

SOUTH AFRICAN TOURISM ANNUAL REPORT

2019 | 2020



SOUTH AFRICAN TOURISM

SOUTH AFRICAN TOURISM GENERAL INFORMATION

NAME OF PUBLIC ENTITY:

South African Tourism

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COMPANY SECRETARY:

Adv. Maseapo Kganedi

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A

**GENERAL
INFORMATION**

SOUTH AFRICAN TOURISM GENERAL INFORMATION

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France

South African Tourism moved out of its
Paris office space due to the high cost
of rent. The team has been housed in
virtual offices in Paris while suitable
offices are being sought.

SOUTH AFRICAN TOURISM BANKERS INFORMATION

OFFICE	INSTITUTION
Head Office	Absa, 3rd Floor, Absa Towers West, 15 Troye Street, Johannesburg 2001
	Standard Bank, 83 Rivonia Rd, Sandhurst, Sandton, 2196
	Investec, 100 Grayston Dr, Sandown, Sandton, 2196
	Nedbank Business Pretoria
Tourism Grading Council	Nedbank, 135 Rivonia Road, Sandown, 2196
New York	The Bank of America, 51 West 51st Street, New York, NY 10019, United States
London	Nedbank London, Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG, United Kingdom
Tokyo	MUFG Bank Limited, Toranomon branch, 1-4-2 Toranomon, Minato-ku, Tokyo 105-0001, Japan
Mumbai	FirstRand Bank Limited, TCG Financial Centre, Plot No. c 53, G Block, Bandra Kurla Complex, Mumbai 400051, India
Frankfurt	Volksbank e.G. Boersenstr. 7-11, Frankfurt D-60313, Germany
Paris	Credit du Nord, 40 Avenue Niel 75017, Paris, France
Amsterdam	ABN-AMRO Bank, Postal address: Box 75580, 1070 AN, Amsterdam, The Netherlands
Beijing	Bank of China, 6 Gong Ti North Road, Chaoyang, Beijing 100027, China
Sydney	Westpac Bank, Cnr Market & Clarence streets, Sydney, Australia
Nigeria	Stanbic IBTC Bank, Churchgate Towers: PC 30, Afribank Street, Victoria Island, Lagos

Company secretary: Adv. Maseapo Kganedi

ABBREVIATIONS AND ACRONYMS

ARCO	Audit and Risk Committee
B-BBEE	Broad-based black economic empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EXCO	Executive Management Committee
FCA	Foreign Correspondents Association
FITUR	Federation of Independent Trade Unions of Russia
GDP	Gross Domestic Product
GIBS	Gordon Institute of Business Science
HCREMCO	Human Capital and Remuneration Committee
ICCA	International Congress and Convention Association
ICT	Information and communication technology
IIA	Institute of Internal Auditors
IMEX	Worldwide Exhibition for Incentive Travel, Meetings and Events
IMF	International Monetary Fund
IT	Information technology
KPI	Key performance indicator
MARCOM	Marketing and Commercial Committee
MINMEC	Ministers and Members of Executive Council's Meeting
MIPTEC	Ministerial Provincial Technical Committee
NTVIS	National Tourism Visitor Information System
OTA	Online Travel Agency
PFMA	Public Finance Management Act (1999)
PR	Public relations
ROI	Return on Investment
SANCB	South Africa National Convention Bureau
SATTE	South Asia Travel and Tourism Exchange
SONA	State of the Nation Address
Stats SA	Statistics South Africa
SME	Small and medium-sized enterprise
SMME	Small, medium and micro-sized enterprise
TBCSA	Tourism Business Council of South Africa
TDM	Tourism Decision Metrics
TGCSA	Tourism Grading Council of South Africa
TTFDS	Total Tourist Foreign Direct Spend
UK	United Kingdom
UNWTO	United Nations World Tourism Organisation
US	United States
VFR	Visiting Friends and Relatives

FOREWORD BY MINISTER OF TOURISM



The global health crisis brought about by the outbreak of the COVID-19 pandemic wreaked havoc in the global economy in particular the tourism sector.

In 2019, the tourism sector continued to demonstrate that it has become one of the important pillars of economic growth worldwide. When reflecting on 2019, the World Tourism Organisation (UNWTO) reports that international tourist arrivals (overnight visitors) worldwide grew by 4% to reach 1,5 billion in 2019 when compared to 2018. However, compared to 2017 and 2018 the number of global international arrivals, in 2019, grew at a decreasing rate.

On the home front, South Africa's international performance did not fare too well with our country welcoming 10,2 million tourists in 2019, marking a 2% decline when compared to 2018. In 2019, total foreign direct spend was R81,9 billion rand. Having set a target of getting 21 million arrivals by 2030, the decline in the number of international arrivals is an area that will receive increased attention.

Tourist arrivals to South Africa from the rest of the African continent also declined by 2% compared to 2018. The African continent is massively important for South Africa's tourism sector and overall economic growth. Africa alone accounts for 71%

of international arrivals. Arrivals from many countries on the African continent declined in 2019 except for Zimbabwe and Eswatini; the two grew by 2% and 4% respectively. Unfortunately, other countries that declined include: Lesotho (-10%), Namibia (-8%), Mozambique (-2%), Botswana (-3%) and Zambia (-8%). Perceptions of widespread attacks on foreign nationals in 2019 severely hampered performance of this region. These perceptions have also subtracted from brand South Africa as a place wherein unity in diversity has been an exceptional social experiment globally. We have to continue with our efforts to create an enabling and welcoming environment to further spur growth from this region.

With regards to domestic tourism, a total of 28,2 million (over overnight) domestic trips were taken in South Africa for the period April 2019 – February 2020. This is a growth of 63% compared to 2018. The duration of the trips were at least 3 nights and resulted in a total of 86,7 million bed nights which is 31% more than what was recorded in 2018. The total revenue generated by (overnight) domestic tourism in 2019 was R52,7 billion, a growth of 100%. Domestic tourists increased their average

spend to R1,868 compared with R1,519 in the previous year. South African Tourism continued with aggressive marketing efforts to reposition the South African brand and to widen the global awareness of South Africa as a preferred tourist destination. These efforts were pursued cognisant of the fact that there is a consumer buyer behavioural shift from brick and mortar channels to digital channels and that a strategic shift was made from marketing driven by television commercials to one driven by targeted digital content. To this end, four major international media partnerships were concluded and driven at a global level: Expedia, CNN, BBC and National Geographic. The partnerships provided media assets to all in-country teams to be able to drive in-country conversion campaigns as well as to address demand awareness and attractiveness opportunities.

The global health crisis brought about by the outbreak of the COVID-19 pandemic wreaked havoc in the global economy in particular the tourism sector. Measures to contain the pandemic such as lockdowns that were instituted in many countries globally, collapsed the supply and demand market of the tourism sector. According to the UNWTO, international tourist numbers decreased by 65% in first half of 2020, pointing to the unprecedented and severe impact the COVID-19 pandemic has had on the sector. This is a huge departure from predictions the organisation made towards the end of last year, that there would be a growth of 3% to 4% in international tourist arrivals worldwide in 2020.

The road to recovery from the devastation of the pandemic has already begun. As the world moves closer to finding a vaccine, the tourism sector has to continue to apply and practice the protocols of the new normal so that the sector can thrive in the midst of the pandemic. As we cast our eyes to the future, we are acutely aware that the adverse impact of COVID-19 pandemic means it will take some time for our tourism performance to reach pre-pandemic performance. The South African government in partnership with the private sector is committed to doubling marketing efforts, resources and enacting policies to grow South Africa's share of this market. We will work with other government departments for the removal of prohibitive regulations and policies as well as rebuilding and nurturing the South African brand so that we are able to contribute towards an increase in our tourist arrivals numbers and certainly set the sector on a growth trajectory again.

Of critical importance, is the role the tourism sector plays in South Africa's economy, contributing to transformation, economic growth and job creation. The National Department of Tourism is committed to creating a conducive environment for tourism to thrive in the country. World tourism is becoming ever more competitive and thus, requires a national tourism system that is agile and responsive to the needs of travellers. This is why as government we are once again highlighting our commitment to working closely with the private sector to position South Africa as a destination of choice for travellers the world over. Inclusive, responsible and sustainable practises in our tourism sector and related industries are all key ingredients in ensuring that we go back to welcoming millions of tourist from various parts of the world.

My appreciation goes to Deputy Minister Mahlalela for the support provided and the role played in the overall execution of our mandate. I would also like to thank the South African Tourism board together with the executive team for the great effort they have put in executing South African Tourism's mandate. Lastly, I would like to thank the Director General and the entity oversight team in the department for the supportive work they have demonstrated to help South African Tourism achieve its mandate.



Ms Mmamoloko Kubayi-Ngubane, MP
Minister of Tourism



FOREWORD BY THE CHAIRPERSON



COVID-19 has compelled us to think differently regarding our existing markets and consider new potential markets to ensure arrivals and spend growth.

In many ways the 2019/2020 fiscal year was poised to be the year that would propel South Africa to becoming one of the leading and most travelled countries on the continent.

The expectation and excitement of a bumper year led many to be optimistic and outright positive for the sector to become a shining light for the country.

With another successful presidential election completed, an engaged vibrant Tourism Minister was appointed into Cabinet and an ambitious but extremely achievable target of 21 million tourist arrivals by 2030 was set by President Cyril Ramaphosa.

Changes were made on various fronts from a visa perspective, new airlines were choosing to add South Africa to their schedules and the emergence of new tourism products and experiences were coming to the fore – all creating that excitement and promising growth sorely needed of the sector.

For the first three quarters of the financial year, the tourism sector had reason to be optimistic.

Then came the watershed moment for the world at the end of 2019, and ushering in 2020.

COVID-19 would leave its trail of despair and destruction, including on the tourism industry, forcing a re-think and change in the way we operate and seek new travellers to our shores.

Despite the challenges that faced the organisation at the end of the financial year, SA Tourism still managed to achieve some of its targets and goals as prescribed in the Annual Performance Plan (APP). This is reflected throughout the annual report and as a Board we are proud of the achievements of the organisation.

We might have fallen short on our arrival numbers, but in all of this we believe we will bounce back once the world is able to come to grips with the “new normal” and we have navigated our way through what this “new normal” will entail.

Transformation

Transforming the industry will always be at the forefront of our efforts to see a fully inclusive sector that ensures benefits and rewards for all involved in the industry. We will be deliberate in our efforts going forward and keep to our commitment of meaningfully contributing to the government's objectives of inclusive economic growth, sustainable job creation, and redistribution and transformation of the industry.

Performance

Falling short of our targets is a cause for concern in the light of the target set by President Ramaphosa. We will be addressing this through the Tourism Recovery Plan that has been drafted in the past few months. COVID-19 has compelled us to think differently regarding our existing markets and consider new potential markets to ensure arrivals and spend growth.

Governance

We continue to ensure that we remain compliant and adhere to the various regulatory guidelines. We are proud to announce that we have received an unqualified audit opinion from the Auditor-General for the 19th year in a row.

Organisational effectiveness

Our staff remain our key asset. We have received feedback from previous staff surveys and implemented measures to ensure that we have a fully committed team in South Africa and in our country offices around the world. We remain committed to ensuring the highest level of training and education for our staff in order to enhance the skills level within the organisation and achieve excellence in performance.

Finally, a special word of appreciation and thanks to our dynamic Minister of Tourism, Mmamoloko Kubayi-Ngubane. Having come into office in May 2019, the Minister is a pillar of support during these challenging times, and has embraced her role with vigour. She is certainly committed to ensuring the best outcomes for the tourism sector.



Mr Siyabonga Dube
Board Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW



It is critical to note the adverse impact that the COVID-19 pandemic posed on the industry and tourism performance towards the tail end of the 2019/2020 financial year. The pandemic brought the global tourism industry to a standstill, affecting tourism numbers and the progress made during this year.

The 2019/2020 financial year has come and passed, and we are pleased to share both the challenges and successes that it presented for the tourism sector as a whole and for destination South Africa. This annual report highlights our key performance for the said financial year.

Over the past fiscal, we have continued to execute our mandate of promoting destination South Africa to both the domestic and international markets for leisure and business events travel. We have remained steadfast in the execution of our strategic imperatives, while ensuring that we are led and guided by data and insights provided through our Strategy, Insights and Analytics (SIA) department.

It is critical to note the adverse impact that the COVID-19 pandemic posed on the industry and tourism performance towards the tail end of the 2019/2020 financial year.

The pandemic brought the global tourism industry to a standstill, affecting tourism numbers and the progress made during this year.

South Africa's Tourism Performance

The 2019/2020 fiscal saw a slight decline in international tourism, while domestic tourism grew exponentially. South Africa recorded 10,2 million international trips, which is a 2.3% decline from the previous year. This decline in tourist arrivals can be attributed to various barriers to entry in South Africa, such as safety and security as well as the visa regime. We have, over the past year, embarked on a number of campaigns to showcase South Africa as a safe and friendly tourism destination for individuals and families. These campaigns, coupled with the E-visa system, have aided us in mitigating some of these barriers to encourage more people to visit and explore our country.

Cultivating Domestic Travel

We also continued our efforts of promoting domestic tourism and encouraging South Africans to travel and enjoy their country through our Sho't Left campaign. We are pleased with our efforts which saw domestic travel grow by 63%, with a total of 28,2 million trips for the period April 2019-February 2020.

Greater economic impact through business events

During the past year, we continued to market South Africa as a business events destination. Through the South African National Convention Bureau (SANCB), we supported 115 bids for business events to be hosted in South Africa. These bids are for events across various provinces, ensuring geographical spread that boosts the economy of smaller and lesser-visited provinces.

Business events is a critical cog in the tourism wheel and contribute immensely to the South African economy. Therefore, we will continue our efforts to ensure we support local associations bidding for international events that will showcase the country as a premier business events destination while contributing to the economy.

Looking ahead

The coronavirus pandemic presents the sector with a new set of challenges and requires us to recalibrate and shift our focus. These challenges, however, will not deter us. The year ahead will see us ramping up our initiatives in order to meet our targets and working towards our objective of doubling our tourism numbers and our contribution to the the GDP by 2030 and attracting 21 million foreign arrivals and 4.3 million domestic holiday trips by 2030. We will be targeting our priority markets, promoting domestic tourism and strengthening our relationships with our partners and stakeholders, both locally and globally.

Tourism is a critical part of South Africa's National Development Plan, which aims to eliminate poverty and reduce inequality by 2030 and the sector is poised to be a key driver for employment, economic growth and the national transformation agenda. So it is prudent that we continue to market South Africa as a premier travel destination in order to contribute to inclusive economic growth.



Sisa Ntshona

Chief Executive Officer, South African Tourism



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

Requirements of the Public Finance Management Act

The members of the Board are required by the Public Finance Management Act (Act No. 1 of 1999) to maintain adequate accounting records, and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members of the Board to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year, and the results of its operations and cash flows for the period then ended. The Auditor-General South Africa has been engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements are prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such statements issued by the Accounting Practices Board.

The Public Finance Management Act (Act No. 1 of 1999), as amended, requires:

- The Accounting Authority to ensure that the organisation keeps full and proper records of its financial affairs.
- That the Annual Financial Statements fairly present the state of affairs of the organisation, its financial results, its performance against predetermined objectives and its financial position as at the end of each financial year.
- That the Annual Financial Statements are presented in terms of Generally Recognised Accounting Practice (South Africa).

Objective of the Statement of Responsibility

The Statement of Responsibility is a summary of responsibilities signed by the Accounting Authority to indicate that they have complied with the appropriate legislation.

Responsibilities Around Annual Financial Statements

The Annual Financial Statements are the responsibility of the Accounting Authority, in the case of South African Tourism represented by the Board of Directors and hereinafter referred to as the "Board". Management is responsible to the Board for the preparation and integrity of the financial statements and related information included in this annual report.

The Auditor-General is responsible for independently auditing and reporting on the financial statements. Accordingly, the Auditor-General has audited the South African Tourism Board's financial statements.

Basis for Preparation

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board, in accordance with the Public Finance Management Act (Act No. 1 of 1999). The Annual Financial Statements have been prepared on the accrual basis of accounting and are in accordance with the historical cost convention, unless specified otherwise. They are presented in South African rands.

Going Concern

The Board has reason to believe that the organisation is a going concern as its total assets exceed total liabilities and, as a result, the entity has continued to adopt the going-concern basis in preparing the financial statements.

Internal Control and Risk Management

The Board sets standards to enable management to meet all its financial responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. However, the Board has ultimate responsibility for the system of internal controls and reviews South African Tourism's operations and risk profile primarily through the Audit sub-committee of the Board.

Internal financial and management controls have been maintained in accordance with Section 38 of the Public Finance Management Act (Act No. 1 of 1999, as amended by Act No. 29 of 1999) in the period under review to provide assurance regarding:

- The safeguarding of assets against unauthorised use or disposition.
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

Trained, skilled personnel have been appointed to implement and maintain these controls. They are monitored by management and include a comprehensive budgeting and reporting system, operating within strict deadlines and an appropriate control framework. The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal controls, no matter how well-designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal controls, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statements presentation. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time. As part of the system of internal controls, an internal audit function was in place for the entire period under review, and operational, financial and specific audits have been conducted in line with an Internal Audit Plan approved by the Board. All such internal audit reports, which incorporate comments from management on audit findings, have been made available to external auditors, whose responsibility is limited to reporting on the financial statements.

Board's Opinion

The Board has reviewed the organisation's systems of internal control and risk management for the period 1 April 2019 to 31 March 2020. The Board is of the opinion that:

- The organisation's systems of internal control and risk management were effective for the period under review.
- Except as otherwise disclosed in note 31, no material losses, irregular expenditure, fruitless expenditure or wasteful expenditure occurred in the period under review.
- The Annual Financial Statements fairly present the financial position of South African Tourism as at 31 March 2020, and the results of its operations and cash-flow information for the year ended 31 March 2020.

Approval of Annual Financial Statements

The Audited Annual Financial Statements for the year ended 31 March 2020 have been approved by the Board in terms of Section 51 (1) (f) of the Public Finance Management Act (Act No. 1 of 1999), as amended, for submission to the Auditor-General and are signed on its behalf by:



Mr Siyabonga Dube
Chairperson

30 September 2020

STRATEGIC OVERVIEW: ABOUT SOUTH AFRICAN TOURISM

South African Tourism is mandated by the Tourism Act (2014) to market South Africa as a domestic and international tourist destination by promoting the country's tourism products, services and facilities. As a government entity, its purpose is to improve the lives of South Africans by contributing to the inclusive growth of the country's economy through tourism.

To ensure a unified approach and coordinated efforts towards achieving inclusive economic growth, South African Tourism developed a five-year Enhanced Strategy for Growth (known as the 5-in-5 strategy). The strategy has set a strategic goal of increasing the tourism base by five million arrivals or trips during the period 2017 to 2021. This goal is made up of four million additional international tourist arrivals and one million more domestic holiday trips.

To achieve this goal, South African Tourism has identified the following strategic objectives:

- Contribute to inclusive economic growth by increasing the number of international and domestic tourists.
- Contribute to an enhanced, recognised, appealing, resilient and competitive tourism and business events brand for South Africa across the target markets and segments.
- Enhance stakeholder and partner collaboration to better deliver on South African Tourism's mandate.
- Contribute to an improved tourist experience in line with the brand promise.
- Position South African Tourism's corporate brand in such a way that it becomes recognised as a tourism and business events industry leader in market intelligence, insights and analytics.
- Achieve operational efficiencies in all activities, including optimising the human, marketing and other resources available to South African Tourism.

The 2019/20 financial year marked the third year of the 5-in-5 strategy. Although South African Tourism had made great strides in the fulfilment of this 5-in-5 Strategy, in 2019 President Cyril Ramaphosa presented the tourism sector with an exciting target of reaching 21 million tourists by 2030. This target necessitated that South African Tourism shift its target and strategic focus to ensure we are in a position to meet the set target of attracting 21 million tourists by 2030.

VISION

To position South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality tourist experience that is diverse and unique.

MISSION

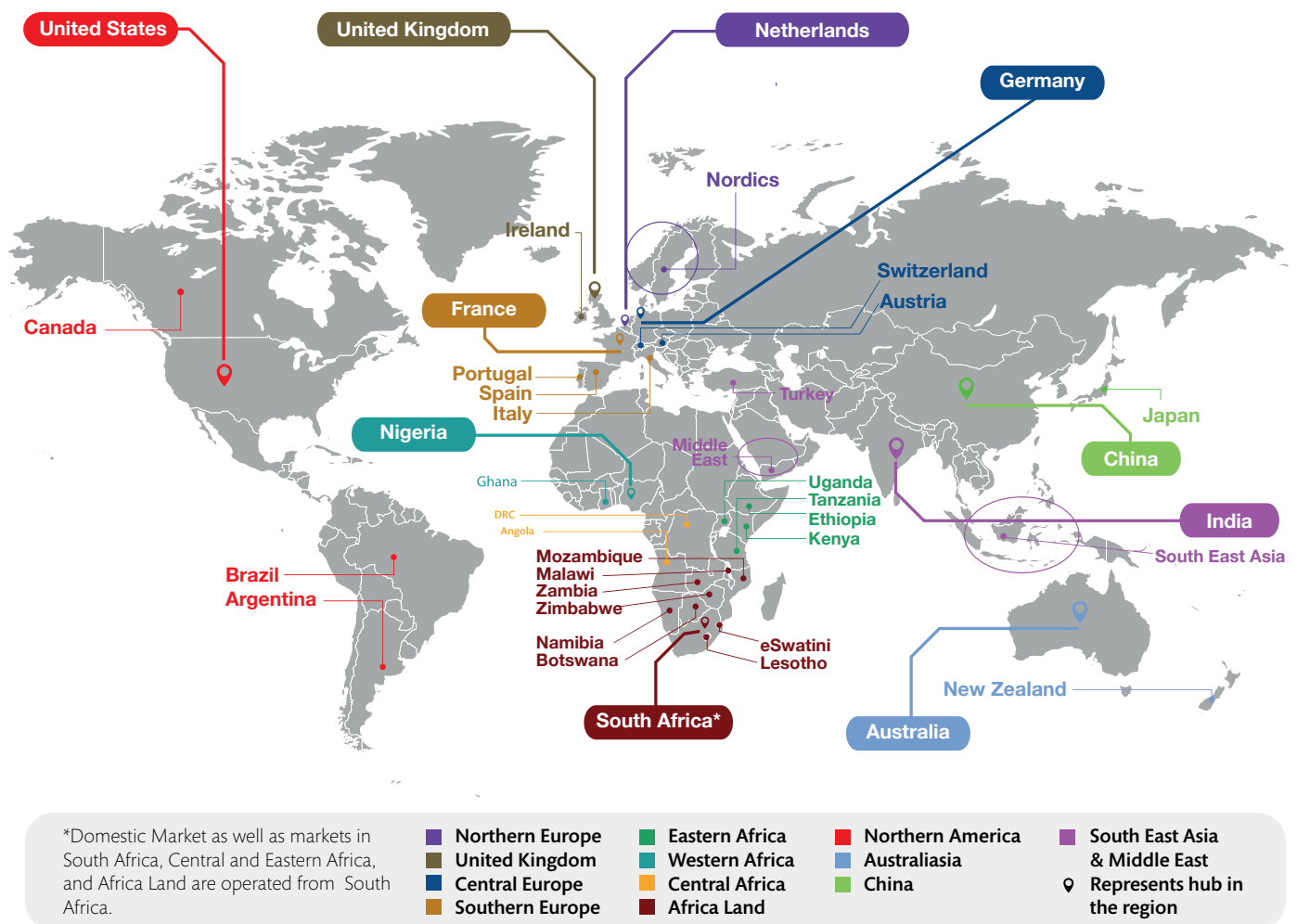
To contribute to inclusive economic growth by increasing the volume of tourists and the value they add to the South African economy.

VALUES

- **Integrity.** We do things consistently, ethically and honestly regardless of the circumstances.
- **Respect.** We treat everyone with dignity, inclusiveness, openness, tolerance and a sense of appreciation of diversity.
- **Authentic caring.** We show and act with genuine care to each other, customers, shareholders, partners, suppliers and the business.
- **Responsibility.** We take personal accountability for delivering work that exceeds customers' and stakeholders' expectations.
- **Excellence.** We take pride in and commit to always meeting and exceeding our customers' and stakeholders' expectations with outstanding quality.

In order to achieve our mandate of attracting 21 million tourists by 2030, South African Tourism invests in 44 countries globally. The global markets are based on a Marketing Investment Framework, which brings together the elements of the target (the what), markets (the where) and investment (the how).

As South African Tourism, we are committed to ensuring that our marketing initiatives are effective, seamless and provide the necessary support to the trade and other partners within the tourism value chain as well as effective dissemination of authority and responsibility. We achieve this through our "hub-and-spoke" approach. In each of the key identified regions, South African Tourism has opened up hubs to cater for the specific needs of the markets in the region.



Legislative and Other Mandates

Tourism Act (2014)

The Board is a public entity, which is listed under Schedule 3A of the Public Finance Management Act, 1999 (PFMA). It is governed by the Tourism Act (2014).

The Board's primary functions as set out in Section 10 of the Tourism Act are to:

- Market South Africa as a domestic and international tourist destination.
- Market South African tourism products and facilities internationally and domestically.
- Develop and implement a marketing strategy for tourism that promotes the objectives of the Act, and the National Tourism Sector Strategy.
- Advise the Minister of Tourism on any other matters relating to tourism marketing.
- With the approval of the Minister, establish a National Convention Bureau in order to market South Africa as a destination for business events by:
 - Coordinating bidding for international conventions.
 - Liaising with other organs of state and suitable bodies to promote South Africa as a destination for business events.

- Report to the Minister on the work performance of the National Convention Bureau.

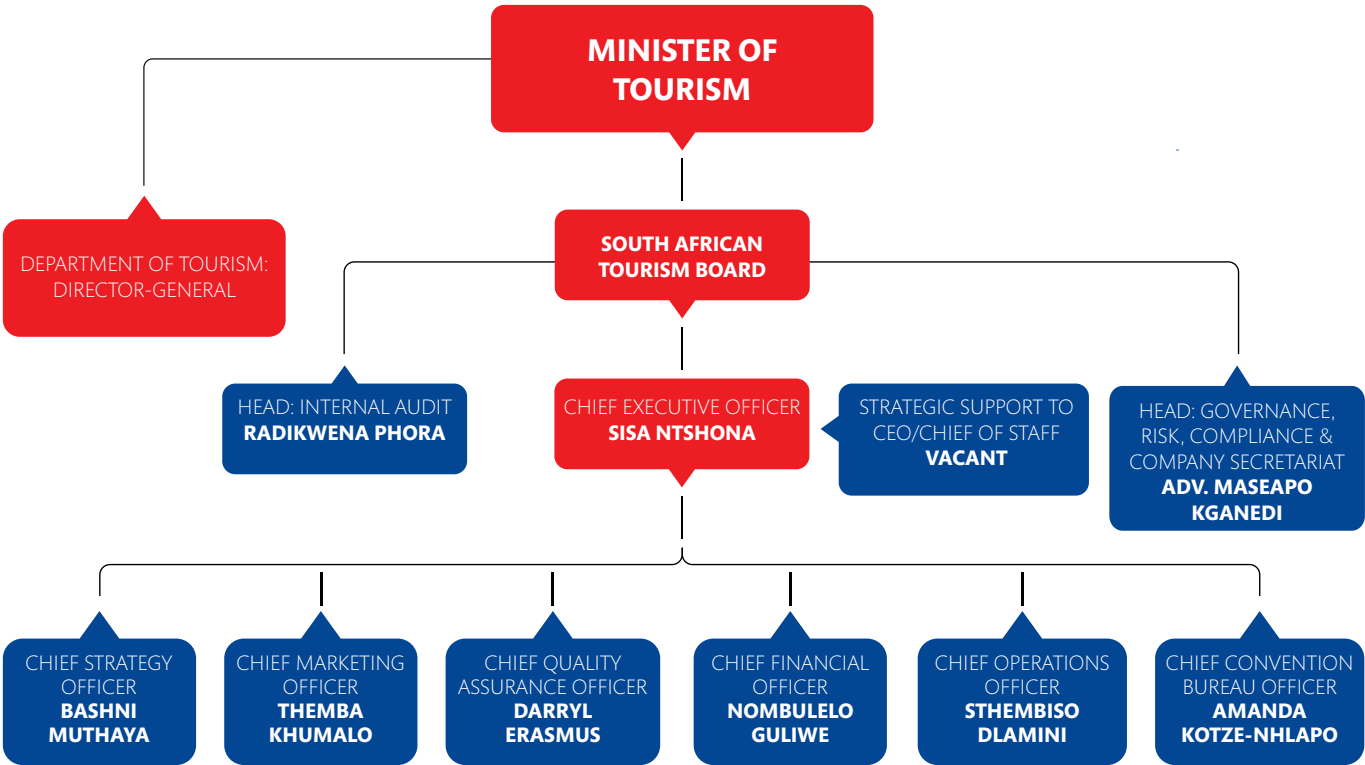
The Board must perform any function assigned to it by the Minister of Tourism through a policy directive, as long as it does not conflict with the Tourism Act.

The Minister has delegated the functions of the Tourism Grading Council to the South African Tourism Board. This includes implementing and managing the national grading system for tourism, as contemplated in Section 28 of the Tourism Act. The Board is accountable to the Minister for overseeing the functioning of the Tourism Grading Council.

Other mandates

South African Tourism's Enhanced Strategy for Growth leverages various policy mandates governing the South African Tourism Board, including the National Development Plan, the New Growth Path and the National Tourism Sector Strategy. The National Development Plan, which aims to eliminate poverty and reduce inequality by 2030, recognises tourism as one of the main drivers of job creation and economic growth. The New Growth Path identifies tourism as one of the main drivers of employment and growth.

ORGANISATIONAL STRUCTURE





B

PERFORMANCE INFORMATION

SITUATIONAL ANALYSIS

Service Delivery Environment

Globally, tourism was on the rise as international tourism increased by 3.8% between January and December 2019 compared to the same period in 2018, reported the UNWTO, the World Tourism Organisation. Last year also recorded strong growth, although slower compared to the exceptional rates of 2017 (+7%) and 2018 (+6%).

Demand was slower mainly in advanced economies, particularly in Europe. All regions enjoyed an increase in tourist arrivals. The Middle East (+8%) led growth, followed by Asia and the Pacific (+5%). International arrivals in Europe and Africa (both +4%) increased in line with the world average, while the Americas saw growth of 2%.

While stronger economic growth, more affordable air travel, technological changes, new business models and greater visa facilitation around the world accelerated growth in recent years, it was widely believed that tourism had not yet reached its peak.

Domestically, President Cyril Ramaphosa highlighted in his State of the Nation Address (SONA) (7 February 2019) the potential for tourism to accelerate economic growth in the country. This potential was noticed in significant annual growth in the number of foreign visitors in 2018 – more than 10 million tourists visited South Africa. The challenge was then put to the sector to grow current tourism levels to reach the goal of 21 million tourist arrivals by 2030. This goal was announced by the President in the June 2019 SONA.

Tourism Decision Metrics (TDM), the forecasting tool developed by Oxford Economics and used by South African Tourism, estimated that South Africa would receive 16.5 million tourist arrivals in that year, or 0.74% of global market share if specific interventions were not made to grow tourism.

However, in 2020, the world as we knew it changed with the outbreak of the Coronavirus (COVID-19). The pandemic has seen many countries' economies shut down and strict restrictions on movement of people introduced as countries battle to protect their citizens from succumbing to this deadly virus. According to the International Monetary Fund's (IMF's) World Economic Outlook report of April 2020, the global economy is expected to contract by -3%, which is worse levels than those recorded during the 2008-9 financial crisis. However, as the IMF reports, it is difficult to predict the economic fallout as there remains uncertainty about the path the pandemic will take. The

economic impact of the pandemic is more acute in some sectors, tourism being one of them.

Due to COVID-19, tourism completely shut down globally, with about 90% of all flights grounded. The UNWTO estimates that global travel will decline by between 20-30% in 2020. According to the World Travel and Tourism Council, the pandemic, globally, is threatening an estimated 50 million jobs in the tourism sector, a reduction of between 12-14%. Asia is the most affected with about 30 million jobs at risk, followed by Europe, the Americas and then the rest of the world.

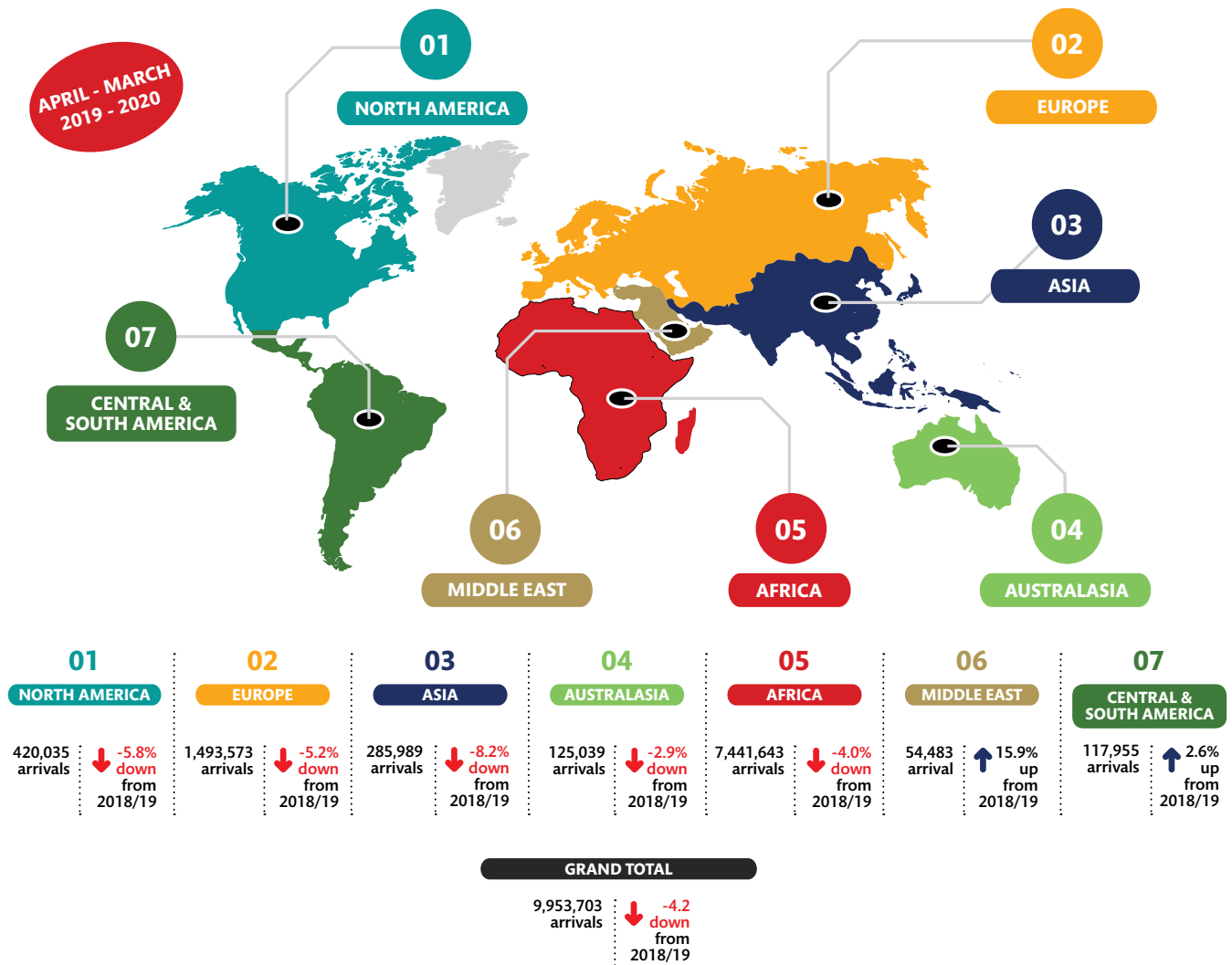
In South Africa, the pandemic's impact on the domestic economy is severe, compounded by the downgrade of the country's credit rating to sub-investment levels by Moody's in March 2020. The rating agency predicted South Africa's economy would shrink to -2.5% in 2020. Early predictions by the South African Reserve Bank were that the initial 21-day lockdown could negatively affect the economy, with an estimated 370,000 jobs lost and 1,600 businesses going insolvent. However, these were early predictions and this changes quickly. Recent estimates by the Reserve Bank are that the South African economy could contract by between 2-4% in 2020. Business For South Africa, however, postulates that GDP could contract between 8-10%, with an estimated one million jobs lost. Should the economy shrink by more than 2%, it would be the worst economic reduction in democratic South Africa.

While economists are predicting that global economic growth will take place in 2021, with recovery starting in the second half of the year, we're in the second half and there's no recovery and this negates the earlier message of how COVID-19 has been disruptive to the economy and the tourism sector), it is unclear when the world will emerge from this pandemic. According to the IMF, any prediction is difficult given the interplay of a number of factors, including countries' containment efforts, supply disruptions, changes in consumer behaviours, confidence levels, to name a few.

There is a ray of hope though. According to reports by Forward-Keys, a tech travel company, while there were no bookings of flights since the shutting down of borders due to COVID-19, analysis of online flight searches shows that consumers are still researching foreign travel. A disproportionate share of those searches concern long-haul destinations. This clearly indicates consumers' aspirations to travel again and supports the resilience of the tourism sector.

International tourism arrivals, 2019/20

International tourist arrivals to South Africa declined by 4.2% from 2018/19 to reach 10.0 million in 2019/20. Growth was recorded from the Middle East as well as Central and South America.



Source: Stats SA Tourism & Migration

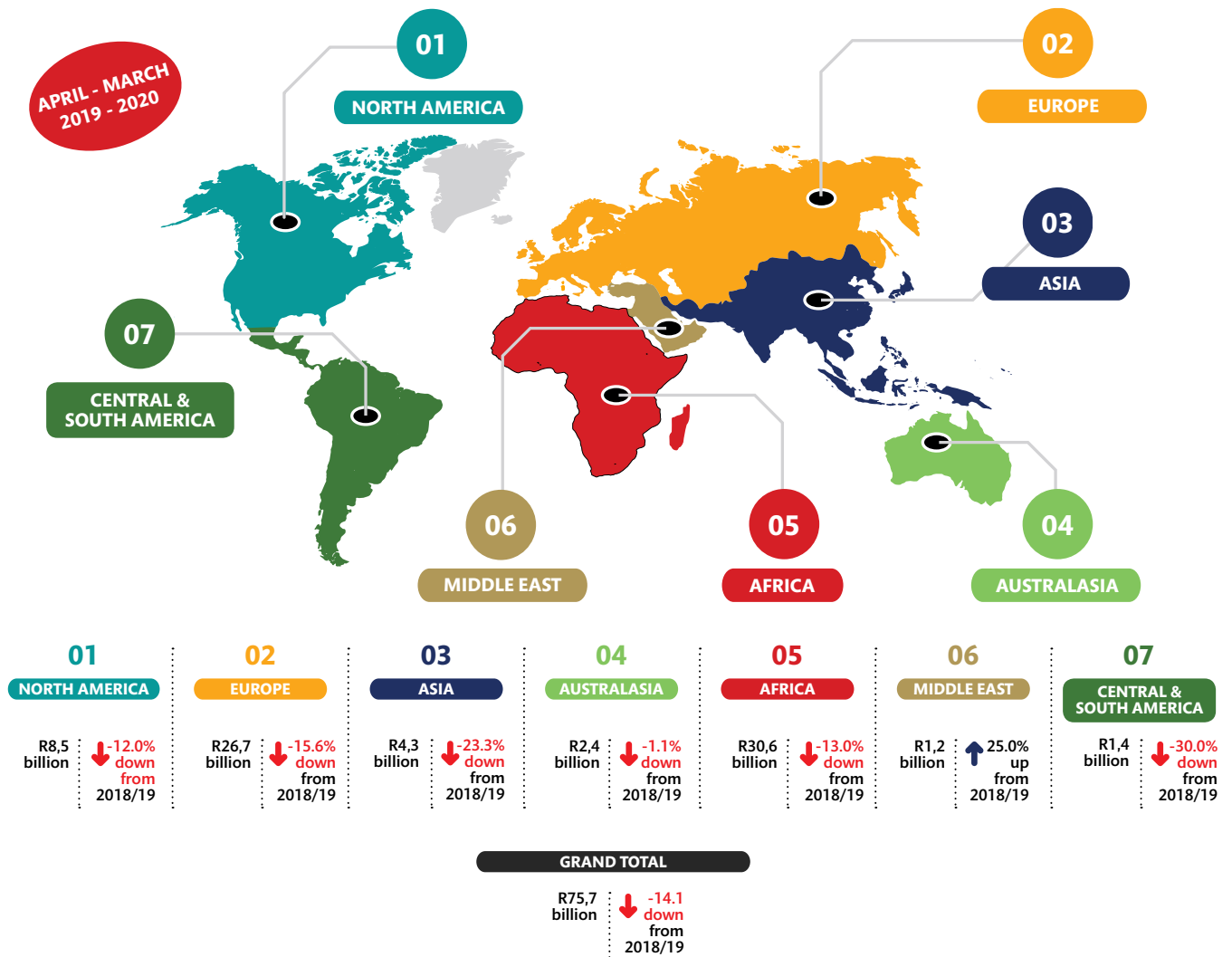
Key outputs linked to performance

In efforts to maximise synergies, enhance tourist experiences and increase sales of packages to visit South Africa, the organisation partnered with relevant trade partners in areas in which we operate. These partnerships poised South African Tourism to reach more travellers at a shared cost with the partners while equipping the partners with brand-relevant content and tools.

Spend in South Africa by international tourists

In 2019/20, total tourist foreign direct spend decreased by 14.1% to an estimated R75 billion, from R87,4 billion in 2018/19 due mainly to the decrease in arrivals.

Total tourist foreign direct spend

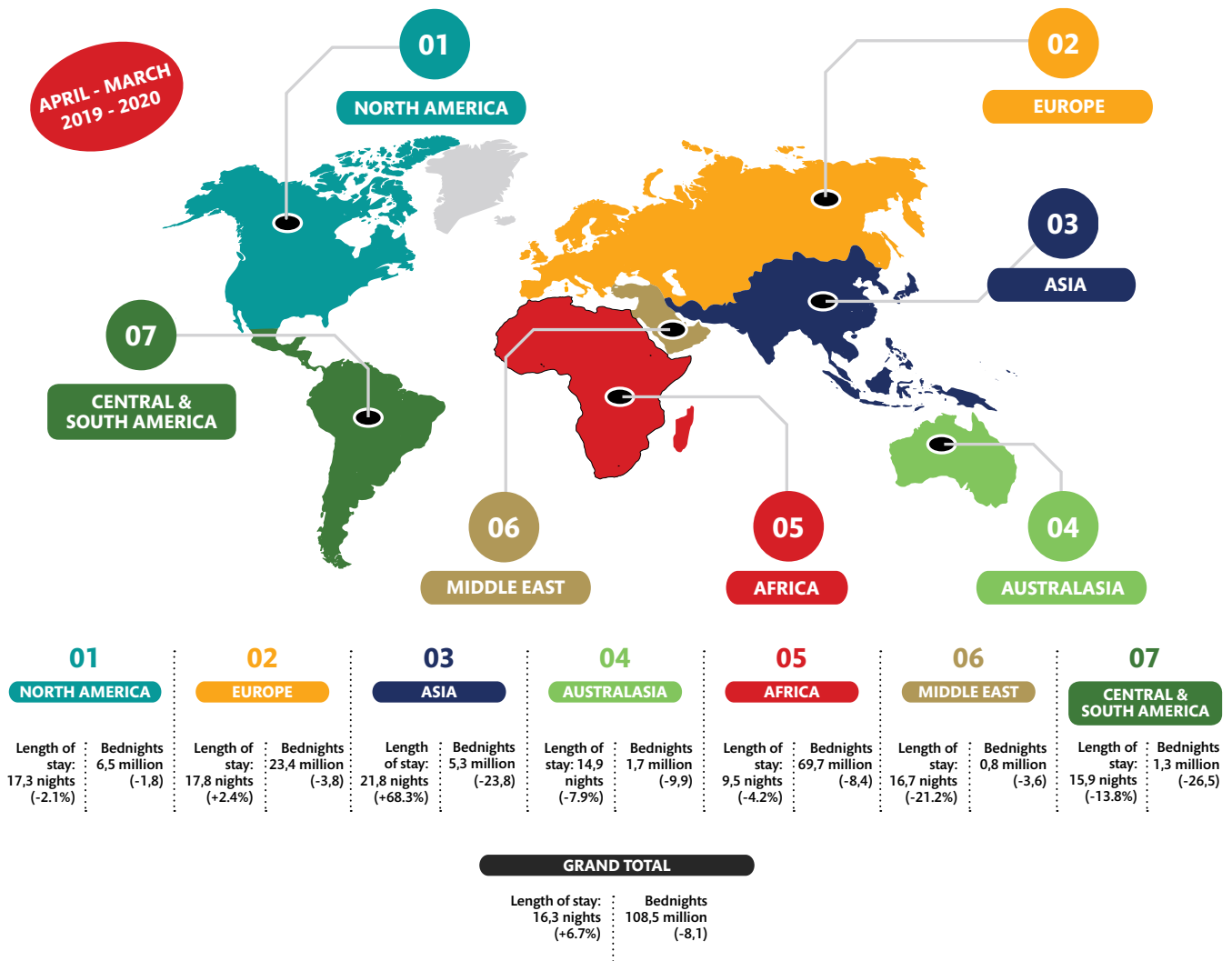


Source: South African Tourism departure surveys

Length of stay of international tourists

On average, international tourists stayed 16.3 nights in South Africa in 2019/20, up from 11.7 nights in 2018/19. Tourists from Australasia and Africa stayed for fewer nights in 2019/20 than in 2018/19.

Nights spent in South Africa by international tourists

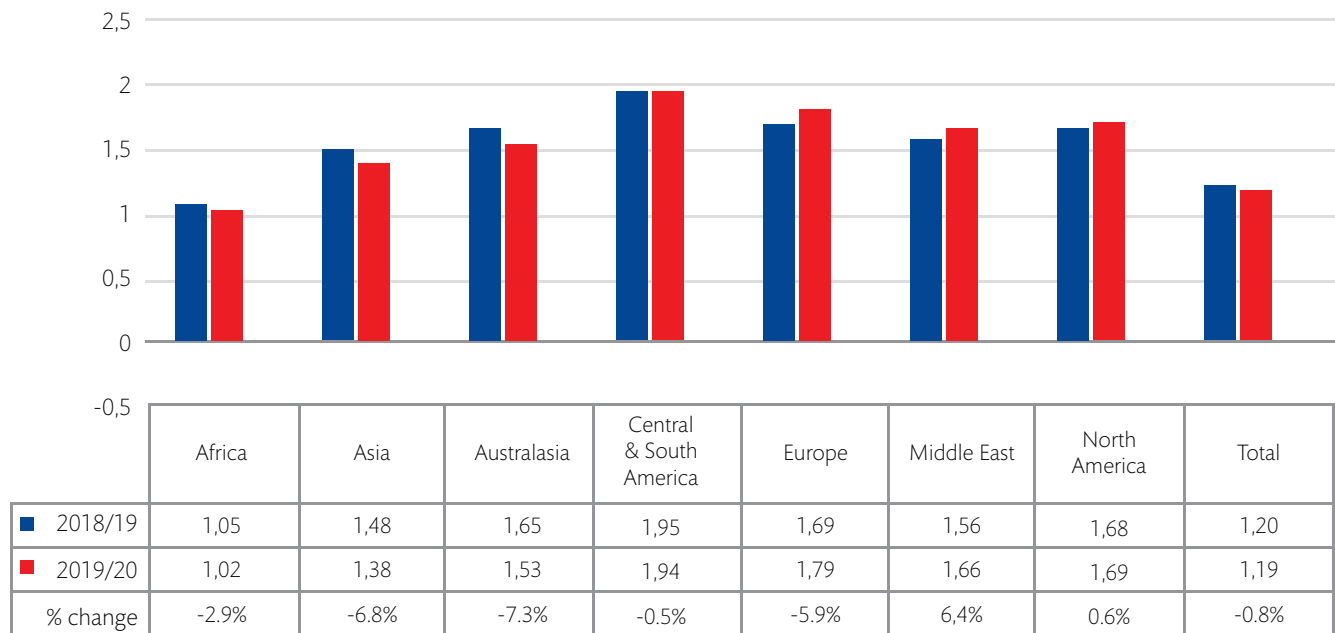


Source: South African Tourism departure surveys

Geographic spread

On average, international tourists visited 1.19 provinces in 2019/20, down from 1.20 in 2018/19. The decline in the average number of provinces visited by tourists from Africa contributed to this decrease.

Average number of provinces visited



Source: South African Tourism departure surveys

Gauteng remained the most visited province with a 36.2% share of total international arrivals. It is the primary gateway for international tourists arriving in South Africa. It is also a major destination for tourists from neighbouring countries, who mainly travel to Gauteng to shop.

Limpopo remained in second place with a 21.2% share, driven by growth from its key source markets of Zimbabwe and Botswana. Other major source markets for Limpopo are the United States, Germany and the UK.

The Western Cape is the third most visited province with a 16.3% share of total international arrivals. The major source markets for this province are the UK, Germany and the United States, followed by Namibia and France.

All provinces recorded decreases in the number of international tourist arrivals with the exception of Limpopo and Mpumalanga. In Limpopo, the strong growth from Zimbabwe and Botswana drove the growth in tourist arrivals. In Mpumalanga, on the other hand, arrivals from all source markets except for Mozambique increased.

Domestic tourism performance, April 2019-February 2020

In 2019/20, 28.2 million domestic trips were taken in South Africa, a 63% increase from 2018/19. The duration of the trips was at least three nights and resulted in a total of 86.7 million bed nights (+31.0% compared to 2018/19). The main reason for taking a trip was to visit friends and relatives.

Domestic tourism trips contributed R52,7 billion to the country's economy in 2019/20, a 100% increase from 2018/19. Tourists increased their average spend per trip from R1,519 in 2018/19 to R1,868 in 2019/20. The overall increase in total domestic direct spend was driven by Visiting Friends and Relatives (VFR) tourists, whose revenue increased by 149% to a record high of R20,7 billion. Increase in revenue was also driven by more domestic tourists in 2019/20 taking more frequent but shorter domestic trips and spending more money during their trips in 2019/20.

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Most money was spent on transport and this category has also increased significantly when compared to the other spend categories. This is mainly due to increasing fuel costs in 2019.

Although domestic travel generally tracks and continues to track the school holiday calendar, in 2019/20 travel increased during the off-peak seasons as tourism products promoted special offers throughout the year.

Source provinces for domestic tourism

Most domestic trips originated in Gauteng (6,9 million trips, a decrease of 11%) as it is the province where the most economic activity occurs in South Africa. Western Cape, the second-largest source province, had 4,4 million trips as a source province. The North West grew by 330% to just over 3 million trips. Limpopo was down from 2,3 million trips in the previous year to 1,6 million trips in 2019/20.

Destination provinces for domestic tourism

Gauteng, the economic hub of the South Africa, was the most visited province in 2019/20, with a total of 6,6 million trips. Domestic tourism increased in seven provinces except for Limpopo and Mpumalanga. The Free State had a significant growth of 163%, followed by the North West with 123%.

Domestic tourism snapshot | Domestic trips in financial year April 2019-February 2020



Domestic holiday trips for April 2019 to February 2020



Drivers of domestic tourism trips

According to South African Tourism's domestic brand tracker survey, visiting friends and relatives, exploring beautiful scenery and relaxing at the bush or berg or beach continue to be the main reasons for domestic travel. A recommendation by a friend and family plays an important role in the travellers' planning and consumption journey. Packages that include beaches and coastline travel experiences, visiting nature, breath-taking landscapes and vineyards have had the best conversions ratio. According to sentiment analysis, most conversations on social media about domestic travel are centred around beaches.

Outbound travel by South Africans

In 2019/20, outbound travel from South Africa decreased by -2.0% to 5,9 million departures. The top destinations for South Africans are neighbouring countries, while the top long-haul destinations for South Africans are the UK and USA.

Key outputs linked to performance

South African Tourism continued in its efforts to boost domestic tourism through the implementation its Sho't Left campaign, which aims to promote a variety of tourism experiences at price points that resonate for all segments of the target population.

Business Events

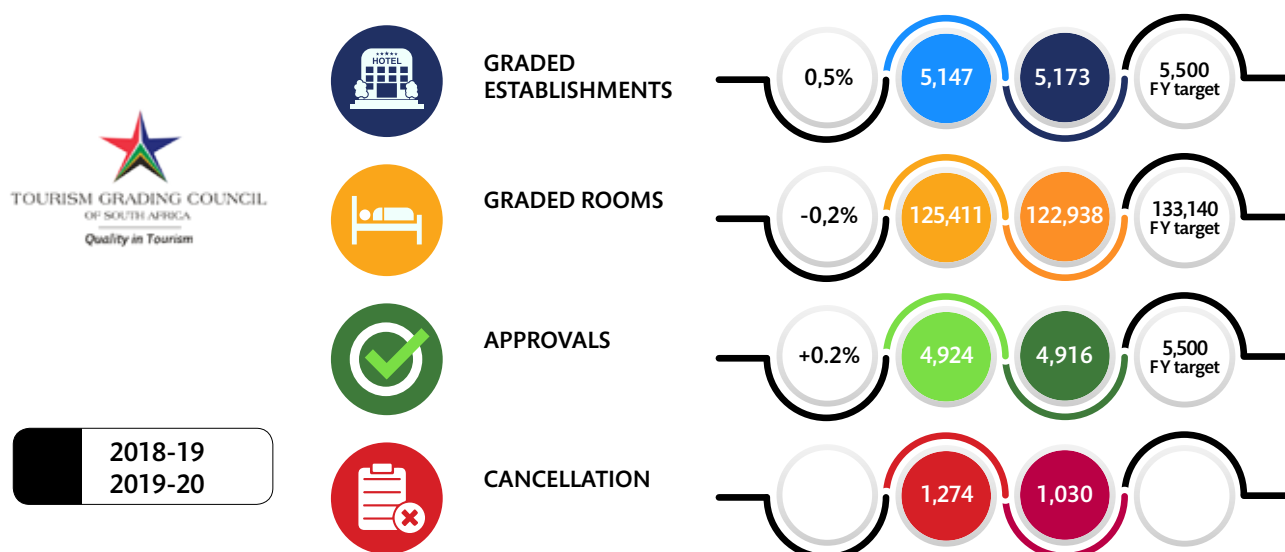
South Africa had a target of hosting 168 international business events during the 2019/2020 financial year with 90,300 international delegates.

The country hosted 230 international meetings and conferences which attracted 100,019 delegates: 17% Medical, 14% Government and Public Services, 9% Technology, 9% Financial Services, 8% Commerce, 6% Environmental and 5% Tourism business events.

South Africa improved its global ranking on the International Congress and Convention Association's (ICCA) 2019 Ranking from 39 in 2018 to 38 in 2019. South Africa is still ranked as the number one association congress destination in Africa and the Middle East, and Cape Town is ranked as a top convention city in this region.

Quality Assurance

Tourism Grading Council | Performance Snapshot: 2019/20 Financial Year



As at 31 March 2020, there were a total of 5,173 graded establishments. This was a 0.5% (26) increase compared to the same period in 2019.

The highest number of graded establishments were in the four-star grading category which accounted for 45% of the graded establishments, followed by the three-star grading category which accounted for 35% of the graded establishments. There were 122,938 graded rooms as at the end of March 2020. This was a 2.0% (2,473) decrease compared to the 125,411 rooms for Q4 2019/20.

The majority (44%) of the graded rooms are from hotels despite hotels accounting for only 9.5% of the graded properties. Guest houses account for the second-largest number (15%) of rooms despite accounting for the majority (34%) of the graded establishments.

Of the approved rooms in Q4 2019/20, approximately 16% of the establishments were newly graded establishments and 84% were renewals of existing memberships.

Graded establishments by property type

Guest houses were the largest proportion of graded establishment types, accounting for 34% of total graded establishments. Self-catering (exclusive) establishments account for the second-highest proportion of graded establishments at 18%, while bed and breakfast establishments account for 13%.

Graded establishments by province

Nationally, the largest number of graded establishments are in the Western Cape, with 29% of the graded establishments located in this province. However, the number of graded properties in the Western Cape continued to decrease in 2020, from 1,531 in 2018/19 to 1,524 in 2019/20. The number of graded rooms in the Western Cape increased from 28,577 in 2018/19 to 28,773 in 2019/20, meaning that the TGCSA graded large properties in the period.

Gauteng has the second-largest number of graded establishments in the country (894), accounting for 17% of the total graded establishments. Overall, though, there has been a -0.4% decrease in the number of graded establishments in the province.

ORGANISATIONAL ENVIRONMENT

Part of South African Tourism's 2019/2020 objectives was to ensure the operational stability of the organisation. Considering the eminent departure of the CFO, long-standing vacancy of the CMO position as well as the CEO being on precautionary suspension, the board moved with speed and precision to appoint a CFO, CMO as well as put in place an acting CEO. The CEO was reinstated to his office in December 2019.

- On 1 September 2019, Mr Themba Khumalo was appointed to take over the role of Chief Marketing Officer. Previously, the Chief Strategy Officer Acted in this position for the sake of business continuity.
- Nombulelo Guliwe was appointed as the Chief Financial Officer effective 1 August 2019.
- The CEO of South African Tourism, Sisa Ntshona, was placed on precautionary suspension for nine months. For the sake of business continuity, Sthembiso Dlamini, the Chief Operating Officer, acted as CEO for the duration of Mr Ntshona's suspension.

South African Tourism markets to 44 countries and only operates in 11 of them. As a result, a significant portion of the budget is exposed to currency fluctuations. A depreciating rand negatively affects the operating environment when South African Tourism spends in foreign currencies. While the depreciating rand benefits inbound international tourists, the currency movements limit South African Tourism's ability to attract them as marketing investment is reduced. Furthermore, for most of the 2019/20 financial year, South African Tourism did not have marketing agencies in place, which resulted in limited marketing efforts.

Local legislative requirements such as the PFMA and National Treasury regulations are impractical to consistently implement in countries where South African Tourism operates due to international laws and foreign currency exchange rate movements. This affects procurement in various countries as well as performance.

Key policy developments and legislative changes

Tourism Amendment Bill

The Tourism Amendment Bill, 2019, was published for public comments in the Government Gazette on 12 April 2019.

The Bill provides for the determination of thresholds for short-term home sharing, the renaming of the "South African Tourism Board" to "South African Tourism" and provision of additional competence requirements for tourist guides.

Section 3 of the Amendment Bill seeks to amend the heading of Chapter 3 of the principal Act by replacing the heading of South African Tourism Board with South African Tourism only. Consistently, thereafter, through Sections 6, 9 and 10 of the Amendment Bill amending Sections 11, 22 and 22A of the principal act references to Board is deleted in favour of referring to the entity simply as South African Tourism.

Section 12 of the principal Act, which deals with "Delegations and assignments by the Board", is proposed to be deleted in its entirety and replaced with an insertion of Section 22A to the principal Act.

There is also greater emphasis to the Minister's discretionary powers to develop a national grading system for tourism, the Bill proposes this as a statutory duty. Furthermore, Sections 29 to 44 of the principal Act, which deals with the establishment, powers and functions of the Tourism Grading Council, are proposed to be repealed in totality.

Strategic Outcome-Orientated Goals

In order to achieve the government's primary purpose of improving its citizen's lives through inclusive growth of the South African economy, South African Tourism identified two strategic outcome-orientated goals:

A. Increase the tourism sector's contribution to inclusive economic growth

South African Tourism contributed to economic growth by marketing South Africa to be a preferred leisure and business destination to its 44 key markets. For the domestic market South African Tourism highlighted that there was so much to do within South Africa and that travel within the country could be affordable.

In 2019/20 tourism contributed R127,7 billion to the economy of South Africa through direct spend by both international and domestic tourists.

B. Achieve operational efficiency and good governance






South African Tourism introduced new ways of working in the form of business partnering in order to improve operational efficiencies and has achieved another unqualified audit. The internal control environment has been continuously monitored by the entity's internal audit function and the Board.

Performance Information by Programme

The Annual Performance Plan for SA Tourism for 2019/20 has a total of 37 KPIs across five programmes.

In 2019/20, the performance against the target was as follows:

- 23 KPIs (62%) have been achieved in the year
- 10 KPIs (27%) were not achieved
- There was significant progress made on four (4) KPIs (11%)

PROGRAMME	KPI
1. Corporate Support 	<ul style="list-style-type: none"> • Staff satisfaction score achieved • Labour turnover rate • Percentage vacancy rate maintained • Compliance with Employment Equity Act • Unqualified audit report achieved • B-BBEE-level achieved
2. Business Enablement 	<ul style="list-style-type: none"> • Quarterly stakeholder meetings • Annual national stakeholder meeting • Quarterly market insight reports • Tourism performance dashboard
3. Leisure Tourism Marketing 	<ul style="list-style-type: none"> • International Tourist Arrivals • Total Tourist Foreign Direct Spend (TTFDS) • Number of global impressions from digital channels • Number of SA Specialist graduates • Geographic spread – international tourists • Seasonality – international tourists • Brand awareness • Brand positivity • Domestic Holiday Trips • Domestic Holiday Revenue • Reach of domestic campaign • Click-through to domestic tourism packages • Geographic spread – domestic tourists • Seasonality – domestic tourists • SME attendance at SA Tourism Tradeshow Platforms • SME participation for all SA Tourism hosting activities
4. Business Events 	<ul style="list-style-type: none"> • Number of business events hosted • Number of international delegates hosted • Number of bids supported for international and regional business events • Number of qualified leads generated • Number of meetings held at Meetings Africa • Number of meetings held at Indaba • Number of international tourism market access platforms where SA Tourism participates
5. Tourist Experience 	<ul style="list-style-type: none"> • Number of graded accommodation establishments • Number of graded rooms • Number of officials / frontline staff that attended the Welcome training • Number of Speed Marketing sessions to promote tourism products and services

- Target achieved
- Not achieved but significant progress (90-99%)
- Not achieved (<90%)

Programme 1: Corporate Support

Purpose: Corporate Support provides support services to the organisation and ensures compliance with statutory requirements. It is the primary focus of four functions in the organisation:

- The Office of the CEO supports the CEO by overseeing and managing the organisational strategy and plans.
- Human Capital works to attract, retain and develop employees to ensure that the organisation has the necessary skills and capacity to operate successfully.
- Finance and Supply Chain Management provides and manages end-to-end financial and supply chain support services to the organisation.
- ICT supports South African Tourism's global information technology infrastructure and key business applications, enabling business units to carry out their duties efficiently, productively and securely.

Strategic Objective: To achieve operational efficiencies in all activities, including human capital, marketing, and other resources available to South African Tourism.

The integration of the financial system and banking systems, leading to successfully processing 4000 tourism relief fund payments without additional resources.

On 15 March 2020, the COVID-19 pandemic was declared a national disaster to enable the government to introduce measures to combat the spread of COVID-19 within South Africa. This was followed by an announcement by President Cyril Ramaphosa on Monday, 23 March 2020, implemented a countrywide lockdown in order to contain the spread of the coronavirus. The economic shutdown has had a severe impact on the tourism sector with most businesses now non-operational.

South African Tourism implemented the e-procurement tool to automate the submission of tenders.

The South African Tourism managed to successfully deliver the following projects to improve the ICT capability:

- Rollout of Business Performance Dashboard System.
- Assessment of Business Readiness for Digitalisation and Development of Digitalisation Roadmap.
- Development of Organisation-wide Process Models (including process mapping).
- Implementation of User Activity Monitoring system on Oracle application and database.
- Implementation of Checkpoint Firewall solution for network security and monitoring.

Additional to the successfully delivered projects, South African Tourism met its target on System Availability and IT Security. By automating and integrating processes South African Tourism was able to improve operational efficiency as well as drive good governance within South African Tourism.

Programme 1: Corporate Support

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Staff satisfaction score achieved	2.9	3.1	3.4	3.57	3.60	1%	Target exceeded
Labour turnover rate	Not a KPI	Not a KPI	Not a KPI	8%	5%	38%	Target exceeded
Percentage vacancy rate maintained	Not a KPI	13%	7%	7%	8%	-14%	South African Tourism had a large number of vacancies following the organisational design process. Due to specialised skills required in in-country office positions, locally sourced recruitment agencies had to be used. At contracting stage, legal and financial implications arose that had to be negotiated to mitigate risks for the organisation. There were also several resignations occurring during reporting period. Following the appointment of a permanent Hub Head in South Africa, the business had to reconfigure the in-country operating model to ensure that a fit-for-purpose model was adopted, especially after several business challenges were experienced in market. Due to stringent country labour laws, legal advice had to be sought, after which recruiting commenced via locally sourced recruitment agencies, specifically to ensure compliance with local labour laws and mitigate language barriers. The recruitment process had begun by the end of the fiscal year in the respective markets.

Programme 1: Corporate Support (Continued)

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PERSONNEL EXPENDITURE (R'000)	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Compliance with Employment Equity Act achieved	Not a KPI	Not a KPI	Employment Equity Plan submitted to the Department of Labour as per statutory deadline	Compliance with Employment Equity Act	Employment Equity Plan submitted to the Department of Labour as per statutory deadline	-	Target achieved
Unqualified audit report achieved	Target achieved	Target achieved	South African Tourism received an unqualified audit report for the 2017/18 financial year from the Auditor-General of South Africa	Unqualified audit report	South African Tourism received an unqualified audit report with material compliance for the 2019/20 financial year from the Auditor-General of South Africa	-	Target achieved
B-BBEE-level achieved	Not a KPI	Not a KPI	Level 8	Level 4	Level 8	-100%	Target not achieved. There are delays in finalisation of the report by the supplier. The target for finalisation or the report keeps shifting depending on the submission of the required information.

Programme 2: Business Enablement

Purpose: Business Enablement ensures that a strategy is developed and integrated with business performance monitoring, governance and evaluation. It provides centralised research insights and analytics to support the core business and ensure an open source for information-sharing with the tourism sector. Business Enablement is the primary focus of the following business functions:

- Strategy, Insights and Analytics, which performs a key role in informing the strategic direction of the organisation and through the interpretation of insights, will also evaluate the performance of the business independently.
- Stakeholder and Partnership Management aims to enhance collaboration with various stakeholders.

Strategic Objective: To enhance stakeholder and partnership collaboration, both local and international, to improve delivery on South African Tourism's mandate.

South African Tourism bedrock surveys

In 2019/20, South African Tourism continued to conduct its foundation surveys, which is the bedrock of South African tourism knowledge base. These surveys included the domestic survey, the departure survey and the brand tracker survey. The key outputs from these surveys were market intelligence reports, business planning insights and key performance indicator tracking. The standard performance annual and quarterly reports can be accessed on the South African tourism website.

The move to a knowledge-led organisation

In 2019/20 financial year, South African Tourism embarked on a journey of moving from a data-led to a knowledge-led unit. This was the beginning of building the foundation of the new unit to become a thought leader in the tourism industry. In this financial year, the focus was about automating reports and making data easily accessible to the end-user. The focus was getting data timeously to users in the form of dashboards, creating and sharing information in a bite-sized format to be easily digestible for users. This year marked the start of the journey from data-led unit to an insights or knowledge-led unit.

External facing dashboards

Dashboards were designed and embedded on the South African Tourism external website. The purpose of the dashboards was to make information available to all our stakeholders in a time-less and agile manner. The four dashboards include an arrivals dashboard, international key measures dashboard, domestic key measures dashboard and a provincial snapshot dashboard. The information contained in the dashboards include limited key performance information.

The development of a brand strength index

Destinations around the world measure the strength of their tourism brand and use the information collected to evaluate their marketing or brand performance, improve the perception of their country and encourage people to visit. South African Tourism aims to build an appealing brand that is recognised, resilient and competitive. To increase tourist arrivals to South Africa, we need in-depth knowledge of the various attributes making up the country's brand, so we can build on these to strengthen the brand.

By 2003, South African Tourism had developed the Brand Tracker Survey to track the perception of South Africa as a destination across key source markets. The survey tracks various performance indicators, including awareness, positivity, consideration, intention to visit, personality and performance attributes, which evaluate the perceived quality of the destination brand. These attributes have been effective in measuring brand growth in key metrics, whether the brand is improving and the effectiveness of marketing campaigns.

As a result, South African Tourism created a more robust and statistically precise approach, the Brand Strength Index, to measure the correlation between the performance of the brand and arrivals. Considering select factors that affect brand strength gives us insight into not only what makes an exceptional brand but also how to adapt our strategies to grow arrivals.

The Brand Strength Index is a statistical model that measures how the performance of the brand correlates with arrivals. It identifies a broad set of variables that make up the brand, and gives South African Tourism an overall score to compare South Africa to competitors. It also identifies the elements that we can leverage to increase our score, based on an equation. As a result, we can create marketing materials targeting specific attributes with the confidence that they will result in more arrivals.

Programme 2: Business Enablement

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Quarterly stakeholder meetings	Not a KPI	Not a KPI	Not a KPI	4	12	200%	Target exceeded due to engagement with multiple stakeholders in order to ensure alignment in building the five-year strategy.
Annual national stakeholder meeting	Not a KPI	Not a KPI	Not a KPI	1	1	-	Target achieved
Quarterly market in-sight reports	Not a KPI	Not a KPI	Not a KPI	4	4	-	Target achieved. A cumulative total of 956 downloads.
Tourism performance dashboard	Not a KPI	Not a KPI	Not a KPI	Develop and launch performance dashboard	The tourism performance dashboard was developed but there was no external launch	-10%	South African Tourism developed a performance dashboard. However, a public launch could not be held due to a potential conflict of interest with the NTVIS initiative. A soft launch was thus held instead and the dashboard is live and accessible at www.southafrica.net . This dashboard will be incorporated into the Tech Hub value proposition.

Programme 3: Leisure Tourism Marketing

Purpose: Leisure Tourism Marketing provides destination tourism marketing, targeting both international and domestic leisure tourists. It is the focus of the following functions:

- Tourism Execution which is responsible for the execution of the full suite of core business services in-market.
- Brand and Marketing which is responsible for developing a global brand and marketing strategy that incorporates brand communication, digital marketing and public relations (PR).

Strategic Objectives:

- To contribute to inclusive economic growth by increasing the number of international and domestic tourists.
- To contribute to an enhanced, recognised, appealing, resilient and competitive tourism and business events brand for South Africa across the target markets and segments.

Brand and Marketing Report 2019-20

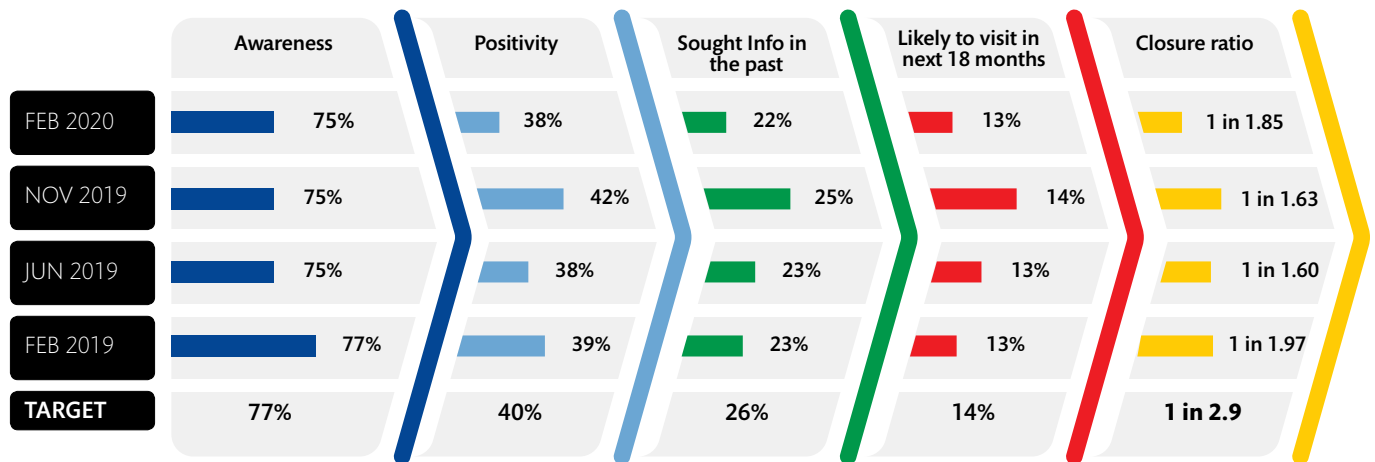
Brand Performance

The brand strength index is a contribution of brand demand drivers to overall tourist arrivals and the competitiveness of South Africa as a tourism destination within the global competitive set. The 2019/20 financial year saw a decline in South African Tourism's brand performance, but not the total awareness and closure ratio which refers to the extent to which tourists are aware of South Africa. More tourists have bought packages and travel to South Africa regardless of the decline in the attractiveness attributes. This also means that the effectiveness or ROI of the marketing investment has improved (closure ratio) while the challenge at increasing awareness and maintaining or improving the closure ratio still remains.

South African Brand Journey

Global Performance, February 2019-February 2020

South Africa's performance has declined on most of the attributes since the last wave, except for 'Total Awareness' and Closure Ratio.



Note: Weights for June 2019 to February 2020 are as per marketing spend (2019), while weights for February 2019 are updated as per marketing spends (2017-18).

Source: SAT BrandTracker

South African Brand Journey

Global media digital content partnerships:

From a global marketing perspective, informed by consumer buyer behavioural shift from brick and mortar channels to digital channels, a strategic shift was made from marketing driven by television commercials to one driven by targeted digital content. To this end, four major international media partnerships were concluded and driven at a global level: Expedia, CNN, BBC and National Geographic. The partnerships provided media assets to all in-country teams to be able to drive in-country conversion campaigns as well as to address demand awareness and attractiveness opportunities.

Each media partner, working under the direction of the South African Tourism in-country teams, developed a comprehensive content list that addresses the attractions that targeted what tourist audiences want to see about South Africa as well as what South Africa, as a destination, would like to project to the rest of the world. The content pieces were driven directly to audiences and were linked to specific travel offers, making the campaign effective from the point of promoting the destination's image as well as sales conversion.





South Africa, the home of humanity

144,297 views • Premiered on 13 Feb 2020

135 17 SHARE SAVE ...



#MyStreetTourism #MeetSouthAfrica

My Street Tourism

82,103 views • 26 Feb 2020

34 2 SHARE SAVE ...



Don't travel now, so you can travel later

257,944 views • 27 Mar 2020

277 5 SHARE SAVE ...

Consumer and stakeholder campaigns:

From a domestic perspective, targeting the high audience aggregation, two television campaigns were launched during the State of the Nation (SONA) address and a second campaign during the National Budget speech. The SONA campaign sought to highlight tourism as a national imperative that all South Africans should support by travelling locally. The Budget Speech campaign was targeted at highlighting the economic impact of tourism at community level, thus also encouraging South Africans to support the local tourism sector.

In March 2020, as South Africa entered the COVID-19 national lockdown, a tourism campaign titled "Don't Travel Now, So You Can Travel Later" was launched to lift the national mood and showcase our commitment to protect the tourism sector while committing to support its recovery when the sector reopened. All three campaigns, therefore, effectively carried a balance of national leadership and consumer travel stimulation.



PR Communications and Activations

Global Media and Trade Roadshow:

A South African Tourism delegation, including key private sector stakeholders, travelled to the Switzerland, Austria, Germany, United Kingdom, USA and Canada as part of strengthening relations with global trade and media partners.

The Global PR and Communications team supported the Tourism Execution team and private sector from a media and communications perspective during the global roadshow.

The engagements were well-received and key issues were highlighted. The roadshow was part of a tactical opportunity in addressing the target set by President Cyril Ramaphosa of improving our arrivals to 21 million tourists by 2030.

The roadshow also presented an opportunity for South African ambassadors and consulate generals in the respective countries to engage with the media and trade partners. Highlights of the discussions were South Africa's attractiveness as a tourism destination and sales channel issues pertaining to conversion and therefore arrivals.

Other issues raised by media and trade included:

- Safety and security
- Visas
- Airlift
- Product diversity
- Marketing support



Foreign Correspondents Association partnership:

South African Tourism has entered into a partnership agreement with the Foreign Correspondents Association (FCA) to ensure that the relevant messaging and context is provided for information being transmitted from South Africa into key source markets.

Africa's Travel Indaba, Meetings Africa and Lilizela Awards:

Comprehensive corporate brand communications and event specific communications were implemented in support of Africa's Travel Indaba – Africa's flagship leisure tourism trade exhibition show – and Meetings Africa – Africa's flagship business events exhibition trade show. Africa's Travel Indaba was attended and addressed by the president of the Republic of South Africa while Meetings Africa was opened by the National Tourism Minister.



The Lilizela Awards are the “Oscars” of the tourism sector, where tourism products and experiences providers are recognised for their service excellence. The PR communications team provided communications support and stakeholder management delivery in support of this event.



Activation Projects:

Leveraging the Sustainability Village platform concept, several activation events were hosted during fiscal 2019-20: the home-coming activation for Miss Universe, the media event for the British Royal Visit to name a few and the media and communications support for World Tourism Day and Tourism Month.



MARKETING HIGHLIGHTS FOR 2019-2020

Northern Europe Hub

North Europe has reflected a 19.3% growth in spend for year 2019/2020 for Benelux and a 24.4% increase for the Nordics. Key activities for 2019/20 in the Nordics (Sweden, Denmark, Finland and Norway) included a partnership with Warner Brothers to deliver the Bachelor Sweden where 40 episodes were aired and garnered a reach of over 300,000 viewers and attracting a total of 11,038, 840 impressions.

South Europe Hub

Consumer Campaign

It positioned South Africa to the first-timer, as a compelling mile-wide and mile-deep destination that offers natural scenic beauty, wildlife safari, culture rich and gastronomical immersive experiences.

Campaign Highlights

We partnered with Thebe Magugu, a young South African fashion designer who won the LVMH award at the 2019 Paris Fashion Week. Thebe's exhibition attracted 400 fashion designers, buyers and media. During the exhibition he shared some of his favourite destination attractions that inspired his creativity which he incorporates into his designs. The media coverage on the event reached 73,781,525 consumers in South Europe markets alone while it trended globally.

Trade

Encourage all relevant channels to promote SA throughout the year with a variety of offers by establishing sustainable partnerships, provide the right tools, content, innovative products and comprehensive support.

Trade Campaign Highlights

We partnered with top tour operators on a 10-city roadshow to encourage and train trade to promote and sell the destination. We trained 597 travel agents during the roadshow of which 64 were hosted on a familiarisation trip in South Africa to experience the destination offering. We also participated in three tradeshow; FITUR (Spain), TOPRESA (France) and TTG (Italy) where we showcased the destination experiences to the trade and media.

Central Europe Hub

Strategic Focus

To get German travellers (plus trade) to think positively about South Africa as an exciting destination and feel confident to consider South Africa as a safe-enough holiday destination and, therefore, put it on top of their priority list and take the next step in seeking relevant information.

Campaign Highlights

We positioned South Africa as an awe-inspiring travel destination through clever partnerships with huge TV productions such as Sing my Song (2,65 million viewers per show) and German Idol (four million viewers per show). We were able to showcase South Africa via a mass medium for a fraction of the cost of TV adverts through the Swiss TV reality show, The Bachelorette, covering South Africa in 10 episodes with a market share of 23.8%, or Winie Brugger's culinary documentary at ORF/2sat in Austria with five million viewers.

A clever set up brand cooperation with Germany's largest owner-managed bookseller thrilled more than four (4) million contacts. In 2019, we took the opportunity to establish innovative ad formats tailored to the new "millennials" target group on Spotify and collaborated with radio station YouFM. In total, we reached over 20 million listeners.

Trade Activity

South African Tourism inspired people by connecting face to face, and in 2019 intensified efforts to turn 2,100 travel agents into South Africa specialists and true ambassadors through seminars and workshops. South African Tourism focused more strongly on live events to allow people to feel the enthusiasm of South Africa.

North America (USA and Canada) Hub

Strategic Focus

Create a vivid picture of SA as the ultimate adventure destination by showcasing a variety of affordable experiences that inspire North Americans to travel now.

Campaign Highlights

The North America team continued its #MeetSouthAfrica campaign by creating strategic partnerships with Outside Magazine, Afar, Conde Nast Traveler, Travel & Adventure Show, Expedia, Pride Media, TravelZoo and The New York Times to promote

conversion while highlighting South Africa's wide variety of experiences in close proximity, including wildlife safari, active adventure, vibrant cities and inspiring culture.

As part of our outreach to black and African American audiences, we partnered with Circle of Sisters, the largest expo for Black Women in New York City, to promote SA as an ideal holiday destination for the 25,000+ black travellers in attendance, partnered with SAA and WBLS radio to host a 65-a-delegation of listeners to attend the Standard Bank Joy of Jazz Festival, and alongside media partner Travel Noire/Blavity, SAT produced a #MeetSouthAfrica activation at the annual AfroTech Conference that showcased the destination to African American millennials.

Team North America partnered with the TBCSA for a five-city industry road show that energised more than 100 members of the USA and CAN travel trade and media with a positive message about the industry's commitment to the American market. These activations contributed to 440,271 arrivals from the region in 2019, reflecting a slight decline of -1.0% compared to 2018, with the USA declining slightly by -0.8% and Canada declining by -1.8% year-over-year.

Trade Activity

Trade work to facilitate engagement between trade in SA and North America and provide them with sales tools to assist them in selling SA as a destination resulted in 3,054 trade trained for the FY. These education efforts were amplified by in-country hosting of 43 key trade during the financial year. Key trade partnerships for the year included Virtuoso, Signature, US Tour Operators Association, Adventure Travel Trade Association, International Gay and Lesbian Travel Association, PROUD Experiences and On Show Solutions Africa Showcase. South African Tourism participated at the New York Times Travel Show Cultural Stage in January 2020.

Central and South America

Strategic Focus

The goal was to keep positioning South Africa as a value-for-money destination, which was successfully reached with arrivals surpassing targets. Our initiatives focused around continuing with the successful use of our Global icon uTata Madiba, which started in 2018 around the Centenary of Nelson Mandela.

This helped keep South Africa in the spotlight in Brazil during the past fiscal year and was the hook around which all activations were centred. Considered effort continues to attract more

Afro-Brazilians to visit South Africa and connect our two countries and in line with supporting our cordial diplomatic relations. To date Brazil remains a high-opportunity growth market for South Africa.

Japan

Strategic Focus

The Big Thing for 2019 was respond 365 to market demand for a singular iconic experience and message based on wildlife/scenic beauty, promoted through media that will motivate the trade to offer and sell South Africa.

Campaign Highlights

We embarked on an education drive and provided trade with the most updated SA information to enable them to package various products and push them to sell more South African products.

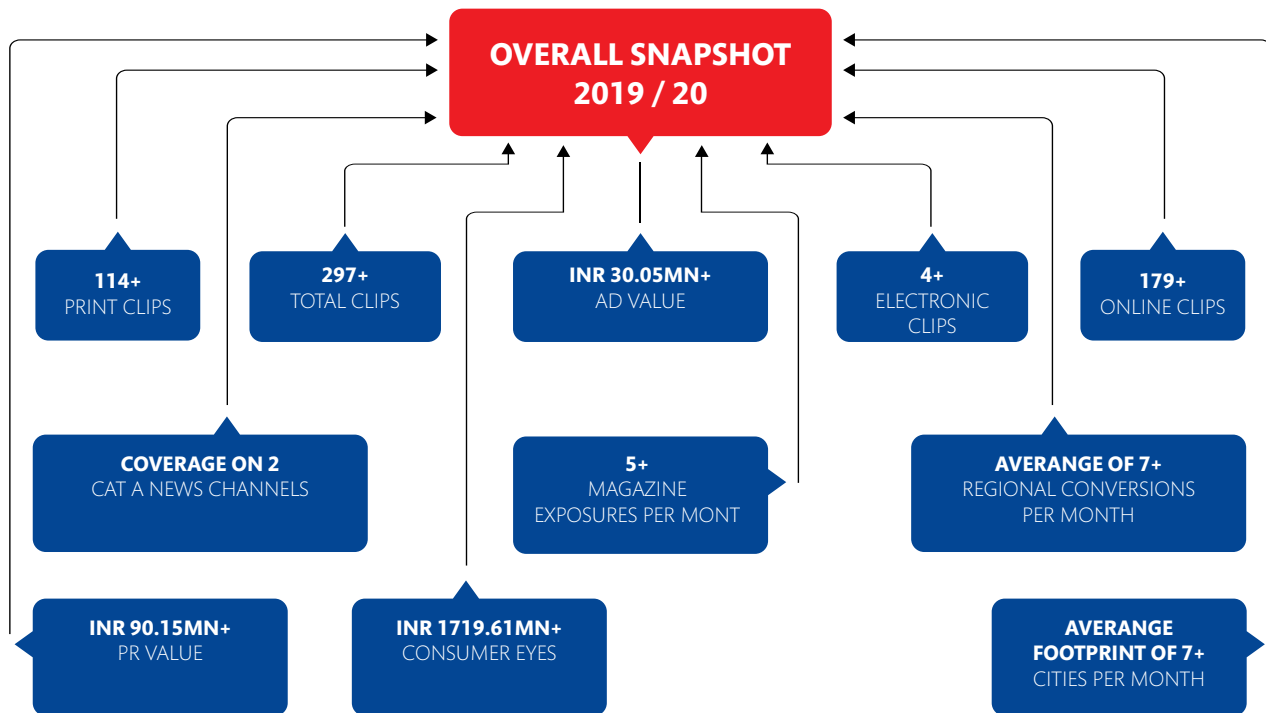
We partnered with associated platforms to promote SA as the next destination to visit and drive more consumers to book by presenting the charms of South Africa directly to consumers, to help our trade partners push up the Japanese arrivals with the best results. We continued to expand and deepen relationships with all stakeholders.

India

South African Tourism participated for the first time ever at India's biggest tradeshow SATTE, held in Noida, just outside Delhi, from 7 January to 10 January 2020. This was followed by the annual trade roadshow in Bangalore, Pune and Mumbai. PR value for media coverage for SATTE: INR 19,304,469.

Minister of Tourism, Mmamoloko Kubayi-Ngubane, attended the Mumbai leg of the roadshow. This gave her an opportunity to engage with close to 35 important trade in Mumbai. The Minister announced piloting e-visas during the engagement, which was well taken by the trade.

A deal-driven campaign with Air Seychelles was executed for INR 26,350. This was an all-inclusive return fare from Mumbai to Johannesburg.



*From April 2019 to March 2020 (eight months). Barring four (4) non-mandated months from July to October 2019.

China

Strategic Focus

The Big Thing for 2019 was to use insights to create fit-for-purpose content (F4P) and cultivate effective partnerships with consumer and trade platforms while developing South Africa as a China-friendly tourism destination.

Campaign Highlights

SA Tourism joined hands with Chow Tai Fook, a popular high-end jewellery brand in China, and launched the 'Silk Road, Wild Authentic Journey to South Africa' campaign in August 2019. The campaign lasted for about five months and reached more than 100 million exposures.

SA Tourism cooperated with Sanlian Lifeweek, an influential Beijing-based weekly launched in 1995. SA Tourism planned "Walking into Internet Enterprises" at the Tencent HQ in Dec 2019. The project promoted South Africa where tourists can look and find themselves and integrated official platforms of SA Tourism, Sanlian Lifeweek and Tencent generating very good exposures.

SA Tourism cooperated with MFW, one of the leading OTA/UGC travel platforms, filmed 10 short videos, which showed the real scenes of a travel blogger travelling in South Africa that attract China's new travel generation. These videos were posted on several channels of MFW platform, receiving around eight (8) million exposures and about 400,000 streams.

Africa

Overview

The Africa markets are divided into four (4) hubs: Central Africa (Angola and DRC); East Africa (Kenya, Tanzania and Uganda, Ethiopia); Land (Botswana, eSwatini, Lesotho, Malawi, Mozambique, Namibia, Zambia and Zimbabwe), and West Africa (Ghana and Nigeria).

Strategic Focus

Our objective was to intensify our integrated marketing campaigns for extensive consumer reach that showcased packages to encourage bookings and travel.

Marketing Highlights

All our marketing initiatives were structured and executed in a manner that provided for integrated marketing through multi-faceted platforms that ensured an all-year round and always on market presence. Unfortunately, in September we had to halt our marketing activities due to attacks on foreign nationals that happened in Gauteng.

Central Africa, East Africa and Land Hubs

Botswana, eSwatini, Lesotho, Malawi, Namibia, Zambia and Zimbabwe: Brand Digital Video Campaigns; Brand Mobile Campaign; Ubunifu Space – Influencer Hosting and MTV Africa partnership (200,000 subscribers and more than 32 million views on YouTube); Inflight Magazine Features and Advertorials (onboard Air Botswana, Ethiopia Airlines, Kenya Airways, Air Tanzania and Uganda Airlines); Brand OOH Campaigns (covering 48 billboards sites and 73 digital screens), and Trade Engagements and Hosting (25 managing directors hosted).

West Africa Hub

Minister Kubayi-Ngubane West Africa Visit (participated in the UNWTO Women in Tourism conference in Accra, Ghana); five (5) City Trade Roadshow in Ghana (Kumasi and Accra) and Nigeria (Abuja, Port Harcourt and Lagos) to facilitate business between SAPO and in-market trade and Influencer Hosting (to showcase South Africa as a friendly destination to travelers from West Africa).

South Africa Hub

Overview

The year under review was the most successful in regards to the domestic travel performance. The total number of holiday trips grew by 171% to 7,1 million and holiday spend grew by 109% to R17,3 billion in 2019 compared to the year before.

Sho't Left Campaign

The year under review we continued with the Sho't Left campaign: "It's Your Country, Enjoy It, Because Nothing is More Fun than a Sho't Left". This campaign was marketed through a 360-degree approach that included TV, social media, Out of Home, PR and strategic partnerships.

The TV advert was flighted on numerous media platforms including the SABC, e.tv and DSTV channels, on 54 Greyhound buses travelling nationally. The Sho't Left brand campaign reached 22 million South Africans who would have seen the advert at least twice.

The campaign encouraged South Africans to share their travel stories on our social media platforms. The PR value from the campaign reached R6,2 million, and our social media community across all platforms reached 740,000, with Facebook having the highest number of followers.

The campaign attracted 665 tourism trade partners from across the country, a growth from 340 partners compared to 2018. Fifty-seven (57) trade partners that participated in the survey reported sales to the value of R25 million in that week, an increase from R1,4 million in 2018.

To remain relevant to potential travellers and to answer to the marketing insight that word-of-mouth is the great influencer of travel resulted in us partnering with Universal Music Group in November 2019. This partnership used popular music and events to inspire South Africans to travel their country. Through this partnership, Cassper Nyovest was selected to be the face of this campaign, drawing on the success of his song "Move for Me".

The campaign encouraged South Africans to take a Sho't Left with Cassper throughout the country, showcasing iconic and lesser-known and least visited parts of our country. This campaign reached five (5) million South Africans and had more than 10,000 South Africans sharing their images and videos on tourist destinations throughout the country.



Programme 3: Leisure Tourism Marketing

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Number of international tourist arrivals (millions)	Financial year+: 9.9 Calendar year*: 10.0	Financial year: 10.4 Calendar year: 10.3	Financial year: 10.4 Calendar year: 10.5	Financial year: 11.4 Calendar year: 11.3	Financial year: 10.0 Calendar year: 10.2	Financial year: -12% Calendar year: -10%	Target not achieved. 270,000 cancellations of tickets in travel to SA in the month of September due to attacks on foreign nationals. The banning of travel of key high-risk countries from entry in SA due to the spread of COVID-19 pandemic
Total tourist foreign direct spend (TTFDS) (billion rand)	Financial year: 72.1 Calendar year: 75.5	Financial year: 82 Calendar year: 80.7	Financial year: 87.4 Calendar year: 82.5	Financial year: 90.7 Calendar year: 88.4	Financial year: 75.0 Calendar year: 84.1	Financial year: -17.3% Calendar year: -5%	Target not achieved. There is a linear relationship between spend and arrivals. When arrivals decrease or increase the spend is likely to follow. However, the rate of increase or decrease is not perfectly linear.
Number of global impressions from digital channels (millions)	Not a KPI	Not a KPI	Not a KPI	8.9	29.0	226%	Target exceeded. The launch of the two brand adverts in February supported by a media broadcast plan resulted in an exponential increase in impressions. In addition, a number of digital display adverts were also launched to support the brand adverts.
Number of SA Specialist graduates	Not a KPI	Not a KPI	Not a KPI	750	3 019	303%	Target exceeded. SA Specialist is promoted to tourism businesses to empower their sales force. Some big tour operators have incorporated SA Specialist as part of their training programmes. The programme was promoted to travel trade to keep the knowledge updated while their businesses were affected due to the COVID-19 pandemic.

Programme 3: Leisure Tourism Marketing (Continued)

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Percentage geographic spread of international tourist arrivals achieved	Not a KPI	Baseline developed and set at 19%	20%	24%	20%	-17%	Target was not achieved due to the decline in tourist arrivals and a lack of implementation of the provincial MOU aimed at promoting travel to each province.
Seasonality index of international tourist arrivals	Not a KPI	Baseline developed and set at 1.35%	1.36	1.50%	1.4%	7%	Target exceeded.
Percentage brand positivity achieved (average of February and November wave)	38%	38%	39%	40%	39%	-3%	Target not achieved due to media reports on crime negatively affecting how people perceive South Africa. In addition, there has been limited coverage of brand campaigns due to the transition between brand communication agencies.
Percentage brand awareness achieved (average of February and November wave)	Not a KPI	77%	77%	78%	77%	-1%	SA Tourism had limited visibility globally due to the transition of media agencies.
Number of domestic holiday trips (millions) achieved	Financial year: 2.95 Calendar year: 2.6	Financial year: 2.7 Calendar year: 2.9	Financial year: 3.0 Calendar year: 2.6	Financial year: 2.7 Calendar year: 2.6	Financial year: 7.3 (April 2019-February 2020) Calendar year: 7.1	Financial year: 170% Calendar year: 173%	The deal-driven campaigns that were launched by SA Tourism and private sector and driven by the Department were instrumental in driving demand in domestic travel. The number of travellers and people mentioning that they cannot afford travel reduced noticeably.
Domestic holiday revenue (billion rand)	Not a KPI	Financial year: 6.2 Calendar year: 6.8	Financial year: 10.1 Calendar year: 8.2	Financial year: 8.1 Calendar year: 7.9	Financial year: 18.9 (April-February 2020) Calendar year: 17.3	Financial year: 133% Calendar year: 119%	

Programme 3: Leisure Tourism Marketing (Continued)

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Reach of domestic campaign (millions) ⁷	Not a KPI	Not a KPI	Not a KPI	37.1	120	223%	Target exceeded due to #TravelWeek campaign and the Move with Cassper campaign.
Click-through to domestic tourism packages ¹⁶	Not a KPI	Not a KPI	Not a KPI	150,000	445,671	197%	Target exceeded due to the success of the #TravelWeek and the Move with Cassper campaigns.
Geographic spread of domestic tourists	Not a KPI	Baseline has been developed and set at 11%	8.4%	13%	16%	23%	Target exceeded as domestic travellers took advantage of deals in different provinces.
Seasonality index of domestic tourists	Not a KPI	Baseline has been developed and set at 22%	15.7%	28.5%	37.1%	-30%	Target was not achieved due to the high number of domestic travel over certain peak periods. This measure expects consistent travel throughout the year.
Number of SMEs participating at South African Tourism Tradeshow Platforms	Not a KPI	Not a KPI	204	182	199	9%	Target exceeded due to an additional platform created for SME Sustainability Village Vendors at Meetings Africa and Africa's Travel Indaba.
Number of SMEs included in all South African Tourism hosting activities	Not a KPI	Not a KPI	35	37	53	43%	Target exceeded as there has been a focus on increasing the number of provinces featured per hosting and for each province, a minimum of one SME product/experience is featured.

Programme 4: Business Events

Purpose: The Business Events programme markets South Africa as a business events destination through the South Africa National Convention Bureau (SANCB).

Strategic Objective:

- To contribute to inclusive economic growth by increasing the number of international and domestic tourists.
- To contribute to an enhanced, recognised, appealing, resilient and competitive tourism and business events brand for South Africa across the target markets and segments.

For 2019/20 South African Tourism focused on targeted bidding, in conjunction with the Provincial and City Convention Bureaus, to secure international and regional business events for South Africa.

Bidding Performance

In the 2019/2020 financial year, the sales division focused on:

- Increasing the number of bid submissions in conjunction with the provincial and city convention bureaus.
- Improving the regional spread of bid submissions to cities and towns outside the major metropolitan areas of South Africa.
- Improving the division's customer relationship management by working closely with the South African association fraternity.

The main objectives of these tactics included:

- To secure more business events for South Africa, which will contribute towards tourism arrivals to the country.
- To spread the economic benefits that business events create to regions across South Africa.
- To increase the economic impact business events, contribute to the GDP of the country.'

During the 2019/2020 financial year, the South African Tourism had a target of 115 bid submissions that needed to meet the country's bidding criteria. The SANCB, in conjunction with the city and provincial convention bureaus, submitted 115 bids, which represents a 10% increase compared to the 2018/2019 financial year.

The 115 submissions included 50 associations, 29 incentives, 15 corporates, 16 exhibitions and nine non-associations bids. The 115 meetings, incentives, conferences and exhibitions represent a combined estimated economic impact of R2,9 billion, which represents an 11% increase compared to the performance of the 2018/2019 financial year.

Combined, these events have the potential to attract 86,826 delegates to South Africa between 2020 and 2025 and have the potential to generate 495 events days. The top seven sectors for these submissions included manufacturing, business process outsourcing, life sciences, medical sciences, tourism and education.

To date, 45 of the bids submissions for the 2019/2020 financial year were converted into secured events for the country, with three bids lost to competing destinations and 71 still awaiting outcomes. The 45 secured bids will contribute R389 million to South Africa's GDP over the next five years. Twenty-four percent (29) of the bid submissions for the financial year included smaller towns and combinations between metropolitan areas and smaller towns. Some of these towns included Port Elizabeth, Pilanesberg, Knysna, Skukuza, Stellenbosch and Ventersburg.

Exhibitions and Strategic Platforms:

South African Tourism, supported by the National Department of Tourism and the tourism sector, identified a strategic business need to create global market access for the tourism product, brand South Africa, destination marketing and country's GDP contribution. The Exhibitions and Strategic Platforms Unit plays the following roles:

1. Leads in creating value for the leisure and business events industry by providing sustainable and inclusive market access on a global stage.
2. Creates commercially viable platforms that will benefit the South African economy.
3. Promotes South Africa and contributes to enhancing the country's brand appeal as both a leisure and business events destination.

The Exhibition and Strategic Platforms Unit has a clearly defined mandate to identify lucrative platforms for the South African and regional tourism industry to engage with the world. Eleven official tourism trade platforms for South African Tourism are managed and these comprise leisure and business trade shows. Africa's Travel Indaba (ATI) and Meetings Africa (MA) are two local trade shows that South African Tourism is responsible for.

The abovementioned platforms have existed for more than 50 years combined. These platforms are considered global in their nature, meaning they attract delegates globally. South African Tourism identified these shows on the basis of the ROI they generate, not only for South African exhibitors and partners but also for South Africa as a destination and with unique offerings.

Exhibitions:

Africa's Travel Indaba

Africa has conventionally over the years opened up to the world for the Africa's Travel Indaba trade show. The trade show successfully affords the African Tourism Product a platform to showcase their offerings to the world. The show, which was hosted in Durban, KwaZulu-Natal, between 2 and 4 May 2019, hosted more than 6,000 delegates from around the world.

The show is a showcase of the widest variety of Africa's best tourism products through a range of activities, including a hosted buyer programme, pre- and post-tours for media and buyers, media engagements with influential stakeholders, destination training and profiling and, above all, meetings and business leads generated at the show as a result of the affirmed confidence in the destination. The show further recorded a total number of 1,502 buyers, which represent 67 countries and a total number of 1,033 exhibitors, which include 258 African products and more than 200 SMEs. A total number of 18,842 meetings were held between exhibitors and buyers.

The President of South Africa, Mr Cyril Ramaphosa, who addressed the delegates, said: "We must exploit the tourism industry to grow and increase our foreign earnings, to bring more people into the mainstream of our economies and to boost related industries. There is so much that we can all do in growing small and medium enterprises, but also making sure that the footprint of this industry is also felt in the remote areas of our country, in rural areas."

This message gave confidence to the tourism industry, local, regional and international on its importance to contribute to the success of South Africa and Africa. Four hundred and fifty-two local and international media representatives attended the show.

Meetings Africa

In its 15 years of existence Meetings Africa (MA) took place between 24 and 26 February 2020 in Gauteng (Johannesburg). The show focused on the business events industry and highlighted the importance of "Shared economies". MA's mandate is to promote joint African growth, connecting people and idea sharing. The show affords regional business events and industry an opportunity to sell their MICE offerings to the world.

The MA landscape has shifted over the years to adapt to the global business trade show trends. The objective of MA, as the leading Business Events tradeshow for the continent, is to lead generation and conversion between MICE buyers and exhibitors. In 2020, MA attracted about 2,900 visitors with 352

buyers (including hosted and non-hosted buyers) 329 exhibiting companies and 139 local and international media. A total of 8,164 confirmed meetings were recorded between exhibitors and buyers.

South Africa continues to gain popularity as an international business events destination. The country is regarded as Africa's leading business destination, according to the International Congress and Convention Associations (ICCA). The post MA report estimates that the value of events that could potentially be brought to South Africa in the current year could yield R1,375,982,378 returns, with R5,285,548,884 in three years.

International Strategic Platforms:

Meetings Africa (MA) took place in 2019/20 South African Tourism participated in eight strategic platforms. The platforms objective of participating at these platforms is to:

- Promote South Africa as a destination for both business events and leisure tourism, across its focus markets, as identified through MIF.
- Extend connections with trade partners and generate business leads.
- Promote the travel and tourism products of South Africa to international buyers.
- Meet and transact with international buyers.
- Providing a platform to the South African SMME travel and tourism businesses to market and promote their businesses.
- Nurture existing relationships, gain knowledge about the developments and up-and-coming solutions in the tourism sector.

The eight international platforms supported during the 2018-2019 financial year included:

1. IMEX Frankfurt, 21-23 May 2019

IMEX is a leading trade show for the Business Events Industry and hosted more than 3,500 global exhibitors in a comprehensive range featuring tourist boards and convention bureau, international hotel companies, airlines, destination management companies, technology providers and many more.

- 28 co-sharers participated that consisted of four SMEs that included DMCs and attraction products
- a total of 423 meetings took place between 28 SA exhibitors and the international buyers. A potential of 40 leads to be converted were reported.

2. IBTM China, 28-29 August 2019

IBTM China is China's leading meetings, incentives and business travel exhibition. Five industry partners, who represented the South African business events sector, attended the show. A total of 240 meetings were recorded. South African Tourism was afforded an opportunity to present to all the buyers in attendance. A total of 151 meetings took place between SA exhibitors and the international buyers. A potential of 17 leads to be converted were reported.

3. IMEX America, 10-12 September 2019

The show is known for setting the pace for doing business on an international scale. Increasing in size and scope annually, this event features the largest Hosted Buyer Programme in North America and attracts thousands of buyers. South Africa had a total of 352 meetings that were confirmed via our diary appointment portal. A total of 297 meetings took place between SA exhibitors and the international buyers. A potential of 89 leads to be converted were reported.

4. WTM, London, 4-6 November 2019

The World Travel Market London (WTM London) is the leading global event for the travel industry to meet industry professionals and conduct business deals. Through its industry networks, unrivalled global reach, WTM London creates personal and business opportunities, providing customers with quality contacts, content and communities. There was a total of 27 South African products who participated as co-sharers and a total of 287 meetings were held and 122 potential leads generated.

5. IGTM Morocco, 14-17 October 2019

In partnership with the South African Golfing Industry, South African Tourism participated at IGTM 2019. IGTM is a community for golf travel professionals who are looking for a highly focused and cost-effective way to grow their business. More than 1,300 golf travel professionals attend IGTM, making it the largest meeting place for the industry. Ten golf products attended this niche show that generated 351 meetings during the show.

6. IBTM World, 19-21 November 2019

IBTM World is one of the leading global events for the meetings and events industry. It is an ideal platform for the events world to deliver exceptional experiences. For 32 years, IBTM World has been providing the global community with the inspiration, business connections and content to create world-class events for customers. Twenty-four co-sharers participated and 662 meetings were held between the exhibitors and buyers.

7. FITUR, Spain, 22-26 January 2020

The show is known as the global meeting point for tourism professionals and the leading trade fair for inbound and outbound markets in Latin America. At its staging, FITUR broke all previous

participation records with 11,040 companies from 165 countries and regions, 150,089 trade visitors and 111,089 visitors from the general public. South Africa was represented by 12 co-sharers that were hosted at the main South African Tourism stand with over 60 meetings recorded.

9. ITB, Berlin 2020 Cancellation

Due to COVID-19 Messe Berlin, the organisers of the ITB Show, communicated their decision to cancel the show on Friday, 28 February. A total number of 41 South African tourism product were confirmed, which included 15 SME products and 300 meetings were confirmed.

Lilizela Tourism Awards

The National Convention Bureau managed a platform/event for awarding the best of the best in the tourism sector. The provincial events took place in September in partnership with the provincial tourism authorities. The national Lilizela Tourism Awards took place at the Sun Time Square on 9 November 2019. Hosted by the Minister of Tourism, Honourable Mmamoloko Kubayi-Ngubane, the event was attended by 650 guests, including ministers from other sectors, members of Parliament, MECs, provincial stakeholders and media houses among others. The Minister awarded and honoured 56 awardees at the event.

Exhibitions and Strategic Platforms Highlights:

1. Attendance of Africa's Travel Indaba by the President of South Africa, Honourable Cyril Ramaphosa and reminding us of the real purpose and importance of travel when he said: "We must exploit the tourism industry to grow and increase our foreign earnings, to bring more people into the mainstream of our economies and to boost related industries. There is so much that we can all do in growing small and medium enterprises, but also making sure that the footprint of this industry is also felt in the remote areas of our country, in rural areas."
2. The participation of 18 African countries from all over the continent, with the Democratic Republic of Congo participating for the very first time at Africa's Travel Indaba.
3. The highest number of meetings ever recorded between exhibitors and buyers for Meetings Africa and Africa's Travel Indaba.
4. Working with SIA successfully in completing a new framework for international platforms that has seen the number of strategic platforms increased.
5. Celebration of 25 years of democracy on all our platforms.
6. Meetings Africa 15-year celebration milestone.
7. Increase in buyer attendance at Meetings Africa and Africa's Travel Indaba.
8. Exceeding SME participation in local and international platforms with 231 participants.
9. Hosting of Africa's Travel Indaba and Meetings Africa media launch at the Johannesburg Stock Exchange highlighted the importance of the tourism industry to the economy of South Africa.



Programme 4: Business Events

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Number of business events hosted in South Africa	125	206	207	168	230	37%	Target exceeded
Number of international delegates hosted in South Africa	73,866	91,740	87,457	90,300	100,019	11%	Target exceeded
Number of bids supported for international and regional business events	Not a KPI	94	108	115	115	-	Target achieved
Number of qualified leads generated	Not a KPI	Not a KPI	Not a KPI	345	388	12%	Target exceeded
Number of meetings held at Meetings Africa	Not a KPI	Not a KPI	Not a KPI	13,700	8,164	-40%	Target not achieved. There was enough buyers and exhibitors that attended the event as space was 100% sold and buyer target was exceeded. Due to short duration of the event (two days) and constrained floor space, not all anticipated meetings could happen. The target was set based on online matchmaking lead indicator.
Number of meetings held at Indaba	Not a KPI	Not a KPI	Not a KPI	20,000	18,842	-6%	Target was not achieved due to the change of dates for Indaba to accommodate the national elections, there were a few cancellations from exhibitors and buyers. This affected the number of meetings held.

Programme 4: Business Events (Continued)

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Number of international tourism market access platforms where SA Tourism participates	Not a KPI	Not a KPI	Not a KPI	6	6	-	Target Achieved

Programme 5: Tourist Experience

Purpose: The Tourist Experience programme aims to deliver a quality experience expected by international and domestic tourists by grading establishments, developing product capacity and creating itineraries for tourists. This is led by the Tourism Grading Council and the Visitor Experience functions of South African Tourism.

Strategic Objective: To contribute to an improved tourist experience in line with the brand promise.

As at 31 March 2020, there were a total of 5,173 graded establishments. This was a 0.5% (26) increase compared to the same period in 2019. The highest number of graded establishments were in the four-star grading category, which accounted for 45% of graded establishments, followed by the three-star grading category that accounted for 35% of graded establishments.

There were 122,938 graded rooms as at the end of March 2020. This was a 2.0% (2,473) decrease compared to the 125,411 rooms for Q4 2019/20. A majority (44%) of the graded rooms are from hotels, despite hotels accounting only for 9.5% of graded properties. Guest houses account for the second largest number (15%) of rooms despite accounting for the majority (34%) of the graded establishments. Of the approved rooms in Q4 2019/20, approximately 16% of establishments were newly graded establishments and 84% were renewals of existing memberships.

Quality Assurance & Development Speed Marketing sessions at Indaba:

Showcased diverse tourism offerings under the following themes over the three days at Indaba:

Day1 – Rural and Scenic Vibes

Attendees:

Exhibitors 28
Buyers 27
Hosted Buyers 113
Media 7
Hosted Media 10
SA Tourism 13
Guests 6
Total Attendance 204
Initial RSVP 156

Day2 – Urban and Luxury Vibes

Attendees:

Exhibitors 55
Buyers 32
Hosted Buyers 134
Media 8
Hosted Media 12
SA Tourism 14
Guests 10
Total Attendance 265
Initial RSVP 198

Day3 – Safari, camping and Adventure Vibes

Attendees:

Exhibitors 50
Buyers 35
Hosted Buyers 108
Media 4
Hosted Media 1
SA Tourism 9
Guests 3
Total Attendance 210
Initial RSVP 224

Products provided an opportunity of exposure and brand awareness with various media platforms to talk about their service offering and the speed marketing benefit to their business.

- SAfm – Evo Track
- Morning Live – Ritsako Game Lodge
- Ukhozi FM – Leratong Tourism
- Ukhozi FM – Lathi langa Guest house
- Lotus FM – Ditsong Museums of SA
- Channel Africa – Wild Routes Africa

Provincial Speed Marketing (Geographic spread)

Speed Marketing session was hosted for the first time in Northern Cape (Upington) 20-22 August

Tour Operators: 15

Products: 40.

South Coast Speed Marketing 11-13 September

Tour Operators: 16

Products: 50

Western Cape - West Coast Speed Marketing with Sho't left 02-06 March 2020

20 SATSA accredited and non-accredited tour operators and DMCs

35 Products

Due to COVID-19, the following Speed Marketing sessions were cancelled:

Gauteng (Sedibeng and Tshwane) in March

Megafam support for MEISEA Roadshow in March/April

Quality Assurance Training and Development:

As part of the process of doing all trainings in-house, the Grading Assessor training is a CATHSSETA accredited course. The aim is to provide the training in-house and accredited training. South African Tourism must be accredited as a training provider. Human Capital Unit has appointed Pearson Institute of Higher Education, a service provider, to assist with expediting the CATHSSETA accreditation process and ensure compliance with application process. South African Tourism was approved, with effect from 20 January 2020, in line with accreditation scope by CATHSSETA as training provider. However, we are waiting registration certificate from SETA who has system issues.

South African Tourism partnered with the International Hotel School (IHS), through a Memorandum of Understanding, for the provision of the online training video to share with graded establishments. The following training programmes have been identified as important for the accommodation establishments:

1. Front Desk Operations
2. Guest Room Attendants
3. Housekeeping and Cleaning Guest Room
4. Restaurant Service

The four courses have been uploaded on TGCSA's YouTube channel. The views of the online training are between 300 and 700 per video.

South African Tourism also partnered with Integrated Health and Safety Solutions (IHSS), through an MOU, to conduct seminars and webinars. The seminars offer training focussing on the legislative requirements that the hospitality industry needs to have in place to ensure compliance with legislation.

The training will cover: legal ability, OHS compliance, emergency preparedness and food safety.

Currently in the 2019/2020 financial year, a pilot roadshow was implemented in Johannesburg. Depending on the outcome, the training seminar roadshows will be rolled out nationwide in the 2020/2021 financial year. The pilot seminar was held on 3 March 2020 in Sandton and was attended by 36 participants. A Western Cape seminar was scheduled for 24 March, but was cancelled due to the COVID-19 epidemic.

Review of the Tourism Grading Council of South Africa grading criteria

To advance and maintain a recognisable, credible and globally benchmarked system of quality assurance for accommodation and venues in South Africa, the Tourism Grading Council of South Africa has introduced new and revised grading standards, which were approved by the Minister of Tourism on 2 November 2018. The grading criteria have been gazetted and have been implemented from 1 April 2019.

The new grading criteria include two new categories: "apartment hotels" and "small hotels", which will cover the luxury segment (boutique hotels).

The grading levels have also been enhanced. They now include a new five-star premium grading level, which is a recognition reserved for the pinnacle of luxury products in South Africa, far exceeding premium expectations with respect to quality standards and service excellence.

The Grading Council has also introduced a new dimension to grading, which allows properties to capitalise on niche market differentiation. This new addition, termed "accolades", includes insignia and criteria for niche markets, such as those that are child-friendly, pet-friendly, wedding venues, spa and wellness facilities, as well as those that cater for SUVs.

The accolades approved to date: Accolades year to date:
Premium 20, Accolades 1,567

Programme 5: Tourist Experience

Performance indicators:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENTS ON DEVIATIONS
Number of graded accommodation establishments achieved and number of graded rooms achieved	5,354	5,058	5,147	5,500	5,173	-6%	Target was not achieved due to the large number of cancellations, a lack of demand, a lack of value recognition in the voluntary grading process and expensive fees.
Number of graded rooms achieved	118,869	118,497	125,411	133,140	122,938	-8%	
Number of officials / frontline staff that attended the Welcome training	Not a KPI	Not a KPI	Not a KPI	800	518	-35%	Target not achieved. The final training was planned for March. However, all confirmed travel plans to conduct the training had to be cancelled. This was a proactive decision made by SA Tourism leadership in response to the early threats posed by COVID-19 pandemic.
Number of Speed Marketing sessions to promote tourism products and services	Not a KPI	Not a KPI	Not a KPI	7	7	-	Target achieved

Strategy to overcome areas of underperformance:

Due to the devastating effect of COVID-19 on the tourism sector, a National Tourism Recovery Plan (NTRP) is required for the sector to bounce back in a systematic and inclusive method. South African Tourism is playing a significant role in the development and execution of this strategy, along with sector role-players and the Department of Tourism. Tourism's recovery will depend both on South Africa's pandemic experience and that of global source markets.

To address this underperformance SA Tourism has undertaken the following:

- Working with assessors to minimise churn in the portfolio through better management of the renewal processes.
- Working with SANParks properties portfolio to ensure they all come back into the grading system.
- The grading Integrated Marketing Campaign for both Trade and Consumer has been finalised but was not flighted as planned in the year due to challenges experienced with the SA Tourism lead agency. The campaign is ready for flighting and has been prioritised for implementation with the new agency.
- Provincial teams are working closely with their provincial stakeholders and are participating in a number of events to drive awareness and new applications.
- There is a renewed focus and process underway with some of the large hotel groups to ensure all the properties in their portfolio are graded.
- The Annual Assessor Conference was held in September to ensure that assessors are focused on the targets for the fiscal.
- SA Tourism has ensured that its processes are streamlined to avoid CSD challenges on larger partners.

	2018/19			2019/20		
Programme	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Support/ Administration	132,271	158,725	(26,454)	135,171	152,190	(17,019)
Business Enablement	85,929	85,929		89,700	79,059	10,641
Leisure Tourism Marketing	1,026,270	1,049,171	(22,901)	1,066,602	960,976	105,626
Business Events	129,287	129,287		137,689	178,855	(41,166)
Tourist Experience	65,807	65,807		68,695	77,021	(8,326)
Total	1,439,564	1,488,919	(49,355)	1,497,857	1,448,101	49,756

Capital Investment:

During the financial year, South African Tourism, in creating an office environment that drives social interaction among SA Tourism staff, undertook a space planning renovation project to ensure that the building has a layout that is optimal and suitable to meet the business needs of the company.

The space planning renovation project was completed on 18 September 2019 at a cost of R4,1 million. It resulted in a flexible, adaptable and fit-for-purpose workspace for all staff in view of their job demands without any limitations. To address the daily concerns of colleagues with regards to office environment quality, renovations will also cover upgrades on the following:

- Heating, ventilation and air-conditioning
- Lighting
- Corporate connections
- Fire and smoke detection

South African Tourism also upgraded its firewall and acquired a user-activity monitoring system.



GOVERNANCE

INTRODUCTION

2.5.1 Introduction

The South African Tourism Board is a Schedule 3A public entity established in terms of Section 9 of the Tourism Act No. 3 of 2014. In addition to the legislative requirements espoused by the Tourism Act, corporate governance within SA Tourism Board is applied through adherence to the provisions of the Public Finance Management Act No. 1 of 1999 ("PFMA"), the King IV Report on Corporate Governance for South Africa, 2016 ("King IV"), the Public Entity Governance Protocol entered into between the Minister of Tourism and the SA Tourism Board as well as any other applicable law or regulation.

The Board considers good corporate governance to be an important instrument to enable the business to operate more efficiently, mitigate risks and safeguard stakeholders. Its approach to corporate governance is based on the appreciation that strategy, business model, performance and sustainable development are integral elements to creating value. The Board's governance function, therefore, supports the organisation's values and philosophies in order to achieve the targets that have been set for the organisation by the shareholder.

South African Tourism's corporate values require directors and employees to behave with integrity, and to consistently and uncompromisingly display moral strength and conduct that promotes trust. To this end, directors and employees conduct their business in good faith, in the interest of the organisation and its stakeholders, and with the highest observance of the principles of good corporate governance.

2.5.2 The Portfolio Committees

Parliament exercises its oversight role on the service delivery performance of the SA Tourism Board through interactions with the Portfolio Committee on Tourism, the Select Committee on Trade and Industry, Economic Development, Tourism, Employment and Labour as well as the Standing Committee on Public Accounts. During the period under review, the SA Tourism Board had the following interactions with Parliament:

DATE	KEY ISSUES FOR DISCUSSION
27 August 2019	Briefing by SA Tourism to the Select Committee on the APP 2019/20
4 October 2019	Briefing by SA Tourism to the Portfolio Committee on the First Quarter Performance Report 2019/2020
9 October 2019	Briefing by SA Tourism to the Portfolio Committee on the Annual Performance Report 2018/19
5 November 2019	Briefing by the Tourism Grading Council of South Africa to the Portfolio Committee to review and evaluate progress on performance.
19 November 2019	Briefing by SA Tourism to the Portfolio Committee on the Marketing Investment Framework (MIF) to evaluate and review progress up to date.
26 November 2019	Briefing by the South Africa National Conventions Bureau (SANCB) to the Portfolio Committee on bids and geographical spread of business events to review and evaluate progress up to date.
10 March 2019	Briefing by Brand SA on their mandate, activities, programme and collaboration in tourism development. SA Tourism attended as an observer.
17 March 2020	Briefing by SA Tourism to the Portfolio Committee on the Second and Third Performance Report 2019/20. • Attended as an observer the presentation by The EMS Foundation and the Manager of Blood Lion on the "Reputational Risks to the tourism Industry" posed by the captive breeding of lions and other big cats.

2.5.3 The Executive Authority

The sole shareholder for the SA Tourism Board is the South African government, represented by the Minister of Tourism as the Executive Authority. The oversight powers of the Executive Authority are bestowed by the provisions of the PFMA, the Tourism Act as well as the Public Entity Governance Protocol.

As a Schedule 3A public entity, the SA Tourism Board adheres to all procedures for quarterly reporting of performance and financial information to the shareholder. After the end of each financial year, the Board submits an annual report to the Minister of Tourism for tabling in Parliament. To this end, the Board has ensured that all reports have been submitted in the prescribed format and within the framework set by the Minister. The following statutory reports were submitted to the Department:

DATE	REPORTS SUBMITTED
30 July 2019	Quarter 1: Performance and Financial Performance Report
30 October 2019	1st Draft: 5-Year Strategic and Annual Performance Plan for 2020/21
30 October 2019	Quarter 2: Performance and Financial Information Report
30 January 2020	Quarter 3: Performance and Financial Information Report
28 February 2020	Draft: 5-Year Strategic and Annual Performance Plan for 2020/21

The Department, led by the Director-General, holds monthly bi-lateral meetings with the Management of the SA Tourism Board to discuss matters of mutual interest and to align strategies to market South Africa as a leading business and leisure tourism destination. During the period under review, the following formal engagements were held with the Minister:

DATE	KEY ISSUES FOR DISCUSSION
10 April 2019	Discussion of the 5-in-5 Strategy and Tourism Sector Transformation
11 June 2019	Minister's introductory meeting with the SA Tourism Board and Executive Management
26 June 2019	SA Tourism Board presentation to the Minister on: <ul style="list-style-type: none"> • Functioning and Performance of the Board • Board Committees • Matters requiring urgent intervention by Minister
10-11 August 2019	SA Tourism Board and Ministry of Tourism Strategic Alignment Session
04 September 2019	Presentation of the Annual Report to the Minister
04 October 2019	Minister's meet-and-greet with SA Tourism Board staff members and special Board Meeting with the Board
18 November 2019	Discussion with SA Tourism Board and TBCSA on Safety in Tourism and TOMSA Levy
05-06 December 2019	Hub-Heads presentations to the Minister
27 January 2020	Presentation of the draft 5-Year Strategic and Annual Performance Plans to the Minister
31 March 2020	Minister's meeting with the Board to discuss the effects of the pandemic on the tourism sector

BOARD MEMBERS



Mr Siyabonga Dube
Chairperson



Adv. Mojanku Gumbi
Deputy Chairperson



Mr Ravi Nadasen
Non-executive



Mr Thebe Ikalafeng
Non-executive



Mr Enver Duminy
Non-executive



**Ms Kathleen Elizabeth
Rivett-Carnac**
Non-executive

BOARD MEMBERS



Ms Dawn Robertson
Non-executive



Ms Lindiwe Sangweni-Siddo
Non-executive



Ms Zola Baba-Tshefu
Non-executive



Ms Nomzamo Bhengu
Non-executive



Ms Michelle Constant
Non-executive



Ms Gloria Serobe
Non-executive



Mr Mduduzi Zakwe
Non-executive

2.5.4 The Accounting Authority

2.5.4.1 Introduction

The SA Tourism Board is appointed as the Accounting Authority in line with the provisions of the PFMA. In terms of the Tourism Act, the Minister appoints a minimum of nine and a maximum of 13 members, for a period of three years. The Minister also appoints a Chairperson, Deputy-Chairperson among the Board members, and a Departmental representative to serve as shareholder representative in the Board.

The Board consists of 11 members, comprising of an appropriate mix of skills necessary to strategically steer the organisation. During the year under review, four Board members resigned. All Board members, including the Chairperson, are appointed as non-executive directors. The Board is supported by the Company Secretary and Executive Management.

As the Accounting Authority, the Board is ultimately responsible for the performance of the organisation and is fully accountable to the Minister on such performance.

2.5.4.2 The Role of the Board

The Board exercises stewardship over the performance of South African Tourism within an approved framework and with prudent and effective controls in place to enable the effective and efficient management of assessed business risks. The Board oversees the strategic direction of the organisation by setting and approving the overall strategy and the operational objectives to be achieved. It also ensures that adequate processes are put in place for budget planning and allocation, and that there is sufficient capacity to carry out the strategy. The Board has adopted the following as its key role:

- Acting as the focal point and custodian of good corporate governance by steering South African Tourism's strategic direction, approving policy and planning that give effect to that direction, overseeing and monitoring the implementation and execution by management through reporting and disclosures.
- Leading ethically and effectively by cultivating the characteristics of integrity, competence, fairness, transparency, accountability and responsibility.
- Governing the ethics of the organisation by approving and overseeing implementation of codes of conduct and ethics policies.
- Providing high-level input to management with the setting of strategic objectives for the organisation and the determination of high-level marketing strategy, taking into consideration the latest market intelligence, research and appropriate risk parameters.
- Monitoring compliance with the PFMA, Treasury Regulations, Tourism Act and other relevant legislation and regulations that are applicable to business in general and considering adherence to best practices.
- Governing risk and information and technology in a way that supports the organisation in setting and achieving its strategic objectives.
- Ensuring that the evaluation of its performance, committees, the Chairperson and individual members supports continued improvement in its performance and effectiveness.
- Ensuring that the organisation remunerates fairly, responsibly and transparently in order to promote the achievement of strategic objectives and outcomes by approving remuneration policies of the organisation in line with the provisions of the Tourism Act.
- Ensuring the preparation of annual financial statements that fairly represent the results of South African Tourism, and obtaining assurance that the information contained in the annual financial statements is accurate.
- Ensuring that there is access to professional and independent advice and support to the Board and committees.

2.5.4.3 Board Charter

The Board has adopted a Board Charter as recommended by King IV. The Charter spells out the Board's role, responsibilities, powers and a system upon which the Board sets out its annual activities. The Charter also outlines, inter alia, the role of the Chairperson, frequency of meetings, quorum requirements, attendance of Board Members, a system of delegation to Management and Board Committees, as well as induction and training of Board Members.

2.5.4.4 Composition of the Board

The Board consists of non-executive directors appointed by the Minister in line with the provisions of the Tourism Act. The table below depicts the composition of the Board during the period under review:

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	OTHER COMMITTEES
Ms Pamela Yako	Chairperson	May 2018. Appointed as Chairperson in August 2018	September 2019	BCom, MBL	-
Dr Tanya Abrahamse	Deputy Chairperson	May 2018	September 2019	PhD	ARCO Chairperson
Mr Ravi Nadasen	Chairperson: TGCSA Committee. Appointed as Interim Chairperson: September 2019	May 2018	Current Member	BA, MBA	MARCOM & TGCSA
Ms Kate Rivett-Carnac	Member	May 2018	Current Member	BA Hons, MPhil	ARCO & MARCOM
Ms Dawn Robertson	Chairperson: HCRECMO	May 2018	Current Member	BA (Fine Arts), BA (Ed)	HCREMCO & MARCOM
Mr Enver Duminy	Member	May 2018	Current Member	Bachelor of Science, MBA	ARCO, HCREMCO & TGCSA
Ms Lindiwe Sangweni-Siddo	Member	May 2018	Current Member	BSc, Diploma in Hotel Management	HCREMCO & MARCOM
Mr Mohammed Baba	Member	May 2018	July 2019	N1 & N2: Electronics	MARCOM
Ms Zola Tshetu	Member	August 2019	Current Member	B.Com, MBA, Property Development Programme	HCREMCO
Mr Siyabonga Dube, CA (SA)	Chairperson - ARCO	August 2019	Current Member	B.Com, Postgraduate Diploma in Accounting CA(SA)	ARCO
Ms Nomzamo Bhengu	Member – Shareholder Representative	May 2018	Current Member	BSocSci	ARCO & MARCOM
Mr David Frost	Member	March 2019	July 2019	BSocSci Honours	MARCOM
Ms Michelle Constant	Member	May 2018	Current Member	BA, Perf. Dip, Social Entrepreneurship Programme (GIBS)	HCREMCO, MARCOM & TGCSA
Mr Thebe Ikalafeng	Chairperson - MARCOM	May 2018	Current Member	BSc, MBA, CM (SA)	MARCOM
Dr Yacoob Abba Omar	Member	May 2018	April 2020	PhD	HCREMCO

2.5.4.5 Board Meetings

To effectively carry out its responsibilities, the Board met 19 times during the year. Board meetings were well attended and all had a quorum in 2019/20. The main agenda points discussed at these meetings were as follows:

DATE OF BOARD MEETING	MAIN AGENDA ITEMS
10 April 2019	Special Board meeting with Minister of Tourism
23 April 2019	Board Workshop on remedial plan
3 May 2019	Africa Travel Indaba 2019
	Cost of living adjustments
	Chief Financial Officer's delegation of authority
	Remedial Plan/Re-energising the 5-in-5 Strategy
30 May 2019	Employee engagement survey
	Approval of the first draft of the 2018/19 Annual Report
	Approval of annual financial statements, statement of responsibility, corporate governance report, performance information, and audit and risk report
	Approval of amendments to the Human Capital Policy
	Approval of Board Charter
	Approval of supercharging the 5-in-5 Strategy Plan
	Executive management employment contracts
	Lead Agency (FCB) contract
26 June 2019	Special Board meeting with the Minister of Tourism
3 July 2019	Investigation report on allegations against the Chief Executive Officer
30 July 2019	Approval of the second draft of 2018/19 Annual Report
16-17 August 2019 (Board Lekgotla)	Input to first draft Strategic Plan 2020/21 – 2025/26
	Brand strength and strategic platforms
	Stakeholder satisfaction survey
	Growing tourism and expectations from SA Tourism
	Case study on Australia
	State of the organisation: Internal capacity, financial position, areas of concern
	Employee engagement survey and action plans
	Drafting of Board priorities

4 October 2019	Special Board meeting with the Minister of Tourism
28 October 2019	Approval of 2018/19 staff performance bonus payment
	Approval of SAT 2020/2024 Strategic Plan
	Approval of 2020/21 Draft Annual Performance Plan
	Appointment of the communications and marketing agency service provider
	2019 Lilizela Awards
	Implications of the Forensic Investigation Report on the CEO matter
28 November 2019	Approval of SA Tourism Business Strategy
	Appointment of the marketing and communications service providers (Probity Report)
	Weighting error on Departure Survey 2018
	Approval of Internal Audit Charter
	Approval of the Audit General 2019/20 Engagement Letter
30 January 2020	Approval of the SA Tourism Strategic Plan 2020/25 and Annual Performance Plan 2020/21
	2019/20 Quarter 3 Performance Report
	International Platforms – Board Participation
	2019 Lilizela Awards
	Strategic Risk Register
	TGCSA Grading Fess increase
	Approval of Committee's Terms of Reference
6 February 2020	Board Performance Assessment Report
18 February 2020	Board Strategic Risk Workshop
27 February 2020	Special Board meeting with the Minister of Tourism
28 February 2020	SA Tourism Marketing Strategy
	SA Tourism Communications Plan
27 March 2020	SA Tourism operations during the Covid-19 national lockdown
	Tourism sector recovery plan
	SA Tourism marketing campaigns
	2019/20 year-end finances
	Synergy contract deviation
31 March 2020	Special Board meeting with Minister of Tourism

2.5.4.6 Attendance at Board meetings

The attendance at the various Board meetings during 2019/20 was as follows:

NAME	SPECIAL BOARD MEETING - 10 APRIL 2019	BOARD MEETING - 23 APRIL 2019	BOARD MEETING (INDABA) - 3 MAY 2019	BOARD MEETING - 30 MAY 2019	SPECIAL BOARD MEETING WITH THE MINISTER - 26 JUNE 2019	SPECIAL BOARD MEETING - 3 JULY 2019	SPECIAL BOARD MEETING - 30 JULY 2019	BOARD LEK- GOTLA - 16-17 AUGUST 2019	SPECIAL BOARD MEETING WITH THE MINISTER - 4 OCTOBER 2019	BOARD MEETING - 28 OCTOBER 2019	BOARD MEETING - 28 NOVEMBER 2019	BOARD MEETING - 30 JANUARY 2020	BOARD PERFORMANCE ASSESSMENT - 6 FEBRUARY 2020
Ravi Nadasen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pamela Yako	✓	✓	✓	✓	✓	✓	✓	✓					
Tanya Abrahamse	x	✓	✓	✓	✓	✓	✓	✓					
Thebe Ikalafeng	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓
Michelle Constant	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓
Yacoob Abba Omar	x	✓	✓	x	x	✓	✓	✓	x	✓	x	x	x
Enver Duminy	✓	x	x	✓	x	✓	✓	✓	✓	✓	✓	✓	✓
Kate Rivett- Carnac	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dawn Robertson	x	✓	✓	x	✓	✓	✓	x	✓	✓	x	✓	✓
Lindiwe Sangweni-Siddo	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x
Mohammed Baba	x	✓	✓	x	✓								
Nomzamo Bhengu	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓
David Frost	x	✓	✓	x	✓	x							
Zola Tshetu								✓	✓	✓	✓	✓	x
Siyabonga Dube								✓	✓	✓	✓	✓	✓

Continuation: The attendance at the various Board meetings during 2019/20 was as follows:

Name	Board Strategic Risk Workshop - 18 February 2020	Board Meeting with Minister - 27 February 2020	Special Board Meeting - 28 February 2019	Board Meeting- 27 March 2020	Board Meeting with Minister - 31 March 2020
Ravi Nadasen	✓	✓	✓	✓	✓
Pamela Yako					
Tanya Abrahamse					
Thebe Ikalfeng	x	✓	✓	✓	✓
Michelle Constant	✓	x	✓	✓	✓
Yacoob Abba Omar	✓	x	x	✓	✓
Enver Duminy	x	x	✓		✓
Kate Rivett- Carnac	✓	x	✓	✓	✓
Dawn Robertson	x	✓	✓	✓	✓
Lindiwe Sangweni-Sidoo	✓	x	x	✓	✓
Mohammed Baba					
Nomzamo Bhengu	x	✓	✓	x	x
David Frost					
Zola Tshetu	✓	✓	✓	✓	✓
Siyabonga Dube	✓	✓	✓	✓	✓

Note: Blank spaces indicate that the term had either ended or not yet started.

2.5.4.7 Board Committees

The Board is empowered to establish Board Committees and to delegate powers to such committees. The Board may delegate certain functions to Board Committees but without abdicating its own responsibilities. To assist the Board with its oversight function, it has established the following committees:

- Audit and Risk Committee
- Human Capital and Remuneration Committee
- Marketing and Commercial Committee
- Tourism Grading Council of South Africa Committee

The roles and responsibilities of the committees, membership and number of meetings held during the year are discussed in the paragraphs below:

Audit and Risk Committee

The Audit and Risk Committee (ARCO) comprises of four non-executive Board members. It is established as a Committee of the Board in respect of its statutory duties in terms of Sections 76 (4)(d) and 77 of the Public Finance Management Act, 1999 and all other duties assigned to it by the Board. The Committee operates within its approved terms of reference and assists the Board with:

- The implementation of an effective policy and planning for risk management that enhances the organisation's ability to achieve its strategic objectives.
- The review of financial information and ensuring the integrity of the annual financial statements.
- The performance of the internal and external audit functions.
- Management's responsibilities to ensure that there is an effective system of controls in place.
- Monitoring of the operation of adequate systems, including the deliverables as included in the Annual Performance Plan.

The Committee's roles and responsibilities include:

- Ensuring that reporting timelines as prescribed by the PFMA, including regulations, are complied with.
- Monitoring the effectiveness of risk management systems and processes implemented by management. The committee is responsible for ensuring that management implements corrective plans and strategies to mitigate identified business risks.
- Examining and reviewing the effectiveness of the internal control environment within the organisation, and reviewing the organisation's statement on internal control systems prior to the Board's endorsement.
- Recommending to the Board for approval the internal and external audit plan, fees and terms of engagement.
- Reviewing annually the effectiveness of the Internal Audit function throughout the organisation in the context of the organisation's overall risk management system, with a particular focus on the Internal Audit Charter, annual work plans, activities, staffing, organisational and reporting structure, and status of the function.
- Reviewing the results of management's investigation of and follow-up (including disciplinary action) on any instances of non-compliance.
- Reviewing its terms of reference from time to time and making appropriate recommendations to the Board.
- Ensuring that appropriate standards of governance, reporting and compliance are being met.
- Advising the Board on issues relating to the application of accounting standards as they relate to published financial information.

Meetings of the committee are attended by internal and external auditors, the CEO, the CFO, the CSO, the COO, the Head: IT and the Head: GRC and Legal/Company Secretary. Other staff members attend only by invitation. The internal and external auditors have unrestricted access to the chairperson of the committee and the Board Chairperson.

Five meetings were held during the year under review and attendance was as follows:

NAME	20 MAY 2019	25 JULY 2019 (SPECIAL)	30 AUGUST 2019 (SPECIAL)	18 NOVEMBER 2019	20 JANUARY 2020
Siyabonga Dube (Chairperson)				✓	✓
Tanya Abrahamse (Former Chairperson)	✓	✓	✓		
Enver Duminy	✓	✓	✓	✓	✓
Kate Rivett-Carnac	✓	✓	✓	✓	✓
Nomzamo Bhengu	✓	x	x	✓	✓

Human Capital and Remuneration Committee

The Human Capital and Remuneration Committee (HCREMCO) is established to assist the Board with regard to oversight on human capital and remuneration of the organisation. It comprises of six non-executive Board Members and operates within its approved terms of reference. The Committee is supported by the CEO, the CFO, the COO, Head: Human Capital and the Company Secretary.

The Committee's roles and responsibilities include:

- Reviewing, adopting and monitoring the implementation of broad Human Capital strategies to ensure South Africa Tourism is able to attract, retain, and develop the best possible talent to support superior business performance.
- Reviewing proposed changes to the approved organogram of South African Tourism and making applicable recommendations to the Board.
- Overseeing the setting and administering of remuneration at all levels in the organisation.
- Approving the implementation of reviewed and updated human resources policies and procedures.
- Reviewing and recommending to the Board for approval the proposed remuneration changes (annual inflation increases, designation increments and any other changes to total-cost-to company packages).
- Reviewing and recommending to the Board for approval proposals from EXCO concerning the payment of performance rewards for staff below EXCO level.
- Reviewing and moderating EXCO performance scores prior to recommending to the Board for approval, the payment of EXCO performance bonuses.
- Reviewing the CEO's performance targets and recommend to the Board for approval.
- Consider whether there are appropriate succession plans in place for key members of management and make recommendations to the Board on interventions.

Five meetings were held during the year under review and attendance was as follows:

NAME	20 MAY 2019	28 AUGUST 2019	18 NOVEMBER 2019	15 JANUARY 2020	30 MARCH 2020
Dawn Robertson (Chairperson)	✓	✓	✓	x	✓
Yacoob Abba Omar	✓	✓	✓	✓	x
Enver Duminy	✓	✓	✓	✓	✓
Michelle Constant	✓	✓	✓	✓	✓
Lindiwe Siddo-Sangweni	✓	✓	✓	✓	✓
Zola Tshefu (February 2020)					✓

Marketing and Commercial Committee

The Marketing and Commercial Committee (MARCOM) is established as a committee of the Board to assist with oversight on SA Tourism's research, insights and analytics, branding, marketing and communications strategies. It comprises eight non-executive directors and is supported by all members of the Executive Management Committee (EXCO) and the Company Secretary.

The committee's roles and responsibilities in terms of its approved terms of reference include:

- Overseeing the development of South African Tourism's overall brand, marketing and communication policy and strategy and recommend to the Board for approval.
- Providing input and guidance in the development of the South African Tourism Business Events Strategy on the use of events as an enabler for domestic travel and to attract international tourists to South Africa.
- Providing strategic input into the conceptualisation and execution of Meetings Africa, Africa's Travel Indaba, Lilizela and the South African Tourism's selected strategic platforms.
- Reviewing the development of strategic markets, market insights and analytics tools, and research and data sources.
- Reviewing and recommending to the Board for approval, SA Tourism's sponsorship and partnership policies and initiatives.
- Overseeing the opportunities for sponsorship and partnerships and provide recommendations to the Board.
- Reviewing and making recommendations to the Board regarding the organisation's approach to crisis communication.
- Overseeing the development of measures to track marketing effectiveness and return on investment for the organisation, and its programmes.

Five meetings were held during the year under review and attendance was as follows:

NAME	21 MAY 2019	16-17 AUGUST 2019	20 NOVEMBER 2019	17 JANUARY 2020
Thebe Ikalafeng (Chairperson)	✓	✓	✓	✓
Michelle Constant	✓	✓	✓	✓
Dawn Robertson	✓	✓	✓	x
Lindiwe Sangweni-Siddo	✓	✓	x	✓
Ravi Nadasen	x	✓	x	x
Kate Rivett-Carnac	✓	✓	✓	✓
Nomzamo Bhengu	✓	✓	x	✓
Mohammed Baba (Resigned July 2019)	x			

Tourism Grading Council of South Africa – Awards Committee

The Awards Committee is established as a committee of the Board to assist with the discharge of the duties of the Tourism Grading Council of South Africa (TGCSA) as assigned to the Board by the Minister of Tourism. The Committee consists of 10 members: three Board members and seven members representing the industry. It was established after the functions of the TGCSA were assigned to the South African Tourism Board with effect from 1 July 2015. The new committee was appointed to be in place from 1 September 2018 to 31 May 2021, in line with the tenure of the South African Tourism Board.

The committee's roles and responsibilities include:

- Regularly reviewing policy relating to changes in the hospitality environment that affect members and the sustainability of the establishments and the sector.
- Reviewing and providing approval for any TGCSA proposed amendments to the Annual Grading Fees structures to ensure these remain comparable, affordable and relevant to the members.
- Continuously monitoring membership numbers and, in particular, the universe of ungraded establishments and initiatives to increase the number of tourism establishments participating in the grading system.
- Delegating and monitoring performance on the administrative role of interrogation of all assessments and the approval of grading awards to a "Monthly Property Approvals Meeting" which is chaired by the Chief Quality Assurance Officer (CQAO) of the TGCSA.
- Overseeing the performance of the assessors with a view to ensuring a higher overall level of objectivity and consistency and accuracy in the assessment of participating establishments at all times.
- Monitoring the relevance, effectiveness and efficiency of the grading system and to make recommendations on any improvements or changes in policy, procedures and processes that would, in the opinion of the Awards Committee, enhance the acceptance and effectiveness of the grading system and/or address any stakeholder concerns.
- Ensuring that management safeguards the core requirements and standard criteria applicable to each category of tourism establishment and that the TGCSA policies, procedures and processes are aligned with international best practice at all times.
- Overseeing and ensuring that a tri-annual formal review and update of the Grading Core Requirements and Standard Criteria for the TGCSA Star Grading System is undertaken for each Category and Star Grading Level of graded establishments. The Awards Committee also has to ensure that there is appropriate stakeholder consultation and involvement in the process.

Four meetings were held during the year under review and attendance was as follows:

NAME	14 MAY 2019	16 SEPTEMBER 2019	13 NOVEMBER 2019	23 JANUARY 2020
**Ravi Nadasen (Chairperson)	✓	✓	✓	✓
**Enver Duminy	x	x	✓	✓
**Michelle Constant	✓	x	✓	x
Rosemarie van Staden	x	✓	✓	✓
Nombeko Rwaxa	✓	✓	x	✓
Tshifhiwa Tshivhengwa (Resigned in July 2019)	✓			
Wendy Alberts	✓	✓	✓	✓
Bheki Dube	✓	✓	x	x
Glynis Hyslop	x	✓	✓	x
Shama Nathoo	✓	✓	x	✓

** South African Tourism Board members

2.5.4.8 Remuneration of Board Members

On 1 June 2015, the Minister approved the remuneration payable to Board members in line with National Treasury Guidelines on Service Benefit Packages for Office-Bearers of Certain Statutory and Other Institutions. Other costs payable for Board members include airfares, car hire, refunds for the private use of motor vehicles for business, and subsistence and travel allowances in accordance with approved rates. Any other costs or expenses incurred in this regard are covered in accordance with the approved policies and procedures of South African Tourism. Board members incurred the following costs in line with their fiduciary responsibilities in 2019/20:

1 April 2019 to 31 March 2020

NAME	TRAVEL	REMUNERATION	OTHER	TOTAL
Ravi Nadasen (Interim Chairperson)	162,548.95	70,953	-	233,601,95
Pam Yako (Former Chairperson)	48,424,76	86,657	-	135,081,76
Tanya Abrahamse (Former Deputy Chairperson)	24,428,30	87,759	-	112,187,30
Thebe Ikalafeng	67,958,84	77,042	-	145,000,84
Michelle Constant	21,833,20	101 979	-	123 812.22
Yacoob Abba Omar	5564.86	36,983	-	42,547.86
Enver Duminy	115,979.22	80,949	-	196,928.22
Zola Tshetu	82,031,88	44,361	-	126,392,88
Siyabonga Dube	29,575,73	79,962	-	109,537,73
Kate Rivett-Carnac	139,477,56	178,250	-	317,727,56
Lindiwe Sangweni-Siddo	7,549,36	34,364	-	41,913,36
Dawn Robertson	32,925,70	-	-	32,925,70
David Frost	4,579	33,176	-	37,755
Mohammed Baba	2,782,43	15,714	-	20,293
Nomzamo Bhengu	10,207,86	-	-	10,207,86
Total	755,867,65	928,149	-	1,684,016,65

*Institute of Directors in Southern Africa membership fees

The following amounts were paid to members of the Grading Council Awards Committee for the period 1 April 2019 to 31 March 2020:

NAME	TRAVEL	REMUNERATION	OTHER	TOTAL
Wendy Alberts	5,269,72	20,752	-	26,021,72
Rosemarie van Staden	5,269,72	15,174	-	20,443,72
Nombeko Rwaxa	5,269,72	18,333	-	23,602,72
Tshifhiwa Tshivhengwa	-	-	-	-
Bheki Dube	5,903,58	2,619	-	8,522,58
Shama Nathoo	8,321,22	23,571	-	31,892,22
Glynis Hyslop	5,716	-	-	5,716
Total	35,749,96	80,449	-	116,198,96

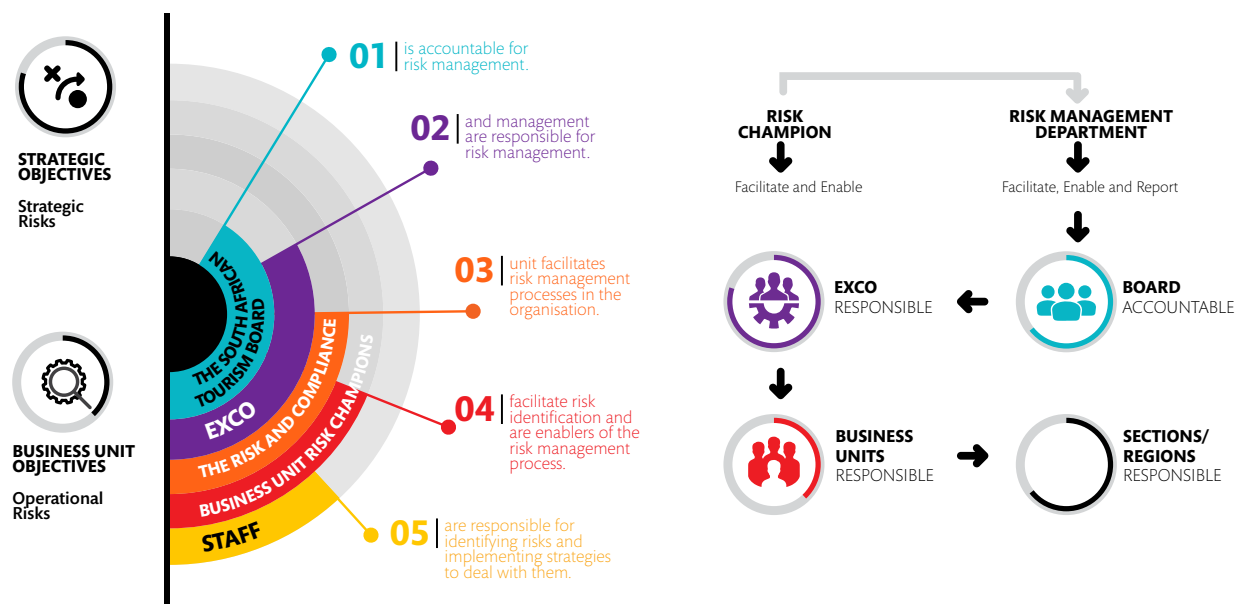
2.5.5 Risk Management

Risk management is integral to good corporate governance. It forms part of South African Tourism's business strategy, ensuring that the organisation can identify and manage risks that affect business performance and achievement of objectives. Recognising that a single transaction or event may have a significant impact on other risks or be triggered by other risks, South African Tourism views and assesses risks holistically. Risk management is an inclusive process where every employee of the organisation is responsible for managing risks and adhering to risk management policies and processes in their areas of responsibilities.

Risk governance

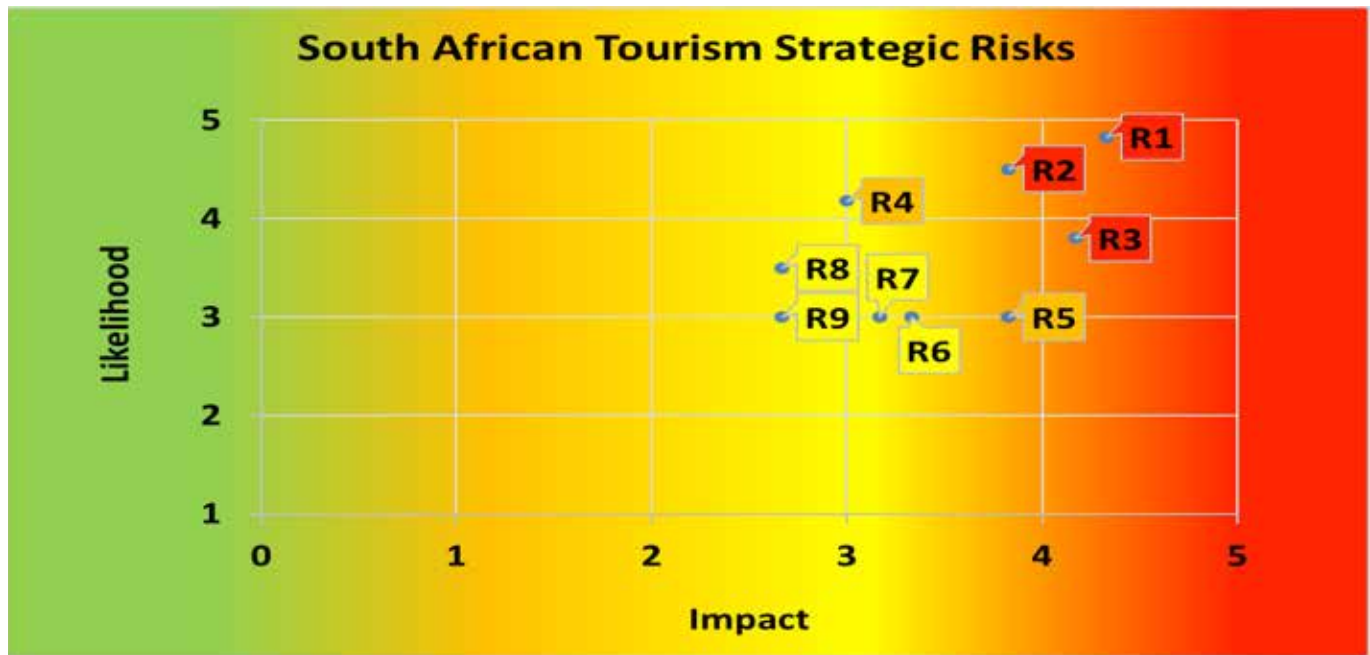
The South African Tourism Board is ultimately accountable for risk governance within the organisation. It governs risks in a way that supports the organisation in setting and achieving its strategic objectives. The Board also approved a Risk Management Policy and Framework to guide the organisation with risk management. In discharging its risk governance responsibilities, the Board is supported by the Audit and Risk Committee.

Below is a high-level overview of risk management governance at South African Tourism:



Every year, the Board assesses the risks that could affect the achievement of the organisation's strategic objectives. The risks are documented and monitored on an ongoing basis in relation to risk mitigation strategies or plans, the relevance and adequacy of existing controls, and the identification of key emerging risks.

The Board identified nine strategic risks that could threaten the achievement of South African Tourism's strategic goals and performance targets for 2019/20. The risks are depicted below according to their risk ratings:



R1
Barriers to access (both international and domestic tourism)

R2
Potential visitor having negative perceptions of South Africa

R3
Ineffective marketing strategies, partnerships and execution

R4
Inability to deliver 5-in-5 Strategy (ICT; Finance; Human Resources, Governance, Risk and Compliance)

R5
Potential changes in national policies that impact tourism

R6
Rapidly changing climate conditions and extreme weather events

R7
Cyber crime

R8
Inadequate transformation that negatively affects inclusive growth in the tourism sector

R9
Geopolitical risks (such as terrorism, regional conditions, increased protectionism, restrictive trade agreements, outbreak of communicable diseases)

Risk Maturity

South African Tourism strives to have a risk-matured and risk-intelligent culture by 31 March 2021. To realise this goal, it has elevated risk management as a strategic enabler and implemented the following:

- A three-year risk management strategy, to assist South African Tourism in achieving the desired maturity level. Maturity is also being monitored quarterly.
- A revised Risk Management Policy and Framework that incorporates improvements identified in the risk maturity assessment and other developments in the risk management industry. Business continuity management is also incorporated in the policy.
- Risk assessments, which are conducted at a strategic and operational level as part of inculcating a risk culture within the organisation. In addition, a risk appetite framework (which includes a risk-bearing capacity) has been established and forms part of the risk reporting and monitoring philosophy. The framework includes a process to escalate risks to the relevant governance structures. It is monitored and reported on a monthly basis to EXCO and quarterly to the Audit and Risk Committee.

A risk maturity assessment was conducted mid the three-year risk management strategy and it highlighted that risk maturity within the organisation is at a repeatable Level 2. To this end, the organisation is implementing the recommendations of the maturity assessment, including, but not limited to, elevating risk management resources to set tone-at-the-top.

2.5.6 Internal Control Unit

South African Tourism organisational design and configuration is such that the responsibility for the control environment is owned jointly by management of all business units. Thus, the implementation and maintenance of systems of internal controls (financial and non-financial) is addressed jointly by management of various business functions.

The organisation follows the five lines of assurance practice whereby risk management initiatives are implemented at each of the following levels to ensure successful realisation of business objectives and delivery of the business mandate:

- Business unit management
- Risk management office
- Internal audit
- External audit
- The Board

The above lines of assurance determine the internal control measures that are sufficient to mitigate the identified risks effectively and efficiently.

The risk management office is supported by risk champions being representatives from across the organisation with the common view of ensuring sound implementation of internal controls and risk mitigations to support the realisation of business objectives.

In addition, the Internal Audit Unit performs risk-based audits to assure management and the Board on the adequacy and effectiveness of governance, risk management and internal controls.

2.5.7 Internal Audit and Audit Committees

South African Tourism Internal Audit Unit provides independent, objective assurance and consulting services designed to add value and improve organisation's operations. The South African Tourism Internal Audit assists the organisation to realise its objectives by applying systematic and disciplined approach for evaluating and improving the effectiveness of governance, risk management and control processes. The South African Tourism Internal Audit key activities include:

- Generalised and specialised audits
- Project management audits
- ICT audits
- Forensic investigations

The standard activities and objectives of the Audit Committee include the following:

- Act as a forum of communication between management, Internal and External Audit programmes;
- Review the IA Strategic and Operational plans, ensure that these plans are based on the organisation's risk assessment, and approve them;
- Advise the Board on the adequacy of Internal Audit resources needed to carry out auditing responsibilities, including the completion of the approved Internal Audit plan;
- Oversee the co-ordination of audit programs conducted by Internal and External Audit;
- Review all high risk audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised;
- Monitor management's implementation of Internal Audit recommendations;
- Review the Internal Audit Charter to ensure that appropriate

organisational structure, authority, access and reporting arrangements are in place;

- Periodically review the performance of Internal Audit,
- Provide advice to the Board on the appointment and dismissal of the Head Internal Audit.

Annual assessment

The Institute of Internal Auditors (IIA) standards require Internal Audit to comply with ethical and performance standards requirements, and plan and perform Internal Audit work to obtain reasonable assurance that governance, risk management and systems of internal controls are effective.

National Treasury Internal Audit Framework requires Internal Audit to assess and make recommendations for the improvement of the governance, risk management and internal controls.

IIA standards regard the overall opinion as a professional judgement of the Head of Internal Audit based on several individual engagements and other activities for a specific time period. In giving our opinion, it should be noted that assurance can never be absolute. The most that Internal Audit can provide is reasonable assurance that there are no critical weaknesses in governance, risk management and control processes.

The Internal Audit overall assessment presented hereafter for the 2019/2020 financial year is limited to the scope of work performed, documents reviewed and meetings attended.

Audit coverage

Internal Audit completed the planned audits for 2019/2020 financial year except for the following review:

Human Capital Management Audit (approved for postponement to 2020-2021 financial year).

The Internal Audit assignments completed for the 2019/2020 financial year provide sufficient basis for formulating an annual assessment of governance, risk management and internal control systems.

In addition, Internal Audit considered ad hoc assignments as part of the basis for the overall assessment and conclusion on the effectiveness of governance, risk management and internal control systems.

Ethics hotline report

The following investigations were executed and completed by Internal Audit during the period under review and have been considered in determining the overall opinion:

- Alleged bribe and irregular disclosure of Supply Chain Management process information.
- China/Japan specific RFQ & Tender process review.
- Irregular expenditure matter.

Overall opinion

Based on the results of the audit engagements, consultancy services rendered and reports considered on governance, risk management and internal controls (financial and non-financial), the overall Internal Audit opinion is that, in all significant respects, SA Tourism control environment is adequate and/or effective to be relied on except for specific areas that require improvements.

Except for confirmed cases of irregular expenditure that have been reported to management, which did not result in losses for the organisation, nothing has come to the attention of the Internal Audit suggesting any critical breakdown in the functioning of controls that could have resulted in significant losses for the organisation in the year under review and up to the date of this report.

Audit committee oversight

During 2019/20, Internal Audit presented reports to the Audit and Risk Committee. These reports covered significant audit findings (where applicable), progress against the audit plan and Internal Audit administrative processes. The Audit and Risk Committee continued to oversee the Internal Audit function. Through the approval of the audit plan, the Audit and Risk Committee provided guidance on Internal Audit's focus on the organisation's key priorities and risks.

2.5.8 Compliance with laws and regulations

South African Tourism strives to comply with laws and regulations to ensure that operational and financial efficiency and objectivity are at reasonable and acceptable levels. Assurance on compliance with systems of internal control and their effectiveness is obtained through regular management reviews, self-control assessments, internal audit reviews, and testing of certain aspects of the internal financial controls by external auditors during the course of their statutory examinations.

The focus for the new fiscal year will be on embedding a compliance culture within the organisation. The compliance function will support top management and the organisation in discharging their responsibility to comply with regulatory requirements by:

- Assessing compliance risks
- Evaluating compliance risks
- Monitoring compliance risks
- Reporting compliance risks
- Conducting compliance training and awareness programmes
- Facilitating the management of compliance risks.

South African Tourism's Board is responsible for the organisation's internal controls and for reviewing their effectiveness. The Board has conducted a review of the effectiveness of the organisation's internal controls, covering all material controls, including financial, operational and compliance controls, and risk management.

The internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives. They can also provide reasonable but not absolute assurance against material misstatement or loss. In reviewing these, the Board has taken into account the results of all the work carried out by the internal and external auditors to audit and review the organisation's activities.

The Board is also responsible for ensuring that the organisation maintains adequate records that disclose, with reasonable accuracy, its financial performance and position. Great reliance is placed on information contained in South African Tourism's financial statements, not least by Parliament, stakeholders and taxpayers.

The organisation's Internal Audit function and the external auditors independently appraise the adequacy and effectiveness of the internal controls. The Audit and Risk Committee, with extensive input from the internal and external auditors, plays a major role in assisting the Board to satisfy itself of the adequacy and effectiveness of the accounting systems, records and internal controls.

In addition to the above, the organisation-wide compliance universe was reviewed and updated based on the results of the policy status check review conducted during the 2019/2020 financial year to ensure maximum compliance with the applicable legislations.

2.5.9 Fraud and corruption

South African Tourism's approach to managing fraud and corruption aligns with the Prevention and Combating of Corrupt Activities Act (2004), and all other legislated laws and regulations available to help combat fraud and corruption.

A fraud prevention policy and plan was developed and approved during the previous financial year. Implementation of the plan will continue in the next fiscal year. The existing ethics line was improved during the 2019/2020 financial year to include the following:

- Adding the international number and web-based platform hosted on our website.
- Forensic investigations are fully outsourced.
- Web-based channel allows for about 42 languages, including French, Japanese, Mandarin, Cantonese, Dutch, German, Portuguese and Swahili in addition to South African official languages.

South African Tourism continues to use its ethics hotline, which enables employees and stakeholders to anonymously and confidentially report unethical behaviour and perceived misconduct in the workplace. The ethics hotline has an escalation protocol that ensures that the queries logged receive the appropriate level of attention and a complaints handling line to deal with service delivery and supply.

2.5.10 Minimising Conflict of Interest

Conflict of interest is minimised by all employees declaring their interests in advance. As part of the recruitment process, all new employees are obliged to complete a Declaration of Interest form when they are appointed and on the first day of assuming their duties at South African Tourism.

All Board members declare their interests annually and at every Board meeting. Records in this regard are completed and maintained by the Company Secretary. Interests must also be disclosed in committees such as bid evaluation committees, bid adjudication committees, and recruitment and selection panels/committees. The identified issues of conflict of interest are noted in the relevant meeting and shared with risk management office for monitoring purposes.

2.5.11 Code of Conduct

Ethical conduct is an integral part of South African Tourism. Board members and employees are required to uphold and maintain the highest standard of ethics in line with the approved Ethics Policy to ensure that business practices are conducted in a manner that, in all reasonable circumstances, is beyond reproach.

In addition, the ethics matters are also measured as part of the 360 review aspect of the employee performance system.

All employees of South African Tourism are required to adhere to a comprehensive internet and electronic mail policy. This prohibits any activities that may bring the entity into disrepute. A detailed disciplinary code is in place, and disciplinary action is taken against individuals who contravene the code.

2.5.12 Health, Safety and Environmental Issues

The Board of South African Tourism is responsible for ensuring that all employees work in a safe and healthy environment. This requires giving assurance to other stakeholders that South African Tourism conducts its business in compliance with the occupational health and safety standards and requirements as prescribed in the Occupational Health and Safety Act (1993).

South African Tourism has a representative in terms of Section 16(2) of the act. In the year under review, selected employees representing the different business units completed emergency fire training courses as well as emergency first-aid courses. They now have the relevant certifications, enabling them to perform emergency procedures if needed.

In 2019/20, South African Tourism met all compliance requirements of occupational health and safety in South Africa and the countries in which it operates. South African Tourism's obligations on occupational health and safety are aimed at:

- Providing and maintaining a healthy and safe workplace for all employees.
- Conducting activities in an environmentally friendly manner to ensure the health and safety of people in the organisation's vicinity.
- Preventing personal injury and protecting the health of employees and others on the premises, in compliance with the requirements of the Compensation for Occupational Injuries and Diseases Act (1993).

- Identifying, documenting and maintaining processes within specified safety criteria, and documenting the methods of control for those processes, in compliance with the requirements of the Occupational Health and Safety Act.
- Ensuring that all employees are aware that they are responsible for their own health and safety and that of others.
- Ensuring that employees who advise on occupational health, safety and environmental matters are appropriately qualified, trained and accredited.
- Demonstrating South African Tourism's active involvement and commitment in relation to occupational health and safety within its scope of operations.

2.5.13 Company Secretary

The Company Secretary supports the Board and has ongoing communication with the Chairperson. All Board members have full access to the services of the Company Secretary and may also obtain independent advice on any matter. The Company Secretary ensures that Board members have full and timely access to the entity's information and records that are relevant to them discharging their fiduciary duties. This includes information such as financial statements, strategic plans, business plans, quarterly reports, corporate calendars and activities of South African Tourism, as well as interactions and communications with the office of the Minister of Tourism. The agenda for Board meetings is set in advance in line with the annual plan and informed by the reports of the various Committees.

The Company Secretary is not a Board member and also acts as secretary of the Board Committees.

2.5.14 Social Responsibility

South African Tourism did not have any social responsibility activities during the financial year.



Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2020.

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

It meets at least four times a year, in line with its approved terms of reference. During the year under review, the committee held five meetings, which were also attended by the auditors from the Auditor-General's office.

The Audit and Risk Committee Chairperson, Mr Mduduzi Zakwe, was appointed to the position from 16 July 2020. The former Committee Chairperson, Mr Siyabonga Dube, who served as Chairperson from September 2019 to June 2020, was appointed as Chairperson of the Board from 8 July 2020.

The Effectiveness of Internal Control

In line with the PFMA and King IV recommendations, Internal Audit provides the Audit and Risk Committee and management with the assurance that the internal controls in place are adequate, effective and serving the desired purposes.

This is achieved by adhering to the risk management processes, as well as identifying corrective actions and recommended enhancements to the controls and processes.

A formal risk identification process was conducted during the period under review, and the Board prioritised the effective monitoring and management of the strategic risks that affect the business.

In line with the principles of combined assurance, the Audit and Risk Committee, EXCO, the Management Committee, Internal Audit, as well as Governance, Risk and Compliance worked collaboratively to ensure quality assurance while maintaining independence.

No matters were reported in the various reports of the internal auditors, the audit report on the annual financial statements or the management report of the Auditor-General of South Africa

that indicate any material deficiencies in the systems of internal control or any deviations therefrom.

This is because the Audit and Risk Committee monitors the audit register, ensuring that corrective measures on findings raised by both the internal and external auditors are implemented. Accordingly, the unit can report that the internal controls over financial reporting for the period under review were efficient and effective.

As part of the Audit and Risk Committee's responsibilities, predetermined objectives and KPIs are reviewed quarterly in line with the approved strategic plan and annual performance plan. In addition to the financial and non-financial performance information, the Audit and Risk Committee ensures that South African Tourism complies with all applicable South African and international laws.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted within the public entity, revealed certain weaknesses that were raised with the public entity for remedial action.

In-Year Management and Monthly/Quarterly Report

The public entity reported monthly and quarterly to the Treasury as is required by the PFMA.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General of South Africa and the Accounting Officer.
- Reviewed the Auditor-General's management report and management's response.
- Reviewed and assessed South African Tourism's compliance with statutory, legal and regulatory provisions.
- Reviewed all adjustments resulting from the audits conducted and reported.
- Ensured the adequacy, reliability and accuracy of the financial information provided by management.

The Audit and Risk Committee agrees with – and has accepted – the Auditor-General's report on the annual financial statements. Therefore, the audited statements should be accepted and read together with the report of the Auditor-General.

Auditor's Report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that matters have been adequately resolved. In cases where they have not been resolved, action plans, with specific timelines, have been put in place.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Auditor-General of South Africa

We have also met with the Auditor-General of South Africa to ensure there are no unresolved issues.



Mr Mduduzi Zwake CA(SA)

Chairperson of the Audit and Risk Committee
30 September 2020

B-BBEE Compliance Performance Information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8) with regards to the following:

CRITERIA	RESPONSE	DISCUSSION
	Yes/No	(include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?		
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	Yes	The partnership policy is currently in progress.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

Remuneration of South African Tourism's EXCO Members

During 2019/20, South African Tourism paid total remuneration of R15,7 million to EXCO members, the details of which are as follows:

FIRST NAME	SURNAME	DATE ENGAGED	DATE TERMINATED	BASIC SALARY	13TH CHEQUE BONUSES	PERFORMANCE BONUS	OTHER EARNINGS	TOTAL COMPANY CONTRIBUTIONS	TOTAL COST (RAND VALUE)
Sthembiso	Dlamini	2014/08/01		2,104,524,02	-	75,987,11	405,638,53	294,527,83	2,880,677,49
Nombulelo	Guliwe	2020/08/01		1,476,116,84	-	94,427,78	36,250,00	91,840,18	1,698,634,80
Amanda	Kotze Nhlapo	2011/11/01		1,864,027,90	-	29,068,59	51,000,00	242,282,38	2,186,378,87
Themba	Khumalo	2019/09/01		1,408,394,40	-	-	29,750,00	87,001,64	1,525,146,04
Bashni	Muthaya	2002/01/14	2020/05/22	1,757,562,72	96,827,57	41,846,74	209,151,60	117,142,44	2,222,531,07
Sisa	Ntshona	2016/10/03		2,683,933,58	-	183,049,86	60,000,00	167,446,43	3 094 429,87
Darryl	Erasmus	2015/09/07		1,797,979,28	-	-	139,000,00	116,847,11	2,053,826,39
Total				13,092,538,74	96,827,57	424,380,08	930,790,13	1,117,088,01	15,661,624,53



D

**HUMAN
RESOURCES
MANAGEMENT**

INTRODUCTION

In delivering on its mandate of building an inspiring and energised organisation, as well as improving operational efficiency, in the year under review, South African Tourism continued to ensure that all its actions, at an organisational and an employee level, were geared towards meeting its defined goals. This could only be achieved by ensuring that South African Tourism and its employees clearly understood their role in achieving these goals. To ensure this, the following initiatives were undertaken during the period under review:

Human Capital Strategy

South African Tourism continued to implement its revised Human Capital Strategy in 2019/20. This robust and well-crafted strategy is aimed at reawakening passion and drive among all employees by maintaining a high-performance culture within South African Tourism to contribute to achieving its goals. It further serves to attract, engage, nurture and retain talent while, at the same time, building leadership capability that will inspire and steer the organisation towards its goals.

Human Resources Information System

In line with South African Tourism's goal to become operationally efficient, the Human Resources Information System post-implementation review was a key focus in the period under review. After the implementation of the Oracle Human Resources system, as well as the development and implementation of the Oracle Performance Management System, user reviews were conducted to ensure the effectiveness of the system. South African Tourism's human capital strategic intent was instrumental in assessing the principles used to guide key components within the performance management system.

Employee Engagement

Employee engagement positively contributes to staff morale, productivity and a sense of belonging. South African Tourism seeks to promote open communication at all levels. The following feedback sessions and interventions were carried out during the year under review:

- Focus groups were held to obtain further insights following the employee engagement survey conducted in the previous review period.
- A provider was appointed to conduct team engagement sessions in line with the results shared with the business during the period under review.

Employee engagement increased from 62.5% in 2017/18 to 68.85% in 2018/19 and again to 72% in 2019/20. Several initiatives contributed to the increase:

- Team engagement sessions were initiated across the organisation which served to address key learnings from the employee engagement survey results.
- To enhance employee development, the bursary policy ensured bursaries were issued to qualifying employees.
- A structured and registered learnership programme was maintained to enable youth development and enhance delivery.
- Communication to staff was maintained through a broad staff meeting.

Performance Management

As part of building an inspiring and energised organisation, South African Tourism has continued to align the automated performance management system with business needs. This is aimed at ensuring that the organisation's operations align with its deliverables, right down to individual objectives. The system also ensures the efficient management of standardised, high-quality data and information to support better decision-making across the business. The performance management system is supported by a set of principles and behaviours based on the organisation's values.

South African Tourism employees set, reviewed and appraised their performance objectives on the Oracle Performance Management System during the period under review.

Human Capital Compliance Review

In 2019/20, Human Capital continued to maintain a database of human capital-related legislation and review policies to address the identified gaps. Among other activities, it continued to review the General Human Capital Policy so that it aligned with best practice.

Human Resources Oversight Statistics

The table below summarises South African Tourism's expenditure and provides an indication of the personnel cost per programme and salary band.

Personnel cost by objective

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration/Corporate Support	152,190	51,708	34%	56	923
Business Enablement	79,059	14,218	18%	11	1,292
Leisure Tourism Marketing	960,976	118,941	12%	83	1,433
Business Events	178,855	17,445	10%	17	1,026
Tourist Experience	77,021	16,678	22%	19	878
Total	1,448,101	218,989	15%	186	1,177

Personnel cost per salary band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	13,159	6%	6	2,193
Senior management	30,309	14%	16	1,894
Professionally qualified	131,064	59%	88	1,489
Skilled	40,429	18%	63	641
Semi-skilled	3,930	2%	13	302
Unskilled	-	0%	-	-
Other* (internships)	2,309	1%	26	88
Total	221,199		212	1,043

Performance Incentive System

South African Tourism uses a three-tier performance management system to monitor and evaluate its organisational and employee performance. The system aims to incentivise employees to proactively and consistently contribute to the organisation exceeding its short- and long-term key performance areas and targets, as contained in its five-year strategic plan, annual performance plan and budget.

Performance-related pay has been institutionalised as standard practice at South African Tourism. Underpinning South African Tourism's performance-driven corporate culture is a work environment that encourages staff to continuously enhance their capabilities and strive for excellence while living the organisation's values.

The table below represents the performance rewards per salary band:

LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE
Top management	363	13,159	3%
Senior management	1,582	31,467	5%
Professionally qualified	3,266	88,498	4%
Skilled	1,373	34,711	4%
Semi-skilled	365	3,930	9%
Unskilled			
Other			
Total	6,949	171,765	4%

Note: During the year under review, no performance incentives were declared. The table above details the last leg of the long-term incentive from the previous financial years..

Skills Development

Skills development has become an increasingly important tool to improve performance and organisational effectiveness, leading to the creation of an inspired and energised organisation with world-class efficiencies. South African Tourism acknowledges that providing opportunities for learning and development benefits employees, enhancing their professional development and prospects for advancement within the organisation. Skills development is central to aligning human capital with the organisation's strategic deliverables. South African Tourism is committed to upskilling employees. As a result, more staff members continue to take part in various learning and development interventions.

Workplace Skills Plan and Training Cost for 2019/20

A Workplace Skills Plan was developed and implemented in 2019/20. It was informed by the skills audit outcomes and employees' personal development plans. The overall investment in training for the year under review was R3,424,483. The Skills Development Levy for the financial year was R1,465,415. This means that South African Tourism invested more than 230% of its Skills Development Levy for 2019/20.

Training and development interventions were undertaken per programme as follows:

TRAINING COSTS PROGRAMME/ ACTIVITY/ OBJECTIVE	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
	(R'000)	(R'000)			
Programme 1: Corporate Support	51,708	228	0,4%	16	14
Programme 2: Business Enablement	14,217	1,135	8%	64	17
Programme 3: Leisure Tourism Marketing	118,940	1,147	1%	52	22
Programme 4: Business Events	17,444	295	1,7%	10	29
Programme 5: Tourist Experience	16,678	617	3,7%	27	22
Total	218,989	3,424	1,56%	169	106

*Personnel expenditure source: EMP 201

Employment and Vacancies

To maintain its equity targets, South African Tourism aims to fill all vacancies that may arise. The Board-approved structure entails 202 positions, compared to the headcount of 186 positions. The table below summarises South African Tourism's employment vacancies report. Recruitment has continued to be a core focus in the year under review.

PROGRAMME	2018/19	2019/20	2019/20	2019/20	% OF VACANCIES
	NUMBER OF EMPLOYEES	APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES	
Programme 1: Corporate Support	55	58	55	3	1.5%
Programme 2: Business Enablement	11	12	11	1	0.5%
Programme 3: Leisure Tourism Marketing	82	93	84	9	4.5%
Programme 4: Business Events	17	17	14	3	1.5%
Programme 5: Tourist Experience	18	20	22	0	-
Total	183	202	186	16	7.9%

LEVELS	2019/20	2019/20	2019/20	% OF VACANCIES
	APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES	
Top management	7	7	0	-
Senior management	16	14	2	1%
Professionally qualified	96	87	9	4.5%
Skilled	70	66	4	2%
Semi-skilled	13	12	1	0.5%
Unskilled	-	-	-	-
Total	202	186	16	7.9%

At the end of March 2020, South African Tourism was operating at an 92.08% occupancy rate against the approved staff establishment, with the remaining 7.92% recorded as a vacancy rate. There are no vacancies at top management level.

Staff Movements

The following table represents employee movements for the period under review:

LEVELS	EMPLOYMENT AS AT 31 MARCH 2019	TERMINATIONS	APPOINTMENTS	EMPLOYMENT AS AT 31 MARCH 2020
Top management	6	1	2	7
Senior management	15	1	-	14
Professionally qualified	88	10	9	87
Skilled	61	3	8	66
Semi-skilled	13	-	-	12
Unskilled	-	-	-	-
Total	183	17	17	186

Reasons For Staff Turnover

The table below outlines the reasons why staff members left the organisation during the period under review in relation to the number who left. Quarterly statistics are reported, and the annual turnover rate is an average of the four quarterly statistics.

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	-	-
Resignation	13	87%
Dismissal	0	-
Retirement	0	-
Ill health	0	-
Expiry of contract	2	13%
Total	15	

South African Tourism recorded a staff turnover rate of 8.06% for 2019/20, down from 9.2% in the previous financial year. While the overall labour turnover is 8.06%, voluntary labour turnover is 6.9%. Employee resignation is the main reason for staff turnover. Overall, 15 employees left South African Tourism in 2019/20, down by 12% from the previous financial year.

Industrial Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	-
Written warning	-
Final written warning	1
Dismissal	0
Total	1

Equity Target and Employment Equity Status

The employment equity figures are based on all South African employees. While labour laws of international offices promote diversity, South Africa's employment equity legislation does not affect them, meaning these offices are exempt from employment equity targets. For the period under review, the employment equity targets for South African Tourism were determined based on employment equity legislation and South Africa's economically active population profile. In total, 81.72% of the organisation's staff members are South African, an increase of 1.62% from the previous financial year.

Females represent 61.84%, while males represent 38.16% of South African employees across South African Tourism. In total, 71.28% of the South African female employees are African, while 75.86% of South African male employees are African.

OCCUPATIONAL LEVEL	MALE					FEMALE					FOREIGN	
	AFRICAN	COLOURED	INDIAN	WHITE	SUBTOTAL	AFRICAN	COLOURED	INDIAN	WHITE	SUBTOTAL	MALE	FEMALE
Top management, excluding non-executive directors	2	0	0	1	3	2	0	1	1	4	0	7
Senior management	3	1	2	1	7	4	1	1	1	7	0	14
Professionally qualified and experienced specialists, and middle management	25	0	2	2	29	27	4	2	4	37	6	87
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	9	2	1	2	14	27	4	5	3	39	6	66
Semi-skilled and discretionary decision-making	5	0	0	0	5	7	0	0	0	7	0	12
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0	0
Total permanent	44	3	5	6	58	67	9	9	9	94	12	186
Contract labour (including interns)	4	0	0	0	4	16	0	0	1	17	0	26
Total	48	3	5	6	62	83	9	9	10	111	14	202

Staff with a Disability

South African Tourism continues to strive for fair representation of people with disabilities. At the end of March 2020, it had two employees with a disability, which equates to 1.07% of staff. The organisation's demographic employee profile complies with the employment equity plans.

The table below details South African Tourism's disability profile at all occupational levels, compared to the internal target.

PROGRAMME	DISABILITY PROFILE			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top management, excluding non-executive directors	0	-	-	-
Senior management	0		-	-
Professionally qualified and experienced specialists, and middle management	2	2	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	-	-
Semi-skilled and discretionary decision-making	0	0	-	-
Unskilled and defined decision-making	0	0	-	-
Total	2	2	-	-





FINANCIAL INFORMATION



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN TOURISM

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Tourism set out on pages 106 to 149, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Tourism as at 31 March 2020, and financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with Sections 290 and 291 of the Code of Ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

7. As disclosed in note 32 to the financial statements, irregular expenditure of R49,962,765 was incurred in the current year due to non-compliance with prescribed procurement prescripts.

A significant subsequent event after the financial statements and the date of the auditor's report

8. I draw attention to note 30 to the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of COVID-19 on the public entity. Management has revised the annual performance plan for 2020-21 as a result of a budget reduction of 66% (R866 million).

Responsibilities of the accounting authority for the financial statements

9. The board of directors, which constitutes the Accounting Authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the Accounting Authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

PROGRAMME	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 5 – Tourist experience	57 – 62

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

Programme 5 – Tourist experience

Number of officials/frontline staff that attended the welcome training:

18. The achievement of 514 was reported against a target of 800 in the annual performance report. However, some supporting evidence provided differed materially from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Other matters

19. I draw attention to the matter below:

Achievement of planned targets

20. Refer to the annual performance report on pages 21 to 62 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 18 of this report.

Report on the audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure of R49,962,765 as disclosed in note 30 to the annual financial statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by contracts identified the previous year, which were amended or extended without the approval of the National Treasury as required by paragraph 9.1 and 9.2 of national treasury instruction note 3 of 2016-17.

Procurement and contract management

24. Some quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

25. Some contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.

Submission of the financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by Section 55(1)(b) of the PFMA. Material misstatements of revenue and the segment information disclosure note identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

27. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the Audit and Risk Committee's Report, the Chair of the Board's Report and the Chief Executive Officer's Report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.
32. There has been a slow response to addressing non-compliance. Leadership did not ensure that the public entity complied with applicable law and legislation. The public entity's internal processes and systems did not prevent irregular expenditure.
33. The public entity compiled an action plan based on the audit report findings; however, they did not adequately monitor the existing action plan. The underlying systems and controls were inadequate to provide reliable evidence to support the reporting on predetermined objectives for programmes selected for auditing. The relevant staff did not verify the data in the registers.

Auditor General

Auditor-General

Pretoria

1 October 2020



AUDITOR - GENERAL
SOUTH AFRICA

Annexure – Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors, which constitutes the accounting authority.
 - conclude on the appropriateness of the Board of Directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the South African Tourism to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material

uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

South African Tourism
Financial Statements for the year ended 31 March 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	NOTES	2020	2019
Current assets			
Receivables from exchange transactions	6	73,020,266	28,750,323
Staff advances – current	5	169,599	97,210
Cash and cash equivalents	7	624,938,538	609,509,616
		698,128,403	638,357,149
Non-current assets			
Property, plant and equipment	2	86,724,542	91,818,280
Intangible	3	3,642,522	2,364,929
		90,367,064	94,183,209
Total assets		788,495,467	732,540,358
Liabilities			
Current liabilities			
Finance lease obligation	9	40,769	112,534
Operating lease liability		1,933,140	-
Trade and other payables	12	426,872,355	559,539,714
Income received in advance	10	-	715,020
Provisions	11	1,746,281	22,208,140
		430,592,545	582,575,408
Non-current liabilities			
Finance lease obligation	9	65,033	153,454
Provisions	11	28,099,626	28,324,022
		28,164,659	28,477,476
Total liabilities		458,757,204	611,052,884
Net assets		329,738,263	121,487,474
Reserves			
Revaluation reserve	8	76,651,806	76,521,191
Accumulated surplus		253,086,457	44,966,282
Total Net Assets		329,738,263	121,487,474

South African Tourism
Financial Statements for the year ended 31 March 2020

STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2020	2019
Revenue			
Revenue from exchange transactions			
Sundry income		110,188,996	58,999,053
Grading revenue	15	23,844,713	21,738,538
Interest received	16	21,663,261	37,611,298
Gain on foreign exchange		834,526	-
Total revenue from exchange transactions		156,531,496	118,348,889
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	17	1,256,522,893	1,208,048,000
Voluntary TOMSA levies		156,818,353	121,515,767
Total revenue from non-exchange transactions		1,413,341,246	1,329,563,767
Total revenue	13	1,569,872,742	1,447,912,656
Expenditure			
Employee related costs	18	(230,038,295)	(237,717,012)
Administration and management fees	19	(70,686,393)	(51,732,455)
Depreciation and amortisation		(5,961,629)	(8,109,008)
Finance costs	20	(14,236)	(21,423)
Lease rentals on operating lease	14	(23,546,845)	(16,813,501)
Bad debts	21	(379,157)	(1,581,496)
Loss on disposal of assets and liabilities		(151,803)	(2,759)
Loss on foreign exchange		-	(6,393,173)
Marketing expenses		(1,095,061,956)	(1,143,955,683)
Auditors remuneration	22	(8,353,770)	(6,698,921)
Grading expenses		(13,906,684)	(15,893,515)
Total expenditure		(1,448,100,768)	(1,488,918,946)
Surplus (deficit) for the year		121,771,974	(41,006,290)

South African Tourism
Financial Statements for the year ended 31 March 2020

STATEMENT OF CHANGES IN NET ASSETS

	REVALUATION RESERVE	ACCUMULATED SURPLUS	TOTAL NET ASSETS
Balance at 01 April 2018	70,626,045	128,263,436	198,889,481
Currency translation differences	(2,545,155)	-	(2,545,155)
Surplus for the year	-	(41,006,290)	(41,006,290)
Net income (losses) recognised directly in net assets	8,440,302	(39,226,954)	(30,786,652)
Other 3	-	(2,947,347)	(2,947,347)
Total changes	5,895,147	(83,180,591)	(77,285,444)
Balance at 01 April 2019	76,521,192	44,966,282	121,487,474
Net income (losses) recognised directly in net assets	-	-	-
Surplus for the year	-	121,771,974	121,771,974
Movement in the current year	130,614	86,348,201	86,478,815
Total changes	130,614	208,120,175	208,250,789
Balance at 31 March 2020	76,651,806	253,086,457	329,738,263
Note(s)	8		

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CASH FLOW STATEMENT

	NOTES	2020	2019
Cash flows from operating activities			
Receipts			
Sale of goods and services		93,092,202	198,054,821
Grants		1,369,331,033	1,208,048,000
Interest income		21,547,369	37,238,924
		1,483,970,604	1,443,341,745
Payments			
Employee costs		(230,664,750)	(213,222,990)
Suppliers		(1,235,454,632)	(1,189,368,169)
Finance cost		(18,843)	(20,989)
		(1,466,138,225)	(1,402,612,148)
Net cash flows from operating activities	24	17,832,379	40,729,597
Cash flows from investing activities			
Purchase of property, plant & equipment	2	(2,380,361)	(5,958,137)
Proceeds from sale of property, plant & equipment	2	223,715	197,748
Purchase of other intangible assets	3	-	(720,588)
Proceeds from sale of other intangible assets	3	-	1,341,358
Movement in staff advances		(72,389)	118,835
Net cash flows from investing activities		(2,229,035)	(5,020,784)
Cash flows from financing activities			
Finance lease payments		(174,422)	(787)
Net increase/(decrease) in cash and cash equivalents		15,428,922	35,708,026
Cash and cash equivalents at the beginning of the year		609,509,616	573,801,590
Cash and cash equivalents at the end of the year	7	624,938,538	609,509,616

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

1. Presentation of Financial Statements

"The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the accounting standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999)."

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These financial statements are presented in South African rand, which is the functional currency of South African Tourism.

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include provisions and extension of useful life in the line with GRAP 17.

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions are measured at present value of estimated future outflows required to settle the obligation unless the impact of timing is immaterial. Management considers the probability of the potential outcome during the process of determining the best estimate of future settlement amount.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

Effective interest rate

This entity uses an appropriate interest rate, taking into account guidance provided in the standards and applying professional judgement specific to circumstances to discount future cashflows.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

1.3 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at the initial recognition. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles in order to assess and determine possible impairment. In this case there is no material variance between group and individual impairment.

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Trade receivables over 90 days are provided for, as significant days outstanding are deemed to be an indicator of impairment. The exceptions to this are government entities due to past payment trend analysis.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets is determined with reference to the useful lives of the underlying items. The useful lives of assets are based on management's estimation of the assets condition, including expected condition at the end of period of use, its current use as well as expected future use.

Significant judgement was applied in determining the extended useful lives of fixed assets. Individual useful lives are reviewed with sufficient regularity and adjusted through depreciation catchup method where necessary.

Principal and agent arrangement

In determining the existence of a principal vs agent arrangements in terms of GRAP 109, judgement is applied in relation to the entities' mandate for purposed concluding if the entity is an agent. Judgement is applied in relation to industry norm for purposes of concluding if the entity is a principal.

Pension and other post-employment benefits

Post-employment pension benefits offered by the entity take the form of a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund, resulting in no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used in more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity,
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include those incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

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ACCOUNTING POLICIES

If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs, which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above, are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, buildings and artwork which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

South African Tourism has elected to adopt the asset management framework for recognition of minor assets. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross-carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment except for land, buildings and artwork are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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ACCOUNTING POLICIES

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	4-40
Motor vehicles	Straight line	4-15 years
IT equipment	Straight line	3-20 years
Leasehold improvements	Straight line	Period of lease or shorter
Lift	Straight line	5-50 years
Airconditioning	Straight line	5-20 years
Leased assets	Straight line	Period of lease or shorter
Electrical installation	Straight line	5-20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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ACCOUNTING POLICIES

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, that is, capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.

- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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ACCOUNTING POLICIES

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Marketing costs	Straight line	20 years
Computer software, other	Straight line	10-12 years
Website costs	Straight line	2-10 years

Intangible assets are derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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ACCOUNTING POLICIES

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Finance lease liability	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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ACCOUNTING POLICIES

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a receivable or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate unless the impact of discounting is immaterial. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Significant financial difficulty, probability of bankruptcy, financial reorganisation, default or delinquency in payment (greater than 90 days) are all indicators of possible impairment.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables. It requires that such receivables be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance

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ACCOUNTING POLICIES

charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

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ACCOUNTING POLICIES

1.9 Employee benefits (continued)

A constructive obligation is an obligation that derives from an entity's actions whereby through an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities. As a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions.
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service.
- bonus, incentive and performance-related payments payable within 12 months after the end of the reporting period in which the employees render the related service.
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences,

when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible. Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Assumptions about medical costs take into account estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.10 Provisions

Provisions are recognised when:

- the entity has a present obligation as a result of a past event.
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken;
 - when the plan will be implemented; and,
- has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial

statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and,
 - The amount of the revenue can be measured reliably.
- Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving

approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.14 Interest

Interest received is recognised as the interest accrues.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf of, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is an agent. If the entity concludes that it is not an agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount

the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Budget information, in accordance with GRAP 1, is separately disclosed in these annual financial statements. South African Tourism does not make its budget publicly available and is thus not required to disclose budget information in accordance with GRAP 24.

Material of prior periods, changes or errors, is dealt with in terms of applicable GRAP statement. Presentation and classification is consistent with previous financial year.

1.19 Comparative figures

Unauthorised expenditure means:

- expenditure that was not budgeted for and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- expenditure which was not budgeted for and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure is defined in Section 1 of the PFMA as expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.23 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments that are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

South African Tourism Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but not to control those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



South African Tourism
Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Property, plant and equipment

	2020			2019		
	COST/ VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST/ VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Land	16,000,000	-	16,000,000	16,000,000	-	16,000,000
Buildings	80,448,405	(17,564,638)	62,883,767	76,530,482	(11,590,129)	64,940,353
Furniture & fixtures	12,100,110	(9,829,476)	2,270,634	16,479,197	(14,037,662)	2,441,535
Motor vehicles	2,168,358	(1,905,642)	262,716	2,168,358	(1,636,563)	531,795
Computer equipment	18,552,368	(13,765,145)	4,787,223	19,310,790	(12,477,306)	6,833,484
Leasehold improvements	6,185,006	(5,755,993)	429,013	7,418,475	(6,501,022)	917,453
Leased assets	210,541	(119,352)	91,189	395,676	(242,016)	153,660
Total	135,664,788	(48,940,246)	86,724,542	138,302,978	(46,484,698)	91,818,280

Reconciliation of property, plant and equipment – 2020

	OPENING BALANCE	ADDITIONS	DISPOSALS	FOREIGN EXCHANGE MOVEMENTS	DEPRECIATION	TOTAL
Land	16,000,000	-	-	-	-	16,000,000
Buildings	64,940,353	233,704	-	-	(2,290,290)	62,883,767
Furniture & fixtures	2,441,535	1,107,637	(364,889)	-	(913,649)	2,270,634
Motor vehicles	531,795	-	-	-	(269,079)	262,716
Computer equipment	6,833,484	1,039,020	(9,177)	-	(3,076,164)	4,787,223
Leasehold Improvements	917,453	-	-	29,697	(518,137)	429,013
Leased assets	153,660	-	(1,512)	-	(60,959)	91,189
	91,818,280	2,380,361	(375,518)	29,697	(7,128,278)	86,724,542

South African Tourism

Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment – 2019

	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATIONS	OTHER CHANGES, MOVEMENTS	DEPRECIATION	TOTAL
Land	10,690,000	-	-	5,310,000	-	-	16,000,000
Buildings	64,822,604	-	-	3,192,272	7,525	(3,087,048)	64,940,353
Furniture & fixtures	2,667,599	684,954	-	-	(358,967)	(552,051)	2,441,535
Motor vehicles	850,427	-	-	-	-	(318,632)	531,795
Computer equipment	5,618,674	4,261,133	(2,759)	-	-	(3,043,564)	6,833,484
Leasehold improvements	852,976	960,828	(197,748)	-	(131,157)	(567,446)	917,453
Leased assets	107,727	51,222	-	-	141,003	(146,292)	153,660
	85,610,007	5,958,137	(200,507)	8,507,272	(341,596)	(7,715,033)	91,818,280

Computer equipment mainly comprises IT servers and employee workstations.

Revaluations

The effective date of the revaluations was Sunday, 31 March 2019. Revaluations were performed by independent professional associated valuer, Mr Leriche van der Berg of DDP Valuations and Advisory Services (Pty) Ltd. Mr Van der Berg is not connected to the entity. The artwork valuations are performed by the Greater Translogic Advisory Service Valuation.

The property is situated in 90 Protea Road, ERF 50, Chislehurst, City of Johannesburg, Gauteng. Land and buildings are re-valued independently every three years. The valuation was performed using the income capitalisation approach and the comparable sales approach as a cross reference by comparing similar properties comparable sales rate/m2 and by also taking into account the replacement value. These assumptions were based on current market conditions.

South African Tourism
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NOTES TO THE FINANCIAL STATEMENTS

3. Intangible assets

	2020			2019		
	COST/ VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST/ VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Marketing rights	2,579,189	(2,134,476)	444,713	2,579,189	(1,948,012)	631,177
Computer software	12,977,468	(10,972,920)	2,004,548	13,260,473	(12,596,293)	664,180
Website costs	5,310,590	(4,597,721)	712,869	5,310,590	(4,865,528)	445,062
Service concession assets [State class]	720,588	(240,196)	480,392	720,588	(96,078)	624,510
Total	21,587,835	(17,945,313)	3,642,522	21,870,840	(19,505,911)	2,364,929
Reconciliation of intangible assets - 2020						
				Opening balance	Amortisation	Total
Marketing rights				631,177	(186,464)	444,713
Computer software				664,180	1,340,368	2,004,548
Website costs				445,062	267,807	712,869
Service concession assets [State class]				624,510	(144,118)	480,392
				2,364,929	1,277,593	3,642,522

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

3. Intangible assets

Reconciliation of intangible assets – 2019

	OPENING BALANCE	ADDITIONS	DISPOSALS	AMORTISATION	TOTAL
Marketing rights	817,641	-	-	(186,464)	631,177
Computer software	1,985,542	-	(1,235,288)	(86,074)	664,180
Website costs	1,234,179	-	(106,070)	(683,047)	445,062
Service concession assets [State class]	-	720,588	-	(96,078)	624,510
	4,037,362	720,588	(1,341,358)	(1,051,663)	2,364,929

Computer costs mainly comprise of the Oracle ERP system and QIT grading system

4. Employee benefit obligations

Defined benefit plan

The entity is under no obligation to cover any unfunded benefits.

Employee Pension Fund

South African Tourism has a defined contribution plan covering all its employees. Retirement benefits are based on the growth of each member's investment. As at 31 March 2020, the value of South African Tourism retirement fund was R116,888,594,23 (2019: R98,339,705,84).

5. Staff advances

Staff advances comprise mainly of refundable educational bursaries and upfront travel advances which were outstanding at reporting date. Staff advances increased from 2019: R97,210 to R169,599 in the current financial year.

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

6. Receivables from exchange transactions

	2020	2019
Trade receivables	50,611,741	4,235,654
Deposits	8,769,366	9,577,958
Prepaid expenses	13,639,159	14,936,711
	73,020,266	28,750,323

Trade receivables held by the entity at 31 March 2020 amounted to R50,6 million (2019: R4,2 million). Short-term receivables with no stated interest rate is measured at original invoice amount if the effect of discounting is immaterial. Accounts receivable discounting procedures were performed and the results were immaterial.

Trade debtors significantly increased due to the conclusion of the bid party agreement in the year under review, no revenue was recognised in the prior year in this regard. The entity has provided fully for all receivables over 90 days because historical experience is such that receivables that are beyond 90 days are generally not recoverable except for government entities.

The creation and release of provision of impaired receivables have been included in operating expenses in surplus or deficit to the extent that they related to the current year. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Trade and other receivables impaired

The amount of the provision was R1,853,089 as of 31 March 2020 (2019: R2,472,369). The ageing of these receivables is as follows:

	2020	2019
90 - 180 days	217,932	885,012
180 - 360 days	405,495	539,651
361+	1,229,662	1,047,706
	1,853,089	2,472,369

Reconciliation of provision for impairment of trade and other receivables.

Opening balance	2,472,369	1,332,335
Provision for impairment	(619,280)	1,140,034
	1,853,089	2,472,369

South African Tourism
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NOTES TO THE FINANCIAL STATEMENTS

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	78,207	69,554
Bank balances	624,860,331	609,440,062
	624,938,538	609,509,616

8. Revaluation reserve

Opening balance	76,521,192	70,626,045
Change during the year	130,614	5,895,147
	76,651,806	76,521,192

9. Finance lease obligation

Minimum lease payments due

- within one year	75,010	131,472
- in second to fifth year inclusive	28,448	166,478
	103,458	297,950
Plus: future finance charges	8,136	29,899
Present value of minimum lease payments	111,594	327,849
Present value of minimum lease payments due		
- within one year	99,035	112,534
- in second to fifth year inclusive	135,034	155,516
	234,069	268,050
Non-current liabilities	65,033	153,454
Current liabilities	40,769	112,534
	105,802	265,988

10. Income received in advance

Opening balance	715,020	1,192,975
Movement during the year	(715,020)	(477,955)
	-	715,020

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

11. Provisions

Reconciliation of provisions – 2020

	OPENING BALANCE	ADDITIONS	REVERSED DURING THE YEAR	TOTAL
Provision – input VAT claims	22,208,140	-	(22,208,140)	-
Post retirement health care benefits	28,324,022	1,521,885	-	29,845,907
	50,532,162	1,521,885	(22,208,140)	29,845,907

Reconciliation of provisions - 2019

	OPENING BALANCE	ADDITIONS	TOTAL
Provision - input VAT credits	19,618,823	2,589,317	22,208,140
Post retirement health care benefits	23,474,058	4,849,964	28,324,022
	43,092,881	7,439,281	50,532,162
Non-current liabilities		28,099,626	28,324,022
Current liabilities		1,746,281	22,208,140
		29,845,907	50,532,162

Current year assessment on the liability of input VAT materialising is remote

Employee benefit cost provision

The post-retirement medical aid liability as at 31 March 2020 is R29,845,906. The weighted average discount rate in the current valuation has been revised to 11.10% from the 9.58% p.a. used in the 2019 projection, with medical aid scheme assumption rate revised from 9.2% p.a. to 9.61% p.a. This resulted in a decrease in the real discount rate from 0.35% p.a. to 1.35%. The difference between interest rate and contribution increase is 1.35% (2019: 0.38%) with an actuarial loss of R327,632.

Retirement age is 65 with an assumed maximum survival age of 115. Normal retirement age is 65. The movement in post-retirement liability has been recognised in the Statement of Financial Performance. Mortality assumptions: Pre-retirement: SA85-90 (light) with a three-year age reduction for females. Post-retirement: PA (90) with a one-year age reduction.

Employee benefit cost provision reconciliation

The results of the valuation are highly sensitive to changes in the discount rate assumptions. Due to rising interest rates, and therefore an increase in the real discount rate, the total closing balance of the post-employment health care liability as at 31 March 2020 is lower than anticipated in 2019.

The closing balance of SA Tourism's post-employment health care liability as at 31 March 2020 is R29,845,906.

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

11. Provisions (Continued)

	2020	2019
Opening Balance of obligation	28,324,022	23,474,058
Interest Cost	3,143,664	2,248,815
Current Service Cost	1,454,903	1,256,588
Actuarial (gain)/loss	327,632	2,127,655
Change in Discount Rate/Medical Cost Assumptions	(1,977,653)	1,432,643
Departures	(385,704)	(842,389)
New Members	531,551	333,887
Loss of Beneficiaries	(12,201)	(274,732)
Addition of Beneficiaries	5,020	25,345
Benefits paid	(1,565,328)	(1,457,848)
	29,845,906	28,324,022

The valuation was conducted by MM Geringer in his capacity as Director of SolveCo (Pty). MM Geringer is a Fellow of the Institute of Actuaries and Fellow of the Actuarial Society of South Africa. MM Geringer was assisted by W du Toit, Actuarial Manager at SolveCo (Pty) Ltd. There is no conflict of interest.

12. Trade and other payables

Trade payables and other payables	198,619,535	156,167,272
Accrued liabilities	228,252,820	403,372,442
	426,872,355	559,539,714

13. Revenue

Sundry income	110,188,996	58,999,053
Grading income	23,844,713	21,738,538
Interest received – investment	21,663,261	37,611,298
Government grants & subsidies	1,256,522,893	1,208,048,000
Voluntary TOMSA levies (TBCSA)	156,818,353	121,515,767
Gain on foreign exchange	834,526	-
	1,569,872,742	1,447,912,656

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

13. Revenue (Continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Sundry income	110,188,996	58,999,053
Grading income	23,844,713	21,738,538
Interest received – investment	21,663,261	37,611,298
Gain on foreign exchange	834,526	-
	156,531,496	118,348,298

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants and subsidies	1,256,522,893	1,208,048,000
Voluntary TOMSA levies	156,818,353	121,515,767
	1,413,341,246	1,329,563,767

Nature of sundry income

Sundry income is generated mainly from exhibitions such as Indaba and Meetings Africa

14. Lease rentals on operating lease Premises

Contractual amounts	22,545,1553	16,763,441
Equipment - Contingent amounts	1,001,690	50,060
	23,546,845	16,813,501

15. Grading income

Grading revenue	23,844,713	21,738,538
Grading expenses	(13,906,684)	(15,853,918)
	9,938,029	5,884,620

16. Investment revenue

Interest received		
Bank	21,663,261	37,611,298

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

17. Government grants and subsidies

Operating grants		
Government grant	1,256,522,893	1,208,048,000

18. Employee-related costs

Basic	181,084,903	142,837,527
Employee structured 13th cheque	462,878	22,372,100
Medical aid – company contributions	2,679,329	2,450,292
UIF	486,560	484,012
SDL	5,006,831	4,375,729
Leave pay provision charge	(5,465,742)	(3,048,895)
Other short-term costs	441,100	4,152
Defined contribution plans	11,003,926	10,253,013
Allowances	22,794,877	43,954,745
Social insurance	4,830,870	4,562,203
Other HR costs	6,712,763	9,472,134
	230,038,295	237,717,012

Bonus comprises solely employee optional structured 13th cheque. There were no performance-related bonuses charge in the 2020 financial year.

Other HR costs comprise staff training, bursaries, staff surveys and related interventions.

19. Administrative expenditure

Administration and management fees – third party	68,234,389	50,330,820
Administration and management fees – related party	2,452,004	1,401,635
	70,686,393	51,732,455

Administrative expenditure comprises mainly legal fees, IT support and licensing fees. Administrative and management fees- related party relates to expenses incurred by the Accounting Authority of the South African Tourism.

South African Tourism
Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

20. Finance costs

Finance leases	14,236	21,423
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21. Bad debts

Bad debts written off	379,157	1,581,496
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22. Auditors' remuneration

Fees	8,353,770	6,698,921
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23. Taxation

Reconciliation of the tax expense

South African Tourism is exempt from income tax in terms of Section 10(1)(CA)(1) of Income Tax Act.

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

24. Cash generated from operations

	2020	2019
Surplus (deficit)	121,171,974	(41,006,291)
Depreciation and amortisation	5,961,629	8,109,008
Loss on sale of assets	151,803	2,759
(Gain)/Loss on unrealised foreign exchange	-	(42,536,545)
Finance costs – finance leases	14,236	(21,423)
Debt impairment	379,157	1,581,496
Movements in operating lease assets and accruals	1,933,140	-
Movements in provisions	(20,686,255)	7,439,281
Items recognised directly in net assets	85,686,211	(2,622,479)
Changes in working capital:		
Other non-cash items	651,963	
Receivables from exchange transactions	(44,269,943)	4,963,333
Staff advances – current	(379,157)	(97,210)
Statutory receivables	-	-
Trade and other payables	(132,667,359)	105,158,357
Income received in advance	(715,020)	(477,955)
	17,832,379	40,729,597

Other non-cash items comprises foreign operation translation adjustments and movements in unrealised foreign transactions.

25. Commitments

	2020	2019
Authorised capital expenditure		
Not yet contracted for and authorised by members		
Property, plant and equipment	12,869,000	16,527,933
Total capital commitments		
Already contracted for but not provided for	-	16,527,933
Not yet contracted for and authorised by members	12,869,000	-
	12,869,000	16,527,933

South African Tourism
Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

25. Commitments (continued)

	2020	2019
Authorised operational expenditure		
Already contracted for but not provided for		
· Subvention funding	6,115,000	8,665,000
· Media placement	27,600,000	-
	33,715,000	8,665,000
Not yet contracted for and authorised by members		
· Subvention funding	1,072,000	5,057,000
Total operational commitments		
Already contracted for but not provided for	33,715,000	8,665,000
Not yet contracted for and authorised by members	1,072,000	5,057,000
	34,787,000	13,722,000
Total commitments		
Total commitments		
Authorised capital expenditure	12,869,000	16,527,933
Authorised operational expenditure	34,787,000	13,722,000
	47,656,000	30,249,933
This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, and so on.		
Operating leases – as lessee (expense)		
Minimum lease payment due		
- within one year	17,727,068	11,576,299
- in second to fifth year inclusive	44,703,432	25,975,421
	62,430,500	37,551,720

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of four to 10 years with rental of office equipment varying between two and five years. There is no option to purchase at end of lease term.

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Contingent liabilities

Litigation is in the process against the entity relating to labour relations related matters and the gross contingent costs are estimated to be R7,828,732.54 (2019: R10,165,000).

SA Tourism adopted GRAP 19.111 to account for the entity's contingent liability as disclosure of some or all of the information required may seriously prejudice the position of the entity as the matter is sub-judice.

27. Related parties

	2020	2019
Related party transactions		
Entity		
Telkom	2,470	49,912
South African Airways	12,432,730	17,107,533
South African Revenue Services	47,281,153	44,812,126

South African Tourism is 100% controlled by the government as represented by the Department of Tourism. South African Tourism is a Schedule 3A public entity in terms of the Public Finance Management Act. During the financial year, South African Tourism received grant income of R1,256,522,893 (2019: R1,208,048,000). No amounts were due to the Department as at 31 March 2020. Related party relationships exist. However, all purchasing and selling transactions were concluded at arm's length. South African Tourism transacted with the following entities within the ambit of the national sphere of government.

Given the impact of COVID-19 on the tourism sector, the Department of Tourism made R200 million available to assist SMMEs in the tourism and hospitality sector that are under stress due to the restrictions placed on travel. The funds are to be dispensed through South African Tourism. The Department transferred an additional R100 million to South African Tourism for this purpose as at reporting date.

Compensation to members and other key management

Short-term employees	15,387,558	15,658,899
Post-employment benefits	1,712,671	1,119,167
	17,109,229	16,778,066

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

28. Financial instruments

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

	2020	2019
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument 2020		
Trade and other receivables at amortised cost	73,020,216	28,750,323
Cash and cash equivalents	624,938,538	609,509,616
Finance lease obligation – non-current portion	65,033	153,454
Finance lease obligation – current portion	40,769	112,534
Trade and other payables	426,872,355	559,539,714

Market and interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Finance leases are classified in terms of GRAP 13 as they meet the requirements set in that accounting standard. No leases are with financial institutions and the interest risk associated with these finance leases is immaterial. Cash held in foreign amounts is mainly for settling foreign creditors. Temporary reserves accrue interest at the country's prevailing interest rate.

It would not be appropriate to have a weighted average interest rate for all markets because each market has different risk characteristics and, as such, as weighted average interest rate would be misleading to the users of our financial statements.

No interest rate sensitivity analysis is disclosed.

South African Tourism

Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

28. Financial instruments (continued)

Foreign exchange risk

The entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The entity does not hedge foreign exchange fluctuations. South African Tourism's foreign currency risk relates to those monetary balances emanating from foreign marketing expenditure and administrative costs of its international offices. These are normally settled within a short time frame to limit the risk of currency fluctuations.

SA Tourism is sensitive to fluctuations in major currencies as the entity operates in different countries with a ZAR-denominated government grant. The rand devalued by 18% against the pound, 25% against the dollar and 23% against the euro. Transactions are accounted for at spot rate at transaction date. Monetary items are revalued at closing rate at the end of the financial year.

	2020	2019
Financial assets exposed to credit risk at year end were as follows:		
GBP	22.13	18.91
JPY	0.16	0.13
EUR	19.77	16.26
USD	17.93	14.49
AUD	11.07	10.29
INR	0.24	0.21
CNY	2.53	2.16

There were no material changes in budget rates used during the financial year when compared with the previous financial year. South African Tourism used the following budget rates for planning purpose: USD 12.82 (2019: 12.26); EUR 16.13 (2019: 15.07); JPY 0.12 (2019: 0.11); GBP 18.12 (2019: 17.10); AUD 10.29 (2019: 9.83); CNY0.46 (2019: 0.53).

29. Going concern

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R253,086,457 and that the entity's total assets exceed its liabilities by R329,738,263.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

30 Events after the reporting date

On 15 March 2020, the COVID-19 pandemic was declared a national disaster to enable the national government to introduce measures to combat the spread of COVID-19 within South Africa. This was followed by an announcement by President Ramaphosa on Monday, 23 March 2020, to implement a countrywide lockdown to contain the spread of the pandemic. The economic shutdown has had a severe impact on the tourism sector, with most businesses now non-operational.

As a result of government-wide reprioritisation to combat COVID-19 South African Tourism's Annual Performance Plan for the year 2020-21 was revised, resulting in a budget reduction of 66% (R866 million).

31. Fruitless and wasteful expenditure

	2020	2019
Opening balance	66,473	-
Penalties and fees	-	21,742
Auditor-General travel expenses	-	44,731
Less: Credit from the Auditor-General	(44,731)	-
Less: Resolved through consequence management	(21,742)	-
	-	66,473

32. Irregular expenditure

	2020	2019
Opening balance as previously reported	98,577,225	5,186,869
Add: irregular expenditure - current year	49,962,765	94,396,066
	148,539,990	99,582,935
Details of irregular expenditure		
Contract variation after awarding work to a vendor. An investigation was conducted and disciplinary action taken (condensed in the current year).	(2,429,550)	-
Unethical behaviour by employees. Employees dismissed after a disciplinary process (condensed in the current year).	(1,751,609)	-
Less: Amounts recoverable - prior period	-	(1,005,710)
Closing balance	144,358,831	98,577,225

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

32. Details of Irregular Expenditure

Details of current year Irregular Expenditure

FCB Contract Extension	Marketing agency Contract variation	40,585,649
Fidelity Security Service	Security services Contract variation	733,986
Masana Hygiene Services	Cleaning services Contract variation	640,521
KPNR	German PR Services Contract variation	1,054,583
Garona Communications and projects	International Stand Construction Tender Incorrect BBBEE points allocated to the winning bidder	6,948,026
Total		49,962,765

#Total contract variation – paragraph 3.9.5 of National Treasury instruction note on enhancing compliance monitoring and improving transparency and accountability in chain management where thresholds on variations of contracts are not applicable to transversal term contracts facilitated by the relevant treasuries and specific term contracts in such contracts, orders are placed as and when commodities are required and that at the time of awarding the contract, required quantities are not known. The variable associated with the FCB contract is R341,852,095, which is mainly attributable to media buy. On average the entity spends R460 million per annum on global media.

33. Segment information

General information and identification of segments

The entity is organised and reports to management on the basis of two major functional areas: Head Office and International branches. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The entity operates in South Africa as well as in 11 countries. Segments were aggregated on the basis of a geographical area in which the marketing activities are executed.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Head office

International Offices

Goods and/or services

Domestic marketing, quality assurance, NCB and support to domestic and global marketing

International marketing

South African Tourism
Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

33. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2019	HEAD OFFICE	INTERNATIONAL MARKETING	TOTAL
Revenue			
Revenue from non-exchange transactions	1,329,563,767	-	1,329,563,767
Interest revenue	37,452,352	158,946	37,611,298
Sundry income	54,223,056	4,775,997	58,999,053
Forex gain	10,010,619	110,007,365	120,017,984
Grading revenue	21,738,538	-	21,738,538
Total segment revenue	1,452,988,332	114,942,308	1,567,930,640
Entity's revenue			1,567,930,640
Expenditure			
Salaries and wages	170,133,121	67,583,893	237,717,014
Marketing expenses	716,680,459	427,275,224	1,143,955,683
General expenses	68,518,011	32,312,307	100,830,318
Loss on disposal of assets	-	2,759	2,759
Foreign exchange loss	16,743,153	109,688,004	126,431,157
Total segment expenditure	972,074,744	636,862,187	1,608,936,931
Total segmental surplus/(deficit)			(41,006,291)
Assets			
Segment assets	566,054,967	166,485,391	732,540,358
Total assets as per statement of financial position			732,540,358
Liabilities			
Segment liabilities	39,473,486	571,579,398	611,052,884
Total liabilities as per statement of financial position			611,052,884

South African Tourism
Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

33. Segment information (continued)

2020	HEAD OFFICE	INTERNATIONAL MARKETING	TOTAL
Revenue			
Revenue from non exchange transactions	1,413,341,246	-	1,413,341,246
Interest revenue	21,482,760	180,501	21,663,261
Sundry income	106,482,760	3,706,965	110,189,725
Forex gain	(5,646,106)	6,479,903	833,797
Grading revenue	23,844,713	-	23,844,713
Total segment revenue	1,559,505,373	10,367,369	1,569,872,742
Entity's revenue			1,569,872,742
Expenditure			
Salaries and wages	165,532,281	64,506,012	230,038,293
Marketing expenses	762,475,632	332,573,809	1,095,049,441
General expenses	88,395,848	34,465,382	122,861,230
Loss on disposal of Assets	127,224	24,579	151,803
Total segment expenditure	1,016,530,985	431,569,782	1,448,100,767
Total segmental surplus/(deficit)			121,771,975
Assets			
Segment assets	563,465,022	225,030,445	788,495,467
Total assets as per statement of financial position			788,495,467
Liabilities			
Segment liabilities	196,925,894	(655,683,098)	(458,757,204)
Total liabilities as per statement of financial position			(458,757,204)

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

34. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is/are as follows:

Department of Tourism Tourism Relief Fund

The Department of Tourism made R200 million available to assist SMMEs in the tourism and hospitality sector that are under particular stress due to the restrictions placed on travel.

The Tourism Relief Fund provides once-off capped grant assistance to SMMEs in the tourism value chain to ensure their sustainability during and after the implementation of government measures to curb the spread of COVID-19 in South Africa.

Capped at R50,000 per entity, grant funding can be utilised to subsidise expenses towards fixed costs, operational costs, supplies and other pressure costs items.

The Department is responsible for receiving applications, adjudicating, approval and verification of beneficiary banking payments details. South African Tourism is responsible for processing approved beneficiary payments solely on instructions from the Department. Fifty percent (50%) (R100 million) was funded from South African Tourism's surplus for the 2019/20 financial year.

Risk identification and assessment of internal controls

The risk identification process included a review of the Tourism Relief Fund value chain with the objective of assigning risk mitigations owners at both the Department and South African Tourism.

The process identified possible risks in the process, including inherent relief funding risks such as legal and perception risks, risk of false accounting and manipulation of data, inadequate financial systems, capacity constraints, risks of mismanagement, diversion and corruption potentially reducing the assistance for the people in need.

Tourism Relief Fund perception and legal risks have and continue to be managed by the Department. This includes any Tourism Relief Fund legal matters or media statements. The Department is also responsible for preventative controls in so far as beneficiary data is concerned.

In response to risks directly affecting South African Tourism's role in the Tourism Relief Fund value chain, the entity identified and implemented the following risk mitigations/internal controls:

Internal capacity constraint: were addressed through a combination of spare capacity due to reduced financial transactional activity as a result of COVID-19 and use of technological solutions such as Accounts Payable automation enables South African Tourism to meet its beneficiary payment processing requirements.

Monitoring and independent audits: in response to recent increase in the number of relief funds offered by different government departments, the Office of the Auditor-General took a pro-active approach in the audit of relief funds.

South African Tourism Financial Statements for the year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

34. Accounting by principals and agents (continued)

Management of Exhibitions

The Meetings Africa and Indaba are exhibitions owned by South African Tourism. Synergy Business Events was appointed to manage exhibitions on behalf of the organisation. Synergy Business Events collects revenue from exhibitors and pays all the exhibition-related costs. The resulting residual is remitted to South African Tourism by Synergy Business Events in line with a binding agreement between the two entities.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent. Synergy currently holds cash advancement of R3.7 million in relation to Indaba 2020. A corresponding receivable have been recognised in the entities Statement of Financial Position.

	2020	2019
Fee paid		
Management fees – Meetings Africa	11,071,556	11,071,556
Management fees – Indaba	-	7,049,000

mpower ratings

Ensuring Change through Empowerment

B-BBEE Verification Certificate

Registered Name: *South African Tourism Board*
Trading as: *South African Tourism*
Registration no: *Public entity (established in terms of section (2) of the Tourism Act, (Act No. 72 of 1993 as amended)*
VAT No: *N/A*
Head Office Location: *Bojonala House, 90 Protea Road, Chislehurst, Sandton, Gauteng*
Postal address: *Private Bag X 10012, Sandton, Gauteng*
Verification standard applied: *Dti Codes of Good Practice on Black Economic Empowerment*
Scorecard applied: *Specialized Generic Scorecard Validation*

Element	Target Score	Actual Score
Management Control	20	14.57
Skills Development	25	15.59
Enterprise and Supplier Development	50	28.74
Socio-Economic Development	5	0.00
Total Score:	100	58.90

Broad Based BEE status level: *LEVEL EIGHT CONTRIBUTOR*
BEE procurement recognition level: *10.00%*
Empowering Supplier: *Yes*
Enterprise Development Beneficiary: *No*
Date of Issue: *11 April 2019*
Expiry Date: *10 April 2020*


Technical Signatory: **Floyd Mazibuko CA(SA)**

SOU006579/04/2019
Certificate Number

The information on this certificate and in the verification report represent an independent opinion based on verification procedures and analysis carried out by mPowerRatings in terms of the principles contained in the Department of Trade and Industry's Code of Good Practice on Broad Based Black Economic Empowerment as gazette August 2015

mPowerRatings (Pty) Ltd Reg No. 2004/003425/07



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C E R T I F I C A T E



