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## GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	A Schedule 3C Public Entity established in terms of KwaZulu-Natal Nature Conservation Management Act (Act No. 9 of 1997), read in conjunction with the PFMA (Act No. 1 of 1999)
Nature of business and principal activities	Biodiversity Conservation, Ecotourism and Partnerships
Members	Mr ZC Ngidi (Chairperson - Accounting Authority) Dr AT Nzama (Deputy Chairperson) Inkosi BF Bhengu Mr SNM Dladla Ms PS Dlamini Ms T Dlamini Ms D Dold Ms BP Mchunu-Mzila Mr WU Nel Inkosi MI Tembe Dr IB Mkhize – Chief Executive Officer (ex officio)
Registered office	Queen Elizabeth Park Peter Brown Drive Montrose Pietermaritzburg 3201

### Submission of the Annual Report to the Executive Authority

This Annual Report is prepared for submission to the Executive Authority of the Department of Agriculture, Environment and Rural Development of KwaZulu-Natal, in terms of the Public Finance Management Act (Act No 1 of 1999)

### 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)

## INTRODUCTION

The KwaZulu-Natal Nature Conservation Board (the Board) is a schedule 3C public entity reporting to the Department of Agriculture, Environmental Affairs and Rural Development. The Board derives its mandate from the KwaZulu-Natal Nature Conservation Management Act (Act No. 9 of 1997) read in conjunction with the Public Finance Management Act (Act No. 1 of 1999)

The KwaZulu-Natal Nature Conservation Management Act (Act No. 9 of 1997) also created the KwaZulu-Natal Nature Conservation Services which is the entity required to support the Board members in carrying out their mandate. The Board decided to register the name Ezemvelo KZN Wildlife for trading and branding purposes.

The primary functions of the Board are;

- A) to direct the management of:
- nature conservation within the Province of KwaZulu-Natal;
  - protected areas; and
  - the development and promotion of eco-tourism within the protected areas.
- B) to ensure the proper, efficient and effective management of the Conservation Service

The duties and objectives of the Board are to:

- provide strategic leadership;
- monitor the operational performance of management;
- protect the organisation's financial position;
- ensure that the organisation adheres to high standards of ethics and corporate behaviour;
- review and adopt the appropriate risk management and regulatory compliance policies; and
- set policies, standards and objectives and ensure implementation by the Executive Management.

## VISION, MISSION AND CORE VALUES

### 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:** At all times we act morally, ethically and honestly.
- Respect:** We treat stakeholders with patience and politeness, and acknowledge and value their rights and those of the environment.
- Accountability:** We involve stakeholders in the organisation's activities with a culture of openness, and are answerable for the outcome of our actions and activities.
- Team Work:** Working together to achieve our vision through common goals.
- Innovation:** An adaptable organisation that embraces the culture of creativity and learning.
- Excellence:** We are a progressive organisation applying best practices to achieve the highest quality and standards.
- Commitment:** At all times we undertake our activities with passion, loyalty and dedication.
- Productivity:** We undertake to produce results timeously, efficiently and effectively.

## STRATEGIC GOALS AND OBJECTIVES

- **To improve the state of biodiversity in KwaZulu-Natal for the benefit of the people:**
  - Conserve the indigenous biodiversity of KwaZulu-Natal for the benefit of present and future generations.
- **To provide quality conservation and ecotourism service delivery by being a well resourced organisation whilst striving for sustainability:**
  - Increase financial resources; and
  - Optimise use of financial resources.
- **To be an efficient, transparent, honest and accountable public entity with good governance:**
  - Develop and maintain quality standards;
  - Implement new services and products;
  - Create synergies across business and support units;
  - Integrate information management systems;
  - Manage organisational risks;
  - Manage organisational resources effectively and efficiently;
  - Develop and implement a knowledge management system;
  - Comply with relevant legislation;
  - Implement broad based transformation policies; and
  - Optimise strategic alliances with relevant stakeholders.
- **To be the employer of choice through creating decent work and sustainable livelihoods:**
  - Attract and retain the best human capital;
  - Create a culture of learning and development of employees;
  - Implement best practices in managing wellness and related activities;
  - Increase employee satisfaction; and
  - Demonstrate the value of benefits derived from the implementation of the organisation's programmes.



Conservation on wheels



## **agriculture, environmental affairs and rural development**

Department:  
Agriculture, Environmental Affairs and Rural Development  
**PROVINCE OF KWAZULU-NATAL**



*MEC For Agriculture,  
Environmental Affairs &  
Rural Development  
Mrs Lydia Johnson*

### **MESSAGE FROM THE MEC**

The Department of Agriculture, Environmental Affairs and Rural Development continues to contribute towards the priorities of government through various structures and entities that fall under its management. As one of such entities, the Kwazulu-Natal Nature Conservation Services' input towards rural development has resulted in a number of job creation projects.

These projects have had a critical role in alleviating poverty and at the same time ensured that our communities protect and respect the protected areas.

I would also like to acknowledge the role played by our Traditional Leaders towards ensuring that communities under their leadership are informed about the importance of biodiversity conservation. It is without a doubt that their support and efforts have propelled the Kwazulu - Natal Nature Conservation Services towards achieving its mission.

As the MEC for Agriculture, Environmental Affairs and Rural Development I will continue to ensure that the Kwazulu-Natal Nature Conservation Services fulfils its mandate in partnership with various stakeholders for the benefit of the present and future generations. Biodiversity conservation is everybody's responsibility and remains a key feature in reducing global warming.

**MRS LYDIA JOHNSON, MPL**

**MEC: AGRICULTURE, ENVIRONMENTAL AFFAIRS AND RURAL DEVELOPMENT**



Mr ZC Ngidi

## CHAIRMAN'S REPORT

It is an honour for me as Chairman to present the KwaZulu-Natal Nature Conservation Board's Annual Report for the 2010/11 financial year.

It has been just over one year since the current Board members were appointed, and it is encouraging to see that without delay, Board members have grasped the challenges and opportunities presented to them with great enthusiasm and commitment.

Biodiversity agencies worldwide face the escalating challenge of accessing sufficient funding to execute their mandate, and Ezemvelo KZN Wildlife is no different. The new Board immediately immersed itself in a holistic approach to address the long-term financial sustainability of the organisation. In essence it is pursuing a three-pronged strategy:

Managing – and where possible curtailing – its costs and simultaneously improving operating efficiencies; improving internal revenue generation from its resources; and sensitising

the Government and the public at large to the unrewarded direct economic value of natural resources, thereby promoting a more realistic prioritisation of the funding for biodiversity conservation in general.

The Board has also embarked on a business review exercise to re-align staff and operations to the budget and strategic direction of Ezemvelo KZN Wildlife. I believe that once this task is complete, Ezemvelo KZN Wildlife will be in a better position to meet the expectations of all its stakeholders and improve service delivery. In addition, greater focus is now being directed at the management, control and mitigation of organisational risks, to ensure the protection of the organisation's resources.

With the view to increasing revenues, Ezemvelo KZN Wildlife is in the process of reviewing its marketing strategy and has already renovated a large portion of its accommodation facilities. However, the Board is constantly aware that whilst it is appropriate to generate revenue from its resources, it must simultaneously strive to keep these resources accessible and affordable to the general public, whilst protecting designated "Wilderness Areas" from excessive human impact. This often requires a difficult balance to be maintained.

One of the most exciting developments is the increased emphasis on "Natural Resource Economics", ie. the study of the interdependence between human economies and natural ecosystems, and the measurement of the direct economic value of the contribution to the economy made by natural resources, as increased benefits are reaped from areas under sustained biodiversity conservation management. While it is appreciated that Government's funds are finite, the Board believes that a greater appreciation of the financial benefits of better natural resource protection will result in a more equitable budget allocation to support the conservation mandate. Enhanced quantity and quality of fresh water generated through better management of catchment vegetation, is but one of many examples of such economically measurable benefits.

Finally, I must refer briefly to three practical challenges which are impacting significantly on Ezemvelo KZN Wildlife.

The first is the scourge of rhino poaching. As the organisation which can rightly claim to have saved the white rhino from extinction, this is understandably a matter very close to our hearts. Whilst there have been a number of incidents in protected areas managed by Ezemvelo KZN Wildlife, we nevertheless have achieved relative success in apprehending suspects and have also been far less affected than rhino populations in the rest of the country and the world. For that we are grateful and we pay tribute to the diligent staff who have contributed to our efforts in this significant challenge.

The second challenge is the ongoing uncertainty caused by the unresolved land claims on protected areas and the long-term management challenges attached to the land. It is imperative that all responsible Government agencies and, in particular, the National and Regional Land Claims Commissioners' offices, demonstrate political will and a sense of urgency to bring these issues to finality.

## FORESTS FOR PEOPLE

Lastly, I record that a High Court action has been brought against us, challenging the legitimacy of the current Board, based on alleged procedural irregularities in the appointment process. As a Board, we obviously cannot comment on the processes which led to our appointment, nor can we anticipate the Court's ultimate finding on this disputed Court application, but we can give the public the unequivocal assurance that the Board and Ezemvelo KZN Wildlife will continue to exercise their mandate without compromise until the matter is resolved.

In closing, I thank my fellow Board Members, Chief Executive Officer (CEO) and his team, who have displayed commitment and passion towards carrying out the work of the Board, and serving the people of our Province. I acknowledge the support of Mrs Lydia Johnson, our political head and MEC for Agriculture, Environmental Affairs and Rural Development, as well as the Provincial Government and the Members of the Conservation and Environmental Affairs Portfolio Committee for their support, as we work together to achieve our mandate, and the mandate of the Province of KwaZulu-Natal.

S. M. Ngidi

**Mr ZC NGIDI**  
**CHAIRMAN**





## CHIEF EXECUTIVE OFFICER'S REPORT



*Dr B Mkhize*

The period under review will go down in history as one of the most exciting times that our country has ever experienced. While the Government was making structural changes to our infrastructure in preparation for the 2010 Federation of International Football Association World Cup, Ezemvelo KZN Wildlife was also gearing itself in anticipation of international visitors and their impact – both negative and positive – on our protected areas. We embarked on a number of projects to ensure that the legacy of the World Cup within Ezemvelo KZN Wildlife would be felt by the generations to come.

I would like to update you on the progress we have made on some of the initiatives that we reported on in our previous annual report. In preparation for the soccer spectacle we refurbished our overnight facilities and I am proud to announce that at least eight of our accommodation facilities were graded and received 3-star grading by the South African Grading Council. Unfortunately we did not realise the anticipated revenue linked to the hosting of the Soccer World Cup. We found ourselves below target mainly due to the FIFA

accredited accommodation company, MATCH, releasing most of our accommodation stock at the last minute for us to sell.

Without doubt, the major highlight for Ezemvelo KZN Wildlife during the year under review was when four communities that were in the past forcefully removed from their areas for conservation purposes, signed co-management agreements. The agreements provide communities with an opportunity to manage jointly with Ezemvelo KZN Wildlife some of the reserves around the Province of KwaZulu-Natal. The agreement was signed by the following trusts that represented the communities living adjacent to the reserves indicated:

- Usuthu Community Trust – Ndumo Game Reserve.
- Ithala Game Reserve Community Trust – Ithala Game Reserve.
- Tembe Community Trust – Tembe Elephant Park.
- Corridor of Hope Community Trust – Hluhluwe-iMfolozi Park.

As part of the Enterprise Resource Planning, we launched the Project Caterpillar/Central Reservations Engine in the last quarter of the year under review. The project was aimed at enabling Ezemvelo KZN Wildlife to efficiently deliver on its strategic objectives. It focused on two main business areas, namely the upgrade of the financial management and asset maintenance systems, as well as the commercial operations systems. The project replaced 17 separate systems and we began to see its results within three weeks of its launch. Our revenues increased by R1,4-million in three weeks. We converted financial and other IT services to the new SAP system; included with this conversion was an online reservation system.

Rhino poaching incidents increased during the year under review. We are however; happy to announce that the number of arrests also increased, with 25 people being arrested for activities linked to rhino poaching in the Province. We hope that these arrests will result in convictions. We have managed to integrate our rhino poaching strategy with other security establishments. The private sector has also come on board to assist us fight against this scourge. We now have an official whose responsibility is to ensure that our rhino security intervention plan is effectively implemented throughout all our protected areas that have rhino populations.

Five areas were proclaimed as new protected areas during the year under review. The areas proclaimed are Somkhanda Game Reserve, Mbona Private Nature Reserve, Hilton College Nature Reserve, Mpushini Protected Nature Reserve and Gelijkwater Misbelt Nature Reserve. Somkhanda Game Reserve is a community owned game reserve. Ezemvelo KZN Wildlife will continue to identify community owned reserves and assist them to be proclaimed as protected areas through its Stewardship Programme.

We have entrenched the balanced scorecard within the organisation as a strategic management tool and implemented a risk management policy.

The period under review saw Ezemvelo KZN Wildlife initiating various projects funded through its Community Levy Fund.

## FORESTS FOR PEOPLE

The projects were aimed at uplifting the communities living around our protected areas. Through our Social Responsibility Programme we managed to hand over five projects to various communities. The projects include the Community Laundry and Arts Centre in the Giant Castle area, building of administration blocks at schools, etc.

We have embarked on initiatives aimed at improving staff accommodation facilities, particularly for Field Rangers, as we are aware of the critical role they play in securing our protected areas. During the year under review we built good accommodation facilities for our staff based at Manzibomvu in Hluhluwe. The revamping of staff accommodation will continue throughout the new financial year.

The year under review was one of the more productive years in the history of Ezemvelo KZN Wildlife. My appreciation goes out to all staff who work under trying conditions, some being away from their families for long periods to make sure that we remain a world renowned leader in the field of biodiversity conservation. The private sector have opened their pockets and donated handsomely towards our projects and I would like to express my gratitude to them. We need all the help we can get to accomplish our mandate. The support and guidance we have received from our MEC for the Department of Agriculture, Environmental Affairs and Rural Development, Ms Lydia Johnson, is much appreciated. A number of projects that we implemented were as a result of her foresight and dedication to serving rural communities.

Lastly, I would also like to highlight the role played by the communities living adjacent to our protected areas. I have seen an increase in the understanding of our role by the communities, and they have played a critical role in assisting us to carry out our mandate. Most of the rhino poaching related arrests were due to information that Field Rangers received from communities. We trust that these communities will continue being our eyes and ears on the ground.

I cannot enumerate all of our successes during the year under review, but trust that you will make time to go through our annual report and see how we have performed.



**DR BANDILE MKHIZE**  
**CHIEF EXECUTIVE OFFICER**

## BOARD MEMBERS



**Mr ZC Ngidi**  
**Board Chairperson**  
**and Chairperson -**  
**Chairpersons' Committee**



**Dr T Nzama**  
**Deputy Board**  
**Chairperson**



**Inkosi B F Bhengu**



**Mr SNM Dladla**



**Ms PS Dlamini**



**Ms SPT Dlamini**  
**Chairperson – Finance and**  
**Business Operations Committee**



**Ms DM Dold**  
**Chairperson – Biodiversity**  
**Conservation Committee**



**Mrs B P Mchunu-Mzila**  
**Chairperson Corporate Support**  
**Services and Remuneration**  
**Committee**



**Mr WU Nel**



**Inkosi M I Tembe**  
**Chairperson – Community**  
**Affairs Committee**

## CORPORATE GOVERNANCE STATEMENT

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

### Board Charter

The Board has adopted a Charter indicating its commitment to corporate governance and its mandate in terms of the KwaZulu-Natal Nature Conservation Management Act, 1997 and the Public Finance Management Act, 1999. The Board is primarily responsible for:

- Enforcing adequate and effective corporate governance, and ensuring full and effective control over Ezemvelo KZN Wildlife;
- Providing strategic direction and leadership to the CEO and Management of Ezemvelo KZN Wildlife;
- Safeguarding of Ezemvelo KZN Wildlife's assets and financial resources;
- Maintenance of effective, efficient and transparent systems of risk management and internal control;
- Ensuring the implementation of a Code of Conduct; and
- Setting, reviewing and ensuring compliance with corporate policies.

The Board has established the following Board Committees as governance structures to ensure the effective execution of the mandate:

### Chairperson's Committee

The primary functions of the Chairperson's Committee are to:

- Ensure compliance with the King Code of Corporate Governance;
- Review Board Policies in relation to good corporate governance which include Code of Conduct and Risk Management;
- Monitor and manage mitigation of organisational risk;
- Review of the effectiveness and performance of Board Committees;
- Review the corporate strategic plan and make recommendations to the Board regarding the strategic direction of Ezemvelo KZN Wildlife; and
- Make recommendations to the Board on the appointment of the CEO and Executive Directors.

### Audit Committee

The primary functions of the Audit Committee are as follows:

- Review and assess the adequacy of the Audit Charter on an annual basis;
- Provide assistance to the Accounting Authority in carrying out its responsibilities in terms of the Public Finance Management Act and the Treasury Regulations;
- Review the external auditors' proposed audit scope, approach, and co-ordination with internal audit;
- Examine and review the annual financial statements with management and external auditors to ensure that they are completed and consistent with information provided to the auditors;
- Review with management and external auditors the results of the audit, including any difficulties encountered;
- Review the effectiveness of systems of monitoring compliance, risk management and internal controls;
- Review the Fraud Prevention Plan implemented to detect fraud;
- Evaluate the independence and effectiveness of the internal audit function, including its annual work programme, the reports of significant investigations and the corrective action taken in response to significant internal audit findings;
- Review of internal audit plans to ensure that high-risk areas have been identified and that risk mitigation strategies have been implemented;
- Assess the adequacy of performance of the internal audit function; and
- Evaluate the performance of the committee on an annual basis.

## Biodiversity Conservation Committee

The focus of the Biodiversity Conservation Committee is to provide guidance in ensuring the execution of the core function of the organisation in terms of:

- Overseeing the management effectiveness of protected areas;
- Monitoring integrated environmental management, including contributions to development strategies and legal instruments;
- Overseeing the implementation and development of Biodiversity Conservation Norms and Standards;
- Monitoring the reduction of poaching incidents within protected areas through investigations and successful prosecutions; and
- Advising and making recommendations to the Board on:
  - Biodiversity Conservation matters of importance;
  - Land acquisition;
  - Nationally and Provincially delegated Biodiversity Conservation initiatives;
  - Biodiversity Conservation Policies; and
  - Annual animal introduction/re-introduction and off-take recommendations.

## Community Affairs Committee

The primary functions of the Committee are to:

- Promotion of the sustainable resolution of all land claims within protected areas;
- Strategic oversight of Local Boards and their participation in the management of protected areas;
- Community Levy projects and disbursement of community levy project funds;
- Promotion of communication with internal and external stakeholders;
- Ensure the implementation of the People and Parks Programme as assigned by the National Minister; and
- Promotion of community conservation programmes through the adherence of:
  - Sustainable nature resource management within, around and beyond protected areas;
  - Biodiversity conservation awareness programmes which foster nature conservation values amongst protected area visitors, neighbours, schools, local communities and other interest groups;
  - Mutually beneficial solutions to any nature conservation / community conflict;
  - Integration of community conservation programmes within protected areas, communal areas and conservation districts; and
  - Establishment of community conservation reserves.

## Finance and Business Operations Committee

The primary functions of the Committee are to:

- Ensure compliance with the provisions of the Public Finance Management Act (Act No.1 of 1999, and its Regulations);
- Develop and ensure effective systems of control to ensure the cost effective expenditure of funds and the efficient collection of revenue;
- To ensure compliance with the Supply Chain Management Policy and all relevant procurement guidelines and regulations;
- Assess and monitor expenditure through quarterly financial performance reports;
- Optimise revenue and maximize profitability from visitor based operations;
- Effective marketing and advertising;
- Investigate external funding opportunities for specific project based activities; and
- Promotion of Public Private Partnerships and Broad Based Black Economic Empowerment.

## Corporate Support Services and Remuneration Committee

The primary functions of the Committee are to:

- Develop policies which enable Ezemvelo KZN Wildlife to employ, reward, and retain dedicated, efficient, loyal and competent employees to deliver at the level required to achieve their goals;
- Achieve employment equity through a structured employment equity plan;
- Monitor the implementation of performance management and the review of training and skills development policies;
- Review of succession planning and the terms and conditions of employment of all employees;
- Review of trends regarding CCMA cases, litigation involving employees and settlement agreements;
- Oversee the establishment and implementation of remuneration policies in relation to the Executive Directors; and
- Review policy on staff remuneration strategies, and assess whether these policies promote the achievement of strategic objectives and encourage individual performance.

## ATTENDANCE

The record of attendance of Board Members for the financial year ended 31 March 2011 is listed in the table below:

Member	Board Meetings (12)	Chairperson's Committee (4)	Biodiversity Conservation (4)	Community Affairs Committee (4)	Corporate Support Services & Remuneration Committee (4)	Finance & Business Operations Committee (5)	Audit Committee (8)	Other (1)	TOTAL
Mr ZC Ngidi (Chairperson)	10	3	-	-	-	-	-	1	14
Dr AT Nzama (Deputy Chairperson)	11	3	4	3	-	-	-	1	22
Inkosi BF Bhengu	9	2	-	3	3	-	-	-	17
Mr SNM Dladla	11	-	-	3	3	-	-	1	18
Ms PS Dlamini	10	1	4	-	3	-	-	1	19
Ms T Dlamini	4	3	-	-	-	2	-	1	10
Ms DM Dold	11	4	4	-	-	5	4	1	29
Ms BP Mchunu-Mzila	4	-	-	-	-	5	3	-	12
Mr WU Nel	11	-	-	-	-	5	6	1	23
Inkosi MI Tembe	10	3	2	2	-	4	-	-	22
<b>Independent Audit Committee Members</b>									
Mr M Mia	-	-	-	-	-	-	8	-	8
Ms CN Mhlongo	-	-	-	-	-	-	8	-	8
Mr S Ndaba	-	-	-	-	-	-	3	-	3
Mr S Shezi	-	-	-	-	-	-	6	-	6

**Note:**

Other meetings included: Corporate Governance Seminar

# ADMINISTRATION



The CEO going through the staff verification process

# CLUSTER OVERVIEW

## ADMINISTRATION

### COMMUNICATION SERVICES

Communication Services is responsible for the creation of platforms to communicate the overall objectives of the organisation to our internal and external stakeholders including the brand management and constant publicising of the organisation's activities.

#### Review of 2010/11

The year under review was full of opportunities for Communication Services. The hosting of the 2010 FIFA Soccer World Cup provided us with new platforms to expose the Ezemvelo KZN Wildlife brand. We embarked on a number of joint branding initiatives like the Whirl of World Cup which was a build-up to Soccer Fridays with external stakeholders. Our reception area was given a facelift which reflected the prevailing spirit of the Soccer World Cup.

We further provided communication support to our internal stakeholders – Marketing Division, Community Projects and Partnerships. The visit by the Ethiopian Delegation was one of the highlights and it provided us with an immense branding opportunity. Other national and international events that afforded us branding opportunities included the Tourism Indaba, Big Game Evening and Annual Game Auction. Our stand at the Royal Agricultural Show was very popular and received a Bronze Medallion.

During the year under review we obtained approval from the Board of our Communication Policy and the Communication Strategy Framework. These approvals have aided in ensuring that our communication activities are well co-ordinated.

The year also saw an increase in the number of production companies wishing to conduct their film shoots in our reserves. We hosted more than 20 production companies. The sights that were popular with these companies included areas within Ukhahlamba Drakensberg Park World Heritage site, including but not limited to Rock Art sites and wildlife in and around Sani Pass. SABC's Pasella crew and Wild Touch were hosted at Umlalazi in Mthunzini and Krantzklouf during the filming of their educational programmes.

An increase in the number of media clips was observed during the year under review; a total of 2 000 clips were recorded. These clips amounted to airtime value of R55,3 million. The total clips for the electronic media ie. both radio and television was 398. The airtime value of these clips was R22,6 million.

#### Challenges and Developments

During the period under review budget constraints resulted in the Communication Services Division postponing or cancelling some of the planned activities. We operated without a Webmaster Administrator which resulted in us making limited website updates.

The failure by some divisions to forward their plans to Communication Services Division continues to hamper our efforts to organise publicity around what they do. New strategies aimed at addressing this challenge are being developed. The shortage of space is a challenge. The safety of our library records needs to be improved. We may have to explore the possibility of having an electronic record keeping system which obviously requires substantial resources.

#### Outlook for 2011/12

A number of initiatives are planned for the new financial year. We will be developing a filming policy and guidelines on tariff charges for film crews who visit our facilities.

We need to improve our internal communication, which will be a huge challenge as employees of Ezemvelo KZN Wildlife are scattered all over the province and not all of them have access to computers or cell phones.



We need to improve co-operation with the Department of Agriculture, Environment Affairs and Rural Development when it comes to community outreach programmes. Plans to have a joint publication are being discussed and if this materialises it will enable Ezemvelo KZN Wildlife to reach the communities which we have not yet reached. Our internal Inkanyezi Newsletter will be redesigned to make it appealing to external stakeholders.

## **INTERNAL AUDIT**

It is the responsibility of the Internal Audit Division (IA) to provide an independent and objective assurance and consulting service designed to add value and improve Ezemvelo KZN Wildlife operations through evaluation of the system of internal control, risk management and corporate governance processes. IA is also responsible for forensic investigations and implementation of Fraud Prevention and Fraud Response Plans for Ezemvelo KZN Wildlife. In-line with the current governance imperatives, the Internal Audit function reports directly to the Audit Committee and administratively to the Chief Executive Officer (CEO).

### **A high level summary of the undertakings made in 2010/11**

As part of the Risk Based Three Year Strategic Rolling Plan of Internal Audit that was approved by the Audit Committee and submitted to the Board, an Annual Operational Plan was also developed to direct the efforts of Internal Audit for 2010/11. This plan took into consideration the key strategic and operational risks of the organisation. This operational plan has been achieved with the exception of performance information for the last quarter.

### **A high level summary of IA achievements**

During the period under review the Annual Operational Plan 2010/11 was approved which was based on the Three Year Strategic Rolling Plan for 2009/10 to 2011/12 by the Audit Committee. With the implementation of this plan we achieved 97% completion and reduced the backlog on forensic cases reported through the Fraud Hotline.

IA has managed to appoint key personnel within the Forensic Unit, and four of our Internal Auditors enrolled for a learnership programme offered by the Institute of Internal Auditors. Improved working relationships with senior management resulted in IA having a standing invitation to executive meetings and other strategically relevant meetings. Full rollout of Audit software Teammate and Audit Command Language to assist us with the automation of our internal audit working papers and in applying Computer Assisted Audit Techniques has been implemented during the period under review.

### **A high level summary of our challenges**

- Lack of skilled staff in IT and performance audits
- High staff turnover rate for unit

### **A high level summary of the priorities for 2011/12**

In ensuring that the Annual Operational Audit Plan for 2011/12 is met, we will endeavor to have adequate resources, which include but is not limited to, qualified Internal Audit staff, and will co-source or outsource where necessary. We will continue with training and development of staff and will review the Current Fraud Prevention Strategies and Plans.

## **FINANCIAL SERVICES**

### **Review of 2010/11**

Financial management within the organisation took a giant leap forward this year with the implementation of our fully integrated Enterprise Resource Planning system, enabling us to move away from many manual and “book based” systems. In addition, the finance team focused on addressing issues identified through the Auditor General’s 2009/10 audit report.

### **Challenges and Developments**

The Financial Operations team was re-aligned to create a Finance Operational Support section. The focus of the team has been to capacitate, support and monitor financial management within operations. To date 117 staff have been trained on the updated procedures by this section, which in turn has enabled the access to SAP to be decentralised to many of our protected areas and resorts.

In line with Ezemvelo KZN Wildlife's objective of contributing towards the Government's socio-economic development targets, we have spent R64 million on BEE companies. In addition R114,2 million has been spent on local suppliers, amounting to 100% of our supply chain expenditure. This year, we have also implemented controls to restrict order generation to companies that have registered on our supplier database. This is enabling us to address potential fronting and manage risks around fraudulent orders. We have also continued with the asset management programme initiated in the last financial year and have made significant strides towards updating controls and management practices.

#### **Outlook for 2011/12**

In the 2011/12 year, we will be focusing on the continued decentralisation of the financial systems access to our operational business units to increase efficiencies and decrease turnaround times in the financial management processes.

In addition, we will be focusing on implementing demand management and procurement scheduling practices within our supply chain procedures which will enable us to achieve more effective economies of scale on goods and services.

### **EMPLOYMENT RELATIONS**

#### **Disciplinary**

A total of 64 disciplinary hearings were conducted during the period under review with the following misconducts noted: Dishonesty, Fraud, Theft, Sexual Harassment, Attempted Rape and AWOL (absent without official leave). An analysis of these misconducts was done for the purposes of providing relevant interventions where required.

#### **The Commission for Conciliation, Mediation and Arbitration (CCMA) Cases**

Ezemvelo KZN Wildlife has complied with all labour laws and ER policies. Subsequently all cases lodged against Ezemvelo KZN Wildlife at CCMA and at Labour Courts, were ruled in favour of Ezemvelo KZN Wildlife.

#### **Grievances**

A number of grievances were lodged, and the analysis of these indicates that most Ezemvelo KZN Wildlife employees do not have confidence in the grievance procedure. This is because line management is often the next level of grievance resolution. A proposed solution is the development of a Dispute Resolution Committee (DRC), comprising of senior managers, one for each region and an Appeal DRC based at head office.

#### **Relationship Building Forums**

Relationship building forums were developed during the period under review with the aim of ensuring continuous relationship building with all members of staff. We have forums such as the consultative forums and management shop stewards meetings. These were highly effective at some of the regions while other regions have since ensured that such forums are resuscitated for implementation in the new financial year. The organisation will always ensure that these forums are fully utilised to strengthen relationships within the workforce.

#### **Outlook for 2011/12**

- **Capacitation of Line Managers**

Hospitality Managers, Conservation Managers and District Conservation Officers will be trained on chairing and initiating prosecution in disciplinary hearings. More training interventions are planned to capacitate management in handling issues of discipline in the workplace.

- **Annual Negotiations**

Ezemvelo KZN Wildlife intended to commence salary negotiations as early as possible in order to finish by the end of June 2011. Whilst the negotiating team was appointed in December 2010 to commence with such negotiations, there had been delays which resulted in the deadlines not being met. The organisation is committed to ensuring sound relationships with Organised Labour. The future plan is to ensure that negotiations commence prior to budgets being finalised.

## INFORMATION TECHNOLOGY

### Overview

The Information Technology (IT) Department's focus for 2010/11 was to provide, maintain and support an effective IT infrastructure for the benefit of its customers and empower business through the use of information technology. The ongoing implementation of the Master Systems Plan this year has yielded more positive results, with its impact being felt by Ezemvelo KZN Wildlife end users mostly due to the SAP and E Res Hub systems being implemented.

### Master Systems Plan (MSP)

The implementation of the Ezemvelo KZN Wildlife Master Systems Plan (MSP) was launched in 2008 and has a rollout period of three to five years with multiple projects. The current status of these projects are:

- **Identity Management:** This solution is aimed at effectively managing users' access rights when interfacing with Ezemvelo KZN Wildlife systems. The Architecture & Design phase and the Quality Assurance Environment Setup & System Testing phase have been completed and the solution has been rolled out to Ezemvelo KZN Wildlife users.
- **Provision of Disaster Recovery Plan (DRP):** This project has been completed as the DRP has been approved by the Board. The next phase to be undertaken in the coming year is the implementation of various aspects of the DRP. These include, amongst others, the upgrade of the Backup Solution, upgrade of Firewall and proxy.
- **Active Directory Upgrade:** This had been completed at Queen Elizabeth Park (QEP) and Regional Offices and the remaining sites will be scheduled for the coming year.
- **E-mail Archiving:** The GWAVA solution has been implemented and deployed. The final task required in the coming year is to upgrade the storage capacity for the solution.
- **Enterprise Resource Planning (ERP):** The largest project within the MSP is the ERP system. The ERP system aims to integrate business processes, optimise resources available to help manage the organisation as a whole, and implement best practice for each business process across the entire organisation. The business processes include Finance, Supply Chain Management, Human Resources, Reservations and Property Management.

The IT Department has played an active role in the implementation of this project (Project CatERPillar) with the focus on providing the required IT infrastructure and planning for system continuity and support. Major achievements include implementation of Central Reservations system and Property Management systems at 22 resorts, implementation of SAP, training of two internal resources to support the SAP solution, and significant improvements to the WAN infrastructure to support the ERP systems.

In the coming year, the IT Department will be focusing on supporting the implementation of SAP Human Resources system, the implementation of GroupView, further significant improvements to the WAN infrastructure, and supporting the implementation of the eCommerce project.

### IT Policies

Standard Operating Procedures were drafted and approved for the IT Department. The next phase of this project is to train and implement.

### Infrastructure Management

In order to cater for the requirements of the ERP system, data-lines were assessed and found to be under-resourced in some areas. The WAN was upgraded significantly and 12 new lines were added to cater for 40 E Res users, 15 SAP users and 50 Property Management users. In the coming year, it is planned to add 14 more lines to further increase capacity and accommodate the increasing volumes of traffic.

### Operations Management

The anti-virus solution was changed to TREND due to the old solution being ineffective. The solution needs constant monitoring due to the growing number of viruses in the IT environment.

In order to effectively manage the SAP system, a SAP Authorisations Review was conducted and the recommendations have been successfully completed.

#### **Challenges and Developments in 2011/12**

- MS Office software is out of date and will be updated in the coming year.
- A solution to replace CITRIX is required to improve access to biodiversity systems and this will be sourced, tested and implemented in the coming year.
- A solution to assist with the transferring of large data sets needs to be developed.

## **CORPORATE STRATEGY AND RISK MANAGEMENT**

### **Overview**

#### **Strategy Management**

It is a known fact that there is a persistent gap between ambition and performance. The gap in most organisations is mainly due to a “lack of connection” between strategy formulation and strategy execution. Successful entities are establishing a new corporate-level unit called the office of strategy management. This unit is distinctly different from the normal planning unit and plays a unique co-ordinating role to help bring strategy to fruition. Our strategy office is intended to close that gap. This unit will oversee all strategy-related activities from formulation to execution. It is not intended to perform all of this work, but to facilitate the process so that strategy execution gets accomplished in an integrated fashion across the organisation.

#### **Risk Management**

The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. All entities face uncertainty and the challenge for management is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value; hence the other aspect of this office is risk management. The office is in charge of implementing an Enterprise Wide Risk Management programme.

#### **Review of 2010/11**

The period under review was yet another very fruitful year for the Corporate Strategy and Risk Management Office. During the year in review, the strategy office has further entrenched the Balanced Scorecard Tool within the organisation and aligned the goals and objectives in terms of specific focus on perspectives. A strategy policy was adopted and implementation is ongoing. All our objectives are now “SMART”, meaning specific, measurable, accurate, reliable and timeous. Complying with relevant legislation and the strategy policy, the organisation reviewed it’s strategic plan and reported on achievements and non-achievements on a quarterly basis to various stakeholders.

In terms of risk management, we saw the implementation of the Risk Management Policy. This included a risk assessment and the development of a risk action plan. Again, there were quarterly reviews through reports and ongoing monitoring and evaluation. The year in review also created a platform whereby a good working relationship with Provincial Treasury developed with the latter assisting Ezemvelo KZN Wildlife with training and other risk management tools.

#### **Challenges and Developments**

The management of performance information remains a major challenge. The strategy policy addresses some of the concerns but a lack of resources to render the strategy cycle fully effective is evident. The lack of resources caused the performance management component not to be aligned to the strategic intent. In terms of risk management, the main challenge has been on the reporting of the risk to the various stakeholders due to the amount of information presented and the way the process was designed. Another area of concern is the lack of operational risk management and again, this issue arises from a lack of resources.

#### **Outlook for 2011/12**

Moving into the future, a priority is to direct efforts into articulating the strategic and tactical intentions of the organisation and entrench other functions such as monitoring and evaluation. The mission statement of the Corporate Strategy and Risk Office is to generate and maintain long term shareholder value through the effective development, implementation and monitoring of these strategic initiatives and providing value added risk management services. By the end of 2011/12, the organisation should have a fully capacitated strategy and risk office that delivers according to the Strategy and Risk

Policies. A revision of the policies will also be performed to address any gaps. Processes and procedures will be developed and implemented.

## **LEGAL SERVICES**

### **Review of 2010/11**

Legal Services continues to be the provider of litigation and related services within Ezemvelo KZN Wildlife. During the period under review there were 10 litigation matters referred to this office, six of these matters were finalised whilst four remain outstanding.

The most prominent matter in the finalised cases dates back to 1998 when Ezemvelo KZN Wildlife sold buffaloes to three clients through the Annual Game Auction. The animals were supposedly sold disease free which was not the case because they were infected with Corridor Disease. Two of these matters were settled with the exception of the one relating to JK Bushkamp which was settled in May 2010 by a Supreme Court Order instructing Ezemvelo KZN Wildlife to pay damages sustained by the parties who purchased the animals. The settlement granted by the court was R6.8 million of which half was paid by Ezemvelo KZN Wildlife and the remainder paid through insurance.

The Cathedral Peak Road Maintenance issue was also finalised during the period under review. An agreement was signed between Ezemvelo KZN Wildlife and the Van Der Riet family which reflected that the maintenance of the road was the responsibility of Ezemvelo KZN Wildlife. Ezemvelo KZN Wildlife did not honour this agreement which led to a claim by this family in 2008 as a result of Breach of Contract. This matter was resolved at High Court level and Ezemvelo KZN Wildlife was ordered to deliver as per the agreement.

The Animal Interest Alliance launched an application in December 2010 on a variety of issues, the most prominent being the validity of the KwaZulu-Natal Nature Conservation Board and the validity of the appointment of the Board Members by the MEC of Agriculture and Environmental Affairs. Both the KwaZulu-Natal Nature Conservation Board and the MEC are opposing the application. At this stage the matter is in court awaiting resolution.

Two new labour cases were lodged by HOSPERSA against Ezemvelo KZN Wildlife. The first case is about Ring Fenced Leave as a result of a policy decision that all employees were requested to take their Ring Fenced Leave before the 31st March 2011 or else they will forfeit their leave days. The second case is the matter of housing deductions based on the Housing Policy. Both matters have been referred to the Labour Court for finalisation.

Contract drafting has proved to be one of the key activities during this period. The target set for the period under review was for the drafting of 40 contracts which was achieved by over 260% by drafting 105 contracts between a variety of stakeholders and Ezemvelo KZN Wildlife. These contracts include but are not limited to Funding Agreements, Agency Implementation Agreements, Lease Agreements and Partnership Agreements.

Two requests were made to this office as prescribed by the Promotion of Access to Information Act. These requests were attended to swiftly and response was furnished to the concerned parties within the prescribed time frame.

In partnership with the Human Resources Department the reviewing of a variety of policies – including but not limited to Recruitment and Selection, Motor Vehicle Allowance, Disciplinary Code and Conduct – was undertaken.

The Legal Service Office is committed to ensuring that it provides information to the Ezemvelo KZN Wildlife community on the services rendered. It is involved in the Human Resource Induction Programme to share information.

### **Progress with the KwaZulu-Natal Biodiversity Management Bill**

The Bill is intended to fully repeal the KwaZulu-Natal Nature Conservation Management Act (Act No.9 of 1997) and the Nature Conservation Ordinance Act (Act No.15 of 1974). A presentation was done to the KwaZulu-Natal Nature Conservation Board in February 2011 by the Legal Representative who has been assisting Ezemvelo KZN Wildlife to finalise the Bill. The Bill needs the KwaZulu-Natal Nature Conservation Board's approval before being forwarded to the MEC of Agriculture and Environmental Affairs for tabling in Parliament.

### **Challenges And Developments**

Human capital is posing a challenge in this office as there is only one legal advisor. The co-ordination of the different areas of the law adequately is difficult. With the proposed organisational structure this office will be adequately equipped.

### **Outlook for 2011/12**

Moving into the future this office is planning to conduct workshops in the Promotion of Administrative Justice Act, Environmental legislations and amendments thereof as well as the Disciplinary Code and other relevant priority areas as identified by management. We strive to be of service to all the different departments within Ezemvelo KZN Wildlife in providing legal solutions and support.

## **TECHNICAL SERVICES**

During the year under review, Technical Services was not spared from reduction of its projects budget, a phenomenon that affected the entire organisation. Despite this, the unit managed to implement all its funded projects. The highlight of the year was the completion of the Manzimbomvu accommodation project worth R2.5-million. On this project, 10 state-of-the-art accommodation units were completed and these are seen as the benchmark of the nature and quality of the accommodation facilities Ezemvelo KZN Wildlife should provide for its staff.

### **Projects**

The organisation has acknowledged that some of its infrastructure has been in existence for a long time and the bulk of these are due for refurbishment. In light of this, Ezemvelo KZN Wildlife allocated funds for the refurbishment and repair of roads and resort structures. In line with the organisation's strategy on empowering and uplifting local communities, roads in the Hluhluwe-IMfolozi Park were re-patched using community based labourers. Major roads in Didima, Injesuthi, Royal Natal and Midmar Resorts were also attended to.

Thatch repairs and re-thatching projects were implemented in all regions. Refurbishments were done to Ntshondwe, Kamberg, Mahai, Monks Cowl, Mkhuze, Royal Natal National Park, Giants Castle, Injesuthi, Ntsikeni and Hluhluwe Resorts.

### **Fleet**

The unit currently manages a fleet of 664 vehicles. Substantial investments into fleet were carried out this year which saw some of our major operations such as Game Capture, Planning, Training, Head Office and Technical Services receive new vehicles. The unit is gearing towards disposing of assets which have their warranty and maintenance plans expired.

### **Challenges**

Like any other unit, the Technical Services Division faces a multitude of challenges. A comprehensive strategy has been developed to address these challenges.

One of the major challenges facing the unit is the lack of financial resources. A number of infrastructure projects had been earmarked for refurbishment and repair, but these had to be postponed until next year due to budget constraints. Priority was given to structures that needed immediate attention.

Staff accommodation still needs attention and a detailed project plan has been developed for implementation as soon as funds are made available. The strategy requires the unit to maintain a mechanically sound fleet and upgrade the workshops so that the latter can offer quality service to its internal clients at all times. Another component of the strategy will also be geared towards the upgrading of water treatment facilities and reclamation plant. With regards to our communications component, the radio network was upgraded, however, we are continuously striving to improve our servicing turn-around time in general.

## **PARTNERSHIPS AND PROJECTS MANAGEMENT**

The Partnerships and Projects Management Unit (PPMU) continues to strengthen relations between Ezemvelo KZN Wildlife and the communities within KwaZulu-Natal. Priority is given to those communities neighbouring the protected areas under our jurisdiction, and through implementing income generating projects, job creation coupled with skills development.

Ezemvelo KZN Wildlife through, the PPMU, has become a partner of choice of the public and private sector looking to roll out their social responsibility programmes. In view of the effectiveness of this programme, the PPMU is constantly and aggressively searching for other opportunities in order to fulfill this mandate. This has resulted in the Unit forging new partnerships with The Department of Arts and Culture, SANBI (Early Detection and Rapid Response Unit), SANLAM, ABSA, The Department of Co-operative Governance and Traditional Affairs, South African Police Services and a number of NGOs.

### **External Social Responsibility Programme**

Under the external social responsibility programme we are busy with the implementation of the following three projects:

- The Working for the Coast Project runs from St Lucia to Ballito. The project is funded at R9,5 million by the Department of Environmental Affairs (DEA). The project is implemented in the District Municipalities of Uthungulu and iLembe focusing on the number of activities/deliverables, ie. beach cleaning, trails, dune rehabilitation, alien plant clearing, roads, sanitary points and general landscaping.
- The Nselweni Bush Camp is a 'one-of-its-kind' community owned project, owned by 10 Traditional Leaders neighbouring Hluhluwe-IMfolozi-Park:
  - Inkosi B. Mdletshe (eMdletsheni)
  - Inkosi C. Biyela (Obuka)
  - Inkosi M. Mkhwanazi (Mpukunyoni)
  - Inkosi S. Hlabisa and N.J. Hlabisa (Mantshemnyama)
  - Inkosi M.P. Mlaba (Mlaba)
  - Inkosi S.A. Zungu (KwaZungu)
  - Inkosi M.S. Mthethwa (Mhlana)
  - Inkosi B.S. Mthembu (Somopho)
  - Inkosi E.B. Zulu (Mandlakazi)
  - Inkosi D.J. Hlabisa (Mpembeni)

The Nselweni Bush Camp consists of eight bachelor units and a conference centre and the camp is wheel chair friendly.

- 219 job opportunities were created during the construction of Usuthu Gorge which was funded by the former Department of Environmental Affairs and Tourism to the value of R8 million. Phase two of the Usuthu Gorge project is aimed at Community Conservation Area development and addressing remaining baseline infrastructure requirements. This includes formalisation of biodiversity management and ecotourism development plans, completion of the reserve boundary fencing, addressing the road network requirements in addition to the establishment of water points for game and cattle.

Historically disadvantaged service providers are given opportunities in this programme which has resulted in more than 50 SMME's being used during the period under review.

More than 200 job opportunities have been created for different activities which include but are not limited to beach cleaning, alien plant clearing, dune rehabilitation and trail maintenance.

We have achieved 161 accredited and 413 non-accredited training days during the period under review; with the total budget spend on this training to the amount of R83,100.

The accredited training consists of: Field Tourist Assistant, General Field Assistant and Field Ranger training.

### **Invasive Alien Species Programme**

We achieved 151 230 person days working within the Invasive Alien Species Programme. The number of person days are calculated by multiplying the number of people in a project by the number of days worked,ie.

\* (1 person day = the number of people who worked on a project x the number of days each person worked)

Total person days planned – 149 611 and the total person days achieved were 151 230

We achieved 4 124 accredited training and 9 624 non-accredited training days and the total budget spent on training was R789,000.

\*\* (1 training day = the number of people trained x the number of days each person was trained)

### Internal Social Responsibility Programme

A wide range of projects have been implemented through the Ezemvelo KZN Wildlife Internal Social Responsibility Programme. These involved building of schools, administration blocks and offices in rural areas. Computer laboratories in rural schools have been built. Income generating projects, such as poultry farming, garden projects, laundry, trucking services and community lodge, which aim at encouraging women, youth and unemployed men for job creation through self-employment, have been implemented in Ezemvelo KZN Wildlife's area of operation.

In the 2010/11 financial year funding for 16 projects were approved to the value of R10,6 million. To date, five projects have been handed over to the beneficiary community, five are complete and ready for handing over, and six are currently in progress.

### Schools Programme

In December 2009 the Department of Education (DOE) appointed Ezemvelo KZN Wildlife through the PPMU to be an implementation agent of their schools infrastructure programme. This meant that Ezemvelo KZN Wildlife would be able to continue the work that was already being done by the Community Levy Fund but using funds from the DOE.

In addition, the Department of Education entrusted us with the responsibility of planning the implementation of technical schools within the province of KwaZulu-Natal. This project aims at developing workshops in high schools that teach technical subjects to allow learners an opportunity to practice what they have learnt in class. This is an initiative by the National Department of Education and six technical schools are currently being planned as a pilot project. The funding comes directly from the National Department of Education.

The pilot project meant that Ezemvelo KZN Wildlife would be involved in the development of these structures within our schools in the Province, the majority of which are in rural areas and which did not have these facilities.

The budget is R34 million for the Early Childhood Development Programme (ECD) and R2,1 million for the technical schools.



**Ezemvelo donation of school accessories to Paddock Primary School through it's Community Levy Fund**





# BIODIVERSITY CONSERVATION OPERATIONS



**MEC for the Department of Agriculture,  
Environmental Affairs and Rural Development,  
CEO of Ezemvelo and Amakhosi during the signing  
of the co-management agreements**

## **BIODIVERSITY CONSERVATION OPERATIONS**

### **Overview**

Biodiversity Conservation Operations is committed to the National and Provincial Priorities of Government, ensuring a mandate of sustainable conservation whilst incorporating economic development. Ezemvelo KZN Wildlife prides itself in linking people and parks in meeting the challenge of conservation; balancing people; the natural environment; the economic values of the protected areas; and the Province's wildlife resources. Key strategic interventions of Ezemvelo KZN Wildlife are the optimising of benefits to local communities and promoting the sustainable use of natural resources. Ezemvelo KZN Wildlife identifies and pursues opportunities to link biodiversity and socio-economic development. Labour-intensive projects within provincial protected areas contribute to poverty alleviation and local economic development.

Potential consequences of global change are incorporated into the Provincial Biodiversity Conservation Plan. Consequences have been identified as possible risks on Biodiversity Operations. These risks have been mitigated by the organisation, at district municipality and protected area levels of biodiversity conservation. Increasing concern is the projected impact of future climate change on biodiversity. Investigation into climate change is important for our natural environment; and most crucial to buffering and protecting people, infrastructure and agriculture. During this coming year the Conference of Parties (COP 17) awareness initiative will be conducted with the aim of educating all stakeholders involved in biodiversity sustainability in preparation of the much anticipated Global Climate Change Conference hosted by eThekweni Municipality in November 2011.

### **Strategic Partnerships:**

#### **Co-Management**

The main highlight for Ezemvelo KZN Wildlife this year was the signing of the co-management agreements for four protected areas which are:

- Ndumo Game Reserve represented by Usuthu Community Trust;
- Ithala Game Reserve represented by Ithala Game Reserve Community Trust and Mhulumbela Community Trust;
- Tembe Elephant Park represented by Tembe Community Trust; and
- Hluhluwe-iMfolozi Park represented by Corridor of Hope Community Trust.

All these agreements were signed at a function held on the 15th December 2010. Following the signing of the co-management agreements, the organisation and the affected stakeholders have begun with the responsibility of implementing the agreements.

#### **Land Claims**

The Mbangweni Land Claim attracted both national and international attention this past year, due to the unresolved land dispute at the Ramsar site. The Task Team established by the MEC for Agriculture, Environmental Affairs and Rural Development has been unsuccessful in the implementation of the 20-hectare project which was proposed as settlement. Ezemvelo KZN Wildlife staff have been instructed to lead the initiative of resolving the Mbangweni/Bhekabantu land claim dispute. Several meetings between the Task Team, Tembe Traditional Authority and the two communities' representatives have taken place but no progress has been achieved to resolve the dispute. The Mbangweni/Bhekabantu Community has crossed over to the west bank where they have cut down trees in preparation for new garden plots.

The Vernon Crookes Land Claim remains unresolved, despite efforts to negotiate a settlement via the Land Claims Commissioners Office. The key unresolved issue is the National Land Claims Commissioner's delay in finalising the statement of intent to settle the claim. There were a number of peaceful protests and invasions by the claimants to resolve the claim. Due to these invasions Ezemvelo KZN Wildlife obtained a High Court Order preventing the claimants occupation, settlement and or disturbance of the Vernon Crookes Nature Reserve which includes the claimed area.

#### **Honorary Officers**

Honorary Officers volunteer their services to supplement and support the staff of Ezemvelo KZN Wildlife for which we are extremely grateful. For this reporting period, 50 groups with 840 members have contributed 77 272 hours and travelled 870 515km to perform duties and attend scheduled meetings in support of our operations at their own cost.

The projects included Black Headed Dwarf Chameleon, Tangoman (*Cardisoma carnifex*) Crab and Turtle monitoring, Midmar Mile assistance and maintenance of buildings and trails.

### **Project Sakha Izibaya**

The rural communities surrounding protected areas have long suffered due to Human Wildlife Conflict. Through a review process, Ezemvelo KZN Wildlife initiated a project to demonstrate livestock stockades (Izibaya) and how effective they are at protecting cattle and other domestic stock from hyena and leopards. A total of 100 stockades were built by community members from the 10 neighbouring traditional council areas surrounding Hluhluwe-iMfolozi Park (HiP). Izibaya were constructed and completed to a high standard that have prevented further loss to the families concerned.

### **Outcome for Ecosystem Services in KZN**

Research on ecosystem services in KZN showed that areas with the greatest biodiversity importance supply ecosystem services which are vital for the wellbeing of rural and urban people. These areas overlap with some of the poorest rural areas in the province. Natural capital (biodiversity) therefore plays a crucial role in the lives of people in rural areas as well as many who live in urban areas. The services rendered to people by the natural assets is approximately R150 billion, ie. more than 73% of provincial Gross Domestic Product. By managing and conserving biodiversity and hence the natural capital and ecosystem services, Ezemvelo KZN Wildlife provides a service to society worth approximately R350 for every R1 that is invested by Government.

### **Annual Stakeholder Meeting**

Participants at the Annual Stakeholder Forum engagement were given the opportunity to raise concerns, questions and shared their views in relation to conservation. Ezemvelo KZN Wildlife created this forum to encourage active and representative stakeholder participation to promote the understanding and support of Ezemvelo KZN Wildlife's policies, business, strategic plans and other decisions that directly affect stakeholders. Ezemvelo KZN Wildlife value public participation for the achievement of its objectives.

### **Conservations Operations:**

#### **Protected Area Management Plans**

The MEC approved 14 Integrated Management Plans (IMPs) for protected areas which in turn provides substantial additional legal protection for these Ezemvelo KZN Wildlife protected areas. These IMPs include Mbumbazi, Midmar, Ncandu, Ongoye Forest, Oribi Gorge, Chelmsford, Krantzklouf, Ubombo Mountain, Umlalazi, Umtamvuna and Vernon Crookes Nature Reserves, Ndumo Game Reserve, Ithala Game Reserve and Tembe Elephant Park.

#### **KZN Rhino Security Intervention Plan**

The KwaZulu-Natal Nature Conservation Board approved the rhino security plan to be implemented with immediate effect during the year under review, including the implementation of the Standard Operating Procedure, additional staff complement of the field ranger force in HiP, purchasing of new equipment, payment of overtime and conducting a risk assessment at all rhino reserves. The intensification of the anti-rhino poaching activities in the same year resulted in a record of 162 arrests directly linked to rhino poaching and related trade in rhino horn in the country. The co-operation of the Hawks, Justice Department, South African Police Service, National Prosecuting Authority and National Defense Force has helped Ezemvelo KZN Wildlife save our rhino.

#### **Rhino Awareness Tour**

Ezemvelo KZN Wildlife staff undertook a tour throughout major centres of KZN which was aimed at raising awareness on illegal killing of rhinos in KZN and South Africa. Communities surrounding protected areas were educated on cruelty inflicted on these animals. Worldwide Wildlife Fund sponsored the tour providing anti-poaching items such as T-shirts and overalls with the message "BIKA ABABULALI BOBHEJANE (Report Killers of Rhino).

#### **Game Capture**

The 2010/11 Game Capture programme saw the capture and translocation of 2 374 animals. The major activities included the capture and translocation of five black rhino to Zambia as part of an international relocation initiative. An additional 13 black rhino were relocated to Selati Game Reserve in Limpopo Province as part of the ongoing black rhino range expansion programme. Staff members from the unit also travelled to India in order to assist the Indian Conservation Authorities in the capture of Gaur (Indian bison). This initiative made history by being the first successful operation of its kind in India.

## Management of Disease Risk

Through the ongoing annual Bovine Tuberculosis control programme in HiP, 219 buffalo in the Western section of iMfolozi were tested. Results taken over the last 11 years show a 50% reduction in the prevalence of the disease across the park.

The North Eastern region of the province was struck by an outbreak of foot and mouth disease in early February 2011. This situation has had a significant impact on the movement of animals which in turn will affect the ability to relocate game in the coming year. Ezemvelo KZN Wildlife continues to work closely with the Department of Agriculture, Environmental Affairs and Rural Development in the fight to bring this disease under control.

## International Coastal Clean Up

Ezemvelo KZN Wildlife facilitated another large environmental awareness and litter clearing day, which involved 6 547 volunteers who collected 29,820kgs of litter from KwaZulu-Natal's beaches, reefs, estuaries, rivers and catchments. Whilst this was underway an awareness campaign was undertaken to educate the community at large.

## Ezemvelo KZN Wildlife Cup

This successful sports programme continued during the year under review. Ten communities living adjacent to HiP participated in the "Ezemvelo Cup". From the 20 teams that entered this Environmental Awareness Initiative, the victorious teams on the day were Mhlana Zebras soccer team, from Mhlana Traditional Council, and Mpukunyoni Netball Club from Mpukunyoni Traditional Council. Ezemvelo Cup managed to improve community awareness on the Ezemvelo KZN Wildlife mandate and enhanced community appreciation of our reserves.



**Mpukunyoni Netball Club and Mhlana Zebras soccer team,  
winners of the 2010 Ezemvelo Cup**

## Biodiversity Environmental Awareness Programme

The Biodiversity Environmental Awareness Programme (BEAP) workshop and mini summit were conducted in the uKhahlamba region for teachers of which 19 schools participated. For the first time in four years, a school for the persons with disabled participated and won the Primary Schools' Competition. Three successful BEAP Educators Workshops took place in the coastal region. Approximately 20 educators participated in the workshop hosted by Ezemvelo KZN Wildlife staff and uShaka Marine World.

## Royal Reed Dance Ceremony and Marula Festival

His Majesty, King Goodwill Zwelithini, hosted these two ceremonies to mark the celebration of the Zulu heritage. During both these ceremonies, Ezemvelo KZN Wildlife played a crucial role in terms of providing the reed that is used by the maidens and providing venison for the meal preparation. Information packs aimed at creating conservation awareness was also distributed.

# COMMERCIAL OPERATIONS



Riparian Vegetation

## COMMERCIAL OPERATIONS

### Overview

Commercial Operations is entrusted with driving all the commercial ventures and to generate revenue for the organisation, this includes overnight accommodation, gate entry, game auction, loyalty programs and hunting. In reviewing the financial performance for the 2010/11 year, the organisation was R9 million below the revenue target of R98 million derived from commercial activities. This was primarily due to MATCH who had reserved exclusive rights on blocks of accommodation, failed to sell it, and released their bookings at the 11th hour. The tourism industry trends during the 2010 FIFA World Cup reflect that all tourism business ventures performed below expectation. The global recession also played a significant role in the less than favourable financial performance.

Moving forward we are implementing a strategy for improved efficiencies and cost control which will keep us sustainable until the economic climate has rebounded. In addition we, have introduced and are rolling out a plan through the revenue generating strategy.

### Success Stories and Achievements

The period under review was challenging but good in that we managed to achieve the following priorities:

- R40 million was put into refurbishing our overnight visitor accommodation.
- Eight of our resorts were graded to 3-stars by the South African Grading Council.
- A comprehensive and sustainable strategy, management framework and set of uniform sustainable targets have been developed.
- Implementation of a programme to attract an increased number of Historically Disadvantaged Individuals.
- Invested in human capital through training staff on various key strategic issues to enhance and improve our business offering, eg. we focused on Spanish and French language courses, customer care and SA Host that were strategic to the 2010 FIFA World Cup.
- Implemented the brand revitalisation or brand re-positioning through marketing, advertising, workshops, cocktails and gala events as well as electronic media and print media.
- Launched an on-line reservations system.
- Received the Golden Arrow PMR Award for Hilltop Resort, Ntshondwe Resort and Oribi Gorge Resort as well as the FNB KZN Top Business Award in Tourism for 2010/11.

### Marketing

The Marketing Department's mandate is to ensure that the brand of Ezemvelo KZN Wildlife is constantly on the map, recognisable and fulfills its objectives aimed at increasing revenue and becoming a preferred ecotourism destination. We anticipated that the 2010 FIFA World Cup would present an opportunity of a lifetime for the brand to enjoy global attention. Unfortunately from a provincial perspective, the number of football tourists during this period was very low, resulting in challenges of having to implement last minute contingency plans with the Travel Trade to boost revenues. We have partnered with different stakeholders in the private and public sectors in promoting a diverse product offering nationally and globally. We have also intensified our marketing efforts generally to ensure the maximum brand exposure.

During the year under review, tariffs for our resorts were not increased in recognition of the global economic down-turn and it's impact on tourism. We are also thrilled by the fact that our customers are now able to book on-line and select the resorts of their choice in the comfort of their own space. We are confident that these interventions will generate growth.

### Emerging Market

The strategy to target the emerging market from urban areas will run for three years. This will see us attending several domestic travel exhibition shows to showcase Ezemvelo KZN Wildlife's product offering to both the traditional and the emerging market. In order to penetrate the Provincial Government sector, we have started working with national and provincial departments as well as municipalities in an effort to expose our conference facilities. We have also given school groups excursions to our resorts at either a discounted rate or on full subsidy depending on the nature of the request.

### **Loyalty Club Programme**

The Rhino Club was introduced in December 2001 and was brought in-house in April 2005. Rhino Club membership has now reached 30 396 members. This equals an average of 15% per annum increase in membership. The Kids Club, formed in December 2008, comprises 924 members, including 125 eco-school complimentary memberships. The Loyalty Club Programme exceeded the 2010/11 income target by R539,030 thus earning R3 million. Reciprocal Partnerships with like-minded organisations and companies are being considered, as well as sponsorships for our Loyalty Club packages. Rhino Club member bookings continue to enhance the reservations revenue through a variety of discount structures and value added services, the most popular one being the Leatherback discounts as well as the low occupancy period discounts.

### **Central Reservations**

During the period under review, the introduction and implementation of the new online Central Reservations System (E Res Hub) has been undertaken. We have also introduced the resort based APEX system which is a property management. These two complementary systems were introduced to ensure that we have minimum occupancy related problems as they constantly interface with each other and give the client an opportunity to either book through our Central Reservations on-line via our website or directly with the resort. An information and reservations office was opened at the new King Shaka International Airport and has made strides in terms of information dissemination and being ambassadors of the Ezemvelo KZN Wildlife brand. In December 2010, reservations generated in excess of R13 million in deposits received, compared to 2009 and 2008, where we generated R9,8 million and R9.4 million respectively. This equates to a 39% increase compared to December 2009. The World Tourism Academy was called in to conduct staff training on Customer Care Training for Reservation Personnel hence the decrease in complaints from clients. Resort trips were also conducted to enhance the product knowledge among staff.

### **Customer Relations Management**

A Customer Relations Management unit was set up to monitor and record customer feedback in order to identify key improvement areas on the facilities and services that we render. This assists the organisation to align its strategies towards the improvement of these issues, retain loyal customers and attract new/emerging markets through positive word-of-mouth and customer satisfaction. We have been communicating with our clients through a Short Message Service where compliments, urgent notices, promotions and special offers are communicated. We have also been communicating with our clients using e-mail as well to ensure that we keep them continuously informed on our product offering and probing our service level.

### **Travel Trade**

Travel Trade engaged in several interventions in order to keep Ezemvelo KZN Wildlife product offering on the priority list of the tourism industry. These include the Tourism Indaba, Meetings Africa, Spotlight on Southern Africa and International Tourism Bossé Show Germany. These are some of many platforms that we use to showcase and promote our product offering and at the same time use them to benchmark against other role players within the tourism industry.

### **East Region**

The period under review has seen some challenges but has also come with many rewards. The following highlights are noted:

- Following an intense assessment by the South African Tourism Grading Council, Hilltop, Mpila and Umlalazi Resorts received their 3- star grading in time for the 2010 FIFA World Cup.
- Seven Hospitality Managers were rotated for operational reasons bringing “new blood” to the respective resorts.
- The Nselweni Bush Lodge project which was made possible as a result of our Community Levy Fund, has achieved its projection in terms of accommodation revenue. The initial target was to reach breakeven but this project has managed to gain a profit of R500 000 in its first year.
- After a long process a service level agreement was signed with the iSimangaliso Wetland Park Authority which will provide a platform for the development of management agreements for individual resorts.

### **West Region**

The financial year under review was also challenging for this region as the number of anticipated visitors forecast by MATCH for the World Cup did not materialise. Concerted marketing efforts to try and sell available accommodation did assist to a certain extent. However, revenue fell short of the target by 10%. Nevertheless income was still 2% higher than in the previous financial year. An injection of capital funding facilitated the refurbishment of Thendele Resort, which has subsequently also been graded as 3-star by the SA Tourism Grading Council. The West Region now has five resorts graded as 3-star; Ntshondwe, Thendele, Didima, Giant's Castle and Kamberg.

The West Region remains one of the favourite destinations for sporting events in KwaZulu-Natal. The Midmar Mile 2011 was touted as a “Royal” Midmar Mile because the future Princess of Monaco, Charlene Wittstock, swam the event to raise funds for her charity, the Special Olympics. Other celebrities who participated were, Lewis Pugh and Olympic swimmers Ryk Neethling and Terence Parkin. With such high profile celebrities the event and Midmar Resort received high media coverage, both in the press and on television, with the main events being shown on the Super Sport Channels.

The new gate control systems have been implemented at Royal Natal National Park and Midmar Resort. These systems are similar to those that have already been installed at Hluhluwe-iMfolozi Park and iSimangaliso gates. Installation of these controls will improve the collection of revenue at these two busy gates.

### **Design Studio**

The Design Studio committed itself with the specialised task of delivering effective visual and printed communication services to Ezemvelo KZN Wildlife during the period under review, with the following achievements highlighted:

- Engineered material to fall in line with the annual Tourism Indaba 2010. The “Stay with the Game” campaign was a resounding success. An assortment of advertising material was also created for the rolling out of the “Turn Around Strategy” to be utilised post Tourism Indaba and included the development of the “web brochure” which is located on our website.
- The Design Studio continued to play an integral part in all local exhibitions, employing creative and innovative conceptual backdrops and advertising material for a number of high profile events.
- The National and Provincial tourist information road sign upgrade project is ongoing; however several problem areas regarding the placement and efficiency of signs to certain protected areas continue to exist.
- A comprehensive document packaging appropriate National Road signage for Royal Natal, Hluhluwe-iMfolozi Park and Ndumo Game Reserve has been completed. This includes internal signage, interpretation, visitor information publications, décor and furnishings. A selection of eight resorts were identified as priority areas for this project. Staff started with Thendele/Mahai and Rugged Glen with the refurbishment of the accommodation as well as a total overhaul of all print media, directional and interpretational signage.
- A complete overhaul of the content of all marketing and information publications has also been undertaken for eight resorts. This includes aspects such as language tone, quantity of information, information delivery and layout.

### **Natural Resources Trade Division**

The Annual Game Auction turned out to be another successful sale in the organisation’s history. The total number of registered buyers at the auction increased since last year to 55 and the turnover exceeded R13,5 million. Due to the increased number of white rhino allocated to the sales quota for the year, the marketing strategy included an exclusive White Rhino Auction, which was held later in the year at the Centenary Game Capture Centre. This was another first for the organisation and a further nineteen white rhino went under the hammer raising R3,5 million. The sale also included fifty six TB Free Buffalo (positive for Corridor Disease) and nine Hippo raising a further R1,6 million. The overall total raised on game sales was over R18,5 million

Professional and amateur hunts were conducted in the three controlled hunting areas and similar to previous years the overall response to the tender and local hunts indicated that uMkhuze Controlled Hunting Area was by far more popular than the Phongolo Controlled Hunting Area or Spioenkop Nature Reserve. The total revenue raised for hunting amounted to over R1,7 million.

### **Contract Management**

During the period under review, the service providers that undertake the cleaning at Didima Resort were awarded a contract extension for a further three-year period. The gardening service which is a joint venture between the cleaning service provider and local community members has also been extended for a three-year period. This relationship has been beneficial to the organisation, the principal service provider and the joint venture partner from the community.

The launch boat at Midmar has been rebuilt and a service provider will operate the craft for a period of twenty four months.

The restaurants at four of the organisation’s top resorts are currently being tendered to find a joint venture partner to manage these facilities.



### **Beyond 2011**

Moving forward we are planning a number of interesting services which will complement our revenue generating strategy. We plan to launch our Customer Charter, intensify social media marketing, initiate drives to reduce costs of utilities and reduce our fixed overheads, introduce flexible tariffs/rates, enter into further strategic alliances with key partners to expose our brand and to leverage from their customer database and to implement the greening initiative strategy in our resorts. As always our success relies heavily on biodiversity conservation staff as they manage the precious natural resources upon which we depend and express appreciation for a sterling job despite the challenges they are facing.



**Ezemvelo and SA Tourism staff hosting the Black Entertainment Television delegation from the USA**

# HUMAN RESOURCES MANAGEMENT



**Field Rangers outside their new  
accommodation facilities in Manzibomvu**

## HUMAN RESOURCES

### Overview

The main focus for the Human Resources Department was to ensure the successful implementation of the Human Resource Strategy.

For the period under review we have successfully implemented the following projects:

- Approval of the Recruitment and Retention Strategy.
- Re-accreditation of Ezemvelo KZN Wildlife Midmar Training Centre.
- The Work Place Skills Plan is at 90% of implementation.
- Increased intake of interns and experiential learners.
- Successful implementation of the Wellness Interventions.
- Launch and implementation of Omakhelwane project.
- Staff verification project conducted successfully.
- Successful implementation of the Health and Safety Programmes

During the period under review we have had the following challenges:

- High death rate due to HIV/Aids and other related illnesses.
- Inability to attract and retain critical skills.
- Administration problems in processing of exit claims from Sanlam Provident Fund and Government Employees Pension Fund (GEPF).

### Outlook for the future

We are working tirelessly towards the implementation of the following interventions:

- Successful implementation of SAP HR.
- Recruitment and retention strategy.
- Graduate Development and Apprenticeship Programmes.
- KZN Tourism Ambassador Programme.
- Increase the number of Adult Basic Education and Training (ABET) intake.
- Employee Performance Management and Development System (EPMDS).

### Administration

The organisation took a decision to implement System Application Product (SAP), an integrated system for the whole organization which was the first phase of the project. The second phase of the project was to implement SAP HR. During 2010, the focus was on the consolidation and confirmation of SAP implementation and procedures identified for incorporation into the ERP system. In order for SAP HR to be implemented effectively, data enhancement has begun. The outlook moving forward particularly during the 2011/12 financial year will focus on the following:

- The Organisational Structure.
- Payroll management.
- Time management.
- Performance management.
- Employment equity.

This will significantly increase controls around staff management as well as increasing efficiency within our HR management practices.

The staff verification exercise was successfully completed during the period under review. We are proud to report that no ghost employees were found during this exercise and we are at (95%) completion, pending capturing on the system and producing the final report. The exercise was also used to collect personal information to update HR records.

In an effort to actively manage the staff leave, a reduction strategy was implemented where all employees were forced to take all their Ring Fenced leave by the end of March 2011. This emanated from the Board decision taken in 2006, whereby employees were given five years to reduce their Ring Fenced leave. All employees were advised to take this leave by the end of March 2011, or their leave would be forfeited.

### **Training and Development**

The Workplace Skills Plan (WSP) for 2010/11 and the Annual Training Report (ATR) for 2009/10 were submitted to Tourism, Hospitality and Sport Education and Training Authority (THETA) at the end of June 2010 and were accepted. According to this plan, Ezemvelo KZN Wildlife completed 90% of the WSP. Although various courses were attended by employees during the year under review, some of the courses identified could not take place as they were replaced by prioritised courses. An amount of R1,1 million was recovered from THETA grants. The WSP for 2011/12 which is due at the end of June 2011, will be informed by the Personal Development Plans (PDPs).

After a verification visit by the Culture Arts Tourism Hospitality Sport Sector Education Training Authority (CATHSSETA) previously known as THETA, the Midmar Training Centre was re-accredited as a training service provider until 2015. The accreditation status with Safety and Security Sector Education and Training Authority SASSETA will be reviewed after 2015. This accreditation will allow us to further offer accredited training aligned with SAQA requirements.

The organisation was awarded funding by CATHSSETA, to provide Tourism Guiding Level 4 Learnerships for 2010/11. A total of four employees and eight unemployed people were selected to participate in the programme.

A total of twenty one unemployed graduate interns and fifty student experiential learners were appointed during the year under review. Conservation Planning hosted three interns who were funded by the National Research Foundation and Department of Science and Technology Internship Programme whilst the rest were funded by Ezemvelo KZN Wildlife.

In 2010, twenty one unemployed learners were trained as Trainee Field Rangers. They successfully completed the course and were appointed in December 2010 in various reserves. A course for female rangers commenced in February 2011 and twenty one female learners were recruited to undergo this training. The organisation is very proud to see good progress made by the female trainees. This course is expected to be completed by June 2011.

The Management Development Programme has been prioritised for the next financial year. The first phase of the development programme will focus on Ezemvelo KZN Wildlife management. The programme will be implemented in the 2011/12 financial year.

### **Organisation Development**

Ezemvelo KZN Wildlife is currently implementing a Change Management project under the auspices of the Organisational Development section. This is in light of the various planned and unplanned changes that are taking place, as part of our turn-around strategy. The Organisational Development section is currently consulting with relevant internal and external stakeholders as they are affected by the changes taking place at Ezemvelo KZN Wildlife.

A "Change Leader" programme is due to begin during the month of May 2011, and is intended to sensitise managers and supervisors on how to cope with change, as well as, recruiting managers and supervisors as "Agents of Change". The greatest challenge facing Ezemvelo KZN Wildlife will be to achieve a state where the managers and supervisors have internalised and taken ownership of various projects which results in both "planned" and "unplanned" change. Change Management will be achieved when Ezemvelo KZN Wildlife employees have become advocates of the "turn-around strategy".

The job profiling and grading project commenced early in 2010. The purpose of the project was to profile all jobs in the organisation and ensure that all employees have valid job profiles that are graded. This project continued during the period under review, with some in-house challenges which led to the project not being completed on time. However, most jobs have been profiled. The decision to secure an in-house grading system was taken to ensure that cost is minimised without compromising the quality of the project. The grading committee comprising of organised labour representation will undergo intensive training to ensure that the process is not compromised. The process of procuring the in-house grading system is underway. However, the implementation of the grading results throughout the organisation will be informed by the availability of funds.

The beginning of April 2010 marked the implementation of the Employee Performance Management and Development System (EPMDS). This was in line with the fact that Ezemvelo KZN Wildlife is a state-owned enterprise and like other Public Service organs, the management of employee performance became crucial in an effort to improve service delivery and ensure the achievement of the Provincial goals.

The 2010/11 performance cycle was a pilot project. It comprised the Contracting Phase between the supervisors and their individual team members. The contracting phase included the annual performance contracts, the individual quarterly work plans and the annual personal development plans. The performance reviews were administered during July 2010, October 2010, and January 2011. Moving into the future performance management will be fully implemented, incorporating the moderation of performance results for recognition of performance beyond the “call-of-duty”.

The organisation had undertaken to implement an organisational health diagnostic process during the 2010/11 financial year. The climate survey was initiated at the end of the financial year and the results will be known before the end of July 2011. Soon after the results are collated, the analysis will be conducted and summary of findings will be made available to the organisation. This is a great move for the organisation as this process is aimed at improving the health of the organisation. The result will further assist us in mapping the areas of focus on where to improve as an organisation. The results of this survey will further assist us to effectively enhance the implementation of other HR intervention such as diversity management, retention strategy, etc.

### Health and Safety

As reported in the last year’s Annual Report, the health and safety team hit the ground running with the revision of the Health and Safety policy which is awaiting approval by the KwaZulu-Natal Nature Conservation Board. An Occupational Noise Risk assessment undertaken by an Approved Inspection Authority of various processes has given us a great indication of noisy processes within our operations and this has led to the development of a Medical Surveillance programme. The development of a master man job specification document has been drawn up for the entire organisation to utilise for the various occupational categories. We have prioritised those of dredger deckhand and field rangers to be completed along with risk assessments for those occupations. A Risk Assessment Vulnerability profile was developed for the entire organisation and is currently in use.

The Health and Safety Programme was revised for adapting to our operations. A legal compliance upgrade to LP Gas installations for Midmar and Didima Resorts was done and completed. The baseline as well as continuous Health and Safety Legal compliance audits were conducted at all Ezemvelo KZN Wildlife sites and a total of thirty four Ezemvelo KZN Wildlife Resorts have achieved 100% Occupational Health and Safety Act of South Africa compliance through the vigorous implementation of our Health and Safety Programme.

The main challenges from the previous year were the Injury On Duties (IODs). These were incidents which happened a few years ago which were never finalised.

### Recruitment and Selection

The organisation has trained sixty six panelists on targeted selection, twenty of those trained are females and forty six are males. The panelists are trained to improve the quality of the interview process and they are rotated to participate in various interviews. The interviews focus on the critical behavioral competencies required for each job and candidates are also assessed on how well they fit into the job.

Forty new employees were appointed at different levels. The breakdown of these newly recruited employees is as follows: 27.5% are females whilst 72.5% are males, 15% are professionals, 20% skilled and 65% semi-skilled.

LEVELS	NUMBER	MALES	FEMALES
Professionals	6	3	3
Skilled	8	6	2
Semi-skilled	26	20	6

We have been improving our employment equity target for African females and blacks at professional level in the current employment cycle, and have employed an equal number of males and females at professional level. We continue to promote representation in terms of race. Of six employees appointed at professional level five were black. The Employment Equity Forum has reviewed the recruitment and selection policy and the employment equity policy and both policies were approved. We have set high targets in this area for the future.

### **Succession Planning and Retention Strategy**

The organisation developed and approved succession management and retention policies during this period. Relevant initiatives and projects on succession planning, retention and graduate development programme have been developed for implementation in the new financial year 2011/12.

### **Employee Health and Wellness**

The main priorities for 2010/11 were the implementation of incapacity management, wellness interventions which include but not limited to sexual harassment workshops, and the Omakhelwane Community Outreach Project launch and its implementation. MveloWise activities were active to promote a friendly working environment within the workplace.

### **Incapacity Management Implementation**

The organisation has experienced a rise in absenteeism due to ill-health that results in sick leave being excessively taken. The service provider in consultation with our Occupational Health Practitioners is providing advisory service in respect of monitoring of short and long term incapacity and all medical boarding approvals, assessing and reviewing referrals to independent specialists of all incapacity applications, making recommendations on cases that are considered to have notable excessive sick leave patterns and provide medical guidance. This programme is expected to benefit both the organisation and employees as this ensures a structured programme to deal with long-term illnesses. This contributes to improved employees' health, as it reduces health risks, decreases absenteeism and improves quality and effectiveness.

### **Wellness interventions**

Once again, the implementation of the wellness interventions was a great success during this financial year. The following interventions were successfully implemented:

- **Sexual harassment** workshops were conducted throughout the regions. 54% attended workshops at the coastal region, 52% at Ukhahlamba and 50% at Zululand region.
- The **wellness days** were conducted throughout the organisation on different dates. The purpose of the wellness days was to optimise employees' good health, and furthermore to improve and monitor the health and productivity of our employees. The organisation saw an improved attendance of 56% compared to the previous year. The wellness interventions were conducted with great success through our annual health calendar, where health and wellness campaigns are scheduled in order to cover health risks like TB, cancer, malaria, heart disease, drug and alcohol abuse, no violence against women and children as well as nutrition awareness. The organisation always ensures that it provides continuous support to its employees, by ensuring that employees are exposed to services aimed at improving their healthy lifestyles.
- The **World Aids Day** commemoration was held at Midmar Nature Reserve, and the theme for the day was "we are responsible". The guest speaker and an Ezemvelo KZN Wildlife employee, both living positively with HIV shared a very powerful pledge during this important day. HIV counselling and testing was also carried out on site for the "know your status campaign".
- **Omakhelwane Community Outreach Project** was launched on 14th October 2010. As a result of an identification of a need from an increasing number of employees, ex-employees and their families who required social and emotional support. The project seeks to assist needy families of ex-employees and those in the nearby reserves, through donations and wellness support which was co-ordinated by Employee Wellness Practitioners. During the launch, pledges and donations were made, with the influx of donations. It became critical that good record keeping and proper administration is to be done accurately, hence the introduction of electronic capturing on donated items. The need to train the Omakhelwane task team on how to capture donations from internal and external donors became essential and such training was delivered by the Gijima consultants.
- The **MveloWise** initiative, initiated by Ezemvelo KZN Wildlife staff members to support and promote initiatives that drive and embrace teamwork, good relations, fun-entertainment experience, and life-changing self rewarding work experience, once again continued with great success. The main purpose of this initiative is to ensure happiness in the workplace. During this period, Ezemvelo KZN Wildlife celebrated National Women's Day, Sports Day and Heritage Day. Our Sports Day for the period under review was an amazing event with 100% sponsorship through our CEO's business contacts. MveloWise introduced an educational and recreational exchange programme with the Kruger National Park (KNP). The organisation engaged in two exchange visits (sports and choristers) which were a great success. The sports exchange was hosted by KNP, and choristers exchange was hosted by Ezemvelo KZN Wildlife.

## PRE-DETERMINED OBJECTIVES REPORT

Conserve the indigenous biodiversity of KZN for the benefit of present and future generations		
Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Sustainably harvest natural resources in accordance to prescribed norms and standards.	R17 million worth of natural resources harvested.	R18.8 million of natural resources was harvested.
Effectively co-manage private or communally owned protected areas with EKZNW.	Five additional private or communally owned protected areas with co-management agreement.	Four co-management agreements achieved for Ithala Game Reserve, Ndumo Game Reserve, Corridor of Hope Hluhluwe iMfolozi Game Reserve and Tembe Elephant Park.
Acquire new sites for formal conservation.	Two new sites acquired.	<p>1. Dartmoor Nature Reserve: With the assistance of Wildlands Trust, this property will be proclaimed as part of the Karkloof Nature Reserve. This stewardship site will be added to the protected area (PA) proclamation process during 2011/12.</p> <p>2. Wahoonga Nature Reserve: Obtained the approval forms from landowners to proceed with the Biodiversity Assessment.</p> <p>These sites are nearing completion but due to the lack of resources for securing land this past year, the sites will be acquired during 2011/12.</p>
Manage protected areas effectively.	Six protected areas that meet the minimum management effectiveness standard.	We currently have five protected areas that meet the minimum management effectiveness standards. Of these, two PAs achieved the minimum standard in 2009/10 and again in 2010/11.
Manage listed threatened species.	Two biodiversity management plans for listed threatened species adopted and implemented.	Two biodiversity management plans have been produced and implemented for Black Rhino and Hippo.
Mitigate impacts on biodiversity by fully commenting on development and land use applications received Records of Decision (RODs).	At least 20% of Records Of Decisions should fully mitigate the threat to biodiversity.	During the year, a total of 178 RODs were received. Out of these, 74% (132) fully mitigated the threats to biodiversity whereas 9% (15) was partial mitigation.

**Conserve the indigenous biodiversity of KZN for the benefit of present and future generations**

<b>Key Objectives</b>	<b>Measurable and evidence based performance indicators</b>	<b>Status as at 31 March 2011</b>
Increase the level of the public's perception of the value of biodiversity in KZN.	Baseline established.	Framework and methodology together with the Terms Of Reference have been developed, and Service Providers have been short listed. An appointment of the Preferred Service Provider to undertake the baseline index is underway and the work will commence during the first week of June 2011.
Increase Stakeholder Satisfaction Index.	Baseline established.	The baseline assessment has started and the stakeholders consulted are People and Parks Provincial Forum, BEAP Teachers and the Provincial stakeholders. The outcomes of the baseline information have been collated to determine the index, which will be made available during the new financial year, 2011/12.

**Increase financial resources**

<b>Key Objectives</b>	<b>Measurable and evidence based performance indicators</b>	<b>Status as at 31 March 2011</b>
Increase financial contribution from commercial operations activities.	R53.5 million (income-expenditure excluding capex) through commercial operations activities.	R15.3 million was contributed by Commercial Operations. Factors such as the economic downturn, fuel price increases and exchange rates were not in favour of tourists visiting our resorts. However, a revenue generation strategy is being implemented to improve our revenue generation capabilities.
Secure external funding through various projects.	R50 million worth of funding.	R85 million was secured through various projects.



## Optimise use of financial resources

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Use working capital more efficiently.	Working capital days must be 115 days.  Working capital days = Inventories + Trade and other Receivables - Trade and other Payables.	The average working capital days are 118 for the year. This is an average of the four quarters.
Reduce budget variance from planned to actual in terms of expenditure.	Variance from planned to actual should be less than 10% under expenditure. No over expenditure is allowed.	Overall, 4% underspent at the end of the year.
Ensure there is no fraud, no fruitless expenditure or any other expenses that are not service delivery related.	Use 100% of financial resources for service delivery.	0,04 % of the total operating expenses (R229,000) that were not service delivery related were recorded this year.
Maintain immovable assets.	Spend R17.3 million on maintaining immovable assets.	R26.8 million has been spent on maintenance.
Purchase new or replace old assets.	Spend R32.3 million on replacing or purchasing new assets.	R28.85 million was spent.

## Create an innovative culture

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Develop and implement new services or products.	Three new services or products.	Star gazing material has been purchased. A format test will be set up before August 2011. Bush Braai material procured in 2010/11 financial year. Development plan has been drawn up to include bar structure, store room, fire/cooking area and dining boma. Part A of scoping report has been completed, part B to be completed by Park Ecologist in conjunction with Hospitality Managers and submitted to relevant stakeholders.

## Create synergies across business and support units

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Develop and implement internal service level agreements.	10 inter-departmental service level agreements.	This objective was not achieved during the year due to lack of resources. It will be dealt with in the new financial year.

### Increase communication level

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Release internal corporate communication.	Four publications.	During the year only three publications were released. There was a delay producing the fourth one due to operational reasons.
Release media publication.	100 main stream media publication.	According to Newsclip Media Monitoring company EKZMW got published 512 times. It includes coverage by provincial and national newspapers and magazines, but excludes radio stations.
Keep website updated.	Four planned website updates.	Two updates were performed, however, a quarterly update will be performed in future.
Keep the intranet updated.	Four planned intranet updates	Five updates were performed.

### Develop and maintain quality standards

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Evaluate a quality control system for EKZMW.	One evaluation report.	The evaluation has been done and a report has been produced with recommendations.

### Manage organisational resources effectively and efficiently

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Align organisational structure to strategy.	A plan was developed in order to re-align the structure. That plan needs to be 100% implemented.	The plan is 72% implemented. The remainder will be completed in the new financial year.

### Optimise strategic alliances with relevant stakeholders

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Formalise strategic alliances.	40 formalised agreements (SLAs/MOUs).	107 agreements have been entered into by the organisation with relevant stakeholders.

### Comply with relevant legislation

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Keep track of applicable legislation and changes.	Develop one legislation database and conduct two updates.	One legislation database was compiled but no update was required.
Ensure compliance through a compliance policy.	Develop and implement a compliance policy.	The policy still needs to be developed. Lack of resources in the legal office was the main cause as the legal manager's position was vacant. This objective will be rolled out in the new year.

### Develop and implement an Information and Knowledge Management System

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Manage organisational knowledge.	Develop a knowledge management policy.	Policy was not developed due to prioritisation issues. IT lacked the capacity and resources. This will be rolled out in the new financial year.

### Manage organisational risks

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Review risk management policy.	No of updates of the risk management policy.	The policy review has not been finalised as the implementation of CURA, the risk management system, needs to be completed first. The review will take place in the first quarter of the new financial year.
Monitor mitigations of risk.	Four reports based on the risk action plans/quarterly reports.	Four reports have been produced to track the execution of the risk action plan.

### Implement Broad based Transformation Policies

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Support broad based transformation	60% expenditure in terms of rand value on contracts/tenders awarded to BEE companies against total amount spent.	Of the R76,6 million spent only 19% (R12,2 million) was on BEE companies. Most of the bids were complicated, and as a result BEE companies were unable to meet our specifications.

**Implement best practices in managing wellness and related activities**

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Manage the effect of HIV/Aids.	Develop a HIV/Aids management programme.	A disease management programme that includes HIV/Aids management has been developed.
Involve employees in wellness programmes.	Have a minimum of 2 340 employees participating in wellness programmes.	3 822 employees attended 11 wellness intervention sessions. Please note that an employee can attend one or more sessions and this number is as per the attendance register.

**Attract and retain the best Human Capital**

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Recruit and retain best human capital.	Implement 20% of the recruitment and retention strategy.	74% of the strategy has been implemented. This comprises of a list of activities as per the project plan which includes development of the programme, induction and wellness programmes, recruitment policy implementation and MOUs with relevant stakeholders.
Evaluate performance.	2 692 (permanent) employees on performance management.	860 employees are on performance management. The remaining will only commence after profiling of the positions has been completed in the new financial year.

**Create a culture of learning and development of employees**

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Provide employees with relevant training.	Provide training to 1 535 employees.	1 850 participants attended 119 courses. The training was as per the WSP and Adhocs.

**Increase employee satisfaction**

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Increase employee satisfaction.	Develop survey and establish baseline.	The survey has been developed and rolled out in March 2011. The closing date for the survey is mid-May. The results will be analysed and a report communicated in the next quarter where baseline can be established.

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

Key Objectives	Measurable and evidence based performance indicators	Status as at 31 March 2011
Create employment opportunities including permanent and contract/casual.	4 540 employment opportunities through the organisation.	Average of 3 421 which includes jobs from Projects and Partnerships.



Ezemvelo Golf Day

## GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	Republic of South Africa
<b>Legal form of entity</b>	A Schedule 3C Public Entity established in terms of KwaZulu-Natal Nature Conservation Management Act (Act No. 9 of 1997), read in conjunction with the PFMA (Act No. 1 of 1999)
<b>Nature of business and principal activities</b>	Biodiversity Conservation, Ecotourism and Partnerships
<b>Members</b>	Mr ZC Ngidi - Chairperson Dr AT Nzama - Deputy Chairperson Inkosi BF Bhengu Mr SNM Dladla Ms PS Dlamini Ms T Dlamini Ms DM Dold Ms BP Mchunu-Mzila Mr WU Nel Inkosi MI Tembe Dr IB Mkhize – Chief Executive Officer (ex officio)
<b>Registered office</b>	Queen Elizabeth Park Peter Brown Drive Montrose Pietermaritzburg 3201
<b>Postal address</b>	P O Box 13053 Cascades 3203
<b>Auditors</b>	Auditor General Registered Auditors
<b>Secretary</b>	Ms H Sutter

# KwaZulu Natal Nature Conservation Board

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

## INDEX

The reports and statements set out below comprise the Annual Financial Statements presented to the provincial legislature:

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## **KwaZulu Natal Nature Conservation Board**

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

### **Accounting Authority's Responsibilities and Approval**

The Accounting Authority is required by the KwaZulu-Natal Nature Conservation Management Act (Act No. 9 of 1997) and the PFMA (Act No. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate Accounting Policies consistently applied and supported by reasonable and prudent judgments and estimates.

#### **Approval**

The annual financial statements set out on pages 49 to 85 were approved by the accounting authority on 31 July 2011.



Mr ZC Ngidi – Chairperson  
Accounting Authority  
Date: 31 July 2011



# KwaZulu Natal Nature Conservation Board

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

## Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2011.

### Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and is expected to meet at least 4 times per annum as per its approved terms of reference. During the current year 8 meetings were held and the log of member attendance is tabled below.

Name of member	Number of meetings attended
Mr M Mia (Chairperson)	8
Ms CN Mhlongo	8
Mr SL Ndaba	3 (resigned - Nov 2010)
Mr SD Shezi	6
Mr WU Nel	6 (Appointed - Jan 2010)
Ms BP Mchunu-Mzila	3 (Appointed - Jan 2010, maternity leave-Jul to Dec 2010)
Ms DM Dold	4 (appointed - Jul 2010)

### Audit Committee responsibility

The Committee has complied with its responsibilities arising from section 55 (1)(b) of the Public Finance Management Act (PFMA) and Treasury Regulations 27.1.7 and 27.1.10(b) and (c).

The Committee has also adopted appropriate formal terms of reference as the Audit Committee charter; has regulated the affairs in compliance with this charter; and has discharged all its responsibilities as contained therein.

The entity has a fully functional Internal Audit division. The Internal Audit division 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 requirement. 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 is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the entity during the year under review.

### Evaluation of Annual Financial Statements

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- 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 Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements be accepted.



**M Mia – Chairperson**

**Date: 31 July 2011**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying financial statements of the KwaZulu-Natal Nature Conservation Board, which comprise the statement of financial position as at 31 March 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 56 to 83.

**Accounting authority's responsibility for the financial statements**

2. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as management determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-General's responsibility**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the PFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*. 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.
5. 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.
6. 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**

7. Due to the lack of a proper asset management system, I was unable to verify the existence and completeness of assets, stated at R927,531 million in the financial statements. The Board's records did not permit the application of adequate alternative audit procedures regarding the existence and completeness of these assets.
8. Standard of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment* requires that subsequent to initial recognition at cost, an item of property, plant and equipment should be carried at cost less accumulated depreciation and accumulated impairment losses. The Board did not assess the impairment of property, plant and equipment as evidenced by assets identified not being indicative of their net book value.

9. Furthermore, the Board did not recognise and depreciate completed assets, included under work in progress. As a result of the lack of a proper asset management system, I was unable to confirm by alternative means the impairment and depreciation of these assets. Consequently, I was unable to satisfy myself as to the existence, valuation and completeness of assets stated at R927,531 million in the financial statements.

#### **Deferred Income**

10. The Board could not provide sufficient appropriate audit evidence to support the balance of R28,011 million disclosed as deferred income in note 10 to the financial statements. The Board's records did not permit the application of adequate alternative audit procedures regarding deferred income. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligation pertaining to this amount.

#### **Trade and other payables**

11. The Board could not provide sufficient appropriate audit evidence to support the balance of R30,715 million disclosed as sundry payables in note 13 to the financial statements. The Board's records did not permit the application of adequate alternative audit procedures regarding sundry payables. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligation pertaining to this amount.

#### **Clearing suspense accounts**

12. Treasury Regulation 17.1.2 requires the sources of the transactions in a clearing account to be readily identifiable and monthly reconciliations to be performed to confirm the balance of the account. This information could not be provided for clearing accounts with credit balances totalling R4,419 million and debit balances totalling R4,019 million. The Board's records did not permit the application of alternative audit procedures regarding the clearing accounts. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligations / rights pertaining to the clearing account balances.

#### **Qualified opinion**

13. 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 2011 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

#### **Emphasis of matters**

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

#### **Significant uncertainties**

15. As indicated in the chairman's report a high court action has been brought, challenging the legitimacy of the Board, based on alleged procedural irregularities in the appointment process.

#### **Restatement of corresponding figures**

16. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of errors discovered during 2011 in the financial statements of the entity at, and for the year ended 31 March 2010.

#### **Additional matters**

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

#### **Unaudited supplementary schedules**

18. The supplementary information set out on pages 84 to 85 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

19. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 39 to 45 and material non-compliance with laws and regulations applicable to the Board.

#### **Predetermined objectives**

##### **Usefulness of information**

20. The following criteria are relevant to the findings below:

- Consistency: Objectives, indicators and targets are consistent between planning and reporting documents
- Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets

21. The following audit findings relate to the above criteria:

##### **Changes to planned indicators and targets were not approved**

22. Different indicators and targets were reported on as opposed to the approved annual performance plan.

##### **Planned and reported indicators are not well defined**

23. For the selected programmes, all the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

#### **Compliance with laws and regulations**

##### **Strategic planning and performance management**

24. The accounting authority did not finalise and submit a strategic plan for approval to the relevant executive authority on or before 1 April 2010 as required by Treasury Regulation (TR) 30.1.2.

##### **Annual financial statements, performance and annual report**

25. The accounting authority submitted financial statements for auditing that were not prepared in all material respects in accordance with generally recognized accounting practice and supported by full and proper records as required by sections 55(1)(a) and (b) of the PFMA. Certain material misstatements identified by the AGSA with regard to assets, accumulated depreciation, expenditure, provision and reserves were subsequently corrected, however the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion in contravention of section 55(2)(a).

26. The accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority as per TR 28.3.1 and section 55(2) and 54(2) of the PFMA.

##### **Expenditure management**

27. All payments due to creditors were not settled within 30 days from receipt of an invoice, as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.

### **Asset management**

28. Management did not ensure that a proper control system exists for assets to eliminate theft, losses, wastage and misuse, as per the requirement of TR 10.1.

### **INTERNAL CONTROL**

29. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### **Leadership**

30. The accounting authority did not exercise oversight responsibility over financial reporting and internal control. Actions were not taken to address risks relating to the achievement of complete and accurate financial reporting and to mitigate the risk resulting in non-compliance with regulatory and reporting requirements.

### **Financial and performance management**

31. Systems were not appropriate to facilitate the preparation of fairly presented financial statements. The entity did not implement adequate policies and procedures to ensure adequate safe-guarding of assets, clearing and reconciling of suspense accounts, capturing of expenditure, deferred income and sundry payables, validity and accuracy of the reported performance against predetermined objectives and compliance with applicable laws and regulations.

### **Governance**

32. The entity did not identify information systems' risks relating to the achievement of financial reporting objectives.

*Auditor-General*

Pietermaritzburg

29 July 2011



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **KwaZulu Natal Nature Conservation Board**

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

### **Accounting Authority's Report**

The members submit their report for the year ended 31 March 2011.

#### **1. Review of activities**

The organization recorded a net surplus of R 57,968 million (2010: deficit R 38,088 million). The reconciliation of budget surplus / deficit to current surplus is reflected as note 31.

#### **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 Board continue to procure funding for the ongoing operations for the entity and that the amounts voted by legislature to conservation within the Medium Term Expenditure Framework (MTEF) are received over the financial years ending 31 March 2015. Future strategies and plans to improve the financial state of the organisation have been adopted and will be monitored during the 2011/12 financial year.

As such there is no indication that the ability to procure such funding from the Legislature is at risk, nor is there a change in the Legislative environment, which indicates that the Board shall be funded from voted funds.

#### **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. Accounting Policies**

The impact on the results of the entity due to changes in accounting policy or prior period error 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.

# KwaZulu Natal Nature Conservation Board

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

## 5. Member and Managing Executive emoluments

### Economic entity

	Remuneration	Allowances	Company Contributions	Total Package 2011	Total Package 2010
<b>Accounting Authority and Audit Committee</b>					
Board Members	532,754	190,796	-	723,550	318,844
External Audit Committee Members	119,910	33,557	-	153,467	111,246
Interim Accounting Authority					171,743
	<b>652,664</b>	<b>224,353</b>	<b>-</b>	<b>877,017</b>	<b>601,833</b>
<b>Managing Executives</b>					
Chief Executive Officer	883,857	365,510	121,999	1,371,366	1,122,404
Chief Financial Officer (resigned 28 Feb 2011)	546,238	210,146	117,918	874,302	832,548
Executive Director Commercial Operations	582,384	220,075	113,251	915,710	737,124
Executive Director Biodiversity Conservation	582,384	212,601	118,611	913,596	852,376
Executive Director Corporate Support Services (resigned 30 June 2010)	132,376	62,708	17,871	212,955	759,396
	<b>2,727,239</b>	<b>1,071,040</b>	<b>489,650</b>	<b>4,287,929</b>	<b>4,303,848</b>

## 6. Corporate governance

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 ongoing development of best practice.

The entity confirms and acknowledges its responsibility to comply with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa.

**KwaZulu Natal Nature Conservation Board**

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

**Statement of Financial Position**

	Note(s)	2011 R '000	2010 R '000 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	8,283	7,408
Trade and other receivables from exchange transactions	7	20,635	10,040
Cash and cash equivalents	8	169,304	123,348
		<b>198,222</b>	<b>140,796</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	927,531	846,308
<b>Total Assets</b>		<b>1,125,753</b>	<b>987,104</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	13	120,434	51,028
Deferred Income	10	28,011	19,585
Provisions	11	86,902	84,036
Trust funds and external projects	12	33,864	40,290
		<b>269,211</b>	<b>194,939</b>
<b>Non-Current Liabilities</b>			
Provisions	11	52,579	46,170
<b>Total Liabilities</b>		<b>321,790</b>	<b>241,109</b>
<b>Net Assets</b>		<b>803,963</b>	<b>745,995</b>
<b>Net Assets</b>			
Reserves			
Revaluation reserve	9	303,846	303,846
Accumulated surplus		500,117	442,149
<b>Total Net Assets</b>		<b>803,963</b>	<b>745,995</b>



# KwaZulu Natal Nature Conservation Board

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

## Statement of Financial Performance

	Note(s)	2011 R '000	2010 R '000 Restated
Revenue	14	616,513	588,876
Cost of sales		(23,870)	(24,748)
<b>Gross surplus</b>		<b>592,643</b>	<b>564,128</b>
Other income		33,369	30,901
Operating expenses		(596,708)	(640,034)
Non-Exchange transaction revenue- projects		66,338	36,243
Non-exchange expenditure- projects		(45,721)	(39,819)
<b>Operating surplus / (deficit)</b>	16	<b>49,921</b>	<b>(48,581)</b>
Interest Income	20	8,134	10,520
Finance costs	21	(87)	(27)
<b>Surplus (deficit) for the year</b>		<b>57,968</b>	<b>(38,088)</b>

**KwaZulu Natal Nature Conservation Board**

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

**Statement of Changes in Net Assets**

	Note(s)	Revaluation reserve R '000	Accumulated surplus R '000	Total net assets R '000
<b>Balance at 01 April 2009 as previously reported</b>		<b>404,527</b>	<b>480,237</b>	<b>884,764</b>
Surplus /(Deficit) for the year			(29,877)	(29,877)
Revaluation Depreciation		(14,750)		(14,750)
<b>Balance at 31 March 2010 as previously reported</b>		<b>389,777</b>	<b>450,364</b>	<b>840,141</b>
Prior year adjustments	2	(85,931)	(8,211)	(94,142)
<b>Balance at 01 April 2010 as restated</b>		<b>303,846</b>	<b>442,149</b>	<b>745,995</b>
Surplus for the year		-	57,968	57,968
<b>Balance at 31 March 2011</b>	<b>9</b>	<b>303,846</b>	<b>500,117</b>	<b>803,963</b>

# KwaZulu Natal Nature Conservation Board

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

## Cash Flow Statement

	Note(s)	2011 R '000	2010 R '000 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		207,905	233,181
Grants		431,382	397,578
Interest income		8,134	10,520
Other receipts- Non-exchange revenue		66,338	36,243
		<u>713,759</u>	<u>677,522</u>
<b>Payments</b>			
Employee costs		(424,987)	(402,785)
Suppliers		(104,810)	(248,196)
Finance costs	21	(87)	(27)
Other cash item- Non-Exchange transaction		(45,721)	(39,818)
		<u>(575,605)</u>	<u>(690,826)</u>
<b>Net cash flows from operating activities</b>	<b>23</b>	<b><u>138,154</u></b>	<b><u>(13,304)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(87,505)	(35,746)
Proceeds from sale of property, plant and equipment	4	1,733	1,277
<b>Net cash flows from investing activities</b>		<b><u>(85,772)</u></b>	<b><u>(34,469)</u></b>
<b>Cash flows from financing activities</b>			
Net change to Conditional grants	24	(6,426)	(4,887)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>45,956</b>	<b>(52,660)</b>
Cash and cash equivalents at the beginning of the year		123,348	176,008
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b><u>169,304</u></b>	<b><u>123,348</u></b>

## **KwaZulu Natal Nature Conservation Board**

Trading as Ezemvelo KZN Wildlife

Annual Financial Statements for the year ended 31 March 2011

### **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 Asset**

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 performance as the fair value or cost of the assets cannot be measured reliably. The exact quantity and value of these assets can not be measured with reliable accuracy. 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 non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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.

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

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.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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Any decrease in an asset's carrying amount, as a result of a revaluation or impairments, is first debited against the revaluation surplus to the extent of any credit balance existing in the revaluation surplus. The excess to the credit balance in the revaluation surplus is then recognised in surplus or deficit in the current period.

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 years
Furniture and fixtures	4 to 6 years
Motor vehicles	4 to 8 years
IT equipment	3 years
Infrastructure	20 years
Community	15 years
Other property, plant and equipment	15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

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.

### 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.

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### **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 identified through supply chain management processes and declared such that the suppliers may be identified as related parties. Transactions with related parties are disclosed in the financial statements of the entity. Related parties are any member of the Board, Senior Management and their immediate family.

### **1.5 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 at 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.

### **1.6 Capital commitments**

Capital commitments arise when commitments to capital expenditure carry-over 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.

### **1.7 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:

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

The entity 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.

### **1.8 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).

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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.

## 1.9 Employee benefits

### Short-term employee benefits

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

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

### 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 reduces 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.

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### **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.

### **1.10 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.

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 26.

### **1.11 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.



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## 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.

## 1.12 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.

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### **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.

### **Services in-kind**

Services in-kind are not recognised.

### **1.13 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.

### **1.14 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 year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.15 Fruitless expenditure**

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

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

### **1.16 Irregular expenditure**

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 1.17 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.

## 1.18 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 Annual Financial Statements

#### 2. Changes in Accounting Policy and Prior Year Adjustments

##### Prior period error

Invoices relating to the prior period were not accounted for correctly and accrued for in the prior period. The total amount of the invoices was R8.211 million which affected the net deficit for the prior period.

Further an amount of R85,931 million relating to Projects Assets was incorrectly accounted for in the prior period, necessitating an adjustment to revaluation reserve.

The aggregate effect of the prior period error on the annual financial statements for the year ended 31 March 2011 is as follows:

<b>Statement of financial position</b>	<b>2010 R'000</b>
<b>Trade and other payables</b>	
Previously stated	42,817
Prior Year Adjustments	8,211
	<u>51,028</u>
<b>Revaluation reserve</b>	
Previously stated	389,777
Prior Year Adjustments	(85,931)
	<u>303,846</u>
<b>Opening accumulated surplus/deficit</b>	
Previously stated	450,360
Prior Year Adjustments	(8,211)
	<u>442,149</u>

#### 3. Biological Asset

##### Fauna and Flora

The biological assets are not recognised in the statement of financial performance.

As part of its mission, the organisation is responsible for a wide range of biodiversity, encompassing fauna, flora, geological structures and unique scenery. These assets are not held for their ability to generate cash inflows and their service potential is limited to their heritage characteristics.

Attaching a reliable "fair value" to all biodiversity not "held for sale" is not possible due to the following reasons:

- i) The key drivers for successful biodiversity conservation include scientific management of the entire ecosystem in terms of flora and fauna as well as the processes that maintain these patterns. Valuing certain animals without taking into account the contribution of other organisms and other aspects of the ecosystem is not in line with biodiversity conservation principles.

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- (ii) Fauna move naturally from one place to another in search of preferred habitat and are therefore unpredictable in terms of their availability for counting. This issue is further complicated by short term responses of game to weather conditions. While fences are used as artificial barriers to control movement of some species, this is not an ideal situation, and some species move freely despite these barriers, which makes counting difficult. 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.

## 4. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings and Structures	1,097,582	(435,335)	662,247	1,097,821	(415,802)	682,019
Plant and machinery	7,486	(3,770)	3,716	6,697	(2,704)	3,993
Furniture, Tools and Equipment	76,584	(39,444)	37,140	69,448	(37,690)	31,758
Aircraft, Vehicles and boats	140,982	(70,168)	70,814	130,840	(95,060)	35,780
Computer Equipment	21,482	(8,505)	12,977	19,092	(7,213)	11,879
Roads	81,861	(33,024)	48,837	67,965	(32,820)	35,145
Dams, reservoirs and boreholes	6,112	(4,983)	1,129	6,070	(4,635)	1,435
Fencing	34,081	(4,442)	29,639	5,933	(4,276)	1,657
Capital work in progress	61,032	-	61,032	42,642	-	42,642
<b>Total</b>	<b>1,527,202</b>	<b>(599,671)</b>	<b>927,531</b>	<b>1,446,508</b>	<b>(600,200)</b>	<b>846,308</b>

## Reconciliation of property, plant and equipment – 2011

	Opening Balance	Additions	Take-on balance	Disposals	Write ups / revaluations	Depreciation	Total
Buildings and Structures	682,019	-	12	(252)	2,423	(21,955)	662,247
Plant and machinery	3,993	648	223	(81)	357	(1,424)	3,716
Furniture, Tools and Equipment	31,758	1,524	6,449	(952)	12,122	(13,761)	37,140
Aircraft, Vehicles and boats	35,780	4,327	24,806	(353)	40,212	(33,958)	70,814
Computer Equipment	11,879	905	1,579	(95)	5,793	(7,084)	12,977
Roads	35,145	-	-	-	17,261	(3,569)	48,837
Dams, reservoirs and boreholes	1,435	-	99	-	-	(405)	1,129
Fencing	1,657	-	28,543	-	-	(561)	29,639
Capital Working Progress	42,642	18,390	-	-	-	-	61,032
<b>Total</b>	<b>846,308</b>	<b>25,794</b>	<b>61,711</b>	<b>(1,733)</b>	<b>78,168</b>	<b>(82,717)</b>	<b>927,531</b>

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### Reconciliation of property, plant and equipment – 2010

	Opening balance	Additions	Take-on balance	Disposals	Write ups / revaluations	Depreciation	Total
Buildings	703,883	-	-	-	-	(21,864)	682,019
Plant and machinery	4,521	694	-	-	-	(1,222)	3,993
Furniture and fixtures	35,865	5,846	-	-	-	(9,953)	31,758
Motor vehicles	46,984	9,546	-	(238)	-	(20,512)	35,780
IT equipment	7,365	9,689	-	(790)	-	(4,385)	11,879
Roads	38,510	-	-	-	-	(3,365)	35,145
Dams, Reservoirs and boreholes	1,734	101	-	-	-	(400)	1,435
Fencing	2,052	-	-	-	-	(395)	1,657
Capital work in progress	118,703	9,870	-	-	(85,931)	-	42,642
	<b>959,617</b>	<b>35,746</b>	<b>-</b>	<b>(1,028)</b>	<b>(85,931)</b>	<b>(62,096)</b>	<b>846,308</b>

### Revaluations

During the year the intervals at which assets are to be revalued was changed from 3 years to periods of no more than 5 years. This is due to the nature of the business as well as cost benefit considerations for the entity. Revaluations are performed by management and each item's fair value was determined by observable prices in an active market or recent market transactions at arm's length terms. A re-assessment of useful lives was however conducted, which resulted in the amounts that have been disclosed in the revaluations column in the note.

### 5. Employee benefit obligations

#### Defined benefit plan

All employees are members of one of four schemes which are governed by the Pension Funds Act, 1956 (Act no. 24 of 1956). At 31 March 2011, there were 321 (2010: 331) employees on the Government Employee Pension Fund, 111 (2010: 117) employees on the Natal Parks Board Pension and Gratuity Pension Scheme, nil (2010: 1026) employees on the Siza Provident Fund and 2080 (2010: 1100) on the Ezemvelo KZN Wildlife Provident Fund.

#### 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 2008. 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 2008. Any shortfalls in benefit plans are the responsibility of the entity. The next valuation is due on 31 July 2011.

As at 31 July 2008, the actuarial present value of contracted retirement benefits amounted to R431 million. The actuarial value of planned assets to be used to settle the contracted retirement benefits at the same date amounted to R491 million. The surplus of R60 million amounts to 110% of the contracted retirement benefits.

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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.

## Government 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 1998, the fund was 96% funded. Plans by the administrators to reduce the deficit are currently unknown, but it should be noted that any attempt to reduce this deficit in the future through increased employer contributions may result in significant increased costs to the Board. 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.

Note(s)	2011 R '000	2010 R '000 Restated
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## 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 R52, 579 million as at 31 March 2011. In terms of the South African Statement of Generally Accepted Accounting Practice, AC 116, this unfunded liability is being recognised as an expense on a straight-line basis over three years.

The valuation is based on the Projected Unit Credit Method as prescribed by AC 116

## Post Retirement Medical Liability

Baseline opening balance	40,543	40,543
Interest Cost	12,046	7,938
Current Service Cost	3,111	1,793
Actuarial gain/ (loss)	3,264	-
Benefit Payment	(6,385)	(4,104)
	<b>52,579</b>	<b>46,170</b>

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**Defined contribution plan**

It is the policy of the entity to provide retirement benefits to all its new employees. At 31 March 2011, there were zero (2010: 1,026) employees on the Siza Provident Fund and 2080 (2010: 1100) on the Ezemvelo KZN Wildlife Provident Fund. As at 1 July 2010, the contributions of all provident fund members were allocated to the Ezemvelo KZN Wildlife Provident Fund in line with the Trustees resolution to create a consolidated provident fund.

The entity is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plan(s) as a defined benefit plan(s). The entity accounted for this (these) plan(s) as a defined contribution plan(s):

Note(s)	2011 R '000	2010 R '000 Restated
<b>6. Inventories</b>		
Consumable stores	1,525	1,495
Other goods held for resale	4,686	4,287
Fuel (Diesel, Petrol and gas)	2,072	1,626
	<b>8,283</b>	<b>7,408</b>
<b>7. Trade and other receivables from exchange transactions</b>		
Trade debtors	17,644	13,647
Deposits	1,286	1,130
Less: Provision for doubtful debts	(5,826)	(5,838)
Sundry receivables	7,531	-
Non- exchange transaction receivables- Projects	-	1,101
	<b>20,635</b>	<b>10,040</b>

**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. This is due to the amount of receivables considered to be due for discounting being too small to warrant such discounting. Furthermore, an adequate provision has been made for all the doubtful debts, which further reduced the relevant amount.

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance (note 19). An amount of R1,017 million (2010: R 1,283) was written off against the provision account in the current year.

Opening balance	5,838	5,838
Impairment	(1,017)	(1,283)
Provision	1,005	1,283
Closing balance	<b>5,826</b>	<b>5,838</b>



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	Note(s)	2011 R '000	2010 R '000 Restated
<b>8. Cash and cash equivalents</b>			
Included in Cash and cash equivalents are the balances relating to non-exchange revenue of R66, 338 million (2010: R36.243 million)			
Cash and cash equivalents consist of:			
Cash on hand		1,719	392
Bank balances		84,179	35,216
Short-term deposits		31,603	50,814
Funds held in trust		50,438	35,180
Other cash and cash equivalents		1,365	1,746
		<b>169,304</b>	<b>123,348</b>
<b>9. Revaluation reserve</b>			
Buildings and Structures		324,388	324,388
Revaluation Accumulated Depreciation		(20,542)	(20,542)
		<b>303,846</b>	<b>303,846</b>
<b>Revaluation surplus relating to property, plant and equipment</b>			
Revaluation surplus beginning of period		303,846	404,527
Movements in the reserve for the year		-	(100,681)
		<b>303,846</b>	<b>303,846</b>
<b>10. Deferred Income</b>			
<b>Unspent conditional grants and receipts comprises of:</b>			
<b>Unspent conditional grants and receipts</b>			
Conditional Grants		28,011	18,763
Deferred Income- Insurance		-	822
		<b>28,011</b>	<b>19,585</b>

The nature and extent of conditional grants recognised in the Annual Financial Statements is an indication of other forms of assistance from which the entity has directly benefited; and unfulfilled conditions and other contingencies attaching to the assistance that has been recognised.

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**11. Provisions**

**Reconciliation of provisions – 2011**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>
Leave Pay Provision	73,372	5,209	(8,470)	70,111
Bonus	4,968	15,842	(15,551)	5,259
Contributory Pension	696	3,094	(3,035)	755
Legal Claims	5,000	-	-	5,000
Post Retirement Medical Aid	46,170	6,409	-	52,579
Other Provisions	-	5,777	-	5,777
	<b>130,206</b>	<b>36,331</b>	<b>(27,056)</b>	<b>139,481</b>

**Reconciliation of provisions – 2010**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>
Leave Pay Provision	78,581	(508)	(4,701)	73,372
Environmental rehabilitation	4,691	19,441	(19,164)	4,968
Contributory Pension	965	2,906	(3,175)	696
Legal Claims	5,000	-	-	5,000
Post Retirement Medical Aid	43,269	5,027	(2,126)	46,170
	<b>132,506</b>	<b>26,866</b>	<b>(29,166)</b>	<b>130,206</b>

	<b>Note(s)</b>	<b>2011 R '000</b>	<b>2010 R '000 Restated</b>
Non-current liabilities		52,579	46,170
Current liabilities		86,902	84,036
		<b>139,481</b>	<b>130,206</b>

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## 12. Trust funds and external projects

Special projects incorporate 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. Each of these funds are kept in separate bank accounts included in cash and cash equivalents.

	Note(s)	2011 R '000	2010 R '000 Restated
Special Projects		15,434	16,956
Community Levy		14,518	19,638
Emergency Services		2,412	2,510
Chairman's Trust Fund		1,500	1,186
		<b>33,864</b>	<b>40,290</b>
<b>Community Levy Reconciliation</b>			
Opening balance		19,638	19,275
Funds received during the year		5,520	3,216
Interest accrued		931	1,016
Community expenses incurred		(11,571)	(3,869)
		<b>14,518</b>	<b>19,638</b>
<b>13. Trade and other payables from exchange transactions</b>			
Trade payables		65,799	20,021
Deposits received		23,920	17,225
Other payables- Projects		-	13,782
Sundry payables		30,715	-
		<b>120,434</b>	<b>51,028</b>
<b>14. Revenue</b>			
Sale of goods		33,835	35,399
Accommodation		97,768	102,112
Natural Resource Trade		250	1,215
Hunting		985	4,373
Fines and Permits		1,223	1,224
Licences and permits		4	192
Admission		24,546	23,573
Trails, Rides and Tours		10,826	10,810
State Subsidy Transfer		431,382	397,578
Game Sales		15,694	12,400
		<b>616,513</b>	<b>588,876</b>

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	Note(s)	2011 R '000	2010 R '000 Restated
<b>The amounts included in revenue arising from exchanges of goods or services are as follows:</b>			
Sale of goods		33,835	35,399
Accommodation		97,768	102,112
Natural Resource Trade		250	1,215
Hunting		985	4,373
Licences and permits		4	192
Admission		24,546	23,573
Trails, Rides and Tours		10,826	10,810
Game Sales		15,694	12,400
		<b>183,908</b>	<b>190,074</b>

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

Fines		1,223	1,224
State subsidy transfers		431,382	397,578
		<b>432,605</b>	<b>398,802</b>

**15. Other revenue**

Concession and hire fees earned		3,777	3,917
Capture Cost Recoveries		2,030	9,417
Lump Sum Recoveries		580	-
Donations		3,285	5,763
Agency Services- Marine Coastal Management		10,496	6,342
Non-Exchange transaction revenue- projects		66,338	36,243
Sundry Revenue		13,201	5,213
		<b>99,707</b>	<b>66,895</b>

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Note(s)	2011 R '000	2010 R '000 Restated
Agency Services- Marine Coastal Management	10,496	6,342
Other exchange of goods revenue	19,588	18,547
	<b>30,084</b>	<b>24,889</b>

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

## Non exchange revenue- Projects

Non exchange revenue- Projects	66,338	36,243
Donations	3,285	5,763
	<b>69,623</b>	<b>42,006</b>

## 16. Operating Surplus (Deficit)

Operating Surplus (Deficit) for the year is stated after accounting for the following:

Gain on sale of property, plant and equipment	-	249
Depreciation on property, plant and equipment	82,718	47,346
Employee costs	424,987	402,785

## 17. Employee related costs

Basic	278,566	265,657
Medical aid - company contributions	31,498	23,872
Unemployment Insurance Fund (UIF)	2,878	2,561
Workmans Compensation (WCA)	6,289	2,225
Skills Development Levy (SDL)	3,206	2,906
Leave pay provision charge	376	228
Other personnel costs	4,354	10,469
Post-retirement contributions	28,152	35,077
Subsistence Allowance	2,337	2,167
Overtime payments	5,719	4,676
13th Cheques	22,210	20,319
Car allowance	9,122	9,162
Housing benefits and allowances	30,280	23,466
	<b>424,987</b>	<b>402,785</b>

## 18. Administrative expenditure

Administrative expenditure	45,139	36,409
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	Note(s)	2011 R '000	2010 R '000 Restated
<b>19. Debt impairment</b>			
Debt impairment (Bad debt)		1,017	1,283
<b>20. Investment revenue</b>			
<b>Interest revenue</b>			
Bank		6,788	9,862
Bank- Non exchange transactions - Projects		1,346	658
		<b>8,134</b>	<b>10,520</b>
<b>21. Finance costs</b>			
Other interest paid		87	27
<b>22. Auditors' remuneration</b>			
Fees		1,348	1,758
Prior year under-provision		2,088	-
		<b>3,436</b>	<b>1,758</b>
<b>23. Cash generated from (used in) operations</b>			
Surplus (deficit)		57,968	(38,088)
<b>Adjustments for:</b>			
Depreciation and amortisation		82,718	47,346
Loss / (gain) on sale of assets and liabilities		-	(249)
Impairment Reversals		(78,168)	-
Debt impairment		1,017	1,283
Movements in provisions		9,275	(2,300)
<b>Changes in working capital:</b>			
Inventories		(875)	408
Trade and other receivables from exchange transactions		(10,595)	119
Consumer debtors		(1,017)	(1,283)
Trade and other payables from exchange transactions		69,405	(17,894)
Deferred Income		8,426	(2,646)
		<b>138,154</b>	<b>(13,304)</b>

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	Note(s)	2011 R '000	2010 R '000 Restated
<b>24. Net change in conditional grants</b>			
Balance at beginning of the year		(40,290)	(45,177)
Balance at end of the year		33,864	40,290
<b>Net changes in conditional grants are partly from capital surpluses</b>		<b>(6,426)</b>	<b>(4,887)</b>
<b>25. Commitments</b>			
<b>Authorised capital expenditure</b>			
<b>Already contracted for but not provided for</b>			
Budget carry over requests		<u>16,021</u>	<u>21,747</u>

## 26. Contingencies

### Conservation Land

The Board has capitalised its buildings. However, the land relating to these buildings is held by various government entities. 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.

Land claims relating to Ithala Game Reserve, Hluhluwe IMfolozi Park Corridor, Ndumo Game Reserve, and Tembe Elephant Park for a total of 91.096 hectares were settled and the Board entered into co-management agreements with the claimants. In terms of the land settlement agreements, the fixed assets situated on this land should be transferred to the new owners. There remains significant uncertainty as to the identity of the owners as the title deeds have not been finalised. Assets to the value of R125,123 million were identified in the fixed asset register as being resident in the land under claim. However, the figure could be lower as there may be movable assets included in the above figure.

The Board has received notification from The Department of Land Affairs (DLA) for 22 claims that remain unresolved as at the end of the current financial year. 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 (R'000)	Likelihood
Claim for damages	Ngcobo Poyo Attorneys	150	probable
Animal interest alliance	Kevin Pretorius Attorneys	qualitative	improbable
Housing application	McGregor Erasmus Attorneys	unquantifiable	improbable

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	Note(s)	2011 R '000	2010 R '000 Restated
<b>27. Related parties</b>			
<b>Relationships</b>			
Members	Refer to members' report note		
Associates	Kagiso Khulani Supervision Food Services		
Board participation by executive management	KZN Tourism Authority Wildlands Conservation Trust Isivuno		
<b>Related party balances</b>			
<b>Related party transactions</b>			
<b>Purchases from related parties</b>			
Kagiso Khulani Supervision Food Services		11,665	405
Wildlands Conservation Trust		65	1,500
KZN Tourism Authority		110	-
<b>Sales to related parties</b>			
Wildlands Conservation Trust		27	-
<b>28. Events after the reporting date</b>			
There were no events after the reporting date that are expected to have a significant impact on the organization's operations.			
<b>29. Fruitless and wasteful expenditure</b>			
CCMA Cases Settled (including legal expenses)		228	95
Overpayment for services rendered		-	92
Expenditure related to cleaning up of fixed assets		383	-
		<b>611</b>	<b>187</b>

Two employees implicated in the misappropriation of cash were dismissed.

The expenditure relating to cleaning up of fixed assets, is in respect of consultants (PricewaterhouseCoopers Combined Systems (Pty) Limited) who were to assist the organisation in cleaning up its fixed asset register. The aim of the exercise was to clean up the fixed assets as well as fairly account for them in the annual financial statements. This expenditure is deemed fruitless and wasteful in light of the difficulties experienced with fixed assets during the current year audit. An amount of R0.383 million of the above total has been paid out of a total invoice expenditure of R1.143 million. An investigation into what transpired and amounts that may be recoverable from the consultants is pending.



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	Note(s)	2011 R '000	2010 R '000 Restated
<b>30. Irregular expenditure</b>			
Opening balance		1,143	219
Add: Irregular Expenditure - current year		456	1,220
Less: Amounts condoned		-	(70)
Less: Amounts recoverable (not condoned)		-	(7)
Less: Amounts not recoverable (not condoned)		-	(219)
		<b>1,599</b>	<b>1,143</b>

## Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Procurement irregularities at Cape Vidal	Manager and Financial Controller resigned	352
Unaccounted cash at Cape Vidal	Manager and Financial Controller resigned	29
Unaccounted cash at Tembe Elephant Park	Employee dismissed	23
Deviation from SCM Guidelines	Investigation Pending	30
Procurement Irregularities	Investigation Pending	22
		<b>456</b>

## 31. Actual operating expenditure versus budgeted operating expenditure

Tabled below is the comparison of actual surplus or deficit against the approved budget surplus or deficit.

### Reconciliation of budget surplus/ deficit to current surplus or deficit

Net surplus/ deficit per statement of financial performance	57,968	(38,088)
Surplus/ deficit on sale of assets	-	249
Increase/decrease in provisions	9,275	-
Depreciation	3,230	28,549
Tourist income lower than budget	13,105	-
Non-Tourist income lower than budget	7,565	-
Surplus/ deficit on projects unit	(20,617)	3,575
Funding for carryovers included in Accumulated Surplus	15,000	-
Surplus/deficit on deferred income	-	5,715
Fixed assets budget	(35,806)	-
Savings on personnel and operating costs	(35,620)	-
Sundry Expenses	(14,100)	-
<b>Net surplus/ deficit on approved budget</b>	<b>-</b>	<b>-</b>

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	Note(s)	2011 R '000	2010 R '000 Restated
<b>32. World Cup Expenditure</b>			
World Cup Tickets (45)		33	-
Infrastructure spend in lieu of World Cup		1,575	-
		<b>1,608</b>	<b>-</b>

**33. 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 playing and oversight role in developing and monitoring the entity's risk management policies.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2011 was:

Trade and other receivables (note 7)	20,635	10,040
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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.

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## Investments

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

## Guarantees

The entity's policy is to provide financial guarantees only for specified services. There were no guarantees in issue as at 31 March 2011.

## 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 weekly. 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, in line with the Department of Agriculture, Environmental Affairs and Rural Development not to borrow monies. There are thus no credit facilities available.

## Market Risk

Market risk is the risk that changes in market prices, such as the interest rates which will affect the entity's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The entity policy, in line with the Department of Agriculture, Environmental Affairs and Rural Development is to invest surplus cash. Optimal rates and periods are received from various institutions. A proposal is made and approved by senior management.

The interest rate movements have not been as volatile in the year under review.

## Currency Risk

The entity does not engage in foreign currency transactions and is thus not exposed to this risk.

## Interest rate risk

It is the policy of the entity, in line with the Department of Agriculture, Environmental Affairs and Rural Development not to borrow monies. There are thus no credit facilities available. There is thus no risk relating to changes in the interest rate. The movement in interest rates is considered immaterial to the movement of the entity's income in the year under review.

## Fair values

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

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**Detailed Income Statement**

	Note(s)	2011 R '000	2010 R '000 Restated
<b>Revenue</b>			
Sale of goods		33,835	35,399
Rendering of services		97,768	102,112
Natural Resource trade		250	1,215
Hunting Revenue		985	4,373
Fines		1,223	1,224
Licences and permits		4	192
Admission		24,546	23,573
Trails, rides and tours		10,826	10,810
State subsidy transfers, permits and licences		431,382	397,578
Game Sales		15,694	12,400
	14	<b>616,513</b>	<b>588,876</b>
<b>Cost of sales</b>			
Retail Purchases		(23,870)	(24,748)
<b>Gross surplus</b>		<b>592,643</b>	<b>564,128</b>
<b>Other income</b>			
Rentals, hire and concessions		3,777	3,917
Recoveries		2,610	9,417
Donations		3,285	5,763
Agency Services - Marine Coastal Mgt		10,496	6,342
Non-Exchange Revenue- Projects		66,338	36,243
Sundry income		13,201	5,213
Interest received	20	8,134	10,520
Gains on disposal of assets		-	249
		<b>107,841</b>	<b>77,664</b>
<b>Expenses</b>			
<b>Operating Surplus (deficit) before finance costs</b>		<b>58,055</b>	<b>(38,061)</b>
Finance costs	21	(87)	(27)
<b>Surplus (deficit) for the year</b>		<b>57,968</b>	<b>(38,088)</b>

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	Note(s)	2011 R '000	2010 R '000 Restated
<b>Operating expenses</b>			
Administration and management fees		45,139	36,409
Auditors remuneration	22	3,436	1,758
Bad debts		1,017	1,283
Bank charges		2,278	2,068
Consumables		3,622	6,604
Contracted Services		12,525	7,691
Depreciation, amortisation and impairments		4,550	47,346
Employee costs	17	424,987	402,785
Marketing		8,847	9,834
Other consulting and professional fees		12,831	20,637
Non-Exchange transaction Expense- Projects		45,721	39,818
Repairs and maintenance		27,811	47,279
Subscriptions		3,772	9,238
Telephone and fax		1,228	871
Transport and freight		22,237	26,295
Utilities		22,428	19,937
		<b>642,429</b>	<b>679,853</b>





