

Annual Integrated Report 2011/12

KWAZULU-NATAL CONSERVATION BOARD

Annual Integrated Report 2012

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The KwaZulu-Natal Conservation Board

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

The accounting authority comprises members of the 'Board', which terminology is used interchangeably in this report.

This report

KwaZulu-Natal Conservation Board presents this Integrated Report to stakeholders for the 2012 financial year following the principles of the King Report on Governance (King III). The report was compiled in terms of the "Discussion Paper: Framework for Integrated Reporting and the Integrated Report", as published by the Integrated Reporting Committee of South Africa on 25 January 2011.

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



Exemvelo KZN Wildlife

PART I: OVERVIEW

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FEATURES

- Ezemvelo's mandate is derived from the KwaZulu-Natal Nature Conservation Management Act (Act No.9 of 1997), which is to direct the management of nature conservation within the Province including protected areas (PAs). This includes the development and promotion of ecotourism facilities within the PAs.
- Ezemvelo manages 114 PAs, of which 110 are terrestrial and four are coastal and marine reserves.
- Ezemvelo is pioneering the debate for legalising the sale of rhino horn as a means to curb poaching.
- The first valuation of the holistic ecosystems goods and services offered in KwaZulu-Natal (KZN) was performed by our Scientific Services Division in conjunction with an independent Resource Economist. This valuation is benchmarked against published scientific papers such as "The value of the world's ecosystems' services and natural capital". The valuation reveals an amount of R149.7 billion per annum. Ezemvelo's annual Provincial budget allocation is 0.34% of the value of ecosystems' goods and services.
- Ezemvelo, as a state-owned entity, remains committed to deliver on the priorities of Government which include job creation. This is achieved by the organisation either entering into partnerships or implementing programmes that enable job creation. These programmes are also aligned to further conservation efforts.
- Community development has been high on Ezemvelo's agenda as conservation must create tangible benefits to people, especially for those who reside in the buffer zones i.e. adjacent to PAs.
- Management plans continue to be implemented by Ezemvelo to stabilise key species, many of which have been considered vulnerable or were once on the brink of extinction. Examples of such species include vultures, white and black rhino, loggerhead turtles and wattled cranes.
- Ezemvelo is entrusted with the responsibility for managing the uKhahlamba Drakensberg Park World Heritage Site as well as performing conservation and ecotourism activities within the iSimangaliso Wetlands Park World Heritage Site. The organisation also manages a number of Ramsar sites (wetlands of international importance), such as Ndumo Game Reserve, Kosi Bay and Lake Sibaya.
- Ezemvelo is considered to be one of the leading conservation authorities in South Africa by its peers.
- Ezemvelo is forging a distinctive identity in the field of Community Conservation as part of its integrated approach to enable job creation as well as environmentally sensitive land use activities.
- Ezemvelo prides itself on receiving numerous awards which include:
 - The FNB KZN Top Business Award in 2011
 - The Golden Arrow PMR Award for Hluhluwe iMfolozi Park and Oribi Gorge in 2011



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APPROVAL OF THE ANNUAL INTEGRATED REPORT

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

Scope and Boundary of this Report

The Annual Integrated Report covers the performance, financial and non-financial, of Ezemvelo for the year ended 31 March 2012. The entity operates in the Province of KwaZulu-Natal within the Republic of South Africa.

Our financial reporting complies with Generally Recognised Accounting Practice (GRAP). Management has also considered the draft guidelines on integrated reporting provided by the Integrated Reporting Committee of South Africa.

Assurance

Assurance of this Annual Integrated Report is provided by the accounting authority and management of Ezemvelo. The Auditor-General has provided external assurance on the financial and non-financial performance reports and the report appears on page 41.

Approval of the Annual Integrated Report

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



ZC NGIDI
Chairperson

TM

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CORPORATE PROFILE AND ACTIVITIES

Brief History

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

Ezemvelo is the offspring of a merger between two former conservation bodies following the country's democratic elections in 1994; the Natal Parks Board (formed in 1947); and the former KwaZulu Directorate of Nature Conservation (formed in 1972). Both contributed equally and often innovatively to the subsequent formation of the KwaZulu-Natal Nature Conservation Board with its operational body being the KwaZulu-Natal Conservation Service.

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

Corporate Identity

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

We seek to fulfil our vision, mission and core values by focusing on Conservation, Ecotourism and Partnerships.

Vision

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

Mission

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

Core Values

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



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Activities

Conservation

Ezemvelo has been instrumental in expanding people's understanding of its span of work in terms of conservation. This had traditionally been pigeon-holed into an activity that focused solely on managing our game reserves, otherwise known as PAs. The focus of biodiversity conservation actually encompasses the entire Province i.e. inside and outside of PAs including marine reserves.

Ezemvelo's Biodiversity Conservation Operations Programme is committed to the national and provincial priorities of Government. This programme comprises: linking people and parks; meeting the challenge of conservation to balance the needs of conservation and people; the needs of the natural environment; the economic values of the PAs; and the Province's natural resources. Key strategic interventions are the optimisation of beneficiation to local communities and promoting sustainable use of natural resources. The programme has enabled the identification and pursuit of opportunities to link biodiversity and socio-economic development. Labour-intensive projects within Provincial PAs contribute to poverty alleviation and local economic development.

Biodiversity Monitoring Projects

Some of the major biodiversity monitoring projects include the following:

- The cliff-nesting vultures throughout the greater Maloti Drakensberg Transfrontier Conservation Area.
- The Blue Swallow population within the Midlands of KwaZulu-Natal.
- Tree nesting vulture survey of Zululand.
- Focused priority species monitoring of elephants, lions, wild dogs and black rhino has been ongoing throughout the Province.
- In the marine and estuarine environment, there is ongoing monitoring of the iMfolozi and St Lucia estuary mouths, annual surveys of selected reefs, rocky shores, sandy beaches and turtle nesting.
- Vegetation monitoring has taken place mainly by means of fixed point photography.
- Game census in iSimangaliso Wetland Park, including walked line transect surveys at False Bay Park and Eastern Shores, aerial counts of buffalo at Eastern and Western Shores, as well as aerial counts of hippo and crocodiles throughout the park. In the south eastern sub-region, aerial game counts were undertaken in Amatikulu, Richard's Bay Sanctuary, Enseleni, Lake Eteza, Mbumbazi and Vernon Crookes Nature reserves. Game census was also performed in the Maputo Elephant Reserve and Futi Corridor Transfrontier Conservation Area.
- As birds are an important indicator of biodiversity, co-ordinated water bird counts were undertaken at 33 water bodies in the coastal Maputaland area, while birds breeding in colonies were also monitored in St Lucia. Cape Vulture breeding was also monitored in the Umzimkhulu River Valley.
- The purchase of six more Bearded Vulture satellite tracking devices was a major highlight for the monitoring of this species. Maloti Drakensberg Transfrontier Programme (MDTP) facilitated the development of a management plan for the Bearded Vulture which is considered to be a flagship species for the Transfrontier Conservation Area (TFCA).



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uKhahlamba Integrated Management Plan

The uKhahlamba Drakensberg Park (UDP) World Heritage Site's Integrated Management Plan was updated following an extensive review process while a disaster management plan, a landscape characterisation report for the buffer zone of the world heritage site, and an economic valuation are under development.

Fire Management

In regards to fire management, all PAs have actively engaged with their local Fire Protection Associations with the aim of complying with legislation and organisational policies while updating fire protection responses for the respective parks. A joint fire management plan was also developed for the Transfrontier Park linking the UDP Site and Sehlabathebe National Park.

Rare Species Management

Rhinos and elephants were fitted with transmitters and identification notches. Some elephants in Tembe Elephant Park were inoculated with the contraceptives vaccine as part of a population management strategy.

Disease Management

The annual bovine tuberculosis control programme in Hluhluwe iMfolozi Park is ongoing. The foot and mouth disease controls implemented in Northern KwaZulu-Natal by the Department of Veterinary Services are still in effect and Ezemvelo continues to work with various stakeholders in combating the disease.

Resource Use Management

The Subsistence Fisheries Implementation Unit has been established and is fully functional. The latter plays a facilitation role in building partnerships between fishing communities and Ezemvelo. Funded by the Department of Agriculture, Forestry and Fisheries (through the Working for Fisheries, Expanded Public Works Programme), the Catch Monitoring Programme has succeeded in forming numerous co-management partnerships with subsistence fishing communities along the coast of KwaZulu-Natal.

Co-management committees are also fully functional with the participation of Ezemvelo District Conservation Officers, Community Conservation Officers and community representatives. Along with marine resource management, a key function of these committees is to conduct screening of fishers in their community and nominate exemption recipients. In the continued effort to phase out gill-net fishery, members from former gill-netting communities were nominated for employment as compliance awareness monitors at Kosi Bay. Monitors distribute awareness material regarding fishing compliance and aid Ezemvelo's law enforcement by notifying them of any non-compliance. This has resulted in a significant decrease in daylight gill-netting at Kosi Bay.

Each year, Ezemvelo also opens several PAs to allow people, who come from far and wide, to harvest Induma, and Incema plants for making amacansi (mats made from grass).



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Rhino Management

Rhino poaching incidences declined by 13% from 2010 to 2011 in KwaZulu-Natal. Providing rhino protection is a costly activity. Good intelligence gathering, database management and analysis are essential tools in proactively preventing illegal activities before they occur. In this regard a significant effort has been made to develop and implement holistic wildlife protection strategies. While there have been some arrests, the low number of successful prosecutions of rhino-related cases is a matter of great concern.

The outlook for rhino and security management in 2012/2013 is going to revolve around resources and the will of Government to effectively deal with the people who are committing such crime outside our areas of influence. A regulated trade in rhino horn has been strongly called for from the private sector and some conservation authorities, including Ezemvelo. Rhino horn sales are a means to reduce the black market value of the horn, and can generate much needed funding for the protection of our biodiversity as a whole, and allow a window period within which to develop better strategies to combat poaching of this species.

Transfrontier Collaboration

The MDTP is a collaborative initiative between the Kingdom of Lesotho and the Republic of South Africa (SA) to conserve and sustainably manage the significant natural and cultural heritage. A Memorandum of Understanding was signed between the MDTP and the Maloti Drakensberg Route Forum, which represents all the members of the Maloti Drakensberg Tourism Route. A marketing plan has been developed and approved by both parties, and MDTP has set aside a budget for its implementation. Other such initiatives include the Usuthu-Tembe-Futi (involving SA, Swaziland and Mozambique), and Nsubane-Phongolo (involving SA and Swaziland). Ezemvelo is an implementing agent on behalf of the National Department of Environmental Affairs with regard to the Transfrontier programmes. The organisation would also like to acknowledge the support of Peace Park Foundation for their generous contribution towards these initiatives.

Estuary Management Planning

The management of estuaries forms an integral part of coastal management as a result of the Integrated Coastal Management Act (No. 24 of 2008), which states that estuaries within South Africa must be managed in a co-ordinated and efficient manner, and in accordance with a proposed National Estuarine Management Protocol. Furthermore, the formulation of a management plan for each estuary in South Africa is a requirement of this Act. The first Ezemvelo estuary management plan was developed for the Mpenjati Estuary, which falls within the Mpenjati Nature Reserve.

Stewardship Sites

There are a number stewardship sites (land with biodiversity value outside of PAs) that are in the final phases of proclamation. Some of these have been submitted for approval to the MEC in charge of the KwaZulu-Natal Department of Agriculture and Environmental Affairs and a notice of the intention to declare these sites has been published in the Government Gazette. In line with the natural area expansion strategy, Ezemvelo has developed and presented climate adaptation corridors spatially for the Province which influence the prioritisation of areas for formal conservation.



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Community Conservation Areas (CCAs)

Ezemvelo has developed a consolidated database for CCAs which enables easy access to information about status, biodiversity value, geographical location and ownership of such. Consultation to finalise the CCA Norms and Standards document is under way. The following developments highlight the progress made:

- The Amatshenezimpisi CCA management meeting structure and co-ordination was re-established. Inkosi Biyela of Mahlayizeni, and all stakeholders agreed to commit to the monthly operational and strategic quarterly meetings.
- The Memorandum of Agreement for Mpembeni has been signed.
- Ezemvelo, Inkosi Gumbi and the Ingonyama Trust are in discussion regarding the management of Somkhanda because it is of biodiversity importance.

Environmental Awareness Highlights

- The S'fundimvelo Environmental Education Programme is aimed at primary schools situated in the buffer zones around Ezemvelo PAs. Grade 6 learners and educators are introduced to the importance of conserving biodiversity and how they, as individuals, can make a difference. The programme comprises a teacher workshop, a resource box, a trip into the local PAs and the implementation of an environmental action project.
- The Environmental Champions Programme invites children who show a natural affinity with environmental principles to join. Through this programme they are exposed to additional environmental learning opportunities.
- The Ezemvelo Cup Tournament is designed to use sport to further the conservation cause. Local communities participated in the tournament and the event was a huge success. The occasion was also used to highlight climate change and rhino poaching challenges.
- People and Parks is a programme aimed at enhancing knowledge of our PAs.
- The Nkandla Karkloof Blue Butterfly Project showcases the swallowtail butterflies common to coastal scarp forests. This project will link with several other butterfly houses in Northern Zululand and marketed as a 'Butterfly Route'.
- Ezemvelo is assisting traditional healers to create their own medicinal plant nurseries in order to ensure sustainability of their medicinal trade and to also conserve biodiversity through the Traditional Medicine Liaison Forum. This programme would be owned entirely by the traditional healers of KwaZulu-Natal and supported by Ezemvelo.
- Good progress has been made with finalisation of the Ezemvelo and KZN Conservancies Association relationship.
- Elephant from Mozambique have been responsible for damaging ground-nut crops along the border. Ezemvelo staff members liaise with stakeholders, including the local municipality, traditional council representatives, representatives from the Mozambique Government and others to manage this human-wildlife conflict situation.



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- The Department of Arts and Culture revamped and expanded the dilapidated Mikes Pass Education Centre for the use of educational groups. The ongoing operation of this centre will require inter-departmental co-operation to ensure its success and to ensure there is no negative impact on the World Heritage Site.
- Ezemvelo continued with vigorous awareness campaigns post COP17 regarding climate change within the Province and beyond. A partnership with Europcar was also entered into, and 17 vehicles were branded with climate change information and handed over to Ezemvelo to use as “bill boards on wheels”. In addition live radio interviews were also undertaken to directly deal with community challenges regarding climate change.

Protected Area Management

The management plans for Coleford, Ntsikeni, Enseleni and Hluhluwe-iMfolozi Park have been developed and are undergoing approval procedures. Karkloof Nature Reserve’s plan is under development and the UDP World Heritage Site’s Integrated Management Plan has been reviewed. PAs assessment is done along an internationally recognised benchmarked system, which delivers a management effectiveness score. The average management effectiveness score for the 18 Protected Areas assessed in 2011/2012 was 73%.

Environmental Impact Assessment Applications and Ezemvelo’s Responses

The Integrated Environmental Management team issues responses to land-use change applications throughout the Province. For the period under review, a total of 104 environmental authorisation comments were issued, of which 85 fully mitigated the risk to biodiversity, 9 partially addressed Ezemvelo’s concerns, and 10 were not considered.

Payment for Ecosystem Services

Ezemvelo launched an Ecosystem Goods and Services Programme which seeks to demonstrate the value of biodiversity in the Province. The launch was attended by provincial leaders including, the Chairperson of the Conservation Portfolio Committee, senior officials from the office of the Premier, the MEC of the KwaZulu-Natal Department of Agriculture and Environmental Affairs, representatives from Municipalities, CEOs of Non-Governmental Organisations (NGOs), tertiary institutions and media representatives. The innovative approach applied in developing the model/matrix for determining the estimated values of ecosystem goods and services that the Province is currently benefiting from deserves special mention. The model and assessment method was benchmarked both nationally and internationally. The data sets for the report were derived from a combination of Geographic Information Systems (GIS) analysis, literature consultation and a systematic method of reviewing the ecosystem services supplied, the demand for those services, their economic value and rate of loss and degradation. An analysis of the importance of those services was also obtained in group sessions involving key stakeholders. Action plans for the rollout of the programme are currently being considered by Ezemvelo. The main aim of this programme is to raise awareness of the value of biodiversity and the ecosystem’s goods and services derived through natural resources in the Province as well as the current degradation level.



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Game Translocation

The Game Capture Unit was responsible for the capture of 1 872 animals. Capture-related mortalities were kept below 2% and the unit achieved a 91% success rate on the approved removal targets. Major conservation initiatives for the year included the translocation of 12 black rhino to the Ozabeni section of iSimangaliso Wetland Park and the relocation of a wide range of species to the Mduna Royal Community Conservation Area. The Game Capture Unit also collaborated with the South African National and the Eastern Cape Parks & Tourism Agency in the capture and relocation of 20 black rhino from the Great Fish River Nature Reserve to the Balule Conservancy in Limpopo Province. This translocation was undertaken under the auspices of the Black Rhino Range Expansion Project funded by the World Wildlife Fund (WWF).

Geographic Information Systems (GIS)

The GIS capacity within Ezemvelo places the organisation at the cutting edge of developing biodiversity sector plans. The targeted goal is to have the biodiversity sector plans finalised for districts and metropolitan areas by 2014. To date, biodiversity sector plans for uThukela, uMgungundlovu and Zululand have been approved. Biodiversity sector plans for Sisonke, eThekweni and uGu are currently under way. Funding is an ongoing concern. However, partnerships with the municipalities are being explored for financial assistance throughout the biodiversity sector planning process. The GIS capability has also enabled Ezemvelo to spatially represent progress against Outcome 10 (to protect and enhance environmental assets and natural resources) delivery aspects and draft spatial products are currently being tabled for approval.

Ecotourism

The Province of KwaZulu-Natal, which is often referred to as KZN, provides for a multitude of choices to keep anyone endlessly entertained. There is unanimous agreement that the Province offers a diversity of landscape and recreation in terms of natural magnificence that is unique to South Africa. It is easy to understand why this informed belief is so widespread.

Ezemvelo, the conservation agency of KZN, offers diverse natural assets and it is entirely valid to state that visitors can expect the “ultimate wildlife experience”. There are two world heritage sites that are pinnacles of this diversity. Visitors’ experiences range from the mountains of the uKhahlamba Drakensberg Park, to the marine and wildlife splendour of iSimangaliso Wetland Park.

This rich diversity expands into the bushveld of Zululand. Here, visitors have unprecedented opportunities to view the ‘Big Five’ in the legendary Hluhluwe iMfolozi Park (HiP) as well as further north at Ndumo Game Reserve, which is also a Ramsar site (wetlands of international importance), and birding extravaganza. These are complemented by Tembe Elephant Park and Mkhuze Game Reserve – both outstanding wildlife destinations. Our scenic Ithala Game Reserve in the north-east complements all of these by offering an intriguing insight into conservation history (artefacts) and specialist interests in the form of rare flora and rock formations, apart from its distinct wildlife.

Of the 114 PAs, 68 have overnight accommodation. This amounts to a total number of 2 500 beds as well as 10 000 campsites. Revenue generated from ecotourism is reinvested into maintaining and improving our operations as well as contributing toward the upliftment of surrounding communities.



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Our overnight visitor facilities range from caves through to open campsites, self-catering rondavels, chalets, safari tents, cottages and luxury lodges. Certain of the larger resorts, e.g. Didima, Giant's Castle, as well as Ntshondwe, also offer restaurant services. During the year, Ntshondwe facilities were upgraded and guests have remarked favourably on the new soft furnishings in the chalets. Our restaurant services were also revamped, and C3 Foods was appointed to manage the restaurants.

It is worth noting that revenue generation remains a challenge. In most instances revenue targets were not met, however, comparatively, the figures are the same as previous years. As tariffs were not increased for this financial year, the occupancy rates have just remained static despite discounted/special rates being offered. This is an indication of a slowdown in economic activity and perhaps a reflection that the marketing strategy requires revision.

Ezemvelo has not been able to overcome the backlog in infrastructural maintenance which includes roads and buildings. As a way forward, it was identified that cost effective, activity based packages would be welcomed by consumers and these are in the process of being developed. The revenue generated as well as improved funding from the stakeholders will assist in improving the situation.

Inland PAs continue to be a "mecca" for large sporting events. During the period under review, these included the Giants Castle Mountain Bike Challenge, the Mont-aux-Sources Challenge Trail Run, the Ithala Bike Challenge, the Ithala Canoe Race and the Midmar Mile. There has been an improvement in the number of conferences and weddings held at Didima and Ntshondwe. Didima hosted the likes of Statistics South Africa and Department of Environmental Affairs and Tourism, while Ntshondwe also hosted the prestigious "Leadership for Conservation in Africa" conference, and positive feedback was received from all delegates concerned.

Partnerships

Rural communities are an integral component of Ezemvelo's overall conservation mandate whereby the eco-tourism benefits of conservation serve to enhance the wellbeing of these communities. In partnering with business, Government, NGOs and international donors, Ezemvelo drives projects that:

- Extend conservation efforts outside protected areas; and
- Help transfer skills, create jobs and encourage rural development initiatives.

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STRATEGY

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

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

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

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

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

Ezemvelo has customised its strategic planning in line with Government's expanded focus on outcomes and service delivery. To fulfil these requirements, dictates as encompassed in the Provincial Environmental Implementation Plan and national mandates such as Outcome 10 (to protect and enhance environmental assets and natural resources) and the Provincial Growth and Development Plan have been accommodated.

There is a persistent gap between ambition and performance. This gap is largely attributable to a "lack of connection" between strategy formulation and execution. Ezemvelo is bridging that gap and has made major strides in terms of putting in place controls for management of pre-determined objectives. The following diagram depicts the strategic map of the organisation.



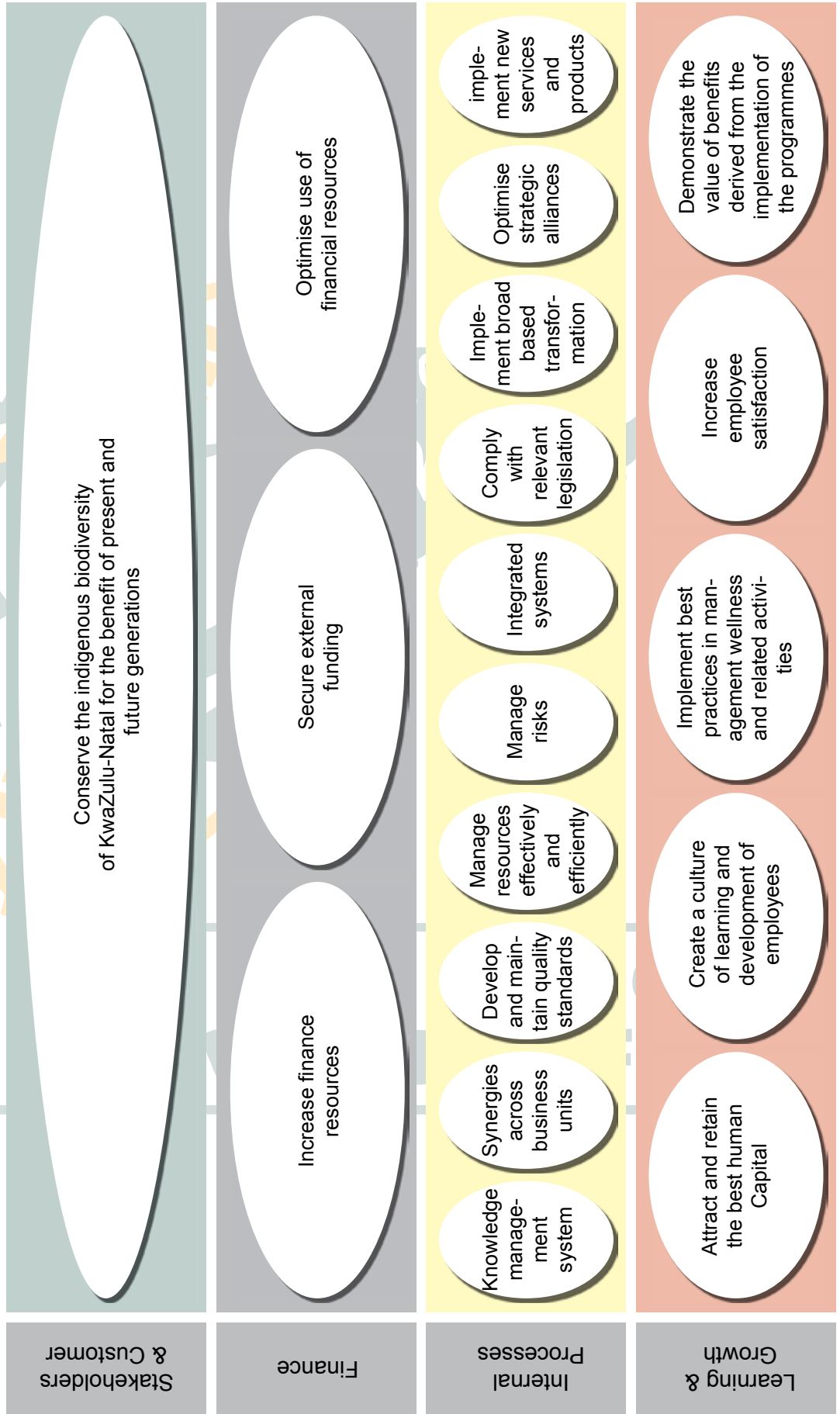
EZEMVELO KZN WILDLIFE STRATEGY MAP

VISION

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

MISSION

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



STAKEHOLDER ENGAGEMENT

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

Ezemvelo prefers to engage with stakeholders in a two-way process throughout the year. Such engagements can be of a formal or informal nature. The current stakeholder listing numbers more than 700 organisations having an interest in Ezemvelo.

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

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

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

The Ezemvelo's Approach to Stakeholder Engagement

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

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

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

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

Ezemvelo proactively manages stakeholder relationships

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



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Legislature and the Executive Authority

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

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

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

Employees

Ezemvelo has a number of informal and formal ways that we engage with staff. These include human resource management activities, business unit specific management interactions, social and informal team specific activities as well as staff events. The core areas of staff engagement are summarised as follows:

Skills Development & Talent Management

Graduate Recruitment and Internship Programme

This is aimed at assisting graduates obtaining experience in the workplace to increase their marketability as well as possibly provide a pool of employees from which Ezemvelo may recruit.

Individuals also benefited from the extended tourism ambassador programme in the current year. In the tourism section, employees were placed in learnerships in order to complete the tourism guiding level 4. Further to that, experiential learners as well as interns were given opportunities to gain experience within the organisation.

A number of the internship programme beneficiaries have gone on to secure work both within and outside the organisation.

Bursary Programme

This programme aims at providing funding for scarce skills areas such as the scientific services. The bursary schemes mainly targets exceptional performers, children of employees in the lower income bracket, as well as community members surrounding PAs. Bursaries that were awarded in 2012 included postgraduate studies in the field of science.



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Adult Education

An adult basic education programme targets employees who have not had the opportunity to complete formal schooling. Employees attended various courses and all of the participants were assessed and deemed competent in their various disciplines.

Law Enforcement

A number of these training sessions were conducted to ensure that field employees are equipped with the latest combat and anti-poaching methods. The majority of our trainees are recruited from communities surrounding our PAs.

Executive Development

This was initiated to enhance the skills and competence of managers in delivering their duties. A number of managers were sent on the Management Development Programme in 2012.

- **Health and Wellness**

Ezemvelo embraces an integrated approach to managing the health of employees. A number of workshops were held, ranging from financial management to drug and substance abuse. Ongoing group, as well as individual counselling sessions, are conducted to assist staff maintaining a good state of mental and physical health.

- **HIV/AIDS Management**

Ezemvelo is committed to addressing HIV/AIDS in a supportive and non-discriminatory manner. We have a workplace programme that covers awareness and management of the illness. Training, voluntary testing and counselling are made available to staff on an ongoing basis.

Communities

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

- **Community Outreach Programme**

To increase effectiveness, we have persisted with our community outreach project known as Omakhelwane Community Outreach. This project owes its continuity to the generosity of partners as well as employees who collectively provide the funding to carry out interventions aimed at alleviating the effects of poverty in communities.

- **Community Tourism and Conservation Projects**

Ezemvelo keeps on raising funds to assist communities in various forms. These include implementation of programmes which create employment opportunities as well as training and supporting small and micro enterprises.



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Some of our notable achievements have been:

- The construction of the Bhambatha lodge to uplift local tourism in the Ngome communal area.
 - The development of Ngodini Border Caves in order to increase visitor numbers and to preserve the heritage as well as archaeological artefacts for future generations.
 - The construction of the Umlalazi Boardwalk at the Raphia Monument to provide a trail linkage between Umlalazi Nature Reserve, the Raphia Monument and Umlalazi Municipal Lodge.
 - The construction, refurbishment of beach benches and tables at Alkantstrand Beach. These are utilised by visitors to prepare meals, rest, and for reading purposes.
 - The implementation of an invasive alien species and emerging weeds programme, which involved creating employment for those households and families where women, youth and or the disabled are identified as the sole breadwinners.
 - The implementation of a payment for an ecosystems goods and services project to rehabilitate the catchment area in the Drakensberg. The project is being conducted in partnership with Amazizi and AmaNgwane traditional authorities. It aims to improve biodiversity and land use management while providing jobs for the local communities.
- **Community Levy Projects**

All entrance and accommodation fees attached to our tourist outlets contain a percentage earmarked for community upliftment and this may vary. On average, R2 per person is levied on entrance fees while R5 per person is levied on accommodation fees. The total amount accumulated through the community levy is earmarked for helping fund various projects for those communities living adjacent to our PAs. Although Ezemvelo holds no ownership interest in such projects, they are carried as a joint venture exercise between the elected local boards of the respective community and Ezemvelo.

Suppliers and Partners

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

- VWSA (Volkswagen South Africa) and King Shaka Aviation in our rhino intervention plan.
- Europcar and Kulula, both of whom have assisted in creating awareness around climate change as well as increasing our tourism exposure.
- Boxer Superstores, Richards Bay Minerals, Resource Africa, Total SA, Springbok Atlas, Grindrod Bank, Nedbank, Katanga, Old Mutual, Absa Bank, MTN, Honorary Officers and Ezemvelo's alumni. All have contributed towards taking conservation to the people through events, publications and general awareness campaigns.



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

- The Wildlands Conservation Trust;
- WWF-SA;
- Botanical Society;
- Endangered Wildlife Trust (EWT);
- BirdLife South Africa;
- Conservation International.

In addition, the following partners have played an important role in stewardship:

- African Conservation Trust;
- Wilderness Action Group.



Left: Jabulani Ngubane receiving keys for an Amarok 4x4 from VW SA Commercial Vehicles GM Jaco Steenekamp.

Below Left to Right: A.K. Sharan (Consul General of India based in Durban), S. Keswa (GM People and Conservation), the honorable A. Singh (Chairperson of the Portfolio Committee for Agriculture and Environmental Affairs) with his wife, his excellency T.V. Ruggle (Consul General of USA) and his wife.



Ezemvelo KZN Wildlife

PART 2: EXECUTIVE REPORTS

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Back Row: T. Dlamini, W. Nel, P. Dlamini, B. Ngubane, M. Fischer, S. Dladla, D. Dold, S. Mhlongo, H. Sutter (Board Secretary)
Front Row: Inkosi B.F. Bhengu, Prof. T. Nzama (Deputy Chairperson), Z.C. Ngidi (Board Chairperson), Dr B. Mkhize (CEO of Ezemvelo)
Absent: Inkosi M.I. Tembe and B. Mchunu-Mzila



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Dr BM Radebe

MESSAGE FROM THE MEC

KwaZulu-Natal Department of Agriculture and Environmental Affairs

I am particularly delighted with the scope and content of this Annual Integrated Report. The term “integrated” in this title is significant, denoting that reporting of this nature offers the Legislature and other stakeholders a more holistic view of the organisation than ever before. Ezemvelo is to be congratulated on their efforts to embrace the revised King Code and Report on Governance for South Africa (“King III”).

There are four aspects of this report that are immediately worthy of mention. The first is the enduring cloud of rhino poaching that hangs over all of us. We will continue to place as much emphasis as we can on combating this terrible attack on our natural heritage. It is also encouraging to note that the number of arrests is on the rise over the past year. I am grateful for the ongoing and progressive support and time that our Premier, in particular, and more broadly, the Provincial Legislature, have expended to further this end.

In this context, I happily acknowledge the particularly worthy and meaningful contribution of former senior Natal Parks Board employees and alumni such as Dr Ian Player, Dave Cook, Roger Porter, Drummond Densham and John Vincent, all of whom have contributed so productively and willingly in helping to formulate a strategy to help persuade our Government to overturn the ban on the sale of rhino horn stocks.

The second consideration is Ezemvelo’s enduring focus on what is termed “Ecosystems Goods and Services”. This is a study of immense significance that essentially calls for us as decision-makers to give serious and urgent recognition to the depletion of our overburdened natural ecosystems in KZN. It is not lost on me the financial value Ezemvelo attaches to these resources, either. Neither does it escape me that this emphasis effectively reinforces the critical and widening scope of Ezemvelo’s overall service to the general wellbeing of our people; and the goods we all effectively receive from nurturing our landscape in a sustainable manner.

Finally, I acknowledge the gradual but clear change in traditional people’s thinking about land usage. For this I wish to thank our traditional leadership in KwaZulu-Natal (Amakhosi and Izinduna) for taking a more progressive outlook towards this issue. Your adaptability is so crucial in the face of the huge pressures our land has to endure.

Of course, traditional leadership, in this and other respects, is being assisted by the massive contribution that various environmental NGOs are making. To them and our sterling and passionate Honorary Officers: my greatest thanks and appreciation for your never-ending efforts.

“Masisukume sakhe KwaZulu-Natal!”

DR BM RADEBE
MEC



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Mr ZC Ngidi

BOARD CHAIRPERSON'S REPORT

As the Chairperson of the Board it is an honour to present the KwaZulu-Natal Nature Conservation Board's Annual Integrated Report for the 2011/2012 financial year.

Highlights

Ecosystems Goods and Services

One of the highlights of the year was Ezemvelo's launch of their Ecosystems Goods and Services Programme. This helped demonstrate the extent to which natural and free essential services, such as water supply, clean air, food, drainage, flood-control, medicinal plants etc., provide for the people of KwaZulu-Natal. It also helped demonstrate our dependence on such resources and how important it is for all of us to conserve our Province's biodiversity.

It is particularly innovative and significant that we have been able to demonstrate a value to these services which is around R149.7 billion per annum. Over the next decade, important decisions will be made in terms of large-scale infrastructure, resource planning and economic development. Investing in natural capital now would ensure ecological and financial security in the future. Enhancing ecological resilience and the capacity of natural systems living within planetary limits together with promoting measures of social progress that integrate the value of ecosystems will ensure a better future for all people of South Africa.

If we continue on a business-as-usual approach, these two pressures, namely the reduction of nature's capacity to sustain life, and a more voracious consumption of resources, will impede the environment's ability to sustain the long term equitable development we strive for. This includes the provision of life's most basic necessities such as food, water and fuel. The programme seeks to change perceptions as well as draw political and, in particular, economic support for Ezemvelo. It is a noteworthy point, given the ever-increasing pressures being made on Government coffers.

During this term, the Board focused on resolving governance aspects as well as setting an overall strategic focus, specifically to support management in enhancing service delivery. In view of the need to keep up with increasing demands and a changing environment, our organisational strategy through the Annual Performance Plan (APP) was reviewed in order to accommodate the following critical programmes. Among others, inclusions were made in terms of the following:

- The National Strategy for Sustainable Development and Action Plan (2011-2014);
- The KwaZulu-Natal Provincial Growth and Development Strategy and Plan (2012-2030);
- National Outcome 10 which is to protect and enhance environmental assets and natural resources;
- The KwaZulu-Natal Environmental Implementation Plan.

Based on Provincial Treasury guidelines, which are in line with best practice, the Board has also adopted a programme-based planning and budgeting operating model which seeks to enhance service delivery. In terms of corporate governance, the Board has placed greater emphasis on risk management during the year and to this end, the Risk Management Policy was updated and greater focus was centred on actively managing associated risks. I am very proud that the entity has now adopted an enterprise-wide risk management model.



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Challenges

I would like to state that there has been a small reduction in the number of illegally hunted rhinos in KwaZulu-Natal. Unfortunately, rhino poaching remains a serious concern. It poses a challenge to the future existence of the species. In this regard the Board has implemented a rhino security intervention plan, and it is hoped that this will make a significant impact on our ability to quell the scourge of rhino poaching.

We acknowledge our Provincial Government's support for Ezemvelo through the continued receipt of our subsidy. However, we recognise that our subsidy has not kept abreast with the financial challenges which we face as an organisation. This is particularly pertinent when it comes to the escalating yet obligatory manpower costs, the ability to fully fund our biodiversity conservation mandate and uphold a sustainable maintenance programme for our tourism facilities and road infrastructure. This was compounded by the depressed global economic climate that has impacted on our ability to generate revenue.

Board and Executive

I would like to reiterate the Board's commitment to continue executing our mandate without compromise. I make this comment in view of the ongoing high court action brought against the Board by the Animal Interest Alliance and others. This has challenged the legitimacy of our Board, based on alleged procedural irregularities in the appointment process of Board members.

I am pleased to report that three additional Board members were appointed on 1 December 2011, thereby filling three vacancies. I take this opportunity to welcome Mr Bhekabantu Ngubane (business sector), Mr Mike Fischer (agriculture) and Mr Sazi Mhlongo (community-based organisations).

I also welcome our new Chief Financial Officer, Mr Siyabonga Mngoma, who was appointed on 1 December 2011. We wish him well in the challenging task which lies ahead.

Acknowledgements

I thank my fellow Board members and Ezemvelo's CEO, Dr Bandile Mkhize, who are tirelessly steering the conservation ship and displaying such wonderful enthusiasm and commitment towards this discipline and thereby serving the people of our Province.

I also acknowledge the support of our former MEC for Agriculture, Environmental Affairs and Rural Development, Mrs Lydia Johnson. I congratulate Dr Meshack Radebe, our new MEC for Agriculture, Environmental Affairs and Rural Development. I assure him of the Board's commitment and support.

In closing, I also thank the Provincial Government for their support as we all work together to achieve our mandate, and the mandate of the Province of KwaZulu-Natal.



ZC NGIDI
Chairperson



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PROFILE: MEMBERS OF THE BOARD AND INDEPENDENT BOARD COMMITTEE MEMBERS



Comfort Ngidi

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



Professor Thandi Nzama

Professor Thandi Nzama is the Deputy Chairperson of the Board and was appointed to enhance the Board's skills base. She also serves on the Chairpersons' and Risk Committee, Biodiversity Conservation Committee and Community Affairs Committee. Professor Nzama is a senior lecturer and acting HOD in the Department of Recreation and Tourism at the University of Zululand. She holds a PhD (Geography – dissertation on Tourism), MSc (Geography – Environmental Management), MA (Geography), MEd, BEd, BA Hons (Geography) and BPaed. She is a member of a wide variety of academic committees and bodies, including professional and scientific organisations. She has published numerous publications in journals, monographs and books, and was the recipient of the Research Roll of Honour and Certificate of Recognition for Research Service from the University of Zululand. She is also a board member for the iSimangaliso Wetland Authority and a board member for Tourism KwaZulu-Natal. She serves as a member of the Research Policy Expert Forum of the National Department of Tourism.



Inkosi BF Bhengu

Inkosi Bhengu is the chairperson of the Provincial House of Traditional Leaders and Inkosi of the Ngqolosi Traditional Authority. He was appointed to the Board to represent the House of Traditional Leaders. He serves on the Board's Corporate Support Services and Remuneration Committee and Community Affairs Committee. He holds a diploma in Project Management and Human Resources Management as well as a Certificate in Local Government Administration and Management/Local Government and Development Management. Inkosi Bhengu has been extensively involved in fundraising for community upliftment projects. He is a member of the Valley Trust Management Committee, the KZN – HIV/Aids Traditional Leaders Task Team as well as the Ndwedwe Regional Authority. Inkosi Bhengu has been extensively involved in fundraising for community upliftment projects. He is a member of the Valley Trust Management Committee, the KZN – HIV / Aids Traditional Leaders Task Team as well as the Ndwedwe Regional Authority.



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Sibusiso Dladla

Mr Sibusiso Dladla is the KwaZulu-Natal Provincial Organiser for COSATU, the Secretary of COSATU in Pietermaritzburg, Deputy Chairperson of CEPWAWU, and the COSATU KwaZulu-Natal Provincial Co-ordinator on rural development and environment. He serves on the Stakeholders' Forum for the Department of Labour and represents COSATU at meetings of the Pietermaritzburg Chamber of Business. He was appointed to the Board in the category for persons with extensive knowledge and experience in labour matters. He serves on the Board's Corporate Support Services and Remuneration Committee as well as the Community Affairs Committee. He has completed his apprenticeship in joinery and is in the process of completing a diploma in Personnel Management.



Diana Dold

Ms Diana Dold was appointed to the Board to represent non-governmental organisations, institutions or groups established for the advancement of nature conservation or environmental protection within the Province. Ms Dold is the Chairperson of the Board's Biodiversity Conservation Committee and serves on the Finance and Business Operations Committee, Chairpersons' and Risk Management Committee and the Audit Committee. Ms Dold has devoted more than 35 years to the protection of the natural environment and the country's coastline working through the Wildlife and Environment Society of SA (WESSA), Coastwatch, Conservancies and Use-It.



Poppy Dlamini (Ms)

Ms Poppy Dlamini is a Director at Henwood & Nxumalo Consulting Engineers, where she manages the Environmental Services section of the firm. She was appointed to the Board in the category of knowledge in and experience of environmental law. She serves on the Board's Biodiversity Conservation Committee and the Corporate Support Services and Remuneration Committee. She holds an MSc in Environmental Engineering (distinction), a Diploma in Environmental Health (Swaziland), and a Higher National Diploma in Public Health Engineering (Mauritius). She has participated in numerous workshops and conferences, both nationally and internationally, and presented numerous professional papers.



Tholakele Dlamini (Ms)

Ms Tholakele Dlamini is a businesswoman and chairperson of the Tourism KwaZulu-Natal Board. She was appointed to the Board to represent the Provincial Tourism Authority and serves on the Board's Finance and Business Operations Committee. She holds a BA in Information Science (Australia), Diploma in Human Resources (SA) and Diploma in Library Studies (Botswana). She is the Executive Chairperson of Natholigugu Investments, a company with interests in leisure and tourism, property development and mining. She is a former member of the Durban Chamber of Commerce.



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Bongekile Mchunu-Mzila (Ms)

Ms Mchunu-Mzila is a director at Mchunu Attorneys, Pietermaritzburg, and currently an acting magistrate. She was appointed to the Board to represent non-governmental organisations, institutions or groups established for the advancement of nature conservation or environmental protection within the Province. She is the Chairperson of the Board's Corporate Support Services and Remuneration Committee. She holds an LLB (Durban) and is experienced in the prosecution of labour disciplinary hearings, preparation of judgements, administration of deceased estates, transportation law, pension law matters, and assessment in high court criminal cases.



Wessel Nel

Mr Wessel Nel is a businessman and was appointed to the Board to add to its diversity of skills. He is the chairperson of the Board's Finance and Business Operations Committee and serves on the Chairpersons' and Risk Committee and the Audit Committees. His qualifications comprise a BCom, LLB (Stellenbosch) and CA (SA). He has extensive experience in the legislative processes of both provincial and national Parliament, as well as agriculture.



Inkosi MI Tembe

Inkosi Tembe is the traditional leader of the Tembe Traditional Authority. He was appointed to the Board owing to his extensive knowledge of the protection and management of heritage resources. He is the chairperson of the Board's Community Affairs Committee and serves on the Finance and Business Operations Committee, Biodiversity Conservation Committee and the Chairpersons' and Risk Committee. He has studied psychology at the University of Pretoria and is a national board member of the Union Development Programme.



Bhekabantu Ngubane

Mr Bhekubantu Ngubane is a partner and CEO of Ngubane & Co Chartered Accountants. He was appointed to the Board for his extensive knowledge of the business sector. He serves on the Audit Committee and the Corporate Support Services Committee of the Board. He holds a BCompt (Unisa), DipAcc (UDW) and a CA (SA). He was a member of the Council of the University of Zululand and served as the Chairperson of the Audit Committee of this institution.



Michael Fischer

Mr Michael Fischer is the Chief Operating Officer of Sea Kay Holdings Ltd, a JSE-listed construction company. He was appointed to the Board to represent organised agriculture. He serves on the Board's Finance and Business Operations Committee and the Community Affairs Committee. He holds a BCom, postgraduate Diploma in Accounting, and a CA (SA). He is a board member of WESSA. He has extensive business and financial experience both in South Africa and East Africa, with specialist skills in business turnarounds.



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Sazi Mhlongo

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

Independent Audit Committee Member



Mac Mia

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



Sibusiso Shezi

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

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



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Dr IB Mkhize

CHIEF EXECUTIVE OFFICER'S REPORT

At the outset of this report it is worth mentioning that modern day conservation is a “particularly challenging discipline owing to the dynamic economic and social environment we live in and the enduring and escalating pressures of a developing society”.

How true this is! As I have repeatedly stated, Ezemvelo positions itself in a far broader picture, as a critical cog in our Government's overall push to help find employment for people and, in our case, to constantly address the livelihoods of rural communities living nearby our PAs. In both this context and that of conserving bio-diversity our remit is the whole Province of KZN and not just our PAs. There are very few boundaries to our operation, that's for sure.

If this is not challenging enough then try climate change!

Doubtless, the year under review began with the whole country anticipating the 17th Conference of Parties (COP 17). Those who are not in the environmental or conservation fields were left uncertain and confused as to what the excitement was all about. Yet, environmentalists correctly identified this as one of the biggest and perhaps most topical conferences ever held in the Province of KwaZulu-Natal.

Clearly, there was a great need to inform many South Africans about the purpose of the conference and in this context Ezemvelo, in partnership with various stakeholders, played a critical role. Traditional leaders were vital in facilitating such educational awareness programmes within their communities and words fail us when we try to express our gratitude to them.

Ezemvelo embarked on expansive awareness campaigns regarding COP 17 and Climate Change, both within the Province and beyond. Awareness tours involving close public interactions were undertaken in most KZN towns. Both print and electronic media were widely engaged. The organisation also highlighted, in these campaigns, our aim to educate communities to employ better land-use options, as well as change their often damaging use of resources habits. Ezemvelo also called for industries to reduce their greenhouse emissions.

Ezemvelo entered into a partnership with Europcar and rented 17 vehicles at a discounted price which were branded with climate change information. These 17 “billboards on wheels” were contracted to us for six months with the possibility of extending this for further awareness campaigns.

Ezemvelo is currently streamlining approaches for dealing with climate change. One of the offshoots of COP 17 has been the establishment of our Climate Change Unit. This unit will focus on creating awareness and educating communities regarding the effects of climate change and how human beings should prepare themselves against adverse conditions induced by this phenomenon.

The year under review also saw us continue in our constant quest to combat the scourge of rhino poaching. Ezemvelo introduced a Rhino Security Intervention Plan, which included developing a proactive intelligence strategy. We focused on field staff training in an attempt to empower our anti-poaching units (APU's) and field rangers to better combat the sophistication of this threat. Attention was also given over to improving co-operation between the SAPS and the NPA in all rhino cases. The results are already indicating that the interventions put in place have started yielding positive results. To illustrate this, in 2011 KZN had 34 rhino poaching incidents as compared to 39 in 2010. This represents a 13% reduction in rhino poaching incidents.



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I stated earlier that we view ourselves within the larger ambit of Government service delivery efforts. In the framework of trying to find employment for our people, our job creation projects were successfully implemented throughout KZN.

In this context our Ecosystem Services Study and Working on Rivers projects have so far resulted in the creation of more employment focusing on the youth. The latter received training before being employed. Ecosystem Services is, at this stage anyway, a project principally aimed at rehabilitating the Upper uThukela catchment area, while Working on Rivers is operational at uMkhanyakude, uThukela, uThungulu, Sisonke and uMgungundlovu. This is largely aimed at cleaning up litter around rivers, helping rehabilitate them, testing their water quality and clearing invasive alien species.

Meanwhile, another project, the Invasive Alien Species Programme, has also assisted in creating jobs and is concentrated within our PAs.

I am proud to announce the launch of our S'fundimvelo Environmental Education Programme within this financial year under review. This targets primary schools situated in the buffer zones around our PAs. Ezemvelo provides support, guidance and relevant assistance in addressing environmental issues to all participating schools.

There are a number of real positives coming out of our Biodiversity Stewardship Programme and again I am buoyed by the progress being made. A key component of this programme is the conservation of communal land. This Province holds huge potential to increase the amount of land it has under conservation management. We can protect our vital natural resources while at the same time create economic benefits for local people to manage these areas.

It is thrilling to note that more than 65 sites amounting to more than 170 000 hectares of land are either in the process of being, or have been, proclaimed for some sort of protection under the umbrella of conservation. This is in addition to the existing protected land and reserves belonging to the Province and includes both private, communal, forestry and municipal land.

The spin-offs of the Stewardship Programme are manifold and ones we will continue to explore. I want to add at this juncture my gratitude to all the NGOs that play such a critical role in helping realise this programme. And I feel I should name those that have been most instrumental in this programme. They are: The Wildlands Conservation Trust; WWF-SA; Botanical Society; Endangered Wildlife Trust (EWT); Birdlife South Africa and Conservation International. Others who also play an important role are the African Conservation Trust and Wilderness Action Group.

Their work, expertise and financial investment are indispensable to the realisation of this programme. Thank you.

Ezemvelo concluded the process of public consultation regarding the re-declaration of some of our PAs as well as the new uMgeni Vlei Nature Reserve in terms of the provisions in the National Environmental Management: Protected Areas Act 57 of 2003. The purpose of the re-proclamation is to correct anomalies in the boundaries of these PAs, inaccuracies or ambiguities that have been identified in the legal descriptions of the properties, as well as the defined boundary or Survey General Diagrams.

A total of 10 biodiversity stewardship sites are in the final phases of proclamation. Seven of these sites have been submitted to the Department of Agriculture and Environmental Affairs and a notice of their declaration has been published in the Government Gazette.



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The Organisation concluded a Memorandum of Understanding with Amatshenezimpisi Community Conservation Area, which resulted in the re-establishment of the management structure of this area. Another MOU finalised during the year under review was that of Mpembeni Community Conservation Area. The Ntsikeni Nature Reserve was also awarded the Ramsar status (wetland of international importance).

Perhaps one of the most dramatic developments in our Province was the announcement by two amaKhosi's in the Upper Tugela region that they are prepared to share their combined landholdings as a Wilderness area with a long-term vision for inclusion in the UDP World Heritage site. This will take time but it is invigorating to detect the growing sensitivity many traditional leaders are showing towards changing land use options in the interests of protecting sensitive and valuable ecosystems. For this and other developments, I again thank the sterling work of the NGOs concerned.

The need to identify sensitive areas and act on protecting them can also be seen in this World Heritage Site when Ezemvelo, after some six years, succeeded in establishing a technical and steering committee for the realisation of a buffer zone around the park. This in itself has been a major, proactive achievement and in the process has succeeded in including most, if not all, stakeholders in the debate to arrest the steady creep of development into this park.

Although it doesn't strictly fall within the ambit of stewardship, I am nevertheless proud that we have been able to embark on establishing a "muthi" farm within a communal area. We have pledged to assist traditional healers in creating their own medicinal forest in order to ensure sustainability of their own muthi trade and to conserve biodiversity. This programme will be owned entirely by the traditional healers of KZN. Ezemvelo will provide all the necessary support in ensuring that this project is a success. The first one called Mpilweni/Place of Health Muthi Resource Forest is close to the Sileza Nature Reserve in Manguzi, Kosi Bay. We anticipate that these resources will benefit local communities financially and help curb illegal harvesting. Ezemvelo envisages establishing three Muthi resource forests in the Province.

Some of the organisation's achievements and challenges have been highlighted here in this 2011/2012 Annual Integrated Report. I encourage you to read this report and see what we have achieved in respect of our mandate, which as our mission states, is to conserve our biodiversity for the benefit of the present and future generations.



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PROFILES: EXECUTIVE COMMITTEE MEMBERS



Dr Isidore Bandile Mkhize

Dr Isidore Mkhize has been the Chief Executive Officer of Ezemvelo since December 2009. He holds a doctorate in philosophy as well as a Masters in the Arts and a Bachelor of Arts degree. He has extensive experience at senior management, with over 15 years in senior and executive management positions. He was previously a lecturer at the University of Zululand. He serves on numerous boards including the Black Management Forum, Mpumalanga Gaming Board, Namibian Gambling Commission, Council of the University of Zululand, KwaZulu-Natal Innovation Centre, Intersite Property Management Services, Participative Development Initiative, Southern Africa Wildlife College, the University of Zululand Foundation, Johannesburg Tourism, and the Federated Hospitality Association of Southern Africa.



Siyabonga (Bonga) Mngoma

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



Sthabiso Chiliza

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



Bhekisisa Khoza

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



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Ntsikelelo Dlulane

Mr Ntsikelelo Dlulane is our Manager: Projects and Partnerships and joined the organisation in 2009. He is a member of the Association of South African Quantity Surveyors with a diploma in Housing. He has a degree in Quantity Surveying, which has been supplemented by a Law Certificate and a Project Management Certificate. He boasts all-round experience in the built environment having worked for civil consultants (water), in housing development, and as a roads and buildings contractor. He has been involved in a number of organisations which include the African Builders' Association and the Foundation for African Business and Consumer Services. He occupied leadership positions in both during the late 1990s, as well as the Black Management Forum.



Lumka Pani-Plaatjies (Ms)

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



Ntokozo Maphumulo (Ms)

Ms Ntokozo Maphumulo is the Manager: Legal Services and joined the organisation in January 2008. She holds a Bachelor of Arts LLB, Bachelor of Arts Honours in Psychology and a Bachelor of Education. She has completed programmes in Environmental Management: Inspector Course and Practical Legal Training. Ms Maphumulo has experience in legal practice, psychology services, lecturing as well as teaching.



Sudhir Ghoorah

Mr Sudhir Ghoorah is the General Manager: Risk and Strategic Services and joined the organisation in 2008. He holds a bachelor's degree in Commerce specialising in Business Analysis. He has also successfully completed numerous strategy courses and is well versed in the utilisation of the numerous methodologies in this field including the balanced scorecard. During his strategy training, he gained research experience and was instrumental in developing the SAP Business-Edge Methodology. He is currently completing his MBA and is a member of the Chartered Institute of Management Accountants (CIMA). He has extensive experience in senior management and is a seasoned project manager with over seven years' experience in strategy formulation and implementation as well as business analysis. He is also a member of various provincial structures.



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Musawenkosi Mntambo

Mr Musawenkosi Mntambo is the Manager: Communication Services and joined the organisation in December 2010. He holds a degree in Communications from the University of Zululand and a postgraduate diploma in Industrial Relations from the former University of Natal. He has extensive experience in communications after serving with the Department of Labour as well as the Government Communications and Information Services.



Thandiwe Nkosi (Ms)

Ms Thandiwe Nkosi is the General Manager: Human Resource and joined the organisation in July 2012. She holds a master's degree in Public Policy Studies, Bachelor of Arts (honours) and a Bachelor of Public Management and Administration which have been augmented by courses in Labour/Industrial Law, Organisational Development, Industrial Psychology and Personnel Management. She was previously employed as the senior manager heading the ministry at KZN Department of Agriculture and Environmental Affairs; Manager Research Strategy and Policy Development at the Department of Education and the KwaZulu-Natal Provincial Legislature; Marketing Researcher at Research International as well as a research officer at Mc Cann-Erikson. She has vast experience in management and administration having worked in both the private and public sector before joining the organisation. She is passionate about good governance.

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

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OPERATIONAL OUTLOOK

Integrated Performance

Our revenue generation component continues to underperform against set targets. This is attributable to the slowdown in the global economy, which has affected tourism and the sale of game. This has also resulted in the organisation not being able to spend the required amount in terms of asset replacement and maintenance, as well as human resources.

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

Significant Challenges and Operational Outlook

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

In order to improve our organisation's wellbeing, the following needs to be done:

- Increase the budget allocation significantly in order to enhance the ability to conserve the ecosystems that provide value to the Province.
- Improve our internal working environment in order to better manage our resources.
- Reprioritise funding of critical needs, such as improving employee conditions and their general wellbeing.
- Increase revenue by enhancing our marketing and sales efforts which should include a revised pricing model for our resorts
- Address those resorts where revenue generation cannot reasonably be expected to increase and coin these as our social responsibility programmes instead of revenue generation components.

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Exemvelo KZN Wildlife

PART 3: GOVERNANCE REPORTS

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- Audit Committee Report - Page 39



CORPORATE GOVERNANCE REPORT

Statement of Commitment

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

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

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

Ezemvelo will conduct an assessment on our adherence to King III during the 2012/13 financial year and necessary improvements will be implemented. It should be noted that adherence to this code is an ongoing process.

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

Internal Control

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

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

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



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The Effectiveness of Internal Control

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

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

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



Jeffrey Makwala (Hilltop Hospitality Manager) congratulating Nzuzo Mnikathi on his recent visit to the South Pole



RISK MANAGEMENT REPORT

Highly publicised corporate failures, King III, implementation of the Public Finance Management Act, together with a high incidence of fraud and corruption, have generated considerable interest in the corporate governance practices of modern organisations.

Ezemvelo considers itself one of those modern organisations that is pushing for excellence in terms of corporate governance. An important aspect of such is the ability of the entity to provide for combined assurance which includes risk management. Enterprise risk management is an increasingly important objective for many agencies that are striving to be leaders in their respective industries and Ezemvelo is no different.

Major strides were made in 2011/12 in implementing risk management within Ezemvelo KZN Wildlife. We developed a risk register identifying our critical strategic risks and an action plan was compiled to manage and mitigate against those risks.

The Risk Management Policy was also reviewed and adopted. The revised policy caters for a holistic approach in terms of managing risks faced by the organisation. In terms of the policy, risks are managed from four distinct perspectives, namely:

- **Strategic Risk Management:**
Aims at minimising the risks associated with achieving the set targets in terms of the Annual Performance Plan.
- **Functional Risk Management:**
Deals with processes within the organisation and aims at achieving a clean audit.
- **Operational Risk Management:**
Deals with health and safety issues as well as insurance and incident management. It also caters for business continuity planning and models.
- **Monitoring and Evaluation:**
Concerns the way the organisation will be monitoring the action plan and the net impact of those actions on the risks. Each risk action should be defined on a project plan and the implementation of such should be monitored on a monthly basis.

It is important to note that the Risk Management Programme has been capacitated and that both the Board and Management of Ezemvelo KZN Wildlife are proud of the progress the entity has made in the last two years. However, this is no space for complacency. Everyone is eagerly anticipating that risk management becomes the concern of each and every one of us.



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AUDIT COMMITTEE REPORT

The Audit Committee consists of the members listed hereunder and is expected to meet at least four times per annum as per its approved Charter. During the year, six meetings were held and the log of member attendance is tabled below.

Name of member		Number of meetings attended
M Mia	(Chairperson)	6
DM Dold (Ms)		5
BP Mchunu-Mzila (Ms)	(resigned - September 2011)	1
CN Mhlongo (Ms)	(resigned - February 2012)	5
WU Nel		6
BW Ngubane	(appointed - December 2011)	1
SD Shezi		2

Audit Committee Responsibility

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

The Effectiveness of Internal Control

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

The Audit Committee has made recommendations that the quality of reports submitted by management requires improvement. In certain areas improvement has been noted.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited financial statements to be included in this Annual Integrated Report with both 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 financial statements.

M MIA
Chairperson



Ezemvelo KZN Wildlife

PART 4: PERFORMANCE OVERVIEW

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 - Statement of Financial Position - Page 63
- Statement of Financial Performance - Page 64
- Statement of Changes in Net Assets - Page 65
 - Statement of Cash Flows - Page 66
 - Accounting Policies - Page 67
- Notes to the Financial Statements - Page 76
 - Detailed Income Statement - Page 97
- Legislation Applicable to Ezemvelo - Page 99



Above Left: CEO of Ezemvelo Dr I.B. Mkhize with Jabulani Ngubane after receiving an Amarok 4x4 from VW SA.



Above: Ezemvelo Staff during 2011 Game Auction

Left: Memorial Plaques and the Peace Pillar unveiled on the 14 December 2011 at HIP, Nyalazi Gate.



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

Accordingly the Board:

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

The Auditor-General has audited the financial and non-financial performance and that report is presented as part of this report. The financial statements and non-financial performance information were approved by the Board and signed for on its behalf by:



ZC NGIDI
Chairperson



AUDITOR-GENERAL'S REPORT

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

Introduction

1. I have audited the financial statements of the KwaZulu-Natal Nature Conservation Board set out on pages 63 to 96, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authorities responsibility for the financial statements

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

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.



Basis for Qualified Opinion

Property, Plant and Equipment

6. Due to the lack of a proper asset management system, I was unable to verify the completeness of assets, stated at R48.970 million in the financial statements. The Board's records did not permit the application of adequate alternative audit procedures regarding the completeness of these assets.

Leases

7. The entity did not have adequate systems in place to record leases and I was therefore unable to verify the completeness of leases stated at R7.997 million as disclosed in note 27 to the financial statements. The Board's records did not permit the application of adequate alternative audit procedures regarding the completeness of leases.

Irregular Expenditure

8. The entity did not have adequate systems in place to record irregular expenditure and I was therefore unable to verify the completeness of irregular expenditure stated at R1.336 million as disclosed in note 32 to the financial statements.

Qualified Opinion

9. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the KwaZulu-Natal Nature Conservation Board as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

11. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the entity at, and for the year ended, 31 March 2011.

Material losses / impairments

12. As disclosed in note 4 to the financial statements, material losses to the amount of R23.966 million were incurred as a result of a write-off of assets.

Additional matters

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



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Unaudited supplementary information

14. The supplementary information set out on pages 3 to 39 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 50 to 62 of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

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

Achievement of planned targets

20. Of the total number of 40 planned targets, only 17 were achieved during the year under review. This represents 58% of total planned targets that were not achieved during the year under review.

Compliance with laws and regulations

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



Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA.

Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

23. The accounting authority did not take effective steps to prevent irregular expenditure as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Asset management

24. Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the Public Finance Management Act.

Procurement and contract management

25. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements.

Internal control

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

Leadership

27. Management have not exercised oversight responsibility over financial reporting and internal control. Actions are not taken to address risks relating to the achievement of complete and accurate financial reporting and to mitigate the risk resulting in non-compliance with regulatory and reporting requirements. Management have not established an IT governance framework that supports and enables the business, delivers value and improves performance.

Financial and performance management

28. Systems are not appropriate to facilitate the preparation of quality financial statements resulting in significant corrections being recommended as a result of audit findings. Requested information was not available which is indicative of inadequate record keeping and record management. The entity does not have a reliable system mainly due to a lack of monitoring controls for the capturing of transactions as transactions are not processed in accordance with the GRAP reporting framework resulting in prior period errors and adjustments to the financial statements. The entity did not implement adequate policies and procedures to ensure adequate safe-guarding of assets, recording of leases and irregular expenditure and compliance with applicable laws and regulations.



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OTHER REPORTS

Investigations

29. Twenty-one investigations were concluded during the financial year and eight cases are still in progress.

Pietermaritzburg
31 July 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ACCOUNTING AUTHORITY'S REPORT

1. Review of activities

The organisation recorded a net deficit of R 74 642 million (2011: restated surplus of R 14 814 million). The deficit was funded from the accumulated reserve.

2. Going concern

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Board continue to receive funding for the ongoing operations for the entity. To this end the amounts voted by legislature to conservation within the Medium Term Expenditure Framework (MTEF) are expected to be received over the next three financial years ending 31 March 2015. Future strategies and plans to improve the financial state of the organisation are being developed and will be monitored during the 2012/13 financial year.

3. Subsequent events

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

4. Accounting policies

The impact on the results of the entity due to changes in accounting policy or prior period error is reflected in note 2 to the Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board.



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5. Accounting Authority

Three new board members were appointed during the course of the year, to bring the total number of the independent non- executive members of the Board to thirteen (listed below):

Mr ZC Ngidi - Chairperson	
Prof AT Nzama - Deputy Chairperson	
Inkosi BF Bhengu	
Mr SNM Dladla	
Ms PS Dlamini	
Ms SPT Dlamini	
Ms DM Dold	
Mr WM Fischer	Appointed 01 December, 2011
Ms BP Mchunu-Mzila	
Mr SJ Mhlongo	Appointed 01 December, 2011
Mr WU Nel	
Mr BW Ngubane	Appointed 01 December, 2011
Inkosi MI Tembe	

6. Member and executive managers emoluments

	Fees/ Remuneration	Expenses	Company contribution	Medical contribution	Total Package 2012	Total Package 2011
Accounting Authority and Audit Committee						
Board Members - 13	601 140	186 838	-	-	787 978	723 550
External Audit	62 136	14 472	-	-	76 608	153 467
Committee Members - 3						
	663 276	201 310	-	-	864 586	877 017
Management						
Chief Executive Officer	1 298 810	-	127 465	-	1 426 275	1 371 366
Chief Financial Officer (appointed 1 December 2011)	337 317	-	32 521	-	369 838	874 302
Executive Director Commercial Operations (resigned August 2011)	738 425	-	39 294	7 201	784 920	915 710
Executive Director Biodiversity Conservation	980 713	-	85 136	34 738	1 100 587	913 596
Executive Director Corporate Support Services	-	-	-	-	-	212 955
	3 355 265	-	284 416	41 939	3 681 620	4 287 929
	4 018 541	201 310	284 416	41 939	4 546 206	5 164 946



7. Corporate governance

General

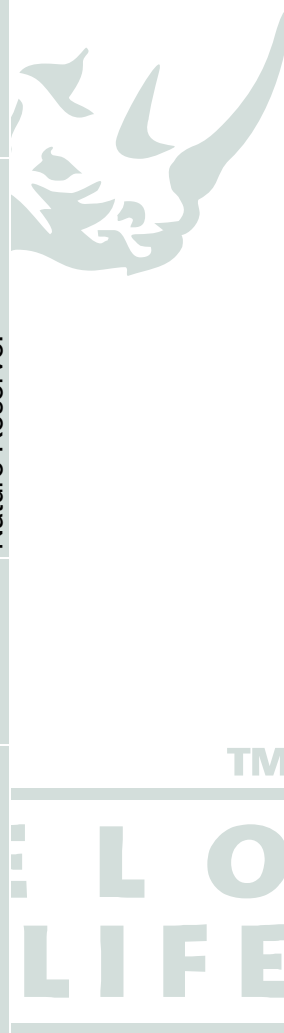
The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity acknowledges its responsibility to apply the Code of Corporate Practices and Conduct laid out in the King Report on Corporate Governance for South Africa.



NON-FINANCIAL PERFORMANCE

Conserve the indigenous biodiversity of KZN for the benefit of present and future generations					
Key Objectives	Performance indicators	Target	Actual	Variance	Reason For variance
Sustainably Harvest R 74 m worth of natural resources in accordance to prescribed norms & standards / implementation tools	Rand value of identified natural resources sustainably harvested in accordance to prescribed norms & standards / implementation tools	R 17 million	This objective has been almost achieved with figure of R 16, 7 million.	R 334,563 less	The slight shortfall was due to lower than expected revenue from permits and fines which is positive as there is an indication of increased compliance.
Increase number of additionally private or communally owned protected areas by 15 sites effectively co-managed with Ezemvelo	Number of additional private or communally owned protected areas effectively co-managed with Ezemvelo	3	Three co-management agreements have been signed for the year for Mpembeni, Amatshe nezimpisi and Ntsikeni were signed.	Nil	N/A
Acquire 10 new sites for formal conservation	Number of new sites acquired under formal conservation	2	Four new sites have been acquired under formal conservation which includes Rooseefontein & Blue Crane Nature Reserves, Dartmoor, Tygerskloof Nature Reserve and Gelijkwater Mistbelt Nature Reserve.	2 extra	Two sites were carry over from the previous year



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Conserve the indigenous biodiversity of KZN for the benefit of present and future generations					
Key Objectives	Performance indicators	Target	Actual	Variance	Reason For variance
Increase the number of protected areas that meet the minimum management effectiveness standard to 57	Number of Protected areas that meet the minimum management effectiveness standard	12	Fifteen protected areas have met the effectiveness standard (National standard) of 68%. The achievement is as follows: Enseleni 84%, Tembe 82%, Krantzklouf 82%, Ithala 80%, Kenneth Stainbank 79%, Amatikulu 77%, Chelmsford 76%, Harold Johnson 74%, Hluhluwe iMfolozi Park (HiP) 73%, uKhahlamba Drakensberg Park World Heritage Site (UDP WHS) 73%, Ntsikeni 73%, Ongoye 71%, Umhlanga Lagoon 70%, Mt. Currie 68%, Vryheid Hill 68%.	3 extra	Overachieved 3 additional sites as these Protected Areas were also reassessed from last year.
Adopt and implement 9 (Biodiversity Management Plans) plans for listed threatened species	Number of plans for listed threatened species that have been adopted and implemented (Biodiversity Management Plans)	2	The objective has been partially achieved, during the year as the two plans were developed for Wattle Crane and Wild Dog monitoring	Plans have not been implemented	The implementation is awaiting adoption; the delay was due to process and timing issues. This is now anticipated to take place early in the new financial year and thereafter the plans will be implemented.
Fully comment on 20% of development and land use applications received	% of applications where identified impacts on biodiversity have been effectively mitigated in the Records of Decision against the number of processed applications	20%	This objective has been achieved as 85% of RoDs have fully mitigated threats to biodiversity; this is very significant to Ezemvelo as the custodians to biodiversity.	65% extra	This is due to effective lobbying of the conservation cause. Out of 104 Records of Decisions, 85 fully mitigated, 9 partially mitigated and only 10 did not mitigate threats to biodiversity. This target has now been set at 75% for the following years.



Conserve the indigenous biodiversity of KZN for the benefit of present and future generations					
Key Objectives	Performance indicators	Target	Actual	Variance	Reason For variance
Increase the level of the public's perception of the value of biodiversity in KZN by 5%, identified through scientific surveys (Biodiversity Awareness Index)	Change in level of the public's perception of the value of biodiversity in KZN identified through scientific surveys (Biodiversity Awareness Index)	Baseline survey conducted, baseline identified and target defined / action plan developed	This objective was not achieved.	Baseline survey, baseline identified and target defined / action plan to be developed	The services of a specialist were procured and management identified that the supplier would not be able to deliver on the expected products during implementation of the project. Ultimately the service provider's contract was terminated after numerous attempts to take corrective steps failed. The process of acquiring a more suitable supplier was started. It is expected that this project will be back on track during 2012/13.
Increase Stakeholder Satisfaction levels by 15% (Stakeholders Satisfaction Index)	Proportional improvement in the public's perception of EKZNW's performance identified through scientific surveys (Stakeholders Satisfaction Index)	Baseline survey conducted, baseline identified and target defined / action plan	The objective was partially achieved as the baseline survey has been conducted with the identified stakeholders and target focal areas.	Action Plan to be developed	Timing of the Stakeholder forum caused unexpected delays. Questionnaires were developed and reviewed. Data collection has been completed and processing is underway. The baseline and action plan is expected to be completed during 2012/13.



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Increase financial resources				
Key Objectives	Performance indicators	Target	Actual	Variance
Generate R 300 m through Commercial Operations activities	Rand value of financial contribution (income-expenditure excluding capex) through Commercial Operations activity activities	R 59 million	The objective has been partially achieved as R 31 million was contributed during the year.	R 28 million less
Secure R 300 m worth of funding through external projects	Rand value of external funding secured through various projects e.g. invasive alien species including donor funding	R 65 million	This objective has been achieved as R 69,8 million worth of funding has been secured through various projects.	R 4, 8 million extra
				Overachieved by R 4, 8 million as working for water, working on rivers programme was initiated and added during the year, which was not on the plan.

Optimise use of financial resources				
Key Objectives	Performance Indicators	Targets	Actual	Variance
Reduce working capital days to 95	Reduction in Working Capital Days (Working Capital = Inventories + Trade & other Receivables - Trade & other Payables)	100 days	This objective has been partially achieved. The average working capital days for the year are 87.42.	12.58 days less
Decrease and maintain budget variance to less than 10%	% variance in actual expenditure against budgeted expenditure	<10%	This objective has been achieved with an under-expenditure of 8%.	Nil
				Variance was within the 10%



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Optimise use of financial resources					
Key Objectives	Performance Indicators	Targets	Actual	Variance	Reason for variance
Ensure that 100% of financial resources are used for service delivery	% of financial resources used for service delivery (i.e. no fraud, no fruitless expenditure and so on)	100%	The objective was almost achieved as 99.84% of financial resources were used for service delivery.	-0.16%	An amount of R1 026 000 was deemed as fruitless and wasteful expenditure in terms of CCMA cases, fraudulent activities, penalties for late payment and fixed asset register update costs
Spend R 130 m on maintenance of immovable assets	Rand Value of Immovable Asset Maintenance (Immovable only)	R 20 million	This objective was achieved as R 21,7 million was spent during the financial year.	R 1, 7 million	Expenditure target was met
Spend R 180 m on asset purchases	Rand Value of Asset Purchases (all assets)	R 37 million	This objective was under achieved as R 12,1 million was spent during the financial year.	R 24,9 million less	Factors such as lower than expected revenue and process inefficiencies affected the achievement of this target.

Create an innovative culture					
Key Objectives	Performance indicators	Targets	Actual	Variance	Reason for Variance
Develop and implement 21 new services or products	Number of new products and services	6	This objective has been partially achieved as 4 products/services were implemented. These include an electronic Wikipedia application for District Conservation Officers, the recycling project at Head Office, a water saving project at Umlalazi and an online booking service (E-Booking) which was a huge success.	2 less	The fifth service/ product is the Emakhosini Opathe Heritage Park 4x4 Route which is currently being assessed and various funding options as well as the logistics is being investigated. The last service/ product is the meat sales from protected areas which was explored at Ithala but withdrawn as the model was not suitable for a full rollout to other protected areas.



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Increase communication level				
Key Objectives	Performance indicators	Target	Actual	Variance
Issue quarterly corporate communications	Number of corporate communications -Ink-anyezi	4	This objective has been partially achieved as 2 publications were released.	2 less Process issues with printing caused unexpected delays. This is being resolved.
Increase our profile through 400 planned publications	Number media publications e.g. Zululand Observer; Natal Witness; Daily News	100	This objective has been achieved as there were 184 main stream media publications.	84 more Objective overachieved and this mainly due to rhino poaching being a topical issue.
Maintain and update website quarterly	Number of website updates	4	This objective has been achieved as the website was updated quarterly.	Nil N/A
Maintain and update intranet quarterly	Number of intranet updates	4	This objective has been achieved as the intranet was updated quarterly.	Nil N/A

Manage organisational resources effectively and efficiently			
Key Objectives	Performance indicators	Target	Actual
Implementation Re-align organizational structure to strategy 100%	Implement organizational structure re-alignment to strategy plan	Re-aligned structure fully implemented	This objective has been partially achieved as the proposed realigned structure has been submitted to the Board of Ezemvelo.
			Implementation of re-aligned structure The proposal is under consideration and can only be implemented once approved. An interim structure is being utilised for operational reasons, which is aligned to the programme structure.

Optimise strategic alliances with relevant stakeholders			
Key Objectives	Performance indicators	Target	Actual
Formalize 200 strategic alliances	Number of strategic alliances formalized with stakeholders	40	This objective has been achieved as 51 agreements were formalised by the entity.
			11 extra This objective is very dependent on business agreements, hence the environment called for these extra formalised agreements.



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Integrate information management systems				
Key Objectives	Performance indicators	Target	Actual	Variance
Implement a Master System Plan to integrate information management systems	% of Masters Systems Plan completed (aligned to strategy)	Implementation of Disaster Recovery Plan (DRP)/ Implementation of IT governance framework (ITGF)	This objective has not been achieved as an independent analysis of the IT function required a reprioritisation of resources. The DRP and ITGF implementation has been moved to 2012/13. As an interim measure to the DRP implementation, a Novell Platespin device has been installed to back up critical data	DRP & ITGF not implemented Compliance issues such as Microsoft Licences were addressed which introduced new applications to the landscape as well as a proposed changes to the current hardware and network infrastructure

Comply with relevant legislation				
Key Objectives	Performance indicators	Target	Actual	Variance
Update legislation database quarterly	Number legislation database updates	4	This objective could not be achieved as no further additions were required during 2011/12.	N/A
Develop and Implement a compliance policy	Number of compliance policies	1	This objective has not been achieved.	Compliance Policy not achieved Although the policy has not been developed, other mechanisms such as internal audits, risk management and implementation of existing policies are being used to ensure compliance. The entity is compliant with most legislative frameworks and this will be enhanced by the policy. The policy will be developed and approved in the new financial year.



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Develop and implement an Information and Knowledge Management System				
Key Objectives	Performance indicators	Target	Actual	Variance Reason for Variance
Develop and implement Knowledge Management policy	Develop Knowledge Management policy	1	This objective has not been achieved	Policy not developed The Master Systems Plan (IT Strategy) is being updated and the latter will cater for this objective. The policy is anticipated to be completed in 2012/13.

Manage organisational risks				
Key Objectives	Performance indicators	Target	Actual	Variance Reason for Variance
Review Risk Management Policy annually	Number of risk management policy reviews	1	This objective has been achieved as the risk management policy has been updated, approved and is being implemented.	Nil N/A
Generate quarterly Risk Management Reports	Number of risk reports generated	4	This objective has been achieved as four reports have been produced to track the execution of the risk action plan.	Nil N/A

Implement Broad based Transformation Policies				
Key Objectives	Performance indicators	Target	Actual	Variance Reason for Variance
Spend 60% of the amount of tenders and contracts on BEE companies	% expenditure in terms of rand value on contracts/tenders awarded to BEE companies against total amount spent	60%	There was an under achievement with a 21 % expenditure.	39% less This is due to having optimistic targets and not properly accounting for non discretionary expenditure. The model for measuring BEE spent is being revisited and target adjusted.



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Implement best practices in managing wellness and related activities				
Key Objectives	Performance indicators	Target	Actual	Variance
Develop and implement a health risk management programme	Number of Health Risk Management Programmes implemented	Approved project plans	<p>This has been partially achieved as the following tasks related to the health risk programme were performed;</p> <p>World Aids Day – voluntary testing and counselling</p> <p>6 Wellness days were held in the 3 regions and head office</p> <p>Referrals to professional medical facilities for employees with abnormal medical findings</p> <p>Nutritional supplements were distributed to employees with chronic illnesses.</p>	<p>Project plans to be approved and will include the outstanding elements of the Programme that will be addressed in the new financial year are</p> <p>Wellness days, HIV/AIDS educators, substance abuse.</p>
				Plans were developed however going forward, Incapacity Management and Disease Management will be integrated into one comprehensive programme in line with the provincial initiative.

Implement best practices in managing wellness and related activities				
Key Objectives	Performance indicators	Target	Actual	Variance
Involve 2340 employees in wellness programmes annually	Number of employees involved in wellness programmes	>2340	This objective has been partially achieved with 2064 employees having participated in wellness programmes.	276 less
				This translates to 88% achieved in terms of the desired target which is deemed satisfactory



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Attract and retain the best Human Capital					
Key Objectives	Performance indicators	Target	Actual	Variance	Reason for Variance
Develop and implement a recruitment strategy	Implementation of a recruitment strategy	Turnaround time for recruitment reduced to 2 months	<p>This objective has been partially achieved. The current turnaround time has been reduced to 3 months as compared to an average of 6 months for the prior year. The following tasks were performed in 2011/12:</p> <ul style="list-style-type: none"> Recruitment & selection guidelines and procedures have been developed and approved. Categorisation of workforce into specialist, core and flexible components. SLAs with tertiary institutions for workforce pool. Career progression and grade progression plan for Scientists, Nature Conservators and Hospitality Managers. 	1 months more	The entity deems that the 3 month turnaround time is sufficient



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Attract and retain the best Human Capital				
Key Objectives	Performance indicators	Target	Actual	Variance
Develop and implement a retention strategy	Implementation of retention strategy	Updating and review of Retention policy	<p>This objective has been achieved. The next review of the policy is going to be performed in 2012/13 as the policy was approved in 2011 for implementation in 2011/12. This year the following tasks were performed:</p> <ul style="list-style-type: none"> Retention criteria has been developed and approved Workforce survey and categorisation according to terminations, retirement and age analysis on internal skills supply 	Nil
				N/A



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Attract and retain the best Human Capital					
Key Objectives	Key Objectives	Key Objectives	Key Objectives	Key Objectives	Key Objectives
Develop and implement a succession planning strategy	Implementation of a succession planning strategy	Implementation of succession planning guidelines	This objective has been partially achieved as a draft career progression plan for all employees was developed and a preliminary assessment of successors for Nature Conservation Managers, Hospitality Managers and Scientists will be conducted after the approval.	Implementation of succession planning guidelines	Full implementation is pending approval
Implement Performance Management for all permanent employees	Number of permanent employees on formal recognition system of Performance Management	2692	This objective has not been achieved.	Not achieved	Challenges such as the re-alignment, job profiling and grading resulted in this objective being carried over to next financial year in order to allow for the pre-requisites to be in place. During 2011/12 the performance policy was revised and procedures simplified and streamlined. The previous policy and procedures were cumbersome which also contributed to the non-achievement of this objective.
Upskill 6618 employees	Number of people trained	1612	This objective has been partially achieved with 1105 employees receiving training.	507 less	This represents a 66% achievement, and includes some high level training that had to be prioritised, e.g. management development programme



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Increase employee satisfaction				
Key Objectives	Performance indicators	Target	Actual	Variance Reason for Variance
Increase employee satisfaction by 15%	% of employee satisfaction	Baseline survey conducted, baseline identified and target defined / action plan	This objective has been partially achieved as the survey conducted identified the baseline.	Target defined / action plan A recommended action plan from the results of the organisational climate survey was also developed and is pending approval which is expected to be concluded in the first quarter of the new financial year.

Demonstrate the value of benefits derived from the implementation of organisation programmes				
Key Objectives	Performance indicators	Target	Actual	Variance Reason for Variance
Create 6000 employment opportunities	No of new people employed	2010	This objective has been partially achieved with 862 employment opportunities created during the year	1148 less Numerous reasons contributed to this situation, such as delays in transfer of funds which resulted in delays in projects



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STATEMENT OF FINANCIAL POSITION

Figures in Rand thousand	Note(s)	2012	2011 Restated
Assets			
Current Assets			
Inventories	6	7 498	8 219
Trade and other receivables from exchange transactions	7	15 074	32 099
Cash and cash equivalents	8	197 530	169 060
		220 102	209 378
Non-Current Assets			
Property, plant and equipment	4	594 384	924 210
Total Assets		814 486	1 133 588
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	13	78 793	88 226
Deferred Income	10	46 299	43 142
Provisions	11	62 956	86 902
Trust funds and external projects	12	33 466	31 631
		221 514	249 901
Non-Current Liabilities			
Provisions	11	55 682	52 579
Total Liabilities		277 196	302 480
Net Assets		537 290	831 108
Net Assets			
Reserves			
Revaluation reserve	9	226 622	445 798
Accumulated surplus		310 668	385 310
Total Net Assets		537 290	831 108



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STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	2012	2011 Restated
Revenue	14	683 721	617 807
Cost of sales	15	(25 531)	(24 057)
Gross surplus		658 190	593 750
Other income		23 297	27 552
Operating expenses		(757 846)	(609 240)
Non-Exchange transaction revenue- projects		90 337	50 111
Non-exchange expenditure- projects		(95 688)	(54 060)
Operating (deficit) surplus	17	(81 710)	8 113
Investment Revenue	21	7 266	6 788
Finance costs	23	(198)	(87)
(Deficit) surplus for the year		(74 642)	14 814



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STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 1 April 2010 as restated	303 846	442 149	745 995
Surplus for the year	-	57 968	57 968
Balance at 31 March 2011 as previously reported	303 846	500 117	803 963
Prior year adjustment affecting net assets	141 952	-	141 952
Prior year adjustment affecting accumulated surplus	-	(114 807)	(114 807)
Total changes	141 952	(114 807)	27 145
Balance at 1 April 2011 as restated	445 798	385 310	831 108
Fair value gains: Buildings and Structures	67 333	-	67 333
Fair value losses: Buildings and Structures	(286 509)	-	(286 509)
Net losses recognised directly in net assets	(219 176)	-	(219 176)
Deficit for the year	-	(74 642)	(74 642)
Total changes	(219 176)	(74 642)	(293 818)
Balance at 31 March 2012	226 622	310 668	537 290

Note(s)

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STATEMENT OF CASH FLOWS

Figures in Rand thousand	Note(s)	2012	2011 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services		236 604	214 664
Grants		491 317	431 382
Interest income		7 266	6 788
Other receipts- Non-exchange revenue		90 337	50 111
		<u>825 524</u>	<u>702 945</u>
Payments			
Employee costs		(469 629)	(426 635)
Suppliers		(221 305)	(100 410)
Finance costs		(198)	(87)
Other cash item - Non-Exchange transaction		(95 688)	(54 060)
		<u>(786 820)</u>	<u>(581 192)</u>
Net cash flows from operating activities	25	<u>38 704</u>	<u>121 753</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(12 069)	(69 115)
Proceeds from sale of property, plant and equipment		-	1 733
Net cash flows from investing activities		<u>(12 069)</u>	<u>(67 382)</u>
Cash flows from financing activities			
Net change to Conditional grants	26	<u>1 835</u>	<u>(8 659)</u>
Net increase/(decrease) in cash and cash equivalents		28 470	45 712
Cash and cash equivalents at the beginning of the year		169 060	123 348
Cash and cash equivalents at the end of the year	8	<u>197 530</u>	<u>169 060</u>



ACCOUNTING POLICIES

I. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1) of the Public Finance Management Act (act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy / prior period error

1.1. Biological Asset

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

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

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

1.2. Property, plant and equipment

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



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

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

Where it is practicable and the benefit exceeds the cost, the residual values, the useful lives and depreciation methods of each asset are reviewed and adjusted accordingly. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. The gain or loss arising from the de-recognition 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 de-recognition 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. All assets acquired at a cost of less or equal to R5,000 are classified as minor assets and are fully depreciated in the year in which they are acquired. This practice is in line with the National Treasury Asset Management Framework.

1.3. Financial instruments

Classification

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

Trade and other receivables

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

Trade and other payables

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



Cash and cash equivalents

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

1.4. Related party transactions

Related Parties

Related parties are entities or individuals who exert significant influence in the activities of the entity. Transactions between the entity on terms and conditions that are other than arms length, are disclosed in the financial statements. Furthermore, certain specific transactions with key management personnel and their relatives are disclosed.

1.5. Leases

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

1.6. Inventories

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

1.7. Commitments

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

1.8. Events after the reporting period

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

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

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



1.9. Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation). Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

1.10. Share capital / contributed capital

An equity instrument is any contract that demonstrates a residual interest in the assets of an entity after deducting all of its liabilities.

1.11. Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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



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

Other post retirement obligations

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

1.12. 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 28.

1.13. 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.
- 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.
- 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.
- The amount of the revenue can be measured reliably.

1.14. Revenue from non-exchange transactions

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

Transfers

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

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

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

Permits and Fines

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

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

Gifts and donations, including goods in-kind

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

1.15. Borrowing costs

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

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



1.16. 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.

1.17. 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.

1.18. 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.

1.19. Irregular expenditure

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

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

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



1.20. 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.

1.21. 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

Figures in Rand thousand	2012	2011 Restated
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2. Changes in Accounting Policy/ Prior Period Error

Prior period error

When migrating to the new SAP system certain account descriptions were not clearly defined. The general ledger and consequently the reporting were then incorrectly classified and reported as part of a number of balances in the prior year. In the current year, a review of the transactions and the general ledger accounts yielded an ability to be more accurate in classifying of the general ledger accounts.

The net effect of the prior period error on the Annual Financial Statements for the 12 months ended 31 March 2012 is as follows:

Statement of financial position

Inventories

Previously stated	-	8 283
Adjustment due to correction of classification errors	-	(64)
	-	8 219

Trade and other receivables

Previously stated	-	20 635
Adjustment due to correction of classification errors	-	8 978
Adjustment due to correction of projects take-on balances	-	2 486
	-	32 099

Property, plant and equipment

Previously stated	-	927 531
Adjustment due to correction of projects take-on balances	-	(3 321)
	-	924 210

Trade and other payables

Previously stated	-	120 434
Adjustment due to correction of classification errors	-	4 574
Adjustment due to correction of projects take-on balances	-	(36 782)
	-	88 226

Trust Funds and external projects

Previously stated	-	33 864
Adjustment due to correction of projects take-on balances	-	(2 233)
	-	31 631

Deferred Income

Previously stated	-	28 011
Adjustment due to correction of projects take-on balances	-	15 131
	-	43 142



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Figures in Rand thousand	2012	2011 Restated
Accumulated surplus		
Previously stated	-	500 117
Adjustment due to correction of classification errors	-	6 097
Correction of projects take-on balances - revenue	-	(24 107)
Correction of projects take-on balances - expenses	-	(24 786)
Correction of projects take-on balances - reserves	-	(72 011)
	-	385 310
Revaluation reserve		
Previously stated	-	303 846
Adjustment due to correction of projects take-on balances	-	141 952
	-	445 798

3. Biological Asset

Fauna and Flora

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



4. Property, plant and equipment (Figures in Rand thousand)

	2012			2011		
	Cost / Valuation	Accumulated depreciation & impairment	Carrying value	Cost / Valuation Restated	Accumulated depreciation & impairment	Carrying value
Buildings and Structures	1 146 385	(732 711)	413 674	1 073 627	(425 763)	647 864
Plant and machinery	7 633	(5 544)	2 089	6 788	(3 437)	3 351
Furniture, Tools and Equipment	72 459	(62 749)	9 710	67 526	(35 484)	32 042
Aircraft, Vehicles and boats	111 698	(85 776)	25 922	139 216	(70 205)	69 011
Computer Equipment	29 948	(18 699)	11 249	17 933	(7 013)	10 920
Roads	183 442	(83 667)	99 775	183 442	(77 998)	105 444
Dams, Reservoirs and Boreholes	5 405	(4 858)	547	5 367	(4 498)	869
Fencing	37 139	(6 755)	30 384	34 346	(4 479)	29 867
Capital work in progress	1 034	-	1 034	24 842	-	24 842
Total	1 595 143	(1 000 759)	594 384	1 553 087	(628 877)	924 210



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

	Opening balance	Additions	Disposals and scrapped assets	Transfers	Write ups/ revaluations	Depreciation for current period	Accumulated Depreciation for disposals	Impairment loss	Total
Buildings and Structures	647 864	659	(2 434)	7 200	67 333	(21 579)	1 140	(286 509)	413 674
Plant and Machinery	3 351	615	(23)	253	-	(2 123)	16	-	2 089
Furniture, Tools and Equipment	32 042	2 039	(184)	3 078	-	(27 385)	120	-	9 710
Aircraft, Motor Vehicles and Boats	69 011	5 071	(34 521)	1 932	-	(26 261)	10 690	-	25 922
Computer Equipment	10 920	2 442	(183)	9 757	-	(11 855)	168	-	11 249
Roads	105 444	-	-	-	-	(5 669)	-	-	99 775
Dams, Reservoirs and Boreholes	869	13	-	25	-	(360)	-	-	547
Fencing	29 867	1 230	-	1 563	-	(2 276)	-	-	30 384
Capital work in progress	24 842	-	-	(23 808)	-	-	-	-	1 034
	924 210	12 069	(37 345)	-	67 333	(97 508)	12 134	(286 509)	594 384

Reconciliation of property, plant and equipment - 2011 (Restated) (Figures in Rand thousand)

	Opening balance	Additions	Take-on Balance	Disposals and scrapped assets	Reclassification	Write ups/ revaluations	Prior year adjustments	Depreciation	Total
Buildings and Structures	682 019	-	12	(252)	-	2 423	(23 955)	(12 383)	647 864
Plant and Machinery	3 993	648	223	(81)	-	357	(697)	(1 092)	3 351
Furniture, Tools and Equipment	31 758	1 524	6 449	(952)	404	12 122	(9 059)	(10 204)	32 042
Aircraft, Motor Vehicles and Boats	35 780	4 327	24 806	(353)	(404)	40 212	(13 937)	(21 420)	69 011
Computer Equipment	11 879	905	1 579	(95)	-	5 793	(3 549)	(5 592)	10 920
Roads	35 145	-	-	-	-	17 261	56 607	(3 569)	105 444
Dams, Reservoirs and Boreholes	1 435	-	99	-	-	-	(745)	80	869
Fencing	1 657	-	28 543	-	-	-	228	(561)	29 867
Capital work in progress	42 642	-	-	(17 800)	-	-	-	-	24 842
	846 308	7 404	61 711	(19 533)	-	78 168	4 893	(54 741)	924 210

Explanation of the changes in property, plant and equipment

In the current year, the entity conducted an inclusive asset verification and valuation exercise. As a result of this exercise the asset register has been restated due to prior year errors identified. This has affected opening net book values of the assets by R3.321 million in the statement of financial position as well as the deficit from the statement of financial performance. Included in the net R3.321 million adjustment of the book values, is an amount of R23.966 million decrease in the book values of all other assets excluding Roads, Fencing and Capital Work in progress.

5. Employee benefit obligations

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its new employees. At 31 March 2012, there were 2,054 (2011: 2,080) employees on the Ezemvelo KZN Wildlife Provident Fund. Under this scheme, the entity is under no obligation to cover any unfunded benefits.

Defined benefit plan

In addition to the defined contribution plan, the entity has two defined benefit plans that are governed by the Pension Funds Act, 1956 (Act no. 24 of 1956). At 31 March 2012, there were 304 (2011: 321) employees on the Government Employee Pension Fund and 108 (2011: 111) employees on the Natal Parks Board Pension and Gratuity Pension Scheme.

Natal Parks Board Pension and Gratuity Pension Scheme

The Natal Parks Board Pension and Gratuity Pension Scheme, which is administered by Old Mutual, is a fully funded defined benefit plan governed by the Pension Funds Act. Only employees of the former Natal Parks Board belong to this scheme. Actuarial valuations are performed every three years. An actuarial valuation of this scheme was performed at 31 July 2011. In the opinion of the actuary, the fund is in a sound financial position. The actuary reassessed the valuation to take account of changes which were likely to occur subsequent to 31 July 2011. Any shortfalls in benefit plans are the responsibility of the entity. The next valuation is due on 31 July 2014

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



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

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

Figures in Rand thousand	2012	2011 Restated
Fair value of plan assets		
Expected return on plan assets – Market value of assets	465 258	-
Assets distributed on settlements – reserve account	(381)	-
	464 877	-
Fair value of plan obligation		
Current service post – past service liabilities in respect of active members	70 847	-
Past service cost – Pensioner liabilities	361 139	-
Past service cost – Value of re-insured pension obligation	3 109	-
Voluntary contribution account liabilities	610	-
Value of surplus allocated to active members as DC benefits	6 150	-
Contingency reserves	23 022	-
	464 877	-

The 2012 disclosure is based on the 2011 actuarial valuation. Prior to the 2011 valuation, the last valuation was performed in 2008. The values in the 2008 valuation were not recent enough to include as comparatives.



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Government Employee Pension Fund

Former employees of the KwaZulu-Natal Directorate of Nature Conservation are members of the Government Employee Pension Fund governed by the Pension Funds Act 1956 (Act no. 24 of 1956). This multi-employee state fund is a defined benefit plan. According to the actuarial valuation at 31 March 1998, the fund was 96% funded. Plans by the administrators to reduce the deficit are currently unknown, but it should be noted that any attempt to reduce this deficit in the future through increased employer contributions may result in significant increased costs to the Board. Further information on this Pension Fund is unavailable at present and therefore it has been treated as a defined contribution fund with contributions being charged to income as they are incurred. The employer continues to allow employees on this fund to migrate to the Ezemvelo KZN Wildlife Provident Fund. This does not pose any financial risk to the organisation.

Post retirement medical aid plan

The Board commissioned an independent valuation, based on actuarial valuation principles, of the post retirement medical aid obligation at 31 March 2011. A valuation conducted by actuaries (Old Mutual Actuaries) in April 2011 reflected an estimated obligation of R55.682 million as at 31 March 2012. This unfunded liability is being recognised as an expense over three years

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

Figures in Rand thousand	2012	2011 Restated
Post Retirement Medical Liability		
Baseline opening balance	40 543	40 543
Interest Cost	16 710	12 046
Current Service Cost	4 195	3 111
Actuarial gain/ (loss)	3 264	3 264
Benefit Payment	(9 030)	(6 385)
	55 682	52 579

6. Inventories

Consumable stores	1 374	1 461
Other goods held for resale	4 144	4 686
Fuel (Diesel, Petrol and gas)	1 980	2 072
	7 498	8 219

7. Trade and other receivables from exchange transactions

Trade debtors	14 595	31 078
Deposits	1 357	1 286
Less: Provision for doubtful debts	(6 014)	(5 826)
Sundry receivables	740	5 561
Non- exchange transaction receivables- Projects	4 396	-
	15 074	32 099



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Figures in Rand thousand	2012	2011 Restated
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Fair value of Trade and other receivables

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

Reconciliation of provision for impairment of trade and other receivables

Opening balance	5 826	5 838
Provision for impairment	424	1 005
Amounts written off as uncollectible	(236)	(1 017)
	6 014	5 826

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

8. Cash and cash equivalents

Cash on hand	1 339	1 475
Bank balances	75 124	84 179
Short-term deposits	70 613	31 603
Funds held in trust	48 955	50 438
Other cash and cash equivalents	1 499	1 365
	197 530	169 060

9. Revaluation reserve

Buildings and Structures	226 622	381 223
Projects take-on balances	-	64 575
	226 622	445 798

Revaluation reserve movement

Revaluation surplus beginning of period	445 798	303 846
Fair value gains: Buildings and Structures	67 333	-
Fair value losses: Buildings and Structures	(286 509)	-
Prior year adjustment	-	141 952
	226 622	445 798



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Figures in Rand thousand

2012

2011
Restated

10. Deferred Income

Unspent conditional grants and receipts comprises of:

Balance at beginning of period

Net receipts

43 142 23 851

3 157 19 291

46 299 43 142

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

11. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave Pay Provision	70 111	6 068	(19 719)	-	56 460
Bonus	5 259	25 338	(24 919)	-	5 678
Contributory Pension	755	3 633	(3 570)	-	818
Legal Claims	5 000	-	(3 400)	(1 600)	-
Post Retirement Medical Aid	52 579	5 719	(2 616)	-	55 682
Other provisions	5 777	-	(4 121)	(1 656)	-
	139 481	40 758	(58 345)	(3 256)	118 638

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Total
Leave Pay Provision	73 372	5 209	(8 470)	70 111
Bonus	4 968	15 842	(15 551)	5 259
Contributory Pension	696	3 094	(3 035)	755
Legal Claims	5 000	-	-	5 000
Post Retirement Medical Aid	46 170	6 409	-	52 579
Other provisions	-	-	5 777	5 777
	130 206	30 554	(21 279)	139 481

Non-current liabilities

55 682 52 579

Current liabilities

62 956 86 902

118 638 139 481



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Figures in Rand thousand	2012	2011 Restated
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12. Trust funds and external projects

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

Special Projects	17 737	15 388
Community Levy	12 083	12 751
Emergency Services	2 233	2 412
Chairman's Trust Fund	1 413	1 080
	33 466	31 631
Community Levy Reconciliation		
Opening balance	12 751	19 638
Funds received during the year	2 317	5 520
Interest accrued	687	931
Community expenses incurred	(3 672)	(13 338)
	12 083	12 751

13. Trade and other payables from exchange transactions

Trade payables	55 589	60 688
Deposits received	22 784	24 368
Sundry payables	420	3 170
	78 793	88 226

14. Revenue

Sale of goods	33 842	33 835
Accommodation	106 799	97 768
Natural Resource Trade	970	977
Hunting	2 657	985
Fines and permits	1 211	1 223
Licences and permits	113	384
Admission	25 950	24 546
Trails, rides and tours	10 223	10 836
State Subsidy Transfer	491 317	431 382
Game Sales	10 639	15 871
	683 721	617 807



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Figures in Rand thousand

2012

2011
Restated

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

Sale of goods	33 842	33 835
Accommodation	106 799	97 768
Natural Resource Trade	970	977
Hunting	2 657	985
Licences and permits	113	384
Admission	25 950	24 546
Trails, Rides and Tours	10 223	10 836
Game Sales	10 639	15 871
	191 193	185 202

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

Fines	1 211	1 223
State subsidy transfers	491 317	431 382
	492 528	432 605

15. Cost of sales

Sale of goods

Cost of goods sold	25 453	24 047
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Rendering of services

Cost of services	78	10
	25 531	24 057

16. Other income

Concession and hire fees earned	4 143	3 777
PAYE provision reversal - 2004 tax audit	-	4 160
Debt impairment recovered	5	-
Capture cost recoveries	2 900	2 030
Lump sum recoveries	519	580
Donations	2 141	3 312
Agency Services- Marine Coastal Management	6 994	8 448
Non-Exchange transaction revenue- projects	90 337	50 111
Sundry Revenue	6 531	5 244
Gain on exchange differences	64	1
	113 634	77 663



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Figures in Rand thousand	2012	2011 Restated
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The amount included in other revenue arising from exchanges of goods or services are as follows:

Agency Services- Marine Coastal Management	6 994	8 448
Other exchange of goods revenue	16 303	19 104
	23 297	27 552

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

Non exchange revenue- Projects		
Implementation fees	3 656	-
Funder revenue	86 681	49 782
Donations	-	329
	90 337	50 111

17. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Loss on sale of property, plant and equipment	(24 806)	(41 567)
Reversal of impairment on property, plant and equipment	-	78 168
Depreciation on property, plant and equipment	97 508	54 741
Employee costs	469 634	426 635

18. Employee related costs

Basic salary	300 170	278 349
Medical aid - company contributions	29 974	31 498
Unemployment Insurance Fund (UIF)	3 029	2 877
Workmans Compensation (WCA)	2 869	6 289
Skills Development Levy (SDL)	3 667	3 206
Leave pay provision charge	6 101	376
Other personnel costs	8 116	4 354
Post-retirement contributions	42 151	28 152
Subsistence Allowance	2 439	2 337
Overtime payments	4 957	5 719
13th Cheques	23 398	22 210
Car allowance	9 460	9 122
Housing benefits and allowances	33 303	32 146
	469 634	426 635

19. Administrative expenditure

Administrative expenditure	44 226	44 000
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Figures in Rand thousand

2012

2011
Restated

20. Debt impairment

Debt impairment (Bad debt)	434	1 017
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21. Investment revenue

Interest income

Bank	7 266	6 788
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22. Impairment of assets

Reversal of impairments

Property, plant and equipment	-	(78 168)
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23. Finance costs

Other interest paid	198	87
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24. Auditors' remuneration

Fees	1 919	1 348
Prior year under-provision	-	2 088
	1 919	3 436

25. Cash generated from operations

(Deficit) surplus	(74 642)	14 814
Adjustments for:		
Depreciation and amortisation	97 508	54 741
Loss on scrapped assets	24 806	41 567
Impairment reversals	-	(78 168)
Debt impairment	236	1 017
Movements in provisions	(20 843)	9 275
Other non cash items	108	-
Prior year adjustments (projects and property, plant and equipment)	-	40 617
Changes in working capital:		
Decrease/(Increase) in Inventories	721	(811)
Decrease/(Increase) Trade and other receivables from exchange transactions	17 025	(22 059)
(Decrease)/Increase Trade and other payables from exchange transactions	(9 372)	37 203
Increase in Deferred Income	3 157	23 557
	38 704	121 753



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Figures in Rand thousand	2012	2011 Restated
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26. Net change in conditional grants

Balance at beginning of the year	(31 631)	(40 290)
Balance at end of the year	33 466	31 631
	1 835	(8 659)

Net changes in conditional grants are partly from capital surpluses.

27. Commitments

Already contracted for but not provided for

- Budget carry over requests	-	16 021
- Capital expenditure	3 919	-
- Operating expenditure	11 812	-
	15 731	16 021

Operating leases – as lessee (expense)

Minimum lease payments due

- Within one year	3 903	3 705
- in second to fifth year inclusive	4 094	7 997
	7 997	11 702

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

Operating leases – as lessor (income)

Minimum lease payments due

- within one year	690	656
- in second to fifth year inclusive	122	812
	812	1 468

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



28. Contingencies

Conservation Land

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

During the course of the year, an assessment of the condition of the buildings situated in these areas was carried out which resulted in a net impairment of R33.104 million. After processing this impairment, the total value of immovable assets is estimated at R87.719 million (2011: R125.123 million).

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

Legal claims

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

Case Description	Legal representative	Extent of Liability (R'000)	Likelihood
Claim for pothole damages	Ngcobo Poyo Attorneys	R150	probable
Animal interest alliance	Kevin Pretorius Attorneys	qualitative	improbable
Housing application	McGregor Erasmus Attorneys	unquantifiable	improbable
Ring fenced leave	McGregor Erasmus Attorneys	unquantifiable	improbable
Validity of Board Appointments	Kevin Pretorius Attorneys	unquantifiable	improbable
Two employees seeking reinstatement	McGregor Erasmus Attorneys	R110 legal fees	improbable
D. S. Preen	Kevin Pretorius Attorneys	R50	improbable
H. Bruss	Kevin Pretorius Attorneys	R400	improbable
Horsefreud	Kevin Pretorius Attorneys	R400	improbable

Disputed amounts with suppliers

An amount of R2.5 million in relation to disputes we have with creditors. It is probable that these liabilities will be payable once proper documentation and all outstanding issues are resolved.



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Figures in Rand thousand

2012

2011
Restated

29. Related parties

Members	Refer to members' report note	
Holding company	KwaZulu-Natal Department of Agriculture, Environmental Affairs and Rural Development	
Associates	Kagiso Khulani Supervision Food Services	
	C3 Foods	
Board participation by executive management	KZN Tourism Authority	
	Wildlands Conservation Trust	
	Isivuno	

Related party transactions

Purchases from related parties

Kagiso Khulani Supervision Food Services	6 932	11 665
Wildlands Conservation Trust	112	65
KZN Tourism Authority	140	110
C3 Food Services	6 882	-
Ngubane & Co.	31	-

Sales to related parties		
Wildlands Conservation Trust	37	27



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Figures in Rand thousand

2012

2011
Restated

30. Events after the reporting date

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

31. Fruitless and wasteful expenditure

Opening balance	383	187
CCMA Cases Settled (included legal expenses)	443	228
Unrecouped losses from fraudulent activities	385	-
Penalties for late payment of suppliers	612	-
Expenditure relating to updating of the fixed assets register	-	383
Expenditure not recovered: CCMA cases	(443)	(323)
Amounts considered irrecoverable	-	(92)
Amount considered fruitful	(213)	-
Amount recovered from supplier	(170)	-
	997	383

Fruitless and wasteful expenditure is taken into the statement of financial performance in the year it is incurred. Amounts not recovered from CCMA cases are relating to legal expenses and settlement to employees, and are considered not to be recoverable. Amounts considered irrecoverable relate to an unsuccessful legal action against a supplier. Amounts considered fruitful relate to agreements reached with suppliers in terms of the value of the work performed.

The closing balance of R997 thousand was incurred in the current year and investigations will be carried out to determine recoverability.



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Figures in Rand thousand	2012	2011 Restated
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32. Irregular expenditure

Opening balance	1 599	1 143
Add: Irregular Expenditure - current year	1 336	456
	2 935	1 599

Details of irregular expenditure – current year

Disciplinary steps taken/criminal proceedings

Deviation from SCM guidelines	To be investigated	1 336
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Details of irregular expenditure condoned by the Board subsequent to the year end

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

33. 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	(74 642)	14 814
Surplus / deficit on sale of assets	25 498	-
Increase/decrease in provisions	(20 843)	9 275
Depreciation	97 508	3 230
Tourist income lower than budget	10 438	13 105
Surplus/ deficit on projects unit	5 285	(20 617)
Non tourist income below budget	26 499	7 565
Funding for carryovers included in Accumulated Surplus	16 282	15 000
Surplus/deficit on deferred income	(17 376)	(14 100)
Sundry expenses	(41 101)	(35 620)
Budget for Asset Purchases	(27 548)	(35 806)
Prior year adjustments	-	43 154
Net surplus/ deficit on approved budget	-	-



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Figures in Rand thousand

2012

2011
Restated

34. World Cup Expenditure

Analysis of World Cup Expenditure

World Cup Tickets	-	33
Infrastructure spend in lieu of the World Cup	-	1 575
	-	1 608

35. Financial instruments

Overview

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

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

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

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

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

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



Credit Risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2012 was R15,074 million (2011: R32,099 million) relating to trade and other receivables (Note 7) and R197,530 million (2011: R169,060 million) relating to cash and cash equivalents (note 8).

Trade and other receivables

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

Investments

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

Guarantees

The entity's policy is to provide financial guarantees only for specified services. There were no guarantees in issue as at 31 March 2012.

Liquidity risk

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

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

It is the policy of the entity, in line with the Department of Agriculture KwaZulu-Natal not to borrow monies. There are thus no credit facilities available.



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Market Risk

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

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

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

Currency Risk

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

Interest rate risk

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

Fair values

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



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DETAILED INCOME STATEMENT

Figures in Rand thousand	Note(s)	2012	2011 Restated
Revenue			
Sale of goods		33,842	33,835
Rendering of services		106,799	97,768
Natural Resource trade		970	977
Hunting Revenue		2,657	985
Permits & fines		1,211	1,223
Licences		113	384
Admission		25,950	24,546
Trails, rides and tours		10,223	10,836
State subsidy transfers		491,317	431,382
Game Sales		10,639	15,871
	14	683,721	617,807
Cost of sales	15	(25,531)	(24,057)
Gross surplus		658,190	593,750
Other income			
Rentals, hire and concessions		4,143	3,777
PAYE provision reversal - 2004 tax audit		-	4,160
Recoveries		3,424	2,610
Donations		2,141	3,312
Agency Services - Marine Coastal Mgt		6,994	8,448
Non-Exchange Revenue- Projects		90,337	50,111
Sundry income		6,531	5,244
Gain on exchange differences		64	1
	16	113,634	77,663
Expenses (Refer to page 100)		(853,534)	(663,300)
Operating (deficit) / surplus before financing activities	17	(81,710)	8,113
Investment Revenue	21	7,266	6,788
Finance costs	23	(198)	(87)
		7,068	6,701
(Deficit) surplus for the year		(74,642)	14,814



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DETAILED INCOME STATEMENT

Figures in Rand thousand	Note(s)	2012	2011 Restated
Expenses			
Administration and management fees	19	44,226	44,000
Auditors remuneration	24	1,919	3,436
Bad debts	20	434	1,017
Bank charges		2,505	2,278
Consumables		8,229	5,701
Contracted Services		12,694	9,917
Depreciation	4	97,508	54,741
Impairment reversal	22	-	(78,168)
Employee costs	18	469,634	426,635
Loss on disposal of assets		24,806	41,567
Marketing		6,292	8,991
Other consulting and professional fees		5,837	12,831
Non-Exchange transaction Expense- Projects		95,688	54,060
Repairs and maintenance		27,039	27,810
Sundry expenses (including reversals of provisions)		(373)	2,013
Board expenses		911	1,228
Transport and freight		28,267	22,227
Utilities		27,918	23,016
		853,534	663,300

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LEGISLATION APPLICABLE TO EZEMVELO

The following legislation impacts on the operations of the entity:

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

Founding Legislation

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

Biodiversity Conservation and Heritage

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

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Employment and Economic Empowerment

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

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Land and Roads

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

Sundry

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

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