

SOUTH AFRICAN TOURISM ANNUAL REPORT

2021/2022



Renewing and reawakening tourism



SOUTH AFRICAN TOURISM



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PART A

GENERAL INFORMATION





GENERAL INFORMATION

REGISTERED NAME

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BANKING DETAILS

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	Investec, 100 Grayston Drive, Sandown, Sandton, 2196
	Nedbank Business, Pretoria, 665 Jan Shoba St, Hatfield, Pretoria, 0083
	Nedbank, 135 Rivonia Road, Sandown, 2196, Sandton
Tourism Grading Council	Nedbank, 135 Rivonia Road, Sandown, 2196, Sandton
New York	Bank of New York, 51 West 51 st Street, New York, NY 10019
London	Nedbank Private Wealth Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG
Tokyo	MUFG Bank, Ltd. Toranomom Branch, 2-3-17, Toranomom, Minato-ku, Tokyo, Japan 105-0001
India	First Rand Bank Limited, TCG Financial Centre, Plot No. c 53, G Block, Bandra Kurla Complex, Mumbai 400051
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Sydney	Westpac Bank, Cnr Market Street and Clarence Street ,Sydney
Nigeria	Stanbic IBTC Bank, Churchgate Towers: PC 30, Afribank Street, Victoria Island, Lagos
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Note: Amsterdam operates as a virtual office.

LIST OF ABBREVIATIONS AND ACRONYMS

AAVEA	Association of Visitor Experiences and Attractions
ACSA	Airports Company South Africa
AGSA	Auditor-General of South Africa
APAC	Asia-Pacific Countries
APP	Annual Performance Plan
ARCO	Audit and Risk Committee
ATM	Arabian Travel Market
ATTS	Africa's Travel and Tourism Summit
B2B	Business-to-Business
B2C	Business-to-Consumer
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BQV	Basic Quality Verification
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMO	Chief Marketing Officer
COO	Chief Operations Officer
COVID-19	Coronavirus Disease
CSO	Chief Strategy Officer
DIGITECH	Digital and Technology
DMO	Destination Marketing Organisation
ELMA	Employee Lifecycle Management Application
ERRP	Economic Reconstruction and Recovery Plan
E&SD	Enterprise and Supplier Development
GAAP	Generally Accepted Accounting Principles
GBFS	Girls and Boys Friendly Society
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GIBS	Gordon Institute of Business Science
GMF	Global Marketing Forum
GMP	Google Marketing Platform
GRAP	Generally Recognised Accounting Practice
GRC	Governance, Risk and Compliance
HCREMCO	Human Capital and Remuneration Committee
IBTM	Institute of Business Travel Management
ICCA	International Congress & Convention Association
ICT	Information and Communication Technology
IGTM	International Golf Travel Market

IMEX	Worldwide Exhibition for Incentive Travel, Meetings and Events
ITB	International Tourism Exchange
KMIA	Kruger Mpumalanga International Airport
KPI	Key Performance Indicator
King IV	King IV Report on Corporate Governance for South Africa, 2016
MARCOM	Marketing and Commercial Committee
MEISEA	Middle East, India and South East Asia
MICE	Meetings, Incentives, Conferences and Exhibitions
MINMEC	Minister and Members of Executive Councils
MIPTech	Ministerial Provincial Technical Committee
MoU	Memorandum of Understanding
MTSF	Medium-Term Strategic Framework
NANTA	National Association of Nigeria Travel Agencies
NCB	National Convention Bureau
NDP	National Development Plan
NPS	Net Promoter Score
NTSS	National Tourism Sector Strategy
OTA	Outbound Travel Agents
PAIA	Promotion of Access to Information Act
PCR	Polymerase Chain Reaction
PFMA	Public Finance Management Act, No. 1 of 1999
POPIA	Protection of Personal Information Act
SAA	South African Airways
SANCB	South African National Convention Bureau
SAT	South African Tourism
SCM	Supply Chain Management
SMME	Small, Medium and Micro Enterprise/s
SONA	State of the Nation Address
TDGDP	Tourism Direct Gross Domestic Product
TE	Tourism Execution
TGCSA	Tourism Grading Council of South Africa
TGSP	Tourism Grading Support Programme
TQIT	Total Quality in Tourism
TSRP	Tourism Sector Recovery Plan
UAE	United Arab Emirates
UNWTO	United Nations World Tourism Organisation
VFR	Visiting Friends and Relatives
VTSD	Villages, Townships and Small Dorpies
WTM	World Travel Market



MESSAGE FROM THE MINISTER

LINDIWE NONCEBA SISULU
MINISTER OF TOURISM

The COVID-19 pandemic has been one of the greatest health, economic and social crises of our time. It brought unprecedented disruption, with a massive drop in travel, resulting from a global lockdown and widespread travel restrictions. Tourism was one of the most affected sectors, with businesses and livelihoods around the world severely impacted.

This set unprecedented challenges for the global travel and tourism market. However, the introduction of vaccinations against COVID-19 proved to be good news for the travel industry. The approval of various vaccines and subsequent vaccination of 50% of the world's population with at least one vaccination dose toward, resulted in a significant easing of travel restrictions, which contributed to the revitalisation of international travel.

According to the United Nations World Tourism Organisation (UNWTO), global tourism experienced a 4% improvement in 2021, with 15 million more international tourist arrivals than in 2000. However, this figure remained 72% below the levels of 2019, which was the worst year on record for tourism due to the COVID-19 pandemic. However, UNWTO's Panel of Experts expect performance to improve in 2022, although it is doubtful that international tourism will return to the levels witnessed in 2019 for at least another two years.

While international tourism bounces back, domestic tourism will continue to drive the recovery of the sector in an increasing number of destinations. Domestic travel is fuelled by demand for destinations that are closer to home and have low population densities, as tourists now look for open-air activities, nature-based products and rural tourism.

Government's support for the overall recovery of the economy following the pandemic, in the form of the Economic Reconstruction and Recovery Plan (ERRP), includes support for the recovery and growth of tourism to drive the reconstruction and recovery of South Africa's economy.

The adoption of the Tourism Sector Recovery Plan (TSRP) in 2021, as a collaborative and iterative effort by key stakeholders in the tourism value chain, acknowledges the need for targeted, coordinated action to mitigate the impacts of the pandemic. This government initiative aims to set the tourism sector on the most optimal path to recovery, transformation and long-term sustainability.

The TSRP will play an important role in South African Tourism's strategic intent to position South Africa's brand appeal as an attractive tourism destination. Through its Global Advocacy Programme, South African Tourism convened a Stakeholder Forum to devise practical and immediate actions that will be taken by the sector to implement the TSRP. The successful implementation of this plan will restore confidence in the tourism sector to support the country's economic recovery.

The organisation's activities during the period under review continued striving to achieve the vision of the National Tourism Sector Strategy for a rapidly and inclusively growing tourism economy that leverages South Africa's competitive edge in nature, culture and heritage, underpinned by ubuntu and supported by innovation and service excellence. Several successful campaigns were launched to increase the tourism sector's contribution to inclusive economic growth. These campaigns were aimed specifically at creating demand for South Africa as a destination for leisure and business events in identified markets. The organisation also continued to focus on ensuring the delivery of quality-assured visitor experiences, which are diverse, unique and enriched.

I am confident that these initiatives will succeed in enabling the sector to move forward and contribute to the economic transformation of the country. Government remains fully committed to supporting the tourism industry in its endeavour to contribute to inclusive economic growth. This includes support to small, medium and micro enterprises, as well as tourist establishments and suppliers owned by women, youth and people with disabilities.

Looking back at a challenging year, I am proud of the efforts of South African Tourism's management and staff. I commend our hardworking staff members both in the South African office and in South African Tourism's hubs around the world for their dedication and commitment. Despite the challenges faced, the organisation succeeded in delivering on almost all its objectives for the period under review.

I wish to express my gratitude to the South African Tourism Board for its support and leadership during this period. I also extend my appreciation to the tourism industry, and recognise its tenacity and resilience in challenging circumstances to ensure that South Africa remains a destination of choice.



LN Sisulu, MP
Minister of Tourism



FOREWORD BY THE CHAIRPERSON

**ADVOCATE MOJANKUNYANE GUMBI
INTERIM BOARD CHAIRPERSON**

The lifting of travel bans following the introduction of vaccinations against COVID-19 led to a slight improvement in global and domestic travel during the period under review. However, South Africa's position on the "red list" of many countries continued to impact on international arrivals. The organisation's marketing activities therefore had to focus on cementing the message that the country is ready to welcome visitors once international borders are open again.

As of 1 November 2021, only 52% of worldwide destinations were requesting negative COVID-19 tests at points of entry. This is an improvement on the 35% recorded at the same time in 2020. Despite this, the borders of 21% of countries were still completely closed, while 25% were partially closed. Only 2% of countries had lifted all COVID-19 travel restrictions. Although 39% of countries had eased restrictions for fully COVID-19-vaccinated individuals, another 9% had made a full COVID-19 vaccination mandatory. This impacted on South African Tourism's performance and its ability to meet its targets.

During the period under review, Asia and the Pacific remained the most restricted region, while the Americas and Africa were the most liberal. Europe and the Middle East were treading the middle ground. Increasing vaccination rates, combined with eased travel restrictions due to increased cross-border coordination and protocols, played a significant role in releasing pent-up demand in 2021.

Europe and the Americas recorded the strongest tourism results by region relative to 2020, with arrivals up 19% and 17% in each of these regions, respectively, although both remained 63% below the 2019 levels. Africa saw a 12% growth in 2021, compared to 2020, although it remained at 74% below the 2019 levels. In the Middle East, arrivals declined by 24% compared to 2020, and 79% compared to 2019. In Asia and the Pacific, arrivals fell 65% from 2020 levels, and 94% compared to the pre-pandemic values. The United Nations World Tourism Organisation (UNWTO) predicts growth in international tourist arrivals in 2022 by between 30 and 78%, depending on various factors. This would, however, still be between 50 and 63% of the total arrivals prior to the pandemic.

International tourist arrivals to South Africa in 2021 reached 2.3 million, which is less than the 2.8 million recorded in 2020, but still not even close to the 10.2 million visitors to the country

prior to the pandemic in 2019. The continued impact of COVID-19, despite the lifting of travel restrictions on 1 October 2020, contributed to a 77.9% decline in international arrivals in 2021 in relation to 2019, and a decline of 19.5% in relation to 2020. The COVID-19 pandemic also left its mark on tourist spend, with South Africa recording only ZAR20.8 billion in total foreign direct spend in 2021. Although this is very similar to that of 2020, it is 74.4% less than that of 2019.

In terms of domestic tourism, 14.8 million overnight domestic trips were taken in 2021. This is 47.9% less than those taken in 2019, and 12.9% less than those taken in 2020. This drop is due to the second, third and fourth waves of the pandemic that were experienced throughout 2021, as well as the discovery of the Omicron variant in December 2021. The main reason for taking a trip domestically continues to be to visit friends and family, which comprised 45.8% of the trips taken. Most of the domestic overnight trips originated from the Eastern Cape (35.8%), followed by Gauteng (20.6%). Despite this decrease, the number of domestic tourists increased slightly by 5.9% in relation to 2019, showing only a slight decrease of 8.0% over 2020. Income from domestic trips amounted to 14.8 million in 2021, which was 47.9% less than in 2019 and 12.9% less than in 2020.

Efforts by the organisation to support the recovery of the tourism sector are focused on achieving its 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. To become more resilient to potential future disruptions, South African Tourism is therefore embarking on strategic initiatives to shift from having a purely destination marketing focus to supporting the recovery of the tourism sector in a much more robust manner.

I am confident that the results of these efforts will become evident in the near future.

I would like to pay tribute to the management team at South African Tourism, as well as the staff for their commitment to the organisation and to the

recovery of our beloved tourism sector during this challenging period. I extend my gratitude to the Minister, the Deputy Minister, the Director General and fellow Board members for their collective leadership of this important sector of the South African economy.



Advocate Mojankunyane Gumbi
Interim Chairperson: South African Tourism Board



CHIEF EXECUTIVE OFFICER'S OVERVIEW

MZILIKAZI THEMBA KHUMALO
ACTING CHIEF EXECUTIVE OFFICER

General financial review/ Spending trends

With total assets exceeding liabilities by R228 million and a net current asset position of R175 million, SA Tourism has sufficient cash reserves in the bank to meet its obligations as they become due, the entity is a going concern.

For the period ending 31 March 2022 the entity incurred total audited expenditure to the value of 1.3 billion of which 910 million was spent on marketing expenditure with the greater share going toward leisure tourism.

Requests for roll over of funds

National Treasury approved the roll-over of approved capital expenditure and bid support commitments. These commitments were audited by the Auditor General of South Africa in the preceding financial year.

Supply chain management

During the year under review, SA Tourism continued to strengthen its supply chain environment through the Bid Adjudication Committee, the Bid Evaluation Committees and the Bid Specification Committees. The work of the procurement committees was guided by the Board approved Annual Procurement Plan, which was monitored by the Bid Adjudication Committee, the ExCo and the SA Tourism Board.

Unsolicited bid proposals

There were no unsolicited bids during the financial year under review.

Capacity constraints and challenges

Several factors emerged since the onset of the pandemic, which have the potential to significantly impact the target operating model of the organisation. These are the review of the service model for international presence and the review and repurposing of entities including the possible consolidation of these entities which could potentially influence SA Tourism's mandate. Against this background, a moratorium was placed on recruitment for vacancies, which was lifted by the SA Tourism Board in December 2021. For most of the financial year, the organisation therefore experienced capacity challenges but effected a number of internal arrangements to ensure delivery against the Annual Performance Plan. It is envisaged that the revised target operating model will be concluded in the new fiscal.

Discontinued activities/activities to be discontinued

The organisation has not, in the course of the financial year, discontinued any activities.

New or proposed key activities

South African Tourism will focus on four strategic domains in the coming fiscal:

- Demand generation to amplify the creation and conversion of visitor demand
- Products and experiences to ensure that there is adequate supply of relevant, quality products that deliver a superior visitor experience
- Business optimisation in order to improve governance and compliance and ensure operational efficiencies. An additional focus will be to leverage data and technology to enhance operations and marketing efficiencies
- Stakeholder engagement in order to optimise the tourism portfolio through partnerships and collaboration

Across these four domains, broadly speaking, South African Tourism has a twofold intent in terms of its strategy. Firstly, to lead the recovery of the tourism sector and reassert South Africa as a preferred leisure and business events destination to relevant markets; and secondly, to orient for the future of tourism in an environment of rapid change.

Audit report matters

Through the Internal Audit function, audit matters were mitigated, managed and monitored on a monthly basis by ExCo and through the Board on a quarterly basis. Whilst there has been significant progress in the organisation's approach to managing compliance and audit matters, there remains room for improvement, particularly in the areas of ICT and ICT governance. The AGSA audit report noted improvement in the quality of financial statement, Supply Chain Management and Performance Information Management control environment when compared with the previous financial year. The Financial Health and Human Capital Management maintained its sound control environment status. The Information Technology control environment has regressed when compared with the previous financial year with ICT governance repeat audit findings. . The constant focus on

risk management including the identification and management of emerging risks assisted the Executive Management to continuously improve the internal control environment and strive towards maintaining an improved audit outcome.

Further to the above, it is key to confirm that issues associated with TOMSA levy had also be administered satisfactorily according to the governing contract.

Outlook and plans for the future

South African Tourism will continue to anchor its programmes and activities around giving effect to the Tourism Sector Recovery Plan, with a particular focus on reigniting demand in our domestic, regional and international source markets. Some of the key initiatives for the year ahead in driving sector recovery and facilitating organisational efficiencies include:

- The development and rollout of the Integrated Brand and Marketing Strategy
- The continued implementation of the global brand campaign in identified source markets
- Implementation of the Global Advocacy Programme in partnership with private and public sector
- stakeholders
- Hosting of Africa's Travel Indaba 2022 and Meetings Africa 2023
- 5 National business events to be piloted in Villages, Townships and Small Dorpies
- Revision of the grading business model and TGCSA value proposition
- The development of an integrated analytics and digital operating framework
- Optimising the South African Tourism corporate brand on the basis of recommendations and
- learnings from the South African Tourism Corporate Brand Index
- Revising the SA Tourism's target operating model to ensure greater impact.

Events after the reporting date

The term of the South African Tourism Board ended on the 31st of May 2022. The current acting CEO was appointed as the accounting authority by Minister of Tourism Honourable Lindiwe Nonceba Sisulu.

Acknowledgements

I would like to thank the Minister of Tourism, Ms. Lindiwe Sisulu, and the South African Tourism Board for their leadership and support throughout this challenging year. Their oversight in ensuring that we deliver on our mandate is appreciated. I wish to express my sincere appreciation to the staff of South African Tourism for their resilience and commitment during this challenging period.



Themba Khumalo
Acting Chief Executive Officer
South African Tourism



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR 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. External auditors were engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board, replacing the equivalent South African GAAP Statement (full details have been disclosed in the Annual Financial Statements).

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 its 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. 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 the South African 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

South African Tourism has obtained the government grant allocation letter for the next three years and, based on this and the Statement of Financial Position solvency and liquidity analysis, the Board has every reason to believe that the organisation will be a going concern in the year ahead and 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 the above 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 and Risk Committee meetings of the Board.

An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time. As part of the system of internal control, 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 accepted the recommendation of the Audit and Risk Committee to approve the Annual Financial Statements and Annual Performance Information Report for the period 1 April 2021 to 31 March 2022. The Board is of the opinion that:

- The Annual Financial Statements fairly present the financial position of the South African Tourism Board at 31 March 2022, and the results of its operations and cash-flow information for the year ended 31 March 2022.

Approval of annual financial statements

The Annual Financial Statements and Annual Performance Information Report for the year ended 31 March 2022 were approved by the Accounting Authority for submission to the Auditor-General South Africa (AGSA) and National Treasury and are signed on its behalf by:



Advocate Mojankunyane Gumbi

Interim Board Chairperson

STRATEGIC OVERVIEW



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

In achieving its vision, South African Tourism defines its mission as:

Marketing South Africa both internationally and domestically to increase the volume of tourists and the value they add to the economy by means of the following:

- Implementing an integrated tourism marketing strategy for South Africa
- Promoting South Africa as a world-class business events destination

- Facilitating the delivery of service-orientated, quality-assured tourism experiences
- Positioning South African Tourism as an industry thought leader
- Championing a digital outlook for the industry
- Enhancing stakeholder participation and collaboration



Values

In working towards its vision and mission, South African Tourism subscribes to the following organisational values, which are in line with the Batho Pele principles:



LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATE:

- a. The provisions of the Constitution of the Republic of South Africa (No. 108 of 1996):

Chapter 3, section 41(1) sets out the relationship and principles underlying cooperation and assigning functions between the various spheres of government. Part A of Schedule 4 lists tourism as a functional area of concurrent national and provincial legislative competence.

LEGISLATION DEFINING SOUTH AFRICAN TOURISM'S MANDATE:

- a. The Tourism Act (Act No. 3 of 2014), Chapter 3, sets out the functions of the South African Tourism Board.
- b. The Public Finance Management Act (Act No. 1 of 1999, as amended) (PFMA), together with its

regulations, lists South African Tourism as a Schedule 3A national public entity, which is accountable to the Minister of Tourism and Parliament. All prescripts and regulations arising from the PFMA are applicable to its governance and operations.

LEGISLATION INFORMING THE DELIVERY OF THE CORE MANDATE:

- a. Various pieces of legislation pertaining to the governance and control environment and institutional arrangements.
- b. All national and provincial legislation and regulations, and all municipal bylaws applicable to South African Tourism's functions or the areas in which it operates.

POLICY MANDATES

THE NATIONAL DEVELOPMENT PLAN, VISION 2030 (2012) (NDP), SEEKS TO ELIMINATE POVERTY AND SHARPLY REDUCE INEQUALITY AND UNEMPLOYMENT BY 2030. THE NDP RECOGNISES TOURISM AS ONE OF THE MAIN DRIVERS OF EMPLOYMENT AND ECONOMIC GROWTH.

The Medium term Strategic Framework (MTSF) for Tourism 2019–2024, gives effect to the electoral mandate and is framed around seven national priorities for the period up to 2024. South African Tourism contributes to three of the MTSF priorities:

- a. Priority 1: A capable, ethical and developmental state
- b. Priority 2: Economic transformation and job creation
- c. Priority 7: A better Africa and world

The National Tourism Sector Strategy (NTSS) 2016–2026, sets out a vision for a “rapidly and inclusively growing tourism economy that leverages South Africa’s competitive

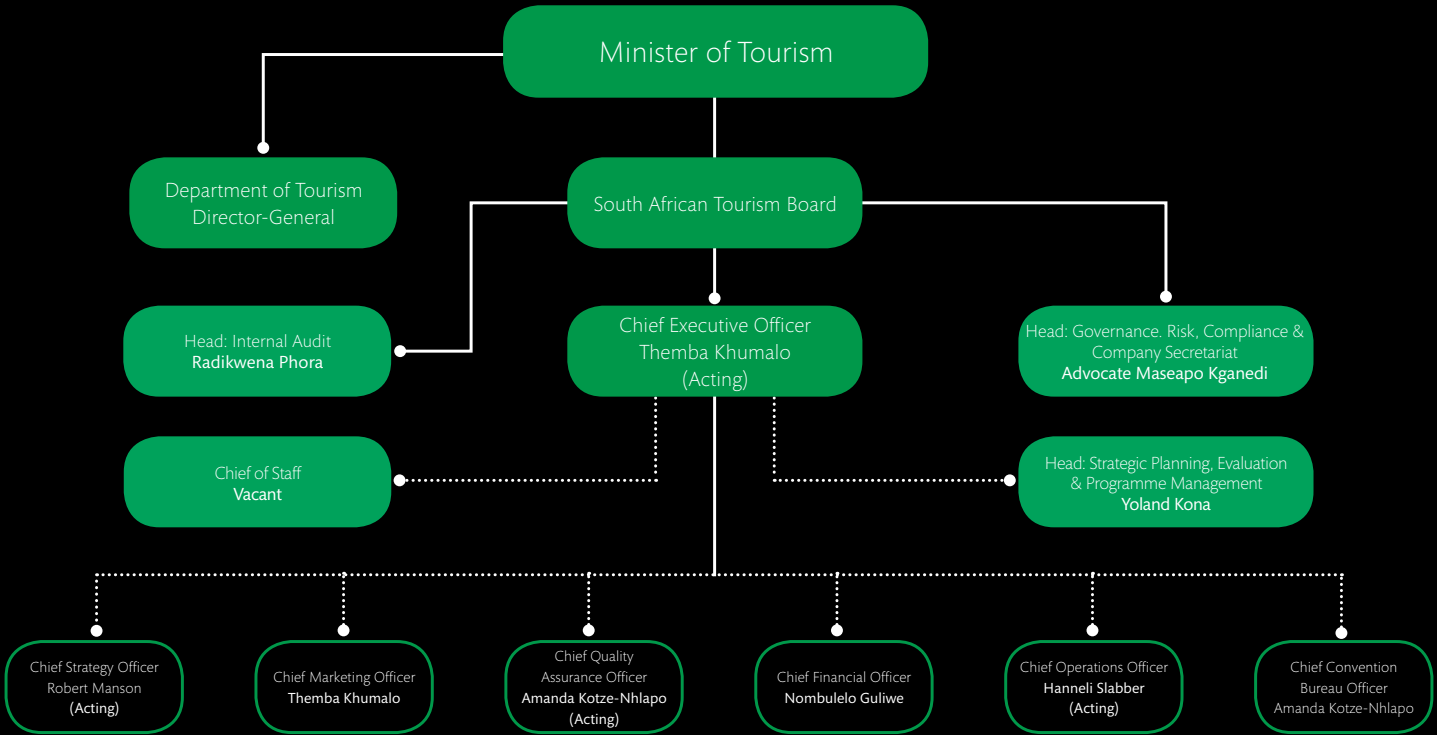
edge in nature, culture and heritage, underpinned by ubuntu and supported by innovation and service excellence.”

THE WHITE PAPER ON THE DEVELOPMENT AND PROMOTION OF TOURISM IN SOUTH AFRICA (1996), SETS OUT A FRAMEWORK AND GUIDELINES FOR TOURISM DEVELOPMENT AND PROMOTION IN SOUTH AFRICA.

The Tourism Grading Council of South Africa (TGCSA) Grading Criteria (2019), seeks to advance and maintain a recognisable, credible and globally benchmarked system of quality assurance for accommodation and venues in South Africa.

The Tourism Black Economic Empowerment Charter (BEE Charter), which aims to not only make South African Tourism globally competitive, but also to offer the benefits of tourism to previously disadvantaged individuals.

ORGANISATIONAL STRUCTURE



This depicts the status of the organisation as at 31 March 2022.

PART B
PERFORMANCE
INFORMATION



AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General South Africa performed the required audit procedures on performance information, in order to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management with material findings reported under the *predetermined material objectives* heading in the report on other legal and regulatory requirements section of the auditor's report.

Refer to page 86 of the annual report for the auditor's report, published as per Part E: Financial Information.

OVERVIEW OF PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

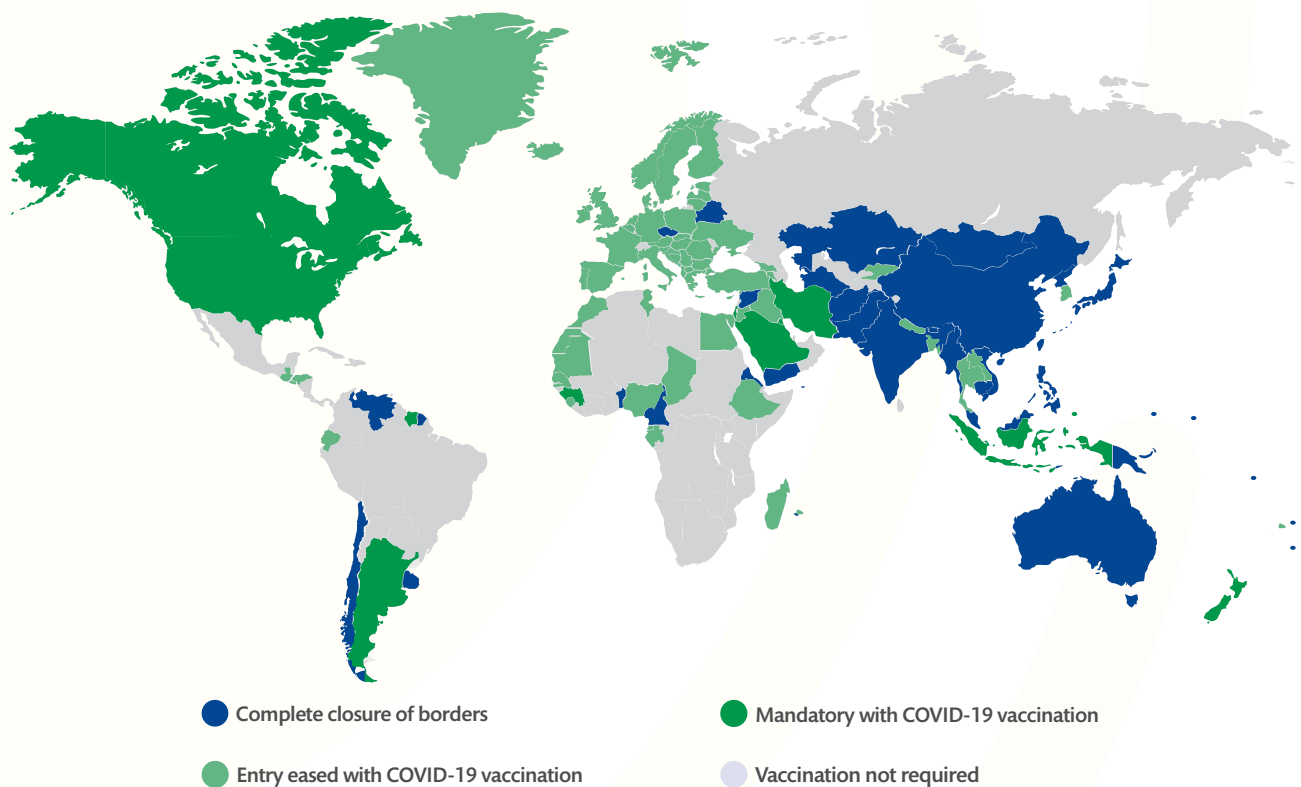
The COVID-19 pandemic set unprecedented challenges for the global travel and tourism market as countries introduced lockdown levels and travel bans to curb the pandemic since 2020. The year 2021 brought positive news with various vaccines approved and 50% of the world's population having received at least one dose of the COVID-19 vaccination. The progress made has resulted in a significant easing of travel restrictions.

As of 1 November 2021, only 52% of worldwide destinations were requesting a negative COVID-19 test result at points of entry and had opened their borders.

This was an improvement on the previous 35% on 1 November 2020. Another 21% of destinations had their borders completely closed, while 25% were partially closed. Only 2% of destinations had lifted all COVID-19 travel restrictions. In addition, 39% of destinations had eased restrictions for fully COVID-19-vaccinated individuals. Another 9% have made a full COVID-19 vaccination mandatory.

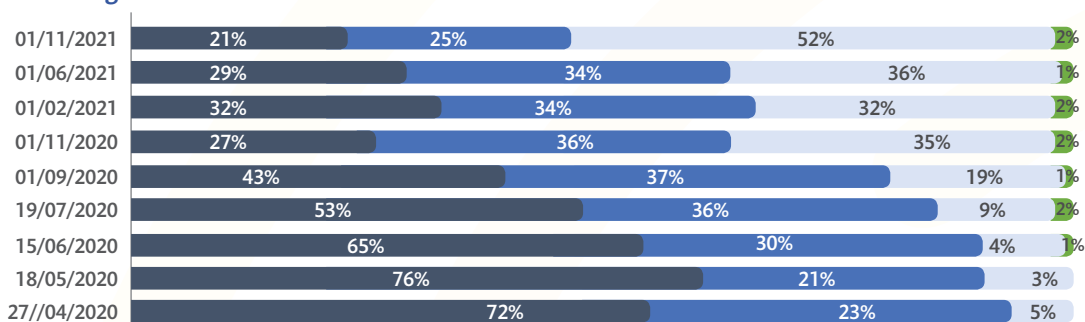
Asia Pacific remains the most restricted destination, while the Americas and Africa are the most liberal, with Europe and the Middle East treading the middle ground.

COVID-19 vaccination requirements¹



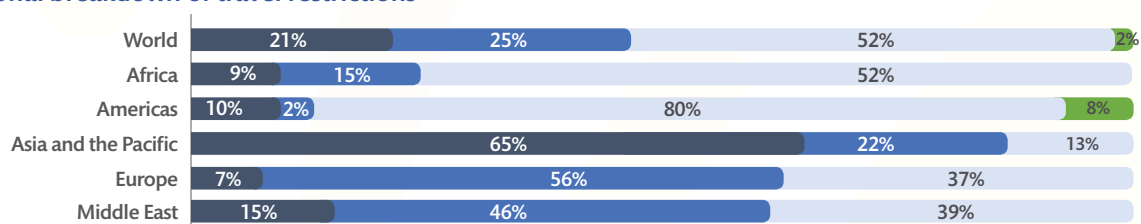
¹ United Nations World Tourism Organisation (UNWTO) COVID-19-related travel restrictions 11th Report, 26 November 2021. Partial closure of borders means that entry from specific destinations for tourism purposes is not possible.

Evolution of global travel restrictions¹



● Complete closure of borders ● Partial closure of borders ● Testing/quarantine ● All COVID-19 travel restrictions lifted

Regional breakdown of travel restrictions¹



● Complete closure of borders ● Partial closure of borders ● Testing / quarantine ● All COVID-19 travel restrictions lifted

Source: UNWTO as of 26 November 2021

International tourism performance (millions)²

2021* INTERNATIONAL TOURIST ARRIVALS

AMERICAS
+17% (VS 2020)
-63% (VS 2019)

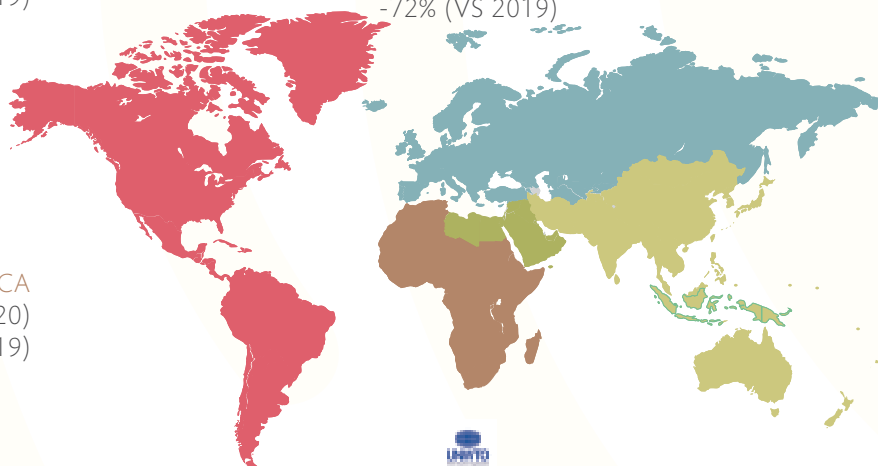
WORLD
+4% (VS 2020)
-72% (VS 2019)

EUROPE
+19% (VS 2020)
-63% (VS 2019)

ASIA & THE PACIFIC
-65% (VS 2020)
-94% (VS 2019)

AFRICA
+12% (VS 2020)
-74% (VS 2019)

MIDDLE EAST
+24% (VS 2020)
-79% (VS 2019)



SOURCE: UNWTO

According to the United Nations World Tourism Organisation (UNWTO), global tourism experienced a mild 4% improvement in 2021, with 15 million more international tourist arrivals (overnight visitors) than in 2020. However, this figure remained 72% below the levels of the pre-pandemic year, 2019, according to initial estimates. This follows a 73% plummet in international travel in 2020, the worst year on record for tourism due to the COVID-19 pandemic.

¹ United Nations World Tourism Organisation (UNWTO) COVID-19-related travel restrictions 11th Report, 26 November 2021. Partial closure of borders means that entry from specific destinations for tourism purposes is not possible.

² UNWTO January Barometer Report 2022.

International tourism recovered moderately in the second half of 2021, with international arrivals down 62% in both the third and fourth quarters of 2021, compared to the same periods in 2019. Increasing vaccination rates, combined with eased travel restrictions due to increased cross-border coordination and protocols, have played a role in releasing pent-up demand in 2021.

Europe and the Americas recorded the strongest results by region relative to 2020, with arrivals up 19% and 17% in each of these regions, although both remained 63% below the 2019 levels. Africa saw a 12% growth in 2021 compared to 2020, although it remained 74% below 2019. In the Middle East, arrivals declined by 24% compared to 2020, and 79% compared to 2019. In Asia and the Pacific, arrivals fell 65% from 2020 levels, and 94% when compared to pre-pandemic values.

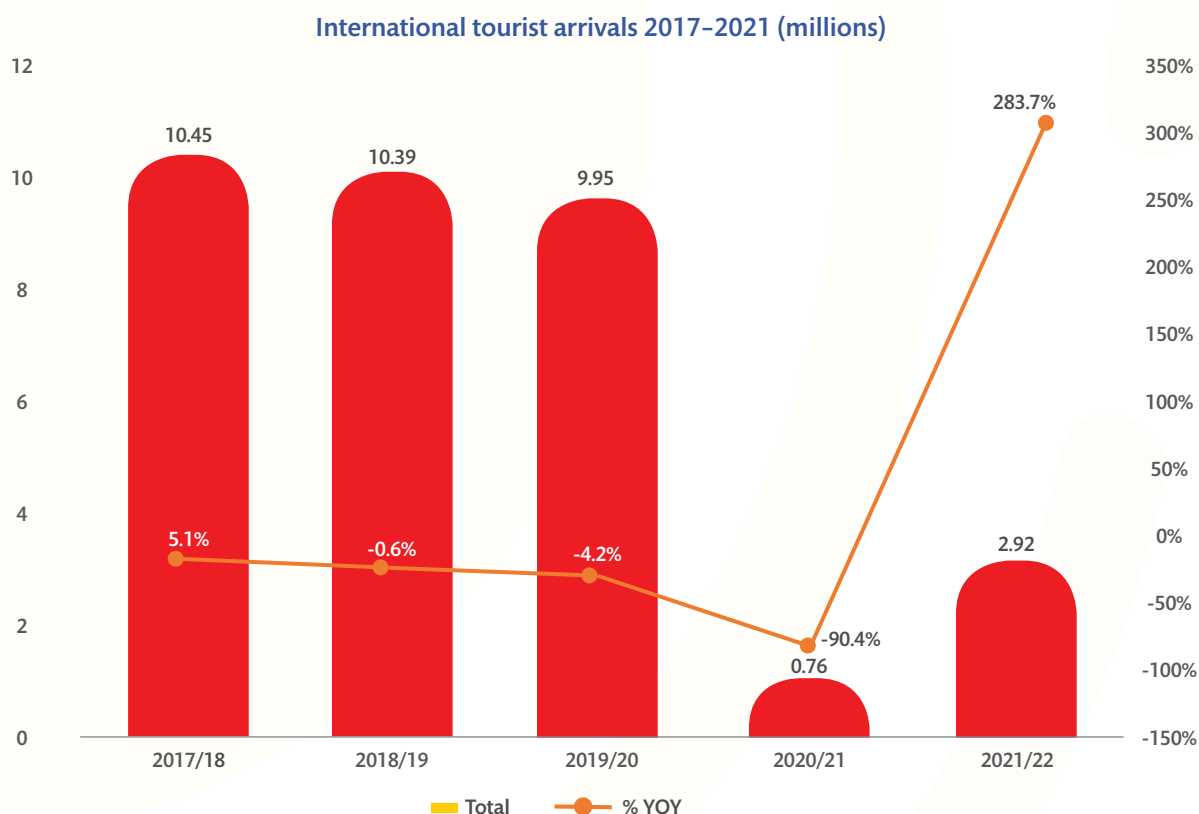
The latest UNWTO Panel of Experts survey indicates that 61% of tourism professionals expect better performance in 2022 than in 2021. However, most experts (64%) also believe that international tourism will not return to 2019 levels until 2024 or later. The recent surge in COVID-19 cases and the emergence of the Omicron variant could disrupt the recovery of tourism in early 2022. UNWTO scenarios point to 30% to 78% growth in international tourist arrivals in 2022, depending on various factors, which would be 50% to 63% below pre-pandemic levels.

While international tourism bounces back, domestic tourism will continue to drive the recovery of the sector in an increasing number of destinations. Domestic travel is fuelled by demand for destinations that are closer to home and have low population densities, as tourists now look to open-air activities, nature-based products and rural tourism.

SOUTH AFRICA

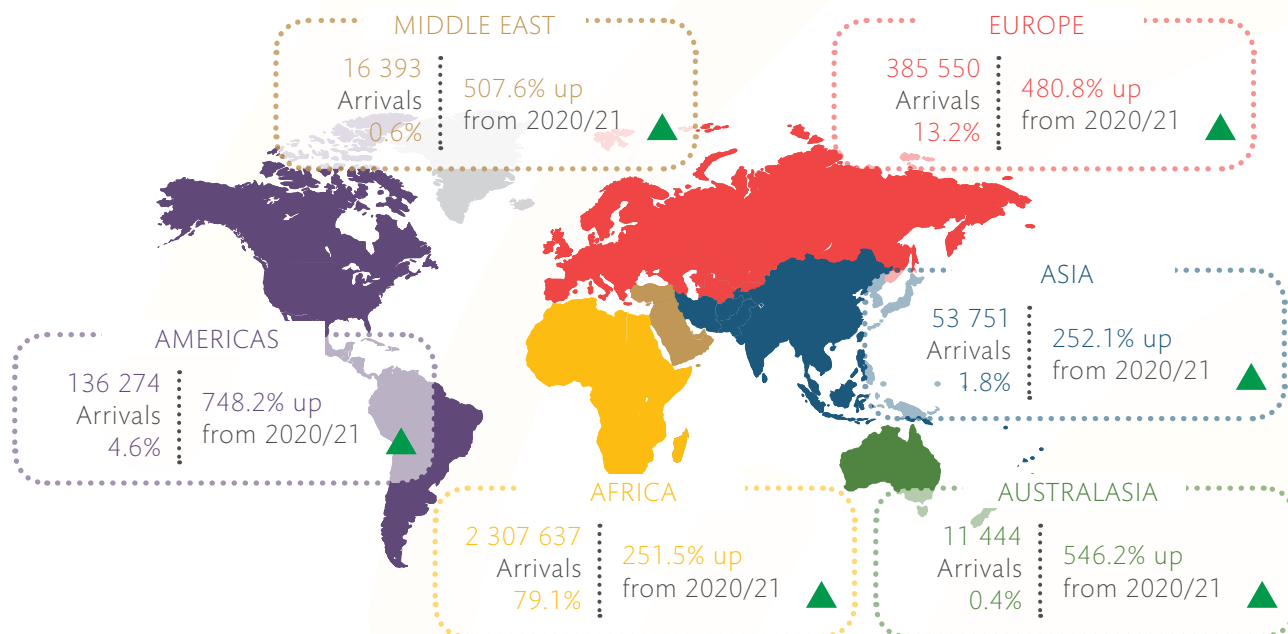
INTERNATIONAL TOURISM PERFORMANCE

International tourist arrivals to South Africa reached 2.92 million in 2021/22. This was a 283.7% increase in the past financial year. The performance for 2021/22 was at 29.3% of 2019/20 levels. The pandemic began to have a significant impact on arrivals in April 2020.



In the 2020/21 financial year, the biggest source of arrivals for South Africa was the Africa region (2,3 million arrivals) followed by Europe (385 000 arrivals) and the Americas with 136 000 arrivals. All regions displayed growth compared with the 2020/21 financial year. Africa (79,1%) had the largest share of arrivals to South Africa followed by Europe with a 13,2% share.

International tourist arrivals 2021/22 compared to 2020/21 (Actual, Share and Growth)



Economic impact of COVID-19 on the tourism sector³



UNPRECEDENTED IMPACT FROM COVID-19

International tourist arrivals
(overnights visitors)

**1.5
billion**

**400
million**

**415
million**

Export revenues from
international tourists
(international tourism receipts
+ passenger transport)

**US\$ 1.7
trillion**

**US\$ 638
billion**

**US\$ 700-800
billion**

Tourism Direct Gross
Domestic Product

**US\$ 3.5
trillion**

**US\$ 1.6
trillion**

**US\$ 638
trillion**

The COVID-19 pandemic has been the greatest health, economic and social crisis of our time. For tourism, it brought unprecedented disruption, with a massive drop in travel, resulting from a global lockdown and widespread travel restrictions. Tourism was the most affected sector, with businesses and livelihoods around the world severely impacted.

The economic contribution of tourism, which amounted to USD 3.5 trillion in 2019, or 4% of world gross domestic

product (GDP), measured in tourism direct gross domestic product (TDGDP), was more than halved in 2020, plunging to

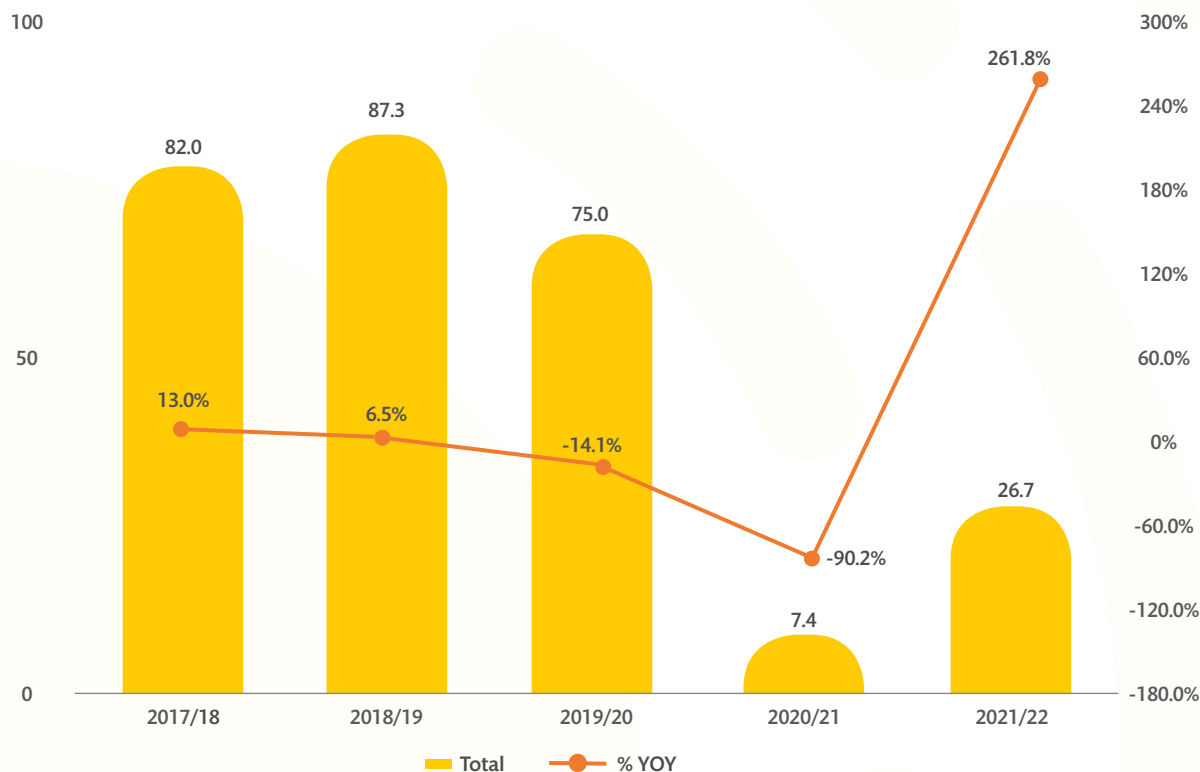
USD 1.6 trillion of world GDP. However, the crisis is far from over. Asia Pacific remains the worst hit with -70% losses in GDP, followed by the Middle East with -61%, Africa with -53%, Europe with -40% and the Americas with -32%.

The COVID-19 pandemic continues to leave its mark on tourist spend. Overall, total foreign direct spend reached ZAR 26.7 billion.

³ UNWTO January Barometer Report 2022

Total foreign direct spend grew by 261.8%, reaching R26.7 billion in 2021/22, from R7.4 billion in 2020/21.

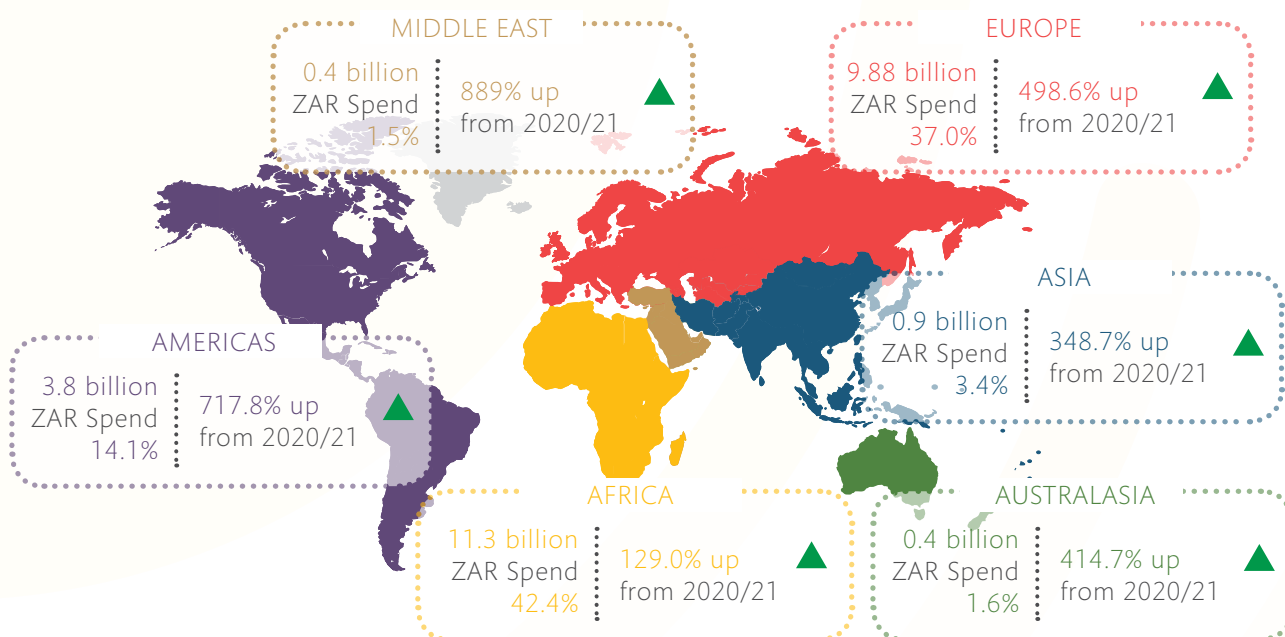
Total foreign direct spend 2017/18 - 2021/22 (ZAR Billions)



Travellers from Africa and Europe continue to account for the bulk of foreign expenditure. This was to be expected given that the two regions are the largest source of arrivals (79.4%). However, their shares of spend are inversely related to their share of arrivals, with Africa accounting for much less spend than arrivals (42.4% vs. 79.1%) and Europe inversely so with 13.2% of arrivals but 37.0% of spend. All regions have seen an increase in spend when compared with the 2020/21 financial year.

Total foreign direct spend by region 2021/22 compared to 2020/21

(Actual billions, share and growth)



Total domestic overnight trips amounted to 18.4 million in 2021/22, a 22.5% increase compared to 2020/21. Domestic revenue for 2021/22 was ZAR 56.3 billion, increasing by 26.4% over 2020/21. Average spend was R3 066, which is a slight increase of 3.2% compared to 2020/21.

The total number of domestic holiday trips reached 4.6 million representing a 25.2% share of all domestic overnight trips taken during 2021/22. Holiday spend increased by 101.7% or R25.8 billion during this fiscal. This was driven by the strong recovery from Covid-19 in 2021 and 2022.

Domestic day trips went down by 8.4% in 2021/22 to reach 82.5 million trips when compared to 2020/21. Expenditure on day trips showed a modest 0.6% increase or R78.4 billion when compared to the preceding fiscal year.

Domestic tourism performance



In 2021/22,

**18.4 million
(Overnight)
domestic trips**

were taken in South Africa, a 22.5% increase from 2020/21.

Out of the 18.4 million trips, 4.6 million trips were holiday trips representing a 25.2% share. Domestic holiday trips in 2021/22 grew by 50.5% when compared to 2020/21.



**Total revenue
generated**
by domestic tourism in
2021/22 was
ZAR 56.3 billion,
an increase of 26.4%.

Tourists individually spent more than in 2021/22. The average spend per tourist was ZAR 3 066 (3.2% vs. ZAR 2 972 in 2020/21).

Holiday spend amounted to ZAR 25.8 billion. Average spend on holiday trips was ZAR 5 578.



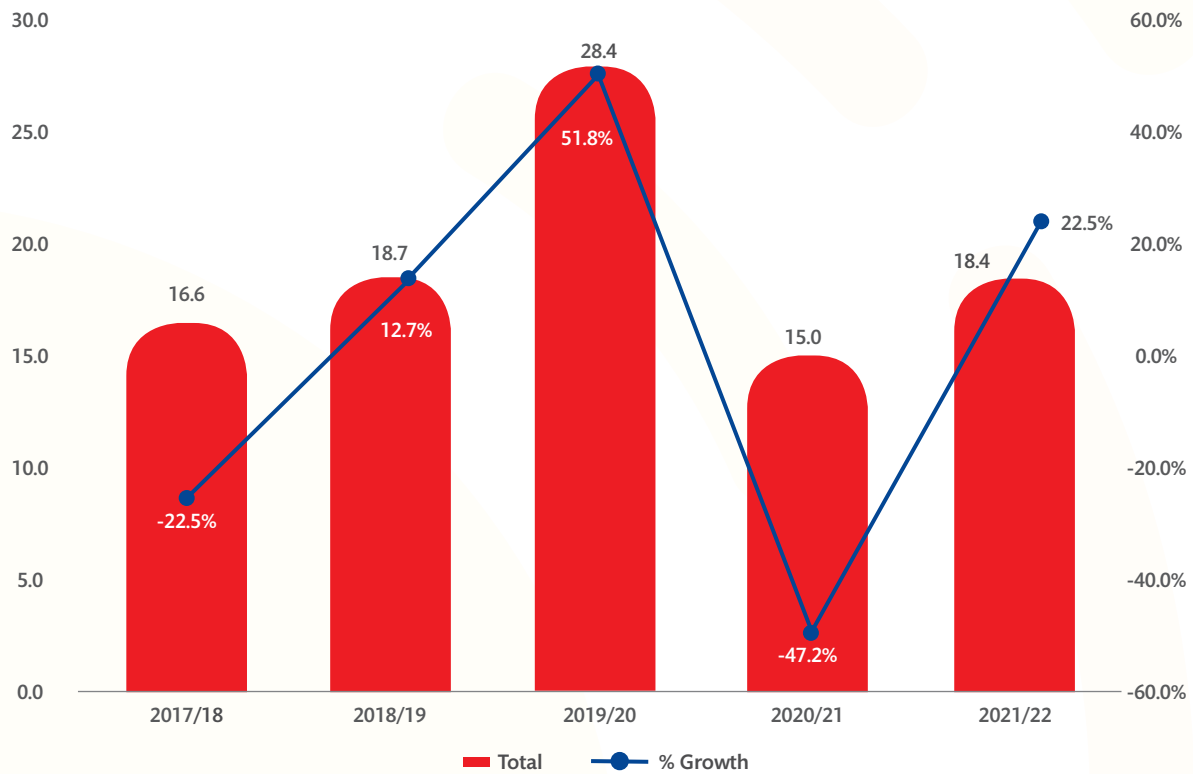
There were

**82.5 million
domestic day
trips in** 2021/22,

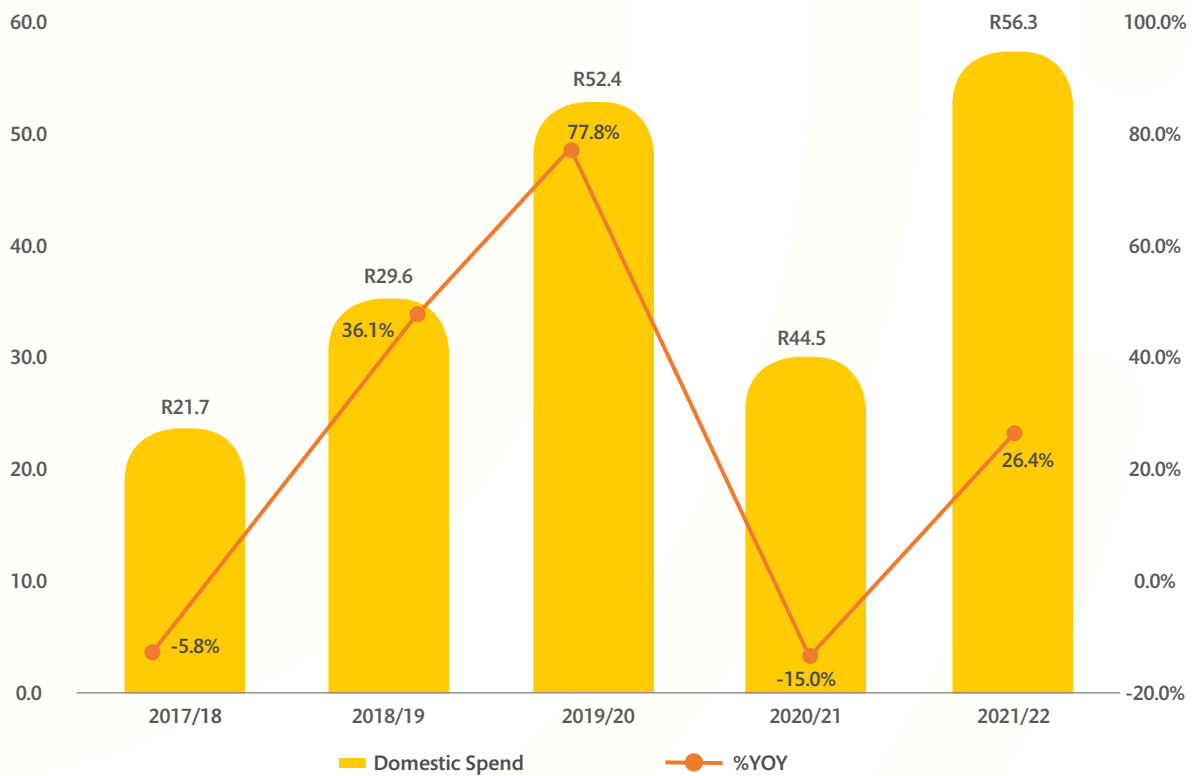
resulting in a decrease of 8.4% compared to 2020/21.

Day trip spend was recorded at ZAR 78.4 billion, showing a slight increase of 0.6% versus the preceding financial year.

Overnight domestic trips (Millions)



Domestic Spend (Billions)



ORGANISATIONAL ENVIRONMENT

OPERATING MODEL

The pandemic has reinforced the notion that adaptability is a critical characteristic that organisations need to enhance.

South African Tourism thus recognises that its ability to adapt its plans to address circumstances in a timeous and agile manner is a critical success factor for generating impact. Currently, the organisational structure – and the context in which strategic planning is conducted – is not optimally designed to support the level of agility demanded by current and future operating contexts.

Furthermore, to enable the sector to recover and become more resilient to potential future disruptions, South African Tourism must shift from a pure destination marketing focus to supporting the tourism sector in a much more robust manner. This requires the re-engineering of the organisation's analytics and insights capabilities, digital transformation, and driving strategic partnerships and collaboration in a more deliberate manner. To this end, the executive management team is currently revising the target operating model and organisational capabilities to lead the tourism sector's recovery.

The COVID-19 disruption has demonstrably proven that the South African Tourism operating model, organisational structure and ways of working must be optimised to enable rapid adaptability to remain relevant and impactful in the sector.

South African Tourism is alert to the fact that the COVID-19 pandemic is merely one of a potential set of disruptive events that have been identified as having the potential to occur in the future. Other events may include social instability arising from the growing wealth gap (recent events concerning rioting and looting serve as an indicator of this underlying potential, with clear implications for traveller propensity to visit South Africa based on safety and security concerns), climate change and the rapid advances of technology. For the organisation to anticipate and prepare for these or other unanticipated, significant change event, means shifting its strategic and operational orientation from a reactive to a proactive stance.

The need for this fundamental shift is recognised in South African Tourism's ambition to transform from a traditional destination marketing organisation (DMO) to a Destination "X" Organisation (DXO) within the ambit of its mandate. The fundamental design principle of a DXO is a response to the imperative for organisational adaptability expressed above, in that the "X" represents the notion that a successful and sustainable DMO must be able to respond to change occurring in the operating context *proactively, rapidly and accurately*. This results in the organisation maintaining relevance to its stakeholders and, therefore, its ability to deliver value and achieve a meaningful return on investment.

The current target operating model for South African Tourism is as follows:

KEY STAKEHOLDERS	TRAVELLERS	CONVENTION DELEGATES	CONFERENCE ORGANISERS	TRADE	GOVERNMENT STAKEHOLDERS	INDUSTRY PARTNERS	MEDIA	SA TOURISM
	BOARD OF SAT GOVERNANCE ARRANGEMENTS							
	SECRETARIAT		BOARD COMMITTEES				SHAREHOLDERS	
CORE BUSINESS CAPABILITIES	DOMESTIC, CONTINENTAL AND GOVERNANCE ARRANGEMENTS							
	BRAND STRATEGY		COMMUNICATIONS				BIDDING STRATEGY	
	MARKETING STRATEGY		TRADE ENGAGEMENT				SALES Meetings, Incentives, Conferences and Exhibitions (MICE)	
	MARKETING MANAGEMENT		TRADE STRATEGY				BUSINESS DEVELOPMENT	
	CHANNEL STRATEGY		SALES STRATEGY				BIDDING SUPPORT	
	CHANNEL MANAGEMENT		STAKEHOLDER ENGAGEMENT				ON-SITE EVENT SERVICES	
	BRAND MANAGEMENT		TRADE CAPACITY BUILDING				DELEGATE BOOSTING	
	CONTENT MANAGEMENT		EMBASSY AND MISSION ENGAGEMENT				EVENT EXECUTION	
	PUBLIC RELATIONS		CONSUMER RELATIONS				PROJECT MANAGEMENT	
CORE BUSINESS ENABLEMENT	CORPORATE STRATEGY & PERFORMANCE		MARKET INTELLIGENCE		VISITOR EXPERIENCE			
	STRATEGY		RESEARCH		QUALITY ASSURANCE		QUALITY ASSESSMENT	
	MONITORING AND EVALUATION		RISK AND GOVERNANCE		QUALITY PROTECTION		PRODUCT AWARENESS	
	ORGANISATIONAL PERFORMANCE AND REPORTING				PRODUCT CAPABILITY BUILDING		MARKET OFFERING CUSTOMISATION	
	STAKEHOLDER ENGAGEMENT, MANAGEMENT AND PARTNERSHIPS							
CORPORATE SUPPORT	ENTERPRISE PROJECT MANAGEMENT							
	HUMAN CAPITAL		FINANCE		INFORMATION TECHNOLOGY		CHANGE MANAGEMENT	
	CORPORATE COMMUNICATION		FACILITIES MANAGEMENT		INTERNAL AUDIT		SUPPLY CHAIN MANAGEMENT	
	MOBILITY		RISK AND COMPLIANCE		SERVICE LEVEL AGREEMENT MANAGEMENT		LEGAL	

ORGANISATIONAL STRUCTURE AND VACANCIES

South African Tourism's organisational structure, which may be amended in the new financial year based on the review of the organisation's target operating model.

By 31 March 2022, South African Tourism's vacancy rate was 7.9% with 16 vacancies against 202 positions. While 24 permanent positions were vacant at the end of the reporting period, 8 positions were filled with fixed-term contractors to ensure business continuity. The following critical executive and management positions were vacant at the end of the reporting period:

- Chief Executive Officer: The Board's recommendation for appointment was tabled with the Shareholder.
- Chief Operations Officer: The recruitment process was successfully concluded in May 2022.
- Chief Quality Assurance Officer: Interviews were held and the next steps to finalise the process are underway.
- Chief Strategy Officer: The position has been submitted for regrading as the functions have been adjusted.
- General Manager: Human Capital: Headhunting is underway to fill the position.
- General Manager: Public Relations and Global Communications: The recruitment process was successfully concluded in April 2022.
- General Manager: Financial Management: Recruitment has commenced and should be finalised by 30 June 2022.
- Hub Heads: UK and Ireland, Central Europe and South Europe (three positions): Recruitment has commenced.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Since the tabling of the 2020–2025 Strategic Plan in March 2020, certain policy and/or strategy developments have emerged, which had a bearing on the work and operations of South African Tourism for the reporting period.

The Economic Reconstruction and Recovery Plan (ERRP) was published late in 2020 as the country's plan for overall recovery of the economy following the impact of COVID-19. The ERRP identifies eight priority interventions to drive the reconstruction and recovery of the South African economy. This includes support for tourism recovery and growth.

Given the severe impact of the COVID-19 pandemic on all economic sectors, including the tourism sector, the Tourism Sector Recovery Plan (TSRP) was developed as a collaborative and iterative effort by key stakeholders in the tourism value chain. The TSRP acknowledges the need for targeted, coordinated action to mitigate the impacts of the pandemic, and sets the tourism sector on the most optimal path to recovery, transformation and long-term sustainability.

There have been no major changes to the policies and legislation that have impacted South African Tourism's operations during the reporting period.

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Impact Statement and Outcomes articulated in the approved Five-year Strategic Plan are as follows:

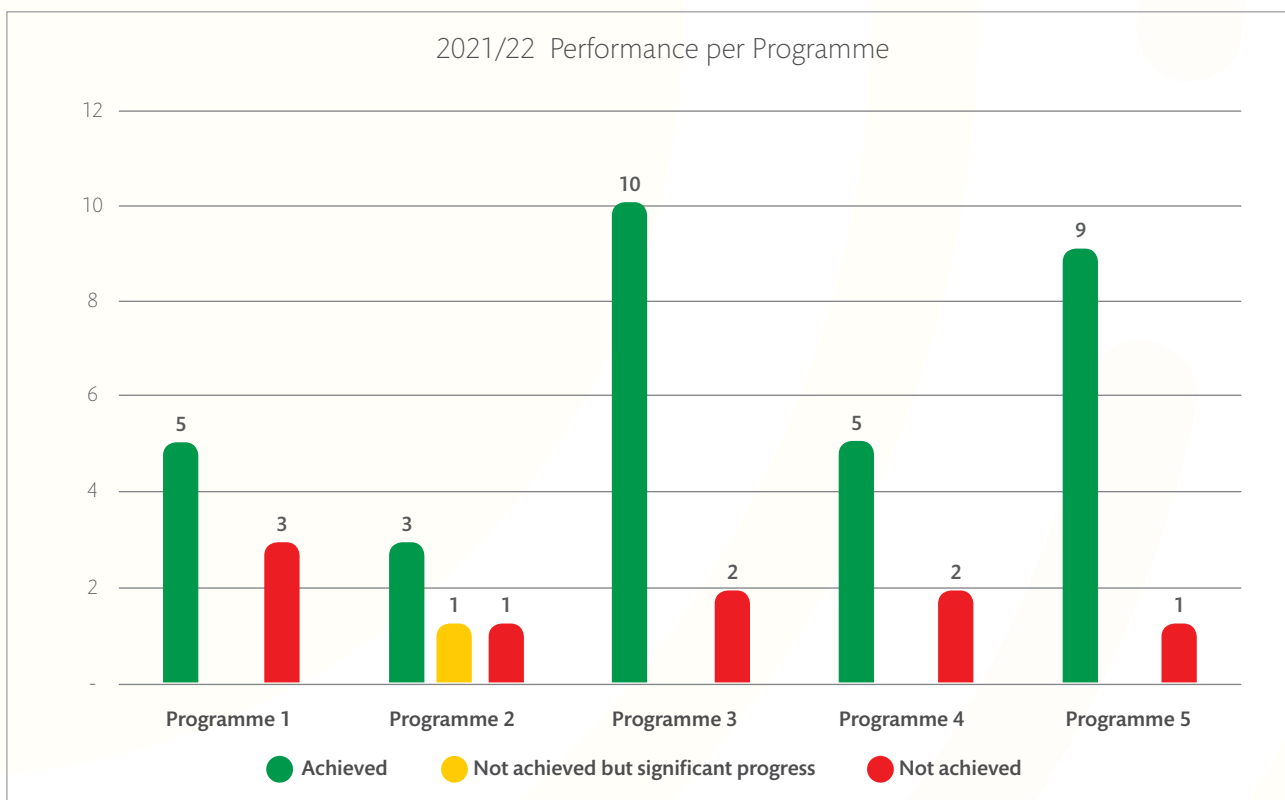
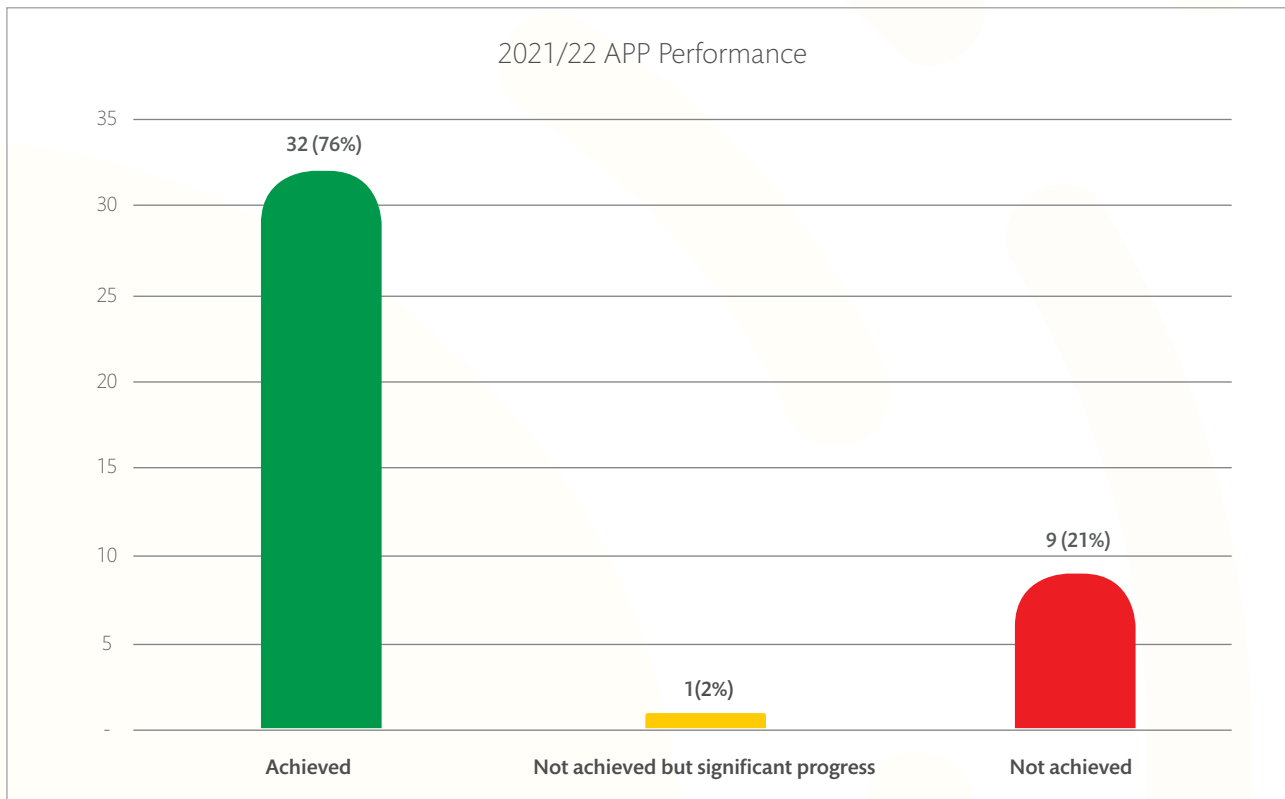
IMPACT	Tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans.
OUTCOMES	<p>Increase the tourism sector's contribution to inclusive economic growth.</p> <p>Achieve good corporate and cooperative governance.</p>

As part of the maturing of South African Tourism's planning, monitoring and reporting environment, through the 2021/22 planning cycle, the outcome indicators and five-year targets reflected in the approved 2020–2025 Strategic Plan were amended as follows:

OUTCOME	APPROVED 2020–2025 STRATEGIC PLAN (MARCH 2020)			AMENDMENT (JANUARY 2021)			NOTE ON AMENDMENT	PERFORMANCE TO DATE
	Outcome indicator	Baseline (2018/19)	Five-year target (March 2025)	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)		
1. Increase the tourism sector's contribution to inclusive economic growth	Brand Strength Index	41.0	44.7	-	-	-	Dropped to APP output	Not done
	Percentage increase in international tourist arrivals	10.4 million	Increase international tourist arrivals with 6% annually by 2024. (14.8 million)	Progress towards doubling international tourist arrivals to 21 million by 2030 (SONA 2019)	10.3 million	Increase international tourist arrivals with 6% annually by 2024 (10.3 million by 2024/25)	Indicator and target revised to track broader progress towards SONA 2030 stretch target.	2021/22: 2 916 320
	Percentage increase in the value of international tourist spend	R87.4 billion	Increase the value of international tourist arrivals with 4% each year. (R 128.6 billion)	Increase in the value of international tourist spend	R 90.7 billion	R 90.7 billion	Retained as outcome indicator. Indicator and target revised owing to the impact of COVID-19.	2021/22: R 26.7 billion
	Increase in the number of domestic holiday trips	3.0 million	8.3 million	Increase in the number of domestic holiday trips	7.1 million	7.1 million	Retained as outcome indicator. Target revised owing to the impact of COVID-19.	2021/22: 4 622 660
	Increase in the value of domestic holiday direct spend	R10.1 billion	R 19.5 billion	Increase in the value of domestic holiday direct spend	R17.3 billion	R 17.3 billion	Retained as outcome indicator. Target revised owing to the impact of COVID-19.	2021/22: R 25 786 788 569
	Percentage growth in tourism's direct contribution to GDP	4.53% growth in tourism's direct contribution to GDP in 2019	3.23% growth in tourism's direct contribution to GDP per annum by 2024	-	-	-	Removed from Strategic Plan – beyond South African Tourism's control.	-
	Percentage increase in tourism's direct contribution to employment	3.19% increase in direct employment from tourism in 2019	Tourism's direct employment increased by a rate of 2.67% per annum by 2024	-	-	-	Removed from Strategic Plan – beyond South African Tourism's control.	-

OUTCOME	APPROVED 2020-2025 STRATEGIC PLAN (MARCH 2020)				AMENDMENT (JANUARY 2021)			NOTE ON AMENDMENT	PERFORMANCE TO DATE
	Outcome indicator	Baseline (2018/19)	Five-year target (March 2025)		Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)		
	Seasonality of international tourist arrivals	1.36%	1.29%		Seasonality of international tourist arrivals	1.3%	1.3%	Retained as outcome indicator.	2021/22: 9.3%
	Number of SMMEs supported	207	225		Number of SMME businesses supported	182	1 096 (cumulative 2020/21 to 2024/25)	Clarified contribution by two programmes to aid clear monitoring and reporting. Baseline target revised owing to the impact of COVID-19.	2021/22: 228
	Geographic spread of international tourist arrivals	20%	25%		Geographic spread of international tourist arrivals	20%	20%	Retained as outcome indicator. Target revised owing to the impact of COVID-19.	2021/22: 11.5%
	Geographic spread of domestic tourist arrivals	8.4%	15%		Geographic spread of domestic tourist arrivals	8%	8%	Retained as outcome indicator. Target revised owing to the impact of COVID-19.	2021/22: 2.6%
	Total number of international business events hosted	207	270		Number of international business events hosted	230	111 (cumulative 2020/21 to 2024/25)	Retained as outcome indicator. Target revised owing to the impact of COVID-19.	2021/22: 6
	Net promoter score	91%	94%		Net promoter score	91%	94%	Retained as outcome indicator. Target revised owing to the impact of COVID-19.	2021/22: 46
	External audit outcomes	Unqualified audit outcome	Unqualified audit outcome maintained		External audit outcome	Unqualified audit outcome	Unqualified audit outcome maintained	Retained as outcome indicator.	2021/22: unqualified audit outcome
	South African Tourism Reputation Index	New indicator: Baseline to be determined in 2020/21	Improvement from 2020/21 baseline		South African Tourism Corporate Reputation Index	New indicator: Baseline to be determined in 2021/22	Improvement from 2021/22 baseline. (Targets to be defined once baseline determined – for inclusion in 2022/23 APP)	Indicator and target revised to be specific to South African Tourism's corporate reputation.	2021/22: 68.24 established as a baseline
2. Achieve good corporate and cooperative governance									

OVERVIEW OF PERFORMANCE AGAINST 2021/22 ANNUAL PERFORMANCE PLAN



Overview of Programme Performance

Programme 1: Corporate Support	Programme 2: Business Enablement	Programme 3: Leisure Tourism Marketing	Programme 4: Business Events	Programme 5: Tourist Experience
100% implementation of valid audit recommendations	100% approved MoUs with provinces implemented	2.6 million international tourist arrivals	Business Events Brand Strength Index – baseline determined in 2021/22	NPS improvement plan implemented
100% payment of compliant invoices within 30 days from date of receipt	Go-Live and support B2B and B2C portals	2.0 million regional tourist arrivals	One global business event campaign	4 707 graded establishments
ICT, TE, CMO, TGCSA, NCB business processes automated	Conduct survey to establish new baseline	3.1 million domestic holiday trips	One domestic business event campaign	E&SD programme developed and implemented
3.4 Staff Engagement Score	Four tourism sector performance reports	R10.1 billion domestic holiday direct spend	77 bid submissions	25% of total seats at South African Tourism trade show platforms dedicated to SMME participants
Implementation of Employment Equity Plan: 60% of women in South African Tourism	Four sector engagements	116.1 million day trips	Three national business events to be piloted in VTSD	Basic Quality Verification programme to support new accommodation entrants implemented – baseline established Targets for 2022/23 to 2024/25 defined
Implementation of Employment Equity Plan: 50% of women in senior and top management positions		39.9 Brand Strength Index (leisure)	Hosting of Indaba and Meetings Africa in a hybrid format	100% procurement from B-BBEE contributor status levels 1 to 5
Implementation of Employment Equity Plan: 2% of people with disabilities employed		Four domestic deal-driven campaigns implemented	Hosting of Lilizela Awards in a hybrid format	Minimum percentage expenditure achieved on procurement of goods and services from targeted groups: 30% SMMEs
Implementation of Employment Equity Plan: Maintain at least 60% black people (African, Coloured and Indian) across all occupational levels		481 720 digital engagements – domestic		Minimum percentage expenditure achieved on procurement of goods and services from targeted groups: 40% women-owned
		One regional brand campaign implemented		Minimum percentage expenditure achieved on procurement of goods and services from targeted groups: 30% youth-owned
		85.7 million digital engagements – regional		Minimum percentage expenditure achieved on procurement of goods and services from targeted groups: 7% people with disabilities-owned
		One annual global tourism brand campaign launched and global roll-out		
		Tourism activation at the World Expo 2020 in Dubai implemented		

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

South African Tourism is constituted by the following budget programmes:

Programme	Programme Purpose
Programme 1	Corporate Support <ul style="list-style-type: none"> Provide effective support services to the organisation, as well as ensure compliance with statutory requirements Ensure strategy development and integration with business performance monitoring, governance and evaluation
Programme 2	Business Enablement <ul style="list-style-type: none"> Enhance collaboration with various stakeholders Provide centralised tourism intelligence to support evidence-based decision making
Programme 3	Leisure Tourism Marketing <ul style="list-style-type: none"> Create demand through travel acquisition and growing brand equity for South Africa as a leisure and business events destination in identified markets
Programme 4	Business Events <ul style="list-style-type: none"> Grow the nation's business events industry
Programme 5	Tourist Experience <ul style="list-style-type: none"> Ensure the delivery of quality-assured tourist/visitor experiences, which are diverse, unique and enriched

Informed by the legislative and policy mandates and strategic focus, the 2020–2025 Strategic Plan presents the Impact Statement of South African Tourism as **tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans.**

PROGRAMME 1: CORPORATE SUPPORT

The Corporate Support Programme is responsible for providing effective support services to the organisation, as well as ensuring compliance with statutory requirements. The Corporate Support Programme covers the work of the following business divisions:

Business Division	Purpose
Office of the Chief Executive Officer, and Strategic Planning, Evaluation and Programme Management	<ul style="list-style-type: none"> Provide strategic support to the Chief Executive Officer (CEO) to achieve the mandate and outcomes of South African Tourism Ensure strategy development and integration with business performance monitoring, evaluation and reporting
Governance, Risk, Compliance and Company Secretariat	<ul style="list-style-type: none"> Provide efficient, effective and proactive legal, governance, enterprise risk and compliance support services to South African Tourism
Human Capital	<ul style="list-style-type: none"> Build an inspired and energised organisation, and ensure that the organisation has the necessary skills and capacity to operate successfully
Finance and Supply Chain Management	<ul style="list-style-type: none"> Provide and manage effective end-to-end financial management and supply chain support services to the organisation
Information and Communication Technology (ICT)	<ul style="list-style-type: none"> Create business value by delivering ICT-related systems and services that increase operational efficiency and effectiveness.

In contributing towards South African Tourism's impact of *"tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans"*, the Corporate Support Programme delivered against the following outcomes and five-year target in the approved Strategic Plan:

Institutional outcome	Outcome indicator	Baseline (2019/20)	Five-year target (2024/25)
2. Achieve good corporate and cooperative governance	External audit outcome	Unqualified audit outcome	Unqualified audit outcome maintained

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

In contributing towards, good corporate and cooperative governance, the following was delivered:

- An approved Risk Management Framework
- An approved Risk Management, Risk Appetite and Tolerance Framework
- An approved Strategic Risk Register for 2021/22
- An approved Ethics Policy
- An approved Anti-Fraud and Corruption Policy
- The appointment of the Information Officer and Deputy Information Officer for purposes of the Promotion of Access to Information Act (PAIA), the Protection of Personal Information Act (POPIA) and the General Data Protection Regulation (GDPR)
- The establishment of the Data Protection Committee

In pursuit of elevating organisational strategic planning, South African Tourism hosted its inaugural Global Marketing Forum (GMF) in March 2022. The GMF is an organisational initiative designed to ensure that South African Tourism consolidates a single marketing playbook that will guide its efforts in aggressively marketing destination South Africa in key source markets in the new financial year. The marketing playbook is informed by individual in-country marketing plans that each of South African Tourism's regions and hubs have conceptualised.

The internal audit business unit implemented its annual internal audit plan, concluding 14 internal audits.

In order to improve the organisation's compliance with laws and regulations, a compliance universe was established, including a renewal of a number of policies.

Programme 1: Corporate Support

Outcome	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual targets 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Achieve good corporate and cooperative governance	Internal control	Percentage implementation of valid internal and external audit recommendations	-	95%	100% implementation of valid audit recommendations	73% of valid audit recommendations were implemented	-27%	43 actions are overdue due to management not prioritising the implementation of recommendations. Consequence management was directed for impacted business units.
	Financial management	Payment of compliant invoices within 30 days from date of receipt	-	100%	100%	100%	0%	None required.
	Business process automation	Identified business processes automated	-	0%	ICT, TE, CMO, TGCSA, NCB business processes automated	TGCSA business processes automated	-80%	The work was under-scoped. Disciplinary action was undertaken for the under-performance on this project.
	Human resources management and development	Staff Engagement Score	3.6	3.75	3.4 Staff Engagement Score	Staff Engagement Score was not undertaken for 2021/22	-100%	The procurement of a service provider for the survey was delayed due to the unavailability of BEC members and the resignation of employees within SCM. The procurement was concluded and the survey was initiated on 9 May 2022.
		Implementation of Employment Equity Plan: Percentage of women in South African Tourism	60%	63%	60%	67%	12%	None required.
		Percentage of women in senior and top management positions	50%	53%	50%	64%	28%	None required.
		Percentage of people with disabilities employed	2%	2%	2%	2%	0%	None required.
		Maintain at least 60% black people (African, Coloured and Indian) across all occupational levels	-	-	60%	73%	22%	None required.

Strategy to overcome areas of under-performance

Target	Mitigating action/s
100% implementation of valid audit recommendations	South African Tourism will have an increased focus on overdue actions by sharing quarterly coverage notifications and elevating stakeholder engagement levels.
ICT, TE, CMO, TGCSA, NCB business processes automated	A new service provider will be appointed in the new financial year to automate the remainder of the business processes.
3.4 Staff Engagement Score	The procurement was concluded and the survey was initiated on 9 May 2022.

PROGRAMME 2: BUSINESS ENABLEMENT

The Business Enablement Programme enhances collaboration with various stakeholders and provides centralised tourism intelligence to support evidence-based decision-making. The Business Enablement Programme focuses on:

Business Division	Purpose
Office of the Chief Executive Officer, and Strategic Planning, Evaluation and Programme Management	<ul style="list-style-type: none"> Stakeholder management: Enhance collaboration with various stakeholders.
Analytics and Insights	<ul style="list-style-type: none"> Establish analytics and insights as a thought leader and trailblazer in tourism intelligence

In contributing towards South African Tourism's impact of *"tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans"*, the Business Enablement Programme delivered against the following outcome and five-year targets in the approved Strategic Plan:

Institutional outcome	Outcome indicator	Baseline (2019/20)	Five-year target (2024/25)
2. Achieve good corporate and cooperative governance	South African Tourism Corporate Brand Index	New indicator	Improvement from 2021/22 baseline

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The Analytics and Insights business unit ensured that South African Tourism is a data- and insights-led organisation to inform future marketing initiatives. Several projects were implemented during the financial year:

- **Net Promoter Score (NPS):** One of the primary purposes of the NPS is the tracking and improvement of the relationship between accommodation establishments and travellers. The first-ever NPS study was conducted with consumers of graded establishments. As part of the project, NPS data model was built to understand the levers to increase the recommendation levels from consumers as part of the NPS improvement plan.
- **Business Events Brand Index:** The business events brand equity study aims to understand the equity of South Africa as a business events destination.

The results of the study are used to position South Africa as a competitive business events destination. The data collected in the study was used to understand the market drivers, competitive landscape and key brand attributes of South Africa as a business events destination. This is the first time South African Tourism conducted such a study. The score will be tracked annually.

- **Thought leadership:** The Analytics and Insights business unit continues to monitor and track the performance of the tourism industry by providing data regarding key performance indicators (KPIs) that track the health of the industry. The bedrock surveys that provide insight into these KPIs include the Departure Survey, the Domestic Survey and the Destination Brand Survey.

Digital and Technology (DIGITECH) centralises the ICT and digital operations and competencies to provide the organisation with the best digital and technology solutions. This enables the different business units of South African Tourism to achieve their strategic outcomes and champion the digital outlook for the sector. With the digital transformation journey on its way, major modernisation milestones were achieved, thus providing improved operational capabilities. This modernisation journey is a multi-year project with the foundation being laid from the last financial year, starting with the milestones recorded below:

- The launch of a new Total Quality in Tourism (TQiT) system as a digitalisation effort which modernised the interface experience for assessors whose tasks were hindered by an outdated legacy system. This was paired with an upgrade of the National Product Database to enable graded establishments to include additional information to their listings.
- A major gap addressed during the year under review was the absence of the standardised measurement of digital channels' activity, which was largely driven by the fragmentation of digital efforts. In this context, South African Tourism upgraded Google Analytics to Google Analytics 360 and the Google Marketing Platform, thus combining the analytics of both owned and advertising digital channels.

Programme 2: Business Enablement								
Outcome	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual targets 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Achieve good corporate and cooperative governance	Stakeholder relations	Percentage of approved MoUs with provinces implemented	-	-	100% approved MoUs with provinces implemented	95% of the MoUs with provinces implemented.	-5%	The webinar was replaced with a trade mailer. The Lilizela Awards did not proceed as planned. The above was due to the impact of the COVID-19 restrictions.
	Industry engagement	B2B and B2C portal supported	-	B2B base portal delivered through a soft launch on 31 March 2021	Go-live and support for B2B and B2C portals	Go-live and support for B2B and B2C portals was not achieved.	-100%	The project was discontinued because a flawed process was followed to appoint the service provider, which led to irregular expenditure. As a result, South African Tourism instituted a legal review of the appointment of the service provider(s). The project concept remains approved, and an entirely new platform build is planned.
		South African Tourism Reputation Index	-	-	Conduct survey to establish new baseline	The survey to establish the baseline has been conducted.	0%	None required.
	Thought leadership/ Analytics and Insights	Number of reports assessing performance of the tourism sector produced	4	-	4 tourism sector performance reports	4 tourism sector performance reports were produced.	0%	None required.
		Number of sector engagements	12	49	4 sector engagements	4 sector engagements were held.	0%	None required.

Strategy to overcome areas of under-performance

Target	Mitigating action/s
100% approved MoUs with provinces implemented	South African Tourism will improve planning with provincial tourism authorities to ensure the effective management and implementation of MoUs.
Go-live and support for B2B and B2C portals	The project concept remains approved, and an entirely new platform build is planned for the new financial year.

PROGRAMME 3: LEISURE TOURISM MARKETING

The Leisure Tourism Marketing Programme is responsible for creating demand through travel acquisition and growing brand equity for South Africa as a leisure and business events destination in identified markets. The Leisure Tourism Marketing Programme covers the work of the following business divisions:

Business Division	Purpose
Tourism Execution	<ul style="list-style-type: none"> Create demand through travel acquisition by working with the distribution channels to sell South Africa as a destination.
Brand and Marketing	<ul style="list-style-type: none"> Grow brand equity to create tourism demand for South Africa as a leisure and business events destination in identified markets.

In contributing towards South African Tourism's impact of *"tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans"*, the Leisure Tourism Marketing Programme delivers against the following outcomes and five-year targets in the approved Strategic Plan:

Institutional outcome	Outcome indicator	Baseline (2019/20)	Five-year target (2024/25)
1. Increase the tourism sector's contribution to inclusive economic growth	Progress towards doubling international tourist arrivals to 21 million by 2030 (SONA 2019)	10.3 million	10.3 million
	Increase in the value of international tourist spend	R90.7 billion	R90.7 billion
	Increase in the number of domestic holiday trips	7.1 million	7.1 million
	Increase in the value of domestic holiday direct spend	R17.3 billion	R17.3 billion
	Seasonality of international tourist arrivals	1.36%	1.3%
	Geographic spread of international tourist arrivals	20%	20%
	Geographic spread of domestic tourist arrivals	8%	8%

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Through the Brand and Marketing Business Unit, the following key deliverables were executed in the period under review:

Global Brand Campaign

The objective of the Global Brand Campaign is to reposition South Africa globally from a tourism standpoint in preparation for the reopening of global travel markets. The positioning platform will sustain the tourism efforts over the next fiscal year and is anchored in destination truth, travel-inspiring human truth, and travel conversion persuasiveness across all source markets.

The "Live Again" campaign was launched on 28 February 2022. Since its launch, South African Tourism's website saw an increase in traffic with approximately 90 000 visits for the month of March 2022 and a conversion rate of 1.9%. This campaign will be rolled out over the next fiscal year in all our core markets.

World Tourism Expo 2020

Over 51 000 people visited the South African Pavilion during Tourism Month, in December, at the World Tourism Expo in Dubai – a significant increase from previous months with 38 000 visitors to the South African Pavilion.

Content from all nine provinces was showcased on the pavilion and the Department of Trade, Industry and Competition's virtual platform.

The Ministerial programme, led by the Minister of Tourism, included engagements with tourism investors, Middle East diplomatic representatives, tourism trade from the region and visits to the African Union, India, United Arab Emirates (UAE) and the Women's Pavilions at the Expo. Overall, through vigorous planning and agility, the Tourism Month activations were successfully executed despite challenges brought about by the Omicron COVID-19 strain and related travel bans.

Global Advocacy Programme

South African Tourism has the strategic intent to position South Africa's destination brand appeal as an attractive tourist destination. In this regard, South African Tourism continued, through various campaigns, with brand communications to engage and be responsive to all consumers and relevant stakeholders. One such strategic campaign that was introduced is the Global Advocacy Programme. This was informed by a need to intensify efforts to create a positive narrative about the destination following negative coverage by the media on the country's management of the COVID-19 pandemic with the labelling of one of the COVID-19 variants as the "South Africa variant". As part of this programme, representatives of the tourism sector convened at the South African Tourism Global Advocacy Programme Stakeholder Forum in Cape Town in February 2022. The Forum was held to purposely devise practical and immediate actions that could be taken by the sector in implementing the Tourism Sector Recovery Plan adopted in 2021. Acknowledged was the need for the implementation of TSRP to be underpinned by a Global Advocacy Programme. Broadly, the Forum sought to ensure the following:

- Initiate a collaborative process with the private sector and government to embark on the implementation of the Global Advocacy Programme to reignite the tourism industry and position South Africa as an appealing value-for-money tourism destination.
- Cement the message that Africa is open for business and is ready to welcome visitors from the rest of the world.
- Restore confidence and cement the role of the tourism sector in supporting the country's economic recovery.
- Delegates from the public and private sectors, representing various entities at national, provincial and regional level, participated in the Forum.

Throughout the course of the year, tactical brand, marketing, public relations and communications included destination brand communications using Netflix personalities, Netflix tactical and the Travel Safely Campaign. The Netflix communications leveraged the Netflix cultural affinity study at Africa's Travel and Tourism Summit (ATTS), leveraging title locations, shows and casts to feature South Africa's natural beauty. The messaging of the Travel Safely Campaign encouraged travellers to travel safely over the festive period. The campaign included on-site activations, out-of-home advertising, and regional and community radio.

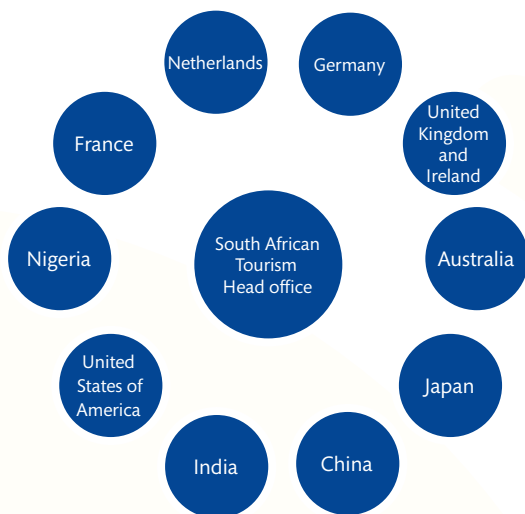
Over and above the adverse impact of the COVID-19 pandemic, South Africa has to deal with other travel barriers, including a perceived lack of safety and security for tourists and business delegates, and a perceived lack of value for money. South Africa is not regarded as a fun and appealing destination with a variety of tourism experiences and products, as well as quality infrastructure and venues for business events. Therefore, during this period, the Brand and Marketing Business Unit executed projects showcasing the country's tourism experiences and offerings.

South African Offices

South African Tourism's head office is based in Sandton with 11 in-country offices representing its various regions:



IN-COUNTRY OFFICES



In markets where South African Tourism does not have a physical office, the Embassy Liaison Officer responsible for embassy liaison facilitates the organisation's engagement with embassies and trade.

Significant achievements for the period under review per region are as follows:

DOMESTIC

The South Africa Hub continued with the Sho't Left campaign, "It's Your Country, Enjoy It, Because Nothing's More Fun than a Sho't Left", which inspired South Africans to "get out of the house" and take more day and holiday trips NOW by showcasing a variety of affordable, desired experiences in a clear and accessible manner. As part of the campaign, the South Africa Hub created opportunities for the distribution channel to access the domestic market to enable them to drive, promote and sell South African travel effectively as preferred by consumers.

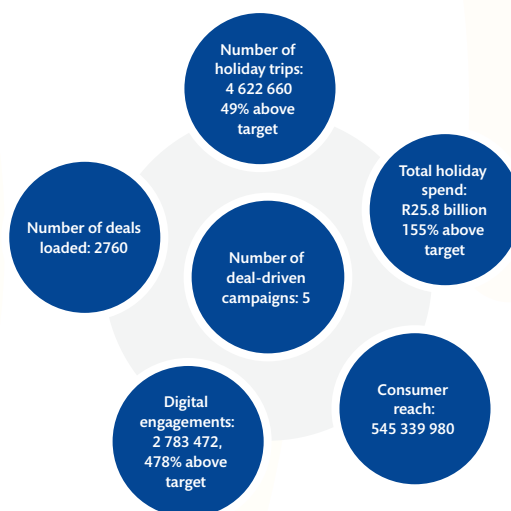
In order to continue to inspire South Africans to enjoy their country, the South Africa Hub executed five deal-driven campaigns:

- The Easter #SeatAtTheTable Campaign, which inspired South Africans to spend their Easter holidays anywhere in the country, in their own way, and not necessarily at home.
- The Winter Campaign, which encouraged South Africans to find their warmth in South Africa by taking advantage of off-peak travel prices.
- Sho't Left Travel Week, where the South African trade provided up to 50% off travel to South Africans who booked their trip between 6 and 12 September.
- The Summer Campaign, which showcased the fun that South Africans can have in their country during the festive season.

- The Month of Love Campaign, directed at South Africans who wanted to enjoy their love for each other during the Valentine's period in different parts of the country.

These 360° deal-driven campaigns were executed through television, radio, digital platforms and social media, as well as through out-of-home and experiential activations. The messaging was underpinned by a clear COVID-19 safety message, #TravelWiseMzansi. Through a marketing collaboration with Waze, the deals loaded on the Sho't Left platform were pinned on the platform, encouraging consumers who use Waze as a navigation system to see all the Sho't Left areas they can visit as they pass through their cities, promoting day trips, while also allowing South Africans to save the areas they passed on their devices for any future visits.

Through a collaboration with FlightSite, the South Africa Hub was granted access to Pick'n Pay, Vodacom and Boxer Store customers, where the Sho't Left content was promoted with vouchers that could be redeemed on their next Sho't Left.



AFRICA

Travel from the continent into South Africa is growing, albeit at a slow rate. The main contributing countries to the slow levels of recovery include Botswana, Eswatini, Lesotho and Zimbabwe. South African Tourism's key source markets are growing at a slow pace, which is primarily due to travel visa processing challenges, limited direct airlifts from key air markets, continuous COVID-19 travel restrictions due to the increase in COVID-19 waves and variants in our large markets, polymerase chain reaction (PCR) testing costs that increase travel costs, and limited information and packages on South African products because the majority of South African product owners do not consider the African continent a viable business proposition.

Some of the key highlights in the region include:

West Africa

- The West Africa Hub won the Best Intra-Africa Tourism Agency Award at the National Association of Nigeria Travel Agencies (NANTA) Imminent Award event.
- A new regional brand campaign, Come Journey with Us, was launched at the Africa Day stakeholder activation in collaboration with Chef Wandile Mabaso.
- Through the Ink global partnership, an activation with Ethiopian Airlines and the Ethiopian Holidays Campaign was achieved. It included on-board advertising through its inflight entertainment navigator system and through social media.
- The Hub developed and introduced the Calabash, an always-on social media-led travel information desk, which incorporated social listening, supplemented with on-the-ground information that allows South African Tourism to anticipate red flags well in advance and proactively prepare for or diffuse any looming negative narrative, positively redirect the narrative around South Africa, tap into the zeitgeist of on-the-ground conversation, provide multi-language traveller support, drive leads to book travel to South Africa and create a welcoming environment for South African Tourism's target audience.
- Three deal-driven and brand campaigns were executed for the three holiday cycles in the region (summer, the festive season and Easter). The campaigns were supported through a multi-channel media mix that included digital, television, out-of-home, radio and experiential activations.
- A key highlight of one of the deal-driven campaigns was South African Tourism's collaboration with Pick 'n Pay Nigeria, which explored a new distribution channel by integrating its sales promotions into Pick 'n Pay's stores in the region to leverage the company's customer base and sales efforts.
- The Hub collaborated with Access Bank and Fifth Chukker, a leading polo club in Nigeria, at their inaugural polo event held in South Africa in March 2022. The event was attended by an estimated 200 top business people from Nigeria and Ghana.
- Nine travel managers from corporates in Nigeria and Ghana were hosted at Meetings Africa 2022.

Central, East And Land Africa Hubs

- Two deal-driven and brand campaigns for summer and Easter were implemented. The campaigns were supported through a multi-channel media mix. The always-on digital activities ensured a continuous annual presence in all markets.

- The Hub collaborated with Uganda Air through its Inflight Magazine, *Nga'ali*, in the June to August and September to December editions. The first edition featured soft adventure and vibrant city experiences. The second featured culture, urban lifestyle and winelands experiences.
- South African Tourism leveraged the Lions Rugby Series by executing a tactical digital activation, Come Journey with Us #HowWeRugby, on Kenya and Zimbabwe social media-owned platforms with live radio reads on Capital FM (Kenya), Star FM and Zi FM (Zimbabwe). This had a competition element where participants could win a trip to South Africa.
- To ensure that South African Tourism keeps its distribution channel engaged and equipped, it introduced a trade newsletter, *Sabaweli Postcard*, and built a trade portal that will be used as a further engagement channel and for information distribution.
- South African Tourism hosted a trade mega-familiarisation trip, where 65 members of trade were invited to experience South Africa's leisure offering and engage with South African product and Provincial Tourism Authorities. This activity was aimed at showcasing that South Africa is open for business, and it is safe to package, promote and sell the destination.

EUROPE

Europe is configured into four hubs: the United Kingdom/Ireland Hub, the Central Europe Hub (Germany, Austria and Switzerland), the South Europe Hub (France, Italy, Spain and Portugal) and the North Europe Hub (Netherlands, Belgium and Sweden). For the period under review, the region had a strong focus on rebuilding trust, demand and conversion. Conversion in Europe refers to securing bookings between six and 18 months from the start of the 2021/22 fiscal year. The outlook for the resumption of international travel for most of the fiscal was minimal. Leisure travel was deemed non-essential for all South African Tourism's markets in Europe for most of the financial year. The outlook for the resumption of international travel was a challenge for Europe in the second quarter due to the COVID-19 Delta variant. The Beta variant rippled through international markets and resulted in targeted travel restrictions to and from South Africa's shores. The detection of the Delta variant in South Africa in May hampered tourism's recovery efforts, not just in South Africa, but globally.

European arrival targets for 2021/22 were at risk when South Africa announced a Level 4 lockdown on 27 June 2021 due to the Delta variant. It was expected to last until the end of August 2021. This delayed tourism's expected recovery in September by an estimated six to eight weeks. South African Tourism predicted a potential vaccinated Europe heartland in the third and fourth

quarters as Europe's vaccination programmes gained momentum. The placement of South Africa on a "red list" by key source markets had a brand trust impact in the 2021/22 fiscal year and could affect South African Tourism's brand in the 2022/23 fiscal year. Forward-booking data of travel from Amadeus indicated a slight resumption of travel from Europe in November and December 2021, with a mix of repeat visitors, millennials and intrepid travellers. Mandatory vaccination was seen as key to open travel worldwide, according to leading experts. Despite the ongoing pandemic, European consumers crave travel experiences. Research done by the International Tourism Exchange (ITB) showed that almost 90% of European travellers are planning at least one trip to a foreign country in 2022.

United Kingdom/Ireland Hub

In 2021/22, the key strategic focus for the UK and Ireland Hub was to build positive awareness of South Africa as a holiday destination by targeting consumers in the dreaming and consideration phase of their future holiday plans, but in a muted tone while South Africa remained on the UK's "red list". In October 2021, the strategic focus shifted to conversion and active promotion.

The UK and Ireland Hub continued with #MeetYourSouthAfrica, which was used across numerous campaigns:

- The always-on brand rebuilding #MeetYourSouthAfrica Campaign was aimed at driving traffic to SouthAfrica.net.
- The always-on retargeting #MeetYourSouthAfrica Campaign was aimed at driving traffic to conversion sites from September onwards through Virgin Atlantic, British Airways, Audley Travel and Africa Collection.
- The British and Irish Lions tour of South Africa in July and August 2021 specifically targeted rugby enthusiasts and leveraged the destinations in which matches were played.
- The South Africa First youth campaign was aimed at driving traffic to www.southafrica.net and Contiki as a deal-driven campaign using new channels such as TikTok to test new audiences and mediums.
- The Red List Removal Campaign #MeetSouthAfricaNOW was planned for the months of October to December, but was paused during December when South Africa was placed back on the red list.
- The Meet South Africa with Michaela Strachan Campaign was developed using insights into advocacy and presenter-led content, showcasing lesser-known destinations in South Africa, and subtly addressing barriers.

The total value of digital engagements across the consumer digital campaigns was R23.09 million.

The UK and Ireland Hub was able to support the trade during the "red list" period and partner with 12 operators for promotion. The Hub engaged with the trade virtually and in person throughout the year, as well as through trade media. The fourth quarter saw the highest level of engagement due to the lifting of restrictions, with 2 004 engagements, of which 769 were trained in-depth. Thirty-one virtual events were highlighted with 14 physical events.

Central Europe Hub

In 2021, Germany remained in the grip of the COVID-19 pandemic. When the German government removed South Africa from the "red list" of virus variant countries in September 2021, travel to South Africa showed a slight upward trend. From 27 November 2021 and the discovery of the new Omicron variant, South Africa was placed back on the "red list" and travel to South Africa came to a standstill until regulations were lifted again in February 2022. Two years after the outbreak of COVID-19, the pandemic remains volatile and unpredictable in all regions.

The Central Europe Hub focused strongly on inspiration, awareness, trust building and supportive measures for brand South Africa to maintain good relations with its trade and brand partners, and key stakeholders that had been hard hit by the pandemic. In today's rapidly changing world, it is essential to assure the traveller that all necessary hygiene security measures have been implemented and that the tourism industry in South Africa is ready to welcome international visitors. This was regularly communicated to South African Tourism's industry partners and its consumers.

The organisation has set up a new online training series for travel agents to improve their knowledge of the country and to introduce new topics. In its business-to-business (B2B) newsletter, it provided up-to-date information on the current COVID-19 situation in South Africa, as well as news from the South African travel market. This newsletter was sent to 9 558 subscribers. The aim of this monthly newsletter to 55 500 consumers was to inspire and reignite the demand for travel to South Africa after the pandemic under the motto: Hör nicht auf zu träumen – #Suedafrikawirsehenuns (Don't stop dreaming – South Africa, we meet again). Together with posts to South African Tourism's consumer and trade communities via its social media channels Facebook, Instagram and Twitter, it achieved a total reach of 2.8 million followers. Total reach and digital engagements in 2021/22 reached 65 013 622.

Highlights for the region include the following:

- The Freigeist Awareness Campaign was a digital marketing promotion that included a raffle in cooperation with the outdoor articles' producer, Freigeist. It included inspirational content about South Africa on a microsite, as well as in blog articles, embedded in a raffle. The project inspired a highly valuable target audience. The promotion reached approximately 264 000 contacts. Over 1 600 people participated at the raffle.
- The STA Travel Raffle Campaign is an online raffle combined with high-value travel information focused on inspiration and awareness. The campaign reached over seven Mio contacts via Google Ads and social media, and was the perfect combination of content promotion, raffle promotion and direct calls to action in the form of travel offers.
- The Travelzoo Online Campaign focused on digital content. It included a sales campaign to increase awareness and interest in travel to South Africa. The campaign included content microsites, quizzes, mailings and social media promotions, and reached over eight Mio contacts.
- The Welttournee Der Reisepodcast Campaign entailed three podcast episodes about travel experiences and tips for South Africa. Throughout the campaign period, over 43 000 people listened to the podcast episodes. The episodes will stay online permanently.
- The ATV Promotion was a targeted ATV campaign related to the German version of "I am a celebrity – Get me out here", shot in South Africa. Awareness promotion on several German television channels (in TV promotion) reached over 504 000 contacts and created awareness about travel to South Africa.
- The Antenne Bayern Campaign was a radio and online promotion focused on awareness and inspiration. It achieved an "on-air" radio reach of over three Mio contacts. The South Africa microsite and online promotions reached over 400 000 impressions.
- The Online Campaign with the Austrian web page www.oe24 incorporated an exclusive South Africa landing page to create awareness of South Africa's highlights among Austrian travellers with a reach of 303 740 advertising impressions.
- Deal-driven campaigns included the execution of 13 marketing cooperations with the following trade partners; Abendsonne Africa, Berge & Meer, Boomerang Re-sen, DER Touristik, DIAMIR, Explorer, Gebeco, Select Holidays, TUI, Deutschland, Windrose, Dertour Austria and Private Safari, Switzerland. The total online reach was approximately 21.2 million

impressions, with a total reach print of an estimated 40.2 million. The reach of the business-to-consumer (B2C) newsletter was approximately two million.

- Six B2B webinars were executed with a total reach of 550 high-value travel agents.
- The Expert Talks for Tour Operator Trade Campaign was launched in cooperation with key partners to the South African industry and Lufthansa. Two webinars were executed, which highlighted the fact that the South African tourism industry is open and ready for travel. A total of 109 participants attended the webinars. A joint webinar was held with South African Tourism Amsterdam and the Eastern Cape province, with 33 participants.

South Europe Hub

In South Europe, until early 2022, South Africa was placed on the "scarlet red" and/or "red country" list. This meant that no leisure travel could take place from France, Italy, Spain or Portugal. Due to a complete lack of visibility, the strategic focus was to maintain contact with the trade and provide them with up-to-date information on COVID-19 safety and compliance measures, and the status of borders, including general destination and product updates. The attempt to launch consumer and deal-driven campaigns when South Africa was classified on the "orange list" of countries in the autumn of 2021 was aborted with the advent of the Omicron wave.

The region reported the following highlights:

- The Expedia Digital Campaign was launched in mid-March 2022 to accompany and localise the global Live Again Campaign.
- Newsletters were disseminated to the trade (10 for France, and four for Spain and Italy). They were all localised to the four South European markets.
- One webinar and a trade training session were held.

North Europe Hub

The strategic focus for the North Europe Hub was to enable tourism to South Africa to restart, while instilling confidence and rebuilding familiarity with Belgian, Dutch and Swedish audiences. In enabling the restart of tourism, the Hub aimed to convince potential travellers and build awareness, with a greater focus on destination safety, brand uniqueness and sustainability content in the right channel and moment, supported by deals to drive conversion. In driving conversion, the aim was to effectively partner with trade partners and expand into new areas of value creation to promote and sell South Africa, while giving them the right content, quality assurance (COVID-19 care), training, tools and knowledge.

In driving these initiatives, the Hub produced the type of content aligned to consumer needs, as outlined in the strategic focus, with a key highlight being the localisation of Live Again. The North European audience was targeted with “lekker local tips”, aligned to the insight that South Africa’s North European audiences want to travel like locals while being exposed to unique content, and be linked to partners that can package content. This campaign was launched in March 2022 and will continue into the 2022/23 fiscal year in various projects.

ASIA, AUSTRALASIA, MIDDLE EAST AND ASIA PACIFIC

The global pandemic dominated the outbound travel market in the Asia-Pacific countries (APAC). Domestic travel in China recovered to 50-60% compared with pre-COVID-19 levels. Outbound travel agents (OTAs) became more dominant during COVID-19. China’s GDP is constrained by three economic pressure points: shrinking demand, disruptive supplies and weakening expectations. China is moving from quantity to quality with an expanding middle class, increased emphasis on sustainability and protecting the environment, while encouraging innovation.

The Japanese trade is still struggling to recover and is receiving help from the government of Japan. Emergency restrictions, the cost of living and the recent Japan elections have become dominant talking points. Economic activity tumbled as sanitary restrictions restrained consumption and investment. Workers and households with weaker attachments to employment tended to be the most affected. However, robust government support and the reopening of the economy led to a partial bounce back of tourism. The global pandemic is still causing uncertainty in outbound travel.

The Chinese market witnessed an excellent delivery of South African Tourism’s marketing activities during the year under review. Recently, South African Tourism launched the smart content portal, an innovative mobile-based application developed for the Chinese market with more than 150 points of interest in the first phase, covering all nine of South Africa’s provinces. The smart content portal has some novel features that include an itinerary-building module where trade can select cities or points of interest within each or any of South Africa’s nine provinces. The portal guides users with suggested itineraries. In Japan, a highly successful online roadshow was conducted in which 46 South African exhibitors and 149 Japanese buyers participated.

In China, the biggest legacy challenge, an inefficient and manual visa regime, was addressed and resolved with the launch of the e-Visa system by the Department of Home Affairs. South African Tourism will continue to build on

this success by rolling out effective communication to all stakeholders. The pandemic caused great uncertainty in the outbound markets of both China and Japan. South African Tourism addressed this uncertainty with constant communication and updates to key stakeholders.

There were three areas of strategic focus in the APAC market: rejuvenate the trade community in South Africa, China and Japan, regenerate consumer demand and build enabling capability. South African Tourism delivered programmes and activities across multiple platforms in the APAC markets through this recovery strategy. A trade landscape study was recently commissioned to help South African Tourism develop and implement a more focused growth strategy following the COVID-19 pandemic.

South African Tourism’s APAC office held a series of online trade shows and virtual familiarisation tours, including a live-streaming safari from South Africa’s premier game parks. Many webinars and workshops were hosted in which trade from both South Africa and the APAC region participated. Other campaigns and activities included a live-stream online music festival and online media stakeholder sessions. Out-of-home media campaigns were successfully implemented at various subway stations in Shanghai and Beijing.

Australasia

The strategic focus for the Australasia Hub was to inspire Australians to choose South Africa as their desired destination to visit by showcasing a variety of fun and memorable South African experiences that make South Africa a friendly and welcoming, easily accessible destination that offers good value for money. The Hub worked closely with and collaborated with the distribution channel to promote and sell a variety of relevant and value-for-money experiences that meet the demands of the consumer.

Key highlights include the following:

- The #BeatYourBucketList Campaign was inspired by the nation’s new lease on life after losing their freedom during the pandemic. The campaign tapped into the sense of urgency drummed up over the last two years to not put life on hold any longer and make up for lost time. The results of the campaign were a digital reach at 7 282 718 and a digital engagement of 3 020 694.
- An activation was implemented from 21 to 24 March in the Sydney city hub of Martin Place. It featured an immersive 360° dome, entertainment, mini buckets of giveaways and an interactive photo booth competition. The results included over 2 500 participants, and 40 items of media coverage reaching approximately 5.36 million people, including a live cross to a free-to-air morning show studio, valued at almost AUD\$75K.

- On the distribution channel side, the South Africa Show was a hybrid destination training event with 545 registrations.
- A campaign was implemented with Webjet (Australia's leading online travel agency) and Qantas to drive awareness and conversion.

Middle East, India and South East Asia

This Middle East, India and South East Asia (MEISEA) region continued to make the most of the opportunities exposed in the wake of the COVID-19 pandemic, concentrating on new ways of communicating, especially on digital and virtual platforms. It focused on specific offerings in different markets (millennial travellers from India and halaal tourism from the Middle East) and building partnerships in South East Asia.

An estimated 17 662 Indian travellers visited South Africa because of strategic media and heightened trade engagements. These engagements included the following:

- The VirtuallyYours South Africa roadshow.
- A four-city roadshow with 36 exhibitors in Delhi, Mumbai, Ahmedabad and Bangalore – the first destination to host trade since the COVID-19 restrictions. This engagement reached over 3 690 members of the trade across India.
- A total of 160 media interviews.
- The Hosting Sights, Sounds and Taste of South Africa through in-market activations.
- The facilitation of market access for over 79 small, medium and micro enterprises (SMMEs) in collaboration with five provinces.
- Making travel more affordable by partnering with Air Seychelles and offering discounts.

South African Tourism entered a Memorandum of Understanding (MoU) with Singapore Airlines to boost arrivals and encourage trade to market South Africa. The Hub held halaal tourism workshops with the provinces and products within South Africa.

South African Tourism India launched its More&More campaign with a localised adventure theme. South African Tourism Middle East hosted a Ministerial round table at the Dubai Expo with 10 of the top trade representatives from the UAE. In addition, 200 trade delegates were trained. The Eastern Cape, Gauteng, KwaZulu-Natal and Mpumalanga were introduced, together with their products. Five SMMEs were taken to the Arabian travel market.

Programme 3: Leisure Tourism Marketing

Outcome	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual targets 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Increase the tourism sector's contribution to inclusive economic growth	International tourist arrivals	Number of international tourist arrivals	10.0 million	-	2.6 million	2.9 million	12%	The execution of an accelerated in-market campaign after the removal of South Africa from the "red list" across the globe, as well as the opening of the borders of various countries led to the target being exceeded.
	Regional tourist arrivals	Number of regional tourist arrivals	-	-	2.0 million	2.3 million	15%	The target was exceeded as a result of the launch of the regional brand campaign and the deal-driven campaigns that were executed. Marketing efforts in the last quarter of 2020/21 formed the bedrock of the performance in 2021/22.
	Domestic holiday trips	Number of domestic holiday trips	7.3 million	-	3.1 million	4.6 million	49%	An increase in domestic holiday trips was seen due to pent-up demand that was realised at different times in the year, leading to stronger recovery for domestic tourism.
	Domestic holiday spend	Rand value of domestic holiday direct spend	18.9 billion	-	R10.1 billion	R25.8 billion	155%	In line with the stronger recovery in the domestic sector, tourists individually spent more, resulting in higher total revenue generated by domestic tourism.
	Domestic day trips	Number of day trips	-	-	116.1 million	82.5 million	-29%	This target was not met due to the lockdown restrictions and related limitations imposed by the COVID-19 risk-adjusted strategy. There was less disposable income and fewer tourist products were open. This contributed to the under-performance against this target.

Programme 3: Leisure Tourism Marketing

Outcome	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual targets 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
	Destination brand strength	Brand Strength Index (leisure tourism)	-	-	39.9	The Brand Strength Index (leisure tourism) survey was not undertaken.	-100%	The tender was re-advertised and is currently being evaluated. The survey will thus be undertaken in the new fiscal year.
	Domestic marketing campaigns	Number of domestic deal-driven campaigns implemented	-	-	Four domestic deal-driven campaigns implemented	Five domestic deal-driven campaigns were implemented	20%	Collaboration with sector partners led to the over-achievement of this target.
		Number of digital engagements-domestic	445 671	-	481 720	2 783 472	478%	There was an intensified focus on deal-driven campaigns instead of brand campaigns, which led to more engagement.
	Regional marketing campaign	New regional brand campaign implemented	-	-	One regional brand campaign implemented	One regional brand campaign was implemented	0%	None required.
		Number of digital engagements - regional	-	-	85.7 million	641.1 million	648%	Targets were based on historic performance. COVID-19 restrictions brought about a change in consumer behaviour, which resulted in greater interaction with digital media.
	Global tourism brand campaign	Global tourism brand campaign implemented	-	-	One annual campaign launched and global roll-out	One annual campaign was launched with the global roll-out implemented	0%	None required.
		Tourism activation at the World Expo 2020 in Dubai	-	-	Tourism activation at the World Expo 2020 in Dubai implemented	Tourism activation at the World Expo 2020 in Dubai was implemented	0%	None required.

Strategy to overcome areas of under-performance

Target	Mitigating action/s
Brand Strength Index (leisure tourism): 39.9	The tender was re-advertised and is currently being evaluated. The survey will thus be undertaken in the new fiscal year.

PROGRAMME 4: BUSINESS EVENTS

The Business Events Programme is responsible for growing the nation's business events industry. The South African National Convention Bureau (SANCB) includes the following business units:

Business Unit	Purpose
Business Development and Support Services	<ul style="list-style-type: none"> Generate qualified leads and inform the targeted positioning of South Africa as a business events destination
Meetings, Incentives, Conferences and Exhibitions Sales	<ul style="list-style-type: none"> Capacitate and enable a relevant and competitive business events destination
Strategic Events and Platforms	<ul style="list-style-type: none"> Create an inclusive market access and transaction platform for South African and African tourism and auxiliary products

In contributing to South African Tourism's impact of **"tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans"**, the Business Events Programme delivers against the following outcome and five-year targets in the approved Strategic Plan:

Institutional outcome	Outcome indicator	Baseline (2019/20)	Five-year target (2024/25)
1. Increase the tourism sector's contribution to inclusive economic growth	Number of international business events hosted	230	111 (cumulative 2020/21 to 2024/25)

South African Tourism's five-year targets are tracked over a five-year period. However, to enable better monitoring towards its achievement, South African Tourism has annualised its five-year targets as follows:

Outcome	Outcome indicator	Baseline (2019/20)	2020/21	2021/22	2022/23	2023/24	2024/25
1. Increase the tourism sector's contribution to inclusive economic growth	Number of international business events hosted	230	8	8	24	32	39

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

MICE Sales

The business events industry was amongst the most severely impacted sectors by the COVID-19 pandemic. However, the 2021/22 financial year saw South Africa's business events industry host regular business events, for the first time since the start of the pandemic. This catapulted the value chain into recovery. The industry took learnings from 2020/21 and simplified the complex hosting requirements brought on by the pandemic. Africa's Travel and Tourism Summit, hosted by South African Tourism in September 2021, demonstrated our country's post pandemic hosting capabilities in organising large-scale hybrid business events and adhering to health and safety protocols.

South African Tourism, with the local business events industry, continued to make significant strides to replenish the country's pipeline of secured business events. During the 2021/22 financial year, South African Tourism submitted 81 bids for international business events to be hosted in South

Africa between 2022 and 2027. The 81 bids submissions have a combined estimated economic impact of R1,217 billion and the potential to attract 41 322 international and regional delegates to South Africa.

Thus far, South Africa has secured 31 of the 81 bids submitted for the 2021/22 financial year. These secured business events will contribute R380 million to South Africa's economy between 2022 and 2027 and attract 13 170 international and regional delegates. In addition, through its bid support programme, South African Tourism invested R16,6 million towards the bid submissions to attract business events linked with the national government's development priorities. The secured conferences will also contribute to the regional spread of business events hosted in Johannesburg, Tshwane, Cape Town, Potchefstroom, Durban, Rustenburg, Gqeberha, Alice, Franschhoek, Stellenbosch, Kariega, Mahikeng, Drakensberg, Pietermaritzburg and Gravelotte.

In the 2021/22 financial year, South African Tourism implemented its National Association Project by hosting three conferences in Villages, Towns and Small Dorpies (VTSDs) across South Africa. The 27 VTSDs selected for the project were as a result of bids submitted for hosting rights. The VTSDs presented their offering, including their local SMME service providers to the associations. South African Tourism equipped the VTSDs and provinces to package their infrastructure and offering and to present it as a competitive bid to the association.

National Association	Shortlisted VTSDs	Successful VTSD	Dates
GBFS National Conference 2021 (Girls & Boys Friendly Society)	Saldanha Bay Gariiepdam	Gariiepdam	30 September – 02 October 2021

National Association	Shortlisted VTSDs	Successful VTSD	Dates
Environmental Assessment Practitioners Association of South Africa	Parys Phokeng (North West)	Phokeng	21 – 22 October 2021

National Association	Shortlisted VTSDs	Successful VTSD	Dates
Pride of Mzansi LGBT+ Masterclass	N/A	Upington	16 – 19 November 2021

BUSINESS DEVELOPMENT

The Open Doors campaign was launched in September 2022 to both internal and local audiences. Campaign assets included a manifesto, 15 second cut offs and a 60 minute TVC. Social media channels were used to launch the campaign.

Below is the overall performance of the campaigns:

Facebook



Reach: 4 058 456
Frequency: 2.98

Twitter



Reach: 8 534 319
Frequency: 11.74

YouTube



Reach: 8 984 848
Frequency: 1.04

LinkedIn



Reach: 4 557 821
Frequency: 4.99

Total Reach: 13 542 669

STRATEGIC EVENTS

The Programme creates global market access for the South African tourism sector and has implemented its growth strategy, which ensures value offering to stakeholders. A revision of the hosted buyer programme ensures more focus on the inclusion of SMMEs. An exhibitor selection model also ensures a return on investment for the sector at large.

South African Tourism hosted its very first hybrid Africa's Travel and Tourism Summit (ATTS) from 19 to 21 September 2021 in the absence of Meetings Africa and Africa's Travel Indaba. Key insights, trends, opportunities and innovative approaches aimed at unlocking value for Africa's travel and tourism sector were delivered by 127 globally acclaimed thought leaders and speakers. Topics were linked to best practice for Brand Africa, sectoral transformation, business events and leisure opportunities, and strengthening and enabling economic capabilities. The summit was attended by 4 717 delegates from across the region.

The business events sector received the return of Meetings Africa with much excitement. The show was successfully hosted from 28 February to 2 March 2022. It ushered in hope around the hosting of safe organised events as it demonstrated the highest level of adherence to COVID-19 regulations. The platform reconnected the meetings, incentives, conferences and exhibitions (MICE) sector with key global buyers for the recovery of the sector. It was attended by 1 734 delegates from across the globe, and featured 216 exhibiting companies. Guests included 20 hosted SMMEs, 137 buyers and 90 members of the media. Nearly 4 000 meetings were recorded during this time.

Strategic events play a pivotal role in marketing South Africa as a destination and present an opportunity for products to access and transact with various international buyers. South African Tourism participated in the following events:

- The Arabian Travel Market (ATM), Dubai, a leisure show, took place as a virtual event from 24 to 26 May 2021. It was attended by 20 exhibitors and 10 SMMEs. A total of 227 meetings were reported, with 39 potential leads.
- The Worldwide Exhibition for Incentive Travel, Meetings and Events (IMEX), USA a business show, took place physically from 9 to 11 November 2021. Twelve South African tourism businesses participated in this event, of which 11 were SMMEs. The MICE offerings were showcased. Ninety meetings were confirmed, with 10 potential leads reported.
- The World Tourism Market (WTM) London 2021 had two presentations. The physical version took place from 1 to 3 November 2021 and the virtual version took place from 8 to 9 November 2021. The show was attended by 20 exhibitors, of which 10 were SMMEs. A total of 195 meetings were reported, with 39 potential leads.
- The Institute of Business Travel Management (IBTM) World, Barcelona, is a live show that was held from 30 November to 2 December 2021 in Barcelona. It was followed by IBTM World Online from 14 to 15 December 2021. The physical show was attended by four exhibitors. The virtual show was attended by six exhibitors, of which five were SMMEs. A total of 115 meetings were held, with nine potential leads reported.
- The Internationale Tourismus-Börse (ITB), Berlin, is a leisure show that took place virtually in two formats. The ITB Convention took place from 8 to 10 March 2022, while the Digital Business Day took place on 17 March 2022. The ITB Convention was attended by 11 South African tourism players, of which four were SMMEs. The Digital Business Day was attended by 50 industry players, with 16 SMMEs. A total of 64 meetings was reported, with 26 potential leads.

Programme 4: Business Events

Outcome	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual targets 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Increase the tourism sector's contribution to inclusive economic growth	Business events destination brand strength	Business Events Brand Strength Index	-	-	Baseline determined in 2021/22	The study was conducted with the baseline determined.	0%	None required
	Positioning South Africa as a business events destination	Global business events campaign implemented	-	-	One global business events campaign	The global business events campaign was implemented	0%	None required.
		Domestic business events campaign implemented	-	-	One domestic business events campaign	The domestic business events campaign was implemented	0%	None required
	Bid support for international business events	Number of bid submissions	115	55	77 bid submissions	81 bid submissions achieved.	5%	None required.
	National business events hosted in VTSDs	Number of national business events hosted in VTSDs	-	-	Three national business events to be piloted in VTSD	Three national business events were piloted in VTSD	0%	None required
	Business events hosted	Indaba and Meetings Africa hosted	Hosted Indaba and Meetings Africa	-	Hosting of Indaba and Meetings Africa in a hybrid format	Meetings Africa was hosted	-50%	Given the fluid environment created by the pandemic and three different waves that South Africa experienced, hosting trade shows was a challenge. Indaba was thus not held
	Strategic platforms hosted	Lilizela Awards hosted	-	-	Hosting of Lilizela Awards in a hybrid format	Lilizela Awards was not hosted.	-100%	It was not feasible to host the Lilizela Awards given the impact of the pandemic on the sector

Strategy to overcome areas of under-performance

Target	Mitigating action/s
Hosting of Indaba	The Africa Travel and Tourism Summit was held in the absence of the Africa Travel Indaba to act as a platform to solve tourism-related challenges created by the pandemic.
Hosting of Lilizela Awards in a hybrid format	The Lilizela Tourism Awards Programme will be reviewed and revamped in the new financial year.

PROGRAMME 5: TOURIST EXPERIENCE

The Tourist Experience Programme is responsible for ensuring the delivery of quality-assured tourist and visitor experiences, which are diverse, unique and enriched. The Tourist Experience Programme includes the following business units:

Business Unit	Aim/Purpose
Quality Assurance and Development	<ul style="list-style-type: none"> Grow the number of graded properties across South Africa, which will improve overall perceptions of South Africa as a quality destination that offers a diverse, unique and enriched variety of products and price points for tourists
Visitor Experience	<ul style="list-style-type: none"> Enable the travel trade and associated partners to deliver world-class, friendly and efficient services to tourists
Brand Experience	<ul style="list-style-type: none"> Seek new offerings, products and operators to package exciting itineraries for the use of South African Tourism's hosting needs, and enable inclusive growth through itineraries that incorporate emerging and transformed businesses, encourage geographic spread across the country and address the misperceptions associated with seasonal travel
Global Trade	<ul style="list-style-type: none"> Participate in the various local and international platforms to connect and promote South Africa as a lucrative destination to international airlines and to identify and implement trade tools required for international partners to better sell South Africa and improve conversion

In contributing to South African Tourism's impact of **"tourism in South Africa grows and increasingly contributes to GDP, job creation and inclusive economic participation, and is enjoyed by all South Africans"**, the Tourist Experience Programme delivers against the following outcome and five-year targets in the approved Strategic Plan:

Outcome	Outcome indicator	Baseline (2019/20)	5-year target (2024/25)
1. Increase the tourism sector's contribution to inclusive economic growth	Number of SMMEs supported*	182	1 096 (cumulative 2020/21 to 2024/25)
	Net promoter score	91%	94%

*SMMEs supported through Business Events platforms and Visitor Experience events and hosting itineraries.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The Tourist Experience Programme plays an essential role in supporting South African Tourism to achieve its impact and outcomes by ensuring the delivery of quality-assured tourist and visitor experiences, which are diverse, unique and enriched. This is achieved by quality assuring tourism experiences and capacitating trade, the media and other key role-players in South Africa's rich and diverse experiences. Quality-assured, high-quality experiences provide the basis for marketing and branding, thus strengthening destination South Africa's global brand and facilitating economic transformation.

The Programme undertook a number of initiatives during the period under review to enhance the quality of the tourist and visitor experience:

- The Net Promoter Score (NPS) is a management tool that gauges the loyalty that exists between an organisation and its customers. The NPS is a measure of a customer's propensity to recommend a company, product or service. The Programme developed a NPS tool for graded establishments that will enable them to better understand their customers' needs, improve service delivery and provide the customer with tailor-made solutions.
- The Department of Tourism mandated the Tourism Grading Council of South Africa (TGCSA), through a Memorandum of Agreement with the Tourism Grading Support Programme (TGSP), to advance the objectives

of the TGSP through the Basic Quality Verification (BQV) Programme. The BQV Programme provides a structured development programme to enable tourism accommodation products that do not meet the core requirements of grading to access trade with the support of the tourism sector and be provided with access to funding opportunities within the sector. This ensures that tourism accommodation products develop their offering to meet the core requirements for formal grading over time. The Programme will allow products to reside as a BQV project for a maximum of two years, after which they will be encouraged to apply for full star grading assessment. For the period under review, 173 SMMEs formed part of the programme.

- The Welcome Programme seeks to inspire and educate South African tourism role-players and ordinary South Africans to exceed tourist expectations. This is done through authentic interactions and the delivery of exceptional customer service. An extension of the Welcome Programme is the "Make Someone's Day" initiative, which is positioned to showcase and highlight the importance of trade in the tourism value chain. Based on insights across the various touchpoints of the tourism value chain, staff, including frontline officials, do not understand the negative impact of their service - or lack thereof - on visitors entering South Africa. The TGCSA completed a full content audit of the programme's training modules and activated at Meetings Africa 2022 to welcome exhibitors, hosted buyers, the media and delegates to South Africa. A key highlight was the continued partnership with the African Association of Visitor Experiences and Attractions (AAVEA). This association is targeted at the visitor attractions and experiences industry, as there was no association in South Africa that catered for this

industry specifically. The AAVEA's members are visitor experience officials and attraction decision makers, and provide a voice for this component of the tourism value chain. With this partnership, South African Tourism is able to directly influence these members and encourage the association to target smaller business experiences to be supported and included as members. The partnership saw the AAVEA providing insights and access to members to conduct Welcome Training.

- The main objective of the Global Trade Reimagined project in the year under review was to evaluate, reset, revise and reimagine the global trade portfolio, business needs and trade requirements in a post-COVID-19 world. In the period under review, the TGCSA completed audits on all trade-facing platforms and content, including the review of the Partnership Policy. The biggest highlight was the reimagination of the role that global trade plays within South African tourism. Route development remained a priority, which is critically used by destinations - and more specifically airports - to increase connections, passenger numbers and maximise revenue. Through an MoU with the Airports Company South Africa (ACSA), South African Tourism supported the Dube Trade Port based in KwaZulu-Natal with the relaunch of South African Airways (SAA) domestic flight between Johannesburg and Durban. The TGCSA collaborated with the Kruger Mpumalanga International Airport (KMIA) on joint marketing activities to negotiate a future intercontinental connection to improve access to the Kruger National Park. The delegation from the Lufthansa Group/Eurowing Discover had visited the KMIA in 2021/22 and will start operating a seasonal route from Frankfurt via Windhoek three times per week from November 2022.

Programme 5: Tourist Experience								
Outcome	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual targets 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Increase the tourism sector's contribution to inclusive economic growth	Quality-assured visitor services	Net Promoter Score improvement plan implemented	-	-	NPS improvement plan implemented	The NPS improvement plan was implemented.	0%	None required.
	Accommodation establishments graded	Number of graded establishments	5 173	-	4 707	3 605 establishments were graded	-23%	Many of the grading memberships lapsed and were not renewed.
	Enterprise and supplier (E&SD) development	E&SD programme implemented	-	-	E&SD programme developed and implemented	The E&SD programme was developed and implemented.	0%	None required.
		Percentage of total seats at South African Tourism trade show platforms dedicated for SMME participants	-	-	25% of total seats at South African Tourism trade show platforms dedicated for SMME participants	40% of total seats at South African Tourism trade show platforms were dedicated for SMME participants.	60%	Target was exceeded due to physical and virtual participation at the trade show platforms.
		Basic Quality Verification Programme to support new accommodation entrants implemented	-	Basic Quality Support Programme for SMME accommodation establishments implemented with a report on the programme implementation concluded.	Baseline established Targets for 2022/23 to 2024/25 defined	The baseline was established. Targets for 2022/23 to 2024/25 were defined.	0%	None required.
		Percentage of qualifying expenditure achieved on procurement from broad-based black economic empowerment (B-BBEE) contributor status levels 1-5	-	100%	100% procurement from B-BBEE contributor status levels 1-5	100% procurement from B-BBEE contributor status levels 1-5 was achieved	0%	None required.
		Minimum percentage expenditure achieved on procurement of goods and services from targeted groups	-	45%	30% SMME	30% achieved	0%	None required.
			-		40% women-owned	41% achieved	2%	Target exceeded due to increased efforts in procuring goods from targeted groups
			-		30% youth-owned	36% achieved	30%	
			-	-	7% people with disabilities-owned	9% achieved	29%	

Strategy to overcome areas of under-performance

Target	Mitigating action/s
4 707 graded establishments	In the new financial year, an educational drive will be undertaken to assist members with Total Quality in Tourism and create awareness on the importance of quality assurance, including its benefits.

Linking performance with budgets

Programme/activity/objective	Budget 2020/21	Actual	Over/under expenditure	Budget 2021/22	Actual	Over/under expenditure
Corporate support	111 445	111 344	101	154 768	148 118	6 650.00
Business Enablement	33 807	39 841	-6 034	80 761	55 740	25 021
Leisure Tourism Marketing	266 423	405 555	-139 131	1 026 687	922 293	104 394
Business Events	23 291	30 836	-7 545	106 259	108 085	-1 826.00
Tourist Experience	44 061	34 487	9 574	49 147	39 658	9 489
Total	479 027	622 063	-143 036	1 417 622	1 273 894	143 728

Reporting on the institutional response to the COVID-19 pandemic

During the 2021/22 financial year, no expenditure was allocated in response to the COVID-19 pandemic.

PART C
GOVERNANCE



INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance with regard to South African Tourism applied through the precepts of the Public Finance Management Act and run in

tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and South African Tourism's Accounting Authority are responsible for corporate governance.

PORTFOLIO COMMITTEES

Parliament exercises its oversight role on the performance of the South African 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 South African Tourism Board had the following interactions with Parliament:

Date	Focus of meeting
8 February 2022	Briefing by South African Tourism to the Portfolio Committee on the 1st and 2nd Quarter Performance Report
5 May 2021	Briefing by South African Tourism to the Portfolio Committee on the 2021/22 South African Tourism Annual Performance Plan (APP)
24 August 2021	Briefing by South African Tourism to the Portfolio Committee on the 4th Quarter Performance Report
16 November 2021	Briefing by South African Tourism to the Portfolio Committee on the 2020/21 Annual Performance Report

EXECUTIVE AUTHORITY

The sole shareholder for the South African 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 South African Tourism Board adheres to all procedures for the quarterly reporting of financial and non-financial 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 of Tourism:

Date	Reports submitted
30 April 2021	Fourth Quarter Report for the 2020/2021
30 July 2021	First Quarter Report for the 2021/22 financial year
29 October 2021	Second Quarter Report for the 2021/22 financial year
31 January 2022	Third Quarter Report for the 2021/22 financial year

The Department of Tourism, led by the Director-General, convenes a monthly bi-lateral meetings with the Management of the South African 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 and the Department:

Date	Focus of meeting
30 April 2021	<ul style="list-style-type: none"> • APP and to discuss areas of possible collaboration • Tourism Month programme at World Expo 2020, Dubai
25 May 2021	NTSS implementation work streams meeting
9 June 2021	A special bilateral meeting focusing on tourism jobs
26–27 July 2021	NTSS implementation work streams on facilitating ease of access, destination management and visitor experience with the focus on aligning work streams with the strategic interventions of the TSRP.
20 August 2021	<ul style="list-style-type: none"> • Update on the Africa's Travel and Tourism Summit • Implications of COVID-19 regulations and riots on the tourism sector • The implementation of the APP • Tourism Growth Hub
8 September 2021	Global Brand Campaign and Global Advocacy Programme at the Department of Tourism National Tourism Stakeholder Forum
26 September 2021	Global Advocacy Programme and Global Brand Campaign at the joint Meeting of Ministers and Members of Executive Councils (MINMEC)
20 October 2021	<ul style="list-style-type: none"> • Domestic tourism survey results • New grading system
15 December 2021	South African Tourism participated in the outreach programme between the Minister and the diplomatic community (South African Ambassador in the Middle East and North Africa)
2 February 2022	South African Tourism participated at the Special Top Management session with Department of Tourism in preparation for the Minister's Strategic Turnaround of the sector.
7 February 2022	South African Tourism participated at the outreach programme for the diplomatic community (South African Ambassadors in Asia, Australasia and Europe and the Americas. South African Tourism presented tourism recovery initiatives and other related programmes
14 February 2022	South African Tourism participated at the outreach programme for the diplomatic community (South African Ambassadors in Europe and the Americas). South African Tourism presented tourism recovery initiatives and other related programmes
21 February 2022	<ul style="list-style-type: none"> • 2022/23 Final Draft Annual Performance Plan and identification of areas of collaboration • Update on Meetings Africa 2022 and Africa's Travel Indaba 2022
21 February 2022	South African Tourism presented the Tourism Sentiment and Arrivals Analysis at the joint Meeting of the Provincial Technical Committee (MIPTECH)

THE ACCOUNTING AUTHORITY

The South African Tourism Board is a Schedule 3A public entity. It was established in terms of section 9 of the Tourism Act and listed as such in the Public Finance Management Act. In addition to the legislative requirements, the South African Tourism Board applies corporate governance by adhering to the provisions of 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 South African Tourism Board, and 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, create stakeholder confidence and safeguard resources.

Its approach to corporate governance is based on the appreciation that strategy, the business model, performance and sustainable development are integral elements of creating value. The Board's governance function therefore supports the organisation's values and philosophies to achieve the targets that the shareholder has set for the organisation. South African Tourism's corporate values require directors and employees to act 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 interests of the organisation and its stakeholders, and with the highest observance of the principles of good corporate governance.

The role of the Board

The Board has a stewardship function with regard to South African Tourism's performance. It does this within an approved framework, ensuring that prudent and effective controls are in place. This enables it to manage any business risks that have been assessed in an effective and efficient manner. It oversees the strategic direction of the organisation by setting and approving the overall strategy and 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 key elements of its 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, and overseeing and monitoring 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 the 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 a high-level marketing strategy, taking into consideration the latest market intelligence, research and appropriate risk parameters
- Monitoring compliance with the PFMA, Treasury Regulations, the Tourism Act, and other relevant legislation and regulations that are applicable to business in general and considering adherence to best practices
- Governing risk, 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 to promote the achievement of strategic objectives and outcomes by approving the organisation's remuneration policies in line with the provisions of the Tourism Act
- Ensuring that the preparation of annual financial statements fairly presents the results of South African Tourism, and obtaining assurance that the information contained in the annual financial statements is accurate
- Ensuring that the Board and its committees have access to professional and independent advice and support

Board Charter

The Board adopted a Board Charter, as recommended by King IV. The Charter sets 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, the frequency of meetings, quorum requirements, the attendance of Board members, a system of delegation to management and the Board committees, as well as the induction and training of Board members. During the year under review, the Board, inter alia, approved the organisation-wide strategy and APP in line with the PFMA and King IV. The Board ensured, through its Audit and Risk Committee, that the annual financial statements fairly represented the financial performance and position of the organisation.

Composition of the Board

The Board consists of non-executive and two 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	Areas of Expertise	Board directorships	Other committees or task teams	Number of meetings attended
Advocate Mojankunyane Gumbi	Interim Board Chairperson	April 2020	Current member	LLB, Certificate in Trial Advocacy	Legal, Governance and Advisory	-	HCREMCO	29
Siyabonga Dube	Member	April 2020	Current member	BCom, Postgraduate Diploma in Accounting	Accounting and Governance	Taseti Capital Partners, Lesiba Capital, SANZ Capital, Taseti Capital Partners, Lesiba Capital, INCA Portfolio Managers	MARCOM and Awards	16
Ravi Nadasen	Chairperson: TGCSA Awards Committee	May 2018	Current member	National Diploma in Hotel Management, Technical Degree in Business Administration and MBA	Marketing, Business Management	Cathkin 9799, Inspired Schools (Pty) Ltd, Chesterhouse Properties, K2015231345 South Africa (Pty) Ltd	MARCOM and Awards	22
Kate Rivett-Carnac	Member	May 2018	Current Member	BA Hons, MPhil	Research, Insights and Analytics, Marketing, Business Management	Kate Rivett-Carnac Consulting	ARCO and MARCOM	31
Enver Duminy	Chairperson: HCREMCO	May 2018	Current member	BSc, MBA	Marketing, ICT, Governance	Cape Town Tourism, CTT Commercial (Pty) Ltd	HCREMCO and ARCO	35
Lindiwe Sangweni-Siddo	Member	May 2018	Current member	BSc, Diploma in Hotel Management	Hospitality, Business Management	Zatic Holdings, Zatic Group, Zatic Tourism, The Freedom Square Hotel, Hhombisa Holdings, SME Tradelinks, Stratosat Datacom SA, Zatic Weltevreden, Zatic Management, City Lodge Hotels Ltd	ARCO and HCREMCO	32
Thebe Ikalafeng	Chairperson: MARCOM	May 2018	Current member	BSc, MBA, CM(SA)	Marketing, Business Management	The Brand Leadership Group (Pty) Ltd, Brand Leadership Academy (Pty) Ltd, Ikalafeng & Associates CC, The Kwena Trust, Ihop World (Pty) Ltd, Worldwide Fund – SA (WWF), Cartrack Holdings	MARCOM	23

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	Board directorships	Other committees or task teams	Number of meetings attended
Zola Tshefu	Member	August 2019	Current member	BCom, MBA, Property Development Programme	Business Management	African Pioneer Group (Pty) Ltd, African Pioneer Marine (Pty) Ltd, Afro Asia Empowerment (Pty) Ltd, Algoa FM Empowerment Company, BluNovation (Pty) Ltd, Elite Bingo (Pty) Ltd, Eyethu Fishing (Pty) Ltd, Eyethu Trawling (Pty) Ltd, FEC Investments (Pty) Ltd, FEM ED Company NPC, Greenstone Energy (RF) Ltd, Jupilog Foundation, Lilibo Contractors (Pty) Ltd, Lilibo Educate (Pty) Ltd, Lilibo Fishing Company (Pty) Ltd, M Security Services Western Cape (Pty) Ltd, Nelson Mandela University Retirement Fund, Nomzamo Fishing (Pty) Ltd, Remkor Manufacturing (Pty) Ltd, Seven Bridges Trading 23, Umoya Communications TA Algoa FM, Woodlands Dairy (Pty) Ltd, Lilibo Investments (Pty) Ltd, Nelson Mandela University Trust	HCREMCO and TGCSA	17
Nomzamo Bhengu	Member–Shareholder representative	May 2018	Current member	BSocSci	Governance, Performance Management	WrappedinRainbows (Pty) Ltd, Shumibisizwa	HCREMCO and TGCSA	27
Michelle Constant	Member	May 2018	Current member	BA, Performance Diploma, Social Entrepreneurship Programme (GIBS)	Marketing, Business Management	National Arts Festival, Javett Arts Centre	TGCSA and ARCO	26

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	Board directorships	Other committees or task teams	Number of meetings attended
Gloria Serobe	Member	April 2020	Current member	BCom, MBA	Business Management, Finance	Women Investment Portfolio Holdings, Wipcapital (Pty) Ltd, Wip Three Investments (Pty) Ltd, Transtar Hotel (Pty) Ltd, Hans Merensky Holdings (Pty) Ltd, The Mamba Cement Company (RF) (Pty) Ltd, Adcorp Holdings, Denel Soc Limited, Transkei Beef (Pty) Ltd, Transkei Feed Kraal (Pty) Ltd, The Solidarity Response Fund NPC	MARCOM	20
Mduduzi Zakwe	Chairperson: ARCO	April 2020	Current member	MBA IT and E-commerce	Accounting, Finance, ICT	Umgeni Water, MICT SETA, Mpumalanga Tourism Agency, Systems Cyber Operations & Resilience Excellence, Willow Hydroponic Projects, Willow Water Works	ARCO and TGCSA	23
Sisa Ntshona	Executive member	August 2020	May 2021	Former CEO	Former CEO	None	None	8
Sthembiso Dlamini	Executive member	June 2021	November 2021	Former Acting CEO	Former Acting CEO	None	None	37
Themba Khumalo	Executive member	December 2021	Current executive member	Acting CEO	Acting CEO	None	None	9
Nombulelo Guliwe	Executive Member	August 2020	Current executive member	Chief Financial Officer	Chief Financial Officer	None	None	47

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. In order to assist the Board with its oversight function, it has established the following Committees:

- Audit and Risk Committee (ARCO)
- Human Capital and Remuneration Committee (HCREMCO)
- Marketing and Commercial Committee (MARCOM)
- Tourism Grading Council of South Africa (TGCSA) Awards Committee

Committee meetings are attended by the internal and external auditors, the CEO, the Chief Financial Officer (CFO), the Chief Strategy Officer (CSO), the Chief Operations Officer (COO), the Head: Digitalisation, the Head: Governance, Risk and Compliance (GRC) and the Legal/Company Secretary. Other staff members attend by invitation. The internal and external auditors have unrestricted access to the chairperson of the Audit and Risk Committee and the Board Chairperson.

Committee	Number of meetings held	Number of members	Members
Audit and Risk Committee	7	5	<ul style="list-style-type: none"> Mduduzi Zakwe Kate Rivett-Carnac Lindiwe Sangweni-Siddo Michelle Constant Enver Duminy
Marketing and Commercial Committee	7	5	<ul style="list-style-type: none"> Thebe Ikalafeng Gloria Serobe Ravi Nadasen Siyabonga Dube Kate Rivett-Carnac
Human Capital and Remuneration Committee	9	5	<ul style="list-style-type: none"> Enver Duminy Advocate Mojanku Gumbi Lindiwe Sangweni-Siddo Nomzamo Bhengu Zola Tshetu
TGCSA Awards Committee	4	5	<ul style="list-style-type: none"> Ravi Nadasen Michelle Constant Zola Tshetu Mduduzi Zakwe Siyabonga Dube

Remuneration of Board members

On 1 June 2015, the Minister approved the remuneration payable to Board members, in line with National Treasury's 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 South African Tourism's approved policies and procedures.

Board members incurred the following costs in line with their fiduciary responsibilities in 2021/22:

Name	Remuneration	Travel and accommodation	Total
Advocate Mojankunyane Gumbi	-	R14 322.40	R14 322.40
Siyabonga Dube	R130 431.00	R7 763.58	R138 194.58
Ravi Nadasen	-	-	-
Kate Rivett-Carnac	R109 998.00	R8 085.00	R118 083.00
Enver Duminy	R146 664.00	R40 818.75	R187 482.75
Lindiwe Sangweni-Siddo	R62 856.00	R13 619.80	R76 475.80
Thebe Ikalafeng	R185 085.00	R21 208.00	R227 501.00
Zola Tshetu	R41 904.00	-	R41 904.00
Nomzamo Bhengu	-	-	-
Michelle Constant	R104 760.00		R104 760.00
Gloria Serobe	R94 284.00		R94 284.00
Mduduzi Zakwe	R158 118.00	R49 407.64	R207 525.64

The following amounts were paid to members of the Tourism Grading Council Awards Committee for the period 1 April 2021 to 31 March 2022:

Name	Remuneration	Travel and accommodation	Total
Wendy Alberts	R20 952.00	-	R20 952.00
Rosemarie van Staden	R20 952.00	-	R20 952.00
Bheki Dube	R20 952.00	-	R20 952.00
Shama Nathoo	R20 952.00	-	R20 952.00
Glynis Hyslop	R20 952.00	-	R20 952.00

RISK MANAGEMENT

South African Tourism has reviewed its risk management policy and strategy for the 2021/22 financial year as part of risk management governance, and conducted its strategic and operational risk assessments to identify new and emerging risks. The implementation of the action plans is monitored on a monthly basis and reported to the Audit and Risk Committee quarterly for oversight. The Audit and Risk Committee approved South African Tourism's risk appetite and tolerance framework. The 2021/22 risk register improved significantly in mitigating the identified risks, with several risks being minimised and moved to the operational risk register due to the movement in the risk ratings.

INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit is an independent and objective provider of assurance and consulting services established within South African Tourism to evaluate the adequacy and effectiveness of governance, risk management and internal control systems to contribute to the realisation of organisational objectives.

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

In terms of King IV, Internal Audit is required to provide the Board of South African Tourism with a written assessment regarding the effectiveness of the system of internal control and risk management.

Internal Audit, as the internal control unit at South African Tourism, performed the following work during the year under review:

Part A: combined assurance

- Combined assurance universe

Part B: Internal audit work completed

- Summer campaign audit
- Performance information for quarters 1-3
- France (Paris) - country office review
- Netherlands - country office review
- General follow-ups on quarterly reviews
- Business process optimisation (BPO)
- License review
- ICT business continuity
- SCM quarterly review
- Budget management
- Meetings Africa 2022

Part C: Investigations and related reviews

- Collaborative fund investigation
- Irregular expenditure investigation – Quick response code solution for COVID-19 hotspots
- Irregular expenditure - Amsterdam office lease
- Irregular expenditure – SA Tourism vs ECPTA
- SCM probity assessments
- Human capital leave payout reviews

Internal Audit considered and consolidated the effects of the above deliverables to formulate overall assessments covering the adequacy and effectiveness of governance, risk management and internal control systems.

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, South African Tourism's control environment requires improvement.

Reliance can be placed on the adequacy and effectiveness of governance, risk management and internal controls, except for the areas giving rise to a need for improvement.

The table below discloses relevant information on the Audit and Risk Committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended
Mduduzi Zakwe	MBA IT and E-commerce	External	N/A	April 2020	-	6
Lindiwe Sangweni-Siddo	BSc, Diploma in Hotel Management	External	N/A	May 2018	-	8
Kate Rivett-Carnac	BA Hons, MPhil	External	N/A	May 2018	-	8
Enver Duminy	BSc, MBA	External	N/A	May 2018	-	8
*Michelle Constant	BA, Performance Diploma, Social Entrepreneurship Programme (GIBS)	External	N/A	August 2021	-	5

*Michelle Constant was appointed to the Audit and Risk Committee in August 2021

COMPLIANCE WITH LAWS AND REGULATIONS

South African Tourism has concluded its compliance risk identification and instituted a compliance universe and framework with a list of all applicable and identified legislation. The main purpose of the policy is to ensure that South African Tourism generally adheres to its compliance obligations and implements internal controls to manage and limit the risk of non-compliance. Furthermore, the policy determines South African Tourism's compliance risk appetite and tolerance levels. Other activities undertaken included conducting POPIA assessments and approving the POPIA policy and related schedules (Direct Marketing, Data Breach Response, Records Retention and Disposal, etc.) and putting in place a PAIA manual, as well as registering the information office.

FRAUD AND CORRUPTION

South African Tourism developed and approved the Anti-Fraud Policy and Plan. The fraud risk assessment was conducted to identify high risk areas and weaknesses in the internal control environment. Ethics awareness sessions were conducted to instil an ethical culture at South African Tourism.

MINIMISING CONFLICT OF INTEREST

Conflict of interest by all employees is minimised by the declaration of their interests in advance. As part of the recruitment process, all new employees were obliged to complete a Declaration of Interest form. All Board members declared their interests annually and at every Board meeting. Records in this regard were completed and maintained by the Company Secretary. Interests were disclosed in committees such as the Bid Evaluation committees, Bid Adjudication committees, and Recruitment and Selection panels. The identified issues of conflict of interest are noted in the relevant meeting and shared with the Risk Management Office for monitoring purposes..

CODE OF CONDUCT

The Code of Conduct governs and regulates the orderly behaviour of employees by means of the guidelines in the Code of Conduct and is subject to the Disciplinary Code and Procedure, which are governed by the Labour Relations Act and other applicable legislation. The organisation's disciplinary code ensures the effective, consistent and fair handling of misconduct in the workplace and, where required, that corrective action is taken to ensure that all employees uphold the ethics, values and behaviours of the organisation.

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, 85 of 1993 as amended by Occupational Health and Safety Amendment Act, 181 of 1993.

In the year under review, selected employees representing the different business units completed health & safety representative, emergency firefighting as well as emergency first-aid practical courses. They now have the relevant competency certifications, enabling them to perform any workplace emergency procedures if needed.

In 2021/22, South African Tourism met all COVID-19 compliance requirements as well as the occupational health and safety at Head Office, South Africa and the different in-country health and safety laws 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.
- Mitigating the spread of COVID-19 infections.

COMPANY/BOARD SECRETARY

The Company Secretary supports the Board and its subcommittees and maintains regular communication with the Chairpersons of the committees and the Board. The Board and its members have full access to the Company Secretary and may seek independent advice on any matter it deems fit or that may be required. The Company Secretary ensures that the Board has complete and timeous access to South African Tourism's information and records that are pertinent in the Board discharging its duties. The Board's meetings agenda are set in advance in line with the Board's annual plan and is informed by reports of the Board's subcommittees. The Company Secretary is not a member of the Board and acts as Secretary of the Board's subcommittees.

SOCIAL RESPONSIBILITY

During the year under review, South African Tourism did not undertake any corporate social investment activities.

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The effectiveness of internal control

The purpose of the annual assessment is to inform the Executive Management and Board of South African Tourism regarding the assessed effectiveness of the governance, risk management and system of internal controls for reporting purposes.

For the financial year under review, Internal Audit executed approved audits as per the coverage plan. This included the following business areas:

- Performance Information (Q1 to Q4)
- Paris country office
- Netherlands – country office
- Business process optimisation
- SCM quarterly review
- ICT license review
- ICT business continuity
- Budget management
- Assets management
- Meetings Africa 2022

In addition, the following investigations/reviews were executed and completed by Internal Audit during the period under review and have been considered in determining the overall opinion:

- Collaborative fund investigation
- Irregular expenditure investigation – Quick response code solution for COVID-19 hotspot
- Irregular expenditure – Amsterdam office lease

- Irregular expenditure – South Africa Tourism vs Eastern Cape Parks and Tourism Agency
- SCM probity assessments
- Human capital leave payout reviews

Based on the results of the audit engagements, consultancy services rendered and reports considered on governance, risk management and internal control (financial and non-financial), the overall Internal Audit opinion is that, in all significant respects, South African Tourism's control environment requires improvement. Reliance can be placed on the adequacy and effectiveness of governance, risk management and internal control, except for the specific areas giving rise to a need for improvement.

Reliance on the adequacy and effectiveness of governance, risk management and internal control is achieved through the continuous and progressive implementation of corrective actions and recommended enhancements for South African Tourism's control environment.

Except for the confirmed cases of irregular expenditure that have been reported to management and the Board through the Audit and Risk Committee, nothing has come to the attention of South Africa Tourism's Internal Audit that suggests any critical breakdown in the functioning of controls that could have resulted in losses for the organisation in the year under review to the date of this report.

In-year management and monthly/quarterly report

The public entity has submitted monthly and quarterly reports to the Executive Authority.

Evaluation of financial statements

We have reviewed the annual financial statements prepared by the public entity.

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the 26% overdue corrective actions. These matters are receiving urgent management attention.

OUTPUT	OUTPUT INDICATORS	2021/22 ANNUAL TARGET	QUARTERLY TARGETS & PROGRESS			
			Q4 January - March 2022	Progress as at 31 st March 2022	Reason for Potential Variance by end of Quarter 4	Mitigating Action/s
2.1. Internal control	Percentage implementation of valid internal and external audit recommendations	100% implementation of valid audit recommendations	73%	<p>Total of 164 actions are tracked.</p> <p>73 % actions are closed, 26% actions are overdue,</p> <p>1% actions are ready for audit</p> <p>zero actions are in progress</p> <p>zero actions are open</p>	<ul style="list-style-type: none"> - Actions falling overdue - Prior year in progress actions not closed. See HC, QA & ICT - Business partnering failures affecting implementation of corrective actions 	<ul style="list-style-type: none"> - Increased focus on overdue action - Full closure of prior year internal control deficiencies - CEO intervention on business partnering challenges



Mr Mduduzi Zakwe
Chairperson of the Audit and Risk Committee
South African Tourism

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has South African Tourism applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) with regard to the following:		
Criteria	Response Yes / No	Discussion
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.	Yes	The preferential procurement is contained in the Supply Chain Management Policy.
Determining qualification criteria for the sale of state-owned enterprises.	N/A	
Developing criteria for entering into partnerships with the private sector.	Yes	South African Tourism has a Partnership Policy to regulate the participation of South African Tourism in partnerships. The criteria for considering a partnership are divided into mandatory and category-specific criteria. South African Tourism may only pursue a potential partnership if it meets both the mandatory and category-specific criteria.
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 2021/22, South African Tourism paid a total remuneration of R10.9 million to EXCO members, the details of which are as follows:

Surname	Name	Date engaged	Date terminated	Basic salary	13th Cheque	Performance bonus	Other earnings	Total company contribution	Total cost
DLAMINI	STHEMBISO	1-Aug-14	30-Nov-21	1,408,229.92	-	-	616,695.40	202,170.97	2,227,096.29
GULIWE	NOMBULELO	8-Mar-11	-	2,200,808.56	-	-	110,000.00	137,085.73	2,447,894.29
KOTZE	NHLAPO	1-Nov-11	-	1,878,848.08	-	-	396,890.24	248,964.81	2,524,703.13
KHUMALO	THEMBA	1-Sep-19	-	2,414,106.40	-	-	256,384.72	151,518.10	2,822,009.22
NTSHONA	SISA	3-Oct-16	31-May-21	447,322.26	-	-	426,563.38	31,924.58	905,810.22
Total				8,349,315.22	0.00	0.00	1,806,533.74	771,664.19	10,927,513.15



PART D
HUMAN RESOURCE
MANAGEMENT



INTRODUCTION

In delivering on its mandate of building an inspiring and energised organisation, as well as improving operational efficiency, South African Tourism continued to ensure that all its actions in the year under review were geared towards meeting its defined goals at both an organisational and an employee level. 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:

HUMAN CAPITAL STRATEGY

South African Tourism continued to implement its revised Human Capital Strategy in 2021/22. 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 upgrade was a key focus in the period under review. South African Tourism's human capital strategic intent was instrumental in assessing the principles used to guide key components within the Human Resources Information 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. Employee engagement increased from 72% in 2019/20 to 75% in 2020/21. In the period under review, it dropped to 60%. Several factors contributed to the decrease.

PERFORMANCE MANAGEMENT

South African Tourism continued to align its automated performance management system with business needs. This is aimed at ensuring that the organisation's operations are aligned with its deliverables, right down to its 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's employees set, reviewed and appraised their performance objectives on the Employee Lifecycle Management Application (ELMA) during the period under review.

HUMAN CAPITAL COMPLIANCE REVIEW

In 2021/22, Human Capital continued to maintain a database of human capital-related legislation and reviewed policies to address identified gaps. Among other activities, it continued to review the general Human Capital Policy so that it aligned with best practice.

HUMAN RESOURCE OVERSIGHT STATISTICS

The tables below summarise South African Tourism's expenditure and provide an indication of the personnel cost per programme and salary band.

PERSONNEL-RELATED EXPENDITURE

Personnel cost by programme, activity or objective

Programme, activity or objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a percentage of total expenditure	Number of employees	Average personnel cost per employee (R'000)
Administration / Corporate Support	148 118	59 244	40%	62	955
Business Enablement	55 740	11 610	21%	8	1 451
Leisure Tourism Marketing	924 337	126 554	14%	80	1 582
Business Events	108 085	16 488	15%	15	1 099
Tourism Experience	39 658	17 228	43%	21	820
Total	1 275 938	231 124	18%	186	1 243

Personnel cost by salary band

Level	Personnel expenditure (R'000)	Percentage of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top Management	13 430	5%	3	4 477
Senior Management	29 780	12%	12	2 482
Professional qualified	150 413	62%	89	1 690
Skilled	47 264	19%	70	675
Semi-skilled	3 667	1%	12	306
Unskilled	0	0%	0	0
Total	231 124	100	186	1 243

Performance rewards

Programme/activity/objective	Performance rewards	Personnel expenditure (R'000)	Percentage of performance rewards to total personnel cost
Top Management	0	13 430	0
Senior Management	0	29 780	0
Professional qualified	0	150 413	0
Skilled	0	47 264	0
Semi-skilled	0	3 667	0
Unskilled	0	0	0
Total	0	231 124	0

Training costs

Programme, activity or objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a percentage of personnel cost	Number of employees trained	Average training cost per employee (R'000)
Administration / Corporate Support	59 244	664	1%	53	12.53
Business Enablement	11 610	137	1%	11	12.45
Leisure Tourism Marketing	126 554	996	1%	57	17.47
Business Events	16 488	188	1%	21	8.95
Tourism Experience	17 228	298	2%	23	12.96
Total	231 124	2283	1%	165	13.84

Employment and vacancies

Programme, activity or objective	2020/21 Number of employees	2021/22 Approved posts	2021/22 Number of employees	2021/22 Vacancies	Percentage of vacancies
Administration / Corporate Support	61	65	62	3	1.5%
Business Enablement	8	9	8	1	0.5%
Leisure Tourism Marketing	79	89	80	9	4.5%
Business Events	15	17	15	2	0.9%
Tourism Experience	21	22	21	1	0.5%
Total	184	202	186	16	7.9%

Programme, activity or objective	2020/2021 Number of employees	2021/2022 Approved posts	2021/2022 Number of employees	2021/2022 Vacancies	Percentage of vacancies
Top Management	5	7	3	4	1.9%
Senior Management	15	15	12	3	1.5%
Professional qualified	84	96	89	7	3.5%
Skilled	68	71	70	1	0.5%
Semi-skilled	12	13	12	1	0.5%
Unskilled	0	0	0	0	0%
Total	184	202	186	16	7.9%

Due to a moratorium on vacancies, the organisation had 24 vacancies that could not be immediately filled. To reduce the operational impact of the vacancies, 8 key roles were filled through fixed-term contracts. By 31 March 2022, South African Tourism's vacancy rate was 7.9% with 16 vacancies against 202 positions.

Employment changes

Salary band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	5	0	2	3
Senior Management	15	0	3	12
Professional qualified	84	1	6	79
Skilled	68	1	2	67
Semi-skilled	12	0	0	12
Unskilled	0	0	0	0
Total	184	2	13	173

Reasons for staff leaving

Reason	Number	Percentage of total number of staff leaving
Death	1	9
Resignation	7	64
Dismissal	2	18
Retirement	0	0
Ill health	1	9
Expiry of contract	0	0
Other	0	0
Total	11	100

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	4
Final written warning	0
Dismissal	2

Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	0	0	0	0	0
Senior Management	1	3	1	1	0	2	1	1
Professional qualified	21	24	0	0	2	2	1	2
Skilled	9	12	2	1	1	1	2	2
Semi-skilled	5	4	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	38	45	3	2	3	5	4	5

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	1	1	1
Senior Management	3	3	2	2	1	1	1	1
Professional qualified	26	28	4	5	2	1	4	3
Skilled	26	27	4	4	4	2	3	3
Semi-skilled	7	7	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	63	67	10	11	7	5	9	8

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	1	1	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	1	1	2	2
Total	2	2	2	2

PART E
FINANCIAL
INFORMATION



Report of the auditor-general to Parliament on South African Tourism

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of South African Tourism set out on pages 91 to 133 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 South African Tourism as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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 my report.
4. I am independent of the entity in accordance with the International Ethics Standards Boards for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. 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 Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matter relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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

8. 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.
9. 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

10. In accordance with the Public Audit Act 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.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. 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 entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information respect of future periods that may be include as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. 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 entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 3 – Leisure Tourism Marketing	45 – 54

13. 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.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3: Leisure Tourism Marketing

Other matters

15. I draw attention to the matters below

Achievement of planned targets

16. Refer to the annual performance report on pages 45 to 54 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: Leisure Tourism Marketing. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements

20. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items and explanatory information identified by the auditors in the submitted financial statements were corrected subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R6 800 498 as disclosed in note 36 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 failure to follow a procedure process in terms of the Treasury transcripts to invite competitive bids.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the audit committee'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.

23. 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 on it.
24. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If based on the work performed, I am concluding that there are material misstatements in this other information, I am required to report the fact. I have nothing to report in this regard.

Internal control deficiencies

26. 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 compliance with legislation included in this report.
27. Management did not address previously reported deficiencies relating to oversight of the financial reporting process, including detailed reviews of the financial statements by delegated officials, and related Internal controls.
28. Management did not timeously implement measures to monitor compliance with applicable legislation.

Auditor-General

Pretoria

31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 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 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 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 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 an 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 provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position as at 31 March 2022

	Note(s)	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	8	30 693 882	25 617 101
Receivables from non-exchange transactions	9	58 838 768	39 305 815
Staff advances		107 621	111 459
Cash and cash equivalents	10	647 041 730	169 987 620
		736 682 001	235 021 995
Non-Current Assets			
Property, plant and equipment	3	68 614 838	65 299 788
Intangible assets	4	11 428 032	4 550 839
		80 042 870	69 850 627
Total Assets		816 724 871	304 872 622
Liabilities			
Current Liabilities			
Finance lease obligation	12	11 422	49 679
Operating lease liability	5	3 650 131	1 800 876
Payables from exchange transactions	15	534 476 791	185 851 624
Income received in advance		15 240 607	2 745 481
Provisions	14	8 729 752	1 642 000
		562 108 703	192 089 660
Non-Current Liabilities			
Finance lease obligation	12	75 942	66 292
Provisions	14	26 857 000	30 448 000
		26 932 942	30 514 292
Total Liabilities		589 041 645	222 603 952
Net Assets		227 683 226	82 268 670
Reserves			
Revaluation reserve	11	52 114 555	52 107 742
Accumulated surplus		175 568 671	30 160 928
Total Net Assets		227 683 226	82 268 670

Statement of Financial Performance

	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Sundry Income		16 841 081	4 825 298
Grading Revenue	18	15 033 521	18 941 854
Interest received	19	4 787 844	2 917 488
Total revenue from exchange transactions		36 662 446	26 684 640
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	1 297 038 000	423 027 000
Voluntary TOMSA levies		58 838 768	29 353 301
Total revenue from non-exchange transactions		1 355 876 768	452 380 301
Total revenue	16	1 392 539 214	479 064 941
Expenditure			
Employee related costs	21	(230 874 164)	(236 890 909)
Administration and management fees	22	(58 766 556)	(69 748 797)
Depreciation and amortisation		(9 035 555)	3 303 874
Finance costs	24	(3 521)	(10 876)
Lease rentals on operating lease	17	(23 596 788)	(24 785 240)
Bad debts	25	3 795 449	(9 847 806)
Loss on disposal of assets and liabilities		(424 375)	(37 581)
Loss on foreign exchange		(27 006 264)	(23 093 512)
Marketing expenses	23	(910 257 580)	(248 809 989)
Auditors Remuneration	26	(7 557 221)	(5 934 825)
Grading expenses	18	(10 167 508)	(6 207 330)
Total expenditure		(1 273 894 083)	(622 062 991)
Surplus (deficit) for the year		118 645 131	(142 998 050)

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2020	76 651 806	247 336 457	323 988 263
Surplus for the year	-	(142 998 050)	(142 998 050)
Items recognised directly in net assets	(24 544 064)	(74 177 479)	(98 721 543)
Total changes	(24 544 064)	(217 175 529)	(241 719 593)
Balance at 01 April 2021	52 107 742	30 160 928	82 268 670
Items recognised directly in net assets	6 813	26 762 612	26 769 425
Surplus for the year	-	118 645 131	118 645 131
Total changes	6 813	145 407 743	145 414 556
Balance at 31 March 2022	52 114 555	175 568 671	227 683 226
Note(s)	11		

Cash Flow Statement

	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Sale of goods and services		31 874 602	23 747 041
Grants		1 297 038 000	423 027 000
Interest income		4 787 844	2 967 488
		<u>1 333 700 446</u>	<u>449 741 529</u>
Payments			
Employee costs		(230 874 164)	(236 890 909)
Suppliers		(604 778 329)	(667 097 636)
		<u>(835 652 493)</u>	<u>(903 988 545)</u>
Net cash flows from operating activities	28	<u>498 047 953</u>	<u>(454 247 016)</u>
Cash flows from investing activities			
Purchase of property, plant & equipment	3	(10 459 804)	(764 467)
Proceeds from sale of property, plant & equipment	3	-	3 131
Purchase of other intangible assets	4	(10 505 749)	-
Movement in staff advances		3 838	58 140
		<u>(20 961 715)</u>	<u>(703 196)</u>
Net cash flows from investing activities		<u>(20 961 715)</u>	<u>(703 196)</u>
Cash flows from financing activities			
Finance lease payments		(32 128)	(707)
		<u>(32 128)</u>	<u>(707)</u>
Net increase/(decrease) in cash and cash equivalents		<u>477 054 110</u>	<u>(454 950 919)</u>
Cash and cash equivalents at the beginning of the year		169 987 620	624 938 538
Cash and cash equivalents at the end of the year	10	<u>647 041 730</u>	<u>169 987 619</u>

Accounting Policies

	Note(s)	2022	2021
1. Presentation of Financial Statements			
<p>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).</p> <p>These financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. The annual financial statements are presented in South African Rand.</p> <p>In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.</p> <p>A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements are disclosed below.</p> <p>These accounting policies are consistent with the previous period, except for the changes related artwork which is no longer depreciable with effective 01 April 2021, the effect has been assessed as immaterial.</p>			
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			
<p>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 line with GRAP 17.</p>			

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 cash flows.

Allowance for doubtful debts

An impairment loss on debtors 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. 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 exception 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 are 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 the depreciation catch-up method, where necessary.

Principal and agent arrangement

The existence of principal vs agent arrangements are evaluated in terms of GRAP 109, judgement is applied in relation to the entities' mandate for purposes of concluding if the entity is an agent. Judgement is applied in relation to the 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.

Accounting Policies

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 during 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; and
- 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 as 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, its 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 costs 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. 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, stand-by 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.

Property, plant and equipment is carried at the 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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals 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.

Accounting Policies

1.4 Property, plant and equipment (continued)

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 is depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Property, plant and equipment is 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.

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 years
Motor vehicles	Straight-line	4-15 years
IT equipment	Straight-line	3-20 years
Leasehold improvements	Straight-line	period of lease
Lift	Straight-line	5-50 years
Air-conditioning	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.

Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. 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; and
- 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.

Accounting Policies

1.5 Intangible assets (continued)

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
Patents, trademarks and Marketing rights	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 lease-back).

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 the 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 the 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, pre-payment, 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.

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.

Accounting Policies

1.6 Financial instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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 counter-party 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.

Accounting Policies

1.6 Financial instruments (continued)

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

Trade and other receivables
Cash and cash equivalents

Category

Financial asset measured at amortised cost
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

Finance lease liability
Trade and other payables

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

Accounting Policies

1.6 Financial instruments (continued)

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.

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.

Accounting Policies

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 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 of 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 of 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.

Accounting Policies

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services 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.

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.

Accounting Policies

1.9 Employee benefits (continued)

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; and
- 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 (pre-paid 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 a 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 (pre-paid expense) to the extent that the pre-payment 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 12 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.

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.

Accounting Policies

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; and
- 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; and
 - when the plan will be implemented; and
- has raised a valid expectation in 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.

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-cancelable or only cancelable 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; and
- 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.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

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 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.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

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 non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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, 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.

Accounting Policies

1.16 Accounting by principals and agents (continued)

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 the agent. If the entity concludes that it is not the 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.

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.

Accounting Policies

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 the applicable GRAP statement. Presentation and classification is consistent with the previous financial year.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; 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 Position 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 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure that 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 Position 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.

1.21 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.

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.

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.

1.22 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.

Accounting Policies

1.22 Segment information (continued)

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.

1.23 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 is not control over 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 those family members who may be expected to influence, or be influenced by that person 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.

1.24 Events after the reporting date

Events after the 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.

Notes to the Financial Statements

2022

2021

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods, beginning on or after 01 April 2022 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2025	Expected impact is a material impact on the disclosure note on Financial instrument

3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10 000 000	-	10 000 000	10 000 000	-	10 000 000
Buildings	58 445 876	(12 789 562)	45 656 314	58 428 882	(12 126 514)	46 302 368
Furniture & Fixtures	7 441 534	(5 419 644)	2 021 890	12 359 045	(10 024 244)	2 334 801
Motor vehicles	1 854 552	(1 528 305)	326 247	2 168 358	(1 573 900)	594 458
Computer equipment	24 300 284	(14 161 673)	10 138 611	18 340 177	(12 911 622)	5 428 555
Leasehold Improvements	3 194 360	(2 781 182)	413 178	5 599 469	(5 080 589)	518 880
Leased Assets	134 989	(76 391)	58 598	275 992	(155 266)	120 726
Total	105 371 595	(36 756 757)	68 614 838	107 171 923	(41 872 135)	65 299 788

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10 000 000	-	-	-	10 000 000
Buildings	46 302 368	1 159 015	(120 322)	(1 684 747)	45 656 314
Furniture & fixtures	2 334 801	164 579	(1 151 505)	674 015	2 021 890
Motor vehicles	594 458	-	(66 934)	(201 277)	326 247
Computer equipment	5 428 555	9 136 210	(398 994)	(4 027 160)	10 138 611
Leasehold Improvements	518 880	-	-	(105 702)	413 178
Leased Assets	120 726	-	-	(62 128)	58 598
	65 299 788	10 459 804	(1 737 755)	(5 406 999)	68 614 838

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	16 000 000	-	-	(6 000 000)	-	10 000 000
Buildings	62 883 767	-	-	(19 019 599)	2 438 200	46 302 368
Furniture & fixtures	2 270 634	10 646	(19 012)	475 535	(403 002)	2 334 801
Motor vehicles	262 716	-	-	-	331 742	594 458
Computer equipment	4 787 223	642 391	-	-	(1 059)	5 428 555
Leasehold Improvements	429 013	-	-	-	89 867	518 880
Leased Assets	91 189	111 430	(21 700)	-	(60 193)	120 726
	86 724 542	764 467	(40 712)	(24 544 064)	2 395 555	65 299 788

Revaluations

The effective date of the revaluations was Wednesday, 31 March 2021. Revaluations were performed by an independent professional associated valuer, Mr Brian Morgan of C2C Valuations. Mr Morgan is not connected to the entity. The artwork valuations are performed by the valuator advisory.

The property is situated on 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. The property is thus accounted for using the replacement value in line with GRAP 17.38

The reduction in value is mainly attributable to COVID-19 impact on occupancy rates in the area.

Notes to the Financial Statements

Figures in Rand

4. Intangible assets

	2022			2021		
	Cost / valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / valuation	Accumulated amortisation and accumulated impairment	Carrying value
	2 579 189	(2 477 158)	102 031	2 579 189	(2 320 940)	258 249
	23 483 216	(12 685 846)	10 797 370	12 977 468	(9 873 932)	3 103 536
	2 210 705	(1 874 231)	336 474	5 310 590	(4 457 810)	852 780
	720 588	(528 431)	192 157	720 588	(384 314)	336 274
	28 993 698	(17 565 666)	11 428 032	21 587 835	(17 036 996)	4 550 839

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Marketing rights	258 249	-	(156 218)	102 031
Computer software	3 103 536	10 505 749	(2 811 915)	10 797 370
Website costs	852 780	-	(516 306)	336 474
Other intangible assets	336 274	-	(144 117)	192 157
	4 550 839	10 505 749	(3 628 556)	11 428 032

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Marketing rights	444 713	(186 464)	258 249
Computer software	2 004 548	1 098 988	3 103 536
Website costs	712 869	139 911	852 780
Other intangible assets	480 392	(144 118)	336 274
	3 642 522	908 317	4 550 839

Notes to the Financial Statements

5. Operating lease asset (accrual)

Current liabilities

2022	2021
(3 650 131)	(1 800 876)

6. 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 2022, the value of South African Tourism's retirement fund was R138 273 778.92 (2021: R122 484 441.31).

7. Staff advances

Staff advances comprise mainly of refundable educational bursaries and upfront travel advances which were outstanding at reporting date. Staff advances decreased from 2021: R111 459 to R107 621 in the current financial year.

8. Receivables from exchange transactions

Trade receivables	19 714 529	6 101 080
Deposits	4 849 803	5 676 716
Prepaid expenses	6 129 550	13 839 305
	30 693 882	25 617 101

Trade receivables held by the entity at 31 March 2022 amounted to R19,7 million (2021: R6,1 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.

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 R 7 572 288 as of 31 March 2022 (2021: R2 236 082) which mainly comprises of an outstanding amount from Tourism KwaZulu-Natal. The ageing of these receivables is as follows:

Notes to the Financial Statements

8. Receivables from exchange transactions (continued)

Ageing

90 - 180 days	54 160	421 722
180 - 360 days	86 284	217 814
361+ days	7 431 844	1 596 546
	7 572 288	2 236 082

Reconciliation of provision for impairment of trade and other receivables:

Opening balance	2 236 082	1 853 089
Provision for impairment	7 572 288	776 150
Movement for the year	(2 236 082)	(393 157)
	7 572 288	2 236 082

9. Receivables from non-exchange transactions

Other receivables from non-exchange TOMSA voluntary levies	58 838 768	39 305 815
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Current year balance of receivables from non-exchange transactions emanates from amounts that accrued to South African Tourism during the 2021-22 financial year.

Non exchange receivables impaired

The total amount provided for in 2021 for R 9 071 655.48 has subsequently been recovered.

Ageing

180 - 360	-	9 071 655
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Reconciliation of provision for impairment of trade and other receivables:

Opening Balance	9 071 655	-
Provision for impairment	-	9 071 655
Movement during the year	(9 071 655)	-
	-	9 071 655

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	62 181	67 944
Bank balances	646 979 549	169 919 676
	647 041 130	169 987 620

11. Revaluation reserve

Opening balance	52 107 742	76 651 806
Change during the year	6 813	(24 544 064)
	52 114 555	52 107 742

Notes to the Financial Statements

12. Finance lease obligation

Minimum lease payments due

- within one year	34 985	49 970
- in second to fifth year inclusive	11 662	44 032

Present value of minimum lease payments

46 647	94 002
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Present value of minimum lease payments due

- within one year	32 078	44 147
- in second to fifth year inclusive	11 423	40 897
	<u>43 501</u>	<u>85 044</u>

Non-current liabilities

75 942

Current liabilities

11 422

87 364

115 971

13. Income received in advance

Opening Balance

2 745 481

Movement during the year

12 495 126

15 240 607

2 745 481

Income received in advance mainly comprise of amounts received from the Department of Tourism for tourism grading funding.

Notes to the Financial Statements

14. Provisions

2022

2021

Reconciliation of provisions - 2022

	Opening balance	Additions	Reversed during the year	Total
Provision for withholdings tax	-	7 339 752	-	7 339 752
Post-retirement health care benefits (current)	1 642 000	-	(252 000)	1 390 000
Post-retirement health care benefits	30 448 000	-	(3 591 000)	26 857 000
	32 090 000	7 339 752	(3 843 000)	35 586 752

Reconciliation of provisions - 2021

	Opening balance	Additions	Reversed during the year	Total
Post-retirement health care benefits (current)	1 746 281	-	(104 281)	1 642 000
Post-retirement health care benefits	28 099 626	2 348 374	-	30 448 000
	29 845 907	2 348 374	(104 281)	32 090 000
Non-current liabilities			26 857 000	30 448 000
Current liabilities			8 729 752	1 642 000
			35 586 752	32 090 000

Withholding Tax Provision

provision for withholdings tax relates to tax that may be payable to the South African Revenue tax Services in relation to a locally recruited employee in Angola.

Employee benefit cost provision

The post-retirement medical aid liability as at 31 March 2022 is R 28 247 000. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. In the previous valuation conducted it was however assumed that medical aid contributions will increase by CPI + 4%. In our opinion, medical aid inflation of CPI+4% is not sustainable in the long term, and the valuers have updated this assumption to be CPI+3%, which they still believe is on the conservative side. This resulted in a overall actuarial gain of R 7 980 000.

The average retirement age for all active employees was assumed to be 65 years. This assumption implicitly allows for ill-health and early retirements.

The movement in post-retirement liability has been recognised in the Statement of Financial Performance.

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Organisation. If the actual rates of mortality turn out higher than the rates assumed in the valuation basis, the cost to the Organisation in the form of subsidies will reduce and vice versa.

Employee benefit cost provision reconciliation

The closing balance of SA Tourism's post-employment health care liability as at 31 March 2022 is R 28 247 000

Opening Balance	32 090 000	29 845 906
Interest Cost	4 524 000	3 143 664
Current service cost	1 642 000	1 454 902
Actuarial (Gain)/loss	(7 980 000)	214 144
Benefits paid	(1 617 000)	(2 568 616)
Unadjusted misstatement	(412 000)	-

Notes to the Financial Statements

14. Provisions (continued)

2022	2021
28 247 000	32 090 000

The valuation was conducted by Julien Van der Spuy in his capacity as employee of ZAQEN Actuaries (Pty) Ltd. Julian van der Spuy is a Fellow of the Institute of Actuaries. Julian van der Spuy was assisted by , as employee of ZAQEN Actuaries (Pty) Ltd. There is no conflict of interest.

15. Payables from exchange transactions

Trade payables and other payables	61 496 498	89 051 700
Accrued liabilities	472 980 293	96 799 924
	534 476 791	185 851 624

Payables from exchange transactions mainly comprises of current obligations that emanate from goods and services already delivered for marketing and operational expenditure.

16. Revenue

Sundry income	16 841 081	4 825 298
Grading income	15 033 521	18 941 854
Interest received - investment	4 787 844	2 917 488
Government grants & subsidies	1 297 038 000	423 027 000
Voluntary TOMSA levies (TBCSA)	58 838 768	29 353 301
	1 392 539 214	479 064 941

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

Sundry income	16 841 081	4 825 298
Grading income	15 033 521	18 941 854
Interest received - investment	4 787 844	2 917 488
	36 662 446	26 684 640

Sundry income is mainly related to receipts from Exhibition income.

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants & subsidies	1 297 038 000	423 027 000
Voluntary TOMSA levies	58 838 768	29 353 301
	1 355 876 768	452 380 301

17. Lease rentals on operating lease

Premises

Contractual amounts	23 114 740	24 363 350
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Equipment

Contingent amounts	482 048	421 890
	23 596 788	24 785 240

Notes to the Financial Statements

18. Grading income and expenses

	2022	2021
Grading revenue	15 033 521	18 941 854
Grading Expenses	(10 167 508)	(6 207 330)
	4 866 013	12 734 524

19. Investment revenue

Interest revenue

Bank	4 787 844	2 917 488
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20. Government grants and subsidies

Operating grants

Government grant	1 297 038 000	423 027 000
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21. Employee related costs

Basic	175 819 898	183 815 892
Employee structured 13th cheque	-	15 606
Medical aid - company contributions	2 695 224	3 003 633
UIF	365 388	313 320
SDL and staff training	8 915 076	3 621 489
Leave pay provision charge	3 779 089	4 771 766
Other short term costs	-	10 726
Defined contribution plans	9 801 804	11 411 387
Allowances	26 472 855	24 578 551
Social Insurance	4 737 081	2 049 846
Other HR costs	(1 712 251)	3 298 693
	230 874 164	236 890 909

Bonus comprises solely employees optional structured 13th cheque. There were no performance-related bonuses charge in the 2022 financial year.

Other HR costs comprise of staff training, bursaries, staff surveys and related interventions.

22. Administrative expenditure

Administration and management fees - third party	57 328 863	68 370 399
Administration and management fees - related party	1 437 693	1 378 398
	58 766 556	69 748 797

Administrative expenditure comprises of mainly legal fees, IT support and licensing fees. Administrative and management fees' related party relates to expenses incurred by the Accounting Authority of South African Tourism.

Included in Administration and management fees are repairs and maintenance R1 543 161.3 in 2022, R1 612 824.05 in 2021.

Notes to the Financial Statements

23. Marketing expenses

Marketing Costs
Marketing expenditure paid for by third parties

2022	2021
910 257 580	231 994 361
-	16 815 628
910 257 580	248 809 989

Marketing expenses mainly consist of costs towards media placements, content generation and marketing activations for brand campaigns (Destination health safety and integrity): Digital marketing (keeping the destination top of mind) and stimulating domestic tourism.

24. Finance costs

Finance leases

3 521	10 876
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25. Debt impairment

Bad debts written off / (recovered)

(3 795 449)	9 847 806
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26. Auditors' remuneration

Fees

7 557 221	5 934 825
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27. Taxation

South African Tourism is exempt from income tax in terms of Section 10(1)(CA)(1) of the Income Tax Act.

Notes to the Financial Statements

28. Cash generated from (used in) operations

	2022	2021
Surplus (deficit)	118 645 131	(142 998 050)
Depreciation and amortisation	9 035 555	(3 303 874)
Loss on sale of assets	424 375	37 581
Finance costs - Finance leases	3 521	10 876
Bad debts	(3 795 449)	9 847 806
Movements in operating lease assets and accruals	1 849 255	(132 264)
Movements in provisions	3 496 752	2 244 093
Items recognised directly in Net assets	26 762 612	(74 177 479)
Other non-cash items	12 687 931	(5 750 000)
Changes in working capital:		
Receivables from exchange transactions	(5 076 781)	14 885 021
Debt impairment	(7 572 288)	(9 847 806)
Other receivables from non-exchange transactions	(19 532 953)	(6 787 671)
Payables from exchange transactions	348 625 166	(241 020 730)
Income received in advance	12 495 126	2 745 481
	498 047 953	(454 247 016)

Other non-cash items comprises foreign operation translation adjustments and movements in unrealised foreign transactions.

Notes to the Financial Statements

29. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Property, plant and equipment
- Intangible assets

9 907 200

-

15 978 000

2 950 000

25 885 200**2 950 000**

Not yet contracted for and authorised by members

- Property, plant and equipment
- Intangible assets

16 470 546

10 861 161

-

30 801 657

16 470 546**41 662 818**

Total capital commitments

Already contracted for but not provided for

25 885 200

2 950 000

Not yet contracted for and authorised by members

16 470 546

41 662 818

42 355 746**44 612 818**

Authorised operational expenditure

Already contracted for but not provided for

- Subvention funding
- Women in Tourism

10 972 000

8 083 443

718 360

373 203

11 690 360**8 456 646**

Not yet contracted for and authorised by members

- Subvention funding

2 176 176

950 880

Total operational commitments

Already contracted for but not provided for

11 690 360

8 456 646

Not yet contracted for and authorised by members

2 176 176

950 880

13 866 536**9 407 526**

Total commitments

Total commitments

Authorised capital expenditure

42 355 746

44 612 818

Authorised operational expenditure

13 866 536

9 407 526

56 222 282**54 020 344**

This committed expenditure relates to property, plant and equipment, intangible assets and marketing expenditure, which will be financed by available bank facilities, retained surpluses.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

26 323 657

44 612 818

34 104 102

9 407 526

60 427 759**54 020 344**

Notes to the Financial Statements

2022

2021

29. Commitments (continued)

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 the end of the lease term.

30. Contingencies

Litigation relates to labour relations-related matters, tender administration matters and alleged breach of contract. The gross contingent costs are estimated to be R 16 730 231.24 (2021: R11 279 574.30) with possible counter claims totalling R 4 888 246.4.

South African 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 these matters are sub-judice.

31. Related parties

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 297 038 000 (2021: R423 027 000). An amount to the value of R15 240 607 was received in advance from the Department as at 31 March 2022. 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.

Related party transactions

Entity

Telkom	6 291	5 750
South African Airways	-	2 381 220
South African Revenue services	57 517 965	61 244 557
	57 524 256	63 631 527

Compensation to members and other key management

Short-term employees	16 478 258	14 797 162
Post-employment Benefits	1 150 890	2 568 616
	17 629 148	17 365 778

32. 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.

Notes to the Financial Statements

32. Financial Instruments (continued)

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. No credit limits were exceeded during the reporting period, and management does not expect any surplus from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

Trade and other receivables at amortised cost	19 714 529	6 101 080
Cash and cash equivalents	647 041 730	169 987 620
	666 756 259	176 088 700

Financial obligations exposed to liquidity risk at year end were as follows:

Finance lease obligation - non current portion	75 942	66 292
Finance lease obligation - current portion	11 422	49 679
Trade and other payables	534 476 791	185 851 625
	534 564 155	185 967 596

Market and Interest 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.

Notes to the Financial Statements

2022

2021

32. 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, the Euro and the UK 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.

South African Tourism is sensitive to fluctuations in major currencies as the entity operates in different countries with a ZAR-denominated government grant. The rand appreciated in value by 7.13% against the pound, 3.01% against the dollar and 7.61% 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.

Exchange rates used for conversion of foreign items were:

	2022	2021
GBP	19,03	20,49
JPY	0,12	0,13
EUR	16,15	17,48
USD	14,48	14,93
AUD	10,88	11,35
INR	0,19	0,20
CNY	2,28	2,28

There material changes in budget rates used during the financial year when compared with the previous financial year are as a result of the impact of the conflict in Ukraine on the global economic outlook. South African Tourism used the following budget rates for planning purpose: USD 17.25 (2021: 14.85); EUR 20.78 (2021: 16.68); JPY 0.15 (2021: 0.12); GBP 24.06 (2021: 19.31); AUD 12.77 (2021: 10.34); CNY 0.41 (2021: 0.46).

The entity reviews its foreign currency exposure, including commitments, on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

33. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus of R175 568 671 and that the entity's total assets exceeds its total liabilities by R227 683 226

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.

34. Events after the reporting date

The South African Tourism Board term ends at the end of May 2022. Acting Chief Executive Officer, Mr Themba Mzilikazi Khumalo is currently appointed as the accounting authority by the Minister of Tourism Ms Lindiwe Nonceba Sisulu.

35. Fruitless and wasteful expenditure

Opening balance as previously reported	977 750	-
Opening balance as restated	977 750	-
dd: Expenditure identified - current	-	977 750
Closing balance	977 750	977 750

Notes to the Financial Statements

35. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure comprises COVID-19 support expenditure incurred during the prior financial year.

36. Irregular expenditure

	2022	2021
Opening balance as previously reported	45 134 286	162 481 759
Opening balance as restated	45 134 286	162 481 759
Add: Irregular Expenditure - current	6 800 498	20 063 332
Less: Amount written off - current	-	(137 410 805)
Closing balance	51 934 784	45 134 286

Current year Irregular expenditure comprises of the appointment of a panel of internal auditors to the Value of R 831 698 which is in the process of condonement and R1 500 000 for collaboration between South African Tourism and Eastern Cape Parks and Tourism Agency, this matter is being treated in line with the irregular expenditure framework and will be tabled for condonement once internal processes have been finalised. And costs related to the "I do tourism campaign" marketing material procurement at a cost of R 4 468 800.

The closing balance includes a lease variation in the Netherlands (R1 769 953), COVID-19 support (R1 477 750) and marketing expenditure paid for by third parties (R 34 057 697.47) and an amount of R 6 948 026 related to the appointment of an international stand construction supplier without fully satisfying the requirements of the Preferential Procurement Policy Framework Act (PPPFA). The matter has been investigated and are in the process of condonement.

37. Segment information

General information and identification of segments

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. 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.

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. 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	Goods and/or services
Head office	Domestic marketing, quality assurance, national commercial banking and support domestic and global marketing
International offices	International marketing

Notes to the Financial Statements

Figures in Rand

37. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Head office	International marketing	Total
Revenue			
Revenue from non-exchange transactions	1 355 876 768	-	1 355 876 768
Interest revenue	4 765 415	22 429	4 787 844
Sundry Income	15 768 891	1 072 189	16 841 080
Grading revenue	15 033 521	-	15 033 521
Total segment revenue	1 391 444 595	1 094 618	1 392 539 213
Entity's revenue			1 392 539 213
Expenditure			
Salaries and wages	162 723 249	68 150 915	230 874 164
Marketing expenditure	685 049 285	225 208 295	910 257 580
General expenses	73 893 072	31 438 627	105 331 699
Forex gain/(loss)	(619 137)	27 625 401	27 006 264
Loss on disposal of assets	433 635	(9 260)	424 375
Total segment expenditure	921 480 104	352 413 978	1 273 894 082
Total segmental surplus/(deficit)			118 645 131
Assets			
Segment assets	619 999 307	196 725 564	816 724 871
Total assets as per Statement of Financial Position			816 724 871
Liabilities			
Segment liabilities	110 798 477	478 243 168	589 041 645
Total liabilities as per Statement of Financial Position			589 041 645

Notes to the Financial Statements

Figures in Rand

37. Segment information (continued)

2021

Revenue

	Head Office	International marketing	Total
Revenue from non-exchange transactions	452 380 301	-	452 380 301
Interest revenue	2 871 118	46 370	2 917 488
Sundry income	2 550 155	2 275 144	4 825 299
Grading revenue	18 941 854	-	18 941 854
Total segment revenue	476 743 428	2 321 514	479 064 942
Entity's revenue			479 064 942

Expenditure

Salaries and wages	155 773 467	81 117 443	236 890 910
Marketing expenses	230 352 591	18 457 398	248 809 989
General expenses	80 659 455	32 571 545	113 231 000
Forex gain/(loss)	(1 317 566)	24 411 078	23 093 512
Loss on disposal of assets	32 055	5 526	37 581
Total segment expenditure	465 500 002	156 562 990	622 062 992
Total segmental surplus/(deficit)			(142 998 050)

Assets

Segment assets	182 150 852	122 721 769	304 872 621
Total assets as per Statement of Financial Position			304 872 621

Liabilities

Segment liabilities	49 064 369	173 539 584	222 603 953
Total liabilities as per Statement of Financial Position			222 603 953

Notes to the Financial Statements

2022

2021

38. Accounting by principals and agents

The entity was a party to a principal-agent arrangement(s).

Details of the arrangement(s) is/are as follows: 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 were under particular stress due to the restrictions placed on travel.

The Tourism Relief Fund provided 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 could be utilised to subsidise expenses towards fixed costs, operational costs, supplies and other pressure costs items.

The Department was responsible for receiving applications, adjudicating, approving and verification of beneficiary banking payment details. South African Tourism was responsible for processing approved beneficiary payments solely on instructions from the Department.

Fifty percent (R100 million) was funded from South African Tourism's surplus for the 2019/20 financial year.

Management of exhibitions

Meetings Africa and the 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.

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: These 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, which enables South African Tourism to meet its beneficiary payment processing requirements.

Monitoring and independent audits: In response to a recent increase in the number of relief funds offered by different government departments, the Office of the Auditor-General took a proactive approach in the audit of relief funds.

Notes to the Financial Statements

2022

2021

38. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal was R 846 535.24 (2021) in the form of a share interest that accrued from holding funds related to the Tourism Relief Fund.

Category(ies) of expenses paid or accrued on behalf of the principal, are:

- 200 050 000

The Department erroneously submitted one beneficiary twice for payment resulting in a duplicate payment to the beneficiary, the Department is pursuing recovery of the duplicate funds and has handed the matter over to the State Attorney.

The arrangement has been concluded and there are no assets or liabilities are held on behalf of The Department of Tourism.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Synergy business events holds no resources or liabilities on behalf of South African Tourism. Amounts from participants that opted to defer their participation fees advanced to Synergy business events for exhibition purposes have been subsequently transferred to South African Tourism and recognised as Income received in advance.

Fee paid

Management fees	3 034 455	3 735 970
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Fees paid in the current year are in compensation of work done for meetings Africa 2022.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The agent is appointed on a fixed term basis in line with supply chain prescripts, and a bidding process for filling the vacancy is followed at the end of the fixed term.



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22 August 2022

To Whom It May Concern

Broad-Based Black Economic Empowerment Verification of South African Tourism Board

We hereby confirm that South African Tourism Board has appointed VOS Quantum Solutions CC to perform the SANAS Verification of the entity's Broad-Based Black Economic Empowerment status.

Once the verification is complete, we will issue a scorecard and certificate reflecting their Broad-Based Black Economic Empowerment status.

This letter is valid for a period of two months from date of issue.

Please do not hesitate to contact our offices should you have any queries.

Yours sincerely

PP

Tony Balshaw
Managing Member





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