



# CapeNature

## EXECUTIVE SUMMARY

### Annual Report 2016/2017

#### FOREWORD BY THE CHAIRPERSON

The 2016/2017 reporting year will be remembered for the devastating drought experienced across South Africa, including most of the Western Cape. The absence of rain and continued reduction of dam levels to current critical levels, bring sharply into focus the importance of maintaining a steady flow of clean, potable water from mountain catchments to the people of the Western Cape to sustain livelihoods and its economy. Our biggest fear currently is what will happen in future if insufficient rainfall continues and dam levels remain critically low.

The importance of the maintenance and restoration of ecological infrastructure (rivers and streams, wetlands and estuaries) associated with our mountain catchments can no longer be doubted. Mountain catchments, managed by CapeNature, act as “water factories”, which supply essential ecological goods and services to the people and the economy of the region. These ecological goods and services may include clean, potable water, clean air, fisheries, pollination, and mitigate disaster management.

Land transformation continues to encroach on important conservation, water resource and agricultural areas, resulting largely in the loss of provisioning of ecosystem services. Should the loss of natural habitats and ecosystems in South Africa continue at current rates as predicted, there will be little natural vegetation and associated biodiversity, ecological infrastructure and ecosystems service provision left outside of protected areas by around 2050; the same can be predicted for the Western Cape.

CapeNature was successful with the expansion of the conservation estate, adding 69 338 hectares of land contributing towards the protection and maintenance of important biodiversity areas and ecosystems, primarily through agreements concluded with private landowners. This achievement exceeds the lower level of the 5-year target as set in the expansion strategy. This achievement made a significant contribution to national conservation targets, and the contribution of private landowners is hereby gratefully acknowledged.

CapeNature supported 21 Small Medium & Micro Enterprise (SMME) in and around nature reserves, and a total of 557 Expanded Public Works Programme (EPWP) employment contracts were entered into between CapeNature and job seekers from 70 communities across the Western Cape. What is encouraging is that CapeNature met and over-achieved

on the national Government's job creation goals by providing jobs to youth, females, and people with disabilities. This substantiates CapeNature's approach to remain an important role-player in placing biodiversity at the foundation of the Western Cape economy.

CapeNature's continued vigilance and presence in the landscape has led to many successful prosecutions against biodiversity crime, and staff have contributed successfully to compliance monitoring in both terrestrial and coastal areas with law enforcement partners at local, provincial and national level.

This annual report documents the achievements and successes of a workforce that remains dedicated to and focused on the core business of CapeNature that is maintaining and restoring those ecosystems, providing essential ecological goods and services to people in sustaining their livelihoods, and maintaining the economy of the region. Acknowledgement is given to the challenges faced by CapeNature and its workforce by dwindling resources and an increasingly austere working environment.

A word of thanks to my predecessor, Prof. Gavin Maneveldt for maintaining good governance during his tenure as Chairperson of the Board, as well as other members of the Board.

A handwritten signature in black ink, reading "Merle McOmbring-Hodges". The signature is written in a cursive style with a large, looping initial "M".

Ms Merle McOmbring-Hodges  
Chairperson of the Western Cape Nature Conservation Board  
CapeNature

# CHIEF EXECUTIVE OFFICER'S OVERVIEW

## OVERVIEW

During the period under review, CapeNature focused efforts on strengthening governance structures through the review of policies, procedures and systems. The Government Technical Advisory Centre (GTAC), was appointed to conduct an organisational diagnostic of the entity and guide the organisational development process. Phase I was completed and will be implemented in the ensuing year in order to improve functionality and alignment within the organisation.

To ensure staff wellness, the Medical Surveillance Programme was formalised with the approval of the Medical Surveillance Policy in October 2016. This programme applies to all staff and responds to staff fulfilling the duty of care for themselves and their colleagues in the workplace. Through the implementation of the programme, all employees are afforded the opportunity to focus on their own health and wellbeing and to receive the appropriate medical recommendation on how to improve it.

CapeNature won two awards at the annual Mail & Guardian Greening the Future award ceremony. CapeNature's Biodiversity Stewardship programme was the winner in the category Biodiversity Stewardship – an award that recognises communities, companies, organisations and/or individuals who nurture biodiversity. The Conservation Detection Dog (CDD) Project won in the category Species Conservation for their project on the use of CDDs to assist with geometric tortoise surveys. During the 2016/2017 period the CapeNature conservation detection dog team fulfilled the role of securing credible data about this critically endangered species and its associated habitat.

## GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The total revenue generated amounted to R328 million. The Department of Environmental Affairs and Development Planning (DEA&DP) allocated R250 million to CapeNature, while the remaining funds were generated from other funders and own revenue streams.

The revenue generated from own revenue streams such as tourism, licences and permits as well as interest received, exceeded projections. The budget performance achieved through tourism activities can be attributed to the upgrade and maintenance work of accommodation facilities, hosting of outdoor adventure events within reserves, Wild Card sales, entrance fees paid, as well as fees earned due to filming. During the reporting year, income from nature-based tourism activities has seen a significant year-on-year increase for the third year in succession. The building of new and upgrading of existing eco-tourism facilities and the implementation of a new booking system have been met with great success.

Due to most tourism activities being settled on a cash or deposit basis, the entity does not have a significant debtors' book in comparison to the income that is earned. Debtors amounted to R6 million, of which R5 million represents debtors less than 30 days old. The entity has implemented measures to recover outstanding debts.

## SPENDING TRENDS OF THE PUBLIC ENTITY

Adjustments to the division of revenue for the Medium Term Expenditure Framework (MTEF), resulted in CapeNature strengthening the performance of own revenue streams in conjunction with attaining value for money from existing resources and the implementation of cost saving measures.

The total expenditure of the entity was below budget by R13 million. The unexpected delay experienced on the Kogelberg Nature Reserve Phase 2 development, accounted for the R3 million under-expenditure. The entity has committed this to be spent in the ensuing financial year when the project is expected to start.

Operational challenges experienced with regards to alien clearing, resulted in a further R4.8 million not being spent.

Savings were realised on Information Technology network and consultant costs, as part of cost containment measures and driving efficiencies. The agreement with the Western Cape Provincial Training institute yielded further savings.

## CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

CapeNature's operations and growth in personnel is curtailed as the levels of operations can no longer be sustained due to the reduction in available resources over the MTEF. As a result, the sustainability of personnel obligations, coupled with impeded growth in required operational funding, remains a concern. Due to limited resources, the entity largely focused on sector indicators and national objectives.

## DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

None of CapeNature's programmes were discontinued during the period under review as they remained relevant, interrelated and aligned to both national and provincial priorities. Furthermore, in recognition of the importance of support functions responsible for ensuring governance, compliance and sustainability of own revenue streams, no units were discontinued.

Due to budget constraints, the entity could not factor in baseline increases for all programmes.

## NEW OR PROPOSED ACTIVITIES

No new activities were implemented.

## SUPPLY CHAIN MANAGEMENT

All concluded unsolicited bid proposals for the year under review

No unsolicited bids were received for the year under review.

Whether Supply Chain Management (SCM) processes and systems are in place

The entity maintained effective Supply Chain Management systems.

### Challenges experienced and how they will be resolved

The implementation of the new Preferential Procurement Regulations, 2017 (PPPFA) represents a challenge to the entity. The entity is working with the relevant officials within the Provincial Treasury on implementing the regulations.

### Audit report matters in the previous year and how they would be addressed

There were no supply chain related matters in the previous year.

### Outlook / Plans for the future to address financial challenges

To ensure sound financial management practices, CapeNature will continue to implement stringent control measures, which includes conducting monthly financial reviews to monitor financial performance.

### Events after the reporting date

The Western Cape suffered the worst fires in recorded history in the Southern Cape in June 2017. The area was declared a Disaster Area with Knysna and Plettenberg Bay and surrounds being affected. CapeNature suffered extensive infrastructure losses the value of which is undetermined at this time.

A section 3 notice was served on CapeNature of a possible future fire claim in the Hottentots Holland Nature Reserve. The incident arose six months prior to the date and investigations are on-going. No value of loss or damages has been determined at this stage.

A section 3 notice was also served on CapeNature of a possible future fire claim in the Limietberg Nature Reserve. This incident also arose six months prior to the date and investigations are on-going.

## ECONOMIC VIABILITY

CapeNature continues to contend with resource constraints and, though it is affected by pressures on the fiscus, several measures were implemented to mitigate same. The entity continued to implement austerity measures which have been prescribed by National Treasury, while remaining committed to contributing to sustainable growth and job creation in the province.

The entity endeavours to practice acceptable financial and administrative principles that are in line with all the relevant legislative prescripts.

## ACKNOWLEDGEMENT/S OR APPRECIATION

I acknowledge, with gratitude, the guidance received from the Western Cape Nature Conservation Board, the preceding Chairperson, Professor Gavin Maneveldt, the current Chairperson, Ms Merle McOmbring-Hodges, and from the various Board Committees.

I would also like to thank the Minister of Local Government, Environmental Affairs and Development Planning, Anton Bredell, the Standing Committee of the DEA&DP for their recommendations and encouragement.

Support has also been readily available from other departments, both national and provincial. I am further grateful to DEA&DP for their ongoing valued support.

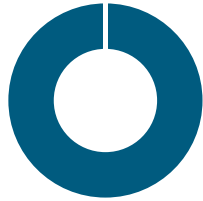
My final thank you goes out to all CapeNature staff for their hard work and dedication during the period under review.

A handwritten signature in black ink, appearing to read 'Razeena Omar', written in a cursive style.

Dr Razeena Omar  
CHIEF EXECUTIVE OFFICER  
CapeNature

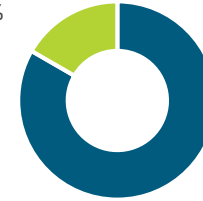
# PERFORMANCE SUMMARY

## Administration and Governance



7 Indicators  
100%

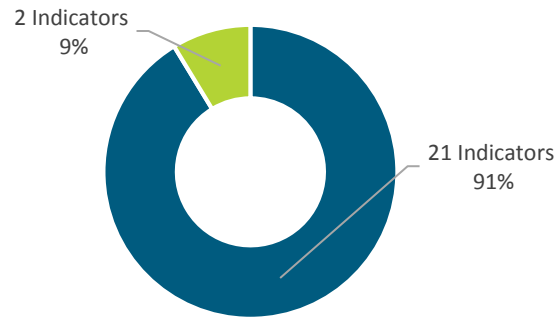
## Biodiversity Support



1 Indicator  
17%

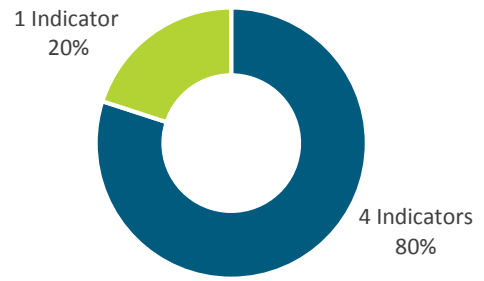
5 Indicators  
83%

## CapeNature

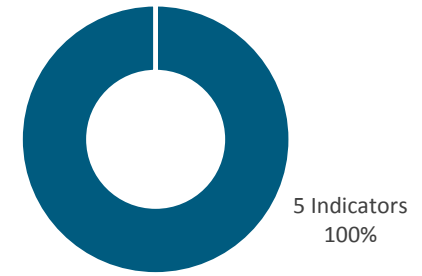


■ Achieved (100%+)   ■ Partially Achieved (50%-99%)   ■ Not Achieved (0%-49%)

### Conservation Management



### Marketing and Eco-tourism





## FINANCIAL SUMMARY



4th Unqualified Audit in a Row



12% Increase in Tourism Revenue



R22m Investment in Assets

### ABRIDGED FINANCIAL STATEMENTS\*

#### ABRIDGED STATEMENT OF FINANCIAL PERFORMANCE

	2017	2016
	R'000	
Exchange Revenue	47 365	40 542
Transfer Revenue	280 605	288 882
<b>Total Revenue</b>	<b>327 970</b>	<b>329 424</b>
Employee costs	185 589	172 902
Other expenditure	125 890	111 103
<b>Total Expenditure</b>	<b>311 479</b>	<b>284 005</b>
<b>Operating Surplus</b>	<b>16 491</b>	<b>45 419</b>

#### ABRIDGED STATEMENT OF FINANCIAL POSITION

Current Assets	133 313	120 789
Non-current assets	130 219	119 068
<b>Total Assets</b>	<b>263 532</b>	<b>239 857</b>
Current liabilities	49 187	37 461
Non-current liabilities	49 301	54 567
<b>Total liabilities</b>	<b>98 488</b>	<b>92 028</b>
<b>Net Assets</b>	<b>165 044</b>	<b>147 829</b>

\*For a full set of financial statements please refer to our annual report which can be located on our website ([www.capenature.co.za](http://www.capenature.co.za))