

SOUTH AFRICAN TOURISM ANNUAL REPORT 2022/2023



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SOUTH AFRICAN TOURISM



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GENERAL INFORMATION

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N/A

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0001

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	Investec, 100 Grayston Drive, Sandown, Sandton, 2196
	Nedbank Business Pretoria, 655 Jan Shoba Street, Hatfield, Pretoria, 0083
	Nedbank, 135 Rivonia Road, Sandown, Sandton, 2196
Tourism Grading Council of South Africa	Nedbank, 135 Rivonia Road, Sandown, Sandton, 2196
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London	Nedbank Private Wealth Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG
Tokyo	MUFG Bank, Ltd. Toranomom Branch, 2-3-17, Toranomom, Minato-ku, Tokyo, Japan 105-0001
India	RBL BANK Limited, Turner Road Bandra, Mumbai, India 400050
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China	Bank of China, 6 Gong Ti North Road, Chaoyang Beijing, China 100027
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LIST OF ABBREVIATIONS AND ACRONYMS

AASA	Association of Airlines of South Africa
ACSA	Airports Company South Africa
AGSA	Auditor-General of South Africa
AIPC	International Association of Convention Centres
AOP	Annual Operational Plan
APAC	Asia Pacific
APP	Annual Performance Plan
ARCO	Audit & Risk Committee
ATI	Africa's Travel Indaba
ATM	Arabian Travel Market
B2B	Business-to-Business
B2C	Business-to-Consumer
BAC	Bid Adjudication Committee
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BMA	Border Management Authority
BQV	Basic Quality Verification
BSC	Bid Specifications Committee
CAAT	Computer Assisted Audit Techniques
CEL	Central, East and Land
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMO	Chief Marketing Officer
COO	Chief Operations Officer
COVID-19	Corona Virus Disease
CPI	Consumer Price Index
CQAO	Chief Quality Assurance Officer
CSI	Corporate Social Investment
CSO	Chief Strategy Officer
DigiTech	Digital Transformation & Technology
DIRCO	Department of International Relations & Cooperation
DOP	Divisional Operational Plan
EE	Employment Equity
ELMA	Employee Lifecycle Management Application
ERRP	Economic Reconstruction & Recovery Plan
ExCo	Executive Committee
FIA	Fédération Internationale de l'Automobile
FITUR	Feria Internacional del Turismo
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GMF	Global Marketing Forum
GRAP	Generally Recognised Accounting Principles
GRC	Governance, Risk & Compliance
GT	Grand Tourer
HCREMCO	Human Capital & Remuneration Committee
IATA	International Air Transport Association
IBTM	Global Meetings & Incentives Exhibition
ICT	Information, Communication & Technology
IMEX	Exhibition for Incentive Travel, Meetings & Events

ITB	Internationale Tourismusborse
JATA	Japan Association of Travel Agents
KPI	Key Performance Indicator
LGBTQIA	Lesbian, Gay, Bi-Sexual, Transgender, Intersex, Queer / Questioning & Asexual
MARCOM	Marketing & Commercial Committee
MEISEA	Middle East, India & Southeast Asia
MER	Minimum Entry Requirements
MESE	Meetings, Exhibitions & Special Events
MICE	Meetings, Incentives, Conferences & Exhibitions
MINMEC	Ministers & Members of Executive Councils
MIPTECH	Ministerial Technical Committee for Tourism
MoU	Memorandum of Understanding
MPIF	Marketing Prioritisation & Investment Framework
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
N/A	Not Applicable
NDP	National Development Plan
NTSF	National Tourism Sector Forum
NTSS	National Tourism Sector Strategy
OTA	Outbound Travel Agents
PFMA	Public Finance Management Act, Act 1 of 1999
PlanCon	Planning Conference
RfP	Request for Proposal
RTMC	Road Traffic Management Corporation
SAA	South African Airways
SBD	Standard Bidding Documents
SCM	Supply Chain Management
SANCB	South African National Convention Bureau
SANParks	South African National Parks
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SMME	Small, Medium & Micro Enterprises
SONA	State of the Nation Address
SPEPM	Strategic Planning, Evaluation and Programme Management
TBCSA	Tourism Business Council of South Africa
TGCSA	Tourism Grading Council of South Africa
TGSP	Tourism Grading Support Programme
TID	Technical Indicator Description
TIP	Tourism Incentive Programme
TOM	Target Operating Model
TOR	Terms of Reference
TQiT	Total Quality in Tourism
TSI	Tourism Sentiment Index
TSRP	Tourism Sector Recovery Plan
UA	Universal Accessibility
UK	United Kingdom
USA	United States of America
USP	Unique Selling Point
VTSD	Villages, Towns & Small Dorpies
WTM	World Travel Market
WTTC	World Travel & Tourism Council

FOREWORD BY HONOURABLE MINISTER

PATRICIA DE LILLE
MINISTER OF TOURISM

Introduction

The 2022/23 financial year, saw the global tourism sector make a significant come back following the devastating impact of the Covid-19 pandemic.

While the pandemic also meant economic, environmental, sustainable challenges and geopolitical uncertainties, our country has seen the light of resilience, adaptability, and determination to rebuild.

There is no doubt South Africa is a land of unparalleled beauty, diverse culture, and rich heritage and these are amongst our best offerings as we aim to increase arrivals to our country.

In 2022 South Africa launched the Economic Reconstruction and Recovery Plan (ERRP), a blueprint aimed at unlocking South Africa's true economic potential. Central to this was the Tourism Sector Recovery Plan (TSRP) which was strategically crafted to prioritise our tourism sector's revival and adopted by the Cabinet in April 2021. The 2022/23 financial year saw us starting to implement on these plans and this is something we are now charging forward with.

Our TSRP revolves around three pivotal themes: re-igniting demand, rejuvenating supply, and strengthening enabling capability. These are fortified by strategic Interventions, focusing on diverse areas from safe travel norms to global marketing and policy review.

Right now, it's an exciting era for South African tourism. While the resurgence in global tourism has really gained momentum, we are not just waiting for the world. As we steadily tread the path to recovery, our primary mantra is clear: implementation over planning.



Of course we require robust marketing to achieve our full potential and to make sure South Africa remains top of mind for the many leisure and business events delegates

All indications are that our efforts are paying off. Our country welcomed 5.7 million tourists in the period January to December 2022, marking a growth of 152%. We are not quite at the 10 million arrivals of 2019, but rest assured, our tireless collaboration will take us there and beyond in no time.

Over the last financial year, we have managed to showcase our country's wide variety and increase its appeal to domestic travellers. Domestic travellers have truly showcased their commitment to exploring their own country. This uptick definitely emphasises the significance of nurturing domestic tourism.

No doubt, marketing alone is not the panacea. The rejuvenation of South African tourism hinges on a concerted effort by all stakeholders. From the smallest B&B in a rural village to the most luxurious resort on the coast, we all have a role to play in this revival.

Tourism is not just an industry; it's the lifeblood of our economy, providing employment to millions and sustaining numerous supplementary sectors. For every tourist that sets foot on our soil, multiple lives are uplifted, businesses flourish, and our national GDP grows.

I truly believe that not only can we reclaim our past glory but set new benchmarks for tourism worldwide. South Africa is not just back in business; we're poised for a brighter, more vibrant future.

I would like to thank the Board as well as the Entity for their dedication.

P. de Lille

Ms. P. De Lille
Minister of Tourism

FOREWORD BY THE CHAIRPERSON

TIM HARRIS
INTERIM BOARD CHAIRPERSON

Introduction

The 2022/23 financial year saw the start of a strong recovery in global tourism, three years after the COVID-19 pandemic caused a hard stop in travel worldwide. South African Tourism's focus for this past year has been to drive this recovery here at home.

At the start of the financial year, South Africa's tourism future was clouded with uncertainty. Today the green shoots of recovery are starting to flourish.

By strengthening relationships with key trade partners, and executing innovative campaigns to re-ignite demand, the South African Tourism team has helped to ensure that the country welcomed 5.7 million tourists in the period January – December 2022: equivalent to year-on-year growth of 152%.

This saw us reach our pre-COVID performance numbers for domestic tourism. We are confident that we will soon replicate this performance in international markets.

To help get there, South African Tourism is working to implement the Tourism Sector Recovery Plan (TSRP) and the broader Economic Reconstruction and Recovery Plan (ERRP), our country's overall plan for economic recovery.

The TSRP is anchored on three strategic themes: protecting and rejuvenating supply, re-igniting demand, strengthening enablers for long-term sustainability.

South African Tourism has the responsibility for the following TSRP interventions:

- Stimulating domestic demand through targeted initiatives and campaigns,
- Strengthening the supply side through resource mobilisation and investment facilitation, and
- Executing a global marketing programme to reignite international demand



To land these efforts, we need better collaboration between South African Tourism, the Department of Tourism, and the tourism industry, to eliminate the main barriers to growth, namely: safety concerns, accessibility, and affordability.

This past year, South African Tourism's role in this collaboration has been undermined by significant disruptions. Multiple changes at ministerial, board and management level have undermined leadership, seen key staff disruptions, and resulted in a significant drop in employee satisfaction.

Accordingly, the Board is focused on stabilising leadership to shore up the staff and restore a positive internal culture in the entity. This is the best way to deliver enhanced destination marketing, protect good governance, and restore industry confidence.

As such, it is encouraging that the entity received an unqualified audit opinion for the fiscal year. We are working to enhance our controls and strengthen the areas of weakness to maintain our audit outcome.

The Board would like to thank the South African Tourism team for their hard work and commitment under sometimes difficult circumstances, and Minister Patricia de Lille for her enthusiastic support for the entity, and for building a bridge between the tourism teams in the public and private sectors.



Tim Harris
Interim Board Chairperson
South African Tourism

OVERVIEW BY CHIEF EXECUTIVE OFFICER

NOMASONTO NDLOVU
ACTING CHIEF EXECUTIVE OFFICER

Introduction

The tourism sector remains a key contributor to the South African economy with global tourism recovering following the COVID-19 pandemic. South African Tourism is encouraged that our sector will be able to get to the level of contributing more than USD 27.4 BN (R405 billion) to the economy and creating 1.5 million jobs as it did prior to the pandemic, as advised by the 2022 Economic Impact Research – South Africa, undertaken by the World Travel and Tourism Council (WTTC). While we have not returned to pre-pandemic levels, it is important to reflect on the gains that our country has since made following the easing of restrictions across the world.

The 2022/23 financial year was off to a tricky start, as no sooner had South Africa come out of the COVID-19 pandemic then it was once again hit by the devastating floods in KwaZulu-Natal. South African Tourism pushed through to deliver Africa's Travel Indaba 2022 a few weeks later.

South Africa's marketing efforts have paid off, not only as can be witnessed in the numbers, but also through the sentiments expressed by travellers. In 2022, South Africa's tourism industry received a boost as three of its towns made it to the world's top 100 most loved destinations.

Over the last financial year, South African Tourism implemented various campaigns in a bid to ensure that we capture the minds of the travellers, both in the leisure and business events sectors. The rollout of these campaigns started off with a strong domestic focus, followed by Africa, and gradually international markets. Encouragingly, our performance numbers reflect that our efforts are paying off.



We are delighted with the growth in arrivals and spend following the last few difficult years. International arrivals increased by 132.2% from the previous financial year, with 6.8 million international arrivals between April 2022 and March 2023. International spend increased by 179.3%, reaching R74.6 billion comparatively against the prior fiscal year. Domestic holiday trips increased by 113.7% in the reporting year with an estimated 9.9 million domestic holiday trips having been taken throughout the country. Domestic holiday spend increased by 83.8%, reaching R47.4 billion.

Unfortunately, some of the challenges that existed prior to the COVID-19 pandemic still persist. These include challenges such as; safety and security, our visa regime, and competitiveness against other long-haul destinations remain hurdles and limit our potential of getting even more travellers to come to South Africa. Domestically, racial profiling and affordability remain hindrances. Airlift has been a major concern and one that SA Tourism continues to focus on. To this end South African Tourism has assisted the Provincial Air Access teams to open up routes between Europe and the United States of America

(USA) to South Africa. Airlift from Latin America remains a concern. In support of opening access to South Africa, South African Tourism has partnered with various provincial air access teams and other relevant partners in facilitating the opening up of routes between our various key source markets, both on and off the African continent.

Taking these challenges into consideration, we have applied critical insights-driven strategic marketing 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. To that effect, South African Tourism launched the “Live Again” and “Open Doors” global brand campaigns, as well as the Global Advocacy Programme. Looking into the future, we are keen to enhance these programmes as we remain focused on bolstering our marketing efforts and achieving our mandate.

With the sector being open, the Tourism Grading Council of South Africa (TGCSA) has been hard at work applying the country’s norms and standards, and re-grading the tourism sector’s accommodation sector. As businesses struggled to recover, and as grading is a voluntary function, it has been difficult to achieve the pre-pandemic levels of grading. However, the necessary work was done to evaluate the business model and review global benchmarking of the grading system. As a result, significant changes will positively affect the new grading criteria and the new business model for quality assurance in South Africa in the new financial year.

Capacity constraints and challenges

The primary challenges that impacted the entity included a high vacancy rate, the instability at a leadership level with the change in the Board of South African Tourism with the entity having had four Boards during the reporting period, and the prolonged acting periods at executive management level.

Early in 2020, a moratorium was placed on recruitment in light of the possibility of a merger between South African Tourism and Brand South Africa. The moratorium was lifted by December 2021. Recruitment was then prioritised. By 31 March 2022, the vacancy rate was 7.9%, with 186 positions filled against 202 approved posts, thus a total of 16 vacant positions.

Comparatively, between 1 April 2022 and 31 March 2023, 24 vacancies were filled. South African Tourism therefore ended the FY22/23 with a 13.07% vacancy rate, with 26 vacant posts against 202 approved positions on the organisational structure. While the organisation was able to fill 24 vacancies in FY22/23, it continued to experience high attrition with 21 employees exiting the organisation. The Tourism Execution business unit was the most affected due to the fact that the majority of the Hub Head positions in market remain vacant. This thus poses a challenge for the filling of roles in those markets where the Hub Head would be responsible for ensuring recruitment for existing vacancies. Furthermore, where attempts have been made to fill vacancies in the international markets, the issue of affordability has been a stumbling block, as our remuneration levels have failed to attract high-calibre candidates in most cases. Over the last three years, the entity’s salary bands have struggled to keep up with inflation rates for the markets in question.

By the end of the period under review, the organisation had vacancies at the executive level with four of the seven executive roles vacant. While the organisation is able to leverage on its acting policy to ensure business continuity, these vacancies pose a huge talent risk to the organisation as it does not have a fully capacitated executive management team. A new moratorium was put in place in March 2023, pending a thorough assessment of the overall operational requirements of the entity and the potential resultant implications for the organisational structure. Fixed-term contractors have been appointed to capacitate the organisation since the institution of the new moratorium. The organisation will leverage on fixed-

term contracts of varying lengths, from 12 months to 24 months, to effectively support and capacitate the relevant teams. Currently, the Target Operating Model review process has started. The potential resultant implications for the organisational structure will be identified. Once the revised TOM and organisational structure have been approved through the relevant governance processes, vacancies will be filled and in so doing, address some of the challenges stated above.

Discontinued key activities/activities to be discontinued

South African Tourism continues to give effect to its role in relation to the Economic Reconstruction and Recovery Plan (ERRP), the Tourism Sector Recovery Plan (TSRP) and its Five-Year Strategic Plan 2020–2025 through the Annual Performance Plan (APP). As reflected in the FY22/23 APP, no further amendments to the Five-Year Strategic Plan 2020–2025 were effected during the FY22/23 annual planning cycle.

New or proposed key activities

In planning for FY23/24, some plans were amplified given their significance in mitigating some of the entity's challenges, these include but are not limited to the following:

- Profiling the economic impact of business events
- Identifying tourism products (establishments, attractions and experiences) to match South Africa's brand positioning as an exceptional tourist destination with a variety of authentic and diverse tourism offerings.
- Producing quarterly tourism data analytics and insights reports outlining the sector's performance locally, regionally and internationally.
- Quarterly profiling of the economic contribution of tourism.
- implementing Operation Clean Audit to improve our internal control environment and audit outcomes.
- Developing a budget optimisation strategy to reduce the entity's reliance on the fiscus.

- Embarking on a journey towards...Becoming the best public entity to work for as part of improving our corporate reputation.

Supply chain management

Annually, South African Tourism develops its APP, based on the approved Five-year Strategic Plan. Each year, the Accounting Authority approves the APP. Based on the approved APP, South African Tourism develops the Annual Operational Plan (AOP) and Divisional Operational Plans (DOPs). These include, at a programme level, activities that will lead to the achievement of targets and key performance indicators as outlined in the APP. The DOPs are presented to the South African Tourism Budget Council, chaired by the Chief Executive Officer (CEO), for approval, before the commencement of the financial year. Once these operational plans and related financial resource allocations are approved, the Annual Procurement Plan is developed as a consolidation of planned procurement arising from the approved DOPs.

The Annual Procurement Plan, arising from the above planning process, is then tabled with the Board for approval, in line with section A.1.10(b) of the Delegation of Authority, which indicates that the Board approves the Annual Procurement Plan. Once the Board has approved the Annual Procurement Plan, it becomes the guiding document for South African Tourism's procurement processes for the financial year.

The approved Annual Procurement Plan for FY 2022/23 was submitted to National Treasury on 31 March 2022 in line with Supply Chain Management (SCM) Instruction Note 2 of 2016/17, which prescribes the requirement for the compilation, submission and amendment of procurement plans, including the reporting on them.

The implementation of the Annual Procurement Plan is monitored by South African Tourism's Executive Committee.

The SCM business unit drafted the Preferential Procurement Policy and reviewed the entity's SCM Policy during the year under review.

During FY22/23, South African Tourism made significant progress in implementing its Annual Procurement Plan and strengthening its supply chain environment. The procurement committees established include the Bid Adjudication Committee (BAC), Bid Evaluation Committees (BEC) and Bid Specifications Committees (BSC). For each request for proposal (RFP), the Executive Committee approved a BSC and BEC. Competitive bids of a higher value were subjected to probity by Internal Audit before an award was made. For bids in excess of R10 000 000, recommendations were tabled with the Audit and Risk Committee for consideration and recommendation to the Board for approval. This is in line with the entity's Delegation of Authority. Internal Audit also conducted quarterly reviews on supply chain management in quarters 1 and 4. The Auditor-General of South Africa (AGSA) stated that the improvement in the audit outcome for supply chain management could be attributed to the effectiveness of the action plan implemented by the Executive Committee (ExCo), over which the Accounting Authority played an oversight role, as well as effective procurement structures to guide all procurement.

All concluded unsolicited bid proposals for the year under review

There were no unsolicited bids during the year under review.

Audit report matters in the previous year and how they would be addressed

South African Tourism's Internal Audit function continues to independently monitor audit matters raised through internal audit reports and the AGSA's audit reports. This is effected through continuous action tracking to ensure that all internal and external audit matters are addressed and resolved timeously and adequately. On a monthly basis, the Internal Audit function presents an audit tracker to ExCo that provides the status of all audit matters per business unit. On a quarterly basis, the Internal Audit function presents a quarterly report outlining progress on audit matters, both internal and external, to the Audit and Risk Committee. The entity has seen significant progress

during the year under review in mitigating and closing 100% of the audit findings due within the financial year, and has significantly contributed to ensuring a sound control environment for the organisation.

Outlook and plans for the future

Enhancing South African Tourism's corporate brand reputation, distinct from the destination brand, will be elevated in FY2023/24. A central tenet of the corporate brand is a well-governed, well-managed and credible organisation. An effective governance and internal control environment, inclusive of risk management and compliance, as well as a compliant and ethical supply chain management, remains a focus as we elevate our efforts to attain a clean audit outcome. Through the Corporate Support Programme, South African Tourism will continue to strive for delivering efficiency within the organisation through robust and coordinated planning, and optimising organisational and individual performance and reporting. The focus for FY2023/24 and beyond is to ensure that South African Tourism deploys its people, processes and financial resources to improve its effectiveness, as well as its cost and operational efficiency, across the organisation.

South African Tourism will consider new income streams and the possible commercialisation of certain services to ensure that adequate financial resources are available for core business functions. The priority focus on women, youth and people with disabilities will be addressed at an operational level through the implementation of the Employment Equity (EE) Plan, the Corporate Social Investment (CSI) Programme and the Broad-based Black Economic Empowerment (B-BBEE) Programme.

Technology by itself does not spontaneously bring about business transformation. Instead, a holistic view must be adopted of the organisational system into which technology is introduced. The most important of these is the human dimension, as people are required to harness the technology for value to be derived from the investment. Shifting culture is a complex task that requires the organisation to be supported with the requisite training, change management and leadership for them to optimise the ways of working.

Data and the intelligence derived from data and research are strategic assets that underpin the success of all modern organisations. The Business Enablement Programme will continue to deliver insights that are based on quality research and analytics. In support of South African Tourism's journey to be an insights-led organisation, demand-driven research will be conducted to enable business and sector growth. Numerous benefits will be realised from the Digital Transformation Programme, including operational and cost efficiencies. While the programme is long term in nature, the implementation of key components will support strategic adaptability and an integrated operating model in the short term, as well as the implementation of a data strategy that will drive a digital culture across the organisation and the tourism sector.

As an entity that remains committed to advancing the goals set out in the TSRP, we are looking forward to even closer collaborations and partnerships with the greater tourism industry. South African Tourism will continue to identify innovative and effective marketing platforms and opportunities that will ensure increased affinity from visitors coming from various parts of the world, and ultimately grow arrivals to South Africa.

The Leisure Tourism Marketing Programme will continue to lead and prioritise domestic tourism, followed by regional and international tourism. Key to this will be the revised and revitalised Global Tourism Brand Campaign, which seeks to ensure that South Africa is embedded as a top-of-mind destination for all potential tourists. The Global Tourism Brand Campaign will continue to be localised for each of destination South Africa's priority source markets. Through the Global Trade component, South African Tourism will continue to participate in various local and international platforms to connect and promote South Africa as a lucrative destination to international airlines. In addition, South African Tourism will continue to participate in the provincial air access forums to ensure that insights into inbound global markets are made available to support efforts to secure new entrants.

In our international regions, South African Tourism will drive demand through travel acquisition by working with

the distribution channels to sell destination South Africa. Distribution channel initiatives are platforms that allow for engagement and communication with distribution channels to build destination awareness, interest and conversion. A total of 101 distribution channel initiatives will be implemented in our regions. Localised global campaigns will be launched in our priority markets.

For the Africa region, the focus is to lift the demand creation side of the conversion curve and to grow the pipeline for short- and long-term consideration, while maintaining the excellent closure ratios of 2022 in all markets. The appeal of destination South Africa must be amplified to overcome barriers that exist. The region will collaborate with corporates as a distribution channel to drive both business events and leisure travel from the Africa region. Innovation will be at the core of our communication for this region, with the objective of converting consumer sentiment to business and leisure travel, while continuing with the localised Africa campaign from the previous year. In supporting our campaign call to action of Come Journey with Us, our communication efforts will expand our offering beyond the South Africa that our consumers think they know and deliver on our brand positioning that "there is still so much more to see". Starting the year is a brand story that reassures solo travellers and highlights some of our lesser-visited provinces through hidden gem experiences. Engaging with the South African tourism industry and South African missions on the continent will assist in mitigating the barrier issues of access, namely ease of visa processing and the South African tourism industry that is not considering Africa as a viable business option.

Our South Africa National Convention Bureau (SANCB) will continue to actively seek to develop leads, which is one of the key strategies to maintain South Africa's position as the top business events destination in Africa and the Middle East, to retain the destination's competitive advantage in the global business events sector and to maximise South Africa's chances of winning the rights to host business events. SANCB has set a target of 93 bid submissions that will be initiated through partnerships with stakeholders. A key initiative that will continue in FY2023/24 is hosting business events in villages, towns and small dorpiess

(VTSDs), thereby aiding economic impact in the less-visited areas of the country. These bidding opportunities for the VTSDs are undertaken with the support of the provincial and city convention bureaus. This national association project, which ensures capacity building and the inclusive hosting of business events opportunities in VTSDs, will be implemented in five VTSDs. These VTSDs will be identified in conjunction with the respective provincial authorities.

Business development is one of the key strategies to maintain South Africa's position as the top business events destination, and to retain the destination's competitive advantage in the global business events sector. Thus, the SANCB lends its support across the bidding process, focusing on key economic sectors, to maximise South Africa's chances of winning the rights to host business events. Following the implementation and success of the Open Doors business-to-business (B2B) domestic and global campaign, which ran during the pandemic, in 2023/24, this work will be revamped to ensure relevance for the destination business events future prospects. Africa's Travel Indaba, a pan-African leisure tradeshow, will be hosted in May, and promises pre-COVID-19 figures. Meetings Africa, a business events platform that ensures market access for the global Meetings, Incentives, Conventions and Exhibitions (MICE) sector, will be hosted in February.

Within South African Tourism, the tourist experience is addressed through quality assurance, visitor experience, and brand experience. These focus areas collectively and individually improve the visitor experience for both international and domestic tourists. The quality assurance function will continue its drive to grow the number of graded properties across South Africa. This will improve the overall tourist perceptions as a quality destination that offers a wide variety of products and price points for tourists. In this financial year we aim to complete the review of the grading criteria and include emerging-product and accommodation small, medium and micro enterprises (SMMEs). Greater emphasis will be placed on assisting new entrants to be more sustainable with projects to support emerging participants in their quality assurance journey. We will continue to innovate in this area of work to include short-term rentals, sustainable initiatives and new traveller

trends. Visitor Experience will focus on enabling the travel trade and associated partners to deliver world-class, friendly, and efficient services to tourists. The Welcome Programme toolkit will be enhanced to assist with targeted training of the travel trade and members of its associated partners, and to encourage profound immersive experiences through tour guides.

The continued growth of the Basic Quality Verification (BQV) Programme, which serves to provide certification for homestays and tourism establishments in VTSDs, is being rolled out through KwaZulu-Natal in 2023. Through this programme, South African Tourism has employed 20 graduates to evaluate these properties. This programme makes a significant contribution towards the advancement of the goals and objectives of the ERRP.

Events after the reporting date

Since 1 April 2023, there have been a number of changes within South African Tourism:

- Following the President's parliament reshuffle on 6 March 2023, Minister Patricia de Lille was appointed as the new Minister of Tourism replacing Minister Lindiwe Sisulu in this portfolio.
- The South African Tourism Board was dissolved and replaced with an Interim Board.
- The former Acting CEO, who was also the Chief Marketing Officer (CMO), resigned.
- The Chief Operations Officer (COO) has been appointed as the Acting CEO.
- The Chief Quality Assurance Officer (CQAO) has been appointed as the Acting CMO.

Conclusion

Making South Africa more attractive and accessible to international visitors and open to successful trade with other countries is a crucial component of economic growth. Through all our marketing platforms, we are determined to showcase the vast array of tourism products and offerings, as well as our business events facilities and our country's infrastructure. As the tourism sector continues to grow the value and volume of travellers to

the country, we must continue to ensure that we welcome all travellers to South Africa.

The launch of the National Tourism Inclusivity Pledge at Africa's Travel Indaba is a commitment from the tourism sector to continue working at making sure all travellers are welcome in our country. We commit to purposeful action around diversity, equity and inclusion to create an environment to make the broader travel industry more welcoming and inclusive to all travellers, including the lesbian, gay, bisexual, transgender, intersex, queer/questioning and asexual (LGBTQIA) community, disabled travellers, and travellers of all races and religions.

I would like to take this opportunity to extend a vote of thanks to our Shareholder, the former Honourable Minister of Tourism, Ms PDL, for her guidance and leadership. As I welcome the incoming Honourable Minister of Tourism, we look forward to her visionary and energetic /hands-on leadership as we continue to drive recovery of the sector and increasingly demonstrate the economic value of tourism as a critical sector that contributes to economic growth and job creation.

Thank you to the Boards that we have worked with throughout the financial year, and welcome to the Interim Board. We look forward to a constructive and robust relationship as we work towards improving the organisation and driving greater levels of conversion to destination South Africa.

To the valued team of South African Tourism in all our offices across the world, thank you for your patience, dedication, resilience and passion that can only put the sector in good stead.



Nomasonto Ndlovu
Acting Chief Executive Officer
South African Tourism



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

Requirements of the Public Finance Management Act

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

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

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

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

Objective of the Statement of Responsibility

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

Responsibilities Around Annual Financial Statements

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

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

Basis for Preparation

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

Going Concern

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

Internal Control and Risk Management

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

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

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

Trained, skilled personnel have been appointed to implement and maintain these controls. They are monitored by management and include a comprehensive budgeting and reporting system, operating within strict deadlines and an appropriate control framework. The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls.

An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time. As part of the system of internal control, an internal audit function was in place for the entire period under review and operational, financial and specific audits have been conducted in line with an Internal Audit Plan approved by the Board. All such internal audit reports, which incorporate comments from management on audit findings, have been made available to external auditors, whose responsibility is limited to reporting on the financial statements.

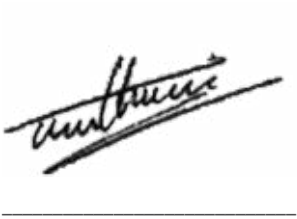
Board's Opinion

The Board has reviewed the organisation's systems of internal control and risk management for the period 1 April 2022 to 31 March 2023. The Board is of the opinion that:

- The organisation's systems of internal control and risk management were effective for the period under review
- Save as otherwise disclosed in note 31 and 32, no material losses, irregular expenditure, fruitless expenditure, or wasteful expenditure occurred in the period under review
- The Annual Financial Statements fairly present the financial position of South African Tourism as at 31 March 2023, and the results of its operations and cash-flow information for the year ended 31 March 2023.

Approval of Annual Financial Statements

The draft Annual Financial Statements for the year ended 31 March 2023 has been approved by the Board in terms of section 51 (1) (f) of the Public Finance Management Act (Act No. 1 of 1999), as amended, for submission to the Auditor General and are signed on its behalf by:



Tim Harris
Chairperson
31 May 2023

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 Africa 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".

Integrity



Respect



Authentic/Caring



Responsibility



Excellence



LEGISLATIVE AND OTHER MANDATES

Constitutional mandate

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

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

Legislation defining South African Tourism's mandate:

- Chapter 3 of the Tourism Act (No. 3 of 2014) sets out the functions of the South African Tourism Board.
- The Public Finance Management Act (No. 1 of 1999, as amended) (PFMA), together with its regulations, lists South African Tourism as a schedule 3A national public entity, which is accountable to the Minister of Tourism and Parliament. All prescripts and regulations arising from the PFMA are applicable to its governance and operations.

Legislation informing the delivery of the core mandate:

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

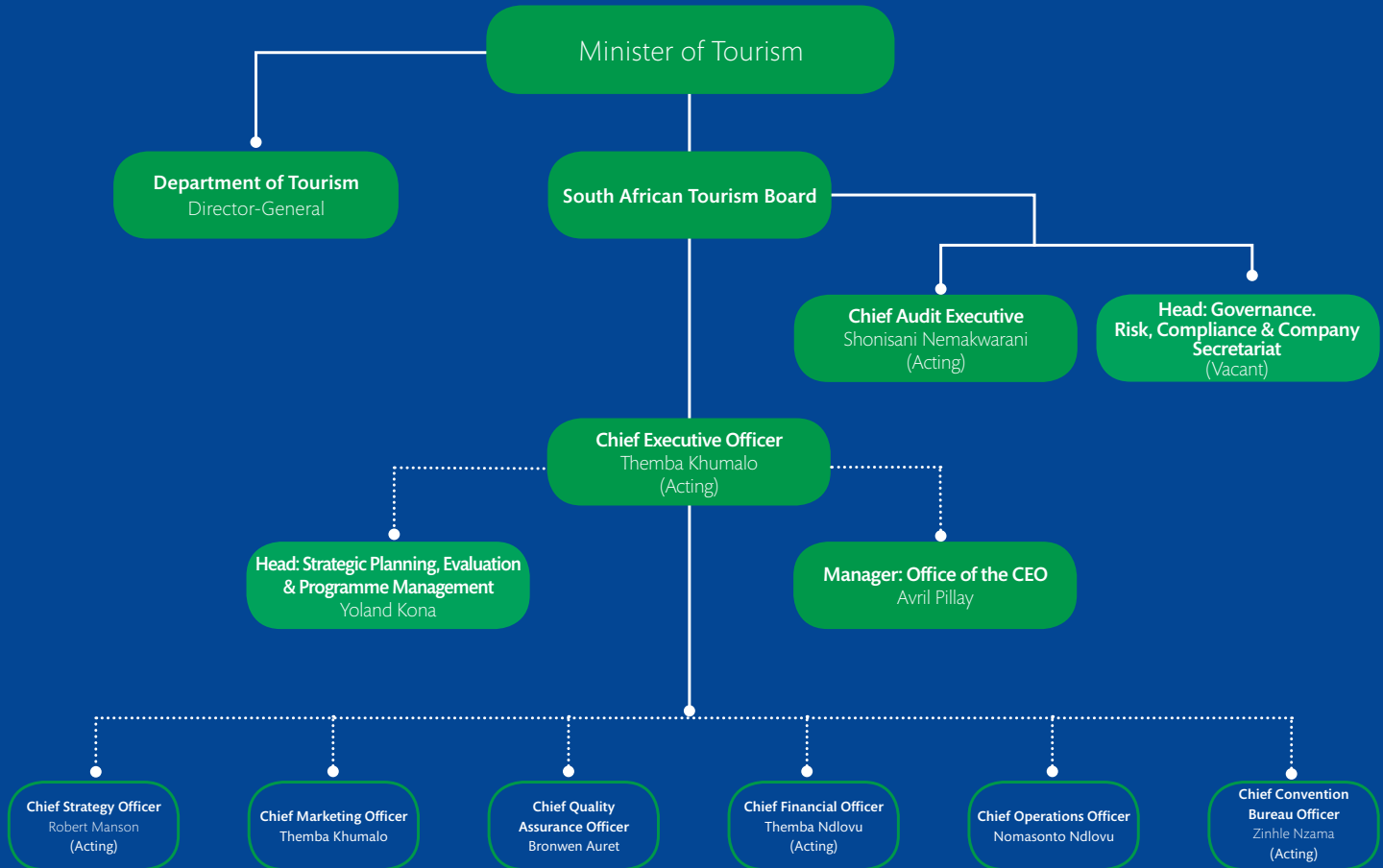
Updated Policy Mandates

There are no updates to the policy mandates presented in South African Tourism's 2020-2025 Strategic Plan, which reflects as follows:

- The National Development Plan, Vision 2030 (2012) (NDP) seeks to eliminate poverty and sharply reduce inequality and unemployment by 2030. The NDP recognises tourism as one of the main drivers of employment and economic growth.
- The Medium-term Strategic Framework 2019-2024 (MTSF) gives effect to the electoral mandate and is framed around seven national priorities for the period up to 2024. South African Tourism contributes to three MTSF priorities:
 - Priority 1: A capable, ethical, and developmental state
 - Priority 2: Economic transformation and job creation
 - Priority 7: A better Africa and world

- The National Tourism Sector Strategy 2016-2026 (NTSS) sets out a vision for a "rapidly and inclusively growing tourism economy that leverages South Africa's competitive edge in nature, culture and heritage, underpinned by ubuntu and supported by innovation and service excellence".
- The White Paper on the Development and Promotion of Tourism in South Africa (1996) sets out a framework and guidelines for tourism development and promotion in South Africa.
- The Economic Reconstruction and Recovery Plan (ERRP), published in late 2020, is the country's plan for overall economic recovery after the COVID-19 pandemic. The ERRP identifies eight priority interventions to drive the reconstruction and recovery of the South African economy. In addition to tourism being identified as one of the priority areas of intervention in the ERRP, the tourism sector has a contribution to make to a number of other priorities of the ERRP.
- The Tourism Sector Recovery Plan (TSRP) acknowledges the need for targeted and coordinated action to mitigate the impact of the COVID-19 pandemic and to set the sector on the most optimal path to recovery, transformation and long-term sustainability. The TSRP is anchored on three interlinked pillars with a number of strategic interventions to support each theme. The TSRP also identifies enablers to support tourism recovery. South African Tourism is responsible to reignite demand, which includes stimulating domestic demand and executing a global marketing campaign.
- The grading criteria of the Tourism Grading Council of South Africa (TGCSA), 2019, seeks to advance and maintain a recognisable, credible and globally benchmarked system of quality assurance for accommodation and venues in South Africa.
- The Tourism Black Economic Empowerment Charter (BEE Charter) aims to not only make South African tourism globally competitive, but also to open the benefits of tourism to previously disadvantaged individuals.

ORGANISATIONAL STRUCTURE



The organisational structure is reflected as at 31 March 2023. Since 1 April 2023, several changes have occurred:

- The South African Tourism Board was dissolved and replaced with an Interim Board.
- The former Acting CEO and CMO resigned.
- The COO has been appointed as the Acting CEO.
- The CQAO has been appointed as the Acting CMO.
- There was an Acting Head: GRC until 9 January 2023. The position was vacant until it was replaced with a secondment from the Department of Tourism on 3 May 2023.





#RECOVERY 
CHARTING THE WAY FORWARD

PART B: PERFORMANCE INFORMATION

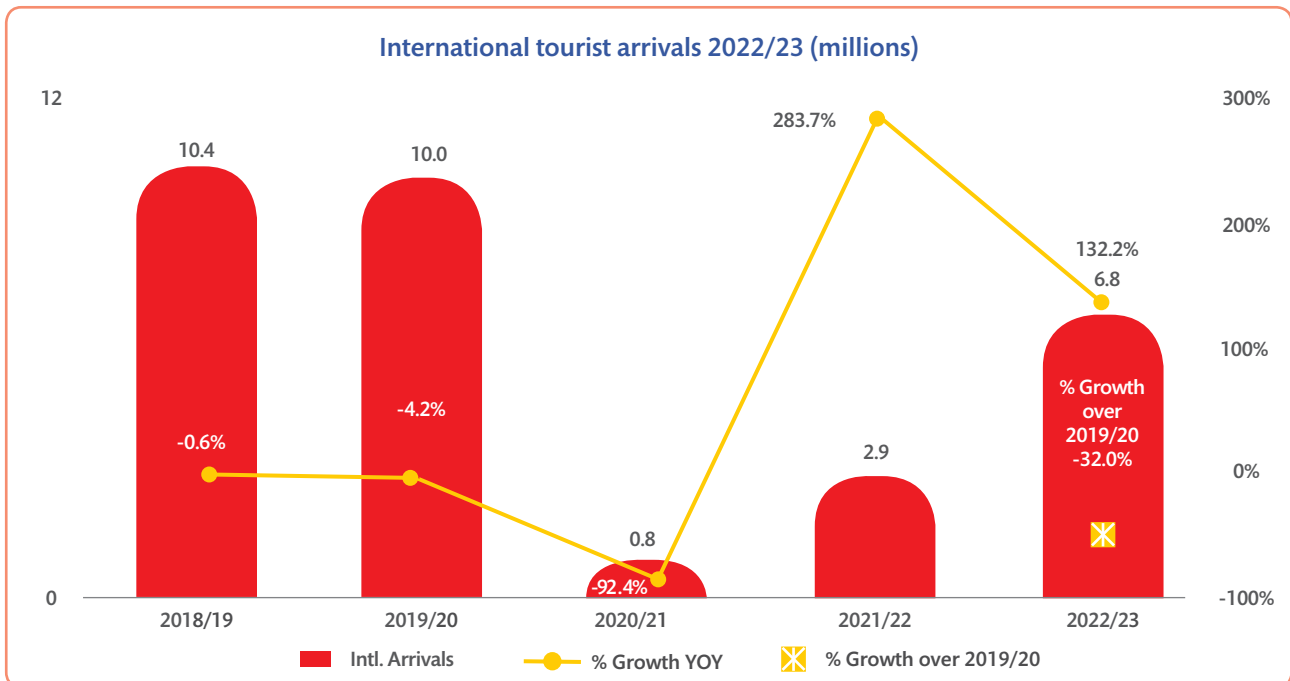


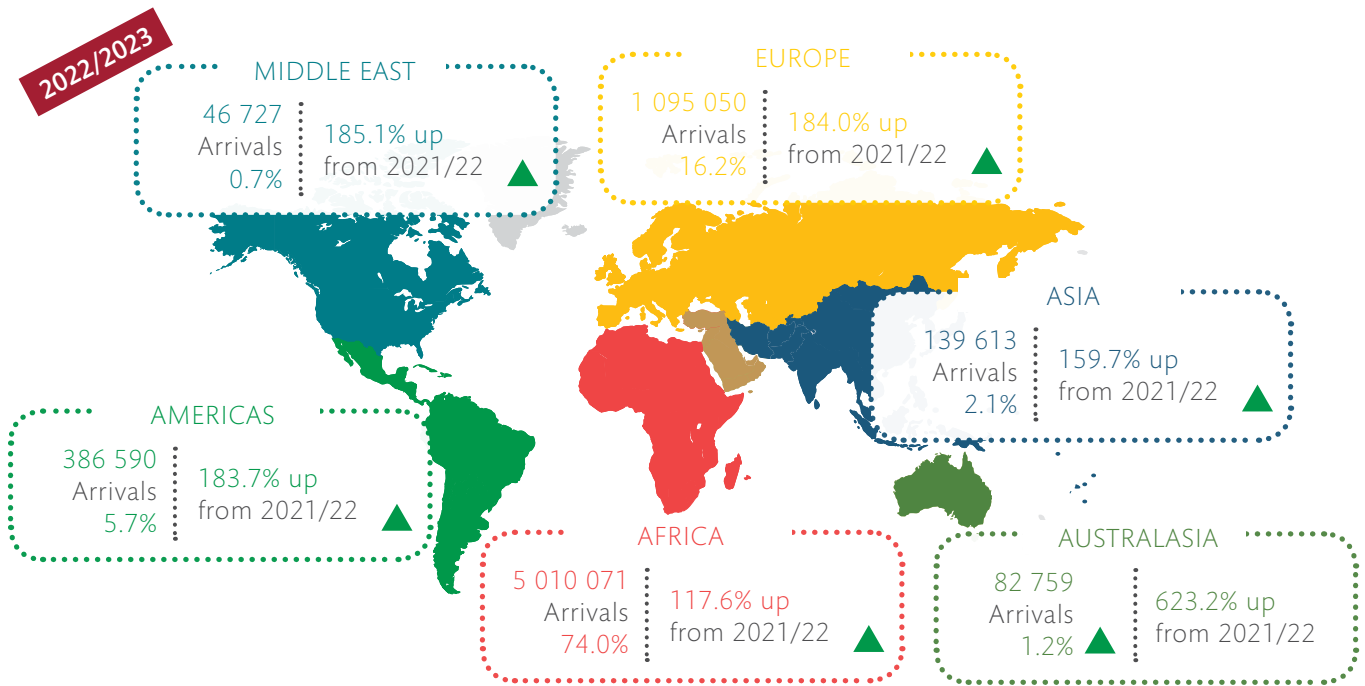
OVERVIEW OF PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

International Tourism Performance

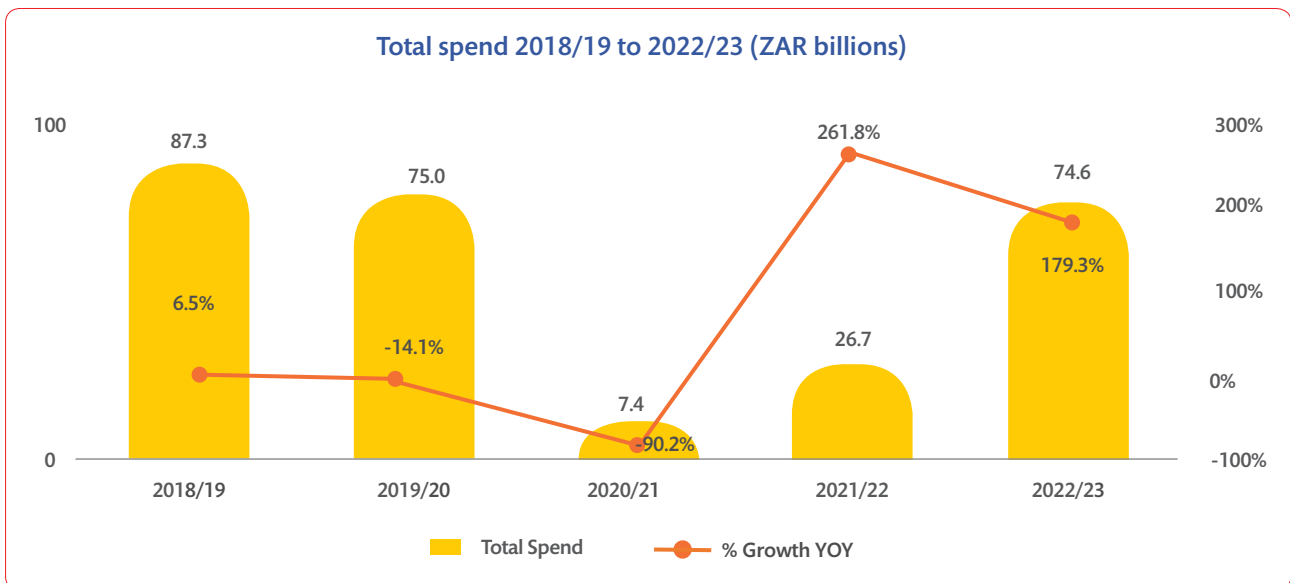
In the 2022/23 fiscal year, South Africa observed a momentous upswing in international tourist influx, with arrivals peaking at 6.8 million. This represented a remarkable year-on-year growth of 132.2% over the previous financial year. However, the current performance of FY22/23 is 32.0% below the pre-pandemic levels of 2019/20. This shows the significant strides made in the sector despite the ongoing recovery process.





Source: StatsSA Tourism & Migration, March 2023

South Africa welcomed a diverse array of international travellers, with the largest segment hailing from the Africa region, accounting for an impressive 5.0 million arrivals. Europe followed as the second-largest source market, contributing 1.1 million arrivals, while the Americas accounted for 0.4 million arrivals. Encouragingly, all these regions exhibited growth, when compared to the 2021/22 financial year. In terms of the distribution of arrivals, the Africa region maintained the most substantial share, holding 74.0% of the total. Europe trailed behind, making up 16.2% of the arrivals. Total foreign direct spend grew by 179.3%, reaching R74.6 billion in 2022/23, from R26.7 billion in 2021/22.



Tourists from Africa and Europe remain the biggest spenders when visiting South Africa. Even though these two regions make up a huge 75.6% of our visitors, they do not spend in the same way. African tourists represent a big proportion of our visitors (74.0%), but they only account for 38.6% of the total spending. On the other hand, Europe, despite making up only 16.2% of our visitors, contributes a whopping 37.0% to the total spending. It is worth noting that every region spent more in 2022/23 than in the previous year, which is great news for our tourism sector.

Spend by region	2021/22 (billions)	2022/23 (billions)	2022/23 % growth	2022/23 % share
Africa	R11 328 984 769	R28 796 323 880	154.2%	38.6%
Africa land	R9 323 350 037	R24 228 222 137	159.9%	32.5%
Africa air	R2 005 634 732	R4 568 101 743	127.8%	6.1%
Europe	R9 897 829 745	R27 587 320 665	178.7%	37.0%
Americas	R3 772 002 753	R12 075 130 702	220.1%	16.2%
Asia	R903 360 530	R2 732 435 132	202.5%	3.7%
Australasia	R423 880 098	R2 146 122 636	406.3%	2.9%
Middle East	R386 791 391	R1 259 184 400	225.5%	1.7%
Total	R26 712 849 285	R74 596 517 414	179.3%	100.0%

Source: South African Tourism Departure Survey 2022/23

DOMESTIC TOURISM PERFORMANCE



In 2022/23,

**36.6 million
(Overnight)
domestic trips**

were taken in South Africa, a 99.2% increase from 2021/22.

Out of the 36.6 million trips, 10.0 million trips were that of holiday representing a 27.0% share. Domestic holiday trips in 2022/23 grew by 113.7% when compared to 2021/22.



**Total revenue
generated**

by domestic tourism during

2022/23 was **ZAR 103.8 billion**, an increase of 84.3%.

The average spend per tourist in 2022/23 was ZAR 2 837 (-7.5% vs. ZAR 3 066 in 2021/22). While individual spending decreased in 2022/23, the frequency of trips increased, leading to a significant revenue contribution for the year.

Holiday spend amounted to ZAR 47.4 billion. Average spend on holiday trips was ZAR 4 796.



There were

**185.9 million
domestic day
trips in** 2022/23,

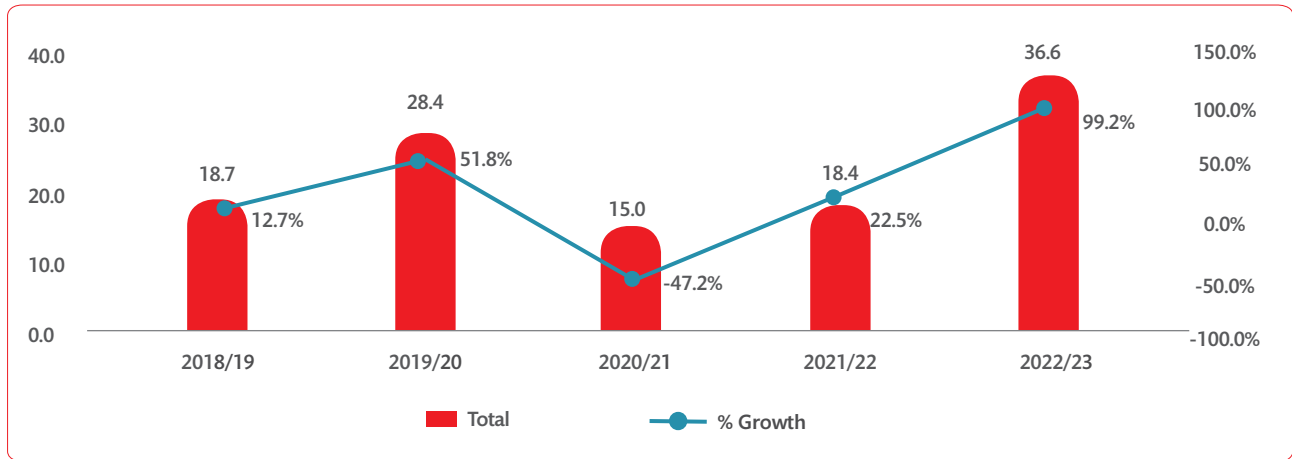
resulting in an increase of 125.5% compared to 2021/22.

Total domestic overnight trips amounted to 36.6 million in 2022/23, a 99.2% increase compared to 2021/22. Domestic revenue for 2022/23 was ZAR 103.8 billion, increasing by 84.3% over 2021/22. Average overnight domestic spend was R2 837, which was a decrease of 7.5% compared to 2021/22.

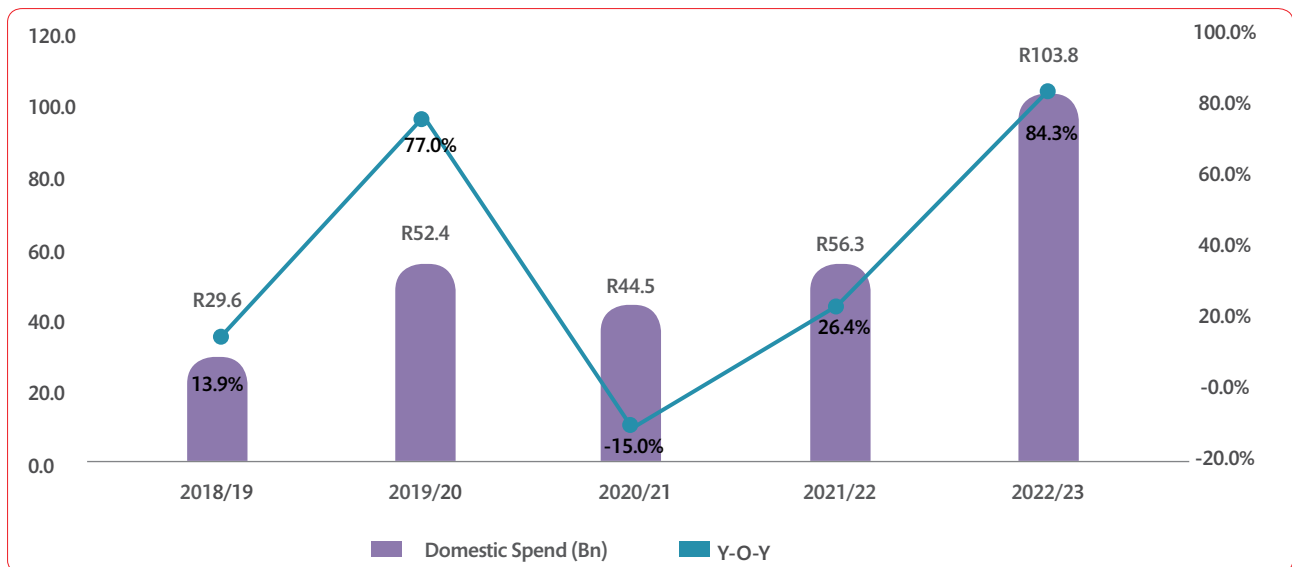
The total number of domestic overnight holiday trips reached 10.0 million representing a 27.0% share of all domestic overnight trips taken during 2022/23. Holiday spend increased by 83.8% to reach R47.4 billion during this fiscal. The significant growth in total overnight domestic spend performance was in 2022/23 driven by holiday trips spend having accounted for 45.7% of total expenditure.

Domestic day trips went up by 125.5% in 2022/23 to reach 185.9 million when compared to those of 2021/22. The rise in domestic day trips can be attributed to trips undertaken for shopping, visiting friends & family and attending events.

Domestic overnight trips (millions)



Domestic overnight spend (billions)



ORGANISATIONAL ENVIRONMENT

A total of 24 vacancies were filled during the reporting period, ending the financial year with a 13.07% vacancy rate. The Tourism Execution business unit was the most affected as most of the Hub Head positions remained vacant. The entity, in some instances, has not been successful in attracting high-calibre candidates as our remuneration is no longer market-related nor is it competitive. Four of the seven executive roles remain vacant. The entity continued to experience high attrition with 21 employees leaving the organisation.

There have also been changes in the Accounting Authority of South African Tourism with the entity having had four Boards during the reporting period.

These are significant risks to the organisation's stability and effectiveness. A new moratorium on recruitment was effected in March 2023, pending a review of the organisation's Target Operating Model and the potential resultant implications for the organisational structure. The organisation will leverage on fixed-term contracts of varying periods, from 12 months to 24 months, to effectively support and capacitate the business.

Staff morale and engagement remain low, given the lack of stability and long periods of staff acting in roles due to the high vacancy rate; all of which result in fatigue and a level of underperformance throughout the organisation.

Staff engagement is one of the key people measures. The staff engagement survey is important because it touches on various

aspects of the work environment, as well as the organisation's employee experience. It serves as a predictor of how stable or how much more stable an organisation can be. The survey considers various aspects, such as its values, vision and mission, leadership and perception of culture. When engagement levels are high, staff engagement translates into low turnover and higher employee retention, as well as good performance. South African Tourism conducts an employee engagement survey annually to establish the levels of engagement among its employees, using identified metrics embedded in the survey questionnaire.

The engagement score has been declining steadily over the past two fiscal years, with three main areas decreasing substantially: strategic leadership, wellness and work outputs. This can be attributed to the lack of stability within the organisation at an executive and Board level, as well as the high vacancy rate. From the survey data, one can infer that if the levels of senior or executive leadership, as they relate to employee engagement levels, increase, the other measurable aspects of South African Tourism might also increase. Numerous studies have proven that the lack of senior leadership in any business has a direct impact on factors such as manager effectiveness, work outputs, business alignment, wellbeing and enablement.

For FY22/23, the annual staff engagement survey was planned with a projected score of 68% (3.4). A result of 46% (2.3) was achieved. The key reasons for the low score may be attributed to instability at executive leadership level, decreased productivity, increased employee turnover, loss of scarce skills affecting succession planning and an increase in absence from work due to illness.

Since 1st April 2023, several changes have materialised:

- Eight of the 12 South African Tourism Board members resigned between 6th and 8th April 2023, after which the Board was dissolved on 21st April 2023.
- An Interim Board came into effect on 21st April 2023.
- The former Acting Chief Executive Officer (CEO), who was also the Chief Marketing Officer (CMO), resigned on 5th May 2023.
- The Chief Operations Officer (COO) was appointed to act as the CEO with effect from 6th May 2023.
- The Chief Quality Assurance Officer (CQAO) was appointed to act as the CMO with effect from 7th May 2023.

South African Tourism did not experience any significant information, communication and technology (ICT) system failures during the financial year. On the Digital Transformation and Technology (DigiTech) side, the integration of the deals' dashboard platform with the Sho't Left website failed on the morning of the campaign which led to the need to activate southafrica.net as the platform to run the Travel Week Campaign.

Two cases of corruption were reported, both of which are still under investigation.

KEY DEVELOPMENTS AND POLICY CHANGES

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

PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Impact Statement and Outcomes, as articulated in the approved Five-year Strategic Plan 2020-2025 are as follows:

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

In a continued effort to improve and evolve South African Tourism's planning, monitoring, and reporting environment, through the FY22/23 planning cycle, the outcome indicators and five-year targets reflected in the approved Five-Year Strategic Plan 2020-2025 were reviewed. It was confirmed during the planning cycle that there were no material changes to the Five-Year Strategic Plan 2020-2025 to those reflected in Annexure A of the FY21/22 Annual Performance Plan (APP). That Annexure remained relevant for FY22/23.

Progress made in relation to the Five-year Strategic Plan 2020-2025 is as follows:

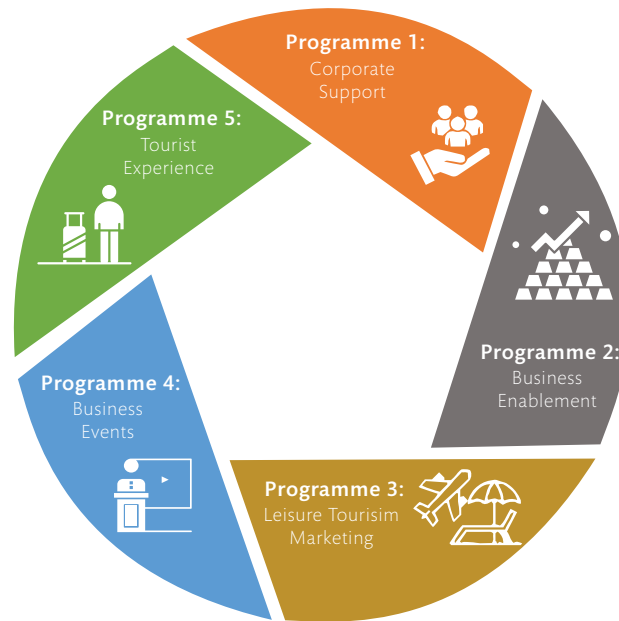
OUTCOME	APPROVED FIVE-YEAR STRATEGIC PLAN 2020-2025 (MARCH 2020)			AMENDMENT (JANUARY 2021)			NOTE ON AMENDMENT	PROGRESS TO DATE
	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)		
1. Increase the tourism sector's contribution to inclusive economic growth	Brand strength index	41.0	44.7	-	-	-	Moved to APP as an output.	-
	Percentage increase in international tourist arrivals	10.4 million	Increase international tourist arrivals with 6% annually by 2024. (14.8 million)	Progress towards doubling international tourist arrivals to 21 million by 2030 (SONA 2019)	10.3 million	Increase international tourist arrivals with 6% annually by 2024 (10.3 million by 2024/25)	Indicator and target revised to track broader progress towards SONA 2030 stretch target.	FY20/21: 0.8 million FY21/22: 2.9 million FY22/23: 6.8 million
	Percentage increase in the value of international tourist spend	R87.4 billion	Increase the value of international tourist arrivals with 4% each year. (R128.6 billion)	Increase in the value of international tourist spend	R90.7 billion	R90.7 billion	Retained as an outcome indicator.	FY20/21: R7.4 billion FY21/22: R26.7 billion FY22/23: R74.6 billion
	Increase in the number of domestic holiday trips	3.0 million	8.3 million	Increase in the number of domestic holiday trips	7.1 million (calendar year) 7.3 million (financial year)	7.1 million	Retained as an outcome indicator. Target revised due to the impact of COVID-19.	FY20/21: 3.1 million FY21/22: 4.6 million FY22/23: 9.9 million
	Increase in the value of domestic holiday direct spend	R10.1 billion	R19.5 billion	Increase in the value of domestic holiday direct spend	R17.3 billion (calendar year) 18.9 billion (financial year)	R17.3 billion	Retained as an outcome indicator. Target revised due to the impact of COVID-19.	FY20/21: R12.8 billion FY21/22: R25.8 billion FY22/23: R47.4 billion
	Percentage growth in tourism's direct contribution to the GDP	4.53% growth in tourism's direct contribution to the GDP in 2019	3.23% growth in tourism's direct contribution to the GDP per annum by 2024	-	-	-	Removed from Strategic Plan - beyond South African Tourism's control.	-
	Percentage increase in tourism's direct contribution to employment.	3.19% tourism's direct employment increase in 2019	Tourism's direct employment increase by a rate of 2.67% per annum by 2024	-	-	-	Removed from Strategic Plan - beyond South African Tourism's control.	-

OUTCOME	APPROVED FIVE-YEAR STRATEGIC PLAN 2020-2025 (MARCH 2020)			AMENDMENT (JANUARY 2021)			NOTE ON AMENDMENT	PROGRESS TO DATE
	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)		
	Seasonality of international tourist arrivals	1.36%	1.29%	Seasonality of international tourist arrivals	1.3%	1.3%	Retained as an outcome indicator.	FY20/21: Not tracked FY21/22: 9.3% FY22/23: 1.0%
	Number of SMMEs supported	207	225	Number of SMME businesses supported (cumulative of Business Events and Visitor Experience)	182	1 096 (cumulative 2020/21 to 2024/25)	Clarified contribution by two programmes to aid clear monitoring and reporting. Baseline target revised due to the impact of COVID-19.	FY20/21: 0 FY21/22: 228 FY22/23: 156 (preliminary)
	Geographic spread of international tourist arrivals	20%	25%	Geographic spread of international tourist arrivals	20%	20%	Retained as an outcome indicator. Target revised due to the impact of COVID-19.	FY20/21: 12.1% FY21/22: 11.5% FY22/23: 11.0%
	Geographic spread of domestic tourist arrivals	8.4%	15%	Geographic spread of domestic tourist arrivals	8%	8%	Retained as an outcome indicator. Target revised due to the impact of COVID-19.	FY20/21: 4.0% FY21/22: 2.6% FY22/23: 1.8%
	Total number of international business events hosted			Number of international business events hosted		111 (cumulative 2020/21 to 2024/25)	Retained as an outcome indicator. Target revised due to the impact of COVID-19.	FY20/21: 0 FY21/22: 6 FY22/23: 49
	Net promoter score	91%	94%	Net promoter score	91%	94%	Retained as an outcome indicator. Target revised due to the impact of COVID-19.	FY20/21: Not tracked FY21/22: 46 FY22/23: 35

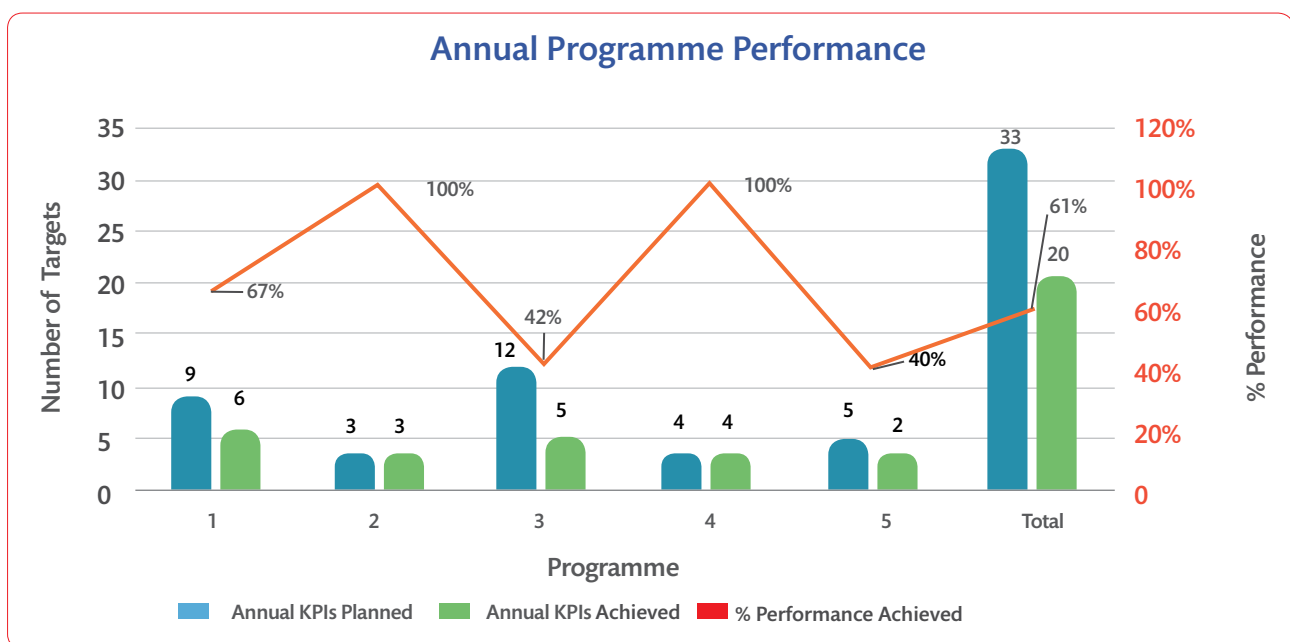
OUTCOME	APPROVED FIVE-YEAR STRATEGIC PLAN 2020-2025 (MARCH 2020)			AMENDMENT (JANUARY 2021)			NOTE ON AMENDMENT	PROGRESS TO DATE
	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)	Outcome indicator	Baseline (2019/20)	Five-year target (March 2025)		
2. Achieve good corporate and cooperative governance	External audit outcomes	Unqualified audit outcome	Unqualified audit outcome maintained	External audit outcome	Unqualified audit outcome	Unqualified audit outcome maintained	Retained as outcome indicator.	FY20/21: Qualified audit outcome
								FY21/22: Unqualified audit outcome
								FY22/23: Unqualified audit outcome
	South African Tourism Reputation Index	New indicator Baseline to be determined in 2020/21	Improvement from 2020/21 baseline	South African Tourism Corporate Reputation Index	New indicator Baseline to be determined in 2021/22	Improvement from 2021/22 baseline (Targets to be defined once baseline determined - for inclusion in 2022/23 APP)	Indicator and target revised to be specific to South African Tourism's corporate reputation.	FY20/21: Not tracked FY21/22: 68.24 South African Tourism Corporate Reputation Index score
								FY22/23: 74.65 South African Tourism Corporate Reputation Index score

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

South African Tourism is constituted by the following budget programmes:



South African Tourism achieved 20 of its 33 planned annual targets, as outlined in the FY22/23 APP, thus achieving 61% performance. For seven of the 13 annual targets that were not achieved, it should be noted that these targets were delivered, but are recorded as underperformance due to non-compliance with the Technical Indicator Descriptions (TIDs) for each of these targets and indicators.



PROGRAMME 1: CORPORATE SUPPORT

Overview of the programme

The purpose of the Corporate Support Programme is to provide effective support services to South African Tourism, and to ensure compliance with statutory requirements. The Corporate Support Programme includes the following business units:

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

The Corporate Support Programme delivered against the following outcome and five-year target in the approved Five-Year Strategic Plan 2020-2025 in its endeavour to contribute to South African Tourism's impact of "tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation, and is enjoyed by all South Africans".

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

Outcomes, outputs, output indicators, targets and actual achievement

The Internal Audit (IA) function monitored the implementation of recommendations from both Internal Audit and the Auditor-General of South Africa (AGSA) through continuous monthly action tracking. The annual target of 100% implementation of recommendations was achieved, which led to a significant improvement of the internal control environment, especially in the ICT business unit, which had regressed in the previous fiscal year. The Internal Audit function concluded 15 audits for the financial year. Supply Chain Management (SCM) reviews were conducted in Quarter 1 and Quarter 4. Tenders above the value of R10 million were audited through SCM probity audits to ensure compliance with relevant regulations, National Treasury prescripts and internal policies prior to approval by the South African Tourism Board.

Through its proactive approach, Internal Audit provided assurance on the FY2023/24 APP and audited FY22/23 quarterly performance information with its supporting portfolios of evidence for each quarter to ensure compliance with prevailing planning and reporting legislation, and that accurate performance reports are presented to South African Tourism's oversight bodies.

As part of the entity's combined assurance approach, in-country assessments were initiated during the financial year to audit and assess in-country offices. The assessments focused on compliance within the internal control environment, audit management, performance planning and performance management, enterprise risk management, finance and supply chain management. During the financial year, in-country assessments were conducted in Nigeria, the United Kingdom (UK) and the South Europe Hubs. The reports produced for each of these in-country assessments identified areas of improvement, which will be monitored by the executive management.

Key challenges adversely impacting the optimal functioning of the Internal Audit function remains capacity, job grading and tools of the trade. These challenges have been escalated to executive management for immediate mitigation.

The Governance, Risk and Compliance function exceeded its annual target by taking the organisation from risk maturity level two to level three. This improvement was driven by the concerted efforts to ensure implementation of the recommendations arising from the prior year risk maturity

assessment report. The risk management policy and strategy were reviewed. Strategic and operational risk registers were developed, implemented and monitored throughout the fiscal year. Emerging risks were identified and presented to the relevant governance structures.

In terms of risk, the AGSA identified SCM as one of the improved areas that resulted in the shift from red to yellow. Effective control over the environment is attributed to the improvement in the SCM environment. The most critical challenge facing SCM is decentralised purchase order management for the in-country offices. Internal control reviews were conducted for at least seven in-country offices. The SCM business unit will mitigate this risk by ensuring that purchase order management is centralised at Head Office to minimise the exposure of risk.

The annual strategic planning function continued to evolve during FY22/23 with the inaugural Planning Conference 2023 (PlanCon) that was hosted in August 2022. PlanCon brought together the public and private sector tourism organisations to jointly craft shared priorities to drive tourism sector recovery. The output of this intensive five-day programme informed the strategic thinking behind the FY2023/24 APP. Quarterly business review sessions were convened to assist business units to drive performance based on the FY22/23 APP, Annual Operational Plan (AOP) and Divisional Operational Plans (DOPs). Two implementation programme evaluations were conducted that informed improvements in identified projects and overall project planning and execution. The Mid-Term Review Report was developed to outline progress made towards the goals and targets of the five-year term of government. As with the Internal Audit function, the Strategic Planning, Evaluation and Programme Management and the Governance, Risk and Compliance functions are inadequately capacitated. This has been reported to executive management for mitigation.

From a technology point of view, the overall goal was to create business value by delivering ICT-related systems and services that increase operational efficiency and effectiveness. The business unit mitigated all audit queries that were raised by Internal Audit and the AGSA. Furthermore, the business unit had to ensure significant progress on automating business processes. Key achievements in this regard include the automation of seven business processes, the centralisation of ICT software licenses and subscriptions, the implementation of the Cybersecurity Framework, the development of a Master Systems Plan (ICT Strategy), reviewing the ICT Governance Framework and ICT policies, as well as upgrading and expanding infrastructure hardware and office connectivity.

In relation to Human Capital, employment equity targets were well maintained, with some targets having been exceeded. The target for the employment of persons with disabilities declined during the year due to resignations and a lack of disclosure by staff, given that disclosure is a voluntary process. A key challenge that was reported earlier in the FY22/23 Annual Report is a lack of capacity due to the high vacancy rate, as well as the low engagement rate. For FY22/23, the annual Staff Engagement Survey achieved a result of 2.3, which was below the annual target of 3.4. This score may be attributed to instability at executive leadership level, decreased productivity, increased employee turnover, loss of scarce skills affecting succession planning, and an increase in absence from work due to illness. Thus, the focus for FY2023/24 will be on elevating employee engagement levels and retaining skills and talent in the organisation.

Programme 1: Corporate Support									
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation	
Achieve good corporate and co-operative governance	Internal control	Percentage implementation of valid internal and external audit recommendations	95%	100% implementation of valid audit recommendations	100% implementation of valid audit recommendations	100% of valid audit recommendations were implemented	None	None required.	
	Internal control	Risk maturity level	-	-	Improved risk maturity level from 2 to 3	The risk maturity has improved to Level 3	None	None required.	
	Financial management	Payment of compliant invoices within 30 days from date of receipt	100%	100%	100%	100%	None	None required.	
	Business process automation	Identified business processes automated	0%	ICT, Tourism Execution, CMO, TGCSA, National Convention Bureau business processes automated	Automation of identified and mapped business processes	Seven of the planned 17 business processes were automated	-59%	The business processes were outdated and were mapped in 2019. Thus, the scoping and implementation of the business processes had to be revised, leading to a delay in automation.	
	Human resources management and development	Staff engagement score	3.75	Staff engagement survey was not undertaken for FY21/22	3.4 staff engagement score	2.3 Staff engagement score	-32%	This score may be attributed to instability at executive leadership level, decreased productivity, increased employee turnover, loss of scarce skills affecting succession planning, and an increase in absence from work due to illness.	
		Implementation of Employment Equity Plan:	63%	67%	60%	67%	12%	A targeted recruitment approach was followed in line with the Employment Equity Plan.	
		Percentage of women in South African Tourism	53%	64%	50%	67%	34%	A targeted recruitment approach was followed in line with the Employment Equity Plan.	
		Percentage of women in senior and top management positions	2%	2%	2%	1%	-50%	The target for employment of persons with disabilities declined during the year due to resignations and a lack of disclosure.	
		Percentage of people with disabilities employed	-	73%	60%	72%	20%	A targeted recruitment approach was followed in line with the Employment Equity Plan.	
		Maintain at least 60% black people (Africans, Coloureds and Indians) across all occupational levels							

Strategy to overcome areas of underperformance

Target	Mitigating action/s
Staff engagement score	The focus for FY2023/24 will be on elevating employee engagement levels and retaining skills and talent in the organisation. This will be facilitated through focus groups and continuous engagement across different forums and platforms in the organisation. South African Tourism's induction programme will be reviewed to align it with the organisation's core values. An organisational development assessment will be undertaken with a view to creating a high-performance culture and becoming an employer of choice.
Identified business processes automated	Revised scoping of business processes and improved planning have been effected with adequate resources to enable delivery on the automation of business processes.
Percentage of people with disabilities employed	An increased awareness drive will be executed in the new fiscal year to encourage disclosure of disabilities. Partnerships with disability organisations will be a focus to improve this employment equity target.

PROGRAMME 2: BUSINESS ENABLEMENT

Overview of the programme

The purpose of the Business Enablement Programme is to enhance collaboration with various stakeholders and to provide centralised tourism intelligence to support evidence-based decision-making. Programme 2 includes the following business units:

Business Unit	Purpose
Office of the Chief Executive Officer: Government and Industry Relations	· Enhance collaboration with various stakeholders.
Digital Transformation and Technology (DigiTech)	· Enable visualisation and interaction with data obtained from digital channels, dynamic reporting and data-driven digital marketing execution.
Analytics and Insights	· Provide centralised tourism intelligence and establish South African Tourism as a thought leader in the sector.

The Business Enablement Programme focuses on the following outcome and five-year target in the approved Five-Year Strategic Plan 2020-2025 as its contribution to the organisation's impact of "tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation and is enjoyed by all South Africans":

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

Outcomes, outputs, output indicators, targets and actual achievement

Partnerships and collaboration are critical in advancing the implementation of the TSRP. One of the key enablers of the TSRP is to form targeted and strategic partnerships between government and the private sector. It is within this context that South African Tourism continued to strengthen relationships with key tourism value chain stakeholders. For the period under review, South African Tourism conducted a number of strategic stakeholder engagements, which were guided by the Stakeholder Engagement Framework for the FY22/23.

In support of the inaugural Global Marketing Forum (GMF), which was held in April 2022, South African Tourism hosted key tourism value chain stakeholders. The focus of the GMF was to present South African Tourism's FY22/23 APP to key sector stakeholders. Furthermore, stakeholders were introduced to the different business units within South African Tourism to identify key areas of possible collaboration. Stakeholders such as Airports Company South Africa (ACSA), South African National Parks (SANParks), the National Film & Video Foundation, the Tourism Business Council of South Africa (TBCSA), South African Airways (SAA), the Blue Train, the Cross-Border Road Transport Agency and the Road Traffic Management Corporation (RTMC) were in attendance.

From April 2022 to March 2023, South African Tourism hosted five CEO and CMO Forum sessions with Provincial Tourism Authorities (PTAs). The key focus areas included collaboration efforts around domestic tourism campaigns, provincial roadshows and support for events. The PTAs were key to the discussions at PlanCon 2023 to shape future collaboration with each of the provinces.

Two provincial roadshows were held at Gqeberha in the Eastern Cape and Mfuleni in the Western Cape. This provided an opportunity for stakeholders and communities to engage with the Minister of Tourism, and to gather insights on challenges facing tourism in provinces and local municipalities. Key among the challenges included crime, a lack of funding for tourism development, a lack of infrastructure, and quality assurance for tourism products.

South African Tourism participated in the Limpopo and Free State strategic planning sessions, where the entity provided an overview of the tourism markets, trends, and the APP to enable the provinces to be duly informed and aligned to the plan for FY2023/24. The entity further participated at the Mpumalanga safety and security site inspection and engagement with key stakeholders, including TBCSA, the Mpumalanga Tourism Authority, the German Embassy and the provincial Department of Safety and Security, on the back of a fatal incident involving a German tourist in October 2022.

In strategic collaboration with the TBCSA, a number of engagements were held, starting with the TBCSA Tourism Leadership Conference in September 2022. South African Tourism participated in the conference through an activation platform and a session dedicated to destination marketing. South African Tourism used this platform to drive the Global Advocacy Programme, whereby the private sector and other tourism value chain stakeholders were encouraged to partner with the entity to drive the global and domestic demand for destination South Africa.

Furthermore, an engagement with the sector was held in October 2022 to provide input into the annual planning process. This engagement resolved that markets to be prioritised are domestic, Africa, the UK, the USA, China and Germany. In addition, a number of segments would be prioritised, and joint working groups would be established to drive each segment:

- Brand and communications
- Repeater rate
- Meetings Africa and Africa's Travel Indaba
- Sports (golf)
- Adventure
- Gastronomy
- Youth
- Conservation and sustainability

- Digital nomads
- Government
- Business events

The initial engagement with these working groups was held in March 2023 with a focus on preparations for Africa's Travel Indaba 2023.

As part of its lobbying and advocacy efforts, South African Tourism met with the Thought Leadership Forum with the purpose of working together as a collective in driving the sector's recovery. The Thought Leadership Forum is an informal think tank of like-minded people from the hotels, lodges and resorts industry. The Forum gathers regularly to discuss the state of the tourism industry and to agree on recommendations to be made to the various associations that are responsible for promoting and safeguarding tourism in South Africa and the region.

On the government relations front, South African Tourism participated in the Strategy Planning on airlift with the Department of Transport and the aviation industry. It also presented the Global Advocacy Programme update and plans for Africa's Travel Indaba 2023 at the Tourism, Trade and Security Cluster Meeting.

A bilateral meeting was held with the Department of Tourism where workstreams from both parties presented Terms of Reference (ToR) on the ways of working. South African Tourism participated in the National Tourism Sector Forum (NTSF) on 23rd February 2023 to present the 2022 arrival performance statistics. It also highlighted upcoming collaboration projects with the TBCSA.

Furthermore, South African Tourism participated in the Community Engagement and Tourism Information Session with the Deputy Minister of Tourism, Fish Mahlalela in KwaZulu-Natal in March 2023. The platform provided an opportunity for the entity to present market access opportunities, such as the Sho't Left and speed marketing programmes. In addition, information was provided on the importance of quality assurance through the grading of establishments.

A Corporate Reputation Index provides a way for organisations to understand how they are perceived by their stakeholders and to take actions to enhance their reputation over time. In terms of measuring the effectiveness of the entity's stakeholder relations programme, as outlined above, South African Tourism conducted a Corporate Reputation Index Survey in 2023. This study assessed the awareness and satisfaction levels of key stakeholders to determine the most pertinent communication channels to enhance coordination and collaboration. The baseline index score of 68.24 was established in 2021 and the target for FY22/23 was an

index score of 70.24. The entity received a score of 74.65. The index score came with key recommendations outlining critical areas that South African Tourism should focus on in an effort to improve relations with stakeholders. For an effective implementation of the TSRP, South African Tourism will activate a strategic stakeholder collaborative engagement plan for the entity to become a responsive organisation for the tourism industry that is purpose-driven, collaborative, data-driven, agile and efficient. The engagement plan will ensure that the right stakeholders are engaged through the right channels to ensure that an appropriate level of participation and support is garnered. Furthermore, the plan is aimed at ensuring that the 18 stakeholder categories are engaged.

South African Tourism's DigiTech function is to enable visualisation and interaction with data obtained from digital channels, dynamic reporting and data-driven marketing execution. The FY22/23 APP target was to develop an Integrated Digital and Analytics Operating Framework, and to develop and implement an Annual Roadmap. Both these targets were achieved. This facilitated worldwide visibility and market access to tourism products in South Africa, the central capturing and access to tourism marketing and performance data and the growth of the tourism product database. The key strategic output by 2025 will be to have dynamic reporting and data-driven digital marketing execution.

The Data Analytics and Strategic Insights function plays a critical role in providing strategic guidance and insights to support business growth. It is the organisation's primary knowledge source. The function also measures key performance indicators to establish benchmarks for performance evaluation. The Analytics and Insights business unit developed rigorous methodologies to measure the tourism industry in South Africa, and created online tools to share information with both internal and external industry stakeholders.

Several successful projects were implemented during the period under review. The Analytics and Insights business unit successfully executed and continued with key surveys during the fiscal year that contribute to the tourism sector's key performance indicators. These were the departure survey and the domestic survey that measure the international and domestic markets' key performance indicators, respectively. Furthermore, the Brand Tracker Survey was implemented in the 24 Marketing Prioritisation Investment Framework (MPIF) markets in which South African Tourism operates, measuring the health of the leisure tourism brand from awareness to positivity, consideration and purchase for both the international and domestic markets. Additionally, the business unit conducted a Business Events Brand Survey. This was the first of its kind to be implemented in South Africa to measure the health of the business events industry. The Analytics and Insights business unit also produced and disseminated several thought leadership articles, infographics, routine reports and strategic reports throughout the year under review. These served as valuable sources of information for stakeholders seeking to gain insights into the industry.

Going forward, the Analytics and Insights business unit plans to explore additional sources of big data to further streamline the data turnaround time and enhance decision-making capabilities. By incorporating more big data sources, the aim is to increase the agility of the business and to facilitate prompt responses to market trends and customer needs.

Programme: Business Enablement									
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation	
Achieve good corporate and cooperative governance	Enabling the business	South African Tourism Corporate Brand Index	-	The survey to establish the baseline has been conducted.	70.24 South African Tourism Corporate Brand Index	74.65 South African Tourism Corporate Brand Index	6%	The score is attributed to the overall positive scores across the four key pillars of corporate brand: Responsiveness, Support, Partnership and Formation Communication	
		Integrated Digital and Analytics Operating Framework and annual roadmap implemented	-	-	Integrated Digital and Analytics Operating Framework finalised Implementation of Year 1 (2022/23) Roadmap	The Integrated Digital and Analytics Operating Framework was finalised and approved The Year 1 (2022/23) Roadmap developed, approved and implemented. The Year 2 (2023/24) Roadmap was developed and approved	None	None required.	
			-	-			None	None required.	

Strategy to overcome areas of underperformance

Target	Mitigating action/s
No underperformance is recorded within this programme.	

PROGRAMME 3: LEISURE TOURISM MARKETING

Overview of the programme

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

Business Unit	Purpose
Brand and Marketing	· Grow brand equity to create tourism demand for South Africa as a leisure and business events destination in identified markets.
Tourism Execution	· Create demand through travel acquisition by working with the distribution channels to sell South Africa as a destination.

In contributing towards South African Tourism's impact of "tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation and is enjoyed by all South Africans", the Leisure Tourism Marketing Programme contributes to the following outcome, outcome indicators and targets:

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

Outcomes, outputs, output indicators, targets and actual achievement

South Africa's tourism sector has been severely and negatively impacted due to the global COVID-19 pandemic. South African Tourism's ability to communicate and create demand for leisure and business events has been impacted as a result. As the world comes back to tourism, every destination marketing organisation around the world is going live with campaigns and inspirational messaging to inspire travel to their destinations. As part of the TSRP, South African Tourism needs to break through the noise and reclaim our position in the global travel community, we will need a step-change growth strategy and a series of big strategic and specific actions to reassert our position above pre-pandemic performance measures and increase arrivals.

In line with the Leisure Tourism Marketing Programme's aim of creating tourism demand for South Africa as a leisure and business events destination in identified markets, the entity has its head office based in Sandton, with 11 in-country offices representing its various regions:

Region	In-country offices
Domestic	o Based at Head Office in South Africa
Africa	o Nigeria
Europe	o France o Netherlands o Germany o United Kingdom and Ireland o Australia
Americas	o Brazil o USA
Asia, Australasia and the Middle East	o Japan o China o India

Where South African Tourism does not have a physical presence, the Regional Manager, focusing on embassy liaison, leads our engagement with the embassies and the trade.

Domestic campaigns

The year under review was successful with regard to domestic travel performance. The number of holiday trips taken between April and March 2022/23 grew by 113.7% to 9.9 million, and holiday spend in the same period grew by 83.8% to R47.4 billion, compared to the same period in 2021/22. This performance growth was mainly driven by our focus to inspire our segments to “get out of the house” and take more day and holiday trips by showcasing a variety of affordable, desired experiences in a clear and accessible manner, underlined by a personal safety message, and to create opportunities for the distribution channel to access the domestic market, while enabling them to drive, promote and sell domestic travel effectively, as preferred by consumers. South African Tourism collaborated with the industry to ensure that we have a significant number of deals monthly on our site, www.shotleft.co.za, that are promoted directly to the consumer. This included a variety of experiences from VTSDs.

Three domestic campaigns were launched under the “It’s Your Country, Enjoy It, Because Nothing’s More Fun than a Sho’t Left” umbrella: the Easter ‘Seat at the Table’ Campaign, which emphasises the idea of South Africans setting a table during Easter; Travel Week, where - in collaboration with the trade - South Africans are given up to 50% off travel if they book travel in that week for any future date; and the ‘Gimme Summer that Sho’t Left’ Campaign, inspiring South Africans to enjoy the festive season.

Regional (Africa) Marketing Activities

For the African continent, it was important that South African Tourism increased momentum in FY22/23 to regain the confidence of African travellers to resume travel to South Africa. The overarching strategy was to position South Africa as a friendly, affordable and welcoming destination that offers a variety of hyper-personalised, immersive and authentic leisure experiences, underpinned by people, culture and scenic beauty to drive consideration and visitation. Our efforts resulted in 5.0 million arrivals into destination South Africa from the Africa region, with a spend of R28.8 billion.

Four regional (Africa) campaigns were delivered during the period under review, including the West Africa Easter campaign, the Central, East and Land Africa (CEL) Easter campaign, the West Africa Festive campaign, and a CEL Summer campaign.

Collaboration with Sho Madjozi (our cultural tastemaker to the continent) in the CEL hubs with an exciting brand campaign featured the iconic rapper travelling through South Africa on the ultimate best friend’s road trip that culminated in Limpopo. In the CEL hubs, an experiential consumer campaign, #XibelaniMoves, was launched. This competition launched our TikTok page and asked consumers to show their version of the Xibelani, a dance of the Tsonga people of Limpopo. The hub won a Smarties Award in the category of Best Experiential Digital Activation. Also in the CEL hubs, a fresh game-changer strategy was executed where South African Tourism partnered with local creators to tell the story of South Africa through their own lens. Mzansi Muckbang was launched, where food enthusiast, Xtra Large Cravings, told the story of South Africa through food. Next, Bubblegum Club reframed the narratives of our three apex cities and showed that South Africa has so much more to offer. The Delicious Festival was leveraged to promote South Africa through consumer competitions on radio, where key media and influencers from across the region were invited on a 10-day mega-familiarisation trip like no other. South African Tourism hosted 70 members of the traditional trade

from all the CEL markets on a mega-hosting. We exhibited at the Sanganai Trade Expo in Zimbabwe and had a presence at Magical Kenya Trade Expo.

In the West Africa hub, collaboration was executed with non-travel brands for the amplification of brand presence and consumer reach. Smart Money Women, a Netflix production, showcased South Africa as a business and leisure destination. Collaboration with PepsiCo on Big Brother House Nigeria was implemented to increase brand reach. The West Africa hub executed a sales strategy to encourage travel trade associations in West Africa to purchase curated travel packages that included attendance at Africa's Travel Indaba (ATI) 2022, as well as post-event tours. Thirty-nine packages were sold to non-hosted buyers in addition to the 78 trade and media that were hosted from our markets, ensuring that partners were better equipped to sell the destination back home. The West Africa hub executed a three-city trade roadshow through Ghana and Nigeria, where 27 South African products were profiled. The products included 21 that were owned by small, medium and micro enterprises (SMMEs). This roadshow was delivered in partnership with our provincial tourism authorities, which promoted the destination to over 600 members of the regional trade and media. Collaboration with the non-traditional travel trade to drive meetings, incentives, conferences and exhibitions (MICE) travel saw a partnership with the Access Bank Polo Tournament, a staple on the West African calendar. An opportunity was identified to host the event in Cape Town. Over 250 to-net-value individuals from Nigeria and Ghana attended the event. This positioned South Africa as a business destination and created space for local businesses to network with the rest of the continent.

Our biggest barrier is visa access for the Africa region. In Nigeria, the collaboration between South African Tourism, the South African missions and the Department of International Relations and Cooperation (DIRCO) to find solutions to expedite visa processing is yielding positive results.

Lastly, in keeping our trade on the continent informed, we launched an interactive communication tool - Sabaweli: a destination quarterly newsletter. We also included an engagement portal called Get Connected - a workshop platform that has the capability for an in-market distribution channel to connect with South African product owners. This is an excellent tool that gives small, medium and micro enterprises access to our markets.

International campaigns

South African Tourism's Europe Region is configured into four hubs: the United Kingdom and Ireland, Central Europe (including Germany, Austria and Switzerland), South Europe (comprising France, Italy, Spain and Portugal) and North Europe (including The Netherlands, Belgium and Sweden). Europe's total arrivals reached 1.1 million for the period under

review, with a total spend of R27.6 billion. The UK market regained its position as top air market for South Africa, and was Europe's best-performing arrival market in 2022. COVID-19 left consumers in Europe yearning for a travel experience that could break them out of the cycle of stress and numbness they had come to feel. The COVID-19 pandemic also made our customer base in Europe realise what life is without travel, and that is not what they want. South African Tourism therefore surrounded its European customer base with the Live Again Campaign, inviting European travellers to live again by experiencing a life-changing transformation, filled with rich, authentic, unfiltered experiences, from breathtaking beauty to sun-soaked coasts, from wildlife to active adventure, from vibrant urban energy to the incredible warmth and cultural diversity of the South African people.

In the UK and Ireland hub, the aim was to encourage repeat travellers to visit South Africa again and to visit other provinces, villages and small dorpies. The objective was also to build appeal and consideration of the destination for first-time considerers by positioning South Africa as a welcoming, unique and safe place to visit. The hub participated in the Global Travel Week, Experience Africa, Holiday World Show in Dublin and Destinations, which provided market access opportunities for SMMEs and provinces. The hub hosted 21 members of the media and 42 members of the travel trade on press trips and familiarisation trips. South Africa was featured in 471 trade and consumer publications in the UK and Ireland, generating over £32 million in public relations value. South Africa was featured on ITV's 'This Morning', 'Married at First Sight UK', 'Good Morning Britain', 'Lorraine' and 'Loose Women', reaching 20 million viewers. A number of SMMEs were hosted in the UK and Ireland, including Wild Routes, Bikes and Wines, Escape and Explore, Imonti Tours, Tour 2.0 and Charlie & Gerald's, Doug Rattary and Leeto Experience.

The Central Europe hub centered its efforts around rebuilding trust, demand and conversion after two years of lockdowns and travel bans enforced by the COVID-19 pandemic. At the start of 2022, the operating environment for South Africa's tourism industry was characterised by a degree of uncertainty. The elimination of potential barriers such as safety concerns, hygiene safety, accessibility and affordability was a key priority for the hub. To achieve this, we aimed to create and ignite demand by working with South African Tourism's own channels, as well as external trusted partners to increase awareness and brand equity that feeds into the distribution channels. In addition, our strategic approach was the development of an ecosystem of destination knowledge and trust, and equipping trade partners with all the necessary tools for them to sell South Africa more effectively. The hub coordinated workshops and seminars, which resulted in over 2 400 trained travel agents.

The primary objective of the South Europe hub was to quickly reactivate demand from consumers and reawaken interest in the destination, thus the focus was on raising awareness of the destination, targeting our marketing activities towards the millennials and repeat travellers as they were both identified as more intrepid target markets, which could be relied upon to drive the recovery. Parallel to this, the hub needed to strengthen its relationship with the South European trade and help them introduce diversification of the products to ensure renewal of production, which will help to push geographical spread and give visibility to our hidden gems products. In order to achieve the South Europe strategic objectives, the hub implemented a recovery plan for the region, and gave voice in-market to a localised version of the global 'Live Again' campaign. Varied channels, predominantly digital platforms, were used to give high visibility to the campaign. The hub established a programme of regular publications on our social medias platforms, co-branded trade and media activities with targeted tour operators and outbound travel agents (OTAs), distributed a monthly e-newsletter, hosted both the media and trade, and developed special business-to-consumer (B2C) operations. The hub also had dedicated activities for the trade, including training, trade shows and workshop participation. The results of the South Europe hub's efforts included 11.2 million digital engagements, reaching out to 168.5 million consumers and achieving 1 136 trade engagements. It also developed up to 12 new channel partners, ensuring product diversification and market access to seven SMME products. The hub participated in six market access platforms in all four South European countries.

International tourist arrivals from Northern Europe (inclusive of the Netherlands, Belgium and Sweden) in 2022 were recorded at 142 496 arrivals for the year, with the Netherlands notably occupying the 3rd biggest source market for Europe, from both an arrivals and spend perspective. 2023 arrivals for North Europe position the entire hub as the 3rd largest hub from arrival numbers, with a cumulative total arrival of 40 304 recorded for the first two months of 2023. This is significant as the Netherlands has historically not been positioned in the top three European markets. The growth strides in this hub is attributable to the focused efforts undertaken in the 2022/23 financial year.

In the North Europe hub, a localised live again campaign leveraging tips from locals, trade marketing initiatives involving SA SMMEs, collaboration efforts with partners such as Air Belgium, Live to Travel and 10 travel blogger collaboration content initiatives were headline projects executed in the hub. The 10 bloggers were repeat visitors to South Africa who assisted in providing credible, first-hand information about the destination to assist potential travelers with real time information about the country. The incorporation of South African responsible tourism businesses in a localised LIVE

AGAIN content series was an additional headline initiative that was executed for the year. These initiatives allowed the hub to convince considerers and build their awareness with a greater focus on destination safety, and unique brand and sustainability content in the right channel and moment, supported by deals to drive conversion and inspire repeat travellers to try new experiences in South Africa. The hub did this by providing them with compelling content to drive geo-spread and inclusive growth, while advocating and inspiring first-time visitors. It also effectively partnered with trade partners and expanded into new areas of value creation to promote and sell South Africa, while giving them the right content, quality assurance, training, tools and knowledge. Three key achievements, in addition to arrival and spend recovery targets being met, were: an interactive tips map development that was fully completed and ready to be a B2B and B2C platform that allows for inspiration and conversion objectives to be met between South African product and North European trade partners, while showcasing SMMEs, responsible tourism products and all of South Africa's brand pillars; a landmark collaboration with Air Belgium to deliver direct flights from a fast-growing source market within the region and thirdly, extensive reach and consumer engagements achieved through planned and well executed content series and media buying phases – synonymous with arrival result peaks.

The ongoing global pandemic significantly impacted the outbound travel market in the Asia Pacific (APAC) Region. While domestic travel in China has shown a strong recovery, outbound travel also received a boost following the relaxation of COVID-19 travel restrictions. OTAs emerged as dominant players in the travel industry during the pandemic. South African Tourism's marketing activities in China delivered exceptional results during the year under review. Despite planning for six initiatives, 13 consumer campaigns and trade distribution initiatives were successfully executed. The brand awareness of South African Tourism in the China market improved significantly, compared to previous years. Similarly, in Japan, South African Tourism exceeded expectations by delivering seven consumer campaigns and trade distribution initiatives against the planned six initiatives. All key performance indicators (KPIs) were surpassed, and the brand awareness of South African Tourism in Japan also saw a significant improvement compared to the previous years. The APAC Region held a series of online trade shows and virtual familiarisation tours, including a live-streaming safari from South Africa's premier game parks. In addition, a number of webinars and workshops were hosted where trade from both South Africa and the APAC Region participated. Trade shows made a big comeback in this region. South African Tourism participated in the Japan Association of Travel Agents (JATA) Tourism Expo in Japan, and embarked on at least six trade and media roadshows in China. The impact of the work executed

in China and Japan was recognised in the latest Brand Tracker, indicating that a positive foundation was laid for future growth.

With borders opening in February 2022, amid a challenging operating environment with a third of the sector lost, SAA no longer active in the market and low consumer confidence due to changing restrictions, the Australia hub aimed to reassure and enthuse Australians to choose Destination South Africa, while addressing leakages in path-to-purchase, driven by safety fears, airfare prices and competitors. A strategy was implemented to showcase South Africa's unique selling points (USPs), in line with evolving consumer interests, while demonstrating it to be a safe, accessible and value-for-money destination. This strategy included collaborating with conversion partners to promote relevant value-for-money experiences, as well as ensuring that the transitioning trade industry was equipped with knowledge to sell South Africa over stages of recovery, as well as the new normal. To this end, South African Tourism worked to revive the market with its localisation of the 'Live Again' campaign, giving Australians the opportunity to experience South Africa through influencers, content integration, collaborations and activations which brought the destination to life, while partnering with wholesalers to promote packages, OTAs on conversion campaigns, and airlines to promote options and accessible prices, in addition to training initiatives and stakeholder engagements. Some of the hub's highlights include the integration into Australia's top lifestyle show, a top breakfast show and the creation of a 10-episode series for major television networks, reaching millions of viewers. Other initiatives included the hosting of top-tier media and influencers, a 12-month partnership with Australia's leading conservation body to align South Africa with sustainability, and an exceptional South African digital-disruptor advocacy campaign featuring prominent personalities' insider tips to South Africa, particularly SMMEs. Conversion was also driven with leading OTAs, and the trade reacquainted themselves with South Africa through nationwide roadshows, the trade mega-family, and MICE and buyer tradeshows. These initiatives saw consumer reach, digital engagements and trade initiative targets significantly exceeded, and contributed to the continued growth of the market.

The Middle East, India and Southeast Asia (MEISEA) Region, India in particular, has been instrumental in increasing market access for SMMEs, showcasing new regions in South Africa and - most importantly - enhancing destination awareness in Tier 2 and Tier 3 cities. The India office ran a deal-driven campaign with two airlines, Air Seychelles and Ethiopian Airlines, and a strong brand campaign.

Key barriers for the regions included airlift, visas and the effects of the global economic challenge. The rapid implementation of a functioning e-visa system has the potential to eradicate corruption.

Global Public Relations and Communications

In remaining true to growing brand equity to create tourism demand for South Africa as a leisure and business events destination in identified markets, the Brand and Marketing business unit executed a number of key deliverables in the period under review.

From a global public relations and communications perspective, a number of initiatives were undertaken that were aimed at advancing tourism sector recovery and growth, while also promoting gender equality and the inclusion of women and youth, as outlined in ERRP. The public relations coverage generated throughout the 2022/23 fiscal year had a cumulative reach of five billion viewers from varying source markets, including South Africa. This contributed significantly to increasing brand awareness.

During this fiscal year, South African Tourism launched the Global Advocacy Programme, which aimed to address barriers and manage the brand and image of the country as it pertains to tourism. It is about inspiring through influence. The programme has been implemented through various channels and platforms, inclusive of traditional and social media.

South African Tourism also launched a weekly branded slot, Tourism Tuesdays, as well as Tourism Thursdays, on select radio platforms. This was designed to create ongoing visibility for the tourism sector.

Throughout the year, all strategic events in which South African Tourism participated were amplified, including the Worldwide Exhibition for Incentive Travel, Meetings and Events (IMEX) Frankfurt, the Arabian Travel Market (ATM), IMEX America, the World Travel Market (WTM), the Global Meetings and Incentives Exhibition (IBTM), the Feria Internacional del Turismo (FITUR), the International Tourisme Bourse (ITB), as well as our owned platforms, such as Meetings Africa and ATI. In addition, SMMEs that attended these trade shows were profiled in a bid to advance the tourism sector and promote women- and youth-owned businesses.

September is Tourism Month, which is dedicated to promoting domestic travel and encouraging South Africans to explore lesser-visited provinces or lesser-known areas in the big provinces. For the launch of Tourism Month, South African Tourism identified Kwa Ttu! Cultural Village and invited media from across the country to this venue on the outskirts of the Western Cape. This was a promotion of South Africa's diversity through culture, but was also a contribution towards the empowerment of the community in and around Kwa Ttu! as service providers, accommodation establishments, tourist attractions, experiences and tour operators from the area were employed in the execution of the launch. The presence of media at the event also meant marketing and public relations opportunities for the area, thus contributing to support for

tourism recovery and growth. South African Tourism profiled various women-owned SMMEs during Tourism Month. These women were featured on various South African Tourism-owned platforms and their stories were shared with the media. During Tourism Month, South African Tourism also partnered with Air Belgium for the launch of a direct flight between Brussels and Johannesburg. During the same month, South African Tourism partnered with EuroWings Discover for a direct flight between Germany and the Kruger Mpumalanga International Airport.

In December 2022, the Festive Summer campaign was executed. This was a lead-on from the Sho't Left campaign. A number of integrated public relations campaigns were implemented, focusing on the business events trade show, Meetings Africa, as well as the entity's participation at ITB, where South African Tourism won a stand award. The fiscal year ended with the media launch of ATI 2023 in Durban, as well as welcoming the first Air China flight to Johannesburg following a three-year absence due to the COVID-19 pandemic.

Brand and Marketing

Given that the world has come out of the devastating COVID-19 global pandemic, consumer needs have changed, and so have traveller habits. Airlift and routes to market have also changed. South African Tourism engaged the data analytics, the industry and stakeholders. The key initiatives required to make the target of 21 million arrivals by 2030 attainable were considered. Live data and global consumer sentiment were continuously monitored. There was a need to reconsider the three-year Integrated Brand and Marketing Strategy, which was approved, together with the creative strategy that supports this marketing strategy. At the core of the strategy is telling the Destination Exceptionalism Story that builds positive destination affinity - a big brand stature - for South Africa among travellers planning trips. In essence, the Destination Exceptionalism Story communicates exceptional stories of our people, culture, landscapes and experiences.

Reinstating our brand after the COVID-19 global pandemic with the 'Live Again' campaign was critical in driving sustainable economic growth, raising awareness of South Africa as a tourism destination, and aiding our efforts to reclaim our position in the global travel community. The 'Live Again' global brand campaign, which was launched in February 2022 as part of the sectoral recovery plan, was rolled out in FY22/23. The 'Live Again' audio-visual was flighted globally across key, relevant media platforms, and localised in South African Tourism's key source markets.

A number of global brand activations were delivered across various markets and platforms, including WTM London where a +27 brand activation took place between 7th and 9th November 2022 to showcase South African exceptionalism. WTM London is the leading global event for the travel

industry. It provides a unique opportunity for the global travel trade to meet, network, negotiate and conduct business under one roof. South African Tourism also executed a +27 brand activation at ITB Berlin between 7th and 9th March 2023 to showcase South African exceptionalism. In support of local SMMEs, South African Tourism hosted the Sustainability Village, where some of our uniquely South African products were displayed. The items were also available on the online store for immediate purchase. To further showcase South African exceptionalism, South African Tourism had our guests entertained by the globally acclaimed artist, Master KG, with an inspired Jerusalema dance challenge. South Africa's showcase at ITB Berlin was sealed with a win when the South Africa stand received top recognition by being awarded one of the top three Best Exhibitor Awards in the Africa category.

The Summer Campaign aimed to stimulate and reignite domestic travel, thereby increasing the number of domestic holiday trips over the summer period. This contributed to increasing direct domestic holiday spend and increasing destination brand strength. The objective of the campaign was to create an inclusive summer campaign that would get South Africans moving and engaging with tourism products across the country. The nationwide campaign execution took place across fuel stations, shopping malls and social hangout spots with a high footfall. About 100 youth were employed in each province for the duration of the campaign.

South African Tourism identified a marketing opportunity by collaborating with Formula E to aid our drive of addressing the sector's target to achieve 21 million arrivals by 2030 and hosting global events. The objective of South African Tourism's partnering with Formula E was to position South Africa as an exceptional tourist destination that can host mega events as part of the tourism recovery drive, increasing awareness that South Africa is a sustainable destination that takes responsible tourism seriously, leveraging the Formula E platform to drive the growth of both domestic and international tourism to Cape Town and South Africa, and creating a platform for sustainable SMMEs to showcase their products as part of the TSRP. The inaugural 2023 Cape Town E-Prix was the first open-wheel race to take place in sub-Saharan Africa since 1993. Cape Town's securing of a five-year contract with the Fédération Internationale de l'Automobile (FIA) and Formula E marks the beginning of a new frontier of motor racing in South Africa. As a destination with ambitions to become a green economy hub, the event is a demonstration of the region's willingness and ability to transform to a greener future. The legacy of the 2023 Cape Town E-Prix is an upgraded multi-functional precinct with one of the fastest, most picturesque tracks on the Formula E circuit. Table Mountain and Robben Island formed the backdrop to the new Cape Town E-Prix street circuit. Locally, the Cape Town E-Prix enjoyed widespread global media exposure.

The inter-continental Grand Tourer (GT) Challenge Series, powered by Pirelli, is a GT3 and GT4 sportscar-based series, which has been running at Kyalami since 2019. The series visits the five continents, and the Kyalami round, in February 2023, was the second round of the five-race 2023 season. The Kyalami nine-hour race was contested by both overseas and local GT3 and GT4 teams. Over 20 entries, including top international and local drivers, fought for the overall and class victories in the endurance race. All the top national motorsport categories participated in various support races during the three days of track action. The event took place between 24th and 25th February 2023. It featured various activations within the South African Tourism +27 lifestyle activation stand, and exciting entertainment and networking opportunities for corporates, manufacturers and the general public. The experiential showcase of South Africa highlighted each of our nine provinces every hour, all while engaging, inciting and exciting the guests that visited our experiential platforms. The experiences were curated to engage, educate and excite the general public, the media and stakeholders. South African Tourism's activations included the +27 exhibition stand with 27 experiential touch points with virtual reality goggles, a race car simulator and a sustainability village showcasing the products of local SMMEs, which included women-owned businesses.

Despite the significant milestones achieved, this has been a challenging year due to the changes brought about by the ending pandemic. Some of these challenges included advertising agencies working on project-based agency fees, which were applicable during the COVID-19 period. This led to interrupted outputs. Poor infrastructure and loadshedding affected the nation brand image, which, in turn, had an effect on the destination brand. Unfortunately, these elements had an adverse impact and negatively positioned Destination South Africa in the international media. It also overshadowed the Destination Brand work. Issues of safety and security, such as a German tourist who was murdered in Mpumalanga in November 2022, impact the perception of South Africa as an unsafe destination. There is an urgent need for a cut-through campaign in international territories. As a global marketing organisation, it is difficult to compete when the exchange rate is not in our favour. To be globally competitive, South African Tourism needs significant resources and the agility to seize opportunities as they emerge. South African Tourism often misses out on opportunities or is unable to participate adequately in global creative and/or media and marketing opportunities given these hurdles.

Programme 3: Leisure Tourism Marketing								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Increase the tourism sector's contribution to inclusive economic growth	Global Tourism Brand Campaign	Global Tourism Brand Campaign Plan implemented	-	One annual campaign was launched with the global roll-out implemented.	2022/23 Global Tourism Brand Campaign Plan implemented	The 2022/23 Global Tourism Brand Campaign was developed with seven of ten planned activities implemented.	-43%	The 2022/23 Global Tourism Brand Campaign was developed and implemented, but not approved by ExCo, which is non-compliance to the technical indicator description (TID) and is therefore under-performance. The three activities planned for Quarter 3 were not executed due to budget constraints.
					Approval of 2023/24 Global Tourism Brand Campaign Plan	The 2023/24 Global Tourism Brand Campaign Plan was developed and approved.	None	None required.
	Integrated Destination Brand and Marketing Strategy	Integrated Destination Brand and Marketing Strategy implemented	-		Three-Year Integrated Destination Brand and Marketing Strategy	The Three-Year Integrated Destination Brand and Marketing Strategy was developed and approved.	-50%	The Three-Year Integrated Destination Brand and Marketing Strategy was developed and approved by ExCo in Quarter 3 instead of Quarter 1.
					Implementation of Year 1 (2022/23) Roadmap	The roadmap was developed and implemented in Quarter 4.	-51%	The roadmap was developed in Quarter 3 instead of Quarter 2. Quarter 3 milestones were not executed. Milestones for Quarter 4 were executed.
					Year 2 (2023/24) Implementation Roadmap approved	The Year 2 (2023/24) Implementation Roadmap was approved.	None	None required.

Programme 3: Leisure Tourism Marketing								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
	Global brand activations	Number of global brand activations implemented	-	Tourism activation at the World Expo 2020 in Dubai was implemented.	4 global brand activations implemented	2 global brand activations were implemented.	-50%	Six global brand activations were executed, exceeding the annual target of four. However, out of the six activations, four could not be accepted as the TID for this KPI was not met, leading to non-compliance and under-performance against the planned target.
	Global Advocacy Programme	Elements of the Global Advocacy Programme implemented	-	-	Elements of the Global Advocacy Programme implemented: Travel barrier removal communications roadmap for each source market Amplification of communication around strategic events	The travel barrier removal communications roadmap was implemented, achieving the 39 planned activities	-17%	The travel barrier removal communications roadmap was developed for the year, which included quarterly plans. It was approved by ExCo in Quarter 2 and not in Quarter 1. The roadmap was fully implemented. The amplification of communication around strategic events was developed for the year and not per quarter, and approved by ExCo in Quarter 2 and not quarterly. Seventeen activities were implemented against a total of 16 planned activities.

Programme 3: Leisure Tourism Marketing								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
					'Always On' content management roadmap	The 'Always On' content management roadmap was approved and implemented, achieving 120 of the 126 planned activities	-22%	The amplification of communication around strategic events was approved by ExCo as an annual plan and not a quarterly plan, as required, but was implemented, achieving 120 of the 126 planned activities.
	In-market campaigns	Number of domestic campaigns delivered	-	5 domestic deal-driven campaigns were delivered	3 campaigns delivered	3 campaigns were delivered.	None	None required.
		Number of regional (Africa) campaigns delivered	-	One regional brand campaign was implemented.	4 campaigns delivered	4 campaigns were delivered.	None	None required.
		Number of international (overseas) campaigns delivered	-	-	15 campaigns delivered	15 campaigns were delivered.	None	None required.

Strategy to overcome areas of underperformance

Target	Mitigating action/s
2022/23 Global Tourism Brand Campaign Plan implemented	An improved operational model will be implemented within the business unit to provide greater support for campaign execution, which will include more stringent management controls.
Three-Year Integrated Destination Brand and Marketing Strategy	
Implementation of Year 1 (2022/23) Roadmap	
Travel barrier removal communications roadmap for each source market	To ensure that the implementation of plans does not happen prior to the necessary approvals being obtained, as stipulated in the TID, and to avoid underperformance, the business unit will ensure that the necessary approvals are obtained in line with the stipulated TIDs ahead of execution by means of a different operating model. This model will include constant and regular status project meetings with the relevant Executive Manager and ExCo for closer and regular alignment to expedite approvals.
Amplification of communication around strategic events	
'Always On' content management roadmap	
4 global brand activations implemented	Given that the underperformance relates to compliance with the TID for this target, additional training on performance reporting will be implemented for the business unit as a corrective measure.

PROGRAMME 4: BUSINESS EVENTS

Overview of the programme

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

Business Unit	Purpose
Business Development and Support Services	· Generate qualified leads and inform targeted positioning of South Africa as a business events destination.
MICE Sales	· Capacitate and enable a relevant and competitive business events destination.
Strategic Events and Platforms	· Create an inclusive market access and transaction platform for South African and African tourism and auxiliary products.

In contributing towards the South African Tourism impact of "tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation, and is enjoyed by all South Africans", the Business Events Programme delivers against the following outcome and Five-Year targets in the approved Five-Year Strategic Plan 2020-2025:

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

The Five-Year Strategic Plan 2020-2025 targets are monitored over the five-year period. In order to improve oversight of the performance against this target, the Five-Year target has been annualised as follows:

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

Outcomes, outputs, output indicators, targets and actual achievement

As the world sails further and further away from the shores of pandemic-induced travel restrictions, the tourism sector is rebounding impressively, globally, with predictions that international arrivals may reach up to 95% of pre-2020 levels. As operators in the sector are coming to appreciate, the post-pandemic traveller is looking for meaningful and unforgettable experiences, whether they are travelling for business, leisure or "bleisure". In this context, the MICE subsector is preparing for phenomenal growth as a tourism and economic sweet spot, providing this seamless blend between business and leisure travel, and has the potential for a boom on which the African continent dare not miss out.

The World Travel and Tourism Council (WTTTC) already estimates that the MICE industry accounts for between US\$ 650 billion and US\$ 700 billion of the overall US\$ 7 trillion global travel and tourism economic value. But the African continent's share of that is pegged at 2%. Juxtapose this slice of the MICE industry currently carved out for the African continent with expectations such as those of Allied Market Research that this subsector of travel and tourism will grow to US\$ 1.4 trillion by 2025, and the opportunities for economic growth, employment and national earnings are painted in vivid colour.

SANCB's mandate is to market South Africa as the foremost business events destination and to secure meetings, incentives, conferences and exhibitions for the country linked to the national government's priority sectors. In FY22/23, SANCB sourced and submitted 95 bids for international business events hosted in South Africa between 2022 and 2029, exceeding the planned target of 93. These bids have a combined estimated economic value of R1.2 billion and can potentially attract 49 232 international and regional delegates to South Africa between 2022 and 2029.

South Africa has successfully won 40 bids during the fiscal year, which may contribute an estimated R338 million to the economy between 2022 and 2025, and attract 16 505 international and regional delegates. The bids won will spread business events across the country and will be held in Johannesburg, Tshwane, Hammanskraal, Cape Town, Bloemfontein, Durban, Mokgopong, Muldersdrift and Pietermaritzburg.

The core mandate of the unit is to create global market access for South Africa's tourism sector.

SANCB executed the business events 'Open Doors' Campaign, which aimed to create awareness that Destination South Africa is open and ready to host world-class business events. Further to this, South African Tourism's own tradeshows, Meetings Africa on the business side, and ATI on the leisure front, were reinstated following the COVID-19 pandemic.

South African Tourism hosted ATI after two years of absence due to the COVID-19 pandemic. The show took place from between 2nd and 5th May under 2022 under the 'Let your stories shine' banner, which was inspired by the importance of Africa sharing its true resilience and success stories amid the pandemic. ATI afforded the entire tourism value chain with a recovery platform that offered buyers access to the widest possible range of African tourism products through a single touch point, and exhibitors the chance to showcase their products. The show had 6 308 delegates in attendance with 634 exhibiting businesses from 19 African countries, showcasing an array of travel and tourism offerings to 956 local and international buyers. This was further boosted by 13 804 confirmed meetings that took place between buyers and exhibitors. The show further reported a total expenditure of R122 646 055 in South Africa, with 736 annual jobs contributed.

'Africa's success through quality connections' was the 2023 positioning for Meetings Africa, which took place at the Sandton Convention Centre between 27th February and 1st March 2023. The show returned to its pre-COVID-19 numbers with 2976 delegates in attendance. Meetings Africa revealed its new brand identity; the exhibition floor was fully sold out. The 350 exhibitors who participated included 22 African countries. The airline pavilion was a new addition to Meetings Africa. Over 198 hosted buyers were confirmed, and an enhanced and super-efficient online diary system ensured that 11 494 meetings were scheduled during this period.

SANCB continues to make strides in ensuring inclusive growth for the sector. This focus took centre stage through the National Association Project that focused on capacity building and the hosting of business events in VTSDs. Five of these VTSDs benefited from this programme in Grabouw,

Oubaai, Tzaneen, Scottburgh and Mthatha, with 821 delegates being hosted. International inclusive market access is focus where 156 SMMEs from across the country are afforded an opportunity to participate at South African Tourism's seven strategic platforms, including Meetings Africa and ATI.

From a business tourism sales perspective, the country's excellent conference venues, accommodation establishments, modern facilities and reliable event services helped attract a diverse range of meetings, incentives, conferences and exhibitions. In addition, 2022 saw South Africa hosting business events that had been postponed due to the pandemic as the organisers felt more comfortable hosting their events in the post-pandemic environment and mitigating the risks associated with the pandemic. As a result, South Africa regained its position as a top business events destination by ranking 42nd globally in the International Congress and Convention Association's 2022 ranking, which was released in 2023.

South African Tourism further facilitated participation at identified global strategic trade shows, which presented an opportunity for South African products to have access to and transact with various international buyers:

- Arabian Travel Market, Dubai is a leisure show that returned after COVID-19 as a physical show, which took place from 9th to 12th May 2022, and was attended by 20 tourism industry representatives, recording 477 meetings and 10% of the business being concluded during the show.
- IMEX Frankfurt, a business show, returned after a year of absence due to COVID-19 and took place from 31st May to 2nd June 2022. A total of 25 exhibitors participated, where the destination's MICE offerings were showcased during the show and 82 meetings were confirmed.
- IMEX America, also a business show that took place physically from 11th to 13th October 2022, saw 24 members of the tourism industry participating, with 288 meetings reported.
- WTM London is the second-biggest global leisure show. It took place from 7th to 9th November 2022 with 25 South African exhibitors in attendance and 412 meetings recorded.
- IBTM World, Barcelona, another business show, was hosted from 29th November to 1st December 2022. SANCB partnered with Reed Exhibitions in hosting the IBTM World Association Day, and further announced its partnership with the International Association of Convention Centres (AIPC). This resulted in the hosting of the AIPC Summit at Meetings Africa 2023. The MICE sector was represented by 18 exhibitors, and 617 meetings were concluded. It was a virtual show.

- FITUR Spain is classified as the first appointment of the year for the world's leisure tourism professionals, and the leading trade fair for inbound and outbound markets. The show took place from 18th to 22nd January 2023 with 13 exhibitors and 362 meetings.
- ITB Berlin is the world's biggest leisure show that gathers the globe under one roof. The show returned as a physical show after three years of being presented virtually. South Africa was represented by 44 industry partners and 1 188 meetings took place.

Programme 4: Business Events									
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation	
Increase the tourism sector's contribution to inclusive economic growth	B2B brand campaigns	Number of B2B brand campaigns implemented	-	The global business events campaign was implemented.	2 B2B campaigns implemented	2 B2B campaigns were implemented.	None	None required.	
	Bid support for international business events	Number of bid submissions	55	The domestic business events campaign was implemented. 81 bid submissions achieved	93 bid submissions	95 bid submissions	2%	The sales activities resulted in additional leads being converted into bid submissions.	
	Hosting of strategic platforms	Africa's Travel Indaba and Meetings Africa hosted	-	Meetings Africa was hosted	Hosting of Africa's Travel Indaba 2022 and Meetings Africa 2023	Africa's Travel Indaba 2022 and Meetings Africa 2023 were hosted.	None	None required.	
	National business events hosted in VTSDs	Number of national business events hosted in VTSDs	-	3 national business events were piloted in VTSD	5 national business events to be piloted in VTSD	5 national business events were piloted in VTSD	None	None required.	

Strategy to overcome areas of under-performance

Target

No underperformance was recorded within this programme

Mitigating action/s

PROGRAMME 5: TOURIST EXPERIENCE

Overview of the programme

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

Business Unit	Purpose
Quality Assurance and Development	· Grow the number of graded properties across South Africa, which will improve overall perceptions of South Africa as a quality destination that offers a diverse, unique and enriched variety of products and price points for tourists.
Visitor Experience	· Enable the travel trade and associated partners to deliver world class, warm, friendly and efficient services to tourists, as well as recognising and rewarding tourism businesses for service excellence including their contribution towards growing GDP and job creation.
Brand Experience	· Seek new offerings, products and operators to package in exciting itineraries for the use of South African Tourism hosting needs, and enable inclusive growth through itineraries that incorporate emerging and transformed businesses, encourage geographic spread across the country and address the misperceptions associated with seasonal travel.
Global Trade	· Participate in the various local and international platforms to connect and promote South Africa as a lucrative destination to international airlines, and identify and implement the trade tools required for international partners to better sell South Africa and improve conversion.

The Tourist Experience Programme delivers against the following outcome and five-year targets in the approved Five-Year Strategic Plan 2020–2025 as its contribution to South African Tourism’s impact of “tourism in South Africa grows and increasingly contributes to GDP, job creation, inclusive economic participation and is enjoyed by all South Africans”:

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

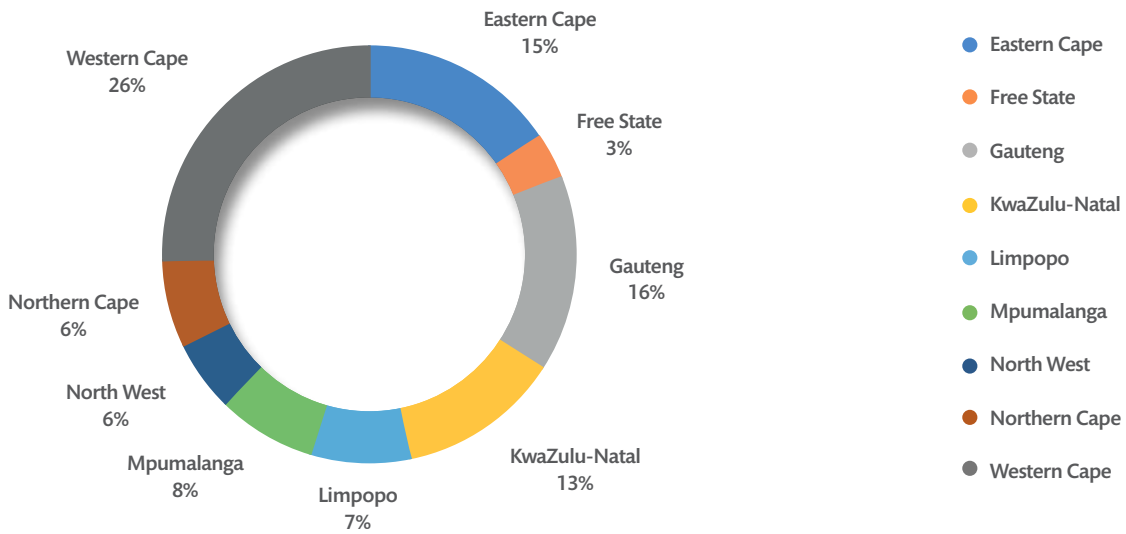
*SMMEs supported through Business Events platforms and Visitor Experience events and hosting itineraries.

Outcomes, outputs, output indicators, targets and actual achievement

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

The TGCSA business model was reviewed during the fiscal year. The approved strategic approach is to “expand categories with mandatory verification, and a paid memberships structure for grading”. The approved supporting value proposition is “ensuring South Africa’s exceptionalism”. For FY2023/24, the TGCSA will work on the operational model to support the new business model and the fulfilment of the value proposition. Against the annual target of grading 5 355 establishments, the business unit quality assured and graded 4 959 establishments during the period under review. The graph below depicts the provincial distribution of the quality-assured establishments, with most of its members located within the Western Cape (26%), followed by Gauteng (16%), the Eastern Cape (15%), KwaZulu-Natal (13%), Mpumalanga (8%), Limpopo (7%), North West (6%), Northern Cape (6%) and the Free State (3%).

Provincial Distribution of Quality Assured Establishments



The underperformance against the target may be attributed to a substantial number of establishments not renewing their grading membership as a consequence of the financial impact of the COVID-19 pandemic. Reasons obtained through the TGCSA database research project, which was conducted during the previous fiscal year, include affordability, establishments converting their facilities to residential dwellings, and establishments permanently closing down.

Since the implementation of the universal accessibility minimum entry requirements (MERs) and the universal accessibility grading (UA) criteria in 2015, South Africa has approximately 90 UA-approved properties. All properties (new and renewals) on the TGCSA membership database have been assessed for UA to ascertain their state of readiness in line with the respective criteria.

The Tourism Grading Support Programme (TGSP), which forms part of the broader Tourism Incentive Programme (TIP), was initially launched as a pilot project by the Department of Tourism on 10th March 2015, with the objective of encouraging more accommodation and meetings, exhibitions and special events (MESE) establishments to obtain their grading and stay graded under the TGCSA's star grading system. The Department of Tourism and the TGCSA agreed to transfer the administration of the TGSP from the Department to the TGCSA with effect from 1st February 2017. This was done to address challenges relating to the poor uptake of the rebate-based programme during the pilot phase, as well as the incorporation of the financial support offered by the programme into a structured discount system. This formed part of the standard tourism grading of the TGCSA to facilitate a streamlined administration process and the more impactful achievement of the programme's objectives. Since 2017, numerous agreements have been put in place to cement the partnership and highlight specific deliverables to ensure the programme's effectiveness and reporting.

During the period under review, the programme funded 3 738 applications for grading discounts approved against the TGSP funding account.

Currently, the TGCSA has 44 contracted grading assessors while there are an estimated 10 000 accommodation establishments in South Africa, with only 4 959 graded. The accredited grading assessors are responsible for applying grading criteria, which are globally competitive, with the aim of ensuring consistency in the experiences provided by the accommodation sector across South Africa. Furthermore, the TGCSA provides a rigorous framework and processes used by assessors for the quality assurance of accommodation establishments and venues, ensuring the country's international competitiveness as a tourism destination of choice. Thus, a process of recruiting additional assessors was initiated in November 2022. This led to the appointment of 24 successful candidates to be appointed as new independent grading assessors to undergo the accreditation training process.

When the first review of the grading criteria was conducted in 2010, the TGCSA made a commitment to the hospitality industry that the criteria and standards would be reviewed every three years to ensure relevance to global standards, traveller needs and travel trends. The grading criteria review in 2012 included the development and introduction of the game lodge grading criteria. In 2019, the TGCSA grading criteria review included the enhancement of the star grading system on the formal accommodation additions of categories (small hotel, apartment hotel, boutique hotel), an enhancement of MESE to venues with additions of

categories (in-hotel conference centre, historical venue, events venue, function venue, conference centre), the development and introduction of the five-star premium grading, the accolades system for graded establishments and experiences, as well as an accolade for responsible tourism.

As part of the recommendations for the current grading criteria review, the TGCSA conducted a global benchmarking exercise. The aim of the exercise was to visit countries that provide a classification grading system or similar services to South Africa to continuously improve South African Tourism's grading system. This review included African counterparts (Malawi, Kenya and Rwanda), as well as global grading counterparts (Visit Scotland, Visit Britain, Ministry of Tourism in Malaysia, New Zealand Qualmark, Canada Select and the Ministry of Tourism Brazil). The process included engaging the sector for the purpose of reviewing the grading criteria to ensure alignment with the industry role-players. Industry stakeholder engagement commenced in February 2023 and will continue into the new fiscal year. This will include the review of the universal accessibility grading criteria as it is due for review.

The in-country benchmark visit will continue as part of the recommendation of the grading criteria review for the TGCSA to conduct a global benchmarking exercise with the next review. The aim of the exercise is to visit countries that provide a classification grading system or similar services to South Africa to continuously improve South African Tourism's grading system.

The Basic Quality Verification (BQV) Programme provides a structured approach that will build confidence in many accommodation products, especially those in rural areas. This will enable tourism products that do not meet the core requirement of grading to access trade with the tourism sector's support, and provide access to funding opportunities to develop their offering to meet core requirements for formal grading over time. The programme allows products to reside as BQV properties for a maximum of two years, after which they will be encouraged to apply for a full star-grading assessment. Following the successful pilot of the BQV Programme in Eastern Cape, the programme will continue in KwaZulu-Natal. The BQV evaluators are responsible for applying the BQV criteria, which are used to assess establishments that do not meet the minimum entry requirements of formal grading. The intention is to continue to use the skills of unemployed graduates, as the programme recruited and trained 29 unemployed graduates, and has consolidated 679 SMME accommodation products that will be verified through the programme. These products are located in various district municipalities such as uThukela, iLembe, Amajuba, Ugu and eThekweni. The next step in the process is the incubation of the products through the Department of Tourism's Enterprise

Development Programme, starting with the products that were qualified in the Eastern Cape in October 2021.

The Welcome Programme seeks to inspire and educate South African Tourism's role players and ordinary South Africans to exceed tourist expectations. This is done through warm, authentic interactions and the delivery of great customer service. An extension of the Welcome Programme is the 'Make Someone's Day' initiative, which is positioned to showcase and highlight the importance of trade in the tourism value chain. Based on insights across the various touchpoints of the tourism value chain, staff, including frontline officials, do not understand the negative impact of their service or lack of service to visitors entering South Africa. In the year under review, South African Tourism completed a full audit on the programme and improved the Welcome training modules, including producing additional modules from gaps identified. As part of the ExCo-approved roadmap, a training certificate was designed and a training measurement tool developed to monitor feedback from attendees, which was successfully rolled out at the Cruise Terminal training conducted at the V&A Waterfront. Negotiations with the new Border Management Authority (BMA) commenced, and a partnership has been agreed upon between South African Tourism and the BMA. The Memorandum of Understanding (MoU) will be launched in the new fiscal year upon the signature of both parties.

The Inclusivity Code of Conduct Pledge came about as a result of the Maselspoort Resort and Conference Centre's racial discrimination incident to ensure that such incidents are minimised in South Africa. This incident led to high levels of concern within the tourism and hospitality sector during the peak travel season. Tourism is about authenticity, sustainability and inclusivity, and racism is an antithesis to this. Therefore, it is not acceptable that such incidents go unremedied. Therefore, the business needs to be at the forefront in initiating opportunities to create a positive outcome. Inclusivity in the tourism context includes race, ethnicity, gender identity and/or expression, sexual orientation, ability, including physical, mental and/or sensory impairments, first language, socioeconomic status, citizenship and/or country of origin, faith, religion or spiritual affiliation, age or marital status. The Pledge was designed in March 2023 and planned for launch and activation at ATI 2023.

The objective of the global trade function is to review, reset, revise and reimagine the global trade portfolio, business needs and trade requirements in a post-COVID-19 environment. An ExCo-approved roadmap that details the various route development initiatives was implemented. Some highlights include supporting the Cape Town Air Access team in hosting the welcome reception for AviaDev 2022, and supporting the partnership with the Department of Tourism and the

Western Cape Provincial Tourism Authority at the SeaTrade Cruise Tourism event. South African Tourism also supported World Routes 2022 in Las Vegas, World Travel Markets in the UK, the launch of Eurowings Discover, a seasonal flight from Frankfurt to Mpumalanga, and Air Mauritius flights to Cape Town, support to the Airlines Association of Southern Africa (AASA) and the hosting of strategic media partners. The entity also hosted the first-ever Airlines Pavilion at Meetings Africa 2023 with eight African airlines: Cote d'Ivoire, Kenya Airways, LAM Mozambique, FlyNamibia, Flysafair, Eswatini Air, Ethiopian Airlines, Airlink and Asky Airlines. These route development initiatives were an opportunity to further engage with our partners on connectivity and airlift within the continent. According to the International Air Transport Association (IATA), Africa is set to become one of the fastest-growing aviation regions in the next 20 years. However, several barriers exist, including high tickets prices, weak infrastructure and poor connectivity.

Through our Brand Experience focus, innovative itineraries were launched across the destination. All itineraries developed showcased various products and experiences countrywide. An LBGTQI itinerary was developed that featured geographic spread throughout the nine provinces, as well as 27 provincial itineraries. A total of 49 hostings were conducted and nine trade newsletters were developed and distributed between 1 July 2022 and 31 March 2023.

Speed marketing is a market access platform created to provide tourism businesses with an opportunity to interact and forge business relationships between products and buyers. Speed marketing creates a platform where new and existing products in the tourism industry get exposure to local and international tour operators to build a quality visitor experience. There are currently three formats of speed marketing: three sessions at ATI, four provincial sessions and a country mega-familiarisation programme that is run in the same way as the provincial sessions. The Speed Marketing Programme enablement is a great platform that most SMME products find to be an opportunity to market their products to the local and international tour operators as they often lack marketing budget to promote their products.

Programme 5: Tourist Experience										
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation		
Increase the tourism sector's contribution to inclusive economic growth	Quality- assured visitor services	Review of the grading model and TGCSA value proposition finalised	-	-	Grading business model and TGCSA value proposition revised and implemented	The grading business model and TGCSA value proposition were revised and implemented.	None	None required.		
		Number of graded establishments	-	3 605 establishments were graded	5 355	4 959 properties have been quality assured.	-7%	Grading is a voluntary programme. However, South African Tourism engaged in a series of measures to drive the target, including, but not limited to provincial quality assurance workshops, stakeholder MoUs, lead-generation programmes and a new pre-approval pilot programme.		
	Rejuvenate supply and ensure sustainability	Implementation of Global Trade Reimagined Programme	Welcome Programme implemented	-	-	Welcome Programme reviewed and implemented	The Welcome Programme was reviewed and implemented.	-50%	The Welcome Programme was reviewed and implemented. However, it was approved in Quarter 3 and not in Quarter 2.	
			Development and implementation of Welcome Programme 2022/23 roadmap	-	-	Development and implementation of Welcome Programme 2022/23 roadmap	The Welcome Programme roadmap was developed and implemented.	-50%	The Welcome Programme 2022/23 roadmap was developed and implemented. However, it was approved in Quarter 3 and not in Quarter 2.	
					Global Trade Reimagined Programme implemented	The Global Trade Reimagined Programme was implemented.	None	None required.		

Strategy to overcome areas of underperformance

Target	Mitigating action/s
A total of 5 355 graded establishments	South African Tourism will continue to engage in a series of measures to drive the target, including, but not limited to provincial quality-assurance workshops, stakeholder MoUs, lead-generation programmes and a new pre-approval pilot programme.
Welcome Programme reviewed and implemented	The Welcome Programme and Roadmap were developed and approved three days later than planned due to the additional engagement needed with critical tourism partners to obtain their feedback on the programme.
Development and implementation of the Welcome Programme 2022/23 and Roadmap	

LINKING PERFORMANCE WITH BUDGETS

Programme, activity or objective	2021/22			2022/23		
	Budget	Actual expenditure	(Over-)/under-expenditure	Budget	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Corporate Support	154 768	148 118	6 650	158 094	208 884	(50 790)
Programme 2: Business Enablement	80 761	55 740	25 021	84 621	70 202	14 419
Programme 3: Leisure Tourism Marketing	1 026 687	922 293	104 394	1 069 287	935 194	134 093
Programme 4: Business Events	106 259	108 085	(1 826)	92 222	286 325	(194 103)
Programme 5: Tourist Experience	49 147	39 658	9 489	51 354	59 915	(8 561)
Total	1 417 622	1 273 894	143 728	1 455 578	1 560 520	(104 942)

REVENUE COLLECTION

Sources of revenue	2021/22			2022/23		
	Estimate	Actual amount collected	(Over-)/under-collection	Estimate	Actual amount collected	(Over-)/under-collection
	R'000	R'000	R'000	R'000	R'000	R'000
Governments Grants and Subsidies	1 297 038	1 297 038	0	1 329 206	1 329 206	0
Sundry Income	58 345	21 629	36 716	61 146	115 072	(53 926)
Grading Income	12 239	15 033	(2 794)	12 826	25 057	12 231
Voluntary TOMSA levies(TBCSA)	50 000	58 839	(8 839)	52 400	115 440	(63 040)
Total	1 417 622	1 392 539	25 083	1 455 578	1 584 775	(135 610)

CAPITAL INVESTMENT

Infrastructure projects	2021/22			2022/23		
	Budget	Actual expenditure	(Over-)/under-expenditure	Budget	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
None	0	0	0	0	0	0
Total	0	0	0	0	0	0





#RECOVERY 
CHARTING THE WAY FORWARD

INTRODUCTION

Corporate governance is the system of rules, practices and processes by which an organisation is directed and controlled. It refers to the way in which the organisation is governed, and identifies powers and accountability, and levels of decision making. South African Tourism has enabling legislation, which is the legislative requirements with which it must comply. This includes the prescripts of the Public Finance Management Act. The entity also strives for compliance with the King Report of Corporate Governance. The Executive Authority and the Accounting Authority are responsible for governance.

PORTFOLIO COMMITTEES

Parliament, through the Portfolio Committee on Tourism, the Select Committee on Trade and Industry, Economic Development, Tourism, Employment and Labour, as well as the Standing Committee on Public Accounts (SCOPA), is responsible for oversight of the entity.

In particular, through the Parliamentary Programme, the Portfolio Committee on Tourism exercised oversight over South African Tourism during the period under review. South African Tourism tabled the following reports:

Date	Subject matter
10 May 2022	Briefing to the Portfolio Committee on South African Tourism's FY22/23 Annual Performance Plan
6 September 2022	Briefing to the Portfolio Committee on South African Tourism's FY21/22 third and fourth quarterly performance reports
18 October 2022	Briefing to the Portfolio Committee on South African Tourism's FY21/22 Annual Report
22 November 2022	Briefing to the Portfolio Committee on South African Tourism's FY22/23 first and second quarterly performance reports
29 November 2022	Briefing to the Portfolio Committee on South African Tourism's FY22/23 first and second quarterly performance reports
7 February 2023	Briefing to the Portfolio Committee on the alleged R1 billion sponsorship of the English Premier League Soccer Club
21 February 2023	Briefing to the Portfolio Committee on South African Tourism's FY22/23 first and second quarterly performance reports

EXECUTIVE AUTHORITY

The Minister of Tourism is the sole shareholder of the South African Tourism Board. The Tourism Act, the PFMA and the Public Entity Governance Protocol outline the powers of the Shareholder. As per legislative requirements, South African Tourism submitted the following compliance reports to the Department of Tourism during the period under review:

Date	Subject matter
28 April 2022	FY21/22 Fourth Quarterly Performance Report
31 May 2022	Draft FY21/22 APP and Annual Financial Statements
29 July 2022	FY22/23 First Quarterly Performance Report
18 August 2022	Draft FY21/22 Annual Report
28 October 2022	FY22/23 Second Quarterly Performance Report Draft FY23/24 Annual Performance Plan
15 November 2022	Draft Mid-term Review Report
30 November 2022	Final Mid-term Review Report
30 January 2023	FY22/23 Third Quarterly Performance Report Final FY23/24 Annual Performance Plan

The following meetings were attended with the Department of Tourism:

Date	Subject matter
5 May 2022	Report on the implementation of the Tourism Sector Recovery Plan at the Joint Meeting of Ministers and Members of Executive Councils (MINMEC) at Africa's Travel Indaba 2022.
10 June 2022	Department of Tourism and South African Tourism Executive Management meeting with the focus on the review of Africa's Travel Indaba 2022, domestic tourism and the annual events calendar.
6 July 2022	Participation in the Strategic Planning on Airlift with the Department of Transport and the aviation industry.
12 July 2022	Participation in and presentation of the Global Advocacy Programme at the Tourism, Trade and Security Cluster meeting.
29 July 2022	Bilateral meeting with the focus on establishing workstreams between the Department of Tourism and South African Tourism to collaborate on strategic projects.
4 August 2022	Participation in the Minister's meeting with the Association of Airlines of South Africa (AASA) on matters affecting the aviation industry.
23 August 2022	Participation in the Joint Ministerial Technical Committee for Tourism (MIPTECH) meeting with the focus on progress on the Tourism Sector Recovery Plan.
25 August 2022	Participation in the outreach programme with the diplomatic community with the focus on the Global Advocacy Programme.
1 September 2022	Participation in the National Tourism Sector Forum and presentation of the 2021 tourism performance.
23 November 2022	Participation in the National Tourism Sector Strategy implementation workstreams meeting and presentation of the domestic tourism campaigns implemented.
23 February 2023	Participation in the National Tourism Sector Forum and presentation of the 2022 tourism performance.

ACCOUNTING AUTHORITY

The South African Tourism Board is a schedule 3A public entity, established in terms of section 9 of the Tourism Act, and listed as such in the PFMA. The entity complies with relevant legislative requirements. It applies corporate governance by adhering to the provisions of the King IV Report on Corporate Governance for South Africa, 2016 (King IV), and the Public Entity Governance Protocol entered into between the Minister of Tourism and the South African Tourism Board. The Board deems corporate governance to be a key enabler for the effective and efficient operations of the entity, which enables it to manage enterprise-wide risk management, strengthen the internal control environment and build corporate reputation.

The Board adopted its Board Charter, which outlines the Board's role, responsibilities and powers, as well as a programme outlining its annual activities. The Charter highlights the following:

- The role of the Chairperson
- The frequency of meetings
- Quorum requirements
- The attendance of meetings by Board members
- A system of delegation to management and the Board committees
- The induction and training of Board members

The role of the Board is to do the following:

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

Board and Committee composition and meetings

The term of the South African Tourism Board ended on 31 May 2022. The following tables represents the Board's composition and meetings held between 1 April and 31 May 2022:

Name	Designation	Date appointed	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Advocate Mojankunyane Gumbi	Board Chairperson	1 April 2020	LLB, Certificate in Trial Advocacy Legal, Governance and Advisory	Legal, Governance and Advisory	-	HCREMCO	4
Kate Rivett-Carnac	Board Member	1 May 2018	BA Hons, MPhil	Research, Insights and Analytics, Marketing, Business Management	Kate Rivett-Carnac Consulting	ARCO MARCOM	4
Lindiwe Sangweni-Siddo	Board Member	1 May 2018	BSc, Diploma in Hotel Management	Hospitality, Business Management	Zatic Holdings, Zatic Group, Zatic Tourism, The Freedom Square Hotel, Hhombisa Holdings, SME Tradelinks, Stratosat Datacom SA, Zatic Weltevreden, Zatic Management, City Lodge Hotels Ltd	ARCO HCREMCO	4
Nomzamo Bhengu	Department of Tourism representative	1 May 2018	BSocSci Governance,	Performance Management	Wrappedin Rainbows (Pty) Ltd, Shumibisizwa	HCREMCO ARCO	4
Michelle Constant	Board Member	1 May 2018	BA, Performance Diploma, Social Entrepreneurship Programme (GIBS)	Marketing, Business Management National	Arts Festival, Javett Arts Centre	ARCO TGCSA	5
Thebe Ikalafeng	Board Member	1 May 2018	BSc, MBA, CM(SA)	Marketing, Business Management	The Brand Leadership Group (Pty) Ltd, Brand Leadership Academy (Pty) Ltd, Ikalafeng & Associates CC, The Kwena Trust, Ihop World (Pty) Ltd, Worldwide Fund – SA (WWF), Cartrack Holdings	MARCOM	3

Name	Designation	Date appointed	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Zola Tshetu	Board Member	May 2018	BCom, MBA	Property Development Programme Business Management	African Pioneer Group (Pty) Ltd, African Pioneer Marine (Pty) Ltd, Afro Asia Empowerment (Pty) Ltd, Algoa FM Empowerment Company, BluNovation (Pty) Ltd, Elite Bingo (Pty) Ltd, Eyethu Fishing (Pty) Ltd, Eyethu Trawling (Pty) Ltd, FEC Investments (Pty) Ltd, FEM ED Company NPC, Greenstone Energy (RF) Ltd, Jupilog Foundation, Lilibo Contractors (Pty) Ltd, Lilibo Educate (Pty) Ltd, Lilibo Fishing Company (Pty) Ltd, M Security Services Western Cape (Pty) Ltd, Nelson Mandela University Retirement Fund, Nomzamo Fishing (Pty) Ltd, Remkor Manufacturing (Pty) Ltd, Seven Bridges Trading 23, Umoya Communications TA Algoa FM, Woodlands Dairy (Pty) Ltd, Lilibo Investments (Pty) Ltd, Nelson Mandela University Trust	HCREMCO TGCSA	2
Gloria Serobe	Board Member	May 2018	BCom, MBA	Business Management, Finance	Women Investment Portfolio Holdings, Wipcapital (Pty) Ltd, Wip Three Investments (Pty) Ltd, Transtar Hotel (Pty) Ltd, Hans Merensky Holdings (Pty) Ltd, The Mamba Cement Company (RF) (Pty) Ltd, Adcorp Holdings, Denel SOC Limited, Transkei Beef (Pty) Ltd, Transkei Feed Kraal (Pty) Ltd, The Solidarity Response Fund NPC	MARCOM	1

Name	Designation	Date appointed	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Ravi Nadasen	Chairperson: Awards Committee	1 May 2018	National Diploma in Hotel Management, Technical Degree in Business Administration, MBA	Marketing, Business Management	Cathkin 9799, Inspired Schools (Pty) Ltd, Chesterhouse Properties, K2015231345 South Africa (Pty) Ltd	Awards ARCO	4
Mduduzi Zakwe	Chairperson: ARCO	April 2020	MBA IT and E-commerce	Accounting, Finance, ICT	Umgeni Water, MICT SETA, Mpumalanga Tourism Agency, Systems Cyber Operations & Resilience Excellence, Willow Hydroponic Projects, Willow Water Works	ARCO Awards	5
Enver Duminy	Chairperson: HCREMCO	1 May 2018	BSc, MBA	Marketing, ICT, Governance	Cape Town Tourism, CTT Commercial (Pty) Ltd	HCREMCO ARCO	4
Themba Khumalo	Executive Board Member	December 2021	Acting CEO	Acting CEO	None	None	5
Nombulelo Guliwe	Executive Board Member	August 2020	Chief Financial Officer	Chief Financial Officer	None	None	5

The Acting CEO was appointed as the Acting Accounting Authority from 29 June 2022 to 31 August 2022. The following table outlines the meetings held by the acting Accounting Authority:

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Themba Khumalo	Acting CEO appointed as Acting Accounting Authority	December 2021	Interim Board was appointed on 1 September 2022	Acting CEO	Acting CEO	None	ARCO MARCOM Awards HCREMCO	5

An Interim Board was appointed from 1 September 2022 until 25 October 2022. The composition of the Board and its meetings were as follows:

Name	Designation	Date appointed	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Adv. Cawe Mahlali	Interim Board Chairperson	1 September 2022	LLB	Legal, Governance and Advisory	None	MARCOM	6
Dr Aubrey Mhlongo	Interim Board Deputy Chairperson	26 October 2022	MBCbB)	Medicine	-	MARCOM Awards	3
Odwa Mtati	Interim Board Member	26 October 2022	Master in Development Studies	Entrepreneurship, Economic Development, Research and Analysis	The Business Neuron, Seamount Aquaculture, Recycling Waste Treatment, Jupilog Foundation, Lidomix Investments	MARCOM HCREMCO Awards	4
Dr Nondumiso Maphazi	Interim Board Member	26 October 2022	PhD in Philosophy in Public Administration	Public Administration	ECRDA Zusilwete Thina NGO	Awards MARCOM	6
Nandipha Mbulawa	Interim Chairperson: HCREMCO	26 October 2022	Honours in Strategic Management	Management	Lilanga Trading & Enterprise	HCREMCO MARCOM	6
Nomahlubi Mazwai	Interim Chairperson: MARCOM	October 2022	Honours in Journalism Diploma in International Relations and Diplomacy	Communications	Mazwai Strategic Business Ventures 1805 Buyambo Cultural Organisation	HCREMCO MARCOM	6
Lehlohonolo Rapodile	Interim Board Member	26 October 2022	CA(SA)	Finance and Accounting Auditing	Lehlohonolo Chartered Accountants	HCREMCO MARCOM ARCO	6
Mduduzi Zakwe	Interim Chairperson: ARCO	26 October 2022	MBA IT and E-commerce	Accounting, Finance, ICT	Umgeni Water, MICT SETA, Mpumalanga Tourism Agency, Systems Cyber Operations & Resilience Excellence, Willow Hydroponic Projects, Willow Water Works	ARCO Awards	6
Ravi Nadasen	Interim Chairperson: Awards Committee	26 October 2022	National Diploma in Hotel Management, Technical Degree in Business Administration, MBA	Marketing, Business Management	Cathkin 9799, Inspired Schools (Pty) Ltd, Chesterhouse Properties, K2015231345 South Africa (Pty) Ltd	Awards ARCO	3
Enver Duminy	Interim Board Member	26 October 2022	BSc, MBA	Marketing, ICT, Governance	Cape Town Tourism, CTT Commercial (Pty) Ltd	HCREMCO ARCO	3
Rosemary Anderson	Interim Board Member	26 October 2022	Diploma in Education, History and English	Hospitality and Tourism Management	None	Awards MARCOM	5

Name	Designation	Date appointed	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Jurgen Kogl	Interim Board Member	1 September 2022	MBA	Business Management, Ministerial Advisory	African Renaissance Holdings, AJKO Ventures (Pty) Ltd, Amedinsure, Blazecorp Trading, CAY Investment Holdings, Eye-See For All Flying Monsters (Pty) Ltd, Full Throttle Nominees (Pty) Ltd, Hopeful Nominees, Happiness Choice Trust, Inhlasi Productions (Pty) Ltd, Imbiza Ye Golide Ltd, Izimobuis Systems, Kalabashi Agricultural Services, Monster Spirits (Pty) Ltd, New Diamond Corporation (Pty) Ltd, Peaceful Hammock Investment (Pty) Ltd, Sasekani Finance Corporation (Pty) Ltd, Solidarity Nominees (Pty) Ltd, South African Grand Prix Corporation (Pty) Ltd, Southern Africa Institute of Smokeless Tobacco (Pty) Ltd, The Hakahana Trust (Pty) Ltd, The Really Useful Analytics (Pty) Ltd, TRK Tractus Nominees (Pty) Ltd, Tractus Consulting (Pty) Ltd, Umfiki Consulting (Pty) Ltd, Umfiki Investments Corporation (Pty) Ltd, Westcliff White House (Pty) Ltd, White Waves Investments (Pty) Ltd, Windy Rich Property Investment (Pty) Ltd	Awards ARCO	4
Pretty Ntombela	Interim Chairperson: HCREMCO	26 October 2022	MBA, Bachelor in Enterprise Risk Management	Supply Chain Management and Procurement, Human Capital, Business Strategy	None declared	HCREMCO ARCO	6
Themba Khumalo	Executive Board Member	December 2021	Acting CEO	Acting CEO	None	None	6
Nombulelo Guliwe	Executive Board Member	August 2020	Chief Financial Officer	Chief Financial Officer	None	None	6

The South African Tourism Board was appointed on 26 October 2022 and was dissolved on 21 April 2023. During this time, the first Board Chairperson was Dr Nondumiso Maphazi, who was replaced by Dr Aubrey Mhlongo on 21 December 2022. He was replaced by Dr Thozamile Botha on 4 February 2023. The Board consisted of 12 non-executive directors, which included a representative from the Department of Tourism, 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 this time, including the number of meetings:

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Dr Thozamile Botha	Chairperson	4 February 2023	7 April 2023	Master of Philosophy and Political Science, Postgraduate Diploma in Development Administration and Financial Management	Research Management Governance Political Science	Shades of Summer Boutique	Board	12
Odwa Mtati	Deputy Chairperson	26 October 2022	10 April 2023	Masters in Development Studies	Entrepreneurship, Economic Development, Research and Analysis	The Business Neuron, Seamount Aquaculture, Recycling Waste Treatment, Jupilog Foundation, Lidomix Investments	MARCOM HCREMCO Awards	19
Dr Nondumiso Maphazi	Board Member	26 October 2022	18 April 2023*	PhD in Philosophy and Public Administration	Public Administration	ECRDA, Zusilwete Thina NGO	Awards MARCOM	17
Dr Aubrey Mhlongo	Board Member	26 October 2022	7 April 2023	MBCbB	Medicine	-	MARCOM Awards	9
Nandipha Mbulawa	Chairperson: HCREMCO	26 October 2022	10 April 2023	Honours in Strategic Management	Management	Lilanga Trading & Enterprise	HCREMCO MARCOM	22
Nomahlubi Mazwai	Chairperson: MARCOM	October 2022	10 April 2023	Honours in Journalism, Diploma in International Relations and Diplomacy	Communications	Mazwai Strategic Business Ventures 1805, Buyambo Cultural Organisation	HCREMCO MARCOM	22
Lehlohonolo Rapodile	Board Member	26 October 2022	10 April 2023	CA(SA)	Finance and Accounting Auditing	Lehlohonolo Chartered Accountants	HCREMCO MARCOM ARCO	19
Maudline Mabi	Board Member	4 February 2022	10 April 2023	Masters in Agriculture	Business Management Operational Efficiencies	Mkhonde Distribution Abankund Resort	MARCOM Awards	10
Nonkqubela Silulwane	Department of Tourism representative	26 October 2022	18 April 2023*	MSc in Oceanography	Research Management, Economic Development	None	ARCO MARCOM	15
Mduduzi Zakwe	Chairperson: ARCO	26 October 2022	8 April 2023	MBA IT and E-commerce	Accounting, Finance, ICT	Umgeni Water, MICT SETA, Mpumalanga Tourism Agency, Systems Cyber Operations & Resilience Excellence, Willow Hydroponic Projects, Willow Water Works	ARCO Awards	24

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Gopaul Reddy	Board Member	4 February 2023	18 April 2023*	Certificate: Government Accounting Correctional Services Management Certificate: Productivity Improvement Programme in Purchasing Management	Business Management, Leadership	K2021646225 (South Africa), Ramaesewa Trading, Obstruction Projects, Redinvest Holdings	MARCOM ARCO Awards	9
Boy Manqoba Ngubo	Board Member	4 February 2023	18 April 2023*	PhD in Corporate Governance, MSc, Advocacy, Global Climate Change and Mineral Laws, Postgraduate Diploma, Leadership and Management BCom, Accounting	Strategic Management and Financial Management Governance	Nutritional Holdings Ltd, PSV Holdings Ltd, Umgeni Water SOC Ltd	Awards HCREMCO	12
Ravi Nadasen	Chairperson: Awards Committee	26 October 2022	3 February 2023	National Diploma in Hotel Management, Technical Degree in Business Administration, MBA	Marketing, Business Management	Cathkin 9799, Inspired Schools (Pty) Ltd, Chesterhouse Properties, K2015231345 South Africa (Pty) Ltd	Awards ARCO	4
Enver Duminy	Board Member	26 October 2022	2 February 2023	BSc, MBA	Marketing, ICT, Governance	Cape Town Tourism, CTT Commercial (Pty) Ltd	HCREMCO ARCO	5
Rosemary Anderson	Board Member	26 October 2022	3 February 2023	Diploma in Education, History and English	Hospitality and Tourism Management	None	Awards MARCOM	5
Themba Khumalo	Executive Board Member	December 2021	Board dissolved on 21 April 2023	Acting CEO	Acting CEO	None	None	52
Nombulelo Guliwe	Executive Board Member	August 2020	January 2021	Chief Financial Officer	Chief Financial Officer	None	None	13
Themba Ndlovu	Executive Board Member	February 2023	Board dissolved on 21 April 2023	Acting Chief Financial Officer	Acting Chief Financial Officer	None	None	4

The Shareholder dissolved the South African Tourism Board on 21 April 2023. An Interim Board was appointed on 21 April 2023.

The South African Tourism Board is empowered to establish Board committees and to delegate powers to such committees without abdicating its own responsibilities. The Board established the following Board Committees to provide oversight to the entity during the period under review:

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

Internal and external auditors, the Chief Executive Officer, the Chief Financial Officer (CFO), the Chief Strategy Officer (CSO), the Chief Operations Officer, the Head: Digital Transformation and Technology, the Head: Governance, Risk and Compliance and the Secretariat attended the relevant meetings of the Board committees and the Board. Other staff members attended by invitation. The internal and external auditors have unrestricted access to the Chairperson of the ARCO and the Board Chairperson.

Board committee meetings held between 1 April and 31 May 2022 were as follows:

Committee	Number of meetings held	Number of members	Name of members
Audit and Risk Committee	2	5	<ul style="list-style-type: none"> · Mduduzi Zakwe · Ravi Nadasen · Michelle Constant · Kate Rivett-Carnac · Lindiwe Sangweni-Siddo
Human Capital and Remuneration Committee	1	5	<ul style="list-style-type: none"> · Adv Mojankunyane Gumbi · Enver Duminy · Nomzamo Bhengu · Lindiwe Sangweni-Siddo · Zola Tshetu
Marketing and Commercial Committee	1	3	<ul style="list-style-type: none"> · Thebe Ikalafeng · Gloria Serobe · Kate Rivett-Carnac
Tourism Grading Council of South Africa Committee	1	4	<ul style="list-style-type: none"> · Ravi Nadasen · Michelle Constant · Mduduzi Zakwe · Zola Tshetu

In terms of section 49(2) of the PFMA 1999, if the public entity does not have a controlling body (Accounting Authority), the CEO or any other person in charge is the Accounting Authority for that public entity, unless specific legislation applicable to that public entity designates another person as the Accounting Authority.

From 26 June 2022 to 31 August 2022, the Acting CEO was appointed as the Acting Accounting Authority, during which time the following meetings were held:

Committee	Number of meetings held	Number of members	Name of members
Audit and Risk Committee	1	1	The Acting CEO, in his capacity as Accounting Authority, held these meetings, supported by the Executive Management team.
Human Capital and Remuneration Committee	1	1	
Marketing and Commercial Committee	1	1	
Tourism Grading Council of South Africa Committee	1	1	

The Interim Board held the following meetings from 1 September 2022 to 25 October 2022:

Committee	Number of meetings held	Number of members	Name of members
Audit and Risk Committee	2	4	<ul style="list-style-type: none"> · Mduduzi Zakwe – Chairperson · Pretty Ntombela · Lehlohonolo Rapodile · Jurgen Kogl
Human Capital and Remuneration Committee	2	5	<ul style="list-style-type: none"> · Enver Duminy – Chairperson · Rosemary Anderson · Aubrey Mhlongo · Jurgen Kogl · Nondumiso Maphazi

Committee	Number of meetings held	Number of members	Name of members
Marketing and Commercial Committee	2	5	<ul style="list-style-type: none"> · Nomahlubi Mazwai – Chairperson · Nandipha Mbulawa · Enver Duminy · Nondumiso Maphazi · Odwa Mtati
Tourism Grading Council of South Africa Committee	1	5	<ul style="list-style-type: none"> · Ravi Nadasen – Chairperson · Rosemary Anderson · Nandipha Mbulawa · Odwa Mtati · Mduduzi Zakwe

The South African Tourism Board convened the following committee meetings from 26 October 2022 to 31 March 2023:

Committee	Number of meetings held	Number of members	Name of members
Human Capital and Remuneration Committee	9	5	<ul style="list-style-type: none"> · Nandipha Mbulawa · Nomahlubi Mazwai · Lehlohonolo Rapodile · Odwa Mtati · Boy Manqoba-Ngubo
Audit and Risk Committee	11	7	<ul style="list-style-type: none"> · Mduduzi Zakwe · Lehlohonolo Rapodile · Nonkqubela Silulwane · Ravi Nadasen · Gopaul Reddy · Maudline Mabi · Nondumiso Maphazi
Awards Committee	2	5	<ul style="list-style-type: none"> · Boy Manqoba-Ngubo · Maudline Mabi · Aubrey Mhlongo · Mduduzi Zakwe · Nondumiso Maphazi
Marketing Committee	6	6	<ul style="list-style-type: none"> · Nomahlubi Mazwai · Nandipha Mbulawa · Nonkqubela Silulwane · Odwa Mtati · Gopaul Reddy · Aubrey Mhlongo
Special Board Meetings	23	14	<ul style="list-style-type: none"> · Dr Thozamile Botha · Odwa Mtati · Nandipha Mbulawa · Nomahlubi Mazwai · Mduduzi Zakwe · Lehlohonolo Rapodile · Nonkqubela Silulwane · Gopaul Reddy · Maudline Mabi · Boy Manqoba-Ngubo · Nondumiso Maphazi · Enver Duminy · Ravi Nadasen · Rosemary Anderson

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. Additional costs payable for Board members include airfare, ground transportation through 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 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 FY22/23:

Name	Remuneration	Travel and accommodation	Other reimbursements	Total
Dr Thozamile Botha	R41 914.00	R37 964.57	-	R79 878.57
Odwa Mtati	R108 583.00	R221 602.02	-	R330 185
Dr Nondumiso Maphazi	R149 734.00	R132 020.60	-	R281 754.60
Dr Aubrey Mhlongo	R81 018.00	R280 643.76	-	R361 661.80
Nandipha Mbulawa	R139 680.00	R393 897.86	-	R533 577.90
Nomahlubi Mazwai	R149 610.00	R371 823.50	-	R521 433.50
Lehlohonolo Rapolile	R74 438.00	R29 566.94	-	R104 004.90
Maudline Mabi	R26 980.00	R19 342.88	-	R46 322.88
Nonkqubela Silulwane	R15 915.00	R147 600.32	-	R163 515.30
Mduduzi Zakwe	R189 266.13	R143 733.68	-	R332 999.80
Gopaul Reddy	R26 980.00	-	-	R26 980
Boy Manqoba-Ngubo	R29 678.00	R20 190.58	-	R49 868.58
Ravi Nadasen	R25 269.00	R22 759.64	-	R48 028.64
Enver Duminy	R146 610.00	R41 363.53	-	R187 973.50
Rosemary Anderson	R39 285.00	R253 120.87	-	R292 405.90
Jurgen Kogl	R34 047.00	R27 891.02	-	R61 938.02
Pretty Ntombela	R98 813.00	R61 270.19	-	R160 083.20
Adv. Cawe Mahlati	R21 585.00	R38 256.94	-	R59 841.94
Adv. Mojankunyane Gumbi	-	R7 033.42	-	R7 033.42
Kate Rivette Carnac	R30 348.00	R8 989.92	-	R39 337.92
Lindiwe Sangweni-Siddo	-	R7 391.92	-	R7 391.92
Nomzamo Bhengu	-	R5 743.34	-	R5 743.34
Michelle Constant	R23 571.00	R10 492.88	-	R34 063.88
Thebe Ikalafeng	R61 014.00	R133 036.50	-	R194 050.50
Zola Tshetu	R20 952.00	R8 573.92	-	R29 525.92
Gloria Serobe	-	0	-	0

RISK MANAGEMENT

The Governance, Risk and Compliance business unit reviewed the Risk Management Policy and Strategy, in line with the recommendations of the Risk Maturity Assessment Report. The strategic risk register was reviewed, in alignment with the FY22/23 APP. The strategic risk register informed the annual risk-based audits, independently undertaken by Internal Audit. Operational risk registers for each business unit were developed and aligned with the FY22/23 AOP and DOPs to ensure that the organisation's material business risks were identified, assessed and allocated to risk owners. This also ensured that the internal controls were adequate during the reporting period and were functioning effectively. Where the internal controls were not functioning effectively, action plans are developed and executed to enhance the

internal control environment. The implementation of the risk action plans was monitored on a monthly basis and reported to ExCo. The Audit and Risk Committee provided oversight on risk management activities, and independently monitored the effectiveness of the risk management system through the quarterly reports submitted by management. In FY22/23, South African Tourism conducted an independent assessment of the entity's risk maturity. The result of the assessment placed South African Tourism's risk maturity at Level 3, an improvement from the previous rating of Level 2. This is a demonstration of the efforts by the entity towards strengthening its culture of risk management and improving the entity's performance through risk management interventions.

INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

Internal Audit is an independent and objective provider of assurance and consulting services established within South African Tourism. Aligned to National Treasury's Internal Audit Framework, this function assesses the adequacy and effectiveness of the internal control environment, risk management and governance, and makes recommendations for improvement within the entity, towards its goals and objectives. In line with King IV, Internal Audit presented management, the Audit and Risk Committee and the South African Tourism Board with comprehensive reports assessing the effectiveness of the system of internal control and risk management throughout the fiscal year. Internal Audit thus conducted the following during the financial year:

Part A: Combined Assurance	Combined Assurance: Compliance Universe
	Combined Assurance Assessment Review: Paris Country Office
Part B: Internal Audits	United Kingdom (London): Country Office Review
	Australia (Sydney): Country Office Review
	India (Mumbai): Country Office Review
	Japan (Tokyo): Country Office Review
	Human Capital Audit: Hire to Retire Processes
	Global Brand Campaign Project
	B2B Campaign Project
	Africa's Travel Indaba 2022 Audit
	Meetings Africa 2023 Audit
	Tourism Grading Council South Africa: Grading Process Audit
	Contract Management Audit
	Assets Management Audit
	ICT Governance Audit: Cyber Security and User Access Management
	Performance Information Audit for quarters 1 to 4
	Supply Chain Management quarterly reviews 1 and 4
Employee Lifecycle Management Application System Audit: Post-implementation Review	
Total Quality in Tourism (TQIT) Grading System: Post-implementation Review	
Part C: Investigations and Related Reviews	Corruption: Alleged corruption pertaining to bribe
	Corruption: Payments made to supplier without services rendered (in progress)
	SCM probity assessments
	Human Capital leave pay-out reviews
	Leave balances accuracy review

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

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

The table below discloses the composition of and meetings held by the Audit and Risk Committee:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended
Mduduzi Zakwe	MBA IT and E-commerce	External	N/A	26 October 2022	7 April 2023	6
Lehlohonolo Rapodile	CA(SA)	External	N/A	26 October 2022	10 April 2023	6
Nonkqubela Silulwane	MSc in Oceanography	External	N/A	26 October 2022	Board dissolved	6
Ravi Nadasen	National Diploma in Hotel Management, Technical Degree in Business Administration, MBA	External	N/A	26 October 2022	2 February 2023	2
Dr Nondumiso Maphazi	PhD in Philosophy and Public Administration	External	N/A	26 October 2022	Board dissolved	1
GoPaul Reddy	Certificate: Government Accounting Correctional Services Management, Certificate: Productivity Improvement Programme Purchasing Management	External	N/A	4 February 2023	Board dissolved	0
Maudline Mabi	Masters in Agriculture	External	N/A	4 February 2023	18 April 2023	0

COMPLIANCE WITH LAWS AND REGULATIONS

South African Tourism implemented its Compliance Framework and put in place its Compliance Universe, which records a list of laws and regulations applicable to the entity, together with its compliance obligations and sanctions for non-compliance. Internationally, South African Tourism undertook a compliance risk identification exercise to identify areas of non-compliance with international laws. The implementation of the results of this exercise will be monitored, and progress towards resolving non-compliance matters in the international offices will be reported to the entity’s governance and oversight structures.

place to address the threat of fraud and corruption within the organisation:

- Risk Management Policy and Framework
- Code of Conduct and Conflict of Interest Policy
- Fraud Risk Assessments
- Fraud Awareness Training
- Accounting and Operational policies
- Human Capital policies
- Ethics Policy

FRAUD AND CORRUPTION

South African Tourism’s Board set an ethical tone, which influenced how South African Tourism’s employees respond to ethical challenges through the ‘I am rare’ principles and values. Mechanisms have been put in place to report fraud and corruption, and how these operate, for example, the anti-fraud and corruption, and whistle-blowing hotline, so that, where appropriate, confidential disclosure about suspected fraud and corruption can be made. The entity has a framework of written procedures and controls in place to ensure that it adheres to the highest standards of conduct. South African Tourism has the following programmes in

MINIMISING CONFLICT OF INTEREST

South African Tourism has several measures in place to detect and address any potential conflict of interest. During onboarding, new employees and Board members are required to declare outside interests on a standardised form that is managed by Human Capital. The declaration of outside interests is managed annually. Employees and Board members are also required to declare any changes in terms of their status from time to time. Conflict screening was conducted for all officials, including Board members, in July 2022 through the implementation of an externally managed cross-check system. No conflicts were identified. Other measures include the standard bidding document (SBD)

reviews, and National Treasury Central Supplier Database and Bid Committee declarations during procurement phases. Lastly, the AGSA, as part of its audit, reviews conflicts of interest on a yearly basis through the use of the computer-assisted audit techniques (CAAT), and no conflict was identified in this process.

CODE OF CONDUCT

South African Tourism has a Code of Conduct and Ethics Policy in place. The code is applicable to all employees of the entity. As an employer, as contemplated in the Labour Relations Act, the organisation has a right to satisfactory conduct from its employees and to adopt workplace rules that establish a standard of conduct required of its employees. Adherence to this code will facilitate satisfactory conduct in line with the organisation's 'I am rare' core values. The code is not intended to conflict with any professional ethics applicable to employees. Where there is a conflict between the provisions of this policy and any professional ethics applicable to an employee, such ethics shall take precedence. The code outlines requirements pertaining to bribes, fraud and other illegal or unethical behaviour, sexual harassment, compliance with applicable laws, conflicts of interest, record keeping, confidentiality of information, the protection of South African Tourism's assets and funds, social media, tobacco, alcohol, drugs and other stupefying substances, relationships with governments, cultural sensitivity, discrimination, nepotism, favouritism, as well as dress code and image.

Non-compliance with the provisions of this code would constitute grounds for initiating disciplinary proceedings against the employee concerned, without prejudice to any other rights that South African Tourism may have in law to recover any damages suffered as a result of such non-compliance. Except for investigations currently underway as reported by Internal Audit, there have been no instances of confirmed non-compliance to the code for the year under review.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The South African Tourism Board has the responsibility to ensure that its employees work in a safe and healthy environment. This includes providing assurance to stakeholders that South African Tourism conducts its operations in compliance with the occupational health and safety standards and requirements as prescribed in the Occupational Health and Safety Act (1993). South African Tourism has a representative in terms of section 16(1) and 16(2) of the relevant Act.

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

- Providing and maintaining a healthy and safe workplace for all employees.
- Conducting activities in an environmentally friendly manner to ensure the health and safety of people in the organisation's vicinity.
- Preventing personal injury and protecting the health of employees and others on the premises, in compliance with the requirements of the Compensation for Occupational Injuries and Diseases Act (1993).
- Identifying, documenting, and maintaining processes within specified safety criteria, and documenting the methods of control for those processes, in compliance with the requirements of the Occupational Health and Safety Act.
- Ensuring that all employees are aware that they are responsible for their own health and safety and that of others.
- Ensuring that employees who advise on occupational health, safety and environmental matters are appropriately qualified, trained and accredited.
- Demonstrating South African Tourism's active involvement and commitment in relation to occupational health and safety within its scope of operations.

In FY22/23, South African Tourism undertook a due diligence exercise on occupational health and safety at its Head Office and at its in-country offices. All recommendations identified have been implemented, and risks were mitigated. This included continuous improvements on the overall workplace health and safety measures.

COMPANY/BOARD SECRETARY

The role of the Company Secretary is to provide support to the South African Tourism Board and its committees. Furthermore, the Company Secretary must maintain regular communication with the chairpersons of the Board and its committees. The Board and Board members are granted full access to the Company Secretary. The Board and its committees may seek independent advice on any matter they deem fit or that may be required. The Company Secretary also has the responsibility of ensuring that the Board has complete and timeous access to South African Tourism's information, reports and records that are important for the Board to discharge its fiduciary duties. The agenda for each meeting of the Board and its committees is set timeously, in line with the annual programme of activities of the Board and its committees. While the Company Secretary is not a member of the Board, or its committees, the Company Secretary is the Secretary to the Board and its committees.

SOCIAL RESPONSIBILITY

In line with the mandate of South African Tourism's objectives and its efforts to improve the lives of South Africans by contributing to inclusive economic growth, the entity commenced with a corporate social investment (CSI) programme during the period under review. As a destination marketing organisation, we are mindful of our responsibility of being a caring corporate citizen and to play a role in supporting and uplifting our communities. The entity thus initiated a corporate social investment programme that would have lasting qualitative and quantitative benefits for the intended beneficiaries. The objectives of the CSI programme are to do the following:

- Make an impactful contribution to change the lives of South Africans, especially the poor
- Plough back and change the lives of our communities
- Become involved in sustainable programmes
- Promote partnership between government, the private sector and communities
- Leverage resources and join hands with our strategic suppliers and business partners
- Encourage our employees' participation in the CSI programme led by the entity.

South African Tourism initiated its efforts to support CSI initiatives, which have progressed significantly. It is anticipated that our contribution to the selected CSI initiatives will be finalised in the new fiscal year.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2023.

Audit and Risk Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit 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, except that we have not reviewed changes in accounting policies and practices.

Effectiveness of Internal Controls

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

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

- United Kingdom (London) – Country Office Review
- Australia (Sydney) – Country Office Review
- India (Mumbai) – Country Office Review
- Japan (Tokyo) – Country Office Review
- Human Capital Audit – Hire to Retire Processes
- Global Brand Campaign Project
- B2B Campaign Project
- Africa Travel Indaba 2022 Audit
- Meetings Africa 2023 Audit
- Tourism Grading Council South Africa (TGCSA) Grading Process Audit
- Contract Management Audit
- Assets Management Audit
- ICT Governance Audit – Cyber Security and User Access Management
- Performance Information Audit for Quarters 1 – 4
- Supply Chain Management Quarterly Reviews 1 And 4
- Employee Lifecycle Management Application (ELMA) System Audit Post Implementation Review
- Total Quality in Tourism (TQIT) Grading System – Post Implementation Review .

In addition, the following investigations/reviews were executed and completed by internal audit during the period under review and have been considered in determining the overall opinion except for the investigations that are still in progress.

- Unethical Conduct – Irregular Appointment (In Progress)
- Unethical Conduct – Concerns Pertaining to The Recruitment Processes of Leadership (In Progress)
- Corruption – Alleged Corruption Pertaining to Bribe

- Corruption – Payments Made to Supplier Without Services Rendered (In Progress)
- SCM Probity Assessments
- Human Capital Leave Pay-Out Reviews
- Leave Balances Accuracy Review

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 environment requires improvement. Reliance can be placed on the adequacy and effectiveness of governance; risk management and internal control is achieved through corrective actions and recommended enhancements for South African Tourism's control environment.

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

In-year management and monthly/quarterly report

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

Evaluation of financial statements

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

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved, 100% was achieved.

cc	OUTPUT INDICATORS	2022/23 ANNUAL TARGET	QUARTERLY TARGETS & PROGRESS			
			Q4 January-March 2023	Progress as at 31 March 2023	Reason for Potential Variance by end of Quarter 4	Mitigating Action/s
2.1 Internal control	Percentage implementation of valid internal and external audit recommendations	100% implementation of valid audit recommendations	Q4 100% implementation of valid audit recommendations 100% closed actions	Total of 61 actions are tracked. 100% actions are closed	None	No actions required

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



(Ms Kholeka Zama)
Chairperson of the Audit Committee
South African Tourism
(31 July 2023)

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

In accordance with compliance to the broad-based economic empowerment (B-BBEE) requirements of the Broad-based Economic Empowerment Act of 2013, and as determined by the Department of Trade, Industry and Competition, South African Tourism may report as follows:

Has South African Tourism applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	-
Developing and implementing a preferential procurement policy?	Yes	The preferential procurement is contained in the Supply Chain Management Policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	-
Developing criteria for entering into partnerships with the private sector?	Yes	South African Tourism has a Partnership Policy to regulate the participation of South African Tourism in partnerships. The criteria for considering a partnership are divided into mandatory and category-specific criteria. South African Tourism may only pursue a potential partnership if it meets both the mandatory and category-specific criteria.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	-







INTRODUCTION

South African Tourism continued to implement its revised Human Capital Strategy in FY22/23. The strategic intent of Human Capital as a business unit is to build an inspired and energised organisation, by enabling and supporting the delivery of South African Tourism's strategy through building human capital capability that will enhance organisational performance and effectiveness.

This strategy serves to reawaken passion among employees by creating a high-performance culture within the entity, thereby contributing to achieving our strategy. It further serves to attract, engage and retain talent, while building leadership capability that will inspire and steer the organisation.

The primary focus for the Human Capital function during the period under review was to enhance engagement levels and focus on the recruitment of critical roles and development initiatives. In our continued pursuit to be the employer of choice, the business unit undertook critical initiatives aligned to the FY22/23 APP.

EMPLOYEE ENGAGEMENT

Employee engagement positively contributes to staff morale, productivity and a sense of belonging. For this reason, South African Tourism endeavoured to promote open communication at all levels. Employee engagement is the extent to which employees commit to the organisation, work effectively and remain at South African Tourism as a result of that commitment. This begins with the culture fit of the organisation. The engagement survey was conducted, and the results reflect significantly lower engagement levels compared to the previous year.

CAPACITY BUILDING

Recruitment was prioritised following the lifting of the moratorium on recruitment. The appointment of fixed-term contractors was initiated to capacitate the organisation when permanent recruitment was not possible. Key strategies are in place to attract top talent with a focus on employment equity deliverables.

EMPLOYMENT EQUITY TARGETS

Employment equity targets were met, with the exception of the target for persons with disabilities, which will become an even more critical target in the year ahead.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

As part of building an inspiring and energised organisation, South African Tourism strived to ensure that all employees have clear performance deliverables, and thus developed and implemented an automated performance management system aimed at ensuring organisational alignment to organisational deliverables all the way down to individual objectives.

EMPLOYEE WELLNESS

The wellness of our workforce was prioritised during the fiscal year. Employees were assisted through the employee assistance programme. Over and above these services, the organisation has provided additional support to employees who may have needed additional support with work output as a result of health issues. An occupational therapist was appointed to assist with the reintegration of employees after prolonged illness and sick leave.

POLICY DEVELOPMENT

Human Capital governance was monitored regularly to monitor changes in legislation. The following Human Capital policies were reviewed during the period under review:

- General Human Resources Policy
- Disciplinary Policy
- Grievance Procedure
- International Hub Head Policy

TRAINING AND DEVELOPMENT

South African Tourism recognises that achieving its objectives depends upon developing our employees and harnessing the potential and talent of our staff to optimise the benefits of this significant investment. South African Tourism acknowledges that providing excellent training and development opportunities to staff benefits its employees in terms of their overall career and prospects for advancement within the organisation. Bursary opportunities were made available during the period, as well as several training programmes, which amounted to R1 276 168.70.

INTERNSHIP PROGRAMME

The Internship Programme is conducted annually and is aimed at giving graduates an opportunity for experiential learning. Twelve candidates were enrolled in the entity's Internship Programme.

CHALLENGES

During the year under review, South African Tourism experienced the following challenges:

- Staff engagement and morale continues to be a concern.
- Retention of staff will be critical as there is a moratorium in place.
- There are high vacancies in the international markets.
- There is a lack of reward and recognition.

PLANS FOR FY2023/24

The focus will be on organisational effectiveness through the Employer of Choice project, as well as a focus on performance management and the revamp of the entity's induction programme to align with the organisation's core values and create a high-performance culture.

Critical to employee morale will be several initiatives and recommendations emanating from the staff engagement survey. Leadership development programmes will be undertaken to increase capability and enhance employee engagement levels.

As an inclusive employer, the recruitment of persons with disabilities and youth will be a primary focus area.

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme

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)
Programme 1: Corporate Support (Internal Audit, Office of the CFO, Human Capital, Governance, Risk, Compliance and Secretariat, Human Capital, Office of the CEO including Strategic Planning, Evaluation and Programme Management, and ICT)	208 884	44 559	3%	48	928
Programme 2: Business Enablement (Office of the CEO: Government and Industry Relations, DigiTech, and Analytics and Insights)	70 202	20 728	1%	16	1 296
Programme 3: Leisure Tourism Marketing (Brand and Marketing and Tourism Execution)	935 194	95 047	6%	74	1 284
Programme 4: Business Events (SANCB)	286 325	14 639	1%	16	915
Programme 5: Tourist Experience (TGCSA)	59 915	19 232	1%	22	874
Total	1 560 520	194 205	12%	176	1 103

Personnel cost by salary band

Level	Personnel 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	R9 699.50	7.52%	4	R2 424.88
Senior Management	R17 679.85	13.71%	9	R1 964.43
Professional qualified	R67 792.25	52.56%	57	R1 189.34
Skilled	R30 528.44	23.67%	47	R649.54
Semi-skilled	R3 274.39	2.54%	12	R272.87
Unskilled	0	0.00%	0	0
Total	R128 974.44	100%	129	R999.80

Performance rewards

No performance rewards were effected throughout the reporting year.

Training costs

Programme, activity or objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a percentage of personnel cost	Number of employees trained	Average training cost per employee
Programme 1: Corporate Support	44 559	366	0.8%	53	6.9
Programme 2: Business Enablement	20 728	57	0.3%	24	2.4
Programme 3: Leisure Tourism Marketing	95 047	85	0.1%	25	3.4
Programme 4: Business Events	14 639	78	0.5%	29	2.7
Programme 5: Tourist Experience	19 232	182	0.9%	35	5.2
Total	194 205	767	0.4%	166	4.6

Employment and vacancies

Programme, activity or objective	2021/22 Number of employees	2022/23 Approved posts	2022/23 Number of employees	2022/23 Vacancies	Percentage of vacancies
Programme 1: Corporate Support	62	60	48	12	20%
Programme 2: Business Enablement	8	17	16	1	6%
Programme 3: Leisure Tourism Marketing	80	85	74	11	13%
Programme 4: Business Events	15	17	16	1	6%
Programme 5: Tourist Experience	21	23	22	1	4%
Total	186	202	176	26	13%

Programme, activity or objective	2021/22 Number of employees	2022/23 Approved posts	2022/23 Number of employees	2022/23 Vacancies	Percentage of vacancies
Top Management	3	7	4	3	43%
Senior Management	12	18	14	4	22%
Professional qualified	89	95	82	13	14%
Skilled	70	68	63	5	7%
Semi-skilled	12	14	13	1	7%
Unskilled	0	0	0	0	0
Total	186	202	176	26	13%

To maintain South African Tourism's equity targets, it is endeavoured to fill vacancies. The Board-approved structure included 202 positions versus the headcount of 176 positions. The vacancy rate remains high due to the moratorium and attrition rate.

There has been a challenge with affordability in relation to recruiting for country office roles. Offers at Notch 1, as per the policy, are difficult to make, given the fact that the roles that the entity has advertised are for specialist to mid-management roles. Hub Head positions have been put on hold following the finalisation of the updated Hub Head Appointment Policy. In relation to executive management positions, there have been continuous changes of the Board, thus recruitment processes for these positions have not been concluded. In other instances, positions were advertised, and applications were received; however, due to the moratorium, the recruitment processes have been put on hold. Filling of vacancies can range between 90 to 180 days, depending on the type of role and region in which the role is based. Roles in our international markets tend to take longer as we require the services of headhunting agencies or recruitment agencies.

Employment changes

Salary band	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	1	3
Senior Management	10	5	3	12
Professional qualified	79	12	10	81
Skilled	67	6	6	67
Semi-skilled	12	1	1	12
Unskilled	0	0	0	0
Total	171	25	21	175

Reasons for staff leaving

Reason	Number	Percentage of total number of staff leaving
Death	1	0.5%
Resignation	17	9.7%
Dismissal	3	1.7%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	2	1.1%
Other	0	0%
Total	23	13.14%

Staff turnover increased with 17 resignations during the period. This translates to a voluntary labour turnover of 9.7% for the period under review. Roles that were vacant were filled prior to the moratorium. In some instances, as we had a high turnover, the use of a panel of recruitment agencies assisted with the filling of roles. Prior to the announcement of the moratorium, several vacancies were advertised and were in progress. They have thus not been filled.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	4
Final written warning	0
Dismissal	3

Equity target and employment equity status

The Employment Equity (EE) figures are based on all South African employees. International offices have the promotion of diversity in their labour laws. For the period under review, the EE targets for South African Tourism were determined in consideration of EE legislation, and the economically active population profile for South Africa as a guideline. The organisation continued with its targeted approach to recruiting a high number of women, which has yielded positive results. The biggest concern on the EE targets is the attraction and retention of employees living with disabilities. Employees are reluctant to disclose their disabilities. With the moratorium in place, it has been difficult to undertake targeted recruitment to meet the annual target. Initiatives are planned to drive disability awareness on a continuous basis.

LEVELS	MALE								
	African		Coloured		Indian		White		Non-South African
	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management	1	0	0	0	0	0	0	0	0
Senior Management	4	0	1	0	0	0	1	0	0
Professional qualified	21	0	0	0	1	0	2	0	7
Skilled	9	0	1	0	1	0	2	0	5
Semi-skilled	5	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0
Non-South African	0	0	0	0	0	0	0	0	0
Total	40	0	2	0	2	0	5	0	12

LEVELS	FEMALE									
	African		Coloured		Indian		White		Chinese	Non-South African
	Current	Target	Current	Target	Current	Target	Current	Target		
Top Management	1	0	0	0	0	0	0	0	0	
Senior Management	4	0	2	0	1	0	0	0	1	
Professional qualified	28	0	4	0	3	0	3	0	12	
Skilled	25	0	4	0	4	0	3	0	11	
Semi-skilled	8	0	0	0	0	0	0	0	0	
Unskilled	0	0	0	0	0	0	0	0	0	
Non-South African									0	
Total	66	0	10	0	8	0	6	0	1	

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





#RECOVERY 
CHARTING THE WAY FORWARD

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of South African Tourism set out on pages 114 to 154, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of South African Tourism as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 35 and 36 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful – are no longer disclosed in the notes to the annual financial statements of South African Tourism. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
9. 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.

Responsibilities of the auditor-general for the audit of the financial statements

10. 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.
11. 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

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Leisure tourism marketing	47 - 57	The Leisure tourism marketing programme is responsible for creating demand through travel acquisition and growing brand equity for South Africa as a leisure and business destination in identified markets.
Business events	58 - 60	The Business events programme is responsible to grow the nation's business events industry.
Tourist experience	61 - 65	The Tourist experience programme is responsible for ensuring the delivery of quality assured tourist/visitors experiences, which are diverse, unique and enriched.

- 14.** I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
- 15.** I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over-or underachievement of targets.
- 16.** I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
- 17.** I did not identify any material findings on the reported performance information of selected programmes.

Other matter

- 18.** I draw attention to the matter below.

Achievement of planned targets

- 19.** The annual performance report includes information on reported achievements against planned targets and provides explanations for over-and underachievements.

Report on compliance with legislation

- 20.** In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
- 21.** I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

- 22.** Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 23.** The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

- 24.** The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements in contingent liabilities, segment information, operating lease commitments and other disclosure items identified by the auditors in the submitted financial statements were corrected subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

- 25.** Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 36 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by failure to follow a procurement process in terms of the Treasury transcripts to invite competitive bids.
- 26.** Prepayments were made before goods and services were received, in contravention of treasury regulation 31.1.2(c).

Other information in the annual report

- 27.** The accounting authority is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
- 28.** My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 29.** My responsibility is to read this other information and, in doing so, consider whether it 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.
- 30.** If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

- 31.** I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Senior management did not address previously deficiencies relating to oversight of the financial reporting process, including detailed reviews of the financial statements by delegated officials, and related Internal controls.
34. Senior management did not establish and implement sufficient procedures to review and monitor compliance with applicable legislation.

Auditor-General

Pretoria

31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i);51(1)(b)(ii); 51(1)(e)(iii) Section 53 (4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A 7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No. 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No. 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25 (7A)
Preferential Procurement Policy Framework Act No.5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1; and 12.2
Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM (Supply Chain Management) Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury (NT) Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4(c) –(d); 4.6

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	51 935	45 134
Add: Irregular expenditure confirmed	9 907	6 800
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	61 842	51 935

RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

Description	2022/2023	2021/21 ¹
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	9 907	6 800
Total	9 907	6 800

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description ²	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment		
Irregular expenditure under determination	9 907	-
Irregular expenditure under investigation	-	-
Total ²	9 907	-

During the year ended March 2023, an amount of R 9 907 200 was identified as irregular expenditure by the Auditor General South Africa. Management referred the matter to the Internal Audit for determination as required by the PFMA by the PFMA Compliance and Reporting Instruction No 4 of 2022-23.

c) Details of current and previous year irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

e) Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description
Total

² Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

- h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/23	2021/2022
	R'000	R'000
Total		

- i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

FRUITLESS AND WASTEFUL EXPENDITURE

--

- a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	978	978
Add: Fruitless and wasteful expenditure confirmed	1 238	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	2 216	978

During the audit of employee costs in the 2021/22 year, it was noted that there was a late payment made to the SARS for the Pay As You Earn (PAYE – employee's tax) for the month of December 2021. The payment was made on 02 February 2022, which led to a 10% penalty amounting to R375 442 and interest of R19 174 being charged by SARS.

RECONCILING NOTES

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	395
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	395	-
Fruitless and wasteful expenditure for the current year	-	-
Total	395	395

- b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ⁴	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	843	-
Fruitless and wasteful expenditure under investigation	-	-
Total ⁵	843	-

During the year ended March 2023, an amount of R842 601 was identified by the Auditor General as fruitless and wasteful expenditure due to untimely consequence management that was not implemented in accordance with the South African Tourism's disciplinary policy of concluding the matter within 90 days. The management referred the matter to the Internal Audit for determination.

- c) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2023
	R'000	R'000
Fruitless and wasteful expenditure recovered		
Total		

Include input in relation to above table where deemed relevant.

⁴ Group similar items

⁵ Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2022/2023	2021/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken

ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) & (III)

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/2023	2021/2023
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

b) Details of other material losses

Nature of other material losses	2022/2023	2021/2022Y
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

c) Other material losses recovered

Nature of losses	2022/2023	2021/2023
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
Total	-	-

d) Other material losses written off

Nature of losses	2021/22	2022/23
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received		
Invoices paid within 30 days or agreed period		
Invoices paid after 30 days or agreed period		
Invoices older than 30 days or agreed period (unpaid and without dispute)		
Invoices older than 30 days or agreed period (unpaid and in dispute)		

Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.

SUPPLY CHAIN MANAGEMENT

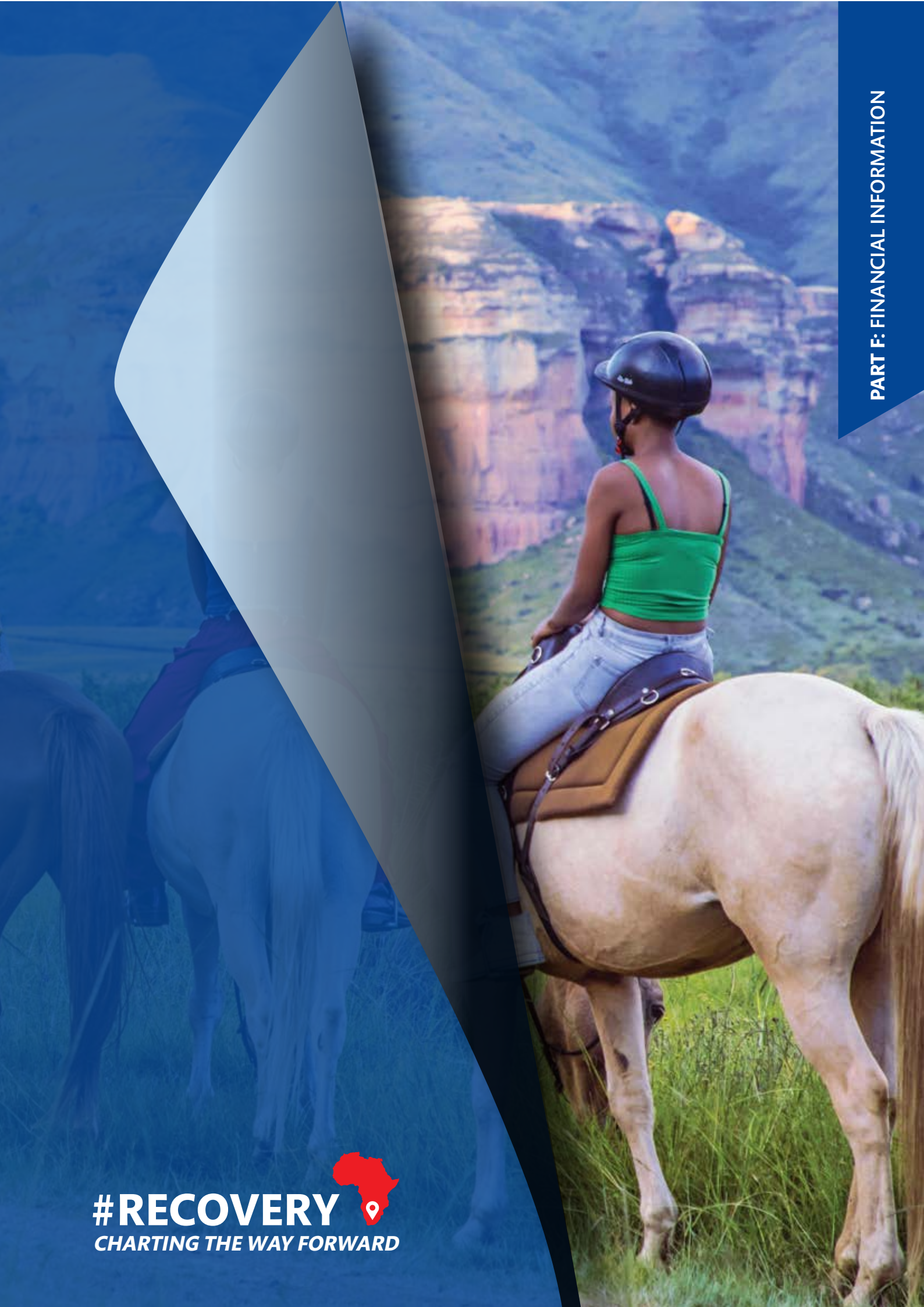
Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Oracle licence fees - ERP system	Oracle Pty Ltd	Sole Source	N/A	984
TV Production- Artist and music rights	Joe Public Pty Ltd	Single Source	N/A	3 730
Bid Support - 3rd International Seminar on ISWIM	Annual Transportation Convention	Single Source	N/A	927
Exhibition participation fee at the JATA Tourism EXPO 2022 in Tokyo	JATA (Japan Association of Travel Agents)	Sole Source	N/A	850
ERP (Oracle) - Support Services	Red Edge Pty Ltd	Single Source	N/A	862
The meeting show- Participation fee	Northstar Travel Group	Sole Source	N/A	510
Exhibition participation fee at the Arabian Travel Market 2022 (Floor Space)	Reed Exhibition	Sole Source	N/A	4 656
Exhibition Stand build at the Arabian Travel Market 2022	Reed Exhibition	Sole Source	N/A	1 181
Exhibition Participation fee at the IMEX Frankfurt 2022 (Floor space and stand build)	Regent Exhibitions Ltd	Sole Source	N/A	8 706
Flights for the hosted buyers to Africa Travel Indaba 2022	South African Airways	Single Source	N/A	614
SA drum performance at JATA Tourism EXPO 2022 in Tokyo in SEP22	Drum Café	Sole Source	N/A	90
Imex America 2022 stand build and exhibition space	Reeds Exhibition	Sole Source	N/A	5 909
World Travel Market stand build and Exhibitions space	Reeds Exhibition	Sole Source	N/A	4 821
West Africa Roadshow	South African Airways	Single Source	N/A	1 082
The World Travel & Tourism Council Membership	The World Travel & Tourism Council	Single Source	N/A	613
IMEX America 2022 (Logistics and hospitality)	Mandalay Bay Resort and Casino	Single Source	N/A	657
Celebrity Golf Shootout Partnership	Celebrity Golf Shootout (Pty) Ltd	Single Source	N/A	685
International Symposium on Intracranial Pressure and Brain Monitoring	Azurebiz Trading Pty (Ltd) t/a Paragon Africa	Single Source	N/A	657
Bid Support- Global Alcohol Policy Conference GAPC 2023	SAMRC Conference Center & Event Management- South African Medical Research Council	Single Source	N/A	685
IBTM Participation Exhibition space	Reeds Exhibitions	Sole Source	N/A	8 079
ITB Berlin Stand Builder	Gielissen Exhibitions	Single Source	N/A	4 717
Bid support- NANTA Conference	African Link	Sole Source	N/A	535
Bid support- Net Zero Conference and Exhibition 2023	Professional Exhibitions Solutions	Sole Source	N/A	610
Bid support- Essence Conference	Consultus (PTY) Ltd	Sole Source	N/A	658
Cape Town E-Prix 2023 Partnership	E Movement (Pty) Ltd	Sole Source	N/A	2 800
Oracle licence fees - ERP system	Oracle Pty Ltd	Sole Source	N/A	984
Bid Support - 3rd International Seminar on ISWIM	ANNUAL TRANSPORTATION CONVENTION	Single Source	N/A	927
Collaboration with BMW	BMW	Single Source	N/A	9 000
ATM 2023 Participation fee	Reeds Exhibition	Sole Source	N/A	4 199
Total				41 707

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Domestic and Departure Survey	Plus94 Research Pty Ltd	Expansion	N/A	85 201 938.92	N/A	8 775 747.75
Total						8 775 747.75





#RECOVERY 
CHARTING THE WAY FORWARD

Statement of Financial Position as at 31 March 2023

	Note(s)	2023	2022
Assets			
Current Assets			
Receivables from exchange transactions	8	78 533 838	30 693 882
Receivables from non-exchange transactions	9	115 440 622	58 838 768
Staff advances	7	115 760	107 621
Cash and cash equivalents	10	447 916 725	647 041 730
		642 006 945	736 682 001
Non-Current Assets			
Property, plant and equipment	3	74 008 874	68 614 838
Intangible assets	4	6 551 106	11 428 032
		80 559 980	80 042 870
Total Assets		722 566 925	816 724 871
Liabilities			
Current Liabilities			
Finance lease obligation	12	13 762	11 422
Operating lease liability	5	5 698 440	3 650 131
Payables from exchange transactions	15	460 952 265	534 476 791
Income received in advance	13	34 383	15 240 607
Provisions	14	9 203 853	8 729 752
		475 902 703	562 108 703
Non-Current Liabilities			
Finance lease obligation	12	1	75 942
Provisions	14	25 319 000	26 857 000
		25 319 001	26 932 942
Total Liabilities		501 221 704	589 041 645
Net Assets		221 345 221	227 683 226
Revaluation reserve	11	52 114 555	52 114 555
Accumulated surplus		169 230 666	175 568 671
Total Net Assets		221 345 221	227 683 226

Statement of Financial Performance

	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Sundry Income	16	97 465 828	16 841 081
Grading Revenue	18	25 056 960	15 033 521
Interest received	19	17 605 796	4 787 844
Total revenue from exchange transactions		140 128 584	36 662 446
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	1 329 206 000	1 297 038 000
Voluntary TOMSA levies		115 440 622	58 838 768
Total revenue from non-exchange transactions		1 444 646 622	1 355 876 768
Total revenue	16	1 584 775 206	1 392 539 214
Expenditure			
Employee related costs	21	(221 859 668)	(230 874 164)
Administration and management fees	22	(107 107 194)	(58 766 556)
Depreciation and amortisation		(10 222 234)	(9 035 555)
Finance costs	24	(3 502)	(3 521)
Lease rentals on operating lease	17	(22 361 233)	(23 596 788)
(Bad debts written off)/Bad debts recovered	25	(1 005 874)	3 795 449
Loss on disposal of assets and liabilities		(122 593)	(424 375)
Loss on foreign exchange		(19 807 340)	(27 006 264)
Marketing expenses	23	(1 187 437 956)	(910 257 580)
Auditors Remuneration	26	(8 183 112)	(7 557 221)
Grading Expenses	18	(17 314 922)	(10 167 508)
Total expenditure		(1 595 425 628)	(1 273 894 083)
(Deficit) surplus for the year		(10 650 422)	118 645 131

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2021	52 107 742	30 160 928	82 268 670
Surplus for the year	-	118 645 131	118 645 131
Items recognised directly in net assets	6 813	26 762 612	26 769 425
Total changes	6 813	145 407 743	145 414 556
Balance at 01 April 2022	52 114 555	171 883 130	223 997 685
Items recognised directly in net assets	-	7 997 958	7 997 958
Surplus for the year	-	(10 650 422)	(10 650 422)
Total changes	-	(2 652 464)	(2 652 464)
Balance at 31 March 2023	52 114 555	169 230 666	221 345 221
Note(s)	11		

Cash Flow Statement

	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Sale of goods and services		119 720 599	31 874 602
Grants		1 329 206 000	1 297 038 000
Interest income		17 605 796	4 787 844
		<u>1 466 532 395</u>	<u>1 333 700 446</u>
Payments			
Employee costs		221 859 668	(230 874 164)
Suppliers		(1 871 735 748)	(604 778 329)
		<u>(1 649 876 080)</u>	<u>(835 652 493)</u>
Net cash flows from operating activities	28	<u>(183 343 685)</u>	<u>498 047 953</u>
Cash flows from investing activities			
Purchase of property, plant & equipment	3	(14 304 538)	(10 459 804)
Proceeds from sale of property, plant & equipment	3	8 160	-
Purchase of other intangible assets	4	(1 399 700)	(10 505 749)
Movement in staff advances		(8 139)	3 838
Net cash flows from investing activities		<u>(15 704 217)</u>	<u>(20 961 715)</u>
Cash flows from financing activities			
Finance lease payments		(77 103)	(32 128)
Net increase/(decrease) in cash and cash equivalents		<u>(199 125 005)</u>	<u>477 054 110</u>
Cash and cash equivalents at the beginning of the year		647 041 730	169 987 620
Cash and cash equivalents at the end of the year	10	<u>447 916 725</u>	<u>647 041 730</u>

Accounting Policies

2023

2022

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. The annual financial statements are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP that specifically applies to a material transaction, events or conditions the entity has developed accounting policies in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include: Provisions and extension of useful life in 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. In determining the best estimate of the future settlement amount Management has considered weighting of all the possible outcomes by their associated possibilities.

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. In determining the post retirement obligations, the following formed part of the assumptions: Financial variables i.e discount rate, medical aid inflation, average retirement age, nominal retirement age, mortality rate, spouse and dependencies and decrements.. 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

An impairment loss on debtors is recognised in surplus and deficit when there is objective evidence that is impaired.

The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at the initial recognition. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles in order to assess and determine possible impairment. The measurement of receivables is derived after consideration of the allowance for doubtful debts. Trade receivables over 90 days are provided for, as significant days outstanding are deemed to be an indicator of impairment. The exception to this are government entities due to past payment trend analysis.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets is determined with reference to the useful lives of the underlying items. The estimation of the useful life of the asset is a matter of judgement based on the experience of the entity with similar assets. An entity considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors.

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

Principal and agent arrangement

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

14 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.

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.

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.

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.

Revaluations are made every 3 years 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 reserve.

In the event of any decrease in an asset's carrying amount, 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 reserve in equity related to a specific item of property, plant and equipment is transferred directly to accumulated surplus/Deficit when the asset is derecognised.

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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

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

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

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

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

Accounting Policies

1.5 Intangible assets (continued)

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 infinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Patents, trademarks and Marketing rights	Straight-line	20 years
Computer software, other	Straight-line	10-12years
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).

Accounting Policies

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.

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.

Accounting Policies

1.6 Financial instruments (continued)

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

1.7 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 - lessee

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

1.8 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Accounting Policies

19 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 reporting 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.

Short-term employee benefits

Accounting Policies

1.9 Employee benefits (continued)

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.

Defined benefit plan

Actuarial assumptions

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

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

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

Accounting Policies

1.10 Provisions

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

Accounting Policies

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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

1.12 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.

1.13 Revenue from non-exchange transactions

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

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

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

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

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.

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.

Accounting Policies

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.

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 judgment 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.

Accounting Policies

1.17 Translation of foreign currencies

Foreign currency transactions

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

At each reporting date:

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

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

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

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.18 Comparative figures

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 prior periods changes or errors, are dealt with in terms of applicable GRAP 3 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 and wasteful 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.

Accounting Policies

1.21 Irregular expenditure

On 23 December 2022, National Treasury issued Instruction No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of irregular expenditure. Among the effects of this framework is that irregular expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 36 to the financial statements. The movements in respect of irregular expenditure are no longer disclosed in the notes to the annual financial statements of South African Tourism. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of South African Tourism.

1.22 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments 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.

Accounting Policies

1.23 Related parties (continued)

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

2023

2022

2. New standards and interpretations

21 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Expected impact is material on the note post retirement benefits
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Expected impact is material on the disclosure note on Financial instruments
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure

3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10 000 000	-	10 000 000	10 000 000	-	10 000 000
Buildings	58 477 211	(14 480 965)	43 996 246	58 445 876	(12 789 562)	45 656 314
Furniture & Fixtures	16 616 492	(5 697 371)	10 919 121	7 441 534	(5 419 644)	2 021 890
Motor vehicles	1 854 552	(1 743 901)	110 651	1 854 552	(1 528 305)	326 247
Computer equipment	25 645 366	(17 067 663)	8 577 703	24 300 284	(14 161 673)	10 138 611
Leasehold Improvements	3 194 360	(2 841 174)	353 186	3 194 360	(2 781 182)	413 178
Leased Assets	165 324	(113 357)	51 967	134 989	(76 391)	58 598
Total	115 953 305	(41 944 431)	74 008 874	105 371 595	(36 756 757)	68 614 838

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10 000 000	-	-	-	10 000 000
Buildings	45 656 314	725 194	(485 715)	(1 899 547)	43 996 246
Furniture & fixtures	2 021 890	9 726 440	(36 902)	(792 307)	10 919 121
Motor vehicles	326 247	-	-	(215 596)	110 651
Computer equipment	10 138 611	3 822 569	(1 337 278)	(4 046 199)	8 577 703
Leasehold Improvements	413 178	-	-	(59 992)	353 186
Leased Assets	58 598	30 335	-	(36 966)	51 967
	68 614 838	14 304 538	(1 859 895)	(7 050 607)	74 008 874

Notes to the Financial Statements

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

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

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. revaluations are performed every three (3) years.

Notes to the Financial Statements

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4. Intangible assets

	2023		2022			
Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	
Marketing rights	2 579 189	(2 573 689)	5 500	2 579 189	(2 477 158)	102 031
Computer software	20 761 401	(15 398 402)	5 362 999	23 483 216	(12 685 846)	10 797 370
Website costs	2 210 705	(2 058 769)	151 936	2 210 705	(1 874 231)	336 474
Other intangible assets	1 737 104	(706 433)	1 030 671	720 588	(528 431)	192 157
Total	27 288 399	(20 737 293)	6 551 106	28 993 698	(17 565 666)	11 428 032

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Marketing rights	102 031	-	-	(96 531)	5 500
Computer software	10 797 370	383 185	(3 105 000)	(2 712 556)	5 362 999
Website costs	336 474	-	-	(184 538)	151 936
Other intangible assets	192 157	1 016 515	-	(178 001)	1 030 671
	11 428 032	1 399 700	(3 105 000)	(3 171 626)	6 551 106

The R 3 105 000 adjustment relates to a correction of an incorrectly capitalised human capital system that did not qualify as an intangible.

5. Operating lease asset (accrual)

Current liabilities	(5 698 440)	(3 650 131)
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Operating lease accrual is due to operating lease straight-lining which mainly emanates from international office leases.

Notes to the Financial Statements

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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 permanently employed within the republic. Retirement benefits are based on the growth of each member's investment. As at 31 March 2023, the value of South African Tourism retirement fund was R 143 805 393,87 (2022: R138 273 778,92).

7. Staff advances

Staff advances comprise mainly of refundable educational bursaries and upfront travel advances which were outstanding at reporting date. Staff advances increased from 2022: R 107 621 to R 115 760 in the current financial year.

8. Receivables from exchange transactions

Trade receivables	15 254 469	19 714 529
Deposits	5 026 462	4 849 803
Prepaid expenses	58 252 907	6 129 550
	78 533 838	30 693 882

Trade receivables held by the entity at 31 March 2023 amounted to R15.3 million (2022: R 19,7 million). Short-term receivables with no stated interest rate is measured at original invoice amount if the effect of discounting is immaterial. Accounts receivable discounting procedures were performed and the results were immaterial.

The entity has provided fully for all receivables over 90 days because historical experience is such that receivables that are beyond 90 days are generally not recoverable except for government entities.

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

The significant increase in prepayments is mainly attributable to media buy upfront payments for strategic placements taking place early in the first quarter.

Trade and other receivables impaired

The amount of the provision was R 2 962 273.69 as of 31 March 2023 (2022:R 7 572 288). The ageing of these receivables is as follows:

Ageing

90 - 180 days	774 163	54 160
180 - 360 days	92 852	86 284
361+ days	2 095 259	7 431 844
	2 962 274	7 572 288

Reconciliation of provision for impairment of trade and other receivables:

Opening balance	7 572 288	2 236 082
Provision for impairment	2 962 274	7 572 288
Movement for the year	(7 572 288)	(2 236 082)
	2 962 274	7 572 288

Notes to the Financial Statements

	2023	2022
9. Receivables from non-exchange transactions		
Other receivables from non-exchange TOMSA voluntary levies	115 440 622	58 838 768
<p>TOMSA levy contribution amount receivable for the current year could not initially be determined at reporting date for the current year due to the contribution amount not being confirmed and approved as per the Memorandum of Association and has subsequently been reported as an adjustable subsequent event. the significant increase is due to the variability of collecting levies and most likely associated with COVID-19 recovery.</p>		
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	73 929	62 181
Bank balances	447 842 796	646 979 549
	447 916 725	647 041 730
11. Revaluation reserve		
Opening balance	52 114 555	52 107 742
Change during the year	-	6 813
	52 114 555	52 114 555
12. Finance lease obligation		
Minimum lease payments due		
- within one year	14 050	34 985
- in second to fifth year inclusive	-	11 662
Present value of minimum lease payments	14 050	46 647
Present value of minimum lease payments due		
- within one year	12 458	32 078
- in second to fifth year inclusive	-	11 423
	12 458	43 501
Non-current liabilities	1	75 942
Current liabilities	13 762	11 422
	13 763	87 364
13. Income received in advance		
Opening Balance	15 240 607	2 745 481
Movement during the year	(15 206 224)	12 495 126
	34 383	15 240 607

Income received in advance is due to Pensioners that opt to settle their one third portion in advance, the balance of the previous year was mainly comprised of amounts received from Department of Tourism for tourism grading funding.

Notes to the Financial Statements

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14. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Reversed during the year	Total
Provision for withholdings tax	7 339 752	546 101	7 885 853
Post retirement health care benefits (current)	1 390 000	(72 000)	1 318 000
Post retirement health care benefits	26 857 000	(1 538 000)	25 319 000
	35 586 752	(1 063 899)	34 522 853

Reconciliation of provisions - 2022

	Opening Balance	Additions	Reversed during the year	Total
Provision for withholdings tax	-	7 339 752	-	7 339 752
Post retirement health care benefits (current)	1 642 000	-	(252 000)	1 390 000
Post retirement health care benefits	30 448 000	-	(3 591 000)	26 857 000
	32 090 000	7 339 752	(3 843 000)	35 586 752
Non-current liabilities			25 319 000	26 857 000
Current liabilities			9 203 853	8 729 752
			34 522 853	35 586 752

Withholding Tax Provision

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

Employee benefit cost provision

The post-retirement medical aid liability as at 31 March 2023 is R 26 637 000. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years shows that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. In the previous valuation conducted it was assumed that medical aid contributions will increase by CPI + 4%. In our opinion, medical aid inflation of CPI+4% is not sustainable in the long term, and the valuers have updated this assumption to be CPI+3%, which they still believe is on the conservative side. This resulted in a overall actuarial gain of R 4 757 000.

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

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

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

Employee benefit cost provision reconciliation

The closing balance of SA Tourism's post-employment health care liability as at 31 March 2023 is 26 637 000

Opening balance	28 247 000	32 090 000
Interest cost	3 374 000	4 524 000
Current service cost	1 390 000	1 642 000
Actuarial (Gain)/loss	(4 757 000)	(7 980 000)
Benefits paid	(1 617 000)	(1 617 000)
Unadjusted mistatement	-	(412 000)

Notes to the Financial Statements

	2023	2022
14. Provisions (continued)		
	26 637 000	28 247 000

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

15. Payables from exchange transactions

Trade payables and other payables	134 862 170	61 496 498
Accrued liabilities	326 090 095	472 980 293
	460 952 265	534 476 791

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

16. Revenue

Sundry income	97 465 828	16 841 081
Grading income	25 056 960	15 033 521
Interest received - investment	17 605 796	4 787 844
Government grants & subsidies	1 329 206 000	1 297 038 000
Voluntary TOMSA levies (TBCSA)	115 440 622	58 838 768
	1 584 775 206	1 392 539 214

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

Sundry income	97 465 828	16 841 081
Grading income	25 056 960	15 033 521
Interest received - investment	17 605 796	4 787 844
	140 128 584	36 662 446

Included in Sundry income are the following transactions

Africa's travel Indaba	57 764 389	-
Meetings Africa	32 118 312	12 843 243
Other Sundry Income	7 583 127	3 997 838
	97 465 828	16 841 081

Sundry income predominately comprises of Indaba and Meetings Africa income. The balance of R 7 583 127 is made up of other exhibition income such as WTM, ITB, EIBTM and IMEX

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

Government grants & subsidies	1 329 206 000	1 297 038 000
Voluntary TOMSA levies	115 440 622	58 838 768
	1 444 646 622	1 355 876 768

Notes to the Financial Statements

	2023	2022
17. Lease rentals on operating lease		
Premises		
Contractual amounts	21 906 758	23 114 740
Equipment		
Contingent amounts	454 475	482 048
	22 361 233	23 596 788
18. Grading income and expenses		
Grading revenue	25 056 960	15 033 521
Grading Expenses	(17 314 922)	(10 167 508)
	7 742 038	4 866 013
19. Investment revenue		
Interest revenue		
Bank	17 605 796	4 787 844
20. Government grants and subsidies		
Operating grants		
Government grant	1 329 206 000	1 297 038 000
21. Employee related costs		
Basic	167 285 727	175 819 898
Medical aid - company contributions	2 471 653	2 695 224
UIF	347 842	365 388
SDL and staff training	2 080 579	8 915 076
Leave pay provision charge	2 073 726	3 779 089
Defined contribution plans	10 047 397	9 801 804
Allowances	28 817 983	26 472 855
Social Insurance	5 433 890	4 737 081
Other HR costs	3 300 871	(1 712 251)
	221 859 668	230 874 164
There were no performance-related bonuses charge in the 2023 financial year.		
Other HR costs comprise of staff training, bursaries, staff surveys and related interventions.		
22. Administrative expenditure		
Administration and management fees - third party	102 177 966	57 328 863
Administration and management fees - related party	4 929 228	1 437 693
	107 107 194	58 766 556

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. Board remuneration amounted to R 1 623 770.41 in 2023 (R 1 138 860 in 2022), Board travel and other costs R 3 305 457.39 in 2023, (R 155 225.17 in 2022)

Included in Administration and management fees are repairs and maintenance R 1 842 438.91 in 2023, (R 1 543 161.30 in 2022.)

Notes to the Financial Statements

	2023	2022
23. Marketing expenses		
Marketing costs	1 187 437 956	910 257 580
Marketing expenses mainly consists of costs toward media placements, content generation and marketing activations for brand campaigns, Digital marketing and stimulating domestic tourism.		
24. Finance costs		
Finance leases	3 502	3 521
25. Debt impairment		
Bad debts written off / (recovered)	1 005 874	(3 795 449)
26. Auditors' remuneration		
Fees	8 183 112	7 557 221
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

	2023	2022
(Deficit) surplus	(10 650 422)	118 645 131
Depreciation and amortisation	10 222 234	9 035 555
Loss on sale of assets	122 593	424 375
Finance costs - Finance leases	3 502	3 521
Bad debts	1 005 874	(3 795 449)
Movements in operating lease assets and accruals	2 048 309	1 849 255
Movements in provisions	(1 063 899)	3 496 752
Items recognised directly in Net assets	7 997 958	26 762 612
Other non-cash items	3 105 000	12 687 931
Changes in working capital:		
Receivables from exchange transactions	(47 839 956)	(5 076 781)
Debt impairment	(2 962 274)	(7 572 288)
Other receivables from non-exchange transactions	(56 601 854)	(19 532 953)
Payables from exchange transactions	(73 524 526)	348 625 166
Income received in advance	(15 206 224)	12 495 126
	(183 343 685)	498 047 953

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

Notes to the Financial Statements

	2023	2022
29. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	-	9 907 200
Intangible assets	10 900 000	15 978 000
	10 900 000	25 885 200
Not yet contracted for and authorised by members		
Property, plant and equipment	6 800 000	16 470 546
Total capital commitments		
Already contracted for but not provided for	10 900 000	25 885 200
Not yet contracted for and authorised by members	6 800 000	16 470 546
	17 700 000	42 355 746
Authorised operational expenditure		
Already contracted for but not provided for		
Subvention funding	5 578 000	10 972 000
Women in tourism	-	718 360
	5 578 000	11 690 360
Not yet contracted for and authorised by members		
Subvention funding	-	2 176 176
Total operational commitments		
Already contracted for but not provided for	5 578 000	11 690 360
Not yet contracted for and authorised by members	-	2 176 176
	5 578 000	13 866 536
Total commitments		
Total commitments		
Authorised capital expenditure	17 700 000	42 355 746
Authorised operational expenditure	5 578 000	13 866 536
	23 278 000	56 222 282

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

Operating leases - as lessee (expense)**Minimum lease payments due**

- within one year	21 969 253	26 323 657
- in second to fifth year inclusive	6 769 806	34 104 102
	28 739 059	60 427 759

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.

Notes to the Financial Statements

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30. Contingencies

Litigation relates to labour relations related matters, tender administration matters and alleged breach of contract. The gross contingent costs are estimated to be R 26 254 019 (2022: R 16 730 231.24) with possible counter claims to the total of R 4 888 246.4.

SA Tourism adopted GRAP 19.111 to account for the entity's contingent liability as disclosure of some or all of the information required may seriously prejudice the position of the entity as 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 R 1 329 206 000 (2022: R 1 297 038 000). 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	3 311	6 291
South African Airways	10 075 527	-
South African Revenue Services	45 008 656	57 517 965
	55 087 494	57 524 256

Compensation to members and other key management

Short-term employee benefits	17 343 505	16 478 258
Post-employment benefits	1 617 000	1 150 890
	18 960 505	17 629 148

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.

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32. Financial Instruments (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate. No credit limits were exceeded during the reporting period, and management does not expect any surplus from non-performance by these counter parties.

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

Trade and other receivables at amortised cost	15 254 469	19 714 529
Cash and cash equivalents	447 916 725	647 041 730
	463 171 194	666 756 259

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

Finance lease obligation - Non current portion	-	75 942
Finance lease obligation - current portion	13 762	11 422
Trade and other payables	460 952 265	534 476 791
	460 966 027	534 564 155

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.

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32. Financial Instruments (continued)

Foreign change 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 depreciated in value by 13% against the pound, 18% against the dollar and 17% 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:

	2023	2022
GBP	22,10	19,03
JPY	0,13	0,12
EUR	19,46	16,15
USD	17,86	14,48
AUD	12,00	10,88
INR	0,22	0,19
CNY	2,61	2,28

South African Tourism used the following budget rates for planning purpose: USD 16.46 (2022: 17.25); EUR 18.65 (2022: 20.78); JPY 0.13 (2022: 0.15); GBP 22.19 (2022: 24.06); AUD 11.69 (2022: 12.77); CNY0.39 (2022: 0.41).

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

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

7 April and 8 April 2023, 8 of 11 Board members resigned.

On 21 April 2023 South African Tourism Board was dissolved by Minister Patricia De Lille and this was gazetted on 21 April 2023.

On 21 April 2023, an Interim Board of 3 Members was appointed. The Interim Board Chairperson is Mr. Tim Harris

The entity received confirmation of TOMSA levies that relate to the period 01 April 2022 to 31 March 2023 to the value of R 115 440 622.20, the information was not available at reporting date.

Notes to the Financial Statements

35. Fruitless and wasteful expenditure

	2023	2022
SARS Late payment and interest	394 616	-
Consequence management that has not actioned in a timely manner	842 601	-
Closing balance	1 237 217	-

36. Irregular expenditure

Irregular Expenditure	9 907 200	6 800 498
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Irregular expenditure in the current year relates to purchase of the DOME structure without following the competitive bidding process.

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

37. Segment information

General information and identification of segments Identification of segments

The entity is organised and reports to management on the basis of two major functional areas: Head Office and International branches. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Segments were aggregated for reporting purposes. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

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

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Head Office	Domestic marketing, quality assurance, national conventions, berue, domestic and global marketing support
International offices	International Marketing

Notes to the Financial Statements

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37. Segment information (continued)

Segment surplus or deficit, assets and liabilities 2023

	Head office	International marketing	Total
Revenue			
Revenue from non-exchange transactions	1 444 646 622	-	1 444 646 622
Interest revenue	17 387 235	218 561	17 605 796
Sundry Income	96 216 964	1 248 863	97 465 827
Grading revenue	25 056 960	-	25 056 960
Total segment revenue	1 583 307 781	1 467 424	1 584 775 205
Entity's revenue			1 584 775 205
Expenditure			
Salaries and wages	152 752 980	69 106 687	221 859 667
Marketing expenditure	875 697 550	311 740 406	1 187 437 956
General expenses	135 846 294	30 351 776	166 198 070
Forex gain/(loss)	3 607 136	16 200 204	19 807 340
Loss on disposal of assets	112 431	10 163	122 594
Total segment expenditure	1 168 016 391	427 409 236	1 595 425 627
Total segmental surplus/(deficit)			(10 650 422)
Assets			
Segment assets	499 931 575	222 635 350	722 566 925
Total assets as per Statement of financial Position			722 566 925
Liabilities			
Segment liabilities	(105 572 843)	606 794 547	501 221 704
Total liabilities as per Statement of financial Position			501 221 704

Notes to the Financial Statements

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37. Segment information (continued)

2022

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

Notes to the Financial Statements

2023

2022

38. Accounting by principals and agents

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

Details of the arrangement(s) is are as follows: Details of the arrangement(s) is are as follows:

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

Monitoring and independent audits: both Platforms are independently reviewed by both Internal and external auditors, further controls are governed by terms effected through the signed agreement between both parties.

Entity as principal

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

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

Fee paid

Management fees	10 275 983	3 034 455
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Fees paid in the current year are in compensation of work done for meetings Africa 2023 and Africa's Travel Indaba

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.



VDC-F04/V13

time • value • impartiality

Specialized Generic B-BBEE Certificate

South African Tourism

Registration No: N/A VAT No: N/A

Address: Bojanala House, 90 Protea Road, Chislehurst, Sandton, Gauteng, 2196

Non-Compliant Contributor

Scorecard Details	Score	Other Details	Results	
Ownership	N/A	Procurement Recognition	0.00%	
Management Control	11.27	Black Ownership	N/A	
Skills Development	0.00	Black Women Ownership	N/A	
Enterprise Supplier Development	29.65	Black New Entrants	N/A	
Socio-Economic Development	0.00	Black Designated Group	Youth	
Total Score	40.92		Military Veterans	N/A
Exclusion Principle	No		People in Rural Areas	N/A
Empowering Supplier	No		Disabled	N/A
YES, Absorption Percentage Achieved	N/A		Unemployed	N/A
Continued Recognition	N/A	Certificate Number	(12023) V0073	
Discounting Principle Applied	Yes	Issue Date	14 September 2023	
Participated in Y.E.S Initiative	N/A	Re-Issue Date	N/A	
Modified Flow Principle Applied	N/A	Expiry Date	13 September 2024	
Financial Period	01 April 2022 – 31 March 2023			

- Achieve Y.E.S Target and 2.5% Absorption: N/A
- Achieve 1.5 x Y.E.S Target and 5% Absorption: N/A
- Achieve Double Y.E.S Target and 5% Absorption: N/A

M. Mofokeng
 Technical Signatory: Mofokeng Mofokeng

This B-BBEE certificate is based on the information provided to FIDELITY VERIFICATION and represents an impartial and independent opinion. The Department of Trade and Industry's Amended Codes of Good Practice on Broad Based Black Economic Empowerment, Gazette 42496 of 31 May 2019 has been applied.

Contribution Level	Qualification Points	Procurement Recognition Level
Level One Contributor	> 100	135.00%
Level Two Contributor	> 95 But < 100	125.00%
Level Three Contributor	> 90 But < 95	110.00%
Level Four Contributor	> 80 But < 90	100.00%
Level Five Contributor	> 75 But < 80	80.00%
Level Six Contributor	> 70 But < 75	60.00%
Level Seven Contributor	> 55 But < 70	50.00%
Level Eight Contributor	> 40 But < 55	10.00%
Non-Compliant Contributor	< 40	0.00%



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Robben Island Museum • World Heritage Site



Robben Island • South Africa

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