



Stewardship case study

Auditing: Strengthening management planning and accountability at Rhenosterkop 'Rhinceros Hill Nature Reserve'

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In the Western Cape stewardship agreements are underpinned by a site specific management plan in which the responsibilities of both land owner and conservation agency are clearly spelled out. Implementation of this management agreement is audited annually. Under the new tax legislation this audit also needs to validate management expenses claimed as tax deductions.

If used correctly the audit can provide an important opportunity for reflection and forward planning. This approach has successfully been implemented on the Rhenosterkop Contract Nature Reserve

Conservation of biodiversity outside reserves is critical for conservation. As the provincial conservation authority in the Western Cape, CapeNature works with private and communal landowners to reach stewardship agreements that set aside portions of private land containing valuable biodiversity for conservation. Each property falling under a stewardship agreement with CapeNature is audited annually to measure progress against a site-specific management plan. The auditing process has the potential to play a valuable role in management planning. It provides an opportunity for reflection and ensures accountability of both parties. The process is comprised of three primary aspects:

- an evaluation of what has been achieved in the past year
- an assessment of those objectives which have not been achieved, articulating the challenges experienced and potential solutions
- the development of a plan for future action.

ADAPTING AUDITS TO SUPPORT FISCAL INCENTIVES

During the 2008 Stewardship and Extension Course one of the participants, Arnelle van Noie, made recommendations as to how CapeNature's auditing process could be improved in order to support the new tax legislation. These adaptations, which were prepared as one of van Noie's assignments, have subsequently been adopted by CapeNature, and will be included in all future audits. The first of these new format audits are due to be undertaken by CapeNature in the last quarter of 2009.

The Revenue Laws Amendment Act 60, of 2008, made provision for the deduction of management expenses undertaken in the context of a formal stewardship agreement against income. This created a mechanism to reduce the tax of landowners who voluntarily manage their land so as to conserve biodiversity, providing them with an incentive. In order to ensure that the expenses claimed do in fact support conservation, the Act specifies that deductible activities must be specified in an ecological management plan for the site. The auditing process, therefore, now needs to include a review of management expenses incurred.

Van Noie's recommendations included the specification of both planned and actual expenses, supported by a discussion of any variance. She also suggested that all activities specified in the management plan should be easily measurable by an independent auditor and should be supported by clear means of verification (see Table 1).

Table 1 Example of Auditing Table

Management Objective					(additional columns added by van Noie)		
Management Action	Done Y/N	Responsibility	Indicator	Means of verification	Expenditure		
					Planned	Actual	Variance
Map all species	Y	Cape Nature	Map	Map in Management plan	R 5 000	R 6 000	R1 000 more than planned - rugged terrain made mapping more difficult than expected

The conservation extension staff are not to act as tax advisors but should restrict themselves to informing the landowner about available financial incentives. The landowner still needs to go to a professional tax consultant to have the deductions

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calculated, using figures provided by the landowner. It is not the intention that the ecological audit should take over the functions of the landowner's own financial audit.

CapeNature has agreed to include this financial information in its ecological audit forms. This will ensure that the ecological audit provides evidence that the expenses claimed are for approved activities and that they have been satisfactorily completed. The ecological audit can then be attached to a submission to the Receiver of Revenue as supporting documentation. Furthermore, the standardization of this documentation will assist the South African Revenue Services staff in assessing applications for tax rebates.

DEVELOPING A STANDARDISED APPROACH

The development of a standardized approach to auditing is important not only in terms of establishing credibility with SARS but also in terms of establishing credibility with the landowners and other interested and affected parties.

Van Noie recommended that evaluation during the audit should include three approaches:

- An interview with the landowner which is structured by working through the audit form together.
- Direct observations: for example, photographic records taken from the same location are a very useful way of assessing progress.
- Document analysis: for example, of maps, invoices and receipts, registers, time sheets and pay slips.

Audit training within CapeNature currently takes the form of in-house capacity building, with less experienced field officers being paired with those who have more experience in stewardship. It is important that those undertaking an audit are experienced. They need to be able to establish a good rapport with the landowner but also be firm in the case of conflict or objectives not being met. CapeNature is working with other conservation agencies, such as the City of Cape Town, to establish a standardized approach to auditing across the province.

Various possibilities are being considered in order to ensure impartiality:

- Extension officers from other regions could undertake audits together with the local extension officer responsible for the management plan.
- Scientific or financial staff, not directly involved in the region, could participate in the audit, adding their expertise in addition to their impartiality.
- CapeNature could work with other agencies to undertake joint audits. Potential partners might include the Department of Agriculture and the Biodiversity and Wine Initiative. This would also enable extension staff from different agencies to learn from one another while acting as impartial witnesses to each other's audits.

SECURING CAPACITY FOR IMPLEMENTATION

The responsibilities of both the landowner and CapeNature are detailed in the site-specific management plan. Until recently, however, CapeNature has not had capacity for the more labour-intensive tasks. This has frequently resulted in their inability to complete activities allocated to them in the management plan.

In 2009/2010 Pioneer Foods Paarl committed to providing funding for three teams to support stewardship operations in the Boland Area. These will be called the Boland Pioneer teams. One team will be based in Paarl-Wellington, the second in Rawsonville-Tulbagh and the third in Kogelberg-Botriver.

These contract teams will be employed continuously for a year to ensure their availability. Each of the three regional stewardship officers has confirmed that there is sufficient work arising from the stewardship management plans for their area to keep a team busy. Each team will be given training in all the tasks required to support the stewardship programme, including invasive alien plant management, fire management, fence maintenance; hiking trail construction, road maintenance and erosion control.



“It was their getting excited about it made me think it was worth preserving” - Landowner Dr Nash talking about botanists on his land.

If this additional capacity can be secured in the long term it will significantly strengthen the stewardship programme. CapeNature would then be able to commit to supporting landowners with sustainable land management. Currently the signing of a stewardship agreement means only that the area will be prioritized in the allocation of resources for activities such as alien clearing and fire management. Until now as a result of limited resources, CapeNature has been unable to commit to providing the necessary support for activities identified in the management plan.

SUPPORTING STEWARDSHIP AT RHENOSTERKOP

Rhenosterkop is a 240ha farm containing 162ha of renosterveld, the majority of the farm being under conservation. The landowner, Dr Lancelot Nash, is retired, but his daughter produces wine. There are also a few alpacas and Nguni cattle. The Nash family has owned the land for over 20 years and are lifestyle farmers.

In 1998 a small portion of the renosterveld on the farm was burnt. A PhD student from the University of Cape Town approached Dr Nash asking for permission to look at the recently burnt area to see whether any unusual species could be identified. Several rare species were found and in great excitement the student called out other members of the Botany department to have a look at the regeneration resulting from the fire. This obvious appreciation from the botanists of UCT inspired Dr Nash to approach CapeNature regarding the conservation of his special “veld”. As he said: “It was their getting excited about it made me think it was worth preserving.”

Negotiations resulted in an agreement being signed in 2005 to establish a contract nature reserve in perpetuity. The farm has therefore now been audited for 3 years. The management plan for the Rhenosterkop Nature Reserve outlined three main areas of activity. However, a major constraint has been a limited capacity available to undertake the work. The landowner has one labourer assigned to the maintenance of the reserve.

Control of invasive alien plants:

Through the Working for Water Programme’s funding, CapeNature was able to provide teams to do the initial clearing. They also trained Dr Nash’s worker on how to undertake the follow up operations.

The reserve itself has now been cleared of invasive alien plants. After the initial clearing, first and second follow-up operations were undertaken. Control operations are now in a maintenance phase, and have been extended to adjacent areas on the farm to inhibit re-infestation.

Fire management

As a result of his relationship with CapeNature, Dr Nash became aware of his obligations in terms of the new Fire Act. He consequently signed an agreement with his neighbours not to sue one another in case of fire spreading across their lands. This is an important safeguard in case a controlled burn gets out of control. It also provides cover should wildfire cross the lands. Dr Nash has been able to establish firebreaks with funding provided by the Table Mountain Fund through Conservation International.

A large area of the reserve was not burnt in the 1998 wildfire. This un-burnt veld has become senescent – too old to reproduce. Since the first management plan was drawn up for the area there has been a plan to burn this senescent veld in a controlled burn. However, to date, CapeNature has been unable to provide the resources to do so. For example, in the 2009 burning season, all CapeNature’s resources were required to control the numerous wildfires which were burning at the time. It is hoped that in 2010, with the additional capacity provided by the Pioneer-sponsored stewardship support teams, firebreaks will be prepared. If weather conditions are suitable the area will then be burnt during the window period of March to April. During this period there are often only two or three days which are suitable for a scheduled burn, making it challenging to implement.

Road and Path Maintenance

A large area of the reserve is inaccessible as there are no roads or footpaths. It is therefore impossible to use this area for tourism and it is difficult to undertake scientific research as well as basic monitoring set out in the management plan. The construction of a footpath has therefore been a priority on the management

"Happy to be educated but don't want a lot of impractical suggestions without support to do it"

"My relationship with CapeNature has been very rewarding"

(Dr Nash)

plan for several years, but this has not been completed due to lack of capacity. To date, the inaccessibility has meant that all monitoring sites are outside the reserve, looking in.

In 2010 CapeNature anticipates being able to provide assistance in building paths, making use of the Pioneer support teams. It plans to set up sites for monitoring, which will make use of fixed point photography. Monitoring will be particularly important after the controlled burn as many important species are expected to emerge.

Review

Although Dr Nash has been committed to the stewardship programme for several years none of his neighbours have yet followed suit. It is his impression that they are very wary of giving up their rights. He feels that the key challenge is to assure them that signing a stewardship agreement does not mean relinquishing control. They need to understand that the management plan on which the stewardship agreement is founded is established in partnership. The landowner is not forced to do anything he is uncomfortable with and retains ultimate control at all times.

Dr Nash has found that his stewardship contract with CapeNature does not require him to undertake impractical tasks whose purpose he does not understand. Instead he is informed, and support is provided for mutually agreed-upon tasks. He has been able to include all activities which were important to him in the management plan and feels that it addresses his core needs. Both parties bring new ideas to the table each year and discuss the challenges for implementation.

He has found the audit to provide a valuable process of reflection, and emphasizes that it is built on strong mutual trust. The auditing process with CapeNature is not "just a hoop to be jumped through to fulfill the contractual agreement" but is a very useful mutual planning exercise. He is less confident about expanding this process to include other agencies as he feels that the level of trust and support that has been established between himself and CapeNature is not at this stage matched by equivalent relationships with other agencies.

He explained that, for him, the key benefit has been support for better land management rather than the tax relief. He added that he has enjoyed being informed about the plants and animals on his land. "If they share information..it makes it more interesting all round." He has indicated that he has "a much better understanding" of what he has on his land since engaging with the stewardship programme.

At Rhenosterkop a sound relationship has clearly been established between the stewardship officer and the landowner. Such a relationship takes time to develop, and, if more landowners are to be drawn into the stewardship scheme, it is critical that extension staff turnover is kept to a minimum and that only appropriately experienced staff are appointed as extension officers.

THE WAY FORWARD

International experience is that internal self-audits are generally best undertaken only once credibility and experience is established. Indeed, future auditing of stewardship agreements may include more complex payments for ecosystem services such as carbon sequestration.

It is now recognized that the auditing of stewardship agreements is one of the most critical roles of conservation agencies. Although expensive to implement, auditing is essential in order to secure credibility and security of service. The costs of auditing should be offset by the incentives that the audit releases. The audit process should therefore be viewed as added value.

CapeNature will need to increase its auditing capacity to service both the growing number of stewardship agreements and to improve internal monitoring of reserve management. This should generate economies of scale. Other mechanisms which could increase the auditing capacity could be arrangements with NGOs such as the Game Rangers Association. This has been demonstrated to be an effective way of reducing the cost of auditing to the farmer internationally. The NGO can then assist both with fundraising and the provision of capacity. The twofold objective would be to immediately enhance the competence value of the audit teams and to build long term internal capacity.

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Key Words:

Auditing, stewardship, private landowners, Rhenosterkop,

