




# SOUTH AFRICAN TOURISM ANNUAL REPORT 2020/2021

THE WINDS OF CHANGE ARE BLOWING ACROSS THE WORLD

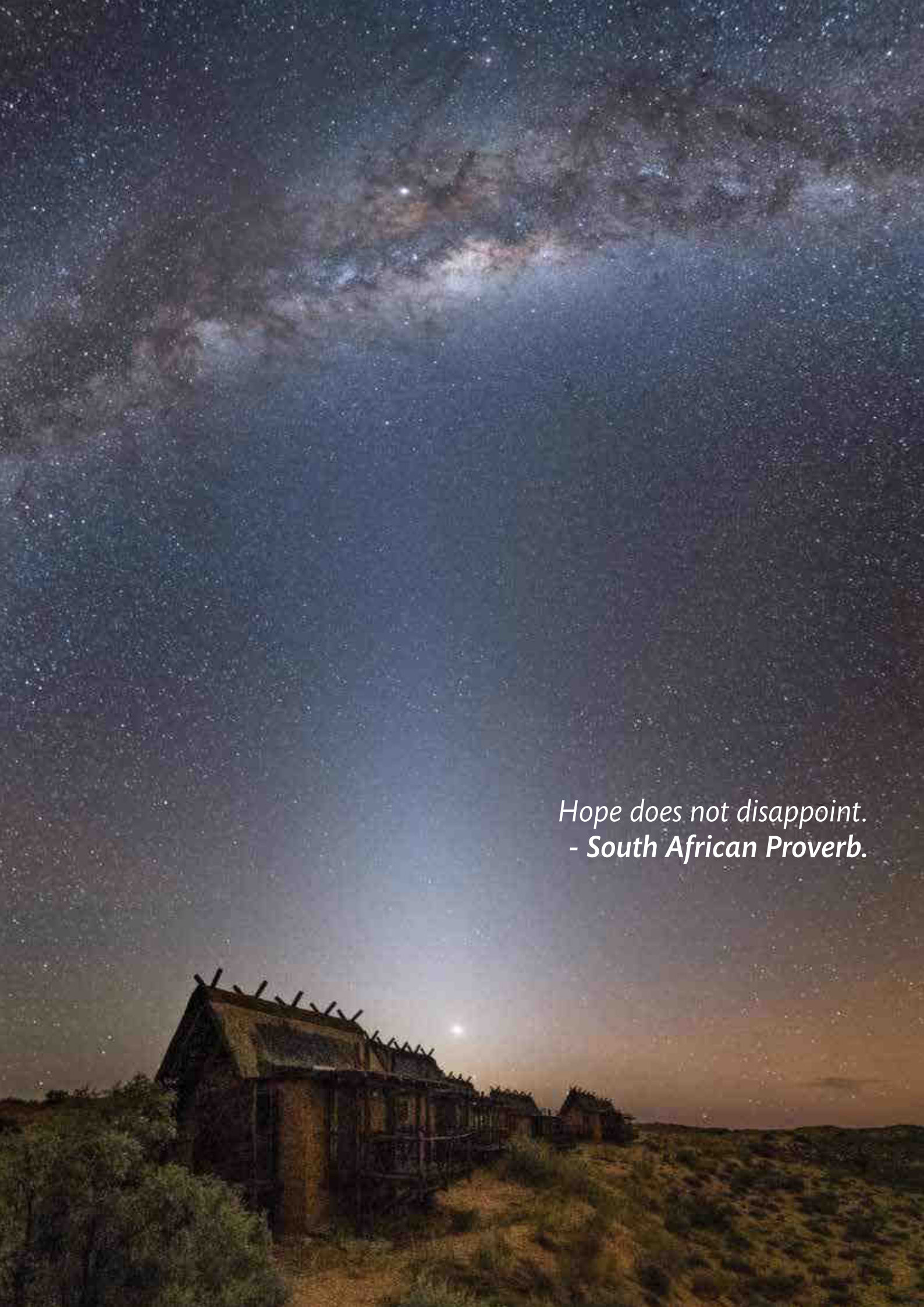


SOUTH AFRICAN TOURISM



*Before COVID-19, travel and tourism had become one of the most important sectors in the world economy, accounting for 10 percent of global GDP and more than 320 million jobs worldwide. Domestic tourism is providing a much needed boost to help sustain many tourism destinations and businesses, and will continue to be a key driver of recovery in the short to medium term.*

*The winds of change have begun to blow.  
Nothing is more certain than change.*



*Hope does not disappoint.  
- South African Proverb.*

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# PART A

## GENERAL INFORMATION

*A tree does not move unless there is wind.*  
**-Nigerian Proverb**

# PUBLIC ENTITY'S GENERAL INFORMATION

## REGISTERED NAME

South African Tourism

## PHYSICAL ADDRESS

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## EXTERNAL AUDITORS

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0001

## COMPANY SECRETARY

Advocate Maseapo Kganedi

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1

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3

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4

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Website: www.sud-afrique.com

# SOUTH AFRICAN TOURISM'S BANKING DETAILS

| Office                         | Institution                                                                                                |
|--------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Head Office</b>             | Absa, Sandton City                                                                                         |
|                                | Standard Bank, 5 Simmonds Street, Selby, Johannesburg, 2001                                                |
|                                | Investec, 100 Grayston Drive, Sandown, Sandton, 2196                                                       |
|                                | Nedbank Business, Pretoria, 665 Jan Shoba St, Hatfield, Pretoria, 0083                                     |
|                                | Nedbank, 135 Rivonia Road, Sandown, 2196, Sandton                                                          |
| <b>Tourism Grading Council</b> | Nedbank, 135 Rivonia Road, Sandown, 2196, Sandton                                                          |
| <b>New York</b>                | Bank of New York, 51 West 51 <sup>st</sup> Street, New York, NY 10019                                      |
| <b>London</b>                  | Nedbank Private Wealth Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG                            |
| <b>Tokyo</b>                   | MUFG Bank, Ltd. Toranomom Branch, 2-3-17, Toranomom, Minato-ku, Tokyo, Japan 105-0001                      |
| <b>India</b>                   | First Rand Bank Limited, TCG Financial Centre, Plot No. c 53, G Block, Bandra Kurla Complex, Mumbai 400051 |
| <b>Frankfurt</b>               | Frankfurter Volksbank e.G. Boersenstr. 7-11, D-60313 Frankfurt, Germany                                    |
| <b>Paris</b>                   | Credit du Nord, 40 Avenue Niel 75017, Paris                                                                |
| <b>Amsterdam</b>               | ABN-AMCRO Bank, Box 75580, 1070 AN, Amsterdam, Netherlands                                                 |
| <b>China</b>                   | Bank of China, 6 Gong Ti North Road, Chaoyang Beijing China 100027                                         |
| <b>Sydney</b>                  | Westpac Bank, Cnr Market Street and Clarence Street ,Sydney                                                |
| <b>Nigeria</b>                 | Stanbic IBTC Bank, Churchgate Towers: PC 30, Afribank Street, Victoria Island, Lagos                       |

Company Secretary: Adv. Maseapo Kganedi



# LIST OF ABBREVIATIONS AND ACRONYMS

|          |                                                    |
|----------|----------------------------------------------------|
| AA       | Accounting Authority                               |
| AAVEA    | Association of Visitor Experiences and Attractions |
| ACSA     | Airports Company South Africa                      |
| ADCS     | Automated Data Capturing System                    |
| AFS      | Annual Financial Statements                        |
| AGSA     | Auditor-General of South Africa                    |
| APP      | Annual Performance Plan                            |
| ASEAN    | Association of Southeast Asian Nations             |
| ARCO     | Audit and Risk Committee                           |
| ATI      | Africa's Travel Indaba                             |
| ATM      | Arabian Travel Market                              |
| AV       | Audio-Visual                                       |
| B2B      | Business-to-business                               |
| B2C      | Business-to-Consumer                               |
| BAC      | Bid Adjudication Committee                         |
| B-BBEE   | Broad-based Black Economic Empowerment             |
| BEC      | Bid Evaluation Committee                           |
| BNN      | Business News Network                              |
| BPM      | Business Process Management                        |
| BSC      | Bid Specification Committee                        |
| BSP      | Bid Support Programme                              |
| BQV      | Basic Quality Verification                         |
| CA       | Chartered Accountant                               |
| CCBO     | Chief Quality Assurance Officer                    |
| CDTO     | Chief Digital & Technology Officer                 |
| CEL      | Central East Africa and Land Hubs                  |
| CEO      | Chief Executive Officer                            |
| CFO      | Chief Financial Officer                            |
| CIFTIS   | China International Fair for Trade-in Services     |
| CMO      | Chief Marketing Officer                            |
| COO      | Chief Operations Officer                           |
| COVID-19 | Coronavirus Disease                                |
| CQAO     | Chief Quality Assurance Officer                    |
| CRM      | Customer Relationship Management                   |
| CSO      | Chief Strategy Officer                             |
| DIGITECH | Digital and Technology                             |
| DG       | Director-General                                   |
| DMC      | Destination Management Company                     |
| DMO      | Destination Marketing Organisation                 |
| DoA      | Delegation of Authority                            |
| EA       | Executive Authority                                |
| EE       | Employment Equity                                  |
| EPMO     | Enterprise Project Management Office               |
| ERRP     | Economic Reconstruction and Recovery Plan          |
| E&SD     | Enterprise and Supplier Development                |
| EXCO     | Executive Committee                                |
| FY       | Financial Year                                     |
| GDP      | Gross Domestic Product                             |
| GIBS     | Gordon Institute of Business Science               |
| GMP      | Google Marketing Platform                          |

|            |                                                                |
|------------|----------------------------------------------------------------|
| GRAP       | Generally Recognised Accounting Practices                      |
| GRC        | Governance, Risk and Compliance                                |
| HCREMCO    | Human Capital and Remuneration Committee                       |
| IAAPO      | International Association of Amusement Parks Operators         |
| IA         | Internal Audit                                                 |
| IBTM       | Institute of Business Travel Management                        |
| ICCA       | International Congress & Convention Association                |
| IGTM       | International Golf Travel Market                               |
| IMEX       | Worldwide Exhibition for Incentive Travel, Meetings and Events |
| IMF        | International Monetary Fund                                    |
| JATA       | Japan Association of Travel Agents                             |
| KPI        | Key Performance Indicator                                      |
| King IV    | King IV Report on Corporate Governance for South Africa, 2016  |
| LGBTQ      | Lesbian, Gay, Bi-sexual and Transgender                        |
| MA         | Meetings Africa                                                |
| MARCOM     | Marketing and Commercial Committee                             |
| MEISEA     | Middle East, India and South East Asia                         |
| MIF        | Marketing and Investment Framework                             |
| MINMEC     | Ministers and Members of Executive Councils                    |
| MIPTech    | Ministerial Provincial Technical Committee                     |
| MTSF       | Medium-term Strategic Framework                                |
| NDT        | National Department of Tourism                                 |
| NDP        | National Development Plan                                      |
| NPS        | Net Promoter Score                                             |
| NTSS       | National Tourism Sector Strategy                               |
| NT         | National Treasury                                              |
| Perf. Dip  | Performance Diploma                                            |
| PFMA       | Public Finance Management Act, No. 1 of 1999                   |
| QIT        | Quality in Tourism                                             |
| SAA        | South African Airways                                          |
| SANCB      | South African National Convention Bureau                       |
| SANRAL     | South African National Roads Agency SOC Limited                |
| SAPO       | South African Product Owners                                   |
| SA Tourism | South African Tourism                                          |
| SAT        | South African Tourism                                          |
| SCM        | Supply Chain Management                                        |
| SMME       | Small, Medium and Micro Enterprise/s                           |
| SP         | Strategic Plan                                                 |
| SPEPM      | Strategic Planning, Programme Management and Evaluation        |
| TBCSA      | Tourism Business Council of South Africa                       |
| TGCSA      | Tourism Grading Council of South Africa                        |
| TGSP       | Tourism Grading Support Programme                              |
| TSI        | Tourism Sentiment Index                                        |
| TSRP       | Tourism Sector Recovery Plan                                   |
| UK         | United Kingdom                                                 |
| UNCTAD     | United Nations Conference on Trade and Development             |
| USA        | United States of America                                       |
| VFR        | Visiting Friends and Family                                    |
| VTSD       | Villages, Townships and Small Dorpies                          |
| WSP        | Workplace Skills Plan                                          |
| WTO        | World Trade Organisation                                       |



*Prepare now for the solutions of tomorrow.  
-Congolese Proverb.*



# MESSAGE FROM THE MINISTER

LINDIWE SISULU  
MINISTER OF TOURISM

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*In March 2020, South Africa, like the rest of the world, entered into unchartered territory following a global shutdown in response to the Coronavirus pandemic. This shutdown severely affected many economic sectors. However, as we learn more about the virus and strengthen our measures to combat the virus, the opening of many industries and sectors have been forthcoming. The pandemic might have brought us to our knees but it did not topple us. A pivotal economic lever, the tourism sector has proved to be resilient and with the Tourist Sector Recovery Plan now in place, it promises to rebound.*

Tourism is the lifeblood of our economy. Tourism impacts all facets of our daily lives. We may not know it, but every single South African has a role to play in the success of our country's tourism sector. Much has been said about the devastating economic impact the pandemic has wrought on the tourism industry. But at the same time, we now have the opportunity to rethink, remodel and reflect on how we want to move forward as a sector.

Whilst there are tourism businesses that have not survived the shutdown and lockdowns, I am encouraged by those that have stood up and fought to stay afloat and continue to serve the sector. The industry has demonstrated resilience and promises a strong rebound through recovery. Government remains fully committed to inclusive economic growth which includes the support and promotion of small businesses.

It is a well-known fact that international travellers are finding it hard to travel to our country due to the red listing of South Africa in some of our key source markets as well as airlines suspending routes into South Africa. As South African Tourism, working together with the rest of government, we are working tirelessly to address this situation and ensure a more favourable outcome for destination

South Africa. We are very proud of the work already done in seeking to reopen international travelling. We will continue to engage with sector leaders for the message to go out that we are ready, our sector is ready and our workers in the sector are being vaccinated.

Like most government organisations, South African Tourism has had to adjust budgets as funds were diverted to support COVID-19 initiatives. South African Tourism led the development of the Tourism Sector Recovery Plan which was adopted at Cabinet. We continued to operate at high standards, delivering thought leadership to guide the tourism sector's recovery.

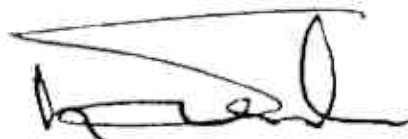
In support of my office and the greater tourism sector, South African Tourism developed and executed award-winning campaigns that encouraged people to stay safe, travel safe, exercise compliance and travel responsibly. To stimulate the sector to spring back into action, it is our responsibility to show the country and the world that we are indeed open for business and have compliance and regulations in place to ensure safe and responsible travel.

As we embark on measures to reopen tourism to ensure that our establishments, our destinations and our product offerings begin to work as normal, we will also take similar measures to promote other neglected tourism sub-sectors. We want to ensure that even the smallest of tourist establishment somewhere in the hinterland of our country also get exposure and support from Government programmes.

We bid farewell to the former CEO, Mr. Sisa Ntshona, who led the organisation with distinction and we thank him for being at the forefront of pushing the Tourism Sector Recovery Plan. The Tourism Sector Recovery Plan was developed to ensure that the tourism sector adapts and thrives in a new post-crisis era. We need to ensure, together with the sector, that this Plan is implemented successfully.

As an organisation, we can be proud of our efforts and I want to thank all our hardworking staff, both in South Africa and in our hubs around the world, for their dedication and commitment. From a performance perspective, despite the challenges we faced, we delivered on most of our objectives.

My gratitude to the South African Tourism Board for their support and leadership during this difficult period. Most importantly we extend our appreciation and acknowledgment to the tourism industry for their tenacity and resilience in exceptionally challenging circumstances for ensuring that South Africa remains the destination of choice, here at home and abroad, so that we can all enjoy and marvel at this beautiful country of ours.



**L N Sisulu, MP**  
**Minister of Tourism**



# FOREWORD BY THE CHAIRPERSON

**MR SIYABONGA DUBE  
BOARD CHAIRPERSON**

The 2020/21 Financial Year started at the worst point of the effects of the COVID-19 pandemic with the country itself being on hard lockdown and a global stand-down to travel. Many sectors of the economy disintegrated gradually due to the effects of the pandemic, tourism in South Africa is one of the many sectors that were and remain severely affected.

Although our borders opened mid-year and have remained open to visitors, the year 2020 saw an unprecedented drop of 73% in tourist arrivals to South Africa. During the year under review, South Africa welcomed 2 802 320 arrivals, as opposed to 10 228 593 in 2019. Arrivals through land borders accounted for 1 971 684 while 82 920 arrived through air borders. The majority of tourist arrivals to South Africa from the African region in 2020 were from Zimbabwe (684 546), Lesotho (448 745), Mozambique (422 537), Eswatini (214 947), Botswana (129 467), Namibia (54 511), Zambia contributing 46 486 arrivals while 53 365 tourists arrived from Malawi in 2020.

With regards to domestic tourism, a total of 17 037 577 domestic trips were taken in South Africa in 2020. This is a decline of 40 % compared to the same period in 2019. Our strategic outlook for post COVID-19 recovery has, from the onset, been that the tourism sector recovery would start domestically, then progress regionally and ultimately internationally. The African continent remains very important for South Africa's

tourism sector and for overall economic growth. We need to continue to strengthen our efforts to create an enabling and welcoming environment for domestic, regional and international travellers in order to further propel growth in the numbers of tourists travelling within and to South Africa.

While we are encouraged that there are indications of slow recovery, we know the demand for international travel remains weak. As South African Tourism, we remain committed to advancing our efforts of contributing to our country's economy, transformation, job creation and economic growth as we continue to reignite tourism both on the continent and within the key international source markets.

The Department of Tourism, led by the Minister and in collaboration with the sector, developed the Tourism Sector Recovery Plan (TSRP) which has amongst others, interventions that are aimed at triggering a quicker recovery of the sector. The Plan was approved by Cabinet and launched by the Minister in April 2021.

The TSRP is anchored on three strategic themes, namely protecting and rejuvenating supply, re-igniting demand and strengthening enabling capability for long-term sustainability. The implementation of the TSRP will reduce the impact of the COVID-19 crisis on many fronts, including employment.

The TSRP is aligned to the Economic Reconstruction and Recovery Plan (ERRP), which is the country's plan for overall economic recovery. As part of being instrumental in the sector's recovery, South African Tourism as the destination marketing organisation, will play a pivotal role in leading, coordinating and supporting the implementation of the Plan, focusing specifically on stimulating domestic demand through targeted initiatives and campaigns and executing a global marketing programme to reignite international demand.

We look to the future with a renewed sense of hope as our country has begun the COVID-19 vaccine roll-out process. We know that as we gradually build travellers' trust again, it will take some time for our tourism performance to reach pre-COVID 19 numbers again. Our plans going forward include intensifying our marketing efforts, removing prohibitive regulations and policies, as well as rebuilding and nurturing the South African brand.

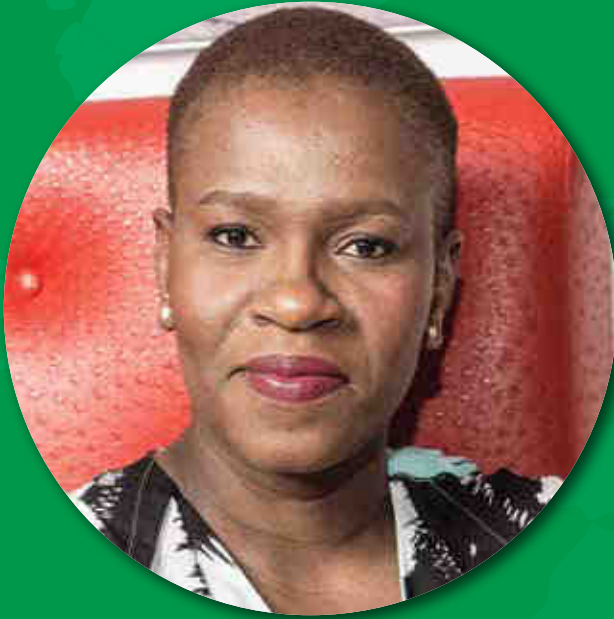
South African Tourism received a qualified audit opinion which highlighted areas of improvement required within the internal control environment. The Board tasked management to develop and implement the remedial plan of action. The Board will monitor implementation of the plan to ensure that audit outcome is improved in the ensuing financial year.

On 05 August 2021, President Cyril Ramaphosa announced the Cabinet reshuffle. In this regard, we extend a warm welcome to Minister Lindiwe Sisulu to the tourism portfolio and look forward to her leadership as we continue our efforts towards the sector's recovery. As we bid farewell to former Minister Mmamoloko Kubayi, on behalf of the Board, I express our collective gratitude for her unwavering support and leadership, especially during the peak of the pandemic.

We bid farewell and thank Mr. Sisa Ntshona, the former CEO, for his dedication, commitment to South African Tourism and to the tourism sector whilst at the helm of South African Tourism. Lastly, I would like to thank the South African Tourism management team and staff for your hard work and commitment during these incredibly difficult times.



**Mr Siyabonga Dube**  
**Chairperson: South African Tourism Board**



# CHIEF EXECUTIVE OFFICER'S OVERVIEW

**STEMBISO DLAMINI**  
ACTING CHIEF EXECUTIVE OFFICER

## Overview

Tourism is a key sector for the South African economy and prior to the COVID-19 pandemic the sector contributed more than R426 billion to the economy and contributed in creating 1.5 million jobs. Unfortunately, this all changed on 26th March 2020, when South Africa took its first decisive actions against the COVID-19 pandemic that was sweeping across the globe. The country implemented one of the most comprehensive national lockdowns as part of a science-led approach to containing the spread of the virus. Over a year since then, it is important to reflect on the impact of the virus on destination South Africa, its impact on the tourism sector and the progress that our country has made in dealing with this global pandemic.

Amidst a very adverse global environment, South African Tourism (SA Tourism) has had to adapt and implement prompt responsiveness to the changes that the tourism industry faced globally. As a result of COVID-19, on 12th May 2020, the SA Tourism FY20/21 Annual Performance Plan (APP) was formally withdrawn from Parliament and a revised one was submitted on 18th May 2020. The revised APP was aptly themed "Gearing for the Future", as it encapsulated the work that SA Tourism would undertake during the lockdown period, namely, inward looking, transformational initiatives that would place the organisation in good stead once the lockdown was lifted and when tourism markets would yet again be allowed to operate. The annual budget was therefore revised accordingly to match the revised APP resource requirements. This resulted in a 66% budget reduction from the initial approved base.

## Remaining Top of Mind

With the limited resources, SA Tourism undertook various campaigns in response to the massive changes experienced in the global tourism landscape due to the COVID-19 pandemic, which included the award-winning "don't travel now, so you can travel later" global campaign which was rolled out at the beginning of the pandemic in response to decisions that many countries were taking to close their borders and with that severely restrict travel. As the year unfolded and restrictions gradually relaxed and in response to these market developments, SA Tourism rolled out various campaigns that were led by a strong domestic focus followed by regional Africa and gradually international markets.

Prior to the COVID-19 pandemic, South Africa was already faced with several negative barriers, including safety and security, our visa regime, and competitiveness against other long-haul destinations. On the African continent, issues such as xenophobia and the lack of an African-specific product and service sensitivity within the sector, projected South Africa as an unwelcoming destination.

Considering these barriers, compounded by the implications of the COVID-19 pandemic, we have continued with our strategic efforts to promote South Africa ensuring that our country remains top of mind for leisure and business travellers. Driven by insights, trends and research, we have implemented several campaigns and initiatives so as ensure that South Africa remains



attractive for all travellers, including domestic travellers and that, international travellers may visit South Africa, as soon as their countries relax restrictions to travel.

The COVID-19 pandemic remains volatile and unpredictable in all regions, making it exceptionally difficult to make projections regarding the global tourism landscape. But, we remain focused on our data and insights-led approach to inform our future marketing initiatives.

### South Africa's Tourism Performance

During the year under review, South Africa welcomed 2 802 320 arrivals, as opposed to 10 228 59 in 2019. In considering travel to South Africa from our key source markets, restrictions on re-entry after travel to South Africa remain in place. A total of 17 037 577 domestic trips were taken in South Africa in 2020. This is a decline of 40 % compared to the same period in 2019.

Domestic tourism remains key to the resilience of the tourism and barriers to travel from African countries is low. Despite the reduction in arrivals, African arrivals are almost ten times higher than international arrivals, highlighting the importance, once again, of regional travel for rebuilding tourism in South Africa. We remain encouraged with signs of the sector's recovery, which is in large part reliant on domestic movement.

The global outlook for a return to 2019 levels of travel and tourism remains uncertain, with a wide variety of factors influencing government travel policies and consumer behaviour. The recovery in international tourism will largely depend on the pandemic's trajectory, travel restrictions and vaccination developments. The sector will therefore continue to re-imagine and redefine the role of domestic and regional tourism in the sector's recovery. The promotion of South Africa as a compliant and safe destination that is affordable and diverse for domestic and regional travellers will remain a priority for the foreseeable future.

### Country Brand

The Tourism Sentiment Index (TSI) and Score is a measure of a destination's ability to generate positive word of mouth about its tourism offerings. It is an aggregate score that focuses solely on online conversations that reference or affect a potential traveller's perceptions of a destination. In terms of this index, tourism sentiment was the lowest in the month of June 2020, coinciding with South Africa's lockdown during this period, with the closure of borders to international travel and limitations on domestic travel. A smaller dip in tourism sentiment was seen in January 2021 versus January 2020, when the "SA variant" made global headlines.

To this end, the Country Brand of South Africa was under attack with the association of the new variant originating in South Africa as was thus dubbed the South African variant. This was repeatedly reported on global platforms and as a result, some countries issued travel advisories and travel bans to and from South Africa. With this in mind, the organisation spent considerable time reviewing the destination brand from a tourism perspective. Without a doubt, it became clear that considerable work needs to be done in order to counter this negative and unwarranted reputational damage. Therefore, in a bid to reposition South Africa as a COVID-19 safe destination and dispel damaging narratives associated with South Africa, SA Tourism and the Tourism Business Council of South Africa (TBCSA), conceptualised the Global Advocacy Programme which will be launched in the new financial year.

In conjunction with the Global Advocacy Programme, with the presentation of a new tourism proposition to the world, in light of our global environment and the challenges this presents, a new global brand campaign was ideated. The new financial year is an opportune time to present a new destination identity to the world.

### Key Highlights for the year

Some of the key highlights for the financial year include::

- don't travel now, so you can travel later campaign.
- The COVID-19 support programme to graded establishments was launched in December with the provision of a support package to the first 150 graded establishments in the hotspots declared by the President, namely, Nelson Mandela Bay and Sarah Baartman in the Eastern Cape and the Garden Route in the Western Cape.
- The Summer Campaign launched and rolled out to four provinces, aimed at profiling experiences and products in villages, townships and small dorpiens in order to boost domestic tourism.
- In an effort to enhance our digital footprint and improve the consumer experience, the #ShotLeft website was improved and promoted special packages with discounted rates for South African residents. All except one of our country websites were consolidated for a better customer experience.
- A technical crisis response team was established to provide accurate and real-time data, insights and analytics to provide real-time performance updates to the sector. Through this initiative, SA Tourism forged partnerships with ACSA, Flight Centre, SANRAL and SANParks. Through this initiative, the inaugural quarterly Road to Recovery Report was produced and disseminated to the sector on 24th December 2020.
- SA Tourism launched the B2B portal and market access programme on 31st March 2021.
- On 26th February 2021, SA Tourism and Google launched its partnership regarding the Google Arts and Culture initiative. This initiative provides a digital platform to promote content regarding destination South Africa to a wider audience in an effort to rebuild regional and international travel.

- South Africa National Convention Bureau exceeded the annual target of bid support with a total of 55 bids and exceeded the number of qualified leads generated with a total of 390 leads.
- The Tourism Grading Council of South Africa successfully implemented the Basic Quality Support Programme with SMME accommodation establishments.

### Outlook for FY21/22

When considering the unpredictable and volatile travel environment as a result of the pandemic, the question of where and how to focus efforts on the road to recovery remains fundamental. The importance of domestic tourism followed by regional and then international tourism in supporting tourism recovery in the medium term is the premise for the next financial year. It is therefore crucial for SA Tourism's marketing efforts to be dynamic and adaptive to differing pandemic phases in relevant markets to achieve the longer-term desired growth.

We will continue with our efforts of creating and sharing positive messaging that is current, relevant and pertinent. In this uncertain environment, the only certainty is the need for a consistent presence through passive marketing in the prioritised markets to ensure that South Africa remains embedded as a top-of-mind destination. The competitive environment for travel post-Covid-19 will be heated. In order to maintain and grow share in desired markets we will build momentum throughout the pandemic rather than jostling into action as travel re-emerges. Critically, SA Tourism will continue to tactically engage through reactive and dynamic digital channels as opportune milestones and environments arise throughout the coming year.

## Conclusion

As part of the Tourism Sector Recovery Plan, we will continue to prioritise our efforts in re-imagining domestic tourism followed by regional and international tourism. Domestic tourism is critical to the survival of the travel and tourism sector. Sustainable growth within domestic tourism will contribute significantly to our sector's economic recovery with domestic recovery paving the way for both regional and international tourism recovery. Key to our competitive advantage will be to outcompete our rivals in a market where every destination is chasing recovery and market share. This means we need to ensure that the travel and tourism sector is on a growth trajectory that realises the country's vast tourism potential.

I would like to thank former Minister of Tourism Mmamoloko Kubayi and the SA Tourism Board for their leadership and support throughout what was undoubtedly one of the toughest years for the tourism sector. Their oversight in ensuring that we deliver on our mandate is appreciated. A special vote of gratitude is extended to the former CEO, Mr. Sisa Ntshona, for his sterling leadership and guidance during what was an exceptionally difficult time for the sector and for SA Tourism as an entity. I also thank our foot soldiers - the staff of South African Tourism for their resilience and commitment during this difficult period. They have remained steadfast in their hard work and outstanding commitment as they continue to wade through these tough times



**Ms Sthembiso Dlamini**  
**South African Tourism**  
**Acting Chief Executive Officer**

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

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General of South Africa (AGSA).

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) applicable to the public entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully



**Ms Sthembiso Dlamini**  
**Acting Chief Executive Officer**



**Mr Siyabonga Dube**  
**Chairperson of the Board**

# 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

At the apex of the legislative mandate, informing the day-to-day operations of South African Tourism, is the Constitution of the Republic of South Africa, Act 108 of 1996, which states the following as relevant to South African Tourism:

- Chapter 3 of the Constitution pertains to cooperative government and thus assigns functions to the three spheres of government.
- Part A of Schedule 4 of the Constitution cites tourism as a functional area of concurrent national and provincial legislative competence.
- Schedules 4 and 5 of section 41(1) define the relationship and principles informing cooperation between the various spheres of government.

The South African Tourism Board is a Schedule 3A public entity established in terms of section 9 of the Tourism Act, Act 3 of 2014. Chapter 3 of the Tourism Act, Act 3 of 2014, articulates the functions of the South African Tourism Board as follows:

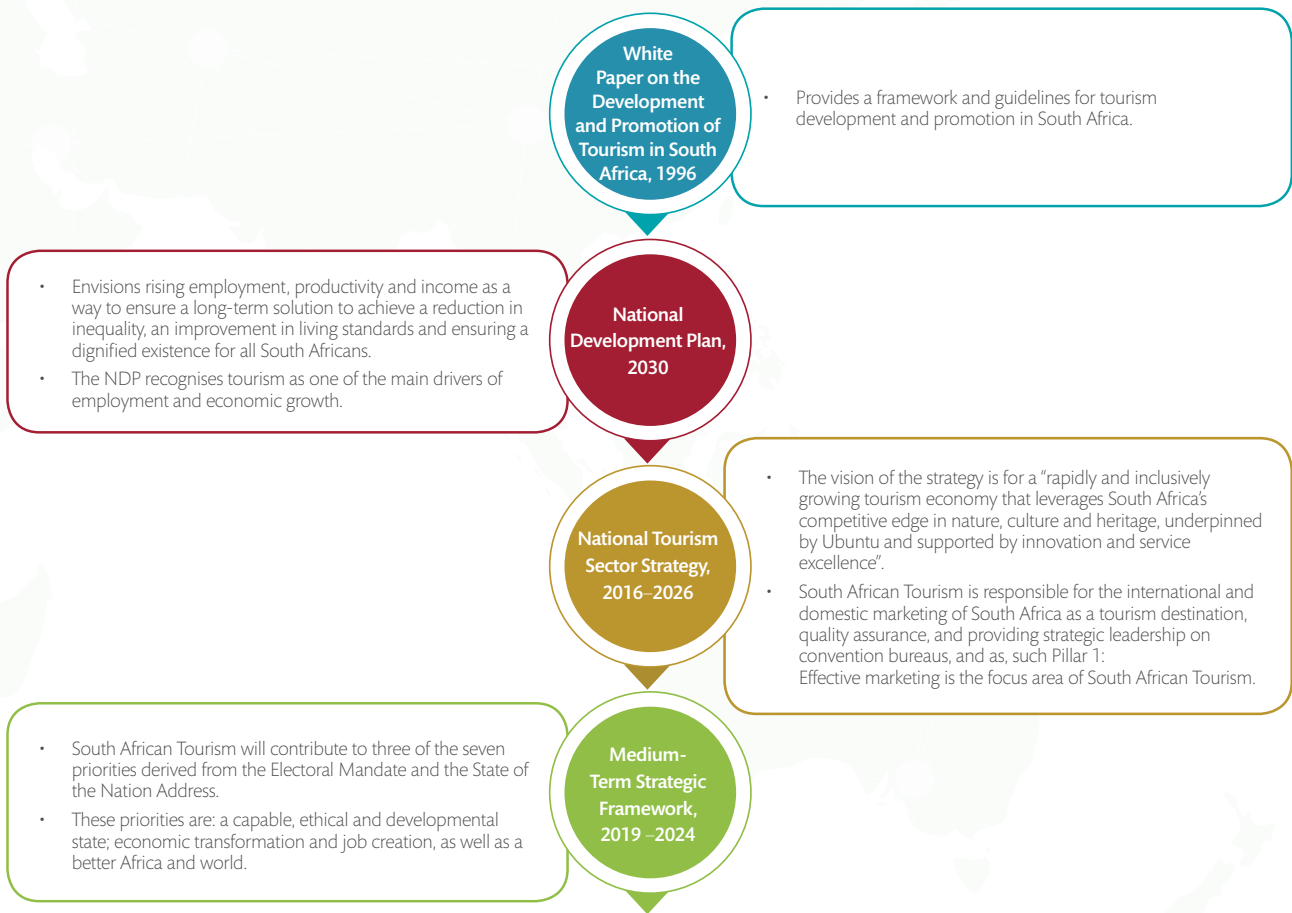
- Market South Africa as a domestic and international tourist destination
- Market South African tourism products and facilities internationally and domestically
- Develop and implement a marketing strategy for tourism that promotes the objectives of the Act, and the National Tourism Sector Strategy (NTSS)
- Advise the Minister on any other matter relating to tourism marketing

- With the approval of the Minister, establish a National Convention Bureau in order to market South Africa as a destination for business events by doing the following:
  - Coordinating bidding for international conventions
  - Liaising with other organs of state and suitable bodies to promote South Africa as a destination for business events
  - Report to the Minister on the work performance of the National Convention Bureau

The Board must perform any function imposed on it, in accordance with the policy directive of the Minister, and not in conflict with the Act.

The Minister has delegated the functions of the Tourism Grading Council of South Africa (TGCSA) to the South African Tourism Board. According to Chapter 4 of the Tourism Act, a function of the TGCSA is to implement and manage the national grading system for tourism, as contemplated in section 28.

Policy mandates informing the work of South African Tourism are as follows:



Key to other key policies and/or strategies informing the work of South African Tourism is TGSA’s grading criteria. To advance and maintain a recognisable, credible and globally benchmarked system of quality assurance for accommodation and venues in South Africa, the TGSA has introduced new and revised grading standards, which were approved by the Minister of Tourism on 2 November 2018. The grading criteria were gazetted and implemented with effect from 1 April 2019.

Institutional policies and strategies relevant to South African Tourism include the above, as well as the Tourism Amendment Bill and the Tourism Broad-based Black Economic Empowerment (B-BBEE) Charter.

COVID-19 and the economic shutdown has had a severe impact on the tourism sector, with many businesses struggling to recover from the related hard lockdown. Industry consultations have unearthed critical business continuity risks across the value chain. The Economic Reconstruction and Recovery Plan (ERRP) was published late in 2020 as the country’s plan for the overall recovery of the economy following the impact of COVID-19. The ERRP identified eight priority interventions, one of which is support for tourism recovery and growth. This priority emphasises three recovery phases: reigniting demand, rejuvenating supply and building enabling capability.

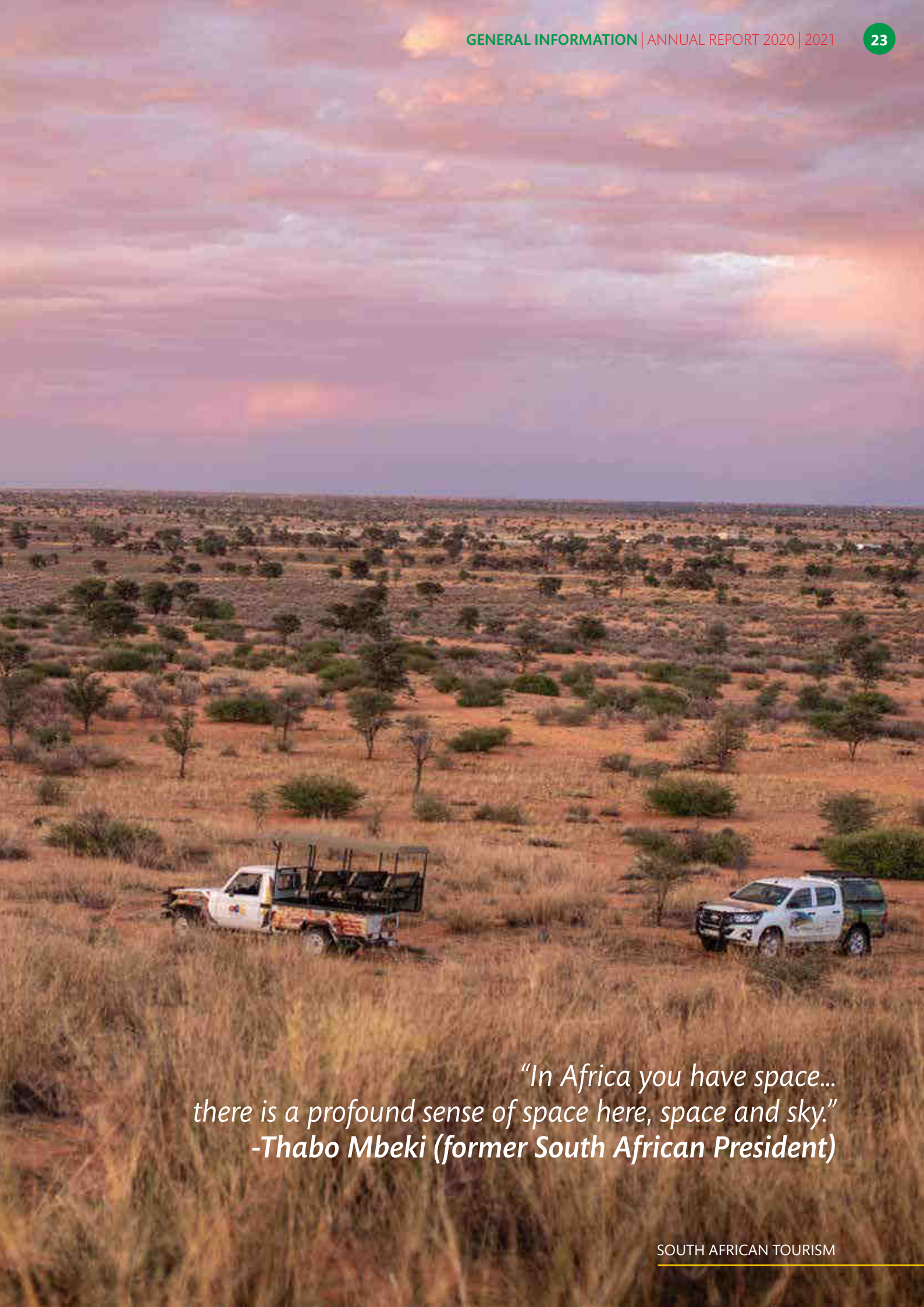
A fundamental consideration is the manner in which South Africa will protect its tourism sector and outcompete in a market where every destination is simultaneously chasing recovery. Following the adoption of the ERRP late in 2020, the Tourism Sector Recovery Plan (TSRP), adopted by Cabinet in April 2021, is anchored on the same pillars as those identified in the recovery phases of the ERRP. The TSRP presents a set of interventions to ignite recovery, anchored on three strategic themes: protecting and rejuvenating supply, reigniting demand and strengthening enabling capability for long-term sustainability.

The following strategic interventions are being implemented through the TSRP:

- Implement biosecurity norms and standards across the value chain to enable safe travel and rebuild traveller confidence
- Stimulate domestic demand through targeted initiatives and campaigns
- Launch an investment and resource mobilisation programme to support the supply requirements of the post-COVID-19 era
- Provide support for the protection of core tourism infrastructure and assets
- Execute a global marketing programme to reignite international demand
- Promote the regional integration of tourism
- Review the tourism policy to provide enhanced support for sector growth and development

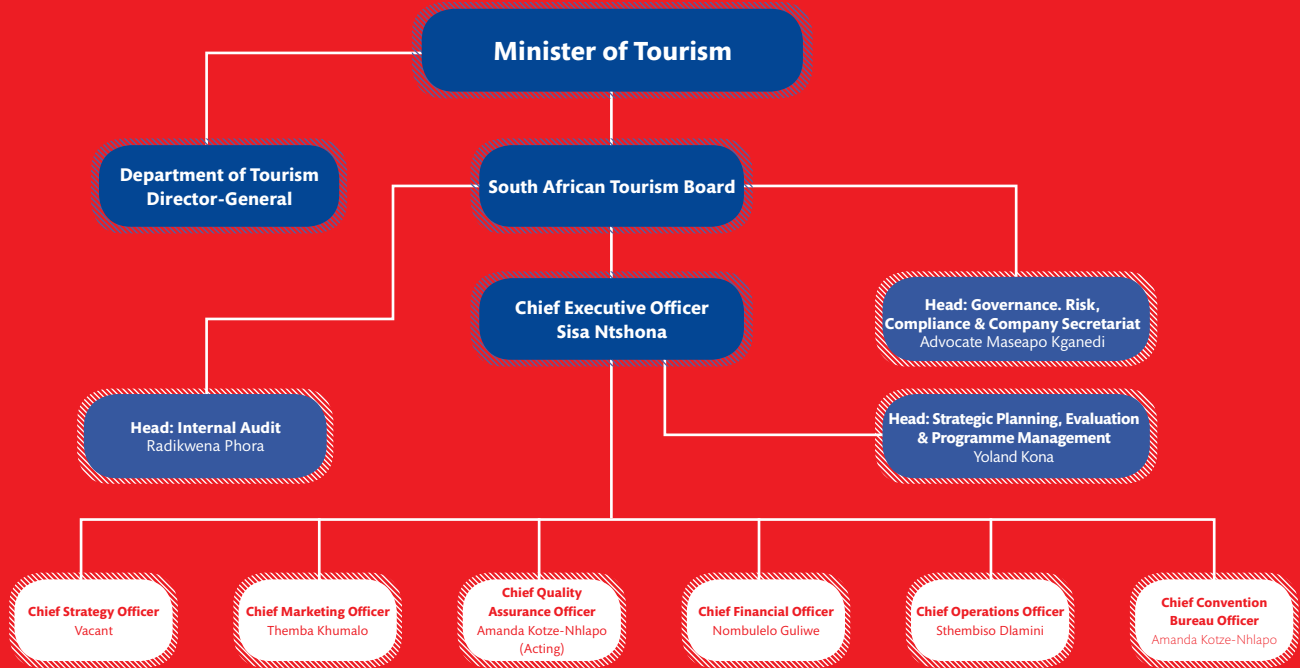
Biosecurity norms, standards and protocols will be implemented across the tourism ecosystem as part of the country's formally adopted set of policies to minimise transmission risk across the tourism value chain.





*“In Africa you have space...  
there is a profound sense of space here, space and sky.”  
-Thabo Mbeki (former South African President)*

# ORGANISATIONAL STRUCTURE



The CEO, Mr Sisa Ntshona, resigned with effect from 31 May 2021. Ms Sthembiso Dlamini was appointed as Acting CEO with effect from 1 June 2021.

# EXECUTIVE MANAGEMENT TEAM



**Sthembiso Dlamini**

Acting Chief Executive Officer  
Chief Operations Officer  
(Ex-officio Board Member)



**Nombulelo Guliwe**

Chief Financial Officer  
(Ex-officio Board Member)



**Themba Khumalo**

Chief Marketing Officer



**Amanda Kotze-Nhlapo**

Chief Convention Bureau Officer,  
Acting Chief Quality Assurance  
Officer



# PART B

PERFORMANCE INFORMATION

*If while climbing a tree you insist on going beyond  
the top, the earth will be waiting for you.  
- African proverb*

# AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performed the necessary audit procedures on the performance information 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 being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the AGSA's report.

Refer to page 114 of the Annual Report for the Auditor's Report, published as Part E: Financial Information.

## SITUATIONAL ANALYSIS

### SERVICE DELIVERY ENVIRONMENT

#### GLOBAL DEVELOPMENTS

In the short period from late December 2019, when reports emerged from Wuhan, China, of a fatal pneumonia-like illness, which raised concern, to the beginning of February 2020, when the virus, identified as SARS-COV-2, took hold in Italy and initiated a worldwide lockdown, which endured for many months, COVID-19 has had a rapid and far-reaching effect on global society.

There is now near-unanimous consensus that the world economy is facing the most serious challenge of the post-war era as the sudden decline in activity across both advanced and developing countries has created a backdrop of higher unemployment and significant contractions in global output. The International Monetary Fund (IMF) projected a global gross domestic product (GDP) contraction of 4.9% in 2020, while the World Trade Organisation (WTO) forecasts negative global growth of nearly 9% for the pessimistic scenario, and a decline in merchandise trade of between 13% and 32% in the optimistic and pessimistic scenario, respectively. The Global Investment Trend Monitor of the United Nations Conference

on Trade and Development (UNCTAD) expected foreign direct investment to fall by between 30% and 40% between 2020 and 2021. African growth prospects were similarly dire, with output expected to decrease by between 3% and 8%, and price inflation and food security risks being widespread, as expressed by McKinsey & Co. (2020) and the World Bank (2020).

The impact of this virus has also resulted in tighter financial markets, with increased credit risk aversion. This has prompted central banks to engage in liquidity injections in their respective economies to avert a systemic liquidity crisis. Bond and equity flows from developing countries have increased sharply and commodity prices have experienced severe downward price pressure due to collapsing global demand (Bank for International Settlements, 2020). Emerging markets were also projected to experience negative real growth rates for 2020, with the Latin American and Caribbean region projected to grow at -5.2%, the Middle East and Central Asia at -2.3% and sub-Saharan Africa at -1.6%.

### DEVELOPMENTS IN SOUTH AFRICA

On 26 March 2020, South Africa took its first decisive action against the COVID-19 pandemic that swept across the globe, implementing one of the most comprehensive national lockdowns, as part of a science-led approach to containing the spread of the Coronavirus.

Several European countries entered third waves of infection and faced new bouts of lockdown as Germany, as well as parts of France and Italy, imposed renewed restrictions in the last week of March 2021.

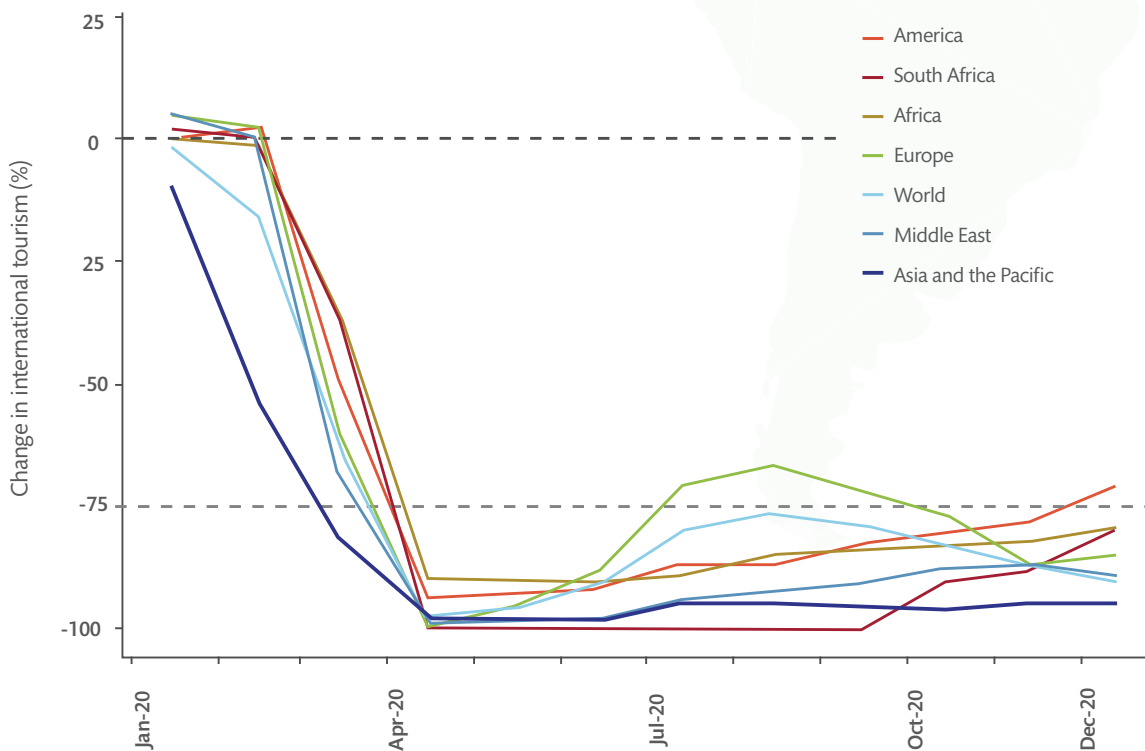
The announcement of several viable, effective COVID-19 vaccines, the silver bullet that the world was waiting for, suggested that the beginning of the end of the pandemic was in sight. However, like much of that experienced with COVID-19, the road to vaccination would not be a straight and smooth one.

### TOURISM SECTOR PERFORMANCE

#### INTERNATIONAL TOURISM

The outlook for the resumption of international travel for tourism remained minimal. The roll-out of vaccinations will increase consumer trust in travel, but the impacts of this on international travel will likely only begin as more countries reach acceptable vaccination thresholds. At current vaccination rates, this may only be expected towards 2022. International arrivals into South Africa are comparable to international arrivals into other regions across the globe. All regions are still experiencing reductions in international tourism of more than 70% compared to the previous year.

FIGURE 1: CHANGE IN INTERNATIONAL TOURIST ARRIVALS IN EACH WORLD REGION



Data source: United Nations World Tourism Organisation (UNWTO) Recovery Tracker

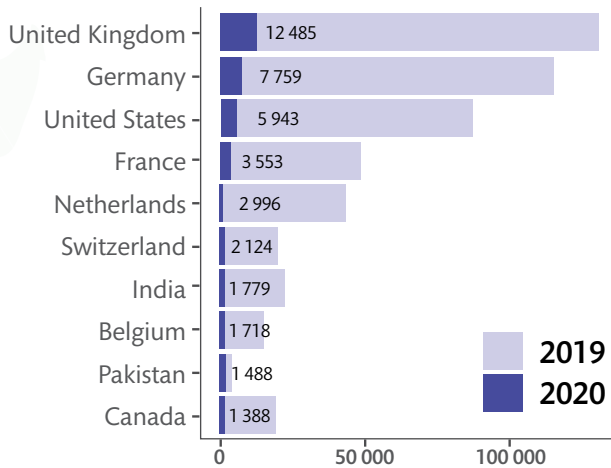
**International arrivals**

International arrivals are the slowest of all indicators to recover, with travel and re-entry restrictions the most likely drivers. Arrivals from African countries are the fastest to recover, driven by both land and air travel, while globally, travel from Russia has shown a significant upward trajectory since opening up international arrivals in September 2020. The USA and India are also recovering faster than other priority markets, but are still 86% lower than pre-COVID-19 levels. Vaccine incidence, combined with infection rates, will play an important role in determining future travel prospects from other territories into South Africa. Canada, USA, Germany, Italy and France are showing the most positive signs of reaching the required levels for travel to be assumed to be safe again. This will, however, be offset by re-entry barriers, which are significant for all these countries except the USA. Medium term international recovery will therefore be largely dependent on African arrivals, with Mozambique, Namibia and Zambia showing the highest recovery to date.

**Africa region arrivals**

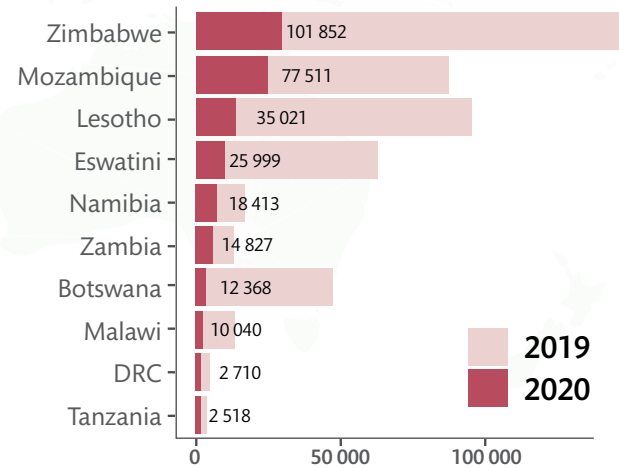
African Land markets have made the greatest contribution to arrivals into South Africa. African Land and African Air exhibit the greatest level of inbound recovery, but are still 76% and 77% lower than in 2019. The three African countries with the greatest inbound recovery are Mozambique, Namibia and Zambia. The three countries with the highest numbers of arrivals (market share) into South Africa are Zimbabwe, Mozambique and Lesotho. Although Zimbabwe maintains its position of having the highest market share of inbound African travellers, travel from Zimbabwe is still 83% lower than in 2019. Mozambique has grown in inbound market share by 10%, now having the second highest market share from the African countries.

**FIGURE 2: ARRIVALS FROM TOP 10 OVERSEAS MARKETS**



Data source: Stats SA (cumulative values from August to December 2020)

**FIGURE 3: ARRIVALS FROM TOP 10 AFRICAN MARKETS**

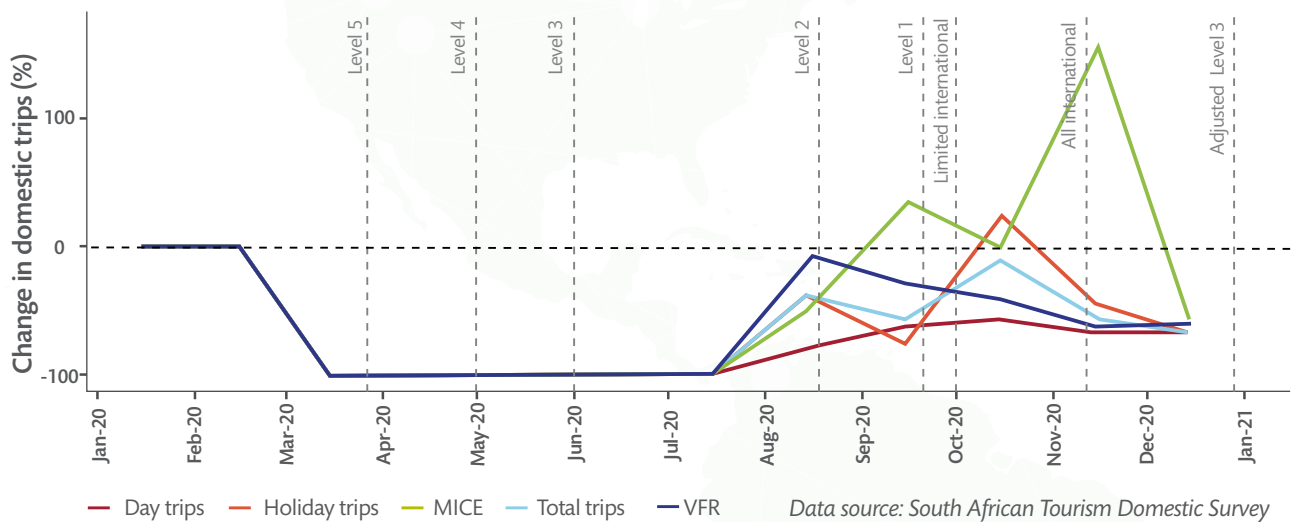


Data source: Stats SA (cumulative values from August to December 2020)

DOMESTIC TOURISM

Domestic tourism is and remained key to the resilience of the tourism sector in South Africa, showing a 40–60% reduction in tourism trips compared to an 80–100% reduction in tourism arrivals during the period under review. Domestic tourism resumed in the latter part of July 2020. In Quarter 1 of 2021, the main indicators of recovery, domestic road movement and spend on food services are closest to reaching pre-pandemic levels. This is indicative of people returning to normal day-to-day activities, but the much slower recovery of accommodation and domestic air travel suggests either a hesitancy to participate in what could be perceived as more risky activities, as well as a reprioritisation of spending due to less disposable income, or a shift in preferences.

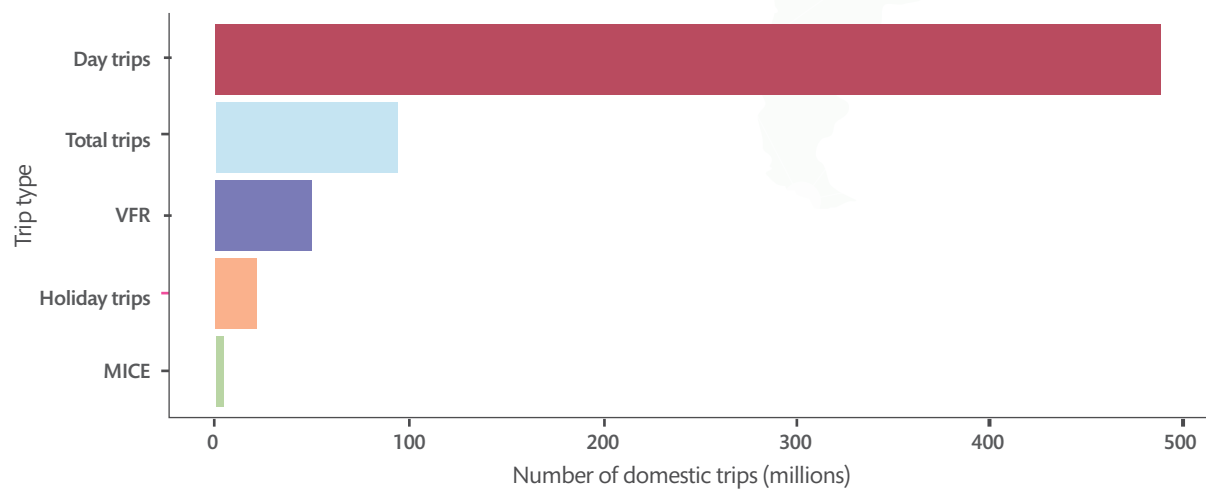
FIGURE 4: PERCENTAGE CHANGE IN DOMESTIC TRIPS RELATIVE TO SAME MONTH IN 2019



\* MICE = Meetings, incentives conferences, exhibitions; VFR = Visit friends and family

The effects of the second wave of COVID-19 infections and the associated regulations can be seen in the contraction in tourism, which occurred during December 2020, with total trips tapering to 60% lower than the previous year. Demand for day trips remained low, with most months seeing up to a 50% reduction in day trips taken. However, these trips contributed the most trips to the domestic tourism landscape.

FIGURE 5: NUMBER OF POST-LOCKDOWN DOMESTIC TRIPS



Data source: South African Tourism Domestic Survey

\* MICE = Meetings, incentives conferences, exhibitions; VFR = Visit friends and family



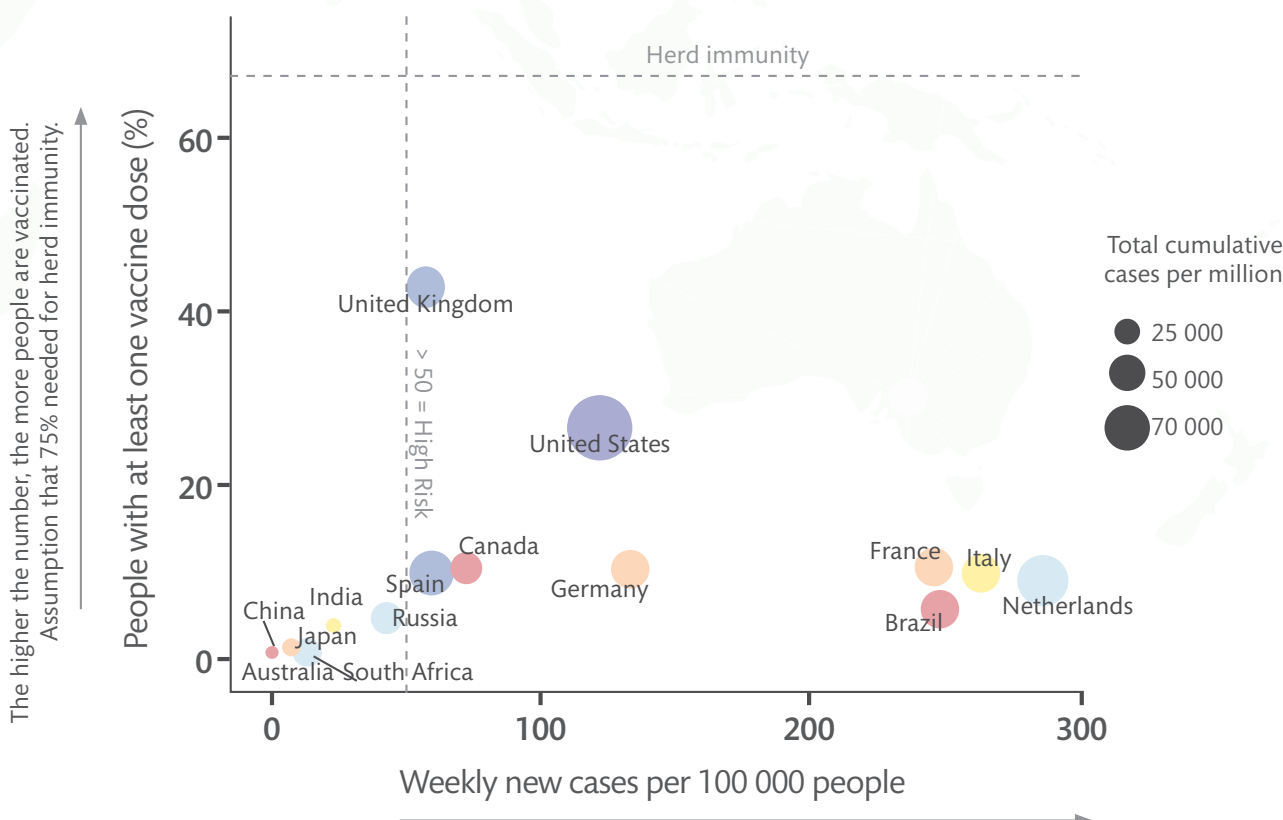
### TRACKING THE PANDEMIC IN PRIORITY SOURCE MARKETS

In addition to understanding vaccines and variants, understanding the state of the COVID-19 pandemic in South Africa’s prioritised source markets is crucial in predicting which countries’ citizens will be able to travel safely and when.

Key metrics to track are the combination of how much COVID-19 is still spreading (measured by new cases per week) and progress in vaccination rollouts. Ideally, countries should be situated in the top left corner of Figure 6. This would mean a low number of new cases per week and high levels of vaccination, translating into progress in curbing the COVID-19 pandemic in that country. This would likely lead to a change in consumer mindset, and travel demand and behaviour.

- As at March 2021, key source markets (the UK and the USA) were making the greatest progress in curbing the COVID-19 pandemic. However, in both countries, weekly new case rates were over 50 and considered high risk according to globally accepted standards.
- The South African government announced the vaccination roll-out plan late in March, which estimates that 35 million people will be vaccinated in a renewed drive from May 2021 to February 2022, taking the country to levels of protection associated with herd immunity by early 2022.

**FIGURE 6: RACE AGAINST TIME: WEEKLY NEW COVID-19 CASES VS NUMBER OF PEOPLE VACCINATED IN SOUTH AFRICAN TOURISM’S PRIORITY SOURCE MARKETS AS AT 31 JANUARY 2021**



Data source: OurWorldinData

The further a country is to the right, the higher the number of weekly infections. Numbers > 50 are globally considered high risk.

## ORGANISATIONAL ENVIRONMENT

South African Tourism has been engaged in a process of transformation. While the organisation today is a competent operator with well-developed capabilities, it still resembles a 'traditional' destination marketing organisation (DMO), a model that is characterised by fixed costs, operational risk and legacy operations. The objectives of the transformation underway are to position the organisation as the lead in terms of sector recovery, to ensure optimal return on fiscal investment and to create the agility needed to respond to a rapidly changing environment.

Three related elements collectively represent the organisation's future institutional architecture: strategy and investment case, operating model and business processes, and organisational design, culture and ways of working. To achieve these elements, a programme approach was executed over five sprints, which focused on framework development, direction setting, detailed design, change management and capability building.

During the financial year, the organisation was able to undertake several diagnostic analyses aimed at developing greater clarity on key business questions from both the internal and external environments. This process informed the proposed operating model to meet South African Tourism's strategic goals and create value for its stakeholders in a financially viable way. While elements of the target operating model design produced during Project Ignite remain relevant, some substantive revisions were required. Similarly, the current organisational structure was revised to enable a new way of working and create appropriate focus on strategically important functions.

This process commenced in the financial year and will span into the next fiscal year, depending on the nature and timing of the process underway to repurpose public entities.

South African Tourism's workforce finds itself in a challenging time in relation to the ongoing process regarding the repurposing of entities with the pending merger, the potential impact of the closure of its international in-country offices and the overall impact of the global pandemic. These issues naturally are of great concern to its employees and have had a significant impact on productivity, employee morale, job satisfaction and job security. Employees, like everyone else in the world, are also impacted on by the loss of loved ones and/or ill-health as a result of the pandemic, with the added dichotomy of being either suited to working virtually or preferring to be office based. One cannot underestimate the collective impact of these variables on South African Tourism's valued employees.

The moratorium in place with the requisite need for staff to either perform additional functions and/or increase their workloads, without any salary increment or performance reward, adversely impacts on morale. By way of mitigation, to some extent, management continued with its weekly staff engagements to ensure constant communication with employees on all matters pertaining to the sector, the organisation and emerging developments. In addition, Human Capital continued to champion its employee wellness programme to provide much-needed support to all staff.

## KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The White Paper on the Development and Promotion of Tourism in South Africa, 1996, establishes the vision of the tourism industry that is government led, private sector driven and community based. It provides the basis for responsible tourism as the key guiding principle for tourism development in the country.

The Department of Tourism, in the 2020/21 financial year, embarked on a process of substantively reviewing the Quality Assurance Framework. The process entails a benchmarking exercise on quality assurance frameworks, including a reflection on whether the grading system in South Africa should remain voluntary. Work is currently underway to review existing policies in order to table a way forward with a view to developing a new comprehensive and overarching tourism policy framework to guide the sector to new heights. This review process will span into the new financial year.

The South African government implemented the risk-adjusted strategy in order to manage the spread of COVID-19. The different levels of this strategy imposed various restrictions, which impacted the tourism sector as international and interprovincial travel were halted. Tourism products and establishments had to operate in line with revised operating hours as and when regulations were adjusted. Safety protocols had to be adhered to across the tourism value chain.

## PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Informed by the mandate and the Medium-term Strategic Framework (MTSF), the Five-year Strategic Plan articulates the impact statement and outcomes of South African Tourism as follows:

| Impact statement                                       |                                                                                  | Tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation, and is enjoyed by all South Africans. |                                                                    |
|--------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| MTSF priority                                          | MTSF outcome                                                                     | Institutional outcome                                                                                                                                    | Outcome indicator                                                  |
| Priority 7: A better Africa and world                  | Growth in tourism sector resulting in economic growth                            | Increase the tourism sector's contribution to inclusive economic growth                                                                                  | Brand Strength Index                                               |
|                                                        |                                                                                  |                                                                                                                                                          | Percentage increase in international tourist arrivals              |
| Priority 2: Economic transformation and job creation   | Reindustrialisation of the economy and emergence of globally competitive sectors |                                                                                                                                                          | Percentage increase in the value of international tourist spend    |
|                                                        |                                                                                  |                                                                                                                                                          | Increase in the number of domestic holiday trips                   |
|                                                        |                                                                                  |                                                                                                                                                          | Increase in the value of domestic holiday direct spend             |
|                                                        |                                                                                  |                                                                                                                                                          | Percentage increase in tourism's direct contribution to employment |
|                                                        |                                                                                  |                                                                                                                                                          | Percentage growth in tourism's direct contribution to GDP          |
|                                                        |                                                                                  |                                                                                                                                                          | Seasonality of international tourist arrivals                      |
|                                                        |                                                                                  |                                                                                                                                                          | Number of SMMEs supported                                          |
|                                                        |                                                                                  |                                                                                                                                                          | Geographic spread of international tourist arrivals                |
|                                                        |                                                                                  |                                                                                                                                                          | Geographic spread of domestic tourist arrivals                     |
|                                                        |                                                                                  |                                                                                                                                                          | Total number of international business events hosted               |
| Priority 1: A capable, ethical and developmental state | Professional, meritocratic and ethical public administration                     | Achieve good corporate and cooperative governance                                                                                                        | Net promoter score                                                 |
|                                                        |                                                                                  |                                                                                                                                                          | External audit outcomes                                            |
|                                                        |                                                                                  |                                                                                                                                                          | South African Tourism Reputation Index                             |

Given the impact of the COVID-19 pandemic, and considering the mandate and related annual targets in the original Annual Performance Plan for the 2020/21 financial year, South African Tourism embarked upon a process to review its annual targets and thus developed a revised APP for 2020/21, which was subsequently approved through the normal governance structures. South African Tourism thus reviewed the environment in order to devise a contingent operational strategy and prioritise relevant annual targets and key performance indicators (KPIs). Divisional reviews were undertaken per programme to ascertain the relevance of its original planned targets and KPIs during the pandemic in light of the risk-adjusted strategy that was implemented globally.

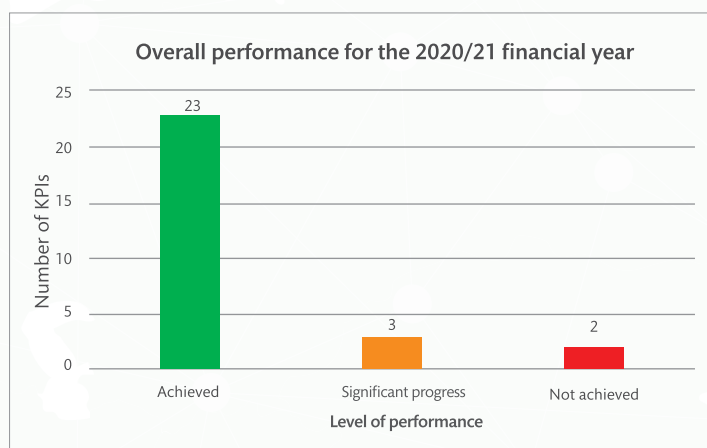
The revised plan was tabled with the Board for approval. Subsequent to Board approval, the revised APP was approved by the Department of Tourism and then tabled in Parliament by the Minister. Considering the impact of the pandemic, the revised APP for 2020/21 thus limited South African Tourism’s focus on the above tabulated outcome indicators for the period under review. In this regard, the revised APP for 2020/21 focused on the following:

| Impact statement                                       |                                                                                  | Tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation, and is enjoyed by all South Africans. |                                             |
|--------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| MTSF priority                                          | MTSF outcome                                                                     | Institutional outcome                                                                                                                                    | Focus areas                                 |
| Priority 7: A better Africa and world                  | Growth in tourism sector resulting in economic growth                            | Increase the tourism sector’s contribution to inclusive economic growth                                                                                  | Industry and sector engagement              |
|                                                        |                                                                                  |                                                                                                                                                          | Tourism intelligence                        |
| Priority 2: Economic transformation and job creation   | Reindustrialisation of the economy and emergence of globally competitive sectors |                                                                                                                                                          | Business-to-business exchange support       |
|                                                        |                                                                                  |                                                                                                                                                          | Inclusivity through market access           |
|                                                        |                                                                                  |                                                                                                                                                          | Brand management                            |
|                                                        |                                                                                  |                                                                                                                                                          | Partnerships with industry and consumers    |
|                                                        |                                                                                  |                                                                                                                                                          | Digitalisation                              |
| Priority 1: A capable, ethical and developmental state | Professional, meritocratic and ethical public administration                     | Achieve good corporate and cooperative governance                                                                                                        | Bidding                                     |
|                                                        |                                                                                  |                                                                                                                                                          | Basic Quality Verification Programme        |
|                                                        |                                                                                  |                                                                                                                                                          | External audit outcomes                     |
|                                                        |                                                                                  |                                                                                                                                                          | Building a capable and ethical workforce    |
|                                                        |                                                                                  |                                                                                                                                                          | Automation of identified business processes |

The APP for 2020/21 has 28 annual targets across five programmes. These programmes are as follows:



For the financial year, the performance against the APP for 2020/21 is as follows:



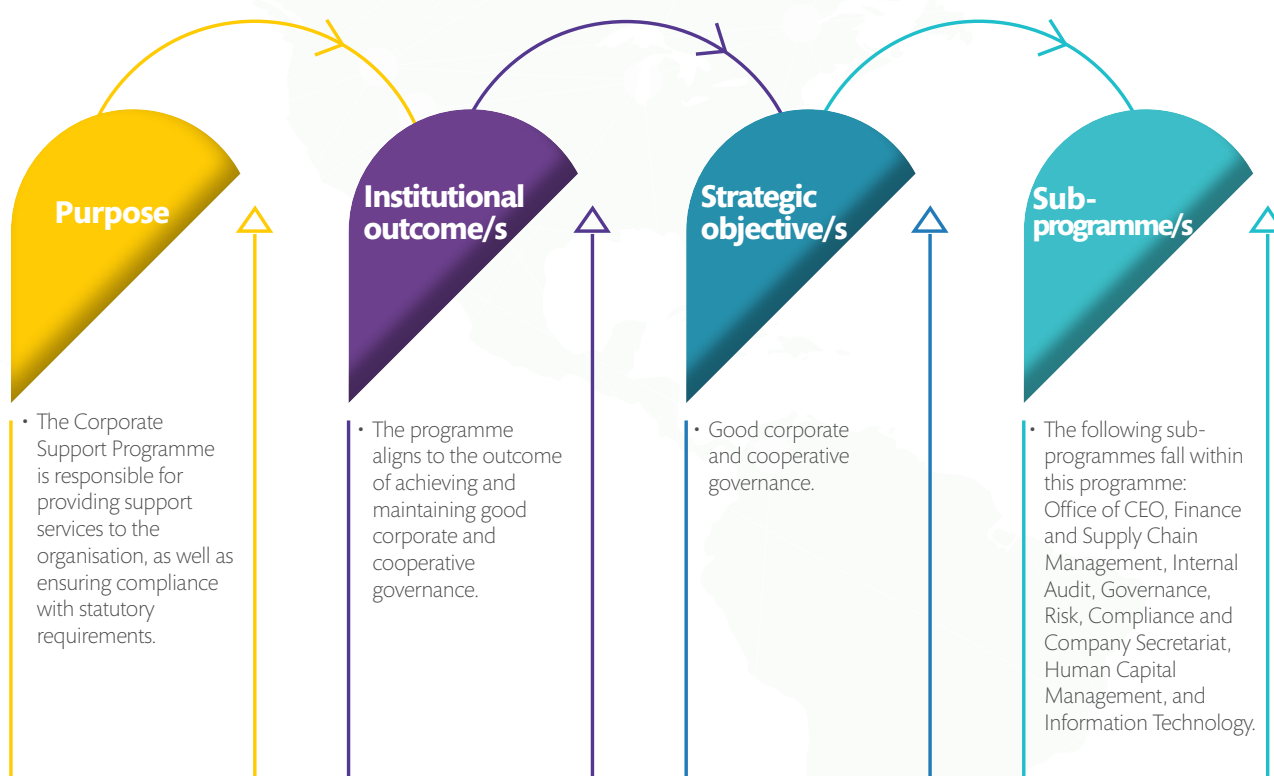
|                      |                      |
|----------------------|----------------------|
| Total KPIs for 20/21 | 28                   |
| 100% achieved        | 23: 82%              |
| Significant progress | 3 <sup>1</sup> : 11% |
| Not achieved         | 2: 7%                |

| PROGRAMME                    | OUTPUT / KEY PERFORMANCE INDICATOR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Corporate Support         | <ol style="list-style-type: none"> <li>1. Percentage implementation of valid internal and external audit recommendations</li> <li>2. Percentage implementation of the Annual Risk Management Plan</li> <li>3. Payment of all compliant invoices within 30 days from date of receipt</li> <li>4. 100% of qualifying expenditure achieved on procurement from B-BBEE contributor status levels 1–5</li> <li>5. Minimum 30% qualifying expenditure achieved on procurement of goods and services from SMMEs, youth and women</li> <li>6. Mandatory payments in terms of the applicable legislation (medical aid schemes, insurance schemes, labour unions)</li> <li>7. Employee engagement score as at 31 March 2021</li> <li>8. 100% employment equity (EE) compliance</li> <li>9. 100% implementation of the Workplace Skills Plan (WSP)</li> <li>10. Maximum percentage of labour turnover</li> <li>11. Maximum vacancies as a percentage of headcount</li> <li>12. Percentage of youth recruited in learnerships/internships</li> <li>13. Percentage implementation of Employment Equity Plan:                             <ul style="list-style-type: none"> <li>• Percentage of women in South African Tourism</li> <li>• Percentage of women in senior and top management positions</li> <li>• Percentage of people with disabilities</li> </ul> </li> <li>14. 100% identified business processes automated</li> </ol> |
| 2. Business Enablement       | <ol style="list-style-type: none"> <li>15. Number of stakeholder engagements</li> <li>16. Number of market updates/infographics published</li> <li>17. Business-to-business (B2B) base portal delivered</li> <li>18. Marketing Investment Framework (MIF) updated</li> <li>19. Market access programme developed</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 3. Leisure Tourism Marketing | <ol style="list-style-type: none"> <li>20. Bank of digital content developed</li> <li>21. Brand repositioning documents developed</li> <li>22. Traveller, trade, arts and culture partnerships activated</li> <li>23. 100% global and country websites redesigned and live</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 4. Business Events           | <ol style="list-style-type: none"> <li>24. Number of bids supported</li> <li>25. Number of qualified leads generated</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 5. Tourist Experience        | <ol style="list-style-type: none"> <li>26. Implemented basic quality support programme for SMME accommodation establishments</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

1 Two of the three targets were met within the financial year, but after the planned date of achievement as articulated in the APP for 2020/21.

# INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

## PROGRAMME 1: CORPORATE SUPPORT



### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

For the period under review, Programme 1 focused on internal business transformation initiatives as the organisation geared itself towards digitalisation and developing a future operating model that paid cognisance to government's efforts to rationalise entities and agencies with similar functions. From an organisational management and transformation perspective, the following key achievements were realised during the financial year:

#### Supply Chain Management

Supply chain management (SCM) remains a critical business enabler. The need for improvements in the supply chain management area have thus been identified. Focusing on SCM team capability, domain expertise and business partnering, adopting best practice for international public procurement and investing in improved digitalisation tools (automation, reporting and insights) were the first steps in delivering a step change in business outcomes.

The implementation of the e-procurement solution during Phase 1 of the COVID-19 lockdown saw the automation of South African Tourism's tender management system. It also contributed to improved operational efficiency and communication with suppliers. Significant progress was made with the automation of SCM processes, which went live at the beginning of 2021/22.

In an effort to strengthen South African Tourism's procurement system, a new Bid Adjudication Committee (BAC) was established with additional mechanisms introduced to improve the procurement value chain.

The payment of compliant invoices was effected within an average of 27 days due to improved monitoring of the system. South African Tourism achieved 100% of qualifying expenditure on procurement from B-BBEE contributor status levels 1-5 and 30% of qualifying expenditure on the procurement of goods and services from SMMEs, youth and women suppliers. This is due to the deliberate and focused approach to procurement that was undertaken during the financial year.

## Digital and Technology (DIGITECH)

Many of the tools and capabilities required by a modern DMO reside in the data and technology functions. These requirements have changed little as a result of the current crisis brought about by the COVID-19 pandemic, but the need for their implementation has accelerated. With the requisite capacity in place, South African Tourism is well placed to execute a single technology transformation agenda that enables the prioritisation of strategic capabilities.

In the context of the Tourism Sector Recovery Plan, driven by South African Tourism's digital transformation journey, the organisation has started on a no-return path of continuous modernisation, agility and overall operational efficiency. Its modernisation plan envisions the use of data and automated processes to secure a role that is future proof and remains relevant to all stakeholders in the tourism value chain. With the digital transformation journey on its way, major modernisation milestones were achieved in the last fiscal year, providing improved operational capabilities to deliver on its mandate.

Digital and Technology (DIGITECH) is a newly created business unit that is designed to provide the organisation with the very best digital and technology solutions to enable South African Tourism to contribute to the highest levels of growth in the tourism sector. In creating a centre of digital service excellence, the digital efforts across the organisation are no longer fragmented, which enables the consolidation of data, as well as standardisation of best practices. A key initiative undertaken was the rollout of the business process management (BPM) platform that will automate and digitalise all paper-driven processes within the organisation. This will assist in streamlining processes and reducing duplication of tasks by driving operational efficiencies, improving the management of end-to-end processes across the organisation and – more importantly – ensure improved management control and corporate governance.

A major gap addressed during the year under review was the lack of 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, which gave the organisation access to the full Google Marketing Platform, thus combining analytics of both owned and

non-owned digital channels. With the roll-out of the tool, South African Tourism has included a standard naming and tracking convention, which allows the organisation to have a real-time view of digital channel performance and to leverage data to enable a more targeted way of communicating with all its audience segments.

South African Tourism's DIGITECH team launched the Tourism Growth Hub, a market access platform that gives SMMEs a marketplace to showcase their product offerings online, with access to important information, training for SMMEs and collaboration with third parties. The platform is equally used to communicate with SMMEs, and is a product that reduces the volume of calls and emails, while allowing greater efficiency in sharing important information with products such as health protocols.

Finally, the implementation of the customer relationship management (CRM) solution improved stakeholder management and customer relationship significantly in the trade partners space across the globe, enabling real-time data exchange, reporting and campaigns.

## Human Capital Management

Despite the adverse conditions caused by the pandemic, employee engagement showed a steady increase year-on-year, most likely due to the employee engagement interventions undertaken during the period under review. These interventions included the weekly staff online engagement sessions and an increased focus on online and remote learning and development initiatives.

South African Tourism achieved 100% implementation of the WSP with exceptional performance reported against its recruitment targets, which prioritised women and people with disabilities. This performance is based on a more strategic and robust approach to recruitment undertaken throughout the period under review. The overall investment in staff training for the financial year was R3.7 million, which was 253% of its skills development levy for the financial year, with 173 employees undergoing training. South African Tourism recorded an overall staff turnover rate of 4.8% for 2020/21, which is down from 8% in the previous financial year, with a voluntary turnover rate of 3.2%.

## PROGRAMME PERFORMANCE

Programme performance against the planned outputs and output indicators for 2020/21 is reported as follows:

| Programme: Corporate Support                      |                                                     |                                                                                                                                   |                                    |                                    |                               |                            |                                                             |                                                                                                                                                                                                  |
|---------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                           | Output                                              | Output indicator                                                                                                                  | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21 | Actual achievement 2020/21 | Deviation from planned target to actual achievement 2020/21 | Reasons for deviation/s                                                                                                                                                                          |
| Achieve good corporate and cooperative governance | Maintain internal controls and financial management | Percentage implementation of valid internal and external audit recommendations                                                    | -                                  | 100%                               | 100%                          | 95%                        | -5%                                                         | By 31 March 2021, a number of findings were in the process of being concluded. These findings were not concluded due to operational challenges that would be resolved in the new financial year. |
|                                                   |                                                     | Percentage implementation of the Annual Risk Management Plan                                                                      | -                                  | 100%                               | 20%                           | 38%                        | 90%                                                         | Target exceeded due to the resourcing of the risk management function.                                                                                                                           |
|                                                   |                                                     | Payment of all compliant invoices within 30 days from date of receipt                                                             | -                                  | 100%                               | 100%                          | 100%                       | -                                                           | Target achieved as a result of constant monitoring of invoices and immediate payment of compliant invoices.                                                                                      |
|                                                   |                                                     | 100% of qualifying expenditure achieved on procurement from B-BBEE contributor status levels 1-5                                  | -                                  | New indicator                      | 100%                          | 100%                       | -                                                           | Target achieved as a result of targeted procurement and monthly monitoring of progress towards the annual target.                                                                                |
|                                                   |                                                     | Minimum 30% expenditure achieved on procurement of goods and services from SMMEs, youth and women                                 | -                                  | New indicator                      | 30%                           | 45%                        | 50%                                                         | Target exceeded due to targeted procurement.                                                                                                                                                     |
|                                                   |                                                     | Mandatory payments in terms of applicable legislation (medical aid schemes, insurance schemes, unions, municipal rates and taxes) | -                                  | New indicator                      | 100%                          | 100%                       | -                                                           | Target achieved as a schedule of mandatory payments was tracked on a monthly basis.                                                                                                              |
|                                                   |                                                     |                                                                                                                                   |                                    |                                    |                               |                            |                                                             |                                                                                                                                                                                                  |



| Outcome                                            | Output                                                                        | Output indicator                       | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21     | Actual achievement 2020/21         | Deviation from planned target to actual achievement 2020/21 | Reasons for deviation/s                                                                                                                                                                                                         |
|----------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Achieve good corporate and co-operative governance | To attract and retain a capable and ethical workforce in a caring environment | Staff engagement score                 | 3.4                                | 3.57                               | 3.5 (68%)                         | 3.75% (75%)                        | 7%                                                          | Employee engagement has increased due to the revised approach adopted for post engagement survey focus groups, as well as an increased focus on online and remote learning and online initiatives and weekly staff engagements. |
|                                                    |                                                                               | 100% employment equity (EE) compliance | -                                  | -                                  | Report on EE compliance submitted | Report on EE submitted as planned. | -                                                           | Target achieved due to timeous consultations undertaken.                                                                                                                                                                        |
|                                                    |                                                                               | 100% implementation of WSP             | -                                  | New indicator                      | 100%                              | 100%                               | -                                                           | Target achieved due to constant monitoring of training programmes and a timeous bursary application process.                                                                                                                    |
|                                                    |                                                                               | Maximum percentage labour turnover     | -                                  | 8%                                 | 8%                                | 3%                                 | 63%                                                         | Target achieved due to the dedicated focus on employee engagement in addressing concerns highlighted in the previous employee engagement survey and the coaching programme.                                                     |

| Outcome                                           | Output                                                                        | Output indicator                                                                        | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21 | Actual achievement 2020/21 | Deviation from planned target to actual achievement 2020/21 | Reasons for deviation/s                                                                                                                                                            |
|---------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Achieve good corporate and cooperative governance | To attract and retain a capable and ethical workforce in a caring environment | Maximum vacancies as a percentage of headcount                                          | -                                  | 7%                                 | 8%                            | 9%                         | -13%                                                        | The 18 vacancies could not be filled due to the process underway of repurposing entities and the related moratorium. Only critical positions were filled as approved by the Board. |
|                                                   |                                                                               | Percentage of youth recruited in learnerships internships                               | -                                  | New indicator                      | 2%                            | 14%                        | 600%                                                        | Target exceeded due to the deliberate approach undertaken towards a robust learnership programme.                                                                                  |
|                                                   |                                                                               | Percentage implementation of EE Plan:<br>• Percentage of women in South African Tourism | -                                  | 60%                                | 60%                           | 63%                        | 5%                                                          | Target exceeded due to focused recruitment activities.                                                                                                                             |
|                                                   |                                                                               | • Percentage of women in senior and top management positions                            | -                                  | 50%                                | 50%                           | 53%                        | 6%                                                          | Target exceeded due to a focused recruitment drive.                                                                                                                                |
|                                                   |                                                                               | • Percentage of people with disabilities                                                | -                                  | 2%                                 | 2%                            | 2%                         | -                                                           | Target achieved as a result of a campaign to encourage employees to disclose their disability status.                                                                              |

| Outcome                                           | Output                                                                   | Output indicator                             | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21                                    | Actual achievement 2020/21 | Deviation from planned target to actual achievement 2020/21 | Reasons for deviation/s                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------|------------------------------------|------------------------------------|------------------------------------------------------------------|----------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Achieve good corporate and cooperative governance | Automate SCM, human capital, legal and internal audit business processes | 100% identified business processes automated | -                                  | New indicator                      | 100% of identified business processes automated by 31 March 2021 | 0%                         | -100%                                                       | There were delays in the delivery of the business requirement specifications by the service provider, which subsequently affected the development of the stock and non-stock procurement and the readiness of the user acceptance testing environment. This has been mitigated by the inclusion of penalty clauses in the agreement with the service provider as the delays were caused by their capacity challenges. |

Strategy to overcome areas of under-performance in Programme 1

The following activities will address under-performance during the new financial year:

| TARGET                                                                            | MITIGATING ACTION/S                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Percentage of implementation of valid internal and external audit recommendations | South African Tourism will enhance its standard operating procedure that guides the mitigation of audit findings with the inclusion of Executive sign-off of audit reports that articulate management actions, as well as the inclusion of escalation mechanisms to ensure timeous mitigation of audit findings. |
| Maximum vacancies as a percentage of headcount                                    | Once the merger between South African Tourism and Brand SA has been finalised, the vacancies will be addressed.                                                                                                                                                                                                  |
| Automation of 100% identified business processes                                  | South African Tourism has engaged the service provider to revise the project plan. In addition, the service provider has revised the resources allocated to this project to ensure full automation by 31 December 2021.                                                                                          |

## PROGRAMME 2: BUSINESS ENABLEMENT



## OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

In line with the purpose of Programme 2, in the year under review, South African Tourism endeavoured to enhance its objective of being an insights-led organisation and providing demand-driven research to enable business growth through the delivery of market insights. During the financial year, the focus was on reconsidering South African Tourism's market investment choices within the context of the COVID-19 pandemic and the road to recovery. To this end, South African Tourism introduced the quarterly Road to Recovery Report, which provided the sector with trends and insights into the sector's performance, both globally and domestically, as well as possible scenarios around performance predictions. Tourism sector coordination and engagement are key elements of South African Tourism's mandate and, in this regard, the organisation heightened its focus on stakeholder engagement. Included in Programme 2 is the focus on rejuvenating tourism supply through diversification and inclusion in the sector through a dedicated focus on enterprise and supplier development.

### Market insights

The world of travel has been very fluid, with new data points and discoveries coming through daily.

This necessitated the adoption of a dynamic approach to tourism recovery as the organisation understood variables better. Similarly, the needs and wants of travellers are constantly evolving as they obtain new information. Thus, keeping up with changing consumer behaviour became paramount. As such, South African Tourism paid considerable attention to becoming the centre of insights, analytics and intelligence for the tourism sector.

In this regard, the organisation published the inaugural quarterly Road to Recovery Report in December 2020, with the second edition published in March 2021. These reports provide much-needed insights into the performance of tourism globally and domestically, and present various projections for tourism recovery based on emerging statistics and data. Market updates were published on a monthly basis to provide the sector with up-to-date and verified information.

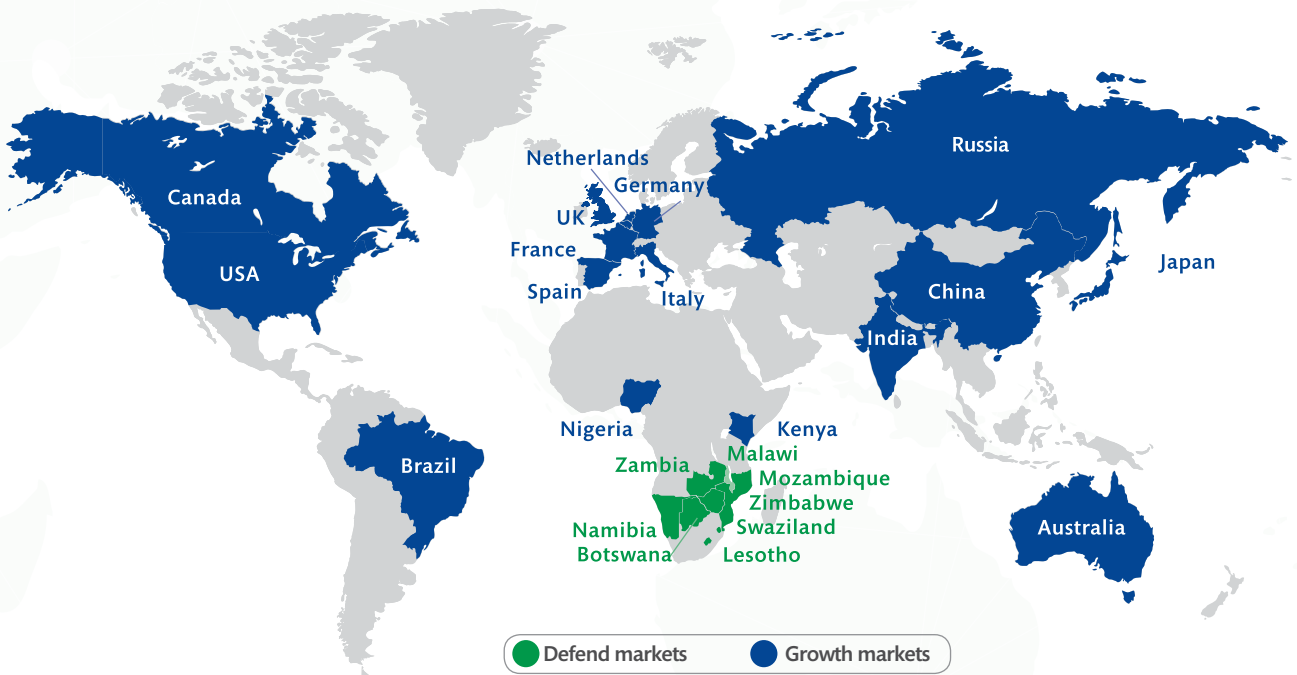
The role of partners in the quest for providing insights and analytics was identified as key to the work being undertaken by South African Tourism. In this regard, data-driven partnerships were established with various value chain partners, such as ACSA and SANRAL, to name a few.

**Marketing Investment Framework**

South African Tourism, together with the tourism industry, developed the Marketing Investment Framework, which focuses on identifying markets, optimising marketing investments across the identified target markets and distributing resources to help meet the set objectives. Every three to five years, South African Tourism reviews its portfolio in order to improve its ability to dynamically and effectively allocate and manage its budgets and resources.

Early in 2020, South African Tourism initiated a revision of the Marketing Investment Framework, using 2019 as the base year to review the portfolio. The framework utilised 33 variables related to performance, outlook, South Africa’s ability to win in a market, return on past investments and other criteria. Twenty-four markets were identified for prioritisation, segmented into 16 ‘growth’ and eight ‘defend’ markets, with an additional set of markets earmarked as ‘watchlist’. The 24 prioritised markets accounted for 92% of all international trips in 2019.

These priority source markets are as follows:



**Stakeholder engagement**

Given the mandate of South African Tourism, the organisation developed a robust Stakeholder Engagement Framework during the financial year. This process was important given that the success of delivering the mandate of tourism is dependent upon coordination across the public and private sectors, with an array of stakeholders pivotal to the tourism ecosystem. The implementation of this framework saw a significant increase in sector engagement with both the public and private sectors. In this regard, a number of partnerships and collaborative efforts were initiated. Increased stakeholder engagement was required during the financial year in order to collaboratively explore means to mitigate the impact of the COVID-19 pandemic.

South African Tourism, with input from various stakeholders, including provincial tourism authorities and private sector stakeholders, was instrumental in the development of the Tourism Sector Recovery Plan. The TSRP was approved by

Cabinet in April 2021. The implementation of the recovery plan will require consolidated efforts from the entire value chain.

From April 2020 to March 2021, South African Tourism hosted 11 CEO Forum sessions with provincial tourism authorities. The sessions focused on a number of key areas relating to restrictions for the sector under the COVID-19 environment. Furthermore, the sessions provided an opportunity for South African Tourism and the provincial tourism authorities to align, consolidate and coordinate efforts towards destination marketing.

In support of the Department of Tourism, through the Deputy Minister’s provincial COVID-19 impact assessment visits, South African Tourism conducted stakeholder engagements with the North West, Eastern Cape and Limpopo provinces. These would continue to other provinces in the new fiscal year.

A bilateral engagement was convened with the Tourism Transformation Council of South Africa regarding a partnership focused on transformation and inclusivity in the tourism sector through collaboration on the Tourism Growth Hub. The partnership will centre around market access for black-owned SMMEs and collaboration on future research.

As a key highlight, on 24 March 2021, South African Tourism and Qatar Airways jointly hosted a virtual global trade webinar with leading travel industry trade partners from key inbound source markets globally. The webinar profiled the expanded routes to South Africa offered by Qatar Airways and promoted Destination South Africa as a safe and compliant travel destination that is open for business and is ready to receive visitors from across the globe.

### Enterprise and supplier development

The socioeconomic costs of the COVID-19 pandemic will be with us for years to come. As a sector that facilitates mobility and human interaction, tourism has been among the hardest hit by the pandemic, with many businesses struggling to recover from the various lockdown levels implemented over the past year. Tourism revival in South Africa is critical, not just because of the jobs and businesses that it supports, but because, in its interconnectedness, its resilience and its ability to rebound swiftly, tourism can be a catalyst for broader economic recovery.

To give effect to the role of South African Tourism, in terms of the Transformation Strategy for the Tourism Sector, the organisation's Enterprise and Supplier Development (E&SD) Programme seeks to make South African Tourism globally competitive, as well as to open the benefits of tourism to previously disadvantaged individuals. This programme, conceptualised during the period under review, will support South African Tourism's E&SD Framework, which is its implementation instrument for transformation, thus contributing to inclusive growth. In this regard, the market access programme was designed inclusive of the launch of the Tourism Growth Hub.

### Organisational planning and reporting

With regard to South African Tourism's annual non-financial and financial planning processes for the next fiscal period, the 2021/22 APP was approved and tabled in Parliament. As a parallel process, the 2021/22 divisional annual operational plans were concluded prior to the beginning of the new financial year. The 2021/22 Annual Procurement Plan was also drafted and submitted to National Treasury in line with the legislated process. These activities demonstrated an improvement in the organisation's financial and non-financial planning processes in an effort to improve corporate governance. The 2019/20 annual report and the 2020/21 quarterly reports were tabled timeously at the Parliamentary Portfolio Committee, and were well received.

PROGRAMME PERFORMANCE

Programme performance against the planned outputs and output indicators for 2020/21 is reported as follows:

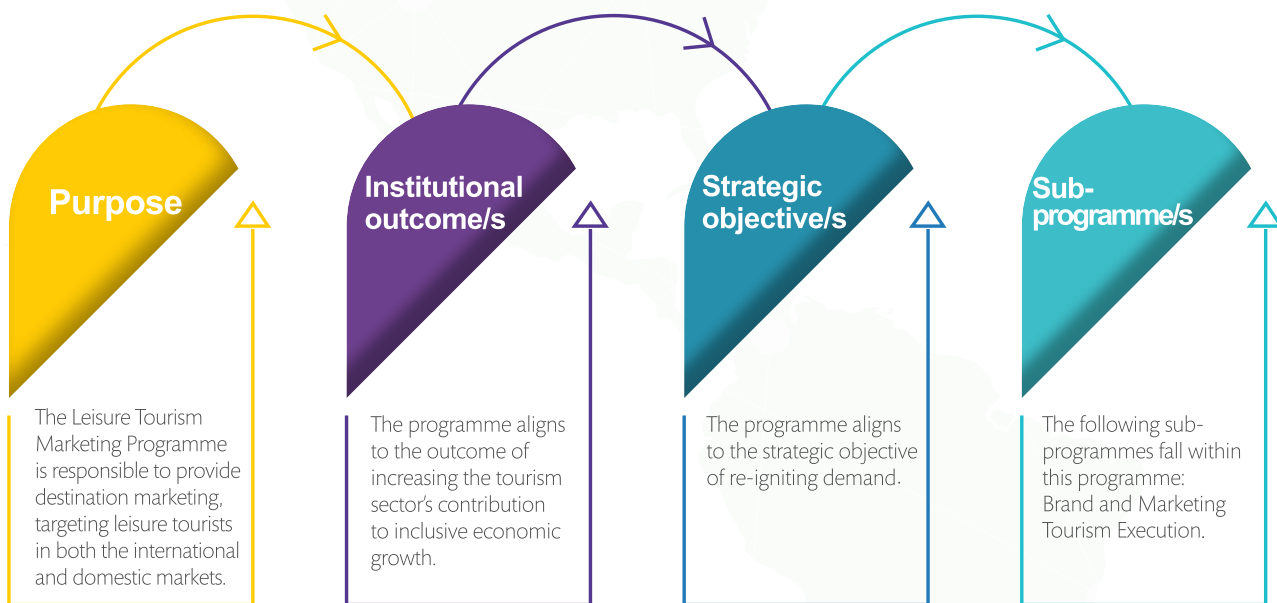
| Programme: Business Enablement                                          |                                                                                                                                                              |                                                  |                                    |                                    |                                                          |                                                                                            |                                                             |                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------|------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                 | Output                                                                                                                                                       | Output indicator                                 | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21                            | Actual achievement 2020/21                                                                 | Deviation from planned target to actual achievement 2020/21 | Reasons for deviation/s                                                                                                                                                                                                                         |
| Achieve good corporate and co-operative governance                      | Develop active engagement with industry stakeholders                                                                                                         | Number of stakeholder engagements                | -                                  | New indicator                      | 24                                                       | 49                                                                                         | 104%                                                        | Target exceeded due to the emerging requirement for additional engagements to discuss the impact of COVID-19 and the recovery of the tourism sector.                                                                                            |
|                                                                         | Establish South African Tourism as a thought leader and trailblazer in tourism intelligence                                                                  | Number of market updates/ infographics published | -                                  | New indicator                      | 23                                                       | 28                                                                                         | 22%                                                         | Target exceeded as a result of the need to highlight the impact of the pandemic on the tourism sector and articulate the emerging factors on the sector.                                                                                        |
|                                                                         | Develop a business-to-business (B2B) portal for two-way communication with industry members, the Tourism Business Council South Africa (TBCSA) and the TGCSA | B2B base portal delivered                        | -                                  | New indicator                      | B2B base portal delivered by 31 July 2020                | B2B base portal delivered through a soft launch on 31 March 2021                           | -                                                           | The B2B portal was delivered by the end of the financial year, but not by the targeted date. Delays in the delivery of the portal were due to user acceptance testing and the decoupling of the payment portal from the platform.               |
| Increase the tourism sector's contribution to inclusive economic growth | Determine relevance of current South African Tourism markets                                                                                                 | Marketing Investment Framework updated           | -                                  | New indicator                      | Marketing Investment Framework updated by 31 August 2020 | Marketing Investment Framework updated by financial year end                               | -                                                           | The Marketing Investment Framework was delivered by the end of the financial year, but not by the planned due date. This was due to emerging variables as a result of the pandemic that needed to be considered in the finalisation of the MIF. |
|                                                                         | Develop and implement an organisation-wide inclusive market access programme                                                                                 | Market access programme developed                | -                                  | New indicator                      | Market access programme developed by 31 March 2021       | Market access programme developed by 31 December 2020 with a soft launch on 31 March 2021. | -                                                           | Target achieved as a result of the strategic prioritisation of the E&SD Programme, inclusive of the market access programme.                                                                                                                    |

### Strategy to overcome areas of under-performance in Programme 2

The following activities will address under-performance during the new financial year:

| TARGET                                                   | MITIGATING ACTION/S                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B2B base portal delivered by 31 July 2020                | South African Tourism has established collaboration with the Tourism Transformation Council South Africa to facilitate market access of black-owned SMMEs onto the platform and identifying black-owned online travel agencies and tour operators to manage the payment portal of this platform. |
| Marketing Investment Framework updated by 31 August 2020 | Future processes to update the MIF will take unexpected variables into consideration that may occur.                                                                                                                                                                                             |

## PROGRAMME 3: LEISURE TOURISM MARKETING



### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

#### Brand strategy

Marketing South Africa as a tourism destination is driven by a combination of destination brand appeal and the specific travel package offered that meets the requirements of a traveller at the point of purchase. From a destination brand appeal point of view, South African Tourism measures its effectiveness through the Brand Strength Index, which measures the contribution of brand appeal to overall tourist arrivals and spend.

The Brand Strength Index is a statistical model that measures how the performance of the brand correlates with arrivals. It identifies a broad set of variables that makes up the brand, and gives South African Tourism an overall score with which to compare South Africa to competitors. It also identifies the elements that South African Tourism can leverage to increase its score, based on an equation. As a result, it can develop marketing material targeting specific attributes with the confidence that they will result in more arrivals. From a South African perspective, the main focus area to improve overall brand strength is to build a powerful, distinct and memorable brand personality, leveraging the joy factor.

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

According to South African Tourism, the three biggest drivers of arrivals are affordability, stature and awareness. Under the stature pillar, brand personality is a key driver of stature for the brand. This is driven by South Africa being perceived as a fun and friendly destination and ties into the sentiment of joy. By increasing the perception of fun and friendly, and leveraging the joy factor, South Africa can build a resilient brand and increase the tourism sentiment and brand strength of the tourism brand.



Overall, South African Tourism's website and television advertisements are the most impactful sources of information, which influence South Africa's perceptions of affordability, stature and awareness.

In addition to the Brand Strength Index, South African Tourism also tracks the traveller acquisition conversion funnel, which tracks the total global demand across all source markets, the reasons for continued demand across the various points of the conversion funnel and the reasons for leakage in the conversion process. Safety and security remain the main reasons for leakage in the conversion funnel. The second reason, most concerning, is that "another destination was more attractive". This means that South Africa, as a tourist destination, is decreasing in brand strength against the competitive set in each source destination.

Following the global shutdown of travel, South African Tourism had to modify its brand work. The focus was on three areas: communicating the COVID-19 protocols in a manner that enhances the destination health and safety integrity, keeping the destination brand top of mind among target travellers domestically and internationally, and stimulating domestic tourism in a manner that preserves or even enhances the supply-side integrity.

### Brand campaigns: Destination health and safety integrity

Following the nationwide lockdown due to COVID-19, South African Tourism led the country in brand messaging to urge South Africans to "stay home so you can travel later". The campaign was a raft of three content pieces that focused on leisure travel, business events congregation and sport travel. These are the biggest generators of tourism travel. The campaign was highly impactful and received massive domestic and international accolades.

The campaign performance statistics are as follows:

- Reach: 59 082 108
- Frequency: 4.3
- Ad impressions: 252 990 036
- Ad engagements: 3 256 867

In addition to the advertising campaign, South African Tourism communicated the COVID-19 protocols for the tourism sector, both for the tourism sector to know how to comply with the protocols, and for the consumer to know what to expect and insist on when visiting tourism establishments. The communication was in an infographic format for absolute clarity of the COVID-19 protocols for tourism and in human performance content in order to personalise the protocols as not being alien, but good human practice.

### Digital marketing: Keeping the destination top of mind

During the COVID-19 global lockdown, there was a 'forced' migration from physical transactions and consumption to virtual, online transactions and consumption. In order to keep the South African destination top of mind from a tourism point of view, it was imperative to distribute South Africa's tourism product and experience content on online platforms in a way that was informative, engaging and could build travel intent once travel restrictions were eased. Globally, every tourism destination was doing the same, so it was important to build campaign platforms that were both traveller engaging and South Africa specific.

South African Tourism entered into a partnership agreement with Google in order to achieve this intent. The Google marketing platform afforded South African Tourism the ability to showcase the supply side of the tourism destination in real time and in a searchable manner. It also created global visibility for products and services that would not otherwise be known to domestic and global travellers. This was achieved through #sharesouthafrica, which is now the world-recognised social media handle for all tourism content for South Africa.

The Google marketing platform gives South African Tourism the capability to integrate all digital platforms to optimise traffic, message management and community management.

The second noteworthy digital marketing initiative in the period under review was the launch and leveraging of #sharesouthafrica. The purpose of this platform was to push South African Tourism-generated content, but also to invite South Africans to share their experiences of their own country in order to enhance the diversity and dynamism of tourism content of South Africa in the online environment – user-generated content. The quality and diversity of user-generated content has been exceptional as South Africans have joined the national effort to promote South Africa domestically and internationally in its best and most attractive light.

### Stimulating domestic tourism: Supply-side integrity

It is important to ensure that what is marketed to customers can be found and experienced by the traveller when they arrive and tour South Africa. In the COVID-19 lockdown season, it was important to continually reassure travellers domestically and internationally that South Africa is a health-safe destination to travel to and enjoy. While the communication for South Africa was being managed at a national level, it was important to translate the national message into the tourism sphere. The dynamics around the COVID-19 pandemic and the national messaging position was dynamic throughout the year – as the country's leadership learnt and adapted to the shifting global landscape, which meant that South African Tourism had to remain agile and flexible, while keeping the core messaging aligned to the national agenda and to the Brand Strength Index. For this reason, South African Tourism established a war room to monitor the communications landscape and communicate the appropriate infographic, human performance and editorial content to guide the tourism sector and travellers.

In collaboration with the provincial tourism authorities, and through the Chief Marketing Officers forum, the Summer Campaign was successfully developed and implemented. Some of the most notable campaign success statistics follow:

**100%**CAMPAIGN BUDGET  
SPENT WITH BLACK,  
FEMALE AND YOUTH-  
OWNED BUSINESSES**194 870**KMS TRAVELLED  
ACROSS THE  
COUNTRY TO  
VISIT AND  
SHOWCASE VISITED  
ESTABLISHMENTS**95%**THIRD-PARTY  
SPEND WITH BLACK,  
YOUTH-OWNED  
BUSINESSES**72%**WOMEN-OWNED  
SMME BUSINESSES  
SUPPORTED THROUGH  
THE SUSTAINABILITY  
VILLAGE  
INITIATIVE**403**UNIQUE EXPERIENCES  
SHOWCASED  
THROUGHOUT THE  
CAMPAIGN OVER  
NINE PROVINCES**5 294**EDITED CONTENT  
PIECES AND STILLS  
PHOTOGRAPHS OF  
VISITED TOURISM  
PRODUCTS AND  
EXPERIENCES**+15 M**IMPRESSIONS ON  
#SHARESOUTHAFRICA  
THROUGH BRAND  
POSTS, CONTENT  
CREATOR POSTS AND  
USER-GENERATED  
CONTENT POSTS**5 400**BED NIGHT STAYS  
ACROSS SMME  
ESTABLISHMENTS  
WHERE POSSIBLE BLACK  
OWNED/BLACK RUN/  
WOMEN OWNED

The campaign contained the following elements: Nine couples, each from a specific province, travelled to a different province to promote cross-provincial domestic tourism. Within each province, the couples visited nine tourist attractions, specifically in villages, towns and small 'dorpies'. The focus was on a combination of known and unknown destinations, enhancing the fact that even South Africans can learn about and enjoy their own country in ways they had not known existed before.

Within each province, an SMME workshop was held. The focus of the SMME workshops was to impart business and marketing survival skills in a COVID-19 era. The biggest need identified among the SMMEs was the need for digitalisation capability for SMMEs. COVID-19 has accelerated the global transition to virtual, online ways of working and living. Most SMMEs do not have a digital footprint, and those that do,

do not have the requisite marketing skills to drive their businesses. In partnership with Google, through the Google marketing platform, basic digital marketing skills were imparted.

Through the SMME workshop planning process, the campaign also identified one exceptional SMME in each province that hosted the SMME workshop and housed the teams that managed the logistics of the campaign.

The Sustainability Village is a concept that South African Tourism has adopted as the activation of the SMME idea around every activation programme locally and internationally. Unique art, crafts, clothing and food providers from the area were invited to create a shopping environment around the SMME activation area in order to help them drive sales and promote their products and brands – market access.

One of the main objectives of the campaign was to generate unique content pieces for each province to be able to market itself in a post-COVID-19 lockdown period with fresh visuals of products and experiences within the province. Specialised travel bloggers, content developers and conversion partners were enrolled to ensure that, at the end of the campaign, the overall marketing capability of South African Tourism and the provincial tourism authorities could be enhanced.

### Corporate brand communications

South African Tourism, as a corporate agency of government, is tasked with the responsibility of providing thought leadership to the tourism industry domestically and to influence the way in which South Africa is perceived internationally from a tourism governance and coordination point of view. The 2020/21 financial year was a particularly challenging period in this regard, both from a communication perspective, given the dynamic COVID-19 landscape, and because of the shifting stakeholder messaging positions domestically and internationally.

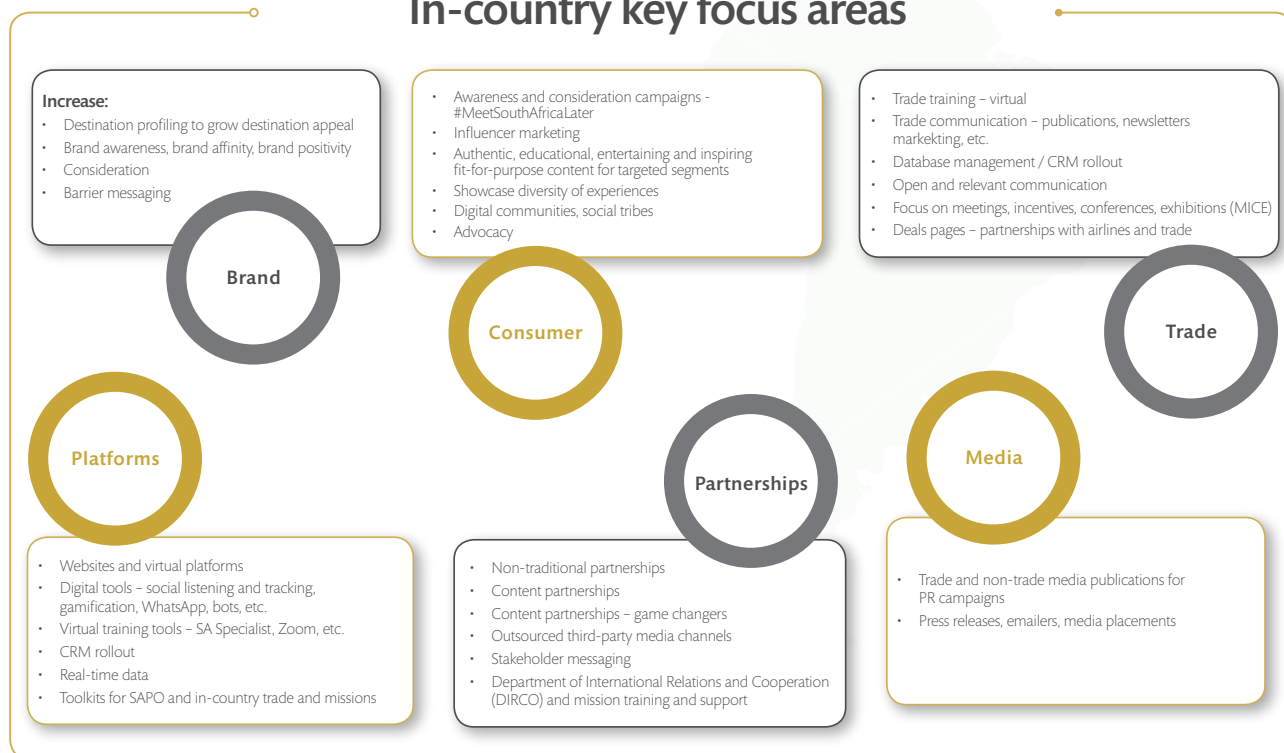
South African Tourism took a position to stabilise the internal environment through a weekly staff engagement programme and to communicate with external audiences through a public relations communications programme.

### International leisure marketing

With the country still in lockdown at the beginning of the financial year, and widespread travel bans in place in many of South African Tourism's key source markets, the expected fiscal investment for marketing activities was diverted to fight the spread of the virus. Limited marketing promotional activities could therefore take place.

During this time, South African Tourism reviewed all its regional marketing plans. It also prioritised initiatives that would enable the organisation to maintain communication with consumers in all markets during this time, and leveraged partnership opportunities with the distributional channel where possible.

## In-country key focus areas



### Brand execution in-market

In all its efforts, South African Tourism sought to drive brand profiling and awareness to support consumer consideration for when international travel could resume. South African Tourism collaborated with distribution channel partners, the media and key stakeholders to create brand affinity and positivity, and to enhance destination appeal.

Public relations (PR) campaigns were executed in its key markets, targeted at important trade and media partners, as well as stakeholders to provide them with factual information regarding the status of the pandemic in the South African context.

South African Tourism also engaged its trade and media partners in its “don’t travel now, so you can travel later, but stay home” customer messaging, and encouraged planning together for when it is safe to get travellers back to South Africa. The elements of the organisation’s messaging were to inspire trade partners to keep South Africa in the consideration set for consumers, and to provide them with the latest information and changes in the South African trade landscape, including available offerings to market. South African Tourism shared inspiring videos and content that trade and media partners could share with their client base. Negative sentiments were countered through these engagements and information provided.

### Understanding consumer behaviour

During the first few months of the pandemic, the consumer’s mindset was focused on the immediate wellbeing and health of friends and family. In the experience of the consumer, this was a major disruption to their normal way of life, which was exacerbated by reports on rising infection rates and fatalities. Considerable time was spent cancelling travel plans and attempting to secure refunds or move bookings.

As the pandemic spread to many of South African Tourism’s source markets, travel restrictions and bans left consumers confined to their homes. More consumers were watching television, listening to the radio and engaging on digital and social media platforms. Business also moved to virtual and digital platforms for purposes of business continuity.

With the implementation of safety measures in many markets, travellers started to think more positively about the future. The consumer focus moved to planning for post-COVID-19 scenarios, which included future travel plans. Due to the confinement during lockdown, many consumers started looking at outdoor experiences and those in wide open spaces.

There was a dedicated focus in South African Tourism’s marketing initiatives to create awareness of the destination to target consumers dreaming of their next holiday.

A key focus in all markets was the monitoring of consumer sentiment on digital platforms and the tracking of booking patterns via South African Tourism’s trade partners. The organisation thus focused on equipping itself to be able to target consumers on digital platforms, sharing their posts, stories and information to help drive consumer confidence to travel again.

### Trade and distribution channel capacitation

Many of South African Tourism’s trade partners found themselves fighting for survival as the impact of the pandemic was felt globally. The travel trade landscape changed drastically, and continues to change.

South African Tourism continued to work with existing trade partners to leverage their platforms for information sharing and resolving queries, facilitating content placement, as well as consumer and trade engagement and training. In this way, it could continue to keep the industry informed with up-to-date information, engaging it through various platforms, mostly virtual, and capacitating it with destination and product training. The local South African trade was supported through the provision of market insights and virtual market access platforms.

New partnerships were forged to expand the organisation’s distribution channel to target relevant audiences, while joint partnerships were established to activate sales and equip travel agents and tour operators with knowledge to enable them to confidently sell Destination South Africa yet again.

### Marketing campaigns in-market

South African Tourism’s initiatives were geared towards supporting the sector recovery strategy by catalysing domestic and regional travel demand and developing a global marketing programme.

The domestic marketing strategy and implementation plan focused on accelerating domestic demand and generating associated revenue. It sought to democratise domestic tourism, making travel about inclusive growth, not only for those in the tourism sector, but for any South African that has business and/or experiences to share or knowledge that could contribute positively to consumers’ travel experiences. South African Tourism leveraged on the existing Sho’t Left campaign – “It’s your country, enjoy it, because nothing is more fun than a sho’t left” – to execute the strategy.

In the international markets, the organisation aimed to increase destination profiling and drive brand positivity through awareness and consideration campaigns such as the #MeetSouthAfricaLater and #ThrowbackSummer campaigns in West Africa. These campaigns showcased the diversity of experiences on offer in South Africa in an effort to keep the destination top of mind with both its distribution channels and its consumers, and to encourage travel back to the destination when it is safe to do so.

Most of the marketing activities in 2020/21 were driven through radio, print media, television, digital and social media platforms, including virtual engagements and webinars, where the organisation could directly engage with its consumers, distribution channel partners and stakeholders.

### SOUTH AFRICA (DOMESTIC) HUB

In implementing the revised South Africa Hub strategy, South African Tourism's domestic marketing initiatives were initially limited to digital and social media platforms in order to maintain top-of-mind presence in the consumer and distribution channels. The marketing investment received at the end of the third quarter enabled implementation in the fourth quarter of two 360° deal-driven campaigns to drive domestic travel with the focus mainly on day trips and weekend getaways.

### CAMPAIGN HIGHLIGHTS

South African Tourism continued with the Sho't Left campaign messaging.

Its 360° deal-driven campaigns focused on promoting deals for Valentine's Day and the Easter Weekend. These campaigns were promoted through radio and supported through television and social media. They also focused on ensuring that South Africans travel safely and observe government's COVID-19 safety protocols, using #TravelWiseMzansi in all its communication.

The Easter Weekend campaign culminated in a digital activation showcasing consumer-preferred leisure experiences of the bush, the berg and the beach in different parts of South Africa, using on-air radio personalities and influencers. It was executed in partnership with Nissan, Sasol, Universal Music and Travelstart.

## Domestic Marketing Campaigns

**95,5 M** Domestic marketing campaigns

**2** Number of domestic deal-driven campaigns

**834 469** Number of digital engagements

**4 400** Distribution channel reach

Website revamped

### REGIONAL MARKETING

The COVID-19 global pandemic resulted in South African Tourism revising the implementation of its Africa business plan, which was linked to the prescripts of government's COVID-19 risk-adjusted strategy, to ensure that South Africa remains top of mind when the tourism sector reopens. Marketing initiatives were limited to social media platforms to maintain top-of-mind presence in the consumer and distribution channels. The strategic focus was to position South Africa as an affordable and welcoming destination with a variety of hyper-personalised experiences by creating and sharing credible first-hand information to drive consideration and visitation when the borders reopened.

### CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the South Africa (Domestic) Hub included the following:

#### Throwback Summer campaign

South African Tourism's Throwback Summer campaign was implemented in West Africa in the second quarter. Brand content generated from previous campaigns and activities was used to showcase the variety of hyper-personalised experiences travellers from West Africa could look forward to when tourism reopened. Digital posts by influential West Africans that have visited South Africa before were repurposed to drive talkability and brand positivity.

### The Festive Season and Easter Weekend campaigns

South African Tourism's Festive Season campaign was executed in West Africa in the third quarter and a 360° Easter Weekend deal-driven campaign was implemented in West Africa and in the Central East Africa and Land Hubs (CEL) in the fourth quarter. Both campaigns promoted leisure travel experiences and were mainly driven through South African Tourism's digital platforms for CEL. Although the Easter Weekend campaign resonated with the target audience, some of the elements of the campaign had to be abandoned because of the visa processing backlog that was experienced in Nigeria.

### TRADE ACTIVITIES

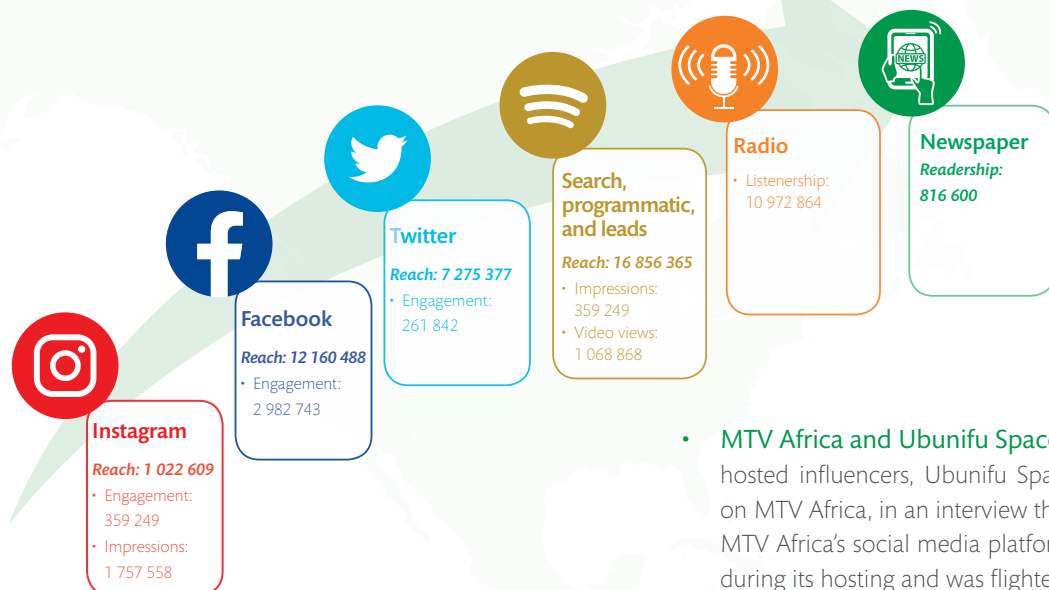
South African Tourism's main trade activities in the South Africa (Domestic) Hub included the following:

#### Trade engagement and capacitation

The focus in the region was on reprioritising the distribution channel to build the knowledge and familiarity of South Africa leisure and business event experiences through reinvented tools and platforms that were in line with the evolution of the consumer.

South African visa processing, lack of direct airlift since South African Airways (SAA) pulled out of the market, safety and security remain the biggest barriers in growing tourist arrivals from the continent.

## Annual Campaigns Performance



### CENTRAL, EAST AFRICA AND LAND HUBS

#### CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the Central, East Africa and Land Hubs included the following:

- Ethiopian Airline:** South African Tourism flighted an Africa Brand advert on the entertainment system on all flight routes in Botswana, Eswatini, Lesotho, Malawi, Namibia, Zambia and Zimbabwe, with added bonus coverage in the rest of Africa (reaching 77 cities on the continent).
- MTV Africa and Ubunifu Space:** South African Tourism hosted influencers, Ubunifu Space, which was featured on MTV Africa, in an interview that was promoted across MTV Africa's social media platforms. Content was filmed during its hosting and was flighted in Botswana, Eswatini, Lesotho, Malawi, Namibia, Zambia and Zimbabwe, with added bonus coverage on the entire continent.
- Radisson Hotel Group collaboration:** South African Tourism and the Radisson Hotel Group hosted influencers for #SAInstaMeet in Gauteng, the Western Cape and the Eastern Cape. The content from this hosting was reposted/reshared.
- Travelstart Easter awareness campaign:** South African Tourism partnered with Travelstart on an Easter Travel digital marketing promotion in the fourth quarter, which ran in Botswana, Eswatini, Kenya, Lesotho, Malawi, Mozambique, Namibia, Tanzania, Uganda, Zambia and Zimbabwe.



## INTERNATIONAL MARKETING

### NORTH AMERICA

South African Tourism's strategic focus for North America was to keep consumers engaged and informed about the exciting prospects of travelling to South Africa after COVID-19. This was done primarily by using digital and social media engagements with consumers and sharing information with trade partners and stakeholders about developments in the country.

### CAMPAIGN HIGHLIGHTS

South African Tourism's campaign highlights in North America included the following:

#### *Coming 2 America* amplification

South African Tourism leveraged the buzz around the premiere of the film *Coming 2 America* to give intrepid travellers reasons to plan a visit to South Africa when the time is right by connecting them with two key South African personalities involved in the film: Nomzamo Mbatha and Laduma Ngxokolo of MaXhosa Africa. This resulted in 3.5 million impressions, with a total reach of 1.8 million.

South African Tourism also amplified the message by partnering with four black North American influencers who have previously visited South Africa to share how the

movie tapped into their nostalgia and re-inspired their South African wanderlust. This resulted in 57 800 impressions. The campaign was amplified through media pitching, with coverage resulting in Jetsetterblog, Recommend, JustLuxe and Virtuoso.com.

#### Virtual Travel and Adventure Show

South African Tourism North America partnered with the Virtual Travel and Adventure Show to showcase the destination's variety of experiences that are ideally suited for post-lockdown travel. South African Tourism's interactive booth allowed virtual visitors to watch videos, ask questions and download a resource guide with links to all the information trade and its clients needed to know to travel to South Africa with confidence when they are ready. Local trade partner Down Under Endeavours is following up with consumers who indicated an interest in affordable travel packages for consideration.

More than 2 000 guests attended the show, with 269 consumers, 88 trade and 14 media partners requesting additional information on South Africa.

#### Instagram travel guides

South African Tourism tapped into the current social trend of curated social-first travel guides to speak directly to valuable niche traveller segments to communicate that travelling to South Africa is safe, fun and possible when they are ready.

Five audience-specific Instagram travel guides were developed, outlining customised recommendations for each of the following audiences: black travellers, female travellers, LGBTQ travellers, travelling families and solo travellers. Each guide was supported by an Instagram story advert. This resulted in a reach of nearly a million people, with 1.7 million impressions via @visitsouthafrica.

### Freedom Day celebrations with Nasdaq and the South African Consulate-General, New York

South African Tourism collaborated with the South African Consulate-General in New York to celebrate South Africa's Freedom Day 2020 by lighting a Freedom Day creative atop Nasdaq's seven-storey billboard tower in Times Square and via a broadcast feed sent to CNBC, Fox, Bloomberg and BNN.

### RuPaul's Drag Race partnership

South African Tourism partnered with RuPaul's Drag Race, to present a South African trip prize for the challenge winner of All Stars 5, episode 7. The brand received both a verbal mention and visual logo shots in-scene. Ratings for All-Stars 5 were up more than 9% from its previous season as the No. 1 series in its time slot among the 18-34 age group. More than 454 000 viewers tuned in live, not to mention the online viewers across multiple countries, including Canada, South Africa, the UK and the USA, where many viewers watch Drag Race digitally.

## TRADE ACTIVITIES

South African Tourism's main trade activities in North America included the following:

### Virtuoso trade engagements

South African Tourism leveraged the February 2021 announcement that South Africa was currently No. 3 on the Virtuoso Wanderlist of top global destinations (behind Italy and France, and just ahead of Australia and Japan) to partner with the Virtuoso adventure travel community to train travel advisors on South Africa's endless outdoor playground.

This resulted in the engagement of 140 travel advisors during Community Globetrotting, with an additional 53 one-to-one meetings held during Ready, Reset, Go. A bonus business-to-business webinar was held with 79 travel advisors to share information on trade that their clients need to know to travel to South Africa with confidence when they are ready.

## EUROPE

As a region, Europe focused very strongly on inspiration, awareness and information-sharing, reminding the traveller of the great diversity that can be experienced in South Africa. In addition, it was essential to assure the traveller that all necessary safety and hygiene measures had been

implemented and that the tourism industry in South Africa was ready to welcome international visitors in order to build confidence and trust. This was communicated to partners in the travel industry on a regular basis, as well as to consumers. South African Tourism endeavoured to ensure that relevant up-to-date information, training and content was presented in the different markets, while utilising limited resources to keep consumers and stakeholders hopeful and inspired at a time of much uncertainty.

### Brand

Due to a lack of marketing investment, there were limited opportunities for campaigns and activities within the region. South African Tourism focused on building trust and developing supportive measures for Brand South Africa, as well as maintaining good relations with its trade and brand partners, and its key stakeholders.

### Consumer

The key strategic focus in the region was to drive inspiration, and build a positive awareness of South Africa as a holiday destination by targeting consumers in the dreaming and consideration phases of their future holiday plans while in lockdown due to COVID-19 restrictions.

### Trade/distribution channel

There are indications that the pandemic has already significantly impacted on the supply side of the tourism sector as a result of the collapse in demand in South Africa, not just in the country, but in all South African Tourism's key source markets. This has led to many business closures and job losses.

South African Tourism maintained contact with the trade using various platforms and provided it with up-to-date information on the COVID-19 developments in South Africa, biosecurity protocols being implemented in the country, as well as general destination information product updates. Virtual and online training for travel agency employees enabled them to refresh and deepen their knowledge of the country and new topics.

## CENTRAL EUROPE HUB

### CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the Central Europe Hub included the following:

#### B2B newsletter

In South African Tourism's business-to-B2B newsletter (*Trade Ticker*), the organisation provided up-to-date information on the current COVID-19 situation in South Africa, as well as informative and inspiring product news. The aim of the monthly newsletter to consumers is 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).

Posts were shared to consumers and trade communities via the organisation's social media channels, Facebook, Instagram and Twitter. A total reach of 2.3 million was achieved.

### Skyscanner

Between August and December 2020, South African Tourism's partnership with Skyscanner was focused on driving inspiration and awareness using a targeted online banner linked to [www.southafrica.net](http://www.southafrica.net). This generated 110 600 impressions.

### McDonalds video promotion

The focus of the McDonalds video promotion was to drive inspiration and awareness through a video with South African images shown on screens at 710 McDonalds restaurants throughout Germany once or twice every hour.

This promotion took place in September and October 2020 and was seen by approximately 12 to 14 million people.

### Kayak.de Newsletter promotion

The Kayak.de Newsletter promotion was focused on driving inspiration and awareness with a short destination teaser, plus a link to [www.southafrica.net/de](http://www.southafrica.net/de) on the Kaya kwebsite, as well as in its newsletter. This promotion, which was held in December 2020, reached 76 800 people.

### Radio promotion – Radio Frankfurt

The promotion on Radio Frankfurt (Urlaubsradio) comprised a destination interview and a website article as part of the radio station's travel show. This promotion, which was held in January 2021, reached an average of 625 000 listeners a day.

### Travelbook digital promotion

The Travelbook digital promotion was a South Africa teaser integration on the Travelbook microsite, linked to [www.southafrica.net](http://www.southafrica.net), with a South African teaser advert. It generated 25 Mio ad impressions.

### Campaign of the online portals of [oe24.at](http://oe24.at) and [wetter.at](http://wetter.at)

The initiative, with the slogan "We bring you best holiday memories in your home" was a campaign on the [www.oe24.at](http://www.oe24.at) online platform, which offered South African Tourism an opportunity to set up an exclusive South Africa landing page to create awareness of South African highlights among Austrian travellers. The landing page included topics like wildlife and national parks, South Africa's best Instagram spots, reasons why South Africa must be on your bucket list, coastal life and best routes, including video clips showcasing the country as a diverse travel destination.

## TRADE ACTIVITIES

South African Tourism's main trade activities in the Central Europe Hub included the following:

### "Berge and meer" product mailing

The strategic focus of the "berge and meer" digital product mailers was on sales with content on South African round trip promotions.

### Promotion of South African webinars

A series of 10 webinars was undertaken with a strategic focus on providing training opportunities with South African Tourism's partner, Junge-reiseprofis.de, with different themes between October and December 2020. It was attended by travel agents and tour operators.

### Qatar Airways web product and training presentation

South African Tourism held a product presentation with Qatar Airways, which entailed training for tour operator partners and agents.

## SOUTH EUROPE HUB

### CAMPAIGN HIGHLIGHTS

South African Tourism's campaign highlights in the South Europe Hub included the following:

#### Trade activity and engagement

South African Tourism shared media releases and newsletters to the trade, and maintained contact with sales calls. The media releases to the trade press included coverage on the reopening of South Africa's borders, invitations to webinars and to TGCSA's speed marketing sessions, partnerships with Google Arts and Culture, and the Oscar Award received for the documentary "My octopus teacher".

#### Trade training

South African Tourism held three webinar training sessions, some in partnership with Qatar Airways, Air France and African Eagle's inbound operators. These sessions reached a total of 609 participants.

## UNITED KINGDOM AND IRELAND HUB

### CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the United Kingdom and Ireland Hub included the following:

#### #MeetYourSouthAfrica campaign

South African Tourism continued with its flagship campaign, #MeetYourSouthAfrica, delivering content to consumer audiences through social media channels and owned digital

channels, including the website and consumer newsletter, as well as the utilisation of public relations campaigns. The organisation executed #MeetYourSouthAfrica through an advertiser-funded television programme, "South Africa with Gregg Wallace" on the UK's ITV1 channel, featuring British Master Chef judge and celebrity, Gregg Wallace. The show featured six episodes addressing key business problems by utilising traditional media to tell more in-depth stories about South Africa, while highlighting brand pillars and promoting geographic spread, anchored with stories of the food and people of South Africa. The show featured a safari in the Eastern Cape, Cape Town and the Winelands, the green and red Kalahari routes in the Northern Cape with MYSA Meet Your South Africa (MYSA) guide Danie van Zyl, marine wildlife and coastal scenery with Alison Towner, Soweto with Charles Ncube, and Zulu history and culture in KwaZulu-Natal with Thoko Jili. The show was supported by limited public relations campaigns, which resulted in destination features in a number of media outlets and on social media with the activation of "The Big South African Quiz".

### Trade activities and toolkits

South African Tourism supported trade during the nationwide lockdown with digital assets to be used by the trade on their own channels to keep the destination top of mind. When executing the #MeetYourSouthAfrica television campaign with Gregg Wallace, the Hub sent out trade newsletters to the trade each week to coincide with an episode of "South Africa with Gregg Wallace" on ITV1. The trade posted the show on its own channels, which generated interest and enquiries on South Africa.

### Trade training

In addition to the trade engagement, the Hub hosted an interactive trade training webinar with travel agents to give a "behind the scenes" look at the products featured on the show.

## NORTH EUROPE HUB

### CAMPAIGN HIGHLIGHTS

South African Tourism's campaign highlights in the North Europe Hub included the following:

#### Information-sharing

South African Tourism did not carry out any campaigns in any of the countries in the North Europe Hub due to limited investment or appetite for inspiration work. The focus therefore shifted to keeping the trade, embassies and media partners updated with product and lockdown information, while also providing destination training where possible. Its focus was to ensure that relevant up-to-date information, training and content was present in the different markets, while

utilising limited resources to keep consumers and stakeholders hopeful and inspired at a time of much uncertainty.

Virtual interaction with key trade partners was ongoing, keeping them updated on the COVID-19 situation and measures in place in South Africa. Both one-on-one and group trade training and information sessions were held.

These projects resulted in 110 agents trained for the entire Hub (the Benelux and Nordic countries), inclusive of South African Tourism's initiative with Qatar. A total of 70 calls or meetings with tourism stakeholders took place, and 25 mailers were sent to trade partners.

### Digital and social media platforms

The Dutch section of the Southafrica.net website was renovated utilising internal resources. It consisted of curating written and image content, while also creating a Dutch-specific trade page. Social media updates were consistent to ensure visibility during an uncertain time, while also incorporating collaborations with partners such as Cheaptickets.nl.

Its social media campaign had a reach of 277 052, which included engagement with 11 346 followers and 310 996 impressions.

### TRADE ACTIVITIES

South African Tourism's main trade activities in the North Europe Hub included the following:

#### Virtual engagements

Ongoing virtual interaction took place with key trade partners, keeping them updated on the COVID-19 situation and measures in place in South Africa.

#### Trade training

One of the main trade highlights in the North Europe Hub was the Qatar partnership training opportunity, as it came at a time when airlines were reducing airlifts to South Africa.

## AUSTRALASIA HUB

South African Tourism's key focus area in the Australasia Hub was to position South Africa in people's hearts and minds by meeting consumers' mental and emotional needs through content that was informative and responsive to the changing environment, entertaining at a time when people were looking for comic relief, and inspiring by showcasing community and conservation initiatives that supported local businesses (SMMEs) and those hardest hit by the crisis.

### CAMPAIGN HIGHLIGHTS

South African Tourism's campaign highlights in the Australasia Hub included the following:

## #EatSouthAfricaNow

This campaign whet foodies' appetites for future travels by offering a taste of South Africa. South African Tourism partnered with South African-born Australian television chef, Warren Mendes, to develop a six-part cooking video series and competition, demonstrating how to cook some of South Africa's most beloved dishes. Approximately 16 000 engagements took place in the competition videos.

A press release generated eight articles across the trade and consumer media

### Media relations – content integration

This initiative was a four-part buddy comedy series filmed in March for Australia's No. 1 sports channel, Fox Sports, as well as its No. 1 sport streaming app, Kayo, featuring former rugby league legends Nathan Hindmarsh and Bryan Fletcher exploring South Africa. The total value of the four episodes was \$1.3 million for one screening.

Other opportunities South African Tourism seized were with "Getaway", Sensational South Africa" and "Endangered Planet". On "Getaway", a five-minute piece on conservation at Shamwari was screened on 25 July 2020 to an audience of 306 000 viewers, with each of the 30 editorial slots in the show usually being sold at \$12 000. This screening was therefore valued at UAD\$120 000. The "Sensational South Africa" slot had an audience of 66 750, while the "Endangered Planet" slot had an audience of 500 000.

### Media pitching

South African Tourism delivered 137 media articles between April and August 2020. The cumulative reach of these articles was over 11.53 million, thus delivering approximately AUD\$3.31 million worth of editorial value.

## TRADE ACTIVITIES

South African Tourism's main trade activities in the Australasia Hub included the following:

### Training presentations

Based on the needs of the Australasia Hub's trade, more than six illustrative, pre-recorded presentations were developed to showcase and upskill the trade's knowledge of South Africa. These presentations are now live on the Travel Daily training website, together with previous content still relevant to the market. Trade engagements also took place through virtual shows and webinars. Over 10 trade partners were reached with these presentations, including Australia and New Zealand's largest trade fairs, such as Bench Africa, Adventure World and G-Adventures.

## MIDDLE EAST, INDIA AND SOUTH EAST ASIA

The COVID-19 pandemic affected South African Tourism's work in the Middle East, India and South East Asia (MEISA), as lockdown restrictions and border closures meant that new strategies had to be developed. As travel and tourism opportunities closed, new messages and platforms were needed to keep the brand top of mind.

South African Tourism showed industry expertise and ingenuity in communications. As the Indian media landscape moved to a digital-first audience, along with the country, South African Tourism moved its communications to the digital space.

## CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the Middle East, India and South East Asia included the following:

### Media platforms

South African Tourism explored non-traditional platforms such as video and social media to position the country as a destination of choice across a range of demographics, proactively and positively addressing issues of access, health risks and safety. Messages targeted millennials, free independent travellers, families, business travellers and planners of meetings, incentives, conferences and exhibitions, who would be willing to spend time and money travelling to South Africa in the near future. This project generated 479 media articles in India with a PR value of INR96.57 million. It also generated 10 articles in the Middle East with a PR value of USD\$231.093. Eight articles were generated in South East Asia.

### Trade activities

South African Tourism engaged with the travel trade fraternities in India and South Africa to drive an awareness of the offerings in the different provinces. A total of 41 workshops with 3 353 participants were held in India and South East Asia, focusing on experiences and new products.

An interactive session was also held with more than 120 South African trade partners, updating them on consumer and travel industry trends in India. In addition, more than 200 trade partners in the Gulf Cooperation Council countries and Turkey attended virtual workshops. Almost 1 700 people in India and South East Asia graduated as South African specialists.

Two hundred trade engagement sessions were held in collaboration with the provinces to share new products and experiences and develop new itineraries to transform the sector. These were attended by more than 400 people. Another innovative development was the hosting of virtual educational sessions with the provinces and their products to prepare them to cater for Muslim travellers. More than 50 trade partners participated in these virtual workshops.

## CHINA HUB

China was the first country to be affected by the pandemic. Despite the negative impact of the pandemic on outbound travel, South African Tourism continued to generate awareness and positivity in China. Agile measures were put in place and the strategic focus shifted towards messaging South Africa's moral support to China in its fight against the pandemic. When the pandemic was under control, South African Tourism developed new non-tourism brand partner campaigns to generate more awareness cost effectively. Educating and training shifted mostly online.

## CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the China Hub included the following:

### Radio partnerships

South African Tourism partnered with key radio stations in Beijing and Shanghai to promote South Africa as a family-friendly travel destination, while delivering the message of beauty and a rich experience of South Africa, convincing Chinese travellers to add South Africa to their itinerary after the pandemic. This resulted in media exposure to the value of R900 000 and a consumer reach of about 500 000.

### Media platforms

South African Tourism modified its digital and social media channels on Weibo and WeChat, and managed to secure free marketing exposure on key platforms. One of the platforms was the high-end travel and lifestyle magazines, *Voyage*, where the organisation participated in a themed interview on the "post-pandemic era, the revival and opportunity". South African Tourism also seized an interview opportunity from WENLVPAI, a media platform in China, paying special attention to leisure tourism.

The organisation made use of this opportunity to deliver the latest information about South Africa to travel trade partners, and to reinforce and reignite confidence in South Africa. The *Global Times* also conducted an interview with South African Tourism through a partnership with the Sina platform, and launched a campaign called "One world, one travel". Its media exposure can be valued at R1 million, with a consumer reach of about 4 million.

### Photo exhibition at 2020 CIFTIS

The Beijing People's Association for Friendship with Foreign Countries invited South African Tourism to participate in a photo exhibition at the 2020 China International Fair for Trade in Services (CIFTIS). The organisation provided photographs and videos to showcase South Africa's infinite

culture and amazing views. All the content was displayed on the 2020 CIFTIS website under the theme of "wild authentic South Africa".

### Travel with Polaroid 2020

South African Tourism collaborated with Polaroid, best known for pioneering instant photography, in a joint campaign called "Travel with Polaroid 2020".

### Live broadcast

During March 2021, South African Tourism held a live broadcast, which has now become one of the most popular ways to communicate in China to deliver messages of sustainable travel in South Africa. South African Tourism joined hands with WeChat, China's dominant instant messaging platform, to join the WeChat Welcome Alliance, a programme to assist overseas destinations to utilise WeChat's features to better facilitate the digitalisation of its information services.

## TRADE ACTIVITIES

South African Tourism's main trade activities in the China Hub included the following:

### TNTM online digital marketplace

South African Tourism continued to participate in the TNTM online digital marketplace initiative that was launched a year ago. It helped to facilitate trade between South African suppliers of tourism products and Chinese buyers. More than 20 South African exhibitors participated in this trade activity, which reached more than 200 Chinese buyers.

### Online trade webinars

South African Tourism hosted three online trade webinars to promote South Africa post-COVID-19. Many speakers from provincial tourism authorities, accommodation providers and destination management companies were invited and updated the Chinese market on their planned new products and services. These webinars recorded more than 500 registrations and 500 live attendees, and involved 350 companies.

### China-ASEAN Expo Tourism Exhibition

South African Tourism secured a sponsored invitation to attend the Association of Southeast Asian Nations (ASEAN) Expo Tourism Exhibition in Guilin, China. It was jointly sponsored by the Ministry of Culture and Tourism and the government of Guangxi Province. South African Tourism won an award for best creative at the event. The exhibition recorded more than 300 exhibitors, and was attended by more than 500 professional buyers and more than 2 000 public visitors.

### Live round table event

South African Tourism held a live round table event for trade partners, aiming to maintain and expand awareness among these partners, and to reignite the confidence of trade partners in South African tourism post-pandemic. The event recorded 233 registrations and 318 participants, with more than 300 000 banner ad exposures.

### JAPAN HUB

The pandemic presented many challenges for Japanese outbound travel. Despite these challenges, South African Tourism continued with awareness campaigns to promote a singular iconic experience and message based on wildlife/scenic beauty. A noticeable shift in consumer habits to digital platforms during the pandemic indicated that digital and social media channels, as well as home shopping, played a much bigger role. South African Tourism adapted to this phenomenon by shifting the focus towards online marketing.

### CONSUMER ACTIVITIES

South African Tourism's main consumer activities in the Japan Hub included the following:

#### Media campaigns

The year started with media campaigns on two platforms – Oote-Komachi and Openers – to remind Japanese consumers that South Africa should still be their preferred leisure destination. These campaigns were very successful and generated good exposure.

### Virtual events

South African Tourism collaborated with the South African Embassy in Japan to host virtual events that included an online beading workshop on the Zoom platform, where Japanese participants learnt about the culture and history of beaded accessories through a demonstration on how to make an elephant-shaped key ring. South African Tourism also hosted a South African cooking workshop on Zoom where Japanese participants learnt about South African food and cooked a famous dish, bobotie, with a professional South African chef.

### TRADE ACTIVITIES

South African Tourism's main trade activities in the Japan Hub included the following:

#### Webinars

South African Tourism ramped up its trade initiatives by initiating and participating in multiple industry webinars to inform the Japanese trade of its marketing approach over the pandemic crisis. The organisation partnered with the Japan Association of Travel Agents (JATA) to promote South Africa to younger Japanese travellers. About 500 people registered for these webinars, which were attended by 430 people.

#### In-house education and training sessions

South African Tourism hosted regular in-house education and training sessions with key trade partners and operators, and participated in recorded video messages that were widely distributed to the Japanese trade. Four major airlines (CX, EK, QR and SQ) and one tour operator were invited to update their information in one of the seminars, which was well attended.

## PROGRAMME PERFORMANCE

Programme performance against the planned outputs and output indicators for 2020/21 is as follows:

| Programme: Leisure Tourism Marketing                                    |                                                                                                                                                                                   |                                        |                                      |                                      |                                                                                                                                                                                            |                                                                                                                                          |                                                             |                                                                                                                                                         |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                 | Output                                                                                                                                                                            | Output indicator                       | Audited actual performance 2018/2019 | Audited actual performance 2019/2020 | Planned annual target 2020/21                                                                                                                                                              | Actual achievement 2020/21                                                                                                               | Deviation from planned target to actual achievement 2020/21 | Reasons for deviations                                                                                                                                  |
| Increase the tourism sector's contribution to inclusive economic growth | Develop and deploy brand content and toolkits: derived from all provinces (VTSDs), curated for all markets and business segments, distributed primarily through digital platforms | Bank of digital content developed      | -                                    | New indicator                        | Bank of digital content delivered by 31 March 2021                                                                                                                                         | Bank of digital content delivered by 31 March 2021 through user-generated content derived from the Summer Campaign and World Tourism Day | -                                                           | Target achieved as a result of the marketing campaigns held during the financial year and partnerships established with provincial tourism authorities. |
|                                                                         | Develop and implement repositioning branded solutions: Visitor experience initiatives, Africa's Travel Indaba, Meetings Africa, bidding audiences                                 | Brand repositioning document developed | -                                    | New indicator                        | Africa's Travel Indaba brand repositioning document developed<br><br>Meetings Africa brand repositioning document developed<br><br>Welcome Campaign brand repositioning document developed | Brand repositioning documents developed for Africa's Travel Indaba, Meetings Africa and Welcome Campaign.                                | -                                                           | Target achieved due to the strategic prioritisation of these important trade platforms.                                                                 |

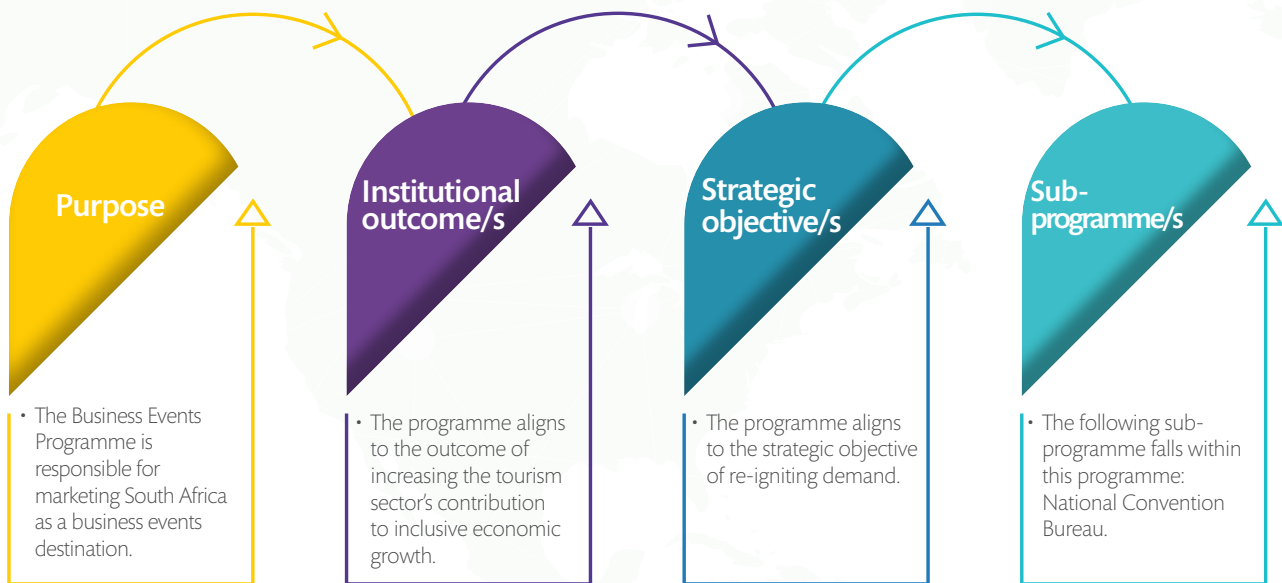


| Outcome                                                                 | Output                                                                                                                           | Output indicator                                          | Audited actual performance 2018/2019 | Audited actual performance 2019/2020 | Planned annual target 2020/21                                              | Actual achievement 2020/21                                                      | Deviation from planned target to actual achievement 2020/21 | Reasons for deviations                                                                                                                                                                                |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increase the tourism sector's contribution to inclusive economic growth | Identify and engage partnerships to expand tourism brand appeal, travel propensity and in-market overall tourism sector recovery | Traveller, trade, arts and culture partnerships activated | -                                    | New indicator                        | Traveller, trade, arts and culture partnerships activated by 31 March 2021 | Google Arts and Culture partnership completed and launched on 26 February 2021. | -                                                           | Target achieved as a result of the enhanced resourcing of the initiative, as well as the strategic positioning of the DIGITECH function.                                                              |
|                                                                         | Redesign all South African Tourism's digital marketing platforms                                                                 | 100% global and country websites redesigned and live      | -                                    | New indicator                        | 100% global and country websites redesigned and live by 31 March 2021      | All websites have been consolidated into www.southafrica.net                    | -                                                           | Target achieved due to the redesign to accommodate COVID-19-specific content and the look-and-feel of the platforms to support both trade and consumers searching for COVID-19 - related information. |

**Strategy to overcome areas of under-performance in Programme 3**

There were no areas of under-performance in Programme 3 for the year under review.

## PROGRAMME 4: BUSINESS EVENTS



### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

A key strategy to maintain South Africa's position as the No. 1 business events destination in Africa and the Middle East and to retain its competitive advantage in the global business events space is the focus on business events development activities. Thus, the South Africa National Convention Bureau (SANCB) focused its support across the bidding value chain, highlighting key economic sectors to maximise South Africa's chances of winning the rights to host business events. Within the context of the above, and taking into consideration the significant impact of the pandemic on this sector, the SANCB focused its efforts on supporting the recovery of this sub-sector by targeting leads generation for future business and facilitating the geographic spread of business events to be hosted in villages, townships and small dorpias (VTSDs).

#### BUSINESS DEVELOPMENT AND SALES

##### *Salvaging the 2021/22 order book*

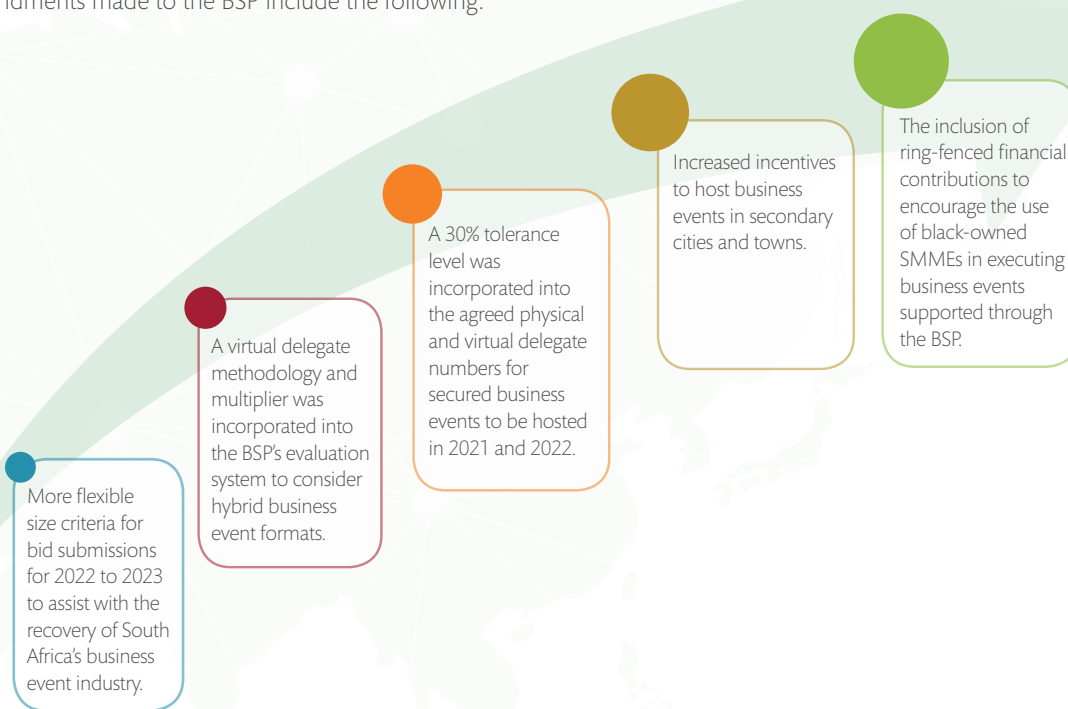
The year 2020 was earmarked to be a bumper year for South Africa's business events industry before the national state of disaster was implemented on 26 March 2020 to slow the spread of the COVID-19 pandemic.

The SANCB, in conjunction with the city and provincial convention bureaux, postponed 36 business events that were scheduled to take place in South Africa in 2020 and 2021. These conferences may now be hosted in the fourth quarter of 2021 and 2022, and will potentially attract 18 473 delegates to the country, generating 144 event days with an estimated R461 million contribution to the economy.

##### *Bid Support Programme Review*

The SANCB dedicated time and investment to internal business transformation. The Bureau thus undertook a full review of South Africa's Bid Support Programme (BSP) to improve the outputs driven by the programme, including its efficiencies and the effectiveness of securing business events for the country, particularly given the impact of the COVID-19 pandemic. This review was necessary to ensure that the BSP remains relevant in addressing international decision-makers' requirements.

The amendments made to the BSP include the following:



### Replenishing the new business pipeline

During the year under review, the SANCB, together with its partners, worked extensively to replenish the business events pipeline during the lockdown period. During this time, 55 bids for international meetings, incentives, conventions and exhibitions were submitted for the period 2022–2025. The 55 bid submissions have a combined estimated economic impact of R899 million and may potentially attract 30 521 international and regional delegates to South Africa between 2022 and 2025. Thus far, South Africa has won 16 of the bids submitted for the 2020/21 financial year, with a 29% conversion rate. The secured business events may contribute R296 million to South Africa's economy between 2022 and 2025 and attract 9 825 international and regional delegates.

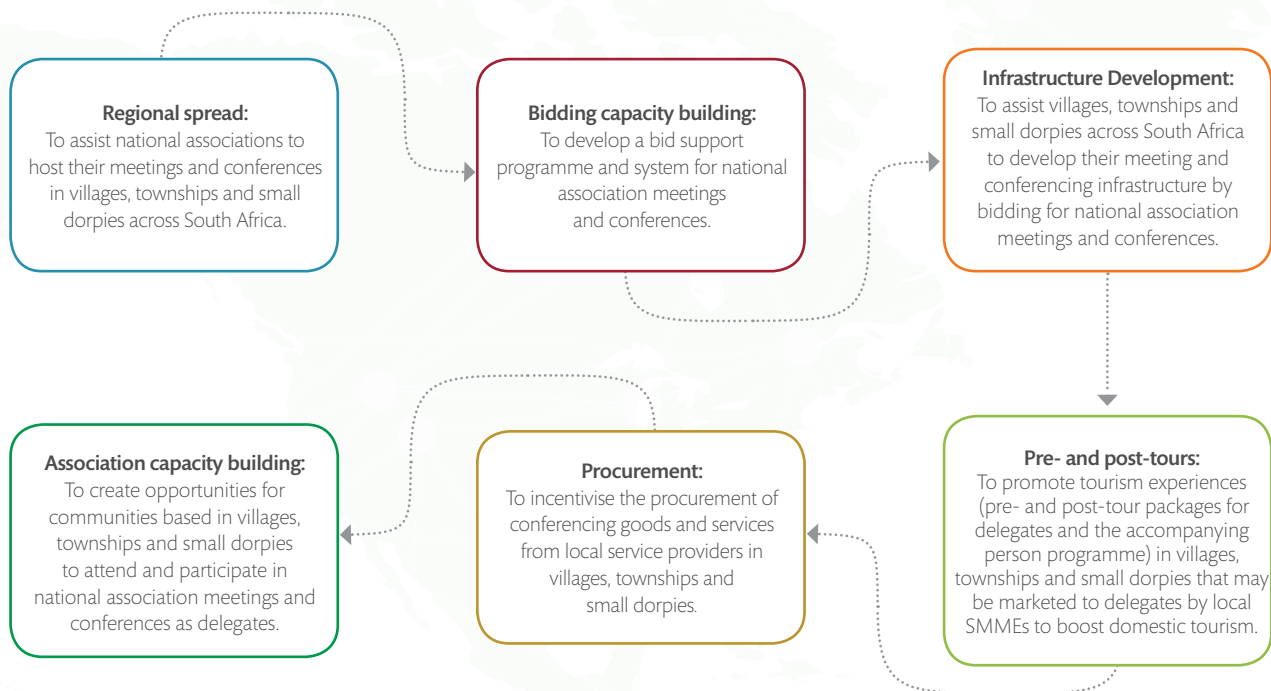
The SANCB invested R23 million in bid submissions through its bid support programme to attract business events linked to government's developmental priorities. The secured conferences will also contribute to the regional spread of business events and will be hosted in Cape Town, Durban, Gqeberha, Johannesburg, Mahikeng, Potchefstroom, Stellenbosch and Tshwane.

The Business Development business unit generated 390 leads during the reporting period, which will be pursued during the 2021/22 financial year as part of the unit's sales activities.

### National Association Project

The SANCB conceptualised the National Association Project during the 2020/21 financial year to optimise different levers as part of the Tourism Sector Recovery Plan. This project focused on capacitating local associations in South Africa to enable the sector to start hosting regular national meetings and create bidding opportunities for future international conferences.

Given the impact of the COVID-19 pandemic on the business event landscape, the National Association Project strived to reignite demand for national conferences and secure a pipeline of future business for the country. The specific project objectives include the following:



A key highlight of this initiative is that the first national association conference will be hosted in a village, township or small dorpie in the next financial year.

## EXHIBITIONS AND STRATEGIC EVENTS

### *Africa's Travel Indaba and Meetings Africa*

Africa has traditionally, over the years, opened its gates to the world for the Meetings Africa and Africa's Travel Indaba (ATI) trade shows. The year 2020 would have been no exception, with the ATI trade show scheduled to take place from 12 to 14 May 2020 and Meetings Africa scheduled to take place from 22 to 23 February 2021. Undeniably, ATI 2020 would have lived up to the anticipated African success story, with confirmation of 438 exhibitors, of which 143 were from the continent, and 596 buyers. Unfortunately, these key trade shows had to be postponed due to the pandemic.

## INTERNATIONAL STRATEGIC PLATFORMS

In 2020/21, South African Tourism participated in the following strategic platforms:

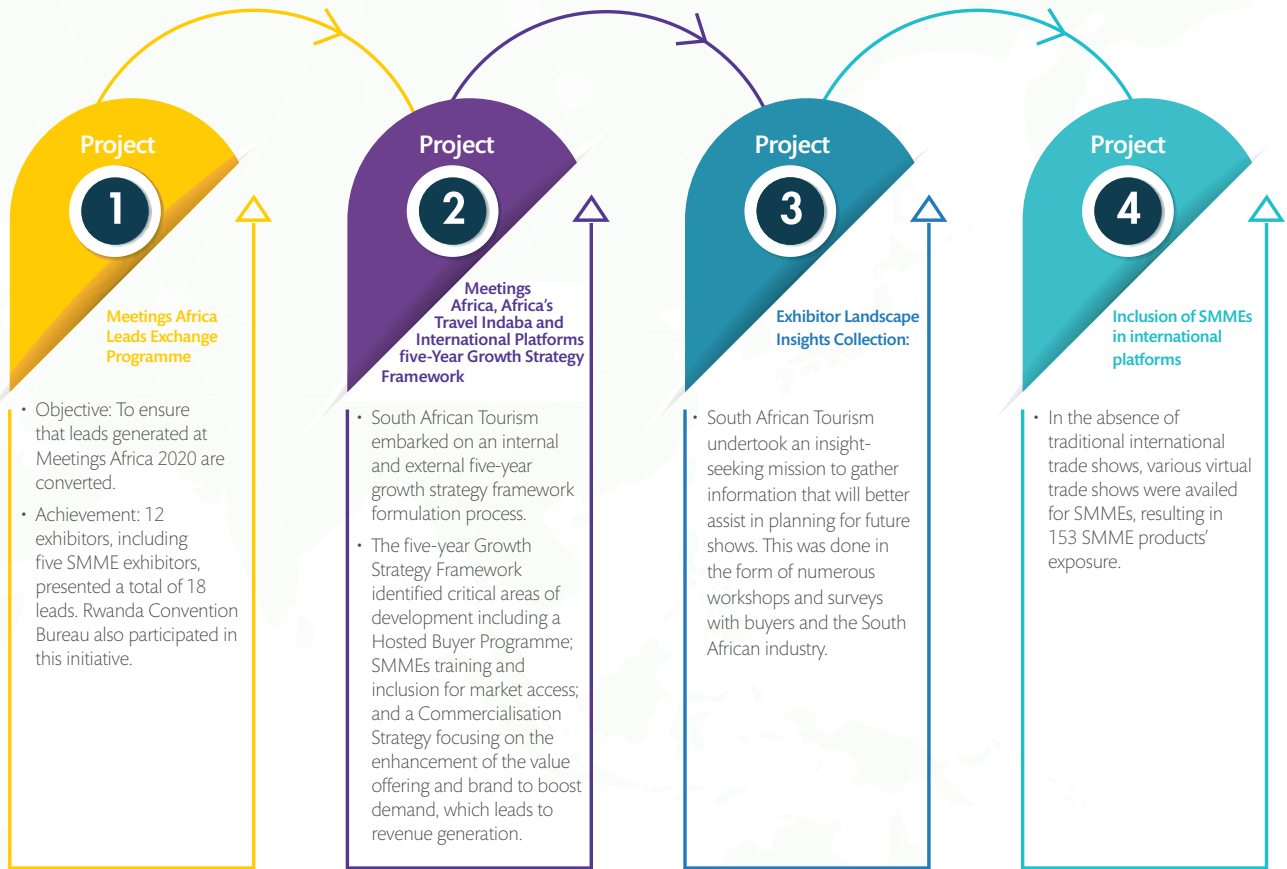


### *Virtual Arabian travel market*

The strategic virtual Arabian travel market platform was attended by companies marketing 21 products, which included seven SMMEs.

EXHIBITIONS AND INTERNATIONAL STRATEGIC PLATFORMS: SPECIAL PROJECTS

The following projects were conceptualised and executed in the absence of trade shows and formed part of South African Tourism's enhanced offering to the industry:



PROGRAMME PERFORMANCE

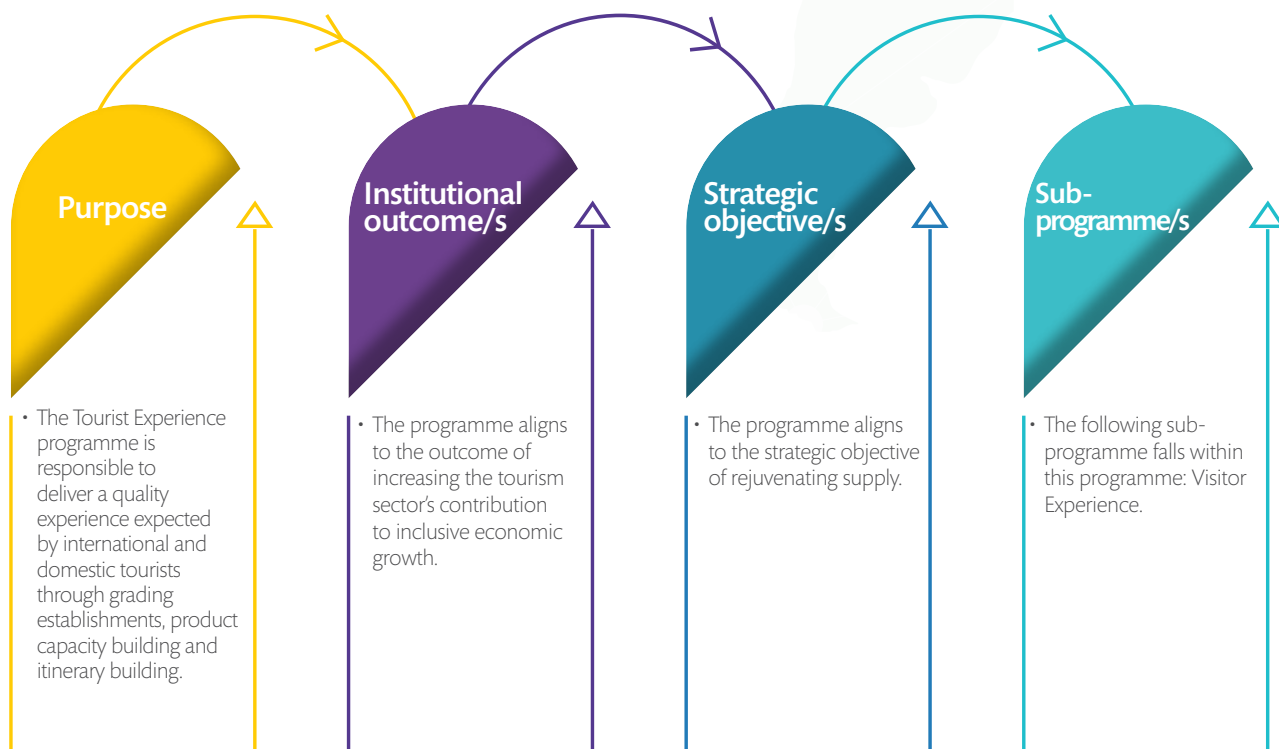
Programme performance against the planned outputs and output indicators for 2020/21 is as follows:

| Programme: Business Events                                              |                                                                                      |                                     |                                    |                                    |                               |                            |                                                             |                                                                                                                                     |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                 | Output                                                                               | Output indicator                    | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21 | Actual achievement 2020/21 | Deviation from planned target to actual achievement 2020/21 | Reasons for deviations                                                                                                              |
| Increase the tourism sector's contribution to inclusive economic growth | Targeted bid submissions in priority economic sectors                                | Number of bids supported            | 109                                | 115                                | 48                            | 55                         | 15%                                                         | Target exceeded as the sales team increased their resources during the financial year.                                              |
|                                                                         | Targeted leads generation activities focusing on 2022/23/24 to build future business | Number of qualified leads generated | -                                  | 182                                | 83                            | 390                        | 370%                                                        | Target exceeded as the International Congress and Convention Association (ICCA) platform was utilised to generate additional leads. |

Strategy to overcome areas of under-performance in Programme 4

There were no areas of under-performance in Programme 4 for the year under review.

PROGRAMME 5: TOURIST EXPERIENCE



**OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT**

The quality assurance function, in the period under review, focused its attention on assisting new entrants to become sustainable and supporting emerging participants in their quality assurance journey. In relation to visitor experience, South African Tourism focused on working with the Department of Health to actively communicate and promote the health and hygiene assurance standards developed as a result of the COVID-19 pandemic.

**BASIC QUALITY VERIFICATION PROGRAMME**

The Department of Tourism mandated its TGCSA business unit, 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, ensuring that the 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.

The implementation of the programme was adversely affected by the lockdown with restrictions around interprovincial travel. The programme therefore only commenced in October 2020 with 108 SMMEs enrolled in the programme. As a mitigating measure, programme implementation has been extended to 31 October 2021.

**SPEED MARKETING**

Speed marketing provides a platform for products in provinces and/or regions to market themselves with the aim of building new relationships with the hosted tour operators, which assists with product packaging and sales. Once tour operators are exposed to new products, they will be able to package and build itineraries more effectively. This has an arrivals/revenue impact both domestically and internationally. Due to COVID-19, the provincial sessions could not take place, which resulted in virtual speed marketing sessions. Virtual speed marketing sessions were thus convened focusing on products in villages, townships and small dorpias to provide exposure to less frequently visited areas and to promote hidden gems. The speed marketing sessions were held in the various provinces as follows:



## ANNUAL ASSESSOR CONFERENCE

South African Tourism's TGCSA convenes the Annual Assessor Conference. Due to the restrictions on gatherings imposed by the pandemic lockdown, the annual conference for 2020/21 was postponed. However, an online intervention was conceptualised and hosted to ensure that assessors maintain the standards required to conduct assessments and share updated information with tourism products. The three-part online training intervention was held over a period of six weeks with training content focusing on the following:

### Workshop 1:

#### South African Tourism COVID-19 Norms & Standards

This workshop focused on tourism industry insights; TGCSA plans for the financial year; status of the new grading system; COVID-19 norms and standards and its application by assessors; as well as basic quality verification.

### Workshop 2:

#### Speed Marketing Plans & Participation Process

Topics addressed at this workshop included the #Sho'tLeft campaign status and opportunities for graded properties, as well as Google opportunities for graded members.

### Workshop 3:

#### Collage Requirements & Peer Training

The areas of focus in this workshop included areas of improvement arising from the Monthly Property Surveys and the success stories initiative.

## QUALITY ASSESSMENT OF PROPERTIES AND ROOMS

Due to the COVID-19 pandemic and the subsequent nationwide lockdown declared by the President commencing on 26 March 2020, most of the accommodation establishments (with a few exceptions) and conference venues ceased operations in response to the risk-adjusted strategy (and lockdown restrictions). In line with the TSRP, South African Tourism implemented a Grading Relief Programme, which offered reprieve to all graded members by extending their respective membership expiry dates by six months.

As at 31 March 2021, there were 5 034 graded establishments and 114 952 rooms. This is a 3% (139) decline compared to the 5 173 establishments that were graded in 2019/20. The highest number of graded establishments was in the four-star grading category, which accounted for 43% of graded establishments, followed by the three-star grading category, which accounted for 35% of graded establishments.

## TOURISM GRADING SUPPORT PROGRAMME

South African Tourism's TGSP, funded by the Department of Tourism, was fully integrated into the TGCSA's Quality in Tourism (QIT) system on 1 February 2017. To utilise the first year's funding as effectively as possible, South African Tourism embarked on a hybrid solution of manual data collection and document collation from December 2016 for those properties with an expiry date of March 2017.

Thereafter, the process was automated onto the QIT system to enable members to submit the required documents in line with the criteria, which are then verified by the national quality assessment team within the TGCSA business unit.

The purpose of the TGSP is to encourage wider participation in the tourism grading system and ensure uniform and consistent quality standards in the facilities and services provided by accommodation and venue establishments. The programme aims to reduce the cost burden on small and medium-sized accommodation and venue establishments by offering rebates on final grading assessment fees.

For the period under review, 1 267 properties were funded through the TGSP initiative, amounting to R4 905 163.

## VISITOR EXPERIENCE

The Welcome Programme seeks to inspire and educate South African tourism role players and ordinary South Africans to exceed tourist expectations through warm, 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. In this fiscal period, South African Tourism trained 78 officials at the OR Tambo International Airport, inclusive of passenger frontline staff and responsible officials from the Department of Home Affairs, the South African Police Service, as well as staff providing parking and security services.



A key highlight in this reporting period, was a critical partnership with the African Association of Visitor Experiences and Attractions (AAVEA) and South African Tourism. This is a three-year partnership, reviewed annually, that will be used to build strong, mutually beneficial relationships with the members of the association, geared towards achieving service excellence and quality assurance across the tourism value chain in South Africa. The successful development and management of visitor experiences and attractions is the backbone of the tourism industry. AAVEA's primary mission is to represent the interests of visitor experiences and attractions, to raise awareness of the contribution they make to the broader tourism industry, to enhance discussion and coordination among visitor experience and attraction professionals, and to host an annual conference that provides education, networking and collaboration opportunities. At its virtual conference on 20 August 2020, South African Tourism led the discussion on the keys to recovery and future success. South African Tourism had a platform at the conference to discuss pricing strategies with local experts for now and beyond the pandemic.

**PROGRAMME PERFORMANCE**

Programme performance against the planned outputs and output indicators for 2020/21 is as follows:

| Programme: Tourist Experience                                           |                                                                 |                                                                                   |                                    |                                    |                                                                                                        |                                                                                                                                           |                                                             |                                                                                                                              |
|-------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                 | Output                                                          | Output indicator                                                                  | Audited actual performance 2018/19 | Audited actual performance 2019/20 | Planned annual target 2020/21                                                                          | Actual achievement 2020/21                                                                                                                | Deviation from planned target to actual achievement 2020/21 | Reasons for deviations                                                                                                       |
| Increase the tourism sector's contribution to inclusive economic growth | Implement rollout plan for Basic Quality Verification Programme | Implemented Basic Quality Support Programme for SMME accommodation establishments | -                                  | New indicator                      | Programme to provide Basic Quality Support Programme for SMME accommodation establishments implemented | Basic Quality Support Programme for SMME accommodation establishments implemented with a report on the programme implementation concluded | -                                                           | Target achieved due to successful partnerships established with provincial and local government in the respective provinces. |

**Strategy to overcome areas of under-performance in Programme 5**

There were no areas of under-performance in Programme 5 for the year under review.

## REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

The Tourism Relief Fund provided once-off capped grant assistance to SMMEs in the tourism sector to mitigate the impact of the COVID-19 pandemic in order to ensure their sustainability. South African Tourism administered this fund on behalf of the Department of Tourism during the financial year under review.

### Quality protection

South African Tourism and its TGCSA business unit launched an initiative to support graded establishments in the COVID-19 hotspot areas identified by President Cyril Ramaphosa on 14 December 2020. Following the identification of the "hotspot" districts and the confirmation of a second wave at that time, as well as a new variant of the virus, around 565 graded establishments across the Nelson Mandela Bay, Sarah Baartman and the Garden Route municipalities benefitted from a technology solution called the automated data capturing solution (ADCS). This solution was developed to assist establishments with the real-time registration of guests. As part of Phase 1 of the ADCS, every establishment is able to capture the details of its guests through a unique QR code. This may assist with the tracking and tracing process when positive cases arise in a region. The COVID-19 support package is meant to assist establishments to spread the message of keeping safe and being responsible when travelling. Phase 2 saw the roll-out of the support package to other provinces. To date, an estimated 1 800 sanitiser stands and over 10 000 COVID-19 awareness posters have been distributed to quality-assured establishments.

## LINKING PERFORMANCE WITH BUDGETS

| Programme/activity/objective | 2019/20          |                    |                          | 2020/21        |                    |                          |
|------------------------------|------------------|--------------------|--------------------------|----------------|--------------------|--------------------------|
|                              | Budget           | Actual expenditure | (Over)/under-expenditure | Budget         | Actual expenditure | (Over)/under-expenditure |
|                              | R'000            | R'000              | R'000                    | R'000          | R'000              | R'000                    |
| Corporate Support            | 135 171          | 152 190            | (17 019)                 | 111 445        | 111 344            | 101                      |
| Business Enablement          | 89 700           | 79 059             | 10 641                   | 33 807         | 39 841             | (6 034)                  |
| Leisure Tourism Marketing    | 1 066 602        | 960 976            | 105 626                  | 266 461        | 405 555            | (139 094)                |
| Business Events              | 137 689          | 178 855            | (41 166)                 | 23 291         | 30 836             | (7 545)                  |
| Tourist Experience           | 68 695           | 77 021             | (8 326)                  | 44 061         | 34 487             | 9 574                    |
| <b>Total</b>                 | <b>1 497 857</b> | <b>1 448 101</b>   | <b>49 756</b>            | <b>479 065</b> | <b>622 063</b>     | <b>(142 998)</b>         |

## REVENUE COLLECTION

South African Tourism is not a profit-generating entity. Revenue is recognised in the financial records when it accrues to the entity and is reliably measurable.

## CAPITAL INVESTMENT

South African Tourism performed an asset verification at the end of the financial year to ensure that the asset register is up to date.

Land and buildings were revalued by an independent valuator, which resulted in the devaluation of the building due to low occupancy rate in the area because of COVID-19. Some 95% of the assets remaining in the asset register are in good condition with the remaining 5% in fair condition. Assets where no future economic benefits are expected were retired.



# PART C

GOVERNANCE

*If you want to go fast, go alone.  
If you want to go far, go together.  
– African proverb*

# INTRODUCTION

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 (PFMA). In addition to the legislative requirements, the South African Tourism Board applies corporate governance by adhering to the provisions of 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.

## THE PORTFOLIO COMMITTEES

Parliament exercises its oversight role on the service delivery performance of the South African Tourism Board through interactions with the Portfolio Committee on Tourism, the Select Committee on Trade and Industry, Economic

Its approach to corporate governance is based on the appreciation that strategy, business model, performance and sustainable development are integral elements to creating value. The Board's governance function therefore supports the organisation's values and philosophies in order to achieve the targets that the Sharehold 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 interest of the organisation and its stakeholders, and with the highest observance of the principles of good corporate governance.

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              | Key issues for discussion                                                                                                                                                                                                                                                                                        |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 May 2020        | Briefing by South African Tourism to the joint sitting for the Portfolio Committee and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour (National Assembly and National Council of Provinces) on the impact of COVID-19 on tourism       |
| 27 May 2020       | Briefing by South African Tourism to the joint sitting for the Portfolio Committee and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour (National Assembly and National Council of Provinces) on the Annual Performance Plan for 2020/21 |
| 9 June 2020       | Observers attending the briefing by the TBCSA to the Portfolio Committee on their response to government's Risk-adjusted Strategy and Recovery Plan                                                                                                                                                              |
| 14 July 2020      | Briefing by South African Tourism to the joint sitting for the Portfolio Committee and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour (National Assembly and National Council of Provinces) on the Revised Fiscal Framework            |
| 25 August 2020    | Briefing by South African Tourism to the Portfolio Committee on the Fourth Quarter (Q4) Performance Report for the 2019/20 financial year                                                                                                                                                                        |
| 15 September 2020 | Presentation/workshop with the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour on COVID-19 and the way forward                                                                                                                          |
| 13 October 2020   | Briefing by South African Tourism to the Portfolio Committee on the First Quarter (Q1) Performance Report for the 2020/21 financial year                                                                                                                                                                         |
| 11 November 2020  | Briefing by South African Tourism to the Portfolio Committee on the Annual Performance Report for the 2019/20 financial year                                                                                                                                                                                     |
| 23 February 2021  | Briefing by South African Tourism to the Portfolio Committee on the 2019/20 Annual Report                                                                                                                                                                                                                        |
| 9 March 2021      | Briefing by South African Tourism to the Portfolio Committee on the Second and Third Quarter performance reports for the 2020/21 financial year                                                                                                                                                                  |

# BOARD MEMBERS



**Ms Nomzamo Bhengu**  
Non-executive



**Ms Michelle Constant**  
Non-executive



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



**Mr Siyabonga Dube**  
Chairperson



**Mr Enver Duminy**  
Non-executive



**Adv. Mojanku Gumbi**  
Deputy Chairperson

# BOARD MEMBERS



**Mr Thebe Ikalafeng**

Non-executive



**Mr Ravi Nadasen**

Non-executive



**Ms Gloria Serobe**

Non-executive



**Ms Lindiwe  
Sangweni-Siddo**

Non-executive



**Ms Zola Baba-Tshefu**

Non-executive



**Mr Mduduzi Zakwe**

Non-executive

## THE 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 (EA). The oversight powers of the Executive Authority are conferred by the provisions of the Tourism Act, the PFMA and the Public Entity Governance Protocol.

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

The following statutory reports were submitted to the Department of Tourism:

| Date            | Reports submitted                                      |
|-----------------|--------------------------------------------------------|
| 30 April 2020   | Fourth Quarter Report for the 2019/20 financial year   |
| 22 May 2020     | Revised 2020/21 Annual Performance Plan                |
| 1 June 2020     | Tourism Recovery Plan                                  |
| 30 July 2020    | First Quarter Report for the 2020/21 financial year    |
| 30 October 2020 | Second Quarter Report for the 2020/21 financial year   |
| 30 January 2021 | Third Quarter Report for the 2020/21 financial year    |
| 22 March 2021   | Annual Performance Plan for the 2021/22 financial year |

The Department of Tourism, led by the Director-General (DG), holds bilateral 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:

| Date           | Key issues for discussion                                                                                                                                                                                                                                                                                                                                                    |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 May 2020    | South African Tourism participated at the Ministers and Members of Executive Councils Meeting (MINMEC) with the focus on the update of the Recovery Plan                                                                                                                                                                                                                     |
| 22 May 2020    | South African Tourism participated at the Ministerial Provincial Technical Committee Meeting (MIPTECH) on the presentation of the draft Recovery Plan                                                                                                                                                                                                                        |
| 4 June 2020    | South African Tourism participated at the bilateral meeting with the focus on possible collaboration on APP deliverables between South African Tourism and the Department of Tourism                                                                                                                                                                                         |
| 30 June 2020   | South African Tourism conducted a briefing session with the Deputy Minister on TGCSA and SANCB                                                                                                                                                                                                                                                                               |
| 18 August 2020 | South African Tourism participated at the bilateral meeting with the focus on the following: <ul style="list-style-type: none"> <li>o Update on the repurposing of public entities</li> <li>o Update on the Enterprise Project Management Office (EPMO)</li> <li>o Presentation on the Sector Re-opening Campaign</li> <li>o Governance matters relating to Jurni</li> </ul> |

## THE ACCOUNTING AUTHORITY

### Introduction

The Minister appoints the South African Tourism Board as the Accounting Authority (AA) in line with the provisions of the Tourism Act and the PFMA. In terms of the Tourism Act, the Minister appoints a minimum of nine and a maximum of 13 members, for a period of three years. The Minister also appoints a Chairperson and Deputy-Chairperson from among the board members, and a departmental representative to serve as shareholder representative on the Board.

The Board consists of 12 members with an appropriate mix of skills as is necessary to strategically steer the organisation. During the year under review, two Board members resigned. All Board members, including the Chairperson, are appointed as non-executive directors. The Minister appointed the Chief Executive Officer and the Chief Financial Officer as executive members of the Board. The Board is supported by Executive Management and the Company Secretary.

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

### 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 the operational objectives to be achieved. It also ensures that adequate processes are put in place for budget planning and allocation, and that there is sufficient capacity to carry out the strategy.

The Board has adopted the following as its key role:

- o Acting as the focal point and custodian of good corporate governance by steering South African Tourism's strategic direction, approving policy and planning that give effect to that direction, overseeing and monitoring the implementation and execution by management through reporting and disclosures
- o Leading ethically and effectively by cultivating the characteristics of integrity, competence, fairness, transparency, accountability and responsibility
- o Governing the ethics of the organisation by approving and overseeing the implementation of codes of conduct and ethics policies

- o Providing high-level input to management with the setting of strategic objectives for the organisation and the determination of high-level marketing strategy, taking into consideration the latest market intelligence, research and appropriate risk parameters
- o 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
- o Governing risk and information and technology in a way that supports the organisation in setting and achieving its strategic objectives
- o Ensuring that the evaluation of its performance, committees, the Chairperson and individual members supports continued improvement in its performance and effectiveness
- o Ensuring that the organisation remunerates fairly, responsibly and transparently in order to promote the achievement of strategic objectives and outcomes by approving the remuneration policies of the organisation in line with the provisions of the Tourism Act
- o 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
- o Ensuring that there is access to professional and independent advice and support to the Board and its committees

### 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 Annual Performance Plan 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                                                                        | Other committees      |
|---------------------------|-------------------------------------|----------------|--------------------------|---------------------------------------------------------------------------------------|-----------------------|
| Mr Siyabonga Dube, CA(SA) | Board Chairperson                   | August 2019    | Current member           | BCom, Postgraduate Diploma in Accounting                                              | None                  |
| Adv. Mojankunyane Gumbi   | Chairperson: HCREMCO                | April 2020     | Current member           | LLB, Certificate in Trial Advocacy                                                    | HCREMCO & MARCOM      |
| Mr Ravi Nadasen           | Chairperson: TGCSA Committee        | May 2018       | Current member           | National Diploma in Hotel Management, BTech Degree in Business Administration and MBA | TGCSA                 |
| Ms Kate Rivett-Carnac     | Member                              | May 2018       | Current member           | BA Hons, MPhil                                                                        | ARCO & MARCOM         |
| Mr Enver Duminy           | Member                              | May 2018       | Current member           | BSc, MBA                                                                              | ARCO, TGCSA & HCREMCO |
| Ms Lindiwe Sangweni-Siddo | Member                              | May 2018       | Current member           | BSc, Diploma in Hotel Management                                                      | HCREMCO & ARCO        |
| Mr Thebe Ikalafeng        | Chairperson: MARCOM                 | May 2018       | Current member           | BSc, MBA, CM(SA)                                                                      | MARCOM                |
| Ms Zola Tshefu            | Member                              | August 2019    | Current member           | BCom, MBA, Property Development Programme                                             | HCREMCO & TGCSA       |
| Ms Nomzamo Bhengu         | Member – Shareholder Representative | May 2018       | Current member           | BSocSci                                                                               | ARCO & HCREMCO        |
| Ms Michelle Constant      | Member                              | May 2018       | Current member           | BA, Performance Diploma, Social Entrepreneurship Programme (GIBS)                     | MARCOM & TGCSA        |
| Ms Gloria Serobe          | Member                              | April 2020     | Current member           | BCom, MBA                                                                             | MARCOM                |
| Mr Mduduzi Zakwe CA(SA)   | Chairperson: ARCO                   | April 2020     | Current member           | MBA IT & E-Commerce                                                                   | ARCO & TGCSA          |
| Ms Dawn Robertson         | Chairperson: HCREMCO                | May 2018       | July 2020                | BA (Fine Arts), BA (Ed)                                                               | HCREMCO & MARCOM      |
| Dr Yacoob Abba Omar       | Member                              | May 2018       | April 2020               | PhD                                                                                   | HCREMCO               |
| Mr Sisa Ntshona           | Executive member                    | August 2020    | Current Executive member | Chief Executive Officer                                                               | None                  |
| Ms Nombulelo Guliwe       | Executive member                    | August 2020    | Current Executive member | Chief Financial Officer                                                               | None                  |

### Board meetings

With effect from 26 March 2020, the government of the Republic of South Africa imposed a countrywide lockdown in response to the COVID-19 pandemic. The lockdown restricted travel and other economic activities within the borders of the country. Further, on Thursday, 23 April 2020, the President announced the adoption of a Risk-adjusted Strategy for economic activity, which set out five levels of restrictions on economic activity that government may impose based on prevailing national COVID-19 infection rates.

The President further announced that the country would be moving from Level 5 to Level 4 on the Risk-adjusted

Strategy with effect from 1 May 2020. Travel- and tourism-related activities were mostly affected by the restrictions and remained as such for the better part of the year under review.

The lockdown affected the Board's normal calendar, leading to the Board meeting 16 times during the year, partly in response to the pressure that was felt by South African Tourism and the industry at large. Board meetings were well attended and all had a quorum in the year under review.

The main agenda points discussed at these meetings were as follows:

| Date of Board meeting | Main agenda items                                                                                                                                                                                                                                                                                                                                       |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 April 2020         | Tourism Recovery Plan<br>Tourism Relief Fund<br>2020/21 Annual Performance Plan<br>South African Tourism Organisational Structure<br>Brand SA and South African Tourism Merger<br>Unbundled Services Update                                                                                                                                             |
| 20 April 2020         | Tourism Recovery Plan<br>Tourism Relief Fund<br>2020/21 Annual Performance Plan<br>South African Tourism Organisational Structure<br>Brand SA and South African Tourism Merger<br>Unbundled Services Update                                                                                                                                             |
| 21 April 2020         | Minister's Meeting with South African Tourism Board<br>Tourism Recovery Plan                                                                                                                                                                                                                                                                            |
| 24 April 2020         | 2020/21 Quarter 1 Activities and Budget<br>Africa Travel Indaba 2020<br>Tourism Relief Fund<br>Revised Remuneration Policy<br>EXCO 2018/19 Performance Bonuses<br>Moratorium on Staff Appointments<br>South African Tourism Internship Programme<br>South African Tourism Business Case<br>South African Tourism Cost of Living Adjustments and Bonuses |
| 28 April 2020         | 2020/21 Budget Approval<br>Lead Agency Model<br>Engagements between South African Tourism Board and other Boards                                                                                                                                                                                                                                        |
| 30 April 2020         | 2019/20 Quarter 4 Performance Report<br>Organisational Design Framework<br>Lead Agency Model<br>CEO's Report<br>Board Committees Reports                                                                                                                                                                                                                |

| Date of Board meeting | Main agenda items                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 May 2020            | Business Case                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 7 May 2020            | Special Board Meeting: Approval of APP                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 14 May 2020           | Minister Meeting with South African Tourism Board                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 26 June 2020          | South African Tourism Board Induction                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 30 June 2020          | South African Tourism Board Induction Continuation                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 8 July 2020           | Minister Meeting with South African Tourism Board                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 16 July 2020          | Remuneration Policy<br>Board Charter<br>Board Code of Conduct<br>Members Appointments into Sub-Committees                                                                                                                                                                                                                                                                                                                                                              |
| 30 July 2020          | 2019/20 Draft Annual Financial Statements<br>2019/20 First Draft Annual Report<br>2020/21 Quarter 1 Performance Report<br>Irregular Expenditure Condonation<br>Organisational Design Framework<br>Union Recognition Policy Framework<br>Central Europe Hub-head Separation<br>Board Charter<br>Board Code of Conduct                                                                                                                                                   |
| 6 August 2020         | Minister Meeting with South African Tourism Board                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 19 August 2020        | CEO Report to the Board<br>Director Liability<br>Board Closed Session                                                                                                                                                                                                                                                                                                                                                                                                  |
| 22 September 2020     | Presentation of the Marketplace Digital Platform – B2B Portal                                                                                                                                                                                                                                                                                                                                                                                                          |
| 30 September 2020     | Audited Annual Financial Statements<br>AGSA Management Report                                                                                                                                                                                                                                                                                                                                                                                                          |
| 22–23 October 2020    | Board Lekgotla<br>Global Tourism Overview<br>Impact of the COVID-19 Pandemic<br>Focus on the Tourism Sector Recovery Plan<br>The Future State of South African Tourism<br>Institutional Architecture<br>Commissions (catalyse domestic demand, targeted global marketing programme, market entry facilitation and sector transformation, biosecurity protocols, quality assurance ecosystem, industry/government recovery partnerships, removal of barriers to travel) |
| 29 October 2020       | 2020/21 Quarter 2 Performance Report<br>Irregular Expenditure Condonation<br>External ARCO Member<br>ICT Information Security Policy<br>Partnership Policy<br>Africa Travel Indaba and Meetings Africa 2021 Proposal<br>Quarter 3 Summer Campaign<br>Marketing Contracts<br>Appointment of Replacement Member to the HCREMCO<br>Final 2019/20 Annual Report<br>First Draft Annual Performance Plan 2021/22                                                             |

| Date of Board meeting | Main agenda items                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7 December 2020       | Institutional Architecture<br>Tourism Sector Recovery Plan<br>Summer Campaign                                                                                                                                                                                                                                                                                                                                                      |
| 29 January 2021       | 2020/21 Quarter 3 Performance Report<br>2021/22 Annual Performance Plan<br>2020/21 Audit Strategy<br>Africa Travel Indaba and Meetings Africa 2021 Proposal<br>Marketing Contracts<br>Digital Spring Media<br>Universal McCann<br>Committee Terms of Reference<br>ARCO Terms of Reference<br>HCREMCO Terms of Reference<br>Marcom Terms of Reference<br>Governance Matters<br>Round Robin Resolutions<br>2021/22 Meetings Calendar |
| 2 February 2021       | Delegation of Authority and Matrix Workshop                                                                                                                                                                                                                                                                                                                                                                                        |
| 31 March 2021         | Internal Audit Report on Tourism Levy                                                                                                                                                                                                                                                                                                                                                                                              |



### Attendance at Board Meetings

The attendance at the various Board meetings during 2020/21 was as follows:

| Name                          | Special Board Meeting: 15 April 2020 | Special Board Meeting: 20 April 2020 | Board Meeting with Minister 21 April 2020 | Special Board Meeting: 24 April 2020 | Board Weekly Meeting: 28 April 2020 | Board Meeting: 30 April 2020 | Board Weekly Meeting: 5 May 2020 | Special Board Meeting: 7 May 2020 | Special Board Meeting: 14 May 2020 |
|-------------------------------|--------------------------------------|--------------------------------------|-------------------------------------------|--------------------------------------|-------------------------------------|------------------------------|----------------------------------|-----------------------------------|------------------------------------|
| <b>Siyabonga Dube</b>         | ✓                                    | ✓                                    | ✓                                         | ✓                                    | ✓                                   | ✓                            | ✓                                | ✓                                 | ✓                                  |
| <b>Mojankunyane Gumbi</b>     |                                      |                                      |                                           |                                      |                                     |                              | ✓                                | ✓                                 | ✓                                  |
| <b>Ravi Nadasen</b>           | ✓                                    | ✓                                    | ✓                                         | ✓                                    | ✓                                   | ✓                            | ✓                                | ✓                                 | ✓                                  |
| <b>Thebe Ikalafeng</b>        | ✓                                    | ✓                                    | ✓                                         | X                                    | ✓                                   | ✓                            | ✓                                | ✓                                 | ✓                                  |
| <b>Michelle Constant</b>      | ✓                                    | ✓                                    | ✓                                         | ✓                                    | X                                   | ✓                            | ✓                                | ✓                                 | ✓                                  |
| <b>Yacoob Abba Omar</b>       | ✓                                    | ✓                                    | ✓                                         | ✓                                    | X                                   | ✓                            | X                                | ✓                                 | ✓                                  |
| <b>Enver Duminy</b>           | ✓                                    | ✓                                    | ✓                                         | X                                    | X                                   | ✓                            | ✓                                | X                                 | X                                  |
| <b>Kate Rivett- Carnac</b>    | ✓                                    | ✓                                    | ✓                                         | ✓                                    | ✓                                   | ✓                            | ✓                                | ✓                                 | ✓                                  |
| <b>Dawn Robertson</b>         | ✓                                    | X                                    | ✓                                         | X                                    | X                                   | ✓                            | ✓                                | ✓                                 | ✓                                  |
| <b>Lindiwe Sangweni-Siddo</b> | ✓                                    | ✓                                    | ✓                                         | ✓                                    | ✓                                   | ✓                            | X                                | ✓                                 | ✓                                  |
| <b>Nomzamo Bhengu *</b>       | X                                    | X                                    | ✓                                         | X                                    | X                                   | ✓                            | X                                | X                                 | X                                  |
| <b>Zola Tshefu</b>            | ✓                                    | ✓                                    | ✓                                         | ✓                                    | ✓                                   | ✓                            | ✓                                | ✓                                 | X                                  |
| <b>Gloria Serobe</b>          |                                      |                                      |                                           |                                      |                                     |                              | ✓                                | ✓                                 | ✓                                  |
| <b>Mduduzi Zakwe</b>          |                                      |                                      |                                           |                                      |                                     |                              |                                  |                                   |                                    |

\*Ms Nomzamo Bhengu was seconded to the Technical Team of the National Coronavirus Command Council on behalf of the Department of Tourism.

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

**Continuation:** The attendance at the various Board meetings during 2020/21 was as follows:

| Board Induction: 26 & 30 June 2020 | Board Meeting: 30 July 2020 | Special Board Meeting with the Minister: 8 July 2020 | Special Board Meeting with Minister: 6 August 2020 | Meeting CEO Report: 19 August 2020 | Special Board Meeting: 22 September 2020 | Special Board Meeting: 30 September 2020 | Board Lekgotla: 22/23 October 2020 |
|------------------------------------|-----------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------|------------------------------------------|------------------------------------------|------------------------------------|
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | X                                  | X                                        | X                                        | ✓                                  |
| X                                  | ✓                           | ✓                                                    | ✓                                                  | X                                  | ✓                                        | X                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
|                                    |                             |                                                      |                                                    |                                    |                                          |                                          |                                    |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| ✓                                  | X                           | X                                                    |                                                    |                                    |                                          |                                          |                                    |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| X                                  | X                           | X                                                    | X                                                  | X                                  | X                                        | X                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | ✓                                        | ✓                                        | ✓                                  |
| ✓                                  | ✓                           | ✓                                                    | ✓                                                  | ✓                                  | X                                        | X                                        | X                                  |

**Continuation:** The attendance at the various Board meetings during 2020/21 was as follows:

| Name                   | Special Board Meeting:<br>7 December 2020 | Board Meeting:<br>29 January 2021 | Delegation of Authority and Matrix Workshop:<br>2 February 2021 | Special Board Meeting:<br>31 March 2021 |
|------------------------|-------------------------------------------|-----------------------------------|-----------------------------------------------------------------|-----------------------------------------|
| Siyabonga Dube         | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Mojankunyane Gumbi     | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Ravi Nadasen           | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Thebe Ikalafeng        | ✓                                         | ✓                                 | X                                                               | ✓                                       |
| Michelle Constant      | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Yacoob Abba Omar       |                                           |                                   |                                                                 |                                         |
| Enver Duminy           | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Kate Rivett- Carnac    | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Dawn Robertson         | ✓                                         |                                   |                                                                 |                                         |
| Lindiwe Sangweni-Sidoo | ✓                                         | ✓                                 | X                                                               | ✓                                       |
| Nomzamo Bhengu         | X                                         | X                                 | X                                                               | ✓                                       |
| Zola Tshefu            | X                                         | X                                 | ✓                                                               | ✓                                       |
| Gloria Serobe          | ✓                                         | ✓                                 | ✓                                                               | ✓                                       |
| Mduduzi Zakwe          | X                                         | X                                 | X                                                               | X                                       |

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



## BOARD COMMITTEES

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

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

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

### **Audit and Risk Committee**

The Audit and Risk Committee (ARCO) comprises five non-executive Board members. It is established as a Committee of the Board in respect of its statutory duties in terms of sections 76(4)(d) and 77 of the PFMA and all other duties assigned to it by the Board. The Committee operates within its approved terms of reference and assists the Board with the following:

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

The Committee's roles and responsibilities include the following:

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

Committee meetings are attended by the internal and external auditors, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Strategy Officer (CSO), the Chief Operations Officer (COO), the Head: Information Technology, 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 committee and the Board Chairperson.

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

| Name                                   | 20 April 2020 | 9 June 2020 | 27 July 2020 | 24 August 2020<br>(Special) | 28 September<br>2020 | 19 October<br>2020 | 22 January<br>2021 |
|----------------------------------------|---------------|-------------|--------------|-----------------------------|----------------------|--------------------|--------------------|
| Mduduzi Zakwe<br>(Chairperson)         |               |             | ✓            | ✓                           | ✓                    | ✓                  | ✓                  |
| Lindiwe Sangweni-<br>Siddo             | ✓             | ✓           | X            | ✓                           | X                    | ✓                  | ✓                  |
| Enver Duminy                           | ✓             | ✓           | ✓            | ✓                           | ✓                    | ✓                  | ✓                  |
| Kate Rivett-Carnac                     | ✓             | ✓           | ✓            | ✓                           | ✓                    | ✓                  | ✓                  |
| Nomzamo Bhengu*                        | X             | X           | X            | ✓                           | X                    | X                  | X                  |
| Siyabonga Dube<br>(Former Chairperson) | ✓             | ✓           |              |                             |                      |                    |                    |

\*Ms Nomzamo Bhengu was seconded to the Technical Team of the National Coronavirus Command Council on behalf of the Department of Tourism. Note: Blank spaces indicate that the term had either ended or not yet started.

### Human Capital and Remuneration Committee

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

The Committee's roles and responsibilities include the following:

- Reviewing, adopting and monitoring the implementation of broad human capital strategies to ensure that South African Tourism is able to attract, retain and develop the best possible talent to support superior business performance
- Reviewing proposed changes to South African Tourism's approved organogram and making applicable recommendations to the Board
- Overseeing the setting and administering of remuneration at all levels in the organisation
- Approving the implementation of reviewed and updated human resources policies and procedures
- Reviewing and recommending the proposed remuneration changes (annual inflation increases, designation increments and any other changes to total - cost-to-company packages) to the Board for approval
- Reviewing and recommending proposals from the Executive Committee (EXCO) concerning the payment of performance rewards for staff not at EXCO level to the Board for approval
- Reviewing and moderating EXCO performance scores prior to recommending the payment of EXCO performance bonuses to Board for approval
- Reviewing the CEO's performance targets and recommending to the Board for approval
- Considering whether there are appropriate succession plans in place for key members of management and making recommendations to the Board on interventions

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

| Name                                   | 17 April 2020 | 17 July 2020 | 16 October 2020 | 18 January 2021 |
|----------------------------------------|---------------|--------------|-----------------|-----------------|
| Mojankunyane Gumbi<br>(Chairperson)    |               |              | ✓               | ✓               |
| Dawn Robertson<br>(former Chairperson) | ✓             | X            |                 |                 |
| Jacoob Abba Omar                       | ✓             | ✓            |                 |                 |
| Lindiwe Siddo-Sangweni                 | ✓             | ✓            | ✓               | ✓               |
| Michelle Constant                      | ✓             | ✓            |                 |                 |
| Nomzamo Bhengu*                        |               |              | X               | X               |
| Enver Duminy                           | ✓             | ✓            |                 | ✓               |
| Zola Tshefu                            |               | ✓            | ✓               | X               |

\*Ms Nomzamo Bhengu was seconded to the Technical Team of the National Coronavirus Command Council on behalf of the Department of Tourism.  
Note: Blank spaces indicate that the term had either ended or not yet started.

### Marketing and Commercial Committee

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

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

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

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

| Name                             | 24 April 2020 | 22 July 2020 | 9 September 2020<br>(Special) | 21 October 2020 | 27 October 2020<br>(Special) | 21 January 2021 |
|----------------------------------|---------------|--------------|-------------------------------|-----------------|------------------------------|-----------------|
| Thebe Ikalafeng<br>(Chairperson) | ✓             | ✓            | ✓                             | ✓               | ✓                            | ✓               |
| Michelle Constant                | ✓             | ✓            | ✓                             | ✓               | ✓                            | ✓               |
| Gloria Serobe                    |               | ✓            | X                             | X               | X                            | ✓               |
| Kate Rivett-Carnac               | ✓             | ✓            | ✓                             | ✓               | ✓                            | ✓               |
| Mojankunyane Gumbi               |               | ✓            | ✓                             | ✓               | ✓                            | ✓               |
| Dawn Robertson                   | ✓             |              |                               |                 |                              |                 |
| Ravi Nadasen                     | ✓             |              |                               |                 |                              |                 |
| Nomzamo Bhengu                   | X             |              |                               |                 |                              |                 |
| Lindiwe Sangweni-Siddo           | ✓             |              |                               |                 |                              |                 |

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

### Tourism Grading Council of South Africa – Awards Committee

The Awards Committee is established as a Committee of the Board to assist with the discharge of the duties of the Tourism Grading Council of South Africa as assigned to the Board by the Minister of Tourism. The Committee consists of 11 members: five Board members and six members representing the industry. It was established after the functions of the Tourism Grading Council were assigned to the South African Tourism Board with effect from 1 July 2015. The new committee was appointed from 1 September 2018 to 31 May 2021, in line with the tenure of the South African Tourism Board.

The Committee's roles and responsibilities include the following:

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

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

| Name                          | 14 April 2020 | 15 July 2020 | 14 October 2020 | 13 January 2021 |
|-------------------------------|---------------|--------------|-----------------|-----------------|
| Ravi Nadasen<br>(Chairperson) | ✓             | X            | ✓               | ✓               |
| **Enver Duminy                | X             | ✓            | ✓               | ✓               |
| **Michelle Constant           | ✓             | ✓            | ✓               | ✓               |
| **Zola Tshefu                 |               |              | X               | ✓               |
| **Mduduzi Zakwe               |               |              | X               | X               |
| *Nombeko Rwaxa                | ✓             | X            |                 |                 |
| Rosemarie van Staden          | ✓             | ✓            | ✓               | ✓               |
| Wendy Alberts                 | ✓             | ✓            | ✓               | ✓               |
| Bheki Dube                    | ✓             | ✓            | ✓               | ✓               |
| Glynis Hyslop                 | X             | ✓            | X               | ✓               |
| Shama Nathoo                  | ✓             | ✓            | ✓               | ✓               |
| Lee Zama                      | ✓             | ✓            | ✓               | ✓               |

\*\* South African Tourism Board members

\*Ms Nombeko Rwaxa passed away on 4 August 2020.

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

### 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 the approved policies and procedures of South African Tourism.

Board members incurred the following costs in line with their fiduciary responsibilities in 2020/21:

**1 April 2020 to 31 March 2021**

| Name                                         | Travel and accommodation | Remuneration       | Other*            | Total              |
|----------------------------------------------|--------------------------|--------------------|-------------------|--------------------|
| Siyabonga Dube<br>(Chairperson)              | -                        | R208 714           | R2 124.26         | R210 838.26        |
| *Mojankunyane Gumbi                          | -                        | -                  | R2 124.26         | R2 124.26          |
| Ravi Nadasen<br>(Former Interim Chairperson) | -                        | -                  | R2 124.26         | R2 124.26          |
| Thebe Ikalafeng                              | -                        | -                  | -                 | -                  |
| Michelle Constant                            | -                        | R117 855           | R2 124.26         | R119 979.26        |
| Enver Duminy                                 | R4 974.76                | R144 075.00        | R2 124.26         | R151 174.02        |
| Zola Tshetu                                  | R8 826.67                | R88 776            | R2 124.26         | R99 726.93         |
| Kate Rivett-Carnac                           | R6 916.67                | R154 521.50        | R2 124.26         | R163 562.43        |
| Lindiwe Sangweni-Siddo                       | -                        | -                  | R2 124.26         | R2 124.26          |
| Gloria Serobe                                | -                        | R2 619.00          | -                 | R2 619.00          |
| Mduduzi Zakwe                                | -                        | -                  | -                 | -                  |
| Dawn Robertson                               | -                        | -                  | -                 | -                  |
| Yacoob Abba Omar                             | -                        | R39 285            | -                 | R39 285            |
| Nomzamo Bhengu                               | -                        | -                  | R2 124.26         | R2 124.26          |
| <b>Total</b>                                 | <b>R20 718.10</b>        | <b>R755 845.50</b> | <b>R19 118.34</b> | <b>R795 681.94</b> |

\*Institute of Directors in Southern Africa membership fees

The following amounts were paid to members of the Grading Council Awards Committee for the period 1 April 2020 to 31 March 2021:

| Name                 | Travel | Remuneration       | Other | Total              |
|----------------------|--------|--------------------|-------|--------------------|
| Wendy Alberts        | -      | R20 952.00         | -     | R 20 952.00        |
| Rosemarie van Staden | -      | R20 952.00         | -     | R 20 952.00        |
| Nombeko Rwaxa        | -      | R15 714.00         | -     | R 15 714.00        |
| Bheki Dube           | -      | R20 952.00         | -     | R 20 952.00        |
| Shama Nathoo         | -      | R20 952.00         | -     | R 20 952.00        |
| Glynis Hyslop        | -      | R10 476.00         | -     | R10 476.00         |
| Lee Zama             | -      | R20 952.00         | -     | R 20 952.00        |
| <b>Total</b>         |        | <b>R130 950.00</b> |       | <b>R130 950.00</b> |

## RISK MANAGEMENT

Risk management is integral to good corporate governance. It forms part of South African Tourism's business strategy, ensuring that the organisation can identify and manage risks that impact on business performance and achieving objectives.

The overall philosophy of South African Tourism is to instil and establish a risk intelligent culture whereby risk management is everyone's responsibility, and is entrenched into the day-to-day business operations and decision making of every employee within South African Tourism across all levels as it faces a myriad of risks in pursuit of its strategic objectives and its mandate.

South African Tourism believes that risk management is an enabler to achieve the strategic objectives, is fundamental for effective corporate governance, and is an opportunity that enables the organisation to see what is coming next, predict and take advantage of future trends.

The organisation, on annual basis, reviews the strategic risk register based on the organisational strategy, which is monitored quarterly and provides assurance to the Board that South African Tourism is adequately managing identified strategic risks.

Recognising that a single transaction or event may have a significant impact on other risks or be triggered by other risks, South African Tourism views and assesses risks holistically. Risk management is an inclusive process where every employee of the organisation is responsible for managing risks and adhering to risk management policies and processes in their areas of responsibility.

### *Risk governance*

The South African Tourism Board is ultimately accountable for risk governance within the organisation. It governs risks in a way that supports the organisation in setting and achieving its strategic objectives. The Board, in discharging its risk governance responsibilities, is supported by the Audit and Risk Committee. South African Tourism has implemented an integrated internal risk management policy and framework approved by the Board, which identifies risks and opportunities continuously.

There are several layers of management that provide cohesive risk governance:

- **The Board:** The Board has the ultimate responsibility for the establishment of sound risk management practices in the organisation. Through the Audit and Risk Committee, the South African Tourism Board is regularly informed on the position of the risk management plan in addressing identified risk, as well as on the organisation's reputation and material litigation cases.
- **Audit and Risk Committee:** The Audit and Risk Committee, among other issues, provides oversight in the management of risk across the organisation and also monitors the effectiveness of the risk management system, mainly the internal control system for assurance purposes.

The Board approved a Risk Management Policy and Framework to guide the organisation with risk management.



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



The Board identified nine strategic risks that could threaten the achievement of South African Tourism's strategic goals and performance targets for 2020/21. The risks are depicted below according to their risk ratings:

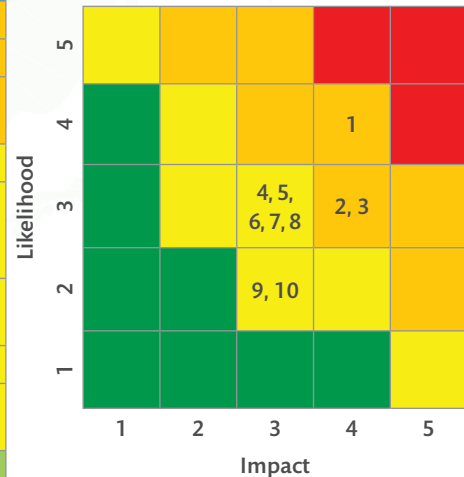
### Heat map: risk classification

The **heat map** tracks each of the top 10 risks according to impact and likelihood. The location of an individual risk indicates its relative priority. Priority is considered to move from upper right to lower left of the matrix.

| No | Travel                                                                                                               | Residual risk rating |
|----|----------------------------------------------------------------------------------------------------------------------|----------------------|
| 1  | Inability of tourists to access the country                                                                          | 16                   |
| 2  | Safety and security of tourists in South Africa                                                                      | 12                   |
| 3  | Ease of accessibility of South African Tourism's insights and other relevant information                             | 12                   |
| 4  | Cybersecurity risks – data protection and ICT security                                                               | 9                    |
| 5  | Uncertainty surrounding merger outcomes (duration of South African Tourism's mandate and brand under the new entity) | 9                    |
| 6  | Uncertainty of changes in national policies that may impact tourism                                                  | 9                    |
| 7  | Findings due to a weak internal control environment                                                                  | 9                    |
| 8  | Inadequacy of national infrastructure capacity and quality readiness                                                 | 9                    |
| 9  | Lack of documented and formalised business processes                                                                 | 6                    |
| 10 | Inability to execute mandate due to limited financial resources                                                      | 6                    |

#### Residual risk rating Legend:

■ High ■ Medium ■ Low



- Based on this risk matrix, South African Tourism's risk profile appears to be moderate.
- Due to ongoing efforts to further risk, improvement, South African Tourism is reducing its risk profile and is managing risk effectively.
- It should be noted that Risk 1 and Risk 3 are risks that have increased in risk ranking from the 2020 risk register and therefore should be managed accordingly with specific monitoring and consideration given.

## INTERNAL CONTROL UNIT

In line with the PFMA, Treasury Regulations, National Treasury's Internal Audit Framework, the Internal Audit International Standards and the King IV recommendations, Internal Audit provides the Audit and Risk Committee, as well as management, with assurance that governance, risk management and internal controls are in place.

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 specific areas giving rise to a need for improvement.

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

## INTERNAL AUDIT AND AUDIT COMMITTEES

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

No matters were reported in the various reports of the internal auditors, the audit report on the annual financial statements or the management report of the Auditor-General of South Africa that indicate any material deficiencies in the systems of internal control or any deviations from them. This is because the Audit and Risk Committee monitors the audit register, ensuring that corrective measures on findings raised by both the internal and external auditors are implemented. Accordingly, the unit can report that the internal controls over financial reporting for the period under review were efficient and effective.

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

## COMPLIANCE WITH LAWS AND REGULATIONS

In the light of compliance review conducted by Governance, Risk and Compliance, and Internal Audit, no material issues of non-compliance were noted.

In addition to the above, the organisational policy environment continues to be enhanced through the review and enhancement of policies to support optimal organisational compliance as per the determined compliance universe.

## FRAUD AND CORRUPTION

The investigations and similar reviews conducted during the financial year have confirmed only cases of irregular expenditure. No specific issues of fraud and corruption were confirmed.

## MINIMISING CONFLICT OF INTEREST

Conflict of interest is minimised by all employees declaring their interests in advance. As part of the recruitment process, all new employees are obliged to complete a Declaration of Interest form when they are appointed.

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

## CODE OF CONDUCT

The Board adopted a Code of Conduct, which sets out the ethical and behavioural standards that are expected of a Board in line with its fiduciary duties to ensure ethical leadership. The Board acts in good faith and in the best interests of South African Tourism, employing the requisite due care, skill and diligence in its actions. To this end, the Board ensures that it does the following:

- Avoids and discloses any conflicts of interest
- Acts independently and in the best interests of South African Tourism, without regard for personal interests
- Does not tolerate, conceal or condone corrupt and/or improper behaviour
- Every member of the Board exhibits independence, objectivity, impartiality and fairness in their judgment

## HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Board of South African Tourism is vested with the responsibility of 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.

South African Tourism has a health and safety officer, health and safety representatives, and health and safety committees as required by the Occupational Health and Safety Act. Selected employees representing the different business units completed fire-fighting and first aid training courses, as well as emergency evacuation courses. They now have the valid relevant certifications that expire in 2022, enabling them to perform emergency procedures if and when necessary. South African Tourism undertook a due diligence process on occupational health and safety (OHS) in South Africa and in the countries in which the organisation operates. All recommendations will be implemented and risks mitigated.

Compliance risk on occupational health and safety is aimed at the following:

- Providing and maintaining a healthy and safe workplace for all employees, visitors and members of the public
- Conducting activities in an environmentally friendly manner to ensure the health and safety of people in the vicinity of the entity
- Preventing personal injury and protecting the health of employees and others on the premises
- Identifying, documenting and maintaining processes within specified safety criteria, and documenting the methods of control for those processes that have been identified to conform with the requirements of the Occupational Health and Safety Act
- Ensuring that all employees, at every level and in every function, are aware of their responsibility 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.

## COMPANY 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 meeting agenda is 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

South African Tourism did not undertake any corporate social responsibility initiatives for the reporting period.

## AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

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

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

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

### The effectiveness of internal control

In line with the PFMA and King IV recommendations, Internal Audit provides the Audit and Risk Committee and Management with the assurance that the internal controls in place are adequate, effective and serve the desired purposes. This is achieved by adhering to the risk management processes, as well as identifying corrective actions and recommending enhancements to the controls and processes. A formal risk identification process was conducted during the period under review, and the Board prioritised the effective monitoring and management of the strategic risks that affect the business.

In line with the principles of combined assurance, the Audit and Risk Committee, EXCO, Management, Internal Audit, as well as Governance, Risk and Compliance, worked collaboratively to ensure quality assurance while maintaining independence. While the Audit and Risk Committee monitored the system of internal control and any deviations therefrom, it has been highlighted through the Audit Report

on the Annual Financial Statements and the Management Report of the AGSA that there were lapses during the year under review and that the entity's internal controls required improvement.

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

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity, revealed certain weaknesses, which were then raised with the public entity.

### In-year management and monthly/quarterly report

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

### Evaluation of financial statements

The Audit and Risk Committee has done the following::

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Accounting Officer
- Reviewed the AGSA's management report and Management's response
- Reviewed and assessed South African Tourism's compliance with statutory, legal and regulatory provisions
- Reviewed all adjustments resulting from the audits conducted and reported
- Ensured the adequacy, reliability and accuracy of the financial information provided by Management

The Audit and Risk Committee agrees with, and has accepted, the AGSA's report on the Annual Financial Statements. Therefore, the audited statements should be accepted and read together with the report of the AGSA..

## Auditor's Report

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

The Audit and Risk Committee concurs and accepts the conclusions of the AGSA on the Annual Financial Statements and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

## Auditor-General of South Africa

We have also met with the AGSA to ensure that there are no unresolved issues..



**Mr Mduzuzi Zwake**

**Chairperson of the Audit and Risk Committee**

## B-BBEE COMPLIANCE PERFORMANCE INFORMATION

South African Tourism's current B-BBEE status is Level 8. 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 the public entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8) with regards to the following:                          |                      |                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Criteria                                                                                                                                                 | Response<br>Yes / No | Discussion<br><i>(include a discussion on your response and indicate what measures have been taken to comply)</i>                                                                                                                                                                                                                                                                          |
| 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                  | During the financial year, South African Tourism developed 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 2020/21, South African Tourism paid a total remuneration of R14.8 million to EXCO members, the details of which are as follows:

| First name   | Surname      | Date engaged | Date terminated | Basic salary (R)     | 13th cheque bonuses (R) | Performance bonus (R) | Other earnings (R) | Total company contributions (R) | Total cost (R)       |
|--------------|--------------|--------------|-----------------|----------------------|-------------------------|-----------------------|--------------------|---------------------------------|----------------------|
| Sthembiso    | Dlamini      | 2014/08/01   |                 | 2 385 766.00         | -                       | 0                     | 51 000.00          | 294 015.36                      | 2 730 781.36         |
| Nombulelo    | Guliwe       | 2011/03/08   |                 | 2 315 771.00         | -                       | 0                     | 51 000.00          | 136 214.64                      | 2 502 985.64         |
| Amanda       | Kotze Nhlapo | 2011/11/01   |                 | 2 106 285.00         | -                       | 0                     | 51 000.00          | 245 224.80                      | 2 402 509.80         |
| Themba       | Khumalo      | 2019/09/01   |                 | 2 540 000.00         | -                       | 0                     | 51 000.00          | 149 183.16                      | 2 740 183.16         |
| Sisa         | Ntshona      | 2016/10/03   |                 | 2 823 356.82         | -                       | 0                     | 60 000.00          | 165 661.32                      | 3 049 018.14         |
| Bashni       | Muthaya      | 2002/01/14   | 22/05/2020      | 255 392.14           | 89 472.12               | 0                     | 216 599.93         | 21 899.17                       | 583 363.36           |
| Darryl       | Erasmus      | 2015/09/07   | 31/07/2020      | 628 659.76           | 0                       | 0                     | 138 702.78         | 20 958.01                       | 788 320.55           |
| <b>Total</b> |              |              |                 | <b>13 055 230.72</b> | <b>89 472.12</b>        | <b>0</b>              | <b>619 302.71</b>  | <b>1 033 156.46</b>             | <b>14 797 162.11</b> |



# PART D

## HUMAN RESOURCE MANAGEMENT

*Tomorrow belongs to people who prepare for it today.  
- African proverb*



## HUMAN CAPITAL STRATEGY

South African Tourism continued to implement its revised Human Capital Strategy in the 2020/21 financial year. This robust and well-crafted strategy is aimed at reawakening passion and drive among all employees by maintaining a high-performance culture within the organisation 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 and remain operationally efficient, the human resources information system upgrade procurement process was initiated and concluded in the year under review.

The move from an on-premises system to a cloud-based system is in line with the organisation's digitalisation agenda and serves to enhance the user experience, while giving the business access to intuitive fit-for-purpose reporting tools. South African Tourism's human capital strategic intent is instrumental in the development of key enabling 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. The following feedback sessions and interventions were carried out during the year under review:

- Targeted focus groups were held to obtain further insights following the employee engagement survey conducted in the previous reporting period. Considering that there was an increase in engagement between the previous two fiscal years, South African Tourism focused on teams where concerns were raised that have the potential to negatively impact on engagement.
- A provider was appointed to conduct team engagement sessions in line with the results shared with the business during the year under review.
- Lessons learnt from previously held focus groups were considered and a number of changes were initiated in the year under review, which included post-focus group engagement sessions with the responsible business unit executive.

Employee engagement has steadily increased from 62.5% in 2017/18 to 68.9% in 2018/19 and again to 72% in 2019/20. In 2020/21 there was a further increase to 75%.

- A revised approach has been adopted for post-engagement survey focus groups based on previous learnings.
- There has been an increased focus on online and remote learning and development initiatives given the impact of the pandemic and subsequent lockdowns.
- Communication with staff was maintained through online weekly staff engagement meetings.

The business context has changed significantly since the onset of COVID-19. The unpredictable environment therefore makes it difficult to assess the impact this had on engagement prior to conducting the engagement survey.

## PERFORMANCE MANAGEMENT

As part of building an inspiring and energised organisation, South African Tourism continued to align its automated performance management system with business needs. During the onset of the lockdown, the organisation was required to be agile, which meant that the performance management principles had to be adjusted accordingly. As a result, project-based performance management was implemented. This allowed the organisation to continue to manage performance while a context other than the norm existed. This also allowed cross-functional collaboration to be measured on a practical performance management platform already in existence in the organisation. Adaptation of the system parameters was carefully considered to ensure that a balanced approach to performance was attained.

While maintaining the core high-performance culture principles set by the organisation, as well as behavioural reviews, guided by organisational values, business partnering/peer reviews were introduced. This is in line with South African Tourism's human capital strategy, which strives to increase internal collaboration and accountability.

## HUMAN CAPITAL COMPLIANCE REVIEW

In the 2020/21 financial year, human capital continued to maintain a database of human capital-related legislation and reviewed policies to address the identified gaps. Among other activities, it continued to review the General Human Capital Policy so that it was aligned to best practice. This continuous review is aligned to several organisational policies being revised.

## HUMAN RESOURCES OVERSIGHT STATISTICS

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

### Personnel cost by objective\*

| Programme                          | Total expenditure (R'000) | Personnel expenditure (R'000) | Personnel expenditure as a percentage of total expenditure (R'000) | Number of employees | Average personnel cost per employee (R'000) |
|------------------------------------|---------------------------|-------------------------------|--------------------------------------------------------------------|---------------------|---------------------------------------------|
| Administration / Corporate Support | 111 344                   | 36 285                        | 34%                                                                | 56                  | 648                                         |
| Business Enablement                | 39 841                    | 12 336                        | 31%                                                                | 11                  | 1 121                                       |
| Leisure Tourism Marketing          | 407 853                   | 137 761                       | 34%                                                                | 67                  | 2 056                                       |
| Business Events                    | 30 836                    | 15 558                        | 51%                                                                | 15                  | 1 037                                       |
| Tourism Experience                 | 34 487                    | 17 738                        | 51%                                                                | 22                  | 806                                         |
| <b>Total</b>                       | <b>624 361</b>            | <b>219 678</b>                | <b>35%</b>                                                         | <b>171</b>          | <b>1 285</b>                                |

\*Data pending audited results

### Personnel cost per salary band\*

| Level                    | Total expenditure (R'000) | Percentage of personnel expenditure to total personnel cost (R'000) | Number of employees | Average personnel cost per employee (R'000) |
|--------------------------|---------------------------|---------------------------------------------------------------------|---------------------|---------------------------------------------|
| Top Management           | 15 159                    | 6%                                                                  | 8                   | 1 895                                       |
| Senior Management        | 27 468                    | 11%                                                                 | 15                  | 1 831                                       |
| Professionally Qualified | 157 068                   | 65%                                                                 | 89                  | 1 765                                       |
| Skilled                  | 34 271                    | 14%                                                                 | 69                  | 497                                         |
| Semi-Skilled             | 2 515                     | 1%                                                                  | 9                   | 279                                         |
| Unskilled                | 0                         | 0%                                                                  | 0                   | -                                           |
| Other* (internships)     | 4 930                     | 2%                                                                  | 32                  | 154                                         |
| <b>Total</b>             | <b>241 411</b>            | <b>100%</b>                                                         | <b>222</b>          | <b>1 087</b>                                |

\* Data pending audited results

## PERFORMANCE INCENTIVE SYSTEM\*

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

Performance-related pay has been institutionalised as standard practice at South African Tourism. During the year under review, short-term incentives were not declared. However, the remainder of the long-term incentives earned by employees in the 2018/19 fiscal year was distributed in accordance to the table below and in line with the respective qualifiers.

| Level                    | Long-term performance rewards (R'000) | Personnel expenditure (R'000) | Percentage of long-term performance rewards to total personnel cost |
|--------------------------|---------------------------------------|-------------------------------|---------------------------------------------------------------------|
| Top Management           | 140                                   | 15 159                        | 0.9%                                                                |
| Senior Management        | 202                                   | 27 468                        | 0.7%                                                                |
| Professionally qualified | 439                                   | 157 068                       | 0.3%                                                                |
| Skilled                  | 140                                   | 34 271                        | 0.4%                                                                |
| Unskilled                | 0                                     | 0                             | 0%                                                                  |
| <b>Total</b>             | <b>921</b>                            | <b>233 996</b>                | <b>0.4%</b>                                                         |

\* Data pending audited results

## WORK-FROM-HOME ENABLEMENT

In the wake of the COVID-19 pandemic, the nation and the world at large went into nationwide lockdown. This required South African Tourism to move swiftly into an agile way of working. Business continuity required employees to be equipped with the right tools and resources to deliver on the business task during this period. As a result, several adjustments were made to mobile telephony and mobile data allocations to ensure that connectivity remained consistent across the organisation.

In line with the COVID-19 guidelines, the safety of employees became a focus. Continuous fumigation of South African Tourism's premises commenced with a touch-free entry log initiated at the entry of Bojanala House. Protective screens were installed at office desks. Demarcation has also been added within the working space to ensure that social distancing principles are adhered to.

In light of several changes in lockdown levels throughout the period under review, the organisation has delivered several reintegration workshops to ensure that the wellbeing of employees remained a core focus.

## SKILLS DEVELOPMENT

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

At the onset of the national and international lockdowns levels, there was a positive uptake of online learning across the organisation. As a result, additional budget was required and approved to ensure the continuation of this medium of learning. This commitment to employee development was important in delivering South African Tourism's talent management agenda.

## WORKPLACE SKILLS PLAN AND TRAINING COSTS

The Workplace Skills Plan was developed and implemented in 2020/21. It was informed by the skills audit outcomes and employees' personal development plans. The overall investment in training for the year was R3 707 716.25. The Skills Development Levy for the financial year was R1 466 562.54. This means that South African Tourism invested 253% of its Skills Development Levy for the fiscal year.

Training and development interventions were undertaken per programme as follows:

| Programme                            | Personnel expenditure | Training expenditure | Training expenditure as a percentage of personnel cost | Number of employees trained | Average training cost per employee |
|--------------------------------------|-----------------------|----------------------|--------------------------------------------------------|-----------------------------|------------------------------------|
|                                      | (R'000)               | (R'000)              |                                                        |                             |                                    |
| Administration/<br>Corporate Support | 36 285                | 542                  | 1%                                                     | 58                          | 9.3                                |
| Business Enablement                  | 12 336                | 434                  | 4%                                                     | 26                          | 16.7                               |
| Leisure Tourism Marketing            | 137 761               | 832                  | 1%                                                     | 33                          | 25.2                               |
| Business Events                      | 15 558                | 687                  | 4%                                                     | 14                          | 49.1                               |
| Tourism Experience                   | 17 738                | 1 212                | 7%                                                     | 67                          | 18.1                               |
| <b>Total</b>                         | <b>219 678</b>        | <b>3 707</b>         | <b>2%</b>                                              | <b>198</b>                  | <b>18.7</b>                        |

\*Personnel expenditure source: EMP 201

There is a 17% increase in the number of people trained between the previous fiscal year and the year under review. The overall investment includes bursaries from which staff benefitted during the fiscal year. South African Tourism's commitment to developing its employees continues to grow year on year.

## EMPLOYMENT AND VACANCIES

To maintain its equity targets, South African Tourism aims to fill vacancies that may arise. The Board-approved structure entails 202 positions, compared to the headcount of 180 positions. The current moratorium on vacancies means that the organisation has not actively filled vacancies during the fiscal year. This is apart from four critical Board-approved vacancies, which increased the total headcount to 184. There are a further three Board-approved critical roles that will be filled as fixed-term contracts in light of the moratorium.

In anticipation of the pending merger of South African Tourism and other entities, along with the moratorium on vacancies, some positions – due to their critical nature – have been repurposed into fixed-term contracts. Positions that have been repurposed include those of Head: Strategic Planning, Programme Management and Evaluation, and Head: Risk Management.

Capacity requirements have been addressed through several other fixed-term contracts in critical areas. The upskilling of interns has also been used as an opportunity to ensure that capacity shortages are addressed where possible.

The tables below summarise South African Tourism's employment vacancies per programme and per level:

| Programme                            | 2019/20             | 2020/21        | 2020/21             | 2020/21   | Percentage of vacancies |
|--------------------------------------|---------------------|----------------|---------------------|-----------|-------------------------|
|                                      | Number of employees | Approved posts | Number of employees | vacancies |                         |
| Administration/<br>Corporate Support | 55                  | 65             | 61                  | 4         | 2%                      |
| Business Enablement                  | 11                  | 9              | 8                   | 1         | 0.5%                    |
| Leisure Tourism Marketing            | 84                  | 89             | 79                  | 10        | 5%                      |
| Business Events                      | 14                  | 17             | 15                  | 2         | 1%                      |
| Tourism Experience                   | 22                  | 22             | 21                  | 1         | 0.5%                    |
| <b>Total</b>                         | <b>186</b>          | <b>202</b>     | <b>184</b>          | <b>18</b> | <b>8.9%</b>             |

| Levels                   | 2020/21        |                     |           | Percentage of vacancies |
|--------------------------|----------------|---------------------|-----------|-------------------------|
|                          | Approved posts | Number of employees | Vacancies |                         |
| Top Management           | 7              | 5                   | 2         | 1%                      |
| Senior Management        | 15             | 15                  | 0         | 0%                      |
| Professionally qualified | 96             | 84                  | 12        | 6%                      |
| Skilled                  | 71             | 68                  | 3         | 1%                      |
| Semi-skilled             | 13             | 12                  | 1         | 0.5%                    |
| Unskilled                | 0              | 0                   | 0         | 0%                      |
| <b>Total</b>             | <b>202</b>     | <b>184</b>          | <b>18</b> | <b>8.9%</b>             |

At the end of March 2021, South African Tourism was operating at a 91.09% occupancy rate against the approved staff establishment, with the remaining 8.91% recorded as a vacancy rate. There are two vacancies at top management level and three vacancies at senior management level.

## STAFF MOVEMENTS

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

| Levels                   | Employment as at 31 March 2020 | Terminations | Appointments | Employment as at 31 March 2021 |
|--------------------------|--------------------------------|--------------|--------------|--------------------------------|
| Top Management           | 7                              | 2            | 0            | 5                              |
| Senior Management        | 13                             | 1            | 3            | 15                             |
| Professionally qualified | 87                             | 5            | 2            | 84                             |
| Skilled                  | 67                             | 1            | 2            | 68                             |
| Semi-skilled             | 12                             | 0            | 0            | 12                             |
| Unskilled                | 0                              | 0            | 0            | 0                              |
| <b>Total</b>             | <b>186</b>                     | <b>9</b>     | <b>7</b>     | <b>184</b>                     |

## REASON FOR STAFF TURNOVER

The table below outlines the reasons for the staff turnover, as well as the number of staff that left the employ of South African Tourism. Quarterly statistics are reported, with the annual turnover rate as an average of four quarterly statistics:

| Reason             | Number   | Percentage of total number of staff leaving |
|--------------------|----------|---------------------------------------------|
| Death              | 1        | 0.5%                                        |
| Resignation        | 6        | 3%                                          |
| Dismissal          | 1        | 0.5%                                        |
| Retirement         | 0        | 0%                                          |
| Ill health         | 0        | 0%                                          |
| Expiry of contract | 1        | 0.5%                                        |
| <b>Total</b>       | <b>9</b> | <b>4.8%</b>                                 |

South African Tourism recorded a staff turnover rate of 4.8% for 2020/21, down from 8.06% in the previous financial year, while overall labour turnover is 4.8% and voluntary labour turnover is 3.2%.

## INDUSTRIAL RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

| Nature of disciplinary action | Number   |
|-------------------------------|----------|
| Verbal warning                | 0        |
| Written warning               | 1        |
| Final written warning         | 0        |
| Dismissal                     | 1        |
| <b>Total</b>                  | <b>2</b> |

## EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The employment equity figures are based on all South African employees. While the labour laws of international offices promote diversity, South Africa's employment equity legislation does not affect them, meaning that these offices are exempt from employment equity targets. For the period under review, the employment equity targets for South African Tourism were determined based on employment equity legislation and South Africa's economically active population profile. In total, 80% of the organisation's staff members are South African.

Females represent 62.5%, while males represent 37.5% of South African permanent employees across South African Tourism. Females represent 52.9% of top and senior management. In total, 73.3% of the South African female employees are African, while 77.8% of South African male employees are African.

| Occupational level                    | Male      |          |          |          |           | Female    |           |          |          |            | Foreign   |           | Total      |
|---------------------------------------|-----------|----------|----------|----------|-----------|-----------|-----------|----------|----------|------------|-----------|-----------|------------|
|                                       | African   | Coloured | Indian   | White    | Subtotal  | African   | Coloured  | Indian   | White    | Subtotal   | Male      | Female    |            |
| Top Management                        | 2         | 0        | 0        | 0        | 2         | 2         | 0         | 0        | 1        | 3          | 0         | 0         | 5          |
| Senior Management                     | 3         | 1        | 1        | 1        | 6         | 3         | 1         | 1        | 1        | 6          | 0         | 0         | 12         |
| Professionally qualified              | 23        | 0        | 2        | 2        | 27        | 27        | 4         | 2        | 3        | 36         | 8         | 12        | 83         |
| Skilled                               | 9         | 2        | 1        | 2        | 14        | 27        | 4         | 4        | 3        | 38         | 5         | 11        | 68         |
| Semi-skilled                          | 5         | 0        | 0        | 0        | 5         | 7         | 0         | 0        | 0        | 7          | 0         | 0         | 12         |
| Unskilled and defined decision-making | 0         | 0        | 0        | 0        | 0         | 0         | 0         | 0        | 0        | 0          | 0         | 0         | 0          |
| <b>Total permanent</b>                | <b>42</b> | <b>3</b> | <b>4</b> | <b>5</b> | <b>54</b> | <b>66</b> | <b>9</b>  | <b>7</b> | <b>8</b> | <b>90</b>  | <b>13</b> | <b>23</b> | <b>180</b> |
| Temporary                             | 1         | 0        | 0        | 0        | 1         | 1         | 1         | 0        | 1        | 3          | 0         | 0         | 4          |
| Internship                            | 5         | 0        | 0        | 0        | 5         | 21        | 0         | 0        | 0        | 21         | 0         | 2         | 28         |
| <b>Total</b>                          | <b>48</b> | <b>3</b> | <b>4</b> | <b>5</b> | <b>60</b> | <b>88</b> | <b>10</b> | <b>7</b> | <b>9</b> | <b>114</b> | <b>13</b> | <b>25</b> | <b>212</b> |

## STAFF WITH DISABILITIES

South African Tourism continues to strive for the fair representation of people with disabilities. At the end of March 2021, the organisation had four employees with a disability, which equates to 2% of staff. The organisation's demographic employee profile complies with the Employment Equity Plan.

The organisation initiated a learnership for people with disabilities in the period under review in an effort to ensure their increased representation as per the organisation's Human Capital Strategy and the Employment Equity Plan. In an effort to raise awareness and encourage employees with a disability to formally disclose their disability, the organisation launched an internal "ThisAbility" campaign.

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

| Levels                                                                                                            | Disability profile |          |          |          |
|-------------------------------------------------------------------------------------------------------------------|--------------------|----------|----------|----------|
|                                                                                                                   | Male               |          | Female   |          |
|                                                                                                                   | Current            | Target   | Current  | Target   |
| Top management, excluding non-executive directors                                                                 | 0                  | 0        | 0        | 0        |
| Senior management                                                                                                 | 0                  | 0        | 0        | 0        |
| Professionally qualified workers and experienced specialists, and middle management                               | 1                  | 2        | 0        | 0        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 0                  | 1        | 0        | 1        |
| Semi-skilled and discretionary decision-making                                                                    | 0                  | 0        | 0        | 0        |
| Unskilled and defined decision-making                                                                             | 1                  | 0        | 2        | 0        |
| <b>Total</b>                                                                                                      | <b>2</b>           | <b>3</b> | <b>2</b> | <b>1</b> |





# PART E

## FINANCIAL INFORMATION

*Gold should be sold to the one who knows the value of it.  
- African proverb*

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

### Report on the audit of the financial statements

#### Qualified Opinion

1. I have audited the financial statements of South African Tourism, set out on pages 118 to 158, which comprise the statement of financial position as at 31 March 2021, 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, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of South African Tourism as at 31 March 2021, and the financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for qualified opinion

##### Marketing expenditure

3. Included in marketing expenditure is R16 815 628 for expenditure paid by a third party. The entity did not have adequate internal controls to maintain records of marketing expenditure paid for by third parties. I was unable to obtain sufficient appropriate audit evidence to substantiate the marketing expenditure paid for by third parties disclosed in note 23 to the financial statements. As a consequence, I was unable to determine whether any adjustments were required to the financial statements arising from marketing expenditure paid for by third parties.

##### Receivables from non-exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions, as internal controls had not been implemented appropriately for the recording of expenditure incurred by the entity and paid by the third party when it accrued in the financial records. I could not confirm whether all receivables from non-exchange transactions had been recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from non-exchange transactions stated at R39 305 815 in the financial statements.

#### Context for the opinion

5. 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.
6. I am independent of the entity in accordance with the International Ethics Standards Board 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Irregular expenditure

9. As disclosed in note 36 to the financial statements, the entity incurred irregular expenditure of R20 063 332 as it did not follow competitive bidding processes.

## Responsibilities of the accounting authority for the financial statements

10. 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 GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. 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, matters 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

12. 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.
13. 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

14. 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.
15. 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 in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. 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 2021:

| Programmes                              | Pages in the annual performance report |
|-----------------------------------------|----------------------------------------|
| Programme 3 – leisure tourism marketing | 46 – 63                                |

17. 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.
18. The material findings on the usefulness and reliability of the performance information of the selected programmes are as follows:

### Programme 3 – leisure tourism marketing

19. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined nature and required level of performance and method of calculation to be used when measuring the actual achievement for the target traveller, trade, arts and culture partnerships activated by 31 March 2021. This was due to insufficient measurement definitions and processes. I was unable to test whether the target for this indicator was clearly defined by alternative means.

### Achievement of planned targets

20. Refer to the annual performance report on pages 27 to 74 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements and annual report

23. The financial statements submitted for auditing were not supported by full and proper records, as required by section 55(1) (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.

## Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R20 063 332 as disclosed in note 36 to the 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 procurement process in terms of the National Treasury transcripts to invite competitive bids for expenditure paid by a third party on behalf of the entity.

## Procurement and contract management

25. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007-08. This non-compliance was identified in the procurement processes for expenditure incurred by the entity and paid by a third party.
26. Some of the tenders that achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 preferential procurement regulation 5(7). This non-compliance was identified in the procurement processes for the appointment of the panel of internal auditors.
27. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded to bidders in an economical manner and that prices for the goods or services were reasonable, as required by PFMA 57(b). This limitation was identified in the procurement processes for expenditure incurred by the entity and paid by a third party.

## Other information

28. 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.
29. 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.
30. 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.
31. If based on the work I performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## 32. Internal control deficiencies

33. 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 basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

34. Management did not design and implement effective internal controls to record transactions paid by third parties to ensure that expenses are recorded when the service is rendered. Management relied on external confirmation at year-end to provide the information to be included in the entity's financial records.
35. Management did not adequately review the annual performance plan to ensure that the target was specific. I could not determine if the entity had an over- or under achievement in the target indicated in this report.
36. Management disregarded the entity's internal policies, laws and regulations for appointing suppliers without following a procurement and contract management process. The entity used third parties to make payments on its behalf for expenditure it had incurred. The entity's internal processes and systems did not prevent material non-compliance of irregular expenditure from occurring.

### Other reports

37. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
38. There were two investigations undertaken relating to allegations of misappropriation of the entity's assets. One of the investigations, which was at the request of the entity's chief executive officer, covered the 2017/18 financial year. The second investigation, which was at the request of the accounting authority, covered the period 1 April 2020 to 31 March 2021. The outcomes of the investigations had not yet been finalised at the time of this auditor's report.

*Auditor - General*

Pretoria

31 August 2021



**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 2021

|                                            | Note(s) | 2021               | 2020               |
|--------------------------------------------|---------|--------------------|--------------------|
| <b>Assets</b>                              |         |                    |                    |
| <b>Current Assets</b>                      |         |                    |                    |
| Receivables from exchange transactions     | 8       | 25,617,101         | 40,502,122         |
| Receivables from non-exchange transactions | 9       | 39,305,815         | 32,518,144         |
| Staff Advances                             |         | 111,459            | 169,599            |
| Cash and cash equivalents                  | 10      | 169,987,620        | 624,938,538        |
|                                            |         | <b>235,021,995</b> | <b>698,128,403</b> |
| <b>Non-Current Assets</b>                  |         |                    |                    |
| Property, plant and equipment              | 3       | 65,299,788         | 86,724,542         |
| Intangible assets                          | 4       | 4,550,839          | 3,642,522          |
|                                            |         | <b>69,850,627</b>  | <b>90,367,064</b>  |
| <b>Total Assets</b>                        |         | <b>304,872,622</b> | <b>788,495,467</b> |
| <b>Liabilities</b>                         |         |                    |                    |
| <b>Current Liabilities</b>                 |         |                    |                    |
| Finance lease obligation                   | 12      | 49,679             | 40,769             |
| Operating lease liability                  | 5       | 1,800,876          | 1,933,140          |
| Payables from exchange transactions        | 15      | 185,851,624        | 426,872,355        |
| Income received in advance                 |         | 2,745,481          | -                  |
| Provisions                                 | 14      | 1,642,000          | 1,746,281          |
|                                            |         | <b>192,089,660</b> | <b>430,592,545</b> |
| <b>Non-Current Liabilities</b>             |         |                    |                    |
| Finance lease obligation                   | 12      | 66,292             | 65,033             |
| Provisions                                 | 14      | 30,448,000         | 28,099,626         |
|                                            |         | <b>30,514,292</b>  | <b>28,164,659</b>  |
| <b>Total Liabilities</b>                   |         | <b>222,603,952</b> | <b>458,757,204</b> |
| <b>Net Assets</b>                          |         | <b>82,268,670</b>  | <b>329,738,263</b> |
| Reserves Revaluation reserve               | 11      | 52,107,742         | 76,651,806         |
| Accumulated surplus                        |         | 30,160,928         | 253,086,457        |
| <b>Total Net Assets</b>                    |         | <b>82,268,670</b>  | <b>329,738,263</b> |



## Statement of Financial Performance

|                                                     | Note(s) | 2021                 | 2020                   |
|-----------------------------------------------------|---------|----------------------|------------------------|
| <b>Revenue</b>                                      |         |                      |                        |
| <b>Revenue from exchange transactions</b>           |         |                      |                        |
| Sundry Income                                       |         | 4,825,298            | 110,188,996            |
| Grading Revenue                                     | 18      | 18,941,854           | 23,844,713             |
| Interest received                                   | 19      | 2,917,488            | 21,663,261             |
| Gain on foreign exchange                            |         | -                    | 834,526                |
| <b>Total revenue from exchange transactions</b>     |         | <b>26,684,640</b>    | <b>156,531,496</b>     |
| <b>Revenue from non-exchange transactions</b>       |         |                      |                        |
| <b>Transfer revenue</b>                             |         |                      |                        |
| Government grants & subsidies                       | 20      | 423,027,000          | 1,256,522,893          |
| Voluntary TOMSA levies                              |         | 29,353,301           | 156,818,353            |
| <b>Total revenue from non-exchange transactions</b> |         | <b>452,380,301</b>   | <b>1,413,341,246</b>   |
| <b>Total revenue</b>                                | 16      | <b>479,064,941</b>   | <b>1,569,872,742</b>   |
| <b>Expenditure</b>                                  |         |                      |                        |
| Employee related costs                              | 21      | (236,890,909)        | (230,038,295)          |
| Administration and management fees                  | 22      | (69,748,797)         | (70,686,393)           |
| Depreciation and amortisation                       |         | 3,303,874            | (5,961,629)            |
| Finance costs                                       | 24      | (10,876)             | (14,236)               |
| Lease rentals on operating lease                    | 17      | (24,785,240)         | (23,546,845)           |
| Bad debts                                           | 25      | (9,847,806)          | (379,157)              |
| Loss on disposal of assets and liabilities          |         | (37,581)             | (151,803)              |
| Loss on foreign exchange                            |         | (23,093,512)         | -                      |
| Marketing expenses                                  | 23      | (248,809,989)        | (1,095,061,956)        |
| Auditors Remuneration                               | 26      | (5,934,825)          | (8,353,770)            |
| Grading expenses                                    | 18      | (6,207,330)          | (13,906,684)           |
| <b>Total expenditure</b>                            |         | <b>(622,062,991)</b> | <b>(1,448,100,768)</b> |
| <b>(Deficit) surplus for the year</b>               |         | <b>(142,998,050)</b> | <b>121,771,974</b>     |

## Statement of Changes in Net Assets

|                                                       | Revaluation reserve | Accumulated surplus | Total net assets   |
|-------------------------------------------------------|---------------------|---------------------|--------------------|
| <b>Balance at 01 April 2019</b>                       | <b>76,521,192</b>   | <b>44,966,282</b>   | <b>121,487,474</b> |
| Surplus for the year                                  | -                   | 121,771,974         | 121,771,974        |
| Movement in the current year                          | 130,614             | 86,348,201          | 86,478,815         |
| Total changes                                         | 130,614             | 208,120,175         | 208,250,789        |
| <b>Balance at 01 April 2020</b>                       | <b>76,651,806</b>   | <b>247,336,457</b>  | <b>323,988,263</b> |
| Net income (losses) recognised directly in net assets | -                   | -                   | -                  |
| Surplus for the year                                  | -                   | (142,998,050)       | (142,998,050)      |
| Movement in the current year                          | (24,544,064)        | (74,177,479)        | (98,721,543)       |
| Total changes                                         | (24,544,064)        | (217,175,529)       | (241,719,593)      |
| <b>Balance at 31 March 2021</b>                       | <b>52,107,742</b>   | <b>30,160,928</b>   | <b>82,268,670</b>  |
| Note(s)                                               | 11                  |                     |                    |

## Cash Flow Statement

|                                                             | Note(s) | 2021                        | 2020                      |
|-------------------------------------------------------------|---------|-----------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                 |         |                             |                           |
| <b>Receipts</b>                                             |         |                             |                           |
| Sale of goods and services                                  |         | 23,747,041                  | 93,092,202                |
| Grants                                                      |         | 423,027,000                 | 1,369,331,033             |
| Interest income                                             |         | 2,967,488                   | 21,547,369                |
|                                                             |         | <u>449,741,529</u>          | <u>1,483,970,604</u>      |
| <b>Payments</b>                                             |         |                             |                           |
| Employee costs                                              |         | (236,890,909)               | (230,664,750)             |
| Suppliers                                                   |         | (667,097,636)               | (1,235,454,632)           |
| Finance cost                                                |         | -                           | (18,843)                  |
|                                                             |         | <u>(903,988,545)</u>        | <u>(1,466,138,225)</u>    |
| <b>Net cash flows from operating activities</b>             | 28      | <b><u>(454,247,016)</u></b> | <b><u>17,832,379</u></b>  |
| <b>Cash flows from investing activities</b>                 |         |                             |                           |
| Purchase of property, plant & equipment                     | 3       | (764,467)                   | (2,380,361)               |
| Proceeds from sale of property, plant & equipment           | 3       | 3,131                       | 223,715                   |
| Movement in staff advances                                  |         | 58,140                      | (72,389)                  |
|                                                             |         | <u>(703,196)</u>            | <u>(2,229,035)</u>        |
| <b>Cash flows from financing activities</b>                 |         |                             |                           |
| Finance lease payments                                      |         | (707)                       | (174,422)                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b><u>(454,950,919)</u></b> | <b><u>15,428,922</u></b>  |
| Cash and cash equivalents at the beginning of the year      |         | 624,938,538                 | 609,509,616               |
| <b>Cash and cash equivalents at the end of the year</b>     | 10      | <b><u>169,987,619</u></b>   | <b><u>624,938,538</u></b> |

## Accounting Policies

### 1. Presentation of Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

## 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 cashflows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at the initial recognition. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles in order to assess and determine possible impairment. In this case there is no material variance between group and individual impairment. The measurement of receivables is derived after consideration of the allowance for doubtful debts. Trade receivables over 90 days are provided for, as significant days outstanding are deemed to be an indicator of impairment. The exceptions to this are government entities due to past payment trend analysis.

#### Depreciation and amortisation

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

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

#### Principal and agent arrangement

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

#### Pension and other post-employment benefits

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

## 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, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include 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, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

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

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.

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

Property, plant and equipment except for land 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                 |
| Airconditioning         | Straight-line       | 5-20 years                 |
| Leased assets           | Straight-line       | period of lease or shorter |
| Electrical installation | Straight-line       | 5-20 years                 |

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

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

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

The entity assesses at each reporting date whether there is any indication that the entity 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.

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

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.

### 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.
- 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 leaseback).

### 1.6 Financial instruments

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

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

Credit risk is 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, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

## Accounting Policies

### 1.6 Financial instruments (continued)

A financial asset is:

cash;

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

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

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

## 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

### 1.6 Financial instruments (continued)

#### 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.

## Accounting Policies

### 1.8 Impairment of cash-generating assets (continued)

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

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

### 1.9 Employee benefits

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

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

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

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

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.
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

#### Post-employment benefits: Defined contribution plans

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

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

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

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

#### 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 (deficit).

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.

### 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.



## Accounting Policies

### 1.11 Commitments (continued)

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 arise 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 applicable GRAP statement. Presentation and classification is consistent with 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 performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.20 Fruitless and wasteful expenditure

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

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

### 1.21 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.

## Accounting Policies

### 1.22 Segment information (continued)

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

#### Measurement

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

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

### 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 reporting date

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

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

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

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

## Notes to the Financial Statements

### 2. New standards and interpretations

#### 2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods but are not relevant to its operations:

| Standard/ Interpretation:                                     | Effective date:<br>Years beginning on<br>or after | Expected impact:                         |
|---------------------------------------------------------------|---------------------------------------------------|------------------------------------------|
| • Guideline: Guideline on Accounting for Landfill Sites       | 01 April 2021                                     | Unlikely there will be a material impact |
| • GRAP 110 (as amended 2016): Living and Non-living Resources | 01 April 2021                                     | Unlikely there will be a material impact |

### 3. Property, plant and equipment

|                        | 2021                |                                                                 |                   | 2020                |                                                                 |                   |
|------------------------|---------------------|-----------------------------------------------------------------|-------------------|---------------------|-----------------------------------------------------------------|-------------------|
|                        | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value    | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value    |
| Land                   | 10,000,000          | -                                                               | 10,000,000        | 16,000,000          | -                                                               | 16,000,000        |
| Buildings              | 58,428,882          | (12,126,514)                                                    | 46,302,368        | 80,448,405          | (17,564,638)                                                    | 62,883,767        |
| Furniture & Fixtures   | 12,359,045          | (10,024,244)                                                    | 2,334,801         | 12,100,110          | (9,829,476)                                                     | 2,270,634         |
| Motor vehicles         | 2,168,358           | (1,573,900)                                                     | 594,458           | 2,168,358           | (1,905,642)                                                     | 262,716           |
| Computer equipment     | 18,340,177          | (12,911,622)                                                    | 5,428,555         | 18,552,368          | (13,765,145)                                                    | 4,787,223         |
| Leasehold Improvements | 5,599,469           | (5,080,589)                                                     | 518,880           | 6,185,006           | (5,755,993)                                                     | 429,013           |
| Leased Assets          | 275,992             | (155,266)                                                       | 120,726           | 210,541             | (119,352)                                                       | 91,189            |
| <b>Total</b>           | <b>107,171,923</b>  | <b>(41,872,135)</b>                                             | <b>65,299,788</b> | <b>135,664,788</b>  | <b>(48,940,246)</b>                                             | <b>86,724,542</b> |

#### Reconciliation of property, plant and equipment - 2021

|                        | Opening<br>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           |
|                        | <b>86,724,542</b>  | <b>764,467</b> | <b>(40,712)</b> | <b>(24,544,064)</b> | <b>2,395,555</b> | <b>65,299,788</b> |

## Notes to the Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2020

|                        | Opening balance   | Additions        | Disposals        | Foreign exchange movements | Depreciation       | Total             |
|------------------------|-------------------|------------------|------------------|----------------------------|--------------------|-------------------|
| Land                   | 16,000,000        | -                | -                | -                          | -                  | 16,000,000        |
| Buildings              | 64,940,353        | 233,704          | -                | -                          | (2,290,290)        | 62,883,767        |
| Furniture & fixtures   | 2,441,535         | 1,107,637        | (364,889)        | -                          | (913,649)          | 2,270,634         |
| Motor vehicles         | 531,795           | -                | -                | -                          | (269,079)          | 262,716           |
| Computer equipment     | 6,833,484         | 1,039,020        | (9,117)          | -                          | (3,076,164)        | 4,787,223         |
| Leasehold Improvements | 917,453           | -                | -                | 29,697                     | (518,137)          | 429,013           |
| Leased Assets          | 153,660           | -                | (1,512)          | -                          | (60,959)           | 91,189            |
|                        | <b>91,818,280</b> | <b>2,380,361</b> | <b>(375,518)</b> | <b>29,697</b>              | <b>(7,128,278)</b> | <b>86,724,542</b> |

#### 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 rate in the area.



## Notes to the Financial Statements

Figures in Rand

### 4. Intangible assets

|                         | 2021               |                                                                 | 2020             |                    |                                                                 |                  |
|-------------------------|--------------------|-----------------------------------------------------------------|------------------|--------------------|-----------------------------------------------------------------|------------------|
|                         | Cost/<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value   | Cost/<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value   |
| Marketing rights        | 2,579,189          | (2,320,940)                                                     | 258,249          | 2,579,189          | (2,134,476)                                                     | 444,713          |
| Computer software       | 12,977,468         | (9,873,932)                                                     | 3,103,536        | 12,977,468         | (10,972,920)                                                    | 2,004,548        |
| Website costs           | 5,310,590          | (4,457,810)                                                     | 852,780          | 5,310,590          | (4,597,721)                                                     | 712,869          |
| Other intangible assets | 720,588            | (384,314)                                                       | 336,274          | 720,588            | (240,196)                                                       | 480,392          |
| <b>Total</b>            | <b>21,587,835</b>  | <b>(17,036,996)</b>                                             | <b>4,550,839</b> | <b>21,587,835</b>  | <b>(17,945,313)</b>                                             | <b>3,642,522</b> |

#### Reconciliation of intangible assets - 2021

Marketing rights  
Computer software  
Website costs  
Other intangible assets

| Opening<br>balance | Amortisation   | Total            |
|--------------------|----------------|------------------|
| 444,713            | (186,464)      | 258,249          |
| 2,004,548          | 1,098,988      | 3,103,536        |
| 712,869            | 139,911        | 852,780          |
| 480,392            | (144,118)      | 336,274          |
| <b>3,642,522</b>   | <b>908,317</b> | <b>4,550,839</b> |

#### Reconciliation of intangible assets - 2020

Marketing rights  
Computer software  
Website costs  
Other intangible assets

| Opening<br>balance | Amortisation     | Total            |
|--------------------|------------------|------------------|
| 631,177            | (186,464)        | 444,713          |
| 664,180            | 1,340,368        | 2,004,548        |
| 445,062            | 267,807          | 712,869          |
| 624,510            | (144,118)        | 480,392          |
| <b>2,364,929</b>   | <b>1,277,593</b> | <b>3,642,522</b> |

## Notes to the Financial Statements

### 5. Operating lease asset (accrual)

Current liabilities

| 2021        | 2021        |
|-------------|-------------|
| (1,800,876) | (1,933,140) |

### 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 2021, the value of South African Tourism retirement fund was R122 484 441.31 (2020: R116,888,594.23).

### 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 2020: R169 599 to R111 459 in the current financial year.

### 8. Receivables from exchange transactions

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Trade receivables | 6,101,080         | 18,093,597        |
| Deposits          | 5,676,716         | 8,769,366         |
| Prepaid expenses  | 13,839,305        | 13,639,159        |
|                   | <b>25,617,101</b> | <b>40,502,122</b> |

Trade receivables held by the entity at 31 March 2021 amounted to R6,1 million (2020: R18 million). Short-term receivables with no stated interest rate is measured at original invoice amount if the effect of discounting is immaterial. Accounts receivable discounting procedures were performed and the results were immaterial.

Trade debtors significantly reduced due to settlements received from customers and cancellation of projects due to COVID-19.

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 R2 236 082 as of 31 March 2021 (2020: R1 853 089). The ageing of these receivables is as follows:

#### Ageing

|                |                  |                  |
|----------------|------------------|------------------|
| 90 - 180 days  | 421,722          | 217,932          |
| 180 - 360 days | 217,814          | 405,495          |
| 361+           | 1,596,546        | 1,229,662        |
|                | <b>2,236,082</b> | <b>1,853,089</b> |

#### Reconciliation of provision for impairment of trade and other receivables:

|                          |                  |                  |
|--------------------------|------------------|------------------|
| <b>Opening Balance</b>   | 1,853,089        | 2,472,369        |
| Provision for impairment | 776,150          | (619,280)        |
| Movement during the year | (393,157)        | -                |
|                          | <b>2,236,082</b> | <b>1,853,089</b> |

## Notes to the Financial Statements

### 9. Receivables from non-exchange transactions

Other receivables from non-exchange TOMSA voluntary levies

| 2021       | 2021       |
|------------|------------|
| 39,305,815 | 32,518,144 |

#### Non exchange receivables impaired

Total provision includes R 9 071 655.48 as of 31 March 2021 (2020: R 0). The ageing of these receivables is as follows:

#### Ageing

180 - 360

|           |   |
|-----------|---|
| 9,071,655 | - |
|-----------|---|

#### Reconciliation of provision for impairment of trade and other receivables:

Provision for impairment

|           |   |
|-----------|---|
| 9,071,655 | - |
|-----------|---|

### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

|        |        |
|--------|--------|
| 67,944 | 78,207 |
|--------|--------|

Bank balances

|             |             |
|-------------|-------------|
| 169,919,676 | 624,860,331 |
|-------------|-------------|

|                    |                    |
|--------------------|--------------------|
| <b>169,987,620</b> | <b>624,938,538</b> |
|--------------------|--------------------|

### 11. Revaluation reserve

Opening balance

|            |            |
|------------|------------|
| 76,651,806 | 76,521,192 |
|------------|------------|

Change during the year

|              |         |
|--------------|---------|
| (24,544,064) | 130,614 |
|--------------|---------|

|                   |                   |
|-------------------|-------------------|
| <b>52,107,742</b> | <b>76,651,806</b> |
|-------------------|-------------------|

### 12. Finance lease obligation

#### Minimum lease payments due

- within one year

|        |        |
|--------|--------|
| 49,970 | 75,010 |
|--------|--------|

- in second to fifth year inclusive

|        |        |
|--------|--------|
| 44,032 | 28,448 |
|--------|--------|

|        |         |
|--------|---------|
| 94,002 | 103,458 |
|--------|---------|

less: future finance charges

|   |       |
|---|-------|
| - | 8,136 |
|---|-------|

#### Present value of minimum lease payments

|               |                |
|---------------|----------------|
| <b>94,002</b> | <b>111,594</b> |
|---------------|----------------|

#### Present value of minimum lease payments due

- within one year

|        |        |
|--------|--------|
| 44,147 | 99,035 |
|--------|--------|

- in second to fifth year inclusive

|        |         |
|--------|---------|
| 40,897 | 135,034 |
|--------|---------|

|               |                |
|---------------|----------------|
| <b>85,044</b> | <b>234,069</b> |
|---------------|----------------|

Non-current liabilities

|        |        |
|--------|--------|
| 66,292 | 65,033 |
|--------|--------|

Current liabilities

|        |        |
|--------|--------|
| 49,679 | 40,769 |
|--------|--------|

|                |                |
|----------------|----------------|
| <b>115,971</b> | <b>105,802</b> |
|----------------|----------------|

### 13. Income received in advance

Opening balance

|   |         |
|---|---------|
| - | 715,020 |
|---|---------|

Movement during the year

|             |           |
|-------------|-----------|
| (2,745,481) | (715,020) |
|-------------|-----------|

|                    |          |
|--------------------|----------|
| <b>(2,745,481)</b> | <b>-</b> |
|--------------------|----------|

Income received in advance mainly comprise of amounts received from participants of Africa's Trade Indaba that opted to defer their participation fees.

## Notes to the Financial Statements

2021

2020

### 14. Provisions

#### 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 |

#### Reconciliation of provisions - 2020

|                                      | Opening Balance | Additions | Reversed during the year | Total      |
|--------------------------------------|-----------------|-----------|--------------------------|------------|
| Provision - Input Vat claims         | 22,208,140      | -         | (22,208,140)             | -          |
| Post retirement health care benefits | 28,324,022      | 1,521,885 | -                        | 29,845,907 |
|                                      | 50,532,162      | 1,521,885 | (22,208,140)             | 29,845,907 |
| Non-current liabilities              |                 |           | 30,448,000               | 28,099,626 |
| Current liabilities                  |                 |           | 1,642,000                | 1,746,281  |
|                                      |                 |           | 32,090,000               | 29,845,907 |

#### Employee benefit cost provision

The post-retirement medical aid liability as at 31 March 2021 is R 32 090 000. The weighted average discount rate in the current valuation has been revised to yield curve from 11.10% p.a. used in the 2020 projection, with medical aid scheme assumption rate revised from 9.61 p.a. to CPI+4% p.a. This resulted in an overall actuarial loss of R 214 144.

This yield curve is a series of more than 1000 different interest rates, depending on the duration.

The main characteristic of using the yield curve as opposed to the point estimates as was used in the prior year, is that payments which occur at different time periods, will be discounted at different interest rates. In the previous valuation, all future payments were discounted with the same interest rate. The interest rate used was that of a bond that matched the implied duration of the liability.

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.

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

#### Employee benefit cost provision reconciliation

The closing balance of SA Tourism's post-employment health care liability as at 31 March 2021 is R32 090 000

|                                                  |            |             |
|--------------------------------------------------|------------|-------------|
| Opening balance                                  | 29,845,906 | 28,324,022  |
| Interest cost                                    | 3,143,664  | 3,143,664   |
| Current service cost                             | 1,454,902  | 1,454,903   |
| Actuarial (gain)/loss                            | 214,144    | 327,632     |
| Change in discount rate/Medical cost assumptions | -          | (1,977,653) |
| Departures                                       | -          | (385,704)   |
| New members                                      | -          | 531,551     |
| Loss of beneficiaries                            | -          | (12,201)    |
| Addition of beneficiaries                        | -          | 5,020       |

## Notes to the Financial Statements

### 14. Provisions (continued)

Benefits paid

| 2021              | 2020              |
|-------------------|-------------------|
| (2,568,616)       | (1,565,328)       |
| <b>32,090,000</b> | <b>29,845,906</b> |

The valuation was conducted by Julian 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 Boyd Oosthuizen, as employee of ZAQEN Actuaries (Pty) Ltd. There is no conflict of interest.

### 15. Payables from exchange transactions

Trade payables and other payables  
Accrued liabilities

|                    |                    |
|--------------------|--------------------|
| 89,051,700         | 198,619,535        |
| 96,799,924         | 228,252,820        |
| <b>185,851,624</b> | <b>426,872,355</b> |

### 16. Revenue

Sundry income  
Grading income  
Interest received - investment  
Government grants & subsidies  
Voluntary TOMSA levies ((TBCSA)  
Gain on foreign exchange

|                    |                      |
|--------------------|----------------------|
| 4,825,298          | 110,188,996          |
| 18,941,854         | 23,844,713           |
| 2,917,488          | 21,663,261           |
| 423,027,000        | 1,256,522,893        |
| 29,353,301         | 156,818,353          |
| -                  | 834,526              |
| <b>479,064,941</b> | <b>1,569,872,742</b> |

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

Sundry income  
Grading income  
Interest received - investment  
Gain on foreign exchange

|                   |                    |
|-------------------|--------------------|
| 4,825,298         | 110,188,996        |
| 18,941,854        | 23,844,713         |
| 2,917,488         | 21,663,261         |
| -                 | 834,526            |
| <b>26,684,640</b> | <b>156,531,496</b> |

Sundry income is mainly related to receipts from Gauteng Tourism Authority and The Department of Tourism for World Tourism month activities.

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

#### Taxation revenue

#### Transfer revenue

Government grants & subsidies  
Voluntary TOMSA levies

|                    |                      |
|--------------------|----------------------|
| 423,027,000        | 1,256,522,893        |
| 29,353,301         | 156,818,353          |
| <b>452,380,301</b> | <b>1,413,341,246</b> |

### 17. Lease rentals on operating lease

#### Premises

Contractual amounts

|            |            |
|------------|------------|
| 24,363,350 | 22,545,155 |
|------------|------------|

#### Equipment

Contingent amounts

|                   |                   |
|-------------------|-------------------|
| 421,890           | 1,001,690         |
| <b>24,785,240</b> | <b>23,546,845</b> |

### 18. Grading income and expenses

Grading revenue  
Grading Expenses

|                   |                  |
|-------------------|------------------|
| 18,941,854        | 23,844,713       |
| (6,207,330)       | (13,906,684)     |
| <b>12,734,524</b> | <b>9,938,029</b> |

### 19. Investment revenue

#### Interest revenue

Bank

|           |            |
|-----------|------------|
| 2,917,488 | 21,663,261 |
|-----------|------------|

## Notes to the Financial Statements

### 20. Government grants and subsidies

#### Operating grants

Government grant

| 2021        | 2020          |
|-------------|---------------|
| 423,027,000 | 1,256,522,893 |

### 21. Employee related costs

Basic

|             |             |
|-------------|-------------|
| 183,815,892 | 181,084,903 |
|-------------|-------------|

Employee structured 13th cheque

|        |         |
|--------|---------|
| 15,606 | 462,878 |
|--------|---------|

Medical aid - company contributions

|           |           |
|-----------|-----------|
| 3,003,633 | 2,679,329 |
|-----------|-----------|

UIF

|         |         |
|---------|---------|
| 313,320 | 486,560 |
|---------|---------|

SDL

|           |           |
|-----------|-----------|
| 3,621,489 | 5,006,831 |
|-----------|-----------|

Leave pay provision charge

|           |             |
|-----------|-------------|
| 4,771,766 | (5,465,742) |
|-----------|-------------|

Other short term costs

|        |         |
|--------|---------|
| 10,726 | 441,100 |
|--------|---------|

Defined contribution plans

|            |            |
|------------|------------|
| 11,411,387 | 11,003,926 |
|------------|------------|

Allowances

|            |            |
|------------|------------|
| 24,578,551 | 22,794,877 |
|------------|------------|

Social Insurance

|           |           |
|-----------|-----------|
| 2,049,846 | 4,830,870 |
|-----------|-----------|

Other HR costs

|           |           |
|-----------|-----------|
| 3,298,693 | 6,712,763 |
|-----------|-----------|

|                    |                    |
|--------------------|--------------------|
| <b>236,890,909</b> | <b>230,038,295</b> |
|--------------------|--------------------|

Bonus comprises solely employee optional structured 13th cheque. There were no performance-related bonuses charge in the 2021 financial year.

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

### 22. Administrative expenditure

Administration and management fees - third party

|            |            |
|------------|------------|
| 68,370,399 | 68,234,389 |
|------------|------------|

Administration and management fees - related party

|           |           |
|-----------|-----------|
| 1,378,398 | 2,452,004 |
|-----------|-----------|

|                   |                   |
|-------------------|-------------------|
| <b>69,748,797</b> | <b>70,686,393</b> |
|-------------------|-------------------|

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 legal costs that mainly consist of settlement of an employee related matter to the value of R11 253 630 and Repairs and maintenance R1 612 834.05 in 2021, (R6 923 646.39) which were significantly higher in the prior year due to space planning renovations

### 23. Marketing expenses

Marketing costs

|             |               |
|-------------|---------------|
| 231,994,361 | 1,076,939,028 |
|-------------|---------------|

Marketing Expenditure paid for by third parties

|            |            |
|------------|------------|
| 16,815,628 | 18,122,928 |
|------------|------------|

|                    |                      |
|--------------------|----------------------|
| <b>248,809,989</b> | <b>1,095,061,956</b> |
|--------------------|----------------------|

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

### 24. Finance costs

Finance leases

|        |        |
|--------|--------|
| 10,876 | 14,236 |
|--------|--------|

### 25. Debt impairment

Bad debts written off

|           |         |
|-----------|---------|
| 9,847,806 | 379,157 |
|-----------|---------|

### 26. Auditors' remuneration

Fees

|           |           |
|-----------|-----------|
| 5,934,825 | 8,353,770 |
|-----------|-----------|

### 27. Taxation

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

## Notes to the Financial Statements

### 28. Cash (used in) generated from operations

|                                                  | 2021                 | 2020              |
|--------------------------------------------------|----------------------|-------------------|
| (Deficit) surplus                                | (142,998,050)        | 121,771,974       |
| Depreciation and amortisation                    | (3,303,874)          | 5,961,629         |
| Loss on sale of assets                           | 37,581               | 151,803           |
| Finance costs - Finance leases                   | 10,876               | 14,236            |
| Other non cash items                             | 9,847,806            | 379,157           |
| Movements in operating lease assets and accruals | (132,264)            | 1,933,140         |
| Movements in provisions                          | 2,244,093            | (20,686,255)      |
| Items recognised directly in Net assets          | (74,177,479)         | 85,686,211        |
| Other non-cash items                             | (5,750,000)          | 651,963           |
| <b>Changes in working capital:</b>               |                      |                   |
| Receivables from exchange transactions           | 14,885,021           | (11,751,799)      |
| Debt impairment                                  | (9,847,806)          | (379,157)         |
| Other receivables from non-exchange transactions | (6,787,671)          | (32,518,144)      |
| Payables from exchange transactions              | (241,020,730)        | (132,667,359)     |
| Income received in advance                       | 2,745,481            | (715,020)         |
|                                                  | <b>(454,247,016)</b> | <b>17,832,379</b> |

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

- Intangible assets

| 2021      | 2020 |
|-----------|------|
| 2,950,000 | -    |

##### Not yet contracted for and authorised by members

- Property, plant and equipment
- Intangible assets

|                   |                   |
|-------------------|-------------------|
| 10,861,161        | 12,869,000        |
| 30,801,657        | -                 |
| <b>41,662,818</b> | <b>12,869,000</b> |

#### Total capital commitments

Already contracted for but not provided for

|           |   |
|-----------|---|
| 2,950,000 | - |
|-----------|---|

Not yet contracted for and authorised by members

|                   |                   |
|-------------------|-------------------|
| 41,662,818        | 12,869,000        |
| <b>44,612,818</b> | <b>12,869,000</b> |

#### Authorised operational expenditure

##### Already contracted for but not provided for

- Subvention funding
- Media placement
- IATA Source data

|           |            |
|-----------|------------|
| 8,083,443 | 6,115,000  |
| -         | 27,600,000 |
| 373,203   | -          |

|                  |                   |
|------------------|-------------------|
| <b>8,456,646</b> | <b>33,715,000</b> |
|------------------|-------------------|

##### Not yet contracted for and authorised by members

- Subvention funding

|         |           |
|---------|-----------|
| 950,880 | 1,072,000 |
|---------|-----------|

#### Total operational commitments

Already contracted for but not provided for

|           |            |
|-----------|------------|
| 8,456,646 | 33,715,000 |
|-----------|------------|

Not yet contracted for and authorised by members

|         |           |
|---------|-----------|
| 950,880 | 1,072,000 |
|---------|-----------|

|                  |                   |
|------------------|-------------------|
| <b>9,407,526</b> | <b>34,787,000</b> |
|------------------|-------------------|

#### Total commitments

##### Total commitments

Authorised capital expenditure

|            |            |
|------------|------------|
| 44,612,818 | 12,869,000 |
|------------|------------|

Authorised operational expenditure

|           |            |
|-----------|------------|
| 9,407,526 | 34,787,000 |
|-----------|------------|

|                   |                   |
|-------------------|-------------------|
| <b>54,020,344</b> | <b>47,656,000</b> |
|-------------------|-------------------|

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

Capital Expenditure has significantly increased mainly due to a need for ICT related expenditure relating to: server upgrades, data warehouse development, business process mapping tool development and IT security upgrades.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year

|            |            |
|------------|------------|
| 44,612,818 | 17,727,068 |
|------------|------------|

- in second to fifth year inclusive

|           |            |
|-----------|------------|
| 9,407,526 | 44,703,432 |
|-----------|------------|

|                   |                   |
|-------------------|-------------------|
| <b>54,020,344</b> | <b>62,430,500</b> |
|-------------------|-------------------|



## Notes to the Financial Statements

2021

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### 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 end of 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 R11 279 574.30 (2020: R7 828 732).

A 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 R423 027 000 (2020: R1 256 522 893). No amounts were due to the Department as at 31 March 2020. Related party relationships exist. However, all purchasing and selling transactions were concluded at arm's length. South African Tourism transacted with the following entities within the ambit of the national sphere of government.

#### Related party transactions

##### Entity

|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
| Telkom                         | 5,750             | 2,470             |
| South African Airways          | 2,381,220         | 12,432,730        |
| South African Revenue services | 61,244,557        | 47,281,153        |
|                                | <b>63,631,527</b> | <b>59,716,353</b> |

#### Compensation to members and other key management

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Short-term employees     | 14,797,162        | 15,387,558        |
| Post-employment benefits | 2,568,616         | 1,712,671         |
|                          | <b>17,365,778</b> | <b>17,100,229</b> |

### 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

2021

2020

### 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.

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

#### Financial instrument

|                                                |             |             |
|------------------------------------------------|-------------|-------------|
| Trade and other receivables at amortised cost  | 64,922,217  | 73,020,216  |
| Cash and cash equivalents                      | 169,987,620 | 624,938,538 |
| Finance lease obligation - non current portion | 49,679      | 65,033      |
| Finance lease obligation - current portion     | 66,292      | 40,769      |
| Trade and other payables                       | 185,851,625 | 426,872,355 |

#### 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

2021

2020

### 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.

SA 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% against the pound, 17% against the dollar and 12% 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:

|     | 2021  | 2020  |
|-----|-------|-------|
| GBP | 20.49 | 22.13 |
| JPY | 0.13  | 0.16  |
| EUR | 17.48 | 19.77 |
| USD | 14.93 | 17.93 |
| AUD | 11.35 | 11.07 |
| INR | 0.20  | 0.24  |
| CNY | 2.28  | 2.53  |

There were no material changes in budget rates used during the financial year when compared with the previous financial year. South African Tourism used the following budget rates for planning purpose: USD 14.85 (2020: 12.83); EUR 16.68 (2020: 16.13); JPY 0.12 (2020: 0.12); GBP 19.31 (2020: 18.12); AUD 10.34 (2020: 10.29); CNY 0.46 (2020: 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 2021, the entity had an accumulated surplus (deficit) of 30,160,928 and that the entity's total assets exceed its liabilities by 82,268,670.

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

Cabinet approved extension of the term for members of the South African Tourism Board for a period of twelve months at a meeting held on the 21st of April 2021 and further approved the Tourism Sector Recovery Plan in the same seating.

The South African Tourism Board has accepted the resignation of the entities Chief Executive Officer Mr Sisa Ntshona, his last day in office was the 31st of May 2021.

President Cyril Ramaphosa has appointed Minister Lindiwe Sisulu as the Minister of Tourism on 5 August 2021. The Minister is supported by the Deputy Minister of Tourism, Fish Mahlalela.

## Notes to the Financial Statements

### 35. Fruitless and wasteful expenditure

|                                               | 2021           | 2020          |
|-----------------------------------------------|----------------|---------------|
| Opening balance as previously reported        | -              | 66,473        |
| <b>Opening balance as restated</b>            | <b>-</b>       | <b>66,473</b> |
| Add: Expenditure identified - current         | 977,750        | -             |
| Less: Credit from the Auditor General         | -              | (44,731)      |
| Less: Resolved through consequence management | -              | (21,742)      |
| <b>Closing balance</b>                        | <b>977,750</b> | <b>-</b>      |

Fruitless and wasteful expenditure relates to COVID support expenditure incurred during the financial year.

### 36. Irregular expenditure

|                                                                                                                                                        |                    |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Opening balance as previously reported                                                                                                                 | 162,481,759        | 98,577,225         |
| <b>Opening balance as restated</b>                                                                                                                     | <b>162,481,759</b> | <b>98,577,225</b>  |
| Add: Irregular Expenditure - current                                                                                                                   | 20,063,332         | 49,962,765         |
| Add: Irregular Expenditure - prior period                                                                                                              | -                  | 18,122,928         |
| Less: Contract variation after awarding work to a vendor. An investigation was conducted and disciplinary action taken (condoned in the current year). | -                  | (2,429,550)        |
| Less: Unethical behaviour by employees. Employees dismissed after a disciplinary process.                                                              | -                  | (1,751,609)        |
| Less: Contract variation condoned in the current year                                                                                                  | (137,410,805)      | -                  |
| <b>Closing balance</b>                                                                                                                                 | <b>45,134,286</b>  | <b>162,481,759</b> |

Current year Irregular expenditure comprises of a lease variation in the Netherlands (R1 769 953), Covid support (R1 477 750) and marketing expenditure paid for by third parties (R 16 815 629)

The closing balance includes an amount of R 6 948 026 related to the appointment of an international stand construction supplier without fully satisfying requirements of PPPFA, the matter has been investigated and is in the process of condonement.

The CEO instituted an investigation relating to the procurement of marketing collateral in 2017/18. the matter is still under investigation.

### 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

#### Aggregated segments

The entity operates in South Africa as well as in 11 countries. Segments were aggregated on the basis of a geographical area in which the marketing activities are executed.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

#### Reportable segment

Head office

International offices

#### Goods and/or services

Domestic marketing, quality assurance, NCB and support to domestic and global marketing

International marketing

## Notes to the Financial Statements

Figures in Rand

### 37. Segment information (continued)

Segment surplus or deficit, assets and liabilities  
2021

|                                                                 | Head office        | International marketing | Total                |
|-----------------------------------------------------------------|--------------------|-------------------------|----------------------|
| <b>Revenue</b>                                                  |                    |                         |                      |
| 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           |
| <b>Total segment revenue</b>                                    | <b>476,743,428</b> | <b>2,321,514</b>        | <b>479,064,942</b>   |
| <b>Entity's revenue</b>                                         |                    |                         | <b>479,064,942</b>   |
| <b>Expenditure</b>                                              |                    |                         |                      |
| Salaries and wages                                              | 155,773,467        | 81,117,443              | 236,890,910          |
| Marketing expenditure                                           | 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               |
| <b>Total segment expenditure</b>                                | <b>465,500,002</b> | <b>156,562,990</b>      | <b>622,062,992</b>   |
| <b>Total segmental surplus/(deficit)</b>                        |                    |                         | <b>(142,998,050)</b> |
| <b>Assets</b>                                                   |                    |                         |                      |
| Segment assets                                                  | 182,150,852        | 122,721,769             | 304,872,621          |
| <b>Total assets as per Statement of financial Position</b>      |                    |                         | <b>304,872,621</b>   |
| <b>Liabilities</b>                                              |                    |                         |                      |
| Segment liabilities                                             | 49,064,369         | 173,539,584             | 222,603,953          |
| <b>Total liabilities as per Statement of financial Position</b> |                    |                         | <b>222,603,953</b>   |

## Notes to the Financial Statements

Figures in Rand

### 37. Segment information (continued)

2020

|                                                                 | Head office          | International marketing | Total                |
|-----------------------------------------------------------------|----------------------|-------------------------|----------------------|
| <b>Revenue</b>                                                  |                      |                         |                      |
| Revenue from non-exchange transactions                          | 1,413,341,246        | -                       | 1,413,341,246        |
| Interest revenue                                                | 21,482,760           | 180,501                 | 21,663,261           |
| Sundry income                                                   | 106,482,760          | 3,706,965               | 110,189,725          |
| Forex gain/(loss)                                               | (5,646,106)          | 6,479,903               | 833,797              |
| Grading revenue                                                 | 23,844,713           | -                       | 23,844,713           |
| <b>Total segment revenue</b>                                    | <b>1,559,505,373</b> | <b>10,367,369</b>       | <b>1,569,872,742</b> |
| <b>Entity's revenue</b>                                         |                      |                         | <b>1,569,872,742</b> |
| <b>Expenditure</b>                                              |                      |                         |                      |
| Salaries and wages                                              | 165,532,281          | 64,506,012              | 230,038,293          |
| Marketing expenses                                              | 762,475,632          | 332,573,809             | 1,095,049,441        |
| General expenses                                                | 88,395,848           | 34,465,382              | 122,861,230          |
| Loss on disposal of assets                                      | 127,224              | 24,579                  | 151,803              |
| <b>Total segment expenditure</b>                                | <b>1,016,530,985</b> | <b>431,569,782</b>      | <b>1,448,100,767</b> |
| <b>Total segmental surplus/(deficit)</b>                        |                      |                         | <b>121,771,975</b>   |
| <b>Assets</b>                                                   |                      |                         |                      |
| Segment assets                                                  | 563,465,022          | 225,030,445             | 788,495,467          |
| <b>Total assets as per Statement of financial Position</b>      |                      |                         | <b>788,495,467</b>   |
| <b>Liabilities</b>                                              |                      |                         |                      |
| Segment liabilities                                             | 196,925,894          | (655,683,098)           | (458,757,204)        |
| <b>Total liabilities as per Statement of financial Position</b> |                      |                         | <b>(458,757,204)</b> |

## Notes to the Financial Statements

### 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:

##### 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, approval and verification of beneficiary banking payments details. South African Tourism was responsible for processing approved beneficiary payments solely on instructions from the Department.

Fifty percent (50%) (R100 million) was funded from South African Tourism's surplus for the 2019/20 financial year.

##### Management of Exhibitions

The Meetings Africa and Indaba are exhibitions owned by South African Tourism. Synergy Business Events was appointed to manage exhibitions on behalf of the organisation. Synergy Business Events collects revenue from exhibitors and pays all the exhibition-related costs. The resulting residual is remitted to South African Tourism by Synergy Business Events in line with a binding agreement between the two entities.

##### Risk identification and assessment of internal controls

The risk identification process included a review of the Tourism Relief Fund value chain with the objective of assigning risk mitigations owners at both the Department and South African Tourism.

The process identified possible risks in the process, including inherent relief funding risks such as legal and perception risks, risk of false accounting and manipulation of data, inadequate financial systems, capacity constraints, risks of mismanagement, diversion and corruption potentially reducing the assistance for the people in need.

Tourism Relief Fund perception and legal risks have and continue to be managed by the Department. This includes any Tourism Relief Fund legal matters or media statements. The Department is also responsible for preventative controls in so far as beneficiary data is concerned.

In response to risks directly affecting South African Tourism's role in the Tourism Relief Fund value chain, the entity identified and implemented the following risk mitigations/internal controls:

Internal capacity constraint: were addressed through a combination of spare capacity due to reduced financial transactional activity as a result of COVID-19 and use of technological solutions such as Accounts Payable automation enables South African Tourism to meet its beneficiary payment processing requirements.

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

## Notes to the Financial Statements

2021

2020

### 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 is R 846 535.24 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:

|                                                                        |             |   |
|------------------------------------------------------------------------|-------------|---|
| 4001 payment Instructions at R50 000 each received from The Department | 200,050,000 | - |
|------------------------------------------------------------------------|-------------|---|

The Department erroneously submitted one (1) beneficiary twice for payment resulting in a duplicate payment to the beneficiary, the department is pursuing recovery of the duplicate funds and has handed over the matter to the States 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

Due to COVID-19, there were no exhibitions held in the current year and as a result 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 exhibitions purposes have been subsequently transferred to South African Tourism and recognised as Income received in advance.

#### Fee paid

|                             |           |            |
|-----------------------------|-----------|------------|
| Indaba 2020 Management fees | 3,735,970 | 11,071,556 |
|-----------------------------|-----------|------------|

Fees paid in the current year are in compensation of work done on preparation leading toward Indaba 2020

#### 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.



# Broad-Based Black Economic Empowerment Specialised Generic Verification Certificate

Enterprise Name: **South African Tourism Board**  
Enterprise Registration No: **Public Entity**  
Enterprise VAT No: **N/A**

|                   |                                                                               |                |                             |
|-------------------|-------------------------------------------------------------------------------|----------------|-----------------------------|
| Physical Address: | <b>Bojanala House<br/>90 Protea Road<br/>Chislehurst<br/>Sandton<br/>2196</b> | Tel:           | <b>011 895 3000</b>         |
|                   |                                                                               | Email:         | <b>tony@southafrica.net</b> |
|                   |                                                                               | Unique Ref No: | <b>VQSSATO99-01</b>         |
| Contact Person:   | <b>Tony Nkadimeng</b>                                                         |                |                             |

Date of Issue: 07 July 2021  
Re-Issue Date and Number: N/A  
Expiry Date: 06 July 2022  
B-BBEE Scorecard Type: Generic Scorecard  
Financial Year End used: 31 March 2020

| B-BBEE Contribution Summary Per Element             |               |
|-----------------------------------------------------|---------------|
| Management Control                                  | 0.00          |
| Skills Development                                  | 13.96         |
| Enterprise and Supplier Development                 | 22.26         |
| Socio-Economic Development                          | 0.00          |
| B-BBEE Verification Results Summary Score and Level |               |
| Total B-BBEE Score:                                 | 36.22         |
| Final B-BBEE Level (After Discount):                | Non-Compliant |
| B-BBEE Recognition Level:                           | 0%            |
| Discounting Principle Used:                         | YES           |
| Empowering Supplier:                                | YES           |
| Exclusion Principle Applied:                        | NO            |
| Participated in Y.E.S Initiative:                   | NO            |

Signature



Technical Signatory: AS Balshaw  
07 July 2021

## VOS Quantum Solutions CC contact details

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5200

This Broad-Based Black Economic Empowerment verification is based on the provisions of the BEE Act (Act 53 of 2003), the Specialised Amended B-BBEE Codes of Good Practice, gazetted on 6 May 2015.



BVA 041







