

Amafa AkwaZulu Natali/Heritage KwaZulu Natal

27 September 2017

Comments for ED 156: Financial Reporting for Heritage in the Public Sector

Specific Matters for Comment – Chapter 1

We do not agree that the all of the characteristics of heritage items have been captured. Important characteristics that have been omitted are:

- i. Ethnographic items;
- ii. Monuments and sites another class that should be separately classified; and
- iii. Archaeological items and collections should similarly be separately classified.

Cultural heritage, which is vaguely documented in the CP, is ANYTHING that has an association with humanity and its practises. By virtue of use of sites, cultural significance can be attached to a site. It is wrong to make that comment that “cultural heritage consists of man-made items”. Cultural heritage, to expound or briefly unpack this idea, is any object, item, place and/or idea that is associated with human activity or endeavour.

It must be noted that cultural heritage is NOT renewable and is therefore irreplaceable. The characteristics incorrectly use the word “often” in 1.7(a). The purpose of holding these items is for perpetuity and it is for this reason that it cannot be replaced. As per the technical standards governing the accessioning of items, an accession number that is assigned to such an item will remain with that specific item – even beyond the cessation of said item. An accession number cannot be reassigned. Each item is accessioned whereupon all the history, value, sourcing of that item (amongst other information pertaining to that item) is recorded.

It would be preferable to apply the characteristics consistently with the definition in Chapter 2.1 and this should be applied uniformly throughout the document.

In 1.7 (a) remove the word “often” and in 1.7 (c) remove the words “possible” and “expected” as this negates the perpetuity associated with the holding of an item for its heritage significance.

Preliminary View – Chapter 2.1

We are satisfied with the preliminary view. Any omissions (as mentioned above) has been covered by the terminology “but not limited to”. However, these omissions must, when necessary, be considered to be included in this statement for the sake of consistent application of the proposed standards.

Preliminary View – Chapter 2.2

No – it would be incorrect adopt the treatment of excluding “living plants and organisms”.

There are numerous sites to which heritage value and significance is assigned purely on the basis of the living plants and organisms that inhabit that area. Such examples (non-exhaustive listing) within South Africa are:

- The Blue Swallow Sanctuary located in the Umkomazi Gorge within the Highover Nature Reserve, Hela Hela, KwaZulu-Natal;
- The Cape Floristic Region is recognised by UNESCO as a World Heritage Site for its rich and diverse flora as well as levels of endemism; and
- The Raffia Palms located in Mtunzini, KwaZulu-Natal.

While these represent but three (3) examples, there are numerous such sites within South Africa itself, let alone the world, where heritage significance is attached to the site purely on the basis of the presence of such biodiversity on that land. Had it not been for the presence of the biodiversity on this land, it would not be considered a heritage site and would consequently be reflected in accordance with the normal treatment of property, plant and equipment (GRAP 17).

Preliminary View – Chapter 3

Agreed – with separate classification as “heritage assets” to ensure the distinction from normal items of PPE

Specific Matters for Comment – Chapter 4.1

Yes – this is supported. The cost of sourcing and appointing specialists of ascertaining the value of donated items far outweighs the benefit obtained from conducting such an activity. In most, if not all cases, these “specialists” will be applying professional judgement at best, in a field that is not necessarily their core expertise. Thus professional judgement while it may seem the best methodology cannot provide sufficient assurances to the valuation of an individual item. It will not take into consideration the inherent factors that set a specific heritage item apart of a “similar item” to which heritage significance is not attached. The heritage value is attached more to the cultural characteristics that is represented by the collection and not necessarily in the item itself.

Using specialists within the heritage “industry” such as a museologist or an archaeologist would often lead to independence issues as those few included in the pool of available professionals are often known or connected to each other. Further, museum “best practices” frowns upon the valuation of collection items as in doing so, creates a risk of theft purely for the value associated with the item.

Preliminary View – Chapter 4.1

Agreed

Specific Matters for Comment – Chapter 4.2

Yes. As per “Specific Matters for Comment – Chapter 4.1” (above).

Preliminary View – Chapter 4.2

No. Legislation prevents the trading of heritage assets by an institution. As such can be no open-market for the trade of heritage assets by which we can obtain “market value”.

For reasons highlighted previously under the comments on “characteristics” – heritage items ARE IRREPLACABLE. Therefore, replacement costs cannot be ascertained. Even if damaged, (or if not), heritage assets cannot be improved either. They can merely be preserved and conserved to probably at best, the state at the time of acquisition. Any improvements, will therefore render such an item different from that heritage of which it is representative. For example, a crack in an earthen pot from the 1700's itself represents the heritage and the state of that pot – to repair it now would alter the history and timeline of that pot. Similarly, any food fragments included in that pot would give rise to a source of the culture of the people at that time and will be considered significant. Such fragments will form a part of the heritage significance associated with that pot.

Specific Matters for Comment – Chapter 4.3

We are supportive of the view and treatment that heritage items, where it is ascertainable, be presented at historical cost.

Where the cost cannot be ascertained, that such items be written in at a nominal cost of one (1) currency unit. In the notes to the financial statements, distinction should be disclosed between those items that are carried at historical cost and those (quantity and nature) carried at the nominal or “token” value. The note should also include a brief narrative as to why the historical cost measure cannot be applied.

Preliminary View – Chapter 5

No. We are not in agreement

(a) As mentioned earlier:

- Heritage items are held for perpetuity and therefore no timeframe can be ascribed to the consumption of an item. Given that no timeframe for a heritage item exists, how then can we assess the useful life of an item, thus negating the testing for impairment and revaluation;
- The mandate of heritage bodies/agencies is the preservation and conservation of the heritage fabric (broadly defined). Preservation and conservation measures/efforts are to maintain the item at the original state at the point of acquisition, when with deemed to hold heritage significance. Any impairments, subsequent expenditure or revaluation would go against the concept of “preservation” and “conservation” as it inherently, alters the state that classified that item as having heritage significance.

(b) Based on the arguments presented in point (a), subsequent measurement is not cannot be applied.

Specific Matters for Comment – Chapter 5

Yes – all of them. The arguments already documented bear this opinion. The concept of perpetuity and the argument of altered states changing the heritage significance of an item indicate that all heritage assets cannot be subjected to the subsequent measurement criteria as one would ordinarily apply for normal categories of Property, Plant and Equipment

Compiled by the Management of Amafa AkwaZulu Natali/Heritage KZN