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SOUTH AFRICAN TOURISM'S GENERAL INFORMATION NAME OF PUBLIC ENTITY: SOUTH AFRICAN TOURISM

REGISTERED OFFICE ADDRESS:

Bojanala House, 90 Protea Road Chislehurston, Johannesburg

2196

TELEPHONE NUMBER:

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POSTAL ADDRESS:

Private Bag X10012, Sandton,

2146. Gauteng, **South Africa** **WEBSITE**:

www.southafrica.net

EXTERNAL AUDITORS INFORMATION:

Auditor-General of South Africa,

300 Middel Street, New Muckleneuk,

Pretoria,

0001

COMPANY SECRETARY:

Amritha Mahendranath





LIST OF DEFINITIONS **AND ACRONYMS**



DEFINITIONS

Activity - processes or actions that use a range of inputs to produce the desired outputs, and, ultimately, outcomes. In essence, activities that describe "what we do".

Annual Performance Plan - an approved plan that sets out what South African Tourism intends doing in the forthcoming financial year and during the Medium-Term Expenditure.

Annual Report - a report that provides information on the performance of South African Tourism in the period under review, for the purposes of oversight.

Audit - an examination of records or financial accounts to check their accuracy and conformity with norms and criteria set out in advance. An internal audit is an assessment of internal controls undertaken by a unit reporting to management, while an external audit is conducted by an independent organisation.

Deputy Minister - the Deputy Minister of Tourism.

Framework - to implement its Strategic Plan.

General Staff - employees not part of management.

Impact - positive and negative, primary and secondary, long-term and short-term effects produced by a development intervention, or the results of achieving specific outcomes such as reducing poverty and creating jobs.

Junior Management - managers on Paterson grading levels D1 and D2.

Key Performance Indicator - a variable that allows the verification of changes or shows results relative to what was planned.

Middle Management - managers on Paterson grading levels D3-E.

Minister - the Minister of Tourism (Executive Authority).

Outcome - the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives, which are set out in its plans. Outcomes are "what we wish to achieve".

Performance - the degree to which a development intervention operates according to specified criteria, standards or guidelines - or achieves results in accordance with stated goals or plans.

Performance Information - a generic term for non-financial information about government services and activities. In addition, "performance indicator" and "performance measure" are sometimes used interchangeably. The report will use the term "performance indicator".

Performance Standards - the minimum acceptable level of performance that is generally expected.

Senior Management - managers on Paterson grading levels E5 and F.

South African Tourism Board - South African Tourism Board (used interchangebly with Accounting Authority) - statutory body appointed by the Minister in terms of the Tourism Act (Act No. 3 of 2014) that has the fiduciary responsibility over South African Tourism.

South African Tourism - the destination marketing organisation of South Africa.

Strategic Objective - states clearly what South African Tourism intends to do (or produce) in order to achieve its strategic goals.

Strategic Outcome-Orientated Goals - areas of organisational performance that are critical to the achievement of South African Tourism's strategic objectives.

Strategic Plan - a plan that sets out South African Tourism's priorities, programmes and projects for a five-year period, as approved by the Board and the Minister of Tourism, and within the scope of available resources.

Target - an expected level of performance or improvement required in the future.

Trended Revenue - the amount spent directly in South Africa by all foreign visitors and domestic travellers excluding amounts spent on capital goods.

Tourism Act - the Tourism Act (Act No. 3 of 2014).



ACRONYMS

AGSA - Auditor-General of South Africa

APP - Annual Performance Plan

BRICS - Brazil, Russia, India, China and South Africa

CCBO - Chief Convention Bureau Officer

CEO - Chief Executive Officer

CFO - Chief Financial Officer

COO - Chief Operating Officer

CPIX - Consumer Price Index

CQAO - Chief Quality Assurance Officer

DG - Director-General of the NDT

DIRCO - Department of International Relations and Co-operation

DMC - Destination Management Companies

DPME - Department of Performance, Monitoring and Evaluation

DTGS - Domestic Tourism Growth Strategy

EXCO - Executive Management Committee of South African Tourism

GDP - Gross Domestic Product

JMA - Joint Marketing Agreement

MICE - Meetings, Incentives, Conventions and Events

MTEF - Medium-Term Expenditure Framework

MTSF - Medium-Term Strategic Framework

NDP - National Development Plan

NDT - National Department of Tourism

NT - National Treasury

NTSS - National Tourism Sector Strategy

PFMA - Public Finance Management Act, Act No. 1 of 1999

PTA - Provincial Tourism Agencies

ROI - Return on Investment

SADC - Southern African Development Community

SANCB - South Africa National Convention Bureau

SMME - Small, Medium and Micro-Enterprises

TBCSA - Tourism Business Council of South Africa

TGCSA - Tourism Grading Council of South Africa

TOMSA - Tourism Marketing South Africa

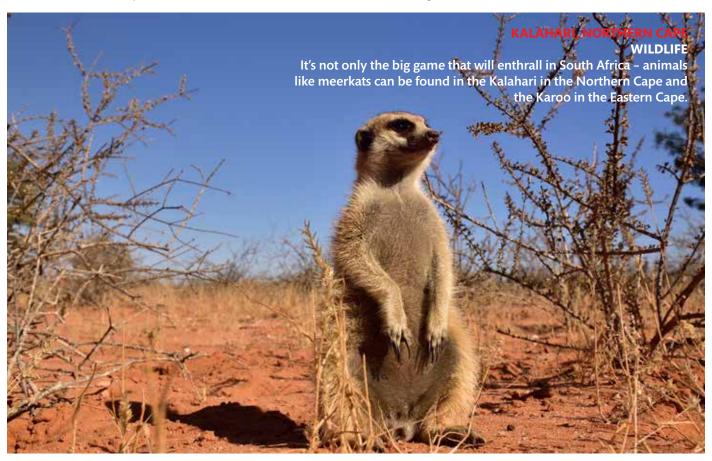
UK - United Kingdom

UNWTO - United Nations World Travel Organisation

USA - United States of America

VFM - Value for Money

VFR - Visiting Friends and Relatives





MESSAGE FROM THE MINISTER OF TOURISM

MINISTER OF TOURISM: DEREK HANEKOM



Tourism in South Africa recorded growth of 6.6% between 2013 and 2014, exceeding the average global growth in the sector and maintaining the status of tourism as a key driver of economic development in our country.

However, despite this overall growth, tourist arrivals from some core markets showed signs of decline towards the end of the reporting period, which required our immediate attention as we continued to market our country to the world.

The #MeetSouthAfrica global campaign, which is also the theme of this report, is about our people. It is about showing the best our country has to offer through their hopes, their warmth, their welcoming nature, the landscapes they occupy and their cultural heritage. It is also about giving our best to the millions of people who come here from all over the world to savour what our country has to offer.

We have learned that tourism growth is not only about increasing the numbers of domestic tourists or international arrivals. It is about improving the experience of every tourist, and selling our destination successfully.

We have allocated additional resources and increased our efforts to promote domestic tourism, which is the backbone of all successful tourism destinations. We want our people to enjoy our cultural diversity, our urban and rural attractions, and our amazing landscapes and biodiversity, which is what the millions of international tourists come to South Africa for every year.

The South Africa National Convention Bureau (SANCB) continues to enhance our capacity to deliver professional business events, which allows us to link offerings in leisure tourism with business events. The SANCB has secured 177 international conferences over the next five years, which are expected to bring an estimated R3.5-billion into the economy.

The Tourism Grading Council of South Africa (TGCSA) plays an important role in quality assurance and in informing tourists about exactly what levels of accommodation and service they can expect when they arrive at graded establishments. By grading establishments, the TGCSA adds a compelling value proposition in the globally competitive tourism space.

The opening of South African Tourism's West Africa hub in Nigeria underscores our commitment to developing tourism on the continent, while the new South African Tourism office in Brazil will service this emerging market. In addition to the marketing function, South African Tourism performs the critical task of undertaking research that guides and informs the domestic, regional and international marketing strategies.

We are grateful to those who work long hours behind the scenes to produce this vital information, and whose work is not often recognised because it is not as visible as the overt marketing initiatives. To reinforce the efforts of South African Tourism, I have appointed a panel to review the work of the organisation. The panel, chaired by former Minister of Environment and Tourism Valli Moosa, will provide insights that will make the organisation more innovative in an increasingly competitive global environment.

A rapid review of the INDABA travel and trade show was undertaken to make the event even more competitive and successful in promoting Africa's tourism products to the world.

I thank the South African Tourism Board, its executive, and all the staff members who work hard to build the organisation, as we strive to increase international tourist arrivals and domestic holiday trips.

All stakeholders in tourism will need to work together and strengthen partnerships between the private and public sector to attain these goals, and achieve the NDP's target of creating 225 000 jobs within the sector by 2020.

DEREK HANEKOM

MINISTER OF TOURISM



FOREWORD BY THE CHAIRPERSON

ZWELIBANZI MNTAMBO CHAIRPERSON: SOUTH AFRICAN TOURISM BOARD



South African Tourism continues to make great strides in marketing destination South Africa to the world, building on the gains of the 2010 World Cup and expanding its reach in the new target markets.

Our further mission to get more South Africans to travel in their own country is gaining traction, although more still needs to be done.

While we take pride in the achievements of the past 21 years, we are conscious of the need to remain competitive and attract more visitors to our beautiful country.

We are also pleased to report the very good progress that is being made by our National Convention Bureau, which has attracted good business meetings and conventions to South Africa. Meetings Africa, which is our premier business events trade show, has concluded 10 years of existence and continues to perform very good work in its area of operation.

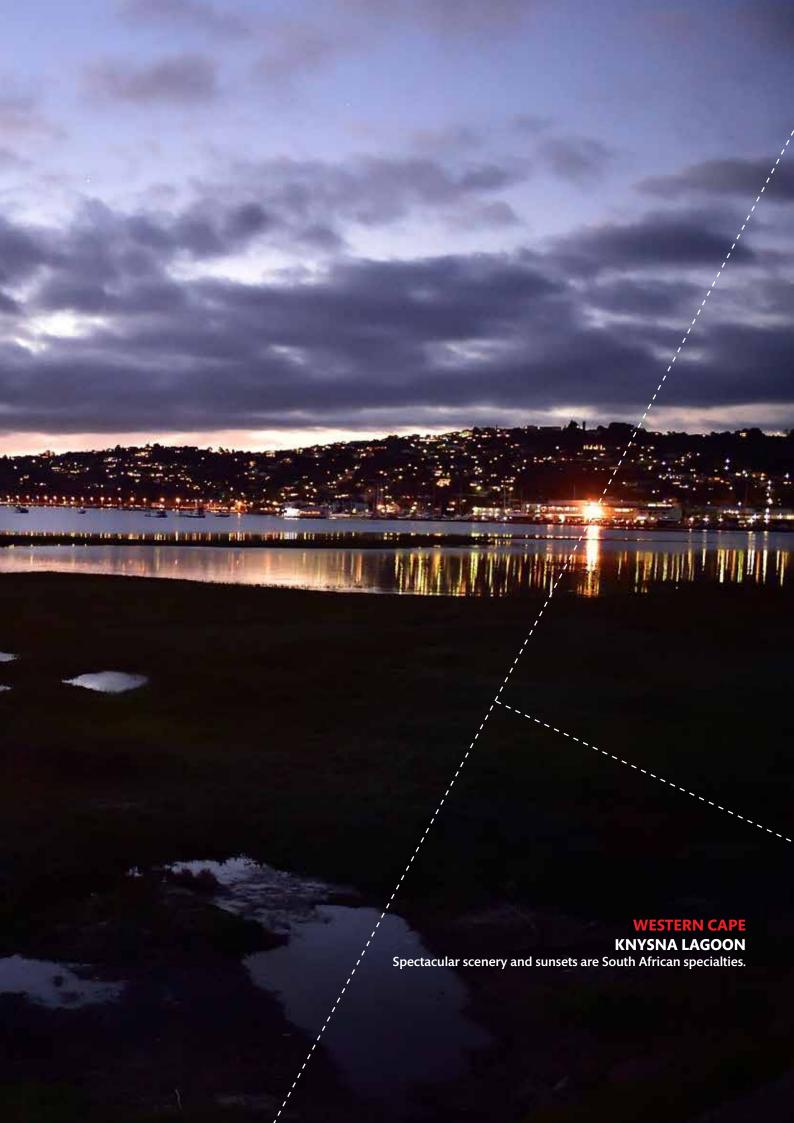
Our growth plans on the rest of the continent and in the BRICS (Brazil, Russia, India, China and South Africa) countries are proceeding well. We opened an office in Lagos, Nigeria, to handle marketing in West Africa. We are giving further focus to Angola, Kenya and Tanzania. South America, and Brazil in particular, are getting increased attention.

I would like to thank the Board and staff of South African Tourism for their commitment and sterling work over this last period. I would also like to thank the former Chairperson, Frank Kilbourn, for his contribution. Our partnership with the Ministry and the Department of Tourism is also appreciated.

ZWELIBANZI MNTAMBO

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CHAIRPERSON: SOUTH AFRICAN TOURISM BOARD



CHIEF EXECUTIVE OFFICER'S OVERVIEW

THULANI NZIMA
CHIEF EXECUTIVE OFFICER: SOUTH AFRICAN TOURISM



South African Tourism's offering has evolved from being a safari destination to a diverse product range from heritage, culture, food and wine to adventure and scenic beauty.

We operate in a very competitive and dynamic industry, and a tumultuous global economic climate. It is owing to these factors that we ensure that ours is an organisation that stays ahead of the global trends in everything we do. In 2013, we achieved great success when our tourist arrivals grew to 9 616 964, compared with the 9 188 368 total in 2012.

In 2014, we continued with our #MeetSouthAfrica campaign, launched in 2013, to illustrate, through the eyes of our people, the beauty of our architecture, diverse cultures and the richness of our heritage to potential travellers. Our current global brand video, "Reconsider South Africa", launched internationally on 30 May 2014, has achieved outstanding results. South African Tourism will continue to grow brand positivity, and convert opportunities and build new loyalties. Additionally, this will effect greater change across our entire brand journey by expanding the impact of our global strategy in 2015/16.

The core benefit of "heartfelt connections" will remain intrinsic to all communications, as additional campaign elements are developed to further enhance and convert the positivity being generated. Our key initiative is to provide support for in-market teams through global marketing tools that lead more potential travellers along the conversion curve. We hope to better inform and equip the trade about our destination and inspire travellers to travel our country, by providing them with reasons to meet South Africa.



Following our Africa Growth Strategy, we are on track with the expansion of our footprint on the continent. We are currently utilising our ring-fenced budget to invest in marketing initiatives on the continent, in order to increase arrivals and spend that will ultimately contribute to GDP and job creation.

The year 2014 also saw the completion of consumer insights research on Nigeria, Ghana, Kenya, Tanzania and Uganda. The "Reconsider South Africa" video, an Africa strategic communication idea and a brand advertisement, specific to the Africa air markets, were also tested to ensure that our communication and messaging are accurate and precise. We are excited that joint initiatives, already under way from 2014, will continue in the new fiscal with travel associations in Kenya, Nigeria, Ghana and Angola. These are in place to promote and increase the trade's familiarity with selling South Africa's leisure and business experiences.

The Tourism Grading Council of South Africa (TGCSA) continued to strengthen the South African Tourism brand by implementing a recognisable and credible globally benchmarked system of quality assurance for tourism experiences. The TGCSA continues to ensure that there is universal accessibility to establishments and that they are user-friendly. Grading is a voluntary programme and the TGCSA is continually challenged to show value for money.

The global tourism market is competitive but also faces many challenges, some beyond its area of competency.

It is for this reason that we collaborate with the industry through bodies such as the Tourism Business Council of South Africa, and endeavour to find solutions as a unit. These structured consultations with the industry ensure that we can stand together as Team South Africa in marketing and selling our beautiful country.

The evolution of South African Tourism would not have been possible without the dedication, passion, commitment and hard work of our staff members, both in South Africa and abroad.

On the domestic tourism front the "Nothing is More Fun Than a Sho't Left" campaign continued, making great inroads. Relaunched in 2013, the campaign's mandate was to encourage and influence the culture of travel among South Africans, help them discover their own country and its hidden gems, and get them into a culture of taking short breaks.

The South Africa National Convention Bureau (SANCB), in conjunction with its industry partners and local convention bureaus, submitted 37 bids in Quarter 1 to Quarter 3 of the period under review. These business events could attract an estimated 88 920 delegates and generate 165 conference days for the country, while the economic impact is estimated at R1.4-billion. Meetings Africa, one of our leading trade shows, celebrated a decade of success in 2014. This achievement has put Africa's largest business events trade show in the spotlight, with the entire world as its audience.

Throughout 2014, the SANCB created marketing platforms for the country's business events industry at various international trade shows, such as IMEX Frankfurt, CIBTM China, IMEX Las Vegas, and EIBTM Barcelona. These sales activities generated 105 qualified leads for the country. In addition, South Africa secured 177 international association conferences that will be hosted over the next five years.

The evolution of South African Tourism would not have been possible without the dedication, passion, commitment and hard work of our staff members, both in South Africa and abroad. To these loyal and dedicated team members, I would like to extend a heartfelt thank you.

To our Board, under the leadership of Advocate Zwelibanzi Mntambo, your guidance and vision are always appreciated. Thank you also to the team at the national Department of Tourism, under the leadership of the honourable Minister Derek Hanekom and the honourable Deputy Minister Tokozile Xasa, for their unwavering support and guidance. Thank you also to the acting Director-General Victor Tharage and colleagues for their continued support and teamwork.

THULANI NZIMA

CHIEF EXECUTIVE OFFICER: SOUTH AFRICAN TOURISM

OUTENIQUA MOUNTAINS
Tourism in South Africa has a rich past and a bright future.

SOUTH AFRICAN TOURISM BOARD

NON-EXECUTIVE MEMBERS OF THE BOARD



ZWELIBANZI MNTAMBO

Chairperson Managing Director: Katiba Consulting



AYANDA NTSALUBA

Executive Director: Discovery Holdings



DIRK VAN SCHALKWYK

Chief Operating Officer: National Department of Tourism



GRAHAM WOOD

Chairperson: Awards Committee Deputy Chairperson: TBCSA Former Managing Director: Tsogo Sun Hotels



KANANELO MAKHETA

Managing Director: Connex Travel



TUMI MAKGABO

Executive Producer: Tumi & Co.



SIZA MZIMELA

Deputy Chairperson Managing Director: Blue Crane Aviation



THEBE IKALAFENG

Managing Director: Brand Leadership Group

Miller Matola **Chief Executive Officer: Brand South** Africa

Monwabisi Kalawe

Chief Executive Officer: South African

Airways

SOUTH AFRICAN TOURISM EXECUTIVE MANAGEMENT



THULANI NZIMA Chief Executive Officer Executive Member of the Board



TOM BOUWER Chief Financial Officer Executive Member of the Board



MARGIE WHITEHOUSE Chief Marketing Officer



Chief Convention Bureau Officer



THEKISO RAKOLOJANE Acting Chief Quality Assurance Officer



STHEMBISO DLAMINI Chief Operating Officer





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

REQUIREMENTS OF THE PUBLIC FINANCE MANAGEMENT ACT



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

The Board prepared the annual financial statements, presented on pages 94 to 135, using Standards of GRAP, and in the manner prescribed by the PFMA. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been used consistently.

The PFMA, 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; and
- 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

South African Tourism has obtained the government grant allocation letter for the next three years and, based on this and the comparative audited Statement of Financial Position, the Board has every reason to believe that the organisation will be a going concern in the year ahead and has continued to adopt the going-concern basis in preparing the financial statements.

Internal Control and Risk Management

The Board sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute, assurance against material misstatements and losses. However, the Board has ultimate responsibility for the system of internal controls and reviews South African Tourism's operations and risk profile primarily through the Audit 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; and
- 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 2014 to 31 March 2015. 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 34, no material losses, irregular expenditure, fruitless expenditure or wasteful expenditure occurred in the period under review; and
- The Annual Financial Statements fairly present the financial position of the South African Tourism Board at 31 March 2015, and the results of its operations and cash-flow information for the year ended 31 March 2015.

Approval of Annual Financial Statements

The Annual Financial Statements for the year ended 31 March 2015, set out on pages 94 to 135, were submitted for auditing on 31 May 2015 and approved by the Board in terms of section 51 (1) (f) of the Public Finance Management Act (Act No. 1 of 1999), as amended, and are signed on its behalf by:

ZWELIBANZI MNTAMBO

Juta 2.

CHAIRPERSON 31 JULY 2015





STRATEGIC OVERVIEW

VISION

For South Africa to be one of the most preferred tourist destinations in the world and to maximise the economic potential of the tourism industry for our country and its people.

MISSION

To develop and implement a world-class tourism marketing strategy for South Africa. In pursuance of this, South African Tourism will:

- Develop and implement domestic, regional and international marketing strategies informed by research, information and knowledge-sharing;
- Develop and implement a business events strategy;
- Implement and maintain a recognisable, credible and globally benchmarked system of quality assurance;
- Facilitate strategic alignment of provinces and industry in support of the marketing of tourism;
- Continuously align efforts to support tourism growth; and
- Ensure the efficient utilisation of resources in order to deliver against the tourism strategy.

VALUES

Our values are:

- Respect for and recognition of our people;
- Acting with integrity;
- Caring for our employees;
- Responsibility and the acceptance of accountability for the outcomes of our actions; and
- Pushing the boundaries of excellence in everything we do.

LEGISLATIVE AND OTHER MANDATES

Tourism Act (Act No. 3 of 2014) - Tourism Act

The South African Tourism Board is a public entity, which is listed under Schedule 3A of the Public Finance Management Act (PFMA) (Act No. 1 of 1999). South African Tourism is a public entity established in terms of section 2 of the Tourism Act (Act No. 72 of 1993) and continues to exist in terms of the Tourism Act (Act No. 3 of 2014).

The Tourism Act (Act No. 3 of 2014), effective June 2014, has not been fully implemented during the year under review.

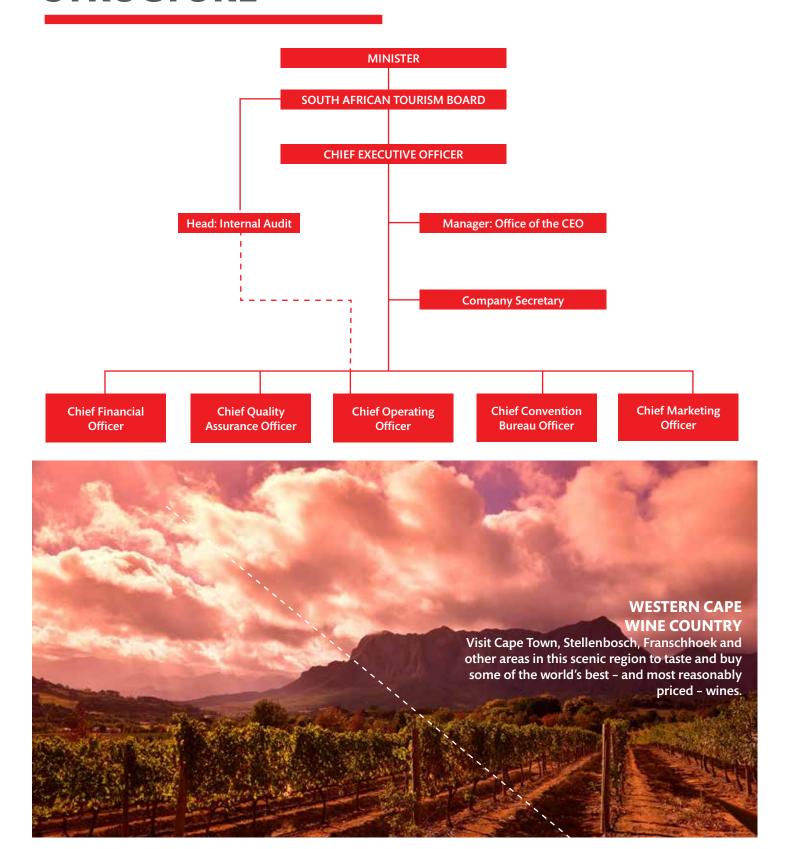
Chapter 3 of the Tourism Act provides the following as functions of the South African Tourism Board:

- Market South Africa as a domestic and international tourist destination;
- Market South African tourism products and facilities internationally and domestically;
- Develop and implement a marketing strategy for tourism that promotes the objectives of the Act, and the NTSS;
- Advise the Minister on any other matter relating to tourism marketing;
- With the approval of the Minister, establish a National Convention Bureau in order to market South Africa as a destination for business events by:
 - Coordinating bidding for international conventions;
 - Liaising with other organs of state and suitable bodies to promote South Africa as a destination for business events; and
 - Reporting to the Minister on the work performance of the National Convention Bureau; and
- · The Board must perform any function imposed on it, in accordance with a policy directive of the Minister, and not in conflict with the Act. Additionally, Chapter 4 of the Tourism Act, 2014 provides the following as functions of the Grading Council:
 - The Council must implement and manage the national grading system for tourism, as contemplated in section 28.
 - The Minister must oversee the functioning of the Council, and the Council is, in this respect, accountable to the Minister for the proper implementation and management of the national grading system.

Other Legislative Mandates

In implementing its plans, South African Tourism considered the National Development Plan's long-term perspective, vision and road map for South Africa and its people. Priorities articulated in the Medium-Term Strategic Framework were embodied in the 2014/15 plans and targets set by the tourism industry. The National Tourism Sector Strategy (NTSS) and the Domestic Tourism Growth Strategy (DTGS) further reinforces these priorities.

ORGANISATIONAL STRUCTURE











PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

The Chief Executive Officer is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the operations of South African Tourism for the financial year ended 31 March 2015.

THULANI NZIMA **CHIEF EXECUTIVE OFFICER** 31 JULY 2015

AUDITOR-GENERAL'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of South African Tourism set out on pages 94 to 135, which comprise the Statement of Financial Position as at 31 March 2015, the Statement of Financial Performance, the Statement of Changes in Net Assets and the Cash Flow Statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

The Accounting Authority's responsibility for the financial statements

2. The Accounting Authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

- 3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of South African Tourism as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives, compliance with laws and regulations as well as internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

- 8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report of South African Tourism for the year ended 31 March 2015:
- · Objective: Increase foreign visitor arrivals coming to South Africa
- · Objective: Increase domestic tourism in South Africa
- Objective: Increase tourism trended revenue contribution to the economy
- · Objective: Increase South African brand awareness
- · Objective: Provide quality assurance for tourism products
- · Objective: Increase business events
- 9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time-bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- · Objective: Increase foreign visitor arrivals coming to South Africa
- · Objective: Increase domestic tourism in South Africa
- Objective : Increase tourism trended revenue contribution to the economy
- Objective: Increase South African brand awareness
- Objective: Provide quality assurance for tourism products
- · Objective: Increase business events

Achievement of planned targets

13. Refer to the annual performance report for information on the achievement of the planned targets for the year.

Compliance with legislation

17. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify

any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

16. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Anders-General

PRETORIA 31 JULY 2015





SITUATIONAL ANALYSIS

The situational analysis considers competitor analysis and consumer insights - as well as future prospects at a global, regional and domestic tourism level. It also considers the organisational environment that affects South African Tourism's ability to deliver on its mandate in all three business focus areas - leisure tourism, business events, and quality assurance.

PERFORMANCE ENVIRONMENT

Global tourism in 2014

According to the United Nations World Tourism Organisation (UNWTO), the world's international tourist arrivals grew by 4.7% in 2014 to reach 1.138-billion arrivals. Developed markets, where arrivals grew by 5.6% (emerging markets grew by 3.6%), mainly drove this growth. Global tourism expenditure reached an estimated US\$1.197-billion in 2014 - a US\$230-billion increase on 2008's figures.

Demand for international tourism was strongest for destinations in Asia and the Pacific (+5.3%), Americas (+7.4%), and the Middle East (+4.4%). The leading regions were North America (+8.2%), South Asia (+7.1%), North East Asia (+7.1%) and Northern Europe (+6.9%).

Over the past three years, Germany and the United States remained the two largest outbound travel markets in the world. China's outbound travel in 2013 overtook that of the United Kingdom, improving its ranking to the third-largest market. Russia also grew aggressively by 14.5%, though this growth was insufficient in shifting its ranking position.

Competitor analysis

The global "closure ratio" has declined from 1:2.14 in 2013 to 1:2.29 in 2014. The closure ratio has declined to 1:2.21 in 2014 from 1:2.06 in 2013 in core markets, and to 1:3.11 in 2014 from 1:3.07 in 2013 in investment markets. The decline in the closure ratio among the core markets was driven by India, Germany and the United Kingdom, while the decline in investment markets was due to Japan and Italy.

Despite the decline in some core markets, South Africa has sustained its global brand journey scores in the past four years. Moreover, compared with 2013, there was a slight increase in "awareness" score, while scores on "positivity", "sought info in the past" and short-term consideration have remained consistent.

Global consumer insights

Recent consumer insights showed that consumers are increasingly looking for affordable and authentic travel experiences. There is a growing preference for sustainable and ethically produced products and offerings, though there is very limited commitment to pay a premium for such products.

The use of the Internet and social media has shortened the purchasedecision process by enabling value-seeking consumers to collect information, read reviews, compare prices, and buy products and services online quickly and easily. Furthermore, group-discount websites, such as Groupon, have given rise to a trend in instant purchases by driving consumers to collaborate online and extract discount deals.

With 50.5% of the world's population now residing in urban areas (this is estimated to be 70% by 2050), people are increasingly coming to expect and value choice, freedom, flexibility and unrestricted opportunity in their travels. The hunt for the next new experience is endless. The global traveller of today, research suggests, is seeking real and authentic experiences that allow them to tell unique and lifechanging stories.

Travel and tourism performed better in 2014 in the modest global economy, with a global GDP increase of 2.4% compared with 2.3% in 2013. Travel and tourism direct GDP contribution to the world economy grew from 3.4% in 2013 to 3.5% in 2014.

Although UNWTO was optimistic about the global performance of the travel and tourism industry, the performance in 2014 was weaker than expected. Factors among others that contributed to this unexpected performance included the Ukraine-Russia conflict, Ebola in West Africa and political instability in Thailand.

Regional Africa

In 2014, Africa attracted approximately 1.3-million additional arrivals (2.3%), reaching a new record of 56-million arrivals. Despite this success, these figures reflect only 5% of the world's tourist arrivals recorded by UNWTO. Tourist arrivals to South Africa, from Africa air markets, was 455 462 in 2013 - a 12% increase from 2012. Africa land markets grew by 3.4% from 6.3-million in 2012 to 6.6-million in 2013.

As compared to Americans and Europeans, African travellers face more stringent visa requirements while travelling to other African countries.

Consumer insights show that the preferences and needs of consumers from Africa visiting South Africa are diverse. Following the fifth portfolio review, the African market was segmented into four hubs considering proximity, similarity in consumer behaviour and preferences. The hubs that were identified were West Africa, East Africa, Central Africa and the Southern African Development Community for the period 1 April 2014 to 31 March 2017.

Domestic tourism landscape

Domestic consumers are currently under pressure. The household debt-to-income ratio increased from 76% in 2013 to 78.5% in 2014 and was characterised by payment defaults and consumers under debt review. High food and fuel prices, high electricity tariffs, and high interest rates have also added their weight.

Furthermore, non-affordability remains the main constraint to travel and it increased in 2013 owing to South Africa's high unemployment rate – which was at 24.1%. Dislike for travel among South Africans has decreased.

VFR dominates the reasons for domestic travel at 70%, followed by holiday travel that accounts for 11%, and business travel estimated at 8%. Two-thirds of travellers are from Gauteng (44%) and KwaZulu-Natal (22%). KwaZulu-Natal continues to be the largest recipient of domestic tourism.

In the domestic survey conducted by South African Tourism, one of the reasons cited for non-travel is the perceived high prices associated with domestic travel compared with international travel.

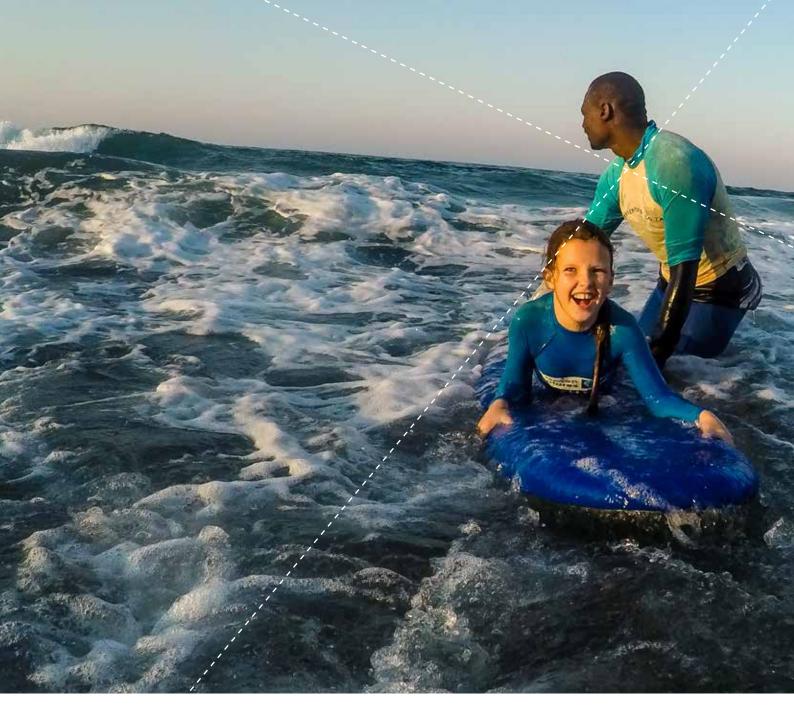
Business events landscape

Owing to the changes in the business events landscape, competitors such as China and the Asian Tigers (Hong Kong, Singapore, South Korea, and Taiwan) are now entering the market.

South Africa being ranked number one in Africa and the Middle East by International Congress and Convention Association (ICCA) maintains its prominence, as the main entry point to the continent remains strong. However, Nigeria, Ghana and Angola are fast growing their competitiveness. The decline in ranking of OR Tambo International Airport to number three in Africa – overtaken by Nigeria – is one factor that has a negative effect on South Africa's relative standing.

In the business events landscape, subvention is still a critical factor in the bidding process for international business events and it impacts on the destination's competitiveness.





Quality assurance in tourism

Recent market insights and trends into quality assurance in tourism indicate a dramatic increase in online consumer reviews. These reviews put pressure on product owners to ensure service excellence and create and maintain high-quality tourism offerings.

According to the UNWTO "Report on Online Guest Reviews and Hotel Classification Systems", consumer reviews are complementing the quality grading programmes of some countries. Abu Dhabi was the first country to integrate consumer reviews with quality assurance.

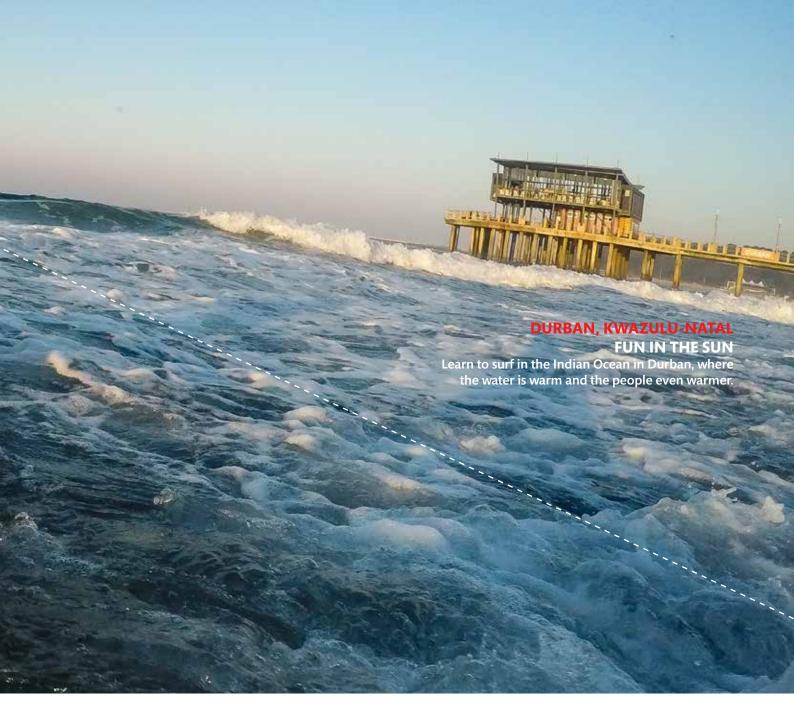
Organisational environment

South African Tourism's business focus areas are leisure tourism. business events and meetings, and grading quality assurance.

Leisure tourism

While leisure tourism opportunities in South Africa put the country on the world map, the product offerings of this market are diverse. This market therefore requires unique and structured marketing initiatives and strategies, which has resulted in South African Tourism's marketing efforts having global, African, SADC and domestic focus.

By building South Africa's brand awareness and positivity, we build medium- and long-term demand for tourist arrivals to South Africa. This positively affects economic growth as tourism contributes to the creation of direct jobs, which is in line with the aspirations of the National Development Plan.



Business events and meetings

This business focus area of South African Tourism markets South Africa as a preferred business events and meetings destination. South African Tourism - through its National Convention Bureau and in collaboration with provincial convention bureaus - seeks to increase the size of South Africa's business events industry. This industry contributes to job creation, skills development, innovation, building the knowledge economy, and the country's gross domestic product.

Grading quality assurance

The Tourism Grading Council of South Africa (TGCSA) offers a recognisable and credible globally benchmarked system of quality assurance for tourism products and experiences that can be relied upon. In this way, it serves to build the South Africa brand. Some of the work undertaken by the TGCSA includes continuously increasing the base of graded establishments, as well as renewals; increasing value-add for graded establishments through a tangible basket

of benefits; empowering assessors to be of greater value to the establishments; and offering support to Exempted Micro-Enterprises in order to create a more inclusive base of graded establishments.

Key policy developments and legislative changes

The implementation of the Tourism Act will require an update to and realignment of the strategic plan and annual performance plan, as well as other existing governance documents.

Corporate

In terms of funding, South African Tourism is involved in a joint operation with one private-sector partner, the Tourism Business Council of South Africa. The objective is to market South Africa in certain markets identified by South African Tourism. Funds contributed to this operation are used solely for that purpose. TOMSA levies transferred to South African Tourism amounted to R111.6-million, representing 10% of the total income of R1.1-billion.

SOUTH AFRICAN TOURISM MARKET PORTFOLIO

Given its limited resources, most notably financial, South African Tourism has adopted and rolled out a Tourism Marketing Growth Strategy based on in-depth segmentation research and focus groups conducted around the world. This Tourism Marketing Growth Strategy focuses its marketing activities on specific segments of tourists in particular markets:

- · Who is most likely to come to South Africa; and
- Whose value for South Africa will be the highest, taking into consideration the size of the segment (value is calculated as the days spent in South Africa, multiplied by the amount spent per day).

During the year under review, South African Tourism continued to drive its marketing strategy, which focuses on the following:

 Investing only in selected markets for leisure tourism and decision centres for business events to deliver volume and value;

Leisure Tourism Market Portfolio

The performance to be reported in this Annual Report originated from the following market portfolio (depicted in Table 1 below) effective 1 April 2014.

South African Tourism promotes South Africa in these markets in terms of its unique selling points as an all-season, year-round, preferred tourist destination – utilising marketing initiatives that are guided by the Tourism Growth Strategy. The markets are described below:

- **Core Markets**: these markets are very attractive and have easier access from a tourism-marketing point of view. They deliver the "bread and butter" in terms of tourism for South Africa.

 Approximately 60% of the organisation's effort (in terms of human capital and budget) is deployed in these markets.
- **Investment Markets:** these markets are also very attractive, but more difficult to access from a tourism-marketing point of view.

	AFRICA	AMERICAS	ASIA & AUSTRALASIA	EUROPE & THE UK
Core Markets	Angola, Domestic, Kenya, Mozambique, Nigeria,Tanzania	Brazil USA	Australia, China, India	France, Germany, Netherlands, UK
Investment Markets	Botswana, DRC, Ghana, Lesotho, Uganda, Zimbabwe	Canada	Japan, South Korea	Italy, Russia
Tactical Markets	Namibia, UAE, Zambia	-	Singapore	Switzerland
Watch-List Markets	Ethiopia, Malawi, Swaziland	Argentina	New Zealand	Austria, Belgium, Denmark, Finland, Norway, Spain, Sweden, Turkey
Strategic Importance	Egypt, Israel, Morocco, Saudi Arabia, Tunisia	-	Malaysia	-

Table 1: South African Tourism Leisure Market Portfolio

- · Establishing regional hubs to increase market penetration for leisure;
- Engaging stakeholders and partners to deliver quality visitor experiences that reaffirm the brand promise;
- Convincing consumers/clients that South Africa can be trusted to deliver memorable experiences and successful business events;
- · Engaging the distribution channel to promote South Africa; and
- Energising and empowering the organisation to innovate and achieve excellence.

Given the potential of these markets, it is of great importance for South African Tourism to invest in these markets, ahead of future returns. Approximately 20% of the organisation's effort (in terms of human capital and budget) is deployed in these markets.

Tactical Markets: these markets are less attractive, but very easy
to access from a tourism-marketing point of view. Approximately
15% of the organisation's effort (in terms of human capital and
budget) is deployed in these markets.

Watch-List Markets: these markets are less attractive and more difficult to reach from a tourism-marketing point of view. However, limited exploratory marketing - largely in conjunction with South Africa's diplomatic offices/missions and tour operators - is being undertaken. The anticipation is that the markets might develop into more prominent markets for South Africa in the future. Approximately 5% of the organisation's effort (in terms of human capital and budget) is deployed in these markets.

South African Tourism will defend and grow its market share in the core and investment markets as well as drive growth in tactical and watch-list markets.

Other strategic interventions implemented during the year under review included the following:

- Emerging markets, that is, the rest of Africa and domestic markets, were prioritised as they continue to present future growth potential; and
- The increasing cost of doing business abroad coupled with the shrinking budgets compelled the organisation to also prioritise and/ or cluster markets in order to maximise South African Tourism's return on investment. Based on the Board decision, South African Tourism adopted a Hub Strategy, parts of which were implemented during the year under review in line with the fifth market portfolio.

Operating Model

South African Tourism's operating model supports the implementation of the strategy through creation of demand in partnership with trade, packaged tourism products for respective markets and consumers, and partnerships with reputable influencers and industry thought leaders to share their experience of South Africa.

Business Events and Meetings Market Portfolio

The prioritised markets for business events and meetings are in major decision centres where headquarters of major associations are located. These priority markets (depicted in Table 2 below) were identified in terms of:

	MEETINGS	INCENTIVES	CONVENTIONS	EXHIBITIONS
Targeted geographic locations	SADC, Europe, USA and Asia	UK, Europe, USA, BRICS and Asia	Europe, USA and Africa	South Africa, Europe and USA
Target audience	African product launches and user groups, as well as African regional meetings of multinational corporations	Incentive companies, corporate agencies, and in-house planners	Associations with South African key contacts or areas of specialisation	Internationalising national shows and African versions of existing titles
South Africa's potential	Limited	Strong	Strong	Limited

Table 2: Target Markets for Business Events

- Geographic locations or decision centres where decisions about staging of major international business events are taken;
- Priority targets within those markets; and
- South Africa's potential to attract delegates.

Strategic Outcome-Orientated Goal

Increased contribution of the tourism sector to inclusive and sustainable economic growth

We anticipate that this strategic outcome-orientated goal will be achieved by implementing marketing strategies that increase arrivals and increase tourism revenue. This will serve to grow tourism's contribution to the South African economy.

South African Tourism's key objectives include increasing international arrivals and domestic travellers visiting South Africa, tourism revenue contribution (foreign and domestic) to the economy, international brand awareness of South Africa as a travel and business destination, and the number of graded accommodation establishments.

In implementing its plans for the year under review, South African Tourism engaged its partners and stakeholders, in order to deliver a quality visitor experience that reaffirms the brand promise and unlock barriers to tourism growth. The engagement was to address issues such as perceptions about safety and security, immigration, health issues and non-availability of tourism statistics.

South African Tourism adheres to good corporate governance practices, benefits of which will be evident in this report.

PERFORMANCE INFORMATION BY PROGRAMME

Consolidated South African Tourism performance information report for the year ended 31 March 2015

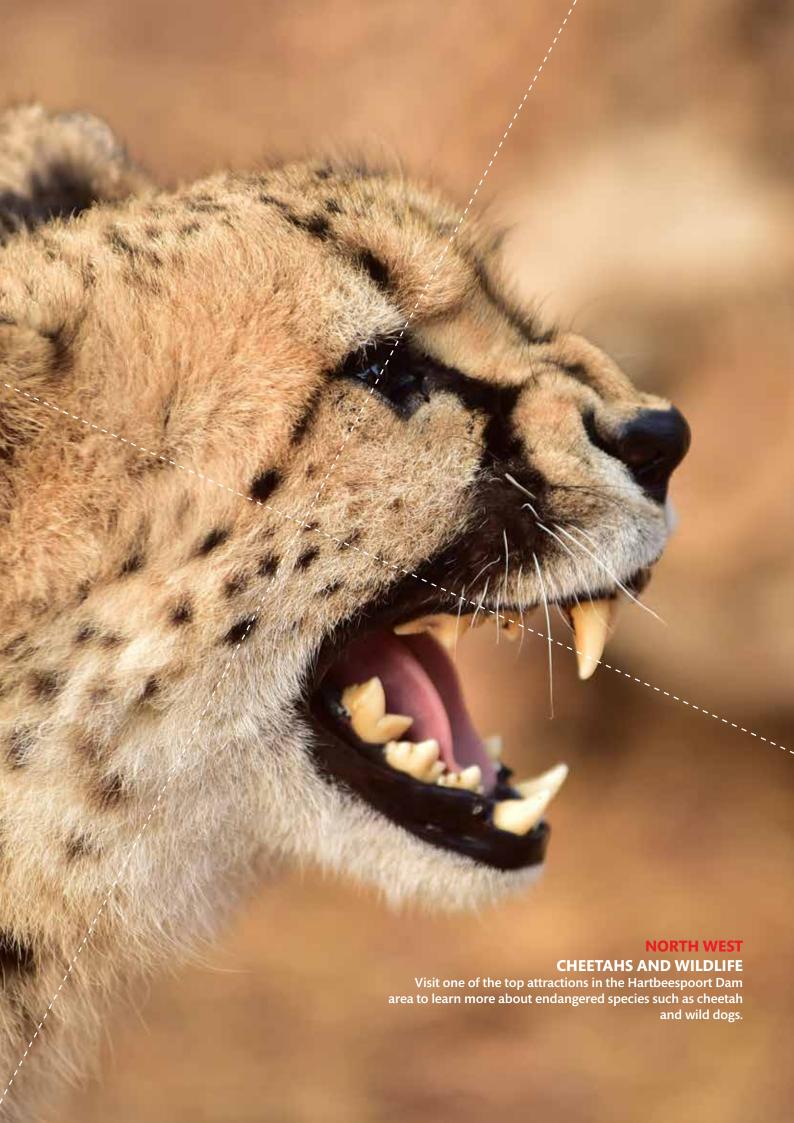
STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENT ON DEVIATIONS
Increase foreign visitor arrivals coming to South Africa	Number of foreign visitor arrivals	14.8-million	16.0-million	15.4-million	-3.9%	Target not achieved. There was growth from most regions except Africa air markets and Asia & Australasia. The slower growth recorded (relative to the target) can be attributed to global macroeconomic conditions, which impacted the spending by tourists.
	Number of buyers that South African Tourism will host at Meetings Africa and INDABA during the financial year	New target	427	451	+ 5.6%	Exceeded target by 5.6% due to an increased focus on the trade to showcase South Africa at INDABA; also the target set for buyers' participation at Meetings Africa was achieved.
	Number of domestic travellers	12.0-million	12.9-million	12.0-million	-7%	Target not achieved. Annual GDP of 1.3% in 2014 was the lowest rate of GDP since 2008/9. This poor economic performance coupled with an increase in CPI impacted consumer confidence. There is still a poor culture among South Africans of taking holidays and as a result the retail sector benefited more than the travel sector.
Increase domestic tourism in South Africa	Number of total domestic trips	New target	25.9-million total domestic trips	28.0-million	+8.1%	Target exceeded. Although poor economic performance was recorded, some regular travellers have increased the frequency of travel mainly for VFR.
Journal Amea	Number of trips during which "holiday" will be the primary objective	New target	3.07-million holiday trips	2.776-million	-9.5%	Target not achieved. Annual GDP of 1.3% in 2014 was the lowest rate of GDP since 2008/9. This poor economic performance coupled with an increase in CPI impacted consumer confidence. There is still a poor culture among South Africans of taking holidays and as a result the retail sector benefited more than the travel sector.
	Number of reports which must include data on seasonality	New target	1 report per year	1 report	-	Target achieved

PERFORMANCE INFORMATION BY PROGRAMME (CONTINUED)

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENT ON DEVIATIONS
Increase tourism trended revenue contribution to the economy	Amount of revenue (foreign and domestic)	R90-billion	R128.0-billion	119.18-billion	-6.9%	Target not achieved. Global spending on travel & tourism grew by 3.4% but was weaker than expected in line with the global macroeconomic performance. Furthermore, the exchange rates were rather volatile in the year and the US dollar appreciated against major currencies. Decreases in average spend as well as arrivals across most markets were factors in not meeting the revenue target.
Increase SA brand awareness	Brand awareness percentage	79%	80%	80%	-	Target achieved
Provide quality assurance for tourism products	Number of graded accommodation establishment members	5 587	7 088	5 369	-24.3%	Target was not achieved as the value proposition of grading did not improve given that the basket of benefits has not been fully implemented during the year under review.
Increase business	Number of international business events delegates in South Africa	94 893	58 500	69 955	+19.6%	Target exceeded due to improved research by SANCB as well as the collaborative bidding efforts with the cities and Provincial Convention Bureaus.
events	Number of bids supported	New target	45	52	+15.5%	Exceeded target by 15.5% due to extensive research conducted on upcoming business events and meetings where decisions of associations are expected to be made regarding meetings.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

KEY PERFORMANCE INDICATOR						
Number of foreign visitor arrivals	South African Tourism is currently reformulating its integrated Marketing and Growth Strategy and will continue to implement its Hub Strategy for better market penetration and increase in arrivals.					
Amount of revenue	From 2015/16 onwards, South African Tourism will be reporting on number of tourists instead of foreign visitor arrivals as the return on investment is calculated based on tourists.					
Number of domestic travellers	Additional budget has been allocated to domestic tourism over the MTEF period from 2015/16. New strategies and tactics will be implemented in order to create awareness, to cultivate a culture of travel and to increase the frequency of travel.					
Number of trips during which "holiday" will be the primary objective						
Number of graded establishments	South African Tourism will accelerate the implementation of the TGCSA Strategy that was approved in August 2014. It is envisaged full implementation of the Basket of Benefits will improve the value proposition thus stimulating the uptake by existing and new establishments.					



PERFORMANCE INFORMATION **BY ACTIVITY**

LEISURE TOURISM

South Africa has achieved 15.4-million foreign visitor arrivals, a R119.2-billion revenue contribution to the economy and 80% brand awareness of South Africa as a tourist destination.

Have you been to South Africa?

"Tourism is a force for change, and must take the lead in the sustainable and inclusive development of the country. We rely upon South African Tourism to position our beautiful South Africa as a prime tourist destination." - Minister of Tourism Derek Hanekom (Parliament, 29 April 2015)

South African Tourism is the tourism-marketing arm of the South African government. Simply put, our job is to promote the country domestically and internationally, whether for leisure, business or events.

The critical focus in the past year has been to establish a stronger "emotional connection" between our people, the destination and tourists. Through the emotional connection we create a bond between our visitors and us South Africans, showing them our way of life, who we are and how we interact - and ultimately awakening the need to meet and experience us in person.

Using traditional and digital media that resonate with tourists including, video, social media and smart mobile apps - we have personalised the transformation they will experience when they "meet" South Africa.

The #MeetSouthAfrica concept has become synonymous with visiting our country. As it implies, the idea behind the campaign is that you will not only visit South Africa when you journey here, you will meet her places and her people.

The brand video was launched globally on 30 May 2014 to showcase South Africa through her people and has achieved outstanding results. To date, the video has been viewed more than 2-million times on YouTube (2 153 783 views by 14 July 2015).

We rolled out our "20 experiences in 10 days" campaign, where experiences are illustrated and conveyed by real travellers, giving us authenticity and organic, word-of-mouth credence.

And, on 1 April 2015, we launched the Madiba's Journey mobile app to much acclaim. Based on the "Madiba-inspired tourist attractions"

map launched in 2014 to encourage tourists - domestic and international - to travel the country, and walk in the footsteps of Nelson Mandela, the GPS-enabled app provides real-time information to enrich the user-experience.

Why #MeetSouthAfrica?

Our key marketing strategy has continued to focus on protecting our brand leadership in wildlife and adventure, which is supported by our hospitality, design and art, and welcoming people. The critical factor has been the need to work harder to close the gap between awareness and consideration, as global travellers find other destinations "more appealing".

And the solution to making that emotional connection presented itself in our brand proposition: the #MeetSouthAfrica concept.

Research commissioned by our Strategic Research unit, with respondents across six of South African Tourism's core markets (Germany, the US, UK, Brazil, China and India), indicated that we have a winning piece of communication that we need to drive further in the next financial year.

The video is doing its job: it's had a positive effect on South Africa's conversion curve in the three mature markets, with significant improvement observed across all the parameters tested in the survey - positivity, long-term consideration, short-term consideration and information-seeking intent.

The research showed a dramatic increase in positivity across Germany (+26%), US (+13%), UK (+15%), Brazil (+32%), China (+36%) and India (+30%). The video also had a strong, positive effect in emerging markets, with a significant improvement across all parameters in all three markets. It was particularly effective in promoting South Africa as a destination that offers "beautiful scenery", "rest and relaxation experience", "beach experience", and "wide variety of experiences".

In terms of emotional appeal, the brand video had a strong impact on the Chinese market, with significant increases observed in five of the nine attributes. Among all attributes, the video was most effective in improving South Africa's perception as a friendly destination.

Now, we need to use this positivity to improve conversion rates in our key source markets (both current and emerging). By doing so we will create new loyalties across the board.

Our "20 experiences in 10 days" campaign, where experiences are illustrated and conveyed by real travellers, featured a family from India and friends from the UK. It was communicated on our global media platforms and supported online, where consumers could learn more about the different itineraries and benefits of a journey through South Africa.

To build our awareness and positivity, we communicated our brand message on BBC World, CNN and the National Geographic Channel (NGC). Global cinema, local TV, train wraps and outdoor media investments complemented our global media reach in Australia, China, Germany, India, the Netherlands, UK and the US.

One example of how we shared award-winning, inspiring content with an actively engaged travel audience is Through the Lens, a unique and authentic programme that encapsulates the landscapes, people and culture of South Africa through the world's best photographers.

The latest South African Tourism/NGC Through the Lens vignette features renowned NGC photojournalist Pablo Corral Vega. In Mandela's Journey (a 90-minuted vignette), Vega embarks on an iconic journey around South Africa, tracing the heroic life of Nelson Mandela. The beautifully shot piece highlights the core of Vega's photojournalism - the "human spirit", which he found our South African people keenly manifest.

In keeping with our strategy to use traditional and digital media to promote Destination South Africa, we targeted PR and communications and further leveraged a number of essential media and engagement channels. These included boosting search engine optimisation (SEO), social media, online media, websites and online applications. Overall, our global brand awareness increased from 79% to 80% in 2014.

Talking About It

A country's brand reputation is central to the tourism narrative, as it influences the traveller's desire to learn about, and ultimately make a decision to visit the country.

We have forged good strategic relationships with media platforms such as CNN, Reuters, CNBC Africa, CCTV-News (China) and eNCA to continue to grow positivity and enhance brand reputation. Notable local media partnerships include those with the South African Broadcasting Corporation and Primedia. As a result, we secured editorial coverage worth more than R4-billion and circulation of more than 17-billion in this fiscal.

Central to our PR activities are international press trips, international travel trade shows and South African Tourism signature events including INDABA, Tourism Month, the Lilizela Tourism Awards and Meetings Africa.

In addition to the international press trips hosted by in-country offices, the Global Communications and PR unit at head office hosted 68 international journalists this fiscal.

The media hosting coincided with key South African cultural and lifestyle events, such as the Cape Town International Jazz Festival, Mercedes-Benz Africa Fashion Week and the Southern Guild Art and Design Fair. It contributed to the significant media coverage in international lifestyle media such as Glamour UK, Condé Nast Traveller, Tattler, L'Officiel, Harper's Bazaar, AnOther magazine, New African Woman, Elle Décor, Spirit magazine, Casa Voque, The Africa Report, Bookazine magazine, Elle USA and Rolling Stone magazine.

Aware that the warm and friendly people who make our destination special are at the heart of the #MeetSouthAfrica proposition, we make it a priority to include "the people" when hosting press trips.

Local influencers have become key protagonists in telling the story about Destination South Africa. Chefs like David Higgs showcase South African culinary experiences, while influencers such as John Vogel, Monna Mokoena, Ravi Naidoo, Mokena Makeka, Jonathan Lieberman and Porky Hefer highlight authentic South African arts and culture.

As a country, in 2014 we observed the first Nelson Mandela International Day without Nelson Mandela. The Mandela-inspired journey was used as a platform to celebrate Mandela Day and give back to the community. A group of underprivileged children from an Alexandra foster home were hosted at Liliesleaf farm in Rivonia. The children were given an opportunity to learn about South Africa's history and heritage through the various tourist attractions they visited.

Other activities that have been instrumental in showcasing South Africa internationally in this fiscal include international travel trade shows such as the World Travel Market (WTM) in London, the Internationale Tourismus-Börse (ITB) in Germany and the Brazilian Travel Agencies Association (ABAV) gathering in Brazil.

Digital and Social Media

Our #MeetSouthAfrica campaign is often cited on social media platforms and by influencers. The ability to have so many compelling first-hand stories by trusted advocates is a real advantage as we have such a wide variety of experiences and a multitude of welcoming people to experience the reality.

By interacting with travellers on social media - via Facebook, Twitter, Instagram, Pinterest, Flickr, Google+ and YouTube - we were able to put this on display in an authentic and resonant way. We achieved more than 1.4-billion opportunities to see (OTS), which translates into an advertising value equivalent (AVE) of R272 136 173.

For the period January 2014 to December 2014, international passengers who booked via partner online travel agents (OTAs) grew from 285 598 to 308 108, an increase of 7.8%. Total gross bookings grew 43.7% from R1.6-billion to R2.3-billion from South African Tourism's work on Expedia platforms.

South African travel booked via our partner OTAs continues to grow in leaps and bounds, albeit off a low base. Passengers increased 96.7% from 23 345 to 45 914, and revenue increased by 168% to R83.7-billion for the period January 2014 to December 2014.

Across leisure and business tourism, the traffic to our own properties on southafrica.net has grown in quality and quantity (11% in the fiscal) as we continue to support the in-market campaigns and distribute the





needed information across desktop, tablet and mobile devices to help users choose South Africa as their vacation and business destination.

It's All About the Experience

The Global Product unit, our experiential marketing arm of the business, works closely with the South African trade to assist them in gaining better value and length of stay from all tourists, domestically and international. Building itineraries that include a wide variety of South African experiences is central to its work.

Hosting trade, media and other guests in South Africa at specialised events has been key. This includes national and international (at INDABA) speed-marketing sessions; product-packaging workshops; and the "Welcome" marketing campaign, which is a flagship brand under the Global Product portfolio.

The experiences within the easy-to-do, value-for-money itineraries, which have been tailored to the specific needs of the different markets, bring South Africa's "brand promise" to life.

National speed-marketing sessions encourage the packaging of lesser-visited regions in South Africa, thereby increasing provincial distribution, arrivals and spend. The international speed-marketing sessions (held at INDABA) showcase the country's unique experiences to international buyers. Three speed-marketing sessions were held at INDABA 2014: Urban Vibe, Hidden Treasures and Action Adventure.

The product-packaging workshops are designed to update trade partners with the latest market knowledge and trends, as well as offer practical tips and information. These workshops assist trade to better package products, thus allowing them to gain better value from the markets they operate in.

The Welcome Campaign seeks to inspire and educate South African tourism 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 Campaign in the period under review was the launch of the "Make Someone's Day" project, which is positioned to showcase and highlight the importance of trade in the tourism value chain. We created and sustained partnerships with the trade through information sharing, toolkit developments and fact sharing.

South African Tourism also assists in creating content to support itinerary design. For instance, content for the following two tourism products was developed in collaboration with partners:

- · A Gandhi-inspired tourist attractions product was launched in October 2014 to assist trade to develop packages that are suitable to specific markets. The content (website and pocket guide) identifies a number of places that were pivotal in Gandhi's life in South Africa, and enables people from all over the world to come and walk in his footsteps; and
- To make the Madiba-inspired tourist attractions, which were launched in 2014, accessible the Madiba's Journey app was developed and launched in April 2015. The app encourages tourists - local and international - to travel the country and visit the tourist sites and general places of interest in the four

main provinces that defined Madiba's life. This includes written information on the attraction, audio describing the attraction and other relevant information including contact details, map previews and photo galleries. The project was completed in partnership with the Nelson Mandela Foundation.

Wooing the World's Wanderers

Total foreign visitor arrivals from the United Kingdom 2014: 510 744 - up 5.2%% from 485 465 in 2013

South African Tourism's main objective in the United Kingdom in the period under review was to inspire British travellers familiar with South Africa but who have never visited to reconsider our country as an exuberant and safe holiday destination.

The goal of South African Tourism's Communications Strategy, was to deliver 491 679 UK foreign visitor arrivals to South Africa (an increase of 1.3% over 2013); maintain the UK's position as South Africa's top tourist market; improve positivity from 34% to 40%; and improve the closure ratio from 1:1.2 to 1:1.18.

Unfortunately, Quarter 1 of 2014 was weak, with a decline of 4.4% in tourist arrivals, mainly due to South Africa not being regarded as a "must do now" destination - other destinations seem more appealing. When a potential visitor walks into an agency, they are faced with a varied choice of destination. Their perception of South Africa is good, but the lack of knowledge from the agent is where our leakage is and this has been a key focus in 2014.

The market did rally again thereafter, even showing cumulative yearon-year growth of 2.4% by June 2014. The first half of the summer season (October to December) again showed good growth by UK market standards.

The success of the in-country work together with an improved exchange rate from the GBP resulted in an above-average arrivals growth for the UK by end of 2014.

The Ebola crisis had little immediate effect on the arrivals for Quarter 4, albeit the long-term effect (and the effect of the child immigration regulations) remains to be seen.

Total foreign visitor arrivals from the United States 2014: 422 215 - up 7.9% from 391 198 in 2013

In the United States, we aimed to create "talkability" about South Africa by showcasing rich, memorable and shareable "safari PLUS" experiences.

In spite of fears around the West Africa Ebola outbreak and confusion surrounding the pending immigration regulations on travelling minors, the New York office continued the work of educating and inspiring United States consumers and trade alike with the second phase of our "What's Your BIG 5?" campaign.

The first quarter for the United States was positive, with growth of 7.7% by the end of March. August and September were also strong months (even better, as this is the main travel period for Americans). November and December showed a decline of 4.7% and 2.1% respectively, mainly attributed to insecurity around Ebola.

Total foreign visitor arrivals from Germany 2014: 353 486 - up 10.2% from 320 823 in 2013

Our strategy to create "emotional connections" in Germany was to get Germans to speak about South Africa, through the groundbreaking "Heartbeat" campaign. Our partners launched the stories that moved thousands of German travellers to capture and share their very own South African "Heartbeat" moments.

The German market began with a strong second half of its winter season (January to March), closing the first quarter with a growth of 5.1% by the end of March. This was mainly owing to a consistently strong economy and a strong Euro.

The low season (June/July) was weaker, but arrivals in this quarter are minimal, so the impact was not noteworthy. August showed strong growth (22.1%), mainly owing to strong sales with affordable deals and aggressive sales marketing. South African Tourism supported sales deals with TV PR campaigns and films made in South Africa (not advertising, but movies).

Growth stayed robust in the double digits until October; thereafter it stalled slightly, with December closing with only a 0.6% growth on the same month in 2013. This slight decline may be attributed to immigration and health issues.

Total foreign visitor arrivals from France 2014: 171 411 - up 16.7% from 146 819 in 2013

France was the star performer, in 2014 showing consistent growth. The main reasons for this performance are the ongoing rewards we are reaping from "South Africa Season" in France in 2013, which raised awareness and positivity (with our marketing work leveraging that positivity further).

Furthermore, efforts to unlock the trade seem to be bearing fruit. The trade in France is very fragmented, unregulated and not at all integrated. Pressure on value and variety make South Africa appear undesirable and two-dimensional.

Our trade strategy is one of supporting variety and value offerings, covering all distribution channels, including online, pure players and independent travel agencies, and introducing South Africa to new associations. The ongoing value of the exchange rate further helped our strategy.

Total foreign visitor arrivals from The Netherlands 2014: 148 008 - up 14.2% from 129 631 in 2013

Another star performer in 2014! In the Netherlands, we leveraged the #MeetSouthAfrica campaign through market campaigns showcasing "Hidden Gems" holiday experiences that demonstrate value for money.

The Dutch are eager to explore new experiences with an emphasis on meeting the locals, and the repeater rate is about 50%. We experienced a phenomenal performance year-on-year, with doubledigit growth reported in every month except December.

The December stagnation could be attributed to a combination of airlift being at capacity and a small level of insecurity regarding Ebola. The Netherlands as a typical explorer market is mostly travel-savvy and therefore more resistant to media hype. August notably showed an increase, a testament to the "Hidden Gems" we encourage trade to showcase and seasonality efforts of the team.

Total foreign visitor arrivals from Australia 2014: 145 034 - up 5.8% from 137 027 in 2013

Our wildlife, heritage and cultural diversity continued to be our biggest selling points in Australia and New Zealand, and the market's propensity to respond to strong word-of-mouth stood out as a platform on which to build our communications and partnership activity.

Growth from Australia has been consistent year-on-year (2013 closed with a growth of 4%). Excluding a small dip in October, all months grew consistently and steadily year-on-year. Australian trade reported a 30% decline (approximately) in requests for South Africa in the last quarter of 2014, mainly due to Ebola insecurities, which may relate to the dip in October and may become more visible in arrivals for Quarter 1 in 2015.

Total foreign visitor arrivals from India 2014: 117 511 - down 6.9% from 126 179 in 2013

South African Tourism India's approach to attract visitors was by showcasing South Africa as a surprising and unique holiday destination that allows time for family bonding without losing our brand attributes of adventure and wildlife.

We introduced the second edition of #TakeMeToSouthAfrica through an online gaming contest focusing on South Africa and, as expected, the contest was a huge hit across India with a very high level of engagement across platforms such as Twitter, Facebook and a specially designed microsite linked to the South African Tourism website.

The decline in arrivals from India is in the main due to factors such as poor turnaround time on visa application processes in the first part of the year and fears regarding Ebola in the latter half of the year.

Total foreign visitor arrivals from China 2014: 140 315 - down 13.9% from 163 052 in 2013

Our Chinese market - where we use the increasing emotional cravings of Chinese consumers to seek worry-free and high-quality holiday experiences together with either families or friends to get a real taste of being spontaneous and wild - was the hardest-hit by the Ebola outbreak; from September onwards declines are in the high double digits.

Similar to India and Brazil, South Africa is not yet differentiated against Africa in the perception of the Chinese, further deepening the fear of contracting Ebola. Add to that the short booking cycle, and the impacts of Ebola were seen immediately.

Chinese New Year in February showed a small decline, mainly due to the slowing of the Chinese economy. We also experienced challenges regarding visa processing: we ran out of visa paper twice in 2014 (and once in 2015 already). With travel decisions being made last minute in this market, delayed visa processing means another destination wins the booking.

Total foreign visitor arrivals from Italy 2014: 82 285 - up 7.9% from 76 255 in 2013

Italy had a strong peak season (June to August) with double-digit growth even into September. Trade reported a strong growth during April and May driven mainly by the unexpected consumer demand outside of peak season. Unfortunately, October to December declined, derailing double-digit growth for the year, mainly due to Ebola insecurity.

Total foreign visitor arrivals from Brazil 2014: 81 480 - down 8.6% from 89 146 in 2013

The "Ordinarily Extraordinary" campaign aimed to inspire Brazilian travellers considering South Africa as a destination to take a holiday in our country by demonstrating the wide variety of world-class, value-formoney experiences in a fun and easy-to-do way.

We engaged the Brazilian trade so that they better understand South Africa as a holiday destination, and can thus package and sell a diverse range of value-for-money, fun and friendly experiences.

During the period under review we dealt with several challenges:

- Brazil hosted the 2014 FIFA World Cup in June and July, which resulted in a slight decline due to likely deferring of trips;
- Brazilians are cautious during presidential elections due to the expected impact of the results on the economy; and
- The depreciation of the Brazilian real reduced disposable income for Brazilians in 2014.

Total foreign visitor arrivals from Japan 2014: 43 653 - down 1.6% from 44 354 in 2013

Japan had a weak first quarter (-15.3%) due to January (-39%) declining strongly year-on-year. This was in the main due to an over-performing January in 2013, as traditionally the period December to February is low season for Japan. When comparing January 2012 to January 2014, tourist arrivals are up 2% for January 2014, even with the stripped-out transit tourists.

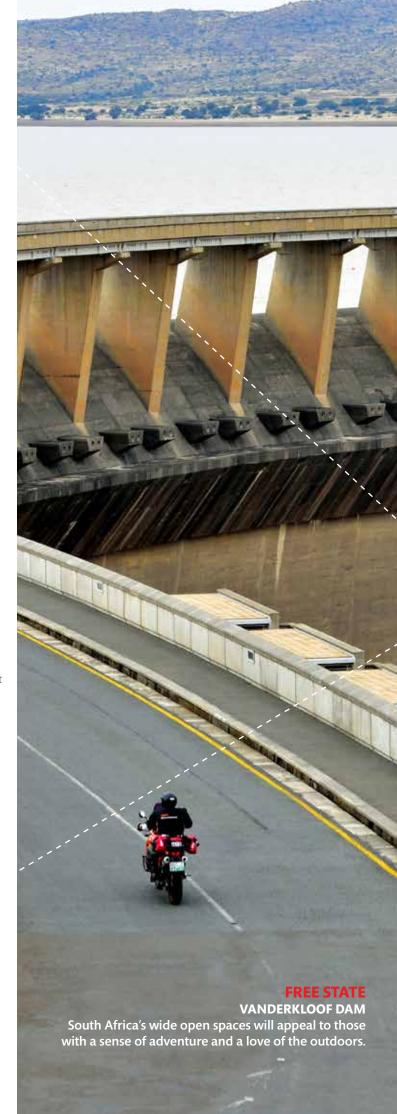
The decline was clawed back over the following months, however, and by September the shortfall had been reduced to a mere -1% thanks to robust trade engagements and growth in monthly arrival numbers. December, however, showed a recovery of arrivals, with a growth of 35% in the month, reducing the figures from -8.3% as at end November to -5% at year-end.

On the Radar

In addition to our core focus markets, we are constantly keeping an eye on other countries globally and in the region whose citizens we believe should #MeetSouthAfrica.

Of course, every arrival in South Africa also contributes to our economic growth, influences the National Tourism Sector Strategy targets and, ultimately, delivers sustainable jobs.

The countries on our watch-list in the period under review were Argentina, Austria, Denmark, Malawi, Namibia, Portugal, Korea, Spain, Switzerland, Zambia and Zimbabwe.





The combined total arrivals from these markets in 2014 were 1 324 222 and they contributed approximately 8.6% to the total tourism arrivals in the period January 2014 to December 2014.

Supporting South African embassies in these countries to position us as a destination remained a top priority for us, and to this end we worked very hard at maintaining relations with the Department of International Relations and Cooperation (DIRCO). This included participating in economic diplomacy workshops with the DIRCO and the national Department of Tourism.

Since we began working in earnest in the Swiss market five years ago, we have created profitable partnerships by signing JMAs with five big trade players. This saw the market's performance increase by 20% (compounded growth) on average, which resulted in an increase of frequency of direct flights between Zurich, Cape Town and Johannesburg.

We hosted 30 top trade officials and media from Argentina, Austria, Switzerland and Spain on #MeetSouthAfrica trips in the country, and will continue to look for partnerships to raise the country's profile with international media and influencers.

A particularly noteworthy collaboration was with our embassy in Vienna, Austria, where we hosted lifestyle media who profiled the country ahead of the Nelson Mandela benefit concert in Austria. It resulted in extensive coverage in publications such as *Kuier* and *Krone* in Austria, valued at more than R4.5-million.

We also embarked on a joint project with the SANCB at EIBTM Barcelona in Spain, where we educated leisure trade players in the Spanish market on the SA Specialist programme and hosted a networking event for influencers.

The Rest of Africa

Despite the slight decline of 0.5% in foreign arrivals from the Africa air markets during the year under review, the region exceeded its overall target. The only markets that saw double-digit growth were

Angola and Tanzania, a stark contrast to the escalation of the past four years. Nigeria declined by 11.5%; Ghana by 9.5%, Kenya by 4.8%, and Uganda and the DRC declined by 9.4% and 8.8% respectively. Tanzania, which contributes 42% of the overall arrivals from East Africa, increased by 11%, while Angola saw an increase of 15.4%, which was the biggest growth in the portfolio also exceeding annual target.

Total foreign direct spend (TFDS) declined by 6% resulting in the region not meeting its TFDS target. The decline in tourist arrivals and TFDS can be attributed to a number of factors that marred our marketing efforts in the region, including Ebola and visa processing requirements.

Despite the decline in arrivals and spend from our focus markets, our brand attributes improved slightly, which is a positive sign that we are on a good trajectory of building a strong brand to ensure sustainable future tourism growth from the continent.

Joint marketing agreements (JMAs) enabled us to collaborate on a number of activities aimed at promoting and selling South Africa's leisure and business experiences through different travel entities and non-travel companies.

Joint marketing activities with MTV Base offered exposure of our leisure experiences through the promotion of South Africa on MTV channels and their various digital platforms, and ultimately the Africa MTV Music Awards show in Durban. A consumer competition was held in various countries and winners joined media personalities and lifestyle influencers at the awards show to mingle with nominated artists backstage and at event parties that were hosted by popular African, American and South African personalities. The winners were filmed enjoying different leisure experiences in Durban. The film was edited to a commercial that was aired on MTV Base and its social media platforms from June 2014 to March 2015.

We continue to partner and engage with the travel trade, both tour operators and retail trade in market, as well as product in South Africa,



to ensure delivery of tourism experiences that are responsive to our consumers' needs.

Trade and media were hosted throughout the year from different markets to showcase leisure and business experiences on offer in South Africa in order to positively influence how trade promotes and sells, and how and what media writes about, South Africa. Different lifestyle events were used to enhance the hosting experience and to promote those particular events, as events are key drivers to travel from the continent. For 2014 we leveraged the Vodacom Durban July, the Veuve Clicquot Masters Polo series, the Standard Bank Joy of Jazz, the Cape Town International Jazz Festival, INDABA 2014 and Meetings Africa 2015.

Trade associations are an important platform to engage a large number of tour operators and travel agents in a cost effective manner, hence our continued relationships with Nigerian Association of Travel Agents, the Kenyan Association of Travel Agents, Tour Operator Union of Ghana, Angolan Travel Agent Association and Tanzanian Association of Travel Agents, which give us the desired benefits.

We exhibited at the following travel shows in October 2014 as part of showcasing the South Africa brand to build awareness and give the South African product and service providers an opportunity to interact with trade and consumers: Swahili in Tanzania; Magical Kenya; BITUR in Angola; and AKWAABA in Nigeria. We leveraged different business units within South African Tourism to disseminate information and act as proxies of the South African travel trade, that is, TGCSA, product and SA Specialist, through the eMarketing team.

All of the aforementioned activities resulted in total PR coverage worth R4 259 560 342 and a total of 117 212 website views.

We used 2014 to enable us to seize the opportunity of the continent's envisaged economic growth. This included reworking our marketing

strategy to ensure we extend our footprint in sub-Saharan Africa, while we still concentrate on our core and investment markets.

In November 2014, we conducted consumer insights research in Nigeria, Ghana, Kenya, Tanzania and Uganda to fully understand the travel needs of our segments. In addition, we tested our new Africa strategic communication, creative idea and brand TV advertisement (animation), to ensure that the communication and messaging is aligned to the needs of the consumer.

Lastly, in February 2015, we filmed Africa-specific TV and radio commercials with closing billboards that are core-market specific, as per our new communication strategy and campaign.

The upcoming fiscal will be used to implement the marketing and communication strategy as well as the implementation of our Hub Strategy in the continent.

Join Us, Neighbour ...

Regionally, our "emotional connection" with neighbouring countries Mozambique and Botswana focused on "neighbourliness".

Travellers from these two countries journey to South Africa mainly for personal shopping and resale, to visit friends and relatives, and to attend events. Our strategy is to position South Africa as more than a shopping destination by encouraging them to explore leisure activities and tourism attractions during their shopping trip to the country.

Our SADC campaign was created around welcoming our neighbours and asking them to join us in experiencing 52 weekends of fun getaways in South Africa.

A partnership with Intercape and Flight Connect, where brochures detailing 52 getaway itineraries in South Africa were distributed on board, reached more than 7 000 travellers from Mozambique and Botswana.



A Sho't Left - it's Easy, Accessible and Affordable

South African Tourism achieved 12-million domestic travellers and 28-million domestic trips, of which 10% were holiday trips.

On the home front, the "Sho't Left" campaign remains critical to executing our domestic tourism strategy of finding new, fun ways of encouraging South Africans to take frequent, short breaks in our beautiful country.

South Africa's domestic tourism has not performed in the same way that international arrivals have, with domestic numbers struggling to recover since the recession.

In a constantly connected world, South Africa, with approximately 54-million (2014) inhabitants, has swiftly grown on the digital front. Approximately 29-million South Africans currently use mobile phones and, of these, about 20.5-million use a smartphone.

In recognition of this, and in keeping with our strategy to make use of traditional and digital platforms, we have improved the domestic digital platforms, including the Sho't Left mobile and digital sites, and our social media platforms.

The Sho't Left Facebook page grew exponentially in less than six months to more than 100 000 likes.

We also introduced a blog and invited South Africans to share pictures of their Sho't Left adventures in their own country.

Our domestic Trade Engagement Plan was crafted to engage the industry with a 360° approach, including interaction with provinces, products, associations, tour operators and travel agencies. We signed five JMAs: South African Tourism Services Association, Thompsons Holidays, Flight Centre, Legend Tours, the Preferred Hotel Group and SafariNow.

We ensured that domestic travellers also benefitted from the City Lodge Group and Mango Airlines relationship, by executing an on-board campaign targeting passengers and offering discounted vouchers

TOURISM GRADING COUNCIL OF SOUTH AFRICA

In the period under review, 5 369 (406 new and 4 963 renewals) establishments participated in the tourism grading system offered by the Tourism Grading Council of South Africa (TGCSA) to improve visitor experience.

Quality - and the ability of travellers to trust the establishments they or their tour operators have booked - is an important aspect of the #MeetSouthAfrica brand strategy.

The only officially recognised quality assurance body for tourism products in South Africa, the TGCSA is a South African Tourism business unit.

Simply put, when it comes to the grading of recognisable hotel, B&B, guesthouse and MESE (Meetings, Exhibitions and Special Events) venues etc, we really are the one and only - which makes our stars the "real deal".

We have a team of 52 TGCSA-accredited grading assessors, who cover nine provinces as they carry out quality grading assessments.

Every year, an estimated 6 000 establishments are assessed. This keeps the overall standard of South Africa's accommodation and conferencing on a competitive and acceptable level.

While the number of graded establishments decreased by some 205 establishments in the fiscal under review, there was a considerable growth in the number of graded rooms.

Notwithstanding the above, we introduced a number of initiatives geared toward retaining existing members and acquiring new members.

Basket of Benefits

The Basket of Benefits implemented in September 2014 is a comprehensive offering to graded establishments that provides various value-added benefits tailor-made for their specific needs. At end-March 2015, 4 581 establishments were registered for the Basket of Benefits.

Power of One Roadshow

As part of the Stakeholder Management Plan, countrywide roadshows were conducted during the year under review to build strong relations with the provincial tourism authorities, local tourism associations and business. Stakeholder engagement remains one of the pillars of the TGCSA.

Expanding the Grading Criteria Offering

Following a comprehensive stakeholder consultation, we launched the new Game Lodge grading criteria on 1 July 2014. This addition to the TGCSA grading categories saw the expansion of establishments from nine categories to 11 to include the Game Lodge and Game/Nature Reserve categories. This bodes well for the industry and gives tourists a broader variety of quality graded establishments from which to choose.

Universal Accessibility Standards

In 2007, in our endeavour to align South Africa's grading criteria with global standards of tourism establishments, we embarked on an initiative of developing Universal Accessibility (UA) standards. Following widespread consultations with the larger tourism and hospitality industry and national disability organizations, a comprehensive set of minimum entry requirements and grading criteria were developed. The aim was to create sustainability of UA grading within the national grading framework.

UA grading was introduced as a separate category and establishments had a choice of being assessed for UA or not. In 2009, with the advent of the FIFA World Cup, it was found that there was a need for greater emphasis on UA and compliance from establishments with regards to UA.

In 2010, the TGCSA incorporated UA grading as part of its mainstream grading criteria for quality assurance. This meant that all establishments being assessed for quality through star grading would also be assessed for UA in order to establish their level of compliance with UA.

In 2014, the national Department of Tourism identified UA grading in tourism as an important initiative to enhance South Africa's competitiveness.

The department embarked on a UA City Destinations Pilot Project in the Western Cape and KwaZulu-Natal as tourism destinations of choice. The purpose of this project was for the TGCSA to assess the status of UA of a pre-selected group of accommodation establishments and conference facilities in Cape Town and Durban to determine the state of readiness of these destinations becoming fully UA-compliant.

The TGCSA UA Minimum Entry Requirements (MERs) and Grading Criteria were reviewed in 2014, which culminated in a revised UA MERs and Criteria. The criteria consider mobility, communication and visual impairment.

SOUTH AFRICA NATIONAL CONVENTION BUREAU (SANCB)

Driven by the SANCB, a business unit of South African Tourism, South Africa remains the number one convention destination in Africa and the Middle East, having attracted 69 955 international delegates to South Africa during the year under review.

The SANCB is the "one-stop" avenue for information, advice and assistance when it comes to hosting business events and incentives in South Africa.

Our aim is to provide assistance to meeting planners and incentive organisers who are considering South Africa as their next meeting or incentive destination.

We provide support at every level, using our expertise, strategic planning and destination knowledge to ensure your conference, exhibition or incentive in South Africa is a special experience, memorable for delegates and hassle-free for meeting planners and incentive organisers.

In the fiscal under review, in conjunction with our industry partners and convention bureaus, we submitted 52 event bids with a potential to attract 119 477 business delegates to South Africa over the next five years.

The combined estimated economic impact of the bids is R1.6-billion, with a total of 230 estimated conference days at various convention centres and meeting facilities across the country. To date, 13 of the 52 submissions have been converted into secured business, with 29 submissions awaiting outcomes and 10 bids lost.

With our assistance, the South African industry also secured 177 business events for the country over the next five years, which will attract 253 128 delegates, creating 753 event days and generate an estimated R3.5-billion for the economy.

As trade show participation is a critical component for generating leads to fuel the country's bidding submissions, we created five trade show platforms for the industry, which generated 75 leads with a combined estimated economic impact of R490-million. These leads have the potential to attract an estimated 53 795 business event delegates and generate 451 event days.

Only marking its third year of operations in 2014, under the guidance of the unit South Africa remains the number one convention destination in Africa and the Middle East and one of the Top 11 long-haul destinations according to the International Congress and Convention Association's (ICCA) Ranking Report for 2014. South Africa improved its ranking from 37th to 34th globally in terms of the ICCA. Moreover, South Africa was further recognised through the election of Nina Freysen-Pretorius as the first ICCA African woman president.

In the period under review, the SANCB launched 30 delegate-boosting activations in more than 20 cities around the world promoting South Africa as the host country. The SANCB also activated 30 on-site events at local business events promoting return visits.

Meetings Africa celebrated its 10th anniversary in 2015. When the show closed its doors the final attendance numbers were as follows:

- 178 International hosted buyers (4% up from 2013);
- 34 African Association Buyers (10% up from 2013);
- 270 Exhibitors (3% up from 2013);
- 199 Media (20% up from 2013); and
- 1556 Local Corporate Buyers and Visitors (31% up from 2013).

OPERATIONS

Our operations department ensures that South African Tourism works smoothly and efficiently. It does, amongst other things, incorporate business processes into the organisation that help us to be more effective in carrying out our core activities, promoting South Africa as a tourist destination.

The operations department oversees the following areas of the organisation: strategic planning, organisational performance, reporting, monitoring and evaluation; the Strategic Research unit; business information systems (BIS) and business process mapping; internal audit; human resources; and legal and compliance.

Strategic Planning, Organisational Performance, Reporting, **Monitoring and Evaluation**

South African Tourism's 2015-2020 strategic plan and 2015/16 annual performance plan were developed and approved by the Minister of Tourism. The former was informed by market research we conducted and by the most thorough available statistical information.

During the past year, we further developed and institutionalised our strategic planning and reporting frameworks and guidelines. This was undertaken to ensure continued compliance with the regulations of the National Treasury and in an effort to make our organisational planning and reporting processes effectual.

As we go about implementing these strategies, we closely monitor and evaluate their success. To this end, tools and governance structures for performance monitoring were put in place during the year, which we will be executing during the 2015/16 financial year. These measures will help us to identify any changes in market conditions and emerging risks ahead of time, and give us the time to take remedial action.



The automation of organisational performance systems and tools, as well as reporting, monitoring and risk management processes form part of South African Tourism's broader automation initiative. These efforts will help us become an information communication technology ICT-enabled organisation.

Strategic Research

Given that it has been 10 years since South African Tourism launched its leisure tourism brand, our strategic research theme and focus in 2014/15 saw the consolidation of this brand. In pursuit of this, we conducted a dedicated brand review initiative to assist us in plotting our road map as a preferred tourism destination globally. The project provided a statistically backed view of growth and leakage areas, a deeper understanding of the shifting travel habits of the global traveller and an analysis of South Africa's standing relative to competing destinations.

Specific focus was also placed on Africa as South African Tourism has been mandated to grow its presence on the continent both in existing portfolio markets and through new frontier markets. To support marketing campaigns planned for Africa, we conducted a study on the development of South Africa as a leisure destination on the continent.

The study included an assessment of the mega travel and tourism trends in travel at play in Africa, and reviewed insights into travellers in South Africa's key source markets there. This research provided deep insight into African travellers and will be used to inform the communication in future marketing campaigns. Maintaining and developing this knowledge base remains the primary goal for business continuity.

In the period under review, the Strategic Research unit was successfully awarded two tenders to ensure the continuity of the departure survey

and the brand tracker survey, both of which inform the business practices of South African Tourism.

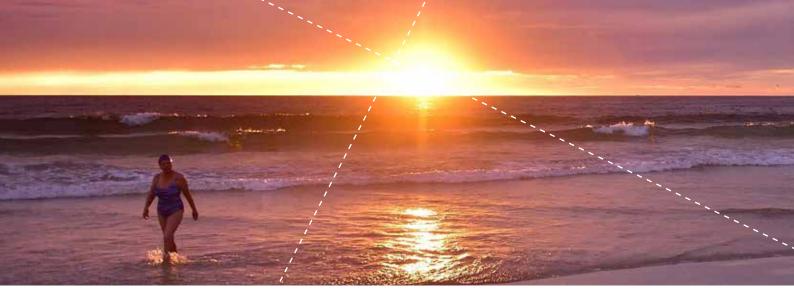
We also expanded our arsenal of tracker studies in this fiscal, with the introduction of a study to benchmark and understand business events in South Africa in greater depth. The study will help South African Tourism and the South African National Convention Bureau to better understand the business events market.

Our commitment to the development of an information management system continued in the period under review with the maintenance of MarketSource, a software tool available on the South African Tourism intranet, to facilitate more effective, data-driven decision-making within the company. The research section of the South African Tourism website (www.southafrica.net/research) continues to be the primary point of access to South African Tourism's research reports.

Business Information Systems (BIS) and Business Process Mapping

To support the vision of making South African Tourism an ICT-enabled global organisation and to improve operational efficiency for service delivery, our BIS team focused its efforts during the year on automating targeted processes and business systems. The mapping of all business processes and the documenting of data flows and standard operation procedures enhanced this, where applicable.

Our Operations unit also consolidated its ICT-related support services and continued to provide these to South African Tourism's organisation-wide network, maintaining excellent systems availability throughout. We are pleased to report that we achieved consistent systems uptime of 99%, crucial for a global organisation such as South African Tourism.



Additional milestones achieved this year include the successful resolution of an average of 98% of support calls logged through our help desk within the agreed service-level agreements, the automating of our key business processes through our Workflow Management System, and the successful achievement of non-malicious attacks due to the implementation of network monitoring tools.

The ICT consolidation and business process automation efforts mentioned above necessitated investment in a solid network platform. Some of the challenges faced during the implementation of this platform included the lack of in-house systems development and project management skills, our dependency on consultants, and the inconsistent application or misunderstanding of compliance requirements. Efforts to address these challenges have been incorporated into our organisational development project.

Facilities Management and Administration

The management of our facilities and assets includes supplier management and compliance with occupational health and safety (OHS) standards.

During the year under review, no OHS incidents were reported. Going forward, our OHS compliance will be expanded to include compliance with the OHS standards of the countries in which South African Tourism is operating.

To address issues of organisational performance, staff morale, flow of information, maintaining international best practice and meeting the organisation's growth requirements, South African Tourism undertook a space planning and optimisation project during the year under review. This project took into account security issues in order to create a safe working environment and planned construction for basement parking for South African staff.

Internal Audit

To ensure that South African Tourism remains above board, we need to have a functional Internal Audit unit. This unit undertakes its work on a risk-based approach that operates according to the following requirements stipulated by Section 27.2 of the National Treasury's regulation.

- The information technology system environment;
- The reliability and integrity of financial and operational performance information;
- The effectiveness of South African Tourism's operations and its performance;

- · The adequacy of safeguarding assets; and
- Compliance with relevant laws and regulations, including supply chain management policies.

During the period under review, the Internal Audit unit successfully conducted the internal audit assignments outlined in an approved internal audit operational plan. It also undertook additional ad-hoc audit assignments and initiatives to raise awareness, build capacity and ensure good governance. The success of these efforts is evident in the notable improvements in the effectiveness of internal controls, good governance and compliance management.

In addition, the Internal Audit unit successfully monitored and investigated all cases reported by whistle-blowers to Chapter Nine constitutional institutions and the South African Tourism ethics hotline, which is independently managed by Deloitte.

The unit also participated in the review of the high-risk tender for compliance to Public Finance Management Act (PFMA) prescripts, which yielded positive results.

The collaborative auditing approach adopted by the Internal Audit unit, the Auditor-General, management and the Audit and Risk Committee improves efficiencies and circumvents duplication.

Legal and Compliance

South African Tourism as a global organisation continuously surveys the changes in international law. In the past year, the focus was on conducting due diligence to aid the organisation in choosing the most beneficial service model and registration status for the Angolan and Kenyan markets. This also included assessment of the viability of existing South African Tourism international offices in some markets. It is envisaged that these initiatives will minimise potential tax liabilities and litigations arising from non-compliance with international laws.

Given the success of the ethics and fraud line, Public Protector interventions and other related workplace disputes, South African Tourism experienced an increase in employee relations (ER) disputes. This resulted in an increase in the use of legal and advisory services. South African Tourism recorded an increased success rate in the finalisation and resolution of individual workplace disputes.

During the year under review, South African Tourism reviewed its policies to ensure compliance with South African legislation and regulations.



FINANCE

South Africa celebrated 20 years of freedom and democracy 27 days after the commencement of the 2014/15 financial year. This momentous occasion presents an opportunity for us to reflect on how our freedom and democracy were achieved; the progress we have made the past 20 years; and on how we will work together to implement Vision 2030.

During the past 20 years, the Public Finance Management Act of 1999 was introduced with the following key objectives:

- Modernise the system of financial management;
- Enable public sector managers to manage, but at the same time to be accountable;
- Ensure timely provision of quality information; and
- Eliminate waste and corruption in the use of public assets.

South African Tourism prides itself on the achievement of 13 consecutive unqualified audit reports, which is testimony to the internal controls and governance structures in the face of the everchanging and challenging global environment.

South African Tourism, supported by the national Department of Tourism, engaged and convinced National Treasury about upfront payment of the marketing budget to reduce currency exposure. To ensure the balance between compliance and being able to market South Africa, especially in our international offices, South African Tourism engaged National Treasury to provide the entity with major currency thresholds for SCM procurement purposes.

South African Tourism also saw the successful implementation of the cost containment guidelines as evidenced by the fact that no material audit findings relating to cost containment were raised by the Office of the Auditor-General.

The challenging global legal framework has made compliance with South Africa-specific legislation complex; however, South African Tourism is steadfast in operating within the prescripts of the law. The entity looks forward to improved internal controls and unqualified audit reports. We also look forward to continued support from the national Department of Tourism and National Treasury in ensuring that the entity meets its financial goals so that we can support our core business units as best we can.



Linking Performance with Budgets

		2013/14 2014,		2014/15		
Programme name	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration				111 160	108 188	2 972
Increase foreign visitor arrivals to South Africa	336 952	347 609	(10 657)	290 462	286 835	3 627
Increase domestic tourism in South Africa	42 400	46 372	(3 972)	43 672	38 017	5 655
Increase tourism trended revenue contribution to the economy	336 952	347 609	(10 657)	290 462	286 835	3 627
Marketing increase South Africa brand awareness*	206 828	225 158	(18 330)	220 292	273 455	(53 163)
Provide quality assurance for tourism products	37 115	37 889	(774)	40 377	48 352	(7 975)
Increase business events	32 065	51 982	(19 917)	45 813	66 335	(20 522)
Total	992 312	1 056 619	(64 307)	1 042 238	1 108 017	(65 779)

^{*} South African Tourism's global media budget is included in this figure and includes global media platforms such as CNN, BBC and National Geographic

Capital Investment

During the financial year, South Africa Tourism embarked on the process of renovating its head office in Sandton. This space-planning project was aimed at improving organisational performance, staff morale, flow of information, maintaining international best practice and meeting the organisation's growth requirements.

Additionally, South African Tourism head office space requirements continue to be constrained due to the organisation's growth

requirements. Planning for the construction of the basement that will provide additional parking commenced during the year under review. Construction started in June 2015.

As part of the continuous improvement and to keep up with technological advancements, South African Tourism embarked on a VPN upgrade project across all international offices.

Biannual asset counts are undertaken at head office and the country offices in order to ensure that the asset register of South African Tourism is maintained.









GOVERNANCE INTRODUCTION

South African Tourism is a Schedule 3A Public Entity. It subscribes to and is committed to complying with the principles and standards of integrity and accountability expressed in the Public Finance Management Act of 1999 (PFMA), relevant Treasury Regulations and, where applicable and practical, the King III Report on Corporate Governance.

While the Board oversees the overall process and structure of corporate governance, each business unit and every South African Tourism employee worldwide is responsible for promoting good corporate governance practices.

Our values and philosophies are the framework against which we measure behaviour, practices and activities, to assess the characteristics of good governance. Our corporate values require directors and employees to behave with integrity and to consistently and uncompromisingly display moral strength and conduct, which promote trust.

Portfolio Committees

Parliament exercises its role through evaluating the performance of South African Tourism by interrogating its Annual Financial Statements and other relevant documents.

The Portfolio Committee for Tourism and the Select Committee on Trade and International Relations exercise oversight on service delivery performance. They review the non-financial information contained in the Annual Report, and are concerned with service delivery and enhancing economic growth.

South African Tourism met with the Portfolio Committee to discuss the following:

DATE	PURPOSE
04/07/2014	Strategic Plan and Annual Performance Plan (2014/15)
01/08/2014	Presentation on South African Tourism's key programmes
24/10/2014	2013/14 Annual Report presentation
03/02/2015	Oversight visit to South African Tourism: Biannual Report 2014/15
20/03/2015	Five-Year Strategic Plan (2015/16-2019/20) and Annual Performance Plan (2015/16)

South African Tourism met with the Select Committee to discuss the following:

DATE	PURPOSE
26/11/2014	2013/14 Annual Report presentation

Executive Authority

The Executive Authority derives oversight powers from the prescripts of the PFMA and the Tourism Act.

In the year under review the Executive Authority exercised the power to appoint a new Board of South African Tourism. The Board resumed its duties on 1 June 2015.

As part of the oversight role, the Executive Authority commissioned independent reviews for INDABA, Lilizela and South African Tourism. The reviews have been concluded showing positive outcomes and congruence with South African Tourism strategies.

Meetings were held to discuss the following:

DATE	PURPOSE
Parliament	Discussion points
16/07/2014	Budget Vote Debate
MINMEC	Discussion points
29/08/2014	South African Tourism Update Sho't Left Update Domestic Marketing Approach Lilizela Tourism Awards Update Consolidated Reports of the Marketing Working Group
MIPTECH	Discussion points
23/07/2014	Marketing Working Group Work Plan
02/12/2014	Marketing Working Group Report
10-11/02/2015	Planning Workshop: Five-Year Strategic Plan for MINMEC

The Accounting Authority (South African Tourism Board)

The Minister of Tourism, in terms of the Tourism Act of 2014, appoints South African Tourism Board members. The Board consists of not fewer than nine and not more than 15 members who are appointed by the Minister of Tourism. The Board further includes an official representing the Department of Tourism. The Minister also appoints the chairperson of the Board.

The Board, in its capacity as the Accounting Authority of South African Tourism, is charged with the responsibility for oversight of governance. It is responsible for setting the direction of the organisation through the establishment of strategic objectives and key policies, and monitors the implementation of strategies and policies through a structured approach. The Board has the authority to lead, control, manage and conduct the business of South African Tourism.

The Board meets quarterly, or more frequently if circumstances require, and monitors the executive management by ensuring that all material matters are subject to Board approval. Members of the Executive Committee attend Board meetings by invitation.

The Board members fulfil their roles, duties and functions with due regard to the fiduciary responsibilities bestowed on them in line with the Tourism Act. The Board members have a duty to become fully acquainted with all issues pertaining to the operations of South African Tourism to enable them to properly fulfil their duties. As required by King III, all Board members have access to the advice and services of the company secretary and are entitled to seek independent professional advice concerning the affairs of South African Tourism.

In order to effectively carry out its responsibilities, the Board and its established sub-committees met during the following months, at which the main agenda points discussed were as follows:

1 Approval of Appual Financial Statements and Appual Papart					
1. Approval of Annual Financial Statements and Annual Report					
2. Approval of remuneration increases and performance bonuses					
3. Approval of any changes requested to the Delegation of Authority, Remuneration and Supply Chain Management policies					
4. Review of CEO's report					
1. Renewal of CEO's contract					
1. Board strategy session					
2. Business brand review					
3. Global market strategy					
4. Regional Africa strategy					
5. Domestic Tourism Strategy and Action Plan					
6. Composition of committees					
7. Tourism Act Implementation Plan					
8. Approval of Domestic Tourism Plan					
9. Approval of high-level consolidated KPAs and targets for the next financial year (for performance information audit and performance bonus purposes)					
1. Ethics reports					
2. Risk management and IT governance					
1. Revised framework for setting targets					
2. Strategic Plan					
3. Annual Performance Plan					
1. Employment contract conversions					
2. Implementation of Hub Strategy					

The role of the Board and the Board Charter

The Board's role is to exercise stewardship of South African Tourism within an approved framework and with prudent and effective controls in place to enable effective and efficient management of assessed business risks. The Board determines and outlines strategic objectives to be achieved, reviews whether the necessary financial and human resources are in place to meet its objectives, and monitors management performance in relation to the execution of the approved Strategic Plan and the Annual Performance Plan. It is kept informed about major developments affecting the mandate of South African Tourism.

The roles and responsibilities of the Board are summarised as follows:

- Ensuring good corporate governance is applied within South African Tourism at all times:
- Assisting and providing high-level input to executive management in setting strategic objectives for the organisation and in determining high-level marketing strategy, taking into consideration the latest market intelligence, research and appropriate risk parameters;
- Determining, delegating and reviewing, from time to time, certain levels of authority and responsibility of the executive and senior management of South African Tourism, pertaining to the negotiating of contracts, capital expenditure and operational matters;
- Monitoring compliance with the Public Finance Management Act, Treasury Regulations, the Tourism Act and other relevant legislation and regulations that are applicable to business in general in South Africa;
- Approval of strategic plans, annual performance plans and consolidated high-level KPAs and targets;
- Approval of the implementation of a remuneration policy;
- Ensuring that a model for succession planning is introduced for all executive management, all business unit and sub-business unit managers, and for all country managers;
- Ensuring that management prepares and submits the financial statements to the Auditor General for audit purposes in accordance with the PFMA and its regulations;

- Annually measuring its performance as a whole and also that of its committees and the executive(s);
- Ensuring that South African Tourism manages its risk appropriately; and
- Ensuring that suitably qualified and experienced individuals are appointed as executive management of South African Tourism.

The Board shall as soon as practically possible after the end of each financial year, submit:

- An Annual Report for the Minister's approval and tabling in Parliament; and
- Any other matter that the Minister may request the Board to deal with.

The operations of the organisation are guided by the corporate strategic plan, annual performance plan, policies, et al. The number of meetings held during the year under review was seven (including three special Board meetings), and the attendance was as outlined below.

Composition of the Board

The South African Tourism Board comprises 13 members, two of whom are executive. In accordance with the Tourism Act, the Minister of Tourism appoints members serving on the Board for a period of three years. The roles of chairperson and CEO do not vest in the same person, and the chairperson is a non-executive member of the Board. The chairperson and CEO provide leadership and guidance to the Board.



The board members for the period 1 April 2014 to 31 March 2015:

NAME	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	EXPERTISE	OTHER BOARD DIRECTORSHIP
Frank Kilbourn (Mr) Chairperson	1 June 2012	25 July 2014	BCom Law, LLB, BA Honours (Philosophy), Higher Diploma in Tax Law, LLM	Legal, Finance, Management; Hospitality and Tourism	City Lodge Hotel Ltd; Grootbos (Pty) Ltd; Bright Equity (Pty) Ltd; Bright Capital (Pty) Ltd; Bright Coal (Pty) Ltd African Bright Equity Infrastructure Management (Pty) Ltd; Bright Technologies (Pty) Ltd; Bright Tourism Investments (Pty) Ltd; Chesswood Holdings 67 (Pty) Ltd; City Lodge Hotels (Pty) Ltd; Commissiekraal Coal (Pty) Ltd; Copper Sunset Exploration (Pty) Ltd; Cream Magenta 305 (Pty) Ltd; Danjan (Pty) Ltd; Doornbult Eiendomme (Pty) Ltd.
Zwelibanzi Mntambo (Mr) Deputy Chairperson	1 June 2012		BJuris, LLB, LLM (Yale)	Legal, Governance, Management	Dreamvision Investments 15; Exxaro Resources Ltd; Eyesizwe Mining (Pty) Ltd; Eyesizwe Holdings (Pty) Ltd; Katiba PMC; Main Street 333
Kananelo Makhetha (Mr) Non-Executive	1 June 2012		BCom (National University of Lesotho), MBA (Wits)	Marketing, Management, Travel and Tourism	Connex Travel (Pty) Ltd T/A BCD Travel; Shumi Investment Holdings; Basfour (2099); Sethabathaba (Pty) Ltd
Graham Wood (Mr) Non-Executive	1 June 2012		BCom (University of Natal), B Compt Hons (Unisa), CA(SA) South African Institute of Chartered Accountants	Finance, Management, Strategic Travel and Tourism	Atela Investments (Pty) Ltd; Eco-Navitas (Pty) Ltd
Tumi Makgabo (Ms) Non-Executive	1 June 2012		Executive Leadership Programmes	Media, Communications and Marketing, Management	Tumi Makgabo and Assoc; Tumi Makgabo Enterprises; Sun International; The Foschini Group
Sizakele Mzimela (Ms) Non-Executive	1 June 2012		BA (Economics and Statistics), Executive Programmes at several institutions	Finance, Management, Economics, Travel and Tourism	Shikita Trading; Cargo Carriers Ltd; Blue Crane Aviation (Pty) Ltd; Multi-loads (Pty) Ltd; Ansys Ltd; Africa Reinsurance Company

The board members for the period 1 April 2014 to 31 March 2015 (continued):

NAME	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	EXPERTISE	OTHER BOARD DIRECTORSHIP
Ayanda Ntsaluba (Dr) Non-Executive	1 June 2012		MBChB (University of Natal), International Relations, Political Economy and Philosophy at the Moscow Institute of Social Science, MSc in Health Policy, Planning and Financing at the University of London, Fellow of the College of Obstetrics and Gynaecology in South Africa, Executive MBA from the Graduate School of Business of the University of Cape Town	Management, Finance, Philosophy, Health, International Relations	Clinix Health Group; Discovery Holdings; Discovery Life; Mokaikai Portion 37; Vitality Healthstyle; Discovery Health Prop Ltd; Prudential Health Holdings Ltd; Prudential Health Insurance Ltd; Prudential Health Services Ltd
Thebe Ikalafeng (Mr) Non-Executive	1 June 2012		BSc, MBA , CM (SA)	Management, Marketing	World Wide Fund - SA (WWF); Brand South Africa; Brand Leadership Group (Pty); Ikalafeng & Associates CC; The Brand Leadership Academy (Pty) Ltd; Ihop World (Pty) Ltd; The Kwena Trust
Allan Moore (Mr) Non-Executive	1 June 2012	3 October 2014	Executive Leadership Programmes	Management, Aviation	
Dirk van Schalkwyk (Mr) Representative from NDT	1 June 2012		Advanced Diploma in Public Administration	Finance, Management, Tourism	
Monwabisi Kalawe (Mr) Non-Executive	28 March 2014		BSc Electrical Engineering	Finance, Management, Tourism	SAA
Miller Matola (Mr) Non-Executive	24 October 2014		BA (Honours)	Finance, Management, Tourism	Brand South Africa
Thulani Nzima (Mr) CEO	1 January 2012		BCom, Executive Programmes at several institutions	Management, Finance, Travel and Tourism	Mathothela Investments (Pty) Ltd; Manzezulu Investments;
Thomas Bouwer (Mr) CFO	17 October 2013		BMil (Commerce), MBL	Finance, Management, Tourism	

Seven meetings (including 3 special Board meetings) were held during the year under review, and the attendance was as follows:

	QUARTER 1		QUARTER 2		QUARTER 3	QUA	RTER 4
	BOARD MEETING	SPECIAL BOARD MEETING	BOARD LEKGOTLA	SPECIAL BOARD MEETING	BOARD MEETING	SPECIAL BOARD MEETING	SPECIAL BOARD MEETING
NAME	29 JUNE 2014	21 JULY 2014	11-12 AUGUST 2014	27 AUGUST 2014	12 NOVEMBER 2014	27 JANUARY 2015	19 FEBRUARY 2015
Frank Kilbourn: (Chairperson) (Resigned 25 July 2014)	V	V					
Zwelibanzi Mntambo (Deputy Chair) (Appointed Chairperson 31 July 2014)	V	V	V	V	V	Х	V
Sizakele Mzimela (Appointed Deputy Chairperson in August 2014)	V	$\sqrt{}$	V	V	V	V	V
Kananelo Makhetha (Chairperson of the SANCB Sub-Committee)	V	V	V	V	V	V	V
Ayanda Ntsaluba	V	V		\checkmark	\checkmark	Х	x
Tumi Makgabo (Chairperson of the Marketing Committee)	V	√	V	V	V	V	V
Dirk van Schalkwyk	V	V	√	x	\checkmark	√	√
Graham Wood	V	$\sqrt{}$	\checkmark	х	\checkmark	√	\checkmark
Thebe Ikalafeng	V	V	x	\checkmark	\checkmark	√	х
Miller Matola (Appointed 24 October 2014)					V	V	х
Monwabisi Kalawe (Appointed 28 March 2014)			1	х	х	х	х
Alan Moore (Resigned 3 October 2014)		х	х	х			
Thulani Nzima	V		√	V	$\sqrt{}$	√	V
Thomas Bouwer	V		√	√	√	√	√

Legend: √ attendance: X non-attendance

Board Committees

The Board is assisted in the discharge of its duties by a number of committees, the details of which are set out below:

- Chairpersons' Committee
- Marketing Committee
- Remuneration Committee
- Audit and Risk Committee
- TGCSA Awards Committee
- National Convention Bureau Marketing Sub-Committee

The Board took note of the following recommendations of King III when considering the composition of the committees:

- For the Remuneration Committee, the Board has ensured that the chairperson of the Board is a member of the committee, but is not the chairperson of the committee; and
- For the Audit and Risk Committee, the Board approved that the CEO, CFO and the chairperson of the Board should not be members of this committee; however, they are permanent invitees to the committee.

Chairpersons' Committee

The Chairpersons' Committee consists of the chairpersons of the Board, Marketing Committee, Audit and Risk Committee, TGCSA Awards Committee and the National Convention Bureau Marketing Sub-Committee. This committee meets as and when required and is chaired by the Board chairperson.

Marketing Committee

The committee comprises four non-executive directors, including all members of the Executive Committee. The chairperson is Ms Tumi Makgabo. The Marketing Committee reports on its activities and makes recommendations to the Board. The roles and responsibilities of this committee include:

- Review the revised five-year strategic plan, which includes strategies, high-level action plans and targets covering the next financial year plus four financial years thereafter, and make appropriate recommendations to the Board;
- Review and recommend for approval to the Board all primary marketing policies, including branding, that will/will not have financial implications covered by the approved budget;
- In terms of the business plan and budget, review significant changes to mainline expense items as approved by Exco;
- Review and discuss business plans and budgets for new financial years, and make applicable recommendations to the Board; and
- Review proposed parameters for next Medium-Term Expenditure Framework period's business plan and budget, and make applicable recommendations to the Board.

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

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	
NAME	29 MAY 2014	12 AUGUST 2014	10 NOVEMBER 2014	18 FEBRUARY 2015	
Tumi Makgabo (Chairperson)	V	√	√	V	
Kananelo Makhetha	\checkmark	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	
Frank Kilbourn (Resigned 25 July 2014)	\checkmark				
Thebe Ikalafeng	\checkmark	Х	$\sqrt{}$	$\sqrt{}$	
Alan Moore (Resigned 03 October 2014)	Х	х			
Monwabisi Kalawe (Appointed 12 August 2014)		V	х	х	

Legend: √ attendance: X non-attendance

Remuneration Committee

The Remuneration Committee was established as a sub-committee of the Board, and approves the appointment of members serving this sub-committee. The Remuneration Committee assists the Board by ensuring that South African Tourism develops and implements adequate remuneration policies and procedures aimed at supporting the organisation in achieving its long-term objectives.

The committee operates in accordance with approved terms of reference. It is also mandated to ensure that in taking decisions pertaining to remuneration and employee-related matters, due care is exercised. The business operations of the committee are aligned with the compliance requirements of relevant prescripts, such as the Basic Conditions of Employment Act, etc.

The committee comprises four non-executive directors, and the chairperson of the committee is Dr Ayanda Ntsaluba. The CEO and the CFO are permanent invitees to all Remuneration Committee meetings.

This committee oversees the organisation's human resources principles, practices and programmes with regard to employee terms and conditions, management development, equal employment opportunity and remuneration.

The roles and responsibilities of this committee include:

- Review proposed changes to the approved organogram of South African Tourism and make applicable recommendations to the Board;
- Oversee the setting and administering of remuneration at all levels in the organisation;
- Approve the implementation of reviewed and updated HR policies and procedures;
- Approve proposed remuneration changes within budget (annual inflation increases, designation increments and any other changes to total cost-to-company packages);
- Recommend for approval to the Board proposed remuneration changes outside budget (annual inflation increases, designation increments and any other changes to total cost-to-company packages); and
- Review proposed parameters for the next MTEF period's business plan and budget, and make applicable recommendations to the Board.

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

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	
NAME	28 MAY 2014	12 AUGUST 2014	10 NOVEMBER 2014	18 FEBRUARY 2015	
Ayanda Ntsaluba (Chairperson)	V	V	√	V	
Frank Kilbourn (Resigned 25 July 2014)	\checkmark				
Zwelibanzi Mntambo	$\sqrt{}$	$\sqrt{}$	Х	Х	
Dirk van Schalkwyk			√	√	
Tumi Makgabo		V	$\sqrt{}$	√	

Legend: √ attendance: X non-attendance

Audit and Risk Committee

The committee comprises four non-executive Board members and is chaired by Ms Sizakele Mzimela. King III stipulates that the chairperson of the Board may not be a member of the Audit and Risk Committee. Mr Zwelibanzi Mntambo, the chairperson of the Board, is a permanent invitee to the Audit and Risk Committee.

This committee assists the Board by providing assurance of the adequacy and efficiency of South African Tourism's internal controls systems in respect of both the organisation's direct affairs in South Africa and at its offices abroad.

The committee has the power to examine any financial, operating and strategic matters relating to the operations of South African Tourism. This includes reviewing and approving the Annual Financial Statements, accounting policies, compliance and regulatory matters, Internal Audit unit reports and other issues.

The roles and responsibilities of this committee include:

- Approving financial statements for audit purposes (together with the accounting policies applied) prepared and presented by management. These financial statements form part of the Annual Report;
- Ensuring that reporting timelines as prescribed by the PFMA, including regulations, are complied with;
- Monitoring the effectiveness of risk management systems and processes implemented. The committee is responsible for ensuring that management implements corrective plans and strategies aimed at mitigating identified business risks;

- Examining and reviewing the internal control environment within the organisation, and reviewing the organisation's statement on internal control systems prior to endorsement by the Board. The Audit and Risk Committee provides the Board with assurance of the adequacy and efficiency of South African Tourism's internal controls systems;
- Approving the remuneration and terms of engagement of external
- Reviewing annually the effectiveness of the internal audit function throughout the organisation, in the context of the organisation's overall risk management system, with particular focus on the internal audit charter, annual work plans, activities, staffing, organisational and reporting structure, and status of the function;
- Reviewing the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- Reviewing its terms of reference from time to time and making appropriate recommendations to the Board;
- Ensuring that appropriate standards of governance, reporting and compliance are being met; and
- Advising the Board on issues relating to the application of accounting standards as they relate to published financial information, in particular the transition to GRAP, and in the absence of GRAP, SA GAAP.

The head of the Internal Audit unit has direct access to the chairperson of the Audit and Risk Committee. An effective Audit Committee provides the following significant benefits to South African Tourism:

- Improving the quality and enhancing the credibility of the financial reporting process;
- Improving internal controls within the entity;
- Promoting communication and engagement between Board members, auditors and management;
- Strengthening the independence of both the external auditors and the internal auditors, through the credibility of the audited Annual Financial Statements:
- Improving the performance of the external auditors and the quality of the audit process; and

The Audit and Risk Committee prepares its independent report on review of the financial statements of the organisation.

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

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	
NAME	28 MAY 2014	12 AUGUST 2014	12 NOVEMBER 2014	19 FEBRUARY 2015	
Sizakele Mzimela (Appointed Chairperson 29 August 2014)	V	V	V	V	
Frank Kilbourn (Resigned 25 July 2015)	√	V	V	V	
Ayanda Ntsaluba	\checkmark	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	
Dirk van Schalkwyk	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	
Graham Wood	\checkmark	√	\checkmark	$\sqrt{}$	
Zwelibanzi Mntambo (Chairperson till 31 July 2014, thereafter a permanent invitee)	√	V	x	x	

Legend: √ attendance: X non-attendance

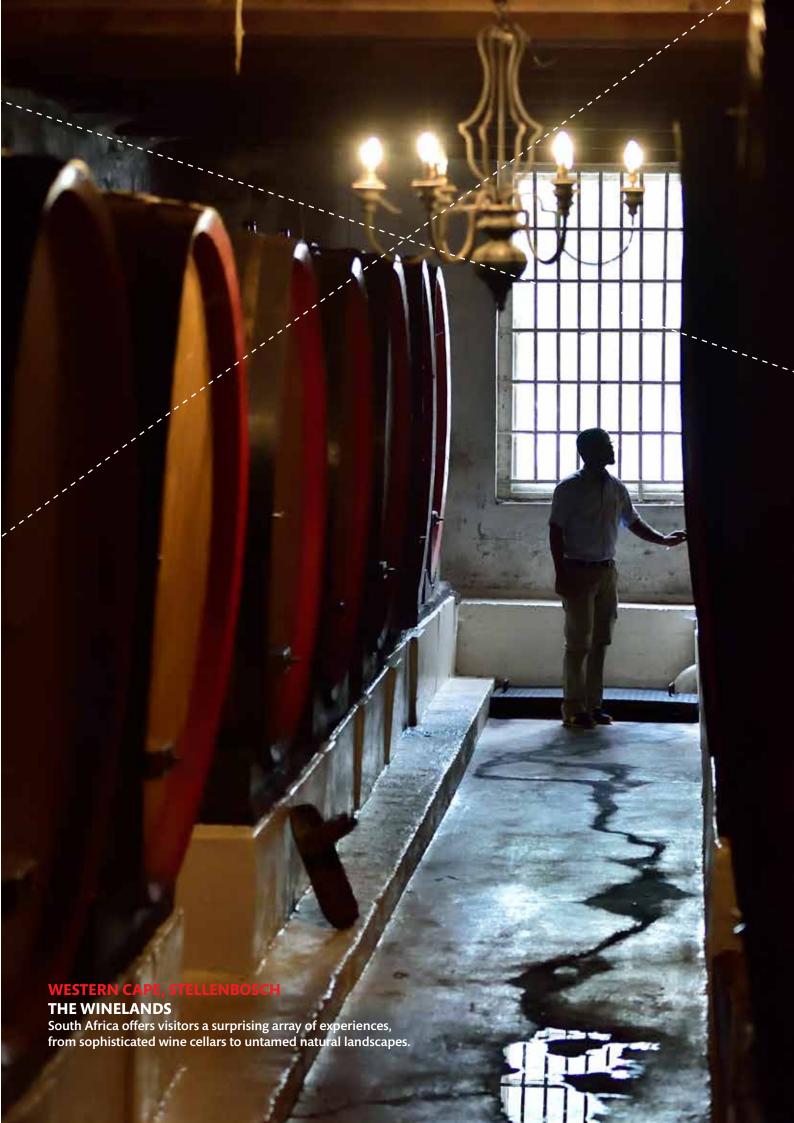
Tourism Grading Council (Awards Committee)

The Tourism Act gives the Minister the authority to establish a grading council system for tourism establishments. This authority is delegated by the Board to the Tourism Grading Council of South Africa (TGCSA) Awards Committee in terms of Section 18(5) of the Tourism Act. The Minister also appoints the chairperson of the TGCSA Awards Committee (who is also a member of the Board) when the Board is appointed every three years. The chairperson of the committee is Mr Graham Wood, who is a non-executive member of the Board.

The roles and responsibilities of this committee include:

- To closely monitor the relevance, effectiveness and efficiency of the grading system and to make recommendations to the CQAO, the CEO and, when necessary, the TGCSA on any improvements or changes in policy, procedures and processes that would, in the opinion of the Awards Committee, enhance the acceptance and effectiveness of the grading system and/or address any stakeholder concerns;
- To review and update the minimum requirements for the TGCSA Star-Grading System for each category and star-grading level of graded establishment;

- To review and update the grading criteria for the TGCSA Star-Grading System for each category and star-grading level of graded establishment;
- To oversee a tri-annual formal review process of the Grading Minimum Requirements and ensure that there is appropriate stakeholder consultation and involvement in the process;
- To receive and decide upon appeals received from establishments appealing against the grading awarded to them;
- To ensure that the minimum requirements and criteria applicable to each category of tourism establishment and the TGCSA policies, procedures and processes are aligned with international best practice at all times;
- To review and advise on the five-year strategic plan, annual performance plan and the marketing plan for the TGCSA through the Awards Committee's participation in the annual strategic meeting and/or any other interventions; and
- To advise on any other matters or issues referred to it by the TGCSA executive management team or the CEO or the Board of South African Tourism.



TRAVEL IN **SOUTH AFRICA** #MEETSOUTHAFRICA

GAUTENG

The "Place of Gold" is a fast-paced economic powerhouse with places of historical interest that tell the story of South Africa's emerging democracy

· The number of trees in Johannesburg, making it the largest man-made forest in the

NORTH WEST

The "place to play", with premier wildlife and holiday destinations

• The number of UNESCO World Heritage Sites (the Vredefort Dome and the Taung Fossil Site, part of the Cradle of Humankind World Heritage Site) that straddle the province



South Africa's largest province is transformed annually by a beautiful spring flower spectacle

NORTHERN CAPE

• The length of the Orange River, the lifeblood of the province



2 000km

NORTHERN CAPE



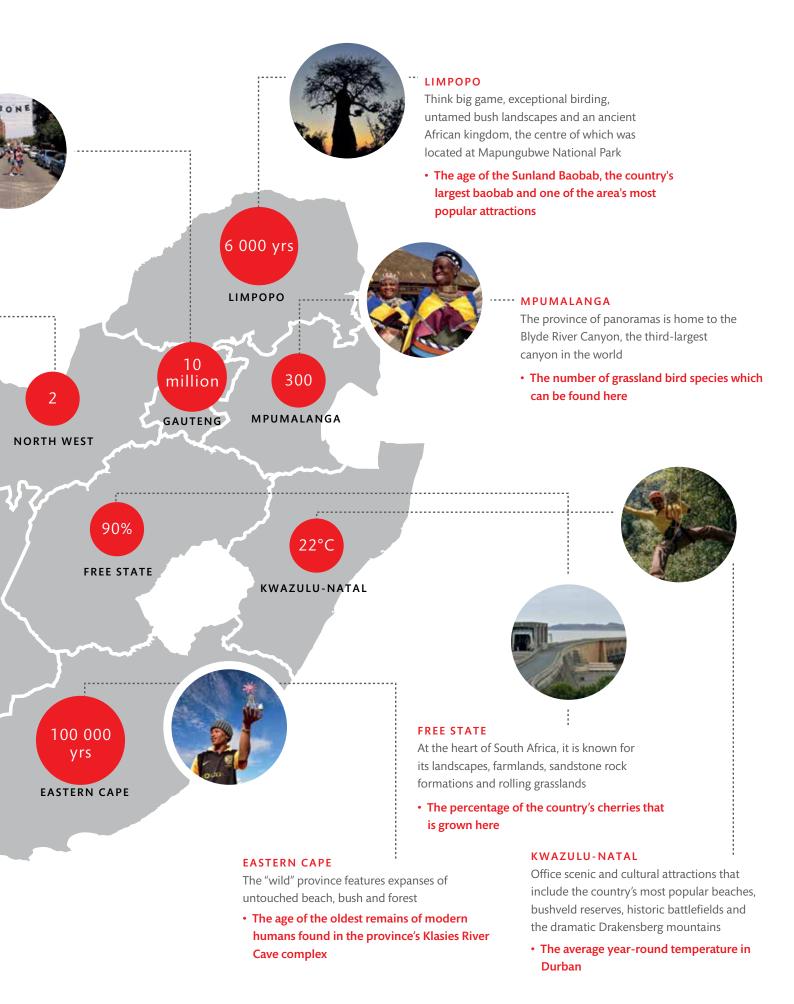
WESTERN CAPE

Its attractions includes the Cape Winelands, Table Mountain, Robben Island and beautiful coasts

• The percentage of plant species in the Cape Floral Kingdom which are not found anywhere else in the world

70%

WESTERN CAPE



Six meetings were held during the year under review (including two special meetings), and attendance was as follows:

	SPECIAL MEETING	QUARTER 1	SPECIAL MEETING	QUARTER 2	QUARTER 3	QUARTER 4
NAME	23 APRIL 2014	26 MAY 2014	27 JUNE 2014	06 AUGUST 2014	05 NOVEMBER 2014	19 FEBRUARY 2015
Graham Wood (Chairperson and non-executive Board member)	V	V	X	V	V	V
Yusuf Patel	\checkmark	\checkmark	\checkmark	$\sqrt{}$	\checkmark	\checkmark
Amor Malan	$\sqrt{}$	\checkmark	Х	\checkmark	\checkmark	\checkmark
Nina Freysen Pretorius	$\sqrt{}$	$\sqrt{}$	X	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Julie-Joe Madala- Ndlovu	\checkmark	√	V	Х	√	V
Caroline Ungersbock	\checkmark	√	$\sqrt{}$	\checkmark	х	\checkmark
Nonhlanhla Tshabalala	\checkmark	\checkmark	\checkmark	Х	х	\checkmark
Alan Romburg	$\sqrt{}$	\checkmark	\checkmark	\checkmark	Х	\checkmark
Tony Hazel	$\sqrt{}$	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark
Jegie Padmanathan	Х	√	$\sqrt{}$	Х	х	\checkmark
Mark Goveia	\checkmark	\checkmark	V	\checkmark	√	$\sqrt{}$
Nyeleti Mushwana	Х	Х	Х	$\sqrt{}$	$\sqrt{}$	Х

Legend: √ attendance: X non-attendance

South Africa National Convention Bureau Sub-Committee

The SANCB is a sub-committee of the Marketing Committee. The objective of the SANCB is to ensure an enhanced industry presence and credibility among all stakeholders. It also creates a platform for the South African business events industry to advise and ensure collaboration on programmes for sales, lead development and marketing activities of the SANCB.

The Board appoints the chairperson of the SANCB, who reports to the Marketing Committee on the activities of the SANCB. The chairperson of the committee is Mr Kananelo Makhetha, who is a non-executive member of the Board.

The roles and responsibilities of this committee include:

- Establish a strong collaborative industry approach to market South Africa as a preferred destination for business events and to reach its full potential through industry participation;
- Provide stakeholders with advice and input from the South African business events industry, which will include all aspects of organising business events in South Africa;
- Provide participation from the industry in terms of corporative programmes that will maximise the positioning of South Africa as a preferred business events destination;
- Provide input and guidance in terms of reviewing the destination's performance in relation to the national targets set for the South African business events industry;
- Coordinate input and industry support for South Africa business

- events development activities. These inputs focus on factors that the South Africa business events industry regards as important to grow the sector;
- Provide industry input into the organisation/operation of Meetings Africa;
- Advise on and review SANCB brand essence and development of collateral;
- Advise on and review the SANCB policies on lead distribution and bidding;
- Advise on and review the strategic direction of Business Events Team South Africa to support its aim of establishing South Africa as a preferred international business events destination;
- Advise and review the five-year Strategic Plan, Annual Performance Plan and Marketing Plan for the SANCB through the participation in the annual strategic meeting and/or other interventions:
- Be a collaborative forum of industry stakeholders that will advise the SANCB on the positioning of South Africa as an international business events destination;
- Access the activity levels of the South Africa business events industry, providing programme support for the industry and guidance and input in terms of positioning South Africa in the global business events market; and
- Focus all elements related to the business events value chain in order to contribute to the development of the complete industry.

Three meetings were held during the year. A fourth meeting comprises attendance by all committee members at Meetings Africa, which is held annually in February, and attendance was as follows:

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
NAME	14 APRIL 2014	27 AUGUST 2014	1 DECEMBER 2014	23-25 FEBRUARY 2015
Kananelo Makhetha (Chairperson and non- executive member of the Board)	V	V	√	√
Dirk Elzinga	$\sqrt{}$	V	$\sqrt{}$	$\sqrt{}$
Mati Nyazema	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Sean Bradley	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Ravi Nadasen	$\sqrt{}$	Х	$\sqrt{}$	$\sqrt{}$
Eleanor Bloem	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Denise Kemp	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Clifford Ngakane	Х	V	X	$\sqrt{}$

Legend: √ attendance: X non-attendance

Executive Management Committee

The Executive Management Committee (Exco) is responsible for the execution and implementation of the Strategic Plan, Consolidated Business Plan (Annual Performance Plan), and budget of South African Tourism. The Board has delegated certain authority to the Exco so it can properly manage the operations and finances of the organisation.

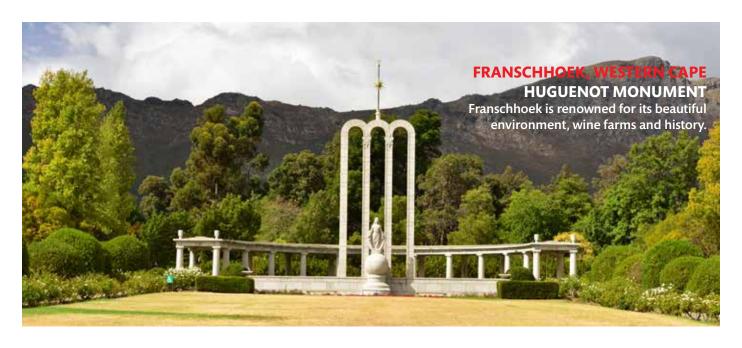
Exco consists of the Executive Management team, comprised of the:

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Chief Marketing Officer
- Chief Quality Assurance Officer
- Chief Convention Bureau Officer

The General Manager: Human Resources; Manager: Office of the CEO; and the Company Secretary are also attendees to the committee.

Remuneration of Board Members

Non-executive members serving on the Board of South African Tourism accepted their appointments to serve on the Board not receiving any form of remuneration. The costs incurred are in relation to airfares, car hire, refunds for private use of motor vehicle for business purposes, and subsistence and travel allowances in accordance with approved rates. Any other costs or expenses incurred in this regard are also in accordance with the approved policies and procedures of South African Tourism. The following costs have been incurred in line with the fiduciary responsibilities carried out by the following Board members:



Remuneration of Board Members

NAME	FLIGHTS	ACCOMMODATION	CAR HIRE	REMUNERATION	TOTAL
Frank Kilbourn Resigned 25 July 2014	-	-	-	-	-
Zwelibanzi Mntambo (Chairperson) Appointed Chairperson 31 July 2014	R210 091.19	R5 238.83	R4 265.92	-	R219 595.94
Sizakele Mzimela (Deputy Chairperson) Appointed Deputy Chairperson 29 August 2014	R90 689.00	R15 690.00	R2 750.00	-	R109 129.00
Kananelo Makhetha	R66 834.56	R2 211.19	R14 432.07	-	R83 477.82
Ayanda Ntsaluba	R13 386.06	-	R 8 715.94	-	R22 102.00
Tumi Makgabo	R47 654.95	R17 201.07	R 7 437.25	-	R72 293.27
Dirk van Schalkwyk	-	-	-	-	-
Graham Wood	R63 595.02	R19 536.18	R4 784.56	-	R87 915.76
Thebe Ikalafeng	R7 279.32	-	R11 885.82	-	R19 165.14
Miller Matola Appointed 24 October 2014	-	-	-	-	-
Monwabisi Kalawe Appointed 28 March 2014	-	-	-	-	-
Alan Moore Resigned 3 October 2014	-	-	-	-	-
	R499 530.10	R59 877.27	R54 271.56	-	R613 678,93



No remuneration was paid to any Board member during the current financial year. However, the following amounts were paid to members of the Grading Council Awards Committee for the period under review:

NAME	A REMUNERATION	B BONUS & PERFORMANCE PAYMENTS	C COMPANY CONTRIBUTIONS	A+B+C TOTAL COST
Mark Goveia	R34 816.00		R348.16	R35 164.16
Tony Hazel	R28 288.00		R282.88	R28 570.88
Amor Malan	R28 288.00		R282.88	R28 570.88
Nyeleti Mushwana	R13 056.00		R130.56	R13 186.56
Julie-Joe Madala-Ndlovu	R28 288.00		R282.88	R28 570.88
Jeggie Padmanthan	R19 584.00		R195.84	R19 779.84
Yusuf Patel	R34 816.00		R348.16	R35 164.16
Nina Freysen Pretorius	R21 760.00		R217.60	R21 977.60
Alan Romburgh	R28 288.00		R282.88	R28 570.88
Nonhlanhla Tshabalala	R21 760.00		R217.60	R21 977.60
Caroline Ungersbock	R28 288.00		R282.88	R28 570.88
Graham Wood	R28 288.00		R282.88	R28 570.88
Grand Total	R315 520.00	R0.00	R3 155.20	R318 675.20

Risk Management

South African Tourism has adopted an approach of implementing risk management processes that are enterprise-wide to manage all its business risks. A comprehensive tailor-made Risk Management Framework and Policy is in place. This framework and policy is aligned with the approved Strategic Plan and embraces best practices guided by the requirements of ISO 31000 standards and the COSO framework. In line with the Risk Management Framework and Policy, business risks are monitored and assessed on a quarterly basis and status reports on emerging risks identified are presented to the Audit and Risk Committee.

Our risk management approach is integrated in processes that include project management; business planning; performance management and monitoring; systems implementation; acquisitions; and business/systems integration activities/operations. Risk management processes within the entity are also embedded in governance practices and decision-making processes. It is on this basis that South African Tourism strives to be a sustainable and performance-driven organisation.

Risk management initiatives within South African Tourism are implemented to ensure that the strategic objectives set by the Board and approved by the Minister are achieved, while effectively and efficiently protecting the organisation, including its brand, against reputational and financial risks or damages.

Internal Controls

Risk management and internal controls within South African Tourism are designed so that risks are identified and managed effectively and efficiently. The implementation of these processes also includes the monitoring of risks to ensure that controls in place are effective. This is also a governance responsibility that requires we implement systems of internal control that guarantee the safeguarding of assets and resources, including employees. Our internal controls are also in line with guidelines and prescripts issued by the National Treasury.

There is an Internal Audit unit established within South African Tourism, which performs risk-based audits, providing assurance to management and the Board on the effectiveness and efficiency of all internal controls in place.

Compliance with Laws and Regulations

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

The members of the South African Tourism Board are responsible for the organisation's internal controls and for reviewing their effectiveness. The Board has conducted a review of the effectiveness of the company's internal controls, covering all material controls, including

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

The Board is responsible for ensuring that the organisation maintains adequate records, which disclose with reasonable accuracy the financial performance and position of the organisation. In the case of South African Tourism in particular, great reliance is placed on information contained in its financial statements, not least by Parliament, stakeholders and every taxpayer in South Africa.

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

Fraud and Corruption

Through the business operations of South African Tourism, the Prevention and Combating of Corrupt Activities Act of 2003, together with all other legislated laws and regulations, forms a pillar to assist in the management of fraud and corruption.

There is also a Fraud Policy in place approved by the Board. To further enhance governance practice and to ensure compliance with the necessary statutory requirements, South African Tourism has other policies and procedures developed and implemented to promote good governance. South African Tourism has introduced an Ethics Hotline, which is externally managed by Deloitte Tip-offs Anonymous. As one of the leading independent global whistle-blowing service providers, the facility enables employees and all stakeholders of our organisation to report unethical behaviour and perceived misconduct in the workplace, anonymously as well as confidentially.

Our enterprise-wide risk management approach also focuses on addressing fraud risks.

In the event that fraud or corruption is detected or suspected, investigations are initiated, and if warranted, disciplinary proceedings are conducted against internal perpetrators. Should such activities also be criminal in nature, the organisation reports to the respective law enforcement agencies. Further actions are aimed at recovering losses incurred.

Minimising Conflict of Interest

Conflict of interest is minimised by a declaration of interest by all employees. As part of the recruitment process, all new employees are obliged to complete a declaration of interest when they are appointed and during the first day of assuming duties at South African Tourism.



All Board members also declare their interest annually and at every Board meeting. Declaration of interest is also disclosed in committees such as the Bid-Evaluation Committee, Bid-Adjudication Committee, and recruitment and selection panels/committees.

Code of Conduct

Board members and employees are required to understand and maintain the highest standard of ethics, ensuring that business practices are conducted in a manner that, in all reasonable circumstances, is beyond reproach. Ethical conduct is an integral part of South African Tourism, a deeply ingrained tradition that is passed from one generation of employees to the next. The Risk Management Framework and Policy as well as the Fraud Prevention Policy have sound reference to the principles embraced in the adopted Code of Ethics, which complies with the highest standards of integrity, honesty and ethics when dealing with all stakeholders, including Board members, managers, employees, service providers and society at large.

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

Health, Safety and Environmental Issues

The Board of South African Tourism is vested with the responsibility of ensuring that all employees of South African Tourism are safe and work in a safe environment. This requires giving assurance to other stakeholders that South African Tourism does business in a way that occupational health and safety standards and requirements, as prescribed in the Occupational Health and Safety Act, are contravened.

South African Tourism has a health and safety officer, as required by the Occupational Health and Safety Act. Employees have been selected as representatives of different business units, and have also completed emergency fire training courses as well as emergency first-aid courses. These employees have relevant certifications enabling them to perform emergency procedures if and when necessary.

South African Tourism has a Health and Safety Policy in place for:

- 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 vicinity of the entity;
- Preventing personal injury and protecting the health of employees and others on the premises;
- Identifying, documenting and maintaining processes within specified safety criteria, and documenting the methods of control for processes that have been identified to conform with the requirements of the Occupational Health and Safety Act;
- Ensuring that all employees, at every level and in every function, are aware of their responsibility for their own health and safety and that of others;

- Ensuring that employees who advise on occupational health, safety and environmental matters are appropriately qualified, trained and accredited; and
- Demonstrating South African Tourism's active involvement and commitment in relation to occupational health and safety within its scope of operations.

South African Tourism's environmental objectives focus on:

- Conserving environmental resources;
- Preventing or minimising adverse impacts arising from normal business operations;
- Demonstrating active stewardship of land and biodiversity;
- Enhancing capacity and promoting healthy relationships with local communities; and
- Respecting all people's culture and heritage.

Company Secretary

The Company Secretary is responsible to the Board for inter alia, ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all Board members have full and timely access to information relevant to the proper discharge of their duties. This includes information such as financial statements; strategic plans; business plans; corporate calendars and activities of South Africa Tourism; interaction; and communications with the office of the Minister of Tourism; and agenda items for Board meetings and other developments that may affect the mandate and operations of the Board. The Company Secretary proactively renders strategic support service to the Board.

Social Responsibility

South African Tourism's corporate social investment (CSI) programme is aligned with the organisation's mandate and governance structure. It focuses on tourism education and tourism enterprise development (including responsible tourism).

To give tangible demonstration of its commitment to the future of the industry, to supporting young people choosing tourism as their career, and to investing in a skilled, professional industry, South African Tourism has, since 2013, supported 10 young students enrolled to study tourism at various institutions of higher education. This group completed their final year of study in 2014 and graduated with good results in Tourism Management and Hotel Management Studies. Approximately R200 000 was contributed towards the bursary programme in the 2014 academic year.

Applications for the next intake were considered and approved during the period under review. South African Tourism has continued to rely on the partnership with Tourism Educators South Africa in supporting the young candidates for selection and pre-screening of applications, as well as ensuring that students receive experiential training through internship or graduate programmes.

Remuneration of South African Tourism's EXCO and middle management members

During the 2014/15 financial year, South African Tourism paid total remuneration of R32.4-million to senior management and middle management, details of which are as follows:

Name	Designation	Date Employed	Termination Date	A. Basic Salary	B. 13th Cheque Bonuses	C. Perfomance Bonus	D. Other Earning	E. Total Company	A+B+C+D+E Total Cost
								Contribution	
Thembi Kunene	Chief Quality Assurance Officer	2007-08-01	2015-03-31	R1 604 423.72	R119 302.83	R104 497.73	R302 094.75	R137 711.28	R2 268 030.31
Nivashnee Naidoo	Operations Manager/Master Assessor	2007-01-01		R795 474.51	R 59 270.87	R54 136.67	R24 148.13	R67 807.95	R1 000 838.13
Tom Bouwer	Chief Financial Officer	2013-10-17		R1 512 500.57	000.	R23 436.67	R471 351.34	R116 229.09	R2 123 517.67
Olive Chauke	General Manager: Human Resources	2009-09-07		R1 183 294.38	00.	R95 466.11	R484 824.65	R78 506.24	R1 842 091.38
Brandon Clifford	Senior Manager: Meetings & Convention Sales	2012-08-13		R723 523.17	00.	R64 989.72	R266 676.52	R49 817.67	R1 105 007.08
Sthembiso Dlamini	Chief Operating Officer	2014-08-01		R1 051 192.64	000.	00.	R300 017.23	R99 335.99	R1 450 545.86
Nombulelo Guliwe	Manager: Finance	2011-03-08		R859 963.84	000.	R77 472.32	R336 818.17	R60 456.26	R1 334 710.59
Jan Hutton	Chief Marketing Officer	2013-01-15	2014-09-08	R650 435.57	000.	R101 645.79	R227 247.03	R42 752.48	R1 022 080.87
Monika luel	General Manager: International Marketing	2012-12-01		R1 055 035.03	000.	R72 069.19	R373 771.46	R106 031.30	R1 606 906.98
Dinky Kgoale	Global Manager: Watch-List Markets	2002-07-01		R804 982.98	R44 529.96	R42 916.70	R304 692.60	R56 086.89	R1 253 209.13
Amanda Kotze- Nhlapho	Chief Convention Bureau Officer	2011-11-01		R1 487 506.73	00.	R96 802.13	R112 798.33	R181 673.57	R1 878 780.76
Belu Mabandla	General Manager: Operations Support	2012-09-17		R1 001 922.18	000.	R84 661.43	R363 524.57	R68 118.56	R1 518 226.74
Thabo Maduna	General Manager: Business Information Systems	2013-01-01		R894 591.08	00.	R65 542.33	R309 887.92	R61 007.44	R1 331 028.77
Evelyn Mahlaba	Regional Director: Africa	2004-08-11		R1 414 030.58	R90 559.65	R115 946.31	R340 451.17	R117 484.30	R2 078 472.01
Risuna Mayimele	Global Manager: Communications Pr	2014-05-01		R810 653.87	000.	00.	R287 492.64	R59 414.32	R1 157 560.83
Bashini Muthaya	General Manager: Strategic Research	2002-01-14		R1 261 084.24	R74 376.19	R103 527.92	R200 999.51	R197 360.96	R1 837 348.82
Thulani Nzima	Chief Executive Officer	2012-01-01		R2 093 348.72	.00	R155 693.72	R749 749.79	R140 071.18	R3 138 863.41
Neesha Padayachy	Global Manager: Product	2005-03-07		R926 132.00	R64 585.84	R68 558.13	R32 183.28	R150 067.68	R1 241 526.93
Tim Scholtz	Chief Operating Officer	2010-11-01	2014-04-30	R83 250.00	00.	R95 591.95	R637 285.77	R13 812.09	R829 939.81
lan Utermohlen	Global Manager: Marketing & Advertising	2007-04-11		R1 424 114.64	00.	R111 529.04	R282 006.11	R168 726.24	R1 986 376.03
Margie Whitehouse	Chief Marketing Officer	2015-03-01		R303 913.05	00.	R14 424.32	R99 692.39	R20 809.26	R438 839.02
Totals:				R21 941 373.50	R452 625.34	R1 548 908.18	R6 507 713.36	R1 993 280.75	R32 443 901.13

South African Tourism's Retirement Fund Board of Trustees

The following employees served on the South African Tourism Retirement Fund Board of Trustees during the period under review:

- Mr T Bouwer (chairperson and marketing representative)
- Mr M Rabie (employee representative)
- Ms O Chauke (employer representative)
- Ms N Guliwe (employee representative)
- Ms I Utermohlen (employee representative)
- Mr M Gumede (employee representative)

The South African Tourism Retirement Fund continued with its investment in Satrix, Old Mutual, Allan Gray and Coronation during the year under review. The annual return on these investments for the year ended 31 March 2015 was 7.1%, as confirmed by Absa Consultants and Actuaries. The average annual return earned on its investment in Satrix, Old Mutual and Allan Gray Investments over the past 11 years is 16.4%, while the average annual return on its Coronation investment over the past five years was 14.2%.

The South African Tourism Retirement Fund has grown from less than R9-million on 1 April 2004 to R91.8-million on 31 March 2015. The average age of the members on 31 March 2015 was 39 years.





REPORT OF THE AUDIT **AND RISK COMMITTEE**

We are pleased to present our report for the financial year ended 31 March 2015.

The Audit and Risk Committee is a statutory committee established by the Board of South African Tourism. The Board delegates certain duties, powers and responsibilities to the Audit and Risk Committee. This report covers both the duties and responsibilities.

The Audit and Risk Committee consists of four members and should meet at least 3 (three) times per annum in line with its approved terms of reference. During the year under review, the committee held 4 (four) meetings, which were also attended by the auditors from the Auditor-General's office.

Responsibilities of the Audit and Risk Committee

The committee has adopted appropriate formal terms of reference in the form of the Audit Charter in line with the requirements of Section 51(1) (a) and 77 of the PFMA and Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this charter.

The Effectiveness of Internal Controls

In line with the PFMA and the King III Report on Corporate Governance recommendations, internal audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management processes, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

A formal risk assessment was conducted during the period under review and the Board prioritised to effectively monitor and manage the top ten Strategic risks that affect the business. South African Tourism has a dedicated manager to assist in the management of enterprisewide risks of the organisation.

From the various reports of the internal auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa, it was noted that no matters were reported that indicate any material deficiencies in the systems of internal control or any deviations thereof.

Accordingly, we can report that the internal controls over financial reporting for the period under review were efficient and effective.

We have also ensured that South African Tourism complies with all the necessary statutory, legal and regulatory provisions that it operates under.

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General of South Africa and the Accounting Officer;
- Reviewed the Auditor-General's Management Report and management's response thereto;
- Reviewed changes in accounting policy and practices;
- Reviewed and assessed South African Tourism's compliance with statutory, legal and regulatory provisions;
- Reviewed all adjustments resulting from the audits conducted and reported; and
- Ensured adequacy, reliability and accuracy of financial information provided by management and other users of such information.

We concur with and accept the Auditor-General's report on the Annual Financial Statements, and are of the opinion that the audited Annual Financial Statements should be accepted, read together with the report of the Auditor-General.

Internal Audit

We are satisfied that the internal audit function is operating efficiently and effectively and that it has addressed the risks pertinent to South African Tourism in its audits. The Annual Audit Plan is risk based.

In line with the statutory requirements and the Audit Standards, we have assessed the independence of the Internal Audit unit.

Auditor-General of South Africa

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



CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE MS SIZAKELE MZIMELA 31 JULY 2015









HUMAN RESOURCE MANAGEMENT

INTRODUCTION

South African Tourism continued to nurture a constructive culture and to develop an efficient organisational structure during the year under review. The role of the Human Resource function assumed multiple objectives in creating, delivering and sustaining a value proposition for the organisation's strategic goals.

In our continued pursuit to be the employer of choice and the best company to work for, we undertook the following significant initiatives during the period.

Resource Optimisation

The regional director functions were replaced with a more optimal structure, by consolidating the regional directors for Australasia, America and Europe, and creating a centralised function under the position General Manager: International Marketing. Given that the African market has gained greater importance, the position of Regional Director: Africa was maintained in the new structure.

The Chief Operating Officer (COO) unit was also restructured and the position of General Manager: Operations created to streamline the direct reporting process and to ensure more hands-on leadership by the COO.

To further create operational efficiencies within the South Africa National Convention Bureau, the functions of the position of Manager: Meeting and Convention Sales in the UK was centralised to the head office, with additional support provided by a sales representation company.

Employee Engagement

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. Employee engagement entails not only what people do, but also how they do it. Managers are engagement conduits that build trust with employees through open communication. South African Tourism partnered with the Hay Group in 2013 to measure employees' perception of the organisational climate. During the year under review management embarked on an ongoing implementation plan to address concerns raised in the survey in an effort to improve the culture of the organisation.

Some of the interventions included, among others:

- A quarterly engagement session led by the CEO;
- A cross-function management forum;
- A wider management forum to ensure that information is provided to employees in a timely manner and they are consulted on significant matters;
- Launched the exciting Brand Ambassador Programme in an effort to improve organisational culture and engagement; and
- Issues raised in the ethics line continue to be addressed by management and feedback is then given to employees.



Human Resources Oversight Statistics

The table below summarises the audited expenditure and provides an indication of the amount spent of personnel cost per programme and salary band:

Personnel Cost by Programme

OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Admin	R108 188	R38 817	36%	56	R693
Increase foreign visitor arrivals coming to South Africa	R286 835	R55 901	19%	41	R1 363
Increase domestic tourism in South Africa	R38 017	R4 680	12%	4	R1 170
Increase tourism trended revenue contribution to the economy	R286 835	R55 901	19%	42	R1 331
Increase SA brand awareness as a tourist destination	R273 455	R7 634	3%	8	R954
Provide quality assurance for tourism products	R48 352	R8 826	18%	13	R679
Increase business events	R66 335	R8 206	12%	9	R912
Total	R1 108 017	R179 965	16%	173	R1 040

Personnel Cost per Salary Band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	R10 786	13%	6	R1 798
Senior Management	R8 292	10%	6	R1 382
Professional qualified	R69 413	59%	79	R879
Skilled	R27 789	24%	76	R366
Semi-skilled	R254	0.32%	2	R127
Unskilled	-	-	-	-
Other* (Internships)	R223	0.28%	4	R56
Total	R116 758	100.00%	173	R675

PERFORMANCE MANAGEMENT

Performance Incentive System

South African Tourism utilises a three-tier performance management system to monitor and evaluate its organisational and employee performance. The primary objective of South African Tourism's performance management system is to incentivise all employees to pro-actively and consistently contribute to the organisation exceeding its short- and long-term key performance areas and targets as contained in its 5-Year Strategic Plan, Annual Performance Plan and Budget approved by the Board of South African Tourism.

Performance-related pay has been institutionalised as standard practice at South African Tourism. Performance outputs were developed for all employees in support of the business strategy. The outputs will be aligned to the "smart" principle. South African Tourism's performance-driven corporate culture is embedded in a work environment that encourages our people to continuously enhance their capabilities and strive towards performance excellence.

The table below represents the performance rewards per salary band:

LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top management	R380	R10 786	4%
Senior management	R583	R8 292	7%
Professional qualified	R4 165	R69 413	6%
Skilled	R1 667	R27 789	6%
Semi-skilled	R18	R254	7%
Unskilled	-	-	-
Other	0	R223	0%
Total	R6 813	R116 758	6%

Training Costs

South African Tourism is committed to creating an environment that promotes continuous learning and development to enhance employees' skills and competencies so that they reach their full potential and contribute to strategy attainment. We continued to invest in the development of our staff, offering a wide range of competency-based, technical and IT training courses tailored to the needs of the organisation. For the period under review, South African Tourism spent R225 556 on training interventions and R85 086 on bursaries. Staff members are also encouraged to take ownership of their development through personal development plans.

BUSINESS UNIT	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Italy	R9 750	R77	0.79%	1	R77
Germany	R9 630	R27	0.28%	4	R7
Marketing	R87 402	R120	0.14%	1	R120
Office of the CEO/	R29 630	R67	0.23%	8	R8
TGCSA	R8 825	R5	0.06%	1	R5
Finance	R13 253	R41	0.31%	2	R21
Australia	R6 426	R15	0.23%	2	R7
NCB	R8 171	R2	0.03%	1	R2
Total	R173 087	R355	0.20%	20	R18

Employment and Vacancies

South African Tourism will continue to work towards maintaining the vacancy rate of 7% through filling critical vacancies, while achieving employment equity targets. The Board-approved structure has 202 positions versus our head count of 171 positions. The table below summarises the South African Tourism Employment and Vacancies report.

BUSINESS UNIT	2013/2014	2014/2015	2014/2015	2014/2015	% OF VACANCIES
	No. of employees	Approved posts	No. of employees	Vacancies	
Marketing	87	115	86	4	4.71%
Grading council	12	14	14	-	-
NCB	9	11	10	1	9.09%
Research	3	5	5	-	-
Finance & SCM	23	23	22	1	4.55%
Operations	28	34	34	4	11.76%
Total	162	202	171	10	5.85%

LEVELS	2013/2014	2014/2015	2014/2015	2014/2015	% OF VACANCIES
	No. of employees	Approved posts	No. of employees	Vacancies	
Top management	5	6	6	2	33.33%
Senior management	5	7	7	-	
Professional qualified	75	79	79	5	6.33%
Skilled	58	60	60	2	3.33%
Semi-skilled	19	19	19	1	5.26%
Unskilled	-	-			
Total	162	171	171	10	5.85%

South African Tourism is operating at 85% occupancy rate against the approved staff establishment with the remaining 15% recorded as vacancy rate. However, where South African Tourism had vacant senior management positions, internal arrangements were made through the appointment of internal staff members on acting and secondment contracts.

Staff Movement

South African Tourism also converted its employees (excluding executives and country managers) from fixed-term contracts to permanent employment with effect from 1 April 2015. This was in an effort to ensure business continuity, minimise the depletion of institutional memory, increase staff retention and create a sense of belonging among employees. We should be able to see stability from a staff turnover point of view.

The table below represents employment movements for the period under review:

LEVELS	EMPLOYMENT AS AT 01 APRIL 2014	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AS AT 31 MARCH 2015
Top management	6	2	2	6
Senior management	6	1	-	7
Professional qualified	79	3	5	77
Skilled	61	-	2	59
Semi-skilled	19	1	1	19
Unskilled	-	-		
Total	171	7	10	168

Reasons for Staff Leaving

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

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	-	-
Resignation	10	5.85%
Dismissal	-	-
Retirement	-	-
III health	-	-
Expiry of contract	-	-
Other	-	-
Total	10	5.85%

As at 31 March 2015, a staff turnover of 5.85% has been recorded. This is in comparison to last year's turnover for the same period, which was 7.60%, denoting a decrease in employee turnover. The highest staff turnover as reported above is due to employee resignations. From this, a total of three employees resigned through an MSA (mutually separated agreement). Overall, a total of 10 employees left South African Tourism, and most of these positions have been filled through career development and personal growth.

Industrial Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	3
Written warning	-
Final written warning	3
Dismissal	-
Total	-

One case of misconduct and three disciplinary cases were reported; warnings issued were mostly related to non-compliance with supply chain management and procedures, and/or dereliction of duty.

Equity Target and Employment Equity Status

The employment equity (EE) figures are based on the South African employees at head office and South African country managers based in-country. While international offices have the promotion adversity in their labour laws, EE targets do not bind them and South Africa's EE legislation does not affect them. For the period under review, the EE targets for South African Tourism were determined in consideration of EE legislation, and the EAP profile for Gauteng as a guideline. In South Africa, 85% of South African Tourism staff are locally recruited.

The tables below are based on the formats prescribed by the Employment Equity Act, 55 of 1998 and the Department of Labour:

	FEMALE							
LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	1	1	0	0	0	1	1	0
Senior management	3	3	0	1	1	1	1	1
Professional qualified	14	13	2	2	5	2	6	4
Skilled	19	17	4	4	2	1	3	4
Semi-skilled	10	8	1	2	0	1	0	2
Unskilled	0	0	0	0	0	0	0	0
Total	47	42	7	9	8	6	11	11

Females, 27.49% of whom are African, mostly represent the South African Tourism employment profile.

	MALE								
LEVELS	AFRICAN		COLOURED		INDIAN		WHITE		
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	
Top management	1	1	0	0	0	0	1	1	
Senior management	0	0	0	0	0	0	1	1	
Professional qualified	11	12	2	2	1	2	7	4	
Skilled	15	10	1	2	0	2	3	2	
Semi-skilled	6	5	0	1	1	1	0	1	
Unskilled	0	0	0	0	0	0	0	0	
Total	33	28	3	5	2	5	12	9	

Males, 19.88% of whom are African, comprise only 31% of the total staff.

Staff with Disability

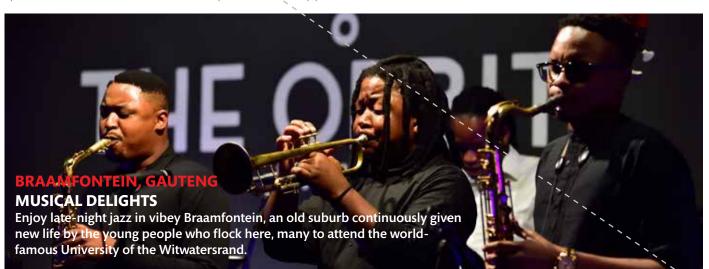
South African Tourism continues to strive for fair representation of people with disabilities. The table below details South African Tourism's disability profile at all occupational levels compared to the internal target.

LEVELS	DISABLED STAFF					
	MALE		FEMALE			
	CURRENT	TARGET	CURRENT	TARGET		
Top management	1	1				
Senior management						
Professional qualified						
Skilled						
Semi-skilled						
Unskilled						
TOTAL	1	1				

Currently, South African Tourism has one certified employee with a disability, which equates to 0.58%. The South African Tourism demographics employee profile complies with the employment equity plans.

Supporting Employee Health and Wellness

As a responsible employer, South African Tourism implemented a comprehensive health and wellness strategy to create awareness and educate employees about personal wellness. South African Tourism partnered with ICAS globally to provide employees and their immediate family members with wellness services. The Employee Wellness Programme (EWP) is designed to enhance employee health and wellness through the prevention, identification and resolution of personal and family problems.







FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note(s)	2015 R	2014 R
Assets			
Current Assets			
Trade and other receivables	2	31 715 236	42 220 786
Staff advances - Current	6	19 442	43 153
Cash and cash equivalents	3	374 055 347	312 500 466
		405 790 025	354 764 405
Non-Current Assets			
Investment property	29	5 054 011	-
Property, plant and equipment	4	42 630 433	45 985 544
Intangible assets	5	9 650 400	8 219 402
		57 334 844	54 204 946
Total Assets		463 124 869	408 969 351
Net assets and liabilities			
Current Liabilities			
Finance lease liability -Current	8	232 592	1 181 703
Trade and other payables	7	266 757 499	240 617 900
Income received in advance	10	616 332	20 061 796
Provisions	9	20 081 125	30 663 897
		287 687 548	292 525 296
Non-Current Liabilities			
Finance lease liability -Current	8	119 565	353 623
Provisions	9	25 137 219	31 796 545
		25 256 784	32 150 168
Total Liabilities		312 944 332	324 675 464
Net Assets		150 180 537	84 293 887
Reserves			
Revaluation reserve	22	26 528 571	24 820 945
Accumulated surplus	23	123 651 966	59 472 942
Total Net Assets		150 180 537	84 293 887

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2015 R	2014 R
Revenue			
Povonue from exchange transactions			
Revenue from exchange transactions Sundry Income		74 263 081	80 490 286
Grading Revenue	12	17 842 591	11 913 868
Interest received - call account	21	19 062 550	8 566 076
Total revenue from exchange transactions		111 168 222	100 970 230
Revenue from non-exchange transactions			
Government grants & subsidies	24	880 009 000	846 333 000
Voluntary TOMSA levies		111 637 559	131 289 391
Total revenue from non-exchange transactions		991 646 559	977 622 391
Total revenue	11	1 102 814 781	1 078 592 621
Expenditure			
Employee related costs	25	(179 557 499)	(169 475 895)
Administration and management fees	26	(45 819 284)	(53 521 194)
Depreciation and amortisation		(9 436 591)	(25 200 159)
Finance costs	15	(71 985)	(582 657)
Lease rentals on operating lease		(17 191 638)	(18 314 671)
Debt Impairment		(202 354)	(4 990 767)
Loss on disposal of assets		(261 977)	(883 479)
Marketing expenses		(835 603 045)	(769 626 846)
Grading expenses		(15 281 971)	(10 393 618)
Auditors remuneration		(4 590 607)	(4 213 780)
Total expenditure		1 108 016 951)	1 057 203 066)
Operating (deficit) surplus		(5 202 170)	21 389 555
Gain on foreign exchange		33 476 086	27 991 414
Fair value adjustments		2 350 846	-
		35 826 932	27 991 414
Surplus for the year		30 624 762	49 380 969

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

STATEMENT OF CHANGES IN NET ASSETS

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at 01 April 2013 Net income (losses) recognised directly in net assets Surplus for the year	25 382 463 (561 518)	3 273 927 6 818 046 49 380 969	28 656 390 6 256 528 49 380 969
Total changes	(561 518)	56 199 015	55 637 497
Balance at 01 April 2014 Net income (losses) recognised directly in net assets Surplus for the year	24 820 945 1 707 626	59 472 942 33 554 259 30 624 765	84 293 887 35 261 885 30 624 765
Total changes	1 707 626	64 179 024	65 886 650
Balance at 31 March 2015	26 528 571	123 651 966	150 180 537
Note(s)	22		

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

CASH FLOW STATEMENT

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		203 743 231	223 693 545
Grants		880 009 000	846 333 000
Interest income		19 062 550	8 566 076
		1 102 814 781	1 078 592 621
Payments			
Employee costs		(179 557 501)	(169 391 861)
Suppliers		(850 373 015)	(797 263 856)
Finance costs		(71 985)	(582 657)
		(1 030 002 501)	(967 238 374)
Net cash flows from operating activities	16	72 812 280	111 354 247
Cash flows from investing activities			
Purchase of property, plant & equipment	4	(7 018 520)	(4 096 447)
Proceeds from sale of property, plant & equipment	4	64 753	73 747
Purchase of other intangible assets	5	(3 120 463)	(6 938 329)
Net cash flows from investing activities		(10 074 230)	(10 961 029)
Cash flows from financing activities			
Finance lease payments		(1 183 169)	(737 475)
Net increase/(decrease) in cash and cash equivalents		61 554 881	99 655 743
Cash and cash equivalents at the beginning of the year		312 500 466	212 844 723
Cash and cash equivalents at the end of the year	3	374 055 347	312 500 466

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

These accounting policies are consistent with the previous period, except for the changes set out in note first-time adoption of GRAP 16.

1.1 PRESENTATION CURRENCY

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

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

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

For the financial period under review, significant judgement was applied in determining the extended useful lives of fixed assets in terms of GRAP 17 Property, Plant and Equipment.

Trade receivables

The entity assesses its trade receivables for impairment at each statement of financial position date. 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 as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the probability of the potential outcomes of the provisions raised.

Post retirement benefits

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.3 SIGNIFICANT JUDGEMENTS (continued)

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. In determining the appropriate discount rate, the entity considers the interest rates of highquality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Effective interest rate

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

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

The entity provides for allowances for legal debtors in full. In addition to this, all other debtors over 90 days are provided for.

Depreciation and amortisation

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

Significant judgement was applied in determining the extended useful lives of fixed assets in terms of GRAP 17 Property, Plant and Equipment.

Pension and other post-employment benefits

Post-employment pension benefits offered by the entity take the form of defined contribution plan. A defined contribution plan is a post-employment benefit plan 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 aand prior periods.

SA Tourism discloses the amount recognised as an expense for the defined contribution pension plan in note 27.

The post retirement healthcare liability as valued by an independent actuary is disclosed in note 9 and 32. The liability is presented in the Statement of Financial Position while the movement is accounted for in the Statement of Financial Performance.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.4 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

The fair value of De Bosporus 50 te Amstelveen property could not be measured reliably by the appraiser on 31-03-2014 and 29-01-2014 as the appraiser's report noted that an appraisal by date in the past, is not possible without using hindsight i.e using realised selling prices. The entity adopts par 55 of GRAP 3 to account for the Investment Property effective 31 March 2015

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.5 Property, plant and equipment

Initial recognition and measurement

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.5 Property, plant and equipment (continued)

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

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. These major components are depreciated separately over their useful lives.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, certain classes of property, plant and equipment are measured using the revaluation model. Application of the revaluation model results in carrying classes of property, plant and equipment at re-valued amounts. Depreciation for these classes of property, plant and equipment is adjusted proportionately for the revaluation increases and decreases upon revaluation of the items of property, plant and equipment. Revaluation increases / decreases are recognised in the revaluation reserve within the Statement of Changes in Net Assets. Where the revaluation model is applied, it is done so consistently for the entire class of assets.

Buildings and artwork are carried at revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment loss. SA Tourism revalues land, buildings and artwork every 3 years. The last revaluation was conducted during the 2012/13 financial year.

Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The assets'useful lives and depreciation methods are reviewed at each financial year-end and adjusted using catchup method in line with the applicable accounting standard.

The annual depreciation rates are based on the following estimated asset useful lives:

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.5 Property, plant and equipment (continued)

ltem

Buildings

Furniture and fixtures

Motor vehicles IT equipment

Leasehold improvements

Other property, plant and equipment

• Air Conditioning

• Lift

Electrical installation

Leased Assets

Average useful life

50 years 3-40 years

4-8 years 3-20 years

Period of lease or shorter as may be

appropriate

5-20 years 5-50 years 15 years

Period of the lease or shorter as may be

appropriate

Impairment

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.6 Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) The entity intends to complete the intangible asset for use or sale;
- (b) It is technically feasible to complete the intangible asset;
- (c) The entity has the resources to complete the project;
- potential; (d)It is probable that the entity will receive future economic henefits and service The entity has the ability measure reliably the expenditure during development. (e) to

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.6 Intangible assets (continued)

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straightline method. The assets' useful lives and amortisation methods are reviewed at each financial year-end and adjusted using catch-up method in line with the applicable accounting standard.

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

The annual amortisation rates are based on the following estimated average asset lives:

Marketing rights 10 years Computer software 2-12 years Website cost 2-12 years

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.7 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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.7 Financial instruments (continued)

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.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Classification

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

Class Category

Receivables Cash and Cash equivalents 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 Category

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

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value or cost 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.

INANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.8 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

GRAP 20.32 requires only transactions with related parties not at arm's length or not in the ordinary course of business to be disclosed.

1.9 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.10 Leases

Finance leases - lessee

Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Operating lease rentals with fixed escalation clauses are charged to the statement of financial performance on a straight-line basis over the term of the lease.

1.11 Employee benefits

Retirement fund

The South African Tourism Retirement Fund is classified as a defined contribution pension fund. A defined contribution plan is a pension plan under which the organisation pays fixed contributions into a separate entity. The organisation has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Retirement benefits are based on the growth of each member's investment done by the trustees' through the funds administrators.

Payments to defined contribution retirement benefits plans are expensed to the income statement under salaries and employee benefits in the period in which service was rendered by employees.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.11 Employee benefits (continued)

Post retirement health-care benefit

The liability recognised in the balance sheet in respect of defined pension plan is the present value of the defined benefit obligation at the balance sheet date less the value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.11 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.12 Provisions (continued)

• a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

1.13 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.14 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, in surplus or deficit, using the effective interest rate method.

1.15 Revenue from non-exchange transactions

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

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

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

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

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.

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

Recognition

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

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

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.

1.16 Interest

Interest received is recognized as the interest accrues (taking into account the effective yield on the asset).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ACCOUNTING POLICIES

1.17 Translation of foreign currencies

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

1.18 COMPARATIVE FIGURES

Current year comparatives (Budget)

Budget information in accordance with GRAP 1, has been provided in a separate disclosure note to these annual financial statements.

SA Tourism does not make its budget publically available and is thus not required to disclose budget information in accordance with GRAP 24.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods except for presentation of foreign currency gains which are presented after operating surplus/ deficit as this format is more useful to the users of our financial statements.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. .

1.20 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA). Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 R	2014 R
2. Trade and other receivables		
Trade debtors Deposits Prepaid expenses	18 142 063 5 715 797 7 857 376	13 923 136 11 355 946 16 941 705
	31 715 236	42 220 787

Total trade receivables (net of allowance for doubtful debts) held by the entity at 31 March 2015 amounted to R 18.1 m (2014: R 13.9 m). 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 showed that the effect of discounting is immaterial.

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

South African Tourism's debtors consists mainly of staff debtors, graded establishments and funders i.e. provincial tourism authorities and Government Departments.

The creation and release of provision for impairment receivables have been included in operating expenses in the statement of financial performance. Amounts charged to the allowance account are generally written off when there is no expectation of recovering outstanding debts. The entity does not hold any collateral as security.

Movement in the allowance for debtors

Closing balance	2 230 798	7 901 974
Opening balance Increase in provision / (Reversal of provision)	7 901 974 (5 671 176)	5 101 013 2 800 961

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

		2015 R	2014 R
2.	Trade and other receivables (continued)		
	Ageing of allowance for doubtful debts		
	Current	_	479 960
	1-30 days	-	373 226
	31-60 days	-	332 683
	61-90 days	-	283 815
	91 -180 days	140 718	3 490 136
	181 - 360 days	413 221	6 149
	361+ days	1 676 859	2 936 005
		2 230 798	7 901 974

South African Tourism believes that there is no further credit provision required in excess of the current allowance for doubtful debts. The decrease in provision was mainly due to the reversal of unused provision for bad debts resulting from the change in the TGCSA membership scheme from 3 years to 1 year.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances <u>374 055 347</u> <u>312 500 466</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

igures in Rand

4. Property, plant and equipment

2015			2014	
Accumulated	Carrying value	Cost /	Accumulated	Accumulated Carrying value
depreciation		Valuation	depreciation	
and			and	
accumulated			accumulated	
impairment			impairment	
1	9 200 000	7 520 584	•	7 520 584
(9 359 840)	24 983 872	35 511 267	(9 619 539)	25 891 728
(6 158 115)	3 431 569	23 106 522	(16 617 228)	6 489 294
(1 658 847)	756 837	1 699 634	(1 675 002)	24 632
(7 162 827)	3 946 315	10 457 337	(7 621 866)	2 835 471
(4448511)	2 716 744	5 885 084	(3 965 084)	1 920 000
(446 143)	295 096	9 169 856	(7 866 021)	1 303 835
(29 234 283)	42 630 433	93 350 284	(47 364 740)	45 985 544
	2015 Accumulated depreciation and accumulated impairment (9 359 840) (6 158 115) (1 658 847) (7 162 827) (4 448 511) (4 448 511)	Carryit 6 6 9 3 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		Cost / Valuation 7 520 584 35 511 267 23 106 522 1 699 634 10 457 337 5 885 084 9 169 856

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Motor vehicles Computer equipment Leasehold Improvements Leased Assets

Total

Land Buildings Furniture & Fixtures

reconciliation of property, plant and equipme
Land
Buildings
Furniture & fixtures
Motor vehicles
Computer equipment
Leasehold Improvements
Leased Assets

Opening	Additions	Disposals	Transfers	Cost	Depreciation	Total
balance				adjustment		
7 520 584	•	•	(1 020 584)	•		9 200 000
25 891 728	1 392 854	•	(1 052 581)	•	(1 248 129)	24 983 872
6 489 294	292 686	(177 094)		130 859	(4 001 257)	3 431 569
24 632	716 050			•	16 155	756 837
2 835 471	2 656 119	(175 204)	•	2 608	(1 375 679)	3 946 315
1 920 000	1 263 730		•	•	(466 986)	2 716 744
1 303 835	•	(10 217)	•	(56 407)	(942 115)	295 096
45 985 544	7 018 520	(362 515)	(2 073 165)	80 090	(8 018 011)	42 630 433

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

gures in Rand

Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

Disposals Depreciation Total	- 7 520 584	(833 536) (9 613 603) 25 891 728	(621 719) (5 229 796) 6 489 29 ²	- (324 084) 24 632	(271 041) (2 313 535) 2 835 471	_	- (877 989) 1 303 835	4 096 447 (1 738 110) (20 295 817) 45 985 544
Additions	•	•	1 221 765	•	838 554	1 818 185	217 943	4 096 447
Opening balance	7 520 584	36 338 867	11 119 044	348 716	4 581 493	2 050 439	1 963 881	63 923 024
	Land	Buildings	Furniture & fixtures	Motor vehicles	Computer equipment	Leasehold Improvements	Leased Assets	

Revaluations

The effective date of the revaluations was 31 March 2013. Revaluations were performed by independent valuer, Mr Shaun Cross [AIQS], of Cunningham Lindsey. Mr Shaun Cross is not connected to the entity.

Land and buildings are re-valued independently every 3 years.These assumptions were based on current market condition

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

gures in Rand

Intangible assets ъ.

	2015			2014	
`	Accumulated amortisation	Accumulated Carrying value	Cost / Valuation	Accumulated	Accumulated Carrying value
	and			and	
	accumulated			accumulated	
	impairment			impairment	
	(1 875 000)	625 000	2 500 000	(1 625 000)	875 000
	(10285949)	4 911 087	14 964 352	(10974100)	3 990 252
	(3 997 420)	4 114 313	5 566 061	(2 211 911)	3 354 150
	25 808 769 (16 158 369)		23 030 413	9 650 400 23 030 413 (14 811 011)	8 219 402

Total	625 000 4 911 087 4 114 313	9 650 400
Amortisation	(250 000) 556 301 (1 724 880)	(247 425) (1 418 579)
Cost	(186 795) (60 630)	(247 425)
Disposals	(23 461)	(23 461)
Additions	574 790 2 545 673	3 120 463
Opening	3 354 150	8 219 402

Reconciliation of intangible assets - 2015

Marketing rights Computer software

Website costs

Total

9 650	(1 418 579)	(247 425)	(23 461)	3 120 463	8 219 402
4 114	(1 724 880)	(60 630)		2 545 673	3 354 150
4 911	556 301	(186 795)	(23 461)	574 790	3 990 252

(250 000) (2 954 759) (1 699 582)

Total

Amortisation

Additions

8 219 402

(4 904 341)

6 938 329

6 185 414

Website costs

Reconciliation of intangible assets - 2014

Computer software Website costs

Marketing rights

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

		2015 R	2014 R
6. Staff advanc	es		
Staff advance	es - Current	19 442	43 153
A siginificant	portion of the staff advances balance of R 19 442	relates to S&T advances for staff travel.	
7. Trade and of	ther payables		
Trade payabl Accrued liab Unallocated		102 456 243 164 279 596 21 660	124 580 461 116 013 448 23 991
		266 757 499	240 617 900
8. Finance leas	e liability -Current		
	ise payments due		
- within one - in second t	year to fifth year inclusive	257 279 133 888	1 344 391 395 032
	finance charges	391 167 (39 010)	1 739 423 (204 097)
	e of minimum lease payments	352 157	1 535 326
	e of minimum lease payments due		
 within one in second t 	year to fifth year inclusive	232 592 119 565	1 181 703 353 623
	•	352 157	1 535 326

Finance leases relate to office premises and office equipment. Legal title does not transfer for any of these leases. The economic substance over the legal form was considered in classifying other leases as finance leases. The two conditions that ensured that these leases met the definition of a finance lease:

- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

Finance leases were discounted at a rate of 10% and interest was calculated using the effective interest rate method.

Staff and other guarantees

South African Tourism has made no guarantees with regards to staff housing loans during the current and previous financial years.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

2015	2014
R	R

Provisions

Reconciliation of provisions - 2015

	Opening	Additions	Reversed	Total
	Balance		during the year	
Legal proceedings	13 587 545	-	(13 049 326)	538 219
Provision - Input vat claims	30 663 897	-	(10 582 772)	20 081 125
Post retirement health care benefits	18 209 000	6 390 000	-	24 599 000
	62 460 442	6 390 000	(23 632 098)	45 218 344
Reconciliation of provisions - 2014				
	Opening	Additions	Reversed	Total
	Balance		during the year	
Legal proceedings	11 024 901	2 562 644	-	13 587 545
Provision-Input VAT credits	11 239 665	19 424 232	-	30 663 897
Post retirement health care benefits	18 928 000	-	(719 000)	18 209 000
	41 192 566	21 986 876	(719 000)	62 460 442
Non-current liabilities			25 137 219	31 796 545
Current liabilities			20 081 125	30 663 897
			45 218 344	62 460 442

The provision for input VAT represents the amount of VAT that the international tax authorities are claiming from the entity that was previously allowed to be claimed as VAT input credits. These authorities have won their administrative tribunal review, and the matter has now been escalated to the Crown Courts.

The movements in provision for post retirement health-care benefits and input VAT credits are included in the statement of financial performance.

10. Income received in advance

Movement during the year

	Balance at the beginning of the year Additions during the year Reversed during the current year	20 061 796 616 332 (20 061 796)	20 061 796 -
		616 332	20 061 796
11.	Revenue		
	Sundry income Grading income Interest received - investment Government grants & subsidies Voluntary Tomsa levies	74 263 081 17 842 591 19 062 550 880 009 000 111 637 559	80 490 286 11 913 868 8 566 076 846 333 000 131 289 391
		1 102 814 781	1 078 592 621

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

		2015 R	2014 R
11.	Revenue (continued)		
	The amount included in revenue arising from exchanges of goods or services are as follows:		
	Sundry income	74 263 081	80 490 286
	Grading income	17 842 591	11 913 868
	Interest received - investment	19 062 550	8 566 076
		111 168 222	100 970 230
	The amount included in revenue arising from non-exchange transactions is as follows:		
	Government grants & subsidies Voluntary TOMSA levies	880 009 000 111 637 559	846 333 000 131 289 391
		991 646 559	977 622 391
12.	Grading income		
	Grading revenue	17 842 591	11 913 868
	Grading Expenses	(15 281 971)	(10 393 618)
		2 560 620	1 520 250
13.	Auditors' remuneration		
	Fees	4 590 607	4 213 780
14.	Marketing		
	Retainer fees	93 720 882	87 938 512
	Other marketing expenditure	741 882 161	681 688 334
		835 603 043	769 626 846

Consultants fees includes retainer fees for above and below the line marketing advertising agencies, PR agencies, exhibition management services and market research. SA Tourism has a put a consultancy reduction plan for 2014/15 financial year, as mandated by National Treasury through its Treasury Instruction 1 of 2014: Const containment measures.

Other marketing expenses relates to marketing expenses such as marketing development, reasearch and campaigns, incurred by SAT during the 2014/15 financial in order to fullfil its mandate of marketing South Africa both domestically and internationally.

The increase in consultancy fees is mainly due to annual inflationary increases as per contract terms and conditions.

15. Finance costs

Finance leases	71 985	582 657

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 R	2014 R
16. Cash generated from operations		
Surplus	30 624 765	49 380 969
Depreciation and amortisation	9 436 591	25 200 159
Loss on sale of assets	261 977	956 888
(Gain)/ Loss on unrealised foreign exchange	34 786 446	6 381 346
Fair value adjustments	(2 350 846)	-
Finance costs - Finance leases	71 985	582 657
Movements in provisions	(17 242 098)	21 267 876
Changes in working capital:		
Trade and other receivables	10 505 551	(20 080 488)
Staff advances-Current	23 771	73 409
Trade and other payables	26 139 602	7 529 635
Income received in advance	(19 445 464)	20 061 796
	72 812 280	111 354 247

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 R	2014 R
7. Commitments		
Authorised capital expenditure		
Approved but not yet contracted for		
Property,plant and equipment	19 685 869	19 685 869
Already contracted for		
Property, plant and equipment	14 190 057	
Total capital commitments		
Approved but not yet contracted for	19 685 869	19 685 869
Already contracted for at reporting date	14 190 057	
	33 875 926	19 685 869
		

This committed expenditure relates to property and will be financed by available bank facilities and retained.

Operating leases - as lessee (expense)

Contracted for

17

Minimum le	ease payments	due
------------	---------------	-----

within one yearin second to fifth year inclusivelater than five years	35 422 114 12 232 710	32 119 094 13 686 597
	61 127 764	55 521 566

Operating leases relate to rental of premises, with lease terms varying between 4 to 10 years, and rental of office equipment with lease terms varying between 2-5 years. The entity does not have an option to purchase the leased asset at maturity of the lease period.

Operating leases - as lessor (income)

Minimum lease payments due

	476 521	815 705
- in second to fifth year inclusive	216 600	527 809
- within one year	259 921	287 896

50 Bosporus Amstelveen property is held to generate rental income for a 3-year period. Lease agreements can be terminated provided sufficient notice is provided as agreed upon. Total contingent rent recognised as revenue in the period is R 3 901.96 (EUR 82.5).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

2015	2014
R	R

18. Financial instruments

Interest rate risk

Finance leases (referred to as other financial liabilities on the Statement of Financial Position) refers to leases which have been classified, in terms of GRAP 13, as finance leases because of the accounting substance over the legal form. None of these leases are with financial institutions and interest risk is associated with these finance leases is deemed to be immaterial.

Cash held in foreign amounts are transferred solely for the purposes of settling foreign creditors. Temporary reserves in those bank accounts comprise creditors not yet paid and interest is earned at the local prime rate specific to that country.

It would not be appropriate to have a weighted average interest rate for all the markets because each of the markets has different risk characteristics and it would be misleading to users to have a combined weighted average effected interest rate. Therefore, no interest rate sensitivity analysis is disclosed.

Foreign currency risk

The entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound.

The entity does not hedge foreign exchange fluctuations.

The entity operates in foreign countries and is thus exposed to foreign currency translation risk.

Surplus is more sensitive to movement in exchange rates in 2015 than 2014 because of the increased fluctuations in foreign exchange rates.

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 period to limit the risk of exposure to currency fluctuations.

SA Tourism is extremely sensitive to movements/fluctuations in GBP/EUR/USD (three major currencies the entity transacts in.). The foreign exchange rates table below illustrates that as at 31 March 2015, the Rand weakened by 2.1% against GBP, 15.1 % against the USD and strengthened by 9.7% against the EUR.

Exchange rates used for conversion of foreign items were:

Budget r	ates	Actual r	ates
2015	2014	2015	2014
19,59	14,23	17,96	17,59
0,12	0,12	0,10	0,18
16,27	11,71	13,13	14,54
11,89	9,47	12,15	10,56
10,14	9,97	9,26	9,77
0,51	1,48	1,97	1,71
-	_	_	_

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. In order to mitigate the risk of financial loss, SA Tourism only deals with creditworthy parties. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

204E	204.4
2013	2014
R	R

18. Financial instruments (continued)

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financial Assets		
Loans and receivables at amortised cost Trade and other receivables	31 715 236	42 220 787
Financial assets at fair value Cash and cash equivalents	374 055 347	312 500 466
Financial liabilities at amortised cost Carrying amount of financial liabilities	267 109 656	242 153 226
Other financial liabilities at amortised cost Finance lease obligation - Non current portion Finance lease obligation - Current portion Trade and other payables	119 565 232 592 266 757 499	353 623 1 181 703 240 617 900

The amount disclosed as Trade and other receivables, Cash and cash equivalent & Trade and other payables are the contractual undiscounted cashflows. Balances due within 12 months equal their carrying balances as the impact of discounting is immaterial.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

204E	204.4
2013	ZU14
_	_
K	l K

19. Related parties

Related party relationships exist within the entity. During the year all purchasing and selling transactions were concluded at arm's length. Details of transactions with related parties not disclosed elsewhere in the financial statements are as follows:

South African Tourism is 100% controlled by its shareholder, the government, represented by the National Department of Tourism. South African Tourism constitutes 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 880 009 000 (2014: R 866 333 000). No amounts were due to NDT by South African Tourism as at the 31 March 2015 .

South African Tourism transacted with the following public entities that fall within the ambit of the National Sphere of Government. Transactions with these entities and balances owed are as follows:

Related party transactions

Public Entity		
Telkom	334 129	358 857
South African Airways	250 301	724 145
SARS	23 158 791	20 382 040
	23 743 221	21 465 042

GRAP 20 has been approved however it is not vet effective as no effective date has been determined by the Minister of Finance, thus the balances disclosed above are for comparative purposes, as required by GRAP 1.

Short-term employee benefits Post-employment benefits	14 161 787 830 901	11 623 236 873 052
	14 992 688	12 496 288

20. Contingent Liabilities

SA Tourism adopted GRAP19.111 to account for the entity's cotingent liability as disclosure of some or all of the information required can be expected to seriously prejudice the position of the entity as the matters are subjudice.

The entity currently has the following contingent liabilities: Plaintiff claim of trademark infrigement, two applicants claim of substantive and procedural unfair dismissal and two plaintiff claims of unlawful breach of contract and other possible statutory liabilities.

21. Investment revenue

Interest revenue		
Bank	19 062 550	8 566 076

The amount of R 19 062 550 relates to revenue from call accounts.

22. Revaluation reserve

The balance of revaluation reserve, which arised due to the revaluation of buildings and artwork is:

Revaluation reserve	26 528 571	24 820 945
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

2015	2014
R	R

23. Accumulated surplus

The movement in exchange rates had a favourable impact on the Statement of Financial Performance resulting in a foreign currency gain as presented in the Statement of Financial Performance, on the conversion of the financial records of SAT's operating units which are denominated in foreign currency.

24. Government grants and subsidies

93 724 786	
93 724 786	
13 697 968 2 462 392 497 301 553 289 1 461 922 5 682 629 9 337 388 317 125 35 804 946 3 385 770 12 631 983	86 460 594 18 205 246 1 240 494 522 559 612 437 1 651 012
45 727 000 92 284	52 472 949 1 048 245 53 521 194
	13 697 968 2 462 392 497 301 553 289 1 461 922 5 682 629 9 337 388 317 125 35 804 946 3 385 770 12 631 983 179 557 499

Administration and management fees balance mainly consist of VAT expenses, legal fees, IT support expenses and computer licence fees.

Administration and management fees-related parties relates to expenses incurred by the Board during the execution of their duties as SAT board members. SA Tourism board members are not compensated for their duties.

27. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus as per the approved Estimates of National Expenditure (ENE) database with the surplus in the statement of financial performance. In line with relavant prescripts SA Tourism does not budget for a deficit or a surplus.:

Paragraph.03 of GRAP 24 states that the standard applies to entities that are required or elect to make publicly available their approved budgets. Paragraph.04 further states that for the purpose of GRAP 24, budgets are made publicly available when they have been approved and made available to the public at large by tabling in Parliament, legislatures or municipals councils.

This standard does not require approved budgets to be made publicly available. SA Tourism does not make its approved budget publicly available, thus management deems the reconciliation between the actual surplus and budget as sufficient for our users.

Reconciliation of budget surplus as per approved Estimate of National Expenditure with surplus per Statement of Financial Performance:

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 R	2014 R
27. Reconciliation between budget and statement of financial performan	nce (continued)	
Net surplus per the statement of financial performance	30 624 765	49 380 969
Adjusted for: (Gain)/loss on disposal of assets	261 977	883 479
Increase/ (decrease) in provisions	(17 242 098)	21 267 876
Depreciation and amortisation	9 436 589	25 200 159
Unrealised foreign exchange	34 786 453	(6 381 346
Fair value adjustment	(2 350 845)	` -
Over/ (under) expenditure	(55 516 841)	(90 351 137
Net surplus per approved budget	-	-

INANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

28. New standards and interpretations

28.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations: GRAP 17 Investment Property. The expected impact is change in recognition and disclosure of Building in Amsterdam. GRAP 17 was adopted for years beginning on or after 31 March 2015.

GRAP 16 (as revised 2012): Investment Property

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has adopted the amendment for the first time in the 2015 financial statements.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the financial statements.

28.2 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 2015 or later periods:

GRAP 18: Segment Reporting

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2015.

The entity expects to adopt the standard for the first time in the 2015 financial statements.

The impact of this standard is currently being assessed.

GRAP 105: Transfers of functions between entities under common control

INANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

28. New standards and interpretations (continued)

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The entity expects to adopt the standard for the first time in the 2015 financial statements.

The impact of this amendment is currently being assessed.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The entity expects to adopt the standard for the first time in the 2015 financial statements.

The impact of this amendment is currently being assessed.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

28. New standards and interpretations (continued)

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity:
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2016 financial statements.

It is unlikely that the standard will have a material impact on the entity's financial statements.

28.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2015 or later periods but are not relevant to its operations:

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

28. New standards and interpretations (continued)

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

28. New standards and interpretations (continued)

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

2015	2014
R	R

29. Investment property

	2015		2014			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5 054 011	-	5 054 011	-	-	-

Reconciliation of investment property - 2015

	Opening	Transfers	Fair value	Total
	balance		adjustments	
Investment property	-	2 703 165	2 350 846	5 054 011

De Bosporus 50 te Amstelveen was used as owner-occupied property and disclosed as part of Property, plant and equipment until 2014. The property was recognised as Investment Property as at 31 March 2015 as fair value of the asset could be measured reliably as at that date.

SA Tourism applied the fair value model to account for Investment property. An independent valuer, who holds a recognised and relevant professional qualification and has recent experience in the location and catergory of the investment property being valued, was used to determine the fair value of the property. The independent valuer used the average growth of realised selling prices to determine the fair value of the asset as at 31 March 2015.

An appraisal by date in the past is impractical.

Deemed cost

The amounts recognised in Statement of Financial Performance for rental revenue from Investment Property is R 278 495.38. The are no restriction on the realisability of Investment Property nor contractual obligations to purchase, construct. SAT is reponsible for repairs and maintainance. SAT t incur direct expenses in the current year in relation to the property in the current year which amounted to EUR 2 308.91 (aproximately R 31 261.35 converted at spot rate at year-end).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

2045	204.4
2015	2014
R	R
• •	

30. Employee benefits

Post-retirement contribution plan

South African Tourism has a defined benefit contribution pension plan covering all of its employees. Retirement benefits are based on the growth of each member's investment. South African Tourism retirement fund value as at 31 March 2015 was valued at R 91 830 473 (2014: R 88 187 642.83).

The trustees aim to maximise investment returns, with due regard for the nature and objective of the Fund, on behalf of the members in order that they may retire with meaningful benefits.

Allan Gray Equity Coronation Absolute Old Mutual Profile Pinnacle SATRIX 40 SATRIX Resi Allan Gray Money Market

Economic entity			
2015	2014		
8 750 076	37 248 298		
18 440 116	17 633 181		
9 550 663	7 938 938		
20 236 110	25 367 226		
4 778 781	-		
30 074 727	-		
91 830 473	88 187 643		

South African Toursim offers post-retirement healthcare benefits to all eligible domestic retired employees. Retired employees share in the cost of their healthcare benefits through service related contributions. Post retirement healthcare benefits are unfunded. Accounting provision for healthcare liabilities, amounts are in Rand thousand (R'000):

Additional text

Service cost Benefits paid Interest cost Actuarial loss/(gain)

Economic entity			
2015	2014		
18 209	18 928		
945	1 010		
(1 091)	(1 047)		
1 515	1 381		
5 021	(2 063)		
24 599	18 209		
	2015 18 209 945 (1 091) 1 515 5 021		

The movement in provision for post retirement healthcare benefits is included in the statement of financial performance. The following assumptions were used by the appointed actuary to value SA Tourism's liability:

Return on assets Subsidy inflation Net discount rate

ASSUMPTION	I %
2015	2014
9 8	9,0 % 7,0 % 2,0 %
17	18,0 %

The projected unit credit actuarial method was used. The valuation was conducted by Jac Schreuder, who is independent from SA Tourism. Jac Schreuder holds a BSc (Hons) FASSA and is a member of the Actuarial Society of South Africa.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

2015	2014
R	R

31. Taxation

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

32. Going concern

We draw attention to the fact that at 31 March 2015, the entity had accumulated surplus of R 123 651 966 and that the entity's total assets exceed its liabilities by R 150 180 537.

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.

33. Events after the reporting date

The were material non-adjusting events after reporting date. The Minister of Tourism appointed new board members for a period of 3 years commencing 1 June 2015. Additional disclosure is included in the Report of the Accounting Authourity.

34. Irregular expenditure

Opening balance	196 693	-
Add: Irregular Expenditure - current year	-	196 693
Less: Amounts condoned	(196 693)	-
		196 693



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South Africa Tourism

Avenida Comandante Valódia

Rua Patrice Lumumba, N

npowerratings

Ensuring Change through Empowerment

B-BBEE Verification Certificate

Registered Name: South African Tourism Board

Trading as: South African Tourism

Public entity (established in terms of section (2) of the Tourism Act, (Act Registration no:

No. 72 of 1993 as amended)

VAT No: N/A

Head Office Location: Bojonala House, 90 Protea Road, Chilsehurston, Sandton, Gauteng

Postal address: Private Bag x 10012, Sandton, Pretoria, 2146

Verification standard applied: Dti Codes of Good Practice on Black Economic Empowerment

Scorecard applied: Adjusted Generic Scorecard Validation

Element	Target Score	Actual Score
Management Control	15	12.62
Employment Equity	15	12.53
Skills Development	20	1.74
Preferential Procurement	20	15.37
Enterprise Development	15	15.00
Socio-Economic Development	15	3.59
Total Score:	100	60.84

Broad Based BEE status level: LEVEL FIVE CONTRIBUTOR

BEE procurement recognition level: 80.00%

Value Adding Supplier:

Date of Issue: 29 May 2015 **Expiry Date:** 28 May 2016

Although the abovementioned is the current level of turnover / income and is closely related to the economic indicators, it may be more or less in future. Consequently, this Certificate does not serve as as guarantee that the income reflected will continue at the same levels.

Based on our work performed, we have no reason to believe that the B-BBEE status reflected in this Certificate has not been calculated in all material respects, in accordance with the Codes of Good Practice on Black Economic Empowerment, gazetted on 9 February 2007 in terms of the Broad-Based Black Economic Empowerment

Our limited assurance report dated 29 May 2015 is available for inspection at the registered office of South African Tourism Board together with the accompanying detailed B-BBEE Scorecard and should be referred to for an understanding of our limited assurance engagement and the extent of work performed.

This Certificate has been determined, on the basis of information provided by management. We do not accept or assume responsibility to anyone other than South African Tourism Board, for our work, for this report, or for the conclusion we have reached.

Registered Firm: mPowerRatings Pty LTD

B-BBEE Approved registered auditor: Floyd Mazibuko CA (SA)

Registered firm IRBA No.: 949679

IRBA Number: 3739048

SOU005255/05/2015

Certificate Number:



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