1.3 Chairperson’s Report


In line with Council’s legislative mandate of providing strategic oversight, the report provides a high level overview of the annual performance of Robben Island Museum. The detailed report by the Chief Executive Officer contextualizes the performance information and the financial statements which form part of this Annual Report.

This was the second year of the RIM Council’s three-year term, which began in March 2010. Working together with the CEO and senior managers of RIM, Council continued to prioritize the stabilization of the organization in order to achieve operational efficiency and effectiveness. A number of key strategic objectives were identified and these were: the Visitor Management Plan, the Narrative, a new Business Model, a Fundraising Strategy, Marketing Plan and the forging of Partnerships with other World Heritage Sites.

The Council of RIM is proud that the institution has once again achieved an unqualified audit opinion during the 2011/2012 financial year. Significant efforts were made to ensure that internal controls and risk management are strengthened in order to improve the museum’s corporate governance and achieve better audit outcome during this financial year. Together with the Executive management, Council will invest resources towards addressing matters which were raised as audit findings during 2011/2012, particularly performance reporting and compliance with laws and regulations in respect of safeguarding of assets.

I wish to draw specific attention to the fact that Robben Island Museum’s funding does not take into account that it is a World Heritage Site, with responsibilities which go beyond those of ordinary museums. The museum’s international stature requires it from time to time to host high profile state guests and this unfunded mandate places further pressure on the museum’s limited resources. This site also consists of a village which makes the museum rely on the Department of Public Works, as the custodian of government properties, for the maintenance of its infrastructure and the provision of municipal services. Over the years this arrangement has presented serious challenges. These matters require urgent attention by the Department of Arts and Culture.

In conclusion, I wish to thank all the stakeholders who have been pivotal in supporting the museum. A special word of gratitude goes to the Department of Arts and Culture, the Portfolio Committee of Arts and Culture, the Department of Environmental Affairs, the Department of Public Works and the South African Heritage Resources Agency. I also wish to thank the personnel of Robben Island Museum, without whom the museum would not have achieved its strategic objectives. Special thanks also go to the members of Council for their diligence and dedication.

Mr Ben Dikobe Martins
Deputy Chairperson of Council
31 July 2012
1.4 Report of the Chief Executive Officer

I have great pleasure in presenting the Annual Report of the Robben Island Museum World Heritage Site for the year 2011/2012. This is the first Annual Report under the current executive management in which the new team has been able to monitor and evaluate organizational performance for a full twelve months. This report elaborates on the Chairperson’s Report by paying particular attention to the operational programmes of the museum.

I am very proud that Robben Island Museum achieved an unqualified audit opinion for the second consecutive year. This demonstrates that the Council and management have made significant strides in turning around the museum. The museum management will ensure that matters which were raised as the Auditor-General’s findings in the relation to compliance with legislation and reporting on predetermined objectives, are addressed.

During the year under review Council and management placed particular attention to the stabilization of the organization. Although progress was made in strengthening the control environment, serious challenges are still experienced due to the inappropriate business model, lack of culture of performance and instability caused by a fragile industrial relations environment. The business operating environment was extremely volatile during the 2011/2012 financial year because of industrial action. However, significant progress has been made in turning the organization around and focusing attention on the need to prioritise the core business of the museum. Visitor numbers remained constant and the museum managed to conduct business even during labour disturbances.

Corporate Governance Arrangements

During the period under review Council had four meetings and its four Council subcommittees Audit Committee, and the Finance and Risk Subcommittee, Governance Subcommittee and Heritage Subcommittee had no less than 2 meetings each. Council’s Working Committee met twice in August and November 2011.

The Audit Committee’s composition is in compliance with the Public Finance Management Act. It consists of three external and independent members and three members of RIM Council. It operates in accordance with the Audit Committee Charter which was approved by the Council of RIM.

Internal Audit is performed by an independent external audit firm, Ernst and Young. The Internal Auditors report operationally to the Chief Executive Officer and functionally to the Audit Committee. They perform their audit in accordance with a three-year strategic plan and a rolling one year operational plan.

In addition to the ordinary meetings Council had a Strategic Planning Workshop in December 2011. The purpose of the workshop was to give Council an opportunity to provide input on departmental programmes, and provide strategic direction on some key strategic matters such as Human Resources, Business Model and Organizational Performance.

The following were identified as KEY priorities:

1. Organizational Review
2. Review of the Business Model
3. Development of a Fundraising Strategy
4. Stabilisation of the Human Resources Environment
5. Focus on Maintenance and Improvement of the State of Conservation
6. Development of a Marketing Plan
7. Development of a Continuity Plan for Prison Interpretation
8. Visitor Management Plan and Narrative
9. Development of a Records Management System
10. Strengthening of Good Corporate Governance
11. Strengthening of Partnerships with other museums and World Heritage Sites
12. Protection of Robben Island Museum’s Intellectual Property

Financial Performance

The finances of the museum are managed in accordance with the Public Finance Management Act. As was mentioned above the museum’s internal audit is conducted by a private company and its work has assisted Council and management in strengthening the control environment and risk management.

RIM management has intensified its costs containment measures and elimination of irregular expenditure. Efforts are always made to identify and quantify existing commitments to ensure that these are matched with RIM’s income generating capabilities. The quality of spending was consistently reviewed in order to reprioritize budgets towards the core strategic initiatives of the organization.
The unpredictable nature of RIM’s operations in the recent past has also created a need for management to make material provisions within its budget for all known possible financial obligations. As was anticipated in the previous report, RIM’s obligations towards Compensation of Employees exceeded the subsidy received from the Department of Arts and Culture by the end of the financial year.

Robben Island Museum managed to perform well during the 2011/2012 financial year. This was mainly due to the strengthening of the control environment and the smooth running of the ferry operations. However, the museum is not a going concern because its personnel expenditure far exceeds its annual grant from the Department of Arts and Culture. As a result of the staff absorption, the museum personnel increased from 120 to 240 during the 2010/2011 financial year. This increase did not take into account the museum’s core business, more particularly heritage, education and tourism. The increase in the non-core functions of the museum resulted in the museum’s inability to make resources available to employ specialists in heritage, interpretation, tourism services and public heritage education. As a result there is no alignment between the Structure and the Strategy. Council and executive management have prioritized this matter for the 2012/2013 financial year.

Lastly, I wish to highlight that the museum had a financial liability in respect of VAT which was presumably owed to the South African Revenue Services. After negotiations between SARS and Robben Island Museum, the matter was finally resolved in June 2012.

Planning and Performance Reporting
During the period under review the museum Council and management continued to pay particular attention to the matters raised by the Auditor-General around unauthorized expenditure and performance reporting. Although RIM obtained an unqualified Audit Report a number of challenges were identified which related to the weak control environment and performance reporting which is not in line with the SMART criteria. Management has put in place a tracking system to ensure that the AG’s findings are given serious attention to avoid them being raised again in the next audit. Special attention has been given to compliance with the National Treasury’s SMART criteria.

Risk Management
The Risk Register is monitored on a quarterly basis and some of the risks are being addressed through the internal audit process. Two Risk Management workshops and a Fraud Prevention Workshop were held during the 2011/2012 financial year. Currently the museum does not have an Enterprise Risk Manager. The function is being performed by Senior Managers who are risk owners, while coordination and oversight is conducted by the Executive Office.

Human Resources
RIM still faces a serious challenge of aligning the museum’s strategic plan with the structure, the budget and the integrated Conservation Management Plan (ICMP). This challenge has been escalated to Council where it was agreed that this matter be addressed as part of the planning process for 2012/2013.

The business environment is still not conducive to the achievement of strategic goals. During the 2011/2012 financial year, the museum experienced two industrial actions, which had a negative impact on both the image of the museum and hampered its ability to achieve its objectives. The museum Council and management have tried to engage all interested parties in a bid to stabilize the environment. Executive management has discussed with Council the need to restructure the organization so as to achieve a viable business model. The current staff establishment and configuration of departments is not geared towards achievement of strategic objectives.

Performance Management
In order to drive organization performance, Council and executive management resolved to introduce a culture of performance management. One of the reasons the museum has struggled over the years to achieve against its predetermined objectives was because of the absence of a performance management system. To address this challenge the museum embarked on the process of reviewing job profiles for all senior managers. It is envisaged that by the end of the second quarter of the next financial year all senior managers will have Performance Contracts. It is imperative that a new culture of performance is embedded into the processes and systems of the organization. The ultimate goal is to ensure that the museum’s employee remuneration and reward system is linked to employee performance. RIM is moving towards a system in which employee performance targets will be linked to the Annual Performance Plans and the Strategic Plan.

Management is in the process of finalizing Performance Contracts for senior managers. This is aimed at addressing the serious challenge of having senior managers who are on permanent contracts. Once the process is finished RIM management will cascade it down to the rest of the staff so that a new organizational culture of performance is inculcated. Council has resolved to have all senior management contracts changed from permanent to fixed-term.
Overview of Departmental Performance
The performance objectives and targets of the various departments of RIM are detailed in the Performance Information Section of this Annual Report. Besides commemorative days, the Mandela Day and celebrations by the ANC and the PAC, no major events took place on the island during this financial year.

The RIM executive management has identified the need to improve on performance and to ensure that the museum’s programmes pay particular attention to the Annual Performance Plan, Strategic Plan and the Integrated Conservation Management Plan. As the performance reports against predetermined show, there was a serious challenge in reporting performance and achievement against targets.

In order to address this problem museum management has prioritized performance monitoring and evaluation. The museum will also appoint a Chief Heritage Officer during the 2012/2013 financial year in order to improve the performance of core business programmes like Heritage, Education and Tourism. Furthermore, executive management will reconfigure the departments in order to enable them to perform efficiently, effectively and economically.

Visitor Numbers
I am proud to report that visitor figures for the 2011/2012 financial year stood at 352, 229 against a corresponding figure of 348, 229 during the 2010/2011 financial year. This moderate increase means that the museum has to exercise fiscal discipline because the numbers are not growing significantly. Although there was a substantial increase in income during the 2011/2012 financial year, this has been as a result of an increase in ticket price, no hiring of private boats and the tightening of controls around refunds. The museum has not diversified its offerings or done something to diversify income streams, especially in the areas of Conferences, Events and Specialised Tours. It is important that the museum diversifies its tours and also engages in efforts to raise funds for its programmes.

Maintenance of Robben Island
The management of Robben Island Museum has identified as an area of particular concern the inadequate strategic alignment between maintenance/capital works projects and the strategy of Robben Island Museum. In order to address this problem, RIM has approached the Department of Arts and Culture to provide funding for the establishment of a Project Management Unit so that a group of experts could assist with the management of RIM’s infrastructure and the built environment. The inadequate coordination between RIM, DAC and DPW means that the Department of Public Works engages in projects without taking into consideration RIM’s strategic priorities as identified in the Integrated Conservation Management Plan (ICMP). As part of the new way of planning, RIM management has decided to prioritize maintenance during the next financial year, instead of starting new projects.

The departments of Arts and Culture and Public Works are engaged in a process of acquiring the services of a facilities maintenance contractor. It is envisaged that this contractor will be in place by October 2012. The museum’s view is that particular focus must be placed on maintenance and less focus on projects because they have proved to be costly to the museum and the approach has so far not been integrated. The museum has identified the Blue Stone Quarry and Pathways, the Ou Tronk and the Old Power Station as priority projects for the next three years. These projects are part of the Political Imprisonment Landscape theme as identified in the 2007-2012 ICMP.

New/Proposed Activities
There were no new activities during the 2011/2012 financial year. The proposed activities for the next financial year will include: compilation of the new Integrated Conservation Management Plan, a review of the Operating Model for the Ferry Operations, development of a Business Model, and an Organisational Review. RIM has approached the PPP Unit at the National Treasury to assist with the Feasibility Study in order to design an appropriate business model for the running of its ferry operations. Furthermore, RIM is engaged in discussions with the families of ex-political prisoners who were buried in Stikland Cemetery (Belville) to erect a memorial on the Island. The South African Heritage Resources Agency, the National Prosecuting Authority and the City of Cape Town, are working closely with Robben Island Museum on this project.

World Heritage Site
Robben Island Museum is in the process of reviewing its Integrated Conservation management Plan. This review will culminate in the compilation of the new ICMP for the period 2013-2018. During a visit by the Unesco Monitoring Mission from 13-17 March 2011, a number of priorities were identified which related to completion of projects which were identified in the current ICMP. In addition to making recommendations regarding the Visitor Management Plan and the Narrative of the Museum, the Mission emphasized the need for the museum to formalize its relationship with the Department of Public Works. However, I am pleased to report that the Mission expressed appreciation which has been achieved by Council and executive management in stabilizing the institution.
Performance Information
Detailed performance information as required by the PFMA is included elsewhere in detail in the body of the Annual Report.

Acknowledgements
I wish to acknowledge the Council of Robben Island Museum for the incredible role they played in stabilizing the organization in the face of challenges which looked insurmountable at the time. Council played a pivotal role in guiding the organization and creating the right environment for RIM staff to perform their duties. Individually and collectively members of Council carried out their fiduciary responsibilities in order to strengthen the fundamental principles of good corporate governance to ensure that RIM achieves an unqualified audit opinion. A special word of gratitude goes to the personnel of Robben Island Museum for their dedication to the institution.

The museum would not have managed to survive and strive without the support of its partners in tourism sector, especially tour operators and tourism bodies in the Western Cape. The museum wishes to thank the Unesco Monitoring Mission, the Department of Environmental Affairs (DEA), the Department of Public Works (DPW), South African Heritage Resources Agency (SAHRA), Cape Nature, Department of Agriculture, Forestry and Fisheries (DAFF), Cape Town Routes Unlimited (CTRU), the universities of the Western Cape and Stellenbosch and other tourist destinations. Lastly, I wish to thank the Department of Arts and Culture for the support given to Robben Island Museum.

Sibongiseni Mthokozisi Mkhize
Chief Executive Officer
31 July 2012