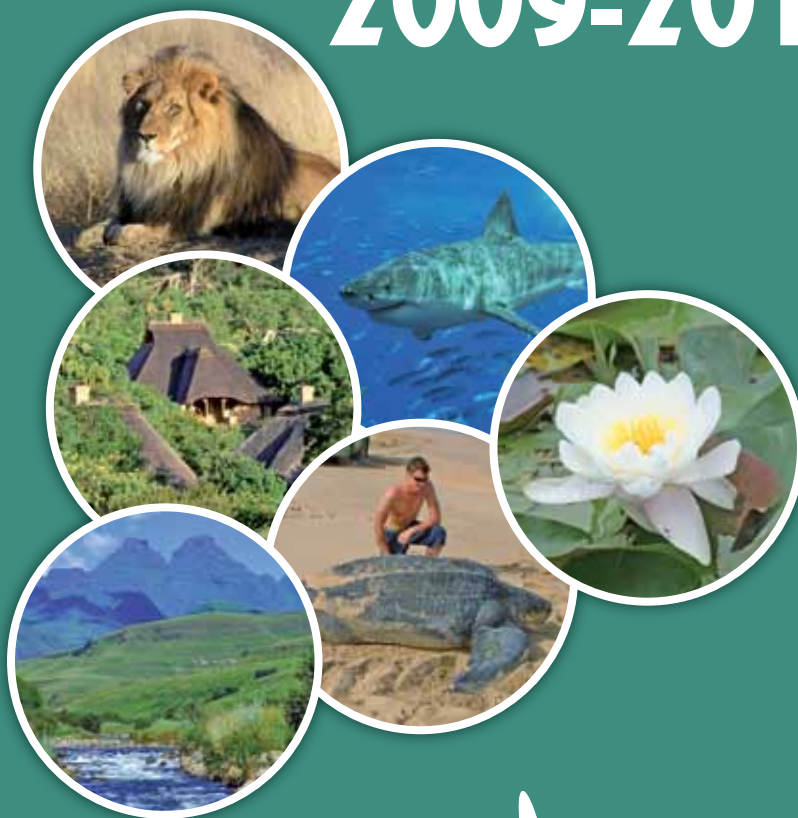




**E Z E M V E L O
K Z N W I L D L I F E**

Conservation, Partnerships & Ecotourism

KwaZulu-Natal Nature Conservation Board Annual Report 2009-2010



50 Years
Celebrating 50 years of Wilderness





Celebrating 50 years of Wilderness

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Public Finance Management Act 1 of 1999 Schedule 3C Ezemvelo KwaZulu-Natal Wildlife
Nature of business and principal activities	Biodiversity Conservation and Ecotourism
Members	Mr ZC Ngidi (Chairperson - Accounting Authority) Mr BF Bhengu Mr SNM Dladla Ms PS Dlamini Ms T Dlamini Ms D Dold Ms BP Mchunu-Mzila Mr WU Nel Dr AT Nzama Mr MI Tembe
Registered office	Queen Elizabeth Park Peter Brown Drive Montrose Pietermaritzburg 3201
Company registration number	PFMA Schedule 3C
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 1 of 1999)
The following legislation impacts on the operations of the entity:	
Founding Legislation Biodiversity Conservation and Heritage	<ul style="list-style-type: none"> • Constitution of the Republic of South Africa Act (No. 108 of 1996) • KwaZulu-Natal Nature Conservation Management Act (No. 9 of 1997) • National Environmental Management Act (No. 107 of 1998) • World Heritage Convention Act (No. 49 of 1999) • National Forest Act (No. 84 of 1999) • National Water Act (No. 36 of 1998) • Marine Living Resources Act (No. 18 of 1998) • KwaZulu Natal Heritage Act (No. 10 of 1997) • Conservation of Agricultural Resources Act (No. 43 of 1983) • NEMA: Protected Areas Management Act (No. 57 of 2003) • NEMA: Biodiversity Act (No. 10 of 2004) • Natural Scientific Professions Act (No. 27 of 2003) • Natal Nature Conservation Ordinance (No. 15 of 1974) • Veld and Forest Fire Act (No. 101 of 1998) • National Heritage Resources Act (No. 25 of 1999) • Environment Conservation Act (No. 73 of 1989) • KwaZulu Nature Conservation Act (No. 29 of 1992)

Employment and Economic Empowerment

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

Land and Roads

- Treasury Regulations
- Development Facilitation Act (No. 67 of 1995)
- Restitution of Land Rights Act (No. 22 of 1994)
- Municipal Demarcation Act (No. 27 of 1998)
- Expropriation Act (No. 63 of 1957)
- National Road Safety Act (No. 9 of 1972)
- National Road Traffic Act (No. 93 of 1996)
- National Roads Act (No. 54 of 1971)
- Land Affairs Act (No. 101 of 1987)
- Criminal Procedure Act (No. 51 of 1977)
- Firearms Control Act (No. 60 of 2000)
- Liquor Act (No. 49 of 2003)
- Promotion of Administrative Justice Act (No. 3 of 2000)

Sundry

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

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VISION, MISSION AND CORE VALUES

Vision

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

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 with honesty.

Respect

We treat stakeholders with patience, 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 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 KZN for the benefit of the 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 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 organisation programmes.



MESSAGE FROM THE MEC

As the MEC for Agriculture, Environmental Affairs and Rural Development, I commit my support to the KwaZulu -Natal Nature Conservation Board, and I will strive to ensure that the public entity complies with its mission of ensuring effective conservation and the sustainable use of Kwa-Zulu-Natal's biodiversity in collaboration with stakeholders, for the benefit of present and future generations. This must also include integrated and dynamic service delivery, partnership and empowerment of communities to ensure that they value biodiversity and share the benefits, as well as the maximization of funding opportunities from Ezemvelo KZN Wildlife's commercial operations.

The Department of Agriculture, Environmental Affairs and Rural Development will play its part together with other organs of state in meeting the Province's objectives in the war on poverty, ensuring the empowerment of communities, sustainable food security and improved standards of living.

I would like to reach out to all our stakeholders with the intent of strengthening relations and encouraging them to support us in our endeavours. Let us work together to achieve our goals of a better Province, a better KwaZulu-Natal and a better South Africa for all.



*Ms L. Johnson
MEC for Agriculture, Environmental
Affairs and Rural Development*

**MEC for Agriculture, Environmental
Affairs and Rural Development:
L Johnson (MPL)**

MESSAGE BY THE CHAIRPERSON OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2010



Mr ZC NGIDI
Chairperson: KwaZulu-natal Nature Conservation Board

It is an honour for me as the new Chairperson of the Board to present the KwaZulu-Natal Nature Conservation Board's Annual Report for the 2009 / 2010 financial year.

The long awaited appointment of new Board Members in December 2009 ushered in an exciting period for Ezemvelo KZN Wildlife, bringing new blood, fresh ideas, a variety of much needed expertise, and a fully constituted Board.

During the year under review, the Board bade farewell to Dr Patrick Sokhela who served as Chairperson of the Board for almost six years, as well as Board Members Mr Philani Shangase, Mr Thulani Nkosi, Mr Ilan Lax and the late Mr Obed Shabangu. Our condolences go to the families of the late Mr Obed Shabangu and Mr Khulani Mkhize, our former CEO, who passed away during the year. Despite the numerous challenges faced by the outgoing Board Members, their contribution is acknowledged and I express my thanks to them for the foundation that they have left behind.

It would also be appropriate to mention the contribution of the Members of the Interim Accounting Authority which was appointed by the former MEC for Agriculture and Environmental Affairs, namely Comfort Ngidi, Roshan Morar and Busi Mnganga. Through their efforts the organisation was stabilised and a new CEO, Dr Bandile Mkhize was appointed who brought the necessary leadership and direction to the organisation. I am pleased to report that the implementation of the recommendations of the Forensic Report of Ezemvelo KZN Wildlife and associated disciplinary process for employees was concluded, and we are now able to put this era behind us.

Due to the ongoing need for the organisation to realign its operations to meet the ever changing challenges and opportunities, not only within Ezemvelo KZN Wildlife but also in the Province, the Board oversaw the review of the Corporate Strategic Plan. The result of this process was the Board's adoption of a revised five year Corporate Strategic Plan for 2009 – 2014, aligned to the budget and the strategic objectives, as well as the Government's Key Performance Areas and the Targets and Outcomes for the next five years.

A number of challenges lie ahead in the coming year. Some of these challenges include the urgent need to resolve the Ndumo Game Reserve land invasions, which requires the urgent participation of our political leaders in reaching a sustainable solution for the Mbangweni Community and the long term conservation of this world renowned and valuable biodiversity asset; the resolution of commitments made to new land owners and sustainable co-management agreements within our protected areas by the Department of Land Affairs; and the generation of additional revenue to fund biodiversity conservation.

The Board remains aware of the enormous expectations that have been placed on it, and acknowledges, whilst this responsibility brings many challenges, there are also many opportunities. The Board looks forward to strengthening relationships and working together with all its stakeholders for the benefit of the people of KwaZulu-Natal.

In closing, I thank my fellow Board Members and the CEO, Dr Bandile Mkhize, who have displayed commitment and enthusiasm towards the work of the Board in its quest for improved service delivery. I also acknowledge the support of Mrs Lydia Johnson, our political head and MEC for Agriculture, Environmental Affairs and Rural Development, and our former MEC for Agriculture and Environmental Affairs, Mr Mtholephi Mthimkhulu. I also thank 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.

A handwritten signature in dark ink, appearing to read 'S. Ngidi'.

Mr ZC NGIDI
CHAIRPERSON: KWAZULU-NATAL NATURE CONSERVATION BOARD

MESSAGE BY CEO

The period under review was very productive with a number of ground breaking initiatives and we managed to turn a lot of things around and implemented a number of groundbreaking initiatives.

This would not have been achieved without the hard work and support of our members of staff. Keep up the good work and stay motivated to do more at all times.

I take this opportunity to update you on the initiatives that took place during 2009. We started with a bang and developed a Five year Organisational Strategy to improve the operations of the organisation. Parallel to that process we embarked on a realignment of organisation resources to strategy, as well as the implementation of an Enterprise Resource Planning (ERP) system. The strategy and resource alignment is at an advanced stage of implementation.



Dr Bandile Mkhize
CEO for Ezemvelo Wildlife

The ERP Project is at an advanced stage of implementation with the rollout of Central Reservations Engine (EResHub) and SAP System to handle our Procurement, Finance Management and other strategic management tools underway. We are very sure that these systems will go a long way at ensuring that our business processes are improved for the better.

We embarked on a number of communication and marketing initiatives to make sure that Ezemvelo KZN Wildlife becomes a household brand in the minds of South Africans and the rest of the world. We have been able to counter the effects of negative public opinion. We can safely say that we have regained public confidence in the organisation and we are taking great strides at ensuring that we put Ezemvelo back where it belongs. As a result of our efforts, we have received awards from PMR Africa and the AA Travel Guide for our Hilltop and Ntshondwe resorts. We were runner – ups for the FNB KwaZulu – Natal top Business Portfolio. We are also due to receive two awards in Europe, the Golden Award for Tourist, Hotel and Catering Industry for 2010, and the 25th Annual Golden Europe Award for Quality.

We have made considerable progress in strengthening ties with other public service institutions, as well as the private sector, in a bid to further deliver on the government mandate of rural development through our Corporate Social Responsibility Programme, the Community Levy Fund and other Extended Public Works Programmes. We pioneered the first Ezemvelo Soccer Cup in the Zululand Region aimed at strengthening relationships with the local communities neighbouring Hluhluwe – Imfolozi Park. The success of this sporting tournament was measured by our ability to attract a lot of sponsors which include Boxer Superstores, Nedbank and Coca – Cola.

Through the Community Levy Fund we have been able to deliver on a lot of community assistance projects which are in support of education in the rural areas. We have built a number of schools and assisted others with teaching and learning aids to better the education in the rural areas which we serve. We saw the completion of the Nselweni Community Bush Camp project which the communities surrounding the Hluhluwe – Imfolozi Park had been long awaiting.

In the conservation arena we have seen a number of groundbreaking initiatives. We are seeing a steady increase in land under conservation by private landowners. We saw the signing of an agreement with the Mabandla Tribal Authority, and Gumbi Tribal Authority which made a positive contribution to our biodiversity stewardship programme. We witnessed the inauguration of the Nsikeni Local Board which will strengthen our relationship with communities neighbouring protected areas. The Nsikeni Nature Reserve which falls within the Mabandla Tribal Authority has been finally declared as a Ramsar Site because of its wetland status. This was made by the National Deputy Minister of Environmental Affairs, Mrs Joyce Mabudafhasi, on 2 February 2010 at an event held at the South African National Botanic Institute. This is a well recognised effort for the organisation as well as the community of Nsikeni towards water preservation for the benefit of present and future generations.

We involved ourselves in environmental cleanup campaigns last year including the Annual Beach Cleanup which we jointly hosted with Vodacom, Ethekewini Municipality and other stakeholders. This was a great success. We had a prize giving event involving schools which were part of the campaign of ensuring that we protect our dwindling marine resources. We pioneered the Willowfontein River Cleanup Project in partnership with the Premier Spousal Office. This was also a great success. We intend to involve other communities in this initiative to promote cleanliness of our water resources which are so vital to our local communities.

We also celebrated 50 years of Wilderness as our own Hluhluwe – Imfolozi Park pioneered Wilderness Trails in 1959. This celebration was attended by key players in conservation history as well as visitors from abroad. We strengthened our working relationship with the Isimangaliso Wetland Park Authority and I am pleased to say that this relationship is working well. We attend joint management meetings which enables us to operate more effectively.

We shall continue to promote the rationale behind the existence of the organisation to all interested and affected parties to ensure that conservation is on top of their agendas. We wish to extend an invitation to all our members of staff and stakeholders to join us in our effort to be a world renowned leader in the field of biodiversity conservation and to ensure the effective conservation and sustainable use of KwaZulu – Natal's biodiversity.

The Sokhulu Mussel Harvesting project which is 13 years in existence is also being supported by Ezemvelo to ensure its sustainability, economic upliftment and skills transfer to the communities. This project contributes food security to some 1168 women of Sokhulu community who harvest around 16 700 tons of mussels annually.

We have had a fair challenge with regards to poaching incidents which have been trying to demerit our work in the protected areas. We are however working very hard with our relevant stakeholders to ensure that we put in place a counter active anti – poaching strategy to curb this practice.

Our state of readiness for the 2010 FIFA World Cup necessitated an investment of R 20 million on our tourist facilities. A further R 26 million was spent on the improvement of roads that lead to our facilities.

We acknowledge the contribution made by our partners from the public and private sectors as well as our human capital to ensure that we achieve what we had set out to achieve.

I have the honour and privilege of submitting the 2009/10 Annual Report of Ezemvelo KZN Wildlife in terms of the Public Finance Management Act, 1999.



Dr Bandile Mkhize
Chief Executive Officer
31 August 2010

EZEMVELO BOARD MEMBERS



Conservation, Partnerships & Ecotourism



Mr ZC Ngidi



Mr W Nel



Inkosi B F Bhengu



Mr S Dladla



Inkosi M I Tembe



Dr T Nzama



Ms P Dlamini



Ms T Dlamini



Ms D Dold



Mrs B P Mchunu-Mzila

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2010.

1. Review of activities

Main business and operations

The entity is a Schedule 3C Public Entity engaged in biodiversity conservation and eco-tourism. The entity operates principally in South Africa.

During the year ten new Board appointments were made and the board committees were reviewed in line with the revised strategy of the entity.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the entity was R 29,877 million (2009: surplus R 28,412 million). The reconciliation of the budget deficit to the net deficit of the entity is reflected as note 30. The entity's budget deficit was funded from the accumulated reserve.

The decrease in surplus is due to the following:

- Effect of Change in accounting policy for externally funded projects: Included in the 2009 surplus is the surplus resulting from the operations of the projects unit of R13.3 mil while this is a deficit of R3.5 mil in the current year. Organizational resource had to be allocated into community projects that had remained incomplete for years.
- Increased depreciation Expense: The depreciation expense has increased from R30.3 mil to R47.3 mil in the current year. This is due to an increased recognition of assets after the verification exercise.
- Employee cost increase pressures: There is a significant increase in employee cost due to terms negotiated at National level not being fully funded by our provincial allocation. This allocation was put under further pressure by internally negotiated matters that had not fully been implemented in the past. These would include housing allowance, danger allowance and medical aid.
- Reduced accommodation revenue due to recession: The current year's accommodation revenue was extremely low, resulting in a 2% increase when compared to the prior year while a 12% increase was anticipated. The budget allocation had incorporated the 12% increased expected collection. The operational budget cuts could not be affected as there was already a 7.5% budget cut due to provincial budgetary pressures.

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 realization 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 continues 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 2014. Future strategies and plans to improve the financial state of the organization have been adopted and will be monitored during the 2010/11 financial year.



Included in current liabilities is a provision for leave pay amounting to R73.3 million. The organization has the policy to only pay leave on death, resignation or retrenchment of an employee. There is a leave reduction strategy in place where the utilisation of R4.5 million ring-fenced leave is required by 2011. Any unutilised ring-fenced leave will be forfeited.

The organization is implementing an additional revenue generation strategy. This strategy is aimed at an additional revenue generation of 28% by 2015.

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 in adopting the new Standards of Generally Recognised Accounting Practices (GRAP) is reflected in note 2 to the annual financial statements.

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

5. Accounting Authority

The non- executive members of the board during the year and to the date of this report are as follows:

NAME

Mr ZC Ngidi (Chairperson - Accounting Authority)
Mr BF Bhengu
Mr SNM Dladla
Ms PS Dlamini
Ms T Dlamini
Ms D Dold
Ms BP Mchunu-Mzila
Ms B Mganga
Mr R Morar
Mr WU Nel
Mr TG Nkosi
Dr AT Nzama
Mr OM Shabangu
Mr AP Shangase
Dr MP Sokhela
Mr MI Tembe

CHANGES

Appointed 01 December 2009
Appointed 01 December 2009
Appointed 01 December 2009
Appointed 01 December 2009
Appointed 01 December 2009
Appointed 01 December 2009
Appointed 01 December 2009
Resigned 19 June 2009
Resigned 19 June 2009
Appointed 01 December 2009
Resigned 31 January 2010
Appointed 01 December 2009
Resigned 31 January 2010
Resigned 31 January 2010
Resigned 31 January 2010
Appointed 01 December 2009

6. Member and Executive Directors emoluments

Remuneration

	Remuneration	Company Contribution	Total package 2010	Total package 2009
Accounting Authority and Audit Committee				
Board Members	318,844	-	318,844	336,498
Independent Audit Committee Members	111,246	-	111,246	71,878
Interim Accounting Authority Members	171,743	-	171,743	553,882
	601,833	-	601,833	962,258
Executive Member				
Chief Executive Officer	1,012,716	109,688	1,122,404	963,012
Chief Financial Officer	725,737	106,811	832,548	840,497
Executive Director Commercial Operations	646,682	90,442	737,124	794,400
Executive Director Biodiversity Conservation	750,342	102,034	852,376	763,467
Executive Director Corporate Support Services	685,328	74,068	759,396	789,219
	3,820,805	483,043	4,303,848	4,150,595

7. Corporate governance

General

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the 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 Report on Corporate Governance for South Africa.

The salient features of the entity's adoption of the Code are outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
- 10 non-executive directors, all of whom are independent directors as defined in the Code, and
- Chief Executive Officer.

Chairperson and chief executive officer

The Chairperson is a non-executive and independent board member.

The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Board and Committee Meetings

The accounting authority has met on separate occasions during the financial year. The accounting authority schedules to meet at least 4 times per annum. The schedule of the board and committee meetings held during the year is tabled below:

Board and board committee meetings

Committee	No. of Meetings Held 2010	No. of Meetings Held 2009
Board	7	10
Interim Accounting Authority	1	9
Audit Committee	9	6
Finance and Business Operations Committee	2	0
Community Affairs Committee	1	0
Biodiversity Committee	1	0
Total Meetings	21	25

Audit committee

The chairperson of the audit committee was Mr M Mia who is an independent non-executive audit committee member. The committee met 9 times during the financial year to review matters necessary to fulfill its role. Ms CN Mhlongo, Mr SL Ndaba and Mr SD Shezi are also independent non-executive audit committee members while Mr WU Nel and Ms BP Mchunu- Mzila are the board representatives in the audit committee. The Auditor General is invited to all audit committee meetings. The audit committee has incorporated the review of risk management processes into the committee terms of reference. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks and the Board has approved and implemented a Risk Management Framework and Fraud Prevention Plan.

Internal audit

The entity has a fully capacitated and functional internal audit division. The forensic audit work was substantially outsourced to Deloitte on a secondment contract. The Institute of Internal Auditors has conducted an assessment on our internal audit function during the year ended 31 March 2009. All actions required to fully comply have been completed. The internal audit division reports functionally to the audit committee and administratively to the Chief Executive Officer.

8. Compliance with applicable legislation

The entity complies with all applicable legislation and continues to monitor and implement changes in legislation that are applicable to its operations.

9. FIFA 2010 World Cup Tickets

All expenditure and details of purchases relating to the FIFA 2010 World Cup tickets, travel costs and apparel for the financial year prior to and ended 31 March 2010 as well as subsequently to date has been disclosed as required by National Treasury in note 27

Overview

The administration cluster comprises of the variety of business units which are responsible for ensuring the effective corporate governance for Ezemvelo. This cluster ensures the provision of strategic direction and support to the core business of the organisation. The following offices fall directly within the Administration Cluster, Office of the Chief Executive Officer, Strategy and Risk Management, Internal Audit, Communication Services, Secretariat and Finance. The administration cluster is headed by the Chief Executive Officer who in turn reports directly to the Ezemvelo Board.

Overview of Programme Performance 2009/10

Office of the Chief Executive Officer

The Office of the CEO provides strategic direction, leadership and support to all operations of Ezemvelo, it is instrumental in ensuring that there is synergy between the operation hubs of the organisation and that there is maximum output derived from organisational activities. This office is responsible for ensuring that at the beginning of the financial year, the organisational strategy is developed and reviewed annually to track performance.

Another key imperative of this office is to lobby for strategic partnerships for the benefit of the organisation, to this end this office has been very successful in this with the signing of a variety of Memorandum of Understandings (MOU) with the public and private sector during the period under review.

Review of 2009/10

A number of strategic partnerships were concluded during the period under review through the Office of the CEO. We have seen more involvement of Local and District Municipalities in support of our social responsibility programmes. We signed an agreement with the Ethiopia Parks Authority in an effort to foster cooperation between the two biodiversity conservation agencies.

We have also been very instrumental at ensuring that the Langalibalele Co – Operative Laundry project is moving through the request made to the Department of Economic Development and Tourism for funding equipment needed for the project to start working. We have further been liaising with the latter with regards to their involvement in ensuring that the outsourcing of the retail outlets in some of our protected areas benefit local communities.

We have also registered a strategic partnership with Al Baraka Bank on our Social Responsibility Programmes, which will go a long way at ensuring that we deliver on our programme with joint contributions by both parties.

Challenges and Developments

Full implementation of strategy and the alignment of organisational resources remain a challenge as we have not yet completed this exercise. We are also in the process of finalizing other aspects of our Integrated Information Management Systems using SAP.

Outlook for 2010/11

Moving forward into the future, Ezemvelo aims to ensure that we obtain maximum benefits from relationship with our stakeholders to further advance our mandate in biodiversity conservation and ecotourism. We are also moving towards an environment whereby we gain maximum benefit from our operations and try and minimize our dependency on government grants and increase our profitability.

The full rollout of the organisational realignment will take place in the upcoming financial year so as to ensure that we achieve the best out of our resources. The full implementation of the Integrated Information Management System which we have deployed during the period under review based on the SAP platform will be fully implemented to ensure that we are an information privileged organisation in all our operations.

Corporate Strategy Office (CSO)

Overview

Corporate strategy is an element of uncertain origins. In theory it falls within the sphere of operations of the Board but in practice it falls within the mandate of the CEO. Against this background the Strategy Department has a unique role, being responsible for the generation, facilitation and monitoring of strategy.

Strategy is the core preserve of the CEO and the board. The Strategy Manager, responsible for originating strategy is thus in a delicate dance with the CEO: part counsellor, part idea generator, he provides the CEO with strategic options and recommendations, but leaves the ultimate course up to the CEO.

Operationally, the corporate strategy department, may be weakened in practice, and is thus fully dependent on the CEO for support in order to be effective.

Review of 09/10

2009/10 was a transformational year for the Strategy Department of Ezemvelo KZN Wildlife. The appointment of the Head of Strategy in the CEO's office was the start. During the year, a 5 year strategy was developed that extends to 2014, with implementation starting in 2009. All clusters participated and we now believe that the way ahead has been well paved. In order to communicate the strategy effectively to staff, and to gain their support and understanding, we embarked on a series of road shows. Ezemvelo believes that for a strategy to be successfully implemented, all concerned must work together with passion and focus. The past year also saw the development of a Strategy Policy which further supports our claim, which is to be a strategy focused organisation. The policy is currently in the adoption stages.

Challenges

One of the main challenges of the year in question was the management of performance information. This should be addressed by the strategy policy. Other challenges include the alignment of National and provincial priorities with our strategy. Again, during 2009, a review of the strategy was performed and the alignments were being studied. Yet another alignment issue is with regards to the budget. More work needs to be undertaken to have a working model on which there would be proper alignment between strategy and budget.

Outlook 2010/11

2010/11 is going to be a very exciting, yet challenging year. The roll out of the strategy policy will be the main focus and attainment of our objectives would be under the spotlight. The CEO is very clear, our turn around strategy is here to stay and we will undoubtedly be a world renowned leader in the field of biodiversity conservation.

The Strategy Office responsible for facilitating strategy is deeply involved in, and usually oversees, the strategic planning process. This role is transactional, rather than content-driven: the job of the facilitating Strategy Manager is, at least in large part, to ensure that the strategic plan is delivered. His or her role may extend only to ensuring the process proceeds smoothly. Ideally, however, assumptions will be challenged made by the organisation's departments so that the full plan finally presented for board discussion is as rigorous and stable as possible.

Internal Audit (IA)

The responsibility of the Internal Audit function is to provide an independent and objective assurance and consulting service designed to add value and improve Ezemvelo operations through evaluations of internal control system, risk management and corporate governance processes. The matters of forensic investigation and implementation of fraud prevention and fraud response plans also falls within the Internal Audit Division. This function reports directly to the Audit Committee and administratively to the Chief Executive Officer.

Review of 2009/10

The Internal Audit function developed a Risk based Three year Strategic Rolling Plan that was approved by the Audit Committee and submitted to the Board, further to this strategy an Annual Operational Plan was also developed to direct the efforts of Internal Audit for 2009/10. This plan took into consideration the Key Strategic and Operational Risk of the Organisation.

Developments in the IA function

The approval of the Risk based 3 years Strategic Rolling Plan for 2009/10 to 2011/12 and an Annual Operational Plan 2009/10, this plan was approved by the Audit Committee on 02 October 2009 and submitted to the Board for approval.

The Operation Plan for 2009/2010 was achieved with an exception of IT General & Application Controls Audits Review, Compliance Review Audit due to system changes (viz ERP Implementation) and changes in the plan to accommodate the Procure to Pay audit of orders below R10 000 which became a high risk due to Fraud that occurred.

Reduction of Backlog on Forensic Cases reported through the Fraud Hotline.

Improved working relationships with senior management – in that Internal Audit has a standing invitation to Executive meeting and other strategically relevant meeting.

Full Utilisation of audit software (Teammate & ACL), this software assist us with the automation of our Internal audit working papers and in applying Computer Assisted Audit Techniques for the Internal Audit function. Appointment of Ernst & Young to assist with Quality Assurance on ERP Project.

4 Internal Auditors enrolled on a learnership program offered by the Institute of Internal Auditors.

Challenges in the IA function

Lack of skilled resources in IT and performance audits

Lack of Key Resources for Forensic Investigations

Building Capacity of Internal Audit staff

Outlook for 2010/2011

In ensuring that Our Operational Audit plan for 2010/11 is met, we will ensure qualified Internal Audit staff are available (co-sourcing, where necessary) subject to budget availability.

Filling of the Position of the Forensic Supervisor to manage the activities of forensic services, this is subject to the Prioritization of Critical positions Initiative undertaken by the organisation due to Budgetary Constraints.

Ensure Compliance with King 3 Report Requirements that came into effect in March 2010, its recommendations is that Internal Audit should provide written assessment on the effectiveness on Financial Internal Controls and effectiveness of systems of Internal controls to the Audit Committee and the board respectively.

Communication Services

Communication Services is responsible for the overall brand management for the organisation, from the development and implementation of the later to ensuring constant information flow from the organisation to internal and external stakeholders.

Review of 2009/10

This year has been very fruitful for Communication Services Division, we were engaged in a number of ground breaking initiatives in partnership with our Marketing Division. We were jointly responsible for the successful implementation of the CEO's public appearances, from the Stakeholders Interaction Sessions we had to the Events and Roadshows that we undertook with the Marketing division and Community Projects and Partnership Division. We also engaged SABC 1 through Selimathunzi for a visit to our facilities where we showcased them to the viewers of the popular TV show on two occasions during the period under review.

We have strengthened our relationships with the media organisations across the country, during the period under review we have been able to feature in 1,788 clips which account for a readership of 888,590 people with a total value of R 47,167,433.22 in newspaper airtime. In the electronic medium which is radio and television we have been able to get featured in 322 clips which equate for R 15,749,700.34 in airtime. These features were achieved primarily with our news releases, interviews and stories which came from our parks. Our analysis shows that of the 100% cover we received, 30% was due to our efforts on good public relations whilst 40% was as a result of disasters such as rhino poaching and the other 30% was due to features in good news by our friends from the media.

We successfully hosted 53 events during the period under review within the Ezemvelo standards, these events ranged from black tie events, sporting and community events. On average we were doing four events per month during the period under review, resulting in us being able to generate much needed publicity for the organisation.

Challenges and Developments

Communication Services has been challenged by lack of capacity in terms of human capital and budget constraints as we would wish to have our own unsolicited media channel which we can use to inform the public on what we do and more. Other challenges relate to the retrieval of information from our colleagues who work in the protected areas doing operational related activities.

We have since upgraded our website and intranet with a new look and feel to afford our clientele the best in information on our products. We are currently in the development phase of our online booking system which will assist our central reservations system with the handling of online bookings for the convenience of our clients. This tool will go a long way at ensuring that we are the leaders in biodiversity conservation and ecotourism in the province of KwaZulu – Natal and South Africa.

During the period under review we have been able to develop a Communications Policy and Communication Strategy Framework to assist us with the coordination of communication activities within Ezemvelo. These important documents have been approved by EXCO and are awaiting Board Approval.

Outlook for 2010/11

Moving into the future with our quest to ensure the maximum exposure of the Ezemvelo brand, we shall do information sessions which are focused within the clusters on the Communications Policy and Communication Strategy Framework of the organisation. These information sessions will be aimed at creating awareness in the clusters on these two aspects and ensuring that there is maximum buy in from the clusters to effective communication.

We also aim to have an unsolicited medium of communication with our stakeholders in the form of newspaper columns in leading publications as well as producing a tabloid which is going to focus on issues relating to our mandate. The rollout of the Communication Strategy will also be intensified during this time to ensure that we reach to our target audience accordingly.

Increased partnerships with other organisations with which we share the mandate shall be done during the period under review. We shall also partner with more media organisations to ensure that they are champions in selling our brand to their target audience.

Finance

The Finance Services and Support Division (FSSD) is divided into a head office financial processing, management accounting, regional financial operations and supply chain management divisions. The finance services division is headed by the Chief Financial Officer (CFO).

Through the delegations to the CFO, the accounting officer ensures that proper control systems exist. The finance Services division puts in place preventative mechanisms to eliminate theft, losses, waste and misuse of assets. The division also develops processes and procedures that ensure the effective, efficient, economical and transparent use of the institution's assets.

Review of 2009/10

Since the amalgamation of the Natal Parks Board, and Directorate of Nature Conservation Service to form Ezemvelo KZN Wildlife in 1998, the organisation has faced a number of challenges with regard to streamlining systems and working towards the ultimate goal of achieving an unqualified audit report. To this end, significant progress has been made during the 2009/10 financial year. The conservation projects and partnership records have been incorporated into the report of the organisation. The full asset verification project has been finalized and requires rigorous maintenance. The Isimangaliso agreement for the operation of tourism facilities has also been finalized. FSSD has also been heavily involved in the implementation of the SAP All in One system ensuring that the preventative mechanisms to eliminate theft and losses are configured into the system.

The organisation had planned to generate R597 million for utilization in its operations during 2009/10 financial year. Due to the provincial financial challenges and the world wide economic environment, the organisation has only generated R586 million. This has resulted in an R11 million shortage in our operations during the current year. The operational budgets were adjusted accordingly by all business anticipation of the possible shortfall. Capital projects to the value of R12 million initiated in 2008/9 were finalized during 2009/10 financial year.

Ezemvelo's supply chain management policies rest upon core principles that ensure that procedures are fair, equitable, transparent, competitive and cost effective. The Supply Chain Management Policies are in line with the Preferential Procurement Policy Framework Act 2000. During the period under review, 52% of the bids awarded were to BEE companies in quantity and 63% percent in value.

Cluster Challenges and Developments

In past years, the auditor general expressed an opinion that Ezemvelo does not fully comply with the required standards for property, plant and equipment and completeness of revenue. During the year under review, we have conducted a full movable asset verification and update of the current asset register. A number of challenges within the verification process have been resolved. Asset management is a continuous improvement process and we look forward to full compliance with no findings from the Auditor General in the future.

The completeness of gate revenue should not remain as a material issue. For the year under review major gates were outsourced to leverage enhanced controls resulting in Ezemvelo being able to prove completeness of at least 71% of its admission revenue. Due to the nature of our operations and cost benefit analysis, not all access gates can be allocated electronic systems.



The implementation of an integrated Enterprise Resource Planning system has utilized most Finance Support Services Division personnel during the year. The requirement to finalise our Trial Balance early for SAP upload should result in a more efficient audit during the current year. Due to the ERP implementation, the systems audit has been omitted in the current year.

Fraud and corruption continues to pose a challenge to our operations. The rise in rhino poaching incidences has resulted in additional resources being allocated to anti-poaching risk management initiatives. A major fraud reported in the material irregular fruitless and wasteful expenditure section of the financials has resulted in a R1,3 million gross loss. Some assets were recovered and the perpetrator is already in police custody and has been convicted for other similar crimes. Controls have been configured into the new system to ensure that such incidents are not repeated.

Outlook for 2010/11

A financial Resource Task Team was formulated to ensure that additional revenue generation and cost saving initiatives are implemented. We look forward to a year of possibilities as we initiate a number of these projects.

The finance re-alignment has resulted in a formulation of the Regional Finance Operations unit within finance. We anticipate that this re-alignment will result in enhanced support and compliance for the whole organisation. Further work in the alignment of our asset management processes and supply chain management processes is also anticipated.

The integration of the reservations and property management systems into the World Wide Web is anticipated to result in real enhancement of our revenue streams. We are ready to ride the 2010 wave and we anticipate that with improved systems it will be much easier for the referred and returning international visitors to make future bookings with us. The Chief Executive Officer has also appointed an Operation Clean Audit Task team responsible for streamlining the activities planned for the achievement of a clean audit.

Conservation Partnerships and Projects Management Unit (CPPMU)

The year under review has seen the Conservation Partnerships and Projects Management Unit delivering some of the key projects which has facilitated the strengthening of relations between Ezemvelo and its main stakeholder, the communities neighbouring the protected areas under our jurisdiction. We have since become a partner of choice for other organisations that are aiming at rolling out their social responsibility programmes through us. This is as a result of the success of the programmes implemented by the unit in the period under review and the previous years. We have also been receiving positive feedback from the beneficiaries of the projects implemented in the previous financial years which has been very encouraging and has gone a long way in cementing the relationships that already exist.

We believe in cooperative governance which has resulted in us pursuing partnerships relations with other relevant government departments. We are pleased to report that in addition to the partnerships we had in the previous years with the Department of Water and Environmental Affairs, The Department of Tourism (both previously forming DEAT) and the Department of Agriculture, Environmental Affairs and Rural development, we have also forged partnerships with the Department of Education and the Department of Economic Development and Tourism. These partnerships would also assist our poverty alleviation and social upliftment programmes. The private sector and other public entities also came on board and we currently have partnership agreements with the following organisations;

- Old Mutual Foundation (Who have shown keen interest on our community levy programme and are willing to assist by funding some of the projects previously funded through this fund.
- Nedbank, who are also looking at funding some of our projects where we lack financial resources.
- Albaraka Bank, who have been very vital in topping up our programmes funded through the community levy fund.
- Springbok Atlas, have given us access to their buses when we transport learners through our Kids and Parks Programme.
- Small Enterprise Development Agency (SEDA), have been assisting us in the development of business plans for the projects that are aimed at economic development.

We have continued to implement our main programmes reported on the previous years and the following reports will be discussing what has been achieved in the year under review.

Invasive Alien Species Programme

During the beginning of the year under review, the programme received approval for R31,023,275.00 this budget was reduced in February 2010 to R30,432,750.00 as such we had to re allocate our budget.

With the interest gained in this programme our budget was increased by a further R 130,000.00 which brought the budget to R30,563,281. This made us achieve a total of 116,927 hectares, 172,363 person days at a cost of R 30,584,861.97 to the organisation.

Projects Training

Training is a critical component of any Expanded Public Works Programme (EPWP) initiative, without which the impact of the programme in the lives of beneficiaries is limited.

Almost all of the activities in the EPWP are done on a project basis and the training for beneficiaries is therefore directly related to the skill needs on the projects in which beneficiaries are employed. It is also intended that workers exiting from EPWP work opportunities are more marketable in the labour market than when they entered the work opportunities.

It is required that a minimum of 2 training days for every 22 days is done with any EPWP which related to 10% of days worked are total training days. Of the project cost an allowance of total training averages 5% of the total project cost. Of the 10% training required – 70% is **Non-Accredited Training** and 30% is **Accredited Training**.

Accredited Training consisted of sustainable training interventions to equip workers with skills that will improve their quality of life, that are functional and encourage entrepreneurial endeavours. In the past financial year this training included, but was not limited to:

- Limited Pest Control
- Health and Safety Level I
- First Aid Level I and II
- Herbicide Applicator
- Personal Finance Management
- Business Finance (for Contractors as part of the Contractor Development programme)

Non-Accredited Training in the past financial year this training included, but was not limited to:

- Identification of target species
- Operating and maintaining equipment
- Safe use the appropriate control method
- Treating areas on a map
- Carry out follow up procedures
- Keeping an attendance register and all other administrative information of team members (for contractors)
- How to react to dangerous game
- Identify and deal potential exposure to fire risks
- Dealing with young and injured animals
- Apply basic safety principles in the context of conservation
- Handling and disposing of waste

In total we achieved a total of 4,018 accredited training programmes for 1,272 beneficiaries and 29,901 non accredited programmes for 2,445 beneficiaries during the period under review.

Community Levy Programme

Ezemvelo KZN Wildlife acknowledges that conservation and sustainable use of natural resources inside & outside protected areas only thrive if they have the support of people living adjacent to the areas. Hence the Community Levy Programme was initiated with the sole purpose of being instrumental in establishing viable people driven and owned projects in a bid towards poverty alleviation and job creation through increasing benefits for the rural communities.

Benefits

Since inception of the Community Levy Programme in the late 1990's relations with communities and other stakeholders have improved.

Services of local contractors and service providers have been used and a number of SMME's have been created who now appear on Ezemvelo's supplier database.

Feasibility studies conducted have identified the needs of communities and assistance is rendered to projects that are rated as priority to empower and capacitate communities for their maximum benefit.

In the case where projects require training for sustainability and after care, such training has been rendered by specialists in that field and is subject to on going guidance and monitoring.

Achievements

Partnerships

Through partnering with other organisations the Community Levy Programme has been able to extend its benefits to communities on a larger scale where financial constraints would have otherwise compromised them. A total 1100 school bags were donated by Natal Sharks Board and distributed to 3 x schools in Estcourt, KZN. Further to this, other donors contributed to filling the bags with items for the children.

A fully equipped computer centre was donated to Thibane School by Albaraka Bank.

Lapdesks were distributed to various schools. Various other donors assisted with this initiative by donating lapdesks.

Successful completion and handover of Nselweni Lodge – an 8 unit lodge – a joint venture with DEAT –Community Levy funds to the value of R3.3m was contributed to this project from revenue generated at Hluhluwe Imfolozi Park. This project is owned and run by the community under the guidance of Ezemvelo.

Projects Completed

Seven projects to the value of R5.4m were handed over to communities during the period under review. The community of kwaMncane which resides neighbouring the Isimangaliso Wetland Park was assisted with a construction of a crèche which was supplied with furniture, equipment and fencing worth an investment of R715,000.00.

Ndabenhle crèche was also built for the Khula Nomathiya community with furniture and equipment to the value of R494,000.00.

We assisted Mntanenkosi High School with 3 classrooms, supply of desks, teachers desks and overhead projectors.

Mtshengwane Water project was assisted with the installation of 2 borehole pumps to assist the community with water.

The Bergville Community Builders was assisted with career guidance workshops and funded with R150,000.00.

BIODIVERSITY CONSERVATION OPERATIONS OVERVIEW

Biodiversity Conservation Operations has much to be proud of in a year that has seen several of the organisation's growth strategies being bedded down.

I hope to highlight in this report some of these advances as well as the challenges facing the Cluster. I trust our stakeholders and role players will find the report an accurate reflection of our activities.

Let me start by saying that Biodiversity Conservation Operations is committed to the National and Provincial Priorities of Government and that it views its mandate within the context of the sustainable economic development agenda.

Ezemvelo prides itself in linking people and parks; in meeting the challenge of conservation while striving to balance the needs of people, the natural environment and the economic value of the protected areas under our jurisdiction. KwaZulu-Natal has some of the highest levels of rural poverty in the country, and, often these affected areas are of critical biodiversity importance.

Key strategic interventions of Ezemvelo are the optimising of beneficiation to local communities and promotion of sustainable natural resource use. To this end, Ezemvelo 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.

Rhino Poaching

Rhino poaching in South Africa and indeed Kwazulu-Natal (KZN) was for many years after the 90's very quiet, following the virtual extermination of rhino in State Protected Areas in neighbouring Zimbabwe.

The picture has sadly changed in South Africa over the past two years with record numbers of rhino (mainly white rhino) poached in 2008 and 2009, with the latter year seeing 112 rhino, the highest number ever poached in any one year.

In Zimbabwe rhino are facing a grim future with 2009 CITES report stating that 89% of the critically endangered black rhino have been poached. Swaziland to date has lost no rhino in this recent upsurge.

In KZN on State Protected Areas and private land there have been 28 rhino poached in 2009, made up of four black rhino and 24 white rhino. The majority of rhino were poached in Ophathe Game Reserve, followed by iMfolozi and iSimangaliso, with four rhino poached on private land.

Ezemvelo has as a result escalated rhino poaching, applied a number of interventions and strategies which have resulted in a number of successful arrests of well known poaching gangs. It is anticipated, together with refreshed anti-poaching strategies, that the trend in 2010 will decrease.

The populations of rhino in KZN have not been compromised by the recent poaching and their viability remains intact. Figures for rhino in the Province stands at around 3000 white rhino and 500 black rhino.

It is pertinent to reflect that in KZN about 25 white rhino are legally hunted annually. This demonstrates that a healthy population can be sustainably harvested sustainably. This however, does not detract from the seriousness of illegal hunting which has the opposite effect of sustainable harvesting.

Ezemvelo can therefore not relax and vigilance in our Game Reserves is being maintained at a high level. Field rangers and section rangers are motivated and we have the confidence to “turn the tide” in this senseless greed for rhino horn.

The following are some of the intervention measures that are in place not only to mitigate the upsurge of rhino poaching but also on the poaching of general game:

- Implementation of the Geographic Positioning System (GPS) Based Patrol System
- Review of Emergency Response Procedures and Law Enforcement Contingency Plans (Zululand)
- Review of Security Strategy & Manual
- Contingency Planning Format for Private Game Reserves
- Strategic Deployment Of Anti Poaching Units (APU's)

Integrated Management Plans for Protected Areas

In order to comply with the Protected Areas Act, no 57 of 2003, and to ensure effective management of protected areas, Ezemvelo KZN Wildlife has embarked on a process of revising and compiling management plans for all of the protected areas it manages. The Management Planning Unit worked tirelessly on completing 18 integrated management plans for presentation to the relevant Committees for endorsement during 2009/10 fiscal year. The process for preparation of IMPs includes consultation with stakeholders and development of action plans to address any shortcomings identified.

KZN Systematic Conservation Plan Update

The KZN Conservation Plan comprises 4 components: terrestrial, aquatic (rivers and wetlands), estuarine and marine. Extensive updates to the most components of the systematic conservation plan have been undertaken over the past year.

New cost coverages were developed from the 2005 land cover. The most important of these being the 'river disturbance index' which reflects the level of disturbance to a river sub-catchment that results from land cover change and upstream impoundment. The importance of this coverage is that it feeds into both the estuarine and freshwater conservation plans.

A meeting was held with estuarine ecologists to evaluate the current progress and content of the estuarine systematic conservation plan. Out of this meeting a refined classification for the estuaries of KZN was developed and recommendations for additional species distribution data added to the analysis. The final runs of the analysis awaited the completion of the 'Estuarine Integrity Index' based on the accumulated river disturbance developed above.

Much progress has been made with the terrestrial component of the systematic conservation plan. Several initial runs calculating irreplaceability have been undertaken. Irreplaceability provides an assessment of the level of protection of biodiversity elements, and allows identification of areas outside protected areas where threatened biodiversity needs urgent protection. A final run of irreplaceability awaits the completion of the 'Agricultural Potential Index' which was incomplete due to the addition of the Mzimkhulu enclave area into the KZN provincial boundary.

A system of terrestrial altitudinal and biogeographic corridors were created in KZN to create a linked landscape for the conservation of species in a fragmented landscape and to facilitate evolutionary, ecological and climate change processes. They were developed based on a friction surface derived from the 2005 land cover and followed high lying areas from the coast to the berg and along mountain ranges such as the escarpment and Lebombo's. They inform the systematic conservation plan via the minset selection process.

The first version of the marine biodiversity status assessment and conservation plan (SeaPLAN) was completed, and includes both inshore (shallow waters and shoreline) as well as offshore ecosystems. It was presented to stakeholders at a workshop in August, during which new marine protected areas, proposed by stakeholders, were discussed and evaluated in the context of the conservation plan.

Bioregional Plans

Biodiversity Sector Plans have been developed for the district municipalities of Zululand and uThugela. These Plans are precursors to Bioregional Plans provided for in the National Environmental Management Biodiversity Act 10 of 2004, and identify important biodiversity areas at a local scale, as well as areas providing essential ecosystem services. These are identified as key products in the Provincial Environmental Implementation Plan, as they aim to provide a tool to integrate the biodiversity priorities into multi-sectoral and provincial planning frameworks.

KZN State of Biodiversity Assessment

Conservation status assessments were done for the four major biomes in KZN (forest, grassland, savannah and the Indian Ocean coastal belt), and overall for the following taxonomic groups; plants *Doratogonus* millipedes, Dragonflies and damselflies, Snails, Velvet worms, and Fish. Landscape conservation status and habitat loss have also been assessed and status and trend assessments have been undertaken for 22 species ranging from plants to large mammals. These and the outcomes of the protected area management effectiveness report are being collated into the State of Biodiversity Assessment for the province.

KZN Protected Area Management Effectiveness Assessment

The protected area management effectiveness assessment for KZN was undertaken during the period under review. This included all protected areas managed by Ezemvelo but excluded the two world heritage sites in the province. In addition to the assessments of each protected area, a minimum management effectiveness standard was developed and adopted by the organization. The overall results indicated that only 3% of protected areas managed by the Ezemvelo were meeting the minimum standard.

KZN Protected Area Expansion Strategy

The KZN Protected Expansion Strategy was completed and adopted by the Board, the priority areas for protected area expansion were identified from the provincial systematic conservation planning process and filtered by proximity to protected areas and the contribution to the maintenance of natural links in the Provincial landscape. The development of a task team to oversee prioritization, and implementation was also approved.

Securing of Wahroonga and the Umlalazi Property lease

During this year the agreement to lease the Umlalazi properties to the Bothas was finalised having received the permission to do so from the MEC for Public Works. The unauthorised encroachment resulted in the site at the Umlalazi Nature Reserve no longer being acceptable.

As a means to rescue the agreement and the purchase of the Wahroonga farm for conservation, an alternative site was found and agreed upon by both parties. This site was an area behind the staff accommodation that was previously used as a plant nursery. This site was professionally surveyed in order for a servitude to be registered against the title deeds of the protected area. The registration of the servitude and the transfer of Wahroonga to Ezemvelo will take place in the new financial year.



Biodiversity Offset

Previously, Ezemvelo had drafted and adopted an extensive guideline for the implementation of offsets for proposed developments where there is significant residual impacts on biodiversity after 'avoidance, mitigation and amelioration'. As a means to facilitate the implementation of this tool in the environmental impact assessment industry, Ezemvelo has developed a 'quick reference guide' or 'user's handbook' as well as having drafted provincial policy. The latter, if adopted and gazetted by the MEC, will bring, for the first time in history, biodiversity offsets into South African law.

Biodiversity Conservation Information Systems

6700 new records were captured into the Biodiversity Database during the financial year. Of these, approximately 70 % have been checked for accuracy.

Checking of old data has proved problematic, mainly due to lack of capacity. New tools for the identification of data errors have been developed but lack of capacity remains a problem.

A number of enhancements have been made to the Biodiversity, Protected Areas and Research Projects databases. The Applications Register which was an Access database has been redeveloped in SQL Server giving better data security, stability and response times. At the same time a new GIS interface was also developed for this database.

The process of improving integration of the corporate conservation databases has commenced with links between the Biodiversity Database and the Protected Areas database as well as the 'Relevé' Database (a database containing community sample data).

The Ezemvelo Operational Procedure for the Permitting of Artificial Estuary Mouth Manipulation

The policy for Interference with the Mouth of a Lagoon or River has been identified as in need of review and revision in order to optimise our ability to safeguard the ecological integrity of the estuarine resource in the province. During the period under review a process to update this policy to ensure that detrimental artificial estuary breaching is avoided and that inclusive decision - making and transparency is promoted. The preliminary product of this review process is an improved norms and standards guideline for our permit process. The alignment of the organisational policy with the scientific community's cumulative understanding of the functions and values of our 74 estuarine habitats along our coastline is also recommended.

This will facilitate improved management of the majority estuary mouths in KZN with immediate effect while the acknowledged deficiencies in the Ezemvelo policy are addressed through a public participation process that dovetails with the processes for the development of the mandatory estuary management plans in line with the Integrated Coastal Management Act (No. 24 of 2008).

KZN Biodiversity Stewardship Programme

The overarching aim of the KZN Biodiversity Stewardship Programme is to create partnerships between landowners and conservation organisations or departments to ensure that the security and appropriate management of threatened ecosystems and species is achieved. For conservation to be effective, it must meet the legitimate needs and objectives of the landowners and communities who live in the landscape where the conservation agency is operating, which means making it advantageous for landowners to conserve critical biodiversity on their properties by creating benefits and incentives. It is based on this fundamental principle that effective and efficient conservation efforts can be undertaken through building relationships with communities and whilst keeping people on their land. In addition, this programme will be a key tool to leverage investment from landowners to implement sustainable conservation friendly land use practices, including alien species control, appropriate fire management and biodiversity management.

Zululand Rhino Reserve

The Zululand Rhino Reserve (ZRR), approximately 22 000 hectares of Zululand Lowveld vegetation in the Mkhuze district, was selected as a pilot site at the outset of the KZN Biodiversity Stewardship Programme to learn the process of including a multiple landowner initiative under stewardship. ZRR was officially proclaimed as a Nature Reserve under the National Environmental Management: Protected Areas Act (No. 57 of 2003) by notice in the Provincial Government Gazette on 23 April 2009. This is the third property to be proclaimed within the Stewardship Programme as a protected area.

Mt Gilboa Nature Reserve

The Mt Gilboa property, a forestry property owned by Mondi Shanduka Newsprint, was selected as a pilot site to learn the process of including unplanted forestry land under stewardship. The final proclamation notice was signed by the MEC and was published in the provincial government gazette in January 2010.

Mabaso Community Stewardship Project

It is not often land reform beneficiaries are willing to set aside their land for conservation and enter into a partnership with the conservation sector. However the Mgundeni community based in Northern KwaZulu-Natal is aware of the high biodiversity value of their land and have signed a biodiversity stewardship agreement with Ezemvelo KZN Wildlife to conserve their land for the benefit of future generations. During October 2009 WWF, through its Enkangala Grasslands Project, came one step closer to conserving South Africa's Grasslands region after the Mgundeni community committed a portion of their land to conservation. This agreement is the first of its kind in the Amajuba District in KZN.

The Mgundeni community land is situated on the outskirts of the town of Utrecht in Northern KZN and has been classified as "totally irreplaceable" in terms of the provincial conservation plan. The conserved site includes a wetland area which is habitat for Rudds Lark and is a historical breeding and forage site for the threatened Wattled Crane.

Enkangala Grasslands Project Coordinator, Angus Burns, said that this momentous occasion comes after five years of actively engaging with the community in partnership with Ezemvelo KZN Wildlife. "Together with Ezemvelo KZN Wildlife we developed a Memorandum of Agreement to develop a partnership that would culminate in, among other things, a formal biodiversity stewardship agreement between the community and KZN Wildlife".

The official signing ceremony took place at the site on 26th October 2009.

Game Capture

Our game capture operation during the review period heralded the capture and translocation of 2731 animals with boma and capture mortalities remaining well below 5%.

This year's activities included the capture and translocation of 22 black rhino which facilitated the establishment of a further two new breeding populations within the province.

The unit was also responsible for the capture and translocation of 66 white rhino and, broke new ground when a number of buffalo were successfully captured in a very remote and inaccessible area of Ithala game reserve by using a helicopter to recover the immobilized animals.

A total of 52 rhino and 5 elephant were immobilized for the purposes of fitting transmitters and identification notches. This initiative allows the respective management teams to improve the monitoring success of these priority species.

The results for the 2009/2010 capture season were as follows:

Species	APC Goal	Achieved
Black Rhino	22	22
Blesbok	60	60
Black Wildebeest	30	30

Species	APC Goal	Achieved
Eland	150	96
Blue Wildebeest	265	261
Rock Hyrax	50	50
Giraffe	26	27
Hippo	50	16
Impala	487	790
Kudu	110	81
Nyala	410	312
White Rhino	67	66
Red Hartebeest	10	10
Springbok	60	48
Warthog	130	102
Waterbuck	40	31
Zebra	286	284

Management of Disease Risk

The ongoing annual Bovine Tuberculosis control program in Hluhluwe Imfolozi Park saw the testing of 294 buffalo with an average prevalence rate of 2.7%. This area was last tested in 2001 and the low prevalence is indicative of fact that the control program has been successful in reducing and maintaining the TB infection rate in the north of the park to less than 10%. Routine tests for African swine fever were also carried out on warthog from Ithala and Pongola with all results coming back negative for the disease.

Hunting & Extension

The year under review has been very successful,. The relationship between Ezemvelo and the hunting industry has grown from strength to strength and remains very positive. Service delivery remains of utmost importance. Key stakeholders have indicated that we are leading the way in terms of the permitting requirements and processes as required by various legislation. The Professional Hunting Association went even further to express their satisfaction in terms of our service delivery by presenting the Manager: Hunting and Extension with their Nature Conservation Officer of the Year Award.

New ventures such as the exclusive bow hunting opportunity at the Chelmsford Controlled Hunting Area is gaining support and will hopefully become one of the top "bow hunting only" destinations within KwaZulu-Natal. In addition, priority has been given to creating additional hunting areas within some of our parks and within Community Conservation Area's.

The Division also regulates the professional hunting industry in the province and a number of new professional hunters and hunting outfitters were registered to operate in the province. A number of professional hunters and hunter's outfitters were charged for various transgressions of the professional hunting legislation. The Wildlife Crimes Working Group and members of the SAPS Organised Crime Unit are providing valuable assistance in connection with three major investigations which have been initiated by this office.

A major achievement this year was the successful arrest and prosecution of a South African Hunting Outfitter within the United States of America. Whilst attending the Safari Club International Convention in Reno, the Manager: Hunting and Extension had the opportunity to work together with US Fish and Wildlife to conclude an investigation into the activities of the hunting outfitter who was then charged and detained within the United States. He was successfully prosecuted and fined in April 2010. This case is an example of the improving working relationship Ezemvelo is fostering with industry leaders and industry stakeholders alike.

Conservancies

The relationship between Ezemvelo and the Conservancies Association has improved significantly. A five year strategy for the management of the conservancy's movement is being finalised and will be presented for approval. The Norms and Standards document will be amended accordingly to talk to the new strategy, the role of conservancies within the Stewardship Program has been formalized and the Conservancies Association will be recognized as a strategic project partner.

Permits Section

The year under review has shown a significant increase in the number of permits and licenses issued. This is partially due to the implementation of new legislation, in particular the Threatened or Protected Species Act (ToPS). An independent survey of all provincial permit offices was conducted which results show Ezemvelo scored either first or second overall for the various categories being assessed.

The province facilitated the issuing of 721 subsistence fishing permits along the KwaZulu-Natal coast line which allowed some eight coastal fishing communities access to marine resources for food security.

Boundless Southern Africa Expedition

Maloti Drakensberg Transfrontier Park (MDTP) through Department of Environmental Affairs and Tourism (DEAT) facilitated the launch of Boundless Southern Africa, a single tourism brand aimed at showcasing Transfrontier Conservation Areas (TFCAs) within Southern Africa. The Boundless Southern Africa Expedition led by modern day explorer Kingsley Holgate was launched in Durban during the Tourism Month. The expedition team travelled through seven TFCAs, nine countries and more than thirty protected areas in about 120 days.

Sakha Isibaya

Ezemvelo has embarked on a human animal conflict management project which entails the construction of fencing around kraals in the Hluhluwe-iMfolozi Park area. To date, 80 fences have been erected and it is envisaged that a further 20 fences will be erected during 2010.

Ezemvelo Cup

Ezemvelo pioneered a community sports programme for communities living adjacent to Hluhluwe Imfolozi Park (HIP). Ezemvelo Cup tournament started off with a bang during the period under review and is expected to be an Annual event. Teams participating in the Ezemvelo Cup were selected from the 10 Traditional Councils surrounding HIP, sport codes were soccer and netball.

Co-Management Feasibility Study

The Ezemvelo team has embarked on the feasibility assessment with the intention to determine the realistic and affordable benefits sharing model in an attempt to finalize the co-management agreements for the four protected areas. Hluhluwe Corridor Game Reserve, Ithala Game Reserve, Ndumo Game Reserve and Tembe Elephant Park are the subject of this study, the outcome will be the signing of the Memorandum of Agreements between Ezemvelo and Claimant Communities.

Lubombo Transfrontier Conservation Area

On the 14th July 2009 Mozambique declared its first Marine Protected Area, which forms part of the Lubombo Transfrontier Conservation Area between South Africa and Mozambique. This proclamation realizes a Marine Protected Area from St Lucia in the south to Maputo Bay in the north.

Sokhulu Mussel Harvesting Co-Management Project

A sustainable marine resource harvesting project on the coast south of Cape St Lucia has recently celebrated its 13th successful year during the Spring Tide, and the healthy mussel beds used by the Sokhulu community were visited. The Sokhulu Mussel Harvesting Project is the result of a co-operative approach between Ezemvelo and the women of the Sokhulu community who live to the south of the Umfolozi River near Cape St Lucia, and resource use is monitored by Community Monitors. Community marine resource harvesting now involves 1,168 people involved who sustainably harvest some 16,700 tonnes of food from the sea annually.

International Coastal Clean Up

Ezemvelo facilitated the biggest environmental awareness and litter clearing day, when over eight thousand volunteers all ages gathered to participate in the International Coastal Clean Up in which they picked up a staggering 51 tonnes of litter.

Ntsikeni Vlei

Ntsikeni Vlei is a palustrine emergent wetland situated in a valley bottom position and dominated by sedges and grasses. The wetland, which is likely to be one of the largest high altitude (> 1700 m) wetlands in South Africa, is in good condition and is performing valuable streamflow regulation, and biodiversity support functions. The important breeding habitat it provides for the Critically Endangered Wattled Crane (*Grus bugeranus*) and the Critically Endangered Eurasian Bittern (*Botaurus stellaris*) contribute greatly to its biodiversity value.

Ntsikeni Vlei located in the uMzimkhulu Municipality has recently been registered as a RAMSAR site and a launch function is planned with the newly appointed Local Board during 2010/11.

One Home, One Garden

Provincial Priority One for KwaZulu-Natal has been identified going forward as Rural Development and Agrarian Reform. Key deliverables within this priority have been outlined as capacity for food security, income generation and export possibilities. More specifically one of the five key Cabinet priorities identified in KwaZulu-Natal's Cabinet Indaba is the development on a programme on Food Security. The State of Province address indicated that the key issue that the Province needs to address with respect to Rural Development and Agrarian Reform is the issue of food insecurity which affects approximately 3.5 million people in our province due to poverty and deprivation.

In order to systematically deal with this issue it was further mentioned in the address that **"government will target the vulnerable communities first and encourage those who are less vulnerable to get moving themselves"** In this regard an inter-departmental task team on food security has been constituted address the issue of food insecurity in the Province. To initiate the implementation of this model a **'One Home One Garden'** campaign was launched in Nkandla (Ward 8) to demonstrate our focus as government on ensuring food security for our people. The aim of the launch was to initiate an integrated approach to food security demonstrating in practice the principle of coordinated government service delivery with respect to addressing the most vulnerable in our province.



Capital Expenditure (CAPEX)

This report provides a comprehensive review of the achievements, highlights, and challenges faced by the Ecotourism Cluster during the period under review. This report takes into account the multi-faceted and geographically diverse businesses which this cluster is responsible for.

We have identified fundamental changes for the Ecotourism Cluster along its journey towards realising financial maximisation from all our destinations and resources. Sustainable development is an integral part of our business model. It is not only about social contribution or subsidising the expense of biodiversity conservation, but rather a process of ongoing learning, a source of innovation, identification of new business opportunities and fostering of economic development to benefit the broader organisation in order to realize self sustainability in the near future.

Much effort has been extended on the improvement of service delivery to guests visiting our facilities such that a Customer Service Charter has been developed and agreed to by staff at all levels for implementation.

To realise the expectations of the Customer Service Charter we have embarked on a process of training all staff at our resorts and at central reservations, in Customer Care.. A guest feedback survey has been put into place with the aim of delivering reports on a regular basis and informs us of areas which we need improvement on.

We commissioned a consultancy specialising in customer service to inspect our key resorts and interact with management and staff to implement customer service improvement initiatives. As part of this process, we are investigating the implementation of a customer satisfaction survey system through Short Messaging Service (SMS) that will give instant feedback to management, enabling them to take corrective action in real time whilst the guest is still at the resort.

Challenges

- The Global economic crisis hampered our endeavor to meet the set financial targets;
- Developing a comprehensive sustainability strategy and management framework and setting uniform sustainability targets;
- Developing an effective sustainability data collation system;
- Implementing the emerging market (black diamond) strategy;
- Availing opportunities for Broad-based black economic empowerment (BB-BEE);
- The implementation of Phase 1 of the Public Private Partnership (PPP) project.

Success Stories

- Appointment of the 2010 Soccer World Cup Programme Manager to implement all the 2010 Legacy projects;
- Refurbishment and grading of all listed 2010 resorts to a three star level.

Business Strategy / Prospects

Commercial Operation's projects comprise of R19.6m for normal capital projects of which the vast majority has been allocated to 2010 Soccer World Cup State of Readiness for Ezemvelo. An additional R11.5m was allocated to road infrastructure at various reserves to ensure accessibility to the FIFA Soccer World Cup 2010 guests. The Hluhluwe-iMfolozi Park Gate outsourcing service was completed in June 2009. The Ecotourism brand re-launch project was undertaken in April and May 2009.



Marketing

The Marketing Department's mandate is to ensure that Ezemvelo delivers on our brand promise - providing the 'Ultimate Wildlife Experience'. Our aim is also to acquire new customers and retain existing ones, while focusing on maximum brand exposure. We encourage repeat visits and are intent on being a preferred eco-tourism destination. The department has aligned its strategy to the organisation's strategy which has seen us forge the strategic partnerships with various stakeholders and non competitors. We have intensified our marketing efforts nationally and globally by ensuring the implementation of both "below" , and, "above- the line" marketing initiatives. There has been consistency in all forms of media namely, radio, print and press.

We kicked off our marketing drive with a bang during the period under review with the CEO's Roadshow on the Ecotourism brand awareness. We hosted two events which were held in Johannesburg's International Convention Centre (ICC) and Durban Exhibition Centre during the Tourism Indaba in May 2009. The aim was to re-launch the Ezemvelo Brand and to reposition the organisation in line with the arrival of Dr Bandle Mkhize as a new CEO. To further strengthen the Ezemvelo Brand profiles were developed for key magazines such as, **CEO, Top Company Magazine (TOPCO) and KZN Top Business**. This assisted in removing the SANParks association and present him as the new face of leadership at Ezemvelo.

For the very first time Ezemvelo hosted an "energy station" during the Comrades Marathon in May 2009. This initiative was developed to create brand awareness in the Province, Nationally and Internationally as this marathon is an internationally acclaimed event. All relevant key corporate and public sector stakeholders were invited. An intensive promotion's campaign to highlight our involvement was implemented prior to the event with the aim of creating hype and awareness.

As part of Ezemvelo's drive to increase sales and to tap into the Emerging Market, a strategic partnership was formed with Igagasi 995 FM which is a KwaZulu – Natal based-radio station. This partnership was characterised by advertising and promotional campaigns that ran for 6 months. Ezemvelo arranged excursions to our various resorts for station disc jockeys and this provided the backdrop for live broadcasts from these resorts to be undertaken, showcasing the Ezemvelo product.

Ezemvelo also entered into a strategic partnership with Ukhozi FM during Tourism Month in September 2009. The station is the largest public broadcaster and boasts six million listeners nationally. In this partnership we used the powerful platform, provided by the station to showcase our "All-in-One" experience which combines the Berg, Bush and Beach and positions us as a premium one-stop-shop product provider. Our top resorts were showcased on the popular "Vuka Mzansi Breakfast Show" and included live broadcasts from these destinations as well as prizes offered live on air.

This opportunity was also used to address general environmental issues including poaching which is a growing threat to our biodiversity conservation efforts. Every critical business unit was given a platform to talk about the successes of Ezemvelo as well as the key objectives of the organisation.

The strategic partnership was of benefit to the organisation as it was implemented on trade exchange terms which saved Ezemvelo a considerable amount of money had we purchased equivalent airtime.

Accolades

KwaZulu-Natal Top Business Portfolio Awards 2009 took place in July and Ezemvelo was a finalist in the Tourism Sector;

Ithala and Hilltop Resort received a Golden Arrow PMR Africa Award in recognition of Service Excellence and the Top Resort Award, respectively;

Corporate Social Investment (CSI)

As part of Ezemvelo's Corporate Social Responsibility the Marketing Department visited Dinuphozo Primary School in Stanger where most of the children come from disadvantaged families and some live with HIV and AIDS. The school children were taken to Stainbank Nature Reserve for a day's outing with Linda 'Mr Magic' Sibiyi and L' vovo Derango. They were also taken for a treat in Pietermaritzburg to the Royal Show.

The children were aware of the importance of nature conservation and the benefits of 'going green' to mitigate effects of global warming.

Viral Marketing Campaigns and E- Marketing

Facebook activation was launched in May 2009. This initiative has been a tremendous success, and, does not cost the organization any money. We currently have a total of 1,391 members including the Ithala Group. This has been an effective marketing tool which enables us to reach specific market segments.

A Search Engine Optimization strategy is currently being implemented with the help of Hot Salsa. This will assist Ezemvelo accessing business direct via the web and reduce our dependency on "middlemen". This should enable us to save a considerable portion of commission currently being paid to tour operators who have registered keywords which should rightfully be owned by the organization. The words registered by the tour operators include "Didima" and "Hilltop". With the recent re-launch of our re-engineered website it is critical we leverage the power of the web by intensifying our E-marketing Strategy.

Loyalty

To date we have 18,909 Gold Card memberships and 9,349 Green m. This will come with added benefits to ensure we leverage on our customer retention strategy.

Central Reservations

During the period under review we have been successful in the introduction of a new Central Reservations Information System which is built on eResHub. The staff at Reservations received training on the use of this system which is aimed at improving our business by providing additional advantages and enhanced convenience for our customers..

Some members in our Central Reservations team were sent to attend French Lessons in France to reduce language barriers during the 2010 Soccer World Cup.

As part of our Customer Service Charter and our approach for the 2010 FIFA World Cup State of Readiness, all staff in Central Reservations will undergo intensive training on basic customer care and telephone management. A need has been identified to up-skill our staff to achieve efficiency as well as improving the overall service and customer experience.

The new computer systems for reservations, property management and finance are undergoing a phased switch on at various resorts. Whilst that will mean many changes to the operations of the resorts, the staff are enthusiastic and can see the benefits these will bring at their resort operations.

Travel Trade (National & International)

Several Trade shows were attended in 2009, including among others the DSTV Getaway Show, Soweto Festival, Tourism Indaba, National Tourism Careers Expo, International Tourism Bossé-show ITB (Germany) and Meetings Africa in Sandton. These are platform where we showcase our products and benchmark against other industry players.

Natural Resources Trade Division

The start of the global recession in the previous year impacted hugely on game prices. This trend continued in the year under review although above realistic market prices were achieved for all game sold. The demand for common species was lower than the previous year however, White Rhino prices on 'catalogue sale' fell significantly. The exclusive White Rhino auction conducted later in the year showed a gradual increase in white rhino prices despite the challenges faced by this particular market segment.

The hunting operations continued to face the brunt of the global recession. White Rhino hunts sold for almost 30% less than the previous year's sales. However the value of Plains Game did improve slightly.

Game Sales

Over 1500 animals were sold at the Annual Game Auction in May whilst a further 22 White Rhino were sold in August at an exclusive Ezemvelo, White Rhino Auction. These two auctions raised a total of R16,768,700 despite poor market conditions.

For conservation reasons a further 120 Nyala, 250 Impala and 15 Buffalo were sold outside of the auction process. This raised a further R984,000.

Hunting

Professional and amateur hunts were conducted in the two controlled hunting areas. The overall response to the tender and local hunts indicates that uMkhuze CHA was by far more popular than the Pongolo CHA.

Hunting revenue for the year under review exceeded R4,2 million. This was considerably higher than the previous year and was attributed to a special request by clients to hunt in the uMkhuze CHA.

Natural Resource Trade Co-ordinator (NRTC) attended the FICAAR Hunting Convention in Spain during March 2010. The purpose of this trip was to create awareness amongst the Spanish hunting fraternity that Ezemvelo also conducted limited hunting activities in secluded Controlled Hunting Areas.

NRTC also met with the President of the Royal Spanish Hunting Federation who expressed a keen interest in exposing the province (KwaZulu-Natal) to his members.

East Region – Camp Operations

The year under review has been a very exciting but challenging one with the National, Provincial and Organizational hype around the preparations for the 2010 Soccer World Cup playing a major role in the various camp's operational plans and activities. We were very fortunate to be the recipient of significant funds from our Province to assist in the preparation of our various facilities to meet the standards required by the market generated by this unique international event.

After engaging with MATCH Hospitality AG, the accommodation provider contracted for the World Cup, it was clear that our primary focus must be the camps which would be most likely to be used by foreign visitors. For this reason the bulk of funds available for the upgrading of facilities were allocated to camps within the UKhahlamba Region as these were selected by MATCH as the camps closest to match venues. In the East Region refurbishment funds were allocated to upgrading the accommodation at Umlalazi, the completion of the upgrades of rest huts at Mpila; the provision of items to achieve the 3 star grading of Hilltop; and the completion of the refurbishment of units at Sodwana. The coordination of these projects would be undertaken by the 2010 project coordinator in conjunction with the regional operations staff.

The grading of Hilltop was completed and we are awaiting the outcome of the findings of the judging committee of the SA Grading Council.

The upgrading of the rest huts at Mpila is completed. The final grading inspection will take place soon..

Whilst much of the refurbishment or replacement of appliances, softs, etc has been completed at Umlalazi, we have encountered the same problems with the structural refurbishment of the units that were experienced with the upgrade work undertaken last year. The standard of workmanship undertaken by the contractors is well below the required standard resulting in the withholding of payment to the contractors involved. The Technical Section is currently engaged with the contractors to ensure that corrective work is executed at the required standard. This has resulted in a delay of the final grading inspection of the units.

It would appear that there has been an overestimation of the demand for accommodation for the World Cup event. This is particularly so in the rural areas. This has resulted in much of our accommodation held by MATCH under contract being released for resale by us before the penalty phase of the contract is reached. This development is not unique to Ezemvelo but has been the experience of SANParks as well as a number of private operations that were contracted with MATCH. Our Marketing section is engaged in the urgent development of a campaign that will promote the sale of this accommodation where these bookings were released. Although this is a very disappointing development, on the positive side we have had the benefit of the special funds to improve our product which will be of incalculable benefit to us beyond the World Cup event.

On the 21st September 2009 a land mark Service Level Agreement was signed between the iSimangaliso Wetland Park Authority and Ezemvelo KZN Wildlife. This agreement forms the management guide for the tourism facilities administered and run by Ezemvelo in the iSimangaliso Wetland Park. Developing from this agreement will be number of sub agreements that will detail the tenure and management conditions for each facility that Ezemvelo elects to manage.

The ongoing drought in the East Region has impacted significantly on various operations. The lack of availability of potable water has forced the ongoing closure of Charters Creek and Fanis Island Resorts. The water supply from the municipal supply to Cape Vidal has been erratic and has given rise to guest dissatisfaction when supplies have been cut. Whilst every effort has been made by staff to maintain a reserve of water, this runs out during periods of sustained cuts to supply. The failure of the water supply made it necessary to tanker in water to meet the needs of guests at the Bhangazi Bush Lodge and this has greatly increased the operational costs.

A very exciting addition to our product offering came with the opening of the Nselweni Community Bush Lodge. This spectacular facility has already created a stir in the industry and we believe its operation will bring great benefits to its owners, the neighbouring communities, and will go a long way to developing the bond between these communities and Ezemvelo.

The ongoing dispute between Ezemvelo and Occupancy Solutions was the subject of a protracted arbitration hearing during 2009. After the delivery of considerable evidence the arbitrator found that the claimant, Occupancy Solutions, had no claim against Ezemvelo and he also set aside Ezemvelo's counter claim against Occupancy Solutions. Occupancy Solutions indicated their intention to appeal this finding but has not responded to the deposit that Ezemvelo has required in order for the appeal to continue. Whilst the matter remains open, indications are that it is unlikely to proceed.

The impact of the global recession has resulted in lower than expected occupancies at most facilities. This has been particularly true for those that derive most of their occupancy from the international market. This downturn in revenue couples with greatly increased costs of utilities and has resulted in a disappointing performance for many camps. Ezemvelo, as part of its management strategy to cut costs, has managed the filling of vacant posts very strictly. This has given rise to some loss of performance at some camps where the management team is weak. A plan to address this is in place and has been put into action.



West Region – Camp Operations

The global recession has had a very marked effect on the West Region, with the Resorts failing to meet their target revenues for overnight accommodation. Interventions, such as discounts, special offers and targeted marketing assisted but overall, occupancies remained lower than originally forecast.

On a more positive note, day visitor figures increased slightly. This was due to a marked increase in the number of events held in the Region, as well as the established and traditional sporting events such as Midmar Mile, Mont-aux-Sources Challenge, Giants Mountain Bike Challenge, Ithala Canoe Marathon, Umgeni Marathon etc. A new sport was also introduced to the Region and is called Dragon Boat Racing.

The inaugural event was held at Chelmsford Resort and was part of "That Dam Festival". The festival was organised jointly by Newcastle Round Table, Amajuba District Municipality, the Chinese Chamber of Commerce and Ezemvelo. The Chinese Chamber of Commerce sponsored the transport of the Dragon Boats from Johannesburg to Chelmsford. Competing teams came from Gauteng and Durban. Local schools were invited to take part in the races, with training being given to the students and the municipality providing the learners with transport. In addition to the Dragon Boats, there were performances by Indian, Chinese and Zulu dancers, diverse live music, a beauty pageant and a stirring performance by a pipe band. The event was a great success for which Chelmsford staff is to be congratulated and commended for their hard work.

A "Top Ten Customer" initiative was implemented by Hospitality Manager Ntshondwe. Ten of the top tour operators/travel agents were invited to Ntshondwe to experience all the activities and facilities that the resort offers. The package included a bush braai, stargazing, Zulu dancing, meals and game drives. Feedback from the operators was very positive and it is hoped to make this initiative an annual event. A further spin off from this project were two groups which were booked through the CEO on similar packages.

The West Region was fortunate to be awarded CAPEX to upgrade some of its facilities in preparation for the influx of visitors for the 2010 World Cup. Thendele Resort received the bulk of the funding and has undergone a major refurbishment, with furniture, fittings and soft furnishings being replaced.

There have been delays in the completion of some projects e.g. thatching, water reticulation, provision of air conditioners etc.

The new property management and point of sale systems – APEX and PLUS POINT have been installed at Midmar, Giants Castle, Didima, and Ntshondwe Resort.

It was identified that with the anticipated increase in the number of international visitors for the World Cup, front line staff should try to improve their linguistic skills. Four members of staff flew to Spain for a Spanish immersion course and two member of staff attended French classes at Tourism KwaZulu-Natal (TKZN).

The business model to be utilised for the implementation of the co-management agreement for Ntshondwe Resort is still to be finalised. In November 2009 HM Ntshondwe and members of the co-management committee visited the Makuleke community in Limpopo Province in order to gain insight as to how co-management models can be implemented.

It is pleasing to note that a good team spirit exists in both East and West Region with resort managers and staff more than willing to assist each other. Long may this trend continue.

People

I would like to thank all our staff for their commitment, energy and resourcefulness. To my fellow executive directors and the Board, I express my appreciation for their guidance, support and contributions over the past challenging year.

It is a pleasure to provide a report on behalf of the corporate support services cluster. During the period under review we have seen the following achievements, challenges and forecast for the future.

Overview of Human Resources Management

During the period under review, the Human Resources division played a crucial role and contributed positively to the success of the organization. It has been noted that there has been great improvements made by the HR team and more projects are expected to be rolled out in the new fiscal year.

The development and implementation of the HR strategy was one of the highlights for the division. Great successes have been made with regards to the implementation of the HR projects in line with the strategy. The following are some of the successes for the year under review:

- Successful implementation of the Employee Performance Management System (EPMDS)
- Huge progress made with the Organizational Re-alignment process
- Development of the Recruitment & Retention Strategy
- Improved HR communication processes
- Work Place Skills Plan implementation close to completion
- Successful implementation of Wellness Interventions
- Improved payroll controls and processes

During the period under review the development of the HR Policy Task Team was done with a mandate to develop and review HR policies. This team hit the ground running with review of approximately 14% of HR policies successfully completed. These policies also went through for board approval during the review period. However more work is in progress in different stages of the review process.

The division has had its fair amount of challenges, namely:

- Inability to attract critical skills due to unattractive packages
- Inability to retain critical skills
- High rate of death due to HIV/AIDs
- Loss of skills
- Administration problems in processing of exit claims from Sanlam Provident Fund

Moving forward with the implementation of sound Human Capital Management the division has prioritised the following for future implementation:

- Implementation of the Management and Leadership Development Programme
- Finalize the Organizational Re-alignment process
- Successful & effective implementation of Performance Management System
- Increase intake of interns and experiential learners
- Implementation of Succession and Mentorship Programme
- Finalisation and completion of the Job Profiling and Job Evaluation Project
- Implementation of Graduate Development Programme
- Implementation of SAP-HR

Human Resource Administration

The period under review has indeed been demanding for Human Resource Administration. As result of continual change we are proud to state that we have been enriched with skills and knowledge. For the first time we assisted employees with South African Revenue Services (SARS) e-filing of their tax returns.

In our efforts to actively manage the organisational leave, we implemented a strategy to reduce leave owing to employees. As a result of these efforts we have managed to reduce the ring fenced leave balance by a further 22.6%. However we have a further 42,193 days which is still required to be taken by employees before 31 March 2011. The annual leave accrual has been reduced by 29.27% which translates to 44,228 days.

During the 2008 Annual negotiations we agreed to provide a 100% medical aid subsidy to employees at A Band level. In April 2009 employees on salary bands A1 to A2 who were not members of a medical aid were given the opportunity to join Prosano Medical Aid Scheme at 100% employer subsidy. In October 2009 this benefit was extended to levels B1 and B2. The Human Resources Benefits team in partnership with the medical aid service providers and Organized Labour held extensive road shows to communicate this benefit to relevant employees. Currently 91.71% of employees are members of a medical aid scheme.

Human Resources Development

During the period under review we were successful in implementing aligned skills development programmes. Grant funding was provided for us through the Tourism, Hospitality and Sport, Education and Training Authority (THETA) to implement this programme.

The Workplace Skills Plan and Annual Training Report

The Workplace Skills Plan (WSP) for 2009/2010 and the Annual Training Report (ATR) for 2008/2009 were submitted to THETA at the end of June 2009 and accepted. According to this plan, Ezemvelo had completed 82% of the Work Place Skill Plan. Although various courses, workshops and seminars 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. The WSP for 2009/2010 will be informed by the Personal Development Plans (PDPs) for employees between C and F1 Bands.

There was a great challenge with the implementation of the Health and Safety Training, as there was no Health & Safety Manager for a majority period of the year. To ensure compliance with the Occupational Health and Safety Act the training needs analysis for this important aspect will be conducted by the Health & Safety Manager as soon as possible, and, as such, Health and Safety Training will be prioritised for the future.

Accreditation of Ezemvelo KZN Wildlife Midmar Training Centre

The accreditation of the Midmar Training Centre with South African Qualifications Authority (SAQA) has since expired and we are in the process of applying for re-accreditation. During the re-accreditation exercise a verification exercise with Theta was done which came with positive recommendations. The accreditation with the Safety and Security Sector Education Training Authority (SASSETA) is still valid and expires during 2011.

Bursaries

During the period under review 17 employees were granted bursaries for different fields of study, this excludes bursaries carried over from previous years. A total of 5 (29%) employees were awarded bursaries for Nature Conservation which includes 4 females.

We pioneered a process of offering bursaries to biological children of employees for the first time during the period under review and have awarded 6 children with bursaries. The demand for bursaries far exceeds the funds available and due to budget constraints only a limited number of bursaries are granted each financial year.

Learnerships

The Organisation has been awarded funding by THETA to provide Tourism Guiding Level 4 Learnerships for 10 employees and 10 unemployed people in 2010/11.

Internship and Experiential Learning

A total of 10 unemployed graduate interns and 40 student experiential learners were appointed during this period. Five of the interns were part of the National Research Foundation and Department of Science and Technology Internship Programme, and, we are proud to announce that two of them were offered contract positions by Ezemvelo. This Programme is still a priority for the HRD division, and experiential learners will be given preference over interns in order to assist them with obtaining their qualifications. However providing accommodation at the resorts for the learners remains a challenge.

Appointment of Trainee Field Rangers

Our Midmar Training Centre offers Field Ranger Training. This training is done subject to the number of vacancies that have been ascertained. The first intake was done in January 2009, the second in August 2009. All people who were trained are now in the employ of Ezemvelo. In total the number of people employed by Ezemvelo with this project is 45.

Environmental Management Inspector (EMI)

This training is a legal requirement, and falls into two categories which are Grade 1 and Grade 5. The Grade 1 qualification is mainly for District Conservation Officers, Conservation Managers and Section Rangers who will be required to conduct routine inspections and issue compliance notices in addition to general law enforcement activities. This course is internet based, and some of the 40 learners enrolled for this year's course withdrew due to challenges experienced with internet connections. We are pleased to report that the majority of the learners passed the course. The Field Training and Firearms Unit are planning on implementing a Recognition of Prior Learning (RPL) Programme for the Grade 5 employees; however this process depends on Training Staff being available and final programme approval from DEAT.

CellC – Take a Girl Child to Work Day

Ezemvelo once again participated in Cell C's Take a Girl Child to Work campaign and hosted 20 girls from Southlands Secondary School on 28 May 2009. This year the campaign will take place in August due to the 2010 Soccer World Cup taking place.

ORGANISATION DEVELOPMENT

Organisational Re-alignment

An exercise began in the 2008/2009 financial year to review the top structures of the organisation. Workshops were held during 2008/2009 with the extended executive (Executive Directors and their direct reports) to review the structure. A broad agreement was secured during the 2008/2009 year and the 2009/2010 financial year began with consultations on the substance of the organization. structure.

The main change drivers of the organisation structure re-alignment were, inter alia,

- The need to align Ezemvelo operational boundaries with the municipal boundaries, to realise greater synergies between Ezemvelo and Government;
- The need to create structural designs which would promote and support internal integration at operational and strategic level;
- The need to emulate best practice in the positioning of certain strategic support structures;
- The need to boost the organisation's capacity to increase revenue;
- The need to support the organisation's Enterprise Resource Planning (ERP) system implementation by way of creating the enabling organization structures.

Further workshops were held during the period under review to refine the structure proposals. At the end of the 2009/2010 financial year, the organisational re-alignment design was completed and the proposals are scheduled to be presented to the Ezemvelo Board for approval. The proposals will further be submitted to the MEC (Agriculture, Environmental Affairs and Rural Development) for consideration and approval. After approval by the Ezemvelo Board and the MEC, implementation can proceed and it is envisaged by December 2010 the process will be complete. The re-alignment proposals have been designed to ensure there is no loss of employment during the process. However, possible career path opportunities have to be enhanced and a number of development positions have been proposed.

Job profiling and Job Evaluation

An identified need has existed since 2008 to revise and align all job profiles in the organisation. This is necessitated by the fact that jobs descriptions over a period of time generally change as the direction and strategy of the organization as a whole changes. Job descriptions therefore need to be regularly reviewed and where necessary repositioned.

Middle management level jobs (C4 and above) were revised during the 2006/2007 and 2007/2008 financial years. Many of these jobs will change when the organisational re-alignment proposals are accepted. It is anticipated that in the region of 60 jobs will be re-written and graded.

With regard to the C3 and below jobs, the exercise to profile these jobs has begun. To fast track this process contract Human Resource professional were appointed. It is expected that these jobs will be profiled by the end of June 2010 and the grading process for these jobs completed by the end of October 2010.

Change Management

The organisation has been involved in a number of activities which required planned and unplanned changes. In the process of project managing these changes, it has become apparent that attention needs to be focused on managing the human side of change more pro-actively. To this end, the Project Cat-ERPillar was supported by change management resources from within.

The principle that change management is a dire need in the implementation of any large scale change is now well established. In order to capacitate executive and senior management in change management principles and practice a series of "Change Leader" workshops was begun during the period under review and will continue into the future. It is also envisaged that change management efforts currently in implementation will be focused and consolidated through the development and implementation of an Ezemvelo Change Management Policy.

Organisation Health

The organisation had undertaken to implement an organisational health diagnostic process during the period under review. A strategic decision was taken to defer this exercise until the coming financial year to enable a better state of readiness and because the professional capacity to deal with the findings of such an exercise would be more readily available.



Performance Management

The Public Service is committed to the implementation and practice of Performance Management, and, as a state-owned enterprise, Ezemvelo is likewise committed. This is a powerful management tool in creating a culture of managed performance and development. Through this change tool we anticipate the entrenchment of a sustainable strategic direction within the organisation. It is through managed performance and development that Ezemvelo will achieve better organisational output by instilling desired changes through performance contracts.

The Performance Management and Development Policy was developed and approved in 2007 and further reviewed in 2009. The reviewed policy was approved in May 2009. Immediately after approval of this policy the training of all Ezemvelo Employees on Performance System Policy commenced. Over 75% of employees have been trained on this system. Coaching of all team leaders on Performance Contracting commenced immediately after the training. The next critical step which is set to commence on the 01st of April 2010 is the Performance Management of all Ezemvelo employees.

Employee Wellness

The main priorities for the Ezemvelo Wellness Programme for the period under review were HIV/AIDS management, peer education and conducting wellness awareness programmes.

The organisation achieved the following interventions with great success: HIV/AIDS Management through education in a form of workshops and Voluntary Counselling and Testing (VCT) has been made available in the organisation through a network with an external NGO called Thembalabantu. The condom distribution campaign was done and is monitored in all regions with the assistance of Peer educators. Individual counseling and support is provided and an increasing number of employees requiring this service are being provided access to it.

World Aids Day was commemorated with a special pledge and message from the CEO, Dr B. Mkhize. The Guest speaker was Rev. Phumzile Zondi-Mabizela and the key note from Minister Johnson's office was delivered by Ms Mnconywa. This was a remarkable achievement as it was held in Zululand this year. The theme for the day was **"It is your life, take responsibility"**.

The Wellness Health Days were a great success throughout the organisation during the period under review. The theme for the campaign was "Live a Balanced Life". A number of clinical risks were assessed, including the body mass index, waist circumference, blood pressure, cholesterol, glucose and chronic diseases. Smoking status, alcohol consumption, nutritional intake and physical activity was identified as lifestyle risks to employees. The statistics indicates that more awareness on substance abuse and health education is required.

MveloWise is an initiative from Ezemvelo staff members to support and promote initiatives that drive and embrace teamwork, good relations, fun-entertainment experience and life-changing self rewarding work experience. Annual events like Mothers' Day and Fathers' Day were celebrated with great success. Heritage Day was a great success through the acknowledgment of cultural diversity in the workplace. Valentine's Day was celebrated throughout the organisation and all staff members received a little gift.

The main challenge for the wellness section has been the attraction and securement of required skills as the job market for these posts is very competitive. These include Employee Assistance Practitioners (EAPs) and Occupational Health Practitioners (OHPs).

The main priorities for 2010/2011 are to ensure that sexual harassment workshops are held throughout the organisation. Introducing supplementary porridge as an energy meal for immune enhancement to staff is one of our focal points for the next financial year. The project has been piloted throughout the regions under the supervision and monitoring of the OHPs. Wellness committee members are also playing a vital role in this regard. Incapacity and absenteeism management will be monitored closely. The project called "Omakhelwane/Community Outreach Project" was introduced with the aim to alleviate poverty in our nearby communities as part of rural development.

Recruitment and Employment Equity

In accordance with the organisation's Employment Equity targets to increase the representation of blacks and females at Senior Management Level, there were 11 senior and professional level vacant positions. All these positions have been filled with 11 senior managers at senior and professional level appointed. Out of this number four were females and six were Black males appointed. This has significantly improved the representation of blacks and females in this level.

On the field operation there were 10 female field rangers appointed out of 45 male field rangers appointed. The challenging factor in these appointments is the failure to attract skills due to the remuneration package offered.

Compliance to Employment Equity Act

The organisation is committed to the implementation of its employment equity plan in compliance with the Employment Equity Act. The appointment of Senior Manager to monitor the implementation of the EE Plan was made by the CEO in line with the Act. Heads of Clusters were also appointed to develop, monitor and implement the EE Plan for their respective clusters in order to ensure compliance. The Employment Equity Forum was established and relevant consultation was done accordingly. Progress was made in improving the representation of African females at senior management level and skilled levels. The training of Employment Equity Forum members will be conducted in the next financial year.

Recruitment and Retention Strategy

A strategy on recruitment and retention was to be developed to attract and retain critical skills. For the first time in the history, the organisation was able to develop the Recruitment and Retention strategy. The year 2010/11 is planned to be the year of implementation within the available resources and means. The Recruitment and Retention Strategy shall be used to increase the pool of incumbents that can be attracted to the critical. The implementation of this strategy will include amongst other things, the succession planning, development programmes, retention planning and employment equity related planning programmes.

Career days

The organisation had to conduct career days at various institutions to promote the interests from potential employees to join the organisation. During the period under review there were five career days hosted by Ezemvelo in partnership with the Department of Education in various areas including Nqutu, Greytown, Dundee, Tongaat, Manguzi and Dondotha. These areas are neighbouring reserves and are in rural areas was great enthusiasm shown by the students to enrol in Biodiversity Conservation related qualifications.

An invitation was received from University of KZN to conduct presentation to science students encouraging them to join the organisation. These events were a great success and have made a huge impact to the schools and children. Adequate plans have been developed to address the challenges and to enhance our graduate and leadership development programmes.

Induction

A comprehensive induction programme was developed and implemented during the period under review. The purpose is to give all employees who joined the organisation an orientation of Ezemvelo. This was very successful and is recommended to remain part of the Recruitment and Retention Strategy.

Targeted Selection

Targeted Selection Methodology is an international well researched selection system that was introduced for implementation by Ezemvelo. Nine Senior Managers attended a variety of workshop on Targeted Selection competency. This mechanism has improved our selection process of the most suitable candidates into vacant positions.

Previously we were faced with challenges of panellists who conducted interviews without being trained on Targeted Selection and that has compromised our selection process. Training of panellists will continue to increase the number of trained panellists.

EMPLOYMENT RELATIONS

Disciplinary

A total of 44 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 is done for the purposes of providing relevant intervention where required.

CCMA Cases

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

Grievances

A number of grievances were lodged, and the analysis of these indicate that most of Ezemvelo 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, which will be composed 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. These forums are fully effective in all regions including the Head Office. 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 the implementation in the new financial year. The organisation will always ensure that these forums are fully utilised to strengthen relationships within the workforce.

Capacitation of line managers

A total of 36 managers were trained on chairing and initiating prosecution in disciplinary hearings in the period under review. More training interventions are planned to capacitate management in handling issues of discipline in the workplace.

Annual Negotiations

Ezemvelo is committed to commence these negotiations as early as January 2010 for the 2010/2011 negotiation period and we intend to finish before 1st April 2010. The negotiating team was appointed in December 2010 to commence with such negotiations. However, there have been delays with the annual negotiations as these did not commence on time. The organisation is committed to ensure sound relationships with the Organized Labour. The future plan is to ensure that negotiations commence prior to budgets being finalised.



Health and Safety

Health and Safety Compliance has been a challenging avenue for Ezemvelo KZN Wildlife without the proper expertise. To ensure legal compliance, the organisation employed three Health and Safety Officers on a Fixed Term Contract to establish levels of Occupational Health & Safety Act (OHASA) compliance at least within the three regions of Ezemvelo, namely, Coastal, Zululand and UKhahlamba regions and also to address the gaps and formulate plans to address these gaps.

A formal Health and Safety Management System has been developed and documented Health and Safety Client /Contractor specification has been drawn up. A proper Contractor indemnity document has been drawn up for the organisation. Noise Risk assessment undertaken of various processes and the workshop in St.Lucia were successful.

Legal Compliance Audits

Health & Safety audits were conducted in 2009 and some gaps closed through in house training conducted to ensure compliance. To date all stations have been surveyed to check the levels of compliance in all these sites, with some sites having scored zero % compliance during the first round of audits. There has since been a dramatic improvement in some sites which are now 100% OHASA compliant and a few more will be in the next few months.

Legal Appointments

The delegation of duties from the CEO to Managers via what is known as a 16(2) appointment has been implemented in the organisation. Managers have to take responsibility for Health and Safety issues in the areas where they work as this falls part of their management function. Appointment of Health and Safety reps, Committee members as well as other various legal appointments that need to be made in terms of OHASA will be ongoing along with the necessary training that will be required by these appointments.

A decision to employ permanent Health and Safety Officers in each region was something desperately required in the organisation as there has been lack of guidance to Senior Management in terms of the requirements of the OHASA in this regard. The appointment of a Health and Safety Manager to ensure compliance and to coordinate Health and Safety programme has been a major step to bridge this gap.

Establishment of Health and Safety Committees

The corner stone of any Health and Safety Programme is dependent on employee and management participation. The Health and Safety committees have been established throughout the regions to ensure compliance with the Occupational Health and Safety Act OHASA.

Occupational Hygiene Surveys

Visits by the DOL in the month of May 2009 highlighted the need for proper Occupational hygiene surveys to be conducted in the organisation as a contravention notice was issued on the organisation in terms of the Noise Induced Hearing Loss Regulation. An action plan was put in place to address this contravention notice; however there are still few other assessments that need to be done in terms of OHS legislation. With the direction from OHS department, these will be smoothly coordinated to prevent further future contravention notices from being issued to the organisation.



Health & Safety Priorities for 2010/2011

The main priorities for Health & Safety in the next financial year are:

- The recruitment of permanent staff in the Health and Safety officers posts;
- The finalisation of outstanding Workman's compensation cases from as far back as 1999;
- The proper administration of the Injury on duty cases;
- The implementation of a Proper Health and Safety programme throughout the organization;
- Minimising of Hazards to Ezemvelo employees;
- The promotion of a Health and Safety culture within the organisation.

OVERVIEW TECHNICAL SERVICES

In our effort towards ensuring Biodiversity Conservation and at the same time, efficiency in provision of adequate services infrastructure in every respects of both natural and technological challenges within all applicable legislative requirements, Technical Support Services Unit has been our trusted frontiers in balancing these two objectives and developing harmoniously planned and nature non - harming for water care management ,building and civil works infrastructure ,not only in terms of easing our areas accessibility and property management, but also for wildlife blending . Further, Radio communication, Fleet Management and Dredging specialisation are other pillars of this support service unit.

2010 and Beyond

The year under review has been a challenging year to the division with the demand of infrastructural development for the World Cup 2010. The Implementation of Roads Maintenance Plan and the implementation of ERP has also been a challenge to the daily operation of the division.

With the organisation alignment and FIFA World Cup 2010, there were camps which were identified as attraction for the football fans namely Didima, Giants Castle, HIP, Mlalazi, Midmar, Sodwana Bay. All these camps had different demand of infrastructural refurbishment varying from maintenance to new works which Technical Services has successfully completed.

The implementation of the road plan during the period under review has been successful; with R 26 million allocated to the roads infrastructure - 92% of this funding was spent. With the award of the plant supply tender to **Aqua Transport** we were able to do three times more than the planned kilometers of gravel roads.

General

Construction of new three staff accommodation began in 09/10, with two of them completed and handed over to the region the Mpila upgrade was also begun during the period under review. Four major construction projects for Community Levy (namely Nhloshenhle Crèche, Khulanomathiya Crèche, Mntanenkosi P School and Indlovana Primary School) to the value of R 1,9 million were complete and handed over to the respective communities.

The Technical Services support unit provides dredging specialisation operations at Greater St Lucia Wetland Heritage Site for maintenance of the estuary to ensure stable balance and control of the acceptable mouth volume. There have not been major dredging operations during the period under review, only the earth moving equipment was randomly commissioned to reclaim the drainage areas. The dredging equipment idle time is highly excessive and we are considering hiring-out of machinery.

Fleet

Our fleet management systems have proven to be effective for our transportation. We serviced 1599 vehicles this year and have extended roadworthy/compliance inspection across our 839 fleet compliment. A total of R1.3 million was recovered in our annual vehicle auction. We have replaced 59 vehicles overall and sold 40, had 2 vehicles written-off and there were no vehicles stolen during the period under review. Vehicles were purchased on State Tender & our own tenders. We have seen an increase in road traffic fines with 297 received for the period under review as compared to 82 which were received in our last reporting period.

Our certified radio network was upgraded to a Hi Band frequency and covers entire area of our operation within the KwaZulu-Natal border, we have 45 repeaters and 2606 radios operating on 18 network frequencies and 6 farm radio networks.

OVERVIEW LEGAL SERVICES

Contract drafting has been the key activity for the Legal Services Section during this reporting period. There has been a substantial increase in the number of contracts being drafted and reviewed which varied from Service Level Agreements, Funding Agreements, Lease Agreement, Partnerships Agreement and Stewardship Agreement to mention the least.

Two (2) requests were made in terms of the Promotions of Access to Information Act and the responses were furnished within the prescribed time frame of 30 days.

KwaZulu-Natal Nature Conservation Bill

There have been a number of developments in terms of legal instruments development at both provincial and national level since the Bill was reviewed by the Consultants. The developments have created some legal challenges that have provided insight into important legal provisions that must be included or may need to be amended. Therefore, the Consultants have offered to undertake a rapid final legal review of the document during April 2010, to ensure that the impacts of any new legal developments are taken into account, before the draft Bill is submitted to the Board and the MEC.

OVERVIEW INFORMATION TECHNOLOGY

Review of 2009/10

The Information Technology Department's focus for 2009/10 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 a positive effect with the impact being felt by Ezemvelo end-users mostly due to the rollout of the Enterprise Resource Planning (ERP) system.

Master Systems Plan (MSP)

The implementation of the EKZNW Master Systems Plan (MSP) was launched in 2008 and has a roll-out period of 3 to 5 years. Current projects for the period under review include:

Identity Management (IdM)

This solution is aimed at effectively managing users' access rights when interfacing with Ezemvelo systems. The implementation will automate the way in which we grant, change or remove access to our IT systems as well as giving IT users the ability to manage their network password when the account is locked or if password has been forgotten. The Architecture & Design phase, Systems Development & Configuration have been completed and the User Acceptance Testing is being conducted.

Disaster Recovery Plan (DRP)

The Disaster Recovery Plan is a tool that Ezemvelo's IT Department will use in the event that a disaster affects organisational IT operations and services. This plan will include a summary of the recent services, identification of the services most critical to the organisation's operations, and how these services will be reconstituted following a disaster in a timely and efficient manner.

Active Directory (AD) upgrade

The network directory service is being upgraded from Windows 2000 to Windows 2008 server environment. With the introduction of new IT systems that requires modern technology to run on, it has necessitated that IT department implement Windows 2008 server edition that will better manage the network resources.

Email Archiving

Ezemvelo's IT department has appointed Data - Centrix to implement a Guava solution in order to archive all email information that comes and leaves the organisation. This solution has been necessitated by the need to produce email information as evidence in a court of law in the event of internal and external disputes and also the need to be compliant with the National Archives and Records Service (NARS) Act required for managing email as a record.

SAP Implementation

The largest project within the MSP is the Enterprise Resource Planning (ERP) project, 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 organization. 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 with the focus being on providing the required IT infrastructure and planning for system continuity and support. Some of our resorts have gone live with the new reservation and property management systems while others are being phased in as per the project plan.

IT Replacement Plan & Disposal Management

The Ezemvelo's IT department engaged in the national initiative to combat the toxic hazard posed by the incorrect disposal of electronic equipment in the environment. Following the amendments made to current internal asset disposal policy and the partnership with the department agriculture and environmental affairs (DAEA), the first batch of written-off electronic waste equipment (e-Waste) was sent to the Cedara e-waste Recycling Plant.

During the period under review 93 laptops and 79 desktops were replaced, this represents 36% of the numbers identified by the IT replacement plan for the year.

Challenges and Developments

IT Replacement Plan: Only 36% of the end user equipment identified for replacement in the year was replaced. The reason for this was the failure of Clusters to provide adequate CAPEX budgets. This continues to be a concern to the IT Department as this has a detrimental effect on the ability to provide support and burdens limited support resources.

Lack of Manpower budget: Due to the small budget availability, this has resulted to key IT vacant positions not being funded and filled. This compromises IT's capacity to deliver on critical business requirements.

Infrastructure Management: The nature of the Ezemvelo business requires that most of our resorts and offices be located deep in the rural areas, this poses a challenge when it comes to ICT infrastructure availability. This challenge has resulted to most of our resorts not being connected to the organisational wide area network (WAN), official organisational communication via email, intranet and internet to the affected areas is missed or received late. The IT department continues to find alternative solutions to address this problem.

Outlook for 2010/11

The IT department will focus on completing the current ongoing projects i.e. AD upgrade, SAP Finance, Email Archiving, Property Management and Reservation systems. Once the SAP Finance implementation is complete and has been stabilized, the second phase starts with SAP Human Resources (HR) implementation.

ANNUAL PERFORMANCE REPORT AGAINST STRATEGY

EZEMVELO KZN WILDLIFE - CUSTOMER / STAKEHOLDER PERSPECTIVE

Strategic Objective	Output Measure	Output Target / Year 09/10	09/10 Achieved	Comments
Improve the state of biodiversity in KZN for the benefit of people	State of Biodiversity Report	1/ 100%	85%	The compilation of the 2009/10 State of Biodiversity Report is currently underway and will be finalised in June 2010.
Demonstrate value of environmental goods and services provided by protected areas and biodiversity in KZN	Economic and social contribution of KZN's protected areas to the economy determined.	15%	5%	Output Measure has been removed from the Corporate Strategy and therefore it is no longer relevant.
Demonstrate value of benefits derived from the implementation of organisational programmes	Rand value of contribution to provincial economic development	R 60 mil	R 11 mil	The shortfall in achieved persondays lies in the delay in the implementation of the WFC DEAT programme
Create awareness of biodiversity and its value	% Biodiversity Awareness Index	100% Environmental Awareness Programmes /	93%	Most projects were completed apart from the reactive programmes
		Index to be established in Year 2	90%	Database for Environmental Awareness Activities was compiled. Environmental Awareness Activities have been aligned to Strategic Objectives and Activities have been prioritised as per the Regional requirements.
Manage use of biodiversity in collaboration with stakeholders	% decrease in number of key species used unsustainably for consumptive purposes	(100%) Establish Baseline	100%	Consumptive Use Status Report has been compiled.
	Number of private or communally owned protected areas co-managed with EKZNW	3	4	Feasibility studies were undertaken which informed the drafting of the Co-Management Agreements, in consultation with community trustees, for four Ezemvelo KZN Wildlife managed Protected Areas.
Excellent service and quality standards	Customer Care Strategy	Establish Customer Satisfaction Index and Intervention Plans for Clusters/Units	-	During the strategy session, it was discussed that only Commercial Operations has developed and is implementing a charter, but from an internal angle, the organization will be looking into quality controls such as ISO

EZEMVELO KZN WILDLIFE - FINANCIAL PERSPECTIVE

Strategic Objective	Output Measure	Output Target / Year 09/10	09/10 Achieved	Comments
Increase financial contribution	Rand value	R35 mil	R 26 mil	Target below by over R 8 mil.
Secure external funding required to contribute to the achievement of organisational objectives	Rand value	R50 mil	R 34 mil	The shortfall in budget realised lies in the delay in the implementation of the WFC DEAT programme
Optimize the utilization of financial resources	% Reduction of working capital ratio	20% reduction	20% reduction	The set target has been achieved. It is based on net current assets excluding cash and cash equivalents
	% budget variance	< 10%	-3.00%	The ultimate expenditure is R601 million while the forecast expenditure was R619 million
	% of financial resources aligned to strategy	30% of financial resources	-	The 2010/11 quarterly reports will be aligned to strategy
	Asset Maintenance Ratio	10%	7.0%	Asset base of R1 008 000 000, R73 395 000 was spent.

EZEMVELO KZN WILDLIFE - INTERNAL PROCESSES PERSPECTIVE

Strategic Objective	Output Measure	Output Target / Year 09/10	09/10 Achieved	Comments
Implement new services and products	Number of new services and products	3 new products/ services	2	Sakha isibaya and The Kids Club Loyalty Programme has been implemented
Ensure internal integration across business and support units	Number of internal Service Level Agreements in place	10	3	Legal Service Manager position became vacant and resulted in a delay with facilitation and co-ordination of SLA's. The remaining drafts will be finalised by the first quarter of 2010/11
	% Communication Plan developed and implemented	20%	85%	The plan is awaiting board's approval. In the meantime, communication work has been ongoing.
Optimize strategic alliances with relevant stakeholders	Number of formal strategic alliances with stakeholders	40	43	A total of 43 MOUs were finalised in this financial year.

Strategic Objective	Output Measure	Output Target / Year 09/10	09/10 Achieved	Comments
Integrated information management systems	% of Masters Systems Plan completed	50% ERP system implementation	46%	The first phase of the project is 92% complete and is approximately 2% behind schedule, with the project preparation, blueprinting and configuration phases completed. The project implementation will be phased to enable MM to go live initially - scheduled for the 9th April - followed by the remaining modules being scheduled to go live at the end of April 2010. rollout to the operational staff will be undertaken in June. The central reservations system has been upgraded with only Sodwana remaining to be brought online. The Property management and Point of Sale system has been installed at Giants Castle, Didima, Ntshondwe, Hiltop, Mpila, Umlalazi, Midmar, Sodwana, and Kosi Bay resorts.
Ensure effective and efficient management of organisational resources	Optimization of personnel to operational cost ratio (baseline 80:20)	78:22 ratio (60 personnel: 40 operational)	70:30	The total personnel cost is R404 million against a operational cost of R570 mil.
	Organisational structure aligned to strategy	100%	-	The organisational re-alignment design is complete and the final proposal is scheduled to be presented to the Ezemvelo Board. However, the CEO requested such submission to be put on hold. Board presentations are expected to be done in the first and second quarters of the 2010/2011 financial year.
Comply with relevant legislation	% compliance with legal prescripts	100%	-	This audit was carried over to this 2010/11 financial year due to prioritisation
Manage organisational risks	% Risk Management Strategy implemented	20%	20%	The risk management policy was adopted and will be rolled out. However, there is a risk register with an action plan that is being implemented

EZEMVELO KZN WILDLIFE - LEARNING & GROWTH PERSPECTIVE

Strategic Objective	Output Measure	Output Target / Year 09/10	09/10 Achieved	Comments
Ensure best practices in understanding and managing wellness and related activities	Ability to deal with the negative effect of HIV / Aids pandemic	Non - Performance of organisation due to pandemic < 10%	-	Expression of interest for services went out and prospective service providers were invited to make presentation. Presentations were conducted by prospective service providers and awaiting to be submitted to the evaluation committee. A service provider is expected to be appointed in the new financial year
	% of involvement of employees in wellness programmes	25% of employee participation	67%	A total of 1780 employees attended training
Attract and retain the best Human Capital	% performance management plan	50%	50%	Most employees were trained and performance contract for C, D and E band has been signed
Create a culture of learning and development of employees	% of skills development plan implemented	> 90%	82%	82% of the plan was implemented during the year
Access to information and knowledge management	Information and knowledge management plan	20%	-	This objective has been moved for next financial year due to prioritization issues and has been assigned to IT
Implement Broad based Transformation Policies	% contracts/tenders awarded to BEE companies	60%	57%	The number of BEE suppliers to be confirmed. Most bids allocated are to different suppliers. Repeat suppliers are only allocated additional work on completion of their initial allocated work.

Audit Committee Report

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

Audit Committee Members and Attendance

The 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 9 meetings were held and the log of member attendance is tabled below:

NAME	HELD DURING TERM	ATTENDED	CHANGES
Mr M Mia (Chairperson)	9	9	Appointed (1/04/2008)
Ms CN Mhlongo	9	8	Appointed (29/07/2005)
Mr SL Ndaba	9	6	Appointed (1/04/2008)
Mr SD Shezi	9	7	Appointed (1/04/2008)
Ms BP Mchunu-Mzila	2	2	Appointed (1/12/2009)
Mr WU Nel	2	2	Appointed (1/12/2009)
AP Shangase*	4	0	Term expired (1/01/2010)
R MORAR**	3	1	Term expired (19/06/2009)
B MNGANGA**	3	0	Term expired (19/06/2009)

* Board suspension that was subsequently set aside resulted in members not attending audit committee meetings

**Interim Accounting Authority was set aside by court ruling on 19th June 2009.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several instances of non compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls. Significant control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. In certain instances, the weaknesses reported previously have not been fully and satisfactorily addressed. The effect of these instances has been included in the annual financial statements and the report of the Accounting Authority.

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.

Mr M Mia Chairperson - Audit Committee

Date: 30 July 2010

Accounting Authority's Responsibilities and Approval

The Accounting authority is required by the Public Finance Management Act (Act 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 Standards of Generally Recognised Accounting Practices (GRAP).

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

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

The Accounting Authority is of the opinion, based on the information and explanations given by management, that even though the system of internal control may not have been entirely effective for the year under review, that the financial records can be relied on for the preparation of the annual financial statements. Any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. During the year under review, several instances of non compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls. *Most of the weaknesses reported previously have not been fully and satisfactorily addressed. The weaknesses that still remain are detailed by the Auditor General's report.*

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2011 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is partially dependent on the Provincial Legislature for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Provincial Legislature has neither the intention nor the need to liquidate or curtail materially the scale of the entity. This conclusion is supported by the Medium Term Expenditure Framework (MTEF) Subsidy provided for future years to 31 March 2014.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 35, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2010 and were signed on its behalf by:



Mr ZC Ngidi Chairperson - Accounting Authority
Date: 30 July 2010

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL NATURE CONSERVATION BOARD FOR THE YEAR ENDED 31 MARCH 2010

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 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 85.

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 in the manner required by the Public Finance Management Act of South Africa; 1999 (Act No.1 of 1999) (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section 3 of the KwaZulu-Natal Nature Conservation Management, 1997 (Act No. 9 of 1997), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. 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 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 R121,647 million (2009: R137,031 million) in the financial statements. The Board's records did not permit the application of adequate alternative audit procedures regarding these assets. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and completeness of assets stated at R121,647 million (2009: R137,031 million).
8. The Board did not review the useful lives of its fully depreciated assets in terms of Generally Recognised Accounting Practice, GRAP 17, Property, plant and equipment, as evidence by property, plant and equipment with a gross carrying amount of R15,280 million (2009: R14,810 million) being included in the annual financial statement at a zero net carrying amount whilst still being in use. I was unable to confirm by alternative means the value of these assets, consequently I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of property, plant and equipment stated at R121,647 million (2009: R137,031 million).

9. The Board did not recognise and depreciate completed capital projects in accordance with Standard of Generally Recognised Accounting Practice, GRAP 17, Property, plant and equipment. Had these assets been recognised and depreciated, work in progress, included in note 4 to the financial statements would have decreased by R28,193 million (2009: R23,637 million) and buildings and structures would have increased by R19,593 million (2009: R17,175 million). Furthermore, depreciation would have increased by R2,139 million (2009: R6,461 million) and accumulated surplus would have reduced by R8,600 million (2009: R6,461 million).
10. The Board did not assess impairment of buildings and structures in terms of Generally Recognised Accounting Practice, GRAP 17, Property, plant and equipment. Building and structures in the Royal Natal Hotel site were identified as abandoned and not written down. Consequently, I was unable to satisfy myself as to the valuation of the buildings and structures of R11,451 million, included in note 4 to the financial statements.

Revenue

11. There was inadequate system of control over admission revenue on which I could rely on for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all admission fees were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of admission fee revenue stated at R6,885 million (2009: R22,367 million).

Qualified opinion paragraph

12. 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 Boards as at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with the SA Standards of GRAP and in the manner required by the PFMA.

Emphasis of matter

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

Significant uncertainty

13. As disclosed in note 3 to the annual financial statements, land claims affecting 91 096 hectares of the Board's protected areas were settled by the Department of Land Affairs. The ultimate outcome of the matter cannot be determined until finalisation of the land settlement agreements and the co-management agreements and as a result no provision has been made in the financial statements.

Restatement of corresponding figures

14. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2009 have been restated as a result of errors discovered during 2009/10 in the financial statements of the Board at, and for the year ended 31 March 2009.

Irregular expenditure

15. As disclosed in note 29 to the financial statement, irregular expenditure to the amount of R1,143 million was incurred due to procurement fraud.

Going concern

16. The accounting authority's report on page 53 indicates that the KwaZulu-Natal Nature Conservation Board incurred a net loss of R29,877 million for the year ended 31 March 2010 and, as of that date, the entity's current liabilities exceeded its current assets by R16,990 million. These conditions, along with net decrease of R51,546 million in cash flows of the Board during the year under review, indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern.

Additional matters

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

Unaudited supplementary schedules

17. The supplementary information set out on pages 52 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

18. In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

Findings

Predetermined objectives

Non-compliance with regulatory and reporting requirements

Lack of effective, efficient and transparent systems and internal controls regarding performance management

19. The accounting authority did not ensure that the Board has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the entity's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required in terms of section 51(1)(a)(i) of the PFMA.

Usefulness of information

20. The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the entity reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan and annual performance plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Reported information not consistent with planned objectives

21. The Ezemvelo KZN Wildlife has not reported on of its performance against predetermined indicators which is consistent with the approved annual performance plan.

Planned and reported indicators not well defined

22. For the selected programmes Customer/Stakeholder Perspective, Financial Perspective, Internal Processes and Learning and Growth, 50% of the planned and reported indicators were not clear to allow for data to be collected consistently.

Reliability of information

23. The following criteria were used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

Reported targets not accurate as inadequate supporting source information

24. For the following reported targets that are material by nature and amount, the validity, accuracy and completeness of the reported target could not be established as sufficient appropriate audit evidence could not be provided for audit purposes:

Strategic Objective	Output Measure	Output Target Year 09/10	Achieved Year 09/10	Audited re-performance	Variance	Comments
Optimize the utilization of financial resources	% budget variance	< 10%	-2.00%	-1.00%	-1.00%	The variables used in the calculation differed by R3,127 million from the source information i.e. budget and actual amounts
	Asset Maintenance Ratio	10%	5.2%	4.7%	0.46%	The variables used in the calculation differed by R4,565 million from the source of information. i.e. AFS figures and budget figures

Reported targets not reliable as inadequate supporting source information was provided

25. For the following reported targets that are material by nature and amount, the validity, accuracy and completeness of the reported target could not be established as sufficient appropriate audit evidence was not reliable for audit purposes:

Strategic Objective	Output Measure	Output Target Year 09/10	Achieved Year 09/10	Comments
Optimize the utilization of financial resources	Asset Maintenance Ratio	10%	5.2%	Base line of R997,000 million assets used to calculate the ratio is not reliable as it was subject to audit qualification.

Compliance with laws and regulations

Public Finance Management Act and Treasury Regulations (TR)

Non-adherence

26. The Board has not fully implemented the risk management strategy, policies and procedures to prevent and address the risks identified. As a result; the risks identified through the risk assessment process were not effectively managed throughout the year under review in accordance with section 51(1)(a)(i) of the PFMA.
27. The Board's corporate and annual performance plan was inadequate as it did not include the multi-year projection of revenue, expenditure and the materiality/significant framework as required by TR 28.3.1 and 30.1.3

INTERNAL CONTROL

28. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

Leadership

29. The accounting authority did not exercise oversight responsibility over internal controls relating to asset management and compliance with National Treasury framework for reporting on pre-determined objectives. Control weaknesses were not analysed and appropriate follow-up actions were not taken to address risks relating to the achievement of financial and performance reporting objectives.

Financial and performance management

30. The entity did not implement adequate policies and procedures to ensure adequate safe-guarding of assets, completeness of revenue, accuracy and completeness of the reported financial information, and validity, accuracy and completeness of the reported performance against predetermined objectives.

Governance

31. The entity does not identify information systems risks relating to the achievement of financial and performance reporting objectives.

OTHER REPORTS

Investigations

32. An investigation was conducted by the internal auditors on request of the entity. The investigation was initiated based on the allegation of possible procurement fraud by employees of the entity. The investigation has resulted in criminal proceedings being instituted against one employee who is currently under police custody.

Agreed upon procedures engagement

33. As requested by the board, agreed upon procedures audits were conducted on the income, expenditure and project deliverables of special projects undertaken by the Board. The report covered the period April 2009 to March 2010 and will be issued by 15 August 2010.

Auditor-General

PIETERMARITZBURG
30 July 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position

	Notes	2010 R'000	Restated 2009 R'000
Assets			
Current Assets			
Inventories	6	7,408	7,816
Trade and other receivables from exchange transactions	7	10,040	10,159
Cash and cash equivalents	8	123,348	176,008
		140,796	193,983
Non-Current Assets			
Property, plant and equipment	4	932,239	959,617
Total Assets		1,073,035	1,153,600
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	13	42,813	68,924
Deferred Income	10	19,585	22,231
Provisions	11	84,036	89,237
Trust funds and external projects	12	40,290	45,175
		186,724	225,567
Non-Current Liabilities			
Provisions	11	46,170	43,269
Total Liabilities		232,894	268,836
Net Assets		840,141	884,764
Net Assets			
Reserves Revaluation reserve	9	389,777	404,527
Accumulated surplus		450,364	480,237
Total Net Assets		840,141	884,764

Statement of Financial Performance

	Notes	2010 R'000	Restated 2009 R'000
Revenue	14	588,876	533,795
Cost of sales	15	(24,748)	(27,468)
Gross surplus		564,128	506,327
Other income		30,901	30,007
Operating expenses		(631,824)	(546,442)
Non-Exchange transaction revenue- projects		36,243	52,246
Non-exchange expenditure- projects		(39,818)	(38,871)
Operating (deficit) surplus		(40,370)	3,267
Interest Income	21	10,520	16,797
Debt impairment recovered - New Republic Bank		-	8,429
Finance costs	22	(27)	(81)
(Deficit) surplus for the year		(29,877)	28,412

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
	R'000	R'000	R'000
Balance at 01 April 2008 as restated	-	451,825	451,825
Fair value gains, net of tax: Buildings and Structures	419,277	-	419,277
Revaluation Depreciation	(14,750)	-	(14,750)
Net income (expenses) recognised directly in net assets	404,527	451,825	856,352
Surplus for the year	-	28,412	28,412
Balance at 01 April 2009 as restated	404,527	480,237	884,764
Opening balance as previously reported	404,527	223,342	627,869
Change in accounting policy	-	219,749	219,749
Prior year adjustments		37,146	37,146
Surplus/ (Deficit) for the year	-	(29,877)	(29,877)
Revaluation Depreciation	(14,750)	-	(14,750)
Balance at 31 March 2010	389,777	450,364	840,141

Cash Flow Statement

	Notes	2010 R'000	Restated 2009 R'000
Cash flows from operating activities			
Receipts			
Sale of goods and services		233,181	185,808
Grants		397,578	343,519
Interest income		10,520	16,797
Other receipts- Non-exchange revenue		37,767	55,727
		679,046	601,851
Payments			
Employee costs		(402,785)	(363,945)
Suppliers		(250,487)	(227,845)
Finance costs		(27)	(81)
Other cash item- Non-Exchange transaction		(39,051)	(29,456)
		(692,350)	(621,327)
Net cash flows from operating activities	23	(13,304)	(19,476)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(35,746)	(27,678)
Proceeds from sale of property, plant and equipment	4	1,277	2,814
Proceeds from New Republic Bank		0	8,429
Net cash flows from investing activities		(34,469)	(16,435)
Cash flows from financing activities			
Net change to Conditional grants	24	(3,702)	-
Other cash item- Non exchange transactions		(1,185)	57,951
Net cash flows from financing activities		(4,887)	57,951
Net increase/(decrease) in cash and cash equivalents		(52,660)	22,040
Cash and cash equivalents at the beginning of the year		176,008	153,968
Cash and cash equivalents at the end of the year	8	123,348	176,008

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with 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 thousand (R'000).

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Consolidation

Basis of consolidation

The entity's annual financial statements do not incorporate the annual financial statements of Isivuno (an association incorporated under Section 21) as it was not a controlled entity as at 31 March 2010.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

As at 31 March 2010, the non- executive directors of Ezemvelo KZN Wildlife were not appointed as directors in Isivuno. The articles of association of Isivuno indicate that the board members of Isivuno shall be such persons appointed by the Board of Ezemvelo KZN Wildlife from time to time. However, the current majority of the directors of Isivuno do not exercise control over Ezemvelo KZN Wildlife. Ezemvelo KZN Wildlife also does not receive any financial or operational benefit from the operations of Isivuno and does not have debt or equity instruments that are traded in a public market. All administrative and financial management operations of Isivuno are conducted by the BOE Trust Limited.

Interests in joint ventures

A joint venture is a binding arrangement whereby the entity and other parties are committed to undertake an activity that is subject to joint control, that is the agreed sharing of control over an activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Kagiso Khulani Supervision Food (Pty) Ltd, a division of Compass Group entered into a management agreement with the entity for restaurants at Giants Castle, Ntshondwe and Didima resorts. The entity is entitled to 50% of the profits generated from the restaurant profits. The 50% share is recognised as revenue when the related receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

1.2 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 cannot 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.

The list, magnitude and outcomes of the status assessment of the ecosystems and species that are being monitored, through a formal programme with standard protocols adopted and monitoring interval are disclosed in the entity's annual financial statements in note 3.

1.3 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 which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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

Item 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.

1.4 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.

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.

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

1.6 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

1.7 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 are 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.

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.

1.8 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.

1.9 Revenue from exchange transactions

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

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

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

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

1.10 Revenue from non-exchange transactions

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Transfers

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

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

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

Permits and Fines

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

1.11 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.

1.12 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.

1.13 Fruitless and wasteful expenditure

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

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

1.14 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.

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.

1.15 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.

1.16 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).

Notes to the Annual Financial Statements

2. Changes in accounting policy and Fundamental Error

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the following approved statements:

- GRAP 23 Revenue from Non-exchange Transactions (Approved but not effective)
- GRAP 24 Budget information (Approved but not effective)

Changes in accounting policy

During the year, the entity changed its accounting policy with respect to the treatment of government grants. In order to conform to the benchmark treatment in of GRAP23, the entity now recognises government grants as non-exchange transactions.

Fundamental Errors

The organization also conducted full movable asset verification as at 1 April 2009 which has resulted in initial recognition of some immovable assets that would have been expensed in the prior years and re-classification of property, plant and equipment into different categories.

The organization had classified the New Republic Bank debt impairment recovery as a current liability in the prior year as the rights to the liquidation dividend received were not yet established. This has now been correctly allocated to the prior year's other income.

The aggregate effect of the changes in accounting policy and the fundamental errors on the annual financial statements for the year ended March 31, 2010 is as follows:

Statement of financial position

	2010 R'000	2009 R'000
Property, plant and equipment		
Previously stated		930,904
Adjustment		28,713
		959,617

The adjustment relates to the initial recognition of immovable assets that would have been expensed in the prior years. This is based on the asset verification exercise conducted.

Trade and other receivables

Previously stated	9,925
Adjustment	234
	10,159

Adjustment is a result of reclassification of all control accounts to accounts payable

Cash and cash equivalents

Previously stated	160,461
Adjustment	15,547
	176,008

The organization had classified the New Republic Bank debt impairment recovery as a current liability in the prior year as the rights to the liquidation dividend received were not yet established. This has now been correctly allocated to the prior year's other income.

Trade and other payables

Previously stated	65,188
Adjustment	3,736
	68,924

The R 3 483 of the adjustment relates to the Grap 23 change in accounting policy while R244 is due to reclassification.

Trust Funds and External Projects

Previously stated	48,745
Adjustment	(3,570)
	45,175

The R3,750 adjustment relates to the Grap 23 change in accounting policy.

Deferred Income

Previously stated	234,799
Adjustment	(212,568)
	22,231

The R212, 568 adjustment relates to the Grap 23 change in accounting policy

Opening accumulated surplus/ deficit

Previously stated	223,342
Adjustment	256,895
	480,237

Adjustment relating to property, plant and equipment initial recognition is R 28 713 while New Republic Bank liquidation dividend recovery is R8, 429 and the Grap 23 effect of the change in accounting policy is R 219,753.

Statement of financial performance

Non- Exchange Revenue-Projects

Previously stated	40,145
Adjustment	12,101
	52,246

The R12, 101 adjustment relates to the Grap 23 change in accounting policy

Debt Impairment Recovery

Previously stated	-
Adjustment	8,429
	8,429

The adjustment relates to the New Republic Bank impairment recovery fundamental error corrected in the current year.

Non-Exchange Expenditure- Projects

Previously stated	40,145
Adjustment	(1,274)
	38,871

The R 1,274 adjustment relates to the Grap 23 change in accounting policy

3. Biological Asset

Fauna and Flora

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

As part of its mission, the organization 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.
- 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.

The list of the ecosystems and species that are being monitored are currently being stored in the corporate database and the results of the monitoring are tabled below:

Group/Species	Surveyed	Extent of Survey	2010	2009
Invertebrates				
Karkloof Blue	Yes	Population assessed at Nkandla	70 eggs	41 eggs
Millar's Tiger Moth	Yes	Entumeni Nature Reserve	80 eggs	0
Reptiles				
Durban Dwarf Chameleon	Yes	1 population assessed in Dbn	27	51
Nile Crocodile	Yes	Province wide survey	2490	1747
Loggerhead Turtle	Yes	Province wide survey	509	0
Leatherback Turtle	Yes	Province wide survey	43	0
Birds				
White-headed Vulture	Yes	Province Wide Survey	5 nests	2 nests
Lappet-faced Vulture	Yes	Province Wide Survey	7 nests	4 nests
Bearded vulture	Yes	Province Wide Survey	8 active nests	0
White-backed Vulture	Yes	Province Wide Survey	277 nests (461 birds)	275 nests (688 birds)
Cape Vulture	Yes	Province Wide Survey	23 nests	23 (nests)
Wattled Crane	Yes	Province Wide Survey	254 nests	206 nests
Blue Crane	Yes	Province Wide Survey	653	564
Grey Crowned Crane	Yes	Province Wide Survey	2664	2637
Blue Swallow	Yes	Province Wide Survey	339	0
Mammals				
African wild dog	Yes	Province Wide Survey	119	96
Cheetah	Yes	Province Wide Survey	111	114
Lion	Yes	Province Wide Survey	250	235
Leopard	Yes	Province Wide Survey	569	478
White rhinoceros	Yes	Province Wide Survey	3196	2994
Black rhinoceros	Yes	Province Wide Survey	484	474

Group/Species	Surveyed	Extent of Survey	2010	2009
Hippopotamus	Yes	Province Wide Survey	1766	1941
Elephant	Yes	Province Wide Survey	1472	1406
Oribi	Yes	Provincial Protected Areas	323	300
Tsessebe	Yes	Provincial Protected Areas	88	82

Where nil is reflect in the prior year, the statistical count for the population would not have been done during that year. The monitoring cycle is from 1 January to 31 December of each year.

The entity does not actively implement any breeding programmes for any endangered species. Where certain species are considered to be in excess for the area being managed, the excess is disposed of in compliance with the applicable legislation by game auction, donation, hunting and internal translocations. Monitoring is done to ensure the biological asset protection against poachers or any unauthorised use.

Heritage Asset (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.

	AREA (HA)
Protected Areas (Proclaimed)	872 924
Management Assisted	1 700
Land Claims on protected area	

As at 31 March 2010, the following land claims of the organisation's protected areas were settled:

	AREA (HA)
Ithala Game Reserve	29 653
Hluhluwe Imfolozi Park Corridor	24 210
Ndumo Game Reserve	11 600
Tembe Elephant Park	25 633
	<hr/> 91 096 <hr/>

In terms of the land settlement agreements, the buildings situated on this land should be transferred to the new owner. At year-end buildings amounting to R42, 84 million have not been disposed of in the books pending the finalisation of the land claims.

The settlement agreement also makes provision for a co-management agreement whereby the new landowner is also entitled to a portion of the revenue earned within the claimed area.

The ultimate outcome of the matter cannot be determined until finalisation of the land settlement agreements and the co management agreements and as a result no provision for the above has been made in the financial statements.

4. Property, plant and equipment

	2010			2009		
	Cost / Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Buildings and Structures	1,097,821	(415,802)	682,019	1,101,046	(397,163)	703,883
Plant and machinery	6,697	(2,704)	3,993	6,003	(1,482)	4,521
Furniture, Tools and Equipment	69,448	(37,690)	31,758	63,602	(27,737)	35,865
Aircraft, Vehicles and boats	130,840	(95,060)	35,780	124,276	(77,292)	46,984
Computer Equipment	19,092	(7,213)	11,879	11,572	(4,207)	7,365
Roads	67,965	(32,820)	35,145	67,965	(29,455)	38,510
Dams, reservoirs and boreholes	6,070	(4,635)	1,435	5,968	(4,234)	1,734
Fencing	5,933	(4,276)	1,657	5,933	(3,881)	2,052
Capital work in progress	128,573		128,573	118,703		118,703
Total	1,532,439	(600,200)	932,239	1,505,068	(545,451)	959,617

Reconciliation of property, plant and equipment – 2010

	Opening	Additions	Disposals	Depreciation	Total Balance
Buildings	703,883	-	-	21,864	682,019
Plant and machinery	4,521	694	-	1,222	3,993
Furniture, tools and equipment	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	-	-	128,573
	959,617	35,746	(1,028)	(62,096)	932,239

Reconciliation of property, plant and equipment - 2009

	Opening	Additions	Disposals	Revaluations	Fundamental error	Depreciation	Total Balance
Buildings	306,584	-	-	419,278	21	-22,000	703,883
Plant and machinery	8,872	2,707	-	-	(4,873)	-2,185	4,521
Furniture and fixtures	21,287	1,311	(374)	-	19,143	-5,502	35,865
Motor vehicles	22,144	16,759	(8,542)	-	25,793	-9,170	46,984
IT equipment	3,337	3,115	(391)	-	3,408	-2,104	7,365
Roads	53,983	-	-	-	(12,108)	-3,365	38,510
Dams, Reservoirs and boreholes	2,953	39	(393)	-	(469)	-396	1,734
Fencing	2,676	3,747	(157)	-	(3,819)	-395	2,052
Capital work in progress	178,156	-	-	-	(59,453)		118,703
	599,992	27,678	(9,857)	419,278	-32,357	-45,117	959,617

As at 01 April 2008, the Board revalued its Buildings and structures. Revaluations were performed by management and each items' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques;

Buildings and Structures are re-valued independently every 3 years.

The valuation was performed using the replacement cost and discounted based on the observed condition of the asset. These assumptions were based on current market conditions

Capital Work in progress

Included in Capital Work in Progress are community camps built on conservation land. Capital work in progress relating to projects that are still in progress amount to R66.696 million while R28.193 million relates to projects that have closed and are due for transfer to the respective asset classes.

5. Retirement benefits

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 2010, there were 331 (2009: 343) employees on the Government Employee Pension Fund, 117 (2009: 128) employees on the Natal Parks Board Pension and Gratuity Pension Scheme, 1026 (2009: 1087) employees on the Siza Provident Fund and 1100 (2009: 999) on the KwaZulu-Natal Nature Conservation Services 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.

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.

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 Employee Pension Fund

Former employees of the KwaZulu-Natal Directorate of Nature Conservation are members of the Government Employee Pension Fund governed by the Pension Funds Act 1956 (Act no. 24 of 1956). This multi-employee state fund is a defined benefit plan. According to the latest 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 one of the two provident funds in the future. This does not pose any financial risk to the organization.

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 2008. A valuation conducted by actuaries (Old Mutual Actuaries) in May 2008 reflected an estimated obligation of R46.17 mil as at 31 March 2010. In terms of the South African Statement of Generally Accepted Accounting Practice, IAS 19 (AC 116): Employee Benefits ("IAS19"), this unfunded liability is being recognised as an expense on a straight-line basis over three years.

2010	2009
R'000	R'000

The valuation is based on the Projected Unit Credit Method as prescribed by IAS 19

Post Retirement Medical Liability Reconciliation

Opening Balance	43,269	40,543
Interest Cost	4,098	3,840
Current Service Cost	929	864
Benefit Payment	(2,126)	(1,978)
	46,170	43,269

Defined Contribution Plan

It is the policy of the entity to provide retirement benefits to all its new employees. At 31 March 2010, there were 1,026 (2009: 1,087) employees on the Siza Provident Fund and 1100 (2009: 999) on the KwaZulu-Natal Nature Conservation Services Provident Fund. Both these provident funds are subject to the Pensions Fund Act.

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

6. Inventories

Consumable stores	1,495	347
Spare parts	4,287	4,392
Fuel (Diesel, Petrol and gas)	1,626	3,077
	7,408	7,816

7. Trade and other receivables from exchange transactions

Trade debtors	13,647	11,010
Deposits	1,130	1,079
Less: Provision for doubtful debts	(5,838)	(4,555)
Non- exchange transaction payables- Projects	1,101	2,625
	10,040	10,159

8. Cash and cash equivalents

Included in Cash and cash equivalents are the balances relating to non-exchange revenue of R 29.226 mil (2009: R 36.145million)

Cash and cash equivalents consist of:

Cash on hand	392	1,033
Bank balances	35,216	78,762
Short-term deposits	50,814	50,444
Funds held in trust	35,180	43,976
Other cash and cash equivalents	1,746	1,793
	123,348	176,008

9. Revaluation Reserve

	2010 R'000	2009 R'000
Buildings and Structures	419,278	419,278
Revaluation Accumulated Depreciation	(29,501)	(14,751)
	389,777	404,527
Revaluation surplus relating to property, plant and equipment		
Revaluation surplus beginning of period	404,527	419,278
Movements in the reserve for the year	(14,750)	(14,751)
	389,777	404,527

10. Deferred Income

Unspent conditional grants and receipts comprises of:

Deferred income _Community Levy	2,454	3,570
Project General - Implementation	913	418
Deferred income - IASP	7,552	8,459
Deferred Income - Deat	5,314	7,222
Deferred Income- Insurance	822	768
Deferred income_gen mgt	2,530	1,794
	19,585	22,231

The nature and extent of conditional grants recognised in the annual financial statements and 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

11. Provisions

Reconciliation of provisions - 2010

	Opening Balance R'000	Provisions Made during the year R'000	Utilised during the year R'000	Total R'000
Leave Pay Provision	78,581	(508)	(4,701)	73,372
Bonus	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
	132,506	26,866	(29,166)	130,206

Reconciliation of provisions – 2009

Leave Pay Provision	68,079	14,812	(4,310)	78,581
Environmental rehabilitation	4,390	17,540	(17,239)	4,691
Contributory Pension	843	2,586	(2,464)	965
Legal Claims	5,000	-	-	5,000
Post Retirement Medical Aid	40,543	4,704	(1,978)	43,269
	118,855	39,642	(25,991)	132,506

	2010 R'000	2009 R'000
Non-current liabilities	46,170	43,269
Current liabilities	84,036	89,237
	130,206	132,506

Legal claims relate to contingent liabilities that may or may not be incurred by an entity depending on the outcome of a future event such as a court case. The description, nature and extent of the contingent liabilities provided for are outlined

Case Description	Legal representative	Extent of Liability (R'000)	Likelihood
JF Bushkamp	Austen Smith Attorneys	6,800	3,400 probable
Cathedral Peak Road Maintenance	Ngcobo Poyo Attorneys	600	600 probable
		7,400	4,000

The organization has a broadform liability cover of R80 million which incorporates product liability. The total JF Bushkamp claim is R6.8 million. Once the case is finalised, a claim will be concluded with the insurers. The Cathedral Peak Road Maintenance has been incorporated into the organisations annual budget for road maintenance.

The current legal claims provision is considered adequate considering the claim settlement expected from our insurers.

12. Trust funds and external projects

Special projects incorporate internal projects funded through donations to the organization. The organization allocates a portion of the admission revenue to the community levy fund. The communities then propose projects for implementation by the organization. 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.

Special Projects	16,956	22,204
Community Levy	19,638	19,275
Emergency Services	2,510	2,510
Chairman's Trust Fund	1,186	1,186
	40,290	45,175

Community Levy Reconciliation

Opening balance	19,275	18,776
Funds received during the year	3,216	2,398
Interest accrued	1,016	1,719
Community expenses incurred	-3,869	-3,618
	19,638	19,275

13. Trade and other payables from exchange transactions

Trade payables	11,806	32,642
Deposits received	17,225	21,733
Other payables- Projects	13,782	14,549
	42,813	68,924

14. Revenue

	2010 R'000	2009 R'000
Sale of goods	35,399	36,500
Accommodation	102,112	99,487
Natural Resource Trade	1,215	1,048
Hunting	4,373	3,392
Fines and Permits	1,224	1,022
Licenses and permits	192	344
Admission	23,573	22,367
Trails, Rides and Tours	10,810	9,443
State Subsidy Transfer	397,578	343,519
Game Sales	12,400	16,673
	588,876	533,795

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

Sale of goods	35,399	36,500
Accommodation	102,112	99,487
Natural Resource Trade	1,215	1,048
Hunting	4,373	3,392
Licenses and permits	192	344
Admission	23,573	22,367
Trails, Rides and Tours	10,810	9,443
Game Sales	12,400	16,673
	190,074	189,254

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

Fines	1,224	1,022
State subsidy transfers	397,578	343,519
	398,802	344,541

15. Cost of sales

Cost of goods sold	24,748	27,468
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16. Other revenue

Concession and hire fees earned	3,917	4,025
Recoveries	9,417	10,068
Donations	5,763	4,515
Agency Services- Marine Coastal Management	6,342	6,740
Non-Exchange transaction revenue- projects	36,243	52,246
Sundry Revenue	5,213	4,659
	66,895	82,253

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

Agency Services- Marine Coastal Management	6,342	6,740
Other exchange of goods revenue	18,547	18,752
	24,889	25,492

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

Non exchange revenue- Projects	36,243	52,246
Donations	5,763	4,515
	42,006	56,761

17. General expenses

Auditors remuneration	1,758	1,500
Bank charges	2,068	2,196
Consulting and professional fees	20,637	15,688
Consumables	6,604	5,417
Marketing	9,834	4,512
Subscriptions and membership fees	1,027	-70
Telephone and fax	871	1,099
Transport and freight	26,295	28,601
Electricity	10,826	7,509
Gas	5,211	5,091
Sewerage and waste disposal	245	299
Water	2,485	2,735
Refuse	261	264
Utilities - generator diesel	909	1,353
Non-exchange expenditure- projects	39,818	38,871
Retail Purchases	24,748	27,468
	153,597	142,533

18. Employee related costs

Basic	265,657	233,921
Medical aid - company contributions	23,872	19,400
Unemployment Insurance Fund (UIF)	2,561	2,279
Workman's Compensation (WCA)	2,225	-37
Skills Development Levy (SDL)	2,906	2,554
Leave pay provision charge	228	15,770
Other personnel costs	10,469	8,278
Post-retirement contributions	35,077	31,240
Subsistence Allowance	2,167	2,757
Overtime payments	4,676	3,265
13th Cheque	20,319	17,808
Car allowance	9,162	9,012
Housing benefits and allowances	23,466	17,698
	402,785	363,945

19. Administrative expenditure

Administrative expenditure	36,409	32,071
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20. Debt impairment

Bad Debt	1,283	2,315
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	2010 R'000	2009 R'000
21. Investment revenue		
Bank	9,862	15,399
Bank- Non exchange transactions - Projects	658	1,398
	10,520	16,797

22. Finance costs

Other interest paid	27	81
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23. Cash used in operations

(Deficit) surplus	(29,877)	28,412
Adjustments for:		
Depreciation	47,346	30,367
(Loss) gain on sale of assets and liabilities	(249)	7,043
Debt impairment recovered - New Republic Bank	-	(8,429)
Debt impairment	1,283	2,315
Movements in provisions	(2,300)	13,651
Changes in working capital:		
Inventories	408	(1,212)
Trade and other receivables from exchange transactions	119	24,208
Consumer debtors	(1,283)	(2,315)
Trade and other payables from exchange transactions	(26,105)	(15,846)
Deferred Income	(2,646)	(97,670)
	(13,304)	(19,476)

24. Net change in conditional grants

Balance at beginning of the year	45,175	48,877
Balance at end of the year	40,290	45,175
	(4,885)	(3,702)

Net change in conditional grants is partly from capital surpluses.

25. Commitments

Authorised capital expenditure already contracted for but not provided for

Budget carry over requests	21,747	12,804
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26. Related parties

Relationship Type	Organisation
Joint venture- Operations	Kagiso Khulani Supervision Food Services KZN Tourism Authority
Board participation by executive management	Wildlands Conservation Trust Isivuno

	2010 R'000	2009 R'000
Related Party Balances		
Loan accounts - Owing (to) by related parties		
Kagiso Khulani Supervision Food Services	0	(1,136)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Wildlands Conservation Trust	0	(905)
Related party transactions		
Purchases from (sales to) related parties		
Kagiso Khulani Supervision Food Services	14,405	14,429
Wildlands Conservation Trust	1,500	-1,782

27. Events after the reporting date

All expenditure and details of purchases relating to the FIFA 2010 World Cup tickets, travel costs and apparel for the financial year subsequent to the year ended 31 March 2010 are as follows:

- 45 World Cup Tickets Purchased and allocated to various stakeholders.
- Total financial effect is R33 600

These matters have been disclosed to Provincial Treasury as required.

28. Fruitless and wasteful expenditure

CCMA Cases Settled	95	845
Overpayment for services rendered	92	
	187	845

Legal proceedings were unsuccessful against the suppliers for overpayment as the supplier documents were signed confirming receipt of goods by the organization. The employees in question were disciplined in terms of the policy of the entity

29. Irregular expenditure

Opening balance	219	551
Add: Irregular Expenditure - current year	1,220	219
Less: Amounts condoned	(70)	-
Less: Amounts recoverable (not condoned)	(7)	-
Less: Amounts not recoverable (not condoned)	(219)	(551)
	1,143	219

Details of irregular expenditure – current year

Type of Irregular Expenditure	Disciplinary steps taken/criminal proceedings	
Irregular staff appointment	Manager not guilty- Unclear guidelines	20
Petrol card fraud	Employee retired before finalisation of case	2
Cash misappropriation	Employee dismissed	7
Unauthorised expenditure	Employee and supervisor guilty- Warnings issued	48
Procurement fraud	Employee in police custody awaiting trial	1,143
		1,220

	Notes	2010 R'000	2009 R'000
Details of irregular expenditure condoned			
Type of Irregular Expenditure	Disciplinary steps taken/criminal proceedings		
Irregular staff appointment	Manager not guilty- Unclear guidelines	20	
Petrol card fraud	Employee retired before finalisation of case	2	
Unauthorised expenditure	Employee and supervisor guilty- Warnings issued	48	
		70	

30. 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	(29,877)	28,412
Surplus/ deficit on sale of assets	249	(7,043)
Additional depreciation accrual	28,549	20,977
Surplus/ deficit on projects unit	3,575	(13,375)
Surplus/deficit on deferred income	(2,496)	(28,971)
Net surplus/ deficit on approved budget	-	-

Detailed Income Statement

Revenue	14	588,876	533,795
Sale of goods		35,399	36,500
Rendering of services		102,112	99,487
Natural Resource trade		1,215	1,048
Hunting Revenue		4,373	3,392
Fines		1,224	1,022
Licenses and permits		192	344
Admission		23,573	22,367
Trails, rides and tours		10,810	9,443
State subsidy transfers		397,578	343,519
Game Sales		12,400	16,673
Cost of sales			
Retail Purchases		(24,748)	(27,468)
Gross surplus		564,128	506,327
Other income		77,664	107,479
Rentals, hire and concessions		3,917	4,025
Recoveries		9,417	10,068
Donations		5,763	4,515
Agency Services - Marine Coastal Mgt		6,342	6,740
Non-Exchange Revenue- Projects		36,243	52,246
Sundry income		5,213	16,797
Interest received	21	10,520	0
Gains on disposal of assets		249	4,659
Income from other investments		-	8429
Expenses (Refer to Operating Expenses)		(671,642)	(585,313)
Operating (deficit) surplus		(29,850)	28,493
Finance costs	22	(27)	(81)
(Deficit) surplus for the year		(29,877)	28,412

The supplementary Information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement cont.

	Notes	2010 R'000	2009 R'000
Operating expenses			
Administration and management fees		(36,409)	(32,071)
Auditors remuneration		(1,758)	(1,500)
Bad debts		(1,283)	(2,315)
Bank charges		(2,068)	(2,196)
Consumables		(6,604)	(5,417)
Contracted Services		(7,691)	(7,728)
Depreciation, amortisation and impairments		(47,346)	(30,367)
Employee costs		(402,785)	(363,945)
Loss on disposal of assets		0	(7,043)
Marketing		(9,834)	(4,512)
Other consulting and professional fees		(20,637)	(15,688)
Non-Exchange transaction Expense- Projects		(39,818)	(38,871)
Repairs and maintenance		(47,279)	(26,779)
Subscriptions		(1,027)	70
Telephone and fax		(871)	(1,099)
Transport and freight		(26,295)	(28,601)
Utilities		(19,937)	(17,251)
		(671,642)	(585,313)

The supplementary Information presented does not form part of the annual financial statements and is unaudited

GLOSSARY OF TERMS

Absent Without Official Leave (AWOL)
Annual Training Report (ATR)
Anti Poaching Units (APU's)
Capital Expenditure (CAPEX)
Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Commission for Conciliation Mediation and Arbitration (CCMA)
Convention on International Trade in Endangered Species (CITES)
Conservation Partnerships and Projects Management Unit (CPPMU)
Corporate Strategy Office (CSO)
Department of Environmental Affairs and Tourism (DEAT)
Dispute Resolution Commission / Committee (DRC)
EMI Grade (A person who has all the powers that can be granted to an environmental Management Inspector, including conducting routine inspection and issuing compliance notices)
EMI Grade 5 (A level at which a person can carry out all duties necessary for the Field Rangers and all reserve managers, excluding conducting of routine inspection and issuing compliance notices)
Employee Performance Management System (EPMDS)
Executive Committee (EXCO)
Expanded Public Works Programme (EPWP)
Ezemvelo's Enterprise Resource Planning Project (Project CatERPillar)
"FICAAR" (International Game and Weapons Hunting Fair) Hunting Convention in Spain during March 2010
General Accepted Accounting Practices (GAAP)
Geographic Positioning System (GPS)
HIV/AIDS Management
Hluhluwe Imfolozi Park (HIP)
Identity Management (IdM)
Information and Communications Technology (ICT)
Internal Audit (IA)
KwaZulu Natal (KZN)
KZN Biodiversity Stewardship Programme (BSP)
Local Area Network (LAN)
Maloti Drakensberg Transfrontier Park (MDTP)
Master Systems Plan (MSP)
Memorandum of Understandings (MOU)
National Archives and Records Service (NARS)
Occupational Health and Safety Act (OHASA)
Personal Development Plans (PDPs)
South African Revenue Services (SARS)
South African Qualifications Authority (SAQA)
The Finance Services and Support Division (FSSD)
Threatened or Protected Species Act (ToPS)
Transfrontier Conservation Areas (TFCAs)
Voluntary Counseling and Testing (VCT)
Wide Area Network (WAN)
Workplace Skills Plan (WSP)

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Celebrating 50 years of Wilderness



E Z E M V E L O
K Z N W I L D L I F E

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