



EXECUTIVE SUMMARY

Annual Report 2014/15

FOREWORD BY THE CHAIRPERSON

In an age where we are losing species at an unprecedented rate, and where we are using resources faster than the natural environment is able to replenish them, the conservation of our indigenous landscapes and their accompanying processes is becoming increasingly imperative. The Cape Floristic Region, almost entirely encompassed within the Western Cape Province, is undoubtedly one of the most critically endangered hotspots of biodiversity across the planet.

The rate of change of major challenges experienced over the past years, has accelerated. These include land-use change and development pressure, loss of biodiversity and concomitant ecosystem service delivery, fire management, invasion of alien species, shrinking freshwater reserves and climate change.

As the conservation authority and custodian of biodiversity within the Western Cape Province, CapeNature has continued with prioritisation in response to these challenges. This is achieved in an integrated manner through its various programmes of stewardship, which includes establishing protective buffer zones or corridors, land-use advice and proactive protected area expansion, integrated fire and invasive alien plant management and freshwater ecosystem rehabilitation. This approach is underpinned by an expanding platform of scientific knowledge and the use of Information Communication Technology as well as law enforcement.

CapeNature is faced with a constant challenge of balancing biodiversity conservation with increasing pressure on rapidly depleting natural resources, which is the product of unprecedented population growth and rampant economic development.

However, it is indisputable that biodiversity provides essential goods (such as food, medicine, raw materials) and services (such as clean air, drinkable water, waste disposal, climate regulation) to human beings.

Although the above-mentioned challenges require radical and new responses, it should be noted that at the end of its five-year strategic planning cycle (2009-2014), the organisation has achieved and in most cases exceeded the targets set.

Highlights of the period under review include the expansion of both CapeNature's conservation estate as well as its marketing and eco-tourism portfolio; both bode well for future sustainability.

The daunting and all-encompassing task of managing biodiversity conservation is one that cannot be accomplished alone. In this regard we thank *inter alia* the national Department of Environmental Affairs (Oceans & Coasts, Natural Resource Management and Environmental Protection and Infrastructure Programmes); the provincial Department of Environmental Affairs and Development Planning as well as the Department of Transport and Public Works; the national Department of Economic Development and Tourism; Treasury; the City of Cape Town; the Southern African Foundation for the Conservation of Coastal Birds (SANCCOB) as well as numerous wildlife conservation organisations and youth development programmes, for their valued assistance and co-operation.

The 2014/15 fire season was one of the most challenging on record. Once again, in partnership with Disaster Management in the province, CapeNature has effectively met the challenge and provided training to a growing generation of fire-fighters.

Many internal challenges have shaped CapeNature's path this past year. Several of these challenges were as a consequence of the changing leadership over the past three years and the consequent instability it created. Fortunately our new CEO, Dr Razeena Omar, has brought both positive energy and stability to the organisation. This, paired with renewed focus from the non-executive Board members, enables the Board to effectively fulfil its fiduciary responsibility as an oversight and governance instrument. With its internal stability now firmly established, CapeNature is now poised to add greater value to both biodiversity conservation and economic development.

The historical trend towards exclusivity, with respect to access to CapeNature-managed reserves and protected areas, is changing. Successful conservation is critically dependent on the awareness and concern as well as responsibility of our citizenry. Therefore, in order to instil a love for the natural environment and an understanding and appreciation for the value of biodiversity, CapeNature is striving to facilitate access to all.

Environmental education and youth development need to take centre stage. CapeNature strives to impart respect and love of nature to communities. In doing so, this lays the foundation for developing self-respect and understanding of interdependence between nature and human beings. In particular, the youth, who are our future leaders, need an understanding of the importance of protecting biodiversity, if only for the benefits we humans derive from it. CapeNature can thus play a pivotal role in 'healing' our society.

Furthermore, the organisation is instrumental in the promotion of economic growth and the positioning of the Western Cape Province as a Green Economy Hub.

CapeNature, as a multifaceted entity, requires the expertise of many dedicated personnel to deliver its mandate. The CEO and the rest of the Executive team are responsible for driving the organisation's strategic objectives. The head office teams contribute to the overall success

of the organisation and ensure corporate governance. The staff on our reserves are our interface with the wider public and often create the first impression of the organisation.

Specialist committee members play a unique role as their expertise is essential to guide the organisation. The nonexecutive Board members have an oversight role in which they monitor and guide the organisation's overall performance within a framework of good corporate governance.

I hereby wish to express my appreciation to all these 'team players' for their role during the period under review.

A special word of thanks goes to my predecessor, Mr Eduard Kok, who ended his term of office on 31 January 2015 due to family commitments. Additionally, my thanks also go to two non-executive Board members, Ms Francina du Bruyn and Dr Edmund February, whose terms of office ended on 31 March 2015. These Board members each played pivotal roles during the past transitioning phase and we wish them and their families everything of the best for the future.

An organisation is naturally only as effective as the people who work for and with it and their degree of commitment. I can state with assurance that CapeNature's staff and our various partners are committed to their roles and responsibilities.

One has only to observe how individuals under extreme pressure willingly address what needs to be done, even in the face of personal danger and potential human tragedy. We take this moment to honour those who have made the supreme sacrifice for a cause that ultimately benefits posterity.

A handwritten signature in black ink, appearing to be 'G. Maneveldt', written in a cursive style.

Prof Gavin Maneveldt
Chairperson of the Western Cape Nature Conservation Board

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Overview

In 2014/15 CapeNature embarked on a consultative process to develop a new strategic plan to guide the execution of our mandate for the next five years. The strategy for CapeNature is driven by a new vision, which is conserving nature for a sustainable future, and a new mission, which is to manage, conserve and promote our human, natural and heritage assets through best practice, access, benefit sharing and sustainable use. In tandem with this, the entity developed a set of values to guide the organisation during the next five years, known as the C.A.R.E. values. Our C.A.R.E. values are Customer Service, Accountability, Respect, and Ethics.

A significant event in CapeNature's recent history occurred when the Knersvlakte Nature Reserve was proclaimed. The proclamation of the reserve, which is 85 518 ha in extent, contributed a substantial portion to the organisation's expansion of protected areas.

A total of 153 fires were recorded during this period; the latter being the highest number of fires experienced in 17 financial years. These fires resulted in over 133 129.31 ha being burnt, which placed significant strain on financial resources. The Department of Environmental Affairs and Development Planning (EADP) allocated R3.1 million additional funding to alleviate resource pressures. However, at the end of the period under review, the entity's contingent liability remained unchanged at R52.2 million.

CapeNature's tourism estate has been maintained and expanded to benefit the public at large. Income from tourism related activities has also surpassed budget expectations by 24.6%. During the period under review, two new tourism developments, Rocherpan and Cederberg Nature Reserves, were completed and CapeNature was able to deliver on six upgrade projects. It is anticipated that these upgrades and expansions will yield additional revenue in ensuing years.

General Financial Overview

CapeNature's total revenue generated amounted to R303 465 million during the period under review. In this regard, the entity utilised R245 227 million (99.6%) of the R246 095 million received from the EADP and the remaining funds were generated from special projects and own revenue streams.

A decision was taken to concentrate on increasing own revenue generation in response to eminent financial constraints.

During the period under review, the entity's own revenue projections of R33 290 million were exceeded by R2 674 million (8.03%). Revenue generated from own revenue streams such as tourism, licences and permits as well as interest received, exceeded projections by 24.6%, 52.3% and 114.3% respectively. The above budget performance attained through tourism activities is attributed to upgrading of accommodation facilities, entrance fees paid, Wild Card sales and hosting of outdoor adventure events within reserves. Furthermore, CapeNature's Biodiversity Crime Unit was able to contribute R907 375 in income for the organisation through successful prosecutions and fines during 2014/15.

Grants: Revenue earned from government grants and project funding were underspent by R18 310 million, largely due to the late finalisation of the agreements with the Department of Environmental Affairs (DEA) and as a result of the number of wildfires not all contractor work could be completed as a result of unsafe conditions. The DEA, through the Environmental Protection and Infrastructure Programme (EPIP), approved funding to the value of R63.9 million for implementation of projects at the Driftsands, Knersvlakte, De Hoop and Anysberg Nature Reserves over the ensuing three years. Fencing and road upgrades will be undertaken with this funding.

CapeNature debtors amounted to R6.9 million, of which R5.8 million represents debtors less than 30 days old. The remaining R1.1 million relates to leases and concessions debtors. The entity implemented measures to recover outstanding debts.

In March 2015, land and building valuations were conducted by reputable valuers. In this regard higher valuations to the value of R550 000 and R810 574, which is considered the fair value of these properties, were obtained.

Spending trends of the public entity

As a result of adjustments to the division of revenue for the Medium Term Expenditure Framework (MTEF), the entity strived to strengthen the performance of own revenue streams in conjunction with attaining value for money from existing resources and implementation of cost saving measures.

Operational requirements for transport and travel were hampered by the need to meet Government Motor Transport fleet obligations, which resulted in a reduction of the size of the fleet.

The entity's total expenditure was below budget by R13 176 million, a position that is largely ascribed to the delayed finalisation of the DEA special grant funding.

Capacity constraints and challenges facing the public entity

The period under review marked the first year of the reduction in allocation by R13 million over the MTEF (2014/15 to 2016/17). This adjustment emanated from the revision of the division of revenue between the EADP and CapeNature.

With the reduction in available resources by R39 million over the MTEF, the entity's operations and growth in personnel had to be curtailed as the levels of operations can no longer be sustained. In 2014/15, funded vacancies, totalling R6.6 million, could not be filled and the entity continues to restrain growth in personnel due to the inability to sustain this obligation. The remaining R6.4 million reduction from operations affects the effective management of the nature reserves.

Consequently, the limited resources necessitated the entity to focus largely on sector indicators and national objectives.

To improve efficiencies, the entity clustered the eight areas into three regions, an intervention that will have medium to long-term benefits. However, sustainability of personnel obligations remained a challenge coupled with impeded growth in required operational funding.

Discontinued activities/activities to be discontinued

The entity's programmes remained relevant, interrelated and aligned to both national and provincial priorities. Therefore, no programmes were discontinued during the period under review. Additionally, in recognition of the significance of support functions responsible for ensuring governance, compliance and sustainability of own revenue streams, the entity did not identify any units to be discontinued.

Due to budget constraints, the entity could not factor in baseline increases for all programmes. Therefore, programmes operated at 2013/14 levels.

New or proposed activities

The Dassenberg Coastal Catchment Partnership (DCCP) corridor and the Stony Point African Penguin Colony Complex were assigned to CapeNature's management portfolio during the year under review.

To mitigate the risk associated with Information and Communication Technology (ICT) governance, the EADP allocated R5 million to the entity to strengthen ICT security. The funding was predominately utilised to develop a Disaster Recovery site at Driftsands Nature Reserve.

Requests for roll over of funds

Pursuant to the receipt of funding for ICT interventions, the Disaster Recovery site was established, however, due to the intricate nature of hardware materials, there was a delay in the receipt of equipment amounting to R868 449. Therefore, the entity requested to roll over funds to enable the completion of this site.

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 processes and systems are in place

The entity maintained effective Supply Chain Management systems. The Supply Chain Management Policy and Delegation of Authority were reviewed and approved.

Challenges experienced and how they will be resolved

The implementation of the Provincial Integrated Procurement Solution (IPS), resulted in a slight delay in requesting quotations from suppliers, since they were required to familiarise themselves with submissions of quotations via the system.

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

To strengthen internal control, fraud and risk scrutiny was incorporated within supply chain management for all procurement activities. Specific training to familiarise all staff was conducted.

Outlook/ Plans for the future to address financial challenges

The entity introduced more stringent control measures to ensure sound financial management practices. Monthly financial reviews were conducted to monitor financial performance. Additionally, finance policies were reviewed to ensure standardisation of processes.

CapeNature strived to improve the performance of own revenue streams in light of a resource constrained environment.

Additionally, adherence to cost containment measures, reprioritisation and identifying trade-offs are ongoing considerations.

The entity further strives to redress the imbalance between personnel and operational funding.

Events after the reporting date

The challenging fire season continued beyond the period under review. The entity experienced 18 fires in April 2015, burning 10 173 ha.

Economic Viability

Although the entity was adversely affected by pressures on the fiscus and contends with a climate of resource constraint, several measures were implemented to mitigate these pressures. CapeNature continued with austerity measures as introduced by National Treasury. The entity's commitment to contribute to sustainable growth and job creation within the Western Cape is demonstrated by successes derived in implementing the Expanded Public Works Programme (EPWP).

The entity strives to uphold acceptable financial and administrative principles, which are entrenched in the scrutiny of financial and operational performance levels as well as compliance with all relevant legislative prescripts. For the period under review, CapeNature attained a clean unqualified audit award from the Auditor General of South Africa, a position which supports the existence of controls that ensure improved accountability and leadership.

Acknowledgement/s or Appreciation

I gratefully acknowledge mentorship received from the preceding and current Chairpersons of the Board, Mr Eduard Kok and Professor Gavin Maneveldt respectively.

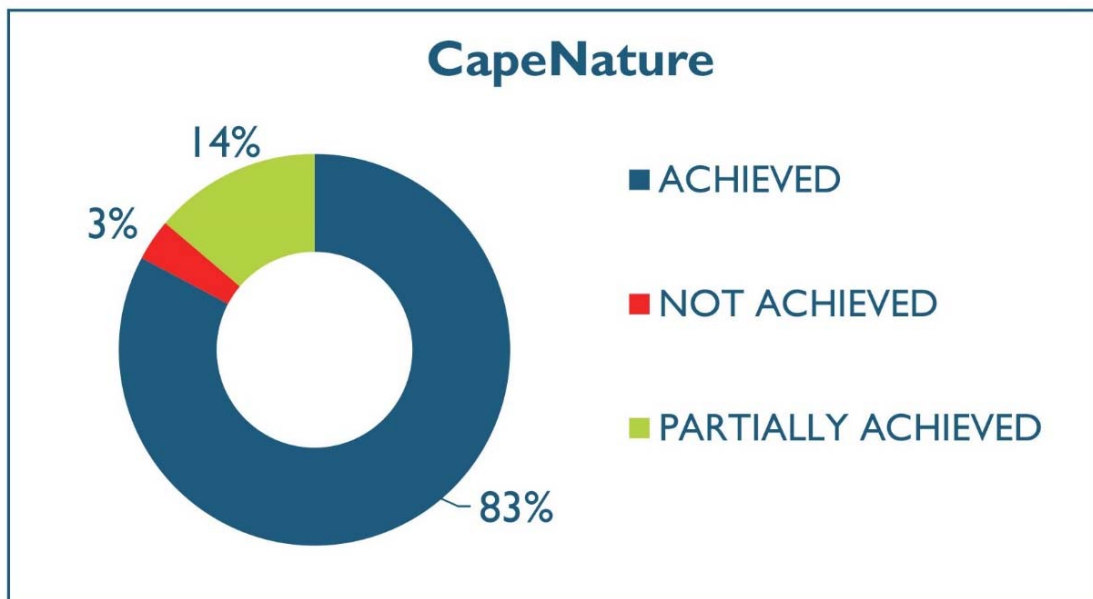
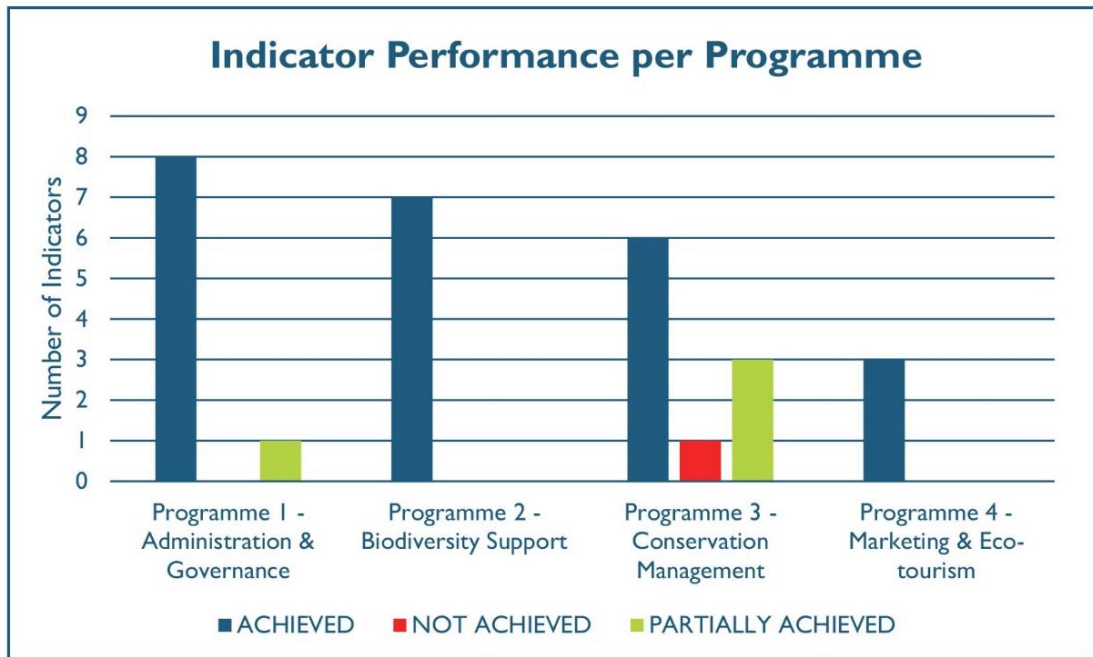
The Standing Committee of the EADP have similarly been supportive. Support has also been readily forthcoming from other departments, both national and provincial – especially in terms of funding received from the Department of Environmental Affairs. My thanks go equally to EADP for its valued oversight role and to the CapeNature Board and Committees for their guidance.

Finally, I convey my gratitude to the CapeNature staff for their hard work and dedication during the period under review.



Dr Razeena Omar
CHIEF EXECUTIVE OFFICER

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



Unqualified audit report



24% increase in tourism revenue



R22m investment in assets

ABRIDGED FINANCIAL STATEMENTS*

ABRIDGED STATEMENT OF FINANCIAL PERFORMANCE		
	2015	2014
	R'000	
Exchange Revenue	35 972	30 469
Transfer Revenue	267 493	259 557
Total Revenue	303 465	290 026
Employee costs	165 389	152 993
Other expenditure	114 445	125 923
Total Expenditure	279 834	278 916
Operating Surplus	23 631	11 110

ABRIDGED STATEMENT OF FINANCIAL POSITION		
Current Assets	105 776	90 452
Non-current assets	107 500	90 704
Total Assets	213 276	181 156
Current liabilities	46 625	54 774
Non-current liabilities	60 181	45 368
Total liabilities	106 806	100 142
Net Assets	106 470	81 014

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