



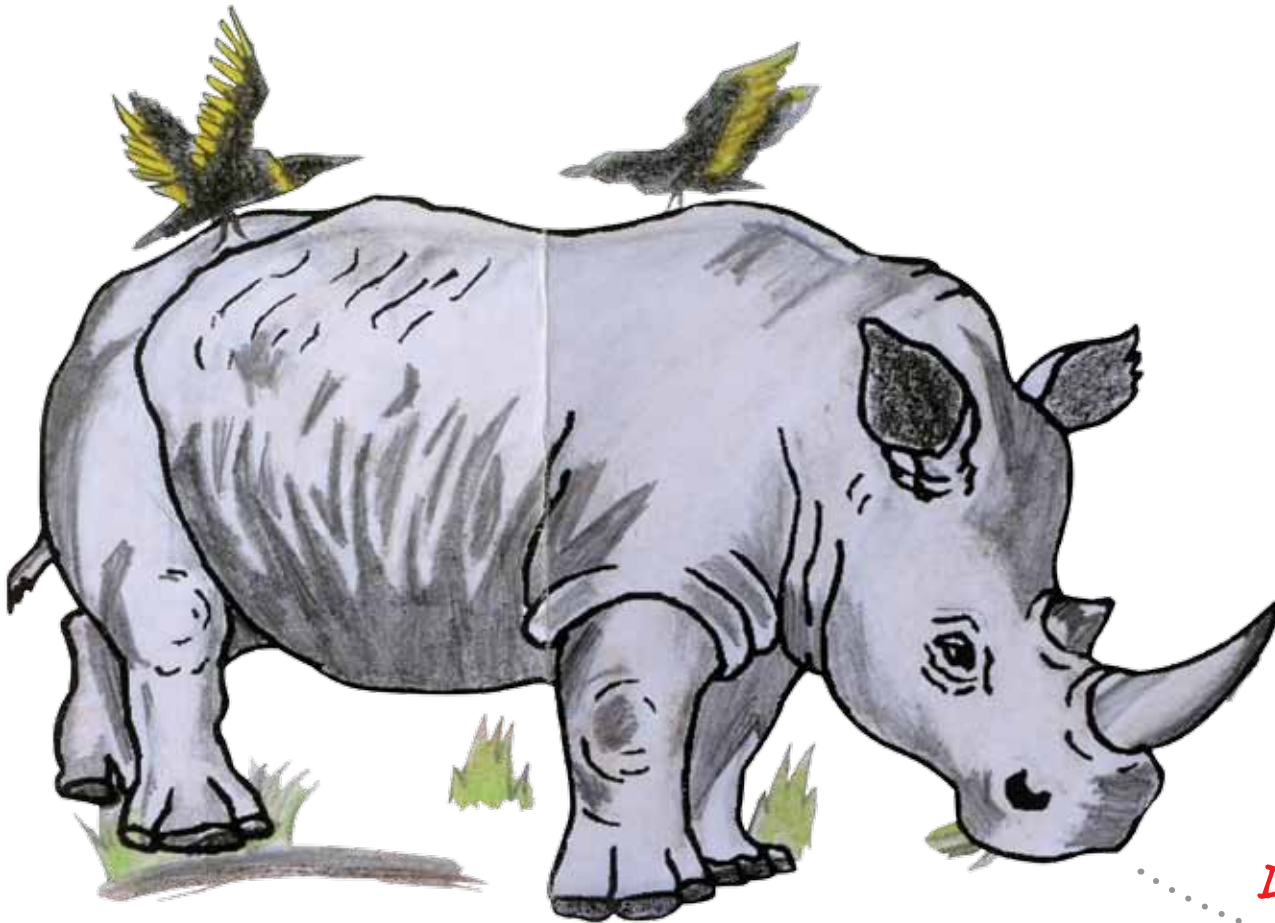
iSimangaliso
Wetland Park

MY RHINO OUR FUTURE

2016 Annual Report



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INDIAN
OCEAN

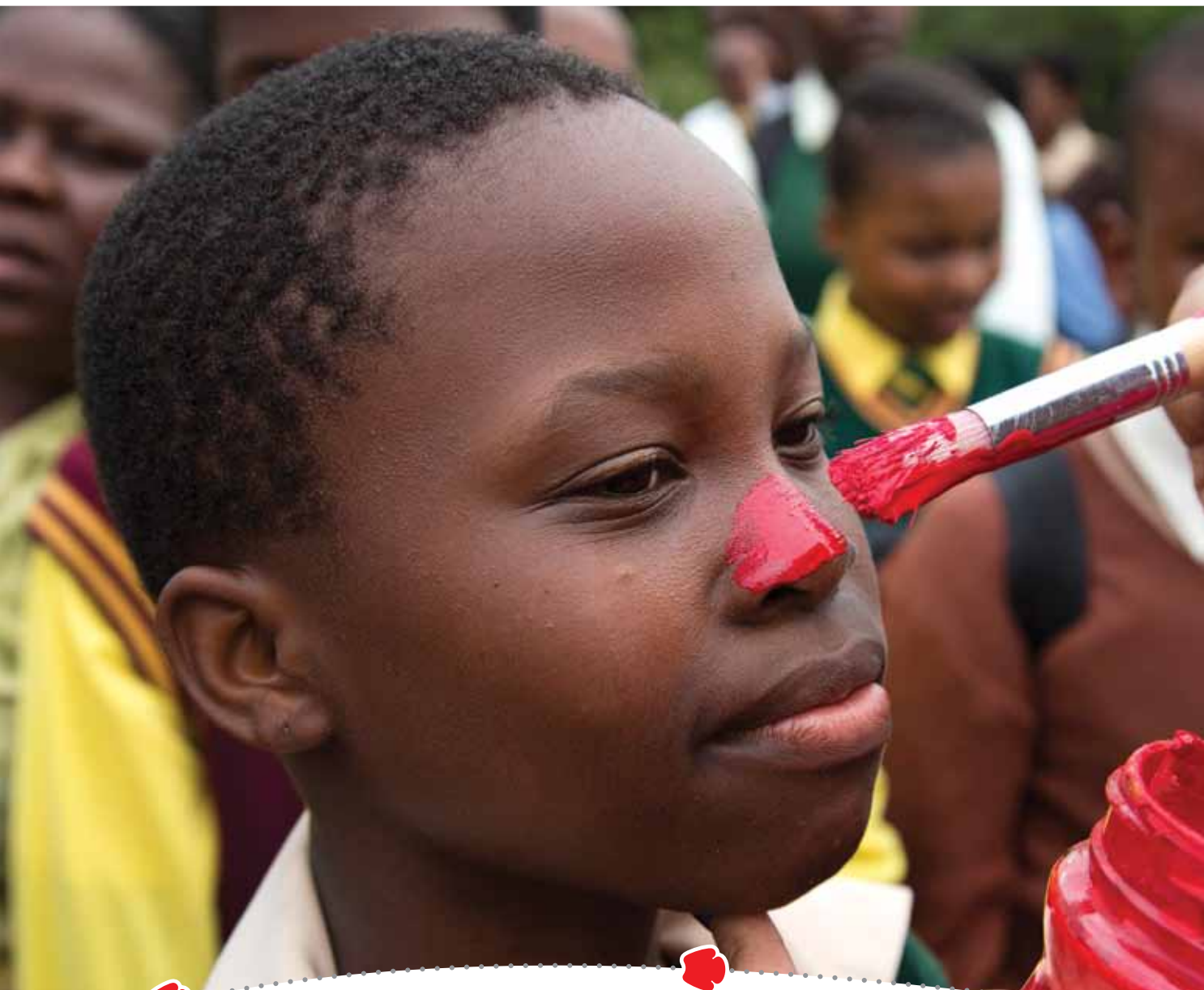
MARCHING FOR RHINO

KOSI TO UMFOLOZI

11 250 : 75
LEARNERS : SCHOOLS







 Sokhulu Primary



 LangaLibomvu High



 Mnotho Primary

message from the minister of environmental affairs

I am pleased to present the 2015/16 Annual Report of the iSimangaliso Wetland Park Authority; the conservation authority and managing agency of Lake St Lucia, the world's oldest protected estuary.

The iSimangaliso Wetland Park which was declared a UNESCO World Heritage Site in 1999, supports high levels of biodiversity and threatened and protected species. It also continues to be a RAMSAR Wetland of International Importance since 1986.

The iSimangaliso Wetland Park Authority continues to successfully manage the conservation development nexus through a series of progressive programmes and practices aimed at ensuring communities in and around the Park are made partners in conservation. The People and Parks programme is active in the iSimangaliso Wetland Park, and continues to build on a legacy of community development and natural resource beneficiation. The very first People and Parks workshop was convened by the iSimangaliso Wetland Park Authority in 2003 in partnership with GTZ-Transform, IUCN South Africa, Mafisa Research and Planning and the then University of Natal. This seminal workshop produced a lasting legacy that has shaped the global conservation agenda and continues to inform protected area conservation efforts today. The People and Parks Programme was subsequently adopted by the Department of Environmental Affairs and has since become a national programme replicated in 22 national parks and all provincial parks.

The iSimangaliso Wetland Park continues to represent a new model for protected areas management in Southern Africa - based on the insight that it is impossible to conserve the natural environment without putting communities at the centre of any conservation strategy. This necessitates facilitating access to sustainable livelihoods for rural communities.

The work of the Authority has afforded communities the opportunity to become involved in what is now a vibrant tourism economy. Tourism directly related to the Park generates approximately R1,2 billion in revenue for the area and creates in the region of 7 000 jobs. The Park works hard to make sure that communities have access to income generation and job opportunities. The land care programme provides temporary jobs to local communities to clear alien invasive plant species that put a strain on precious water resources.

Work is also continuing to redevelop sections of the Park and address infrastructure backlogs. The construction and maintenance of fences, roads, field-ranger camps, picnic sites, park furniture, hides,

public toilets and viewpoints provide opportunities for community based contractors and create local jobs. More than half of the 54 000 people who have worked in iSimangaliso to date are women, and a quarter are youth.

The Authority further supports the development of local businesses by training entrepreneurs and providing them with the equipment and materials to grow their businesses. The Rural Enterprise Accelerator Programme (REAP) enables community-owned businesses to ignite a cycle of job creation and economic growth in the iSimangaliso area. REAP now supports some 187 entrepreneurs – a significant growth from the 30 who started six years ago. To date, 80 financial grants to the value of R7,8 million have been awarded to these local businesses.

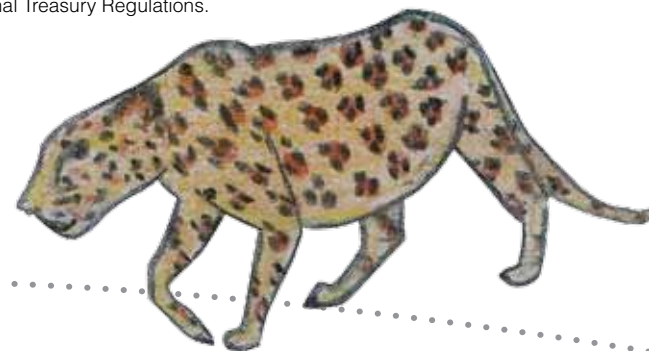
Programmes for sculptors and crafters offer training in product development and marketing into urban retail outlets. The award winning iSimangaliso Higher Education Access Programme has supported 77 young people from park neighbours and communities whose land was successfully restituted to get their degrees and diplomas at universities and technical colleges. Thirteen of these young graduates currently work as interns within the Authority.

The Department of Environmental Affairs is ever mindful of the need to balance environmental protection with the creation of sustainable and decent work opportunities for communities. Through the extensive work being done by the iSimangaliso Wetland Park Authority, communities are being capacitated to take advantage of the Park's unique positioning, and become part of its ongoing conservation and tourism success story.

This 2015/16 Annual Report complies with all statutory reporting requirements of the Public Finance Management Act (PFMA) as well as National Treasury Regulations.



MRS B E E MOLEWA, MP
Minister of Environmental Affairs
29 July 2016





Mtubatuba Primary

Mtuba Christian School

Umfolozi Primary

message from the chairman

Tribute to Ephraim Mfeka

Ephraim Mfeka passed away a few weeks ago. Ephraim served on the inaugural board of the iSimangaliso Wetland Park Authority. Ephraim became involved in the early days of COSATU in Richards Bay, and was a driving force in bringing the parties to the table to conclude the settlement of the Bhangazi Land Claim. He served as Chairman of the Bhangazi Trust from 1998 to his death in 2016. He worked in close partnership with the iSimangaliso Authority to deliver on the commitments iSimangaliso and the Bhangazi Trust made in their co-management agreement. His dream was to see the opening of the Lokotwayo Lodge, a joint venture between the Park and the Bhangazi Trust. We will miss his calmness, wisdom and humour, and his deep commitment to his family, his community, his Trust, and his Park.

The late songstress, Whitney Houston, shared her belief in the youth when she made this George Benson penned song an anthem "I believe the children are our future, Teach them well and let them lead the way, Show them all the beauty they possess inside, Give them a sense of pride to make it easier..."

We also believe that our children and the youth are our future. Towards the end of 2015 over 11 250 learners representing 75 schools from around the iSimangaliso Wetland Park took up the cause against rhino poaching. Their bold statement as they walked the length and breadth of iSimangaliso was the biggest organised youth drive in our country to date. Our 13 interns, the youngest people at the Authority, led the initiative. We are proud of them.

The learners were horrified and activated. This generation is proud of their Park. Many of them have enjoyed a day visit to the Park facilitated by our Environmental Educators. Many others have participated in our Schools Awards programme over the years. We at iSimangaliso know that ours is a youthful country. Currently, one third of our population is under 18 years old. We owe it to these young people to do everything we can to invite them into the custodianship of this extraordinary World Heritage Site. Our young people have the future of iSimangaliso in their hands.

They also have the future of the planet in their hands. Youth today are acutely aware of how a stressed world economy has marginalised them, and how the structures of power are often unresponsive to their needs. Many young people have developed a sense of common identity and a critical consciousness that leads them to challenge the established order. Youth protests in South Africa and throughout the world have

shown us how youth can be a force for social change. This year we marked the 40th anniversary of the SA Youth Activism sparked by the Soweto school children opposed to the imposition of Afrikaans as a medium of instruction in Black schools. That activism gave voice to the 2015 nationwide protest at tertiary institutions led by the #Fallist movement resulting in rethinking of funding of university education while also calling for more consultative, visible and transformational leadership. Youth have played a central role in sparking diverse protest movements elsewhere across the Middle East, Europe, South America and North America.

Some youth have changed the terms of the debate in their countries and in the world. A striking example is the Pakistani feminist and education activist, Malala Yousafzai, at seventeen the youngest person to become a Nobel Prize laureate. Because of her dedication and courage, the push for education for women has accelerated not just in Pakistan but also in the whole world. In South Africa, young women and men have recently become more engaged in popular culture, in debates through cyber social networks, and in socio-political demonstrations. In the lyrics of their songs, the verses of their poems, the scripts of their plays, and in their blogs and tweets is a strong critique of the status quo.

The first couple of the world's largest economy remind us "The best judge of whether or not a country is going to develop is how it treats its women." The Authority has placed women in the forefront of its entrepreneur and social development. As the nation commemorates the 60th anniversary of the women's march against unjust legislation we reassert our commitment to the empowerment of women and the youth. Now more than ever we are willing to listen to young people and not just see them. We jointly seek solutions to the substantive issues they are challenging and urging us to address as leadership. This is a national jewel we are privileged to be custodians of. Together with the communities in and around the Park we are ensuring future generations have a treasure they will see and experience, and not only read about.



Mr B Zwane
Chairman
29 July 2016



Vezobala High

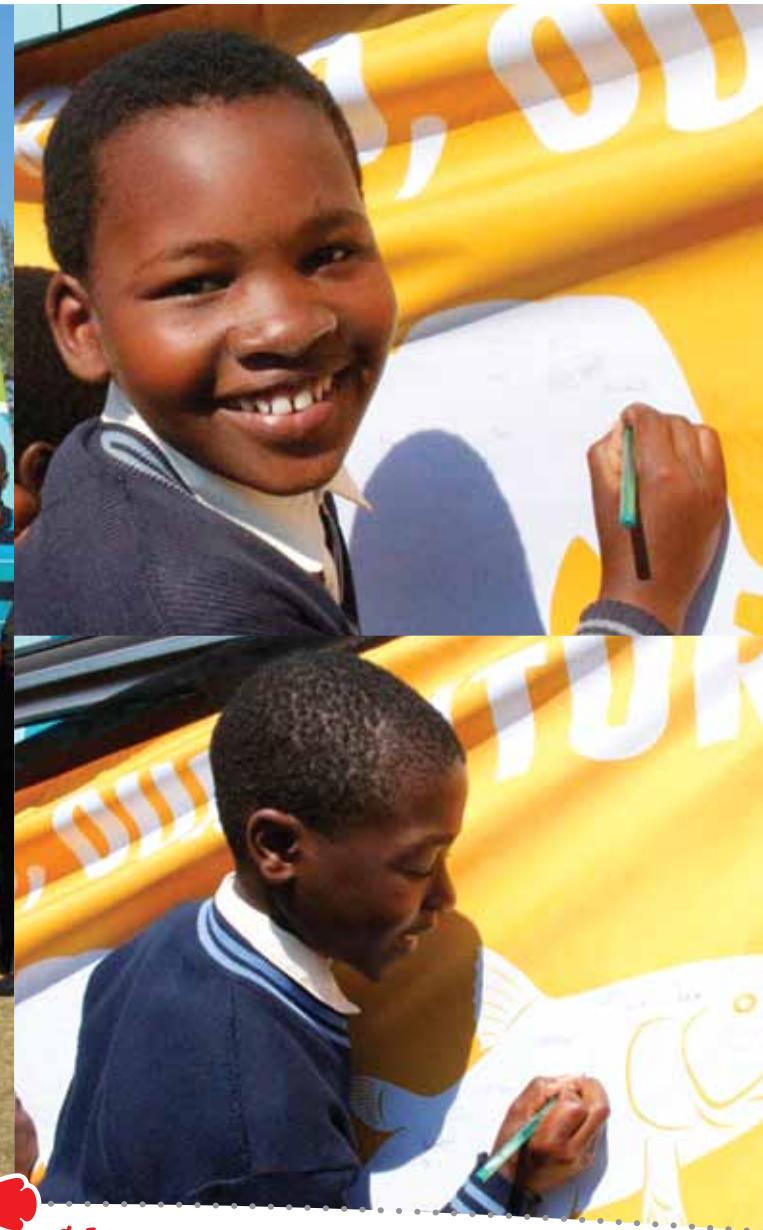


Khiphinkunzi Primary



Mzabalazo Primary

Ubuhlebemvelo Primary



Silethukukhanya High

from the ceo's desk: towards an integrated report

The iSimangaliso Wetland Park World Heritage Site was listed by UNESCO in 1999 for its unique ecological and biological processes, superlative natural phenomena, and biological diversity. The Lake St Lucia Estuary, which is central to the listing, is, in global terms, one of a kind.

What began as 16 different parcels of land was consolidated under one management authority and management system. The Park, which extends from Maphelane in the south to Kosi Bay in the north and extends westward to include uMkhuze, comprises approximately 9% of South Africa's coastline. It is 358 534ha in size and includes five different eco-systems. It is one of 47 marine World Heritage Sites and one of 23 combined marine/terrestrial sites.

iSimangaliso provides critical habitats for a wide range of species. Three phenomena have been judged outstanding by UNESCO: the shifting salinity states of Lake St Lucia Estuary (the estuary shifts from fresh water to water that's saltier than the sea); the large numbers of nesting turtles, the populations of dolphins, whales and whale sharks that migrate offshore; and the large numbers and breeding colonies of waterfowl such as pelicans, storks, flamingos and herons. The species list for iSimangaliso runs to over 6 500 species, and includes 526 bird species, 11 species that are endemic to iSimangaliso, and 108 that are endemic to South Africa, as well as 467 threatened species.

The iSimangaliso Wetland Park Authority was established for the sole purpose of managing this global treasure. The Authority began its work in 2002. Its mandate, set out in the World Heritage Convention Act's regulations, is to conserve and protect the Park's World Heritage values, and to empower communities living around the Park, through inter alia tourism development.

Since inception the Authority has:

- Reintroduced all the species that, in bygone years, occurred naturally in the Park (with the exception of eland). The species introduced include, amongst others, elephant, wild dog, lion, and cheetah
- Invested significant amounts to construct roads, fence the Park, build visitor attractions, remove commercial plantations and to rehabilitate degraded habitats
- Created some 54 000 jobs
- Trained communities in arts, crafts, hospitality, construction and agriculture
- Awarded nine licences to community-owned enterprises for activities in iSimangaliso, and three tourist lodge licenses in which communities have an interest ranging from 18% to 68%

The Authority also runs an enterprise-support programme that provides expertise, training and seed capital to some 180 small businesses, and a bursary programme that is furnishing financial and other support to 67 young people (the aggregate number including graduates is 77). It also runs an intern programme for 13 persons.

These investments in the people and the economy of the region have resulted in an increase of 84% in the supply of tourism beds in the region during the last 15 years. iSimangaliso is now a 7% contributor to KwaZulu-Natal's tourism GDP, and supports some 1 300 direct jobs and 6 000 indirect jobs.

Notably, the Authority laid the foundations for South Africa's People and Parks programme when it devised the Cape Vidal Accord, and has been commended by UNESCO for its progressive and inclusive management practices in respect of conservation, development and communities.

from the ceo's desk:

continued

Vision

The Authority's vision is to create South Africa's greatest conservation-based tourism destination powered by communities.

Mission

The Authority's mission is to protect, conserve and present the iSimangaliso Wetland Park and its World Heritage values for current and future generations in line with the standards laid down by UNESCO and the World Heritage Convention Act, and to deliver benefits to communities living in and adjacent to iSimangaliso, by facilitating optimal tourism and tourism-related development.

Strategy

The strategic objective of the Authority is the conservation and enhancement of World Heritage values. In order to achieve this it is important for the Park to remain relevant for people living in the neighbouring areas, beyond delivery of economic benefits. Two of the key pillars of the

strategy are inclusivity, and the development of an awareness and realisation of the value of the environment and biodiversity.

Amongst the considerations taken into account in developing the Authority's strategy are:

- The mandate as set out in the Act
- The national priorities for the environment determined by the Department of Environmental Affairs (DEA)
- The national priorities set by government for social and economic development in terms of the National Development Plan (NDP)
- The local, provincial and regional context and circumstances
- The iSimangaliso Wetland Park's Integrated Management Plan (IMP)
- Institutional risk

The Authority's strategy contributes to the following NDP and DEA objectives:

NDP Objective:	Description:
Environmental sustainability and resilience	<ul style="list-style-type: none">• Land and oceans under protection• Energy efficiency• Zero-emission building standards• Climate change• Investment in rural livelihoods• Regulatory framework for land to ensure conservation and restoration of protected areas
South Africa in the region and in the world	<ul style="list-style-type: none">• Regional integration strategy identifying and promoting practical opportunities for cooperation based on complementary and national endowments
Economy and employment	<ul style="list-style-type: none">• Reduce unemployment• Young labour market entrants• Increased GDP• Broaden ownership of assets
Social protection	<ul style="list-style-type: none">• Provide income support through labour market initiatives such as public works programmes, training and skills development

from the ceo's desk:

continued

NDP Objective:	Description:
Inclusive rural economy	<ul style="list-style-type: none"> • Tourism investments
Improving education, training and innovation	<ul style="list-style-type: none"> • Provide learning opportunities • Increase enrolments at universities
Health care	<ul style="list-style-type: none"> • Prevent and reduce disease burdens through deterring and treating HIV/AIDS, new epidemics and alcohol abuse
Building a capable and developmental state	<ul style="list-style-type: none"> • Public service immersed in the development agenda • Experienced, competent staff • Relations between national, provincial and local government
Fighting corruption	
DEA Objective:	Description:
Biodiversity and conservation	<ul style="list-style-type: none"> • Ecosystems conserved, managed, and sustainably used • Strengthened knowledge, science and policy interface • Improved socio-economic benefits
Climate change and air quality	<ul style="list-style-type: none"> • Threats to environmental quality and integrity managed
Environmental programmes	<ul style="list-style-type: none"> • Improved socio-economic benefits • Ecosystems conserved, managed, and sustainably used
Administration	<ul style="list-style-type: none"> • Equitable and sound corporate governance • Adequate appropriately skilled diverse workforce • Efficient and effective information technology service • Strengthened knowledge and science for policy interface • Enhanced international cooperation of SA environmental sustainable plans
Legal authorisations, compliance and enforcement	<ul style="list-style-type: none"> • Improved compliance with environmental legislation by effective compliance and enforcement
Oceans and Coasts	<ul style="list-style-type: none"> • Threats to environmental quality and integrity managed • Strengthened knowledge, science, and policy interface • Ecosystems conserved, managed, and sustainably used

from the ceo's desk:

institutional arrangements

Key institutional arrangements pertaining to the iSimangaliso Wetland Park are set out below:

Institution	Focus of arrangement	Challenges
Ezemvelo KZN Wildlife	<ul style="list-style-type: none"> Conservation management in terms of a conservation operational plan Operation of overnight accommodation and associated activities in terms of a service-level agreement 	<ul style="list-style-type: none"> Monitoring and accountability of service provider through agreement and Inter-governmental Framework Act unwieldy and not easy to compel specific performance
Tourism KZN	<ul style="list-style-type: none"> Branding and marketing Investment support 	<ul style="list-style-type: none"> Lack of institutional memory in partner agency
Trade and Investment KZN	<ul style="list-style-type: none"> Investment support 	<ul style="list-style-type: none"> Lack of institutional memory in partner agency leads to jurisdictional overlap
South African Tourism	<ul style="list-style-type: none"> Marketing 	<ul style="list-style-type: none"> Staying top of mind with agency
uMkhanyakude District Municipality and associated municipalities	<ul style="list-style-type: none"> Allocation of roles and responsibilities with regard to basic services (water, electricity, refuse etc) and planning 	<ul style="list-style-type: none"> Most of the municipalities are under administration and have funding issues. Jurisdictional overlap particularly with respect to planning Informing IDP process
Land claimants	<ul style="list-style-type: none"> Co-management agreements 	<ul style="list-style-type: none"> Delays by RLCC in settlement of remaining claims Non-payment of money on settled claims (RLCC has told claimants money is no longer available) and delays in transfer of title Unrealistic expectations of level of benefits likely to accrue
DEA: Oceans and Coasts	<ul style="list-style-type: none"> Management of the coast (conservation, research and tourism activities) 	<ul style="list-style-type: none"> MOU in place renewable after three years for further three year periods Jurisdictional issues especially with respect to commercial issues Lack of institutional memory
Department of Rural Development and Land Reform	<ul style="list-style-type: none"> Resolution of remaining three land claims 	<ul style="list-style-type: none"> Ongoing support and participation in land claims resolution process by the Authority within its legal mandate
Department of Water Affairs	<ul style="list-style-type: none"> Use rights to water bodies in the Park Protection of water catchments 	<ul style="list-style-type: none"> Securing collaboration on the issuing of water rights
Department of Agriculture, Forestry and Fisheries	<ul style="list-style-type: none"> Sustainable livelihoods related to agriculture, fisheries and other natural resource use 	<ul style="list-style-type: none"> Securing collaboration on fisheries issues in the Park DAFF processes do not properly consider protected areas and protected area managers
Ingonyama Trust	<ul style="list-style-type: none"> Tourism on and conservation of Trust Land in Park Cooperation on buffer zone 	<ul style="list-style-type: none"> Working within existing Ingonyama/ Ezemvelo agreement Monitoring of rights issued for development and enforcement

from the ceo's desk:

continued

Currently, the key challenges affecting the Authority and the execution of its mandate may be summed up as:

- The ability to deliver simultaneously against 12 co-management agreements on a scale expected by communities. In addition to the limits on development, and therefore community beneficiation, the global recession has impacted negatively on investor markets. To counter this, the Authority has to provide short term benefits until there is a resurgence in the tourism investment market
- The constraining effect on private sector investment in development of the legal complexities emanating from legislation applied by various government departments, which impacts on the types of deals the Authority may negotiate
- The fluid nature of the tourism sector and changing commercial realities, and balancing these with the needs of traditional visitor groups, while also ensuring equitable access for all

The Authority's approach is to strategically influence critical areas through lobbying, in order to align with Government's key goals and programmes, and thereby ensure delivery of economic benefits and empowerment.

International Engagement

The Authority participates in international forums (in particular UNESCO) as part of the State's (eg DEA's) team. In addition, it furnishes periodic reports to UNESCO, through DEA, in line with the requirements of the World Heritage Convention Act. It also participates in the Lubombo Spatial Development Initiative and Lubombo Transfrontier Conservation Area processes and structures.



Bhekinkosi Primary

from the ceo's desk:

corporate governance

Corporate governance is accorded high priority by the Authority. Its Board and staff are required to conduct themselves with integrity and in the best interests of the organisation.

The Authority's Board believes that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct set out in the 2002 King Report on corporate governance (King II Report) and the 2002 protocol on corporate governance in the public sector, as well as the applicable management guidelines set down by UNESCO. It has also begun integrating the salient recommendations of the 2009 King III Report.

The organisational arrangements and systems that have been put in place to ensure good corporate governance embrace the inclusion of non-executive directors on the Board, the use of audit, executive and tender committees as well as independent (outsourced) internal audits. Detailed financial policies and procedures make it clear that corporate governance and financial control are the responsibilities of every staff member in the organisation.

iSimangaliso has received unqualified audit opinions for each year of operation.

Governing Bodies

Roles and Functions

The CEO is the entity's Accounting Authority. The Board is responsible for the formulation of policy and for overseeing its implementation. It is also responsible for the adoption of strategic plans, for monitoring operational performance and management, for approving policy and processes to ensure the integrity of the Park's risk management and internal controls, and for the appointment of the executive staff. The Board has approved a charter that provides guidance to its directors in discharging their duties and responsibilities. The Board carries out a self-evaluation on a regular basis.

Remuneration of the directors is prescribed by Treasury. The CEO's salary is determined in accordance with the grading and remuneration system approved by the then Minister of Environmental Affairs and Tourism in concurrence with the Minister of Finance. [See also "Remuneration" below]

Directors for the year ended 31 March 2016:

<i>Non-Executive</i>		<i>Executive</i>
Mr B Zwane (Chairman)*	Mr M Msimang (Chairman)**	Mr A Zaloumis CEO
Ms B Schreiner (Vice Chair)*	Ms K Mathebula (Vice Chair)**	
Ms P Dlamini	Mrs S Mancotywa**	
iNkosi Z Gumede	Mr A Lax**	
Mr B Langalibalele*		
Mrs T Mhlongo		
Mrs S Nene*		
Ms T Ntloko*		
Prof T Nzama		
Mr S Roopa		

**Term started 1 September 2015*

***Term ended 31 August 2015*

Audit Committee

The audit committee is responsible for overseeing audit functions, internal control and the financial reporting process. The committee includes a number of independent members who are qualified chartered accountants. Other members include the Vice Chair of the Board as well as one other Board member.

The Chief Financial Officer of the DEA and the Auditor-General attend meetings of the audit committee as observers.

Internal Audit

The internal audit function provides an independent, objective appraisal and evaluation of the risk management processes, internal controls and governance processes, and identifies corrective actions and enhancements to these.

The internal audit function is outsourced. These audits are carried out according to a three-year rolling plan, updated annually, and are based on the risks identified in the risk management process.

from the ceo's desk:

continued

Risk Management

The policy on risk management embraces all significant risks to the Authority that might undermine the achievement of its business objectives. In addition to regular reports by the executive, the Accounting Authority and the Board also receive assurance from the internal auditors on risk and internal control (see above).

The Accounting Authority, the Board, and the audit committee are of the opinion that appropriate risk management policies and practices are in place, and that adequate systems and expertise are being applied to achieve compliance with those policies and procedures. Mechanisms for managing risk include, where appropriate, the transfer of risk to third parties (for example, through public-private partnerships), the maintenance of an appropriate mix of self-insurance and commercial insurance for risks that the organisation retains, internal controls, and business-continuity planning, amongst other things.

Additional information is provided in the Accounting Policies section of the Annual Financial Statements.

Environmental Management

The Authority abides by the National Environmental Management Act: Protected Areas Act, and the World Heritage Convention Act amongst others. The day-to-day wildlife and biodiversity management is carried out by Ezemvelo KZN Wildlife in accordance with a management agreement between it and the iSimangaliso Authority, pursuant to the regulations under the World Heritage Convention Act.

The Authority's environmental programmes conform to international best practice and are in line with the Park's inscription as a World Heritage Site, which was based on its outstanding ecological beauty and biodiversity (see above).

Social Management

The Authority has adopted Government's broad-based black economic empowerment policies and has implemented a system based on the Department of Trade and Industry's codes and, where appropriate, on the Tourism Charter. Prospective new tourism enterprises in the Park

are appraised in terms of a BEE scorecard and are required to include local communities as mandatory equity partners in their operations and as preferred service providers in their procurement plans. The Park also implements special community-development programmes.

Social and Environmental Risk

iSimangaliso is situated in an area beset with unemployment and poverty, and people living in and around the Park see it as a source of economic benefit, both directly in the form of employment, and indirectly through the use of its natural resources for income generation.

To manage this reality, the Authority implements special community-development programmes in areas such as craft production, interpretation of culture, tourism training, art, life-skills, HIV/AIDS awareness, and entrepreneurship. It also sources people from neighbouring communities in the execution of its construction and land-rehabilitation programmes, and provides alternatives to unsustainable practices that impact negatively on the ecology.

The Authority participates actively in crime-prevention forums in the area.

At a macro level, the Authority monitors the impact of climate change on the natural resources in the Park. It has also raised funds for the improvement of the hydrology of Lake St Lucia.

Communications

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

The Authority publishes regular and fairly frequent newsflashes, in the form of electronic information sheets, which keep stakeholders apprised of developments. It also maintains a website. Public consultations and meetings are held to keep community groups, environmental NGOs, relevant public institutions and private parties informed about iSimangaliso, the challenges it faces and the activities it undertakes. Regular meetings are held with land claimants and Traditional Councils. The Authority participates in a number of intergovernmental committees and forums.

from the ceo's desk:

continued

Safety

The Authority abides by occupational health and safety laws and regulations. Staff and contractors working in the Park are trained in how to deal with dangerous game and how to use and dispose of toxic chemicals, especially in the Park's alien vegetation-clearing programme. They are also contractually obliged to conform to these prescripts.

Organisational Structure

The Authority has four operating units:

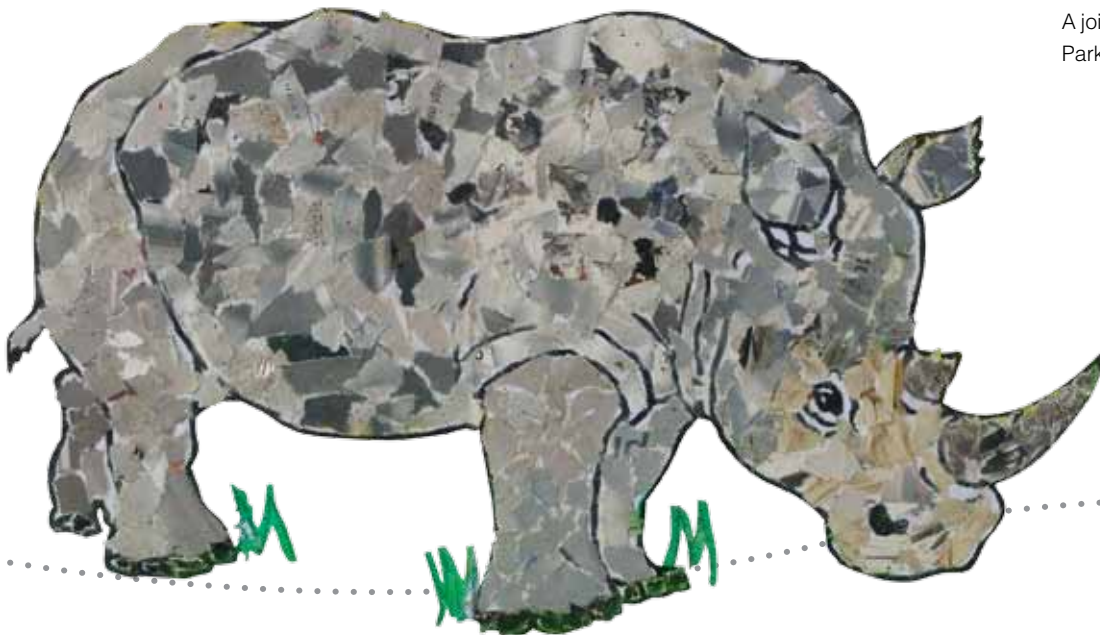
- Policy, Planning, Research and Development (PPRD)
- Park Operations
- Commercial
- Finance

These units undertake the programmes reflected in the detailed Statement of Financial Performance, namely: infrastructure, park establishment, land care, local economic development and research and monitoring.

The PPRD unit is responsible for developing sustainability strategies and for implementing training programmes for communities as well as coordinating planning and research. Park Operations establishes conservation policy, and oversees estate management and the implementation of conservation aspects of a management agreement with Ezemvelo KZN Wildlife. The Commercial unit handles tourism and related development and Finance is responsible for financial management.

All units are required to develop and implement black economic-empowerment strategies pertaining to their functional areas.

A joint management committee, representing the Authority and Ezemvelo KZN Wildlife, addresses Park management matters.



 **Gilonki Secondary**

from the ceo's desk:

continued

Staff

Permanent:

Basil Bafana	- Contract Manager: Commercial
Mike Bouwer	- Technical Manager: Park Operations
Terri Castis	- Chief Financial Officer
Debbie Cooper	- Executive Assistant: CEO
Lindy Duffield	- Marketing and Brand Manager
Nerosha Govender	- Manager: Development Planning
Trisha Govender	- Bookkeeper
Bronwyn James	- Senior Manager: Development and Planning
Abeeda Kadir	- Senior Manager: Finance
Sithembile Khumalo	- Development Facilitation Manager
Nonku Lafuleni	- Manager: Capacity Building
Siboniso Mbense	- Environmental Planner
Robert Mhlongo	- Area Manager
Siyabonga Mhlongo	- Media Officer
Stanley Mkhwanazi	- Assistant Contract Manager
Zama Mkhwanazi	- Bookkeeper
Bheki Mlondo	- Assistant Contract Manager
Qiniso Mngomezulu	- Receptionist
Futhi Mthembu	- Bookkeeper
Phumudzo Munyai	- Assistant Contract Manager
Carl Myhill	- Manager: Land Care
Ntombenhle Ncwane	- Contract Manager
Nqobile Nene	- Finance Clerk
Mandisa Nkosi	- Administrator: Park Operations
Msizi Phakathi	- Finance Manager
Thandi Shabalala	- Tourism Information Officer
Sizo Sibiya	- Tourism Operations Manager
Ingelore Taylor	- Office/HR Manager
Minie Zikhali	- Contract Manager

Contract:

Zakithi Mngomezulu	- Technical Officer: Rural Enterprise Programme
Thobeka Sibiya	- Project Assistant GEF
Fanela Fakude	- GEF: Intern
Nothile Ndwandwe	- GEF: Intern

Interns

Bongani Gumede
Phumlani Lugagu
Nkosi Mbatha
Zweli Miya
Nosipho Ngcobo
Sifiso Vumase
Slie Msweli

Remuneration

The Authority is a total-cost-to-company employer. It is not subject to Public Service scales, and remunerates its employees in accordance with the prevailing dictates of the market. Remuneration for Board members and Board committees is regulated by directives from National Treasury. Disclosure of remuneration to managers, as required by Treasury, is made in note 15 to the Annual Financial Statements.



Nsombosi Primary

Kufezekile High

Echwebeni Primary

from the ceo's desk: performance report

This year's highlights included:

- Rhino anti-poaching campaign involving some 7 000 children
- Translocation of rhino to manage the impacts of drought
- The rehabilitation programme for the Lake St Lucia Estuary
- The training of 1 145 people, and the creation of some 1 500 direct temporary jobs and 15 direct permanent jobs
- The participation of 94 small businesses on the iSimangaliso Enterprise Support Programme and provision of grant funding, which now stands at some R7 million
- Support to 41 university students through the Higher Access to Education Programme
- Award of ten new bursaries and the continued support to 37 university students through the iSimangaliso Higher Education Access Programme
- The inception of the rehabilitation programme for the Lake St Lucia Estuary (arguably one of the largest wetland rehabilitation programmes in Africa)

Park Operations

The Authority's primary objective is to conserve and protect the World Heritage values for which it was inscribed.

In order to do so, it has set the following short term actions:

- Implement the Integrated Management Plan
- Oversee the implementation of the Conservation Operational Plan
- Implement co-management agreements/People and Parks

Programme

- Implement infrastructure programme
- Maintain and strengthen stakeholder relationships

In the medium term the focus is to:

- Establish and manage the Park as one open ecological area
- Conserve the Park's terrestrial, freshwater and marine biodiversity and ecological processes cost-effectively,

while observing global best practice

- Mitigate possible negative impacts on the Park from activities in its buffer zone, such as catchment degradation, visual impacts and loss or damage to ecological links
- Procure funding from Government, donors, and the private sector for conservation programmes, and optimise cost recovery

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ¹	Indicator	Target FY 2015/2016	Actual
To ensure that the World Heritage values are conserved	Improved conservation of World Heritage values based on the ecosystems approach	Target for detection of poaching incidents	2 weeks	2 weeks
		Target for detection of illegal developments	48 hours	48 hours
		Target for response to EIAs and reported developments	100%	100%

¹ The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To ensure that the World Heritage values are conserved	Ensure adherence to Conservation Operational Plan and Marine Management Plan	<ul style="list-style-type: none"> Report non-compliance with targets in Conservation Operational Plan and Marine Reports 	<ul style="list-style-type: none"> Attend Conservation Operational Plan (COP) meetings Review draft Conservation Operational Plan submitted by Ezemvelo KZN (EKZN) Wildlife Approve Conservation Operational Plan Review progress against Conservation Operational Plan and Marine Report on quarterly basis 	<ul style="list-style-type: none"> Four COP progress reports received and reviewed 4th Quarter Marine Report received and reviewed Targets with respect to poaching, illegal development detection met
Implementation of 2015/2016 programmes supporting sustainable environmental management:				
	a) Effective environmental auditing	<ul style="list-style-type: none"> Five environmental audits of park facilities completed 	<ul style="list-style-type: none"> Develop and implement annual programme for inspection of facilities in the Park Draft and submit reports to relevant official Communicate findings to relevant parties and follow up as necessary 	<p>KPI met</p> <ul style="list-style-type: none"> Five environmental audits completed to date (three in first quarter; none in second quarter, one in third quarter; one in fourth quarter)
	b) Rehabilitation of degraded habitats and ecosystems	<ul style="list-style-type: none"> 15 000ha follow-up 500ha initial clearing Four wetlands 	<ul style="list-style-type: none"> Map areas for rehabilitation Issue rehabilitation contracts Complete contracts for the year 	<p>KPI partially met</p> <ul style="list-style-type: none"> Follow up clearing target exceeded (41 618ha cleared); this is a consequence of unanticipated additional funding Wetland rehabilitation target met Initial clearing target not met. A decision was made not to start initial clearing because funding for follow up clearing of these areas has not been secured Burning programme completed
	c) Game restocking with a view to re-establishing extinct populations and achieving carrying capacity	<ul style="list-style-type: none"> Annual game management programme completed 	<ul style="list-style-type: none"> Review schedule of game introductions and off-takes submitted by Ezemvelo KZN Wildlife Approve schedule Monitor implementation 	<p>KPI met</p> <ul style="list-style-type: none"> Schedule reviewed and signed off Drought is deepening and has necessitated water provision for animals and translocation from uMkhuze to other sections of the Park

park operations continued

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
	d) Buffer zone management	<ul style="list-style-type: none"> 80% applications received for buffer zone processed 	<ul style="list-style-type: none"> Review and respond to applications for developments in buffer zone Maintain register of applications showing status of each Inspect buffer zone developments for compliance with Park conditions Alert relevant authority to any non-compliance 	<p>KPI exceeded</p> <ul style="list-style-type: none"> 100% of the applications were processed <ul style="list-style-type: none"> 29 applications received in total (four in first quarter, nine in second quarter, 11 in third quarter and five in fourth quarter) Eight unauthorised developments were processed (one in first quarter, three in second quarter, two in third quarter and two in fourth quarter) 37 internal scoping reports were processed (five in first quarter, 13 in second quarter, eight in third quarter and 11 in fourth quarter)
	e) Feasibility study in respect of hydrological solution for Lake St Lucia mouth	<ul style="list-style-type: none"> Implement preferred solution subject to availability of funds 	<ul style="list-style-type: none"> Implement EIA-type process in parallel (ie model consultation process on EIA process) Issue terms of reference for contractor 	<p>KPI exceeded</p> <ul style="list-style-type: none"> Contract awarded in third quarter, signed in fourth quarter and site establishment has been scheduled for April 2016
	Complete infrastructure programme for the 2015/2016 year	<ul style="list-style-type: none"> Project programme for the year achieved 	<ul style="list-style-type: none"> Establish project programme Where required appoint contractors Monitor construction Decommission defunct infrastructure and rehabilitate affected areas 	<p>KPI met</p> <ul style="list-style-type: none"> Contractor appointed for the gravelling of the Bhanga Nek road from Siyadla Bridge; construction completed Futululu fence construction commenced in November 2015; 35km have been completed Contract for R40m awarded for rehabilitation and maintenance of roads in Eastern and Western Shores; work is underway Contract for R109m awarded for rehabilitation of roads in uMkhuze; work is underway Facilities contract issued for uMkhuze section of the Park; tenders closed and adjudication in process EIA process for Sodwana Bay day-visitor facilities submitted; decision awaited from the Department of Environmental Affairs Planning for St Lucia precinct completed Signage contract on hold pending resolution of quality issues and specifications. Temporary signage erected to manage any risk associated with same. Signage schedules for Eastern shores and uMkhuze sections have been completed. St Lucia section schedules in progress



SH Gumede

Transformation

Transformation is regarded as a cross-cutting objective by the Authority. In other words each unit is therefore required to develop an implementation plan in response to the organisation's strategy for transformation. The aim is to optimise empowerment in all activities of the Park, and thereby to support the transformation of tourism, conservation, and

research through ownership, education, training and job creation.

The short term actions are:

- Creating temporary and permanent jobs
- Implementing and/or supporting local economic

development programmes such as craft, arts, enterprise development and tourism skills

- Supporting and developing links to markets

In the medium term, securing funding for these initiatives from Government, donors and the private sector is key.

The following tables summarise the performance against objectives for the year ended March 2016:

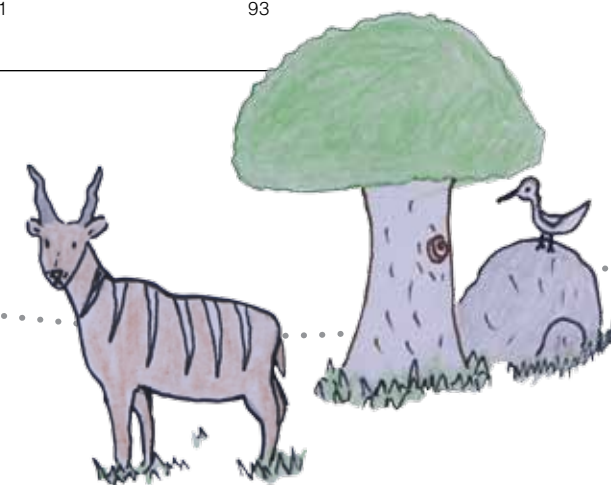
Objective	Outcome ²	Indicator	Target FY 2015/2016	Actual
To optimise empowerment in all activities of the Park in a way that will improve the livelihoods of historically disadvantaged individuals and communities living adjacent to the Park through job creation and procurement	Improved access to work and income generating opportunities	Creation of temporary jobs (direct and indirect)	1 530	1 547
		New permanent jobs (direct and indirect) from Park-related activities	10	15
		Increase number of BEE SMMEs (ownership in business 40% or more) through iSimangaliso programmes	50	94
		BEE procurement as percentage of qualifying expenditure ³	71	93

² The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

³ Qualifying expenditure is expenditure on non-state agencies.

Makhasa High

Khathazile Primary



transformation continued

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To optimise empowerment in all activities of the Park	Temporary and permanent jobs for land claimants and communities	<ul style="list-style-type: none"> • 1 500 temporary jobs • Ten permanent jobs 	<ul style="list-style-type: none"> • Job creation opportunities within operations and projects in the Park have been identified in the following projects: <ul style="list-style-type: none"> - Alien clearing - Construction of infrastructure - Maintenance and facilities management • Incorporate targets for job creation in third-party agreements (eg contractors) • Assist with selection processes for contractor labour • Monitor compliance of third parties with contractual targets 	<p>KPI exceeded</p> <ul style="list-style-type: none"> • 1 547 temporary jobs • 15 permanent jobs
	Completion of training programmes for communities living in and adjacent to the Park	<ul style="list-style-type: none"> • 400 people trained • 50 SMMEs supported • 14 interns 	<ul style="list-style-type: none"> • These areas have been identified for capacity building in this financial year: <ul style="list-style-type: none"> - Construction - Leadership - Administration - Enterprise development • Identify participants/participant groups • Complete skills audits as required by donors • Appoint service providers • Vet the design training programmes • Monitor the implementation of training programmes 	<p>KPI exceeded</p> <ul style="list-style-type: none"> • 1 425 people trained • 94 SMMEs supported • 41 students were supported during the year. Of these 12 graduated, three were withdrawn due to poor academic performance, and ten joined the programme in 2016. As at March 2016, 26 students remain on the programme. 11 students participated in workplace experience in the second quarter. Bursary presentations were made to schools for the 2017 recruitment • 13 interns supported (one was offered permanent employment by an external company (to December 2015, the end date of the Groen Sebenza programme). Thereafter two of the interns have received permanent appointments, and nine have received one year contracts with iSimangaliso to conclude their work-place experience

Nontshwiliza Primary

Nqobizizwe Primary

Commercialisation

The objective for the commercialisation programme is to optimise the Park's revenue generation in an environmentally- and commercially- sustainable manner that fosters job creation and empowerment of historically disadvantaged communities.

The Authority has set the following short term actions to achieve this:

- Redevelop selected existing and new facilities in the Park

based on demand and supply factors, through PPPs or own funds, with particular emphasis on community ownership

- Tender a range of activity concessions
- Improve day-visitor facilities
- Implement the marketing and branding strategy for the Park
- Maintain an effective system for monitoring concessions

In the medium term, it is important to:

- Procure funding from government, donors and the private sector to fully implement the long term plans and optimise cost recovery
- Strive for optimal community beneficiation
- Increase relatively risk-free income streams for the Park
- Optimise equitable access

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ⁴	Indicator	Target FY 2015/2016	Actual
To optimise the Park's revenue generation in a commercially- and environmentally- sustainable manner, that fosters job creation and empowerment of historically disadvantaged communities	Improved financial sustainability	Increase revenue	R16,0m	R18,5m
		Increase in visitor numbers	533 451	537 173

⁴ The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Bhekamangwane Primary

kwaGiba High

Nkomo Primary

commercialisation continued

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To optimise the Park's revenue generation in a commercially- and environmentally-sustainable manner, that fosters job creation and empowerment of historically disadvantaged communities	Increased revenue and visitor numbers to the Park	<ul style="list-style-type: none"> 2% increase in commercial revenue to the Park off 2013/14 base 	<ul style="list-style-type: none"> Product development <ul style="list-style-type: none"> Reinvestment in state-owned facilities (Charters Creek) Community-owned projects (uMkhuze/Bhangazi) Facilities – regularisation/ incorporation Activities: <ul style="list-style-type: none"> Regularisation/re-tenders emphasis on mandatory partner ventures (CFR 14/15 issue 2-year permit) Coastal hiking Contract compliance/contract management Annual review of Park pricing 	<p>KPI exceeded; revenue grew 55% off 2013/14 base. This is a result of tariff restructuring and the introduction of an overnight levy of R5 per person per night</p> <ul style="list-style-type: none"> Product development <ul style="list-style-type: none"> Drawings for Charters Creek complete; tender in abeyance pending approval of business plan changes from funder and application for additional funding to a second funder viz. National Department of Tourism Community-owned projects – Bhangazi Heritage Site; EIA being completed by developer One facility identified for incorporation One activity licence renewed Regularisation of CFR activities included in park-wide tender; RFP drafting initiated in fourth quarter Coastal hiking – ad hoc permits issued Contract compliance/contract management <ul style="list-style-type: none"> Ten warning and non-compliance letters issued Annual review of Park pricing – discussions held; pricing schedule to be finalised ahead of November (industry price change month)
		<ul style="list-style-type: none"> Maintain visitor numbers at the level of 2013/14 	<ul style="list-style-type: none"> Implement the annual marketing plan which includes the following for the year: <ul style="list-style-type: none"> Events: <ul style="list-style-type: none"> Eco-series – additional two Fishing competitions (major competitions only) Consumer shows Advertorials Editorials Media junkets 	<p>KPI exceeded; 1% increase on visitor numbers from FY 2013/14, studies indicate that there has been growth in the international tourism market which is now approximately 42% (previously between 20 and 30%)</p> <p>Implementation of marketing plan has proceeded as follows:</p> <ul style="list-style-type: none"> Events – St Lucia Half Marathon successfully concluded (hosted eNCA TV and Sunday World print media); MTB event completed 20-23 August; Sodwana Bay Shootout photography competition in October; Beach Walk – trial event Fishing competitions – Three were approved and hosted Consumer shows: Getaway Show in Johannesburg attended 29-31 August along with licensed operators, campaign extended from Ten Jewels to include the Eco-series; Argus Lifestyle Show (3-5 March) in conjunction with the Department of Environmental Affairs' Boundless Southern Africa promotion Advertorials: Submerge magazine for the Shootout Photography event; Tsonga Shoes destination campaign Media junkets/Editorials: Pre-publicity for the MTB concluded (MTB promotional ride – hosted Jacques Marais – launched social media and print media campaign; MTB promotional ride – hosted opinion makers, bloggers, trend-trackers and influencers Andy Carrie and Dane Forman);



Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
				<p>Supersport production crew on MTB for Supersport insert; eNCA on MTB for news and document reporting on MTB event; Africa Geographic CEO Simon Epsley on MTB event for Africa Geographic feature article; Ukhozi FM, ECR, Code Green TV 2, City Press, Beeld, Zululand Observer, The Times, Daily Sun, Isolezwe, Illanga for World Rhino Day; Country Life Magazine; Jacques Marais was hosted to cover various iSimangaliso stories including Runners World, Getaway Magazine; Stefan Jaeggi, deputy editor of Switzerland Travel Trade Magazine Travel Inside; 50/50 Nguni TV; Safaritalk online website and blogger Mathew Wilkinson; Vrydag-4-uur DSTV show hosted –episode to air in January 2016, second episode possible; Getaway June 2015 (Scott Ramsay); Mountain Bike Magazine Sep 2015 (Jacques Marais); Getaway Jan 2016; Africa Geographic Nov 2015 (Simon Epsley); Lake Update and signing of estuary rehabilitation contract (Mercury, Farmers' Weekly, Witness, City Press, Citizen, Beeld, Sunday Tribune, Daily News, Zululand Observer, eTV); MTB 4-Day Ecosystems (Getaway Magazine, Cape Times, Nightjar Travel, SAFM Radio); turtle hatchlings (Highlife Magazine, Vrydag 4uur, Code Green TV; Sodwana Shoot-out (Indwe, traveller24 news)</p> <ul style="list-style-type: none"> Trade tours – German based tour operator DERTOUR in conjunction with in-bound operator Tourvest TWS hosted German travel agents on Park orientation and site inspection
			<p><u>Day-visitor facilities</u></p> <ul style="list-style-type: none"> Improvement of Park facilities (refer <i>infrastructure section</i>) Sodwana Bay focus area Day-visitor management plans and controls – Sodwana Bay focus <p><u>Service levels</u></p> <ul style="list-style-type: none"> Implement mystery guest programme for the year with a view to assessing and improving service levels Market surveys at gates 	<p><u>Day-visitor facilities</u></p> <ul style="list-style-type: none"> Refer <i>infrastructure</i> Pilot visitor-management plan tested during the December holiday season <p><u>Service levels</u></p> <ul style="list-style-type: none"> 14 mystery guests (of which seven in first quarter, three in second quarter, three in third quarter, one in fourth quarter) – the challenge has been to find qualified people to do "diving mystery guests") Three market surveys completed

commercialisation continued

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
		<ul style="list-style-type: none"> Complete facilities management and maintenance programme on budget and within timeframes 	<ul style="list-style-type: none"> Identify maintenance requirements and effect maintenance Monitor maintenance/facilities management contracts 	<ul style="list-style-type: none"> Preventative maintenance incorporated in the infrastructure programme for the year; minor maintenance such as oiling of decks is incorporated into the facilities management contract and is undertaken on rotation and reported on a monthly basis
To interpret and present the World Heritage values among stakeholder groups	Implementation of the annual communication/PR programme in respect of environmental education with schools	<ul style="list-style-type: none"> 2 700 children participate in environmental awareness programme/tours/park activities 40 schools participate in school awards programme 	<ul style="list-style-type: none"> Design course material for enviro awareness Identify participants/tutors/guides Conduct roadshow with schools in respect of 2015/16 awards Host school awards event 	<p>KPI exceeded</p> <ul style="list-style-type: none"> Environmental Awareness – 7 470 children <ul style="list-style-type: none"> 25 hosted environmental education trips with 400 learners and 50 educators 101 unsolicited school trips undertaken in Park (of which 28 in quarter 1, 45 in quarter 2, 23 in quarter 3, and five in quarter 4) School Awards – 75 schools participated <ul style="list-style-type: none"> 75 schools participated in Rhino Walk School Awards programme – the increased number of schools was made possible because of additional funding through partnership with Kingsley Holgate Foundation, Wildlands Trust, African Conservation Trust and others School Awards event hosted on World Rhino Day
	Implementation of annual communication/PR programme in respect of land claimants/traditional councils	<ul style="list-style-type: none"> 12 workshops conducted 	<ul style="list-style-type: none"> Agree plan for the year Implement programme 	<p>KPI exceeded</p> <ul style="list-style-type: none"> 30 workshops/meetings/awareness events held – decision was made internally to step-up communication as part of the relationship management and building
	Implementation of annual communication/PR programme in respect of environmental, government and groups other than local community	<ul style="list-style-type: none"> 24 newswashes emailed 	<ul style="list-style-type: none"> Maintain newswash database Prepare and send newswashes Update website Introduce social media 	<p>KPI on track</p> <ul style="list-style-type: none"> Newswash database maintenance ongoing with 15 085 subscribers 25 newswashes released (of which five in first quarter, nine in second quarter, five in third quarter, six in fourth quarter) Website updates ongoing Social media active with 3 790 followers on Facebook and 1 912 Twitter followers (increase from previous quarter)

Finance and Administration

The Authority maintains high standards of internal control in order to ensure that its operations are properly funded, cost-effective, and effectively monitored. This requires the full, accurate and prompt reporting of accounting, management and statutory information. It strives to cultivate an environment that will attract and retain the best people to deliver its strategy. The Authority's strategic and operational decisions are rooted, inter alia, in sound scientific and social research.

To this end, it has set the following short term actions to ensure that research is relevant to Park management:

- Ongoing management of a research committee to approve all research in the Park
- Identification of research and policy needs in the Park and formulation/implementation of same
- Improve the quality, relevance and number of social

- research projects (presently focus is natural science)
- Find financially sustainable ways of funding and implementing climate change research

On the financial and human resources fronts, short term actions include:

- Ensure good financial planning
- Procure requisite short term funds
- Maintain efficient treasury operation
- Maintain sound internal controls
- Facilitate good corporate governance
- Ensure the proper and effective custody of assets
- Produce accurate, timely and meaningful reports
- Ensure compliance with the PFMA and the World Heritage Convention Act
- Obviate audit qualifications and adverse audit reports

- Implement the employment-equity policy
- Implement the succession-planning programme
- Develop and institute training programmes
- Recruit and appoint key unfilled posts

In the medium term the following aims have been prioritised:

- Transform the Park's research sector
- Review the Integrated Management Plan in accordance with the requirements of the Protected Areas and World Heritage Convention Acts
- Procure funding from Government, donors, and the private sector for research programmes
- Strive for optimal revenue generation and cost recovery
- Become an "employer of choice"

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ⁵	Indicator	Target FY 2015/2016	Actual
To ensure that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information	Effective financial management	Unqualified audit opinion	✓	✓

⁵ The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

finance and administration continued

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To make research relevant to Park management and transform the research sector in the Park	Research reports	<ul style="list-style-type: none"> Quarterly reports tabled 	<ul style="list-style-type: none"> Identify research needs in the Park Approve relevant research via research committee and/or commission research directly Table quarterly recommendations to EXCO 	<p>KPI met</p> <ul style="list-style-type: none"> 43 research applications received (of which 16 in first quarter and three in second quarter, 22 in third quarter, and two in fourth quarter) 40 research applications approved (of which 15 in first quarter and three in second quarter, 20 in third quarter, and two in fourth quarter) Five applications not approved (one in first quarter, two in third quarter, and two in fourth quarter)
To cultivate an environment that will enable iSimangaliso to attract, develop and retain the best people to deliver its strategy. Position iSimangaliso as an employer of choice	Maintain appropriate staffing and skills levels	<ul style="list-style-type: none"> 80% retention of staff 	<ul style="list-style-type: none"> Source appropriate training materials/trainers Implement second phase of training programme 	<p>KPI met</p>
To ensure that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information	Clean external audit opinion	<ul style="list-style-type: none"> Tabling of annual report on or before 31 August in Parliament 	<ul style="list-style-type: none"> Preparation and submission of monthly and quarterly financial and progress reports Preparation and submission of reports to other external bodies including World Heritage/ UNESCO Completion of two internal audits without significant findings and resolution of audit queries and follow-up items Preparation of annual financial statements by end May 2015 Review policies as necessary and secure board approval 	<p>KPI met</p> <ul style="list-style-type: none"> Annual financial statements submitted on due date in May 2015; audit completed; annual report tabled end August in Parliament

from the ceo's desk:

continued

Review of operations and financial position

Accounting revenue for the year increased by 47,3% (2013/14: 8,7%), from R126,4m in 2015 to R186,2m, due mainly to an increase in project-related grants of R54,7m (2014/15: R34,1m) and of park revenue of R2,7m (2014/15: R3,9m).

Expenditure increased by 6,7% (2014/15: 8,2%), from R116,0m to R123,8m in the current year. The major contributors to the net increase of R7,7m (2014/15: R9,0m) were project costs (R5,1m), legal fees (R1,1m) and professional fees (R1,7m). The increase in professional fees was associated with the rehabilitation project for the St Lucia Estuary. These increases were offset by a reduction in personnel costs which was largely a function of recoveries from projects (R0,9m).

The year's surplus was R62,4m compared to R10,3m in the previous year. This surplus is the result of the application of GRAP23, which requires that capital grants be recognised as revenue in the statement of financial performance. The expense is reflected in the statement of financial position under property, plant and equipment. It is an accounting surplus rather than an actual surplus.

Two contingent liabilities have been disclosed in Note 16 to these financial statements.

These are:

- Sanyati, in the amount of R12,0m. Sanyati was contracted by iSimangaliso to construct day-visitor facilities in the Park. The contract required Sanyati to commit to certain labour targets, which it did not achieve. iSimangaliso levied penalties on Sanyati in terms of the contract [amounting to R11,9m]. In mid-2012, Sanyati began liquidation proceedings. The liquidators have lodged a dispute relating to these and other penalties. The last communication from the liquidators was in June 2015. In our view the debt has probably prescribed
- Siyaqubeka Forests (SQF; a subsidiary of Mondi), in the amount of R35,1m. SQF issued a summons in 2015 in respect of a 2012 fire that caused damage to certain of their plantations. The initial amount of the summons was R15,0m, which was revised during the course of the financial year to R35,1m. The Authority is opposing this claim. Court proceedings are in their early stages and iSimangaliso's liability, if any, has not yet been determined

In cash terms, R168,7m of grants and other revenue were received in 2015/16; R61,6m less than the R230,3m received in the preceding year. Disbursements to suppliers and employees decreased, from R93,5m in 2014/15 to R66,4m in 2015/16. Net capital expenditure in 2015/16 was R73,8m compared with R27,5m in 2014/15 as the pace of projects' roll-out increased.

Overall, cash and cash equivalents increased by R29,0m, from R271,6m at the end of the 2014/15 financial year to R300,6m at the end of the year under review.

Property, plant and equipment increased by R55,4m in the current financial year, compared with an increase of R6,3m during the previous year.

Total net assets increased by R62,4m, from R381,8m at the end of 2014/15 to R444,2m at the end of the year under review.

Materiality and significance framework

A materiality-and-significance framework has been developed as a benchmark against which to report losses through criminal conduct and irregular, fruitless and wasteful expenditure as envisaged in section 54(2) of the PFMA. The framework was reviewed by the external auditors.

Commercialisation

The iSimangaliso Authority has a commercialisation strategy that includes the improvement of existing public-access facilities and the tendering of tourist-accommodation and tourism-activity concessions to private parties. Typically, the accommodation facilities fall within the scope of the PPP provisions under the PFMA, but this is not always the case. As far as possible, the iSimangaliso Authority aims to transfer operating, infrastructure and environmental risk to the private party on all such projects and to secure value-for-money for itself. Value-for-money may include, amongst other things, financial return, the empowerment of people from local communities and affordable public access.

Events subsequent to the reporting date

There are no significant events subsequent to the reporting date.

from the ceo's desk:

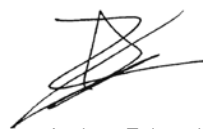
continued

Looking Ahead

While the medium term aims of the Authority have been mentioned in earlier sections of this report, attention must be drawn to the more critical areas for delivery in the years ahead:

- With respect to environment: the restoration of the hydrology of the Lake St Lucia Estuary. The research and first phase of implementation in respect of this rehabilitation programme have been completed. The solution requires the removal of significant quantities of dredge spoil to enable the Lake St Lucia Estuary mouth and the Umfolozi River to operate as they did prior to human intervention. Some 80 000 people, who live within 15km of the estuary, are reliant on it for subsistence use and livelihoods. It is also vital for commercial fisheries and the local tourism industry. If the hydrology of the system worsens, the impacts on the lives, especially of people who live on the margins, will likely be devastating
- With respect to social and economic transformation: delivery of economic benefits and skills development to improve social resilience in the face of, inter alia, climate change. A number of tourism-accommodation projects are being scoped for development at present. Their success is contingent on the ability of the Authority to raise funding to finance the community's share of equity. Just as important, is the identification of sustainable financing schemes for skills-development programmes such as the bursary programme, the entrepreneurship programme, arts and culture programmes and leadership training. The inculcation of a spirit of self-determination is fundamental

Critically, the Authority must find ways to make iSimangaliso relevant to the many people who live around it. Global conservation will stand or fall on our ability to move beyond the view that parks are merely sources of consumptive and extractive use. For wild places to continue, we have to begin to recognise their real value – the contribution to our souls.



Andrew Zaloumis
CEO and Accounting Authority
29 July 2016

Mabandleni High

Ophansi Primary

Benjobe Primary



Lifaletu High



Mankenke Primary



Egijini Primary

Ntsinde High

Ubombo Primary

general information

Legal form of enterprise:

Established by Regulation 1193 of 24 November 2000, under the World Heritage Convention Act 49 of 1999. The iSimangaliso Wetland Park Authority is a Schedule 3A Public Entity.

Nature of business:

The iSimangaliso Authority's business is to conserve the iSimangaliso Wetland Park and to create jobs and benefits for communities living in and adjacent to the Park through optimal tourism-based development. iSimangaliso is therefore in the business of conservation, local economic development and tourism.

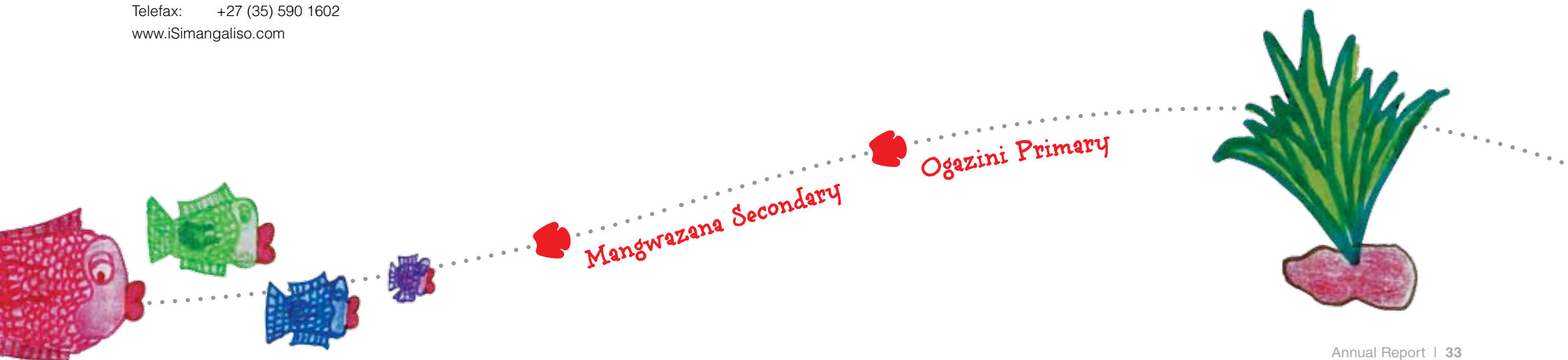
Country of incorporation:

South Africa

	Total	Permanent	Temporary	Contract	Interns
Number of staff:	41	30	0	4	7

Address:

The Dredger Harbour, St Lucia
Private Bag X05, St Lucia 3936
Telephone: +27 (35) 590 1633
Telefax: +27 (35) 590 1602
www.iSimangaliso.com





 Mtwazi Combined

 Sandlasenkosi Secondary



approval of the financial statements

The annual financial statements set out on pages 41 to 76 have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 2 and 5 issued by the ASB in March 2009 and April 2010. The annual financial statements have been prepared on the historical cost basis.

The Accounting Authority is responsible for the manner of presentation of the financial statements, the selection of accounting policies and the integrity of the financial information. He is advised in this regard by the Board. The accounting policies have been approved by the Accounting Authority and the Board.

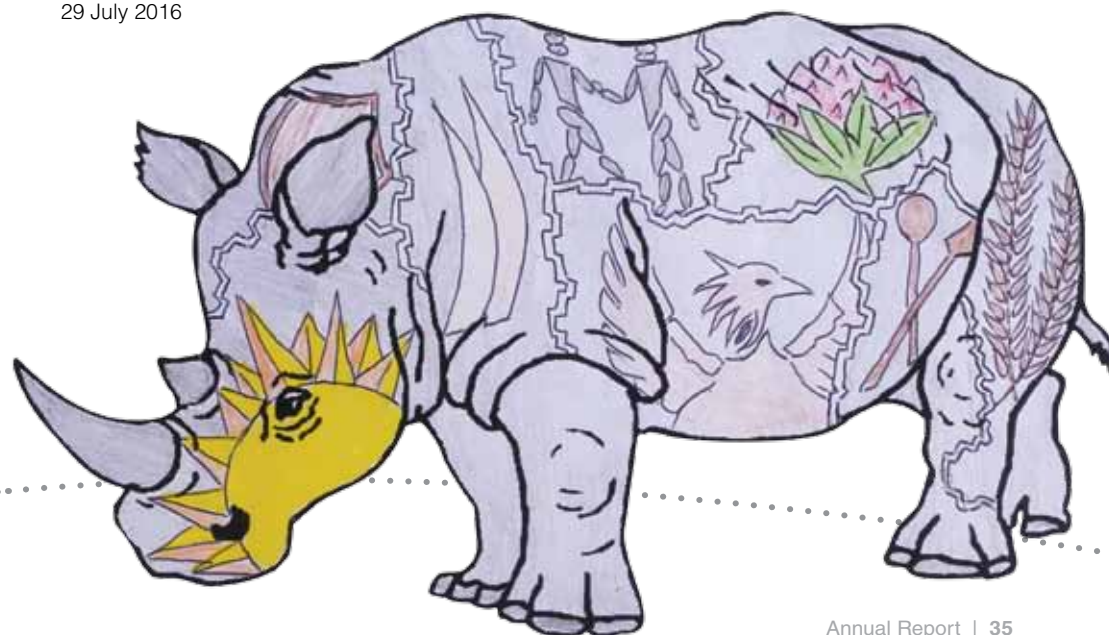
The Accounting Authority and the Board are satisfied that the organisation has maintained a system of internal control designed to provide reasonable but not absolute assurance that the assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The control system includes written accounting and control policies and procedures, clearly drawn lines of accountability and delegations of authority. All employees are required to maintain the highest ethical standards in ensuring that the organisation's business practices are concluded in a manner which, in all reasonable

circumstances, is above reproach. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits. The organisation maintains its internal control through, amongst other things, management review and a programme of internal audits.

The annual financial statements for the year ended 31 March 2016 set out on pages 41 to 76, have been approved by the Accounting Authority (the Chief Executive Officer) and the Board and are signed to that effect.



A Zaloumis
Accounting Authority
29 July 2016



report of the auditor-general to parliament

on the iSimangaliso wetland park authority for the year ended 31 march 2016

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the iSimangaliso Wetland Park Authority set out on pages 41 to 73, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as 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 these financial statements based on my audit. I conducted my audit in accordance with 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 audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iSimangaliso Wetland Park Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for objective 1: conservation and park operations on pages 18 to 20 and objective 2: research and development on pages 27 to 28, presented in the annual performance report of the entity for the year ended 31 March 2016.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable,

report of the auditor-general to parliament

continued

specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.

10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not raise any material findings on the usefulness and reliability of the reported performance information for the two selected objectives.

Compliance with legislation

12. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

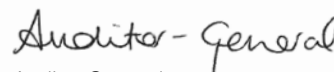
13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

14. I draw attention to the following engagement that could potentially have an impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of this engagement that has been completed.

Audit-related service and special audits

15. An agreed-upon procedures engagement was performed on donor funding relating to non-financial information as stated in the memorandum of agreement between the entity and the donor. The report was issued on 25 March 2016 covering the period; 1 July 2013 to 31 November 2015.



Auditor-General
Pietermaritzburg
29 July 2016



Ozabeni Primary



Manzibomvu Primary

report of the audit committee



We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee members and attendance:

The audit committee consists of the members listed hereunder and meets at least twice per annum as per its approved terms of reference. During the current year three meetings were held.

Name of Member	26 May 2015	28 July 2015	18 March 2016
L Quayle (Chairperson)	✓	✓	✓
ME Stewart	✓	✓	✓
P Dlamini (term ended Aug 2016)			
K Mathebula (term ended Aug 2016)	✓	✓	
B Schreiner (term started Sept 2016)			
S Roopa (term started Sept 2016)			✓

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from sections 51 and 55 of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

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.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The quality of the monthly/quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the iSimangaliso Wetland Park Authority during the year under review.

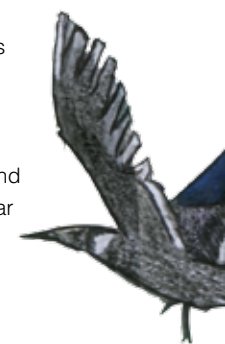
Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority
- Reviewed the Auditor-General's management letter and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit

The Audit Committee accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Chairperson of the Audit Committee
29 July 2016





Moses Zikhali Secondary



Mbazwana Primary



Mpiyakhe High

accounting policies

for the year ended 31 march 2016

1. Basis of preparation

- 1.1 The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines, and directives issued by the Accounting Standards Board and the Public Finance Management Act (Act No.1 of 1999).
- 1.2 The Cash Flow Statement is prepared using the direct method.
- 1.3 Specific information such as receivables from non-exchange transactions (including taxes and transfers), taxes and transfers payable, and trade and other payables from non-exchange transactions, are presented separately on the Statement of Financial Position.
- 1.4 Assets, liabilities, revenues and expenses have not been offset, except where it is required or permitted by a Standard of GRAP.
- 1.5 The amount and nature of any restrictions on cash balances are disclosed in Note 4 only in instances where there are restrictions.
- 1.6 The financial statements have been prepared on the historical-cost basis. There are no fair-value adjustments.
- 1.7 The Authority's continuing operations are reliant on the ongoing financial support of Government. These financial statements are prepared on the going-concern assumption which, amongst other things, implies that Government will continue to provide iSimangaliso with adequate grants.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

2. Currency

These financial statements are presented in South African rand, which is the currency in which the majority of the entity's transactions are denominated.

3. Revenue recognition

Revenue comprises revenue from exchange and non-exchange transactions. Exchange transactions involve the receipt of assets or services, or extinguishment of liabilities in exchange for which the Authority renders services, sells goods, or permits the use of an Authority asset. Non-exchange transactions involve the receipt of value by the Authority without the Authority giving approximate equal value in return.

3.1 Revenue from Non-Exchange Transactions

3.1.1 Grants and other donor income and donations

Conditional government grants and other donor funding are recognised as revenue:

- In the period in which the revenue is receivable when the grants are not subject to restrictions or conditions
- In the period in which the revenue is receivable when the grants are subject to restrictions but not subject to conditions
- Incrementally against expenditure when the unspent portions of the grants must be refunded if the grant conditions are not met. A liability is raised in respect of the grant
- On project completion when the grants must be refunded in full if the grant conditions are not met. A liability is raised in respect of the grant

3.1.2 Interest earned on grant income

Interest earned on grant monies received is reflected as "amounts owing to donors" in cases where specific permission is required from the donor before it can be expended on project activities. When approval is granted, interest earned is transferred to conditional grants and recognised as revenue in accordance with the principles set out in the paragraphs above.

accounting policies continued

3.2 Revenue from Exchange Transactions

3.2.1 Park revenue

Park revenue comprises inter alia fees for tourism activities operated for gain by private parties in the Park, gate-entrance fees, and events and filming. Park revenue is recognised when it is probable that the economic benefits will flow to the Authority and when the revenue can be reliably measured.

3.2.2 Administration fees

Administration fees from the management of projects are recognised on a straight-line basis over the specific period in which the service is rendered.

3.2.3 Interest (other than grant-related interest)

Interest is recognised when it accrues using the effective-interest-rate method.

3.2.4 Bid and tender fees

Bid and tender fees are recognised when they accrue.

3.2.5 Income received in advance

Fees for commercial activities (refer 3.2.1) are due in advance. Invoices are raised in respect of such fees in the last week of the preceding month in cases where there is a regular monthly charge and in advance of an ad hoc activity. The fees are recognised as income in advance and transferred to income received on the first day of the month.

4. Irregular, unauthorised, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation. Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised. Irregular, unauthorised or fruitless and wasteful expenditure is recognised against the specific class of events to which it relates and, if and when incurred, is disclosed in a note to the financial statements when it has been identified.

5. Property, plant and equipment

Property, plant and equipment are stated at historical cost or, in the case of assets taken over from other public entities, at estimated replacement value, which is fair value less

depreciation, adjusted for any impairments on initial recognition, and thereafter at cost.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as follows:

Buildings and structures	30 years except for park homes depreciated over 10 years
Roads and bridges	20 years
Fences	15 years
Dams, reservoirs and boreholes	15 years
Motor and other vehicles	5 years
Computer equipment	3 years
Office equipment	3 years
Furniture and fittings	10 years
Operating equipment	2 years

Expenditure on major improvements and additions to tangible property, plant and equipment is capitalised on the basis of measured work completed. Incomplete construction projects are shown at cost of materials and other direct costs.

Land, over which the Authority has custodial rights and responsibilities, belongs to the state or other entities. No value is therefore ascribed to it in the financial statements.

The depreciation charge is based on the componentisation approach where appropriate. Where the assessment of useful life is the same, or the cost component is not a significant proportion of total cost, assets are not componentised.

The useful lives of property, plant and equipment and their residual values are reassessed at the end of each financial year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (ie impairment losses are recognised).

Assets are derecognised when no future economic benefits or service potential can be derived from them. The gains or losses (ie the difference between any proceeds and the asset's carrying value) are recognised in the Statement of Financial Performance.

6. Intangible assets

Intangible assets are stated at cost at recognition and thereafter at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life of three years.

Management exercises its judgement when classifying intangible assets by taking into consideration whether or not these are integral to the hardware or machinery with which they are associated.

Expenditure is capitalised until the asset is used as originally intended, whereafter all marketing-related expenditure is expensed.

Assets are derecognised when they are disposed of or there are no future economic benefits or service potential to be derived from them. The gains or losses (ie the difference between any proceeds and the asset's carrying value) are recognised in the Statement of Financial Performance.

7. Investment property

The Authority holds investment property in order to generate fees. It grants use-rights to third parties through private-public-partnership (PPP) agreements. Typically these PPPs transfer operational and business risk to the third party. The third party is required to insure and maintain the underlying assets and pay a PPP fee to the Authority for the use-rights.

With the exception of three properties, the properties are all managed by Ezemvelo KwaZulu-Natal Wildlife, directly or through subcontractors. The Authority does not charge Ezemvelo KZN Wildlife a PPP fee.

Investment property is stated at historical cost at recognition, as fair value cannot be reliably determined because there are no comparable market transactions, and thereafter at cost. The willing-buyer-willing-seller principle cannot be applied because of restrictions emanating from the World Heritage Convention Act. Nor is it possible to provide a range of estimates within which fair values may lie.

Depreciation is calculated on the straight-line method to write off the cost of each asset to

its estimated residual value over its estimated useful life, which is taken to be 30 years.

Transfers to and from investment property are made when there is a change in use. Investment properties are derecognised when they are permanently withdrawn from use. Gains or losses arising from derecognition are recognised in the Statement of Financial Performance.

The Authority maintains a register of investment property.

8. Impairments

8.1 Impairment of Non-Cash-Generating Assets

The Authority assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Authority estimates the recoverable amount of the individual asset or, where this is not possible, it assesses the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount an impairment loss is recognised.

The Authority also assesses, at each reporting date, impairment losses recognised in prior periods. Where the impairment losses no longer exist or have decreased, the Authority estimates the recoverable amount. A reversal of the impairment loss is recognised where the revised carrying amount (ie the carrying amount after the impairment loss is reversed) is higher than what the carrying amount would have been had no impairment loss been recognised in prior periods.

8.2 Impairment of Cash-Generating Assets

The Authority assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Authority estimates the recoverable service amount of the asset or, where this is not possible, the recoverable service amount of the non-cash-generating unit to which the asset belongs.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating

asset is the present value of the asset's remaining service potential. If the recoverable service amount of an asset is less than its carrying amount an impairment loss is recognised.

The Authority also assesses, at each reporting date, impairment losses recognised in prior periods. Where the impairment losses no longer exist or have decreased, the Authority estimates the recoverable service amount. A reversal of the impairment loss is recognised when the revised carrying amount (ie the carrying amount after the impairment loss is reversed) is higher than what the carrying amount would have been had no impairment loss been recognised in prior periods. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

9. Leases

The Authority has no financial leases. Lease payments in respect of its operating leases are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

10. Financial instruments

10.1 Recognition

Financial instruments are recognised on the Statement of Financial Position when the Authority becomes a party to a contract which gives rise to a financial asset or financial liability.

10.2 Financial assets

10.2.1 Measurement

Financial assets are measured initially at fair value and thereafter at amortised cost less any adjustments for impairments. Fair value is deemed to be the nominal value or transaction proceeds. Amortised cost is deemed to be the nominal value except in instances where the difference between the carrying value and the net present value is material. In such instances the amortised cost is determined by adjusting the nominal value using the effective-interest method.

10.2.2 Impairment

At each reporting date management assesses whether there is any objective evidence of impairment of a financial asset. Such evidence would include financial difficulty of the debtor, non-payment, or the probability of the debtor's bankruptcy. The carrying amount is reduced in instances where it is material.

10.2.3 Derecognition

Financial assets are derecognised when the contractual right to the asset has expired.

10.2.4 Categories of financial assets

The principal financial assets are loans and receivables. These are non-derivative financial assets with fixed or determinable payments. They comprise:

10.2.4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits in the Authority's name with First National Bank.

10.2.4.2 Receivables

Receivables include trade debtors, project advances, deposits and conditional grants. The receivables, other than deposits, are short term in nature. Deposits are discounted only in instances where the effect is material.

10.3 Financial liabilities

Financial liabilities are recognised when the transaction is entered into. The Authority's financial liabilities comprise trade creditors, accrued expenses, amounts owing to donors, project advances, accruals, retentions, amounts owing to SARS and non-interest-bearing deposits from concessionaires and licencees. Amounts owing to donors comprise interest earned on grant funding for which permission must be obtained for disbursement on the related project costs, whereupon the amounts are transferred to conditional grants.

10.3.1 Measurement

Financial liabilities are measured initially at fair value and thereafter at amortised cost less any adjustments for impairments. Fair value is deemed to be the nominal value or transaction proceeds. Amortised cost is deemed to be the

nominal value except in instances where the difference between the carrying value and the net present value is material. In such instances the amortised cost is determined by adjusting the nominal value using the effective-interest method.

10.3.2 Derecognition

Financial liabilities are derecognised when the contractual obligation has been discharged, cancelled or expired.

10.3.3 Categories of financial liabilities

The principal financial liabilities are payables and inter-company loans. These are contractual obligations in respect of goods or services. They comprise:

10.3.3.1 Payables

Payables include trade creditors, accruals, amounts owing to donors, retentions, levies payable, concessionaire's performance bonds and deposits on staff housing. The payables, other than retentions, concessionaires' performance bonds and deposits, are short term in nature. Retentions and deposits are discounted only in instances where the effect is material.

10.4 Risk associated with financial instruments

10.4.1 Credit risk

The Authority's trade debtors are other government agencies and private-sector entities, primarily licencees and concessionaires. In respect of government and other donor agencies, in general, the Authority enters into arrangements or agreements that include a mobilisation allowance or upfront payment to mitigate against risk of non-payment. No collateral is held in respect of this debt. In respect of the private sector, the Authority vets the financial strength of the private party prior to contracting with it. After a contract is entered into, the Authority secures performance bonds or deposits of not less than two months' fees as collateral and if deemed necessary sureties are secured from the principals. Fees are payable in advance. Non-payment results in immediate suspension of use-rights.

10.4.2 Liquidity risk

The Authority has sufficient funds to service its financial liabilities. Its policy is to pay all creditors within 30 days. It raises accruals in respect of all amounts due and conducts monthly cash flow analyses to ensure that it always has adequate funds to cover its liabilities.

10.4.3 Currency risk

From time to time the iSimangaliso Authority receives foreign grants. The Authority transfers currency risk to the donor. Where this is not possible it contracts with third-party providers in such a manner as to be able to reduce the scope of work or terminate the contract in response to adverse movements in the exchange rate.

11. Inventory

Inventory is held for the delivery of services and includes such items as chemicals for alien-plant clearing and land rehabilitation, stationery and promotional (merchandising) materials. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is acquired by the Authority for no or nominal consideration (ie a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Consumable stores, raw materials, work-in-progress (excluding that relating to construction projects) and finished goods are valued at the lower of cost and net realisable value after initial recognition. In general, the basis of determining cost is the specific identification of costs. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost after initial recognition. The FIFO method is applied.

Redundant inventories are identified and written down from cost to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The write-down is recognised in the Statement of Financial Performance in the year in which it arises.

The amount of any reversal of any write-down of inventories arising from an increase in net

accounting policies continued

realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

12. Critical accounting estimates and judgements

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical judgements and estimations that management have made in the process of applying the Authority's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

12.1 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

The Authority depreciates its Property, Plant and Equipment and Investment Property, and amortises its Intangible Assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives. The life of the asset is determined with due regard to accounting policy 5 and is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

12.2 Revenue Recognition

Accounting Policy 3.2 on Revenue from Exchange Transactions and Accounting Policy 3.1 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the Authority.

This judgement is based inter alia on the criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions).

12.3 Financial Assets and Liabilities

Accounting Policy 10.2 on Financial Assets Classification and Accounting Policy 10.3 on Financial Liabilities Classification describe the factors and criteria considered by the Authority in the classification of financial assets and liabilities.

The definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (Financial Instruments) are taken into consideration when making the judgement on classification of financial assets and liabilities.

12.4 Impairment of Financial Assets

Accounting Policy 8.1 and 8.2 on Impairment of Financial Assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the Authority considers the criteria set out in GRAP 104 (Financial Instruments).

12.5 Budget Information

Deviations between budget and actual amounts are regarded as material differences when there is a deviation of 15% or more. All material differences are explained in Note 19 to the Annual Financial Statements.

13. Standards and interpretations issued but not yet adopted by the Authority

There are standards and interpretations in issue that are not yet effective. The initial application of these is not expected to have any material impact on the financial position of iSimangaliso.

The following statements have been approved by the Minister of Finance, although their effective dates have not yet been announced:

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents

14. Employee benefits

The Authority is a total-cost-to-company employer. It does not offer any retirement or post-retirement benefits. Short term benefits include salaries, short term-compensated absences and medical aid. The liability and expense are recognised when the employee has rendered the services that entitle him or her to the benefits. Leave pay and medical aid are provided for as follows:

14.1 Leave pay

The Authority provides for estimated leave pay in full, based on the total days' leave accruing to employees at their respective total cost of employment.

14.2 Medical Aid

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

14.3 Study Loans

The Authority provides study loans to staff. These are converted to grants on successful completion of each year of study and provided that the staff member concerned does not resign within a year of completion of the particular year of study.

15. Provisions and contingent liabilities

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

Contingent assets and contingent liabilities are not recognised but are disclosed in the Note 16 to the Annual Financial Statements.

16. Commitments

Commitments are future expenditure to which the Authority committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are reflected in Note 15 of the Annual Financial Statements.

The following commitments are disclosed:

- Where disclosure is required by a Statement of GRAP
- Approved commitments which have been contracted at the reporting date
- Approved expenditure which has not yet been contracted at the reporting date and the award or conclusion of the contract is in process
- Commitments in the future which will result in the outflow of resources in the ordinary course

17 Segment Reporting

The iSimangaliso Authority's mandate is to conserve the World Heritage values and in so doing provide eco-systems goods and services, tourism and transformation opportunities. While there are separate units in the organisation responsible for aspects of this service, management relies and uses the financial information of the business as a whole to assess performance and make decisions concerning inter alia the allocation of resources. Consequently, for purposes of GRAP 18 the businesses are considered to have one segment. There is therefore no requirement for additional notes to the financial statements in this regard. The iSimangaliso Authority operates in one geographic area viz. northern KwaZulu-Natal, in the proclaimed iSimangaliso Wetland Park. It does not distinguish between the various sections of the iSimangaliso Wetland Park in its reporting for decision-making purposes.

18 Heritage Assets

The iSimangaliso Wetland Park was the first South African World Heritage site to be listed by UNESCO. The Park was listed on the basis of its superlative natural beauty, biodiversity and threatened species and ecological processes. The Park is 358 534 hectares including 5 major ecosystems, viz. marine, coastal dune, lake, swamps, and dry savannah woodlands, thickets and sand forest. The Park also includes 4 RAMSAR sites.

The Authority does not attach a value to its Heritage Assets as there is no active market and the value cannot be measured reliably.

19 Biological Assets

The iSimangaliso Authority is responsible for managing a wide range of fauna, flora, geological structures and unique scenery. Since the iSimangaliso Authority does not control conditions affecting the progeny or quantity of any species, and since its main line of business does not include trade in these assets, it does not account for any biological assets.

20 Taxation

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

21. Risk management

The Authority transfers risk to third parties in instances where use-rights are conferred on these parties. It imposes an obligation on all such third parties to adequately insure buildings and structures allocated for their use. The remaining risk, which the Authority carries itself, is within Authority's ability to manage.

22. Events after the reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events are disclosed in Notes to the Annual Financial Statements, to the extent that non-adjusting events have taken place.

**STOP RHINO POACHING
BECAUSE OUR CHILDREN
WANT TO SEE THEM**



Dumile Primary



Vimbukhalo



Justice Nxumalo Secondary



statement of financial position

as at 31 march 2016

	Notes	2015/16 R	2014/15 R
ASSETS			
Non-current assets			
Property, plant and equipment	1	419 401 762	367 279 025
Intangible assets	2	332 413 730	276 981 629
Investment property	3	119 618	949
		86 868 414	90 296 447
Current assets			
Cash and cash-equivalents	5	303 311 568	280 152 541
Receivables	6	300 659 144	271 577 634
Inventories	7	2 400 635	8 411 759
		251 790	163 149
Total assets		722 713 331	647 431 566
LIABILITIES			
Current liabilities			
Payables	8	278 554 606	265 669 689
Conditional grants	9	63 060 346	33 160 420
Income received in advance	11	215 165 895	232 178 222
		328 365	331 047
Total liabilities		278 554 606	265 669 689
Net assets		444 158 725	381 761 877
NET ASSETS			
Value of assets taken over		265 740 150	265 740 150
Accumulated surplus		178 418 575	116 021 727
Total net assets		444 158 725	381 761 877

statement of financial performance

for the year ended 31 march 2016



	Notes	2015/16 R	2014/15 R
REVENUE		186 696 270	126 379 483
Revenue from Non-Exchange Transactions		165 757 281	108 904 320
- Grants		160 849 220	105 644 945
- Management Fees		1 731 009	1 097 642
- Administration Fees		3 073 509	2 062 332
- Donations		103 281	-
- Penalties		262	99 400
Revenue from Exchange Transactions		20 938 989	17 475 163
- Interest income		1 764 874	1 036 061
- Park revenue		18 521 610	15 843 871
- Other income		652 505	595 231
EXPENDITURE		124 299 422	116 065 217
Co-management agreement payments		1 307 471	1 136 685
Project costs		37 778 894	32 166 883
Personnel costs		9 697 003	10 554 585
Depreciation			
- Property, plant and equipment	1	18 389 182	18 276 390
- Intangible assets	2	19 945	1 511
- Investment property	3	4 484 005	4 444 791
Professional fees		7 485 872	5 739 723
Bad debts written off	21	-	70 205
Loss on disposal of fixed assets			
- Property, plant and equipment		9 876	2 940 355
- Intangible assets		43	8
Other operating expenses		45 127 131	40 734 082
SURPLUS FOR YEAR		62 396 848	10 314 266



statement of changes in net assets

for the year ended 31 march 2016

VALUE OF ASSETS TAKEN OVER

Balance at beginning of year

Balance at end of year

ACCUMULATED SURPLUS

Balance at beginning of year

Surplus for the year

Balance at end of year

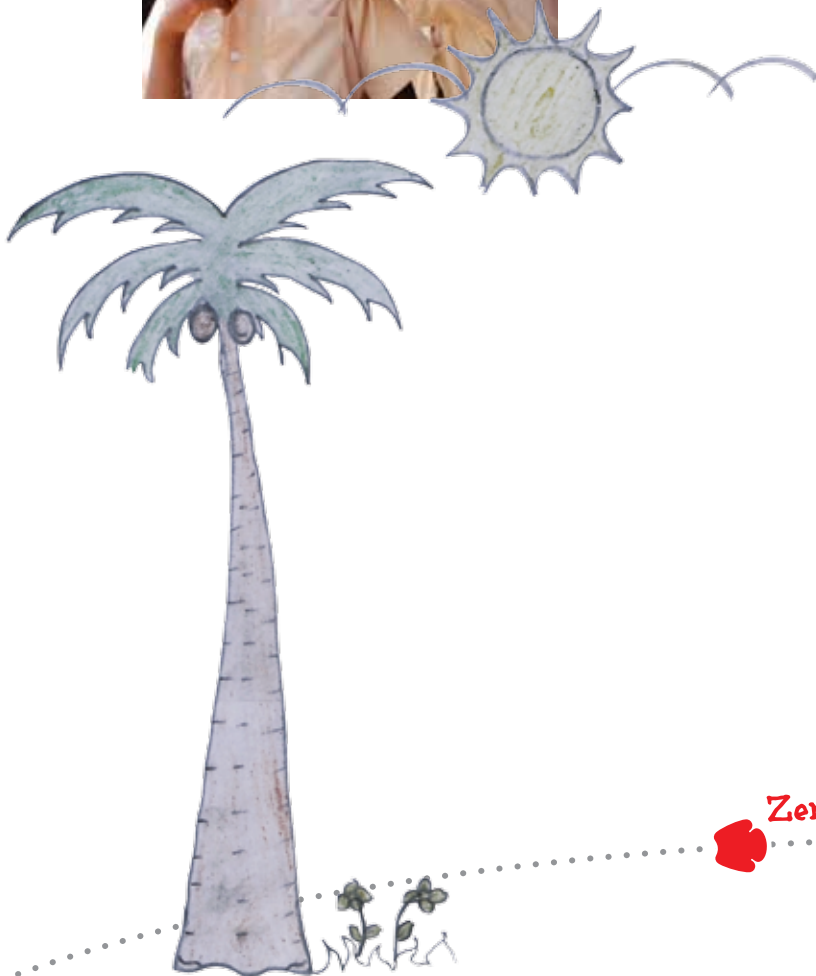
TOTAL CHANGE IN NET ASSETS

Balance at beginning of year

Surplus for the year

Balance at end of year

Notes	2015/16 R	2014/15 R
	265 740 150	265 740 150
	265 740 150	265 740 150
	116 021 727	105 707 460
	62 396 848	10 314 266
	178 418 575	116 021 727
	381 761 877	371 447 610
	62 396 848	10 314 266
	444 158 725	381 761 877



Zenzeleni Secondary

Mšeleni Primary

cash flow statement

for the year ended 31 march 2016



NET CASH FLOW FROM OPERATING ACTIVITIES

Cash grants and other revenue received
Cash paid to suppliers and employees
Cash generated from/(utilised in) operations
Interest received

Notes	2015/16 R	2014/15 R
	169 261 929	230 340 492
	(66 919 505)	(93 510 860)
	102 342 424	136 829 633
	1 764 874	1 036 061
14	104 107 298	137 865 694

NET CASH FLOW FROM INVESTING ACTIVITIES

Property, plant and equipment
- Acquisitions
- Proceeds from disposals
Acquisition of intangible assets
Acquisition of investment property

(73 831 159)	(27 536 987)
(73 865 559)	(27 854 956)
34 401	317 969
(138 656)	-
(1 055 972)	(1 358 925)

NET INCREASE IN CASH AND CASH-EQUIVALENTS

29 081 511 108 969 782

CASH AND CASH-EQUIVALENTS AT BEGINNING OF YEAR

271 577 634 162 607 852

CASH AND CASH-EQUIVALENTS AT END OF YEAR

5 300 659 145 271 577 634

kwaSonto Primary

Mabibi Primary

Vululwazi Primary

notes to the financial statements

for the year ended 31 march 2016

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated depreciation at beginning of year R	Depreciation for year R	Depreciation written back R	Accumulated depreciation at end of year R	Carrying value at end of year R	Proceeds on disposals R
1. PROPERTY, PLANT AND EQUIPMENT 2015/16												
Buildings and structures	99 363 259	124 694 609	-	3 902 169	16 000	128 580 778	25 331 350	4 145 784	6 933	29 470 201	99 110 577	-
Roads and bridges	107 273 567	162 177 514	-	2 836 466	-	165 013 980	54 903 947	8 110 412	-	63 014 359	101 999 621	-
Fences	20 606 191	45 626 459	-	-	-	45 626 459	25 020 268	3 041 208	-	28 061 476	17 564 983	-
Dams, reservoirs and boreholes	10 348 256	15 807 090	-	-	-	15 807 090	5 458 834	1 053 799	-	6 512 633	9 294 457	-
Motor and other vehicles	211 683	669 422	879 374	-	-	1 548 796	457 739	160 232	-	617 971	930 825	-
Computer equipment	182 907	785 116	674 883	-	58 619	1 401 381	602 209	150 490	23 414	729 286	672 095	34 401
Office equipment	4 422	27 863	13 782	-	3 154	38 491	23 441	5 782	3 153	26 071	12 420	-
Furniture and fittings	299 372	693 314	-	-	-	693 314	393 942	55 774	-	449 716	243 598	-
Operating equipment	1 533 425	4 387 923	1 071 212	-	21 630	5 437 505	2 854 497	1 665 701	21 626	4 498 572	938 933	-
Capital work in progress	37 158 547	37 158 547	71 226 309	(6 738 635)	-	101 646 221	-	-	-	-	101 646 221	-
	276 981 629	392 027 857	73 865 559	-	99 402	465 794 015	115 046 228	18 389 182	55 125	133 380 285	332 413 730	34 401

notes to the financial statements

continued

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated depreciation at beginning of year R	Depreciation for year R	Depreciation written back R	Accumulated depreciation at end of year R	Carrying value at end of year R	Proceeds on disposals R
1. PROPERTY, PLANT AND EQUIPMENT (cont.)												
2014/15												
Buildings and structures	98 330 093	119 771 269	392 175	5 108 675	577 511	124 694 609	21 441 176	4 017 072	126 898	25 331 350	99 363 259	-
Roads and bridges	108 977 805	156 002 888	-	6 174 626	-	162 177 514	47 025 083	7 878 864	-	54 903 947	107 273 567	-
Fences	23 157 974	47 902 523	-	3 382 133	5 658 196	45 626 459	24 744 549	3 219 339	2 943 620	25 020 268	20 606 191	-
Dams, reservoirs and boreholes	11 402 056	15 807 090	-	-	-	15 807 090	4 405 035	1 053 799	-	5 458 834	10 348 256	-
Motor and other vehicles	452 228	1 108 173	-	-	438 750	669 422	655 945	152 794	350 999	457 739	211 683	288 040
Computer equipment	72 467	756 832	164 467	-	136 182	785 116	684 365	54 012	136 167	602 209	182 907	8 883
Office equipment	3 991	75 462	4 349	-	51 949	27 863	71 471	3 907	51 938	23 441	4 422	-
Furniture and fittings	251 650	593 838	99 476	-	-	693 314	342 188	51 754	-	393 942	299 372	-
Operating equipment	2 777 902	5 232 247	405 431	200 299	1 450 054	4 387 923	2 454 345	1 844 849	1 444 697	2 854 497	1 533 425	21 046
Capital work in progress	25 235 221	25 235 221	26 789 058	(14 865 732)	-	37 158 547	-	-	-	-	37 158 547	-
	<u>270 661 387</u>	<u>372 485 543</u>	<u>27 854 956</u>	<u>-</u>	<u>8 312 642</u>	<u>392 027 857</u>	<u>101 824 157</u>	<u>18 276 390</u>	<u>5 054 319</u>	<u>115 046 228</u>	<u>276 981 629</u>	<u>317 969</u>

2015/16	2014/15
R	R

Cost of property, plant and equipment
fully depreciated but still in use:

Buildings and structures	145 469	145 469
Motor and other vehicles	161 387	161 387
Computer equipment	563 618	513 310
Office equipment	20 360	18 484
Furniture and fittings	144 728	123 028
Operating equipment	3 766 033	1 297 103
	<u>4 801 595</u>	<u>2 258 781</u>

notes to the financial statements

continued

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated amortisation at beginning of year R	Amortisation for year R	Amortisation written back R	Accumulated amortisation at end of year R	Carrying value at end of year R	Proceeds on disposals R
2. INTANGIBLE ASSETS												
2015/16:												
Website	3	88 342	-	-	-	88 342	88 339	-	-	88 339	3	-
Computer software	946	165 425	138 656	-	137 079	167 002	164 479	19 945	137 036	47 387	119 615	-
	949	253 767	138 656	-	137 079	255 344	252 817	19 945	137 036	135 726	119 618	-
2014/15:												
Website	167	88 342	-	-	-	88 342	88 174	164	-	88 339	3	-
Computer software	2 301	199 584	-	-	34 159	165 425	197 283	1 346	34 151	164 479	946	-
	2 468	287 926	-	-	34 159	253 767	285 458	1 511	34 151	252 817	949	-
	2015/16 R	2014/15 R										
Cost of intangibles fully depreciated but still in use:												
Computer software	28 346	161 385										
Website	88 342	88 342										
	116 688	249 727										

notes to the financial statements

continued

	Cost at beginning of year R	Accumulated depreciation at beginning of year R	Carrying value at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during the year R	Depreciation for year R	Depreciation written back R	Carrying value at end of year R	Proceeds on disposals R
3. INVESTMENT PROPERTY										
2015/16										
Cape Vidal tourist accommodation	36 112 876	8 311 628	27 801 248	-	-	-	1 203 797	-	26 597 451	-
Charters Creek tourist accommodation	6 057 701	1 787 010	4 270 691	832 078	-	-	201 927	-	4 900 842	-
Eastern Shores hiking trails facility	996 000	428 738	567 262	-	-	-	33 205	-	534 057	-
False Bay tourist accommodation	1 007 000	433 567	573 433	-	-	-	33 566	-	539 867	-
Fanies Island tourist accommodation	5 966 343	2 129 444	3 836 899	-	-	-	198 883	-	3 638 016	-
Kosi Bay tourist accommodation	6 866 000	2 956 108	3 909 892	-	-	-	228 866	-	3 681 027	-
Mabibi tourist accommodation	7 582 856	2 732 319	4 850 537	-	-	-	251 631	-	4 598 906	-
Manzengwenya tourist accommodation	7 610 821	1 775 657	5 835 164	-	-	-	253 703	-	5 581 462	-
Maphelane tourist accommodation	4 490 000	1 933 186	2 556 814	-	-	-	149 665	-	2 407 148	-
Rocktail Bay tourist accommodation	1 680 782	704 600	976 182	-	-	-	56 119	-	920 063	-
Sodwana Bay tourist accommodation	38 345 800	14 450 337	23 895 463	-	-	-	1 278 171	-	22 617 292	-
St Lucia Estuary camp sites	7 236 843	2 615 185	4 621 658	-	-	-	241 253	-	4 380 405	-
uMkhuze tourist accommodation	10 596 570	3 995 368	6 601 202	223 894	-	-	353 218	-	6 471 878	-
	134 549 594	44 253 147	90 296 447	1 055 972	-	-	4 484 005	-	86 868 414	-

notes to the financial statements

continued

	Cost at beginning of year R	Accumulated depreciation at beginning of year R	Carrying value at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during the year R	Depreciation for year R	Depreciation written back R	Carrying value at end of year R	Proceeds on disposals R
3. INVESTMENT PROPERTY (cont.)										
2014/15										
Cape Vidal tourist accommodation	36 112 876	7 107 831	29 005 045	-	-	-	1 203 797	-	27 801 248	-
Charters Creek tourist accommodation	5 849 591	1 592 020	4 257 571	208 110	-	-	194 990	-	4 270 691	-
Eastern Shores hiking trails facility	996 000	395 533	600 467	-	-	-	33 205	-	567 262	-
False Bay tourist accommodation	1 007 000	400 000	607 000	-	-	-	33 566	-	573 433	-
Fanies Island tourist accommodation	5 966 343	1 930 560	4 035 783	-	-	-	198 883	-	3 836 899	-
Kosi Bay tourist accommodation	6 866 000	2 727 242	4 138 758	-	-	-	228 866	-	3 909 892	-
Mabibi tourist accommodation	7 582 856	2 480 688	5 102 169	-	-	-	251 631	-	4 850 537	-
Manzengwenya tourist accommodation	7 610 821	1 521 954	6 088 867	-	-	-	253 703	-	5 835 164	-
Maphelane tourist accommodation	4 490 000	1 783 521	2 706 479	-	-	-	149 665	-	2 556 814	-
Rocktail Bay tourist accommodation	1 680 782	648 481	1 032 301	-	-	-	56 119	-	976 182	-
Sodwana Bay tourist accommodation	37 925 030	13 186 192	24 738 838	420 771	-	-	1 264 146	-	23 895 463	-
St Lucia Estuary camp sites	7 236 843	2 373 932	4 862 911	-	-	-	241 253	-	4 621 658	-
uMkhuze tourist accommodation	9 866 526	3 660 401	6 206 125	730 044	-	-	334 967	-	6 601 202	-
	133 190 670	39 808 356	93 382 314	1 358 925	-	-	4 444 791	-	90 296 447	-



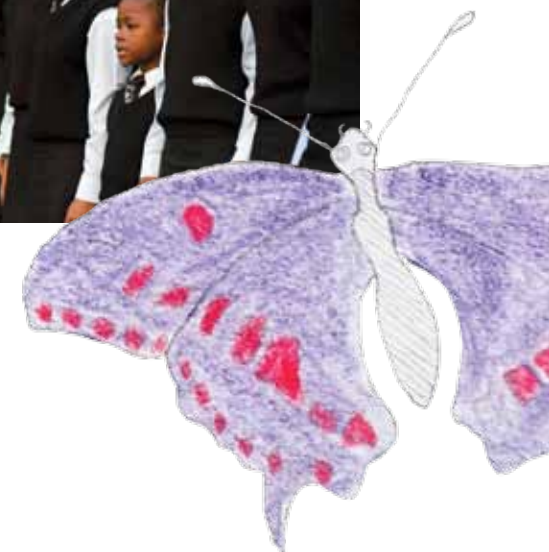
kwaMqobela Primary



Shengeza High

notes to the financial statements

continued



3. INVESTMENT PROPERTY (cont.)

PPP fees from investment property

Restrictions on realisability of investment property

- Property cannot be alienated without permission of the Minister of Environmental Affairs

Contractual obligations to purchase, construct, repair or enhance investment property

2015/16
R

2014/15
R

2 088 326

1 591 228

None

None

4. PPP ARRANGEMENTS

The Authority has entered into PPP Agreements in respect of:

- Rocktail Bay Beach Lodge operated by Wilderness Manzengwenya Camp (Pty) Ltd (September 2007 - August 2022)
- Thonga Beach Lodge operated by Mabibi Development Company (Pty) Ltd (April 2006 - March 2036)
- Mabibi Camp Site operated by Rich Rewards Company (Pty) Ltd (April 2006 - March 2036)

The agreements are for the construction and operation of accommodation facilities in the Manzengwenya and Mabibi sections of the iSimangaliso Wetland Park.

Community shareholding is mandatory and it ranges from 18-68%. The agreements also include job creation and procurement targets.

The agreements require the payment of a PPP fee monthly in advance, as well as a turnover based fee (ranging from 8-12%) at the end of the private party's financial year.

The agreements permit the private party to use the buildings for purposes of tourism accommodation only. The facilities must be operational daily and cannot be mothballed without the express permission of the Authority. The private party may not sell, cede or transfer any rights without the express permission of the Authority. The private party may also not encumber any of the physical assets of the facility.

Mnyayiza Primary

Mashalaza High

Enkathweni Primary



notes to the financial statements

continued

4. PPP ARRANGEMENTS (cont.)

The assets must be returned in good order to the Authority at the end of the agreement. In order to ensure that the buildings are properly maintained, the private party must provide six-months' PPP fees as collateral in the final six months of the operation. This collateral is released on final inspection of the buildings provided they are in good order. The actual amount of the collateral is determined with reference to the total PPP fee of the second last year of the contract. The contracts are not renewable and must be retendered. The outgoing operator is not precluded from bidding.

The Authority has also entered into an agreement with Ezemvelo KZN Wildlife in respect of its facilities in the iSimangaliso Wetland Park. This agreement is also styled as a PPP agreement and is in respect of the management and maintenance of tourism accommodation in the Park. While it does not impose any fee payments on Ezemvelo in respect of these operations, it does impose conditions in respect of the operations and maintenance of the facilities, all of which will be redeveloped and tendered in due course.

5. CASH AND CASH-EQUIVALENTS

Bank accounts	300 659 027	271 577 495
Petty cash	117	139
	<u>300 659 144</u>	<u>271 577 634</u>

6. RECEIVABLES

Trade debtors	1 979 780	1 401 178
Prepaid expenses	152 820	5 425 598
Project advances	32 446	15 945
Deposits	103 580	97 954
SARS	50 000	17 600
Conditional grants receivable	82 009	1 453 484
	<u>2 400 635</u>	<u>8 411 759</u>

Emasakeni Primary

Emalangen Primary

notes to the financial statements

continued



7. INVENTORIES

Chemicals, protective clothing and equipment
Promotional materials
Stationery

2015/16		2014/15	
Carrying amount	Amount expensed	Carrying amount	Amount expensed
R	R	R	R
183 520	553 987	90 618	249 897
45 714	55 604	51 700	39 198
22 556	52 810	20 831	65 147
251 790	662 401	163 149	354 241

8. PAYABLES

Trade creditors
Accrued expenses
Amounts owing to donors
Retentions
Levies payable
Deposits on staff housing
Concessionaires' performance bonds

2015/16	2014/15
R	R
32 856 385	13 662 641
10 233 511	2 321 984
8 596 540	8 307 504
3 035 549	1 796 428
6 530 503	5 527 638
20 746	20 746
1 787 112	1 523 479
63 060 346	33 160 420

Shayina High

Maputa Primary



notes to the financial statements

continued

9. CONDITIONAL GRANTS

Reference should be made to policy 3.1. The requirements of the grants below are:

- (a) that funds be expended in accordance with the approved business plans and
- (b) any unspent or misspent funds be returned to the donor by the Authority.

	2015/16 R	2014/15 R
IP equipment and facilities (funded by DEA)	33 967 683	13 538 377
IP equipment and facilities 13/14 (funded by DEA)	18 868 737	19 931 767
Signage	177 040	-
Working for water (funded by DWA)	-	672 504
Lubombo Route (development of tourism route through Mozambique, Swaziland and South Africa; funded by the KZN Dept of Local Government)	1 211 846	1 230 622
Lotto craft	469 000	209 817
Lotto environmental	228 450	1 252 082
Corridor funding (funded by the KZN Dept of Local Government)	344	344
Art programme (funded by MTN)	12 136	12 136
GEF grant (funded by GEF)	25 657 290	24 017 706
Tourism infrastructure development (funded by DEA)	1 476 943	778 503
Craft and environmental education (funded by National Lottery)	486 897	-
IP infrastructure (funded by DEA)	-	14 593
MLRF programme (marine management funded by DEA)	584 029	629 611
Infrastructure development "12/15" (funded by DEA)	100 449 682	169 811 874
Groen Sebenza (funded by SANBI)	-	78 285
Specialist Studies Mozambique World Heritage Listing (funded by Peace Parks)	107 840	-
Enterprise Programme (joint programme with PATH funded by USAID)	326 979	-
IP Infrastructure "15/18" (funded by DEA)	31 141 000	-
	215 165 895	232 178 222

notes to the financial statements

continued



9. CONDITIONAL GRANTS (cont.)

GEF Project:

The Authority has been awarded a grant by GEF for, inter alia, hydrological studies and capacity-building of local communities. On 24 March 2010, a contract was concluded with the World Bank, the administrators of the grant.

Since the inception of the project, contracts totalling R55 625 612 (2009/10 to 2014/15: R40 051 531) have been awarded, in accordance with World Bank procurement policies.

Expenditure since inception totals R57 568 985 (2009/10 to 2014/15: R39 421 097) of which:

- Component 1 - Hydrology of Lake St Lucia	5 023 945	4 666 688
- Component 2 - Improvement of livelihood and employment opportunities for communities	7 975 976	7 131 638
- Component 3 - Institutional strengthening and support	5 143 588	2 204 081
	<u>18 143 509</u>	<u>14 002 407</u>

The Authority has provided co-funding in the amount of R394 374 320 (2009/10 to 2014/15: R283 401 587). The amounts for the FY 2015/16 and FY 2014/15 are:

110 972 733	70 220 863
-------------	------------

National Lottery Projects:

The Authority has been awarded a grant by the National Lotteries Board for Youth Environmental Education, Art Skills and Craft Skills. The contract was concluded on 15 July 2010.

No new contracts were awarded in this financial year.

Expenditure for the year was as follows:

- Youth Environmental Education	277 552	99 152
- Craft Skills	-	3 289
	<u>277 552</u>	<u>102 441</u>



notes to the financial statements

continued

10. FINANCIAL INSTRUMENTS

Credit Risk

Notes 4 and 5 reflect the carrying amounts of the financial assets.
The fair value and carrying amounts of the assets are the same.

Debtors past due for this financial year amount to:

	Total Due	Of which government	
120 days	492 002	482 139	98%
90 days	233	-	0%
60 days	5 851	-	0%
30 days	361 948	356 388	98%

The risk associated with government debtors is considered low.
The risk associated with cash holdings is also considered low as deposits are held with a major South African bank.

The Authority does not invest in any equity instruments.

	2015/16 R	2014/15 R
Deposits held as collateral in respect of private sector debtors are: The deposits are held in a dedicated bank account.	103 580	97 954

Liquidity Risk

Notes 7 and 8 reflect the carrying amounts of the financial liabilities. The fair value and carrying amounts are the same.
Trade creditors are paid within 30 days. Guarantees together with a system of retentions are in place in respect of all construction contracts. Typically guarantees are 10% of the contract value and must be with recognised financial services institutions. Retentions are between 5 and 10%.

Currency Risk

The only foreign funder is in respect of the GEF project. The project concludes in September 2016. Details are contained in Note 8. Currency risk was transferred via third-party service contracts.

Sizaminqubeko Combined



notes to the financial statements

continued



11. INCOME RECEIVED IN ADVANCE

Fees received in advance

2015/16 R	2014/15 R
328 365	331 047
328 365	331 047

12. SURPLUS FOR YEAR

The operating surplus/(deficit) is calculated after taking into account the following items:

Income

- Transfer from grants to match related expenditure incurred during year

160 849 220 105 644 945

Expenses

- Audit fees - external

1 181 336 1 027 238

- Audit fees - internal

286 242 122 202

- Depreciation

22 893 132 22 722 692

- Equipment rental

82 000 86 014

- Loss on scrapping of fixed asset

9 876 2 940 355



Star of the Sea High



Nhlanga Secondary



notes to the financial statements

continued



13. LEASES

Equipment rental comprises payments made for operating leases of photocopiers and telephone PABX systems. The PABX contract is on a month-to-month basis. The contract in respect of the photocopiers lapses on 21 July 2017. The future rental commitments are:

- Payable during next financial year
- Payable 2 to 3 years after reporting date

14. NET CASH FLOW FROM OPERATING ACTIVITIES

Net surplus/(deficit) per statement of financial performance
Adjustments for:

- Depreciation
 - Property, plant and equipment
 - Intangible assets
 - Investment property
- Bad debts
- Loss on disposal of fixed assets
 - Property, plant and equipment
 - Intangible assets
- (Increase)/decrease in receivables
- (Increase)/decrease in inventories
- Increase/(decrease) in deferred income
- Increase/(decrease) in conditional grants
- Increase/(decrease) in payables

Net cash inflow from operating activities

The Authority does not have any overdraft or other borrowing facilities.

	2015/16 R	2014/15 R
	81 999	81 824
	109 098	27 275
	62 396 848	10 314 266
	18 389 182	18 276 390
	19 945	1 511
	4 484 005	4 444 791
	-	70 205
	9 876	2 940 355
	43	8
	85 299 899	36 047 526
	6 011 124	(6 629 738)
	(88 641)	48 283
	(2 682)	47 020
	(17 012 327)	102 199 074
	29 899 926	6 153 529
	104 107 298	137 865 694

notes to the financial statements

continued

15. CAPITAL COMMITMENTS

Contracted for

2015/16 R	2014/15 R
136 093 527	22 035 653
<u>136 093 527</u>	<u>22 035 653</u>

Expenditure authorised by the Board in respect of capital projects such as roads, hides, picnic sites, viewing decks, signage, water reticulation, and buildings, for the next three year cycle is:

373 654 944	491 862 469
-------------	-------------

16. CONTINGENT LIABILITIES

Land claims

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

Construction contract

Sanyati, a construction company contracted to iSimangaliso was liquidated in July 2012. Sanyati's lawyers issued a letter of demand seeking to institute arbitration proceedings under the contract in February 2015. The last correspondence in this regard was exchanged in June 2015. The liquidators have made an additional claim for work measured post liquidation and have disputed the penalties levied against Sanyati for non-achievement of the minimum job creation requirements. iSimangaliso has taken the view that it will not recover any money due to it by Sanyati and has written these amounts off. While the claim appears to have prescribed, in line with conservatism, the amount due to Sanyati is still reflected as a contingent liability. The amount of the contingent liability is:

<u>12 038 123</u>	<u>12 038 123</u>
-------------------	-------------------





notes to the financial statements

continued

Fire claim

The Western Shores section of iSimangaliso has incorporated forestry land belonging to Siyaqubeka (SQF) by agreement. In August 2012, two fires broke out in park and forestry areas. SQF issued summons in 2015 for damages to its Dukuduku and Nyalazi plantations initially in the amounts of R705 188 and R14 342 237 respectively. After March 2015, SQF amended its pleadings and increased the claim to R3 056 150 for Dukuduku and R32 010 887 for Nyalazi. The matter has been referred to counsel. The Authority has been advised that claims involving contributory negligence may run for up to 5 years. The amount of the claim is reflected as a contingent liability.

2015/16	2014/15
R	R
35 067 037	15 047 425

17. DIRECTORS' AND SENIOR MANAGERS' REMUNERATION

Non-executive Directors

Fees

149 566	82 069
---------	--------

Executive Directors

Chief Executive Officer

Salary

1 558 338	1 459 764
-----------	-----------

Allowances

89 986	88 156
--------	--------

Medical Aid

38 431	36 140
--------	--------

Total

12 months (12 months)

1 686 755	1 584 060
-----------	-----------

Senior Managers

Business Director (previously Chief Financial Officer)

Salary

1 238 657	1 155 040
-----------	-----------

Allowances

137 996	137 996
---------	---------

Medical Aid

17 108	15 660
--------	--------

Total

12 months (12 months)

1 393 761	1 308 696
-----------	-----------

notes to the financial statements

continued

17. DIRECTORS' AND SENIOR MANAGERS' REMUNERATION (cont.)

Parks Operations Director

Salary	
Allowances	
Medical Aid	
Total	12 months (8 months)

2015/16 R	2014/15 R
938 206	553 854
65 986	85 560
53 980	36 776
1 058 172	676 190

Chief Financial Officer (previously Finance Senior Manager)

Salary	
Allowances	
Total	12 months (12 months)

976 862	668 416
51 600	51 600
1 028 462	720 016

Research and Policy Senior Manager

Salary	
Allowances	
Total	12 months (12 months)

855 079	800 903
73 366	71 536
928 445	872 439

Total Directors' Remuneration

1 836 322

1 666 129

Total Senior Managers' Remuneration

4 408 840

3 577 341

The Chief Executive Officer and senior management are paid on a total-cost-to-company basis. The total package has been disaggregated to comply with Treasury Regulation 28.1.4.





notes to the financial statements

continued

	2015/16	2014/15
	R	R

18. RELATED-PARTY DISCLOSURES

Identity of related parties

The Authority's parent department is the Department of Environmental Affairs (DEA). The Authority receives an annual allocation from DEA, which it uses to finance its operations. From time to time it also receives additional grants from the expanded public works programme managed by DEA.

Material related-party balances and transactions

Transfers from related party

114 738 384

172 697 864

Key management-related activities

No loans or payments were made to management of DEA during the year, nor were any material transactions entered into with them.



notes to the financial statements

continued



19. BUDGET INFORMATION

The budget (which covers the same period as these financial statements) is approved on a quasi-cash basis using a nature-of-expense classification. The financial statements are prepared on the accrual basis, also using a nature-of-expense classification. The following reconciliation summarises the differences between the actual financial performance for the year and the budget and provides explanation for the material variances.

Reconciliation between budget and statement of financial performance

Net surplus per the statement of financial performance

Adverse/(favourable) variances of actual from final budget (explanations for variances between the approved and final budget are in brackets):

Income:

- Grant revenue

Delays were occasioned with the GEF and the Lotto projects due to tendering issues. In both cases tenders were issued and not awarded. The tender for GEF was reissued and successfully concluded deferring the work to the new financial year. The procurement for the Lotto programme remains in process.

- Administration fees

Admin fees are calculated as a percentage of project expenditure. The under-recovery is related to delays in expenditure related inter alia to delays in approval for business plan changes from funders. Refer also *grant revenue* above.

- Park revenue

Increases were related to the implementation of a commercial activities permitting system at the gate for tourism operators who do not have operating licenses or concessions with the iSimangaliso Authority, and who operate in the Park on an occasional basis. In addition operators whose fees are turnover-based recorded higher income than anticipated this year resulting in a payment to the iSimangaliso Authority that was higher than budget (the approved budget was adjusted mid-year to take cognisance of prior year performance).

- Other

The difference between approved and actual budget was a revision based on actual performance during the course of the year.

Expenses:

- Chemicals and equipment

The enterprise programme makes provision for grant funding to SMMEs on a merit basis. As these amounts cannot be properly quantified for budgeting purposes they are not included in the budget. The difference between actual results and budget is in respect of such grants paid during the financial year.

	Variance between approved budget and actual 2015/16 R	Variance between final budget and actual 2015/16 R	Variance between final budget and actual 2014/15 R
Net surplus per the statement of financial performance	62 396 848	62 396 848	10 314 266
- Grant revenue	17 756 178	18 256 178	(50 048 826)
- Administration fees	(1 497 208)	(1 497 208)	(287 815)
- Park revenue	(6 421 610)	(2 421 610)	(2 043 871)
- Other	(388 987)	(13 447)	(748 915)
- Chemicals and equipment	4 926 221	4 926 221	(2 184 632)



notes to the financial statements

continued

19. BUDGET INFORMATION (cont.)

Expenses (cont):

- Depreciation and amortisation

The budgeted depreciation was calculated using anticipated dates for procurement of equipment and completion of infrastructure. These dates were pushed out. Accordingly the actual depreciation is calculated for a shorter period.

- Personnel costs

Actual cost recoveries from projects were higher than budgeted recoveries due to an acceleration in the infrastructure programme (the variance in the approved and final budget was a consequence of a revision of the organogram and a downward adjustment to personnel costs).

- Repairs and maintenance

The variance between budget and actual results was due to increases in the facilities management contract related to agreements of the relevant bargaining council (budgeted 9%, actual was 15%), as well as implementation of the settlement agreement between the Umfolozi Sugar Planters (Pty) Ltd and the iSimangaliso Authority in relation to the Lake St Lucia Estuary mouth.

- Management and administration

- Professional fees

Professional fees associated with projects, in particular GEF, were incurred at a higher rate than anticipated.

- Subcontractors

Higher number of land care contracts were issued during the course of the year than had been planned (the variance between approved and final budget is due to increases in funding).

- Training

The training under the Lotto project was not conducted during the year for the reasons set out under grant revenue above.

- Other

The variance is attributable largely to (a) a reduction in gate management costs due to a contract change, and (b) use of boreholes instead of municipal water due to service delivery issues and drought (the variance between approved and final budget included inter alia an increase for legal fees related to two applications against iSimangaliso viz. Umfolozi Sugar Planters and SQF. The latter is explained in Note 14, Contingent Liabilities).

Differences in the bases of accounting:

Capital expenditure treated on a cash basis in budget

Grants received treated on a cash basis in budget

Net surplus/(deficit) per approved budget

Variance between approved budget and actual 2015/16 R	Variance between final budget and actual 2015/16 R	Variance between final budget and actual 2014/15 R
(1 494 049)	(1 534 049)	771 402
(6 826 510)	(2 551 760)	(9 049 974)
1 697 110	1 697 110	823 406
134 860	134 860	(953 470)
7 022 813	5 634 513	(1 914 191)
7 971 765	6 860 065	11 533 160
(348 014)	(348 014)	(4 014 798)
(2 523 222)	(3 970 633)	9 682 686
20 009 348	25 172 227	(48 435 839)
(91 136 555)	(96 299 434)	(85 893 891)
8 730 359	8 730 359	124 015 464
(82 406 196)	(87 569 075)	38 121 573
-	-	-

notes to the financial statements

continued

20. HERITAGE ASSETS

The iSimangaliso Wetland Park is 358 534 hectares in extent. The five major ecosystems found in iSimangaliso provide habitat for a significant diversity of African biota. These ecosystems are:

- The marine ecosystem, characterised by a warm sea, the southernmost extension of coral reefs in Africa, submarine canyons and long sandy beaches
- The coastal dune system, consisting of linear dunes up to 180m in height, sub-tropical forests, grassy plains and wetlands
- Lake systems, consisting of two estuarine-linked lakes (St Lucia and Kosi) and four large freshwater lakes
- The uMkhuze and iMfolozi swamps, with swamp forest, extensive reed and papyrus wetlands
- The inland western shores, with ancient shoreline terraces and dry savannah woodland

This diversity provides important habitats for a large number of species, including those that are rare, threatened or endemic. The species' lists for iSimangaliso are the most extensive in the region and population sizes of most species are viable. Of the over 6 500 plant and animal species known to occur in the Park, populations of those with conservation importance include 11 species that are endemic to the Park, 56 species endemic to KwaZulu-Natal, and 108 species endemic to South Africa. 467 Species are listed as threatened in South Africa. In the past, little was known about the status and viability of many rare, threatened and endemic species in the Park, particularly the lower vertebrate and invertebrate species. But studies on a number of these species are currently underway.

The Park is situated on the southernmost extremity of the Mozambique coastal plain and, as a result, hosts numerous species not found elsewhere in South Africa. This adds to the value and importance of this unique area from a South African species conservation perspective. The presence of some of these species north of our borders cannot detract from the importance of conserving the South African populations, as very little information is generally available on their conservation status and distribution in other parts of southern and central Africa. iSimangaliso is clearly a critical habitat for a range of species from Africa's marine, wetland and savannah environments.

iSimangaliso also has four Ramsar sites*, an accreditation that recognises the ecological significance of those sites, their function as wetlands and their importance as resources of economic, cultural, scientific and recreational value. The sites are:

- St Lucia Lake System: on the coast, between the Umfolozi Swamps from south of the Umfolozi River to the uMkhuze River in the north. The site was designated on 2 October 1986 (Ramsar Site # 345)
- Turtle Beaches/Coral Reefs of Tongaland: on the coast, stretching from just south of Cape Vidal northwards to the border of Mozambique. The site was designated on 2 October 1986 (Ramsar Site # 344)
- Kosi Bay Lake System: on the coast south of Mozambique on the Maputaland Coastal Plain. The site was designated on 28 June 1991 (Ramsar Site #527)
- Lake Sibaya: on the coast, north of the Cape Vidal Reserve and South of Sodwana Bay. The site was designated on 28 June 1991 (Ramsar Site # 528)

The remarkable ecological diversity and significance of iSimangaliso is, therefore, unique, not only on the African continent, but also from a global perspective. For example, available information suggests that no other locality in the world harbours such a wide range of wetland types in a single protected area. Of the 32 marine/coastal and inland natural wetland forms recognised by the Ramsar Convention, no fewer than 23 of these forms occur within the Park.

The value of the Heritage Assets cannot be reliably measured as there is no active market.

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

21. BAD DEBTS WRITTEN OFF

The amount in the previous financial year is in respect of a refund due from SARS. The amount has been outstanding for over 5 years. iSimangaliso has taken the conservative view and written the amount off but will continue to follow it up.

2015/16	2014/15
R	R
-	70 205

detailed statement of financial performance

unaudited supplementary schedule for the year ended 31 march 2016

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2014/15 R
Income:								
Grants	26 176 350	88 767 603	-	24 859 844	595 425	20 449 998	160 849 220	105 644 945
Interest received	1 764 874	-	-	-	-	-	1 764 874	1 036 061
- From banks	1 764 874	-	-	-	-	-	1 764 874	1 036 061
Park revenue	18 521 610	-	-	-	-	-	18 521 610	15 843 871
Penalties	262	-	-	-	-	-	262	99 400
Sundry revenue	5 560 304	-	-	-	-	-	5 560 304	3 755 205
- Admin fees recovered from programmes	3 073 509	-	-	-	-	-	3 073 509	2 062 332
- Management fees recovered from programmes	1 731 009	-	-	-	-	-	1 731 009	1 097 642
- Discounts received	-	-	-	-	-	-	-	1 615
- Bid and tender fees	31 000	-	-	-	-	-	31 000	41 400
- Other	724 786	-	-	-	-	-	724 786	552 216
Total income	52 023 400	88 767 603	-	24 859 844	595 425	20 449 998	186 696 270	126 379 483

detailed statement of financial performance

unaudited supplementary schedule continued

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2014/15 R
Expenditure	69 841 677	13 624 752	-	19 783 882	517 141	20 531 971	124 299 422	116 065 217
Advertising	103 920	-	-	-	-	-	103 920	103 090
Audit fees - external	1 181 336	-	-	-	-	-	1 181 336	1 027 238
Audit fees - internal	286 242	-	-	-	-	-	286 242	122 202
Bad debts	-	-	-	-	-	-	-	70 205
Bank charges	167 492	6 271	-	3 594	918	6 424	184 699	156 135
Board expenses	308 194	-	-	-	-	-	308 194	208 114
Co-management agreement payments	1 307 471	-	-	-	-	-	1 307 471	1 136 685
Chemicals and equipment	-	2 600 861	-	5 507 875	48	5 181 973	13 290 757	7 520 195
Computer consumables	30 687	-	-	-	-	-	30 687	20 921
Conference expenses	-	-	-	-	-	-	-	18 757
Courier and postage	15 988	-	-	-	-	-	15 988	16 171
Depreciation:								
- Property, plant and equipment	18 389 182	-	-	-	-	-	18 389 182	18 276 390
- Intangible assets	19 945	-	-	-	-	-	19 945	1 511
- Investment property	4 484 005	-	-	-	-	-	4 484 005	4 444 791
Discounts allowed	24 360	-	-	-	-	-	24 360	19 720
Donations	3 000	-	-	-	-	-	3 000	28 500
Electricity	862 549	-	-	-	-	-	862 549	2 117 720
Game purchases and management	223 998	-	-	-	-	-	223 998	21 043
Gate operating costs	4 959 591	-	-	-	-	-	4 959 591	5 467 954
Insurance	139 000	-	-	-	-	-	139 000	133 761
Legal fees	4 556 281	-	-	-	-	-	4 556 281	3 367 203
Licences	40 160	-	-	-	-	-	40 160	22 117
Loss on disposal of fixed assets:								
- Property, plant and equipment	9 876	-	-	-	-	-	9 876	2 940 355
- Intangible assets	43	-	-	-	-	-	43	8
Management and administration	-	1 511 415	-	3 285 079	179 143	413 726	5 389 363	5 004 528
Marketing	400 582	-	-	-	-	-	400 582	420 380

detailed statement of financial performance

unaudited supplementary schedule continued

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2014/15 R
Personnel costs:								
- Salaries, wages and secondments	15 919 760	-	-	-	-	-	15 919 760	14 487 203
- Less: charged to programmes	(6 222 757)	-	-	-	-	-	(6 222 757)	(3 932 618)
Printing and stationery	307 745	-	-	-	-	-	307 745	282 617
Professional fees	2 929 591	1 943 521	-	-	-	11 565 523	16 438 635	14 096 533
Rental of equipment	82 000	-	-	-	-	-	82 000	86 014
Repairs and maintenance	9 882 111	-	-	-	-	-	9 882 111	7 578 706
Security	7 768 299	-	-	-	-	-	7 768 299	7 188 713
Staff teas, refreshments and cleaning	31 897	-	-	-	-	-	31 897	81 198
Subcontractors	424 350	6 546 847	-	10 787 220	-	1 747 500	19 505 917	19 624 919
Subscriptions	30 955	-	-	-	-	-	30 955	16 783
Telephone, telefax and internet	493 114	-	-	-	-	-	493 114	406 134
Training	-	1 015 838	-	200 114	337 032	1 616 823	3 169 807	2 779 373
Travelling expenses	435 475	-	-	-	-	-	435 475	580 846
Workshops and meetings	245 236	-	-	-	-	-	245 236	123 102
Net surplus/(loss) for period	(17 818 278)	75 142 851	-	5 075 963	78 284	(81 973)	62 396 848	10 314 266



acknowledgements

Department of Tourism
Department of Environmental Affairs
Department of Rural Development and Land Reform
National Treasury

Kingdom of Swaziland
Republic of Mozambique
Lubombo Spatial Development Initiative
South African Tourism
South African National Roads Agency

KZN Department of Co-operative Governance and Traditional Affairs
KZN Department of Economic Development, Tourism and

Environmental Affairs
KZN Department of Education
KZN Department of Community Safety and Liaison

Ezemvelo KZN Wildlife
KZN Tourism Authority
KZN Director Police Services

Umkhanyakude District Municipality and the Mtubatuba
Big 5 False Bay, Umhlabuyalingana, Hlabisa and Jozini local municipalities

Uthungulu District Municipality and the Kwambonambi local municipality

Mpukunyoni, Makhasa, Tembe, Ngwenya, Nsinde, Jobe,

Mabaso, Mngobokazi, Sokhulu, Mdletshe, and Nibela
Traditional Councils

Emandleni, Mfusi, Libuyile, Bhangazi, Jobe, Nsinde, Sokuhulu,
Makhasa, Qhubekani Community Trusts and Triangle,
Ngwenya, Western Shores, Tembe, and Dukuduku Land
Claims Committees

WWF (SA)
Raizcorp
Rural Education Access Programme (REAP)
World Bank
Global Environment Facility

NLB - Lotto

special thanks to the children whose artwork is featured in this report:

Catherine Louw: Mtubatuba Primary School

Nonzuzo Kunene: Umfolozi High School

Qwabe Nolwandle: Zenzeleni High School

Sandile Mahlambi: Slethukukhanya High School

Sbonelo Mkhwanazi: Slethukukhanya High School

Sipho Hlunywane: Dlemu Dlemu Secondary School

Snothile Mnyango: Nqiwani Primary School

Sphesihle Zuma: Mtubatuba Christian Academy

Syathanda Mthembu: Esiphahleni Primary School

Zungu Thuthuka: Mtubatuba Primary School





iSimangaliso
Wetland Park



KOSI BAY COASTAL FOREST LAKE SIBAYA SODWANA BAY uMKHUZE FALSE BAY CHARTERS CREEK LAKE ST LUCIA CAPE VIDAL MAPHELANE



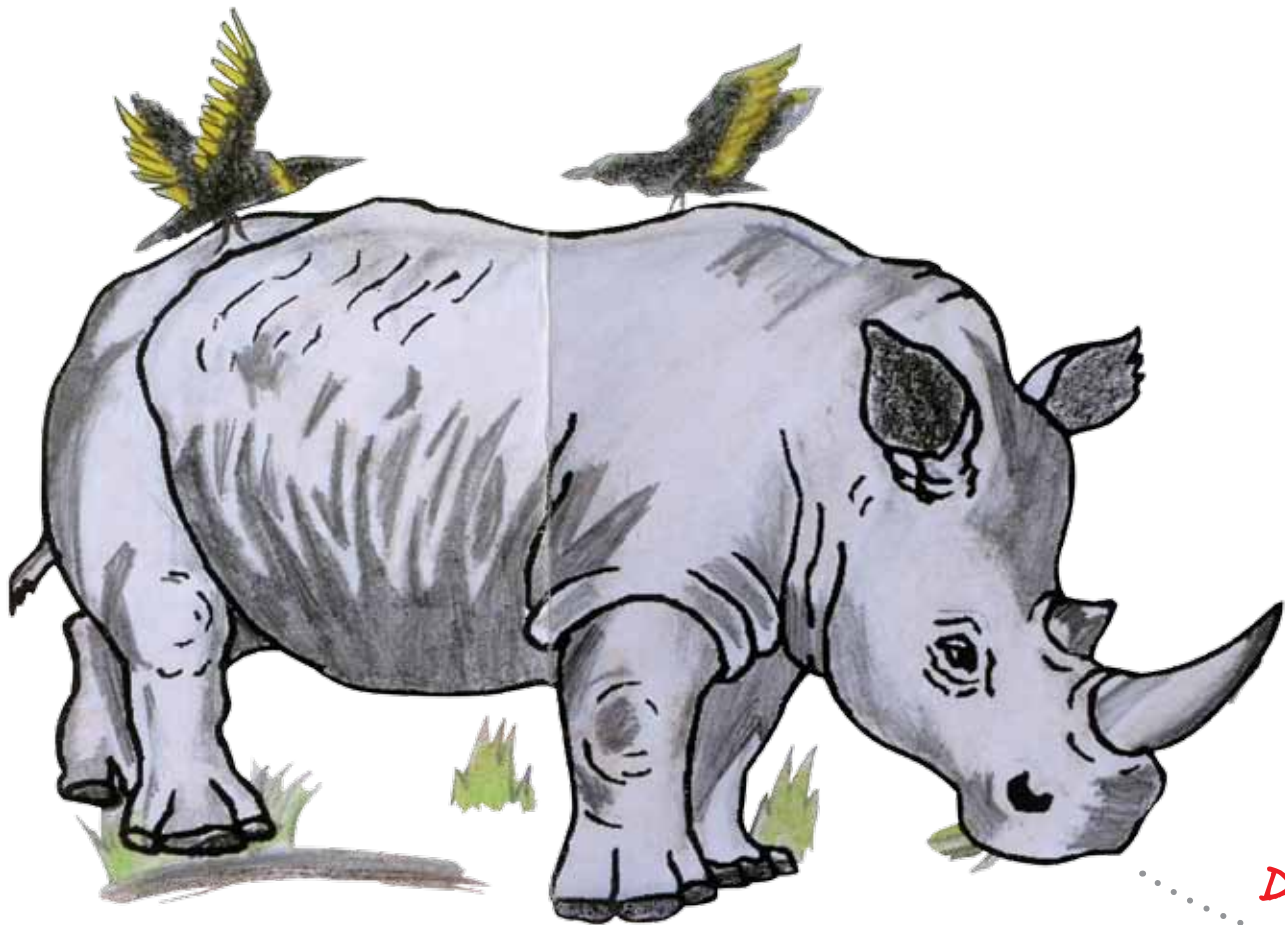
iSimangaliso
Wetland Park

MY RHINO OUR FUTURE

2016 Annual Report



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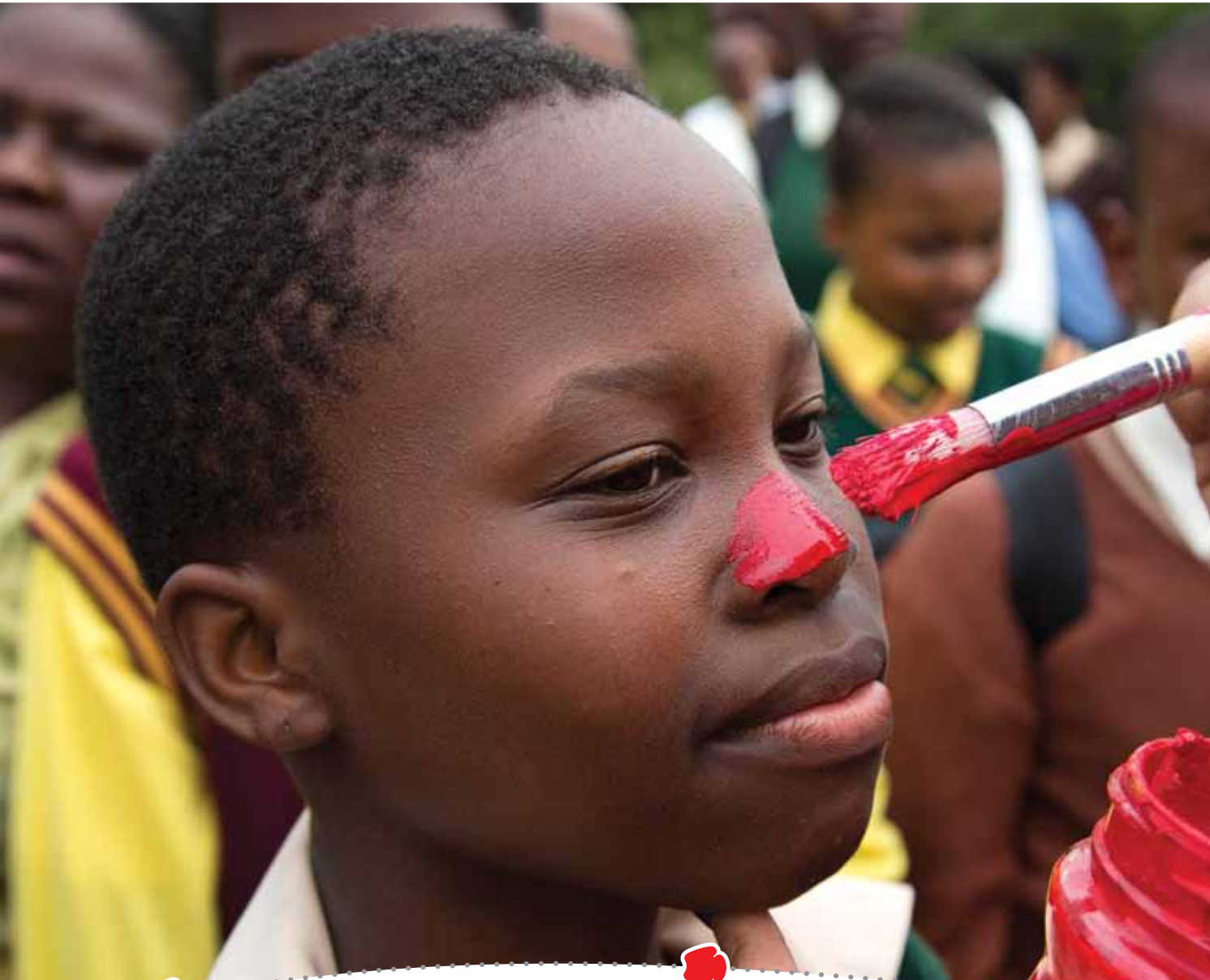
Dlemu Dlemu Secondary School

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MARCHING FOR
RHINO
KOSI TO UMFOLOZI
11 250 : 75
LEARNERS : SCHOOLS





Sokhulu Primary



Langelibomvu High



Mnotho Primary

message from the minister of environmental affairs

I am pleased to present the 2015/16 Annual Report of the iSimangaliso Wetland Park Authority; the conservation authority and managing agency of Lake St Lucia, the world's oldest protected estuary.

The iSimangaliso Wetland Park which was declared a UNESCO World Heritage Site in 1999, supports high levels of biodiversity and threatened and protected species. It also continues to be a RAMSAR Wetland of International Importance since 1986.

The iSimangaliso Wetland Park Authority continues to successfully manage the conservation development nexus through a series of progressive programmes and practices aimed at ensuring communities in and around the Park are made partners in conservation. The People and Parks programme is active in the iSimangaliso Wetland Park, and continues to build on a legacy of community development and natural resource beneficiation. The very first People and Parks workshop was convened by the iSimangaliso Wetland Park Authority in 2003 in partnership with GTZ-Transform, IUCN South Africa, Mafisa Research and Planning and the then University of Natal. This seminal workshop produced a lasting legacy that has shaped the global conservation agenda and continues to inform protected area conservation efforts today. The People and Parks Programme was subsequently adopted by the Department of Environmental Affairs and has since become a national programme replicated in 22 national parks and all provincial parks.

The iSimangaliso Wetland Park continues to represent a new model for protected areas management in Southern Africa - based on the insight that it is impossible to conserve the natural environment without putting communities at the centre of any conservation strategy. This necessitates facilitating access to sustainable livelihoods for rural communities.

The work of the Authority has afforded communities the opportunity to become involved in what is now a vibrant tourism economy. Tourism directly related to the Park generates approximately R1,2 billion in revenue for the area and creates in the region of 7 000 jobs. The Park works hard to make sure that communities have access to income generation and job opportunities. The land care programme provides temporary jobs to local communities to clear alien invasive plant species that put a strain on precious water resources.

Work is also continuing to redevelop sections of the Park and address infrastructure backlogs. The construction and maintenance of fences, roads, field-ranger camps, picnic sites, park furniture, hides,

public toilets and viewpoints provide opportunities for community based contractors and create local jobs. More than half of the 54 000 people who have worked in iSimangaliso to date are women, and a quarter are youth.

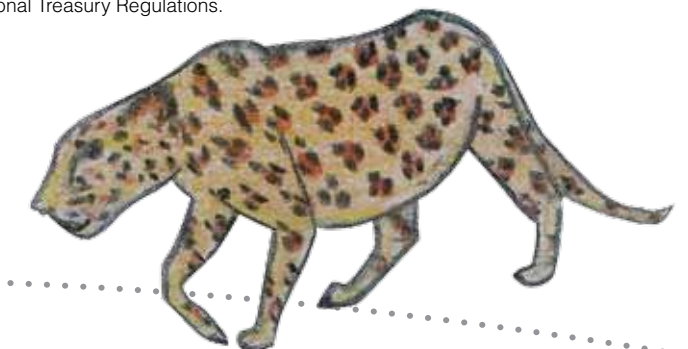
The Authority further supports the development of local businesses by training entrepreneurs and providing them with the equipment and materials to grow their businesses. The Rural Enterprise Accelerator Programme (REAP) enables community-owned businesses to ignite a cycle of job creation and economic growth in the iSimangaliso area. REAP now supports some 187 entrepreneurs – a significant growth from the 30 who started six years ago. To date, 80 financial grants to the value of R7,8 million have been awarded to these local businesses.

Programmes for sculptors and crafters offer training in product development and marketing into urban retail outlets. The award winning iSimangaliso Higher Education Access Programme has supported 77 young people from park neighbours and communities whose land was successfully restituted to get their degrees and diplomas at universities and technical colleges. Thirteen of these young graduates currently work as interns within the Authority.

The Department of Environmental Affairs is ever mindful of the need to balance environmental protection with the creation of sustainable and decent work opportunities for communities. Through the extensive work being done by the iSimangaliso Wetland Park Authority, communities are being capacitated to take advantage of the Park's unique positioning, and become part of its ongoing conservation and tourism success story.

This 2015/16 Annual Report complies with all statutory reporting requirements of the Public Finance Management Act (PFMA) as well as National Treasury Regulations.

MRS B E E MOLEWA, MP
Minister of Environmental Affairs
29 July 2016





Mtubatuba Primary

Mtuba Christian School

Umfolozi Primary

message from the chairman

Tribute to Ephraim Mfeka

Ephraim Mfeka passed away a few weeks ago. Ephraim served on the inaugural board of the iSimangaliso Wetland Park Authority. Ephraim became involved in the early days of COSATU in Richards Bay, and was a driving force in bringing the parties to the table to conclude the settlement of the Bhangazi Land Claim. He served as Chairman of the Bhangazi Trust from 1998 to his death in 2016. He worked in close partnership with the iSimangaliso Authority to deliver on the commitments iSimangaliso and the Bhangazi Trust made in their co-management agreement. His dream was to see the opening of the Lokotwayo Lodge, a joint venture between the Park and the Bhangazi Trust. We will miss his calmness, wisdom and humour, and his deep commitment to his family, his community, his Trust, and his Park.

The late songstress, Whitney Houston, shared her belief in the youth when she made this George Benson penned song an anthem "I believe the children are our future, Teach them well and let them lead the way, Show them all the beauty they possess inside, Give them a sense of pride to make it easier..."

We also believe that our children and the youth are our future. Towards the end of 2015 over 11 250 learners representing 75 schools from around the iSimangaliso Wetland Park took up the cause against rhino poaching. Their bold statement as they walked the length and breadth of iSimangaliso was the biggest organised youth drive in our country to date. Our 13 interns, the youngest people at the Authority, led the initiative. We are proud of them.

The learners were horrified and activated. This generation is proud of their Park. Many of them have enjoyed a day visit to the Park facilitated by our Environmental Educators. Many others have participated in our Schools Awards programme over the years. We at iSimangaliso know that ours is a youthful country. Currently, one third of our population is under 18 years old. We owe it to these young people to do everything we can to invite them into the custodianship of this extraordinary World Heritage Site. Our young people have the future of iSimangaliso in their hands.

They also have the future of the planet in their hands. Youth today are acutely aware of how a stressed world economy has marginalised them, and how the structures of power are often unresponsive to their needs. Many young people have developed a sense of common identity and a critical consciousness that leads them to challenge the established order. Youth protests in South Africa and throughout the world have

shown us how youth can be a force for social change. This year we marked the 40th anniversary of the SA Youth Activism sparked by the Soweto school children opposed to the imposition of Afrikaans as a medium of instruction in Black schools. That activism gave voice to the 2015 nationwide protest at tertiary institutions led by the #Fallist movement resulting in rethinking of funding of university education while also calling for more consultative, visible and transformational leadership. Youth have played a central role in sparking diverse protest movements elsewhere across the Middle East, Europe, South America and North America.

Some youth have changed the terms of the debate in their countries and in the world. A striking example is the Pakistani feminist and education activist, Malala Yousafzai, at seventeen the youngest person to become a Nobel Prize laureate. Because of her dedication and courage, the push for education for women has accelerated not just in Pakistan but also in the whole world. In South Africa, young women and men have recently become more engaged in popular culture, in debates through cyber social networks, and in socio-political demonstrations. In the lyrics of their songs, the verses of their poems, the scripts of their plays, and in their blogs and tweets is a strong critique of the status quo.

The first couple of the world's largest economy remind us "The best judge of whether or not a country is going to develop is how it treats its women." The Authority has placed women in the forefront of its entrepreneur and social development. As the nation commemorates the 60th anniversary of the women's march against unjust legislation we reassert our commitment to the empowerment of women and the youth. Now more than ever we are willing to listen to young people and not just see them. We jointly seek solutions to the substantive issues they are challenging and urging us to address as leadership. This is a national jewel we are privileged to be custodians of. Together with the communities in and around the Park we are ensuring future generations have a treasure they will see and experience, and not only read about.

Mr B Zwane
Chairman
29 July 2016

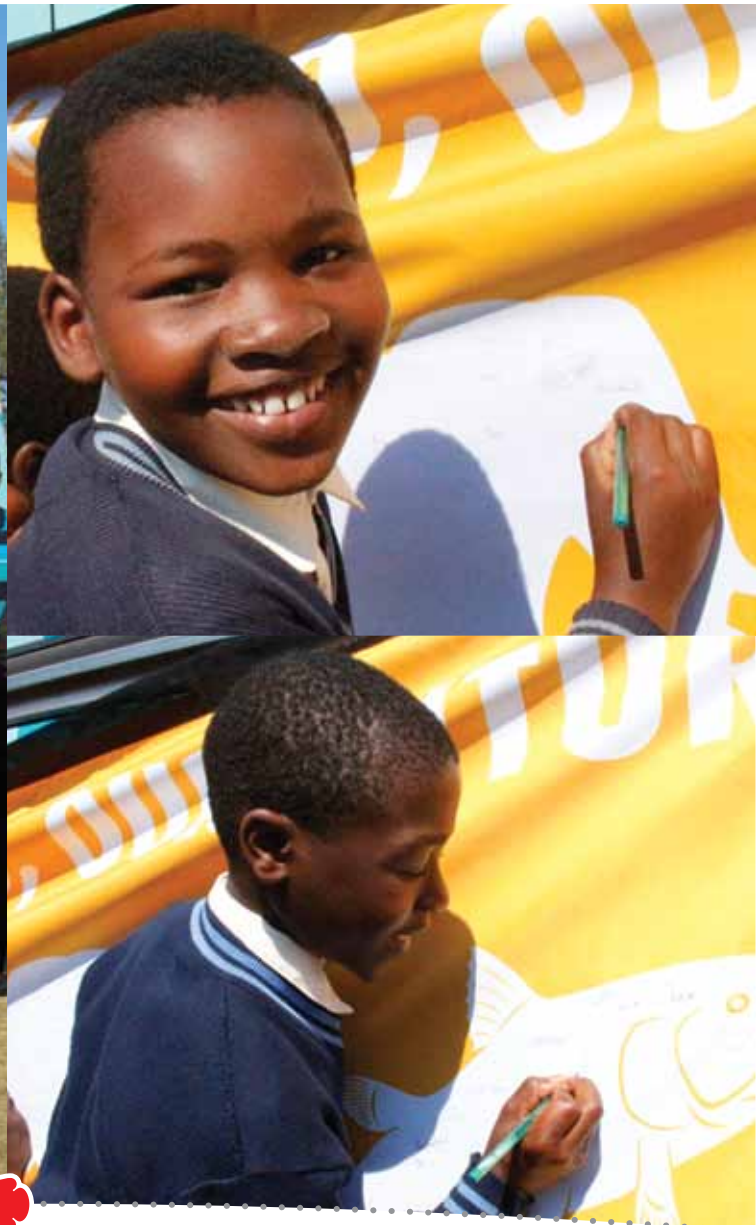
Vezobala High

Khiphinkunzi Primary



Mzabalazo Primary

Ubuhlebemvelo Primary



Silethukukhanya High

from the ceo's desk: towards an integrated report

The iSimangaliso Wetland Park World Heritage Site was listed by UNESCO in 1999 for its unique ecological and biological processes, superlative natural phenomena, and biological diversity. The Lake St Lucia Estuary, which is central to the listing, is, in global terms, one of a kind.

What began as 16 different parcels of land was consolidated under one management authority and management system. The Park, which extends from Maphelane in the south to Kosi Bay in the north and extends westward to include uMkhuze, comprises approximately 9% of South Africa's coastline. It is 358 534ha in size and includes five different eco-systems. It is one of 47 marine World Heritage Sites and one of 23 combined marine/terrestrial sites.

iSimangaliso provides critical habitats for a wide range of species. Three phenomena have been judged outstanding by UNESCO: the shifting salinity states of Lake St Lucia Estuary (the estuary shifts from fresh water to water that's saltier than the sea); the large numbers of nesting turtles, the populations of dolphins, whales and whale sharks that migrate offshore; and the large numbers and breeding colonies of waterfowl such as pelicans, storks, flamingos and herons. The species list for iSimangaliso runs to over 6 500 species, and includes 526 bird species, 11 species that are endemic to iSimangaliso, and 108 that are endemic to South Africa, as well as 467 threatened species.

The iSimangaliso Wetland Park Authority was established for the sole purpose of managing this global treasure. The Authority began its work in 2002. Its mandate, set out in the World Heritage Convention Act's regulations, is to conserve and protect the Park's World Heritage values, and to empower communities living around the Park, through inter alia tourism development.

Since inception the Authority has:

- Reintroduced all the species that, in bygone years, occurred naturally in the Park (with the exception of eland). The species introduced include, amongst others, elephant, wild dog, lion, and cheetah
- Invested significant amounts to construct roads, fence the Park, build visitor attractions, remove commercial plantations and to rehabilitate degraded habitats
- Created some 54 000 jobs
- Trained communities in arts, crafts, hospitality, construction and agriculture
- Awarded nine licences to community-owned enterprises for activities in iSimangaliso, and three tourist lodge licenses in which communities have an interest ranging from 18% to 68%

The Authority also runs an enterprise-support programme that provides expertise, training and seed capital to some 180 small businesses, and a bursary programme that is furnishing financial and other support to 67 young people (the aggregate number including graduates is 77). It also runs an intern programme for 13 persons.

These investments in the people and the economy of the region have resulted in an increase of 84% in the supply of tourism beds in the region during the last 15 years. iSimangaliso is now a 7% contributor to KwaZulu-Natal's tourism GDP, and supports some 1 300 direct jobs and 6 000 indirect jobs.

Notably, the Authority laid the foundations for South Africa's People and Parks programme when it devised the Cape Vidal Accord, and has been commended by UNESCO for its progressive and inclusive management practices in respect of conservation, development and communities.

MasiBonisane High

Mfundabasha Primary

from the ceo’s desk:

continued

Vision

The Authority's vision is to create South Africa's greatest conservation-based tourism destination powered by communities.

Mission

The Authority's mission is to protect, conserve and present the iSimangaliso Wetland Park and its World Heritage values for current and future generations in line with the standards laid down by UNESCO and the World Heritage Convention Act, and to deliver benefits to communities living in and adjacent to iSimangaliso, by facilitating optimal tourism and tourism-related development.

Strategy

The strategic objective of the Authority is the conservation and enhancement of World Heritage values. In order to achieve this it is important for the Park to remain relevant for people living in the neighbouring areas, beyond delivery of economic benefits. Two of the key pillars of the

strategy are inclusivity, and the development of an awareness and realisation of the value of the environment and biodiversity.

Amongst the considerations taken into account in developing the Authority's strategy are:

- The mandate as set out in the Act
- The national priorities for the environment determined by the Department of Environmental Affairs (DEA)
- The national priorities set by government for social and economic development in terms of the National Development Plan (NDP)
- The local, provincial and regional context and circumstances
- The iSimangaliso Wetland Park's Integrated Management Plan (IMP)
- Institutional risk

The Authority's strategy contributes to the following NDP and DEA objectives:

NDP Objective:	Description:
Environmental sustainability and resilience	<ul style="list-style-type: none">• Land and oceans under protection• Energy efficiency• Zero-emission building standards• Climate change• Investment in rural livelihoods• Regulatory framework for land to ensure conservation and restoration of protected areas
South Africa in the region and in the world	<ul style="list-style-type: none">• Regional integration strategy identifying and promoting practical opportunities for cooperation based on complementary and national endowments
Economy and employment	<ul style="list-style-type: none">• Reduce unemployment• Young labour market entrants• Increased GDP• Broaden ownership of assets
Social protection	<ul style="list-style-type: none">• Provide income support through labour market initiatives such as public works programmes, training and skills development

from the ceo’s desk:

continued

NDP Objective:	Description:
Inclusive rural economy	<ul style="list-style-type: none">• Tourism investments
Improving education, training and innovation	<ul style="list-style-type: none">• Provide learning opportunities• Increase enrolments at universities
Health care	<ul style="list-style-type: none">• Prevent and reduce disease burdens through deterring and treating HIV/AIDS, new epidemics and alcohol abuse
Building a capable and developmental state	<ul style="list-style-type: none">• Public service immersed in the development agenda• Experienced, competent staff• Relations between national, provincial and local government
Fighting corruption	
DEA Objective:	Description:
Biodiversity and conservation	<ul style="list-style-type: none">• Ecosystems conserved, managed, and sustainably used• Strengthened knowledge, science and policy interface• Improved socio-economic benefits
Climate change and air quality	<ul style="list-style-type: none">• Threats to environmental quality and integrity managed
Environmental programmes	<ul style="list-style-type: none">• Improved socio-economic benefits• Ecosystems conserved, managed, and sustainably used
Administration	<ul style="list-style-type: none">• Equitable and sound corporate governance• Adequate appropriately skilled diverse workforce• Efficient and effective information technology service• Strengthened knowledge and science for policy interface• Enhanced international cooperation of SA environmental sustainable plans
Legal authorisations, compliance and enforcement	<ul style="list-style-type: none">• Improved compliance with environmental legislation by effective compliance and enforcement
Oceans and Coasts	<ul style="list-style-type: none">• Threats to environmental quality and integrity managed• Strengthened knowledge, science, and policy interface• Ecosystems conserved, managed, and sustainably used

from the ceo’s desk:

institutional arrangements

Key institutional arrangements pertaining to the iSimangaliso Wetland Park are set out below:

Institution	Focus of arrangement	Challenges
Ezemvelo KZN Wildlife	<ul style="list-style-type: none">Conservation management in terms of a conservation operational planOperation of overnight accommodation and associated activities in terms of a service-level agreement	<ul style="list-style-type: none">Monitoring and accountability of service provider through agreement and Inter-governmental Framework Act unwieldy and not easy to compel specific performance
Tourism KZN	<ul style="list-style-type: none">Branding and marketingInvestment support	<ul style="list-style-type: none">Lack of institutional memory in partner agency
Trade and Investment KZN	<ul style="list-style-type: none">Investment support	<ul style="list-style-type: none">Lack of institutional memory in partner agency leads to jurisdictional overlap
South African Tourism	<ul style="list-style-type: none">Marketing	<ul style="list-style-type: none">Staying top of mind with agency
uMkhanyakude District Municipality and associated municipalities	<ul style="list-style-type: none">Allocation of roles and responsibilities with regard to basic services (water, electricity, refuse etc) and planning	<ul style="list-style-type: none">Most of the municipalities are under administration and have funding issues. Jurisdictional overlap particularly with respect to planningInforming IDP process
Land claimants	<ul style="list-style-type: none">Co-management agreements	<ul style="list-style-type: none">Delays by RLCC in settlement of remaining claimsNon-payment of money on settled claims (RLCC has told claimants money is no longer available) and delays in transfer of titleUnrealistic expectations of level of benefits likely to accrue
DEA: Oceans and Coasts	<ul style="list-style-type: none">Management of the coast (conservation, research and tourism activities)	<ul style="list-style-type: none">MOU in place renewable after three years for further three year periodsJurisdictional issues especially with respect to commercial issuesLack of institutional memory
Department of Rural Development and Land Reform	<ul style="list-style-type: none">Resolution of remaining three land claims	<ul style="list-style-type: none">Ongoing support and participation in land claims resolution process by the Authority within its legal mandate
Department of Water Affairs	<ul style="list-style-type: none">Use rights to water bodies in the ParkProtection of water catchments	<ul style="list-style-type: none">Securing collaboration on the issuing of water rights
Department of Agriculture, Forestry and Fisheries	<ul style="list-style-type: none">Sustainable livelihoods related to agriculture, fisheries and other natural resource use	<ul style="list-style-type: none">Securing collaboration on fisheries issues in the ParkDAFF processes do not properly consider protected areas and protected area managers
Ingonyama Trust	<ul style="list-style-type: none">Tourism on and conservation of Trust Land in ParkCooperation on buffer zone	<ul style="list-style-type: none">Working within existing Ingonyama/ Ezemvelo agreementMonitoring of rights issued for development and enforcement

from the ceo’s desk:

continued

Currently, the key challenges affecting the Authority and the execution of its mandate may be summed up as:

- The ability to deliver simultaneously against 12 co-management agreements on a scale expected by communities. In addition to the limits on development, and therefore community beneficiation, the global recession has impacted negatively on investor markets. To counter this, the Authority has to provide short term benefits until there is a resurgence in the tourism investment market
- The constraining effect on private sector investment in development of the legal complexities emanating from legislation applied by various government departments, which impacts on the types of deals the Authority may negotiate
- The fluid nature of the tourism sector and changing commercial realities, and balancing these with the needs of traditional visitor groups, while also ensuring equitable access for all

The Authority's approach is to strategically influence critical areas through lobbying, in order to align with Government's key goals and programmes, and thereby ensure delivery of economic benefits and empowerment.

International Engagement

The Authority participates in international forums (in particular UNESCO) as part of the State's (eg DEA's) team. In addition, it furnishes periodic reports to UNESCO, through DEA, in line with the requirements of the World Heritage Convention Act. It also participates in the Lubombo Spatial Development Initiative and Lubombo Transfrontier Conservation Area processes and structures.



Bhekinkosi Primary

from the ceo’s desk:

corporate governance

Corporate governance is accorded high priority by the Authority. Its Board and staff are required to conduct themselves with integrity and in the best interests of the organisation.

The Authority's Board believes that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct set out in the 2002 King Report on corporate governance (King II Report) and the 2002 protocol on corporate governance in the public sector, as well as the applicable management guidelines set down by UNESCO. It has also begun integrating the salient recommendations of the 2009 King III Report.

The organisational arrangements and systems that have been put in place to ensure good corporate governance embrace the inclusion of non-executive directors on the Board, the use of audit, executive and tender committees as well as independent (outsourced) internal audits. Detailed financial policies and procedures make it clear that corporate governance and financial control are the responsibilities of every staff member in the organisation.

iSimangaliso has received unqualified audit opinions for each year of operation.

Governing Bodies

Roles and Functions

The CEO is the entity's Accounting Authority. The Board is responsible for the formulation of policy and for overseeing its implementation. It is also responsible for the adoption of strategic plans, for monitoring operational performance and management, for approving policy and processes to ensure the integrity of the Park's risk management and internal controls, and for the appointment of the executive staff. The Board has approved a charter that provides guidance to its directors in discharging their duties and responsibilities. The Board carries out a self-evaluation on a regular basis.

Remuneration of the directors is prescribed by Treasury. The CEO's salary is determined in accordance with the grading and remuneration system approved by the then Minister of Environmental Affairs and Tourism in concurrence with the Minister of Finance. [See also "Remuneration" below]

Directors for the year ended 31 March 2016:

<i>Non-Executive</i>		<i>Executive</i>
Mr B Zwane (Chairman)*	Mr M Msimang (Chairman)**	Mr A Zaloumis CEO
Ms B Schreiner (Vice Chair)*	Ms K Mathebula (Vice Chair)**	
Ms P Dlamini	Mrs S Mancotywa**	
iNkosi Z Gumede	Mr A Lax**	
Mr B Langalibalele*		
Mrs T Mhlongo		
Mrs S Nene*		
Ms T Ntloko*		
Prof T Nzama		
Mr S Roopa		
<i>*Term started 1 September 2015</i>		
<i>**Term ended 31 August 2015</i>		

Audit Committee

The audit committee is responsible for overseeing audit functions, internal control and the financial reporting process. The committee includes a number of independent members who are qualified chartered accountants. Other members include the Vice Chair of the Board as well as one other Board member.

The Chief Financial Officer of the DEA and the Auditor-General attend meetings of the audit committee as observers.

Internal Audit

The internal audit function provides an independent, objective appraisal and evaluation of the risk management processes, internal controls and governance processes, and identifies corrective actions and enhancements to these.

The internal audit function is outsourced. These audits are carried out according to a three-year rolling plan, updated annually, and are based on the risks identified in the risk management process.

from the ceo’s desk:

continued

Risk Management

The policy on risk management embraces all significant risks to the Authority that might undermine the achievement of its business objectives. In addition to regular reports by the executive, the Accounting Authority and the Board also receive assurance from the internal auditors on risk and internal control (see above).

The Accounting Authority, the Board, and the audit committee are of the opinion that appropriate risk management policies and practices are in place, and that adequate systems and expertise are being applied to achieve compliance with those policies and procedures. Mechanisms for managing risk include, where appropriate, the transfer of risk to third parties (for example, through public-private partnerships), the maintenance of an appropriate mix of self-insurance and commercial insurance for risks that the organisation retains, internal controls, and business-continuity planning, amongst other things.

Additional information is provided in the Accounting Policies section of the Annual Financial Statements.

Environmental Management

The Authority abides by the National Environmental Management Act: Protected Areas Act, and the World Heritage Convention Act amongst others. The day-to-day wildlife and biodiversity management is carried out by Ezemvelo KZN Wildlife in accordance with a management agreement between it and the iSimangaliso Authority, pursuant to the regulations under the World Heritage Convention Act.

The Authority's environmental programmes conform to international best practice and are in line with the Park's inscription as a World Heritage Site, which was based on its outstanding ecological beauty and biodiversity (see above).

Social Management

The Authority has adopted Government's broad-based black economic empowerment policies and has implemented a system based on the Department of Trade and Industry's codes and, where appropriate, on the Tourism Charter. Prospective new tourism enterprises in the Park

are appraised in terms of a BEE scorecard and are required to include local communities as mandatory equity partners in their operations and as preferred service providers in their procurement plans. The Park also implements special community-development programmes.

Social and Environmental Risk

iSimangaliso is situated in an area beset with unemployment and poverty, and people living in and around the Park see it as a source of economic benefit, both directly in the form of employment, and indirectly through the use of its natural resources for income generation.

To manage this reality, the Authority implements special community-development programmes in areas such as craft production, interpretation of culture, tourism training, art, life-skills, HIV/ AIDS awareness, and entrepreneurship. It also sources people from neighbouring communities in the execution of its construction and land-rehabilitation programmes, and provides alternatives to unsustainable practices that impact negatively on the ecology.

The Authority participates actively in crime-prevention forums in the area.

At a macro level, the Authority monitors the impact of climate change on the natural resources in the Park. It has also raised funds for the improvement of the hydrology of Lake St Lucia.

Communications

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

The Authority publishes regular and fairly frequent newsflashes, in the form of electronic information sheets, which keep stakeholders apprised of developments. It also maintains a website. Public consultations and meetings are held to keep community groups, environmental NGOs, relevant public institutions and private parties informed about iSimangaliso, the challenges it faces and the activities it undertakes. Regular meetings are held with land claimants and Traditional Councils. The Authority participates in a number of intergovernmental committees and forums.

from the ceo's desk:

continued

Safety

The Authority abides by occupational health and safety laws and regulations. Staff and contractors working in the Park are trained in how to deal with dangerous game and how to use and dispose of toxic chemicals, especially in the Park's alien vegetation-clearing programme. They are also contractually obliged to conform to these prescripts.

Organisational Structure

The Authority has four operating units:

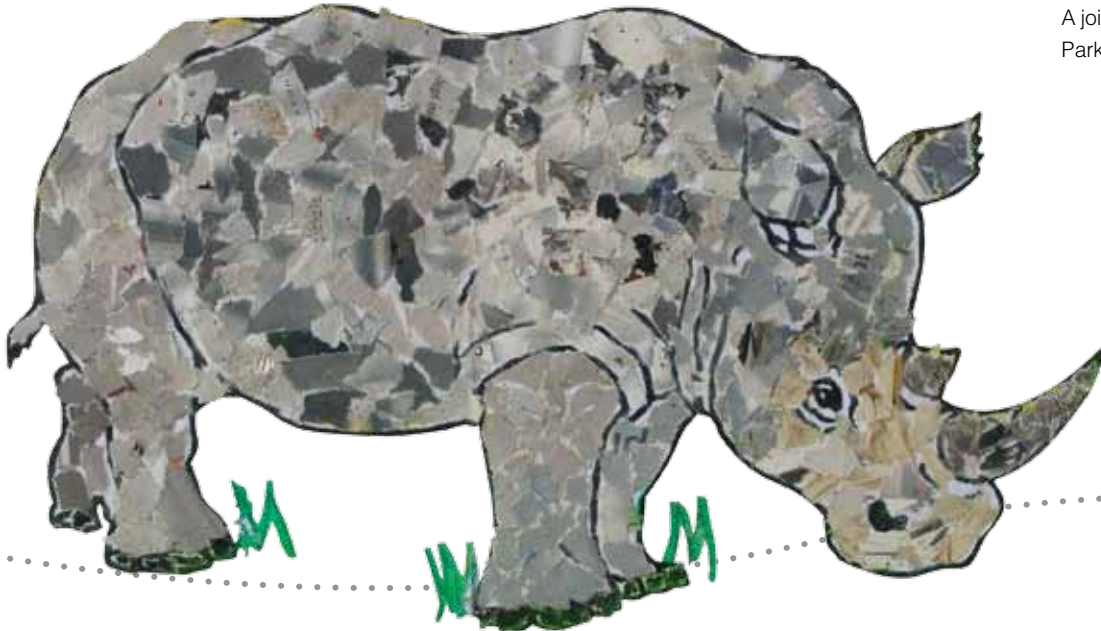
- Policy, Planning, Research and Development (PPRD)
- Park Operations
- Commercial
- Finance

These units undertake the programmes reflected in the detailed Statement of Financial Performance, namely: infrastructure, park establishment, land care, local economic development and research and monitoring.

The PPRD unit is responsible for developing sustainability strategies and for implementing training programmes for communities as well as coordinating planning and research. Park Operations establishes conservation policy, and oversees estate management and the implementation of conservation aspects of a management agreement with Ezemvelo KZN Wildlife. The Commercial unit handles tourism and related development and Finance is responsible for financial management.

All units are required to develop and implement black economic-empowerment strategies pertaining to their functional areas.

A joint management committee, representing the Authority and Ezemvelo KZN Wildlife, addresses Park management matters.



from the ceo's desk:

continued

Staff

Permanent:

- | | |
|--------------------|--|
| Basil Bafana | - Contract Manager: Commercial |
| Mike Bouwer | - Technical Manager: Park Operations |
| Terri Castis | - Chief Financial Officer |
| Debbie Cooper | - Executive Assistant: CEO |
| Lindy Duffield | - Marketing and Brand Manager |
| Nerosha Govender | - Manager: Development Planning |
| Trisha Govender | - Bookkeeper |
| Bronwyn James | - Senior Manager: Development and Planning |
| Abeeda Kadir | - Senior Manager: Finance |
| Sithembile Khumalo | - Development Facilitation Manager |
| Nonku Lafuleni | - Manager: Capacity Building |
| Siboniso Mbense | - Environmental Planner |
| Robert Mhlongo | - Area Manager |
| Siyabonga Mhlongo | - Media Officer |
| Stanley Mkhwanazi | - Assistant Contract Manager |
| Zama Mkhwanazi | - Bookkeeper |
| Bheki Mondo | - Assistant Contract Manager |
| Qiniso Mngomezulu | - Receptionist |
| Futhi Mthembu | - Bookkeeper |
| Phumudzo Munyai | - Assistant Contract Manager |
| Carl Myhill | - Manager: Land Care |
| Ntombenhle Ncwane | - Contract Manager |
| Nqobile Nene | - Finance Clerk |
| Mandisa Nkosi | - Administrator: Park Operations |
| Msizi Phakathi | - Finance Manager |
| Thandi Shabalala | - Tourism Information Officer |
| Sizo Sibiya | - Tourism Operations Manager |
| Ingelore Taylor | - Office/HR Manager |
| Minie Zikhali | - Contract Manager |

Contract:

- | | |
|--------------------|---|
| Zakithi Mngomezulu | - Technical Officer: Rural Enterprise Programme |
| Thobeka Sibiya | - Project Assistant GEF |
| Fanela Fakude | - GEF: Intern |
| Nothile Ndwandwe | - GEF: Intern |

Interns

- Bongani Gumede
Phumlani Lugagu
Nkosi Mbatha
Zweli Miya
Nosipho Ngcobo
Sifiso Vumase
Slie Msweli

Remuneration

The Authority is a total-cost-to-company employer. It is not subject to Public Service scales, and remunerates its employees in accordance with the prevailing dictates of the market. Remuneration for Board members and Board committees is regulated by directives from National Treasury. Disclosure of remuneration to managers, as required by Treasury, is made in note 15 to the Annual Financial Statements.



Gilonki Secondary

Nsombosi Primary

Kufezekile High

Echwebeni Primary

from the ceo’s desk: performance report

- This year’s highlights included:**

 - Rhino anti-poaching campaign involving some 7 000 children
 - Translocation of rhino to manage the impacts of drought
 - The rehabilitation programme for the Lake St Lucia Estuary
 - The training of 1 145 people, and the creation of some
- 1 500 direct temporary jobs and 15 direct permanent jobs
 - The participation of 94 small businesses on the iSimangaliso Enterprise Support Programme and provision of grant funding, which now stands at some R7 million
 - Support to 41 university students through the Higher Access to Education Programme
- Award of ten new bursaries and the continued support to 37 university students through the iSimangaliso Higher Education Access Programme
 - The inception of the rehabilitation programme for the Lake St Lucia Estuary (arguably one of the largest wetland rehabilitation programmes in Africa)

Park Operations

- The Authority’s primary objective is to conserve and protect the World Heritage values for which it was inscribed.

In order to do so, it has set the following short term actions:

 - Implement the Integrated Management Plan
 - Oversee the implementation of the Conservation Operational Plan
 - Implement co-management agreements/People and Parks
- Programme

 - Implement infrastructure programme
 - Maintain and strengthen stakeholder relationships

In the medium term the focus is to:

 - Establish and manage the Park as one open ecological area
 - Conserve the Park’s terrestrial, freshwater and marine biodiversity and ecological processes cost-effectively,
- while observing global best practice

 - Mitigate possible negative impacts on the Park from activities in its buffer zone, such as catchment degradation, visual impacts and loss or damage to ecological links
 - Procure funding from Government, donors, and the private sector for conservation programmes, and optimise cost recovery

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ¹	Indicator	Target FY 2015/2016	Actual
To ensure that the World Heritage values are conserved	Improved conservation of World Heritage values based on the ecosystems approach	Target for detection of poaching incidents	2 weeks	2 weeks
		Target for detection of illegal developments	48 hours	48 hours
		Target for response to EIAs and reported developments	100%	100%

¹ The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To ensure that the World Heritage values are conserved	Ensure adherence to Conservation Operational Plan and Marine Management Plan	• Report non-compliance with targets in Conservation Operational Plan and Marine Reports	<ul style="list-style-type: none">• Attend Conservation Operational Plan (COP) meetings• Review draft Conservation Operational Plan submitted by Ezemvelo KZN (EKZN) Wildlife• Approve Conservation Operational Plan• Review progress against Conservation Operational Plan and Marine Report on quarterly basis	<ul style="list-style-type: none">• Four COP progress reports received and reviewed• 4th Quarter Marine Report received and reviewed• Targets with respect to poaching, illegal development detection met
Implementation of 2015/2016 programmes supporting sustainable environmental management:	a) Effective environmental auditing	• Five environmental audits of park facilities completed	<ul style="list-style-type: none">• Develop and implement annual programme for inspection of facilities in the Park• Draft and submit reports to relevant official• Communicate findings to relevant parties and follow up as necessary	KPI met <ul style="list-style-type: none">• Five environmental audits completed to date (three in first quarter; none in second quarter, one in third quarter; one in fourth quarter)
b) Rehabilitation of degraded habitats and ecosystems	<ul style="list-style-type: none">• 15 000ha follow-up• 500ha initial clearing• Four wetlands	<ul style="list-style-type: none">• Map areas for rehabilitation• Issue rehabilitation contracts• Complete contracts for the year	<ul style="list-style-type: none">• KPI partially met• Follow up clearing target exceeded (41 618ha cleared); this is a consequence of unanticipated additional funding• Wetland rehabilitation target met• Initial clearing target not met. A decision was made not to start initial clearing because funding for follow up clearing of these areas has not been secured• Burning programme completed	
c) Game restocking with a view to re-establishing extinct populations and achieving carrying capacity	• Annual game management programme completed	<ul style="list-style-type: none">• Review schedule of game introductions and off-takes submitted by Ezemvelo KZN Wildlife• Approve schedule• Monitor implementation	<ul style="list-style-type: none">• KPI met• Schedule reviewed and signed off• Drought is deepening and has necessitated water provision for animals and translocation from uMkhuze to other sections of the Park	

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
	d) Buffer zone management	<ul style="list-style-type: none">80% applications received for buffer zone processed	<ul style="list-style-type: none">Review and respond to applications for developments in buffer zoneMaintain register of applications showing status of eachInspect buffer zone developments for compliance with Park conditionsAlert relevant authority to any non-compliance	KPI exceeded <ul style="list-style-type: none">100% of the applications were processed<ul style="list-style-type: none">29 applications received in total (four in first quarter, nine in second quarter, 11 in third quarter and five in fourth quarter)Eight unauthorised developments were processed (one in first quarter, three in second quarter, two in third quarter and two in fourth quarter)37 internal scoping reports were processed (five in first quarter, 13 in second quarter, eight in third quarter and 11 in fourth quarter)
	e) Feasibility study in respect of hydrological solution for Lake St Lucia mouth	<ul style="list-style-type: none">Implement preferred solution subject to availability of funds	<ul style="list-style-type: none">Implement EIA-type process in parallel (ie model consultation process on EIA process)Issue terms of reference for contractor	KPI exceeded <ul style="list-style-type: none">Contract awarded in third quarter, signed in fourth quarter and site establishment has been scheduled for April 2016
	Complete infrastructure programme for the 2015/2016 year	<ul style="list-style-type: none">Project programme for the year achieved	<ul style="list-style-type: none">Establish project programmeWhere required appoint contractorsMonitor constructionDecommission defunct infrastructure and rehabilitate affected areas	KPI met <ul style="list-style-type: none">Contractor appointed for the gravelling of the Bhanga Nek road from Siyadla Bridge; construction completedFutululu fence construction commenced in November 2015; 35km have been completedContract for R40m awarded for rehabilitation and maintenance of roads in Eastern and Western Shores; work is underwayContract for R109m awarded for rehabilitation of roads in uMkhuze; work is underwayFacilities contract issued for uMkhuze section of the Park; tenders closed and adjudication in processEIA process for Sodwana Bay day-visitor facilities submitted; decision awaited from the Department of Environmental AffairsPlanning for St Lucia precinct completedSignage contract on hold pending resolution of quality issues and specifications. Temporary signage erected to manage any risk associated with same. Signage schedules for Eastern shores and uMkhuze sections have been completed. St Lucia section schedules in progress

Transformation

Transformation is regarded as a cross-cutting objective by the Authority. In other words each unit is therefore required to develop an implementation plan in response to the organisation's strategy for transformation. The aim is to optimise empowerment in all activities of the Park, and thereby to support the transformation of tourism, conservation, and

research through ownership, education, training and job creation.

The short term actions are:

- Creating temporary and permanent jobs
- Implementing and/or supporting local economic

development programmes such as craft, arts, enterprise development and tourism skills

- Supporting and developing links to markets

In the medium term, securing funding for these initiatives from Government, donors and the private sector is key.

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ²	Indicator	Target FY 2015/2016	Actual
To optimise empowerment in all activities of the Park in a way that will improve the livelihoods of historically disadvantaged individuals and communities living adjacent to the Park through job creation and procurement	Improved access to work and income generating opportunities	Creation of temporary jobs (direct and indirect)	1 530	1 547
		New permanent jobs (direct and indirect) from Park-related activities	10	15
		Increase number of BEE SMMEs (ownership in business 40% or more) through iSimangaliso programmes	50	94
		BEE procurement as percentage of qualifying expenditure ³	71	93

² The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

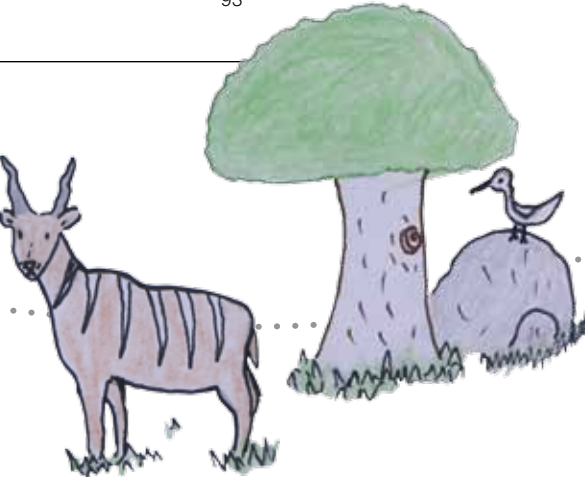
³ Qualifying expenditure is expenditure on non-state agencies.



SH Gumedede

Makhaya High

Khathazile Primary



Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To optimise empowerment in all activities of the Park	Temporary and permanent jobs for land claimants and communities	<ul style="list-style-type: none">1 500 temporary jobsTen permanent jobs	<ul style="list-style-type: none">Job creation opportunities within operations and projects in the Park have been identified in the following projects:<ul style="list-style-type: none">Alien clearingConstruction of infrastructureMaintenance and facilities managementIncorporate targets for job creation in third-party agreements (eg contractors)Assist with selection processes for contractor labourMonitor compliance of third parties with contractual targets	<ul style="list-style-type: none">KPI exceeded1 547 temporary jobs15 permanent jobs
	Completion of training programmes for communities living in and adjacent to the Park	<ul style="list-style-type: none">400 people trained50 SMMEs supported14 interns	<ul style="list-style-type: none">These areas have been identified for capacity building in this financial year:<ul style="list-style-type: none">ConstructionLeadershipAdministrationEnterprise developmentIdentify participants/participant groupsComplete skills audits as required by donorsAppoint service providersVet the design training programmesMonitor the implementation of training programmes	<ul style="list-style-type: none">KPI exceeded1 425 people trained94 SMMEs supported41 students were supported during the year. Of these 12 graduated, three were withdrawn due to poor academic performance, and ten joined the programme in 2016. As at March 2016, 26 students remain on the programme. 11 students participated in workplace experience in the second quarter. Bursary presentations were made to schools for the 2017 recruitment13 interns supported (one was offered permanent employment by an external company (to December 2015, the end date of the Groen Sebenza programme). Thereafter two of the interns have received permanent appointments, and nine have received one year contracts with iSimangaliso to conclude their work-place experience

Commercialisation

The objective for the commercialisation programme is to optimise the Park's revenue generation in an environmentally- and commercially- sustainable manner that fosters job creation and empowerment of historically disadvantaged communities.

The Authority has set the following short term actions to achieve this:

- Redevelop selected existing and new facilities in the Park

based on demand and supply factors, through PPPs or own funds, with particular emphasis on community ownership

- Tender a range of activity concessions
- Improve day-visitor facilities
- Implement the marketing and branding strategy for the Park
- Maintain an effective system for monitoring concessions

In the medium term, it is important to:

- Procure funding from government, donors and the private sector to fully implement the long term plans and optimise cost recovery
- Strive for optimal community beneficiation
- Increase relatively risk-free income streams for the Park
- Optimise equitable access

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ⁴	Indicator	Target FY 2015/2016	Actual
To optimise the Park's revenue generation in a commercially- and environmentally- sustainable manner, that fosters job creation and empowerment of historically disadvantaged communities	Improved financial sustainability	Increase revenue	R16,0m	R18,5m
		Increase in visitor numbers	533 451	537 173

⁴ The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Nontshwiliza Primary

Nqobizizwe Primary

Bhekamangwane Primary

kwaGiba High

Nkomo Primary



Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To optimise the Park's revenue generation in a commercially- and environmentally-sustainable manner, that fosters job creation and empowerment of historically disadvantaged communities	Increased revenue and visitor numbers to the Park	<ul style="list-style-type: none">2% increase in commercial revenue to the Park off 2013/14 base	<ul style="list-style-type: none">Product development<ul style="list-style-type: none">Reinvestment in state-owned facilities (Charters Creek)Community-owned projects (uMkhuze/Bhangazi)Facilities – regularisation/ incorporationActivities:<ul style="list-style-type: none">Regularisation/re-tenders emphasis on mandatory partner ventures (CFR 14/15 issue 2-year permit)Coastal hikingContract compliance/contract managementAnnual review of Park pricing	<p>KPI exceeded; revenue grew 55% off 2013/14 base. This is a result of tariff restructuring and the introduction of an overnight levy of R5 per person per night</p> <ul style="list-style-type: none">Product development<ul style="list-style-type: none">Drawings for Charters Creek complete; tender in abeyance pending approval of business plan changes from funder and application for additional funding to a second funder viz. National Department of TourismCommunity-owned projects – Bhangazi Heritage Site; EIA being completed by developerOne facility identified for incorporationOne activity licence renewedRegularisation of CFR activities included in park-wide tender; RFP drafting initiated in fourth quarterCoastal hiking – ad hoc permits issuedContract compliance/contract management<ul style="list-style-type: none">Ten warning and non-compliance letters issuedAnnual review of Park pricing – discussions held; pricing schedule to be finalised ahead of November (industry price change month)
		<ul style="list-style-type: none">Maintain visitor numbers at the level of 2013/14	<ul style="list-style-type: none">Implement the annual marketing plan which includes the following for the year:<ul style="list-style-type: none">Events:<ul style="list-style-type: none">Eco-series – additional twoFishing competitions (major competitions only)Consumer showsAdvertorialsEditorialsMedia junkets	<p>KPI exceeded; 1% increase on visitor numbers from FY 2013/14, studies indicate that there has been growth in the international tourism market which is now approximately 42% (previously between 20 and 30%)</p> <p>Implementation of marketing plan has proceeded as follows:</p> <ul style="list-style-type: none">Events – St Lucia Half Marathon successfully concluded (hosted eNCA TV and Sunday World print media); MTB event completed 20-23 August; Sodwana Bay Shootout photography competition in October; Beach Walk – trial eventFishing competitions – Three were approved and hostedConsumer shows: Getaway Show in Johannesburg attended 29-31 August along with licensed operators, campaign extended from Ten Jewels to include the Eco-series; Argus Lifestyle Show (3-5 March) in conjunction with the Department of Environmental Affairs' Boundless Southern Africa promotionAdvertorials: Submerge magazine for the Shootout Photography event; Tsonga Shoes destination campaignMedia junkets/Editorials: Pre-publicity for the MTB concluded (MTB promotional ride – hosted Jacques Marais – launched social media and print media campaign; MTB promotional ride – hosted opinion makers, bloggers, trend-trackers and influencers Andy Carrie and Dane Forman);

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
				<p>Supersport production crew on MTB for Supersport insert; eNCA on MTB for news and document reporting on MTB event; Africa Geographic CEO Simon Epsley on MTB event for Africa Geographic feature article; Ukhozi FM, ECR, Code Green TV 2, City Press, Beeld, Zululand Observer, The Times, Daily Sun, Isolezwe, Illanga for World Rhino Day; Country Life Magazine; Jacques Marais was hosted to cover various iSimangaliso stories including Runners World, Getaway Magazine; Stefan Jaeggi, deputy editor of Switzerland Travel Trade Magazine Travel Inside; 50/50 Nguni TV; Safaritalk online website and blogger Mathew Wilkinson; Vrydag-4-uur DSTV show hosted –episode to air in January 2016, second episode possible; Getaway June 2015 (Scott Ramsay); Mountain Bike Magazine Sep 2015 (Jacques Marais); Getaway Jan 2016; Africa Geographic Nov 2015 (Simon Epsley); Lake Update and signing of estuary rehabilitation contract (Mercury, Farmers' Weekly, Witness, City Press, Citizen, Beeld, Sunday Tribune, Daily News, Zululand Observer, eTV); MTB 4-Day Ecosystems (Getaway Magazine, Cape Times, Nightjar Travel, SAFM Radio); turtle hatchlings (Highlife Magazine, Vrydag 4uur, Code Green TV; Sodwana Shoot-out (Indwe, traveller24 news)</p> <ul style="list-style-type: none">Trade tours – German based tour operator DERTOUR in conjunction with in-bound operator Tourvest TWS hosted German travel agents on Park orientation and site inspection
	<u>Day-visitor facilities</u> <ul style="list-style-type: none">Improvement of Park facilities (refer <i>infrastructure section</i>) Sodwana Bay focus areaDay-visitor management plans and controls – Sodwana Bay focus <u>Service levels</u> <ul style="list-style-type: none">Implement mystery guest programme for the year with a view to assessing and improving service levelsMarket surveys at gates			<u>Day-visitor facilities</u> <ul style="list-style-type: none">Refer <i>infrastructure</i>Pilot visitor-management plan tested during the December holiday season <u>Service levels</u> <ul style="list-style-type: none">14 mystery guests (of which seven in first quarter, three in second quarter, three in third quarter, one in fourth quarter) – the challenge has been to find qualified people to do "diving mystery guests")Three market surveys completed

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
		<ul style="list-style-type: none">Complete facilities management and maintenance programme on budget and within timeframes	<ul style="list-style-type: none">Identify maintenance requirements and effect maintenanceMonitor maintenance/facilities management contracts	<ul style="list-style-type: none">Preventative maintenance incorporated in the infrastructure programme for the year; minor maintenance such as oiling of decks is incorporated into the facilities management contract and is undertaken on rotation and reported on a monthly basis
To interpret and present the World Heritage values among stakeholder groups	Implementation of the annual communication/PR programme in respect of environmental education with schools	<ul style="list-style-type: none">2 700 children participate in environmental awareness programme/tours/park activities40 schools participate in school awards programme	<ul style="list-style-type: none">Design course material for enviro awarenessIdentify participants/tutors/guidesConduct roadshow with schools in respect of 2015/16 awardsHost school awards event	KPI exceeded <ul style="list-style-type: none">Environmental Awareness – 7 470 children<ul style="list-style-type: none">25 hosted environmental education trips with 400 learners and 50 educators101 unsolicited school trips undertaken in Park (of which 28 in quarter 1, 45 in quarter 2, 23 in quarter 3, and five in quarter 4)School Awards – 75 schools participated<ul style="list-style-type: none">75 schools participated in Rhino Walk School Awards programme – the increased number of schools was made possible because of additional funding through partnership with Kingsley Holgate Foundation, Wildlands Trust, African Conservation Trust and othersSchool Awards event hosted on World Rhino Day
	Implementation of annual communication/PR programme in respect of land claimants/traditional councils	<ul style="list-style-type: none">12 workshops conducted	<ul style="list-style-type: none">Agree plan for the yearImplement programme	KPI exceeded <ul style="list-style-type: none">30 workshops/meetings/awareness events held – decision was made internally to step-up communication as part of the relationship management and building
	Implementation of annual communication/PR programme in respect of environmental, government and groups other than local community	<ul style="list-style-type: none">24 newflashes emailed	<ul style="list-style-type: none">Maintain newflash databasePrepare and send newflashesUpdate websiteIntroduce social media	KPI on track <ul style="list-style-type: none">Newflash database maintenance ongoing with 15 085 subscribers25 newflashes released (of which five in first quarter, nine in second quarter, five in third quarter, six in fourth quarter)Website updates ongoingSocial media active with 3 790 followers on Facebook and 1 912 Twitter followers (increase from previous quarter)

Finance and Administration

The Authority maintains high standards of internal control in order to ensure that its operations are properly funded, cost-effective, and effectively monitored. This requires the full, accurate and prompt reporting of accounting, management and statutory information. It strives to cultivate an environment that will attract and retain the best people to deliver its strategy. The Authority's strategic and operational decisions are rooted, inter alia, in sound scientific and social research.

- To this end, it has set the following short term actions to ensure that research is relevant to Park management:**
- Ongoing management of a research committee to approve all research in the Park
 - Identification of research and policy needs in the Park and formulation/implementation of same
 - Improve the quality, relevance and number of social

research projects (presently focus is natural science)

- Find financially sustainable ways of funding and implementing climate change research

On the financial and human resources fronts, short term actions include:

- Ensure good financial planning
- Procure requisite short term funds
- Maintain efficient treasury operation
- Maintain sound internal controls
- Facilitate good corporate governance
- Ensure the proper and effective custody of assets
- Produce accurate, timely and meaningful reports
- Ensure compliance with the PFMA and the World Heritage Convention Act
- Obviate audit qualifications and adverse audit reports

- Implement the employment-equity policy
- Implement the succession-planning programme
- Develop and institute training programmes
- Recruit and appoint key unfilled posts

In the medium term the following aims have been prioritised:

- Transform the Park's research sector
- Review the Integrated Management Plan in accordance with the requirements of the Protected Areas and World Heritage Convention Acts
- Procure funding from Government, donors, and the private sector for research programmes
- Strive for optimal revenue generation and cost recovery
- Become an “employer of choice”

The following tables summarise the performance against objectives for the year ended March 2016:

Objective	Outcome ⁵	Indicator	Target FY 2015/2016	Actual
To ensure that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information	Effective financial management	Unqualified audit opinion	✓	✓

⁵ The activities that will be undertaken in order to achieve the outcome are detailed in the annual plan of operation set out in Annexure 1.

Strategic Objective	Outputs	Key Performance Indicator	Activities	Progress/Challenges/Corrective Actions
To make research relevant to Park management and transform the research sector in the Park	Research reports	<ul style="list-style-type: none">Quarterly reports tabled	<ul style="list-style-type: none">Identify research needs in the ParkApprove relevant research via research committee and/or commission research directlyTable quarterly recommendations to EXCO	KPI met <ul style="list-style-type: none">43 research applications received (of which 16 in first quarter and three in second quarter, 22 in third quarter, and two in fourth quarter)40 research applications approved (of which 15 in first quarter and three in second quarter, 20 in third quarter, and two in fourth quarter)Five applications not approved (one in first quarter, two in third quarter, and two in fourth quarter)
To cultivate an environment that will enable iSimangaliso to attract, develop and retain the best people to deliver its strategy. Position iSimangaliso as an employer of choice	Maintain appropriate staffing and skills levels	<ul style="list-style-type: none">80% retention of staff	<ul style="list-style-type: none">Source appropriate training materials/trainersImplement second phase of training programme	KPI met
To ensure that iSimangaliso's operations are properly funded and cost-effectively managed while maintaining an appropriate system of internal control and reporting of accounting, management, and statutory information	Clean external audit opinion	<ul style="list-style-type: none">Tabling of annual report on or before 31 August in Parliament	<ul style="list-style-type: none">Preparation and submission of monthly and quarterly financial and progress reportsPreparation and submission of reports to other external bodies including World Heritage/ UNESCOCompletion of two internal audits without significant findings and resolution of audit queries and follow-up itemsPreparation of annual financial statements by end May 2015Review policies as necessary and secure board approval	KPI met <ul style="list-style-type: none">Annual financial statements submitted on due date in May 2015; audit completed; annual report tabled end August in Parliament

from the ceo's desk:

continued

Review of operations and financial position

Accounting revenue for the year increased by 47,3% (2013/14: 8,7%), from R126,4m in 2015 to R186,2m, due mainly to an increase in project-related grants of R54,7m (2014/15: R34,1m) and of park revenue of R2,7m (2014/15: R3,9m).

Expenditure increased by 6,7% (2014/15: 8,2%), from R116,0m to R123,8m in the current year. The major contributors to the net increase of R7,7m (2014/15: R9,0m) were project costs (R5,1m), legal fees (R1,1m) and professional fees (R1,7m). The increase in professional fees was associated with the rehabilitation project for the St Lucia Estuary. These increases were offset by a reduction in personnel costs which was largely a function of recoveries from projects (R0,9m).

The year's surplus was R62,4m compared to R10,3m in the previous year. This surplus is the result of the application of GRAP23, which requires that capital grants be recognised as revenue in the statement of financial performance. The expense is reflected in the statement of financial position under property, plant and equipment. It is an accounting surplus rather than an actual surplus.

Two contingent liabilities have been disclosed in Note 16 to these financial statements. These are:

- Sanyati, in the amount of R12,0m. Sanyati was contracted by iSimangaliso to construct day-visitor facilities in the Park. The contract required Sanyati to commit to certain labour targets, which it did not achieve. iSimangaliso levied penalties on Sanyati in terms of the contract [amounting to R11,9m]. In mid-2012, Sanyati began liquidation proceedings. The liquidators have lodged a dispute relating to these and other penalties. The last communication from the liquidators was in June 2015. In our view the debt has probably prescribed
- Siyaqubeka Forests (SQF; a subsidiary of Mondi), in the amount of R35,1m. SQF issued a summons in 2015 in respect of a 2012 fire that caused damage to certain of their plantations. The initial amount of the summons was R15,0m, which was revised during the course of the financial year to R35,1m. The Authority is opposing this claim. Court proceedings are in their early stages and iSimangaliso's liability, if any, has not yet been determined

In cash terms, R168,7m of grants and other revenue were received in 2015/16; R61,6m less than the R230,3m received in the preceding year. Disbursements to suppliers and employees decreased, from R93,5m in 2014/15 to R66,4m in 2015/16. Net capital expenditure in 2015/16 was R73,8m compared with R27,5m in 2014/15 as the pace of projects' roll-out increased.

Overall, cash and cash equivalents increased by R29,0m, from R271,6m at the end of the 2014/15 financial year to R300,6m at the end of the year under review.

Property, plant and equipment increased by R55,4m in the current financial year, compared with an increase of R6,3m during the previous year.

Total net assets increased by R62,4m, from R381,8m at the end of 2014/15 to R444,2m at the end of the year under review.

Materiality and significance framework

A materiality-and-significance framework has been developed as a benchmark against which to report losses through criminal conduct and irregular, fruitless and wasteful expenditure as envisaged in section 54(2) of the PFMA. The framework was reviewed by the external auditors.

Commercialisation

The iSimangaliso Authority has a commercialisation strategy that includes the improvement of existing public-access facilities and the tendering of tourist-accommodation and tourism-activity concessions to private parties. Typically, the accommodation facilities fall within the scope of the PPP provisions under the PFMA, but this is not always the case. As far as possible, the iSimangaliso Authority aims to transfer operating, infrastructure and environmental risk to the private party on all such projects and to secure value-for-money for itself. Value-for-money may include, amongst other things, financial return, the empowerment of people from local communities and affordable public access.

Events subsequent to the reporting date

There are no significant events subsequent to the reporting date.

from the ceo's desk:

continued

Looking Ahead

While the medium term aims of the Authority have been mentioned in earlier sections of this report, attention must be drawn to the more critical areas for delivery in the years ahead:

- With respect to environment: the restoration of the hydrology of the Lake St Lucia Estuary. The research and first phase of implementation in respect of this rehabilitation programme have been completed. The solution requires the removal of significant quantities of dredge spoil to enable the Lake St Lucia Estuary mouth and the Umfolozi River to operate as they did prior to human intervention. Some 80 000 people, who live within 15km of the estuary, are reliant on it for subsistence use and livelihoods. It is also vital for commercial fisheries and the local tourism industry. If the hydrology of the system worsens, the impacts on the lives, especially of people who live on the margins, will likely be devastating
- With respect to social and economic transformation: delivery of economic benefits and skills development to improve social resilience in the face of, inter alia, climate change. A number of tourism-accommodation projects are being scoped for development at present. Their success is contingent on the ability of the Authority to raise funding to finance the community's share of equity. Just as important, is the identification of sustainable financing schemes for skills-development programmes such as the bursary programme, the entrepreneurship programme, arts and culture programmes and leadership training. The inculcation of a spirit of self-determination is fundamental

Critically, the Authority must find ways to make iSimangaliso relevant to the many people who live around it. Global conservation will stand or fall on our ability to move beyond the view that parks are merely sources of consumptive and extractive use. For wild places to continue, we have to begin to recognise their real value – the contribution to our souls.



Andrew Zaloumis
CEO and Accounting Authority
29 July 2016



Mabandleni High

Ophansi Primary

Benjobe Primary

Lifaletu High

Mankenke Primary



Egujini Primary

Ntsinde High

Ubombo Primary

general information

Legal form of enterprise:
Established by Regulation 1193 of 24 November 2000, under the World Heritage Convention Act 49 of 1999. The iSimangaliso Wetland Park Authority is a Schedule 3A Public Entity.

Nature of business:
The iSimangaliso Authority's business is to conserve the iSimangaliso Wetland Park and to create jobs and benefits for communities living in and adjacent to the Park through optimal tourism-based development. iSimangaliso is therefore in the business of conservation, local economic development and tourism.

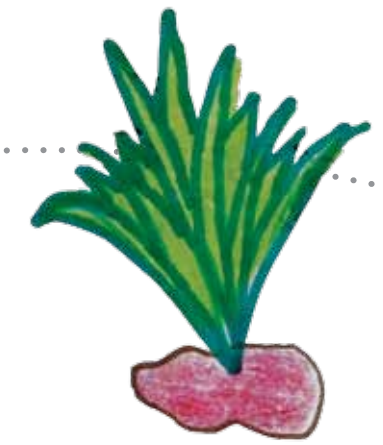
Country of incorporation:
South Africa

	Total	Permanent	Temporary	Contract	Interns
Number of staff:	41	30	0	4	7

Address:
The Dredger Harbour, St Lucia
Private Bag X05, St Lucia 3936
Telephone: +27 (35) 590 1633
Telefax: +27 (35) 590 1602
www.iSimangaliso.com

Mangwazana Secondary

Ogazini Primary





Mtwazi Combined

Sandlasenkosi Secondary



approval of the financial statements

The annual financial statements set out on pages 41 to 76 have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 2 and 5 issued by the ASB in March 2009 and April 2010. The annual financial statements have been prepared on the historical cost basis.

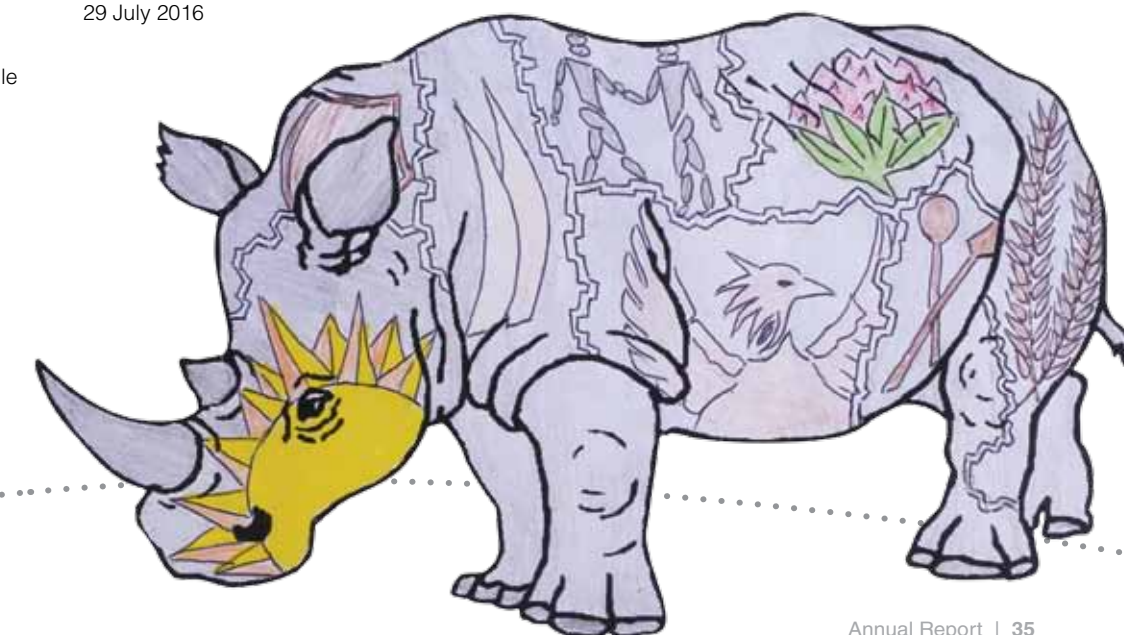
The Accounting Authority is responsible for the manner of presentation of the financial statements, the selection of accounting policies and the integrity of the financial information. He is advised in this regard by the Board. The accounting policies have been approved by the Accounting Authority and the Board.

The Accounting Authority and the Board are satisfied that the organisation has maintained a system of internal control designed to provide reasonable but not absolute assurance that the assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The control system includes written accounting and control policies and procedures, clearly drawn lines of accountability and delegations of authority. All employees are required to maintain the highest ethical standards in ensuring that the organisation's business practices are concluded in a manner which, in all reasonable

circumstances, is above reproach. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits. The organisation maintains its internal control through, amongst other things, management review and a programme of internal audits.

The annual financial statements for the year ended 31 March 2016 set out on pages 41 to 76, have been approved by the Accounting Authority (the Chief Executive Officer) and the Board and are signed to that effect.

A Zaloumis
Accounting Authority
29 July 2016



iSambulo Primary

report of the auditor-general to parliament

on the iSimangaliso wetland park authority for the year ended 31 march 2016

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the iSimangaliso Wetland Park Authority set out on pages 41 to 73, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as 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 these financial statements based on my audit. I conducted my audit in accordance with 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 audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iSimangaliso Wetland Park Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for objective 1: conservation and park operations on pages 18 to 20 and objective 2: research and development on pages 27 to 28, presented in the annual performance report of the entity for the year ended 31 March 2016.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable,

report of the auditor-general to parliament

continued

specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.

10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not raise any material findings on the usefulness and reliability of the reported performance information for the two selected objectives.

Compliance with legislation

12. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

14. I draw attention to the following engagement that could potentially have an impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of this engagement that has been completed.

Audit-related service and special audits

15. An agreed-upon procedures engagement was performed on donor funding relating to non-financial information as stated in the memorandum of agreement between the entity and the donor. The report was issued on 25 March 2016 covering the period; 1 July 2013 to 31 November 2015.

Auditor-General

Auditor-General
Pietermaritzburg
29 July 2016



Ozaŋbeni Primary



Manziŋbomvu Primary

report of the audit committee



We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee members and attendance:

The audit committee consists of the members listed hereunder and meets at least twice per annum as per its approved terms of reference. During the current year three meetings were held.

Name of Member	26 May 2015	28 July 2015	18 March 2016
L Quayle (Chairperson)	✓	✓	✓
ME Stewart	✓	✓	✓
P Dlamini (term ended Aug 2016)			
K Mathebula (term ended Aug 2016)	✓	✓	
B Schreiner (term started Sept 2016)			
S Roopa (term started Sept 2016)			✓

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from sections 51 and 55 of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

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.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The quality of the monthly/quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the iSimangaliso Wetland Park Authority during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority
- Reviewed the Auditor-General's management letter and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit

The Audit Committee accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Chairperson of the Audit Committee
29 July 2016

Nhlambanyathi Secondary

Esiphahleni Primary



Moses Zikhali Secondary

Mbazwana Primary

Mpiyakhe High

Qongwana Primary

Othingwini Primary

accounting policies

for the year ended 31 march 2016

1. Basis of preparation

- 1.1 The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines, and directives issued by the Accounting Standards Board and the Public Finance Management Act (Act No.1 of 1999).
- 1.2 The Cash Flow Statement is prepared using the direct method.
- 1.3 Specific information such as receivables from non-exchange transactions (including taxes and transfers), taxes and transfers payable, and trade and other payables from non-exchange transactions, are presented separately on the Statement of Financial Position.
- 1.4 Assets, liabilities, revenues and expenses have not been offset, except where it is required or permitted by a Standard of GRAP.
- 1.5 The amount and nature of any restrictions on cash balances are disclosed in Note 4 only in instances where there are restrictions.
- 1.6 The financial statements have been prepared on the historical-cost basis. There are no fair-value adjustments.
- 1.7 The Authority's continuing operations are reliant on the ongoing financial support of Government. These financial statements are prepared on the going-concern assumption which, amongst other things, implies that Government will continue to provide iSimangaliso with adequate grants.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

2. Currency

These financial statements are presented in South African rand, which is the currency in which the majority of the entity's transactions are denominated.

3. Revenue recognition

Revenue comprises revenue from exchange and non-exchange transactions. Exchange transactions involve the receipt of assets or services, or extinguishment of liabilities in exchange for which the Authority renders services, sells goods, or permits the use of an Authority asset. Non-exchange transactions involve the receipt of value by the Authority without the Authority giving approximate equal value in return.

3.1 Revenue from Non-Exchange Transactions

3.1.1 Grants and other donor income and donations

- Conditional government grants and other donor funding are recognised as revenue:
- In the period in which the revenue is receivable when the grants are not subject to restrictions or conditions
 - In the period in which the revenue is receivable when the grants are subject to restrictions but not subject to conditions
 - Incrementally against expenditure when the unspent portions of the grants must be refunded if the grant conditions are not met. A liability is raised in respect of the grant
 - On project completion when the grants must be refunded in full if the grant conditions are not met. A liability is raised in respect of the grant

3.1.2 Interest earned on grant income

Interest earned on grant monies received is reflected as "amounts owing to donors" in cases where specific permission is required from the donor before it can be expended on project activities. When approval is granted, interest earned is transferred to conditional grants and recognised as revenue in accordance with the principles set out in the paragraphs above.

- 3.2 Revenue from Exchange Transactions
- 3.2.1 Park revenue
- Park revenue comprises inter alia fees for tourism activities operated for gain by private parties in the Park, gate-entrance fees, and events and filming. Park revenue is recognised when it is probable that the economic benefits will flow to the Authority and when the revenue can be reliably measured.
- 3.2.2 Administration fees
- Administration fees from the management of projects are recognised on a straight-line basis over the specific period in which the service is rendered.
- 3.2.3 Interest (other than grant-related interest)
- Interest is recognised when it accrues using the effective-interest-rate method.
- 3.2.4 Bid and tender fees
- Bid and tender fees are recognised when they accrue.
- 3.2.5 Income received in advance
- Fees for commercial activities (refer 3.2.1) are due in advance. Invoices are raised in respect of such fees in the last week of the preceding month in cases where there is a regular monthly charge and in advance of an ad hoc activity. The fees are recognised as income in advance and transferred to income received on the first day of the month.
4. Irregular, unauthorised, fruitless and wasteful expenditure
- Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation. Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised. Irregular, unauthorised or fruitless and wasteful expenditure is recognised against the specific class of events to which it relates and, if and when incurred, is disclosed in a note to the financial statements when it has been identified.
5. Property, plant and equipment
- Property, plant and equipment are stated at historical cost or, in the case of assets taken over from other public entities, at estimated replacement value, which is fair value less

depreciation, adjusted for any impairments on initial recognition, and thereafter at cost. Depreciation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as follows:

Buildings and structures	30 years except for park homes depreciated over 10 years
Roads and bridges	20 years
Fences	15 years
Dams, reservoirs and boreholes	15 years
Motor and other vehicles	5 years
Computer equipment	3 years
Office equipment	3 years
Furniture and fittings	10 years
Operating equipment	2 years

Expenditure on major improvements and additions to tangible property, plant and equipment is capitalised on the basis of measured work completed. Incomplete construction projects are shown at cost of materials and other direct costs.

Land, over which the Authority has custodial rights and responsibilities, belongs to the state or other entities. No value is therefore ascribed to it in the financial statements.

The depreciation charge is based on the componentisation approach where appropriate. Where the assessment of useful life is the same, or the cost component is not a significant proportion of total cost, assets are not componentised.

The useful lives of property, plant and equipment and their residual values are reassessed at the end of each financial year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (ie impairment losses are recognised).

Assets are derecognised when no future economic benefits or service potential can be derived from them. The gains or losses (ie the difference between any proceeds and the asset's carrying value) are recognised in the Statement of Financial Performance.

6. Intangible assets
- Intangible assets are stated at cost at recognition and thereafter at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life of three years.

Management exercises its judgement when classifying intangible assets by taking into consideration whether or not these are integral to the hardware or machinery with which they are associated.

Expenditure is capitalised until the asset is used as originally intended, whereafter all marketing-related expenditure is expensed.

Assets are derecognised when they are disposed of or there are no future economic benefits or service potential to be derived from them. The gains or losses (ie the difference between any proceeds and the asset's carrying value) are recognised in the Statement of Financial Performance.

7. Investment property
- The Authority holds investment property in order to generate fees. It grants use-rights to third parties through private-public-partnership (PPP) agreements. Typically these PPPs transfer operational and business risk to the third party. The third party is required to insure and maintain the underlying assets and pay a PPP fee to the Authority for the use-rights.

With the exception of three properties, the properties are all managed by Ezemvelo KwaZulu-Natal Wildlife, directly or through subcontractors. The Authority does not charge Ezemvelo KZN Wildlife a PPP fee.

Investment property is stated at historical cost at recognition, as fair value cannot be reliably determined because there are no comparable market transactions, and thereafter at cost. The willing-buyer-willing-seller principle cannot be applied because of restrictions emanating from the World Heritage Convention Act. Nor is it possible to provide a range of estimates within which fair values may lie.

Depreciation is calculated on the straight-line method to write off the cost of each asset to

its estimated residual value over its estimated useful life, which is taken to be 30 years.

Transfers to and from investment property are made when there is a change in use. Investment properties are derecognised when they are permanently withdrawn from use. Gains or losses arising from derecognition are recognised in the Statement of Financial Performance.

The Authority maintains a register of investment property.

8. Impairments
- 8.1 Impairment of Non-Cash-Generating Assets
- The Authority assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Authority estimates the recoverable amount of the individual asset or, where this is not possible, it assesses the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount an impairment loss is recognised.

The Authority also assesses, at each reporting date, impairment losses recognised in prior periods. Where the impairment losses no longer exist or have decreased, the Authority estimates the recoverable amount. A reversal of the impairment loss is recognised where the revised carrying amount (ie the carrying amount after the impairment loss is reversed) is higher than what the carrying amount would have been had no impairment loss been recognised in prior periods.

- 8.2 Impairment of Cash-Generating Assets
- The Authority assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Authority estimates the recoverable service amount of the asset or, where this is not possible, the recoverable service amount of the non-cash-generating unit to which the asset belongs.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating

asset is the present value of the asset's remaining service potential. If the recoverable service amount of an asset is less than its carrying amount an impairment loss is recognised.

The Authority also assesses, at each reporting date, impairment losses recognised in prior periods. Where the impairment losses no longer exist or have decreased, the Authority estimates the recoverable service amount. A reversal of the impairment loss is recognised when the revised carrying amount (ie the carrying amount after the impairment loss is reversed) is higher than what the carrying amount would have been had no impairment loss been recognised in prior periods. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

9. Leases

The Authority has no financial leases. Lease payments in respect of its operating leases are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

10. Financial instruments

10.1 Recognition

Financial instruments are recognised on the Statement of Financial Position when the Authority becomes a party to a contract which gives rise to a financial asset or financial liability.

10.2 Financial assets

10.2.1 Measurement

Financial assets are measured initially at fair value and thereafter at amortised cost less any adjustments for impairments. Fair value is deemed to be the nominal value or transaction proceeds. Amortised cost is deemed to be the nominal value except in instances where the difference between the carrying value and the net present value is material. In such instances the amortised cost is determined by adjusting the nominal value using the effective-interest method.

10.2.2 Impairment

At each reporting date management assesses whether there is any objective evidence of impairment of a financial asset. Such evidence would include financial difficulty of the debtor, non-payment, or the probability of the debtor's bankruptcy. The carrying amount is reduced in instances where it is material.

10.2.3 Derecognition

Financial assets are derecognised when the contractual right to the asset has expired.

10.2.4 Categories of financial assets

The principal financial assets are loans and receivables. These are non-derivative financial assets with fixed or determinable payments. They comprise:

10.2.4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits in the Authority's name with First National Bank.

10.2.4.2 Receivables

Receivables include trade debtors, project advances, deposits and conditional grants. The receivables, other than deposits, are short term in nature. Deposits are discounted only in instances where the effect is material.

10.3 Financial liabilities

Financial liabilities are recognised when the transaction is entered into. The Authority's financial liabilities comprise trade creditors, accrued expenses, amounts owing to donors, project advances, accruals, retentions, amounts owing to SARS and non-interest-bearing deposits from concessionaires and licencees. Amounts owing to donors comprise interest earned on grant funding for which permission must be obtained for disbursement on the related project costs, whereupon the amounts are transferred to conditional grants.

10.3.1 Measurement

Financial liabilities are measured initially at fair value and thereafter at amortised cost less any adjustments for impairments. Fair value is deemed to be the nominal value or transaction proceeds. Amortised cost is deemed to be the

nominal value except in instances where the difference between the carrying value and the net present value is material. In such instances the amortised cost is determined by adjusting the nominal value using the effective-interest method.

10.3.2 Derecognition

Financial liabilities are derecognised when the contractual obligation has been discharged, cancelled or expired.

10.3.3 Categories of financial liabilities

The principal financial liabilities are payables and inter-company loans. These are contractual obligations in respect of goods or services. They comprise:

10.3.3.1 Payables

Payables include trade creditors, accruals, amounts owing to donors, retentions, levies payable, concessionaire's performance bonds and deposits on staff housing. The payables, other than retentions, concessionaires' performance bonds and deposits, are short term in nature. Retentions and deposits are discounted only in instances where the effect is material.

10.4 Risk associated with financial instruments

10.4.1 Credit risk

The Authority's trade debtors are other government agencies and private-sector entities, primarily licencees and concessionaires. In respect of government and other donor agencies, in general, the Authority enters into arrangements or agreements that include a mobilisation allowance or upfront payment to mitigate against risk of non-payment. No collateral is held in respect of this debt. In respect of the private sector, the Authority vets the financial strength of the private party prior to contracting with it. After a contract is entered into, the Authority secures performance bonds or deposits of not less than two months' fees as collateral and if deemed necessary sureties are secured from the principals. Fees are payable in advance. Non-payment results in immediate suspension of use-rights.

10.4.2 Liquidity risk

The Authority has sufficient funds to service its financial liabilities. Its policy is to pay all creditors within 30 days. It raises accruals in respect of all amounts due and conducts monthly cash flow analyses to ensure that it always has adequate funds to cover its liabilities.

10.4.3 Currency risk

From time to time the iSimangaliso Authority receives foreign grants. The Authority transfers currency risk to the donor. Where this is not possible it contracts with third-party providers in such a manner as to be able to reduce the scope of work or terminate the contract in response to adverse movements in the exchange rate.

11. Inventory

Inventory is held for the delivery of services and includes such items as chemicals for alien-plant clearing and land rehabilitation, stationery and promotional (merchandising) materials. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is acquired by the Authority for no or nominal consideration (ie a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Consumable stores, raw materials, work-in-progress (excluding that relating to construction projects) and finished goods are valued at the lower of cost and net realisable value after initial recognition. In general, the basis of determining cost is the specific identification of costs. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost after initial recognition. The FIFO method is applied.

Redundant inventories are identified and written down from cost to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The write-down is recognised in the Statement of Financial Performance in the year in which it arises.

The amount of any reversal of any write-down of inventories arising from an increase in net

realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

12. Critical accounting estimates and judgements

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical judgements and estimations that management have made in the process of applying the Authority's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

12.1 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property
The Authority depreciates its Property, Plant and Equipment and Investment Property, and amortises its Intangible Assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives. The life of the asset is determined with due regard to accounting policy 5 and is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

12.2 Revenue Recognition
Accounting Policy 3.2 on Revenue from Exchange Transactions and Accounting Policy 3.1 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the Authority.

This judgement is based inter alia on the criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions).

12.3 Financial Assets and Liabilities
Accounting Policy 10.2 on Financial Assets Classification and Accounting Policy 10.3 on Financial Liabilities Classification describe the factors and criteria considered by the Authority in the classification of financial assets and liabilities.

The definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (Financial Instruments) are taken into consideration when making the judgement on classification of financial assets and liabilities.

12.4 Impairment of Financial Assets
Accounting Policy 8.1 and 8.2 on Impairment of Financial Assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the Authority considers the criteria set out in GRAP 104 (Financial Instruments).

12.5 Budget Information
Deviations between budget and actual amounts are regarded as material differences when there is a deviation of 15% or more. All material differences are explained in Note 19 to the Annual Financial Statements.

13. Standards and interpretations issued but not yet adopted by the Authority

There are standards and interpretations in issue that are not yet effective. The initial application of these is not expected to have any material impact on the financial position of iSimangaliso.

The following statements have been approved by the Minister of Finance, although their effective dates have not yet been announced:
GRAP 20 Related Party Disclosures
GRAP 32 Service Concession Arrangements: Grantor
GRAP 108 Statutory Receivables
GRAP 109 Accounting by Principals and Agents

14. Employee benefits

The Authority is a total-cost-to-company employer. It does not offer any retirement or post-retirement benefits. Short term benefits include salaries, short term-compensated absences and medical aid. The liability and expense are recognised when the employee has rendered the services that entitle him or her to the benefits. Leave pay and medical aid are provided for as follows:

14.1 Leave pay
The Authority provides for estimated leave pay in full, based on the total days' leave accruing to employees at their respective total cost of employment.

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

14.3 Study Loans
The Authority provides study loans to staff. These are converted to grants on successful completion of each year of study and provided that the staff member concerned does not resign within a year of completion of the particular year of study.

15. Provisions and contingent liabilities

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

Contingent assets and contingent liabilities are not recognised but are disclosed in the Note 16 to the Annual Financial Statements.

16. Commitments

Commitments are future expenditure to which the Authority committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are reflected in Note 15 of the Annual Financial Statements.

The following commitments are disclosed:

- Where disclosure is required by a Statement of GRAP
- Approved commitments which have been contracted at the reporting date
- Approved expenditure which has not yet been contracted at the reporting date and the award or conclusion of the contract is in process
- Commitments in the future which will result in the outflow of resources in the ordinary course

17 Segment Reporting

The iSimangaliso Authority's mandate is to conserve the World Heritage values and in so doing provide eco-systems goods and services, tourism and transformation opportunities. While there are separate units in the organisation responsible for aspects of this service, management relies and uses the financial information of the business as a whole to assess performance and make decisions concerning inter alia the allocation of resources. Consequently, for purposes of GRAP 18 the businesses are considered to have one segment. There is therefore no requirement for additional notes to the financial statements in this regard. The iSimangaliso Authority operates in one geographic area viz. northern KwaZulu-Natal, in the proclaimed iSimangaliso Wetland Park. It does not distinguish between the various sections of the iSimangaliso Wetland Park in its reporting for decision-making purposes.

18 Heritage Assets

The iSimangaliso Wetland Park was the first South African World Heritage site to be listed by UNESCO. The Park was listed on the basis of its superlative natural beauty, biodiversity and threatened species and ecological processes. The Park is 358 534 hectares including 5 major ecosystems, viz. marine, coastal dune, lake, swamps, and dry savannah woodlands, thickets and sand forest. The Park also includes 4 RAMSAR sites.

The Authority does not attach a value to its Heritage Assets as there is no active market and the value cannot be measured reliably.

19 Biological Assets

The iSimangaliso Authority is responsible for managing a wide range of fauna, flora, geological structures and unique scenery. Since the iSimangaliso Authority does not control conditions affecting the progeny or quantity of any species, and since its main line of business does not include trade in these assets, it does not account for any biological assets.

20 Taxation

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

21. Risk management

The Authority transfers risk to third parties in instances where use-rights are conferred on these parties. It imposes an obligation on all such third parties to adequately insure buildings and structures allocated for their use. The remaining risk, which the Authority carries itself, is within Authority's ability to manage.

22. Events after the reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events are disclosed in Notes to the Annual Financial Statements, to the extent that non-adjusting events have taken place.

STOP RHINO POACHING
BECAUSE OUR CHILDREN
WANT TO SEE THEM

Mnandi Primary

Dumile Primary

Vimbukhalo

Justice Nxumalo Secondary





statement of financial position

as at 31 march 2016

	Notes	2015/16 R	2014/15 R
ASSETS			
Non-current assets			
Property, plant and equipment	1	419 401 762	367 279 025
Intangible assets	2	332 413 730	276 981 629
Investment property	3	119 618	949
		86 868 414	90 296 447
Current assets			
Cash and cash-equivalents	5	303 311 568	280 152 541
Receivables	6	300 659 144	271 577 634
Inventories	7	2 400 635	8 411 759
		251 790	163 149
Total assets			
		722 713 331	647 431 566
LIABILITIES			
Current liabilities			
Payables	8	278 554 606	265 669 689
Conditional grants	9	63 060 346	33 160 420
Income received in advance	11	215 165 895	232 178 222
		328 365	331 047
Total liabilities			
		278 554 606	265 669 689
Net assets			
		444 158 725	381 761 877
NET ASSETS			
Value of assets taken over		265 740 150	265 740 150
Accumulated surplus		178 418 575	116 021 727
Total net assets			
		444 158 725	381 761 877



statement of financial performance

for the year ended 31 march 2016

	Notes	2015/16 R	2014/15 R
REVENUE			
Revenue from Non-Exchange Transactions		186 696 270	126 379 483
- Grants		165 757 281	108 904 320
- Management Fees		160 849 220	105 644 945
- Administration Fees		1 731 009	1 097 642
- Donations		3 073 509	2 062 332
- Penalties		103 281	-
		262	99 400
Revenue from Exchange Transactions		20 938 989	17 475 163
- Interest income		1 764 874	1 036 061
- Park revenue		18 521 610	15 843 871
- Other income		652 505	595 231
EXPENDITURE			
Co-management agreement payments		124 299 422	116 065 217
Project costs		1 307 471	1 136 685
Personnel costs		37 778 894	32 166 883
Depreciation		9 697 003	10 554 585
- Property, plant and equipment	1	18 389 182	18 276 390
- Intangible assets	2	19 945	1 511
- Investment property	3	4 484 005	4 444 791
Professional fees		7 485 872	5 739 723
Bad debts written off	21	-	70 205
Loss on disposal of fixed assets			
- Property, plant and equipment		9 876	2 940 355
- Intangible assets		43	8
Other operating expenses		45 127 131	40 734 082
SURPLUS FOR YEAR			
		62 396 848	10 314 266



statement of changes in net assets

for the year ended 31 march 2016

VALUE OF ASSETS TAKEN OVER

Balance at beginning of year

Balance at end of year

ACCUMULATED SURPLUS

Balance at beginning of year

Surplus for the year

Balance at end of year

TOTAL CHANGE IN NET ASSETS

Balance at beginning of year

Surplus for the year

Balance at end of year

Notes	2015/16 R	2014/15 R
	265 740 150	265 740 150
	265 740 150	265 740 150
	116 021 727	105 707 460
	62 396 848	10 314 266
	178 418 575	116 021 727
	381 761 877	371 447 610
	62 396 848	10 314 266
	444 158 725	381 761 877

cash flow statement

for the year ended 31 march 2016

NET CASH FLOW FROM OPERATING ACTIVITIES

Cash grants and other revenue received

Cash paid to suppliers and employees

Cash generated from/(utilised in) operations

Interest received

NET CASH FLOW FROM INVESTING ACTIVITIES

Property, plant and equipment

- Acquisitions

- Proceeds from disposals

Acquisition of intangible assets

Acquisition of investment property

NET INCREASE IN CASH AND CASH-EQUIVALENTS

CASH AND CASH-EQUIVALENTS AT BEGINNING OF YEAR

CASH AND CASH-EQUIVALENTS AT END OF YEAR

Notes	2015/16 R	2014/15 R
	169 261 929	230 340 492
	(66 919 505)	(93 510 860)
	102 342 424	136 829 633
	1 764 874	1 036 061
14	104 107 298	137 865 694
	(73 831 159)	(27 536 987)
	(73 865 559)	(27 854 956)
	34 401	317 969
	(138 656)	-
	(1 055 972)	(1 358 925)
	29 081 511	108 969 782
	271 577 634	162 607 852
5	300 659 145	271 577 634



Zenzeleni Secondary

Mseleni Primary

kwaSonto Primary

Mabibi Primary

Vululwazi Primary

notes to the financial statements

for the year ended 31 march 2016

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated depreciation at beginning of year R	Depreciation for year R	Depreciation written back R	Accumulated depreciation at end of year R	Carrying value at end of year R	Proceeds on disposals R
1. PROPERTY, PLANT AND EQUIPMENT 2015/16												
Buildings and structures	99 363 259	124 694 609	-	3 902 169	16 000	128 580 778	25 331 350	4 145 784	6 933	29 470 201	99 110 577	-
Roads and bridges	107 273 567	162 177 514	-	2 836 466	-	165 013 980	54 903 947	8 110 412	-	63 014 359	101 999 621	-
Fences	20 606 191	45 626 459	-	-	-	45 626 459	25 020 268	3 041 208	-	28 061 476	17 564 983	-
Dams, reservoirs and boreholes	10 348 256	15 807 090	-	-	-	15 807 090	5 458 834	1 053 799	-	6 512 633	9 294 457	-
Motor and other vehicles	211 683	669 422	879 374	-	-	1 548 796	457 739	160 232	-	617 971	930 825	-
Computer equipment	182 907	785 116	674 883	-	58 619	1 401 381	602 209	150 490	23 414	729 286	672 095	34 401
Office equipment	4 422	27 863	13 782	-	3 154	38 491	23 441	5 782	3 153	26 071	12 420	-
Furniture and fittings	299 372	693 314	-	-	-	693 314	393 942	55 774	-	449 716	243 598	-
Operating equipment	1 533 425	4 387 923	1 071 212	-	21 630	5 437 505	2 854 497	1 665 701	21 626	4 498 572	938 933	-
Capital work in progress	37 158 547	37 158 547	71 226 309	(6 738 635)	-	101 646 221	-	-	-	-	101 646 221	-
	276 981 629	392 027 857	73 865 559	-	99 402	465 794 015	115 046 228	18 389 182	55 125	133 380 285	332 413 730	34 401

notes to the financial statements

continued

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated depreciation at beginning of year R	Depreciation for year R	Depreciation written back R	Accumulated depreciation at end of year R	Carrying value at end of year R	Proceeds on disposals R
1. PROPERTY, PLANT AND EQUIPMENT (cont.) 2014/15												
Buildings and structures	98 330 093	119 771 269	392 175	5 108 675	577 511	124 694 609	21 441 176	4 017 072	126 898	25 331 350	99 363 259	-
Roads and bridges	108 977 805	156 002 888	-	6 174 626	-	162 177 514	47 025 083	7 878 864	-	54 903 947	107 273 567	-
Fences	23 157 974	47 902 523	-	3 382 133	5 658 196	45 626 459	24 744 549	3 219 339	2 943 620	25 020 268	20 606 191	-
Dams, reservoirs and boreholes	11 402 056	15 807 090	-	-	-	15 807 090	4 405 035	1 053 799	-	5 458 834	10 348 256	-
Motor and other vehicles	452 228	1 108 173	-	-	438 750	669 422	655 945	152 794	350 999	457 739	211 683	288 040
Computer equipment	72 467	756 832	164 467	-	136 182	785 116	684 365	54 012	136 167	602 209	182 907	8 883
Office equipment	3 991	75 462	4 349	-	51 949	27 863	71 471	3 907	51 938	23 441	4 422	-
Furniture and fittings	251 650	593 838	99 476	-	-	693 314	342 188	51 754	-	393 942	299 372	-
Operating equipment	2 777 902	5 232 247	405 431	200 299	1 450 054	4 387 923	2 454 345	1 844 849	1 444 697	2 854 497	1 533 425	21 046
Capital work in progress	25 235 221	25 235 221	26 789 058	(14 865 732)	-	37 158 547	-	-	-	-	37 158 547	-
	270 661 387	372 485 543	27 854 956	-	8 312 642	392 027 857	101 824 157	18 276 390	5 054 319	115 046 228	276 981 629	317 969

	2015/16 R	2014/15 R
Cost of property, plant and equipment fully depreciated but still in use:		
Buildings and structures	145 469	145 469
Motor and other vehicles	161 387	161 387
Computer equipment	563 618	513 310
Office equipment	20 360	18 484
Furniture and fittings	144 728	123 028
Operating equipment	3 766 033	1 297 103
	4 801 595	2 258 781

notes to the financial statements

continued

	Carrying value at beginning of year R	Cost at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during year R	Cost at end of year R	Accumulated amortisation at beginning of year R	Amortisation for year R	Amortisation written back R	Accumulated amortisation at end of year R	Carrying value at end of year R	Proceeds on disposals R
2. INTANGIBLE ASSETS												
2015/16:												
Website	3	88 342	-	-	-	88 342	88 339	-	-	88 339	3	-
Computer software	946	165 425	138 656	-	137 079	167 002	164 479	19 945	137 036	47 387	119 615	-
	949	253 767	138 656	-	137 079	255 344	252 817	19 945	137 036	135 726	119 618	-
2014/15:												
Website	167	88 342	-	-	-	88 342	88 174	164	-	88 339	3	-
Computer software	2 301	199 584	-	-	34 159	165 425	197 283	1 346	34 151	164 479	946	-
	2 468	287 926	-	-	34 159	253 767	285 458	1 511	34 151	252 817	949	-
	2015/16 R	2014/15 R										
Cost of intangibles fully depreciated but still in use:												
Computer software	28 346	161 385										
Website	88 342	88 342										
	116 688	249 727										

notes to the financial statements

continued

	Cost at beginning of year R	Accumulated depreciation at beginning of year R	Carrying value at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during the year R	Depreciation for year R	Depreciation written back R	Carrying value at end of year R	Proceeds on disposals R
3. INVESTMENT PROPERTY 2015/16										
Cape Vidal tourist accommodation	36 112 876	8 311 628	27 801 248	-	-	-	1 203 797	-	26 597 451	-
Charters Creek tourist accommodation	6 057 701	1 787 010	4 270 691	832 078	-	-	201 927	-	4 900 842	-
Eastern Shores hiking trails facility	996 000	428 738	567 262	-	-	-	33 205	-	534 057	-
False Bay tourist accommodation	1 007 000	433 567	573 433	-	-	-	33 566	-	539 867	-
Fannies Island tourist accommodation	5 966 343	2 129 444	3 836 899	-	-	-	198 883	-	3 638 016	-
Kosi Bay tourist accommodation	6 866 000	2 956 108	3 909 892	-	-	-	228 866	-	3 681 027	-
Mabibi tourist accommodation	7 582 856	2 732 319	4 850 537	-	-	-	251 631	-	4 598 906	-
Manzengwenya tourist accommodation	7 610 821	1 775 657	5 835 164	-	-	-	253 703	-	5 581 462	-
Maphelane tourist accommodation	4 490 000	1 933 186	2 556 814	-	-	-	149 665	-	2 407 148	-
Rocktail Bay tourist accommodation	1 680 782	704 600	976 182	-	-	-	56 119	-	920 063	-
Sodwana Bay tourist accommodation	38 345 800	14 450 337	23 895 463	-	-	-	1 278 171	-	22 617 292	-
St Lucia Estuary camp sites	7 236 843	2 615 185	4 621 658	-	-	-	241 253	-	4 380 405	-
uMkhuze tourist accommodation	10 596 570	3 995 368	6 601 202	223 894	-	-	353 218	-	6 471 878	-
	134 549 594	44 253 147	90 296 447	1 055 972	-	-	4 484 005	-	86 868 414	-

notes to the financial statements

continued

	Cost at beginning of year R	Accumulated depreciation at beginning of year R	Carrying value at beginning of year R	Additions during year R	Transfers in (out) during year R	Disposals during the year R	Depreciation for year R	Depreciation written back R	Carrying value at end of year R	Proceeds on disposals R
3. INVESTMENT PROPERTY (cont.) 2014/15										
Cape Vidal tourist accommodation	36 112 876	7 107 831	29 005 045	-	-	-	1 203 797	-	27 801 248	-
Charters Creek tourist accommodation	5 849 591	1 592 020	4 257 571	208 110	-	-	194 990	-	4 270 691	-
Eastern Shores hiking trails facility	996 000	395 533	600 467	-	-	-	33 205	-	567 262	-
False Bay tourist accommodation	1 007 000	400 000	607 000	-	-	-	33 566	-	573 433	-
Fanies Island tourist accommodation	5 966 343	1 930 560	4 035 783	-	-	-	198 883	-	3 836 899	-
Kosi Bay tourist accommodation	6 866 000	2 727 242	4 138 758	-	-	-	228 866	-	3 909 892	-
Mabibi tourist accommodation	7 582 856	2 480 688	5 102 169	-	-	-	251 631	-	4 850 537	-
Manzengwenya tourist accommodation	7 610 821	1 521 954	6 088 867	-	-	-	253 703	-	5 835 164	-
Maphelane tourist accommodation	4 490 000	1 783 521	2 706 479	-	-	-	149 665	-	2 556 814	-
Rocktail Bay tourist accommodation	1 680 782	648 481	1 032 301	-	-	-	56 119	-	976 182	-
Sodwana Bay tourist accommodation	37 925 030	13 186 192	24 738 838	420 771	-	-	1 264 146	-	23 895 463	-
St Lucia Estuary camp sites	7 236 843	2 373 932	4 862 911	-	-	-	241 253	-	4 621 658	-
uMkhuze tourist accommodation	9 866 526	3 660 401	6 206 125	730 044	-	-	334 967	-	6 601 202	-
	133 190 670	39 808 356	93 382 314	1 358 925	-	-	4 444 791	-	90 296 447	-

notes to the financial statements

continued

	2015/16 R	2014/15 R
3. INVESTMENT PROPERTY (cont.)		
PPP fees from investment property	2 088 326	1 591 228
Restrictions on realisability of investment property		
- Property cannot be alienated without permission of the Minister of Environmental Affairs		
Contractual obligations to purchase, construct, repair or enhance investment property	None	None
4. PPP ARRANGEMENTS		
The Authority has entered into PPP Agreements in respect of:		
- Rocktail Bay Beach Lodge operated by Wilderness Manzengwenya Camp (Pty) Ltd (September 2007 - August 2022)		
- Thonga Beach Lodge operated by Mabibi Development Company (Pty) Ltd (April 2006 - March 2036)		
- Mabibi Camp Site operated by Rich Rewards Company (Pty) Ltd (April 2006 - March 2036)		
The agreements are for the construction and operation of accommodation facilities in the Manzengwenya and Mabibi sections of the iSimangaliso Wetland Park.		
Community shareholding is mandatory and it ranges from 18-68%. The agreements also include job creation and procurement targets.		
The agreements require the payment of a PPP fee monthly in advance, as well as a turnover based fee (ranging from 8-12%) at the end of the private party's financial year.		
The agreements permit the private party to use the buildings for purposes of tourism accommodation only. The facilities must be operational daily and cannot be mothballed without the express permission of the Authority. The private party may not sell, cede or transfer any rights without the express permission of the Authority. The private party may also not encumber any of the physical assets of the facility.		





notes to the financial statements

continued

4. PPP ARRANGEMENTS (cont.)

The assets must be returned in good order to the Authority at the end of the agreement. In order to ensure that the buildings are properly maintained, the private party must provide six-months' PPP fees as collateral in the final six months of the operation. This collateral is released on final inspection of the buildings provided they are in good order. The actual amount of the collateral is determined with reference to the total PPP fee of the second last year of the contract. The contracts are not renewable and must be retendered. The outgoing operator is not precluded from bidding.

The Authority has also entered into an agreement with Ezemvelo KZN Wildlife in respect of its facilities in the iSimangaliso Wetland Park. This agreement is also styled as a PPP agreement and is in respect of the management and maintenance of tourism accommodation in the Park. While it does not impose any fee payments on Ezemvelo in respect of these operations, it does impose conditions in respect of the operations and maintenance of the facilities, all of which will be redeveloped and tendered in due course.

5. CASH AND CASH-EQUIVALENTS

Bank accounts	300 659 027	271 577 495
Petty cash	117	139

300 659 144	271 577 634
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6. RECEIVABLES

Trade debtors	1 979 780	1 401 178
Prepaid expenses	152 820	5 425 598
Project advances	32 446	15 945
Deposits	103 580	97 954
SARS	50 000	17 600
Conditional grants receivable	82 009	1 453 484

2 400 635	8 411 759
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Emasakeni Primary



Emalangeneni Primary



Shayina High



Maputa Primary

notes to the financial statements

continued

7. INVENTORIES

	2015/16 Carrying amount R	Amount expensed R	2014/15 Carrying amount R	Amount expensed R
Chemicals, protective clothing and equipment	183 520	553 987	90 618	249 897
Promotional materials	45 714	55 604	51 700	39 198
Stationery	22 556	52 810	20 831	65 147
	251 790	662 401	163 149	354 241

8. PAYABLES

	2015/16 R	2014/15 R
Trade creditors	32 856 385	13 662 641
Accrued expenses	10 233 511	2 321 984
Amounts owing to donors	8 596 540	8 307 504
Retentions	3 035 549	1 796 428
Levies payable	6 530 503	5 527 638
Deposits on staff housing	20 746	20 746
Concessionaires' performance bonds	1 787 112	1 523 479

63 060 346	33 160 420
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notes to the financial statements

continued

9. CONDITIONAL GRANTS

Reference should be made to policy 3.1. The requirements of the grants below are:
(a) that funds be expended in accordance with the approved business plans and
(b) any unspent or misspent funds be returned to the donor by the Authority.

	2015/16 R	2014/15 R
IP equipment and facilities (funded by DEA)	33 967 683	13 538 377
IP equipment and facilities 13/14 (funded by DEA)	18 868 737	19 931 767
Signage	177 040	-
Working for water (funded by DWA)	-	672 504
Lubombo Route (development of tourism route through Mozambique, Swaziland and South Africa; funded by the KZN Dept of Local Government)	1 211 846	1 230 622
Lotto craft	469 000	209 817
Lotto environmental	228 450	1 252 082
Corridor funding (funded by the KZN Dept of Local Government)	344	344
Art programme (funded by MTN)	12 136	12 136
GEF grant (funded by GEF)	25 657 290	24 017 706
Tourism infrastructure development (funded by DEA)	1 476 943	778 503
Craft and environmental education (funded by National Lottery)	486 897	-
IP infrastructure (funded by DEA)	-	14 593
MLRF programme (marine management funded by DEA)	584 029	629 611
Infrastructure development "12/15" (funded by DEA)	100 449 682	169 811 874
Groen Sebenza (funded by SANBI)	-	78 285
Specialist Studies Mozambique World Heritage Listing (funded by Peace Parks)	107 840	-
Enterprise Programme (joint programme with PATH funded by USAID)	326 979	-
IP Infrastructure "15/18" (funded by DEA)	31 141 000	-
	215 165 895	232 178 222



notes to the financial statements

continued

9. CONDITIONAL GRANTS (cont.)

GEF Project:

The Authority has been awarded a grant by GEF for, inter alia, hydrological studies and capacity-building of local communities. On 24 March 2010, a contract was concluded with the World Bank, the administrators of the grant.

Since the inception of the project, contracts totalling R55 625 612 (2009/10 to 2014/15: R40 051 531) have been awarded, in accordance with World Bank procurement policies.

Expenditure since inception totals R57 568 985 (2009/10 to 2014/15: R39 421 097) of which:
- Component 1 - Hydrology of Lake St Lucia
- Component 2 - Improvement of livelihood and employment opportunities for communities
- Component 3 - Institutional strengthening and support

The Authority has provided co-funding in the amount of R394 374 320 (2009/10 to 2014/15: R283 401 587). The amounts for the FY 2015/16 and FY 2014/15 are:

National Lottery Projects:

The Authority has been awarded a grant by the National Lotteries Board for Youth Environmental Education, Art Skills and Craft Skills. The contract was concluded on 15 July 2010.

No new contracts were awarded in this financial year.

Expenditure for the year was as follows:

- Youth Environmental Education
- Craft Skills

2015/16 R	2014/15 R
15 574 081	9 340 676
5 023 945	4 666 688
7 975 976	7 131 638
5 143 588	2 204 081
18 143 509	14 002 407
110 972 733	70 220 863
277 552	99 152
-	3 289
277 552	102 441



notes to the financial statements

continued

10. FINANCIAL INSTRUMENTS

Credit Risk
Notes 4 and 5 reflect the carrying amounts of the financial assets.
The fair value and carrying amounts of the assets are the same.

Debtors past due for this financial year amount to:

120 days	492 002	482 139	98%
90 days	233	-	0%
60 days	5 851	-	0%
30 days	361 948	356 388	98%

The risk associated with government debtors is considered low.
The risk associated with cash holdings is also considered low as deposits are held with a major South African bank.

The Authority does not invest in any equity instruments.

Liquidity Risk
Notes 7 and 8 reflect the carrying amounts of the financial liabilities. The fair value and carrying amounts are the same.
Trade creditors are paid within 30 days. Guarantees together with a system of retentions are in place in respect of all construction contracts. Typically guarantees are 10% of the contract value and must be with recognised financial services institutions. Retentions are between 5 and 10%.

Currency Risk
The only foreign funder is in respect of the GEF project. The project concludes in September 2016. Details are contained in Note 8. Currency risk was transferred via third-party service contracts.



notes to the financial statements

continued

11. INCOME RECEIVED IN ADVANCE

Fees received in advance

2015/16 R	2014/15 R
328 365	331 047
328 365	331 047

12. SURPLUS FOR YEAR

The operating surplus/(deficit) is calculated after taking into account the following items:

Income		
- Transfer from grants to match related expenditure incurred during year	160 849 220	105 644 945
Expenses		
- Audit fees - external	1 181 336	1 027 238
- Audit fees - internal	286 242	122 202
- Depreciation	22 893 132	22 722 692
- Equipment rental	82 000	86 014
- Loss on scrapping of fixed asset	9 876	2 940 355

Sizaminqubeko Combined

Star of the Sea High

Nhlange Secondary



notes to the financial statements

continued



13. LEASES

Equipment rental comprises payments made for operating leases of photocopiers and telephone PABX systems. The PABX contract is on a month-to-month basis. The contract in respect of the photocopiers lapses on 21 July 2017. The future rental commitments are:

- Payable during next financial year	81 999	81 824
- Payable 2 to 3 years after reporting date	109 098	27 275

14. NET CASH FLOW FROM OPERATING ACTIVITIES

Net surplus/(deficit) per statement of financial performance	62 396 848	10 314 266
Adjustments for:		
- Depreciation		
• Property, plant and equipment	18 389 182	18 276 390
• Intangible assets	19 945	1 511
• Investment property	4 484 005	4 444 791
- Bad debts	-	70 205
- Loss on disposal of fixed assets		
• Property, plant and equipment	9 876	2 940 355
• Intangible assets	43	8
	85 299 899	36 047 526
- (Increase)/decrease in receivables	6 011 124	(6 629 738)
- (Increase)/decrease in inventories	(88 641)	48 283
- Increase/(decrease) in deferred income	(2 682)	47 020
- Increase/(decrease) in conditional grants	(17 012 327)	102 199 074
- Increase/(decrease) in payables	29 899 926	6 153 529

Net cash inflow from operating activities	104 107 298	137 865 694
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The Authority does not have any overdraft or other borrowing facilities.

2015/16 R	2014/15 R
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notes to the financial statements

continued

15. CAPITAL COMMITMENTS

Contracted for

Expenditure authorised by the Board in respect of capital projects such as roads, hides, picnic sites, viewing decks, signage, water reticulation, and buildings, for the next three year cycle is:

16. CONTINGENT LIABILITIES

Land claims

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

Construction contract

Sanyati, a construction company contracted to iSimangaliso was liquidated in July 2012. Sanyati's lawyers issued a letter of demand seeking to institute arbitration proceedings under the contract in February 2015. The last correspondence in this regard was exchanged in June 2015. The liquidators have made an additional claim for work measured post liquidation and have disputed the penalties levied against Sanyati for non-achievement of the minimum job creation requirements. iSimangaliso has taken the view that it will not recover any money due to it by Sanyati and has written these amounts off. While the claim appears to have prescribed, in line with conservatism, the amount due to Sanyati is still reflected as a contingent liability. The amount of the contingent liability is:

2015/16 R	2014/15 R
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136 093 527	22 035 653
-------------	------------

136 093 527	22 035 653
-------------	------------

373 654 944	491 862 469
-------------	-------------

12 038 123	12 038 123
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1 238 657	1 155 040
137 996	137 996
17 108	15 660
<hr/> 1 393 761	<hr/> 1 308 696



The Chief Executive Officer and senior management are paid on a total-cost-to-company basis. The total package has been disaggregated to comply with Treasury Regulation 28.1.4.

1 836 322	1 666 129
4 408 840	3 577 341



notes to the financial statements

continued

18. RELATED-PARTY DISCLOSURES

Identity of related parties

The Authority's parent department is the Department of Environmental Affairs (DEA). The Authority receives an annual allocation from DEA, which it uses to finance its operations. From time to time it also receives additional grants from the expanded public works programme managed by DEA.

Material related-party balances and transactions

Transfers from related party

2015/16	2014/15
R	R

114 738 384	172 697 864
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Key management-related activities

No loans or payments were made to management of DEA during the year, nor were any material transactions entered into with them.



notes to the financial statements

continued

19. BUDGET INFORMATION

The budget (which covers the same period as these financial statements) is approved on a quasi-cash basis using a nature-of-expense classification. The financial statements are prepared on the accrual basis, also using a nature-of-expense classification. The following reconciliation summarises the differences between the actual financial performance for the year and the budget and provides explanation for the material variances.

Reconciliation between budget and statement of financial performance

Net surplus per the statement of financial performance
Adverse/(favourable) variances of actual from final budget (explanations for variances between the approved and final budget are in brackets):

Income:

- Grant revenue

Delays were occasioned with the GEF and the Lotto projects due to tendering issues. In both cases tenders were issued and not awarded. The tender for GEF was reissued and successfully concluded deferring the work to the new financial year. The procurement for the Lotto programme remains in process.

- Administration fees

Admin fees are calculated as a percentage of project expenditure. The under-recovery is related to delays in expenditure related inter alia to delays in approval for business plan changes from funders. Refer also *grant revenue* above.

- Park revenue

Increases were related to the implementation of a commercial activities permitting system at the gate for tourism operators who do not have operating licenses or concessions with the iSimangaliso Authority, and who operate in the Park on an occasional basis. In addition operators whose fees are turnover-based recorded higher income than anticipated this year resulting in a payment to the iSimangaliso Authority that was higher than budget (the approved budget was adjusted mid-year to take cognisance of prior year performance).

- Other

The difference between approved and actual budget was a revision based on actual performance during the course of the year.

Expenses:

- Chemicals and equipment

The enterprise programme makes provision for grant funding to SMMEs on a merit basis. As these amounts cannot be properly quantified for budgeting purposes they are not included in the budget. The difference between actual results and budget is in respect of such grants paid during the financial year.

Variance between approved budget and actual 2015/16 R	Variance between final budget and actual 2015/16 R	Variance between final budget and actual 2014/15 R
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62 396 848	62 396 848	10 314 266
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17 756 178	18 256 178	(50 048 826)
------------	------------	--------------

(1 497 208)	(1 497 208)	(287 815)
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(6 421 610)	(2 421 610)	(2 043 871)
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(388 987)	(13 447)	(748 915)
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4 926 221	4 926 221	(2 184 632)
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notes to the financial statements

continued

19. BUDGET INFORMATION (cont.)

Expenses (cont):

- *Depreciation and amortisation*
The budgeted depreciation was calculated using anticipated dates for procurement of equipment and completion of infrastructure. These dates were pushed out. Accordingly the actual depreciation is calculated for a shorter period.
- *Personnel costs*
Actual cost recoveries from projects were higher than budgeted recoveries due to an acceleration in the infrastructure programme (the variance in the approved and final budget was a consequence of a revision of the organogram and a downward adjustment to personnel costs).
- *Repairs and maintenance*
The variance between budget and actual results was due to increases in the facilities management contract related to agreements of the relevant bargaining council (budgeted 9%, actual was 15%), as well as implementation of the settlement agreement between the Umfolozi Sugar Planters (Pty) Ltd and the iSimangaliso Authority in relation to the Lake St Lucia Estuary mouth.
- *Management and administration*
- *Professional fees*
Professional fees associated with projects, in particular GEF, were incurred at a higher rate than anticipated.
- *Subcontractors*
Higher number of land care contracts were issued during the course of the year than had been planned (the variance between approved and final budget is due to increases in funding).
- *Training*
The training under the Lotto project was not conducted during the year for the reasons set out under grant revenue above.
- *Other*
The variance is attributable largely to (a) a reduction in gate management costs due to a contract change, and (b) use of boreholes instead of municipal water due to service delivery issues and drought (the variance between approved and final budget included inter alia an increase for legal fees related to two applications against iSimangaliso viz. Umfolozi Sugar Planters and SQF. The latter is explained in Note 14, Contingent Liabilities).

Differences in the bases of accounting:

Capital expenditure treated on a cash basis in budget
Grants received treated on a cash basis in budget

Net surplus/(deficit) per approved budget

Variance between approved budget and actual 2015/16 R	Variance between final budget and actual 2015/16 R	Variance between final budget and actual 2014/15 R
(1 494 049)	(1 534 049)	771 402
(6 826 510)	(2 551 760)	(9 049 974)
1 697 110	1 697 110	823 406
134 860	134 860	(953 470)
7 022 813	5 634 513	(1 914 191)
7 971 765	6 860 065	11 533 160
(348 014)	(348 014)	(4 014 798)
(2 523 222)	(3 970 633)	9 682 686
20 009 348	25 172 227	(48 435 839)
(91 136 555)	(96 299 434)	(85 893 891)
8 730 359	8 730 359	124 015 464
(82 406 196)	(87 569 075)	38 121 573
-	-	-

notes to the financial statements

continued

20. HERITAGE ASSETS

The iSimangaliso Wetland Park is 358 534 hectares in extent. The five major ecosystems found in iSimangaliso provide habitat for a significant diversity of African biota. These ecosystems are:

- The marine ecosystem, characterised by a warm sea, the southernmost extension of coral reefs in Africa, submarine canyons and long sandy beaches
- The coastal dune system, consisting of linear dunes up to 180m in height, sub-tropical forests, grassy plains and wetlands
- Lake systems, consisting of two estuarine-linked lakes (St Lucia and Kosi) and four large freshwater lakes
- The uMkhuze and iMfolozi swamps, with swamp forest, extensive reed and papyrus wetlands
- The inland western shores, with ancient shoreline terraces and dry savannah woodland

This diversity provides important habitats for a large number of species, including those that are rare, threatened or endemic. The species' lists for iSimangaliso are the most extensive in the region and population sizes of most species are viable. Of the over 6 500 plant and animal species known to occur in the Park, populations of those with conservation importance include 11 species that are endemic to the Park, 56 species endemic to KwaZulu-Natal, and 108 species endemic to South Africa. 467 Species are listed as threatened in South Africa. In the past, little was known about the status and viability of many rare, threatened and endemic species in the Park, particularly the lower vertebrate and invertebrate species. But studies on a number of these species are currently underway.

The Park is situated on the southernmost extremity of the Mozambique coastal plain and, as a result, hosts numerous species not found elsewhere in South Africa. This adds to the value and importance of this unique area from a South African species conservation perspective. The presence of some of these species north of our borders cannot detract from the importance of conserving the South African populations, as very little information is generally available on their conservation status and distribution in other parts of southern and central Africa. iSimangaliso is clearly a critical habitat for a range of species from Africa's marine, wetland and savannah environments.

iSimangaliso also has four Ramsar sites*, an accreditation that recognises the ecological significance of those sites, their function as wetlands and their importance as resources of economic, cultural, scientific and recreational value. The sites are:

- St Lucia Lake System: on the coast, between the Umfolozi Swamps from south of the Umfolozi River to the uMkhuze River in the north. The site was designated on 2 October 1986 (Ramsar Site # 345)
- Turtle Beaches/Coral Reefs of Tongaland: on the coast, stretching from just south of Cape Vidal northwards to the border of Mozambique. The site was designated on 2 October 1986 (Ramsar Site # 344)
- Kosi Bay Lake System: on the coast south of Mozambique on the Maputaland Coastal Plain. The site was designated on 28 June 1991 (Ramsar Site #527)
- Lake Sibaya: on the coast, north of the Cape Vidal Reserve and South of Sodwana Bay. The site was designated on 28 June 1991 (Ramsar Site # 528)

The remarkable ecological diversity and significance of iSimangaliso is, therefore, unique, not only on the African continent, but also from a global perspective. For example, available information suggests that no other locality in the world harbours such a wide range of wetland types in a single protected area. Of the 32 marine/coastal and inland natural wetland forms recognised by the Ramsar Convention, no fewer than 23 of these forms occur within the Park.

The value of the Heritage Assets cannot be reliably measured as there is no active market.

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

21. BAD DEBTS WRITTEN OFF

The amount in the previous financial year is in respect of a refund due from SARS. The amount has been outstanding for over 5 years. iSimangaliso has taken the conservative view and written the amount off but will continue to follow it up.

2015/16 R	2014/15 R
-	70 205

detailed statement of financial performance

unaudited supplementary schedule for the year ended 31 march 2016

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2014/15 R
Income:								
Grants	26 176 350	88 767 603	-	24 859 844	595 425	20 449 998	160 849 220	105 644 945
Interest received	1 764 874	-	-	-	-	-	1 764 874	1 036 061
- From banks	1 764 874	-	-	-	-	-	1 764 874	1 036 061
Park revenue	18 521 610	-	-	-	-	-	18 521 610	15 843 871
Penalties	262	-	-	-	-	-	262	99 400
Sundry revenue	5 560 304	-	-	-	-	-	5 560 304	3 755 205
- Admin fees recovered from programmes	3 073 509	-	-	-	-	-	3 073 509	2 062 332
- Management fees recovered from programmes	1 731 009	-	-	-	-	-	1 731 009	1 097 642
- Discounts received	-	-	-	-	-	-	-	1 615
- Bid and tender fees	31 000	-	-	-	-	-	31 000	41 400
- Other	724 786	-	-	-	-	-	724 786	552 216
Total income	52 023 400	88 767 603	-	24 859 844	595 425	20 449 998	186 696 270	126 379 483

detailed statement of financial performance

unaudited supplementary schedule continued

	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2014/15 R
Expenditure	69 841 677	13 624 752	-	19 783 882	517 141	20 531 971	124 299 422	116 065 217
Advertising	103 920	-	-	-	-	-	103 920	103 090
Audit fees - external	1 181 336	-	-	-	-	-	1 181 336	1 027 238
Audit fees - internal	286 242	-	-	-	-	-	286 242	122 202
Bad debts	-	-	-	-	-	-	-	70 205
Bank charges	167 492	6 271	-	3 594	918	6 424	184 699	156 135
Board expenses	308 194	-	-	-	-	-	308 194	208 114
Co-management agreement payments	1 307 471	-	-	-	-	-	1 307 471	1 136 685
Chemicals and equipment	-	2 600 861	-	5 507 875	48	5 181 973	13 290 757	7 520 195
Computer consumables	30 687	-	-	-	-	-	30 687	20 921
Conference expenses	-	-	-	-	-	-	-	18 757
Courier and postage	15 988	-	-	-	-	-	15 988	16 171
Depreciation:								
- Property, plant and equipment	18 389 182	-	-	-	-	-	18 389 182	18 276 390
- Intangible assets	19 945	-	-	-	-	-	19 945	1 511
- Investment property	4 484 005	-	-	-	-	-	4 484 005	4 444 791
Discounts allowed	24 360	-	-	-	-	-	24 360	19 720
Donations	3 000	-	-	-	-	-	3 000	28 500
Electricity	862 549	-	-	-	-	-	862 549	2 117 720
Game purchases and management	223 998	-	-	-	-	-	223 998	21 043
Gate operating costs	4 959 591	-	-	-	-	-	4 959 591	5 467 954
Insurance	139 000	-	-	-	-	-	139 000	133 761
Legal fees	4 556 281	-	-	-	-	-	4 556 281	3 367 203
Licences	40 160	-	-	-	-	-	40 160	22 117
Loss on disposal of fixed assets:								
- Property, plant and equipment	9 876	-	-	-	-	-	9 876	2 940 355
- Intangible assets	43	-	-	-	-	-	43	8
Management and administration	-	1 511 415	-	3 285 079	179 143	413 726	5 389 363	5 004 528
Marketing	400 582	-	-	-	-	-	400 582	420 380

detailed statement of financial performance

unaudited supplementary schedule continued

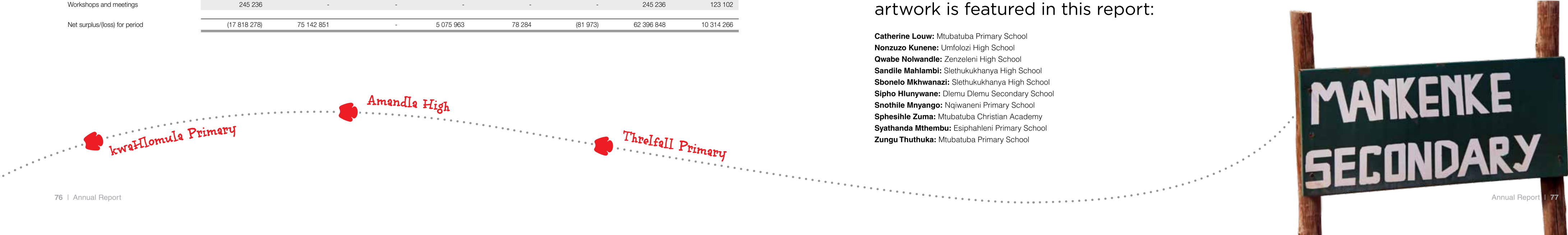
	Core operations R	Infrastructure R	Park establishment R	Land care R	Local economic development programmes R	Research and monitoring R	Total R	2014/15 R
Personnel costs:								
- Salaries, wages and secondments	15 919 760	-	-	-	-	-	15 919 760	14 487 203
- Less: charged to programmes	(6 222 757)	-	-	-	-	-	(6 222 757)	(3 932 618)
Printing and stationery	307 745	-	-	-	-	-	307 745	282 617
Professional fees	2 929 591	1 943 521	-	-	-	11 565 523	16 438 635	14 096 533
Rental of equipment	82 000	-	-	-	-	-	82 000	86 014
Repairs and maintenance	9 882 111	-	-	-	-	-	9 882 111	7 578 706
Security	7 768 299	-	-	-	-	-	7 768 299	7 188 713
Staff teas, refreshments and cleaning	31 897	-	-	-	-	-	31 897	81 198
Subcontractors	424 350	6 546 847	-	10 787 220	-	1 747 500	19 505 917	19 624 919
Subscriptions	30 955	-	-	-	-	-	30 955	16 783
Telephone, telefax and internet	493 114	-	-	-	-	-	493 114	406 134
Training	-	1 015 838	-	200 114	337 032	1 616 823	3 169 807	2 779 373
Travelling expenses	435 475	-	-	-	-	-	435 475	580 846
Workshops and meetings	245 236	-	-	-	-	-	245 236	123 102
Net surplus/(loss) for period	(17 818 278)	75 142 851	-	5 075 963	78 284	(81 973)	62 396 848	10 314 266

acknowledgements

Department of Tourism	Environmental Affairs	Mabaso, Mnqobokazi, Sokhulu, Mdletshe, and Nibela
Department of Environmental Affairs	KZN Department of Education	Traditional Councils
Department of Rural Development and Land Reform	KZN Department of Community Safety and Liaison	Emandleni, Mfusi, Libuyile, Bhangazi, Jobe, Nsinde, Sokuhulu, Makhasa, Qhubekani Community Trusts and Triangle, Ngwenya, Western Shores, Tembe, and Dukuduku Land Claims Committees
National Treasury		
Kingdom of Swaziland	Ezemvelo KZN Wildlife	WWF (SA)
Republic of Mozambique	KZN Tourism Authority	Raizcorp
Lubombo Spatial Development Initiative	KZN Director Police Services	Rural Education Access Programme (REAP)
South African Tourism		World Bank
South African National Roads Agency	Umkhanyakude District Municipality and the Mtubatuba Big 5 False Bay, Umhlabuyalingana, Hlabisa and Jozini local municipalities	Global Environment Facility
KZN Department of Co-operative Governance and Traditional Affairs	Uthungulu District Municipality and the Kwambonambi local municipality	
KZN Department of Economic Development, Tourism and	Mpukunyoni, Makhasa, Tembe, Ngwenya, Nsinde, Jobe,	NLB - Lotto

special thanks to the children whose artwork is featured in this report:

- Catherine Louw: Mtubatuba Primary School
- Nonzuzo Kunene: Umfolozi High School
- Qwabe Nolwandle: Zenzeleni High School
- Sandile Mahlambi: Slethukukhanya High School
- Sbonelo Mkhwanazi: Slethukukhanya High School
- Sipho Hlunywane: Dlemu Dlemu Secondary School
- Snothile Mnyango: Nqiwani Primary School
- Sphehile Zuma: Mtubatuba Christian Academy
- Syathanda Mthembu: Esiphahleni Primary School
- Zungu Thuthuka: Mtubatuba Primary School

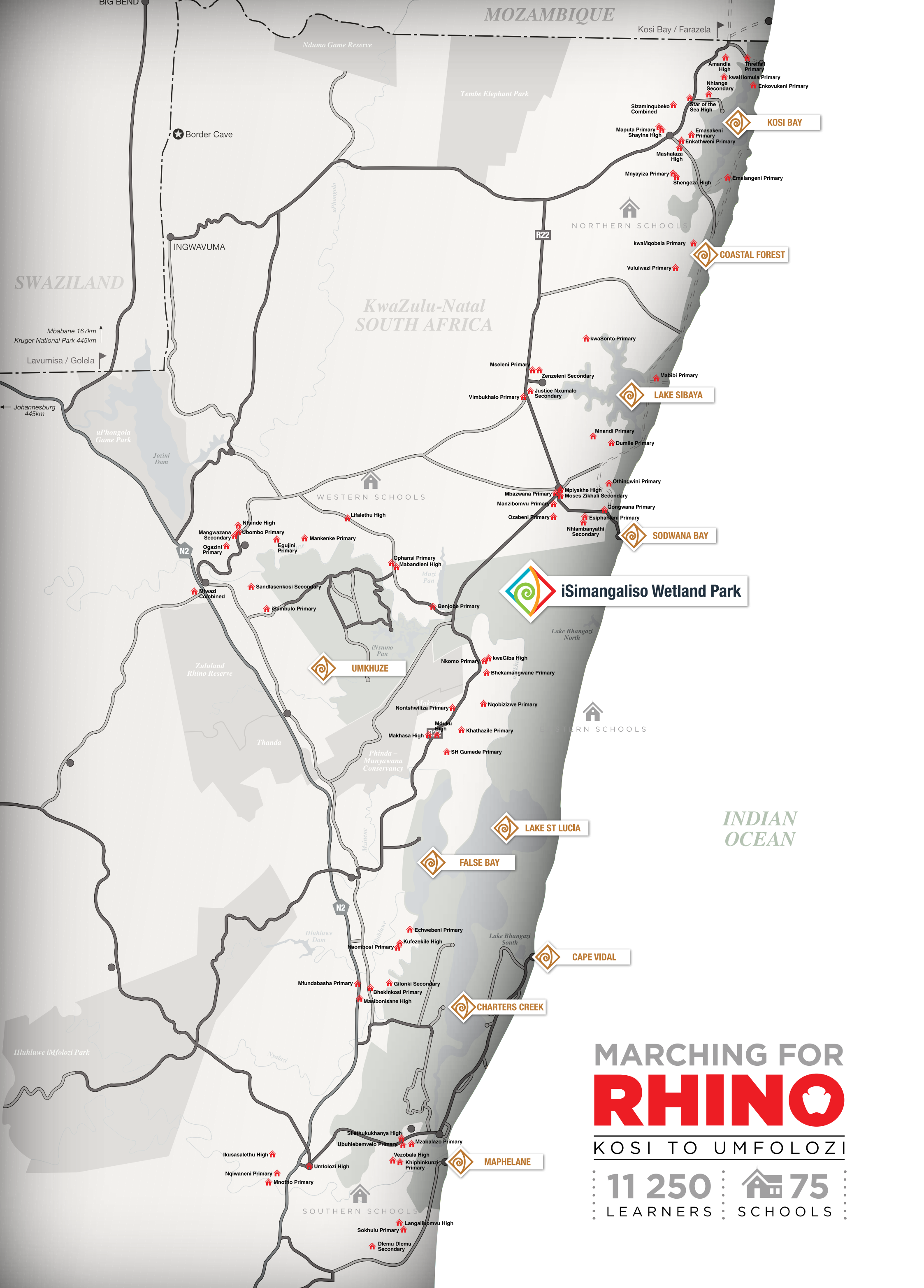


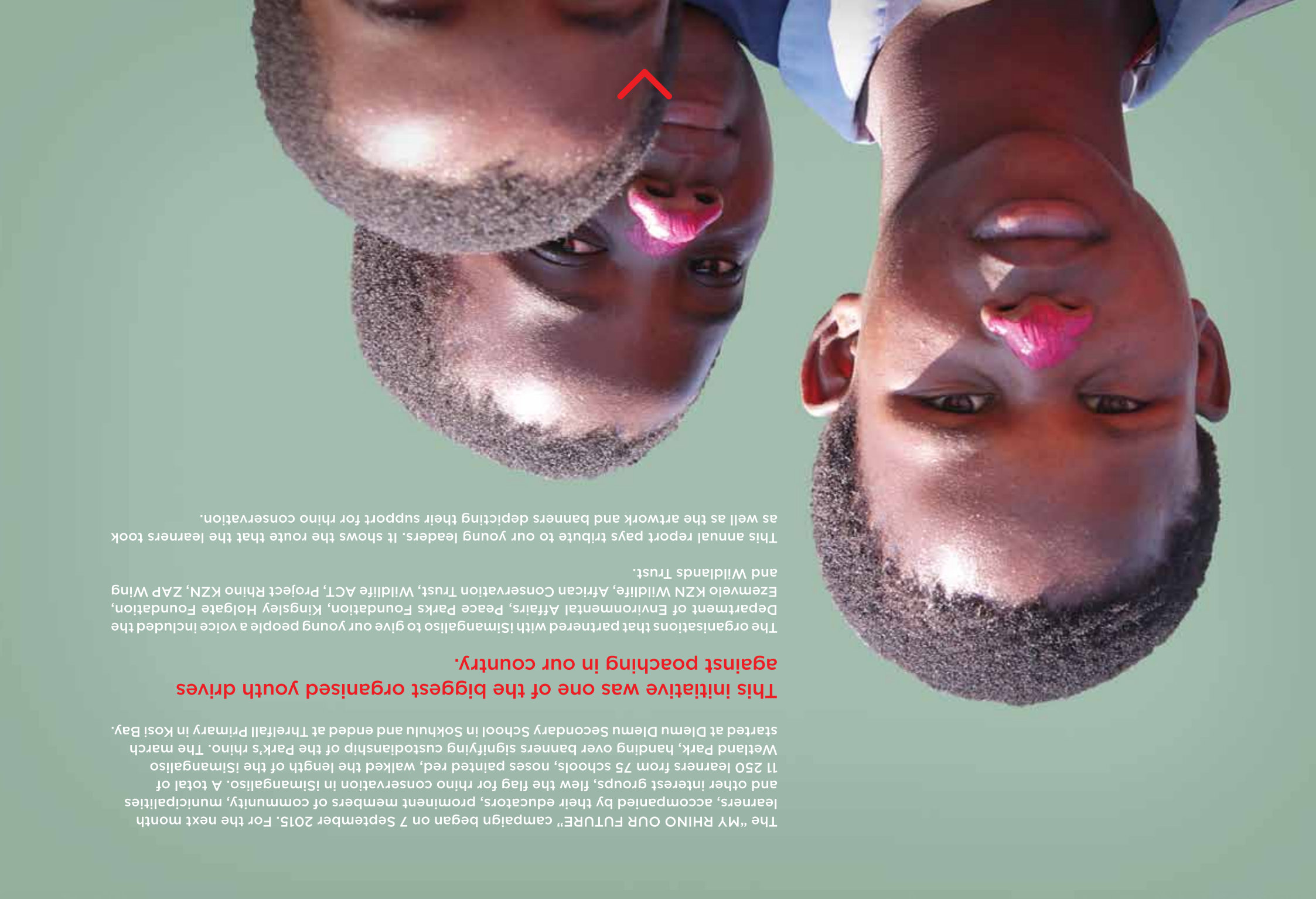


iSimangaliso
Wetland Park



KOSI BAY COASTAL FOREST LAKE SIBAYA SODWANA BAY uMKHUZE FALSE BAY CHARTERS CREEK LAKE ST LUCIA CAPE VIDAL MAPHELANE





The “MY RHINO OUR FUTURE” campaign began on 7 September 2015. For the next month learners, accompanied by their educators, prominent members of community, municipalities and other interest groups, flew the flag for rhino conservation in Isimangaliso. A total of 11 250 learners from 75 schools, noses painted red, walked the length of the Isimangaliso Wetland Park, handing over banners signifying custodianship of the Park’s rhino. The march started at Dlemu Dlemu Secondary School in Sokhulu and ended at Threlfall Primary in Kosi Bay.

This initiative was one of the biggest organised youth drives against poaching in our country.

The organisations that partnered with Isimangaliso to give our young people a voice included the Department of Environmental Affairs, Peace Parks Foundation, Kingsley Holgate Foundation, Ezemvelo KZN Wildlife, African Conservation Trust, Wildlife ACT, Project Rhino KZN, ZAP Wing and Wildlands Trust.

This annual report pays tribute to our young leaders. It shows the route that the learners took as well as the artwork and banners depicting their support for rhino conservation.

