Zone". As such movement restrictions have been relaxed and cloven hoofed game species may now move freely to the rest of country. Tembe and Ndumo have however been declared infected and restrictions apply to the movement of game and game products from these two areas.

Forensic Post-mortems

Ezemvelo's veterinarian conducted a total of 32 forensic post-mortems during the course of the year. This is double the number performed in 2011 and reflects the substantial increase in poaching levels.

Stewardship Programme

Biodiversity Stewardship contributes to protected area and biodiversity targets through the commitment of landowners to conserving and managing the biodiversity on their own land. Biodiversity Stewardship rests on the principles of sustainable utilisation, landowner rights and responsibilities, and the responsibility that Government has to not only conserve biodiversity, but also to provide support for citizens who strive to manage their resources sustainably.

The Biodiversity Stewardship Programme's focus on threatened ecosystems and species is significant, as many of these are close to their ecological thresholds and further degradation can lead to irretrievable loss and undermining of KwaZulu Natal's ecological integrity. The achievements of the Biodiversity Stewardship Programme include:

- Nine proclaimed Nature Reserves achieved, totalling 35,953 ha;
- One Protected Environment proclaimed (238 ha); and
- Three Biodiversity Agreements implemented (4,275 ha).

A total of 40,466 hectares has been secured through the Biodiversity Stewardship Programme to date.

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Damage-causing Animals

District Conservation Officers are working with communities to arrange “community hunts” for bush pig, as well as appointing professional hunters to hunt the animals – by setting traps to trap and destroy them.

A Memorandum of Agreement has been signed with KZN Hunters and Conservation Association wherein they will undertake hunting of bush pig or assist communities with training in techniques needed to hunt these animals.

Wide Area Network expansion

New offices were added to the Wide Area Network. This is part of the expansion programme that will result in a number of offices in far lying areas being connected. The offices connected included: Mpila Conservation Office, Tembe Conservation Office, Ndumo Conservation Office, and Cobham Conservation Office. A satellite phone and data connections at Midmar Workshop and the Midmar Training Centre were installed.

Infrastructure and Special Projects Unit (ISP)

This unit was established to source and manage funding, implement special projects on behalf of external funders and undertake projects to uplift the socio-economic status of communities bordering Protected Areas. The unit is also responsible for implementing all social responsibility programmes.

The ISP implements projects which could be categorised under three main categories namely:

- Internal Social Responsibility.
- External Social Responsibility.
- Natural Resources Management.

The following programmes were implemented inside and outside Ezemvelo Protected Areas:

- Invasive Alien Species (IASP): clearing of alien vegetation;
- Working for the Coast (WfC): Beach clean-up, upgrading and rehabilitation of facilities for visitors;
- Working for Rivers (WfR): River clean-up and rehabilitation;
- Payment for Ecosystems Services (PES): Donga Rehabilitation in Upper uThukela Catchment;
- KwaZulu-Natal Siyaya Coastal Park: reserve infrastructure development;
- HIP Community Development and Tourism: Tourism and Infrastructure Development; and
- Community Levy: Various community development projects.

Expanded Public Works Programme (EPWP)

Ezemvelo, in partnership with different Government departments, continues to implement projects under the EPWP. The aim of the EPWP is to create sustainable livelihoods for the poorest of the poor in rural areas. This was achieved through job creation, training and SMME development. The table below presents deliverables achieved by the programme

Table 4: Expanded Public Works Programme deliverables

| Project | No of People | Person days | FTEs | Training | SMMEs created |
|---|--------------|----------------|--------------|---------------|---------------|
| Planned 2012/13 | 3 215 | 302 635 | 1 315 | 14 326 | 207 |
| DEA IASP | 2 727 | 163 172 | 709 | 36 705 | 137 |
| Working for the Coast | 400 | 59 375 | 258 | 2 910 | 32 |
| Working for Rivers | 474 | 22 499 | 98 | 1 510 | 41 |
| Payment for Ecosystems Services | 180 | 25 200 | 110 | 0 | 15 |
| KZN Siyaya Coastal Park | 35 | 70 | 0.3 | 0 | 3 |
| KZN HIP Community Development and Tourism | 65 | 1 640 | 7 | 0 | 0 |
| TOTAL | 3 881 | 271 956 | 1 182 | 41 125 | 228 |
| Percentage | 120% | 90% | 90% | 287% | 110% |

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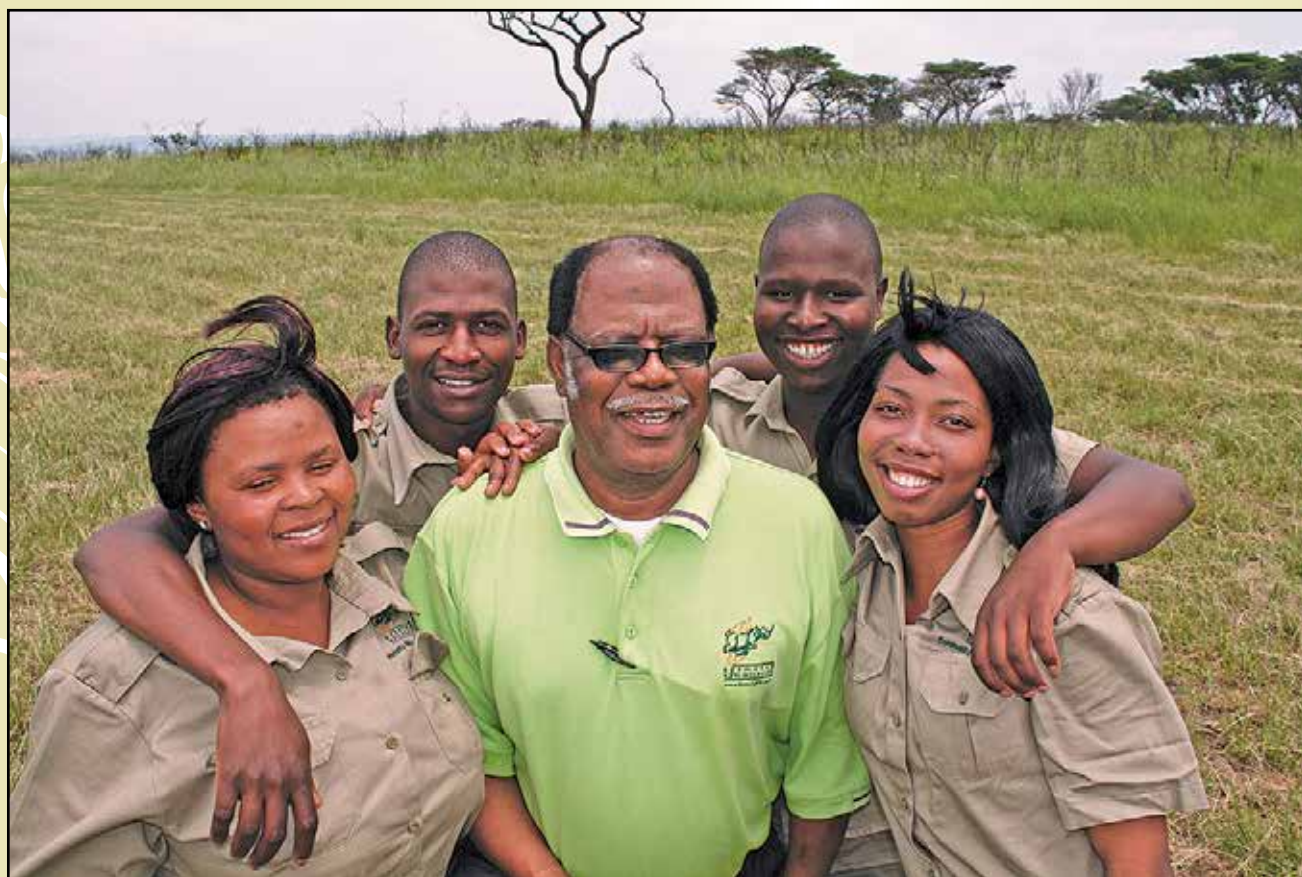
Job Creation

South Africa faces the triple challenge of poverty, unemployment and inequality and the Province of KwaZulu-Natal is not immune to this. Ezemvelo – as a responsible corporate citizen – has, through ISP, made strides in contributing towards alleviating poverty and its effects. Table 5 (above) shows that in the 2012/13 financial year, 3 881 people were given jobs, which created 1 182 fixed term equivalents (FTEs) and 228 SMMEs were created. These job interventions were mainly targeting women – 60% of the beneficiaries were women and 40% were youth as per EPWP standards.

The Province of KwaZulu-Natal is home to 10 267 300 individuals (Census 2011, Statistics SA). The unemployment rate in KZN is estimated to be 33%, which is above the national rate of 29, 8% (Census 2011, Statistics SA). The number of jobs created has a direct benefit to 3 881 people and an indirect benefit to 31 048 people in the Province.

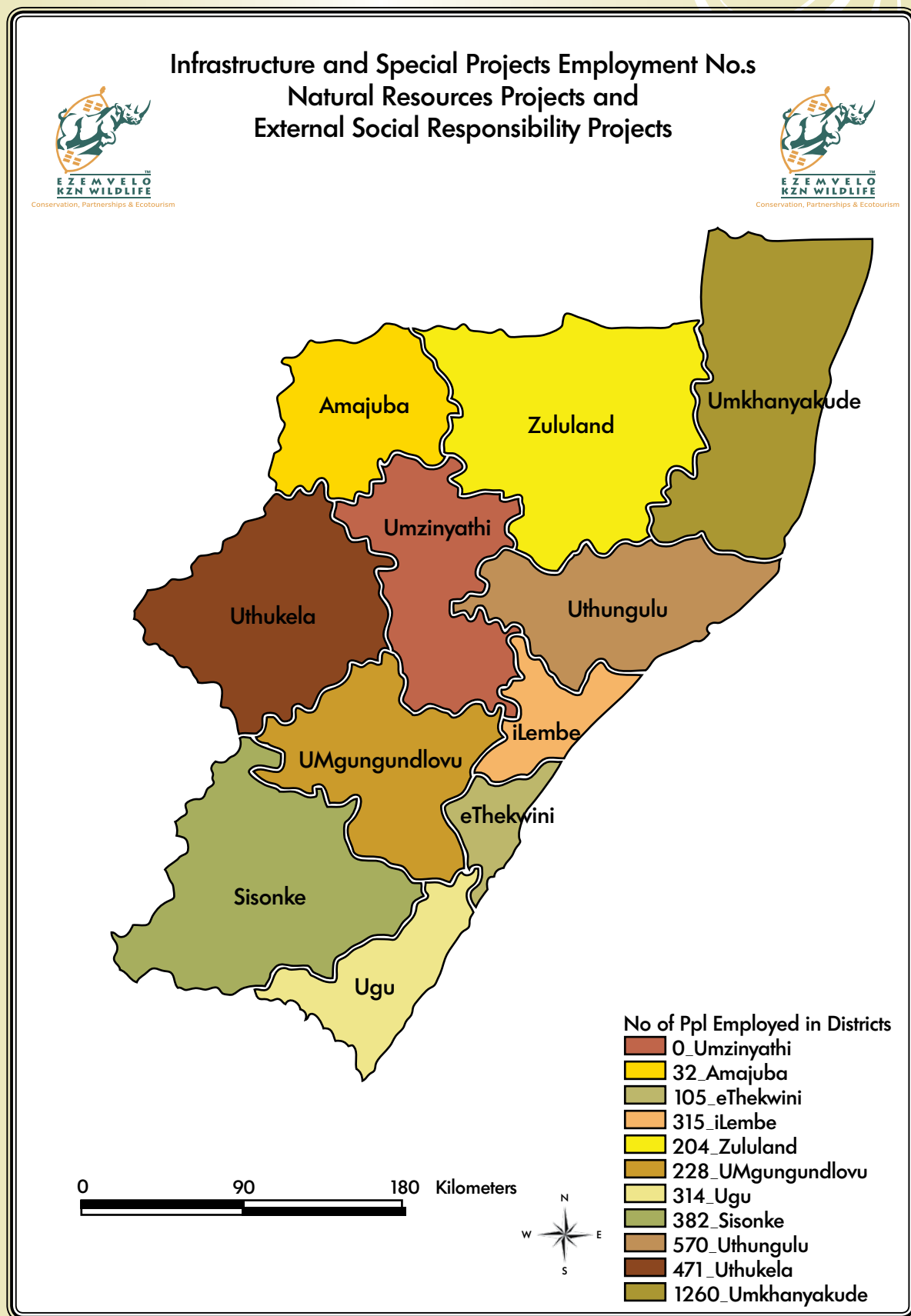
Employment per District Municipality

Employment through Ezemvelo ISP is spread throughout the Province in all districts except uMzinyathi District. This can be attributed to the low number of Protected Areas within that district. The map below shows District Municipalities and the number of jobs created.



Inkosi D.J Hlabisa of Mpembeni Traditional Council. with Community Rhino Ambassadors based at Hluhluwe iMfolozi Park.

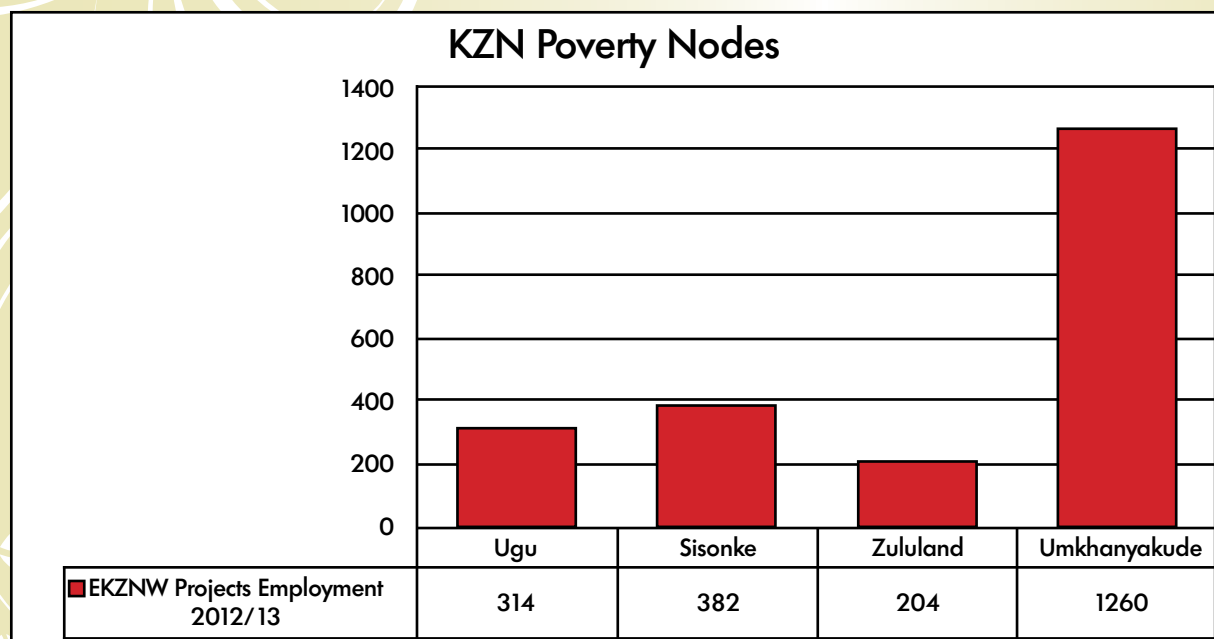
Fig 1: KZN District Municipalities and employment numbers



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Graph 2: KZN Poverty Nodes and Ezemvelo ISP employment 2012/13



The above indicates the District Municipalities and number of people employed by Ezemvelo Infrastructure and Special Projects Unit in the 2012/13 financial year. The ISP employment numbers in districts identified as Provincial poverty nodes are also shown above. Of concern is the low number of jobs in these District Municipalities except in uMkhanyakude. However, the above figures are a good indication as to where efforts should be directed in future.

Natural Resources Management Programme

The Natural Resources Management Programme comprised of the Invasive Alien Species (IAS), Working for Rivers (WfR) and Payment for Ecosystems Services (PES). In the 2012/13 year the clearing of alien vegetation took place resulting in more than 107 000 hectares being cleared in both IAS and WfR projects. The PES project is a ministerial level project and continues to rehabilitate dongas in the Upper uThukela catchment area. Through the WfR project, communities are encouraged to clean rivers closest to them thereby improving the quality of water through out the province.

Ecotourism

Grading and Standards: At the start of the year under review, a decision was taken to grade all resorts under Ezemvelo's management. All resorts that had been previously graded were re-inspected and had their grade renewed.

The following resorts currently hold the SA Grading Council 3 Star Award: Didima, Hilltop, Mpila, Ntshondwe, Umlalazi, Tendele, Giants Castle and Midmar.

International Delegations: Ezemvelo hosted a number of international delegations on behalf of the Premier of KwaZulu-Natal. International delegations that visited our facilities included a GRULAC Delegation, an Indian Delegation, a Benguela Delegation and an Ethiopian Delegation led by the Ethiopian Minister of Culture and Tourism. The decision by the Premier to use Ezemvelo facilities when hosting his guests bodes well for Ezemvelo. Rave reviews were received from members of these delegations.

STRATEGY

Ezemvelo's foundation is based on three pillars: Conservation, Ecotourism and Partnerships. The distinguishing feature of Ezemvelo's operations has been to expand the conservation effort well beyond the traditional understanding of protecting and conserving flora and fauna within the Protected Area network.

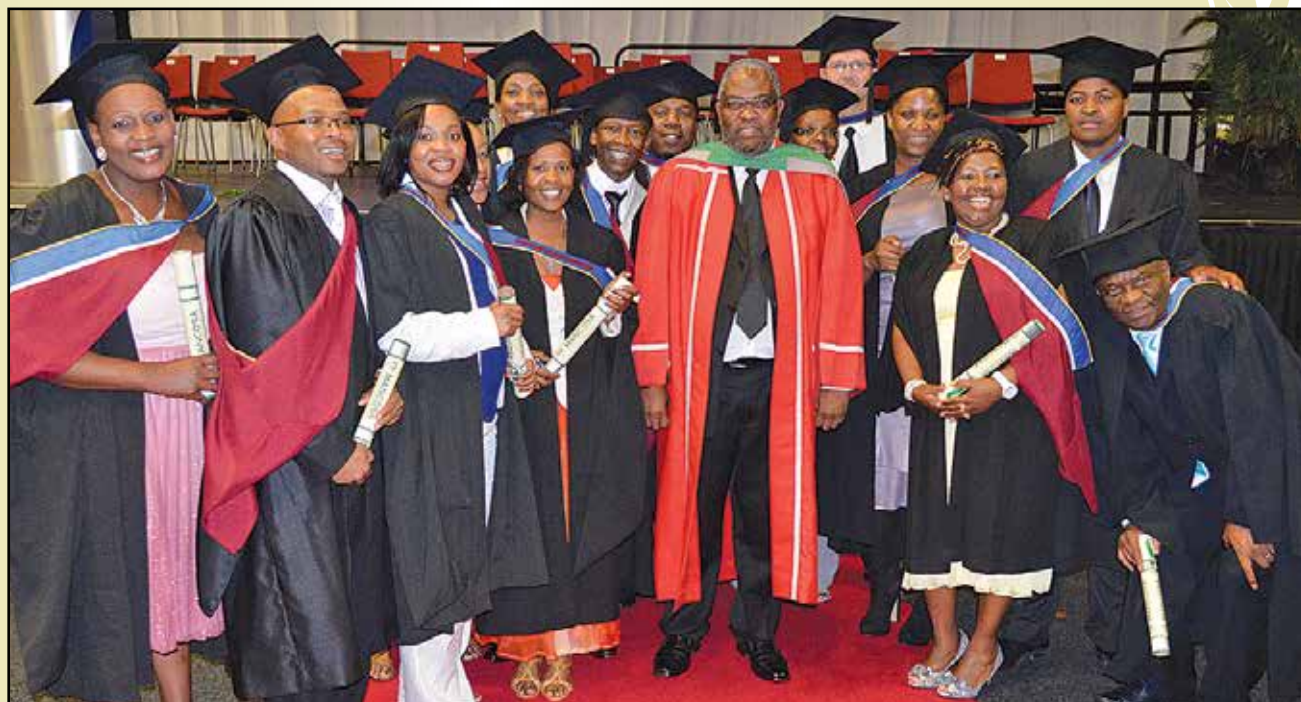
While Ezemvelo's vision is to be a world renowned leader in the field of biodiversity conservation, the mission statement has incorporated the broader concerns and interests by stating that Ezemvelo is here, to ensure effective conservation and sustainable use of KwaZulu-Natal biodiversity in collaboration with stakeholders for the benefit of present and future generations.

Derived from this mission, the goals that Ezemvelo set in terms of its five-year strategic plan (2009 to 2014) are as follows:

- To improve the state of biodiversity in KwaZulu-Natal for the benefit of the people;
- To provide a quality conservation and ecotourism service delivery by being a well resourced Organisation whilst striving for sustainability;
- To be an efficient, transparent, honest and accountable public entity with good governance; and
- To be an employer of choice through creating decent work and sustainable livelihoods.

While goals are designed to provide strategic direction, objectives are also defined in terms of the SMART (Specific, Measurable, Accurate, Reliable and Timeous) principle.

Ezemvelo has customised its strategic planning in line with Government's expanded focus on outcomes and service delivery. Ezemvelo's updated strategy has been aligned to the various delivery frameworks as encompassed in the Provincial Environmental Implementation Plan and national mandates such as Outcome 10 (to protect and enhance environmental assets and natural resources) and the Provincial Growth and Development Plan. There is a persistent gap between ambition and performance. This gap is largely attributable to a "lack of connection" between strategy formulation and execution. Ezemvelo is bridging that gap and has made major strides in terms of putting in place controls for management of pre-determined objectives. The following diagram depicts the strategic map of the organisation.



Dr. B. Mkhize, CEO of Ezemvelo and Ezemvelo staff who completed a one year long Post Graduate Diploma in Business Management through the Management College of South Africa.

EZEMVELO KZN WILDLIFE STRATEGY MAP

VISION

"To be a world renowned leader in the field of biodiversity conservation"

MISSION

"To ensure effective conservation and sustainable use of KwaZulu-Natal biodiversity in collaboration with stakeholders for the benefit of present and future generations"

Stakeholders &
Customer

Conserve the indigenous biodiversity
of KwaZulu-Natal for the benefit of present and
future generations

Finance

Increase financial
resources

Secure external
funding

Optimise use of
financial resources

Internal
Processes

Knowledge
manage-
ment
system

Synergies
across busi-
ness units

Develop
and main-
tain quality
standards

Manage
resources
effectively
and
efficiently

Manage
risks

Integrated
systems

Comply with
relevant
legislation

Implement
broad trans-
formation

Optimise
strategic
alliances

implement
new
services
and
products

Learning &
Growth

Attract and retain
the best human
Capital

Create a culture
of learning and
development of
employees

Implement best
practices in man-
agement wellness
and related activities

Increase employee
satisfaction

Demonstrate the
value of benefits
derived from the
implementation of
the programmes

STAKEHOLDER ENGAGEMENT

The King III Report highlighted that managing relationships with stakeholders is such an important element of corporate governance that it needed more detailed coverage. Ezemvelo subscribes to this. The Organisation is of the view that the value and positive impact behind such stakeholder engagement throughout KwaZulu-Natal should be more accurately reflected as part of this report.

Ezemvelo prefers to engage with stakeholders in a two-way process throughout the year. Such engagements can be of a formal or informal nature. Currently there are more than 700 stakeholder groups that have an interest in Ezemvelo.

Stakeholders include amongst others: The KwaZulu-Natal Provincial Legislature, the Shareholder Executive Authority (MEC of KwaZulu-Natal Department of Agriculture and Environmental Affairs), communities, employees, as well as suppliers and partners.

To facilitate effective and efficient interaction with stakeholders, Ezemvelo has developed the following interactive mechanisms:

- Consultative meetings at key Governmental forums. These include the National Outcome 10 workgroups and the KZN Provincial Committees for Environmental Co-ordination. This enables alignment to Provincial and National delivery frameworks.
- The Customer Charter that defines a standardised response turnaround time on Stakeholder/Resorts guest queries.
- The Stakeholder Consultative Forum, where communication, feedback and innovative thinking is encouraged from the public. This provides stakeholders with an opportunity to positively influence decisions that affect them and for the latter to make representations on issues, policies and so on they consider important.
- There are a number of liaison forums for stakeholders. These include amongst others the Hunting Liaison Forum, Traditional Healers' Liaison Forum, and Fresh Water Liaison Forum. Such forums improve the opportunity for Ezemvelo to deliver on the key focus areas.
- The Internal Communication Policy to manage effective communication within Ezemvelo.

Ezemvelo's Approach to Stakeholder Engagement

We believe our reputation is a valuable contributor to the economic value of our business

Ezemvelo acknowledges that stakeholders' overall perceptions of the Organisation inform the corporate reputation. Communication plays a major role in bridging and closing any real or perceived gaps between stakeholder perceptions and Ezemvelo's performance.

The Board – as the accounting authority – is the ultimate custodian of our corporate reputation and stakeholder relationships

The Board works closely with the CEO to ensure that all the legitimate interests of stakeholders are taken care of. Ezemvelo also strives to achieve the correct balance between various stakeholder groupings.

Ezemvelo proactively manages stakeholder relationships.

Mechanisms and processes to promote enhanced levels of constructive stakeholder engagement are actively identified, as it is the Organisation's belief that transparent and effective communication is important for building and maintaining relationships, and ensuring the equitable treatment of all concerned. Ezemvelo seeks to promote mutual respect between the Organisation and stakeholders.

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Legislature and the Executive Authority

Ezemvelo strives to keep partners and stakeholders informed about Ezemvelo's conservation and ecotourism activities including major developments. The stakeholders and partners consist of, among others: the Conservation and Finance Portfolio Committees, the Standing Committee on Public Accounts, Provincial Treasury, and the Department of Agriculture and Environmental Affairs. Such interactions have resulted in:

- Stimulated debate on whether Ezemvelo receives a sufficient budget to manage the estimated R149, 7-billion value attached to the goods and services emanating from ecosystems in KwaZulu-Natal. As it stands, Ezemvelo's existing budget allocation represents a mere 0.34% of this value;
- A Sponsored plan to support the legalisation of the sale and trade of rhino horn inventories stockpiled over the years as a credible strategy to reduce rhino poaching;
- Raised discussion on the various mechanisms used in the management of wildlife populations, including the use of culling and hunting as management tools;
- Raised confidence that conservation is being practiced in line with international standards; and
- The improvement of the state of ecotourism operation, as well as the management of the entity's finances.

Notable successes have emanated from these forums. Nevertheless, further engagement is needed in order to improve on matters such as infrastructural backlogs.

Employees

Ezemvelo has a number of informal and formal ways to engage with staff. These include human resource management activities, business unit specific management interactions, social and informal team specific activities as well as staff events.

Staff Complement

The employee profile of Ezemvelo's permanent staff is depicted as follows:

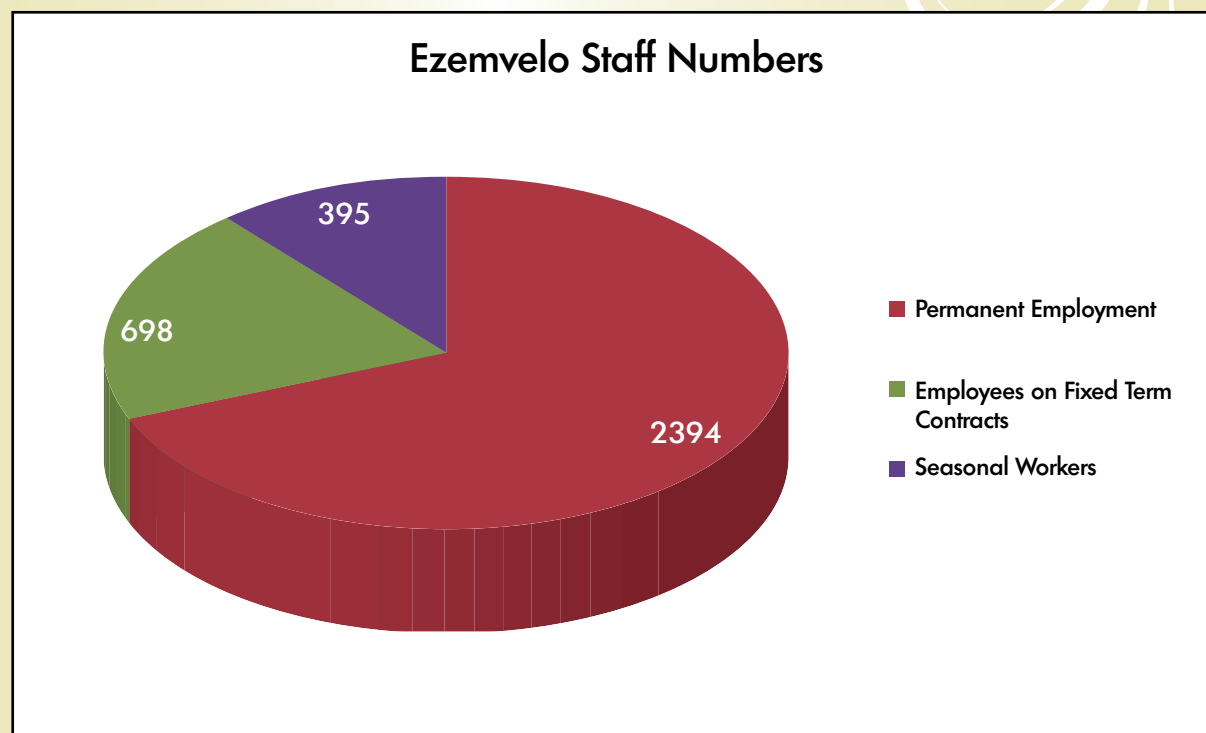
Table 5: Demographics and levels of Ezemvelo's permanent staff

| | Male | | | | | Female | | | | | GRAND TOTAL |
|------------------------|-------------|----------|-----------|-----------|-------------|------------|-----------|-----------|-----------|------------|-------------|
| | African | Coloured | Indian | White | TOTAL | African | Coloured | Indian | White | TOTAL | |
| Top Management | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior Management | 8 | 0 | 1 | 3 | 12 | 9 | 0 | 0 | 1 | 10 | 22 |
| Professionally Skilled | 70 | 2 | 7 | 51 | 130 | 24 | 1 | 3 | 15 | 43 | 173 |
| Skilled | 83 | 1 | 7 | 27 | 118 | 40 | 1 | 8 | 20 | 69 | 187 |
| Semi Skilled | 1060 | 2 | 6 | 2 | 1070 | 213 | 9 | 19 | 23 | 264 | 1334 |
| Unskilled | 447 | 1 | 0 | 0 | 448 | 229 | 0 | 0 | 0 | 229 | 677 |
| Total | 1669 | 6 | 21 | 83 | 1779 | 515 | 11 | 30 | 59 | 615 | 2394 |

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Chart 1: Ezemvelo staff complement categorised in terms of Permanent, Contract and Seasonal employees



Remuneration Practices

- Ezemvelo currently makes use of a Human Resources Management System to capture information, pay employees and monitor benefits. The system is capable of keeping relevant statistics, employee details, payment details and allowance information. The system is however employee centric and is not built well enough to manage a complex organisational structure. Investigations are underway to identify a post centric Human Resources Management System to replace the existing one.
- The Organisation had a challenge of losing skilled employees and on investigation it was established that the cause of many employees leaving was related to remuneration. A high number of employees left Ezemvelo to join other Government departments.
- A recommendation was made and accepted to match Ezemvelo salaries to Government departments. This was implemented in August 2012 for all staff in levels A1-D5. A system was also adopted to ensure that the skills that Ezemvelo has identified as scarce and critical are retained. This system has been implemented for Scientists, Occupational Health Nurses and Employee Health and Wellness in March 2013.
- The annual cost of living adjustment adopts the Agreement signed at the Public Service Bargaining Service Chamber (PSBSC) and is implemented annually.
- The Organisation currently does not have Performance Contracts in place and therefore according to the agreement signed at the (PSBSC), the employer needs to pay a 1.5% performance incentive annually until a Performance Management System is in place.
- For other incentives and benefits, these are negotiated internally on an annual basis with the entity's recognised unions which are HOSPERSA and NEHAWU.
- Due to certain positions not having job profiles, the Organisation had embarked on the Job Profiling Exercise. Consequently jobs were graded and the results were implemented in August 2012.
- Positions for Senior Management were also profiled and graded, and the results were implemented in January 2013.

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Health and Wellness Achievement

- Financial Literacy Sessions: A total of 765 employees were reached regarding awareness about financial management, which highlighted budgeting and the power of savings.
- As part of proactive interventions, Health Awareness and Wellness Days were conducted and a total of 1 192 employees were reached during health awareness education which included – but was not limited to – prostate cancer, HIV education, breast cancer, drug abuse and onsite health screenings, etc.
- 16 days of Activism and World AIDS Day: A total number of 666 employees attended 16 days of activism and World AIDS Day intervention.
- To ensure that employees are supported, 195 employees were attended to through general Employee Assistance Program counselling.
- 10 families and seven communities were reached through the Omakhelwane Project by donating food parcels and uniforms to the needy. This included internal and external communities.
- 334 prospective employees went through pre-employment medical assessments for the positions of Field Rangers, Rhino Ambassadors and Game Capture learners.
- To monitor staff health, an occupational medical practitioner's services have been secured to start in the new financial year.

Skills Development

- A total of 41 trainees (22 of which were unemployed youth) successfully completed the 13-week Field Ranger course and were appointed to vacant Field Ranger positions throughout the province.
- A total of 973 employees who currently hold valid firearms permits were retrained.
- A total of 152 employees were trained as Environmental Management Inspectors bringing the total within the Organisation to 459.
- In 2012/2013 Ezemvelo hosted 10 Further Education Training college students who had completed tourism related qualifications. These students were hosted by various resorts in order to gain relevant experience to improve their chances of gaining employment. The Culture, Arts, Tourism, Hospitality and Sport Sector Education & Training Authority (CATHSSETA) funded this project by paying the students' stipend.
- 20 unemployed youth from uMkhanyakude District who did not have any form of qualification, were registered on a CATHSSETA funded learnership in Accommodation Service. Ezemvelo employed these learners for a period of 12 months from March 2012 to February 2013. They were given an opportunity to implement the knowledge and skills they had learnt in the classroom as required by the learnership. These students will be awarded with a National Certificate in Accommodation Service at NQF level 2.

Job Evaluation

Ezemvelo embarked on the job evaluation process which involved developing position profiles for all positions and evaluating them. Once all the positions had been evaluated the job evaluation results were implemented.

Incidence of misconduct

The following 3 tables depict the incidence of misconduct where disciplinary hearings were convened. Table 6, shows the type of offence that which resulted in action being taken against the employee. Table 7, depicts the outcomes of the finalised hearings (3 are still to be finalised). Table 8, indicates the number of grievances received by staff and the outcomes

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Table 6: Types of misconducts addressed at disciplinary hearings for the period 1 April 2012 to 31 March 2013

| Type of Disciplinary Case | Number |
|--|-----------|
| Absent from work without reason or permission | 1 |
| Sexual harassment | 0 |
| Steals, bribes or commits fraud and nepotism | 3 |
| Use of abusive language | 0 |
| Undertake remunerative work outside official duties without permission | 0 |
| Poor management and poor performance | 0 |
| Gave false information | 1 |
| Failure to disclose financial interest | 0 |
| Displayed disrespectful, disgraceful and unacceptable behaviour | 0 |
| Assault | 3 |
| Abuse of Organisation's vehicle | 1 |
| Gross negligence of duty | 6 |
| Failure to comply with policy procedures | 0 |
| Drinking on duty | 0 |
| Failure to carry out lawful instruction and insubordination | 1 |
| Misuse of property | 1 |
| Total | 17 |

Table 7: Misconducts and disciplinary hearings finalised for the period 1 April 2012 to 31 March 2013

| Outcome of Disciplinary Hearings | Number |
|----------------------------------|-----------|
| Correctional counselling | 0 |
| Verbal warning | 0 |
| Written warning | 0 |
| Final written warning | 6 |
| Suspended without pay | 2 |
| Fine | 0 |
| Demotion | 0 |
| Dismissal | 6 |
| Not guilty | 0 |
| Case written | 0 |
| Total | 14 |

Table 8: Grievances lodged for the period 1 April 2012 to 31 March 2013

| Grievances | Number |
|--|----------|
| Number of grievances resolved | 1 |
| Number of grievances not resolved | 0 |
| Number of grievances withdrawn by grieving party | 2 |
| Total number of grievances lodged | 3 |

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Communities

Relationships with communities are a key aspect of the Organisation's business. Ezemvelo impacts on the livelihoods of some of the poorest communities in the Province. As such Ezemvelo has embarked on regular formal and informal sessions aimed at enhancing awareness of conservation, skills development and poverty alleviation.

External Social Responsibility: The People and Parks programme continued to improve and upgrade park and tourism infrastructure while maintaining the integrity of our coast. The Siyaya Coastal Park project continued with the demolition of the existing events facility to make way for the construction of a new one. Construction of a new entrance gate, supporting facilities, a kiosk and a conservancy tank took place in uMlalazi Nature Reserve.

The re-development of the Sontuli kids' education camp continued during the year under review. The electrification of Nselweni Bush Camp is also ongoing.

Community Levy Projects: All entrance and accommodation fees levied at Ezemvelo's tourist outlets contain a percentage earmarked to fund upliftment projects for communities living adjacent to Protected Areas. The fees may vary, but on average R2 a person is levied on entrance fees while R5 a person is levied on accommodation fees. The total amount accumulated through the community levy is earmarked for helping to fund various projects for those communities living adjacent to Protected Areas.

Highlights of projects completed in 2012/13:

- Sthanduxolo Community Hall – construction of a community hall to be used as classrooms.
- Hlelokuhle Crèche – construction of a crèche.
- Zamani Disabled People's Organisation – purchasing wheelchairs and sewing machines as well as renovations.
- Sunshine Pre-Primary School – purchasing furniture.
- Lingelethu Primary School – purchasing computers and furniture, installing burglar guards and blinds.
- Nqabayensimbi Poultry Project Phase II – construction of the second building (fowl run).
- Mntanenkosi High School – renovating 16 classrooms and administration block.
- Ibhungenzi LaseMolweni Sewing Project – purchasing sewing machines and fabric.
- Thuthukamazizi Bakery Project – established a community bakery

Suppliers and Partners

As outlined in this report, owing to the broader responsibility and vast remit of conservation as a whole, suppliers and partners are constantly being encouraged to help fulfil and expand on essential activities. Those notable partnerships (amongst others) at present and to whom the Organisation is grateful include:

- VWSA (Volkswagen South Africa) and King Shaka Aviation in Ezemvelo's rhino intervention plan.
- Boxer Superstores, Richards Bay Minerals, Resource Africa, Total SA, Springbok Atlas, Grindrod Bank, Nedbank, Katanga, Old Mutual, Absa Bank, MTN, Honorary Officers and Ezemvelo's alumni. All have contributed towards taking conservation to the people through events, publications and general awareness campaigns.
- The print and electronic media for the role they play in informing and educating stakeholders regarding conservation issues.
- ALBaraka Bank in implementing vital developmental projects, particularly previously disadvantaged rural schools. ALBaraka Bank donated 50 computers to 8 schools and assisted with building materials for renovating classrooms at Ozabeni Primary, Mondini High School and Mntanenkosi High School.
- EOH Systems, Sanlam and ALBaraka Bank, and Coastal FET College donated 140 computers to Ubuhlebezwe Local Municipality to be distributed to rural schools. Each school received two computers for their administration office.
- Richards Bay Coal Terminal (RBCT) supported Zamani Disabled People's Centre with three computers, purchasing furniture and a fridge, installing four air-conditioners in their offices, purchasing an embroidery machine and fabric, and a start-up capital to the value of R52 000. Sanlam assisted Zamani with renovations of old buildings.

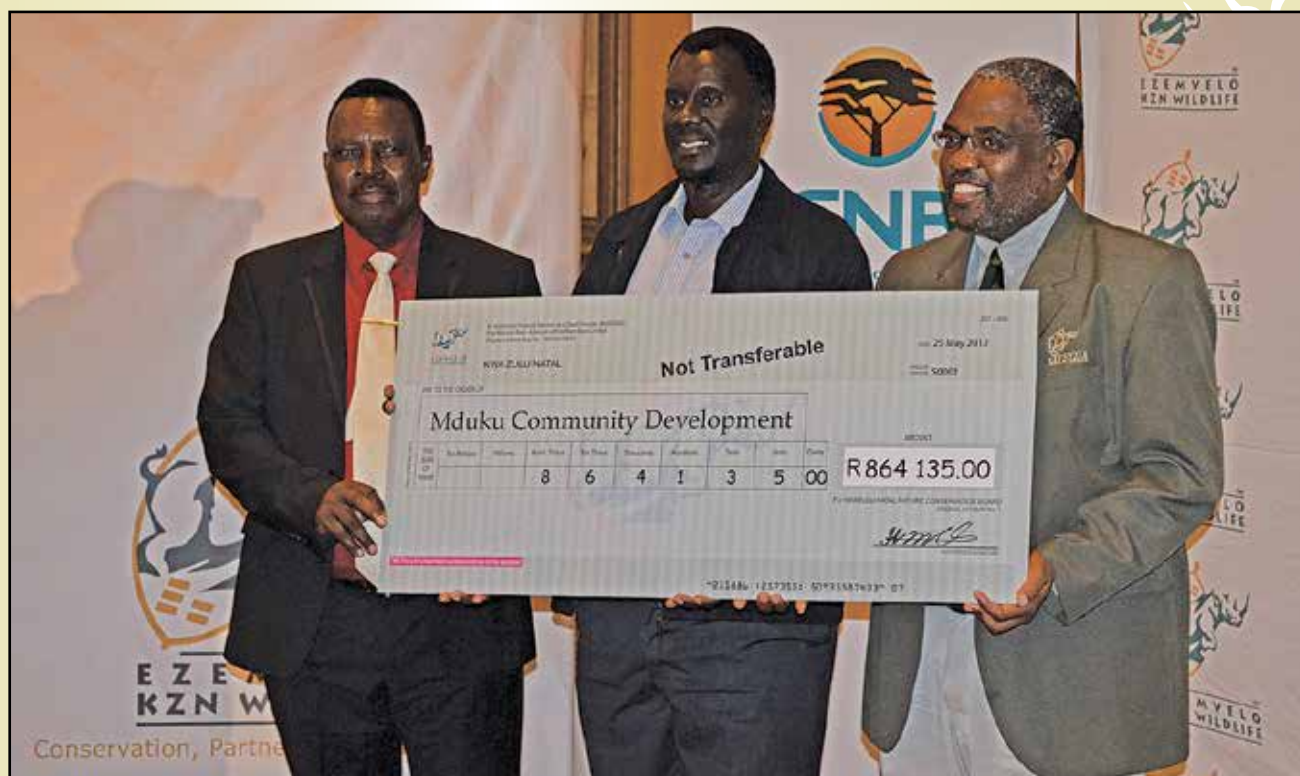
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- African Pre-Schools Society financed the purchasing of three park home classrooms, an ablution block with septic tank, and electricity installation into the park homes to the value of R500 240.
- The Small Enterprise Development Agency (SEDA) supported by monitoring the progress of businesses and provided advice. They also offered guidance to entrepreneurs through the different stages of developing their businesses. Together with Nedbank they assisted Nqabayensimbi, Langalibalele Laundry, Inkukhiyasengwa Poultry Project, and the Thuthukamazizi Bakery Project with necessary equipment, machinery, quality management systems, bar-coding, packaging, product testing, promotional material and signage.
- A number of Government departments from various spheres of Government have provided support throughout the year under review, these include:
 - National Department of Environmental Affairs: People and Parks (Park infrastructure and Working for the Coast)
 - National Department of Environmental Affairs: Payment for Ecosystem Services and Working for Rivers
 - Department of Environmental Affairs and Rural Development – KZN: Invasive Alien Species Programme
 - Department of Economic Development – KZN: Ngodini and Bhambatha

Particular mention should be made of the NGOs who partner with Ezemvelo in various stewardship and community conservation programmes throughout KZN. These include amongst others:

- The Wildlands Conservation Trust;
- WWF-SA;
- Botanical Society;
- Endangered Wildlife Trust;
- BirdLife South Africa;
- Conservation International;
- African Conservation Trust; and
- Wilderness Action Group.



Inkosi Z Gumede of Mduku Traditional Council (middle) receiving a cheque from Dr. Mkhize, CEO of Ezemvelo. Also in the picture is Mr. J. Mathenjwa.

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PART 2: EXECUTIVE REPORTS

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Back Row from left: B. Nkosi, H. Karodia (Representative of DAEA), S. Mhlongo, Ms. P. Lebenya-Ntanz, A. Ndlela, Ms. N. Mthembu, P. Rutsch, Ms. P. Dabideen, M. Mackenzie.
Front Row from left: Ms. D. Dold, Inkosi M.I. Tembe, Z.C Ngidi (Chairperson), Dr B. Mkhize (CEO), Prof T. Nzama (Deputy Chairperson), Ms. H. Sutter (Secretary)

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MESSAGE FROM THE MEC KWAZULU-NATAL DEPARTMENT OF AGRICULTURE AND ENVIRONMENTAL AFFAIRS



Dr BM Radebe

In last years' Annual Report, I noted as a priority consideration the ongoing war on rhino poaching. I also indicated the Provincial Government's commitment to do whatever possible to assist in this fight.

True to this conviction and commitment, Ezemvelo KZN Wildlife was provided with an additional R28-million for this noble cause. This money is currently being used in various ways to help combat the scourge.

I need to congratulate Ezemvelo KZN Wildlife on their progressive and even pioneering endeavours to include local people within this broad rhino anti-poaching war. The Community Rhino Ambassadors Programme is precisely

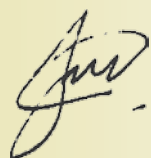
the sort of initiative that is needed if we are to make conservation a meaningful, relevant and understandable principle amongst our people.

This programme not only includes the community in the anti-rhino poaching efforts, but equally serves to introduce people to the great need to nurture and value our natural assets. This is crucial, as I see the Ambassador Programme as serving a larger picture, one that informs ordinary people of the fundamental need to utilise our vital natural resources in a sustainable way, knowing that soil, indigenous trees, clean rivers and the critical components required for the supply of essential resources that we all in KZN depend on.

I would also like to take this opportunity to make reference to the ongoing work of Ezemvelo KZN Wildlife's Stewardship Programme; which explores the many possibilities of including both state and private land in varying forms of protection, thereby creating sustainable partnerships that will benefit biodiversity in this province. This offers great hope in Ezemvelo KZN Wildlife's continual efforts to protect valuable land which not only serves to sustain the resources I speak of above, but also engage and involve local people, encouraging voluntary participation in these programmes.

I would also be remiss, if I do not make mention of the hard work of Ezemvelo KZN Wildlife's uKhahlamba Drakensberg Park division, which has done exemplarily work in trying to finalise the creation of a "Buffer Zone" around this World Heritage Site. I note that they are about a year or so away from achieving this. Once complete, it will amount to a monumental effort in protecting this valuable asset of ours.

Finally, I would like to congratulate the newly appointed Board members, and acknowledge the dedication and commitment of everyone concerned in ensuring that Ezemvelo KZN Wildlife delivers on its mission in these challenging times.



**DR B.M. RADEBE
MEC**

KwaZulu-Natal Nature Conservation Board

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BOARD CHAIRPERSON'S REPORT

MR Z.C. NGIDI



Mr Z.C. Ngidi

Let all of us acknowledge that whatever the complexities are of managing our broad conservation mandate in KwaZulu-Natal, Ezemvelo KZN Wildlife continues to flesh out and expand on the Africanising of conservation in this Province.

This principle is something our Board fully embraces as a fundamental platform to make conservation both relevant and meaningful to local communities living around our Protected Areas. It is imperative that we ensure that the benefits of biodiversity conservation continue to reach all people in our Province. Herein lies the future success of conservation.

I note that some R6,3 million was invested in community projects via our Community Levy Programme. Extrapolate this sum into the various classrooms, crèches, computers, agricultural projects and the like, and one gets a real sense of the pivotal role that income derived from tourism plays in helping to uplift the neighbouring communities around our Protected Areas.

As we know, our outreach isn't simply quantified in monetary terms alone. The Community Rhino Ambassador Programme – which has employed some 400 people from our neighbouring communities – is an outstanding example of our new thinking. It is the Board's hope that this progressive thinking will be expanded upon, not simply as a more visible means to help combat rhino poaching, but to broaden the relevance of conservation to our communities neighbouring our Protected Areas.

We all know the key maxim. If people are unemployed, no amount of encouragement will make conservation a truly meaningful practice. Yet, Ezemvelo continues to make notable strides in contributing towards alleviating poverty and its effects. It is noted that in the 2012/13 financial year, the Organisation helped create 3,881 jobs, whilst 228 SMME businesses were established.

Another successful venture with our neighbouring communities is the Ezemvelo Cup, a sporting initiative which comprises soccer and netball, has proven to be an extraordinarily successful means of sharing our biodiversity conservation heritage. Our sponsors have rallied behind this and it's notable that this tournament's popularity has enabled us to expand its footprint throughout the Province.

As with last year, our Biodiversity Stewardship Programme has been a key success in extending the conservation of biodiversity on private land. One key component to Stewardship is that the conservation of communal land is a legitimate land-use option, protecting our vital natural resources while at the same time creating economic benefits for local people to manage these areas. With this in mind we are delighted that since the programme began in 2006, nine Nature Reserves have been proclaimed as well as one new Protected Environment. In addition, three new Biodiversity Agreements have been entered into with private landowners. To date more than 65 sites amounting to some 170,000 hectares of land are either in the process or have been proclaimed for protection under the umbrella of conservation.

At this point, I must once again emphasise the vital role of Ezemvelo KZN Wildlife within the Province as demonstrated by the Ecosystems Goods and Services Programme. The programme puts a monetary value – in the region of R149,7 billion – to the benefits such as clean water, flood control, proper drainage, food and agriculture, medicinal plants, clean air, tourism, etc, which the Provincial Government and people of the Province derive from the conservation of our natural resources such as water, forests, grasslands, coral reefs, wetlands, etc.

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Our road infrastructure and tourism facilities have not been maintained to the required standards, due to a lack of resources. We are also aware of the criticism levelled against Ezemvelo KZN Wildlife for not being able to generate additional tourism revenue. When one puts our revenue generation ability into context, it is important to note that the high revenue-generating resorts such as Hilltop and Mpila in the Hluhluwe iMfolozi Park are in fact a small percentage of our resorts, the majority of which are not able to fund themselves. It is noteworthy that 49% of all revenue is generated in 8% of our Protected Areas, highlighting the point that the remaining 92% of protected areas can only generate 51% of the revenue. Biodiversity Conservation is our core function and absorbs the bulk of our budget as it is labour intensive. This supports the notion that the Organisation will remain dependant on the State subsidy which has not been able to sustain the necessary expenditure for the maintenance of our infrastructure and the like.

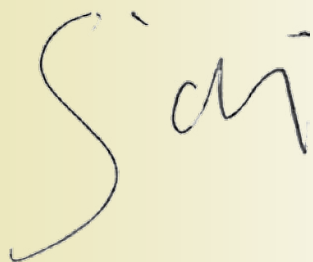
And yet, moves are advanced to tackle these challenges. For example, we have recently completed a full audit of seven of our destinations and all their accommodation units. These include Midmar, Giants Castle, Sodwana, Hilltop (HiP), Mpila (HiP), Ntshondwe (Ithala) and Cape Vidal, with the view to implementing improvements. In an effort to generate further revenue, plans are in place to build a restaurant and conference centre at Royal Natal National Park, whilst Hilltop will also see a conference centre in the near future.

Finally, if there is one area that has perhaps adversely affected staff morale, it must lie with the ongoing efforts to realign our Organisation. As a Board we are acutely aware of the damaging consequences of allowing this to be drawn out unnecessarily. The approval of a new strategic direction aligned to our conservation priorities and stakeholder expectations, followed by the realignment of the staff structure have been the focus to date. I am pleased to report that this process is nearing completion.

Last year I noted the Board's concern with the high court action brought against us by the Animal Interest Alliance (AIA) whereby the legitimacy of our Board was challenged. Whatever the merits of this case I am pleased to report that five new appointments were made in December 2012 with two further appointments at the end of February 2013.

I thank my fellow Board members as well as Ezemvelo's CEO Dr Bandile Mkhize, and his dedicated staff; collectively they have shown extraordinary enthusiasm and industry in chartering the difficult, and in some cases, uncharted waters that in many instances define our conservation goals.

I also acknowledge the support of Dr Meshack Radebe, our MEC for Agriculture and Environmental Affairs, as well as the KZN Provincial Government, which continues to exhibit a deep understanding of the role that Ezemvelo KZN Wildlife performs in the future wellbeing of our people's livelihoods and the overall conservation mandate that we rigorously pursue.



Z.C. NGIDI
CHAIRPERSON

KwaZulu-Natal Nature Conservation Board

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PROFILES: BOARD AND INDEPENDENT BOARD COMMITTEE MEMBERS



Comfort Ngidi

Mr Ngidi is the Chairperson of the Board. He was appointed to the Board on 1 November 2009, and reappointed for a second term on 1 November 2012. He was appointed in the category to "enhance the competence of the Board". He is also the Chairperson of the Chairpersons' and Risk Committee, as well as being a practicing attorney and Director of Ngidi & Company Attorneys Inc. in Durban. He holds a BA Law, LLB (UDW), a Certificate in Corporate Governance (Wits Business School), and is a former part-time law lecturer at the University of Zululand. He is a labour and commercial law specialist and has acted as a legal advisor to various Government departments both provincially and nationally. He has chaired various bodies within KwaZulu-Natal, for example was the founding Chairperson of the KwaZulu-Natal Rental Housing Tribunal and the KwaZulu-Natal Public Transport Licensing Board. He was appointed by the then MEC in 2008 to lead the Interim Accounting Authority to begin the process of stabilising Ezemvelo KZN Wildlife. He is currently the Chairperson of the South African Marine Safety Association of South Africa (SAMSA).



Professor Thandi Nzama

Professor Nzama is the Deputy Chairperson of the Board. She was appointed to the Board on 1 November 2009, and reappointed for a second term on 1 November 2012. She was appointed in the category "with extensive knowledge of the protection and management of heritage resources". She also serves on the Chairpersons' and Risk Committee, and the Biodiversity Conservation and Community Affairs Committee. Professor Nzama is a senior lecturer and Acting HOD in the Department of Recreation and Tourism at the University of Zululand. She holds a PhD (Geography – dissertation on Tourism), MSc (Geography – Environmental Management), MA (Geography), MEd, BEd, BA Hons (Geography) and B.Paed. She is a member of a wide variety of academic committees and bodies, including professional and scientific organisations. She has published numerous publications in journals, monographs and books, and was the recipient of the Research Roll of Honour and Certificate of Recognition for Research Service from the University of Zululand. She is also a board member for the iSimangaliso Wetland Authority and a board member for Tourism KwaZulu-Natal. She serves as a member of the Research Policy Expert Forum of the National Department of Tourism.



Diana Dold

Ms Dold was appointed to the Board on 1 November 2009, and reappointed for a second term on 1 November 2012. She was appointed to "represent non-governmental organisations, institutions or groups established for the advancement of nature conservation and environmental protection within the Province". Mrs Dold is the Chairperson of the Board's Biodiversity Conservation and Community Affairs Committee, and a member of the Chairpersons' and Risk Committee and the Audit Committee. Mrs Dold has devoted more than 35 years to the protection of the natural environment and the country's coastline working through the Wildlife and Environment Society of SA (WESSA), Coastwatch, Conservancies and Use-It 2011/12

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Inkosi M.I. Tembe

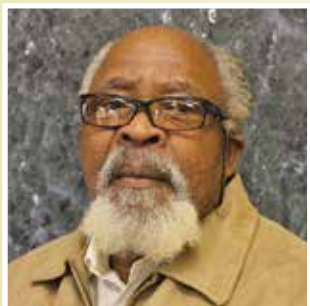
Inkosi Tembe is the traditional leader of the Tembe Traditional Authority. He was appointed to the Board on 1 November 2009, and reappointed for a second term on 1 November 2012. He was appointed to the Board to "represent the House of Traditional Leaders". He is a member of the Board's Biodiversity Conservation and Community Affairs Committee. He has studied psychology at the University of Pretoria and is a national board member of the Union Development Programme.



Peter Rutsch

Mr Rutsch was appointed to the Board on 1 December 2012 to "represent persons with knowledge and experience of environmental law". He is a member of the Board's Audit Committee and Biodiversity Conservation and Community Affairs Committee. He holds a BA LLB and a Post Graduate Diploma in Environmental Law. He is a practicing attorney and has been extensively involved with local communities particularly in the Maputaland area of KwaZulu-Natal, where he was and still is instrumental in promoting the inter-relationship between traditional and other communities and conservation authorities. He has provided extensive legal advice on land restitution, establishment of community conservation reserves, the acquisition of equity shares in tourism lodges for community members, the establishment of conservation entities, trusts, as well as tourism, community and

legal arrangements for the conservation projects.



Sazi Mhlongo

Mr Mhlongo is a traditional healer and retired high school principal. He was appointed to the Board on 1 November 2011 to "represent community-based organisations in rural areas in KZN". He serves on the Board's Biodiversity Conservation and Community Affairs Committee, and holds a BA degree. Mr Mhlongo is the National Chairperson of the Traditional Healers in South Africa and has delivered papers on traditional healing to the University of the Orange Free State, University of Zululand and University of KwaZulu-Natal. He is a member of the KwaZulu-Natal Provincial AIDS Council and has been extensively involved

in the education of traditional healers in respect of HIV/AIDS.



Armstrong Ndlela

Mr Ndlela was appointed to the Board on 1 December 2012 and represents "persons with extensive knowledge and experience of labour matters. He is the Chairman of the Board's Corporate Support Services and Remuneration Committee, and a member of the Finance and Business Operations Committee and Chairpersons' and Risk Committee. He holds a BA Degree and a Post Graduate Diploma in Industrial Relations. He is a businessman with a varied business interest in property development, financial services and mining. He is also highly experienced in land reform and project structuring and finance. He is an

accredited Healthcare Broker, and is registered with the Financial Services Board.

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Neli Mthembu

Ms Mthembu was appointed to the Board on 28 February 2013, and represents "organised agriculture". She is a member of the Board's Corporate Support Services and Remuneration Committee. She has an extensive career lasting more than 30 years in education as an educator, lecturer, and rector at various educational institutions. She then went on to become a Regional Director, Chief Director and Acting Senior General Manager within the Department of Education. In 2005, Mrs Mthembu purchased a 220-hectare farm in the Mzinyathi District and has since been involved in stock farming, poultry farming and more recently in tunnel farming for vegetables. She is a member of the local SMME's Farmers' Association and has been involved in skills development with local farmers. Her farm is one of the main providers of employment in the area. She is also a past member of the Board of the Pietermaritzburg Museum.



Preetha Dabideen

Ms Dabideen was appointed to the Board in the category to "enhance the competence of the Board" on 1 December 2012. She is the Chairperson of the Board's Finance and Business Operations Committee and a Member of the Chairpersons' and Risk Committee. She holds a B.Proc and various additional qualifications in commercial law, insolvency law and business rescue. She has been practicing as an attorney in Durban for the past 18 years. She is a member of the KwaZulu-Natal Municipal Bids Appeal Tribunal. In 2005 she was appointed to the KwaZulu-Natal Housing Tribunal, and in 2008 she was appointed Deputy Chairperson. She is an internationally accredited Commercial Mediator with ADR a UK based Alternate Dispute Resolution Company. Mrs Dabideen has extensive experience in liquidation which led to her appointment as a Liquidator on the Master of the High Court's Insolvency Panel where she is regularly involved in the liquidation of corporate entities.



Maurice Mackenzie

Maurice was appointed to the Board in the category to "enhance the competence of the Board" on 1 December 2012. He is a member of the Board's Biodiversity Conservation and Community Affairs Committee as well as the Corporate Support Services and Remuneration Committee. He was a member of the Provincial Parliament for 11 years and during this time served as a member of the Conservation Portfolio Committee. He was Chairman of the Wilderness Leadership School for seven years, and Governor for six years. Since then Maurice was appointed as the advisor to the MEC, and Head of Department of Agriculture, Environmental Affairs and Rural Development, a position he held for four years. He has been a farmer for 40 years and more recently involved as a consultant in various business ventures in KwaZulu-Natal, where he applies his vast experience.



Bafana Nkosi

Mr Nkosi was appointed to the Board on 28 February 2013 and represents "persons with extensive knowledge of the business sector". He is a member of the Board's Finance and Business Operations Committee, and a member of the Audit Committee. He holds a BCom, a CIS and ILPA, and has extensive experience in the healthcare funding industry, which includes strategy and benefit design, financial management and investment of funds. He has held executive and non-executive directorships at various healthcare funders. He served on the Board of Healthcare Funders, Clinix Hospitals, Prescient Investment Management, Louis Pasteur Hospital, and the International Federation of Health Plans. Mr Nkosi is a fellow of the Institute of Life and Pension Advisors, Institute of Chartered Secretaries, and Institute of Business Management.

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Pat Lebenya-Ntanzu

Ms Lebenya-Ntanzu was appointed to the Board on 1 December 2012 to represent "the Provincial Tourism Authority". She is a member of the Board's Finance and Business Operations Committee. She holds a Diploma in Business Management and has held various leadership roles within Provincial and National political structures. Mrs Lebenya-Ntanzu was a Member of Parliament in the National Assembly for five years. During this time she sat on various Portfolio Committees, including Public Enterprises, Finance, Standing Committee on Public Accounts, Standing Committee on Auditor-General, Trade and Industry, Women, Youth, Children and People with Disabilities, and Sports and Recreation. She is currently a member of the Board of Tourism KwaZulu-Natal.

INDEPENDENT AUDIT COMMITTEE MEMBERS



Mac Mia

Mr Mac Mia was appointed as an Independent Audit Committee member in 2008 and is currently its Chairman. He was a founding member of Fasic Investment Corporation that has interests in the Lion Match Company. Formerly the Managing Director of New Republic Bank, he currently runs his own consultancy business. He was Chairman of the University of KwaZulu-Natal Council. He has served as a Board and Audit Committee member as well as Chairman of the Remuneration Committee of Tongaat-Hulett. He is also a Board member and Audit Committee Chair of Mutual & Federal. He serves as an independent Chairman of the Audit

Committee of Momentum Health.



Sibusiso Shezi

Mr Sibusiso Shezi was appointed as an Independent Audit Committee member in 2009. He holds a BA (Natal) and LLB (Natal) and is an admitted attorney. He currently holds the position of Project Executive within the City Manager's Office at eThekweni Municipality in Durban. He has since gained extensive experience in the areas of supply chain management, contract management, fraud detection and recovery, amongst others.

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CHIEF EXECUTIVE OFFICER'S REPORT



Dr Bandile Mkhize

At the outset, please let me refer to one of the more uplifting messages I received during the financial year under review.

It came from an icon of South African conservation and a person acknowledged internationally as one of the finest worldwide – Dr Ian Player. In February he wrote to me stating “that never before in this Province’s history has conservation become as popular as it is today. The consequences of this popularisation would be the greatest legacy this Organisation could leave for generations to come.”

This was an uplifting statement and one that reinforced the overall efforts being made by Ezemvelo KZN Wildlife to broaden its appeal amongst people whose support is critical to the implementation of conservation practices.

In the brief space given over to my report here I need to be selective in highlighting certain achievements of our Organisation. Our Chairman of the Board has referred to a number of achievements, too. Nevertheless, with reference to Dr Player’s remarks I must say that these represent a huge stimulation to me and all the people who work tirelessly to make conservation as meaningful as possible to our people.

There is no need here to repeat the details of the ongoing and increasing onslaught of rhino poaching in South Africa but for the year under review, Ezemvelo was particularly proactive in exploring innovative means to stem this carnage. At this point allow me to please express my and Ezemvelo’s greatest appreciation to our KZN Provincial Government for their ongoing support in helping us in this fight. We were hugely grateful to receive an additional R28 million for this purpose.

I took it upon myself to announce that serious consideration be given to trading rhino horn on the open market through a Central Selling Organisation. It was controversial but soon garnered many adherents. In doing this Ezemvelo had gone out on a limb by stating that the Convention on International Trade in Endangered Species (CITES) ban on this trade over the past 35 years had simply failed to curb the demand for this commodity in Far Eastern countries. With the huge input from many senior colleagues of the former Natal Parks Board (and how grateful we were for their expertise), Ezemvelo became the driving force in South Africa to try and persuade CITES to overturn this ban.

Of course, we had to do more, and early 2012 saw us turn our attention to what I describe as our greatest asset – the rural communities of KwaZulu-Natal. Whatever the merits of trading horn, Ezemvelo was goaded into a new plan of action – one that we all now know as our Rhino Ambassador Programme. It was innovative and pioneering in the annals of South African conservation.

I had long since realised that perhaps the greatest bulwark against these poachers lay with our people and so I turned to our traditional leadership for help. By the end of this financial year Ezemvelo employed 400 youth in the vicinities of Hluhluwe iMfolozi Park, Tembe, Ndumo and Weenen to act as our eyes and ears around these reserves.

The template has been set, and as we go forward it is clear to us that this intense engagement with communities will not just serve in the fight against poaching, but will also enhance conservation awareness amongst our people. The growth in popularity of our Ezemvelo Cup – in both the soccer and netball tournaments – continues this enlightenment. It is simply wonderful that we have been able to expand this tournament from its HiP origins to one that is now played provincially.

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Put another way, the growth of this marketing plan was demonstrable. From an original 10 teams, involving the endorsement of 10 Amakhosi, the tournament has increased to 72 teams throughout KZN with the buy-in from 64 traditional leaders. I'm sure I don't need to remind you of the broadening, underlying conservation message that is spreading amongst ordinary folk because of this tournament.

This focus on what I term "African Conservation" and its emphasis on prioritising people instead of the traditional focus on wildlife, found very receptive ground internationally. At a special forum in South Korea in 2012, Chief Executive Officers from throughout the world signed a new declaration in the city of Jeju stating the power of people and communities in the field of conservation practice. In effect it was an authoritative international voice effectively vindicating Ezemvelo KZN Wildlife's growing focus on assessing conservation's success on the basis of the direct and indirect value its resources offer human beings.

Let me turn now to pay my greatest respects to Ezemvelo's Game Capture Unit. It was hugely uplifting to hear industry voices proclaiming that it was "without doubt" the finest such Organisation in the world. This followed our very successful 2012 Annual Wildlife Auction. Their comments were directed at our overall efficiencies, both in capture techniques and the quality and condition of the game that came to auction.

I must continue this theme with the outstanding praise given to this unit in the work they have achieved in helping realise the future establishment of the Maputo Special Reserve (MSR). The year under review our Game Capture Unit has effectively captured and translocated some 534 head of game to this park inside Mozambique. It attracted a comment from the Mozambiquan conservation authorities that spoke of this "... amazing feat that saw no hiccups...and propelled us forward to such an extent that by the end of 2014, the first tourists will be able to drive, visit and stay in this MSR".

If this transfrontier programme – as part of the Lubombo Transfrontier Park – is proving so successful, then I also note the sterling work we are doing in helping Lesotho in trying to consolidate its Sehlabathebe National Park as part of our uKhahlamba Drakensberg Park World Heritage Site. I note our staff's continuing work that contributes to the realisation of a joint management plan for the region.

On the topic of our uKhahlamba World Heritage Site, great praise must be given to the announcement that by the end of July 2014 our staff will have completed some seven years of intense work in order to proclaim a "Buffer Zone" around this extraordinary natural asset. The aim of this "Buffer Zone" is not only to protect this wilderness region, but also to help facilitate sensitive development that will promote community upliftment and job creation. Much land within this zone is owned and occupied by traditional authorities and we must find ways of creating jobs and income for the legitimate owners of this land.

With so much commentary given over to people and conservation, let me not forget to praise our Scientific Services Division for their extraordinary achievement in hosting the 2012 Symposium for "Contemporary Conservation Practice". This was an outstanding event that witnessed 320 delegates from 84 organisations attending it with some 156 presenters, all representing a diverse range of NGOs, research institutions and all three tiers of Municipal and Government departments. These delegates and the organisations represented made it one of Ezemvelo's largest scientific symposiums dedicated to conservation witnessed in KZN. I was particularly proud of this event and am delighted to see it will be held again next year (end of 2013) with a greater vision of making it an annual event.

I should add that what pleased me was the focus of the symposium where it was pitched as an opportunity for scientists to talk to decision-makers, to share knowledge and expertise, and craft solutions to the everyday problems facing conservation. There was a strong practical tone to the symposium that perhaps set it apart from being a niche scientific engagement.

I need to pay attention to the continuing collaborative effort that goes into our highly successful Stewardship Programme. This critical discipline is essentially a model for expanding the network of protected areas in which conservation authorities enter into contract agreements with private and communal landowners to place land that is of high biodiversity value under formal protection.

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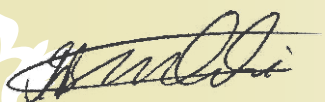
Sometimes we think that all matters of conservation belong to Ezemvelo KZN Wildlife as the sole provincial management arm of this discipline. This is far from the truth. Whether we talk about the wonderful progress being made in various community conservation initiatives such as the Umgano Project in the Ntsikeni region – and the multitude of others that are too numerous to list – my gratitude goes out to all the NGOs who fulfil such critical expertise in realising these efforts.

As with my report last year I need to name some of them. They are the Wildlands Conservation Trust; WWF-SA; the Botanical Society; Endangered Wildlife Trust; South African National Biodiversity Institute (SANBI); Birdlife South Africa; Wilderness Action Group (WAG); and the African Conservation Trust (ACT). The purpose of naming them is to be able to emphasise that so much of conservation is about partnerships and collaboration. The success of our Stewardship Programme – as with other fields of conservation – depends strongly on our interacting and engaging with other specialists.

In this sense, too, I again applaud the work of our valued Honorary Officers throughout KZN who work so selflessly and tirelessly on behalf of the greater conservation good.

Finally, I extend my heartfelt appreciation to the MEC, Honourable Dr. B.M. Radebe and the Board for all their support and all our staff for the work they put in. This might sound matter-of-fact, but the truth is that conservation is a highly demanding and dynamic practice. There are great strains on all of us, whether it is the glare of this rhino poaching war, the huge demands that our focus on communities places on us, or indeed the stresses involved in helping formulate our realignment programme.

These are not easy times. But I am nevertheless very proud of the efforts of so many people. It is my belief that Ezemvelo KZN Wildlife can hold its head high. I am convinced we are the leading conservation organisation in South Africa and it is not lost on me the attention that other African conservation organisations pay towards us.



DR BANDILE MKHIZE
CHIEF EXECUTIVE OFFICER

KwaZulu-Natal Nature Conservation Board

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PROFILES: EXECUTIVE COMMITTEE MEMBERS



Dr Bandile Mkhize

Dr Bandile Mkhize has been the Chief Executive Officer of Ezemvelo since December 2008. He holds a Doctorate in Philosophy as well as a Masters Degree in the Arts and a Bachelor of Arts Degree. He has extensive experience at senior management level, with over 15 years in senior and executive management positions. He was previously a lecturer at the University of Zululand. He serves on numerous boards including the Black Management Forum, Mpumalanga Gaming Board, Namibian Gambling Commission, Council of the University of Zululand, KwaZulu-Natal Innovation Centre, Intersite Property Management Services, Participative Development Initiative, Southern Africa Wildlife College, the University of Zululand Foundation, Johannesburg Tourism, and the Federated Hospitality Association of Southern Africa.



Siyabonga (Bonga) Mngoma

In December 2011, Mr Siyabonga Mngoma was appointed our Chief Financial Officer. He is a member of the South African Institute of Chartered Accountants (SAICA), and is a licensed international financial analyst. He holds a BCom and has 11 years of experience in accounting, financial management, as well as strategy formulation and risk management. He has lectured part-time to honours students in financial management. He has served on the Audit and Risk Committees of the Natal Playhouse Company and the South African Diamonds and Precious Metals Regulator, and is a member of the Training Requirement Committee of SAICA.



Sthabiso Chiliza

Mr Sthabiso Chiliza is the General Manager: Business Development, and joined Ezemvelo in May 2006. He holds a Masters Degree in Commerce and a Bachelor of Arts (honours) Degree. He has augmented these with a number of other achievements, such as a certificate in Business Management Development Programme, Programme on Investment Appraisal and Risk Analysis, Prince2tm Foundation Examination, Advanced Project Management Course, Business Administration Certificate, Specialist Project Management Programme M+3, Advanced Marketing Management Programme, Principles of Public Relations, and the Executive Development Programme.



Bhekisisa Khoza

Mr Bhekisisa Khoza is our Executive Director: Biodiversity and Ecotourism Operations and is a long-serving staff member having joined Ezemvelo in 1981. He holds a Nature Conservation Diploma from Chaka Agricultural College, a National Diploma in Nature Conservation, and has completed the Executive Development Programme at UNISA's School of Business Leadership as well as Advanced Project Management training at UCT's Graduate School of Business. He started out as a nature conservation officer, moved up the ranks, and was in charge of various game reserves before becoming an executive member. He remains very passionate about conservation.

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Ntsikelelo Dlulane

Mr Ntsikelelo Dlulane is our Manager: Projects and Partnerships and joined Ezemvelo in 2009. He is a member of the Association of South African Quantity Surveyors with a Diploma in Housing. He has a Degree in Quantity Surveying, which has been supplemented by a Law Certificate and a Project Management Certificate. In 2012 he obtained his Post Graduate Diploma in Business Management from the Management College of South Africa.

He boasts all-round experience in the building environment, having worked for civil consultants (water), in housing development, and as a roads and buildings contractor. He has been involved in a number of organisations which include the African Builders' Association and the Foundation for African Business and Consumer Services. He occupied leadership positions in both during the late 1990s, as well as the Black Management Forum.



Lumka Pani-Plaatjies

Ms Lumka Pani-Plaatjies is the General Manager: Internal Audit and joined Ezemvelo in August 2009. She holds a B.Tech Internal Auditing and is a member of the Institute of IIA. She is currently busy with the Certified Internal Auditor (CIA) certification/examination. She has also completed management programmes through Wits University and the Gordon Institute of Business Science business school. She is an accredited External Quality Assurance Review Assessor by the Institute of Internal Auditors. She has extensive experience in internal auditing having worked in both the private and public sectors. Before joining Ezemvelo she was a Regional Manager Internal Audit at the SA Post Office and worked as a Senior and Internal Auditor at Old Mutual SA.



Ntokozo Maphumulo

Ms Ntokozo Maphumulo is the Manager: Legal Services and joined Ezemvelo in January 2008. She holds a Bachelor of Arts Honours in Psychology and a Bachelor of Education and LLB (UNISA). She is an admitted attorney. She has completed programmes in Labour Law and Environmental Management: Inspector Course and Practical Legal Training. Ms Maphumulo has experience in legal practice, psychology services, lecturing as well as teaching. She is currently studying towards a Post-graduate Diploma in Business Management.



Sudhir Ghoorah

Mr Sudhir Ghoorah is the General Manager: Risk and Strategic Services and joined Ezemvelo in 2008. He holds a Bachelor's Degree in Commerce, specialising in Business Analysis. He has also successfully completed numerous strategy courses and is well versed in the utilisation of the numerous methodologies in this field including the balance scorecard. During his strategy training, he gained research experience and was instrumental in developing the SAP Business-Edge Methodology. He is currently completing his MBA and is a member of the Chartered Institute of Management Accountants (CIMA). He has extensive

experience in senior management and is a seasoned project manager with over seven years experience in strategy formulation and implementation as well as business analysis. He is also a member of various provincial structures.

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Musawenkosi Mntambo

Mr Musawenkosi Mntambo is the Manager: Communication Services and joined Ezemvelo in December 2010. He holds a Degree in Communications from the University of Zululand and a Post Graduate Diploma in Industrial Relations from the former University of Natal. In 2012 he obtained his Post Graduate Diploma in Business Management from the Management College of South Africa. He has extensive experience in communications after serving with the Department of Labour as well as the Government Communications and Information Services.



Thandiwe Nkosi

Ms Thandiwe Nkosi is the General Manager: Human Resources and joined Ezemvelo in July 2012. She holds a Masters Degree in Public Policy Studies, Bachelor of Arts (honours) and a Bachelor of Public Management and Administration which have been augmented by courses in labour/industrial law, organisational development, industrial psychology and personnel management. She was previously employed as the senior manager heading the ministry at KZN Department of Agriculture and Environmental Affairs, Manager Research Strategy and Policy Development at the Department of Education and the KwaZulu-Natal

Provincial Legislature; Marketing Researcher at Research International, as well as a research officer at McCann-Erikson. She has vast experience in management and administration having worked in both the private and public sectors before joining the Organisation. She is passionate about good governance.

OPERATIONAL OUTLOOK

Integrated Performance

Our revenue generation component continues to underperform against set targets. This is attributable to the slowdown in the global economy, which has affected tourism in particular. This has also resulted in Ezemvelo being unable to spend the required amount in terms of asset replacement and maintenance, as well as investing in human resources.

The implementation of programme-based budgeting and performance management to increase accountability will go a long way in addressing some of the challenges presented. The current level of performance is reflected in the non-financial performance (pre-determined objectives) report and bears evidence of the challenges the Organisation is dealing with.

Significant Challenges and Operational Outlook

Ezemvelo has to improve its efficiencies in managing conservation areas as well as expand the land under conservation. In addition, a further investment of R491-million is needed to overcome an infrastructural backlog. These include roads, buildings, reticulation systems and fencing. R110-million of this amount has already been secured from Treasury, with R60-million in the 2013/14 budget and a further R50-million in the 2014/15 budget. In order to improve Ezemvelo's wellbeing, the following needs to be done:

- Increase the budget allocation significantly in order to enhance the ability to conserve the ecosystems that provide value to the Province.
- Improve our internal working environment in order to better manage resources.
- Reprioritise funding of critical needs, such as improving employee conditions and their general wellbeing.
- Increase revenue by enhancing our marketing and sales efforts which should include a revised pricing model for our resorts.
- Address those resorts where revenue generation cannot reasonably be expected to increase and coin these as our social responsibility programmes instead of revenue generation components.
- Pursue an initiative which will enhance our chances of obtaining real time SMS feedback from the resorts' guests. The SMS system will be convenient for our guests to give us their feedback and will greatly improve the data set.
- Finalise a position document regarding the future of Ezemvelo's loyalty programmes, which maximises the benefits for both Ezemvelo and its customers.
- Introduce new rhino security initiatives and increase the community involvement in our fight against rhino poaching.



Left-right: W. Zulu (MTN), T. Hlophe (MTN), S. Luthuli (Ezemvelo), Dr. B. Mkhize (Ezemvelo CEO), C Kunene (MTN) and the honorable A. Sing during the launch of Anti Rhino-poaching sms line.

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PART 3: GOVERNANCE REPORTS

CORPORATE GOVERNANCE REPORT
RISK MANAGEMENT REPORT
AUDIT COMMITTEE REPORT

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Some of IziNyabga
who attended the
launch of Muthi Farm
in KwaNgwanase

Left to Right: Mr
T. Ngubane, Vice
President of Interim
KZN Traditional Health
Practitioners and Mr. M.
Tembe outside the Muthi
Farm



CORPORATE GOVERNANCE REPORT

STATEMENT OF COMMITMENT

Ezemvelo KZN Wildlife's Board is committed to and has adopted the principles of the South African Code of Corporate Practices and Conduct as recommended in the third King Report on Corporate Governance (King III).

The Organisation is taking steps to ensure that this report is compliant with the obligations placed on the Organisation. Ezemvelo subscribes to a governance system in which, most notably, ethics and integrity set the benchmark for compliance. We are constantly reviewing and adapting our structures and processes to enhance effective leadership, sustainability concerns and corporate citizenship. We are cognisant of the need to reflect national and international corporate governance standards, developments and best practice.

The Board believes that it has applied and implemented the main principles of King III in all significant respects for the year under review.

Ezemvelo adopted the principles of King III during the 2012/13 financial year and necessary improvements commenced. It should be noted that adherence to this code is an ongoing process.

The Board recognises its responsibility towards conducting its affairs with prudence, transparency, accountability and fairness, thereby safeguarding the interests of all its stakeholders. The Board recognises that good corporate governance is essential and acknowledges the relationship between governance and risk management practices. One of our top priorities remains the Board and executive management's implementation of sound governance principles.

Internal Control

The system of internal control, which is embedded in all key operations of the Organisation, provides reasonable rather than absolute assurance that the Organisation's business objectives will be achieved within the risk tolerance levels defined by the Board.

Regular management reporting is an important component of Board assurance, providing a balanced assessment of key risks and controls. In addition, Board committees need to focus on specific risks.

The Chief Executive Officer provides quarterly reports to the Board which also receives assurance from the Audit Committee. The latter derives its information, in part, from regular internal and external audit reports on risk and internal control. The internal audit function has a formal collaboration process in place with the Auditor-General to ensure efficient coverage of internal controls. The internal audit function is also responsible for providing independent assurance to the executive committee and the Board on the effectiveness of the risk management process of the Organisation.

The Effectiveness of Internal Control

The system of internal control designed by the Organisation was not entirely effective during the year under review as compliance with prescribed policies and procedures were lacking in certain instances. Several instances of non-compliance were reported by internal auditors that resulted from a breakdown in the functioning of controls, for example, Asset Management, Revenue Management and the Supply Chain Management process.

In certain instances, the weaknesses reported previously were not fully and satisfactorily addressed. The effect of these weaknesses has been included in the Annual Financial Statements and the report of the Accounting Authority.

It should be noted, however, that management has put together stringent action plans to ensure that necessary action has been or is being taken to remedy any failings or weaknesses identified from the reviews.

RISK MANAGEMENT REPORT

Risk maturity is the yardstick against which Enterprise Risk Management (ERM) effectiveness is measured. Ezemvelo, being relatively young in terms of its risk management implementation, is striving for excellence in terms of good corporate practices.

Further strides were made in 2012/13, building on what was achieved in 2011/12. The risk policy was reviewed and adopted in line with recommendations from Treasury. The strategic risk register for 2012/13, together with the action plans, were developed and implemented. Ezemvelo focuses the intervention measures against the relevant root causes in order to mitigate risks.

The operational risk management is a key focus. Insurance management, in terms of risk sharing strategy, was formalised and a service provider was appointed to assess and place insurance cover where appropriate. One of the main objectives of operational risk management for 2013/14 is to reduce the number of incidents and/or claims in an effort to improve Ezemvelo's risk profile. A business continuity plan was also drafted and is awaiting final input from Treasury.

Ezemvelo is committed to continuously enhancing its risk and control procedures to improve risk management. The entity's strategy in this regard for the 2013/14 shall aim to:

- Develop a risk management implementation plan for review and monitoring;
- Include a measure for risk management in the performance agreements of senior management;
- Formalize the process regarding new and emerging risk (risk escalating, risk appetite and business processes);
- Review and measure the cost of controls implemented in relation to the risks being mitigated;
- Develop a combined assurance plan in order to ensure that adequate assurance is provided at a reasonable cost; and
- Develop an appropriate enterprise risk management communication and training strategy.

An audit performed identified the current ERM maturity level to be at a "level 2" with "level 5" being fully mature. The entity is striving to achieve "level 3", by 2015.

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AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and is expected to meet at least four times per annum as per its approved Charter:

| Name of member | Number of meetings attended |
|--|-----------------------------|
| M Mia (Chairperson) | 7 |
| DM Dold (Ms) | 7 |
| JP Rutsch (appointed 1 December 2012) | 1 |
| WU Nel (term of office expired 30 November 2012) | 5 |
| BW Ngubane | 6 |
| SD Shezi | 3 |

AUDIT COMMITTEE RESPONSIBILITY

The committee has complied with its responsibilities as set out in the Audit Committee Charter. The entity has a fully functional Internal Audit Division. The Head of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Executive Officer.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The Audit Committee reviews the quarterly reports submitted in terms of the PFMA.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in this Annual Integrated Report, with both the Accounting Officer and the Auditor-General;
- reviewed the Auditor-General's management letter and management's response thereto;
- reviewed changes in accounting policies and practices; and
- reviewed significant adjustments resulting from the audit.

The committee concurs and accepts the Auditor-General's conclusions on the financial statements.



**M. MIA
CHAIRPERSON**

KwaZulu-Natal Nature Conservation Board Annual Integrated Report 2012/13



PART 4: PERFORMANCE OVERVIEW

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THE FOLLOWING SUPPLEMENTARY INFORMATION DOES NOT FORM PART OF THE AUDITED ANNUAL FINANCIAL STATEMENTS AND IS UNAUDITED:

| | |
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Ezemvelo KZN Wildlife Ambassador
-Chad Le Clos



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Board, as the accounting authority of the KwaZulu-Natal Nature Conservation Board, is responsible for the preparation and fair presentation of the financial statements and performance information in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the KwaZulu-Natal Nature Conservation Act, 1997 (Act No. 9 of 1997).

Accordingly the Board:

- has reviewed the annual financial statements and performance information of the entity,
- has a reasonable basis to concur that the annual financial statements and performance information are free from material misstatement and thus fairly present the financial position, the performance and cash flows of entity,
- is not aware of any material breakdown in the internal controls of the entity or any changes to such controls that may affect the effectiveness of the internal controls,
- has ensured that internal controls are established and maintained during the current year, and there is a functioning system of risk management,
- has ensured, in conjunction with the Audit Committee, that any significant breakdown in controls are addressed and where relevant are reported to Treasury and the Auditors,
- has ensured that the financial statements are prepared by applying appropriate accounting policies in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), and in a manner required by the PFMA,
- has ensured that accounting policies have been consistently applied per major class of transactions and balances and are supported by reasonable and prudent judgements and estimates,
- has ensured that any deviations from GRAP have been sufficiently disclosed in the notes to the financial statements,
- has assessed the entity's ability to continue as a going concern and there is no reason to believe that the entity will not be a going concern in the year ahead.

The Auditor-General has audited the financial and non-financial performance and their report is presented as part of this report.

The financial statements and performance information were approved by the Board and signed for on its behalf by:



MR ZC NGIDI - CHAIRPERSON

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON KWAZULU-NATAL NATURE CONSERVATION BOARD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the KwaZulu-Natal Nature Conservation Board set out on pages 67 to 94 which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA), the *general notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. I was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment (PP&E), as the entity did not have adequate systems in place to maintain records in this regard. I was unable to confirm through alternative means whether PP&E was correctly recorded. Consequently I was unable to determine whether any adjustment relating to PP&E stated at R563,58 million (2012: R595,56 million) in note 4 to the financial statements was necessary.

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Deferred income

7. I was unable to obtain sufficient appropriate audit evidence regarding deferred income. I was unable to confirm through alternative means whether all deferred income was correctly recorded. Consequently I was unable to determine whether any adjustment relating to deferred income stated at R55,44 million in note 9 to the financial statements was necessary.

Leases

8. I was unable to obtain sufficient appropriate audit evidence regarding leases as the entity did not have adequate systems in place to maintain records of leases. I was unable to confirm through alternative means whether all leases were correctly recorded. Consequently I was unable to determine whether any adjustment relating to leases stated at R11,57 million (2012: R7,99 million) for lessees and R6,55 million (2012: R812 000) for lessors in note 24 to the financial statements was necessary.

Irregular expenditure

9. I was unable to obtain sufficient appropriate audit evidence regarding irregular expenditure as the entity did not have adequate systems in place to identify and record irregular expenditure. I was unable to confirm through alternative means whether all the irregular expenditure was correctly recorded. Consequently I was unable to determine whether any adjustment to the irregular expenditure stated at R4,46 million (2012: R2,41 million) in note 29 to the financial statements was necessary.

Qualified opinion

10. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the KwaZulu-Natal Nature Conservation Board as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

12. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the entity at, and for the year ended, 31 March 2012.

Irregular expenditure

13. As disclosed in note 29 to the financial statements, irregular expenditure to the amount of R4,46 million (2012: R2,41 million) was incurred due to procurement irregularities and non-adherence to supply chain management (SCM) processes.

Additional matter

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

Unaudited supplementary information

15. The supplementary information set out on pages 95 to 98 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. In accordance with the PAA and the *general notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 51 to 66 of the annual report.
18. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
19. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

20. Although no material findings concerning the usefulness and reliability of the performance information was identified in the annual performance report, I draw attention to the following matter below.

Achievement of planned targets

21. Of the total number of 56 targets planned for the year, 14 targets were not achieved during the year under review. This represents 25% of total planned targets that were not achieved during the year under review.
This was as a result of the institution not considering relevant systems and evidential requirements during the annual strategic planning process.

Compliance with laws and regulations

22. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *general notice* issued in terms of the PAA are as follows:

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA.
24. Material misstatements of current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

25. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA.

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Asset management

26. Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the PFMA.

Internal control

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion and the findings on compliance with laws and regulations included in this report.

Leadership

28. Leadership have not exercised oversight responsibility over financial reporting and internal control. Actions were not taken to address the risks relating to the achievement of complete and accurate financial reporting as well as compliance with regulatory and reporting requirements. This negatively impacted on the oversight and monitoring functions that are the responsibility of leadership and management and on the credibility of the information and reports provided to leadership for oversight and decision-making.

Financial and performance management

29. Systems were not appropriate to facilitate the preparation of quality financial statements resulting in material corrections being recommended as a result of audit findings. Information was not readily available which is indicative of inadequate record keeping and record management. There was inadequate supervision and monitoring of the financial management functions of the entity resulting in the system of financial and internal controls not preventing, detecting and correcting misstatements and non-compliance.

Governance

30. The risk assessment strategy was not effective, as the procedures designed in response to the risks identified were not properly implemented. The recommendations of internal audit were not effectively and timeously implemented and responded to by management.

Auditor General

PIETERMARITZBURG
31 JULY 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACCOUNTING AUTHORITY'S REPORT

1. REVIEW OF ACTIVITIES

The entity recorded a net deficit of R7 357 million (2012: restated deficit of R62 936 million). The deficit was funded from the accumulated reserves.

2. GOING CONCERN

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 entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continues to receive funding for on-going operations. To this end the amounts voted by legislature to conservation within the Medium Term Expenditure Framework (MTEF) are expected to be received over the next three financial years ending 31 March 2016. Strategies and plans to improve the financial position of the organisation are continually being developed and monitored.

3. SUBSEQUENT EVENTS

The members are not aware of any matter or circumstance arising since the end of the financial year which could materially affect the annual financial statements.

4. PRIOR PERIOD ERRORS

The impact of prior period errors on the results of the entity is reflected in note 2 to the annual financial statements.

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board.

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5. ACCOUNTING AUTHORITY

The three year term of office for the majority of the previous Board members expired in November 2012. In addition to this, in September 2012 the court ruled in favour of the plaintiffs who were challenging the legality of the Board and gave the MEC of the KZN Department of Agriculture and Environmental Affairs six months in which to reconstitute the Board. The expiry of the term of office, together with the court ruling, resulted in the following changes:

Name

Mr ZC Ngidi - Chairperson
Inkosi BF Bhengu
Mr SNM Dladla
Ms PS Dlamini
Ms SPT Dlamini
Ms DM Dold
Ms BP Mchunu-Mzila
Mr P Rutsch
Ms PL Lebenya-Ntanz
Mr WU Nel
Mr B Nkosi
Prof AT Nzama - Deputy Chairperson
Inkosi MI Tembe
Mr WM Fischer
Mr BW Ngubane
Mr SJ Mhlongo
Mr A Ndlela
Ms N Mthembu
Ms P Dabideen
Mr M Mackenzie

Changes

Reappointed 01 December 2012
Term of office expired 30 November 2012
Term of office expired 30 November 2012
Term of office expired 30 November 2012
Term of office expired 30 November 2012
Reappointed 01 December 2012
Resigned 10 September 2012
Appointed 01 December 2012
Appointed 01 December 2012
Term of office expired 30 November 2012
Appointed 28 February 2013
Reappointed 01 December 2012
Reappointed 01 December 2012
Term of office expired 27 February 2013
Term of office expired 27 February 2013
Reappointed 01 March 2013
Appointed 01 December 2012
Appointed 28 February 2013
Appointed 01 December 2012
Appointed 01 December 2012

6. CORPORATE GOVERNANCE

General

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the on-going development of best practice.

The entity acknowledges its responsibility to apply the King III Code on Corporate Governance for South Africa.

PRE-DETERMINED OBJECTIVES

1. INFORMATION ON PRE-DETERMINED OBJECTIVES

Pre-determined information is important for effective management, including planning, budgeting, implementation, reporting, monitoring and evaluation. National Treasury's framework for Strategic Plans and Annual Performance Plans, August 2010, states that with the shift of government aligning to outcomes orientated monitoring and evaluation approach the focus will be centred on results based management. Results based management is a life-cycle approach that integrates strategy, people, resources, processes and measurements to improve decision-making, transparency and accountability. The focus is on achieving outcomes, implementing performance measurement, learning from experiences and adapting, and reporting on performance. Results based planning involves the articulation of strategic choices in light of past performance and includes information on how an organisation intends to deliver on its priorities and achieve associated results. Results based management also involves monitoring and reporting on results through the development and provision of integrated financial and non-financial information. This information is used for both internal management purposes and for external accountability to Parliament, Provincial Legislature and the public, as well as providing stakeholders with an opportunity to reflect on what has worked and what has not.

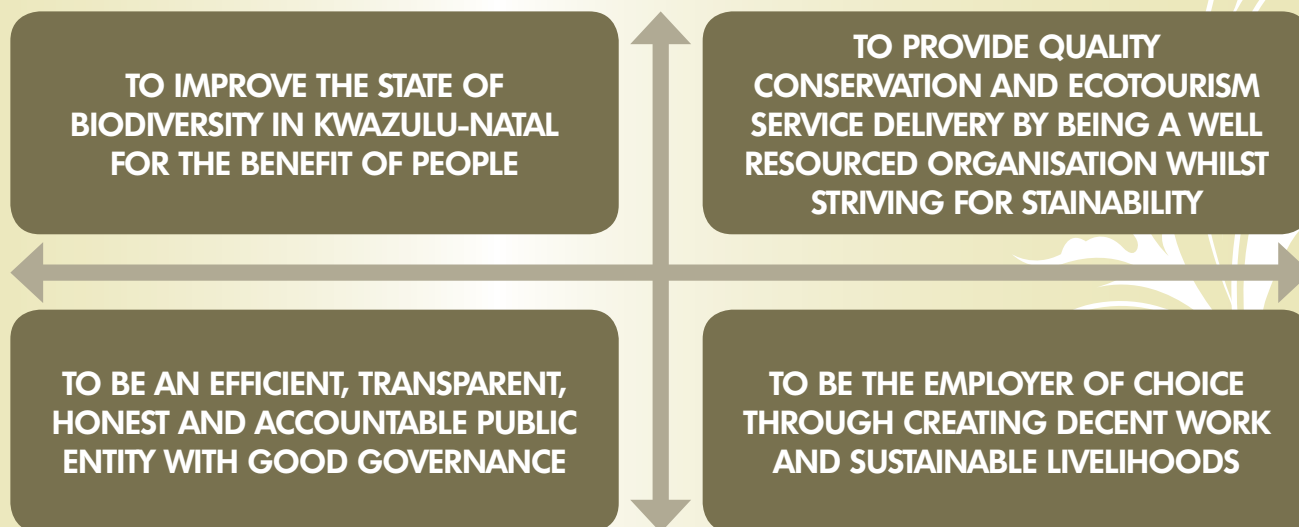
2. AIMS OF EZEMVELO

Ezemvelo, in terms of the KZN Nature Conservation Management Act 9 of 1997, is mandated to:

- a) Direct the management of:
 - i. nature conservation within the province;
 - ii. protected areas; and
 - iii. the development and promotion of ecotourism facilities within the protected areas.
- b) Ensure the proper efficient and effective management of the Conservation Service.

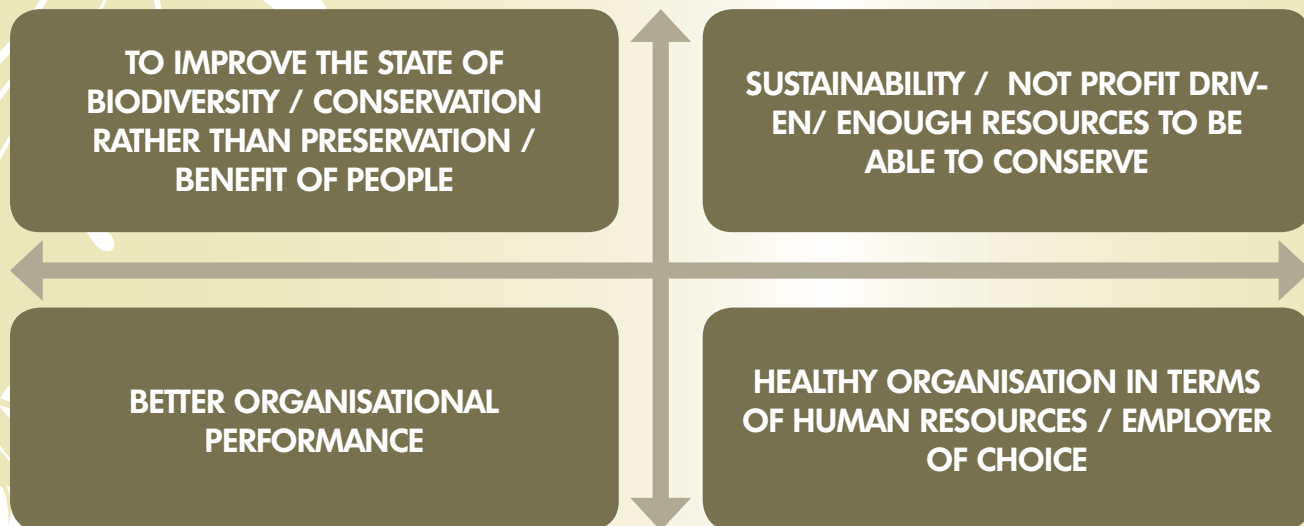
3. GOALS

4 goals have been set and are as follows:



4. OUTCOMES

Aligned to the mandate and the delivery frameworks, Ezemvelo strives to provide an improved state of biodiversity in KwaZulu-Natal whilst being well resourced and performing optimally within the realm of a healthy organisation.



5. SUMMARY OF PROGRAMMES

Treasury guidelines on budget programmes stipulate that Public Entities such as Ezemvelo are required to implement three categories of budget programmes. The categories are Support, Enabling and Service Delivery. The six programmes implemented by Ezemvelo were aligned to the guidelines.

5.1. SUPPORT PROGRAMME

Programme 1: Administration

The administration programme provides the institution with financial, legal, communications, human resources, risk and strategic services.

Highlight of the Support Programmes category.

The administration programme was mainly driven to enhance good corporate governance as well as to provide strategic and administrative support for service delivery. The performance report indicates that the stock holding days were reduced and creditors were paid on time from a cash flow management angle. Ezemvelo has issued its quarterly corporate communication as well as updated its website and intranet for improved communications. The entity improved its strategy and risk management cycle by reviewing related policies, producing the Annual Performance Plans and Risk Registers together with relevant quarterly reports timeously. Employee wellness remains a priority for our organisation and as such, there were 2784 participants (against a target of 2340) attending various wellness activities. The up-skilling of employees is vital to Ezemvelo achieving its vision. 2 384 participants attended some form of training. Overall, for the Support Programme, 19 out of 30 objectives were achieved, which represents an achievement of 63%.

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SUPPORT COMPONENT PRE-DETERMINED OBJECTIVES REPORT

| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|----------------------------|---|---|---|--|
| 1 | Reduce stock holding days to 90. | 95 days | Annual Objective Target Achieved | The stock holding days has been reduced to 88.62. | N/A | N/A |
| 2 | Reduce Debtors days to 40. | 40 days | Strategic Objective partially achieved | The debtors days achieved are 46.97 days. | The target was not achieved due to the varying timing of the release of the statements which impacted the target. | This has been addressed in the 2013/14 Annual Performance Plan (APP) and the objective has been updated accordingly. |
| 3 | Reduce Creditors days to 30. | 45 days | Annual Objective Target Achieved | The creditors days achieved are 29 days. | N/A | N/A |
| 4 | Decrease and maintain budget variance to less than 10%. | <10% | Annual Objective Target Achieved | Budget variance is 9% under spent. | N/A | N/A |
| 5 | To spend R 161.2 million on the maintenance of immovable assets. | R 44 million | Strategic Objective partially achieved | R 21 099 621 has been spent on maintenance of assets. | Under-achievement of the income objective resulted in the withholding of maintenance expenditure. | Appropriate budget analysis is being conducted to identify the required and desired maintenance figures, linked to available budget. Funding proposals have been made to address shortfalls. |
| 6 | To spend R 113.12 million on asset purchases. | R 16.3 million | Annual Objective Target Achieved | R 18 033 684 has been spent on asset purchases. | The additional amount spent was as a result of the carry over budget. | N/A |

KwaZulu-Natal Nature Conservation Board

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|----------------------------|---|--|---|---|
| 7 | Increase the value of goods and services awarded to BEE (Historically Disadvantaged Individuals) owned enterprises to 60%. | 45% | Strategic Objective partially achieved | 26% of the value of goods and services was awarded to BEE companies. | Currently a large portion of the non BEE spend is from individuals who have BEE information missing, as a result they are not regarded as BEE contributors. This is currently being addressed by procurement. | Ezemvelo is relooking at ways of increasing the BEE spending. Procurement is liaising with BEE suppliers requesting BEE contribution information. |
| 8 | Issue quarterly corporate communications. | 4 | Annual Objective Target Achieved | 4 corporate magazines have been issued. | N/A | N/A |
| 9 | Increase the entity's profile through 1 500 publications. | 400 | Strategic Objective partially achieved | 206 media publications were achieved. | Target was amended at the mid-term review | The balance is planned to be absorbed in the new financial year. |
| 10 | Maintain and update website quarterly. | 4 | Annual Objective Target Achieved | Quarterly website updates were performed. | N/A | N/A |
| 11 | Maintain and update intranet quarterly. | 4 | Annual Objective Target Achieved | Quarterly intranet updates were performed. | N/A | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|-------------------------------------|---|---|--|--|
| 12 | Formalize 400 strategic alliances. | 150 | Strategic Objective partially achieved | 59 Strategic alliances have been formalised this financial year which translates to a 40% achievement against the target. | The target was amended in the mid-term review and although it was envisioned that the amended target was accepted, this could not be achieved in the last quarter. | The residual target will be applicable in the new financial year. |
| 13 | Update legislation database quarterly | 4 | Annual Objective Target Achieved | 4 Legislative updates were performed (one per quarter). | N/A | N/A |
| 14 | Develop and implement compliance policy. | Implementation of the policy | Strategic Objective partially achieved | This objective has been not been achieved. | The policy is being drafted; however the challenge is around finalising the information that is needed for the policy finalisation. | The project plan has been amended to ensure delivery in the new financial year. |
| 15 | Develop a Corporate Strategic Brief for 2014-19 cycle. | 1 | Annual Objective Target Achieved | Strategic brief 2014-19 has been developed. | N/A | N/A |
| 16 | Generate quarterly Risk Management Reports. | 4 | Annual Objective Target Achieved | Quarterly reports have been generated. | N/A | N/A |
| 17 | Develop and implement 10 service level agreements with Management Committee. | Develop 10 service level agreements | Strategic Objective re-assigned to 2013-14 | This objective has been put on hold pending the organisational realignment. | Completion of the objective has been put on hold awaiting the finalisation of the realignment process. | This objective will only be addressed once the realignment process has been completed. |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|--|---|--|--|---|
| 18 | Annual review of Risk Management, Performance Management and Strategy Policies. | 3 | Annual Objective Target Achieved | The 3 policies have been reviewed (Risk, Performance and Strategy). | N/A | N/A |
| 19 | Quarterly Performance Management Reports generated. | 4 | Annual Objective Target Achieved | Quarterly performance reports have been generated. | N/A | N/A |
| 20 | Develop Strategic and Functional Risk Register annually. | 1 | Annual Objective Target Achieved | Risk register has been developed. | N/A | N/A |
| 21 | Generate annual performance management Compliance Report. | 1 | Annual Objective Target Achieved | Compliance report has been generated. | N/A | N/A |
| 22 | Develop and approve the Annual Performance Plan (APP) annually. | 1 | Annual Objective Target Achieved | The APP for 2013/14 has submitted in January to the Executive Authority. | N/A | N/A |
| 23 | Implement a Disease Management Programme. (Dept of Health - Health Risk Management Programme). | 100% Implementation of project plans for disease and incapacity management | Strategic Objective partially achieved | 80% of the project plan has been implemented. | The only milestone outstanding is the final monitoring and evaluation report. | The evaluation report will be completed in the beginning of the new financial year. |
| 24 | Involve 2340 employees in wellness programmes annually. | >2340 | Annual Objective Target Achieved | 2784 employees attended wellness programmes during the year. | A concerted focus on the wellness programme to redress the shortfall from the last financial year. | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|--|---|---|--|---|
| 25 | Develop and implement a Graduate Recruitment Strategy. | Implement graduate development programme | Annual Objective Target Achieved | The graduate development programme has been implemented. | N/A | N/A |
| 26 | Develop and implement a Retention Strategy. | Implementation of retention policy. | Annual Objective Target Achieved | The retention policy has been implemented. | N/A | N/A |
| 27 | Develop and implement a Succession Planning Strategy. | Implementation of development plan | Strategic Objective partially achieved | The development plan has been partially implemented. The plan has been 50% implemented to date. | Structure realignment process has hampered the completion of the project. | The completion of the realignment project is expected to be completed in the new financial year, after which the development plan implementation will be finalised. |
| 28 | Upskill 6618 employees. | 1 693 | Annual Objective Target Achieved | 2384 employees have attended training during the year. | Upskilling of employees was focused on to address the shortfall from the last financial year. | N/A |
| 29 | Increase employee satisfaction by 15%. | 100% Implementation of action plan | Strategic Objective partially achieved | Action plan has been developed and aspects of the plan have been implemented representing 50% of the objective being completed. | Realignment of the objective at the mid-term review resulted in delays in achieving the targets. | The balance of the plan will be addressed in the new financial year. |
| 30 | Create 9421 employment opportunities. | 2 200 | Strategic Objective partially achieved | 1924 employment opportunities have been created. 87% of the target has been achieved. | This objective is dependant on the externally funded projects and the late release of funds has had a knock on effect. | 2013/14 project funding targets have been amended accordingly in order to address employment opportunities. |

5.2. ENABLING PROGRAMMES

Programme 2: Business Development

Business development guides investment based on returns through proper analysis of business intelligence by making informed decisions to enable Ezemvelo to capitalize on its commercial operations. This is achieved through revenue generation activities, providing assurance of service standards, developing and implementing new services & products.

Programme 3: Internal Audit

Internal Audit function is to provide effective and efficient internal audit and forensic investigation services to add value to the organisation by providing assurance on governance, risk and internal controls. This is done by developing a plan that is aligned to the key risks of the organisation, executing the audits and reporting timeously to all relevant stakeholders.

Programme 4: Partnerships & Projects

Partnerships & Projects is being implemented within the entity based on the critical nature of securing additional funding for direct and indirect benefit to conservation. The programme aims to secure funding for the organizations' unfunded mandates, funding for rural economic development and also has a component of an implementing agent for externally funded projects. The adjunct to this would be the implementation of projects as well as generating revenue through attracting agent fees where applicable.

Programme 5: Information Technology

The Information Technology programme is designed to monitor, evaluate and improve the effectiveness and efficiencies of the Information and Communication Technology (ICT) infrastructure and systems of Ezemvelo. This is achieved by proper planning, building and managing ICT infrastructure and systems

Highlight of the Enabling Programmes category

Enabling programmes are designed to aid service delivery in a very strategic manner. As such, R 81, 35 million worth of external funding was secured towards assisting conservation efforts. A commercialisation policy and strategy was also developed with 9 new products /services implemented. Amongst others, a few examples include a conference centre, a restaurant and boat cruise at Midmar; offering of package deals with complimentary breakfasts and the replica of vulture hide at Giants Castle. In providing assurance on governance, 31 audits against a target of 24 were completed. The revenue target was 97% achieved, translating to R 170, 3 million against a target of R 177, 3 million. In order for the entity to ensure that critical systems are speedily restored in the unlikely event of a disaster, a disaster recovery plan was developed and a back up system was piloted. As a progressive organisation, Ezemvelo recognises that the way business is conducted needs to evolve and as such, one of the key progressive steps taken was the development of an information and knowledge management strategy which, when implemented, would go a long way to assist in the delivery of the mandate and achieving the vision. Of the 7 objectives, 4 were achieved and 3 partially achieved. This represents a 57% achievement.



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ENABLING COMPONENT PRE-DETERMINED OBJECTIVES REPORT

| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|---|----------------------------|---|---|--|---|
| 1 | Secure R 314 million worth of external funding. | R 65 million | Annual Objective Target Achieved | R 81 349 312 external funding has been secured. | Funding proposals. | N/A |
| 2 | Secure R 100 million worth of external funding for Rural Development initiatives. | R 5 million | Strategic Objective partially achieved | R 3 540 408 worth of external funding has been secured for Rural Development; this translates to 71% of the objective target being met. | Although funding requests were submitted to various funders, not all submissions were successful or awarded timeously. | The shortfall will be absorbed in the target for the next financial year. |
| 3 | Perform 48 audits. | 24 | Annual Objective Target Achieved | 31 audits for the period under review. | 7 additional audits were requested by the Audit Committee. | N/A |
| 4 | Develop Commercialization Policy and Strategy. | Commercialization Policy | Annual Objective Target Achieved | Commercialization policy and strategy has been developed. | N/A | N/A |
| 5 | Develop and implement 21 new services and products. | 6 | Annual Objective Target Achieved | 9 new products & services have been developed and implemented during the financial year. | The additional products address the carryover from the last the financial year | N/A |
| 6 | Generate R896.3 million through Commercial Operations activities. | R 177.3 million | Strategic Objective partially achieved | Revenue of R 170, 3 million was generated for this financial year, which represents 97% of the target being met. | A depressed economy affected the achievement of the target as our revenue is largely dependent on domestic tourism. | Focused marketing initiatives have been put in place. |



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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|--|---|--|---|--|
| 7 | Implement IT Strategy. | <p>a) Develop Disaster Recovery plan</p> <p>b) Implement Backup Solution</p> <p>c) Address Microsoft Licensing</p> <p>d) Implement Storage Areas Network (SAN) upgrade</p> <p>e) Develop an information and Document Management System</p> <p>f) Develop Unified Communication Plan</p> <p>g) Develop a Plan for Wireless Connectivity</p> <p>h) Initiate IT Structure Realignment</p> | Strategic Objective partially achieved | <p>a) Disaster Recovery Plan has been developed and approved.</p> <p>b) Back-up solution has been implemented on a pilot basis.</p> <p>c) MS licensing risk have been addressed.</p> <p>d) Storage Areas Network has been procured in line with this year's objective.</p> <p>e) Information and Document Management System - Information Knowledge Management Strategy completed and approved.</p> <p>f) Unified Communication Plan has been developed.</p> <p>e) Wireless Connectivity Plan has not been achieved as it is reliant on the above plan being implemented.</p> <p>h) IT structure re-alignment has been initiated in line with the organisational re-alignment.</p> | Microsoft product upgrade had to be prioritised over the Communication and Wireless connectivity plans. | The Communication and Wireless connectivity plans will be implemented in the new financial year, however the Microsoft product upgrade, phase 1 that was planned for the new financial year was completed. |

5.3. SERVICE DELIVERY

Programme 6: Conservation and Ecotourism Operations

This programme is directly linked to Ezemvelo's mandate and its function is to ensure that conservation of the indigenous biodiversity in KwaZulu-Natal both within and outside of protected areas is managed effectively, economically and efficiently for the benefit of people. It is worth noting that protected area management includes the management of visitor experience. The programme also ensures efficient, economic and effective management of biodiversity through openness and accessibility with stakeholders to optimise opportunities and sustainable use of biodiversity. All conservation efforts are based on scientific advice, analysis and interpretation.

Highlight of the Service Delivery Programme category

In terms of the service delivery component, Ezemvelo has to align its strategy to numerous other frameworks. These include the National Development Plan, National Strategy for Sustainable Development, Delivery Agreement for Outcome 10, Provincial Growth and Development Plan 2030 and Rural Development Framework & Draft Policy. The entity is very proud that of the 19 objectives, 18 have been achieved with 1 partially achieved. This represents a 95% achievement.

SERVICE DELIVERY COMPONENT PRE-DETERMINED OBJECTIVES REPORT

| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|----------------------------|---|--|--|------------------------------|
| 1 | Sustainable Harvest R76.5 m worth of natural resources in accordance to prescribed norms & standards / implementation tools. | R13.3million | Annual Objective Target Achieved | A total of R 14 800 284 worth of natural resource revenue was generated through sustainable harvesting of natural resources. | The sale of game realised higher than expected prices. | N/A |
| 2 | Increase number of additional private or communally owned protected areas by 15 sites effectively co-managed with Ezemvelo. | 4 | Annual Objective Target Achieved | The co-management agreements are in place for the following 4 sites; Blue Crane, Ncandu, Karkloof and James Wakelin Nature reserves. | N/A | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|--|---|---|--|--|
| 3 | Secure an additional 102,938 ha for formal conservation to achieve 9% of land mass under conservation. | 30,408 ha | Strategic Objective partially achieved | A total of 12 200 ha was proclaimed and added to the provincial conservation estate this financial year. This represents 40% of the target achieved. | A further 7 596 ha is pending MEC signature and declaration which is expected to be completed soon. The site negotiations to achieve the balance of 10 612 ha is underway with the landowners. | The remainder of the ha will be secured once Nomalanga and Nambiti have been approved by the Ezemvelo Board, signed and declared by the MEC in the new financial year. |
| 4 | Identify and submit to Department of Environmental Affairs (DEA) priority focal area targets to achieve 8% inshore and 3 % offshore target of Marine Protected Areas (MPAs). | Provide input to take identified focal areas for 8% inshore and 3% offshore MPAs, and forward proposals. | Annual Objective Target Achieved | The finalised document identifying the focal areas was approved by the Board in March and has been handed over to DEA | N/A | N/A |
| 5 | Increase the number of ha under protection that meet the minimum management effectiveness standard to 70%. | Increase the number of ha under protection to 65% (354 708ha) that meet the minimum management effectiveness standard. | Annual Objective Target Achieved | 89% of the ha under protection has achieved the minimum management effectiveness standard. (484 424 ha against 544 618 ha). Note that the MPAs and Isimangaliso Wetland Park (ISWP) have been excluded in this exercise as these reports directly to DEA. | The exclusion of ISWP, (the authority performs their own assessment) has resulted in the percentage increase as the size of the conservation estate assessed has reduced. | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|--|---|--|--|------------------------------|
| 6 | Adopt and implement 9 (Biodiversity Management Plans) plans for listed threatened species. | 3 | Annual Objective Target Achieved | Biodiversity Plans for 5 species has been developed and are being implemented. These species are as follows; Karkloof Blue, white-headed vulture, Lappet-faced vulture, Satyrium Rhodanthum and Kniphofia Leucocephala. | The 2 additional plans achieved address the shortfall from the last financial year. | N/A |
| 7 | Achieve a 75% mitigation of biodiversity related risk by commenting on all Land use applications received. | 75% of environmental authorizations that have threats to biodiversity fully mitigated. | Annual Objective Target Achieved | 82% achieved. Of the 136 environmental authorisations processed, 111 fully mitigated, 15 partially mitigated and 10 did not mitigate the threats to biodiversity. | The higher than expected mitigation rate is a result of more effective threat mitigation comments on land use applications | N/A |
| 8 | Increase the level of public's perception of the value of biodiversity in KZN by 5%, identified through scientific surveys (Biodiversity Awareness Index). | Conduct baseline survey and implement action plan | Annual Objective Target Achieved | The baseline survey has been completed and the plan has been implemented to address the key areas of biodiversity awareness. The action plan was drafted in August 2012. Key themes were identified as critical aspects of biodiversity conservation, these being: Climate Change, Land Transformation & Development, Natural Resource Sustainability, Waste Management, and Re-cycling & Energy Re-use. The objective of increasing the public's perception of biodiversity has been addressed through Strategic Partnerships (Local Boards and Land Claims Co-Management), Community Engagement (Traditional Leaders, Traditional Healers and People & Parks Steering Committees) and Environmental Education (Sfundimvelo). | N/A | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|---|---|---|---------------------|------------------------------|
| 9 | Increase Stakeholder Satisfaction levels by 15% (Stakeholder Satisfaction Index). | Develop action plan Implementation of action plan | Annual Objective Target Achieved | Action plan to address the issues identified in the baseline assessment was developed and is being implemented. | N/A | N/A |
| 10 | Develop 4 Biome Climate Change adaptation plans. | Ezemvelo to spatially confirm the 4 biomes in KZN & identify Biodiversity response measures | Annual Objective Target Achieved | The 4 biomes have been spatially confirmed and the response measures were identified. | N/A | N/A |
| 11 | 100% compliant with agreements with Department of Agriculture Forestry and Fisheries (DAFF) in regards to Marine Living Resources Act. | Compliance, monitoring and awareness: 100% compliant with DAFF contractual agreement | Annual Objective Target Achieved | 100% compliant with the DAFF delivery agreement with regards to Marine Living Resources Act. | N/A | N/A |
| 12 | 100% compliant with agreements with Department of Environmental Affairs (DEA) in regards to Marine Living Resources Act. | Compliance, monitoring and awareness: 100% compliant with DEA contractual agreement | Annual Objective Target Achieved | 100% compliant with the DEA delivery agreement in regards to Marine Living Resources Act. | N/A | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|---|---|---|--|---------------------|------------------------------|
| 13 | 100% CITES permits processed and implementation of Threatened or Protected Species (TOPS). | 100% compliance with CITES processes, improved implementation of TOPS | Annual Objective Target Achieved | 100% compliant with CITES permit processes. TOPS requirements are being implemented in the province, and quarterly compliance reports are being produced as per Outcome 10 targets. In order to improve the implementation of TOPS, the permit process is being integrated to address gaps in inefficiencies. | N/A | N/A |
| 14 | Develop and implement Management Plans for 5 overexploited Species. | Management plans for 5 species requiring interventions developed | Annual Objective Target Achieved | Management plans for 5 species have been finalised. These include plans for the management of grassland medicinal plants, river bream, lala palms, ncema grass and culture use. | N/A | N/A |
| 15 | Develop Biodiversity Sector Plans for all 11 district Municipalities. | 5 Sector Plans | Annual Objective Target Achieved | 5 Biodiversity Sector Plans have been developed for uMkhanyakude, uThungulu, uThukela, Zululand and Ugu District Municipalities and are in the approval process. | N/A | N/A |
| 16 | Invasive Species Management Plans developed for Ukhahlamba Drakensburg Park (UDP) World Heritage Sites. | Develop UDP management plan | Annual Objective Target Achieved | The UDP Invasive Alien Species Management Plan was developed and submitted to DEA and South African National Biodiversity Institute for comment. | N/A | N/A |
| 17 | Management Plans Developed for 3 RAMSAR (Wetland of international importance) Sites. | 1st draft of the management plans of 3 RAMSAR sites developed | Annual Objective Target Achieved | Management plans for 3 RAMSAR sites have been developed. These include Ntsikeni, UDP and uMgeniMei. | N/A | N/A |

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| No | Strategic Objective (5 year Target) | Annual Target (2012/13) | Delivery status | Achievements and Comments | Reason for Variance | Intervention for variance |
|----|--|--|---|--|---------------------|------------------------------|
| 18 | 20% of priority estuaries identified for recommendation for DEA to Proclaim by 2014. | Identify the number of estuaries to be recommended for proclamation within this period | Annual Objective Target Achieved | 14 focus areas have been identified for recommendation. | N/A | N/A |
| 19 | Valuation of ecosystem services completed for KZN. | Stakeholder consultation and Determine baseline | Annual Objective Target Achieved | The baseline has been determined and the stakeholder consultation is in process. | N/A | N/A |

6. CONCLUSION

Ezemvelo, like any other entity, has faced numerous challenges in the last financial year. These challenges range from the rising cost of labour and utilities to having unfunded mandates as well as having additional objectives from different delivery frameworks being incorporated during the course of the year. Despite these challenges, one can proudly say that in terms of the service delivery aspect, 95% of the objectives were achieved with only 1 partially completed. Overall, 73 % of the objectives have been achieved, a remarkable improvement from last years' performance. The entity is fully committed to constantly improve its performance and will place even more focus in the new financial year to ensure better delivery on its pre-determined objectives.

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STATEMENT OF FINANCIAL POSITION

| Figures in Rand thousand | Note(s) | 2013 | 2012 Restated |
|-----------------------------------|---------|----------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 6 | 8 091 | 7 498 |
| Trade and other receivables | 7 | 26 824 | 23 375 |
| Cash and cash equivalents | 8 | 245 880 | 198 199 |
| | | 280 795 | 229 072 |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 563 588 | 595 569 |
| Total Assets | | 844 383 | 824 641 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 94 238 | 76 102 |
| Deferred Income | 9 | 55 442 | 47 425 |
| Provisions | 10 | 71 383 | 65 189 |
| Trust funds and external projects | 11 | 22 721 | 31 234 |
| | | 243 784 | 219 950 |
| Non-Current Liabilities | | | |
| Provisions | 10 | 58 947 | 55 682 |
| Total Liabilities | | 302 731 | 275 632 |
| Net Assets | | 541 652 | 549 009 |
| Net Assets | | | |
| Reserves | | | |
| Revaluation reserve | | 226 622 | 226 622 |
| Accumulated reserves | | 315 030 | 322 387 |
| Total Net Assets | | 541 652 | 549 009 |

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STATEMENT OF FINANCIAL PERFORMANCE

| Figures in Rand thousand | Note(s) | 2013 | 2012 Restated |
|---|---------|-----------------|------------------|
| Revenue | 13 | 713 034 | 683 721 |
| Cost of sales | 14 | (24 802) | (25 531) |
| Gross surplus | | 688 232 | 658 190 |
| Other income | | 52 770 | 34 849 |
| Operating expenses | | (755 106) | (757 692) |
| Non-Exchange transaction revenue - projects | | 89 623 | 90 337 |
| Non-exchange expenditure - projects | | (91 213) | (95 688) |
| Operating deficit | 16 | (15 694) | (70 004) |
| Interest Income | 19 | 8 386 | 7 266 |
| Finance costs | 20 | (49) | (198) |
| Deficit for the period | | (7 357) | (62 936) |

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STATEMENT OF CHANGES IN NET ASSETS

| Figures in Rand thousand | Revaluation reserve | Accumulated reserves | Total net assets |
|---|------------------------|-------------------------|------------------|
| Balance at 1 April 2011 as previously reported | 445 798 | 385 310 | 831 108 |
| Deficit for the year | - | (74 642) | (74 642) |
| Prior year adjustments | (219 176) | - | (219 176) |
| Balance at 1 April 2012 as previously reported | 226 622 | 310 668 | 537 290 |
| Prior year adjustment affecting accumulated reserves | - | 11 719 | 11 719 |
| Total changes | - | 11 719 | 11 719 |
| Balance at 1 April 2012 as restated | 226 622 | 322 387 | 549 009 |
| Deficit for the period | - | (7 357) | (7 357) |
| Balance at 31 March 2013 | 226 622 | 315 030 | 541 652 |

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STATEMENT OF CASH FLOWS

| Figures in Rand thousand | Note(s) | 2013 | 2012 Restated |
|---|---------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 240 006 | 236 604 |
| Grants | | 521 756 | 491 317 |
| Interest income | | 8 386 | 7 266 |
| Other receipts- Non-exchange revenue | | 89 623 | 90 337 |
| | | <u>859 771</u> | <u>825 524</u> |
| Payments | | | |
| Employee costs | | (517 358) | (469 634) |
| Suppliers | | (172 739) | (220 811) |
| Finance costs | | (49) | (198) |
| Other cash item - Non-Exchange transaction | | (91 213) | (95 688) |
| | | <u>(781 359)</u> | <u>(786 331)</u> |
| Net cash flows from operating activities | 22 | <u>78 412</u> | <u>39 193</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | <u>(22 218)</u> | <u>(12 069)</u> |
| Cash flows from financing activities | | | |
| Net change to trust funds and external projects | 23 | <u>(8 513)</u> | <u>2 015</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>47 681</u> | <u>29 139</u> |
| Cash and cash equivalents at the beginning of the year | | 198 199 | 169 060 |
| Cash and cash equivalents at the end of the year | 8 | <u>245 880</u> | <u>198 199</u> |

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(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 unless specified otherwise. They are presented in South African Rand. These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy / prior period error

1.1. Biological Assets

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

The biological assets are not recognised in the statement of financial position, as the fair value or cost of the assets cannot be measured reliably. The status and trend of Biodiversity assets in the province is monitored from a broad (ecosystem) to fine (species) levels, through a number of programmes which are both formal and informal.

1.2. Property, plant and equipment

Property, plant and equipment are tangible and intangible non-current 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 for more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Where an asset was previously impaired, it may be revalued up to its original cost or fair value as determined at initial measurement. Buildings and structures are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. Buildings and structures are revalued every five years. The most recent revaluation was performed during 2011/2012 financial year.

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

| Item | Original useful life |
|--------------------------------|----------------------|
| Buildings | 50 years |
| Plant and machinery | 4 to 5 years |
| Furniture and fixtures | 4 to 6 years |
| Aircraft, Vehicles and Boats | 3 to 12 years |
| Computer hardware and software | 3 years |
| Roads | 20 years |
| Dams, reservoirs and boreholes | 15 years |
| Fencing | 15 years |

Where it is practicable and the benefit exceeds the cost, the residual values, the useful lives and depreciation methods of each asset are reviewed and adjusted accordingly. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another 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.

1.3. Financial instruments

Classification

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

The entity classifies financial assets and financial liabilities into the following categories:

Trade and other receivables

Trade receivables are measured at initial recognition, at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4. Related party transactions

Related Parties

Related parties are entities or individuals who exert significant influence in the activities of the entity. Transactions between the entity on terms and conditions that are other than arms length, are disclosed in the financial statements.

1.5. Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments received and paid under operating leases are charged to the Statement of financial performance over the period of the lease.

1.6. Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.7. Commitments

Commitments arise when the expenditure is carried over for more than one period. Such commitments may relate to delayed expenditure or due to unforeseen circumstances. Such commitments are used in the carry-over requests of the budget to the Department such that the expenditure may be defrayed with already voted funds from a prior period.

1.8. Events after the reporting period

Events after the 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:

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

The entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date. The entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

1.9. Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. 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). Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Useful life is the number of production or similar units expected to be obtained from the asset by the entity.

1.10. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method. An actuarial valuation is conducted every three years, by an independent actuary for the plan. Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date. Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the statement of financial performance over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised. Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits upon retirement to some retirees. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.11. Provisions and contingencies

Provisions are recognised when:

- the entity 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.

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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. 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 entity;
- 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.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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1.13. Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transfers received in respect of projects to which conditions are attached, are treated as liabilities and subsequently recognized as revenue in the periods that expenditure has been incurred, in accordance with the project business plans.

Transferred assets are measured at their fair value as at the date of acquisition.

Permits and Fines

Permits and fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.14. Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.15. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Changes in accounting policies and fundamental errors are also restated in the prior year figures.

1.16. Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the 12 months 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.

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1.17. 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 12 months 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.

1.18. 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 -

- the PFMA; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures.

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

1.19. Value Added Taxation (VAT)

The Revenue Laws Amended Act, 2003 (Act No. 45 of 2003) commenced on 22 December 2003. In terms of these amendments with effect from 1 April 2005, Ezemvelo KZN Wildlife, which is listed in Schedule 3C of the Public Finance Management Act, 1999 now falls within the definition of "public authority" as defined in section 1 of the VAT Act. Ezemvelo KZN Wildlife was consequently deregistered for VAT purposes.

1.20. Taxation

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962).

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

| Figures in Rand thousand | 2013 | 2012 Restated |
|--------------------------|------|------------------|
|--------------------------|------|------------------|

2. PRIOR PERIOD ERRORS

When reviewing transactions that were processed during the year, it was noted that some take-on balances from the previous Willow financial system had been processed incorrectly after the organisation migrated to SAP in 2010. In addition there were some adjustments to property, plant and equipment and correction of misallocations relating to the prior period. Rectifying these errors resulted in an increase of R11 719 million in the accumulated surplus for the prior period.

The net effect of these prior period errors on the annual financial statements for the 12 months ended 31 March 2013 is as follows:

Statement of financial position

Trade and other receivables

| | | |
|--------------------------------------|---|---------------|
| Previously stated | - | 15 074 |
| Rectification of prior period errors | - | 8 301 |
| | - | 23 375 |

Cash and cash equivalents

| | | |
|--------------------------------------|---|----------------|
| Previously stated | - | 197 530 |
| Rectification of prior period errors | - | 669 |
| | - | 198 199 |

Property, plant and equipment

| | | |
|--------------------------------------|---|----------------|
| Previously stated | - | 594 384 |
| Rectification of prior period errors | - | 1 185 |
| | - | 595 569 |

Trade and other payables

| | | |
|--------------------------------------|---|---------------|
| Previously stated | - | 78 793 |
| Rectification of prior period errors | - | (2 691) |
| | - | 76 102 |

Deferred Income

| | | |
|--------------------------------------|---|---------------|
| Previously stated | - | 46 299 |
| Rectification of prior period errors | - | 1 126 |
| | - | 47 425 |

Provisions - current

| | | |
|--------------------------------------|---|---------------|
| Previously stated | - | 62 956 |
| Rectification of prior period errors | - | 2 233 |
| | - | 65 189 |

Trust Funds and external projects

| | | |
|--------------------------------------|---|---------------|
| Previously stated | - | 33 466 |
| Rectification of prior period errors | - | (2 232) |
| | - | 31 234 |

Accumulated surplus

| | | |
|--------------------------------------|---|----------------|
| Previously stated | - | 310 668 |
| Rectification of prior period errors | - | 11 719 |
| | - | 322 387 |

3. BIOLOGICAL ASSETS

Fauna and Flora

The biological assets of the entity comprise of a wide range of species of fauna and flora. These species are managed for conservation purposes and their sale is for species control rather than a profit centric motive. It is intrinsically challenging to determine the numbers of species of the various flora as well as separate them by their major classes. At the same time the species of fauna are freely roaming and are managed through various ecosystem and species level of monitoring programmes. Therefore for both fauna and flora the estimation of the species numbers as well as their values is not reliable, and consequently we have not disclosed this information in the statement of financial position.

4. PROPERTY, PLANT AND EQUIPMENT

| | 2013 | | 2012 Restated | |
|-------------------------------------|---------------------|--|--|-------------------|
| | Cost / Valuation | Accumulated depreciation & accumulated impairment | Cost / Valuation & accumulated impairment Restated | Carrying value |
| Buildings and Structures | 1 098 124 | (732 416) | 1 146 385 | 413 674 |
| Plant and machinery | 8 079 | (6 128) | 7 633 | 2 089 |
| Furniture, Tools and Equipment | 68 895 | (60 445) | 72 459 | 9 710 |
| Aircraft, Vehicles and boats | 106 955 | (88 199) | 111 698 | 25 922 |
| Computer Equipment | 20 276 | (16 314) | 29 948 | 11 249 |
| Roads | 178 958 | (90 458) | 183 442 | 99 775 |
| Dams, Reservoirs and Boreholes | 5 430 | (5 190) | 5 405 | 547 |
| Fencing | 33 183 | (8 179) | 37 139 | 30 384 |
| Work in progress | 6 850 | - | 2 219 | 2 219 |
| Other property, plant and equipment | 91 796 | (47 629) | - | - |
| Total | 1 618 546 | (1 054 958) | 1 596 328 | 595 569 |

Reconciliation of property, plant and equipment - 2013 (Figures in Rand thousand)

| | Opening balance | Additions | Ring fenced assets - cost | Transfers | Depreciation for current period | Ring fenced assets - accum. depreciation | Total |
|-------------------------------------|-----------------|---------------|---------------------------|-----------|---------------------------------|--|----------------|
| Buildings and Structures | 413 674 | 116 | (48 377) | - | (18 920) | 19 215 | 365 708 |
| Plant and Machinery | 2 089 | 1 539 | (1 092) | - | (1 307) | 722 | 1 951 |
| Furniture, Tools and Equipment | 9 710 | 6 341 | (10 349) | 445 | (6 855) | 9 158 | 8 450 |
| Aircraft, Motor Vehicles and Boats | 25 922 | 5 246 | (9 990) | - | (11 309) | 8 887 | 18 756 |
| Computer Equipment | 11 249 | 3 790 | (13 463) | - | (4 329) | 6 715 | 3 962 |
| Roads | 99 775 | - | (4 484) | - | (8 901) | 2 110 | 88 500 |
| Dams, Reservoirs and Boreholes | 547 | 95 | (70) | - | (363) | 31 | 240 |
| Fencing | 30 384 | 15 | (3 971) | - | (2 215) | 791 | 25 004 |
| Work in progress | 2 219 | 5 076 | - | (445) | - | - | 6 850 |
| Other property, plant and equipment | - | - | 91 796 | - | - | (47 629) | 44 167 |
| | 595 569 | 22 218 | - | - | (54 199) | - | 563 588 |

Reconciliation of property, plant and equipment - 2012 Restated (Figures in Rand thousand)

| | Opening balance | Additions | Disposals and scrapped assets | Transfers | Write ups/ revaluations | Depreciation for current period | Accumulated Depreciation for disposals | Impairment loss adjustments | Prior year adjustments | Total |
|------------------------------------|-----------------|---------------|-------------------------------|-----------|-------------------------|---------------------------------|--|-----------------------------|------------------------|----------------|
| Buildings and Structures | 647 864 | 659 | (2 434) | 7 200 | 67 333 | (21 579) | 1 140 | (286 509) | - | 413 674 |
| Plant and Machinery | 3 351 | 615 | (23) | 253 | - | (2 123) | 16 | - | - | 2 089 |
| Furniture, Tools and Equipment | 32 042 | 2 039 | (184) | 3 078 | - | (27 385) | 120 | - | - | 9 710 |
| Aircraft, Motor Vehicles and Boats | 69 011 | 5 071 | (34 521) | 1 932 | - | (26 261) | 10 690 | - | - | 25 922 |
| Computer Equipment | 10 920 | 2 442 | (183) | 9 757 | - | (11 855) | 168 | - | - | 11 249 |
| Roads | 105 444 | - | - | - | - | (5 669) | - | - | - | 99 775 |
| Dams, Reservoirs and Boreholes | 869 | 13 | - | 25 | - | (360) | - | - | - | 547 |
| Fencing | 29 867 | 1 230 | - | 1 563 | - | (2 276) | - | - | - | 30 384 |
| Work in progress | 24 842 | - | - | (23 808) | - | - | - | - | 1 185 | 2 219 |
| | 924 210 | 12 069 | (37 345) | - | 67 333 | (97 508) | 12 134 | (286 509) | 1 185 | 595 569 |

Explanation of the changes in property, plant and equipment

At year-end, assets with a carrying value of R44 167 million could not be positively verified due to the fact that some of the GPS coordinates and room numbers had been captured incorrectly in the fixed asset register. The bulk of these assets relate to infrastructure. The assets have been ring fenced and a task team appointed to resolve the problem.

5. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its new employees. At 31 March 2013, there were 2 007 (2012: 2 054) employees on the Ezemvelo KZN Wildlife Provident Fund. Under this scheme, the entity is under no obligation to cover any unfunded benefits.

Defined benefit plan

In addition to the defined contribution plan, the entity has two defined benefit plans that are governed by the Pension Funds Act, 1956 (Act no. 24 of 1956). At 31 March 2013, there were 292 (2012: 304) employees on the Government Employee Pension Fund and 101 (2012: 108) employees on the Natal Parks Board Pension and Gratuity Pension Scheme.

Natal Parks Board Pension and Gratuity Pension Scheme

The Natal Parks Board Pension and Gratuity Pension Scheme, which is administered by Old Mutual, is a fully funded defined benefit plan governed by the Pension Funds Act. Only employees of the former Natal Parks Board belong to this scheme.

Actuarial valuations are performed every three years. An actuarial valuation of this scheme was performed at 31 July 2011. In the opinion of the actuary, the fund is in a sound financial position. The actuary reassessed the valuation to take account of changes which were likely to occur subsequent to 31 July 2011. Any shortfalls in benefit plans are the responsibility of the entity. The next valuation is due on 31 July 2014.

As at 31 July 2011, the actuarial present value of contracted retirement benefits amounted to R465 million, which equates to the actuarial value of planned assets to be used to settle the contracted retirement benefits.

The most significant actuarial assumptions (performed using the Attained Age method) of the most recent valuation were:

- Mortality rates have been based on industry averages.
- Withdrawal rate is estimated at 0,9% per annum based on the fund experience.
- Early retirements equal late retirements – all members will retire at 60.
- A long-term interest rate of 9% per annum has been used to discount future benefit payments.
- Salary increases estimated at 6% per annum
- 3% has been used to discount assumed investment income from equities to present value.
- Pensions will be valued on retirement at an interest rate of 5.5% per annum. The difference between this rate and the investment return actually earned (assumed to be 9% per annum), represents a provision for pension increases in terms of the pension increase policy. On a solvency (discontinuance matching) basis a rate of 4.9% has been used to value the pensions payable at retirement.

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| Figures in Rand thousand | 2013 | 2012 Restated |
|--|----------------|------------------|
| Fair value of plan assets | | |
| Expected return on plan assets - Market value of assets | 465 258 | 465 258 |
| Assets distributed on settlements - reserve account | (381) | (381) |
| | 464 877 | 464 877 |
| Fair value of plan obligation | | |
| Current service cost - past service liabilities in respect of active members | 70 847 | 70 847 |
| Past service cost - Pensioner liabilities | 361 139 | 361 139 |
| Past service cost - Value of re-insured pension obligation | 3 109 | 3 109 |
| Voluntary contribution account liabilities | 610 | 610 |
| Value of surplus allocated to active members as DC benefits | 6 150 | 6 150 |
| Contingency reserves | 23 022 | 23 022 |
| | 464 877 | 464 877 |

The above analysis is the same for both 2012 and 2013 as it is based on the 2011 actuarial valuation.

Government Employee Pension Fund

Former employees of the KwaZulu-Natal Directorate of Nature Conservation are members of the Government Employee Pension Fund governed by the Pension Funds Act 1956 (Act no.24 of 1956). This multi-employee state fund is a defined benefit plan. According to the actuarial valuation at 31 March 2010, the fund was 100% funded. Further information on this pension fund is unavailable at present and therefore it has been treated as a defined contribution fund with contributions being charged to income as they are incurred. The employer continues to allow employees on this fund to migrate to the Ezemvelo KZN Wildlife Provident Fund. This does not pose any financial risk to the organisation.

Post retirement medical aid plan

The Board commissioned an independent valuation, based on actuarial valuation principles, of the post retirement medical aid obligation at 31 March 2011. A valuation conducted by actuaries (Old Mutual Actuaries) in April 2011 reflected an estimated obligation of R58 947 million as at 31 March 2013. This unfunded liability is being recognised as an expense over three years.

The valuation is based on the Projected Unit Credit Method as prescribed by International Accounting Standard (IAS) 19.

Post Retirement Medical Liability

| | | |
|--------------------------|---------------|---------------|
| Baseline opening balance | 40 543 | 40 543 |
| Interest Cost | 21 648 | 16 710 |
| Current Service Cost | 5 362 | 4 195 |
| Actuarial gain / (loss) | 3 264 | 3 264 |
| Benefit Payment | (11 870) | (9 030) |
| | 58 947 | 55 682 |

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Figures in Rand thousand

2013

2012
Restated

6. INVENTORIES

| | | |
|-------------------------------|--------------|--------------|
| Consumable stores | 1 065 | 1 374 |
| Other goods held for resale | 4 739 | 4 144 |
| Fuel (Diesel, Petrol and gas) | 2 287 | 1 980 |
| | <u>8 091</u> | <u>7 498</u> |

7. TRADE AND OTHER RECEIVABLES

| | | |
|--|---------------|---------------|
| Trade debtors | 14 512 | 21 676 |
| Deposits | 1 342 | 1 357 |
| Less: Provision for doubtful debts | (5 257) | (4 608) |
| Sundry receivables | 359 | 554 |
| Non- exchange transaction receivables - Projects | 15 868 | 4 396 |
| | <u>26 824</u> | <u>23 375</u> |

Fair value of Trade and other receivables

Trade and other receivables have not been discounted in order to split the interest and capital portion as at the end of the current year. An adequate provision has been made for all the doubtful debts which reduced the relevant amount.

Reconciliation of provision for impairment of trade and other receivables

| | | |
|--------------------------------------|--------------|--------------|
| Opening balance | 4 608 | 5 826 |
| Provision for impairment | 648 | 434 |
| Amounts written off as uncollectible | 1 | (1 652) |
| | <u>5 257</u> | <u>4 608</u> |

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance.

8. CASH AND CASH EQUIVALENTS

| | | |
|---------------------------------|----------------|----------------|
| Cash on hand | 298 | 1 330 |
| Bank balances | 56 258 | 76 631 |
| Short-term deposits | 75 109 | 70 613 |
| Short-term investments | 113 764 | 48 955 |
| Other cash and cash equivalents | 451 | 670 |
| | <u>245 880</u> | <u>198 199</u> |

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| Figures in Rand thousand | 2013 | 2012 Restated |
|--------------------------|------|------------------|
|--------------------------|------|------------------|

9. DEFERRED INCOME

Unspent conditional grants and receipts comprises of:

| | | |
|--------------------------------|---------------|---------------|
| Balance at beginning of period | 46 299 | 43 142 |
| Funds received | 74 485 | 95 575 |
| Expenditure incurred | (65 342) | (91 292) |
| | 55 442 | 47 425 |

Conditional grants represent assistance from external sources from which the entity has directly benefited.

10. PROVISIONS

Reconciliation of provisions - 2013

| | Opening Balance | Additions | Utilised during the year | Total |
|-----------------------------|--------------------|---------------|--------------------------------|----------------|
| Leave Pay Provision | 56 460 | 14 597 | (8 910) | 62 147 |
| Bonus | 5 678 | 24 602 | (24 197) | 6 083 |
| Contributory Pension | 818 | 3 559 | (3 457) | 920 |
| Post Retirement Medical Aid | 55 682 | 3 265 | - | 58 947 |
| Emergency Rescue Provision | 2 233 | - | - | 2 233 |
| | 120 871 | 46 023 | (36 564) | 130 330 |

Reconciliation of provisions - 2012

| | Opening Balance | Additions | Utilised during the year | Reversed during the year | Total |
|-----------------------------|--------------------|---------------|--------------------------------|--------------------------------|----------------|
| Leave Pay Provision | 70 111 | 6 068 | (19 719) | - | 56 460 |
| Bonus | 5 259 | 25 338 | (24 919) | - | 5 678 |
| Contributory Pension | 755 | 3 633 | (3 570) | - | 818 |
| Legal Claims | 5 000 | - | (3 400) | (1 600) | - |
| Post Retirement Medical Aid | 52 579 | 5 719 | (2 616) | - | 55 682 |
| Emergency Rescue Provision | 2 412 | - | (179) | - | 2 233 |
| Other provisions | 5 777 | - | (4 121) | (1 656) | - |
| | 141 893 | 40 758 | (58 524) | (3 256) | 120 871 |

| | | |
|-------------------------|----------------|----------------|
| Non-current liabilities | 58 947 | 55 682 |
| Current liabilities | 71 383 | 65 189 |
| | 130 330 | 120 871 |

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Figures in Rand thousand

2013

2012

Restated

11. TRUST FUNDS AND EXTERNAL PROJECTS

Special projects incorporates internal projects funded through donations to the organisation. The organisation allocates a portion of the admission revenue to the community levy fund. The communities then propose projects for implementation by the organisation. The emergency fund relates to funds set aside for rescue operations. The community levy fund is kept in a separate bank account included in cash and cash equivalents.

| | | |
|---|---------------|---------------|
| Special Projects | 11 161 | 17 737 |
| Community Levy | 11 558 | 12 083 |
| Wildcard and commercial marine licenses | 2 | 1 414 |
| | 22 721 | 31 234 |

Community Levy Reconciliation

| | | |
|--------------------------------|---------------|---------------|
| Opening balance | 12 083 | 12 751 |
| Funds received during the year | 2 297 | 2 317 |
| Interest accrued | 606 | 687 |
| Community expenses incurred | (3 428) | (3 672) |
| | 11 558 | 12 083 |

12. TRADE AND OTHER PAYABLES

| | | |
|-------------------|---------------|---------------|
| Trade payables | 78 829 | 53 291 |
| Deposits received | 14 637 | 22 391 |
| Sundry payables | 772 | 420 |
| | 94 238 | 76 102 |

13. REVENUE

The amounts included in revenue arising from exchanges of goods or services are as follows:

| | | |
|-------------------------|----------------|----------------|
| Sale of goods | 31 357 | 33 842 |
| Accommodation | 108 054 | 106 799 |
| Natural Resource Trade | 668 | 970 |
| Hunting | 3 334 | 2 657 |
| Licences and permits | 6 | 113 |
| Admission | 23 700 | 25 950 |
| Trails, Rides and Tours | 10 520 | 10 223 |
| Game Sales | 12 218 | 10 639 |
| | 189 857 | 191 193 |

The amounts included in revenue arising from non-exchange transactions are as follows:

| | | |
|-------------------------|----------------|----------------|
| Fines | 1 421 | 1 211 |
| State subsidy transfers | 521 756 | 491 317 |
| | 523 177 | 492 528 |

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| Figures in Rand thousand | 2013 | 2012 Restated |
|--------------------------|------|------------------|
|--------------------------|------|------------------|

14. COST OF SALES

| | | |
|---------------------------|---------------|---------------|
| Cost of goods sold | 24 700 | 25 453 |
| Cost of services rendered | 102 | 78 |
| | 24 802 | 25 531 |

15. OTHER INCOME

The amount included in other revenue arising from exchanges of goods or services are as follows:

| | | |
|--|---------------|---------------|
| Agency Services- Marine Coastal Management | 7 374 | 6 994 |
| Provincial Treasury grant - rhino protection | 28 137 | - |
| Concession and hire fees earned | 4 763 | 4 143 |
| Debt impairment recovered | - | 5 |
| Capture cost and transport recoveries | 2 268 | 3 419 |
| Donations | 5 935 | 2 141 |
| Sundry Revenue | 4 293 | 18 083 |
| Gain on exchange differences | - | 64 |
| | 52 770 | 34 849 |

The amount included in other revenue arising from non-exchange transactions is as follows:

| | | |
|--------------------------------|---------------|---------------|
| Non exchange revenue- Projects | | |
| Implementation fees | 1 930 | 3 656 |
| Funder revenue | 87 693 | 86 681 |
| | 89 623 | 90 337 |

16. OPERATING DEFICIT

Operating deficit for the year is stated after accounting for the following:

| | | |
|--|---------|---------|
| Loss on property, plant and equipment write-offs | - | 24 806 |
| Depreciation on property, plant and equipment | 54 199 | 97 508 |
| Employee costs | 517 038 | 469 389 |

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Figures in Rand thousand

2013

2012

Restated

17. EMPLOYEE RELATED COSTS

| | | |
|-------------------------------------|----------------|----------------|
| Basic salary | 330 491 | 299 934 |
| Medical aid - company contributions | 31 578 | 29 974 |
| Unemployment Insurance Fund (UIF) | 3 205 | 3 027 |
| Workmans Compensation (WCA) | 7 919 | 2 869 |
| Skills Development Levy (SDL) | 3 984 | 3 667 |
| Leave pay provision charge | 8 452 | 6 101 |
| Other personnel costs | 9 120 | 8 109 |
| Post-retirement contributions | 47 387 | 42 151 |
| Subsistence Allowance | 2 234 | 2 439 |
| Overtime payments | 4 427 | 4 957 |
| 13th Cheques | 24 754 | 23 398 |
| Car allowance | 10 628 | 9 460 |
| Housing benefits and allowances | 32 859 | 33 303 |
| | 517 038 | 469 389 |

Remuneration of non executive directors

| | | |
|----------|------------|------------|
| Fees | 790 | 663 |
| Expenses | 204 | 202 |
| | 994 | 865 |

Remuneration of Chief Executive Officer

| | | |
|---|--------------|--------------|
| Annual Remuneration | 1 414 | 884 |
| Allowances | - | 365 |
| Contributions to UIF, Medical and Pension Funds | 150 | 122 |
| | 1 564 | 1 371 |

Chief Financial Officer

| | | |
|---|--------------|------------|
| Annual Remuneration | 1 020 | 546 |
| Allowances | - | 210 |
| Contributions to UIF, Medical and Pension Funds | 171 | 118 |
| | 1 191 | 874 |

Executive Director Biodiversity

| | | |
|---|--------------|------------|
| Annual Remuneration | 888 | 582 |
| Allowances | - | 213 |
| Contributions to UIF, Medical and Pension Funds | 156 | 119 |
| | 1 044 | 914 |

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| Figures in Rand thousand | 2013 | 2012 Restated |
|--------------------------|------|------------------|
|--------------------------|------|------------------|

Executive Director Commercial Operations

| | | |
|---|----------|------------|
| Annual Remuneration | - | 583 |
| Allowances | - | 220 |
| Contributions to UIF, Medical and Pension Funds | - | 113 |
| | - | 916 |

18. DEBT IMPAIRMENT

| | | |
|--|-----|-----|
| Adjustment to provision for doubtful debts | 649 | 434 |
|--|-----|-----|

19. INTEREST INCOME

| | | |
|---|-------|-------|
| Interest on funds deposited with various institutions | 8 386 | 7 266 |
|---|-------|-------|

20. FINANCE COSTS

| | | |
|--|----|-----|
| Penalty interest for late payment of suppliers | 49 | 198 |
|--|----|-----|

21. AUDITORS' REMUNERATION

| | | |
|------|-------|-------|
| Fees | 2 854 | 1 919 |
|------|-------|-------|

22. CASH GENERATED FROM OPERATIONS

| | | |
|--|---------------|---------------|
| Deficit | (7 357) | (62 936) |
| Adjustments for: | | |
| Depreciation and amortisation | 54 199 | 97 508 |
| Loss on scrapped assets | - | 24 806 |
| Loss on foreign exchange | 321 | - |
| Debt impairment | 649 | 434 |
| Movements in provisions | 9 459 | (20 843) |
| Other non cash items | 8 | (11 307) |
| Changes in working capital: | | |
| Inventories | (593) | 721 |
| Trade and other receivables from exchange transactions | (3 449) | 17 025 |
| Consumer debtors | (649) | - |
| Trade and other payables from exchange transactions | 17 807 | (9 372) |
| Deferred Income | 8 017 | 3 157 |
| | 78 412 | 39 193 |

23. NET MOVEMENT IN TRUST AND EXTERNAL PROJECT FUNDING

| | | |
|----------------------------------|----------------|--------------|
| Balance at beginning of the year | (31 234) | (29 219) |
| Balance at end of the year | 22 721 | 31 234 |
| | (8 513) | 2 015 |

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Figures in Rand thousand

2013

2012

Restated

24. COMMITMENTS

Already contracted for but not provided for

| | | |
|-------------------------|---------------|---------------|
| • Capital expenditure | 15 273 | 3 919 |
| • Operating expenditure | 25 084 | 11 812 |
| | 40 357 | 15 731 |

Operating leases – as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|---------------|--------------|
| - within one year | 3 650 | 3 903 |
| - in second to fifth year inclusive | 7 920 | 4 094 |
| - later than five years | 1 | - |
| | 11 571 | 7 997 |

Operating lease payments represent rentals payable by the entity for properties and equipment. Most of the leases are currently on a month on month basis. No contingent rent is payable.

Operating leases – as lessor (income)

Minimum lease payments due

| | | |
|-------------------------------------|--------------|------------|
| - within one year | 1 328 | 690 |
| - in second to fifth year inclusive | 4 985 | 122 |
| - later than five years | 242 | - |
| | 6 555 | 812 |

Operating lease receipts represent rentals receivable by the entity for premises. Most of the leases are currently on a month on month basis.

There is no contingent rent receivable on any of EKZNW buildings.

25. CONTINGENCIES

Conservation Land

The Board has capitalised its buildings. However, the land relating to these buildings is state land. In terms of the KwaZulu-Natal Nature Conservation Management Act 9 of 1997, the Board has an implicit right of use of the land for an indefinite period. To date, land claims relating to Ithala Game Reserve, Hluhluwe Imfolozi Park Corridor, Ndumo Game Reserve, and Tembe Elephant Park totalling 91 096 hectares have been settled and co-management agreements entered into with the claimants. In terms of the land settlement agreements, the immovable assets situated on this land could be transferred to the new owners. However, there remains significant uncertainty as to the identity of the new owners as the title deeds have not been finalised.

The total value of immovable assets situated in these areas is estimated at R 80 351 million (2012: R 87 719 million).

According to the Department of Land Affairs (DLA), there are an additional 22 claims that have been lodged. The demarcations by DLA have not yet been finalised and thus it is difficult to ascertain the actual land under claim as well as the assets on that land.

Legal claims

The legal claims relate to the following matters that remain unresolved as at the end of the current financial year::

| Case Description | Legal representative | Extent of Liability | Likelihood |
|----------------------------------|----------------------------|---------------------|------------|
| Claim for pothole damages | Ngcobo Poyo Attorneys | R1 50 000 | probable |
| Housing application | McGregor Erasmus Attorneys | unquantifiable | improbable |
| Ring fenced leave | McGregor Erasmus Attorneys | R1 200 000 | improbable |
| Employees seeking reinstatement | McGregor Erasmus Attorneys | R1 100 000 | probable |
| Stedone Civils | Norton Rose SA | unquantifiable | improbable |
| Victoria Seafood Wholesalers | EKZNW Legal Office | R45 000 | probable |
| DS Preen | Kevin Pretorius | R 50 000 | probable |
| Farrell application for eviction | Scheepers | R 12 000 | probable |
| Msweli | EKZNW Legal Office | R 2 500 | probable |

Other contingencies

An amount of R1 198 713 relating to expenses for a Rhino project function that was organised by the Department of Agriculture & Environmental Affairs is being disputed. In addition, an amount of R320 000 is in dispute with other creditors.

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Figures in Rand thousand

2013

2012

Restated

26. RELATED PARTIES

The following are the related parties that the entity transacts with:

Associates

Kagiso Khulani Supervision Food Services

C3 Foods

Board participation by executive management

KZN Tourism Authority

Wildlands Conservation Trust

Isivuno

Related party transactions

Purchases from related parties

Kagiso Khulani Supervision Food Services

-

6 932

Wildlands Conservation Trust

-

112

KZN Tourism Authority

249

140

C3 Food Services

16 874

6 882

Ngubane & Co.

160

31

Sales to related parties

Wildlands Conservation Trust

160

37

All the above transactions were at arms length.

27. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date that are expected to have a significant impact on the organisation's operations.

28. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance

997

383

CCMA Cases Settled (included legal expenses)

299

443

Unrecouped losses from fraudulent activities

-

385

Penalty interest for late payment of suppliers

49

612

Cellular data card abuse

52

-

COIDA penalty

1 056

-

Expenditure not recovered: CCMA cases and penalties

(299)

(443)

Expenditure not recovered: Penalties

(1 173)

-

Recovery of cellular data card charges from employees

(52)

-

Amount considered fruitful

-

(213)

Amount recovered from supplier

-

(170)

929

997

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| Figures in Rand thousand | 2013 | 2012 Restated |
|--------------------------|------|------------------|
|--------------------------|------|------------------|

The outstanding balance is made up of the following:

| Current year fraud cases | Action Taken | Amount |
|---|---------------------|--------|
| Fraudulent S&T claims by Community Levy Administrator | Employee dismissed | 91 |
| Misappropriation of funds by receptionist at Cape Vidal | Employee dismissed | 6 |
| Under-banking of revenue at Spioenkop | Employee dismissed | 133 |
| Under-banking of revenue at Hilltop | Under investigation | 155 |

29. IRREGULAR EXPENDITURE

| | | |
|---|--------------|--------------|
| Opening balance | 4 005 | 1 599 |
| Add: Irregular Expenditure - Current year | 4 463 | 2 406 |
| Less: Amounts condoned | (1 576) | - |
| | 6 892 | 4 005 |

Details of irregular expenditure – current year

| | |
|-------------------------------|-------|
| Deviation from SCM guidelines | 4 463 |
|-------------------------------|-------|

Details of irregular expenditure condoned by the Board:

| | | |
|---|---|--------------|
| Fraud at Hunting and Extension Section | Employee in police custody | 1 143 |
| Procurement irregularities at Cape Vidal | Manager and Financial Controller resigned | 352 |
| Unaccounted cash at Cape Vidal | Manager and Financial Controller resigned | 29 |
| Procurement irregularities at Head Office | Value for money received | 52 |
| | | 1 576 |

30. FINANCIAL INSTRUMENTS

Overview

The entity has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

In terms of Treasury Regulations 27.2.1, issued in terms of the PFMA, the accounting authority must ensure that a risk assessment is conducted regularly to identify emerging risks in the entity. The Board has established the Audit committee which is responsible for developing and monitoring the entity's risk management policies.

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The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The Audit committee is assisted in its oversight role at operations level by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

Credit Risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2013 was R26 824 million (2012: R23 375 million) relating to trade and other receivables (Note 7) and R245 880 million (2012: R198 199 million) relating to cash and cash equivalents (Note 8).

Trade and other receivables

The entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The composition of the entity's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

Investments

The entity limits its exposure to credit risk by investing only in liquid securities and only with approved banks and financial institutions.

Guarantees

There were no guarantees in issue as at 31 March 2013.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The entity makes payments bi-monthly. An assessment is made of the payments due in advance. Monies are transferred to the current account to meet the weekly obligations. Any surpluses are invested on a month to month basis at the most optimum rate.

It is the policy of the entity not to borrow monies. There are thus no credit facilities available.

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Market Risk

Market risk is the risk related to changes in market prices which could affect the entity's income. The policy of the entity is not to invest in any equity related instruments, as such there is no market risk exposure.

All surplus cash is invested in rated financial institutions at optimal interest rates and periods approved by senior management. Interest rates have not been volatile in the year under review.

Currency Risk

The entity has exposure to currency risk relating to the amount that has to be paid to Microsoft for software licences in United States dollars (US\$).

Interest rate risk

It is the policy of the entity not to borrow monies, resulting in no risk related to changes in the interest rate.

Fair values

The fair values of financial assets and liabilities are the same as the carrying values reflected in the statement of financial position.

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DETAILED INCOME STATEMENT

| Figures in Rand thousand | Note(s) | 2013 | 2012 Restated |
|---|---------|------------------|------------------|
| Revenue | | | |
| Sale of goods | | 31 357 | 33 842 |
| Rendering of services | | 108 054 | 106 799 |
| Natural Resource trade | | 668 | 970 |
| Hunting Revenue | | 3 334 | 2 657 |
| Fines | | 1 421 | 1 211 |
| Licences and permits | | 6 | 113 |
| Admission | | 23 700 | 25 950 |
| Trails, rides and tours | | 10 520 | 10 223 |
| State subsidy transfers | | 521 756 | 491 317 |
| Game Sales | | 12 218 | 10 639 |
| | 13 | 713 034 | 683 721 |
| Cost of sales | 14 | (24 802) | (25 531) |
| Gross surplus | | 688 232 | 658 190 |
| Other income | | | |
| Rentals, hire and concessions | | 4 763 | 4 143 |
| Recoveries | | 2 268 | 3 424 |
| Donations | | 5 935 | 2 141 |
| Provincial Treasury grant - rhino protection | | 28 137 | - |
| Agency Services - Marine Coastal Management | | 7 374 | 6 994 |
| Non-Exchange Revenue- Projects | | 89 623 | 90 337 |
| Sundry income | | 4 293 | 18 083 |
| Gain on exchange differences | | - | 64 |
| | 15 | 142 393 | 125 186 |
| Expenses (Refer to page 96) | | (846 319) | (853 380) |
| Operating (deficit) / surplus before financing activities | 16 | (15 694) | (70 004) |
| Interest income | 19 | 8 386 | 7 266 |
| Finance costs | 20 | (49) | (198) |
| | | 8 337 | 7 068 |
| (Deficit) surplus for the period | | (7 357) | (62 936) |

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| Figures in Rand thousand | Note(s) | 2013 | 2012 Restated |
|---|---------|----------------|------------------|
| Operating expenses | | | |
| Administration and management fees | | 41 633 | 44 226 |
| Auditors remuneration | 21 | 2 854 | 1 919 |
| Bad debts | 18 | 649 | 434 |
| Bank charges | | 2 316 | 2 505 |
| Consumables | | 9 229 | 8 223 |
| Contracted Services | | 7 163 | 12 694 |
| Depreciation | 4 | 54 199 | 97 508 |
| Employee costs | 17 | 517 038 | 469 389 |
| Loss on disposal of assets | | - | 24 806 |
| Loss on exchange differences | | 321 | - |
| Marketing | | 11 209 | 6 292 |
| Other consulting and professional fees | | 12 973 | 5 837 |
| Non-Exchange transaction Expense- Projects | | 91 213 | 95 688 |
| Repairs and maintenance | | 29 017 | 26 156 |
| Sundry expenses (including reversals of provisions) | | 3 227 | 229 |
| Board members remuneration | | 994 | 865 |
| Board related expenses | | 564 | 474 |
| Transport and freight | | 32 018 | 28 217 |
| Utilities | | 29 702 | 27 918 |
| | | 846 319 | 853 380 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

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1. Comparison of budget and actual amounts - budget on cash basis (Figures in Rand thousand)

| | Approved Budget | Final Budget | Actual Amounts on Comparable Basis | Difference: Final Budget and Actual |
|-----------------------------|-----------------|----------------|------------------------------------|-------------------------------------|
| Receipts | | | | |
| Tourist related income | 173 403 | 170 083 | 154 600 | (15 483) |
| Non tourist income | 26 608 | 54 131 | 41 203 | (12 928) |
| Interest | 7 921 | 7 921 | 8 386 | 465 |
| Transfers received | 511 942 | 597 240 | 557 582 | (39 658) |
| | 719 874 | 829 375 | 761 771 | (67 604) |
| Payments | | | | |
| Compensation of employees | 507 107 | 520 782 | 514 020 | 6 762 |
| Goods and services | 136 316 | 185 822 | 169 172 | 16 650 |
| Interest paid | 4 | 12 | 64 | (52) |
| Payments for capital assets | 76 447 | 122 759 | 50 010 | 72 749 |
| | 719 874 | 829 375 | 733 266 | 96 109 |

2. Reconciliation between actual amounts on a comparable basis to the actual amounts in the financial statements (Figures in Rand thousand)

| | Operating | Financing | Investing | Total |
|---|---------------|----------------|-----------------|---------------|
| Actual amount on comparable basis as presented in the budget and actual comparative statement | 47 257 | - | (18 752) | 28 505 |
| Basis differences - receipts | (12 386) | - | - | (12 386) |
| Basis differences - payments | (24 567) | - | (3 466) | (28 033) |
| Entity differences - non exchange transactions | 1 590 | (8 513) | - | (6 923) |
| Entity differences - non cash items | 57 059 | - | - | 57 059 |
| Entity differences - movement in provisions | 9 459 | - | - | 9 459 |
| | 78 412 | (8 513) | (22 218) | 47 681 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

Disclosure notes:

- a. The budget was prepared on a cash basis by functional classification. Both the approved budget and the financial statements were for a twelve month period from 01 April 2012 to 31 March 2013.
- b. The budget and accounting bases differ in that the financial statements are prepared on the accrual basis using classification based on the nature of expenses whereas the budget was done on the cash basis.
- c. The amounts in the financial statements were converted from the accrual basis to the cash basis and reclassified by functional classification so as to be on the same basis as the final approved budget.
- d. A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 31 March 2013 has been tabulated above.

LEGISLATION APPLICABLE TO EZEMVELO

THE FOLLOWING LEGISLATION IMPACTS ON THE OPERATIONS OF THE ENTITY:

- Constitution of the Republic of South Africa Act (Act No. 108 of 1996)

FOUNDING LEGISLATION

- KwaZulu-Natal Nature Conservation Management Act (Act No. 9 of 1997)

BIODIVERSITY CONSERVATION AND HERITAGE

- National Environmental Management Act (Act No. 107 of 1998)
- World Heritage Convention Act (Act No. 49 of 1999)
- National Forest Act (Act No. 84 of 1999)
- National Water Act (Act No. 36 of 1998)
- Marine Living Resources Act (Act No. 18 of 1998)
- KwaZulu-Natal Heritage Act (Act No. 10 of 1997)
- Conservation of Agricultural Resources Act (Act No. 43 of 1983)
- NEMA: Protected Areas Management Act (Act No. 57 of 2003)
- NEMA: Biodiversity Act (Act No. 10 of 2004)
- Natural Scientific Professions Act (Act No. 27 of 2003)
- Natal Nature Conservation Ordinance (Act No. 15 of 1974)
- Veld and Forest Fire Act (Act No. 101 of 1998)
- National Heritage Resources Act (Act No. 25 of 1999)
- Environment Conservation Act (Act No. 73 of 1989)
- KwaZulu Nature Conservation Act (Act No. 29 of 1992)

EMPLOYMENT AND ECONOMIC EMPOWERMENT

- The Labour Relations Act (Act No. 66 of 1995)
- Employment Equity Act (Act No. 55 of 1998)
- Skills Development Act (Act No. 97 of 1998)
- Skills Development Levies Act (Act No. 9 of 1999)
- Unemployment Insurance Act (Act No. 63 of 2001)
- Basic Conditions of Employment Act (Act No. 75 of 1997)
- Promotion of Equality and Prevention of Unfair Discrimination Act (Act No. 4 of 2000)
- COIDA (Act No. 130 of 1993)
- Occupational Health and Safety Act (Act No. 85 of 1993)
- Broad-based Black Economic Empowerment Act (Act No. 53 of 2003)
- Finance and Information Public Finance Management Act (PFMA) (Act No. 1 of 1999)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Electronic Communications and Transactions Act (Act No. 25 of 2002)
- Income Tax Act (Act No. 61 of 1957)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Protected Disclosures Act (Act No. 26 of 2000)
- Vat Act No. 89 of 1991
- Treasury Regulations

LAND AND ROADS

- Development Facilitation Act (Act No. 67 of 1995)
- Restitution of Land Rights Act (Act No. 22 of 1994)
- Municipal Demarcation Act (Act No. 27 of 1998)
- Expropriation Act (Act No. 63 of 1957)
- National Road Safety Act (Act No. 9 of 1972)
- National Road Traffic Act (Act No. 93 of 1996)
- National Roads Act (Act No. 54 of 1971)
- Land Affairs Act (Act No. 101 of 1987)

SUNDRY

- Criminal Procedure Act (Act No. 51 of 1977)
- Firearms Control Act (Act No. 60 of 2000)
- Liquor Act (Act No. 49 of 2003)
- Promotion of Administrative Justice Act (Act No. 3 of 2000)

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Walk in reservations: Douglas Mitchell Centre, Queen Elizabeth Park,
1 Peter Brown Drive, Montrose, Pietermaritzburg

Open times for reservations below:

| | |
|----------------|--|
| 08:15 to 18:00 | Monday to Thursday |
| 08:15 to 16:15 | Friday |
| 08:00 to 13:00 | Saturdays |
| 09:00 to 12:00 | Sundays and Public Holidays (Closed Christmas Day and New Year's Day) |

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