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Mission, Vision and Values

Vision

For South Africa to be the preferred tourist destination in the world, in order to maximise the economic potential of tourism for our country and its people.

Mission

To develop and implement a world-class international tourism marketing strategy for South Africa.

In pursuance of this, South African Tourism will:

- Facilitate the strategic alignment of the provinces and industry in support of the global marketing of tourism to South Africa
- Remove all obstacles to tourism growth
- Build a tourist-friendly nation
- Ensure that tourism benefits all South Africans

Values

We unconditionally respect our organisation's people, its purpose and its assets.

Living this respect with integrity translates into an authentic caring for South Africa and each other, a feeling of responsibility, and the acceptance of accountability for the outcomes of our actions.

Our team pushes the boundaries of excellence in everything we do.

01

History of South African Tourism





History of South African Tourism

In the 62 years that South Africa has marketed itself as a tourist destination our country has moved from apartheid to democracy.

The various bodies marketing tourism to South Africa have had to evolve with those changes and South African Tourism, the organisation that markets South Africa today, is very different to the South African Tourism Corporation of the 1940s.

In that period foreign arrivals to South Africa have grown from 54,000 in 1947 to 9.6 million in 2008 as South Africa works to establish itself as a world-class tourism destination in a fiercely competitive global travel world.

Today South African Tourism (SAT) is based in Johannesburg with 10 overseas offices managed by four regional portfolios. Its Board is made up largely of members of the private sector with wide-ranging business interests in order to ensure that we are a cutting-edge marketing organisation.

The change in SAT came in 1999 when the then new Minister of Environmental Affairs and Tourism, Mr Mohammed Valli Moosa decided to restructure the Board and replace the provincial representation with more business people who would drive the marketing of the country and not just their own province.

The change in the composition of the Board was forerunner of a more fundamental change to take place in the organisation. Following the First Job Summit in South Africa, big business set up the Business Trust and committed itself to working with government to create jobs in our country.

One of the projects that Business Trust funded was the development of a data-driven strategy to market South Africa as tourism was seen as an easier and quicker way to create jobs than manufacturing and mining. This strategy became known as the Tourism Growth Strategy and is the organisation's guiding document on where to invest to grow tourism to our country.

He also spearheaded the move from the outskirts of Pretoria to Sandton to be closer to where the tourism business was located. It was then that South African Tourism became a more business orientated organisation that measured the results of its marketing and away from "spray and pray" marketing to become focused on a strategy that would deliver on the mandate it was given by government in the Tourism Act.

With the marketing intelligence of the Tourism Growth Strategy, a brand for tourism was developed for the first time to take South Africa away from marketing with an endless amount of changing slogans to focused campaigns that would build the identity of South Africa as a desirable tourism destination i.e. a brand. This brand was unveiled at the tourism Indaba in 2004 and is marketed today under the slogan "It's Possible".

Besides spearheading the biggest growth in tourism arrivals in South Africa's history, SAT has also increased its marketing budget by more than 500% as it has been able to demonstrate that tourism does bring foreign exchange and investment into our country, it creates jobs for our people (almost 1 million to date) and that tourism is an industry that all South Africans can play a part in and be proud of.

This is far from its beginnings when the South African Tourism Corporation was created by an act of Parliament in August 1947 to promote tourism from abroad to South Africa.



World War II ended two years before and traffic to South Africa was beginning to increase with the re-institution of steamship and air services.

In 1947 there were 54,361 visitors to South Africa (11,098 business and 43,263 holiday visitors), a considerable increase on the previous year's total of 39,689.

The Corporation's board, with tenure of five years, was made up of nine representatives from a mix of government departments and the tourism industry, including the managing director of the Union Castle Line and the director of the Cape Peninsula Publicity Association. JF Kuys was appointed the first director on 29 September 1947.

Before the Corporation was formed, the function of international tourism marketing rested with the South African Railways Administration, which had offices in London and New York. There was also a private agency in Australia and advertising campaigns were undertaken in Central African countries and in India. It was a founding member of the International Union of Official Travel Organisations, created at The Hague, Netherlands in February 1947.

Within Africa, the Corporation attended conferences at which all African interests were represented. It assisted international journalists and writers, and created brochures, posters and other documentary material to market South Africa as an international tourist destination.

It went through a period of growth in 1950, opening offices in London and New York as well as Nairobi to service East and North Africa and the Middle East. This office was later closed due to unrest in that country.

In 1954 an office was established in Salisbury (now Harare) to market South Africa in the two Rhodesias (now Zimbabwe and Zambia), Nyassaland (Malawi) and the Belgian Congo (Zaire).

In 1961, South Africa became a republic and left the Commonwealth as global opposition to apartheid grew. During the next decades as sanctions grew against South Africa, the responsibility for tourism marketing shifted.

In 1967, the Department of Tourism came into being and was made responsible for domestic tourism marketing. Later, in 1981 the Department of Industry, Department of Commerce and Department of Tourism merged to form the Department of Industries, Commerce and Tourism, which remained responsible for domestic tourism.

In 1975, the South African Congress Bureau was established under the Department of Tourism to promote South Africa as a destination for international congresses and conferences. It disseminated information on the congress facilities and services in the country available to international organisers.

The Hotel Board was established by the Hotels Act of 1985 to set and maintain minimum agreed standards in the accommodation industry. The Hotel Board was also involved with the registration and grading of hotels, as well as creating and co-ordinating training facilities for hotel staff.

On October 1 1983 the Division of Tourism of the Department of Industries, Commerce and Tourism, the South African Tourist Corporation, the Hotel Board were dissolved and incorporated into one body, the South African Tourism Board (SATOUR).

It was directed by a board of 13 members appointed by the Minister of Environmental Affairs and Tourism. The first chairperson of SATOUR was DJ Hough. The first executive director was Spencer Thomas, who had previously been with the South African Tourist Corporation.

SATOUR's head office was in Pretoria and it had 11 regional offices and 16 branch offices in 14 countries abroad – London, Paris, Amsterdam, Zurich, Milan, Madrid, New York, Los Angeles, Chicago, Toronto, Sydney, Tokyo, Rio de Janeiro, Buenos Aires, Tel Aviv and Harare.

From 1947 to 1983 international tourism figures had grown from 54,361 to 405,414. During 1983 there were 299,030 visitors from African countries, 174,274 of them from Zimbabwe.

1990 was the end of apartheid as Nelson Mandela was released from prison and political parties unbanned, and this was followed by the first democratic election in April 1994. On 16 April 1994, South Africa became a member of the United Nations World Tourism Organisation (UNWTO) and officially re-entered the international tourism arena. In October 1994, Mavuso Msimang was appointed Executive Director of SATOUR, replacing Spencer Thomas, who had retired.

At the beginning of 1994, SATOUR launched a national tourism awareness campaign to position tourism as a major force in the economic future of South Africa. The campaign cost R4-million over 18 months. The objective of the campaign was to make South Africans from all walks of life aware of the importance of tourism to the country as a whole. The slogan was "Tourism: Share the Reward".

The first National Youth Convention on Tourism was organised by SATOUR in South Africa in September 1994. It was geared towards empowering young people to initiate and participate in tourism projects. Youth groups including the Boy Scouts, Girls Guides, Thusong Centre and the National Youth Development Forum attended.

In August 1994, SATOUR formulated a five-year reconstruction and development strategy for the tourism industry. The strategy aimed to integrate tourism planning with the basic principles of the Reconstruction and Development Programme (RDP) – a government plan to redress the social and economic problems in the country inherited from apartheid – and to ensure that tourism contributed to the goals of RDP.

An international marketing campaign under the slogan “Explore South Africa ‘95”, was also launched in 1994. The following year the campaign used a different theme of adventure and nature travel: “Explore South Africa – Go Wild in 1996”. In 1997 it was the “Explore South Africa – Culture” campaign.

In June 1996, a white paper titled “Tourism in South Africa” was approved by Parliament. The document proposed a total revamp of the tourism industry including the restructuring and renaming of the South African Tourism Board, creating a presidential tourism fund and identifying presidential tourism projects for provinces. The grading and monitoring of standards would be carried out by an independent body. The SATOUR regional offices were closed at the end of 1996. Domestic tourism promotion then became the responsibility of the provincial tourism bodies.

In November 1998, Parliament passed the Tourism Amendment Act providing for the restructuring of SATOUR. A new 21-member board was announced by then Minister of Environmental Affairs and Tourism, Dr Pallo Jordan, on 1 April 1997. The board would serve a three-year term and had representatives from the nine provinces, Cape Town Tourism (formerly Captour), SATOUR, Phalaborwa Association for Tourism, North-West Parks and Tourism Board, national community organisations such as the South African National Civics Organisation and the Tourism Business Council as well as one private nomination. Liz Westby-Nunn was appointed chairperson of the board.

SATOUR then embarked on restructuring of the departments, in particular its marketing efforts, by focusing on proven high-yield markets. Five hub offices were established to serve the Americas, Europe, Asia, Britain and Africa. Some of the international offices were closed and in certain markets marketing consultancies were appointed. A member of the Board, Michael Farr, of the Tourism Business Council of South Africa, was appointed interim Executive Director of SATOUR in March 1997, filling the post which had been left vacant when Mavuso Msimang resigned in November 1998 to head up South African National Parks.

The new identity for SATOUR and South Africa was celebrated at the Tourism Summit arranged by the Department of Environmental Affairs and Tourism in December 1998. This followed the unveiling at World Travel Market in London of the logo and branding.

Stewart Lumka was appointed Executive Director of the newly restructured SATOUR

in January 1999. A decision was taken by the Board of Directors in January 1999 to change the name of the organisation from the South African Tourism Board to South African Tourism (also known as SA Tourism). He was replaced in 2000 by Moss Mashishi, who left within a year to head up the World Summit on Sustainable Development – the biggest conference ever held in Africa. At the end of 2001, the former high commissioner in the UK Cheryl Carolus was made CEO. She served her term and was succeeded by Moeketsi Mosola, who had been the COO for her term. His contract was renewed in 2007.

SA Tourism CEOs

Name	Period
SA Railways & Harbours	1920 – 38
Mr J.F. Kuys	1947 – 53
Mr J.H. van Niekerk	1954 – 56
Mr A.T. Brennan	1957 – 60
Mr P.J.H. Basson	1961 – 71
Theo Owen	1972 – 76
Spencer Thomas	1977 – 93
Mavuso Msimang	1994 – 96
Stewart Lumka	1999
Moss Mashishi	2000
Cheryl Carolus	2001 – 03
Moeketsi Mosola	2004 – 09

Most Home

January, 1958

“South Africa

—by far the best holiday of all!”

SAYS THE AIR-LINE CAPTAIN




It's a glorious country. It's got everything that makes a perfect holiday and yet you can fly there in less than a day.

Excitement! Go to the game reserves and see the wild animals in their natural surroundings. There's a thrill for you.

Scenery! Travel the rolling veldt, climb the mountains . . . you'll find magnificent, amazing scenery wherever you go.

Novelty! See the native customs, dress, ceremonies and dances.

Relaxation! Incomparable coast resorts, quiet or fashionable as you choose.

Moderately! Visit the bustling cosmopolitan cities with their shops, stores, shows and night clubs.

Wherever you go you'll meet friendly people with a greeting so warm as the sunshine that brightens each wonderful day.





Relaxation in the House of the Sun.

Excitement and good company.

Still to visit mountains.

South Africa

LAND OF SUNNY CONTRASTS

South Africa Travel Agents or write to call for free prospectus and flight advice.

SOUTH AFRICAN TOURISM CORPORATION

PO BOX 1000, JOHANNESBURG, S.A. 2001

or write to: 1000, JOHANNESBURG, S.A. 2001

A few minutes into our drive, a lioness broke from the tall grass and stopped just metres from the landy.

"Welcome to the land of the lion," said Vusi our ranger. We couldn't have asked for a better reception.

Go to www.southafrica.net



SOUTH AFRICA

It's possible



02

Tourism Growth Scorecard





Tourism Growth Scorecard

SA Tourism uses this customised version of a Balance Scorecard to monitor the implementation of its Tourism Growth Strategy.

Key focus areas	Key objectives	Measures
Finance	Financial Planning	Updated 5-year strategic plan in line with MTEF allocations and Tourism Growth Strategy
		Submitted final Business Plan, budget & Cash Flow to Exco
		Submitted quarterly cash flow forecast
	Financial Reporting	Submitted monthly business unit; country basis & executives summary flash reports
		Submitted quarterly funders financial report including Business Unit Managers' feedback on variances
		Submitted annual financial report
	Risk Management	Updated delegation of authority twice per year
		Contract management
		Compliance to supply chain process
		Forex cover for all overseas budgeted overheads
Internal processes	Improve Business Processes	Documented processes
		Updated/reviewed processes
		Complied with documented processes
	Adhere to BEE Policy	% Compliance with BEE policy
Marketing	Increase arrivals	% increase in arrivals
	Reduce seasonality	% decrease in variance (peak-valley)
	Promote provincial distribution	% change in distribution patterns of arrivals by province
	Increase spend	% increase in total foreign direct spend
	Increase length of stay	No. of days spent in SA
		Average LOS (length of stay)

Target	Feedback method	Frequency of measurement
30 June annually (DEAT)	Complete Strategic Plan	Annual
End August (Exco); October (Board)	Complete Business Plan	Annual
2 weeks before start of new quarter	Cash Flow Forecast	Quarterly
2 weeks after end of month	Flash Report	Monthly
4 weeks after end of quarter	Funders Quarterly Report	Quarterly
31 May annually	Annual Report/Financial Statements	Annual
Mid-June & mid-February	Delegation of authority	Bi-annually
100% contracts signed in terms of delegation	Contract Audit Report	Monthly
Submitted contracts within 5 working days after final signature	Contract Audit Report	Monthly
100% compliance to policy and procedure	Contract Audit Report	Monthly
75% of approved budget transferred within 14 weeks of approval by Minister	Funders Quarterly (1st or 2nd) Report	Annual
100% of all internal processes, P&Ps	ISO Audit Report	Annual/Once off
100% to business requirements	(ISO) Audit Report	Quarterly
100% compliance with P&Ps	ISO Audit Report & Certificate	Annual
100% compliance with BEE Policy and targets	Quarterly Funders Report	Quarterly
6.7% overall national (specific target for portfolios and countries and segments)	Arrivals Stats Report	Quarterly
Any peak/valley ratio decline	Arrivals Stats Report	Quarterly
10% increase to 6 less visited provinces	Departure Survey Report	Quarterly
10% nominal increase in ZAR	Departure Survey Report	Quarterly
"Modal shift" per market segment	Departure Survey	
Maintain LOS per market segment	Departure Survey Report	Quarterly

Key focus areas	Key objectives	Measures
People	Attract core competencies	Time taken to secure external candidates
		% growth in applications that meet/exceed the criteria
		% Increase in rating as preferred employer
	Develop and retain core competencies	% increase in numbers of people trained
		% Retention rate of high-performance employees in marketing job categories
	Conclude performance contracts	No. of performance contracts in place
	Culture to manage core competencies	% Achievement against performance contract measures
	Transformation and diversity	% Achievement against employment equity plan
		% Vacancies filled by previously disadvantaged candidates
Creativity & innovation	Ensure labour peace and compliance with legislation	% Compliance with policies
	Enhance creative & innovative practices	No. of new ways of doing things/efficiency and effectiveness improvements
	Create CI Forums	No. of stimulation activities/CI forums

Target	Feedback method	Frequency of measurement
Max. 60 days to letter of offer	Quarterly HR Report	Quarterly
40% increase over bench-mark (base year)	Quarterly HR Report	Quarterly
50% increase/improvement in rating	Best Company To Work For Survey	Annual
100% compliance with Skills Development Plan targets	HR Training Report	Annual
80% retention rate	Quarterly HR Report	Quarterly
100% by end April every year	HR Audit Report	Annual
100% achievement against employment equity plan	HR Audit Report	Annual
100% achievement against Employment Equity Plan	Quarterly HR Report	Quarterly
100% achievement against Employment Equity Plan	Quarterly HR Report	Quarterly
100% compliance with P&Ps	Quarterly HR Report	Quarterly
1 major breakthrough per year	Annual Report	Annual
2 refinements of process	Annual Report	Annual
Any productivity improvements (input/output)	Annual Report	Annual
1 event per quarter	Quarterly HR Report	Quarterly

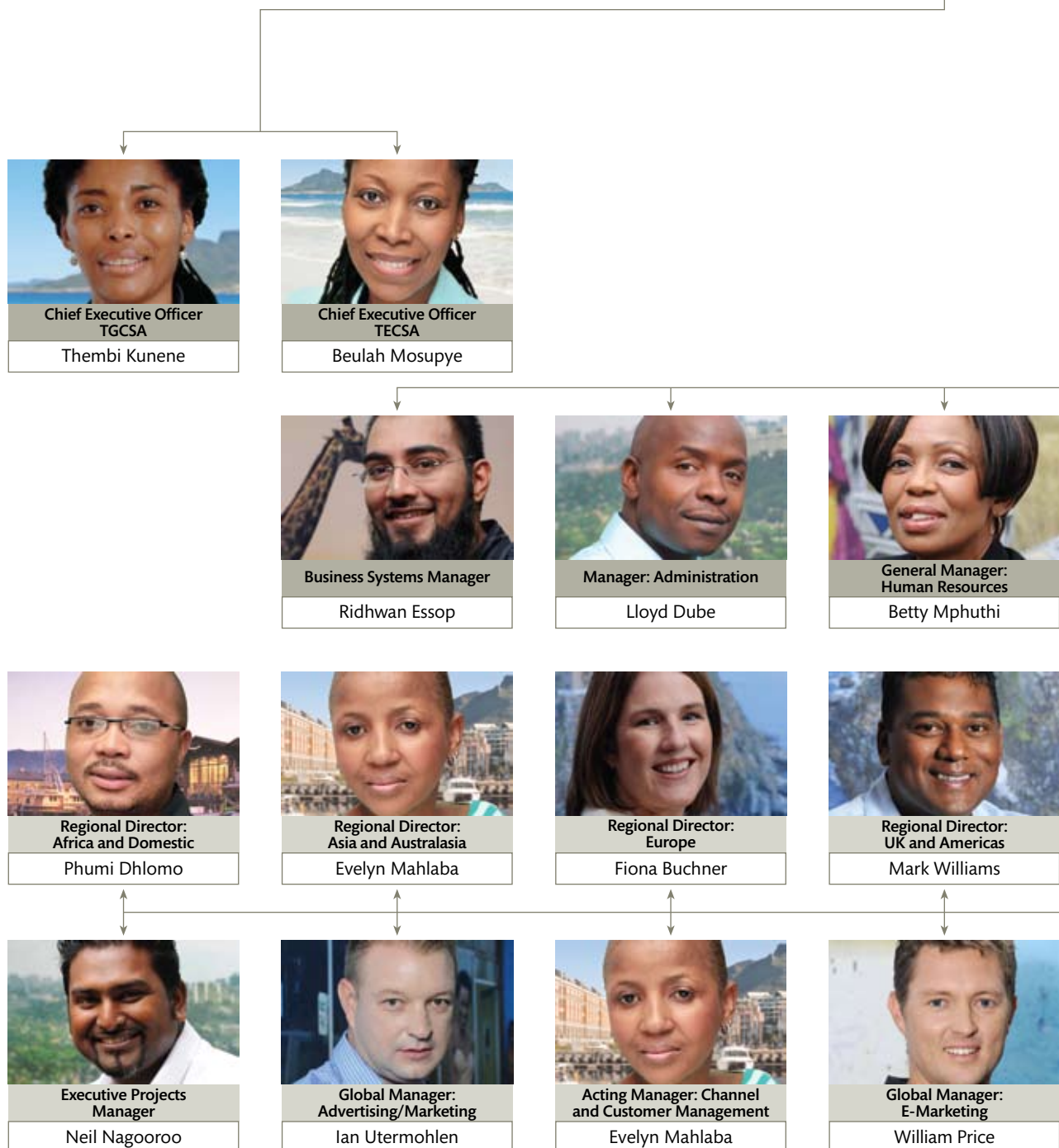
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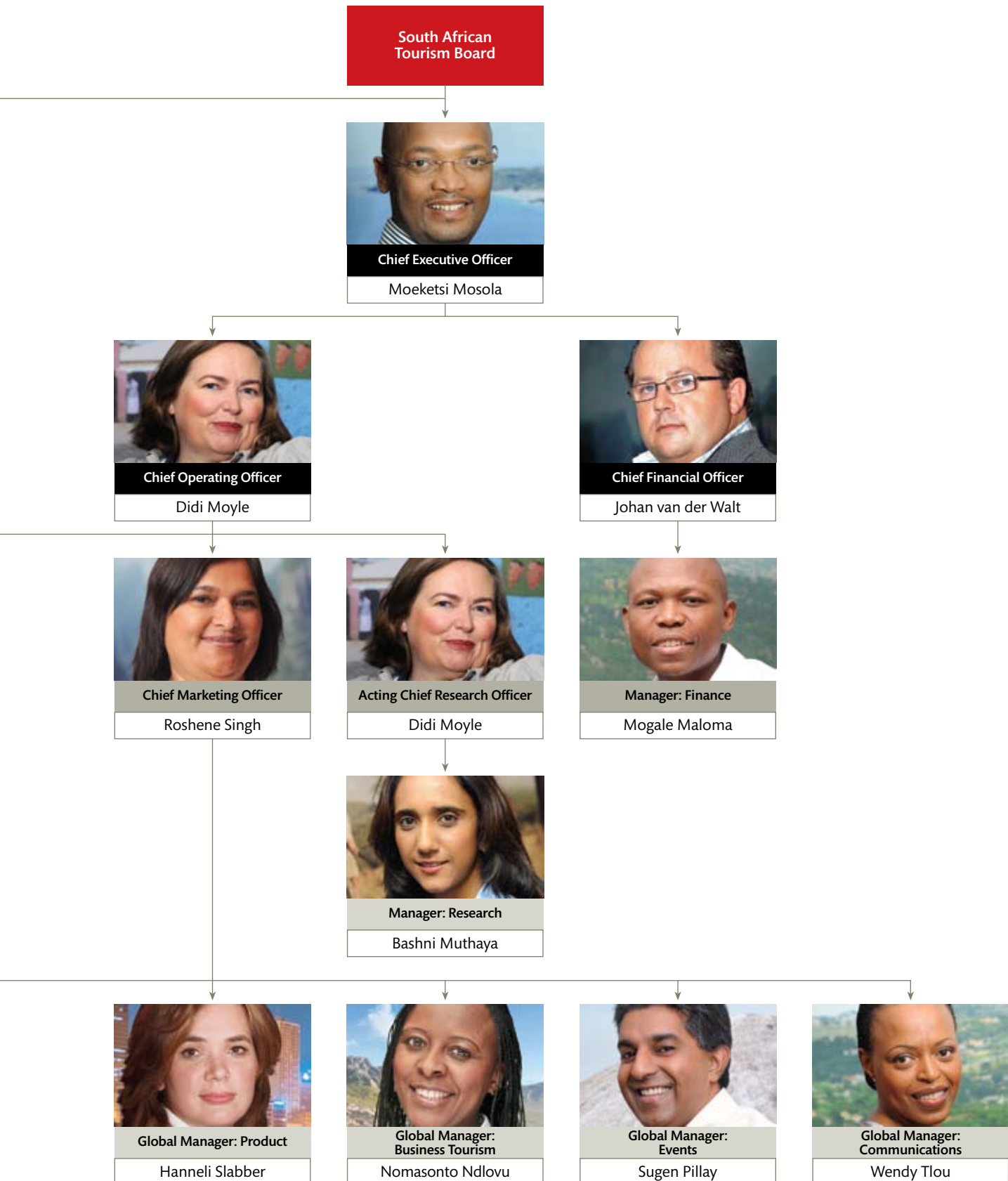
South African Tourism: The Organisation





South African Tourism High-Level Organogram





South African Tourism Members of the Board



Jabu Mabuza
Tsogo Sun

Chairperson/RemCo Chairperson

IMM (1991); Effective Leadership Program, Wharton School, University of Pennsylvania, USA, (1996); Executive Development Program: Financial Statement Analysis from the John E Anderson Graduate School of Management at University of California, Los Angeles, (1999)



Frank Kilbourn
Bright Equity

Deputy Chairperson/Audit Committee Chairperson

Member of: Remuneration Committee
B Com, LLB, BA Hon, LLM, H Dip Tax



Yvonne Johnston
Marketer-at-Large

Marketing Committee Chairperson



Nosipho Jezile
Department of Environment Affairs and Tourism

Non-Executive Director/Non-Executive Board member

Member of: Remuneration Committee
BSC: Physiology & Biochemistry, Western Cape University; HD: Education, UWC; Certificate: QA, PenTech; Certificate: Business Management, University of Stellenbosch Business School



Eddy Khosa
Magelevendze House

Non-Executive Director/Non-Executive Board member

Member of: Marketing Committee
ND: Accounting, Cape Peninsula Technikon; New Managers Programme, UCT (GSB)



Bheki Khumalo
Department of Minerals and Energy

Non-Executive Director/Non-Executive Board member

Member of: Marketing Committee
BA (Honours) University of Fort Hare; Dip: Higher Education, Fort Hare



Michael Lutzeyer
Grootbos Nature Reserve

Non-Executive Director/Non-Executive Board member

Member of: Marketing Committee and Audit Committee

Apprenticeship in Business, Kaufmann; Wella-Darmstadt (Germany)



Amor Malan
Quadriplegic Association of South Africa

Non-Executive Director/Non-Executive Board member

Member of: Audit Committee

BCom RAU (1987); BCom Honours RAU (1989); BCom Masters RAU (1993)



Zwelibanzi Mntambo
ASG Consulting

Non-Executive Director/Non-Executive Board member

Member of: Audit Committee

LL.B; LL.M; Yale



Manana Moroka
Proudly South African

Non-Executive Director/Non-Executive Board member

Member of: Marketing Committee

BA: Social Sciences, University of the North (1979); MAP, Wits Business School (1998); MBA - Dissertation Incomplete: Strategic Marketing Management, Global Business School (2000), Executive Development Programme - African Leadership, Wits Business School (2007)



Moeketsi Mosola
South African Tourism

CEO/Executive Director

BA: Psychology and Neuroscience, Oberlin College (Ohio); Diploma: Urban & Regional Development, Harvard University; MA: Economics, Houston University; Public & Development Management Certificate in Development Planning and in RDP Implementation, Wits University; Emerging Leaders Programme, Graduate School of Business at the University of Cape Town & Duke University



Sizakele Mzimela
SA Express

Non-Executive Director/Non-Executive Board member

BA (Economics / Statistics) University Swaziland; Executive Development Program (GIBS); Airport Management Program (International Aviation Management Training Institute); CIM - Certificate in Management (Henley Management College)



Bridgette Radebe
Mmakau Mining

Non-Executive Director/Non-Executive Board member

Member of: Audit Committee

BA: Political Science & Sociology, University of Botswana



Johan van der Walt
South African Tourism

CFO/Executive Director

B.Compt, UOFS (1987-1989); B.Compt. (Hons) UOFS (1990); C.A. (SA) (1991); M.Com. (Cum Laude) Financial Management, RAU (1997)

Chairperson's Report



Jabu Mabuza
Chairperson

THE WORLD saw profound changes in 2008 that impacted not only on the global tourism and travel industry, but on all business across the world.

Global economies started shrinking, and then many officially went into recession before the end of 2008. Although South Africa held onto its arrivals growth in the first half of 2008, our industry felt the effects of the global economic crisis in the second half of the year with arrivals growth moving down to 5.5% from an 8,3% increase in 2007.

South Africa did not escape the effects of the global economic crisis. However, our destination did not feel its immediate negative impact quite as keenly as many of our competitor destinations. Our destination maintained positive growth (albeit reduced positive growth) whilst many others reeled from negative growth.

Numerous factors enabled us to hold our heads above the turbulent waters. Primary of these was the good destination marketing work that had been done, and continues to be done, by South African Tourism. Strategically executed global campaigns in partnership with major television networks created interest in and demand for our leisure tourism offerings before the effects of the global economic crisis became apparent. They helped our destination weather the worst of the initial storm.

These global television campaigns, in tangent with consumer-focused campaigns in the markets and with a revitalised and social-media focused e-marketing strategy, did much to grow and entrench our destination.

South Africa was fortunate, indeed, to win last-minute hosting destination status of the IPL Cricket Championship, the Lions Tour and the ICC Champions Trophy. These events added to the kudos we already enjoyed (and continue to enjoy) as destination host of the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup™. They gave our marketers an opportunity to drive home South Africa's capability messages and they gave our industry an opportunity to roll out the awesome experiences and warm welcomes that our marketing promises the world's travelers.

It has been a tough, yet a productive year. INDABA 2008 shattered all previous attendance records. Millions of rands, millions of worker hours and much energy were invested in preparing our industry and our broader national infrastructure for the 2010 spectacular. The industry and its partners looked reality square in the face, assessed the opportunities and faced the challenges square on.

I congratulate the South African industry on a job well done; on working to maintain arrivals growth and on delivering reliably world-class facilities and amazing destination experiences to the millions of travel consumers who came to South Africa last year.

I thank my fellow South African Tourism Board members for their service as their tenure comes to an end on 31 May 2009. I welcome new Board members to this organisation and to the sometimes challenging, but always exciting, tasks that they will be called on to perform.

On behalf of my colleagues on the Board I would also like to thank the Executive, management and staff of South African Tourism for their devotion and hard work over the past three years.

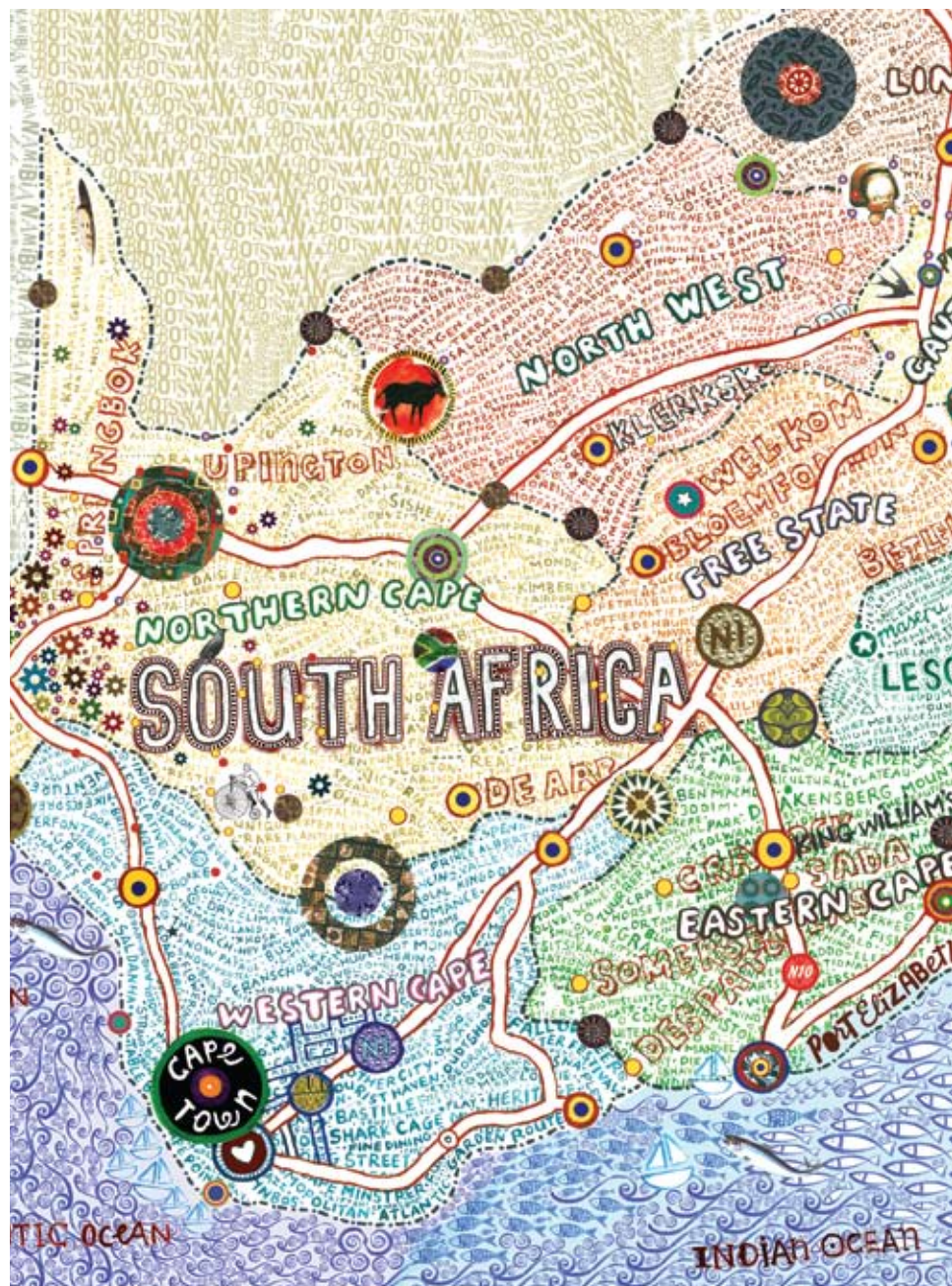
I would also like to express our appreciation to the Minister and the Department of Environmental Affairs and Tourism as well as the Tourism Business Council of South Africa for their support.

Going forward, we need to acknowledge that the present restrictive economic conditions will persist, at least in the short- to medium-term. This is going to be a testing time where creative innovation, where service excellence, where value for money offerings; and where fortitude will win the day. South African Tourism will continue marketing our destination vigorously during the economic crisis. This, to maintain our hard-won top of mind global destination awareness for leverage later when conditions become easier. I encourage the industry to do the same.

Our industry will emerge from this test stronger and more resilient. We look forward to the 2010 football spectacular; to the nation building opportunities it offers; to welcoming the world; and to making the most of the destination showcase prospects it holds.

Jabu Mabuza

South African Tourism Board Chairperson



Chief Executive Officer's Report



Moeketsi Mosola
Chief Executive Officer

The period under review was a busy and productive one for South African Tourism. Arrivals continued to grow despite the economic crisis that saw the global industry decline by about three percent. Marketing work continued apace both at regional and market level as well as globally.

South African Tourism launched its global marketing campaigns in partnership with CNN International, BBC World, Sky, Fox, Eurosport and National Geographic during the period. Each of these campaigns was anchored by our brand television commercials. Each, however, was distinct with special features unique to each network and destination vignettes that were social media driven and that enticed consumers to engage with us and learn more of our destination.

It is conservatively estimated that the global campaign reached more than 1.9 billion people each month for its duration. It enters its second phase at commencement of the next financial year with new vignettes and special features on many of the network partner channels. We have great (and legitimate) expectations of this campaign in terms of embedding destination awareness and creating greater demand for South Africa among our core target consumers the world over.

South African Tourism has made a strategic decision to maximise the potential of the social and online media in its marketing. The online component of the global brand marketing campaign was launched during the period. The new and revised South African Tourism website was born out of extensive research and strategising to create a site that maximizes web 2.0 technologies and trends and that enables consumers and potential consumers to interact easily and usefully with us and with each other.

INDABA is the engine room of our marketing work. INDABA 2008 was the biggest and best attended INDABA in the event's 27 year history. It is the biggest travel trade show in Africa and one of the biggest in the world. INDABA 2008 attracted 1,725 exhibitors, 4,437 visitors, 559 journalists and 7,992 exhibiting personnel. Being fewer than two years from the 2010 FIFA World Cup™, exhibitors reported brisk business and much interest in our destination. We remain cautiously optimistic of welcoming 10 million visitors to South Africa during 2010. These arrivals will be driven by the FIFA spectacular, but will not be reliant on it.

One of the key discussions at Indaba was the role that the FIFA World Cup™ in 2010 will have on our tourism industry. As regards our preparedness, this debate will no doubt continue until the event itself kicks off, and while there are challenges to contend with, we are all confident that plans are on track. We have always said that 2010 is not an end in itself. This remains our standpoint. The 2010 FIFA World Cup™ is a milestone in our quest to make South Africa the world's top tourist destination in terms of service excellence, hospitality, authenticity, variety and awesome experiences.

For the second time in its eight year history, Meeting Africa was presented by new owners and hosts, South African Tourism. Our acquisition of Meetings Africa came from a strategic business decision to grow this very lucrative industry segment and the February 2009 event was a decided success with increased exhibitor numbers. Meetings Africa also attracted a multi million Rand bid parties agreement that bodes well for its success going forward and for the growth of South Africa's share of the Business Tourism market.

Our destination garnered numerous accolades and awards over the period. They include a best destination marketing award for South African Tourism (from the European CEO Magazine); the only gold award for media owners at the prestigious Internationalist Awards for Innovation in Media (for our global campaign with CNN International); being named one of the world's best 10 destinations in the 2008 Ethical Travellers; an award for Innovation in the Natural Search Category for our Google Earth Layer (at the prestigious international e-Consultancy Innovation Awards); and five of our restaurants made it onto the S Pellegrino 100 World's Best Restaurant Awards. We garnered two accolades in the Telegraph Travel Awards: Cape Town was named best world city and South Africa was named one of the top three non-European destinations in the world.

We welcomed a number of new team members to South African Tourism, and celebrated a number of promotions, too.

William Price joined the team as Global Head, e-marketing. Nomasonto Ndlovu was appointed Global Manager, Business Tourism. Phumi Dhlomo joined us as Regional Director: Africa and Domestic. Evelyn Mahlaba was promoted to Regional Director of Asia and Australasia. Nothando Mathe was promoted to Country Manager: Southern Africa.

It is clear that the global economic situation is having a profound impact on our industry. Even so, we remain optimistic about the future of tourism in South Africa as we now regularly rate as one of the most exciting destinations in the world. South African Tourism will continue marketing the destination robustly to ensure that South Africa maintains its top of mind awareness and is poised to maximise that awareness when the market recovers.

However, everyone in this industry will need to work even harder during this time to ensure our destination remains a competitive option in an increasingly competitive environment. This means addressing the major challenges we face as a country, such as safety and security. It also means addressing the challenges we face as an industry such as service levels, value for money pricing, and skills development. These are areas where much progress has been made, but where much remains to be done.

I invite everyone in this industry, across both private and public sectors, to work together and to work with us to help make South Africa the most favoured destination in the world.

Moeketsi Mosola

Chief Executive Officer



Corporate Governance Report



Johan van der Walt
Chief Financial Officer

South African Tourism recognizes corporate governance as dynamic and not just a mindless quantitative compliance with governance codes or rules.

South African Tourism views good corporate governance practice as integral to good performance. We at South African Tourism are committed to promoting sustainable confidence in our conduct as an organization and as a corporate citizen.

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

In formulating our governance framework, we apply leading corporate governance practices pragmatically, so as to:

- Exercise effective review and monitoring of our activities.
- Enhance the world market's perception of us.
- Identify and mitigate significant risks, including reputational risk.
- Promote informed and sound decision making.
- Protect our brand.
- Secure the trust and confidence of all our stakeholders.
- Lead to effectiveness, efficiency, responsibility and accountability.
- Facilitate legal and regulatory compliance.

- Ensure sustainable business practices, including social and environmental activities.
- Disclose the necessary information to enable all our stakeholders to make a meaningful analysis of our actions.

Our values and philosophies are the framework against which we measure behaviour, practices and activities, characteristics of good governance. Our values require Board members and employees to behave with integrity, consistently and uncompromisingly displaying moral strength and conduct which promotes trust.

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure and the structures designed to formalise oversight of and to ensure that the values remain embedded in all our operations and processes. We continue to refine these structures, with a written Statement of Values.

South African Tourism is guided in its commitment to the principles of good corporate governance by the King Committee Report of Corporate Governance 2002 (King 2). South African Tourism's international business units operate in accordance with the corporate governance recommendations of their jurisdictions, but with clear reference at all times to organization's values and culture.

South African Tourism constantly reviews and adapts its governance structures and processes to ensure that cognisance is taken of local and international standards of best practice and developments within the entity. In supporting the code, the Board members recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate practices.

South African Tourism subscribes to values of good corporate governance, and to the requirements of the Public Finance Management Act. It also has sufficient finance systems in place to provide real-time and relevant information to business units, allowing them to make informed decisions.

The Board of South African Tourism

South African Tourism is governed by a unitary Board of Directors, comprised of a majority of non-executive directors and chaired by a non-executive director. The majority of non-executive directors are independent directors as defined in the King Code II. The Board is assisted by board committees, duly formed according to the King II Report to Corporate Governance and Public Finance Management Act. The Board, in its capacity as the Accounting Authority of South African Tourism, is charged with the responsibility for the oversight of governance. The Board has the authority to lead, control, manage and conduct the business of South African Tourism.

The directors are individuals with diverse backgrounds and expertise, facilitating independent judgement and effective deliberations in the decision making process. Directors, referred to as Board members, are appointed on the basis of skill, acumen, experience and level of contribution to and impact on the activities of the entity. On appointment, all Board members are provided with guidance as to their duties, responsibilities and liabilities as a director of a company and also have the opportunity to discuss organisational, operational and administrative matters with the Chairperson, the CEO, the CFO and the Board Secretary.

Non-executive Board members bring with them diversity of experience, insight, business acumen, skills and independent judgment on issues of strategy, performance, resources and standards of conduct. Non-executive Board members are individuals of calibre and credibility, with the necessary skill and experience to bring independent judgment to bear on issues of importance to the entity.

The non-executive members of the Board are appointed by the Minister of Environmental Affairs and Tourism for a period of 3 years. In order to ensure continuity, the Minister endeavours to re-appoint at least 50% of non-executive members who have previously served on the Board, to every new Board. A procedure for appointment to the Board is formal and transparent and includes criteria such as racial and gender diversity.

The Board consists of two executive members (Chief Executive Officer and Chief Financial Officer) and 12 non-executive members. The names and credentials of the directors are detailed on pages 20 and 21 of the annual report.

Board Charter Roles and Responsibilities

The role of South African Tourism's Board is to ensure the proper and efficient performance of South African Tourism's functions within an environment of sound corporate governance. The Board accordingly ensures that appropriate structures for those authorities delegated to management and Board committees are in place, accompanied by monitoring and reporting systems. Each standing Board committee, referred to as Board Sub Committee, has specific written terms of reference approved by the Board and incorporated into South African Tourism's Delegation of Authority.

All committee chairpersons report verbally on the proceedings of meetings of their respective Board Sub Committees at the next meeting of the Board.

The Board's primary responsibilities, based on pre-determined assessment of materiality, include:

- Ensuring well corporate governance is applied within South African Tourism at all times. The criteria for this should be guided by the recommendations of the prevailing good corporate governance provisions for South Africa.
- Assisting and providing high-level input to the executive management with the setting of strategic objectives for the organisation and the determination of high-level marketing strategy, taking into consideration the latest market intelligence, research and appropriate risk parameters. South African Tourism's budgets and resources are limited, and demand creative and intelligent strategies for success.
- Determining, delegating and reviewing from time to time, certain levels of authority and responsibility to 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, Tourism Act, and other relevant legislation and regulations that are applicable to business in general, in South Africa.
- Ensuring that a model for succession planning is introduced for all executive management, all business unit and sub business unit managers, and all country managers

Month	Key actions to be taken
February formal meeting:	<ol style="list-style-type: none"> 1. Approval of updated Strategic Plan for the next 5-years including budget parameters for the Business Plan & Budget 2. Approval of marketing creative that will be rolled-out across the world in the new financial year 3. Approval of updated Risk register 4. Approval of updated 3-year rolling Internal Audit Plan 5. Any changes requested to the Delegation of Authority, Remuneration- and Supply Chain Policy
May formal meeting:	<ol style="list-style-type: none"> 1. Approval of Annual Financial Statements 2. Approval of remuneration increases and annual performance bonuses 3. Any changes requested to the Delegation of Authority, Remuneration- and Supply Chain Policy
October/November formal meeting (conducted over 2 days and referred to as the Annual Board Lekgotla):	<ol style="list-style-type: none"> 1. Review of effectiveness of the Board, its Sub Committees, every Individual Board member and the Internal Audit division. 2. Review of global marketing strategy of SA Tourism based on latest market intelligence 3. Any changes requested to the Delegation of Authority, Remuneration- and Supply Chain Policy

- Approving the remuneration associated with the statutory external audit.
- Ensuring that South African Tourism has sound operational and financial systems in place and manages risk appropriately at all times.
- Ensuring the preparation of annual financial statements which fairly present the results of South African Tourism.
- Annually measuring its performance as a whole and also its committees and the executive(s).
- Agreeing on performance criteria for all employees of South African Tourism.
- Monitoring compliance with the Delegation of Authority and other ethical guidelines underpinned in the organisation's policies.
- Ensuring that suitably qualified and experienced individuals are appointed as executive management of South African Tourism at all times.

Board meetings

In order to effectively carry out its responsibilities, the Board and its appointed Sub Committees meet at least three times per annum where the main agenda points are detailed above:

The Board and its committees are provided with full and timely information, including detailed financial information, at least one week before every meeting. The current Chairperson of the Board is Mr. Jabu Mabuza.

The names of current Board members and attendance at Board meetings are set out on the top of the next page:

Evaluation of performance

A formal evaluation of the Board's performance and effectiveness is carried out every year during the Annual 2-day Board Lekgotla in October/November. This process is led by the Chairperson of the Board, with input from one of the senior independent Board members and in consultation with Board members. The performance of each of the non-executive Board member's is evaluated by the Chairperson, in consultation with one senior independent Board member, who in turn consults with one executive Board member and the Board Secretary. These assessments are conducted against identified key performance criteria using a variable rating system.

The Chairperson's performance is evaluated against the same criteria by each Board member.

All outputs from the evaluation process are reviewed by the Chairperson, the senior independent Board member and the executive Board member, who then makes a conclusion on whether the Board and its committees are operating effectively and what needs to be done to improve efficiencies.

Conflicts of interest

Board members are required to inform the Board timeously of conflicts or potential conflicts of interest they may have in relation to particular items of business. Board members are obliged to withdraw themselves from discussions or decisions on matters in which they have a conflicting interest, unless resolved otherwise by the remaining members of the Board. Board members are required to disclose their shareholdings in the Company, their other directorships, and their interests in contracts that South African Tourism may conclude or may already have concluded, prior to every Board meeting and as and when changes occur.

Board member	Note	Meetings attended			Attendance
		29 May 08	7 Oct 08	10 Feb 09	
Jabu Mabuza	+	✓	✓	✓	3/3
Frank Kilbourn	+ ^	✓	✓	✓	3/3
Yvonne Johnston	*	✓	✓	✓	3/3
Moeketsi Mosola	* + ^	✓	✓	✓	3/3
Johan van der Walt	* + ^	✓	✓	✓	3/3
Nosipho Ncaba	+	✓	–	✓	2/3
Manana Moroka	*	–	✓	✓	2/3
Zwelibanzi Mntambo	^	✓	–	✓	2/3
Bheki Khumalo	*	✓	✓	–	2/3
Michael Lutzeyer	*^	✓	✓	✓	3/3
Amor Malan	^	✓	✓	✓	3/3
Eddy Khosa	*	✓	–	✓	2/3
Bridgette Radebe		✓	✓	–	2/3
Sizakele Mzimela		✓	✓	✓	3/3

+ Member of the Remuneration Committee ^ Member of the Audit Committee * Member of the Marketing Committee

No remuneration was paid to any Board member for the 2008/9 financial year.

Declarations of interest are tabled at each Board meeting, updated as and when necessary.

Board Sub Committees

South African Tourism is governed by a unitary Board of Members with the following five committees: Audit Sub Committee, Remuneration Sub Committee, Marketing Sub Committee, Executive Committee (EXCO) and Management Committee (MANCO).

Audit Sub Committee

The committee, which also fulfils the functions of a Risk Committee, comprises of five non executive directors and two executive directors. It is chaired by Mr Frank Kilbourn. Membership of this committee and attendance at these meetings during 2008/9 was as follows (see top of page 29):

The following people are permanent invitees to all Audit Sub Committee meetings:

- Senior Internal Auditor of South African Tourism
- Representative from the Auditor-General
- Chief Financial Officer of DEAT

This committee ensures that an effective internal control framework exists across South African Tourism. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. The committee also reviews risk management controls and year-end financial statements.

The committee has the power to examine any financial, operating and strategic matters relating to the operations of South African Tourism. This includes reviewing the annual accounts, accounting policies, compliance and regulatory matters,

internal audit reports and other related issues. Internal audit structures in South African Tourism include all internal auditors who reports directly to the Audit Sub-Committee. Administrative matters concerning Internal Audit are handled by the Chief Financial Officer.

The audit committee has adopted the following terms of reference:

- To establish formal and transparent arrangements for considering how it should apply financial reporting and internal control principles, and to maintain an appropriate relationship with the company's auditors.
- To review, and challenge where necessary, the annual financial statements before their submission to the Board for approval.

Audit Sub Committee meetings 2008/09				
Date	29 May 08	6 Oct 08	10 Feb 09	Attendance
Frank Kilbourn	✓	✓	✓	3/3
Michael Lutzeyer	✓	✓	✓	3/3
Amor Malan	✓	✓	✓	3/3
Zwelibanzi Mntambo	✓	-	-	1/3
Bridgette Radebe	✓	✓	-	2/3
Moeketsi Mosola	✓	✓	✓	3/3
Johan van der Walt	✓	✓	✓	3/3

- To examine and review the internal control environment within the organisation, and review the organisation's statement on internal control systems prior to endorsement by the Board. The Audit Committee provides the Board with assurance of the adequacy and efficiency of South African Tourism's internal controls systems in respect of both the organisations' direct affairs in South Africa and at its offices abroad.
- To approve the remuneration and terms of engagement of the external auditors.
- To review 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.
- To review the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- To review its terms of reference from time to time and make appropriate recommendations to the Board.
- To engage in ensuring that appropriate standards of governance, reporting and compliance are being met.

- To advise 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.
- To review proposed changes to the Delegation of Authority and make applicable recommendations to the Board.
- To review all primarily non-HR and non-Marketing policies in South African Tourism that will have a financial implication not covered by the approved budget.
- To review and discuss all internal audit reports, which should include management responses
- To review and discuss the internal audit business plan and budget, which should include all planned audits to be undertaken during the next financial year
- To review and discuss the Internal Audit Framework, which should include the internal audit approach
- To review and discuss the final management letter of the external auditors, including managements' responses, following the statutory annual audit of South African Tourism's financial records (at the June meeting)

- To review new proposed accounting policies and approve them.

The Senior Internal Auditor has direct access to Chairperson of the Audit Sub Committee.

The effectively functioning audit committee provides the following significant advantages to South African Tourism:

- The improvement of the quality and enhancement of the credibility of the financial reporting process of the entity
- The improvement of control in the entity
- The promotion of communication between the directors, auditors and management
- The strengthening of visible independence of the external auditors, through the credibility of the annual financial statements
- The improvement of the performance of the external auditors and the quality of the audit process.

Based on its deliberations during the reporting period, the committee is satisfied with the level of independent assurance that it has received, and believes that South African Tourism's risk management and internal control processes are adequate and are functioning effectively.

Marketing Sub Committee meetings 2008/09				
Date	29 May 08	7 Oct 08	10 Feb 09	Attendance
Yvonne Johnston	✓	–	✓	2/3
Manana Moroka	✓	✓	–	2/3
Bheki Khumalo	–	–	–	0/3
Eddy Khosa	✓	–	✓	2/3
Michael Lutzeyer	✓	–	✓	3/3
Moeketsi Mosola	✓	✓	✓	3/3
Johan van der Walt	✓	✓	✓	3/3

Marketing Sub Committee

The committee comprises of six non-executive directors and two executive directors. It is chaired by Ms Yvonne Johnston. Membership of this committee and attendance at these meetings during 2008/9 was as follows (see above):

The following people are permanent invitees to all Marketing Sub Committee meetings:

- Chief Operating Officer of South African Tourism
- Chief Marketing Officer of South African Tourism
- Chief Research Officer of South African Tourism

The marketing committee reports on its activities and makes recommendations to the Board.

The marketing committee has adopted the following terms of reference:

- Review the revised 5-year Strategic Plan of South African Tourism, which includes South African Tourism's strategies, high-level action plans and targets/estimates, covering the next financial year plus another four financial years and make appropriate recommendations to the Board.
- Review and recommend the approval to the Board of all primarily marketing policies, including Branding, in South African Tourism that will have no financial implication or a financial implication covered by the approved budget.
- Review all primarily Marketing policies in South African Tourism, including Branding, which will have a financial implication if not covered in the approved budget.
- Review significant changes to mainline expense items as approved by EXCO, in terms of the Business Plan and Budget of South African Tourism.

- Review and discuss South African Tourism Business Plans and Budgets for new financial years and make applicable recommendations to the Board.
- Review proposed parameters for the next MTEF period's Business Plan & Budget of South African Tourism, and make applicable recommendations to the Board.

Remuneration Sub Committee

The committee comprises of three non executive directors and the CEO. It is chaired by Mr Jabu Mabuza. Membership of this committee and attendance at these meetings is disclosed below:

The following people are permanent invitees to all Remuneration Sub Committee meetings:

- Chief Financial Officer of South African Tourism
- Chief Operating Officer of South African Tourism

RemCo meetings 2008/09				
Date	29 May 08	7 Oct 08	10 Feb 09	Attendance
Jabu Mabuza	✓	✓	✓	3/3
Nosipho Ncaba	–	–	–	0/3
Frank Kilbourn	✓	✓	✓	3/3
Moeketsi Mosola	✓	✓	✓	3/3

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

The committee is responsible for the assessment and approval of a broad remuneration strategy for South African Tourism, the determination of performance bonuses, the positioning of pay levels relative to local and international benchmarks, and the assessment and authorisation of specific remuneration-related proposals made by EXCO.

The Remuneration Committee's overall strategy is to ensure that employees are rewarded for their contribution to South African Tourism's operating and financial performance, at levels which take account of industry, market and country benchmarks, and that value-adding employees with specific skills and experience are kept within the organisation.

The remuneration committee has adopted the following terms of reference:

- Review proposed changes to the approved organisation structure of South African Tourism and makes applicable recommendations to the Board
- Review all primarily HR policies in South African Tourism that will have no financial implication or a financial implication covered by the approved budget
- Review all primarily HR policies in South African Tourism that will have a financial implication not covered by the approved budget

- 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) after having reviewed such changes
- Review, discuss and approve all proposals from EXCO concerning the payment of performance bonuses
- Review proposed parameters for the next MTEF period's Business Plan & Budget of South African Tourism and make applicable recommendations to the Board (at the October meeting)

Executive Committee and Management Committee

This Executive committee assisted by the Management committee is responsible for ensuring that the decisions, strategies and views of the Board are implemented. The Executive committee consists of two executive directors that serve on the Board namely the Chief Executive Officer and the Chief Financial Officer. The Management Committee consists of all business unit managers within South African Tourism. The Executive Committee is chaired by the Chief Executive Officer whilst the Management Committee is chaired by a Chairperson elected by this Committee. These committees are responsible for the day-to-day management of the organisation's businesses and it also reviews strategic plans, capital expenditure projects, company operating and financial

performance and the central and administrative functions of the organisation.

Advisory Board of the Tourism Grading Council

This non-executive Board is appointed by the Minister of Environmental Affairs and Tourism for a period of 3 years and is chaired by Mr. Alan Romburgh. It consists of two executive members (Executive Director of Grading Council and Chief Marketing Officer of South African Tourism) and 14 non-executive members.

The role of the Advisory Board of the Tourism Grading Council is to ensure the proper and efficient performance of the Grading Council's function within South African Tourism's and to ensure that sound corporate governance is maintained.

The Board regards the independence of character and integrity of all of its non-executive members to be beyond question and independent in judgment.

Membership of the Tourism Grading Council Advisory Board and attendance at meetings is disclosed on the top of the next page:

The following remuneration was paid to Board members for the 2008/9 financial year (see bottom of next page):

Advisory Board of the Tourism Empowerment Council

The TECSA Advisory Board is deemed a committee that is constituted to drive monitor and evaluate Tourism transformation in pursuance of the Broad Based Black Economic Empowerment Act of 2003. The vision and mission of the Board is to drive transformation and to enable transformation.

No	Name	26 Jun 08	13 Aug 08	22 Sep 08	19 Jan 09
1	Alan Romburgh	✓	✓	✓	✓
2	Roshene Singh	-	-	-	✓
3	Martin Wiest	-	-	✓	✓
4	Sheila Sekhitla	✓	-	✓	✓
5	Abe Makoloi	-	-	✓	✓
6	Bill Gallagher	✓	-	✓	-
7	Terry Tselane	-	-	-	✓
8	Bill Ford	✓	✓	-	✓
9	Miller Motala	-	✓	✓	-
10	Nokuphiwe Moshweunuyane	✓	✓	-	-
11	Jennifer Seif	✓	-	✓	✓
12	Glen Phillips	✓	-	✓	-
13	Thami Bolani	-	-	-	-
14	Phillip Thompson	✓	✓	✓	✓
15	Sindiswa Nhlumayo	✓	-	✓	-
16	Salifou Siddo	-	-	-	-
17	Thembi Kunene	✓	✓	✓	✓

Name	Designation	Remuneration
WPD Ford	TGCSA Board Member	R 1 508.00
N Mosheunyane	TGCSA Board Member	R 7 330.00
A Makoloi	TGCSA Board Member	R 1 508.00
A Romburgh	TGCSA Board Member	R 14 558.00
JS Sekhitla	TGCSA Board Member	R 8 838.00
J Seif	TGCSA Board Member	R 7 330.00

No	Board Members	9 May 08	25 Jul 08	9 Nov 08	4 Dec08
1	Tami Sokutu	✓	-	✓	✓
2	Anitha Soni	✓	-	✓	✓
3	Frank Kilbourn	✓	-	✓	✓
4	Eddy Khosa	✓	-	✓	✓
5	Thabiso Telai	✓	-	-	-
6	Dennis George	✓	✓	✓	✓
7	Patience Mokhali	✓	✓	-	-
8	Jeffery Ndumo	✓	✓	✓	-
9	Helder Pereira	✓	✓	-	-
10	Sindiswa Nhlumayo	✓	-	✓	✓
11	Vusi Zwane	✓	✓	✓	✓
12	Gillian Mc Mahon	✓	-	✓	-
13	Didi Moyle	✓	✓	-	✓

The committee comprises of one executive member (The Chief Operating Officer of South African Tourism), twelve non executive directors and is chaired by Mr Tami Sokutu. Membership of this committee and attendance at these meetings is disclosed above:

No remuneration was paid to the Board for the 2008/09 financial year.

Application of the code and approach to corporate governance

All business units of South African Tourism are required to subscribe to the spirit and principles of the code. In addition, the code is applied to all operating entities of the nature and size as identified in King II.

Whereas the Board of South African Tourism reviews overall organisational compliance with the code and is the focal point of the organisation's corporate governance system, the Business Unit

Managers in the organisation are responsible for ensuring compliance.

The organisation facilitates a comprehensive process to review compliance with the code by all relevant offices each year. This includes:

- A full and effective review by the Board of South African Tourism of all aspects relating to ongoing corporate governance during the year; the inclusion of statements in this regard in the annual report and consideration of the PFMA; Treasury Regulations and the Tourism Act (in terms of which the Board is required to report annually on the extent to which the process of corporate governance implemented by the organisation successfully achieves the objectives determined by the Board);
- A review of current and emerging trends in corporate governance, and the organisation's systems of

governance and their benchmarking against international best practice.

In its governance approach, the Board believes that, whereas compliance with the form of governance is important, greater emphasis is placed on ensuring compliance with the substance of governance. The Board also seeks to ensure that good governance prevails at all levels in the organisation and is an integral part of its operations.

Internal control

South African Tourism's systems of internal control are designed and operated to support the identification and management of risks affecting the organisation, and the business environment in which it operates. As such, they are subject to continuous review as circumstances change and new risks emerge.

Key features of the systems of internal control are:

- Written policies and procedures within each business, which are detailed in policy manuals, clearly defined lines of accountability and delegation of authority, and comprehensive reporting and analysis against approved standards and budgets; minimisation of operating risk by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the businesses. Key policies employed in managing operating risk involve segregation of duties, transaction authorisation, monitoring, financial and managerial reporting;
- Business resumption planning, including preventative and contingency measures, back-up capabilities and the purchase of catastrophe insurance to ensure ongoing service delivery under adverse conditions;
- Measures to ensure the safeguarding of assets and reducing the risk of loss, error, fraud and other irregularities;
- Measures to ensure the accuracy and completeness of accounting records;
- Measures to ensure the timely preparation of reliable financial statements and information, in compliance with relevant legislation and generally accepted accounting policies and practices.

Financial Reporting System

The entity's operating procedures include a comprehensive system for reporting financial information. The principal elements of this include the formal review by senior management of:

- Detailed budgets prepared by management and reviewed by the

executive directors and management before formal adoption by the Board;

- Forecasts, revised on a quarterly basis, compared against budget;
- Monthly management accounts with a comparison of actual results against the latest forecast and budget; and
- An update, at least annually, of the five year strategic plan, including key assumptions and indicators.

Compliance on internal control

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 control systems by the external auditors during the course of their statutory examinations.

The members of the Board are responsible for the organisation's systems of internal control 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 systems. The systems of internal control 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 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.

Internal audit

The scope of Internal Audit is to review the reliability and integrity of financial and operating information; the risk management process; the systems of internal control; the means of safeguarding assets; the efficient management of the organisation's resources; effective quality assurance and the effective conduct of its operations.

The Internal audit function in South African Tourism operated in all business units throughout the organisation for the period under review. An internal audit plan was prepared and approved by the Audit Committee.

A Global Internal Audit Methodology has been developed and rolled out across South African Tourism. Regular reports to the Audit Committee are one of the primary outputs that arise from this methodology.

A formal review of the effectiveness of internal audit is conducted by the Senior Internal Auditor on an annual basis.

The Audit committee members and the other attendees at committee meetings complete questionnaires on an annual basis to evaluate the effectiveness of the internal audit division. The most recent evaluation showed that internal audit is performing effectively.

The Audit Committee has satisfied itself that adequate, objective internal audit assurance standards and procedures exist within the organisation, and that formal initiatives are under way to provide for continuous improvements to the quality and objectivity of the global internal audit function.

Risk management

The focus of risk management in the organisation is to support the delivery of business objectives by identifying, assessing, managing and monitoring risk across the organisation. Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks. A risk assessment is performed at least annually and addresses South African Tourism's exposure to the following risks:

- physical and operational risks
- human resources risks
- technology risks
- business continuity and disaster recovery
- credit and market risks
- compliance risks

Key features of the organisation's system of risk management are:

- clear business objectives and business principles;
- an established risk policy;
- a continuing process for identification and evaluation of significant risks to the achievement of business objectives;
- management processes in place to mitigate the significant risks to an acceptable level;
- continued monitoring of significant risks and internal/external environmental factors that may change the organisation's risk profile;
- an internal audit process review of the risk management system.

The operations of the risk management support South African Tourism in the areas of premises and dispatch services, records management, printing, reception, occupational health and safety, equipment supplies and maintenance.

All procurement activities undertaken by South African Tourism during the year under review were consistent with the South African Government's Supply Chain policies and guidelines.

The operations of the risk management area are designed to minimise risk to South African Tourism in a cost-effective manner and to an acceptable level. Risk management principles and practices have been incorporated further into the organisation's decision making and operational activity.

The major operations of risk management are to:

- Provide education and awareness of risk management;
- Develop and manage systems of risk identification and effective control;

- Co-ordinate and manage insurance, contracts, legal, audit and lease issues.

The Chief Executive Officer reports to the Board on key risks at every Board meeting, including the status of the risk management process and internal control systems, and any evolving risk issues or internal control breakdowns that may have occurred.

Key reports include those that identify, rank, monitor and measure strategic, operational and financial risks in the organisation. These are supplemented by reports on internal control processes and breakdowns, along with reviews of the structure and effectiveness of internal audit functions.

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the organisations' risk profile.

South African Tourism has a comprehensive insurance program that covers all identified areas of risk.

Integrated Sustainability Reporting

King II prescribes that entities should report on non financial matters, known as triple bottom line reporting. That means reporting on the social, economic and environmental performance of the entity. South African Tourism endeavours to continuously refine and improve the quality of its sustainability report.

Stakeholder management

South African Tourism understands the needs of its stakeholders and considers this during the formulation of strategies. The principles of balanced reporting,

clarity, openness and substance over form, with the positive and negative aspects of both financial and non-financial information being provided, are applied when dealing with stakeholders.

Stakeholder management is responsible for sharing the benefits of the tourism boom, since everyone in South Africa is a stakeholder. From hotel staff to arts and craft hawkers, from tour guides to traditional dancers, everybody has a role to play in developing the tourism industry, even if our personal contribution is nothing more than a warm smile that makes a visitor feel at home. South African Tourism has made great strides in bridging the gap with the Department of Foreign Affairs, by running workshops and hosting staff and ambassadors at the INDABA travel trade exhibition. The organisation has also been working with the Department of Environmental Affairs and Tourism (DEAT) to unblock barriers to growth, and with the assistance of the International Marketing Council (IMC) to promote innovative ways to market the country. South African Tourism will continue to explore synergies and build meaningful partnerships with Government, Provincial Tourism Bodies, and the Private Sector in order to unleash the benefits of tourism for all 49-million stakeholders.

Employee engagement

South African Tourism's vision statement places employees at the core of our business. In line with this, we have been pursuing a number of initiatives that promote a culture of engagement among our employees. We recognise that a

primary driver of employee engagement is effective internal communication.

During the year under review all employees of South African Tourism went through an induction process focusing on internal communication strategies, policies and procedures, as well as communication channels.

The Board has unrestricted access to senior management in an effort to enhance communication and achieve the vision of South African Tourism. Further communication with SA Tourism staff is through Board feedback sessions that are convened by the CEO for SA Tourism staff after each Board meeting. The Board feedback sessions afford employees an opportunity to raise matters that require attention.

Ethical 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 which, in all reasonable circumstances, is beyond reproach. Ethical conduct must be an integral part of the organisation, a deeply ingrained tradition that is passed from one generation of employees to the next. The entity has adopted a Code of Ethics which complies with the highest standards of integrity, honesty and ethics in dealing with all its stakeholders, including the organisation's directors, managers, employees, customers, suppliers, competitors, stakeholders and society at large. The Code also spells out policies and guidelines regarding the personal conduct of directors and employees. South African Tourism also introduced a project called

"Living the Brand" which aims to educate and implement an employee code of conduct which will be consistent with these values and behaviors.

All South African Tourism employees 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 will be taken against individuals who contravene the code.

Health and Safety

The Board of South African Tourism acknowledges their responsibility to all South African Tourism employees and the public, to comply with occupational health and safety standards as prescribed in the Occupational Health and Safety Act. South African Tourism has developed a health and safety policy, which aims to achieve the following goals:

- To establish and maintain a healthy and safe workplace for all employees, and to conduct its activities in an environmentally responsible manner to ensure the health and safety of people in the vicinity of its operations.
- To prevent personal injury or damage to the health of its employees and others on the premises.
- To identify, document and maintain processes within specified safety criteria, and to document the methods of control for those processes that have been identified to conform to the Act.
- To ensure that all employees, at every level and in every function, are aware of their responsibility for their own health and safety and that and others.

- To ensure that employees who advise on occupational health, safety and environmental matters are appropriately trained.
- To demonstrate South African Tourism's active involvement in, and commitment to, Occupational Health and Safety within its scope of services.
- South African Tourism has a Health and Safety representative as required by the Occupational Health and Safety Act. During the year employees from the different business units in South African Tourism attended Emergency Fire Training Courses as well as an Emergency First Aid Courses. These employees were provided with relevant certifications thus enabling them to perform emergency procedures if and when necessary.

The organisation has a comprehensive HIV/Aids policy for staff members, and continually evaluates the current and prospective impact of HIV/Aids on its employee base. South African Tourism offers support to employees who are HIV positive, and does not discriminate against these employees in any way.

Environmental Sustainability

Environmental objectives are to:

- Conserve environmental resources
- Prevent or minimise adverse impacts arising from our operations
- Demonstrate active stewardship of land and bio diversity
- Promote good relationships with and enhance capacities of, the local communities of which we are part of
- Respect all peoples culture and heritage.

Paper recycling

The organisation has a satisfactorily recycling program which is, as appropriate and relevant, followed by its operations.

For each batch of paper shredded and recycled South African Tourism receives and environmental certificate. For every two bins of paper recycled one tree is saved. The waste paper is disposed off in an environmentally friendly manner.

South African Tourism has undertaken to use only 100% recycled paper from Mondi Rotatrim which is a Green Range product. The recycle paper is Totally Chlorine Free (TCF) which ensures that waste water is not impurified with any harmful chlorine compounds and that no pollutants enter the food chain.

Water consumption

Water consumption is not formally measured as in most cases water costs form part of the monthly usage charge. The nature of South African Tourism's operations is generally such that water consumption and usage are limited to drinking purposes and ablution facilities. No ground water is drawn from or by any way of the organization's operations.

Energy management

Energy and emission management is an integral component of responsible environmental management. Energy, as electricity utilisation, is viewed within the context of the hazardous waste products (carbon dioxide) derived from the generation of energy. South African Tourism employees are committed to electricity saving and consuming electricity wisely. Initiatives to assist in the development of knowledge, attitudes and skills of employees will be deployed

to further motivate the concept of responsible, energy efficient usage. South African Tourism is driven by the need to save on energy consumption.

Social Transformation and Human Capital Development

BEE Charter

South African Tourism is fully committed to equity and growth in the tourism industry, through the setting of tangible and measurable targets and strategies for transformation. With this in mind, the Black Economic Empowerment (BEE) Charter Council for tourism receives our unequivocal support.

The Tourism BEE Charter constitutes a framework and establishes the principles upon which BEE is based.

The main objectives of the Charter are therefore to:

- Empower black South Africans within the tourism industry
- Make the Tourism Sector more accessible, relevant and beneficial to black South Africans
- Contribute to the Sector's growth and sustainability
- Introduce innovation into the Sector through new players entering the Sector, which will, in turn, attract new markets and stimulate new product development
- Provide international tourists with an integrated, authentic South African experience, which includes the management and ownership of products by the broader South African community
- Realise the potential of the Tourism Sector to grow significantly beyond its current size, which would facilitate the transition and entry of new black operators

- Ensure that tourism income penetrates both urban and rural areas, so that the distribution of wealth occurs across the nation
- Use transformation as an instrument of nation-building and the breaking down of barriers between communities

Fundi Program

The Fundi Tourism Expert Course (destination specialist training) has been specifically designed to enable the travel provider to sell South Africa more effectively. The Fundi course is free to all Travel Agents and Tour Operators in South Africa.

The Fundi course has been specifically designed for individuals that are actively involved in the travel and tourism industry. The course is very comprehensively put together and will equip individuals with all the tools needed to successfully sell South Africa as a destination.

The course brings benefits and hence expands an individual's professional repertoire and, personal marketability as follows:

- Certified Travel Counsellors and Certified Travel Associates can earn eight Continuing Education Units from the Travel Institute. This applies specifically to the United States.
- The Australian Federation of Travel Agents has endorsed the Fundi programme and upon completion one can earn a maximum 40 credits.

South African Tourism is in the process of ensuring accreditation to other professional bodies as well.

Strategic human capital planning

In today's technologically advanced age, where every competitor has access to the same technologies, networks and other resources, the only differentiator becomes people. South African Tourism recognises and acknowledges this by focusing on ensuring that South African Tourism recruit, train and retains the necessary skills that will ensure its sustainability and growth. The organization has an intern program where approximately 13 interns are recruited from the University of Johannesburg. This program enables these interns to obtain valuable work experience, skills and knowledge especially to secure employment with experience after completion of their studies.

Talent management

The overall objective of talent management is to ensure that South African Tourism has the human capital capacity and capability to meet organisational goals in a converged future by focusing on the following principles:

- Talent is a critical shared asset which necessitates continuous renewal through focused external recruitment and internal promotions.
- Realigning best talent against strategic priorities opportunities.
- Building strong top talent bench strength for strategic positions.
- The development of top talent in line with South African Tourism strategic focus areas as role-models to help facilitate culture change.

Succession planning

One of organization's most successful talent management initiatives is the

implementation of a succession pool system that develops high-potential candidates for readiness at a higher level. The programme involves a blended approach to development including assessment for development tools (such as 360 degree feedback), experiential interactions, direct teaching of practical content and coaching.

Succession planning processes will address:

- Ownership of Management Team.
- The value and contributions to the Business success (Measurable – e.g. 80% internal appointments).
- Tracking multiple levels of successors and related data.
- Ability to search for and identify candidates.
- Locate and compare candidates based on competency based assessment.
- Organisation and successor charting.
- Define and tract competency – based development plans for leadership.
- Integrate Performance and Multiple rating assessments

SA Tourism Performance Information Report for the 2008/9 financial year

SA Tourism Strategic objective for financial year	Specific measurables/ targets for our business unit/sub business unit/ country or market (as per our approved 2008/9 Business Plan & Budget)	Our actual auditable achievements/ progress against our measurables/targets during the period 1 April – 30 September 2008 (indicate the auditable source/proof of this information in brackets)	Our actual auditable achievements against our measurables/targets during the period 1 October 2008 – 31 March 2009 (indicate the auditable source/ proof of this information in brackets)	Variances
1. Achieve total arrival targets:	1. Achieve total arrival targets:			
1.1 9 699 365 foreign arrivals	1.1 9 699 365 foreign arrivals	1.1 4 671 749 foreign arrivals for the period Jan-June 2008	1.1 4 920 079 foreign arrivals for the period July – December 2008	Global economic conditions have forced people to travel less resulting in fewer arrivals
1.2 39,5 million domestic trips	1.2 39,5 million domestic trips	1.2 2007: 36 million (SRU reports on this annually)	1.2 2008: 33 million (SRU reports on this annually)	Several interest rate increases, high inflation, resulting increased food prices and increased retrenchments undermined domestic travel
2. Achieve R 7 300 average spend per tourist	2. Achieve R 7 300 average spend per tourist	2. Period Jan-June 2008 Estimated R 7 800	2. Period July – December 2008 Estimated R 8 300	Achieved
3. South Africa to be a most preferred Tourism Brand by 2014:				
3.1 Increase unaided awareness in all markets by 1% during 2008 (compared to 2007)	3.1 Unaided awareness increases globally 1%	3.1 -1.1%	3.1 -0.1%	This variance is too small to comment on
3.2 Increase positivity scores in all markets by 2% during 2008 (compared to 2007)	3.2 Global positivity scores increase by 2%	3.2 -3.0%	3.2 -1.6%	Consistent negative international media reports undermined these 3 targets
3.3 Increase the number of positive consumers in markets seeking info by 5% during 2008 (compared to 2007)	3.3 Increase the number of positive consumers in target markets seeking information by 5%	3.3 -1.6%	3.3 -0.4%	
3.4 Increase the number of positive consumers in markets visiting South Africa by 20% during 2008 (compared to 2007)	3.4 No of positive consumers in target market visiting SA increases by 2%	3.4 +0.6%	3.4 +0.2%	

SA Tourism Strategic objective for financial year	Specific measurables/ targets for our business unit/sub business unit/ country or market (as per our approved 2008/9 Business Plan & Budget)	Our actual auditable achievements/ progress against our measurables/targets during the period 1 April – 30 September 2008 (indicate the auditable source/proof of this information in brackets)	Our actual auditable achievements against our measurables/targets during the period 1 October 2008 – 31 March 2009 (indicate the auditable source/ proof of this information in brackets)	Variances
4. SA Tourism to be the Best Tourism Organization by 2010:				
4.1 Have SAT approved CI manual distributed by 30 April 2008	4.1 Develop CI and Creative execution guidelines to ensure full compliance by Apr.30, 2008	4.1 CI manual approved by EXCO on Apr.01, 2008 (EXCO minutes Apr.01, 2008)	4.1 CI manual approved by EXCO on Apr.01, 2008 (EXCO minutes Apr.01, 2008)	Achieved
4.2 Improve staff retention by 2% during the 2008/9 financial year (compared to the 2007/8 financial year)	4.2 Reduce staff turnover by 2%	4.2 New hire 8 (5.97%) Staff promotions 4 (2.99%) Resignations 9 (6.72%)	4.2 New hire 5 (3.55%) Staff promotions 3 (2.13%) Resignations 8 (5.67%)	Achieved
4.3 Become a Top 20 best company to work for in South Africa during the 2008 Deloitte Best Company to Work for survey (small sector category)	4.3 Participation rate by staff to reach 70%	4.3 Achieved the 70% participation since we qualified to be on the survey	4.3 Ranked no. 45 out of the small company category	Achieved
4.4 All staff to have completed Living-the-Brand training by July 2007	4.4 (LTB) replaced by a revamped Induction process	4.2 MANCO & EXCO have had the preliminary induction in August 2009. Process to roll-out to staff from February 2009	4.2 All head office staff have been inducted by 31 March 2009	Achieved
4.5 Execute a comprehensive skills audit for all SAT employees (including overseas) during the 2008/9 financial year	4.5 Job profiling for Competency database	4.5 Job analysis and job verifications done (100%)	4.5 Competency database exists has been in place as of 31 January 2009	Achieved
4.6 Build and retain relationships with Leisure & Business Tourism trade by using the Sales Contact Management system	4.6 As per sales contact management system	4.6 Leisure trade strategy drafted but not yet approved by EXCO. Business Tourism strategy in draft	4.6 Achieved 104 International Hosted buyers and 15 media that were hosted at Meetings Africa February 2009. Achieved: BT Destination DVD, pocket maps, trade presenter, meeting planners guide, banners, and promotional gifts.	Achieved
4.7 Increase trade extranet registrations by 2 500 (31 March 2009 compared to 31 March 2008 as indicated in 2007/8 Annual Report)	4.7 Increase Trade Extranet Registrations from 2,500 to 5,000	4.7 Leisure = 9,732 registered; BT = 26 registered	4.7 Total Global Trade Extranet users 9,437 as at 31 Mar 09	Achieved

SA Tourism Strategic objective for financial year	Specific measurables/ targets for our business unit/sub business unit/ country or market (as per our approved 2008/9 Business Plan & Budget)	Our actual auditable achievements/ progress against our measurables/targets during the period 1 April – 30 September 2008 (indicate the auditable source/proof of this information in brackets)	Our actual auditable achievements against our measurables/targets during the period 1 October 2008 – 31 March 2009 (indicate the auditable source/ proof of this information in brackets)	Variances
4.8 Increase Fundi graduates by 934 during 2008/9 (31 March 2009 compared to 31 March 2008 as indicated in 2007/8 Annual Report)	4.8 Increase FUNDI graduates from 1066 to 2000	4.8 1,794 FUNDI graduates	4.8 SA Tourism had 1 680 qualified Fundi Experts and 5 164 Registered Fundis	Achieved
4.9 Increase Expedia pax sales by 15% during 2008/9 (compared to 2007/8)	4.9 Increase Expedia pax sales to SA by 15%	4.9 31% pax sales achieved	4.9 Total of 5 775 additional PAX and arrivals	Achieved
4.10 Increase verified tourism business on product database by 5 000 during 2008/9 (31 March 2009 compared to 31 March 2008 as indicated in 2007/8 Annual Report)	4.10 Increase Trade databases from 20,000 records to 25,000 records	4.10 34,502 foreign trade contacts in database as at 30 Sep '08; 2,021 SA trade contacts in database as at 30 Sep '08	4.10 34 502 foreign trade contacts in database as at 31/03/09; 2 021 SA trade contacts in database as at 31/03/09	Achieved
4.11 Have a signed MOU/performance agreement/protocol agreement with DEAT and TBCSA/TOMSA	4.11 Signed MOU's with DEAT and TBCSA	4.11 Agreements are in place and are effective	4.11 Agreements are in place and are effective	Achieved
4.12 Track media to measure message alignment: 80% or more should be positive about SA	4.12 Track media to measure message alignment: 80% positive about SAT 20% negative about SAT	4.12 Media monitoring ongoing tracking 86% positive vs. negative. Negative driven by political climate, Zimbabwe. • Brand Messaging book – first draft in design • Ongoing presentations to PTAs • Ongoing work with FIFA; LOC and Host Cities • CEO lectures and Industry Cocktail	4.12 • 80 media releases Issued • Over 100 interviews covering topics ranging from tourism & economy, 2010 readiness to global campaign/deals, ETEYA, Welcome, BT • Creative reverts for global - communications • PR plan in preparation for Meetings Africa • 5 x Face to face meetings with foreign correspondents – Took place from 17 Nov – 2 Dec 2008 with the New York Times – Associated Press New York – Financial Times, Voice of America and Chinese Correspondents	Achieved

SA Tourism Strategic objective for financial year	Specific measurables/ targets for our business unit/sub business unit/ country or market (as per our approved 2008/9 Business Plan & Budget)	Our actual auditable achievements/ progress against our measurables/targets during the period 1 April – 30 September 2008 (indicate the auditable source/proof of this information in brackets)	Our actual auditable achievements against our measurables/targets during the period 1 October 2008 – 31 March 2009 (indicate the auditable source/ proof of this information in brackets)	Variances
			<ul style="list-style-type: none"> • 1 x WTM 2008 messaging and media engagements • 1 x WTM '08 2010 trade briefing attended by 60 tour operators • 2010 World News agency media hosting and briefings- 50 media and 3 briefings • Brand review delivered • 1 x Explore SA feature • 1 x Archbishop Desmond Tutu editorial for Der Spiegel (Germany) • 1 x Indian Economic Times editorial (1000 words) • 4 x Miss World media hosting: Austria, Spain and Denmark • 1 x CEO year-end cocktail for industry • 5 x Austrian trade hosting • Media/trade and mission visits took place to Austria, Spain and Denmark • 2 x Magazine advertorial placements : Vagabond & Standby Denmark • 2 x Diplomatic briefings • 1 x Feature for Danish and Spanish magazines • Liaison with 4 CNN ambassadors to secure partnership • 1 x ITB messaging document compiled (including Confed Cp messaging), 1x wrap up release written, 2010 press conference 	

SA Tourism Strategic objective for financial year	Specific measurables/ targets for our business unit/sub business unit/ country or market (as per our approved 2008/9 Business Plan & Budget)	Our actual auditable achievements/ progress against our measurables/targets during the period 1 April – 30 September 2008 (indicate the auditable source/proof of this information in brackets)	Our actual auditable achievements against our measurables/targets during the period 1 October 2008 – 31 March 2009 (indicate the auditable source/ proof of this information in brackets)	Variances
			<ul style="list-style-type: none"> 1 x Speech notes for CEO, local government and tourism conference 1 x Foreword for Explore SA written INDABA preparations 	
4.13 Achieve ISO certification for Head Office by June 2010	4.13 Achieve ISO certification for Head Office by June 2010	4.13 Approved policies & procedures = 84	4.13 Approved policies & procedures = 13	Achieved
4.14 Execute all marketing projects on time and within budget or obtain approval for budget reallocations	4.14 Management Reports/EPM system	4.14 4.14) Projects loaded on EPM # staff trained: 5 Executives 52 Project managers 3 EPM administrators Training company identified to additional project management training in 2009 Upgrade of Oracle completed – Dec '08. Management accounts available for inspection	4.14 Projects loaded on EPM # staff trained: 5 Executives 52 Project managers 3 EPM administrators Training company identified to additional project management training in 2009 Upgrade of Oracle completed – Dec '08. Management accounts available for inspection	Achieved
4.15 Conduct industry perception baseline study	4.15 Establish base line study on current churn (numbers and reasons)	4.15 New hire 8 (5.97%) Staff promotions 4 (2.99%) Resignations 9 (6.72%)	4.15 New hire 5 (3.55%) Staff promotions 3 (2.13%) Resignations 8 (5.67%)	Achieved
4.16 Grade 658 new tourism Establishments	4.16 The TGCSA will achieve 1 542 NEW Graded Establishments The TGCSA will achieve 5 667 RENEWAL Graded Establishments	4.16 The set target for 6 months was 771 and we have graded 895 New properties to date. This achievement can be largely attributed to funding projects from provincial and local tourism offices, but also the increase in grading for 2010. The set target for 6 months was 2834 and we have graded 2 515 Renewal properties to date	4.16 The set target for 6 months was 771 and we have graded 913. Overall, the annual target for NEW graded establishment of 1 542 was exceeded as 1 807 NEW graded establishments was achieved The set target for 6 months was 2833 and we have graded 2 617 Renewal properties to date. Overall, the annual target of 5 667 RENEWAL Graded Establishments was not achieved as 5 132 RENEWAL Graded Establishments were only graded	Achieved This was not achieved due to a number of properties that have cancelled their grading or requested later renewals due the current economic recession.

SA Tourism Strategic objective for financial year	Specific measurables/ targets for our business unit/sub business unit/ country or market (as per our approved 2008/9 Business Plan & Budget)	Our actual auditable achievements/ progress against our measurables/targets during the period 1 April – 30 September 2008 (indicate the auditable source/proof of this information in brackets)	Our actual auditable achievements against our measurables/targets during the period 1 October 2008 – 31 March 2009 (indicate the auditable source/ proof of this information in brackets)	Variances
4.17 Endeavor for 100% of private and public sector entities to comply 100% with the 2009 Tourism BB- BEE scorecard	4.17 Endeavor for 100% of private and public sector entities to comply 100% with the 2009 Tourism BB-BEE scorecard	4.17 • Tourism BB-BEE scorecard gazetted for comment by the DTI in June 2008. Milestones adjusted to 2012 and 2017 from 2009 to 2014 respectively. • 10 MOU's signed with key associations and stakeholders to facilitate transformation whilst awaiting promulgation of codes into law. • Terms of Reference for the review of baseline study developed and in process of finalisation.	4.17 • Met with MOU partners for status meeting to monitor effectiveness and value of partnership to their members and further entrench relationship. • Held 3 meetings with the DTI BEE to facilitate the promulgation of the tourism code • Self assessment tool update as per gazetted scorecard • Participated in 12 industry events in further keeping transformation top of mind with our stakeholders. • Published 2nd Annual Review which is another information tool to assist industry to achieve compliance	Achieved

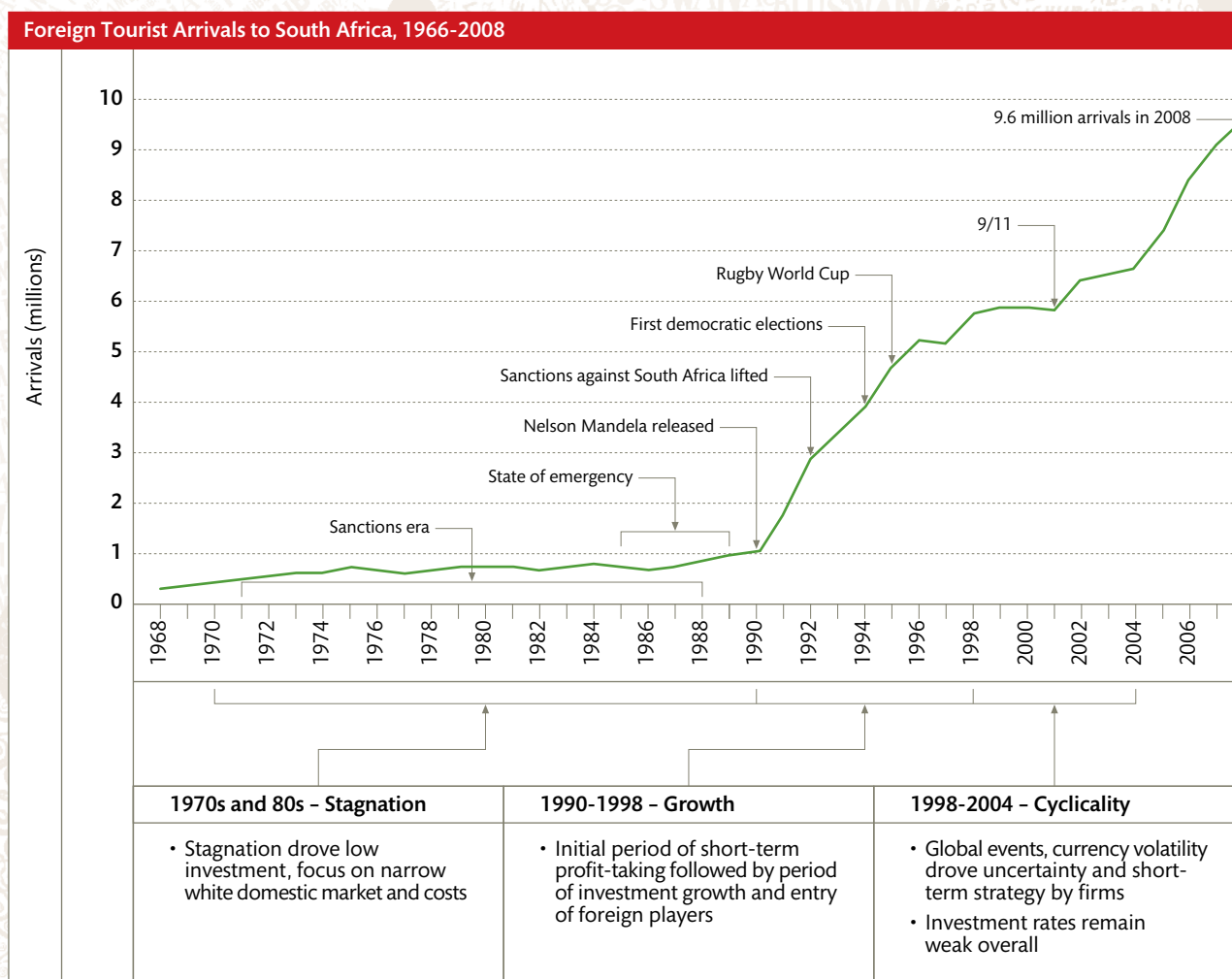
04

Impact of Tourism on the South African Economy



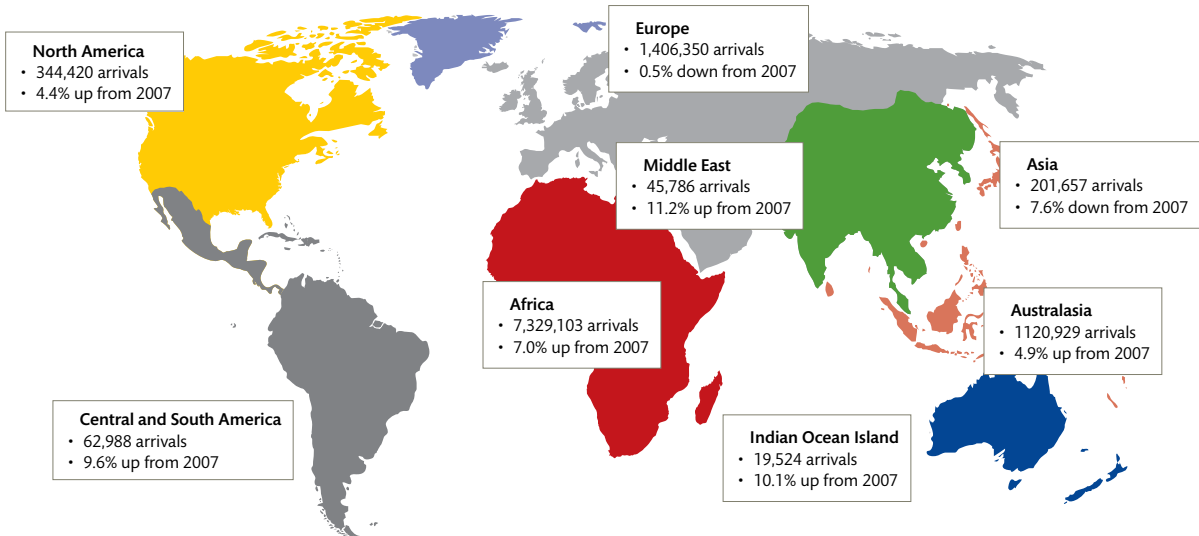


04 Impact of Tourism on the South African Economy



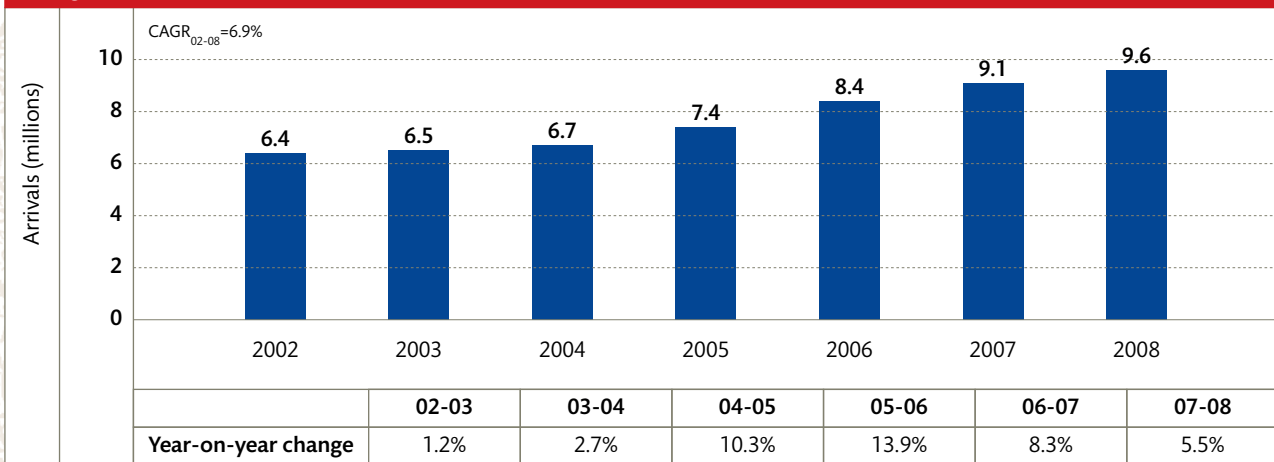
* Comments captured above based on opinion of participants interviewed and anecdotal evidence
Source: StatsSA, Tourism & Migration release

Growth in Arrivals



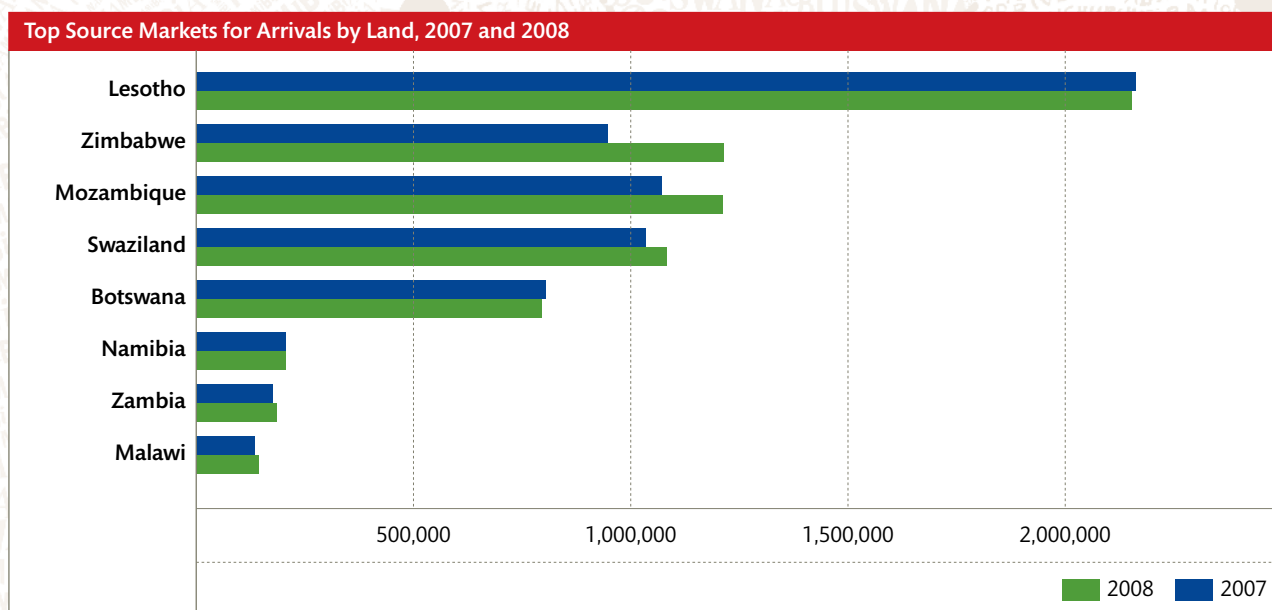
Source: SAT, Table A December 2008

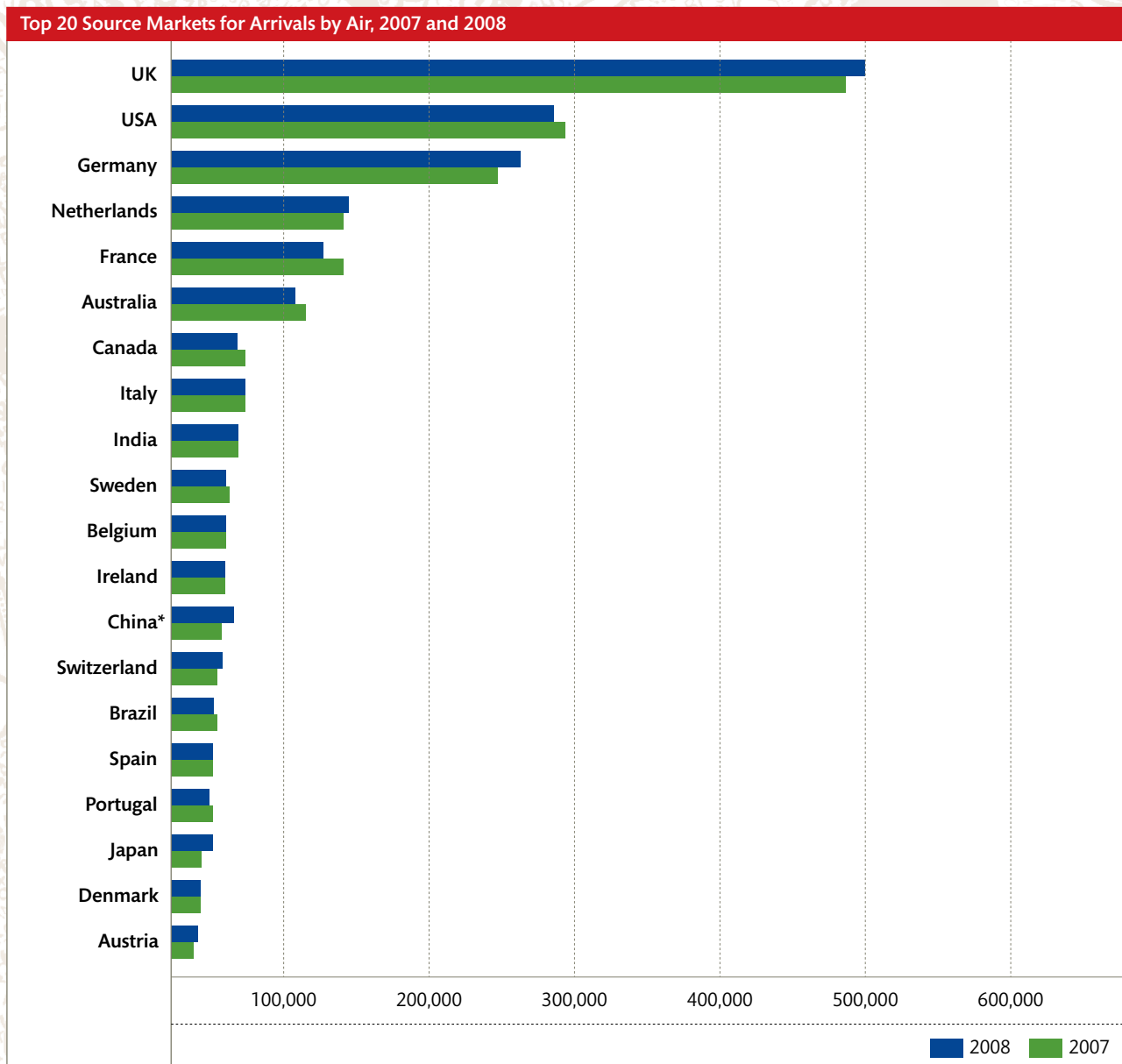
Foreign Arrivals in South Africa, 2002-2008



Source: StatsSA, Tourism & Migration release

04 Impact of Tourism on the South African Economy





Source: SAT, Table A December 2008
 * Including Hong Kong

04 Impact of Tourism on the South African Economy

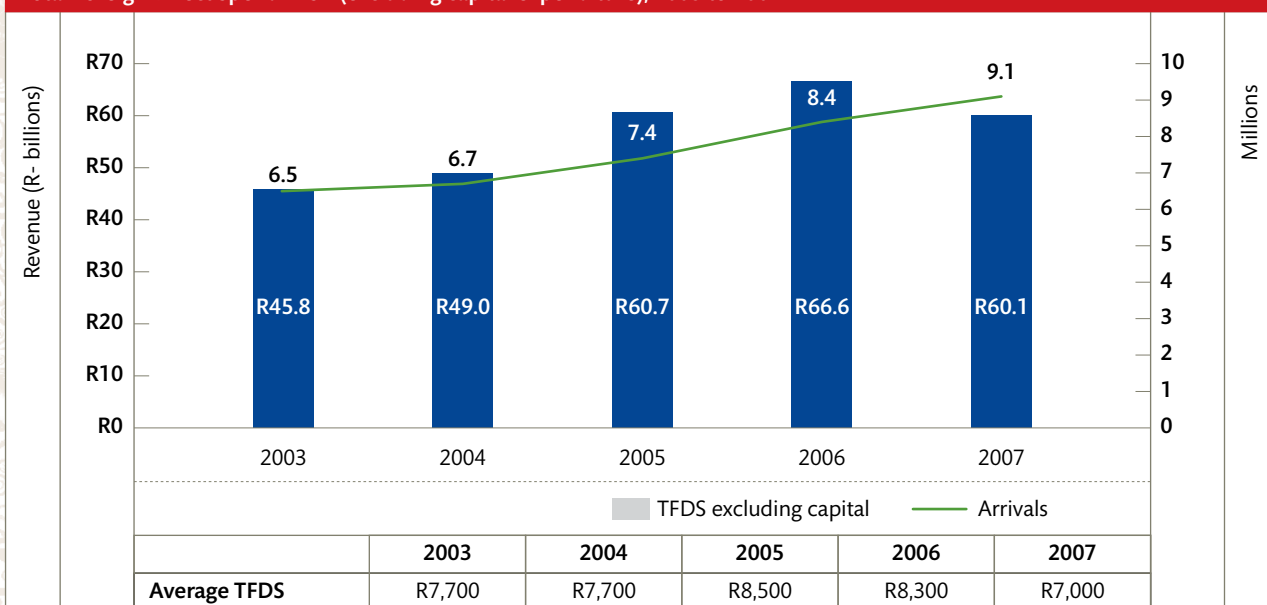
The Growth in Foreign Arrivals in 2008

All Markets	Leisure	Business Travel	Business Tourism	Other	All Arrivals
Total Volume (2007) (Millions)	5.6	2.0	0.5	1.0	9.1
Total Volume (2008) (Millions)	5.5	2.5	0.6	1.0	9.6
Volume Growth (07-08 % change)	-1.8%	25%	20%	-	5.5%
Average Length of Stay (2007) (Nights)	8.5	5.5	5.0	11.1	7.9
Average Length of Stay (2008) (Nights)	8.6	5.1	4.6	15.5	8.2
Average Number of Provinces Visited (2007)	1.4	1.1	1.2	1.1	1.3
Average Number of Provinces Visited (2008)	1.3	1.1	1.1	1.1	1.2

"Leisure" includes General Holiday, VFR, and Personal Shopping; "Business Travel" includes Business professional and Business shopping; "Business Tourism" includes Business meetings, conferences and events; "Other" includes Health purposes, education, religious purposes, etc.

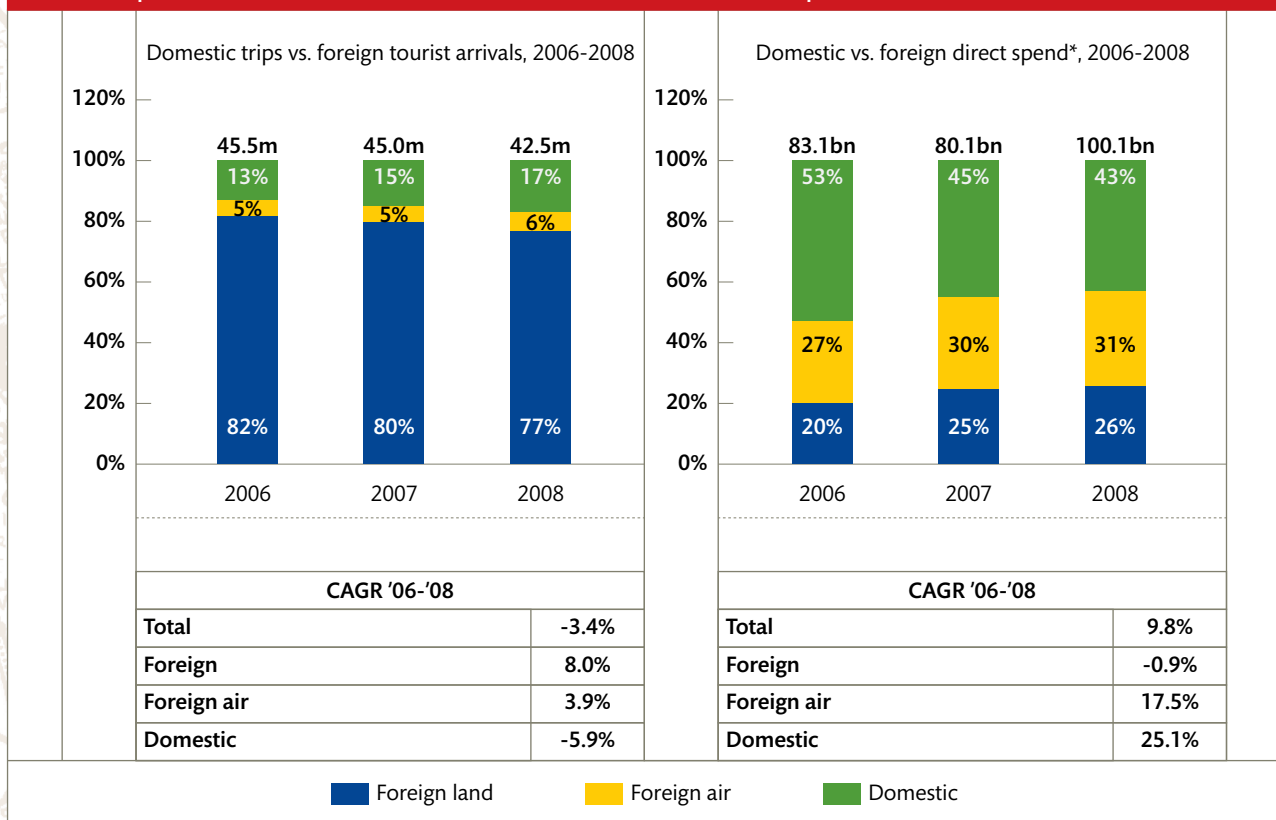
Source: SAT Departure Surveys, 2006 and 2007

Total Foreign Direct Spend in SA (excluding capital expenditure), 2003 to 2007



Note: SAT revised the methodology used to normalise spend data following a detailed review conducted in 2007. As a result, spend data for previous years was revised in line with the new methodology

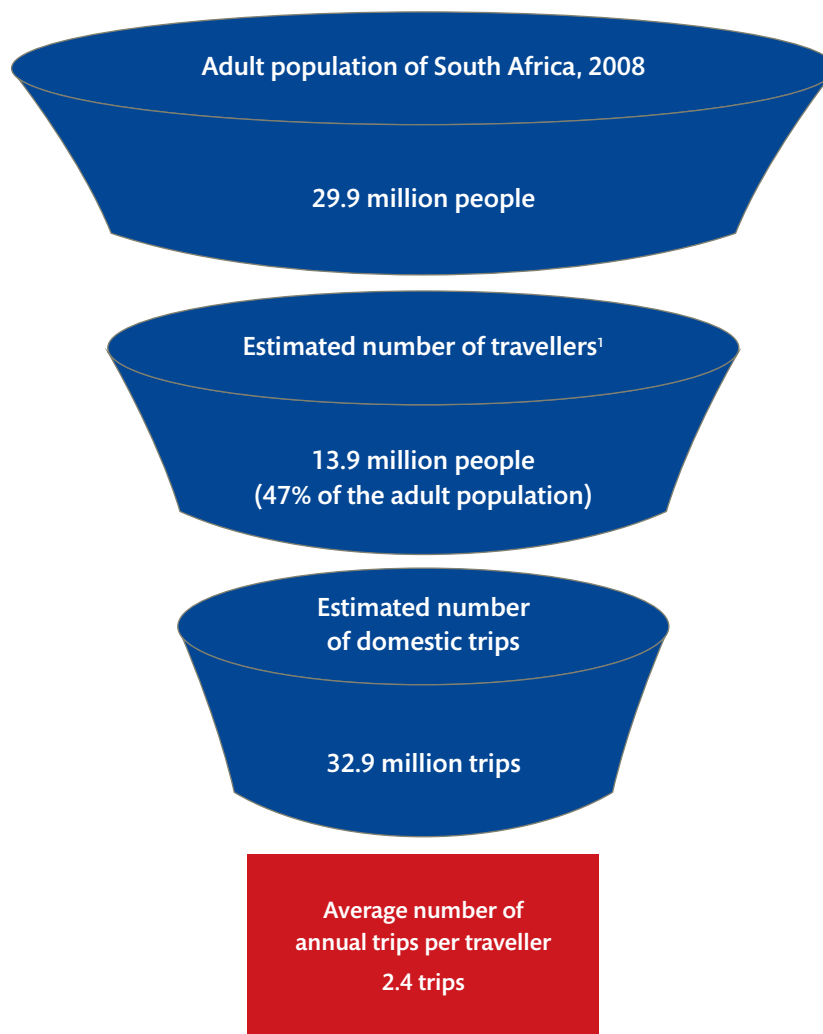
Domestic trips accounts for about 70 -d0 80% of total tourism volume and about a quarter of total tourism value to South Africa.



Source: StatsSA, SAT Domestic Surveys for 2006-2008

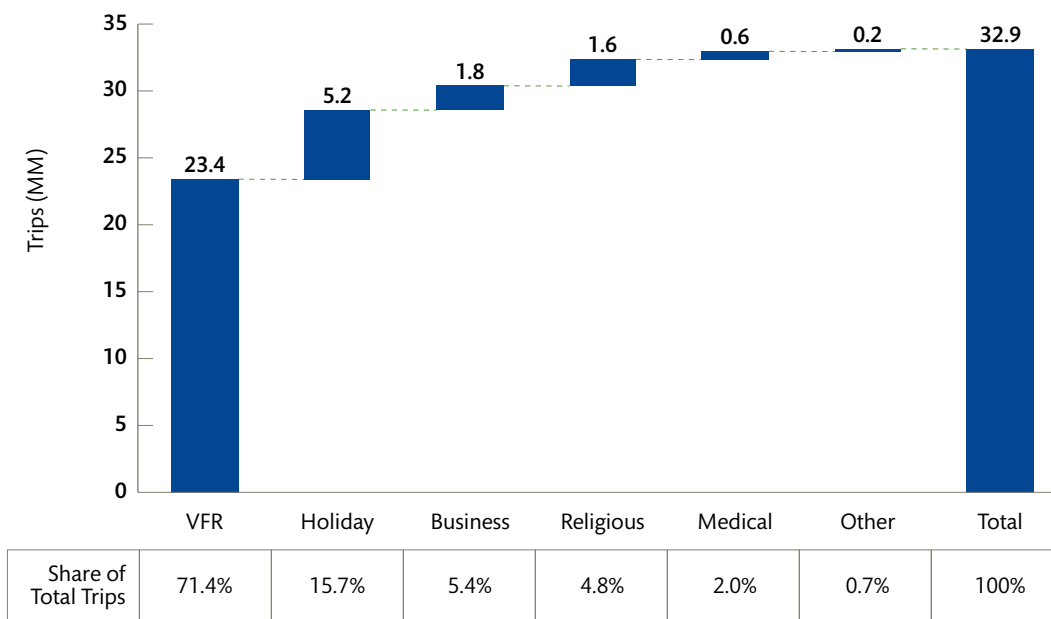
04 Impact of Tourism on the South African Economy

In 2008, average number of trips per traveller decreased to 2.4 trips (2.8 in 2007) as more people took less trips.



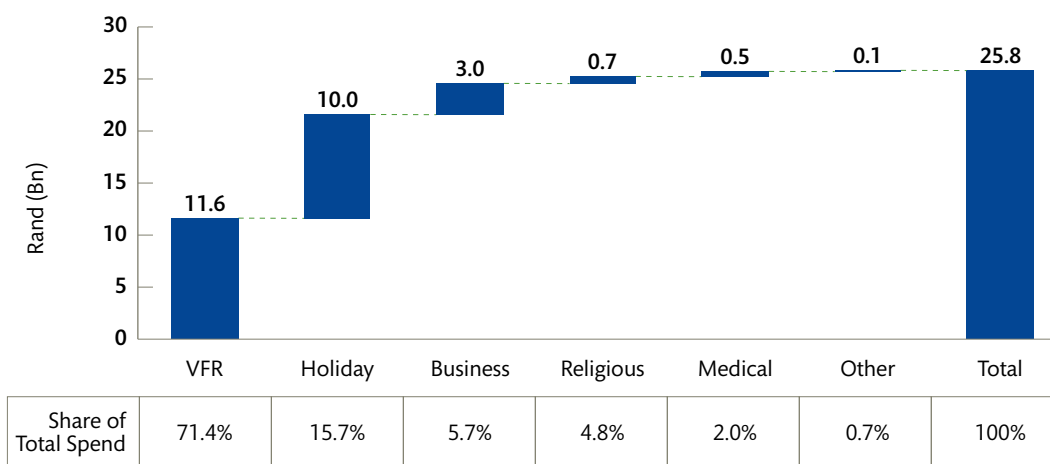
Note: ¹ Based on the question "How many domestic trips have you yourself taken in the past 12 months?" asked in each of the monthly surveys; therefore, incidence does not correspond to an exact Jan-Dec time frame, but rather is an average for any point in time over the course of the year.
Source: SAT Domestic Surveys for 2007, 2008

Number of Domestic Trips by Purpose: 2008



04 Impact of Tourism on the South African Economy

Spending on Domestic Trips by Purpose: 2008



Tourism's Contribution to the Economy

Measure	2007	2008E	% change
Tourism's contribution to GDP (direct & indirect)	R162,9bn	R194,5bn	19%
	8.1%	8.5%	0.4%
Tourism's contribution to GDP (direct impact only)	R63,5bn	R73,2bn	15%
Direct employment in tourism	411,900	438,500	6%
Indirect employment in tourism	534,400	603,200	13%
Total employment in tourism	946,300	1,041,700	10%

Note: 2007 data has been revised in the WTTC's latest publication "Travel and Tourism economic impact , South Africa 2009"

Source: WTTC- Travel and Tourism economic impact , South Africa 2009



05 Unit Reports





Chief Marketing Officer's Report



Roshene Singh
Chief Marketing Officer

Arrivals to South Africa have continued to rise and feedback from our trade partners and stakeholders has indicated that South Africa's popularity has been growing as a world-class, sought-after destination for leisure, business and events.

South African Tourism's marketing strategy is based on robust research into consumer behaviour and brand tracking. The leisure platform is our main focus, but we also market to the business tourism industry and we have an events unit that focuses on marketing around events, such as the 2010 FIFA World Cup™.

Having closed the 2008/09 year with 9.6-million visitors to South Africa, we are confident that we will reach our goal of 10-million visitors by 2010. The bulk of those visitors will come from Africa because of the effect of the global financial crisis on international arrivals. We are already marketing aggressively in the domestic and Southern African markets in order to build a culture of holiday travel and to open the doors of travel to all.

Our global brand strategy is designed around word-of-mouth in order to capitalise on the power of personal recommendation. Our new big campaign idea is to use the real encounters and experiences of people who have travelled to South Africa to convey the depth and range of what the country has to offer.

Marketing and advertising

We signed three-year global media deals with CNN, BBC World, Eurosport, National Geographic and News Corporation, which enable us to reach over 600-million consumers via a combination of television commercials and websites and programme sponsorships.

The My South Africa campaign on CNN invited people to share their experiences of South Africa on a website. A vignette featuring Yvonne Chaka-Chaka motivated consumers to visit the site. It won a gold medal at the International Innovation Media awards.

The Journey campaign on BBC World featured eight South African experiences. Consumers were invited to interact and build an itinerary. They also voted for the best journey with a chance of winning the most popular journey. The Journey campaign was supported by our Odyssey campaign, in which four renowned figures - Nelson Mandela, Sir Richard Branson, Anna Trapido and Nelson Monfort (a French sports television presenter) - celebrated South Africa.

The National Geographic campaign featured top photographers, who captured authentic, South African experiences "through the lens".

Our global television commercials were shown across News Corporation's media spectrum, on Sky News, Sky Sports, ESPN and Fox, allowing us to reach well beyond traditional markets.

Our partnership with Eurosport featured South Africa in sports destination, golf destination and sports traveller programmes. The focus was on the country's facilities and capabilities and South African sports stars Gcobani Bobo and Jonty Rhodes shared their favourite places to spend leisure time.



2008 Global Media Face-Off panellists at a press conference

Our global media campaign was supported by a cinema campaign in key markets, such as the USA, the UK, Australia, France, Germany, the Netherlands and India.

Overall, we achieved 4,800 brand spots and vignettes and just over 80-million online page impressions, reaching more than 600-million consumers and creating awareness of Brand South Africa ahead of the 2010 FIFA World Cup™.

Communications and Stakeholder Management

Our efforts in the first half of the year focused on the Indaba tourism trade show where we hosted more than 600 journalists from around the world, managed all global messaging and news dissemination as well as interviews between our principals and the world's press. Our Indaba work generated more than R8-million in positive destination and corporate editorial coverage.

The unit also managed the public relations around the BBC World, CNN, Sky, Eurosport and National Geographic campaigns.

A media conference at Euro 2008 was attended by more than 60 journalists from international media and successfully conveyed South Africa's readiness for the FIFA 2010 World Cup™.

On the corporate communication side, we arranged and delivered two public lectures during the period under review, one at the University of Cape Town and the other at the Nelson Mandela Metropole University; we also held a media round table where the tourism sector and the economy were discussed by South African Tourism principals and

reporters; a Tourism Month special feature was published in the Financial Mail; a conference with the Cape Town Press Club was held; and a corporate spread was featured in the Business Day newspaper.

We also produced corporate messaging documents that were used at events at home and abroad, and defined South African Tourism's "green" tourism messaging.

In total, positive editorial publicity to the value of more than R20.5-million was generated over the period for both the global destination brand and South African Tourism.

Global Channel and Customer Management

During the 2008/09 financial year, our two main global objectives were, firstly, to build the travel trade's knowledge of South Africa as a leisure destination and, secondly, to jointly market and promote the destination to consumers with key trade partners.

Indaba 2008, familiarisation trips, in-country workshops/roadshows, and sales calls by our trade relations managers and regional directors all helped to meet our first objective.

Partnering with the travel trade through joint marketing agreements (JMAs) opened up multiple avenues to attract consumers to learn about Brand South Africa and to book trips. They were also an opportunity to build our trade databases in different markets.

During the year, 8 598 trade representatives were trained through various familiarity-building initiatives, 72 JMAs were signed, trade extranet registrations increased to 9 437 and our foreign trade database increased to 34,502 active members.

eMarketing

South African Tourism is increasingly moving into the online space because it is where the vast majority of consumers are researching and purchasing their travel.

Towards the end of 2008, we consulted a number of leaders in the field, locally and globally, to properly define South African Tourism's eMarketing strategy. The markets are shifting rapidly towards Web 2.0, social networking and open-source platforms. We took a giant leap into this new environment and, as of 1 September 2008, the southafrica.net website showed that the new approach was paying off. The site usage statistics, PR and call centre reports all pointed to increased user satisfaction levels.

Our branded YouTube Channel, Expedia.com, TripAdvisor and WAYN.com, plus global deals with CNN, National Geographic, BBC and Eurosport, gave South African Tourism increased exposure and new ways to engage with consumers through video and other online media.

We also started work on a new southafrica.net website to be launched at Indaba 2009.

Business Tourism

Business Tourism performed better than expected. According to South African Tourism's research over 600 000 tourists arrived in 2008 for the primary purpose of Business Tourism. This is an increase of 20% from 2007.

A milestone R64-million partnership deal was signed in November 2008 by South African Tourism, the Gauteng Tourism Authority, the Johannesburg Tourism Company and the Sandton Convention Centre.

The five-year deal concerns Meetings Africa, a trade show that South African Tourism acquired in 2007, and will accelerate the growth of business tourism for South Africa in years to come.

Meetings Africa 2009, held at the Sandton Convention Centre from 25 to 27 February, was a huge success. A hundred international buyers from our key markets were hosted at the show in conjunction with the Department of Trade and Industry. Exhibitor numbers increased by 15%, while visitor numbers were similar to 2008.

Attention was focused on attracting association meetings to South Africa in line with the Business Tourism Growth strategy, which has been in place since 2007. Bids were made to host various large international meetings. And the Society of Incentive Travel Executives' (SITE's) decision to hold its 2010 international conference in Cape Town has been a major boost to South Africa's status as an incentive and business tourism destination.

In the corporate meetings segment, South African Tourism continued to partner with chambers of commerce in the Netherlands, Germany and the United States to ensure South Africa gained exposure as a meetings destination among this audience. A familiarisation trip for European CEOs was hosted in October 2008 and a media familiarisation trip was held in conjunction with the publication of a 12-page South Africa destination feature in the US.

South African Tourism participated at various workshops, trade shows and industry networking platforms, including

IMEX in Frankfurt, EIBTM in Barcelona, AIME in Melbourne, and IT&ME (The Motivation Show) in Chicago. At IT&ME a lead for a 5,000-person incentive, representing approximately \$12.5-million in revenue, was generated.

A business tourism toolkit was developed to equip the trade sector to better sell South Africa.

Events

The National Event Tourism Growth Strategy was developed in 2008 and defined South African Tourism's objectives in supporting events as:

- leveraging media awareness of South Africa as a tourist destination through major events;
- positioning South Africa as a major events destination; and
- leveraging brand awareness of South Africa.

The unit supported numerous major national and international events to achieve these objectives. The 2010 FIFA World Cup™ is, of course, a key event. Awareness-raising activations took place at Indaba 2008, Euro 2008, WTM 2008 and ITB 2009.

At the ITB 2009 trade show in Berlin the events unit partnered with the South Africa Tourism office in Germany to create a soccer pitch at the exhibition arena with an interactive soccer experience. The activation generated a lot of interest from foreign delegates and journalists. A media event involving key personalities from the Local Organising Committee for the Soccer World Cup™, FIFA, the South African government and South African Tourism was arranged at a soccer stadium in Berlin

to encourage people to visit South Africa during and after the World Cup™. The event was well attended by the German media.

The events unit was also involved in the South African cricket tour to India. A bring-and-braai media event with the South African players was arranged to promote South Africa as a travel destination. The event was well attended and received extensive coverage in India.

The Vodacom Soccer Challenge was another key event. Through a partnership with the sponsors, the events unit produced promotional footage with the Manchester United players and Sir Alex Ferguson, their coach. The DVD was sent to all foreign missions and country offices to promote South Africa for the World Cup™.

Product

More than 1,000 visitors from core and investment markets were hosted in South Africa in the past year. All the itineraries were designed to both showcase the country and strengthen the objectives stated in the business plans of the countries and business units involved. The hosting division worked closely with the Strategic Research Unit to design itineraries that addressed specific barriers and drivers that were raised in the research.

The product unit manages two key awards in the industry, which are both designed to enhance visitor experience: the Welcome Awards and the Emerging Tourism Entrepreneur of the Year Award (ETEYA).

The Welcome Awards, which recognise and honour service excellence within the tourism and hospitality industry, were held on 11 May 2008.



Welcome Awards 2008

The ETEYA competition, launched in 2001, was designed primarily to encourage black-owned small businesses within the tourism industry and to help them progress into the mainstream economy. ETEYA 2008 was boosted by the addition of South African Breweries as a primary partner. There was a 300% increase in the number of entries on the previous year. The nine finalists will be part of a 12-month mentorship programme facilitated by the Tourism Enterprise Partnership.

The product unit continued to provide training and information to the South African product sector. The corporation formally communicates with the product sector (especially TOMSA levy payers) via monthly newsletters - which deal with quick updates, opportunities available from South African Tourism and research - and quarterly reviews - which are country-specific feedback documents from South African Tourism.

A "Packaging for Profit" workshop, developed jointly by the product business unit and the Strategic Research Unit, was presented to more than 2 000 representatives from the product sector with good results, specifically with regard to assisting to increase spend in country. The workshops were held in conjunction with provincial and city tourism associations, the South African Tourism Services Association (SATSA) and development agencies.



Vodacom Soccer Challenge 2008

Africa and Middle East Portfolio Overview

The African markets continue to grow steadily, increasing 7% on last year and contributing hugely to the overall 5.5% arrival growth from all markets to South Africa.

Following a review of the Africa and Middle East portfolio it was decided that marketing efforts should focus on the African markets. The core markets in this portfolio were identified as Nigeria (West Africa), Kenya (East Africa), and Botswana and Mozambique (Southern Africa Development Community). The importance of the domestic market was also highlighted as an anchor to the sustainable tourism development strategy for South Africa.

The Middle East was found to be a tactical market, needing a different marketing approach.

Nigeria grew an impressive 10.1% this fiscal making it the core market in the Africa portfolio with the highest growth in the air market. We refined our strategy to entice Nigerian travellers to South Africa more often and to stay longer by exploring leisure activities after doing business. Our focus on creating relationships with trade partners and encouraging them to package remarkable deals continued to pay off.

Kenya also continued to grow steadily, showing a 5% increase in arrivals this year. We halted our marketing efforts in the first half because of the political upheaval in the country but, with the return of stability, we intensified our efforts and managed to position South Africa as a value-for-money destination that offers Kenyans an opportunity to relax after their hectic business dealings.

Our SADC markets began to show slow growth. Mozambique proved to be resilient in the deteriorating global economic conditions, with an impressive 13.2% increase in arrivals. A new campaign in Botswana and Mozambique highlighted South Africa as a leisure destination with an array of activities to explore.

We see our efforts in the domestic arena as a long-term investment in the market to create a culture of travel throughout the year. We went back to basics this year to establish which segment was sufficiently lucrative to be the focus of our marketing efforts. Resources were spent researching the travel patterns of that segment and this resulted in the relaunch of the Sho't Left campaign.





Kenya

A dash of leisure makes business a pleasure



Hulisani Thabela
Trade Relations Manager – Kenya

Business travellers were the focus of our marketing in Kenya. Our aim was to showcase how much South Africa has to offer in terms of leisure experiences that can be added to travel itineraries, giving people a chance to de-stress and make their business schedules a little less hectic.

Market Intelligence and an analysis of market trends has shown that the business traveller segment holds the highest potential in terms of frequent visits, increased length of stay and spend. We are pleased to report a 5% increase in visitor numbers from this market.

Activities earmarked for the first quarter had to be shelved while we monitored the political climate in Nairobi. We then focused our efforts on building positive news coverage by hosting members of the Kenyan media to South Africa to experience diverse itineraries and events.

We launched the first leg of our “storyteller” campaign in partnership with television station CNBC Africa, featuring vignettes featuring a well-recognised and inspiring Kenyan business figure endorsing South Africa.

In July, after the political storms in both Kenya and South Africa had passed, we held our annual trade roadshow. It was attended by 54 trade partners. We also participated in the annual Getaways holiday expo in Kenya.

Our trade partners were invited to sell packages to South Africa during the expo and we ran competitions with South African Airways giving our target audience an opportunity to win an all-expenses-paid holiday to South Africa.

Golf is a major sporting activity within our target group. Our inaugural South Africa Golf Series 2008, which started in October, attracted enormous interest from the Kenyan golfing community. We reached a total of 1,600 golfers through the tournament. The response from the Kenyan media was also positive. Selected trade partners were present at most of the golf events to promote affordable deals to the players.

To showcase South Africa as a premier sports destination, we hosted media to the International Rugby Sevens tournament and the South Africa Open Championships golf tournament. To show off our cultural charms we also hosted trips to the Joy of Jazz and Cape Town International Jazz festivals.

We also hosted business people to South Africa to expose them to different leisure experiences. They were offered an opportunity to participate in the Open Championship golf tournament during their visit. A supporting radio, print and outdoor campaign was launched, along with a Word of Mouth website to entice business travellers to add those experiences to their itineraries for their next visit to South Africa.



South Africa Golf Series 2008

Southern Africa Taken a Sho't Left lately?



Nothando Mathe
Country Manager – Southern Africa

A new, sleek, glossy Sho't Left campaign was launched this year targeted at young South Africans who see travel as aspirational and aiming to encourage them to take a holiday in South Africa with friends because it's fun, easy and affordable.

The campaign featured the authentic cross-country adventure of an interesting and dynamic group of young South African adults and their friends. They visited many South African destinations, from buzzing cities to remote scenic spots and cultural attractions. Because of the campaign's target audience, adventure, entertainment and nightlife featured strongly. South Africa was showcased as an affordable and easy-to-do destination for all.

The footage was packaged into two-minute mini adverts that ran on national TV channels SABC2 and SABC3. These were accompanied by extensive print and radio advertising encouraging young South Africans to take more holidays in their home country and to include leisure holiday activities when they visit friends and relatives, or travel for religious or business purposes.

In total, the TV Sho't Left campaign achieved a projected reach of 81.4%.

We were inundated with requests from alternative channels to supply them with footage. Local airline Mango screened our footage on their in-flight TV in the Premier Lounge at OR Tambo International Airport. It was also screened on Taxi TV.

Thanks to highly successful partnerships with Kulula.com, Southern Sun and Thompsons Holiday Tours, we promoted various packages promoting the "Fun with friends" campaign, all building enthusiasm for taking a Sho't Left. We put together and promoted the Fun Bus, Fun Train and Southern Sun Sunbreaks packages as a way of demonstrating that taking a holiday in South Africa is indeed fun, easy and affordable. The Kulula.com/ Sho't Left advertising campaign won a Loerie Award and the value of publicity achieved was 11 times the original amount invested.

To support the relaunched Sho't Left campaign we took 40 leisure travel agents on a familiarisation trip under the banner of the "University of the Garden Route". They were introduced to a variety of leisure activities relevant to our target segment and were encouraged to package these as a way of promoting domestic travel.

A series of competitions aired on Radio Metro and YFM offered the target audience an opportunity to travel. Judging by the number of entries and the increase in our database the competitions were a success.

We also launched a Sho't Left Word of Mouth (WOM) website which we used as a tool to better communicate with our target audience and make travel information and deals more accessible. The site features a Deal Driven Campaign (DDC) package portal that allows members of the South African tourism trade to upload their deals – thus making a holiday in South Africa only a click away.



SA Tourism border activation in Kopfontein

Indaba – the premier trade show

Indaba, which held annually in the KwaZulu-Natal city of Durban, is primarily a marketing tool to trigger transactions and is used to raise the profile of tourism in South Africa. Indaba motivates the tourism trade and assists in building relationships with stakeholders and partners. The number of registered attendees at Indaba 2008 grew by 3% over 2007 to reach 12,429. Total visitor registrations also increased, by 7.5% from 4,127 in 2007 to 4,437 in 2008.

The rise in visitor numbers was driven by increases in the number of international travel buyers, and representatives from the local trade and the government. The International travel buyers mainly hold managerial positions and over a third of them are in marketing and sales. Their numbers at Indaba rose by 13.5%. The Western Cape, Mpumalanga and KwaZulu-Natal are the top three provinces that buyers are interested in.

Indaba 2008 saw good representation from key markets within the South African Tourism portfolio. There was an increase in the number of visitors from the USA, Australia, Germany and the Netherlands compared to 2007. There was also a major increase in the representation from companies based in Zimbabwe, Namibia and Botswana. New international delegates were mainly from the United Kingdom and the USA.

Feedback from exhibitors and visitors to Indaba 2008 was very positive. Both groups said that the trade show had been beneficial to them and that there was a good match between what visitors wanted to see and what was exhibited.

Exhibitors used Indaba as a platform for promoting their companies, maintaining relationships and attracting new partners. Visitors rated Indaba 2008 as better than other shows.

Southern Africa

Come and share in my adventure

Glossy, pioneering and vivacious are a few of the words used to describe the South African Development Community (SADC) "My South Africa Adventure" campaign. Urban and energetic, the campaign was carefully guided by the insight that SADC nationals are receptive to messages if they are told by one of their own.

The campaign showcased South Africa's leisure offering through the eyes of young, urban Botswana and Mozambican "experience ambassadors". Their real-life, cross-country experiences were captured on camera and edited into three-minute vignettes. The inserts were flighted in Botswana (BTV) and in Mozambique (STV) in September 2008 and again in February 2009. They were positioned around the news broadcast, which significantly increased their chance of being seen by the target audience, giving the campaign a relatively high frequency.

My South African Adventure promoted affordable, accessible, fun and exciting travel that is just across the border - "So much more, so much closer".

An interactive radio campaign, with a competition and interviews with the experience ambassadors, helped direct the target audience to the vignettes on TV. Overall, the campaign acted as an invitation to all our neighbours to come and experience South Africa's array of leisure experiences.

In February, we hosted a consumer event in Botswana leveraging the ever-popular Cape Town International Jazz Festival. Our media partner, Yarona FM, ran radio competitions encouraging listeners to tell us about their recent South Africa adventure – encouraging the people of Botswana to join the experience ambassadors on an adventure to Cape Town. Local media, stakeholders and 40 competition entrants were invited to a final draw in Botswana's capital, Gaborone.

Through this competition we also encouraged the listeners to visit our WOM website which was specifically built for Botswana to highlight the ambassadors' experiences. Affordable travel offers designed around the ambassadors' experiences were promoted in the print media and on the WOM site.

To promote South Africa to people who travel by bus, maps and brochures were distributed on all Intercape busses operating from Botswana and Mozambique.

Our Welcome initiatives at major SADC borders have enjoyed tremendous success. The aim of the campaign is to encourage our immigration officers to give a warm and friendly welcome to visitors crossing the border into South Africa. It was implemented at the four busiest borders: Kopfontein border post with Botswana in North West province, the Lebombo border with Mozambique and the Oshoek border with Swaziland in Mpumalanga, and the Maseru Bridge border with Lesotho in the Free State. Through this campaign, we collected an impressive 16 000 data cards from visitors interested to learn more about

South Africa and its leisure offering, and distributed more than 60 000 "My South Africa Adventure" consumer brochures, which feature leisure activities in South Africa.

Events continue to be a major draw card for our visitors from these markets. We hosted four media houses from SADC for a pre and post Miss World tour. We also hosted journalists to the Cape Town Jazz Festival and the Vodacom Challenge soccer tournament. The action packed itinerary was a winner and demonstrated our ability to stage events of international standards.

Trade partnerships have been strengthened through effective training platforms like trade workshops and familiarisation trips. Workshops were held in Botswana and Mozambique and were well attended by travel agents, tour operators, transport providers, media and South African High Commission officials. The workshops generated valuable exposure in the print media, online news and on television. We also hosted 25 SADC buyers and media during the Africa mega familiarisation trip and eight SADC buyers attended Indaba and were treated to post familiarisation tours in KwaZulu-Natal.



Indaba 2008 opening ceremony

Nigeria

Surprised and delighted



Thuto Sethole
Trade Relations manager – Nigeria

Our objective for the 2008/2009 fiscal was to ensure arrivals to South Africa from Nigeria kept increasing.

We developed a strategic marketing campaign, called “South Africa will surprise and delight me”, and we are pleased to report a 10.1% increase in the number of arrivals from Nigeria this year.

To give tour operators and hosted buyers first-hand experience of what South Africa has to offer, we sponsored six Nigerian travel agencies, three tour operators and four journalists at the annual Indaba travel trade show in May.

A workshop aimed at providing a platform for South African and Nigerian trade partners to network and sell more tailor-made packages to South Africa was held in July. Fifty-two Nigerian trade partners, eight South African trade partners and 18 journalists attended the workshop. Senior officials of the South African High Commission were also present.

Selected trade partners were hosted in South Africa as part of the annual Africa mega familiarisation trip.

The “South Africa will surprise and delight me” campaign finally kicked off in September after being postponed because of the xenophobic attacks on people from other African countries in South Africa earlier in the year. Two couples from the “hyper-wealthy” and “business professional” categories and two individuals from the “entertainment” category were selected and hosted on an all-expenses-paid trip to enjoy the best of South Africa.

They became South African Tourism Ambassadors, influencing their families, friends and business associates to visit South Africa. Their travel experiences were uploaded on a specially built Word of Mouth (WOM) website. Nigerian trade partners with packages for South Africa were also encouraged to upload their packages. This initiative was supported by a television, radio and print media campaign.

In November, an event held in honour of the Nigerian travel ambassadors drew 130 guests, many the crème de la crème of Nigeria’s business society, and 10 journalists. They were a keen and responsive audience for the travel ambassadors’ stories of their experiences in South Africa.

Nigeria’s talk-show queen, Mo Abadu - who hosts “Moments with Mo”, which is aired weekly on four TV channels: MNet West (DSTV), Africa magic (DSTV), NTA and STV - was one of a team of journalist from all over the world who took part in the South Africa Gourmet media tour. Footage was taken during her visit for one of her shows as well as for the Nigerian WOM website. We also showcased South Africa as a world-class event-hosting destination by inviting media for the Miss World 2008 beauty pageant and the 2009 Cape Town International Jazz Festival.

We hosted the monthly Nigerian/South African Chambers of Commerce breakfast meeting. This was identified as an opportunity to reach our target audience directly. Approximately 150 business professionals attended the meeting and Chief Sonny Iroche, one of our ambassadors, shared experiences of his visit to South Africa.



Delegates at the Nigerian/South African Chambers of Commerce breakfast meeting

Asia & Australasia Portfolio Overview

Global events and the economic crisis negatively affected travel out of Asia in 2008, with arrivals from Japan and China declining at 13.3% and 14.9% respectively. Arrivals from India remained constant, but Australia was the shining star of the portfolio with a 4.8% growth – or a total of 100,133 arrivals.

Despite declines in two of the markets in the portfolio, all the markets improved on most of the brand attributes, which is a positive sign that we are on the right track when it comes to brand awareness and brand building.

We had a three-pronged marketing strategy for 2008. Firstly, we aimed to continue building the South Africa brand and increase the number of arrivals through partnering with members of the tourism trade and equipping them with information on how best to promote and sell South Africa as a leisure and business tourism destination. Joint marketing agreements, training workshops, familiarisation trips, Indaba 2008 hosting and the Trade Extranet are some of the tools used to meet our trade objectives.

Secondly, we sought to partner with media houses and journalists, exposing them to South African leisure and business tourism experiences through familiarisation trips. These partnerships gave us an opportunity to extend our media buy budget to media platforms that we would not otherwise have been able to afford and they ensured our brand presence all year round.

The third marketing focus was the promotion of positive word of mouth (WOM) by encouraging people who have visited South Africa to share their experiences. This campaign was activated mainly online, but television and print were included through partnering with the tourism trade and/or the media. Celebrities and lifestyle influencers, such as renowned photographers from China, Bollywood stars from India, TV personalities from Australia and board members of the Japanese Association of Travel Agents, were used to give testimonials on their South African holiday experiences. These stories were received positively by our target segments because they came from influential and credible individuals.

Partnerships with provincial tourism authorities, members of the South African tourism trade, and product and service providers assisted in our trade campaigns, especially in hosting familiarisation trips and in-country workshops/roadshows.

In the coming fiscal we will be focusing on extending the 2008/09 campaigns to build on the foundation we have already developed, gain further traction in our markets and improve our closure ratio. We will also step up our efforts for the 2010 FIFA World Cup™ to build momentum for travel before, during and after the event.





Australia

Something to write home about



Bangu Masisi
Country Manager – Australia

It was a record-breaking year for South African Tourism in Australia. More than 100,000 Australians visited South Africa – the first time annual visitor numbers from that country have reached the six-figure mark – and this was despite the economic downturn.

When selecting holiday destinations, Australians and New Zealanders look for unforgettable experiences and an incredible tale to share when they return home. South Africa has all this and more, including incredible value for money.

In April, the Australian Financial Review toured Johannesburg as part of our journalist familiarisation programme to report on the developments at Soccer City and the progress made on plans for the 2010 FIFA World Cup™. The resulting coverage highlighted the fact that South Africa would be ready to host the World Cup™ and the range of tourism experiences visitors would be able to enjoy.

In May, travel trade media were hosted at the Indaba 2008 tourism trade show to cover the aspects of South Africa pertinent to travel agents when promoting the country to their clients.

A great deal of interest was generated by the Soweto Gospel Choir's tour of Australia in 2008. We invited media to the shows as a way of increasing awareness of the diversity of South Africa and the amazing experiences that are an everyday part of visiting there.

Popular drive-time radio presenters Fifi Box of MMM and Chris Smith from 2GB visited South Africa in June and reported directly back to Australia. A promotion was developed to win a trip to follow Chris' "footprints" and share his unforgettable experiences.

Travel programme the Gurus Explore visited South Africa, travelling from Mandela's house in Johannesburg to the Cape winelands and finishing with a safari in Thanda Private Game Reserve in KwaZulu-Natal. The Gurus Explore episodes were aired in October and November to an audience of over 540,000 Australians. Encouraging testimonials and images from the team were uploaded onto the My SA Experience website and a feature was placed in the Gurus Explore newsletter with total return on investment of \$10-million.

The Australian trade roadshow to Perth, Melbourne, Brisbane and Sydney took place in August and September. Travel agents were given interactive product training and a chance to meet wholesalers and South African operators. The 2008 Business Tourism Imbizo tied in with the roadshow dates in Melbourne and Sydney giving us an opportunity to show associations and meetings organisers as well as incentive planners the impeccable meetings product available in South Africa and our Business Unusual business tourism platform.

The internet is the most used medium for sourcing information on travel and booking holidays in Australia. Word of mouth is highly valued and, with this in mind, we launched My SA Experience in September, a microsite on www.southafrica.net, to encourage travellers who had visited South Africa to give accounts of their experience.



Asia Pacific Incentives and Meetings Expo (AIME) 2009



Fifi Box of MMM Radio with children in South Africa

In early 2009, popular breakfast television programme the Channel 9 Today Show visited South Africa. A live-crossing each night reached an Australian audience of over 300,000 people for five days. An online portal supported the campaign and a promotional site was set up to showcase deals from Harvey World Travel and Qantas, who partnered South African Tourism for the campaign.

We had our largest presence to date at the AsiaPacific Incentives and Meetings Expo (AIME) 2009. Acclaimed South African chef Lance Rosen developed a specialised menu for the South African Tourism stand.

In February, we hosted record numbers of buyers and media at Meetings Africa. The trip gave businesses insight into what South Africa offers professional conference organisers, incentive houses and association and meeting planners.

We have confidence that affordability, accessibility, unique products and unforgettable experiences at the 2010 FIFA World Cup™ will continue to attract travellers from both the Australian and New Zealand consumer and business tourism markets to South Africa.

China

A picture paints a thousand words

The steady growth in the number of visitors from China in the first half of 2008 was knocked back considerably by the Sichuan earthquake and the global financial crisis.

The Beijing Olympics also reduced the flow of Chinese visiting South Africa. But even though the numbers dropped by 14% for the year, they were expected to turn around by mid-2009.

The year's highlight was the tenth anniversary celebration of the diplomatic relationship between South Africa and China. South African Tourism combined the celebration activities with the spring roadshow in Guangzhou, Wuhan and Chengdu, using the opportunity to showcase South African food, wine, fashion, tourism resources and experiences.

Fifteen key Chinese travel decision-makers and 15 trade journalists were hosted at Indaba 2008, South Africa's premier trade event, so they could interact with the travel community and see what South Africa has to offer Chinese visitors.

Before the China International Travel Mart, we launched the South African Trade Village 2008 in Shanghai, a major event attended by 285 participants from China and South Africa, including decision-makers, operations managers, South African tour operators, hotels, provincial tourism administrations and trade media houses. The event spread knowledge and positive awareness about South Africa as a friendly, welcoming and exciting destination. Participants also were briefed on the 2010 FIFA World Cup™ for the participants.

We hosted our first Chinese Fundi (expert) familiarisation trip to South Africa. Ten representatives from the tourism trade spent 10 days experiencing the beauty of South Africa to get first-hand information on the destination.

We signed five joint marketing agreements this year - with Huayuan, UTS, Caissa, Ctrip and GZL.

Two projects targeting consumers were launched. The World Traveller and "South Africa through the Lens" projects both involved familiarisation trips for the competition winners, the media and travel agencies. The World Traveller Project - which was launched in partnership with World Traveller Media Group, Shanghai Jin Jiang Travel Agency and airlines - selected two winners in an online itinerary-design competition to go on a 13-day High Adventure, with print, online and TV media documenting their experiences. The project generated three 20-minute TV episodes (another 20-minute episode was scheduled for March 2009), two four-page feature articles in World Traveller Magazine and substantial rebroadcasts of the TV episodes by taxi TV in Shanghai and Metro TV in both Shanghai and Beijing.

The "South Africa through the Lens" project was launched to showcase the diverse beauty of the country through the eyes of professional photographers and Chinese celebrities. The half-year, four-phase marketing campaign ran in conjunction with a new website, which provided content-rich, up-to-date information on South Africa. As a soft kick-off, Chinese Olympic medal-winning diver, Tian Liang, and teams from Lifestyle magazine and Top magazine visited South Africa. The trip was recorded by the Travel Channel and made into four television episodes that were broadcast during peak time.



Tracy Qi
Acting Country Manager – China



Chinese Fundi (Expert) familiarisation trip in South Africa

Ten well-known Chinese photographers were then split into five groups following five tailor-made itineraries - luxury, urban lifestyle, wildlife, culture, scenic beauty and adventure. An online photo caption-writing competition, with a free trip to South Africa as the prize, attracted a total of 2,593 entrants. The project will officially conclude in 2009 with a four-city exhibition featuring the photographers' work and a South Africa travel book.

We hosted a familiarisation trip to the Vodacom Challenge soccer tournament. Hong Kong Cable TV updated the market on South Africa's readiness for the 2010 FIFA World Cup™ and five 15-minute episodes were generated from the trip. A familiarisation trip with Dragon TV highlighted South Africa's adventure resources, including sky diving, shark cage diving, scuba diving, parachuting, paragliding and bungee jumping. Six 10-minute TV episodes (repeated on the Shanghai Media Group official website) and six blog articles from the host were produced.

The regular media roadshow took place in October 2008 in Beijing, Shanghai, Guangzhou and Hong Kong. Events held in Beijing and Shanghai saw both the media and trade representatives enjoying South African wines and entertainment. Instant photo printers were placed to visually highlight the "South Africa Through the Lens" project. A total of 160 media houses and 359 (trade and media) guests attended the roadshow to bid farewell to Manqoba Nyembezi, who retired this year from South African Tourism.

The total advertising value equivalent calculated for the entire fiscal was \$4,065,836.



2008 Media Roadshow in China

India

A Bollywood hit



Medha Sampat
Country Manager – India

The global economic slowdown presented a major challenge for South African Tourism. Yet, we marketed South Africa very successfully in India and managed to maintain the same arrivals as 2007.

It was a landmark year: South Africa was named Best International Adventure Tourism Destination of 2008 by Today's Traveller magazine and South African Tourism was Hospitality magazine's Best National Tourism Organisation for 2008.

South Africa has become a favourite destination of the Bollywood fraternity. Many recent blockbusters have been shot in South Africa in part or whole, and the fillip these provide in reaching out to a wide audience base is unmatched. We are exploring marketing alliances with a number of film-makers and production companies.

The Indian regional language media is five times larger in terms of circulation, with 10 times the readership of the English media, so to reach this market, we organised a mega regional familiarisation trip for 15 of the top regional language publications from all over India to experience the South African holiday experience.

One of our most prominent initiatives was the Indaba trade show. We hosted three of the leading travel trade publications, one business channel and two freelancers known in the industry for their writing skills.

South African Tourism in collaboration with Sun International and South African Airways hosted one of India's leading lifestyle magazines, Cosmopolitan, for an exclusive fashion shoot at Sun City. We also collaborated with Cosmopolitan for their Single Women's Destination Guide, which got a tremendous response, selling more than 35,000 copies. South Africa enjoyed pride of place as the destination of choice on the cover of the guide.

India's leading fashion designers, Tarun Tahiliani, Rohit Bal and Neeta Lulla, attended the MTN Durban Fashion Week 2008. The event was the perfect opportunity to showcase chic South Africa. We hosted a leading English daily newspaper and a news and entertainment television channel for the four-day fashion festivity.

Two leading publications in India were hosted for the Vodacom Challenge soccer tournament in 2008, the event highlighted South Africa's vibrant sporting culture and the journalists got an opportunity to experience some of the attractions in Cape Town, Durban, Port Elizabeth and Johannesburg.

We partnered with one of India's premier English weekly magazines for a 16-page special supplement on South Africa, published in February 2009.

Fashion and lifestyle media were hosted for the Miss World contest in Sandton. Miss India, Parvathy Omanakuttan, described South Africa as a melting pot of cultures that had a lot to share with India. A familiarisation trip for select members of the Indian travel trade was jointly organised by South African Tourism and Southern Sun to coincide with the pageant. Their experiences ranged from a bubbly wine tasting with nougat and brandy tasting with chocolate, to a sunset cruise and meals at top-class restaurants.



Freelance journalist, Rishad Saam Mehta feeding ostriches at the Cango Ostrich Farm



Overall, we successfully hosted 38 journalists on various trips in 2008, including three leading national TV channels, which contributed to a cumulative media exposure worth more than R79,778,847.61.

Our fourth in-country familiarisation trip was held in August in the Royal City of Hyderabad. Potential tour operators across India were flown in to network and meet South African suppliers. Travel agents drummed to the beats of Drum Café and a special Bollywood night was organised where everyone dressed like a star.

South African Tourism's multi-city roadshows have become a must-visit activity for trade partners from both India and South Africa. This year, in keeping with widening our footprint, we visited Ahmedabad in addition to Mumbai and Delhi. We received a remarkable response from the travel and hotel industry despite the global economic slowdown. More than 32 representatives from South Africa took part in the road show.

Outdoor advertising formed a key element of our national advertising campaign. Sites were selected in eight cities across India. We also started an advertising campaign in key cinema complexes in nine cities in February 2009, timed to coincide with the release of some of the biggest movies.

An online promotion designed specifically for South African Tourism by Web 18, the online business division of media company Network 18, was launched in March 2009. It involved five young people, selected through a contest, who travelled across South Africa and blogged about their experiences. They gave travel tips and described the sights and sounds on an exclusive site created for this activity. It was promoted through television channels such as CNN, IBN, CNBC, CNBC Awaaz, and through print ads in leading publications, over and above the online promotions.

A promotion on Zoom TV, one of India's leading film entertainment channels, showcased South Africa as the destination for a perfect glamorous holiday. Titled 'Discover South Africa', the promotion featured an endorsement of South Africa by a Bollywood star.

We finalised joint marketing agreements with five agents across India.

Japan

Keeping an eye on the football

Our Japan office continues to build the profile of South Africa as a must-do tourist destination, despite a 13.3% fall in visitor numbers in 2008, influenced in large part by the global economic crisis. Interest in the 2010 FIFA World Cup is high, though, and it is a golden opportunity to increase the number of Japanese visitors to South Africa.

Travel trade workshops held in June 2008 in Seoul, Osaka and Tokyo were valuable networking opportunities that allowed for the creation and consolidation of new business and trade opportunities, and helped to boost confidence in South Africa as a destination among Japanese operators and travel agents. The workshops provided up-to-date information on South Africa's preparedness for the 2010 FIFA World Cup, and aimed to increase the number of Japanese visitors to Southern Africa. A total of 27 delegates, from suppliers, operators, tourism organisations and airlines, joined the event, and more than 250 guests from 100 travel agents registered – a record number.

We set up a stand at the Japanese Association of Travel Agents (JATA) World Travel Fair 2008 in Tokyo, which was attended by travel trade representatives and consumers. The South African Tourism team, supported by the South African Embassy, South African Airlines, Sun International and Walk Through Africa, showcased the cream of South Africa's tourism offerings. Under the theme "WOZA 2010", the stand presented South Africa as an attractive tourism destination as well as the 2010 FIFA World Cup™ host country and highlighted the many tourist attractions that are accessible from the 10 soccer stadiums.

According to JATA, the 2008 travel fair attracted an all-time high of 109,391 visitors, a 2.2% increase on 2007's 107,078 visitors.

We jointly hosted an international World Cup™ symposium with Ritsumeikan Asia Pacific University (APU) in October. There were speaking opportunities for South African Tourism's chief marketing officer, Roshene Singh, and our Japan country manager, Bradley Brouwer. To maximise the event as a public relations platform, Ms Singh gave interviews with members of the trade media. Press kits and giveaways were handed to a total of 100 students and several local journalists.

The South African Tourism Working Group, an educational seminar held by JATA, was attended by 90 travel agency staff members when it was held in Tokyo in May and 73 in Osaka in October. The objective of the seminars was to increase the number of Japanese travellers to South Africa and to accelerate the sales motivation of our trade partners. During the seminars, Kazunobu Ueno, the executive director, sales and marketing of UTI Japan, introduced the cream of South Africa's tourism offerings, and Yutaka Onoda, the manager of SAA



Bradley Brouwer
Country Manager – Japan



Japanese Association of Travel Agents (JATA) World Travel Fair 2008

Japan, disseminated in-flight services and access information. Concrete and useful information, including examples of frequently asked questions and answers, were provided by Club Tourism and Hankyu, who are members of the working group. Research on age, preferences and the purchasing behaviour of Japanese tourists to South Africa was disclosed to the seminar attendees, but it was also pointed out that a lack of information was causing a leakage of potential customers.



JATA Educational Seminar

Europe Portfolio Overview

Our core markets in Europe each felt the economic crisis to varying degrees. France enjoyed a deluge of positive reporting and PR on South Africa and continued to ride the wave created around the Rugby World Cup in 2007. The French team used this advantage well and achieved an outstanding 11.5% growth on arrivals in a difficult climate.

Germany battled not only with the tightening of belts, but also a higher degree of negative reporting on issues relating to crime than the other countries in the portfolio, which added to the challenge of marketing travel to South Africa.

Italy, although highly sensitive to economic shifts, fared well during 2008/09, maintaining their arrival figures. After a solid upswing in arrivals during the first half of the year, visitor numbers fell during the second half as tough economic conditions started to bite.

The Netherlands also took some strain, with the number of arrivals marginally down (0.7%) on 2007's figures.

South African Tourism in Europe remained focused on our relationships with the tourism trade sectors in all our markets – specifically opening up relationships with trade in Sweden, our investment market. For the first time, we signed a number of joint marketing agreements in this market and arrivals grow by 3% (to December 2008).

We also focused more attention on Switzerland, specifically from a business tourism perspective, because of the large number of international associations based in that country, which we are targeting for large-scale conferences. We hosted a number of buyers from Switzerland for Meetings Africa this fiscal.

Our storytelling campaigns targeted at consumers kicked off in each country, producing some high quality stories and images. The Khaki Fever campaign in Germany captured the interest of our wanderluster segment and leveraged partner involvement to get excellent reach for the campaign. The Netherlands deployed an exciting campaign that got potential storytellers involved in doing their own marketing, thus giving us good viral reach for the campaign. Italy produced some amazing images from their storytellers and had great success generating excitement about South Africa through a Facebook group. Italy also delivered an innovative consumer experience at BIT, the most important tourism fare in Italy, incorporating the storytellers into the show. France sustained the profile of South Africa through extensive public relations work and a consumer media campaign, including launching a South African cultural guide in bookstores across France.

We aim to keep delivering with our consumer campaigns, trade relations and business tourism so we can rise above the current economic recession and continue to position South Africa at the forefront of the minds of our target segments.





France

Vive la belle culture



Linda Sangaret
Country Manager – France

Our focus on the French tourism trade this fiscal has paid off with an impressive 11.5% growth in visits from France despite a very challenging economic environment and a strong shift to short-haul travel in that market.

Nine joint marketing agreements (JMAs) were signed, aimed at training, boosting sales, special offers and joint consumer-facing advertising. Through roadshows, more than 600 sales agents across France received training on how to sell South Africa. The sales of our JMA partners grew by an average of 10% as a result.

Highly competitive prices were obtained from trade partners to boost a deal-driven campaign in the last quarter that was supported by exciting window, plasma screen and online brand advertising in the trade.

Our relationships with the French tourism trade are stronger than ever. South African Tourism was present at both the TOP Resa and International Luxury Travel Market trade shows. Our stand at Top Resa had 11 exhibitors and attracted a record 1,000 visits, including one from the French Secretary of State in charge of tourism, Hervé Novelli, who commended South African Tourism on its innovative approach to marketing “such a beautiful destination” in a subsequent television interview.

We launched a business tourism guide in 2008 which was distributed to over 20,000 role-players in the industry. In the corporate and incentive arena we managed to directly generate more than 450 visitors. A new, aggressive strategy has been put in place for the associations industry and is expected to generate more growth in number of leads – nine were generated in 2008.

Our strong consumer campaign, on the internet and radio as well as in cinemas across France, continued to drive interest in South Africa by keeping the destination consistently visible throughout the year. We launched our first-ever giant billboard campaign, aimed at increasing the number of low-season visitors. It lasted for over two months, capturing the imaginations of consumers on the Paris highway and taking Brand South Africa to another level.

All in all, our consumer-focused actions reached 17 589 300 consumers this year.

Our “Belle Culture” project, aimed at increasing the content-rich information available on South Africa, resulted in the production of a cultural guide, which is now available in bookstores across France.

Thanks to aggressive and targeted public relations strategies, South Africa had a record presence on French television channels this year in qualitative documentaries and interviews covering the key drivers of our market: scenic beauty, safari and culture. We hosted television crews and media in South Africa, particularly in the less-visited provinces. Three TV channels broadcast coverage of Indaba 2008, our premier tourism trade show, including France 24, the 24-hour news channel.

Non-commercial media return on investment grew by 26% to just over R300-million.

We can expect a very challenging year ahead, however, and the priority is to consolidate our position in the French market and intensify efforts to defend our growth rate through innovative campaigns. Now, more than ever, we will have to stand out among the competition.



SA Tourism “bunny chow” activation at Top Resa

Germany

Fired up with Khaki Fever



Theresa Bay-Muller
Country Manager – Germany

The major challenge in the German market during 2008/09 was to increase positive awareness of South Africa among consumers to counterbalance the effect of a long period of negative reporting.

A reputation management programme was set up with key stakeholders, such as the South African Embassy in Berlin, the German Foreign Office, the German Ministry of Economic and Trade Co-Operation as well as agenda-setting media.

Germans visiting South Africa mainly want a unique wildlife experience. We sought to capitalise on this, but also highlight the variety of other experiences South Africa has to offer, such as lifestyle, cuisine and active outdoor activities, with a "Wildlife Plus" campaign. This entailed two consumer campaigns, the Khaki Fever Challenge and the Story Route.

The Khaki Fever Challenge was designed to market South Africa as the world's most desirable destination for active travellers, adding the 2010 FIFA World Cup™ to the many adventures on offer. Five teams, selected through an interactive campaign, travelled to South Africa on South African Airways in November 2008 to compete for the Khaki Fever Challenge trophy by taking part in a series of typically South African challenges.

Game ranger Hendrik Fehsenveld of &Beyond's Phinda reserve and winner of South African Tourism's Wildest Ranger competition was the face of the campaign and assisted the groups for the duration of the trip.

The iSimangaliso Wetland Park was the setting for a snorkelling photo competition. Phinda game reserve hosted a Big Five-country foot-safari challenge. KwaZulu-Natal's north coast dune wilderness was the scene for an Avis-sponsored 4x4 challenge. Local villages offered an opportunity to learn Zulu with school children and the untamed beaches of Kosi Bay provided a wonderfully varied and challenging beach triathlon course. The contestants also got to show off their skill at making Amarula cocktails in the bush.

The Khaki Fever Challenge website received over 85,000 unique visits and 5,670 competition entries. Our brand partners and a supporting TV crew helped select and film the 100 finalists from whom the five teams were chosen. The adventures of the five teams could be followed on the website.

The campaign attracted Meiers Weltreisen, iTravel.de, FTI and fly.de as trade partners and had a media value of more than €16-million.

The Story Route campaign marketed the myths, legends and history of South Africa, offering visitors an opportunity to engage with the people, become part of the destination and create their own South African story.

The Story Route themes were communicated broadly across various channels that included:

- a five-month co-operation with publishing house Aufbau Verlag, which publicised the Story Route widely through



Khaki Fever Challenge 2008



direct mail, inserted teasers in 300,000 carrier bags in bookstores, at the Frankfurt Bookfair and through reader evenings with key character, Deion Meyer;

- a 16-page supplement in ADAC Magazine, which entailed 950,000 copies;
- spots on national TV during Christmas peak time's ARD Fernsehenlotterie;
- dinner shows in five cities with our German storyteller, Klaus-Peter Hausberg, in association with trade partners Arabella Starwood Hotels and German tour operator Gebeco; and
- visual shows in 33 cities, reaching 200 to 300 people an evening, with partner tour operator Wikinger Reisen.

Gebeco also created a new section in its brochure for the Story Route.

The campaign had a media value of €1.8- million and a PR value of €7.3- million.

The main objective of our work in the tourism trade sector was to get agents excited about selling South Africa. We engaged in 10 joint marketing agreements with tour operators in 2008, which entailed joint advertising, press trips, direct mail, online marketing and point-of-sales activities to educate travel agents and to increase the visibility of South Africa in the travel trade. A total of 3,639 agents were trained.

Direct sales campaigns with key partners helped to drive sales and ensured visibility of South Africa on billboards, in national newspapers with advertorials and online. A highlight was the FVW Counter Trophy with Dertour, which linked in to the Khaki Fever Challenge, offering a trophy for counter agents. An associated print and online campaign ran in a leading travel trade magazine for three months.

To build our business tourism market we focused on promoting South Africa as a meetings destination for associations and corporates. We reached 7,000 delegates at the Psychology Conference in Berlin and we worked with Events Magazine and CIM, two leading business tourism publications, to ensure South Africa was constantly presented to the business tourism target audience in Germany.

Italy

Luxury, adventure and romance

Despite very promising results in the first half of 2008 – when visitors to South Africa increased by 7.8% from January to June – a slowdown in the second half of year meant arrivals rose by only 0,2% for the year overall – which translates into a total of 50,133 arrivals. This reflects the effects of the global economic recession, but the trend for South African Tourism in Italy remains positive on the whole.

A huge rise in visitor numbers of 27,1% in April was confirmation of Destination South Africa's popularity out of the peak summer season. Italians travelling in South Africa tend to be quite young: figures from 2008 show that 42,8% are between 25 and 34 years of age and 26,4% are aged 35 to 44. The percentage of independent travellers is growing as well. South Africa's natural attractions, its shopping and nightlife, as well as its hospitality, friendly people and good service are what attracts Italians to the country.

We invested in targeted marketing campaigns and activities on all levels (consumer, trade, and media) during this fiscal. For the trade sector, we hosted 28 Italian Fundi (expert) travel agents to South Africa in September. They were split into three groups, and went on three different itineraries: Adventure, Romance and Luxury/Lifestyle together with three journalists from major Italian trade magazines.

In October, we took part in TTG Incontri, Italy's most important business-to-business tourism fair, in the city of Rimini. It entailed three days of non-stop meetings, events and activities for South African Tourism and its 14 co-exhibitors. On the last day of the show, we started the "South Africa Roadshow" from Rimini to Rome and then to Milan. This was a completely new formula that turned out to be a great success, registering a total attendance of 263 travel agents in the three cities (80 in Rimini, 66 in Rome, 117 in Milan).

We hosted journalists to South Africa from a wide range of media, including lifestyle, design, gastronomy, sport, as well as travel and trade, during the course of the year.

In May, L'Agenzia di Viaggi and Travel Quotidiano, two Italian trade publications, attended the Indaba tourism trade show to see what was new in the South Africa's tourism offering.

In July, we hosted three press trips, one focussing on wine and food, another on lifestyle, and the third on sports. A journalist and a photographer from Vogue Italia visited Cape Town and the winelands and seven Italian sport journalists came to focus on the 2010 FIFA World Cup™. The trips resulted in good TV and magazine coverage.



Lance Littlefield
Country Manager – Italy



South African Tourism Roadshow in Milan

In August, we organised a trip focussing on golf and luxury and invited a photographer from a nature/gardening magazine to see the wild flowers in Namaqualand. In September Maurizio Di Maggio of RadioMontecarlo, who is well known for his programmes on tourism and travel, was hosted on a trip along the Garden Route and to the Western Cape. In November, two journalists from eminent Italian magazines, AD – Architectural Digest and Panorama First, travelled on an itinerary full of examples of South African design and architecture. A television crew from Oltremoda, a Sunday show broadcast on Raiuno, the main Italian public channel, filmed some of Cape Town's most fashionable clubs and trendy spots for young people.

Our new advertising campaign appeared in some of the most popular Italian magazines in June 2008. Pictures of South Africa's most beautiful spots were published in Corriere della Sera Magazine, Il Mondo, Panorama, Economy, Grazia, L'Espresso, D – La Repubblica delle Donne and Il Venerdì. South Africa was also promoted in a series of spots on RadioMonteCarlo.

We launched our storytelling campaign, based on the South African travel stories of ordinary people. During the year, we hosted 16 people who travelled all over the country, on ad-hoc itineraries inspired by the three themes, Luxury/Lifestyle, Adventure and Romance. Their diaries and the pictures and videos shot during their trips by professional cameramen were collected on a website, launched in February 2009, and became part of an outdoor advertising campaign called "Hai sentito che?" (Have you heard?). A series of maxi-posters of the pictures were put up in Milan's metro stations in February.

And during BIT, the most important tourism fair in Italy in February 2009, the 16 storytellers were at the South Africa stand to offer visitors information and advice on a holiday in South Africa and to share their personal experiences.

A Facebook group, "Sudafrica fai da te" (South Africa – Do it yourself!), was created to allow users to plan and arrange their trips to South Africa on their own with the help of a number of useful links.



Netherlands

The ultimate adventure



Annemarie Ferns
Country Manager – Netherlands

The global economic climate may have put the brakes on visitor numbers, but exciting marketing campaigns have ensured that Destination South Africa still features strongly in the minds of consumers in the Netherlands.

We launched a very successful storytelling competition called “The Ride of Your Life”, in a strategic partnership with Metro, a free daily newspaper with 2-million Dutch readers. Teams could register and create their ultimate South African adventure using movie clips, available on the website, and a short story. The best 50 teams were selected from 1,500 entrants, and they had to campaign for votes via social networks, sport clubs, universities, colleagues and Metro readers. More than 65,000 people voted. Two winning teams went on a three-week South African adventure holiday. They blogged about their adventures every 24 hours on Hyves, a social networking site with 7-million members, and they featured in a daily column in Metro. Tour operator Kras.nl developed a new product offering especially for the campaign.

National Geographic’s TV series “The Long Way Down”, which documented actor Ewan McGregor’s motorbike trip from Scotland to South Africa, was a great opportunity to promote South Africa. Dutch journalists and a competition prize-winner joined the trip, reporting live on his adventures on a popular radio station. An SMS competition offered two tickets to South Africa as a prize.

Other campaigns included a promotion with tour operator OAD aimed at our older target audience and an online campaign with two travel websites, which added 100,000 email addresses to our database. We also launched a two-week storytelling campaign with two radio stations using “unforgettable stories” from South Africa as a trigger to get people to visit the campaign website to win their own unique “South African Story”. More than 7,500 listeners participated.

We hosted journalists, TV crews and photographers to South Africa. On one press trip a freelance photographer interviewed the grandson of Nelson Mandela, which resulted in a special in a major newspaper; a 12-page special was featured in a leading travel magazine; and a 2010 FIFA World Cup™ special was published in a popular lifestyle magazine. The total media value from that one visit exceeded R1.3-million.

With high-end lifestyle magazine Living, we negotiated a 12-page special on Kwazulu-Natal with Dutch artist Wende Snijders as the storyteller. This had a media value of more than R1.2-million. A special on Cape Town will be published in 2009.

South Africa featured in one of the most talked about Dutch TV series, Expedition Unlimited. For one month, five models competed to be the first to cross South Africa, completing a number of tasks on the way. The resulting 10-episode reality programme was broadcast during prime time between November and January and represented a media value of over R64-million.

In the trade sector, six joint marketing agreements were signed this fiscal.



Mega Trade Familiarisation Trip – Lake Shiluvuri River Safari in Limpopo



Dutch tour operators whale-watching in South Africa

In May and June, 60 travel agents flew to South Africa for the Mega Trade Familiarisation Trip. They were divided into groups and those travelling through the Western Cape and KwaZulu-Natal self-drove, which is the way many of their clients travel. Other groups travelled off the beaten parts from Cape Town to Upington and through Limpopo province.

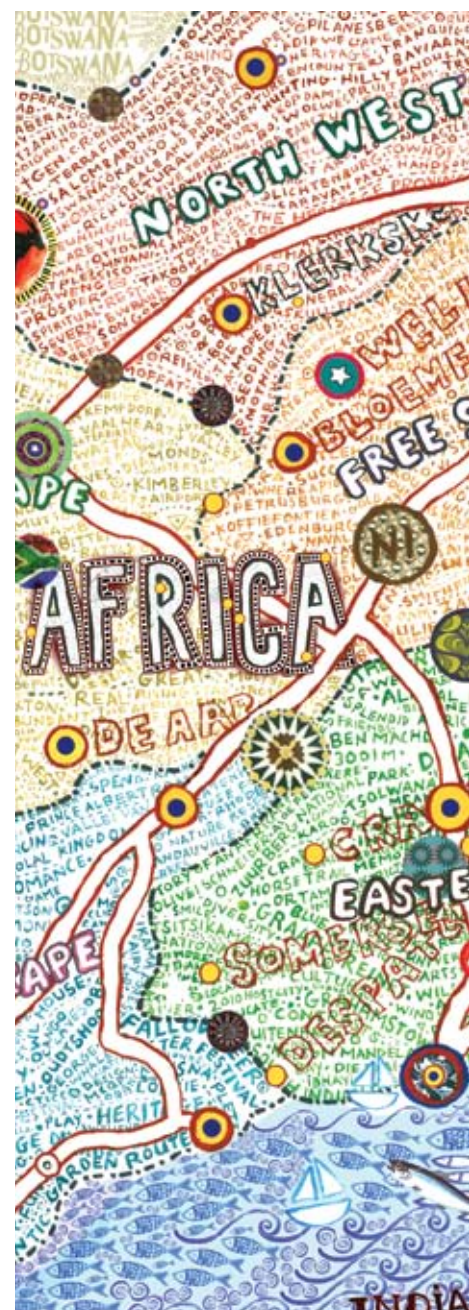
A special South Africa CEO Challenge was initiated by trade magazine Reisrevue, which allowed us to showcase South Africa to 10 top Dutch tour operators. The seven-day programme started with a three-day conference and included a visit to Cape Town. It was such a success that it will become an annual event.

After the annual Vakantiebeurs consumer show in Utrecht, we organised a two-day workshop so South African exhibitors could interact with the Dutch trade. Special round table sessions were also held. Eighty trade representatives attended the workshop, plus 1,100 trade employees were trained through joint workshops and another 450 were trained online.

Our online business tourism campaign started in May and will continue till after Meetings Africa 2009. Emails rich in content and images were sent to all International Congress and Convention Association members in the Netherlands and Belgium, among others.

In conjunction with the South African-Netherlands Chamber of Commerce (SANEC) we took 49 decision makers from 39 Dutch companies on a trade mission to South Africa to investigate opportunities for the World Cup in 2010. We also hosted a successful 2010 business tourism lunch in October at the Hilton hotel in Amsterdam.

It was attended by more than 160 delegates and featured inspirational presentations, including one by the Minister of Environmental Affairs and Tourism, Marthinus van Schalkwyk. The message was clear; the World Cup will have a major impact on tourism and business in South Africa, in 2010 and far beyond.



UK and Americas Portfolio Overview

Tough economic conditions made 2008/09 a challenging year for the United Kingdom and Americas region but, by sticking to our disciplines and plans, we managed to achieve a growth of 1%. The total portfolio recorded 865,157 passenger arrivals, which was an achievement in itself, and the value extracted from passengers from the UK and Americas was positive.

Because of its long historical relationship with South Africa, the UK remains our number-one source of long-haul tourists. Arrivals from the UK totalled 485,166, a decline of 2.5% on 2008, but a strong performance from the US from January to July 2008 of 287,438 arrivals resulted in a 3.8% growth in that market over the previous year.

Our marketing programmes across the UK and US comprised word-of-mouth (WOM) consumer campaigns which focused on our core consumer segments and were based on the global campaign of storytelling. Within the travel market, WOM accounts for 80% of the reasons for travel to a destination. Our campaign involved bringing travel agents, consumers and celebrities to South Africa to experience its wonders. We then provided these individuals with various platforms and tools to tell their South Africa stories and share their experiences with a wider audience.

Our trade campaigns focused on training travel agents within the region. About 1,000 agents graduated from the Fundi programme. A major coup for the US was achieved when the American Association of Travel Agents hosted its annual conference in South Africa in March 2009. A total of 450 American agents attended the conference, experiencing and learning about the destination during their stay.

The new additions to the South African Tourism family brought a wealth of experience. The UK team was strengthened by the addition of Ntsiki Mpulo as marketing and communication manager and Donna Abberley as business tourism manager. Virginia Dioniso was appointed trade relations manager in the United States and Maya George joined the US team as finance manager.

The 2009/10 financial year will see us intensify our focus to ensure we consistently increase our arrivals from the UK and Americas. Our marketing programmes will continue to drive WOM and the 2010 FIFA World Cup™ will feature prominently in our communication programmes because it gives us a unique opportunity to showcase South Africa as a world-class destination.





UK

Serving up a feast



Lebo Mokhesi
Country Manager - UK

The central promotional theme running through both our trade and consumer activities for the 2008/09 fiscal was “My South African Feast”. We used South Africa’s unique food and wine attributes to highlight the “feast” of experiences that awaits visitors.

The campaign targeted both the younger and older consumer segments, enticing them to visit South Africa to stimulate their senses and experience something memorable.

We used a mix of media to drive consumer awareness but online activities were predominant. “My South African Feast” kicked off with a partnership with the Telegraph, one of the leading British daily newspapers. We created a “My South African Feast” microsite linked to the Telegraph website that had a food section, which included videos, recipes and an introductory article; a travel section, which included suggested itineraries; and a Hoxton Apprentice section. We formed a partnership with Hoxton Apprentice, a trendy east London eatery and social enterprise, and some of its staff were hosted on a food and wine tour of South Africa. The Hoxton section of the website included profiles and details of the Hoxton project plus video footage filmed while the apprentices were in South Africa.

The website recorded 94 million ad impressions, 138,738 page views, 77,484 unique users and 15,171 competition entries.

Feast-themed microsites were also developed with Lonely Planet, Facebook, and celebrity chef Delia Smith’s website. Each site offered food and wine-related content, and competitions on the Delia and Lonely Planet sites received record entry levels. The “My South Africa” page on Facebook generated nearly 1,138 fans and the fan base is expected to grow virally because the site automatically post links to members’ profiles, encouraging their friends to become members.

The partnership with Hoxton Apprentice was launched formally in July 2008 with an evening event at the eatery attended by nearly 200 people, including 26 members of the media.

In August, a group of journalists and staff from Hoxton Apprentice toured South Africa to discover its food and wine. This was a unique opportunity for them to experience a cuisine and culture different to their own and allowed them to learn to work with traditional South African ingredients. During the trip, the apprentices worked at Prue Leith’s Chefs Academy near Pretoria. Leith is one of the patrons of Hoxton Apprentice.

The apprentices translated their experiences on the trip into a menu of South African delights for a series of special, invitation-only events at Hoxton Apprentice during the first week of September 2008, organised in conjunction with Conde Nast Traveller and Wanderlust magazines and attended by 500 guests.

To kick off the trade campaign, we developed a new interactive microsite in conjunction with leading trade title Travel Weekly to act as an online resource to help agents’ better sell South Africa.



Winner of 2008 South Africa Ubuntu Awards



Jo'burg cooking interaction, UK familiarisation trip

The site was promoted via the Travel Weekly website, and Gazetteers (a part of the TW site which acts as a point-of-sale tool) encouraged agents to click through to download podcasts on South Africa created by Travel Weekly correspondent and columnist Simon Calder, and thus learn more about each of the nine provinces. The site had 89,000 ad impressions and 118 trips to South Africa were booked. Itinerary information from our annual travel agents familiarisation trip to South Africa was also posted on the website.

In May, 180 UK travel agents got to experience the best South Africa has to offer on our annual familiarisation trip. A combination of front-line agents from both large tour operators and independent travel agents across the UK came on the trip. British Airways provided the flights and highlighted the fantastic service on offer. Film footage and blogs written by the agents during the course of the trip were uploaded onto the site and formed part of a post-trip promotion that helped bring to life the agents' experiences of South Africa.

Tailor-made training sessions were provided for key industry partners throughout the year in partnership with TIPTO (an independent tour operators association) and the Southern Africa Travel Organisers Association (SATO). These sessions and pre-World Travel Market workshops were used by South African Tourism to interact face-to-face basis with over 1,800 agents.

South African Tourism, and its South African industry partners, once again had a strong presence at the World Travel Market in 2008. We used the show to launch the South Africa Ubuntu Award, which recognises innovation and vision in marketing South Africa as a destination. The award will set a standard for the travel industry, with a £25,000 prize for the most innovative marketing proposal for promoting South Africa as a leisure destination during the first quarter of 2009 – the peak booking month.

US

Riding a wave of popularity

2008 was a year of change in the United States, both economically and politically. But, despite the economic recession and reduced consumer confidence, tourist arrivals to South Africa remained in positive territory thanks to strong growth in the first six months of 2008.

Interest in South Africa as host of the 2010 FIFA World Cup™ increased and consumer, trade and media enquiries grew in anticipation of the event. Accolades from the tourism trade and the consumer press - for the destination and its properties - kept accumulating in 2008, an indication that positive awareness of South Africa is steadily growing in this market.

We maintained a strong brand presence in the travel media in 2008/09. We also launched two specific word-of-mouth (WOM) consumer campaigns focused on our two key segments and based on the global idea of storytelling.

In partnership with National Geographic Adventure magazine, we hosted the National Geographic Adventurer of the Year, Andrew Skurka, on an adventure trip through South Africa. Andrew's story and blog was the first step in this multi-phased "Adventurers Wanted" campaign. Our dynamic new campaign website invited consumers to follow Andrew's adventure by watching his youtube videos and reading his blogs.

It also invited consumers to enter a competition by sharing their best adventure stories. This campaign culminated at the third annual Adventurer of the Year event, where Andrew, our storyteller, told an audience of world-class adventurers about the wonders of South Africa.

Targeting older, more affluent, "pampered luxury"-seeking travellers, we partnered with South Africa's Colin Cowie and celebrity chef Rocco diSpirito to showcase the country's hospitality through a campaign called "Food, Wine and South African Tales". Cowie's culinary tour was turned into an online blog, video and photo promotion of what South Africa has to offer. The campaign was also promoted at events such as the Los Angeles Times Festival of Books, where Reuben Riffel and storyteller Kenny Nkosi entertained the crowds showcasing South African food. Later in the year, the New York Times Taste of T, an annual design and food event, provided us with a platform to interact with the perfect target audience for this campaign.

Through our media campaigns, hosted trips and strong media relations, South Africa saw exceptional media coverage in 2008/09. Outlets included blogs, magazines, newspapers, trade media and online, in publications such as Food and Wine, Travel and Leisure, National Geographic Adventurer and the New York Times. South Africa also featured strongly on a number of "best-of lists" and the accolades included cities such as Cape Town as well as hotels and lodges. Other prominent features included CBS's The Early Show, where South Africa featured as part of the Destinations Unknown series, CNN's Planet in Peril, where Anderson Cooper went swimming with great white sharks, as well as NBC, where teams from South Africa competed in the Superstars of Dance competition..



Sthuthukile Zungu
Country Manager – US



Hollywood actor, Danny Glover, at 2008 ASTA International Destination Expo

The coverage received in the travel trade media was also notable. The accolades received included South Africa being chosen once again by Recommend readers as the Best-selling Destination in Africa, as well as the Sexiest Honeymoon/Romance Destination.

As the hosts for the American Society of Travel Agents (ASTA) International Destination Expo at Sun City in March 2009, trade activities were mostly focused on promoting the event and encouraging agents to come and experience South Africa.

During the 2008 ASTA International Destination Expo in Lyon, France, we introduced 600 delegates to the wonders of South Africa and all it has to offer their clients, encouraging them to register for the conference in South Africa. We hosted an evening of entertainment and a celebrity guest appearance by Hollywood actor and South Africa devotee, Danny Glover, who spoke of his long association with the country and his love for it.

We relaunched the Fundi programme through the Travel Agent Academy in the US and our efforts paid off – to date we have 1,057 Fundi registrations and 404 graduates.

Other trade activities in the market included the Virtuoso Travel Mart in August, the ASTA Trade Show in September, the American Express National Retail Conference in October, the Luxury Travel Expo and the United States Tour Operators Association (USTOA) conference as well as the Signature Conference in December.

South Africa's status as an incentive and business tourism destination received a major boost in 2008 with the decision of the Society of Incentive Travel Executives (SITE) to hold its 2010 international conference in Cape Town. SITE has more than 2,100 members in 87 countries and an estimated 400 incentive professionals will attend the Cape Town conference.

IT&ME (the Incentive Travel and Meeting Executives Show), also known as The Motivation Show, is considered the world's largest incentive show with approximately 7,500 buyers and over 1,900 product and service provider exhibiting. We hosted 14 South African partners at our booth during the 2008 show.

The association market was targeted through the American Society of Association Executives where South Africa Tourism met 28 associations considering South Africa for future programmes, some of whom were invited to participate in the Meetings Africa Hosted Buyers Programme. At this annual regional exposition attended by 2,500 association professionals, our stand generated five leads representing a spend of approximately \$4.1 million.

For Meetings Africa the US market hosted 11 buyers and media representatives and will continue to grow its presence in future years. Most of these buyers already had programmes they were considering hosting in South Africa.

South Africa enjoys a great amount of goodwill in the United States and, despite the economic downturn, we will continue to strengthen this equity, focusing our efforts on further growing arrivals from this important market.





Didi Moyle
Chief Operating Officer

Operations Report

The business units that fall under operations are the machines that designed to drive the machinery of marketing forward. While Finance provides the oil, all operational units main business objective is to give the day-to-day support that allows SA Tourism to develop into a world-class marketing organistaion.

Administration

The administration department was involved in the renovation of the head office of South African Tourism to make space for new departments, such as the events department, as well as cater for future growth.

The first phase of the project involved the relocation of the server room from the first floor to the basement so that a new, state-of-the-art server room with added capacity could be built and space created in the marketing wing to house the events department as well as many of the support units in the other wing. The second phase moved the boardrooms and meeting rooms to the ground floor as the "public" area of the building as well as eliminate the security problems of controlled access to limited areas of the building.

The end result of the renovations process was that the space challenge was solved and colourful screens and wallpaper depicting the country's popular holiday resorts and tourism attractions were installed.

The day-to-day services the department provides are divided into "hard" and "soft" services. Hard services include such things as ensuring that a building's electrical supply is operating efficiently, reliably, safely and legally. Soft services include ensuring that the building is cleaned properly and regularly, and monitoring the performance of contractors (such as builders and electricians). The department also manages outside contractors for landscaping, security guards and the canteen.

Human Resources

South African Tourism acknowledges that human capital is the most valuable asset in the organisation and thus it invests in its people. In fact, growing and nurturing our people is strategy three in our 2008-2010 vision strategic plan.

Controlling turnover is a critical issue and SAT has set a target of 5% turnover of marketing staff as they have the skills with our core business.

One of the company's business strategies is to improve the retention of marketing staff (ie 5% turnover). The figures for 2008/09 are:

Exits:

- **Marketing:** 8 people (5,2%) resigned plus 4 contract terminations in 2008 vs. 7 (4.55%) in 2007
- **Non-Marketing:** 6 people (3,9%) resigned in 2008 vs. 8 (5.19%) in 2007

New Hires

- **Marketing:** 6 (46%) in this period vs. 20 (50%) in 2007
- **Non-Marketing:** 7 (54%) in this period vs. 12 (50%) in 2007

Motions/Transfers

- **Marketing:** 5 (56%) in this period vs. 4 (67%) in 2007

Period	New appointments	Exits	Internal transfers and promotions
April 2008 – March 2009	15	18	9
April 2007 – March 2008	22	19	9
April 2006 – March 2007	46	29	9 (5 transfers)

- **Non-Marketing:** 4 (44%) in this period vs. 2 (33%) in 2007

TGCSA and TECSA joined the SAT during 2008/09. The staff complement at the TGCSA started at 11 and is now 16. Their turnover was 46%. In TECSA, which has five posts, there has been an 80% turnover of staff since they joined us at the start of 2008.

South African Tourism believes in human potential and seeks to recognise talent and skill in our workforce. Succession planning is an important part of this. In the first phase, key and critical positions are identified. In the second phase a competency database is created. This enables management to assess the skills of the people who have been identified as “high flyers” and determine what skills they need to move into more senior positions. The aim is to bridge the skills gap, provide appropriate training for those people and, as a result, keep them as staff members.

Besides offering training and bursaries, a training committee has been established to ensure that training is targeted according to a staff member's specific role and is able to close an identified skills gap. A template for an Individual Developmental Plan has been created and this will enable line managers to clearly track changes and ensure that their staff members are trained accordingly.

Our annual “Marketing the SAT Way” programme has two courses – one for junior and non-marketing staff, the other for senior marketing staff. This programme has fostered a greater understanding among staff members of their contribution to the marketing team, specifically among the non-marketing staff.

We developed an induction programme based on the organisation's values. South African Tourism recognises that values form an integral foundation stone on which we build the organisation and distinguishes it in terms of how we execute our tasks. The programme has been rolled out at Head Office and the intention is to roll it out at our country offices. The thrust of the programme is to ensure that when new employees come on board, they move smoothly into their new jobs. The revamped programme is for both new and old employees of South African Tourism. The inclusion of old staff members ensures that everyone is on board and has the same understanding of how things are done in our organisation.

To fulfill its mandate to create employment opportunities, the organisation launched an internship programme, which has been a great success. During 2008/09, South African Tourism had four interns in the one-year programme. It is our commitment to have interns on an annual basis to equip them with skills that would make them readily marketable.



1. Table A: Staff on the move

Patterson band	F	E	D	C	B	A	Intl Office	TGCSA	TECSA	Interns	Total
Staff compliment as at 31 March 2008	4	7	41	22	24	2	38	10	5	4	157
Position amendment*	-	-	3	-	1	-	-	-	-	-	4
Internal promotions in	-	-	2	1	1	-	-	-	-	-	4
New appointment	-	2	4	1	-	-	4	3	2	-	16
Internal promotions out	-	-	-	-	-	-	-	-	-	-	-
Resignations	-	2	6	2	1	-	4	3	2	-	20
Retirements	-	-	-	-	-	-	-	-	-	-	-
Dismissals	-	-	-	-	-	-	-	-	-	-	-
Staff compliment as at 31 March 2009	4	7	38	2	23	2	38	10	5	4	153

* 3 positions frozen (Researcher – never replaced, Mkt Ass: Domestic and Project Manager – frozen)

* 1 position collapsed into one CM: Southern Africa

2. Table B: Staff members as at 31 March 2009

Patterson band	F	E	D	C	B	A	Intl Office	TGCSA	TECSA	Total
Black male	1	1	6	3	8	-	4	1	1	25
Black female	-	2	14	11	11	2	-	3	3	46
Indian male	-	1	2	-	1	-	2	1	-	7
Indian female	1	-	4	1	-	-	2	1	-	9
Coloured male	-	-	1	-	-	-	-	-	-	1
Coloured female	-	1	2	2	-	-	2	1	-	8
White male	1	1	4	1	-	-	10	-	-	17
White female	1	2	5	7	-	-	24	1	-	40
Total staff compliment as at 31 March 2009	4	8	38	25	20	2	44	8	4	153

3. Table C: Staff members per Business Unit as at 31 March 2009

Patterson band	F	E	D	C	B	A	Intl Office	TGCSA	TECSA	Total
African & Domestic Portfolio	-	1	7	1	-	-	-	-	-	9
Americas & UK Portfolio	-	1	3	-	-	-	17	-	-	21
Europe Portfolio	-	1	5	-	-	-	19	-	-	25
Asia Portfolio	-	1	3	-	1	-	8	-	-	13
Centre of Excellence (including Brand Management, Channel Management, Executive Project Management, E-Business, Business Tourism & PR & Comms)	-	4	12	9	3	-	-	-	-	28
TECSA	-	-	-	-	-	-	-	-	4	4
Grading Council	-	-	-	-	-	-	-	8	-	8
Research	-	-	2	2	-	-	-	-	-	4
Office of the CEO/COO (including Internal Audit, Stakeholder Management, Legal, IT, HR & Admin)	3	-	3	9	7	2	-	-	-	24
Finance (including Supply Chain Management & ISO)	1	-	3	4	9	-	-	-	-	17
Total staff compliment as at 31 March 2009	4	8	38	25	20	2	44	8	4	153



Legal & Intellectual Property Management

The legal department ensures that South African Tourism effectively complies with statutory and regulatory requirements and conducts its affairs in line with legislation. It caters for any potential risks that may be associated with both local and cross-border transactions, and advises on ways to minimise or remove those risks. It ensures that in terms of all intellectual property matters, we comply with both the Intellectual Property Act and the Trade Mark Act so that we protect and are protected by intellectual property rights and recourse.

The department's legal responsibilities are:

- To provide legal advice and draft legal opinions;
- To review and draft local and international agreements;
- To managing the litigation process from start to finish by instructing outsourced attorneys on the way forward in specific matters;
- To liaise with attorneys and counsel on behalf of South African Tourism regarding litigation and intellectual-property related matters;
- To advise on new developments in the law applicable to South African Tourism's business; and
- To manage the registration process of South African Tourism's intellectual property by instructing outsourced attorneys and monitoring processes.

South African Tourism enters into commercial agreements with a multitude of service providers worldwide, so it is imperative that we have the legal acumen to negotiate agreements that will protect our interests and reduce our risk globally.

We believe that, with the guidance of attorneys who have specialised in intellectual property globally, registration of our intellectual property within the relevant classes will be executed precisely.

Information Technology

The realisation that information technology is back bone of South African Tourism's core business, marketing, has led to much debate on what we should and should not be focusing on. Without an informed IT department, SA Tourism will able to deliver its business strategy and it was this thinking that led the organisation to rethink of "techie" culture of information technology to a more rather information management system.

IT enables our internal processes and management systems and it is a means to communicate cost-effectively with millions of people across our key markets. But, the processes and platforms need to be in place and operating efficiently. The global trend is to bring in the best service providers to manage these and have stringent service level agreements in place to manage expectations, policies, procedures and performance properly.

We are going through a period of consolidation, analysis and stabilisation, while at the same time keeping operations functional. Our priority now is defining the needs, gaps and potential suppliers that can meet our stringent criteria.

We expect to have a set of carefully selected, focused and well-managed external service providers in place soon to manage and service our needs off-site.

Finance Report

The provision of real-time accurate financial information and support for operations are core drivers for the finance unit.

Finance

Compliance and reporting

We are fully compliant with the SA GAAP, and we have implemented the Generally Recognised Reporting Standards (GRAP), as per National Treasury requirements, the Public Finance Management Act (PFMA), and Treasury and Reserve Bank regulations. We have also been improving our accounting system and Oracle finance system to ensure that they continue to record financial and performance information efficiently and accurately.

As a result, South African Tourism obtained exceptional internal and external audit results.

The global economic crisis brought with it a number of challenges for South African Tourism.

Throughout the 2008/09 financial year, the rand depreciated against all major currencies, which meant we had less resources to fund our operations overseas. Regular monitoring of financial performance became one of the major focus areas for management, project managers and staff. The finance unit provided regular reports and advice to ensure that we saved costs as much as possible and did not exceed fixed budgets – without compromising our marketing activities.

Training and people

The finance unit has embraced the organisational strategy of retaining its best employees and to develop and recognise their performance on an ongoing basis. In addition to the performance management system and bursary scheme that the organisation has in place, finance staff members are encouraged to attend short refresher courses and seminars to ensure they keep up to date with issues and risks in their areas of responsibility.

The annual finance lekgotla, attended by all finance and internal audit staff members, is a platform created to specifically address the policies, procedures and challenges faced by the organisation and to formulate the best possible ways of resolving them. Finance employees with consistent quality output during the financial year are also rewarded with “Finance Oscars” during the event.

Supply Chain Management

Supply Chain Management works behind the scenes to support South African Tourism in its marketing activities. Its job is to make sure that challenges related to logistics and procurement have appropriate and practical solutions.

It also ensures that everything moves as smoothly as possible by co-ordinating and collaborating with stakeholders, partners, service providers and customers to integrate supply and demand within and across the organisation.

Logistics

Our key successes in the logistics and transportation area have been thanks in great part to our partnerships with logistics solutions companies locally and abroad.



Johan van der Walt
Chief Financial Officer

South African Tourism collateral is warehoused by Skynet Worldwide Express locally, serving the domestic and African markets. The corporation also has four strategic warehouses across the globe: in Phoenix, Arizona (United States), Frankfurt (Germany), Mumbai (India) and Sydney (Australia). The Mumbai warehouse is managed by the India office. The logistics in the US and Germany are managed by Infox, and Australia is managed by Tiffs.

Call Centre

Logistic solutions are in place to support the Call Centre in South Africa as well as events rolled out globally by South African Tourism. When a consumer call is logged at the Call Centre in South Africa, appropriate collateral is determined according to the consumer's needs. The order is sent electronically to a suitable warehouse where it is then picked, packed and distributed to the consumer, arriving at their convenience. The system has proved highly successful.

Events Management

One of the aims of the logistics division is to offer the kind of exceptional support that ensures that all South African Tourism's marketing campaigns are successful.

This means all the relevant collateral must be picked, packed and dispatched on time. Customs clearance must be managed in accordance with country-specific laws and it is imperative that we have full control over shipments at any given time.

Travel Management

American Express Travel Services provides travel management services to South African Tourism. Quarterly travel plans have been introduced to increase the

organisation's buying power, support cost-cutting measures and increase control over spending.

Procurement

The procurement module of the Oracle Special Addition financial solution is being used to track South African Tourism's total obligations and commitments at any given time. This makes budgetary control "real-time" and accurate. It also reduces the turnaround period between the time of sourcing quotations and getting purchase orders approved.

ISO Quality Management

South African Tourism develops all its support services, policies and procedures in line with ISO 9001 standards. The ISO 9001 certified quality management system is the most widely known and respected model for good business practice and is used as the benchmark across the world.

The main idea is to align everyday work with quality policies and process that provide goals and targets that are measured, as well as accountable – all driven by continual improvement and consistent processes.

Internal Audit

During the 2008/2009 financial year, the South African Tourism internal audit unit continued to achieve great success.

During the year the internal audit unit identified and reported internal control matters that could be improved. It worked closely with management to identify and manage business risks on an ongoing basis to ensure that South African Tourism complied with relevant laws and regulations.

The unit had close links with the office of the Auditor-General so as to comply with the International Standards for the Professional Practice of Internal Auditing and to ensure that internal audit work was not duplicated.

To ensure continuous professional development, our senior internal auditor attended a four-day conference in San Francisco hosted by the Institute of Internal Auditors.



*Head Office Finance employee for 2008/09:
Winner – Pariksha Gobrie*



*Head Office Finance employee for 2008/09:
Runner-up – Bongani Sithole*



*International Office Finance employee for 2008/09:
Winner – Werner Maul-Pfeifer*



*International Office Finance employee for 2008/09:
Runner-up – Ali Basrai*

"Finance Oscar" winners

Strategic Research Unit



Bashni Muthaya
Research Manager

The Strategic Research Unit's main focus this year was on improving our knowledge of tourism in South Africa and refining our understanding of our target consumers in order to inform brand-building activities.

We began a project to help us understand what we need to do in our core markets to build a consistent brand. Using a number of quantitative techniques, a framework was developed to enable us to set targets for brand-building activities and evaluate marketing activity.

Using innovative online techniques, we tested the appeal of a set of images among our target consumers in our core markets. We were able to quantitatively evaluate images and advertisements to understand their appeal in the target audience. This was a first for South African Tourism and the results of the study were used to inform the selection of images for marketing campaigns around the world.

We increased the coverage of the departure survey from 42,000 in 2007/08 to 44,400 in 2008/09. The survey is our only source of data on the foreign tourism market and is the bedrock of our knowledge base. It is used to improve our understanding of the tourists who visit our country and track their behaviour over time. The quarterly and annual reports of foreign tourism to South Africa are key sources of information for stakeholders in the public and private sectors. The departure survey is also used in the development of the Tourism Satellite Account for South Africa.

This year was an important one for consolidating the years of work spent developing the Tourism Satellite Account and our understanding of the role tourism plays in the South African economy. We released an updated report estimating the contribution of tourism to the economy. The model that was developed to analyse tourism demand on each sector of the economy was updated with the latest available annual data and was released as part of an annual media event to announce the performance of tourism.

The Brand Tracking Survey, now firmly entrenched in the routine operations of the SRU, continues to be an important tool for helping us understand the tourism marketing opportunities and challenges we face in our focus markets.

We continued to focus on the collection of quality data on the domestic travel patterns of South Africans. The domestic tourism survey entered its third consecutive year based on improved systems and methodologies. We used qualitative research techniques to gain insight into the role of travel in our target consumers' lives and the key drivers and barriers to them taking domestic holidays, among others. The knowledge gained was used to inform a marketing communication campaign targeted at the Young and Upcoming segment in the domestic market.

We continued to maintain MarketSource, an information management tool on the South African Tourism intranet to enable more effective, data-driven decision-making. We also updated the marketing reference booklets on Italy and South Africa as part of our focus on information dissemination. But the research website continued to be the primary point of access to the research reports of the SRU.

Tourism Grading Council of South Africa

The Tourism Grading Council of South Africa (TGCSA) kickstarted 2008/2009 with a comprehensive review of its operations. KPMG did the study and made a number of recommendations - which we have already begun to implement - that will ensure South African Tourism is an international leader in tourism quality management.

The TGCSA's most critical achievement was the signing of a formal service provider agreement (SPA) with our grading assessors, who are self-employed entrepreneurs. For the first time, the TGCSA will be able to measure assessor performance, which will influence their annual accreditation.

The KPMG review found that the criteria used to grade tourism accommodation establishments needed to be brought in line with international practice. Consequently, an extensive online survey was conducted during the latter part of the year. The results are awaited.

A professional training service provider was appointed this fiscal, which will deliver internationally benchmarked assessment training for all our grading assessors. A tertiary institution will certify this training.

The TGCSA Advisory Board approved the creation of new positions for provincial master assessors. These assessors will be based in the provinces and will represent the TGCSA at the grassroots level and ensure that graded establishments have easy access to the TGCSA and an improved turnaround time on enquiries.

We launched a new, more user-friendly website, www.tourismgrading.co.za, which has a better content format for establishments and a world-class search engine with an interactive map that tourists can use to search for accommodation.

The Annual Accommodation Guide has been given a makeover and a new name, The Star Guide. It is the official tourism accommodation guide in South Africa and will be launched at the Indaba in May 2009.

The Department of Environmental Affairs and Tourism confirmed funding of R11-million for the new financial year starting 1 April 2009, almost double the previous year's amount. In addition, over R600,000 was received from various provinces during this financial year to fund the grading of establishments in those provinces. It is envisaged that this support will be even bigger in the new financial year.



Thembi Kunene
Chief Executive Officer
TGCSA

Tourism Empowerment Council of South Africa



Beulah Mosupye
Chief Executive Officer
TECSA

The tourism sector has continued to grow, with arrivals figures touching the 9.5-million mark. This is very encouraging for the transformation of the sector because it means new entrants to the market will be able to share a bigger cake and will not shrink the wealth for current players.

Small, medium and micro-enterprises (SMMEs) make up the majority of the stakeholders in tourism and the Tourism Empowerment Council campaigns to build awareness and popularise the Tourism Charter among these businesses.

In the past year, significant moves towards transforming the sector were seen when City Lodge concluded a major ownership deal based on broad-based black economic empowerment (BBBEE) requirements, and Tourvest became a black-owned tour operator with the Guma Consortium as the majority shareholder at 51%. But more has to be done to ensure that beneficiaries of BBBEE policy participate meaningfully.

Tourism sector codes

The tourism sector code was gazetted for comment by industry in June 2008 as part of the process of making it a legal status equivalent to the Codes of Good Practice.

The review process has been concluded by the department of trade and industry (dti) and recommendations have been made to the minister who will sign the tourism code into law under section 9 of the BB-BEE Act 53 of 2003.

Once this is done, TECSA will call on industry to report their compliance levels annually for the 10-year period the Act will be in place. The minister of trade and industry will have the authority to review the scorecard based on the annual trends picked up from the reporting.

Advisory council

TECSA has achieved major milestones under the guidance of the Advisory Council whose three-year term came to an end in December 2008. Among the council's list of achievements the following are the most notable:

- The institutionalisation of TECSA
- The commissioning of a baseline study
- Being gazetted as a section 12
- The commissioning of a finance and advisory services study
- Reporting annually to industry through the Tourism BEE conference
- Developing and launching a recognition framework
- Developing and launching support tools, including:
 - A self-assessment tool
 - A black talent database
 - An SMME database
 - A CSI database.

Strategic partnerships

TECSA developed strategic partnerships with organised business and labour, to ensure support towards:

- Communicating and popularising BBBEE in Tourism

- Providing practical implementation support to the private sector, and beneficiaries of transformation
- Monitoring implementation and reporting on progress
- Setting up the capacity, systems and processes for verification
- Providing incentives to recognise contributors
- Facilitating mechanisms to fast-track BEE
- Advising the minister on related BEE legislation.

TECSA has partnered with the following organisations:

- Federation of Unions of South Africa (FEDUSA)
- Association of South African Travel Agents (ASATA)
- Federated Hospitality Association of Southern Africa (FEDHASA National)
- Federated Hospitality Association of Southern Africa (FEDHASA Inland Region)
- Federated Hospitality Association of Southern Africa (FEDHASA Cape Region)
- Southern Africa Tourism Services Association (SATSA)
- Club Management Association of Southern Africa (CMASA)
- International Festivals and Events Association (IFEA)
- BnB Sure (Pty) Ltd, which provides insurance coverage for the Bed and Breakfast and Guesthouse industry, and
- AA Travel Guides.

The council also partnered with all nine Provincial Tourism Departments, and established a Provincial BBBEE Focal Points Forum that meets quarterly to discuss BBBEE implementation at provincial and local government level.

The following are the participating provincial departments:

- Eastern Cape: Department of Economic Development and Environmental Affairs and Eastern Cape Tourism Board
- Free State: Department of Tourism, Environmental and Economic Affairs
- Gauteng: Department of Economic Affairs and Development
- KwaZulu-Natal: Department of Arts, Culture & Tourism and Tourism KZN and Durban Africa
- Limpopo: Economic Development, Environment and Tourism
- Mpumalanga: Department of Economic Development and Planning/ Mpumalanga Tourism and Parks Agency
- Northern Cape: Department of Tourism, Environment and Conservation
- North West: Department of Economic Development and Tourism
- Western Cape: Provincial Government Western Cape and Cape Town Routes Unlimited (CRTU)

In addition to the South African Local Government Association (SALGA), the following municipalities have also partnered with TECSA:

- City of Tshwane Metropolitan Municipality
- Ekurhuleni Metropolitan Municipality
- Ethekewini Metropolitan Municipality
- City of Johannesburg Metropolitan Municipality
- Nelson Mandela Metropolitan Municipality (Department of Economic Development and Recreational Service)
- City of Cape Town Metropolitan Municipality

Projects

TECSA is working on the following beneficiary projects:

- **The TECSA Job Creation initiative:** Aimed at assisting beneficiaries of the Tourism Charter secure employment.
- **The TECSA Enterprise Development Project:** Aimed at assisting beneficiaries of the Tourism Charter secure mentorship, financial and technical assistance from the big business.
- **The Thabina Tourism and Heritage Project:** A R50 million project will assist 500 000 people living in a rural community in the Greater Tzaneen area become economically sustainable, increase job creation and skills development.
- **Recognition Programme Activation:** The programme was developed and launched in 2007 to encourage private-sector stakeholders to achieve compliance and the best performers are celebrated and used as case studies.

06 Auditor-General's Report





Auditor-General's Report

Report of the Auditor-General to parliament on the financial statements and performance information of South African Tourism for the year ended 31 March 2009

Report on the financial statements

Introduction

1. I have audited the accompanying financial statements of the South African Tourism which comprise the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 131 to 169.

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 basis of accounting determined by the National Treasury, as set out in accounting policy note xx and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Tourism Act, 1993 (Act No. 72 of 1993) 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.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(3) of the Tourism Act, 1993 (Act No. 72 of 1993), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. 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.

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

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the South African Tourism as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 of the annual financial statements and in the manner required by the PFMA.

Basis of accounting

8. Without qualifying my opinion, I draw attention to accounting policy note 1 to the financial statements, which describes the basis of accounting. The public entity's policy is to prepare financial statements on the basis of accounting, determined by the National Treasury.

Other matters

9. Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Governance framework

10. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

11. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

Matter	Yes	No
Clear trail of supporting documentation that is easily available and provided in a timely manner		
1. No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
Quality of financial statements and related management information		
2. The financial statements were not subject to any material amendments resulting from the audit.	✓	
3. The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information		
4. The annual financial statements were submitted for auditing as per the legislated deadlines 55 of the PFMA.	✓	
Availability of key officials during audit		
5. Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices		
6. Audit committee	✓	
• The public entity had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	✓	
7. Internal audit	✓	
• The public entity had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	✓	
8. There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9. There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10. The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11. A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	✓	
12. Powers and duties have been assigned, as set out in section 56 of the PFMA.	✓	
Follow-up of audit findings		
13. The prior year audit findings have been substantially addressed.	✓	
14. SCOPA resolutions have been substantially implemented.	n/a	
Issues relating to the reporting of performance information		
15. The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16. Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17. A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the South African Tourism against its mandate, predetermined objectives, outputs, indicators and targets per Treasury Regulations 30.	✓	
18. There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

Report on performance information

12. I have reviewed the performance information as set out on pages 40 to 45.

The accounting authority's responsibility for the performance information

13. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The accounting authority's responsibility for the performance information

14. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.
15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
16. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

Appreciation

17. The assistance rendered by the staff of the South African Tourism during the audit is sincerely appreciated.

Auditor-General

22 July 2009



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



An underwater photograph with a blue tint. In the upper left, a diver is silhouetted against the bright surface, holding a camera rig. To the right, a large school of small fish swims near the surface. In the lower half, three dolphins are visible, swimming gracefully. The overall scene is serene and captures marine life in their natural habitat.

07

Statement of Responsibility



Statement of Responsibility for the financial year ended March 31 2009



Jabu Mabuza
Chairperson

1. Requirements of the Public Finance Management Act

The members are required by the Public Finance Management Act (Act 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 to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent SA GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of SA GAAP

AC 101: Presentation of financial statements

AC 118: Cash flow statements

AC 103: Accounting policies, changes in estimates and errors

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

- the accounting authority to ensure that the organisation keeps full and proper records of its financial affairs
- that the annual financial statements fairly present the state of affairs of the organisation, its financial results, its performance against predetermined objectives and its financial position as at the end of each financial year
- that the annual financial statements are presented in terms of Generally Accepted Accounting Practice (GAAP).

2. Objective of the Statement of Responsibility

The Statement of Responsibility is a summary of responsibilities which the accounting authority signs to indicate that they have complied with the appropriate legislation..

3. Responsibilities around annual financial statements

The annual financial statements are the responsibility of the accounting authority, in the case of SA Tourism Board represented by its Board of Members 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 SA Tourism Board's financial statements and the Auditor-General's report appears on pages 124 to 129.

4. Basis for preparation

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The annual financial statements are prepared on the historical cost basis and incorporate the principal accounting policies, set out in the annual financial statements.

5. Going concern

The Board has reviewed the organisation's budgets and cash flow forecasts for the year ended 31 March 2009. On the basis of this review, and in view of the current financial position, the Board has every reason to believe that the organisation will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the financial statements.

6. 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 SA Tourism's operations and risk profile primarily through the Audit Committee meetings of the Board.

Internal financial controls have been maintained in the period under review to provide assurance regarding:

- the safeguarding of assets against unauthorized 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 with an appropriate segregation of duties 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.

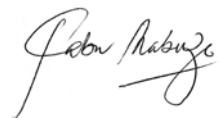
7. Board's opinion

The Board has reviewed the organisation's systems of internal control and risk management for the period 1 April 2008 to 31 March 2009. The Board is of the opinion that:

- the organisation's systems of internal control and risk management were effective for the period under review;
- no material losses, irregular expenditure, fruitless expenditure or wasteful expenditure occurred in the period under review;
- the annual financial statements fairly present the financial position of SA Tourism Board at 31 March 2009 and the results of its operations and cash flow information for the year and that the Code of Corporate Practices and Conduct has been adhered to.

8. Approval of annual financial statements

The annual financial statements for the year ended 31 March 2009, set out on pages 134 to 169, were submitted for auditing on 31 May 2009 and approved by the Board in terms of section 51 (1) (f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended and is signed on its behalf by:



Jabu Mabuza
Chairperson

08

Report by the Accounting Authority to the Executive Authority





Report by the Accounting Authority to the Executive Authority

1. Corporate activity

SA Tourism Board, hereinafter referred to as SA Tourism, was established in terms of section (2) of the Tourism Act, (Act No. 72 of 1993 as amended), with the aim of stimulating sustainable international and domestic demand for SA Tourism experiences as well as to institute measures aimed at the maintenance and enhancement of the standards of facilities and services hired out, or made available to tourists.

In terms of funding, SA Tourism is involved in a joint operation with one private sector partner, Tourism Business Council. The objective of the joint operation is to market South Africa in certain markets identified by SA Tourism through research. Funds contributed into this operation are used solely for that purpose.

2. SA Tourism Business Units and markets

Given its limited resources, most notably financial, SA 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 was approved by the Cabinet and focuses its marketing activities on specific segments of tourists in particular markets:

- that are 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)

For SA Tourism's purposes, markets have been classified as follows:

2.1 Core markets: These markets are very attractive and easier access from a tourism-marketing point of view, deliver the "bread & butter" in terms of tourism for South Africa and approximately 60% of organisation's effort (in terms of human capital and budget) is deployed in these markets. Until 31 March 2011, these markets are Botswana, Kenya, Nigeria, USA, UK, Australia, India, France, Germany, the Netherlands and the domestic South African market.

2.2 Investment markets: These markets are also very attractive, but more difficult to access from a tourism-marketing point of view. Given the potential of these markets, it is of great importance for SA Tourism to invest in these markets, ahead of the future returns. Approximately 20% of organisation's effort (in terms of human capital and budget) is deployed in these markets. Until 31 March 2011, these markets are Angola, Democratic Republic of the Congo, Mozambique, Zimbabwe, Canada, China (including Hong Kong), Japan, Italy and Sweden.

2.3 Tactical markets: These markets are less attractive, but very easy to access from a tourism-marketing point of view. Approximately 15% of organisation's effort (in terms of human capital and budget) is deployed in these markets. Until 31 March 2011, these markets are Ghana, Swaziland, Tanzania, Lesotho, Singapore, Ireland and Switzerland.

2.4 Watch-list markets: These markets are less attractive and more difficult to do from a tourism-marketing point of view. However, limited exploratory marketing, largely in conjunction with South Africa's overseas missions and tour operators, is to be undertaken by SA Tourism in these markets as they might grow into future, more prominent markets for South Africa from a tourism point of view. Approximately 5% of organisation's effort (in terms of human capital and budget) is deployed against these markets. Until 31 March 2011, these markets are Egypt, Namibia, United Arab Emirates, Brazil, Malaysia, New Zealand, Republic of Korea, Austria, Belgium, Denmark, Norway and Spain.

2.5 Strategic hubs: Limited marketing activities are also undertaken around key international airline hubs given the available airlift from such markets to South Africa or markets where our country has a national strategic interest. Until 31 March 2011, these hubs are Ethiopia, Zambia, Senegal, Argentina, Thailand, Greece, Bahrain, Oman, Qatar and Saudi Arabia.

The specific segments of tourists in the abovementioned markets have been identified through extensive global research that commenced in 2001 and has been ongoing ever since. The above-mentioned markets will be reviewed again before 31 January 2010 based on latest research whereafter a final portfolio of focus markets will be determined for the next 3 years effective 1 April 2011 (and included in the 2011/12 Business Planning & Budgeting process for all business units and country offices that will commence in February 2010).

In line with its Tourism Marketing Growth Strategy, SA Tourism has executed a broad spectrum of segment specific marketing activities and support activities through 17 business units, each with its own business plan and budget, reporting to a Business Unit Manager. These business units, the sub business units that fall under each business unit and the name of the designation that manages each business unit as Business Unit Manager on 31 March 2009 were (see page 137):

Name of business unit	Designation of business unit manager	Sub business units falling under this business unit
1. Research	Chief Research Officer	
2. Americas & UK Portfolio	Regional Director: Americas	2.1 USA office 2.2 UK office 2.3 Americas & UK Head office
3. Europe Portfolio	Regional Director: Europe	3.1 German office 3.2 French office 3.3 Netherlands office 3.4 Italy office 3.5 Europe Portfolio Head office
4. Asia & Australasia Portfolio	Regional Director: Asia	4.1 Australia office 4.2 Japan office 4.3 China office 4.4 India office 4.5 Asia Portfolio Head office
5. Africa Portfolio (including Domestic)	Regional Director: Africa	5.1 SADC 5.2 Domestic 5.3 East Africa 5.4 West Africa 5.5 Africa Portfolio Head office
6. Central Marketing	Chief Marketing Officer	6.1 Advertising & Marketing Management (including Global Brand Management, Corporate Identity compliance and all agency management excluding PR) 6.2 Global Projects 6.3 Channel Management (including the management of Strategic Hubs)
7. Public Relations & Communication	GM: Pr & Communication	7.1 Stakeholder Management (including all watch-list markets)
8. E-Marketing (including the management of the Outsourced International the Call Centre)	Manager: E-Marketing	8.1 Content Management 8.2 Online Marketing
9. Finance (including Supply Chain and Payroll)	Chief Financial Officer	9.1 Financial Management 9.2 Supply Chain Management 9.3 ISO Quality Management 9.4 Payroll Management 9.5 Performance Information 9.6 Risk Management
10. Tourism Grading Council of South Africa	CEO: TGCSA	-
11. Human Resources	GM: Human Resources	-
12. Office of the CEO/COO	Chief Operating Officer	12.1 Legal 12.2 Administration (including fixed asset and insurance management) 12.3 Board Secretarial 12.4 Internal Audit 12.5 CEO Projects
13. Business Systems (including all IT support functions)	Manager: Business Systems	-
14. Events Platform (including all 2010 marketing and activation)	Global Manager: Events	-
15. Product and Itinerary	Global Manager: Product & Itinerary	-
16. Charter Council (TECSA)	CEO: TECSA	-
17. Business Tourism	Global Manager: Business Tourism	-

Included in SA Tourism's Portfolio Business Units are its ten overseas country offices:

- Amsterdam (Netherlands)
- Beijing (China)
- Frankfurt (Germany)
- London (UK)
- Milan (Italy)
- Mumbai (India)
- New York (USA)
- Paris (France)
- Sydney (Australia)
- Tokyo (Japan)

3. Review of operations

Of the many other activities SA Tourism has successfully executed during the 2008/09 financial year, which are reported on in detail earlier in the Annual Report, the following activities and results deserve special mention:

3.1 Numerous awards were awarded to South African Tourism, its country offices and various South African tourism products during the year under review. Significant awards for South African Tourism and the country includes:

3.1.1 For South African Tourism, its offices and activities:

- 3.1.1.1** European CEO Magazine's Tourist Board of the Year Award for its outstanding efforts in marketing South Africa as a destination (European CEO Magazine Award);
- 3.1.1.2** Best destination marketing organization in Africa (World Travel Awards);
- 3.1.1.3** Best NTO in India 2008 (Hospitality India & Explore the World International Awards);
- 3.1.1.4** Africa's leading travel exhibition (Indaba) (World Travel Awards); and
- 3.1.1.5** Shortlisted for the Best Tourism Board Award, with Australia, Barbados, Canada, Dubai and Jamaica (TTG Travel Awards – UK).

3.1.2 For South Africa:

- 3.1.2.1** Best International Adventure Tourism Destination (India) (Today's Traveller Magazine (India);
- 3.1.2.2** Best Destination (long haul) (Travel Weekly China Award);
- 3.1.2.3** Best Eco-tourism Destination (Travel Weekly China Award); and
- 3.1.2.4** One of the developing world's Ten Best Ethical Travel Destinations (2008 Ethical Traveler Report).

3.2 The new Corporate Identity manual for SA Tourism was developed and approved by Exco during April 2008.

3.3 The new Induction Programme of South African Tourism was completed and all Exco and Manco staff members were re-inducted during August 2008. The roll-out of this Induction Programme to other staff members commenced in February 2009.

3.4 Awareness scores in all markets increased by 1% while positivity scores decreased by 1% respectively during 2008.

3.5 The number of positive consumers in target markets seeking information about South Africa and the number of positive consumers in target market visiting SA decreased by 1% compared to 2007.

3.6 South African Tourism maintained a resignation rate of lower than 7% during the first six months as well as the second six months period. 6,72% of staff resigned during the first 6 month and 5,67% resigned during the second six months period. A total of 17 employees resigned during the financial year.

3.7 South African Tourism achieved its target of 70% participation in the annual Deloitte Best-Company-to-Work-for Survey and achieved 45th position in the Small Company category (out of 55 participants).

3.8 Following the completion of all job analysis and job verifications at South African Tourism, South African Tourism was able to complete a comprehensive database of all skills by 31 January 2009.

3.9 In its endeavours to build and retain relationships with Leisure & Business Tourism trade by using the Sales Contact Management system, a Leisure Trade- and Business Tourism strategy was drafted. These documents will be considered for approval by Exco no later than 30 June 2009.

3.10 South African Tourism hosted 104 international buyers and 15 international media at Meetings Africa during February 2009.

3.11 In terms of improving its dialogue stakeholders, South African Tourism increased its database to 34,502 foreign trade contacts and 2 021 SA trade contacts by 31 March 2009.

3.12 Tourism Grading Council graded 1 808 new properties during the financial year. This is in addition to the annuals where 5 132 were regraded.

3.13 Continued input and pressure from TECSA contributed to the gazetting of the Tourism BB-BEE scorecard by the DTI in June 2008. Milestones were adjusted to 2012 and 2017 from 2009 to 2014 respectively.

3.14 Various pieces of collateral were produced during the financial year including a Business Tourism Destination DVD, pocket maps, trade presenter, meeting planners guide, banners and promotional gifts.

3.15 Through sustained marketing efforts, South African Tourism managed to increase its Global Trade Extranet users to 9,437 by 31 March 2009.

3.16 Despite some problems, SA Tourism continued to improve its South African expert online training course known as FUNDI. The objective is to make Fundi one of the leading online country expert courses in the world. SA Tourism also continued to conduct numerous Fundi workshops around the world (whereby the people working for the outbound operator became an expert on the tourism product platform in South Africa). As at 31 March 2009, SA Tourism had 1 680 qualified Fundi Experts and 5 164 Registered Fundis.

3.17 Public Relations and Communications activities included:

3.17.1 The release of 80 media releases;

3.17.2 Over 100 interviews covering topics ranging from tourism & economy, 2010 readiness to global campaign/deals, ETEYA, Welcome and Business Tourism (BT);

3.17.3 5 x face to face meetings with foreign correspondents – Took place from 17 Nov – 2 Dec 2008 with the New York Times – Associated Press New York – Financial Times, Voice of America and Chinese Correspondents;

3.17.4 1 x Explore SA feature;

3.17.5 1 x Archbishop Desmond Tutu editorial for Der Spiegel (Germany);

3.17.6 1 x Indian Economic Times editorial (1000 words); and

3.17.7 4 x Miss World media hosting: Austria, Spain and Denmark.

3.18 SA Tourism hosted 780 media representatives (2007/8: 415) from 19 countries (2007/8: 21) countries on 147 trips to 9 provinces (2007/8: 8). The media coverage value from this is estimated at more than R1,4 billion (2007/8: R 921 million).

3.19 SA Tourism continued with the implementation of its Global Messaging Strategy.

3.20 SA Tourism continued with the marketing of its Media Extranet and had 577 media-representatives registered as at 31 March 2009 (31 March 2008:224).

3.21 SA Tourism hosted its most successful Indaba to date where, compared to Indaba 2008:

3.21.1 the total number of attendees at Indaba 2008 increased by 3%, from 12 056 in 2007 to 12 420 in 2008;

3.21.2 the total number of visitors increased by 7.5% (previous year: 2%);

3.21.3 the total number of international travel buyers increased by 13.5% (previous year: 2.8%);

3.21.4 the total number of local trade attendees increased by 28.4% (previous year: 135%); and

3.21.5 the total number of exhibiting companies decreased by 1.7% from 1 755 in 2007 to 1 725 in 2008, of which 196 exhibiting companies (previous year: 184) are registered HDIs

3.22 South African Tourism continued with its global media campaign on CNN, BBC World, Eurosport, National Geographic and News Corporation. This global campaign reached over 600 million consumers via a combination of Brand and channel-specific television commercials as well as online and programme sponsorships. During 2008/9, South African Tourism achieved a combination of 4800 brand spots and vignettes and just over 80 million online impressions which reached over 600 million consumers ensuring that Brand South Africa's awareness is at a premium ahead of the 2010 FIFA World Cup™.

Rooms	Assessment fee	Joining fee	Total (ex VAT)
1-3	R1,389	R63	R1,452
4-8	R1,893	R126	R2,019
9-15	R2,276	R253	R2,529
16-25	R2,650	R253	R2,903
26-50	R3,537	R253	R3,790
51-75	R4,169	R253	R4,422
76-100	R4,544	R253	R4,797
101-150	R5,300	R253	R5,553
151+	R6,525	R253	R6,778

Details	Situation as at 31 March 2009	Situation as at 31 March 2008	Situation as at 31 March 2007
Total number of permanent SA Tourism employees including those locally recruited overseas	153	162	148
Total number of permanent SA Tourism employees excluding those locally recruited overseas (A)	109	124	111
Total number of interns included in (A)	4	7	9
Total number of HDI employees included in A above (referred to as B below)	93	100	91
Employment equity % (B as a % of A)	78.9%	80.6%	82.0%

3.23 SA Tourism successfully negotiated Joint Marketing Agreements (JMAs) with key trade and other stakeholders in South Africa to promote domestic tourism. These key trade stakeholders included Kulula, Southern Sun, SAB Miller and First National Bank.

3.24 SA Tourism sponsored or partly sponsored familiarization trips for overseas travel agents (hosting) to South Africa.

3.25 Various road shows were conducted in counties (where SAT brings tourism product owners and tour operators from South Africa in direct conduct with outbound operators in the market).

3.26 The Tourism Grading Council successfully managed to contain the cost of grading and had the following fee structure as at 31 March 2009 (which represents no increase on the fee structure as at 31 March 2008) after having increased fees by 6% only (see bottom of page 133):

3.27 SA Tourism continued to meet its employment equity targets in 2008/09 (see top of this page):

3.28 SA Tourism continued to monitor and enhance its Oracle Financial system given the critical importance of this real-time financial system for the organization.

3.29 In addition to the 40 770 calls received at SA Tourism's International Call Centre in Johannesburg during the 2008/9 financial year (2007/8: 39 589), the Call Centre also received 18 513 fax- and e-mail enquiries (2007/8: 16 146), an increase of 14,7 % over that of the previous financial year.

3.30 SA Tourism continued to measure the performance of employees against performance contracts every 6 months. Performance bonuses for employees are paid on 1 June every year.

3.31 During the previous financial year SA Tourism acquired 100% of Meetings Africa, a Business Tourism exhibition, from Thebe and commenced with a strategy to elevate Meetings Africa to the level where it will be the largest Business Tourism exhibition platform on the African continent. Meetings Africa 2009, which took place from 25 to 27 February 2009 at the

Sandton Convention Centre, accordingly continued to build on the previous year's exhibition and attracted 163 exhibiting companies and 1 370 visitors of which 637 were international travel buyers and 290 were international buyers. Research conducted at the event indicated that 90% of exhibitors and 96% of visitors confirmed that Meetings Africa was beneficial to them.

3.32 SA Tourism continued to work with Expedia to help raise awareness on SA globally. This resulted in 5 775 additional passengers that bought a trip to South Africa and 14 438 additional room nights sold. In total, these 5 775 passengers lead to incremental turnover of USD 12,7 million to the South African Tourism Industry (2007/8: USD 28,4 million).

3.33 SA Tourism continued with the aggressive marketing of provincial and trade Sho't Left product offering via website support of consumer facing campaigns. Exposure of the domestic product offering was maximised through alignment with trade partners servicing consumers from SADC countries.

3.34 SA Tourism has continued to provide top-end providers in the channel (regular visits, regular telephone calls, informal get-togethers, provide appropriate toolkits, collateral & service in general, etc.).

3.35 SA Tourism undertook a number joint provincial road-shows with TOMSA and the TBCSA. These sessions provide feedback as we account to levy payers on how Tourism (TOMSA) levies collected by them were used for marketing purposes in order to grow arrivals.

3.36 The development and production of the 5th edition of a comprehensive guide of graded SA Tourism products that were launched at Indaba 2008.

3.37 The continuation of ETEYA (Emerging Tourism Entrepreneur of the Year Award) in association with Absa, which proved to be the leading competition in South Africa that contributes to job creation, financial sustainability of SMME businesses and transformation within the tourism industry.

3.38 Participated in the Cape Town International Jazz Festival, held in Cape Town at the end of March 2009.

3.39 SA Tourism, through its Research Business Unit, was, amongst others, responsible for the following:

3.39.1 Published various research booklets;

3.39.2 Continued to participate in the Tourism Satellite Account (TSA) process; this included:

3.39.2.1 The finalisation of definitions which was submitted to StatsSA for inclusion as official statistics;

3.39.2.2 The certification of the Departure Survey to be recognised as official stats by StatsSA.

3.39.3 Conducted a 5-year tourism review (against SA Tourism's objectives); this is a complete analysis of tourism's performance in relation to the tourism objectives;

3.39.4 Continued to deepen consumer insights; this process includes the development of consumer portraits for focus segments in US, UK and Germany integrating segmentation results (quant & qual) and brand tracking analytics across 13 countries; and

3.39.5 Conducted a Business tourism research review (against SAT objectives) and updated SA Tourism's Business Tourism Strategy accordingly.

In conclusion, Brand South Africa has worldwide a highly desirable and recognisable reputation which in itself has immense marketing value for SA Tourism and the SA Tourism trade in general. Accordingly, SA Tourism has continued with an extensive process of registering all its trade marks in South Africa and in all its core international markets, to ensure the global competitiveness of the Brand South Africa and providing the tourism trade with a platform from which to market our beautiful Mzansi!

4. Review of activities

The successful hands-on execution of the above:

4.1 Assisted South Africa to outperform the average 2008 global growth rate in international tourist arrivals of 1.3% and grow international tourist arrivals to South Africa by 5.5% from 9,1 million in the 2007 calendar year to 9,6 million in the 2008 calendar year; total arrivals from land markets were 7 087 452, which was 0.5% above target while total arrivals from air markets was 2 504 376, which was 5.3% under target.

4.2 Assisted South Africa to achieve an average foreign direct spend per land markets tourist of R 6 200 per person, an increase of 12% over 2007.

4.3 Assisted South Africa to achieve an average foreign direct spend per air markets tourist of R 13 800 per person, an increase of 35% over 2007.

4.4 Assisted South Africa to achieve a respectable 33 million domestic trips inside South Africa during 2008 despite the poor state of the economy; this represents a drop of 3 million domestic trips over 2007.

4.5 Assisted South Africa to receive R 74,2 billion in foreign direct spend from tourists in the 2008 calendar year (2007: R60,1 billion).

4.6 Assisted SA Tourism to increase the total number of unique visitors to its websites during the 2008/09 financial year from 1 676 540 in the 2007/8 financial year to 1 806 650 in the 2008/09 financial year.

4.7 Increase brand awareness of South Africa as a tourist destination for all overseas markets from 75% in 2007 to 76% in 2008.

4.8 Decrease positivity towards SA in overseas markets from 38% in 2007 to 37% in 2008.

4.9 Was done while SA Tourism, for the fourth consecutive year, reached the target of spending 40% of its available spend on HDI organizations.

5. General review of the state of financial affairs

SA Tourism incurred total expenses of R 724.27 million (2007/8: R 627.75 million) during the 2008/9 financial year, leaving a net surplus of R 6.94 million (2007/8: R 23.6 million) for the year under review.

A total of R 586.09 million (2007/8: R 517.6 million) of SA Tourism's funding, representing 80% (2007/8: 79%) of total revenue, came from Government. Other revenue of R 154.86 million (2007/8: R 139.25 million) was earned from voluntary Tourism levies, interest received, exhibitions, grading activities, sale of marketing items, sale of advertisement space in publications and raising sponsorships.

6. Key performance areas for the 2009/10 financial year

6.1 SA Tourism has included four high-level objectives for the organisation in its 5-year Strategic Plan that will be vigorously pursued during the 2009/10 financial year. These 4 high-level objectives will be achieved through the execution of 6 very specific strategies containing clear actions and how the success of these actions will be measured.

6.2 These 4 high-level objectives are:

- 6.2.1** achieving 9 824 858 foreign tourist arrivals to South Africa during the 2009 calendar year, an increase of 233 030 or 2.4% over the 9 591 828 foreign tourist arrivals to South Africa during the 2008 calendar year;
- 6.2.2** achieving R 9 900 average spend per tourist inside South Africa during the 2009 calendar year, an increase of R 2 600 or 35.7 % over the R 7 300 expected average spend per tourist inside South Africa during the 2008 calendar year;
- 6.2.3** to make South Africa the most preferred Tourism Brand by 2014, meaning South Africa should be in the top 3 countries in our competitor set considered by any tourist planning to travel long-haul from any of our core markets. In order to achieve this, we should during the 2009 calendar year achieve a 3% increase in total awareness in all markets and maintain levels of awareness in markets with more than 85% total awareness, we should achieve a 2% increase in "consideration" in core markets and we should achieve an above average rating in "affiliation" in core markets; and
- 6.2.4** that SA Tourism should become the best Tourism Organization in the world by 2010, as decided by the Annual Tourism Awards Committee of the World Tourism Organization, and as attested to by the most credible award committees in our chosen core markets. In order to achieve this, SA Tourism should, during the 2009/10 financial year, continue to receive clean external audit reports, achieve a staff retention of 85%, increase its ranking in the "Best-company-to-work-for" competition by 5 positions and continue to receive in-market awards for marketing.

SA Tourism's actual performance against these four high-level objectives will be comprehensively reported on in SA Tourism's 2009/10 Annual Report. It will also be subjected to a Performance Information audit by the Auditor-General during the 2009/10 external audit.

7. The Board of SA Tourism, Executive Management and other matters to report

7.1 The Board of SA Tourism

The non-executive Board was appointed by the Minister of Environmental Affairs and Tourism for a period of 3 years effective 1 July 2006. It consisted of 2 executive Board members and 13 non-executive Board members. The term of the current Board was subsequently shortened to 31 May

2009 for operational reasons. Non-executive members of the Board complement the skills and experience of the EXCO, contributing to the formulation of policy, strategy and high-level decision-making through their knowledge and experience of other businesses and sectors. All members of the Board bring an independent judgment to the issues of strategy, performance, and resources, including key appointments and standards of conduct.

No remuneration was paid to any Board member during the current financial year.

7.2 Executive Management (EXCO)

The EXCO generally has responsibility for proposing strategy and for making and implementing operational decisions on running SA Tourism.

The following employees served on Exco as at year end:

Name	Designation
M E Mosola	Chief Executive Officer
D Moyle	Chief Operating Officer
R Singh	Chief Marketing Officer
J N van der Walt	Chief Financial Officer

Details of South African Tourism's EXCO, its MANCO (medium management level) and remuneration paid to these parties are disclosed on page 136:

7.3 SA Tourism's Retirement Fund Board of Trustees

Mr. J v/d Walt (Chairperson & employer representative)
 Mr. F. van der Spuy (Employee representative)
 Ms. B. Mphuthi (Employer representative)
 Mr. M. Maloma (Employee representative)
 Mr T. Thumbran (Employee representative)

8. Subsequent events

There have been no significant events subsequent to the financial year end that have had an impact on the financial statements.



Jabu Mabuza
 Chairperson
 26 May 2009

Name	Designation	Basic Salary	Other Earnings	Total Company Contributions	Total package 2008/09
ME Mosola ¹	Chief Executive Officer	2,074,500	741,312	337,926	3,153,738
D Moyle	Chief Operating Officer	762,450	689,252	120,358	1,572,060
R Singh	Chief Marketing Officer	730,480	239,442	148,180	1,118,102
JN van der Walt	Chief Financial Officer	913,770	518,141	172,019	1,603,930
BS Auret	Acting Global Manager: E-Marketing	532,001	127,934	67,142	727,077
FG Buchner	Regional Director: Europe	504,457	286,147	79,896	870,500
L Dube	Manager: Administration	437,790	115,757	60,180	613,727
PE Dhlomo ²	Regional Director: Africa and Domestic	338,680	170,557	35,613	544,850
R Essop ²	Manager: Business Systems	184,029	97,093	20,470	301,592
T Kunene	CEO: TGCSA	684,000	388,667	84,621	1,157,288
AI Lue ²	Global Manager: Business Tourism	216,300	175,856	45,046	437,202
NC Ndlovu ²	Global Manager: Business Tourism	279,830	137,973	36,204	454,007
EM Mahlaba	Global Manager: Channel & Customer Management	617,180	343,387	117,690	1,078,257
MP Maloma	Manager: Finance	602,100	156,947	96,035	855,082
BM Mosupye	Acting CEO: TECSA	521,757	231,832	30,145	783,734
BM Mphuthi	General Manager: Human Resources	501,600	194,776	70,966	767,342
ZT Mukozho	Regional Director: Asia & Australasia	420,250	304,246	103,009	827,505
B Muthaya	Manager: Research	439,950	287,959	97,353	825,262
S Pillay	Global Manager: Events	560,760	308,190	72,984	941,934
WAF Price ²	Global Manager: E-Marketing	465,000	50,398	42,172	557,570
H Slabber	Global Manager: Product	487,200	182,844	129,246	799,290
WM Tlou	Global Manager: Communications	439,140	276,065	47,575	762,780
MC Williams	Regional Director: UK & Americas	619,800	231,805	69,382	920,987
		13,333,024	6,256,580	2,084,212	21,673,816

¹ = In line with the Board's approval, the CEO was paid an additional two months remuneration upon departure on 31 March 2009. An additional bonus of R 322,500.00 was paid to the CEO of South African Tourism by the International Marketing Council during the financial year for services rendered in his capacity as Acting CEO of the IMC.

² = Not employed for the full financial year.

09 The Financials





The Financials

Statement of financial position			
As at 31 March			
	Notes	2009 R	2008 R
Assets			
Current Assets			
Trade and other receivables	2	36,711,599	41,896,469
Trade and other receivables	6	81,700	35,185
Cash and cash equivalents	3	162,614,916	178,604,322
		199,408,215	220,535,976
Non-Current Assets			
Property, plant and equipment	4	70,430,622	49,848,748
Intangible assets	5	16,477,649	12,655,007
Other receivables	6	-	51,460
		86,908,271	62,555,215
Total Assets		286,316,486	283,091,191
Net assets and liabilities			
Current Liabilities			
Trade and other payables	7	180,546,058	202,334,106
Other financial liabilities	8	1,237,262	1,633,735
Provisions	9	1,127,707	-
Income received in advanced	10	20,179,252	1,671,372
		203,090,279	205,639,213
Non-current liabilities			
Provisions	9	10,587,000	9,694,000
Other financial liabilities	8	3,602,539	5,668,642
		14,189,539	15,362,642
Total Liabilities		217,279,818	221,001,855
Net Assets		69,036,668	62,089,336
Net Assets			
Reserves			
Accumulated surplus		54,565,845	47,370,860
Revaluation reserve		14,470,823	14,718,476
Total Net assets and liabilities		69,036,668	62,089,336

Statement of financial performance			
For the year ended 31 March			
	Notes	2009 R	2008 R
Revenue			
Government grants		586,085,732	517,620,975
Other grants		55,700,000	57,000,000
	11	641,785,732	574,620,975
Other income	12		
Sundry income		66,665,863	46,703,295
Sale of marketing material		29,367	1,345,802
Grading income		6,426,396	3,849,470
Interest received		26,038,096	17,836,492
Foreign currency gains		-	12,512,766
		99,159,722	82,247,825
Operating expenses			
Marketing	15	(537,669,991)	(494,633,455)
Employee costs		(110,911,933)	(95,269,951)
Auditors remuneration	13	(2,417,493)	(2,508,649)
Other operating expenses	17	(54,839,080)	(31,192,696)
Depreciation, amortisation and impairments		(8,638,522)	(4,146,541)
Loss on disposal of assets		(1,044,101)	(2,819)
Foreign currency losses		(8,748,211)	-
		(724,269,331)	(627,754,111)
Operating surplus		16,676,123	29,114,689
Finance costs	16	(9,728,791)	(5,551,745)
Surplus for the year		6,947,332	23,562,944

Statement of changes in net assets			
For the year ended 31 March			
	Revaluation reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	14,966,129	20,897,821	35,863,950
Adjustments			
Prior year adjustments	-	2,662,442	2,662,442
Balance at April 1 2007	14,966,129	23,560,263	38,526,392
Changes in net assets			
Surplus for the year	-	23,562,944	23,562,944
Transfer of revalued depreciation	(247,653)	247,653	-
Total changes	(247,653)	23,810,597	23,562,944
Balance at April 1 2008	14,718,476	47,370,860	62,089,336
Changes in net assets			
Surplus for the year	-	6,947,332	6,947,332
Transfer of revalued depreciation to retained earnings	(247,653)	247,653	-
Total changes	(247,653)	7,194,985	6,947,332
Balance at March 31 2009	14,470,823	54,565,845	69,036,668

Cash flow statement			
For the year ended 31 March			
	Notes	2009 R	2008 R
Cash flows from operating activities			
Cash receipts from customers		712,264,414	606,889,852
Cash paid to suppliers and employees		(708,013,411)	(571,276,881)
Cash generated from operations	18	4,251,003	35,612,971
Interest income		26,038,096	17,836,492
Finance costs		(8,382,722)	(3,827,938)
Net cash from operating activities		21,906,377	49,621,525
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(25,107,475)	(4,058,821)
Purchase of leased assets		(186,627)	(530,528)
Sale of property, plant and equipment	4	149,066	68,981
Purchase of other intangible assets	5	(8,942,103)	(9,268,399)
Net cash from investing activities		(34,087,139)	(13,788,767)
Cash flows from financing activities			
Finance lease payments		(3,808,645)	(4,575,549)
Total cash movement for the year		(15,989,407)	31,257,209
Cash at the beginning of the year		178,604,322	147,347,112
Net increase (decrease) in cash and cash equivalents	3	162,614,915	178,604,321

Notes to the Annual Financial Statements for the year ended 31 March 2009

1. Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of SA GAAP
GRAP 1: Presentation of financial statements	AC 101: Presentation of financial statements
GRAP 2: Cash flow statements	AC 118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC 103: Accounting policies, changes in estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

Terminology differences:

Standard of GRAP	Replaced Statement of SA GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/loss
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

The cash flow statement can only be prepared in accordance with the direct method.

Specific information has been presented separately on the statement of financial position such as:

- Receivables from non-exchange transactions, including taxes and transfers;
- Taxes and transfers payable;
- Trade and other payables from non-exchange transactions;

Amount and nature of any restrictions on cash balances is required

Paragraph 11 – 15 of GRAP 1 has not been implemented due to the fact that the local and international budget reporting standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

The financial statements are prepared on a going concern basis and are presented in South African Rands.

1.1 Significant judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Trade receivables / Held to maturity investments and/or loans and 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 were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 – Provisions.

Post retirement benefits

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

The consultant to South African Tourism 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 consultant considers the interest rates of high-quality 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.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The entity used the repo rate applicable to the different overseas offices to discount future cash flows and an interest rate of 10% to discount finance leases. Additional information is disclosed in Note 21.

Other

Extended useful life of assets

Significant judgement was applied in determining the extended useful lives of fixed assets in terms of IAS 16 Property, Plant and Equipment. Additional information is disclosed in Note 4.

1.2 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.3 Fruitless and wasteful expenditure

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

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

1.4 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded

appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.5 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.

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.

1.6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to South African Tourism and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

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

- the entity has transferred to the buyer 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 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.

Revenue from the rendering of services is recognised when all the following conditions are satisfied:

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

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

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

1.7 Interest

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless recoverability is uncertain.

1.8 Government grants

Government grants are recognised when there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Grants related to income are presented as a credit in the income statement (separately).

Government grants are brought to account in terms of contracts with Government or Government Departments of South Africa and are recognized at their fair value where there is reasonable assurance that the grant will be received.

Other grants consist of grants received from Tourism Business Council (SA) is also recognized at its fair value where there is reasonable assurance that the grant will be received.

1.9 Borrowing costs

Borrowing costs are recognized as an expense in the period which they are incurred, except to the extent that they are capitalized in accordance with the allowed alternative accounting treatment.

1.10 Translation of foreign currencies

Foreign currency transactions

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

At each statement of financial position date:

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

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

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

1.11 Property, plant and equipment

Land and Buildings include structure, lift, air conditioning and electrical installation. Land and Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Depreciation arising from the revaluation adjustments is released from the asset revaluation reserve to accumulated surplus/deficit. Upon disposal, any revaluation reserve is transferred to accumulated surplus/deficit. The residual value, useful life and

depreciation method is reviewed annually by SAT management. The estimated useful lives are as follows:

Buildings	50 years
Furniture and fixtures	3-40 years
Motor vehicles	4-8 years
IT equipment	3-8 years
Leasehold improvements	Period of the lease or shorter as may be appropriate
Air Conditioning	5-20 years
Lift	5-50 years
Electrical installation	15 years

Furniture and fixtures, computer equipment and motor vehicles are reviewed periodically for impairment.

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

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

1.12 Leases

Classification of Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form. Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- 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; and
- the lease assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Finance leases

Assets subject to finance leases are capitalised at the lower of the fair value of the asset, and the present value of the minimum lease payments, with the related lease obligation recognised at the same value.

Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life if SA Tourism does not obtain ownership thereof. Finance lease payments are allocated, using the effective interest rate method, between the finance cost of the lease, which is included in the financing costs, and the capital repayment, which reduces the liability to

the lessor. The corresponding rental obligations, net of finance charges, are included in short term and long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant period rate of interest on the remaining balance of the liability for each period.

Operating leases – lessor

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

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

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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.

1.13 Deferred funds

Balances which result from unused portions of funds received from donors are recognized on the balance sheet under current liabilities to the extent that an agreement has been reached that such funds will be utilized to fund future commitments and liabilities.

1.14 Provisions

Provisions are recognized when present obligation exists as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

1.15 Financial instruments

Financial assets

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus

or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Effective interest method

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

AFS financial assets

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

De-recognition of financial assets

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit – held for trading.

Financial liabilities

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.16 Intangible assets

An intangible asset is recognised when:

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

Research and development

Research costs are expensed when incurred. Development cost are capitalized, provided that the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and the entity intends to and have sufficient resources to complete the development and to use or sell the asset. Capitalised development costs are carried at cost less accumulated amortization and accumulated impairment losses. Development costs have a finite useful life and are amortised based on the relevant number of years depending on the nature of the development costs capitalised.

Patents and Trademarks

Patents and trademarks acquired are initially recognised at cost. Patents and trademarks have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate cost and estimated useful life.

Marketing rights

Marketing rights acquired are initially recognised at cost. Patents and trademarks have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Internally generated intangible assets are not capitalized.

Amortisation on the different classes of intangible assets is calculated as follows:

Patents and trademarks	5 years
Website costs	4 years
Marketing rights	5 years
Computer software	4 years

1.17 Related Parties

All transactions and balances with National departments of Government and state-controlled entities are regarded as related party transactions and are disclosed separately in the notes to the annual financial statements (refer to note 22). Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

2. Trade and other receivables

	2009 R	2008 R
Trade debtors	28,627,023	9,338,812
Impairment of trade receivables	(15,372,848)	(533,638)
Deposits	3,349,986	3,123,986
Staff Debtors	184,850	186,026
Prepaid expenses	19,922,588	29,781,283
	36,711,599	41,896,469

Total trade receivables (net of impairment) held by the entity at 31 March 2009 amounted to R 13.25 (2008: R 8.80m). Trade and other receivables are discounted using the interest rates in note 21.

The average credit period on debtors is 30 days. Interest is charged on staff loans and advances at 12% per annum on the outstanding balance.

The entity has provided fully for all receivables over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

South African Tourism's debtors consists mainly of staff debtors and Funders, i.e. provincial tourism authorities and Government Departments. South African Tourism does not impair these debtors' because settlements of monies owed takes longer than usual. Recovery of these monies is not regarded as high risk because contracts are in place between the parties. The human resources department performs credit checks on all staff, hence loans are granted to them based on this information.

Included in the entity's trade receivable balance are debtors with a carrying amount of R0.107 m and (2008:1.56m) which are past due at the reporting date which the entity has not impaired because they fall in the category of funder debtors and are still considered recoverable. The entity does not hold any collateral over these balances.

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 additional cash. The entity does not hold any collateral as security.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2009 R	2008 R
Ageing of past due but not impaired		
91-180 days	-	-
181-360 days	30,309	551,418
360 + days	77,656	1,009,917
Total	107,965	1,561,335
Movement in the allowance for debtors		
Doubtful debts		
Opening balance	533,638	820,578
Amounts written off	(14,839,210)	(438,282)
Movement in the allowance for debtors	29,678,420	151,342
Closing balance	15,372,848	533,638

	2009 R	2008 R
Ageing of impairment		
60 - 90 days	3,750,000	-
91 -180 days	-	350,620
181 - 360 days	11,103,401	-
361+ days	519,447	183,018
	15,372,848	533,638

South African Tourism believes that there is no further credit provision required in excess of the current allowance for doubtful debts.

3. Cash and cash equivalents

	2009 R	2008 R
Cash and cash equivalents consist of:		
Bank balances	162,614,916	178,604,322

4. Property, plant and equipment

	2009			2008		
	Cost / Valuation R	Accumulated depreciation R	Carrying value R	Cost / Valuation R	Accumulated depreciation R	Carrying value R
Land	7,600,978	-	7,600,978	7,600,978	-	7,600,978
Buildings	30,963,436	(2,911,999)	28,051,437	24,884,366	(2,592,029)	22,292,337
Furniture and fixtures	22,620,294	(3,912,944)	18,707,350	8,629,792	(4,342,196)	4,287,596
Motor vehicles	580,837	(268,783)	312,054	768,198	(371,675)	396,523
Computer equipment	9,010,300	(4,749,691)	4,260,609	8,097,238	(4,407,574)	3,689,664
Leasehold improvements	5,285,096	(687,440)	4,597,656	2,239,397	(335,023)	1,904,374
Leased Assets	12,761,567	(5,861,029)	6,900,538	13,776,573	(4,099,297)	9,677,276
Total	88,822,508	(18,391,886)	70,430,622	65,996,542	(16,147,794)	49,848,748

Reconciliation of property, plant and equipment – 2009

	Opening Balance R	Additions R	Disposals R	Depreciation R	Total R
Land	7,600,978	-	-	-	7,600,978
Buildings	22,292,337	6,027,027	-	(267,927)	28,051,437
Furniture and fixtures	4,287,596	14,469,042	(137,992)	88,704	18,707,350
Motor vehicles	396,523	-	(15,614)	(68,855)	312,054
Computer equipment	3,689,664	1,560,573	(288,876)	(700,752)	4,260,609
Leasehold improvements	1,904,374	3,050,833	-	(357,551)	4,597,656
Leased Assets	9,677,276	186,627	(750,685)	(2,212,680)	6,900,538
Total	49,848,748	25,294,102	(1,193,167)	(3,519,061)	70,430,622

Reconciliation of property, plant and equipment – 2008

	Opening Balance R	Additions R	Disposals R	Depreciation R	Total R
Land	7,600,978	-	-	-	7,600,978
Buildings	21,899,640	1,113,369	-	(720,672)	22,292,337
Furniture and fixtures	3,212,519	922,154	(38,266)	191,189	4,287,596
Motor vehicles	271,760	-	(3,430)	128,193	396,523
Computer equipment	2,114,975	1,099,330	(30,104)	505,463	3,689,664
Leasehold improvements	1,231,710	923,968	-	(251,304)	1,904,374
Leased Assets	10,154,119	530,528	-	(1,007,371)	9,677,276
Total	46,485,701	4,589,349	(71,800)	(1,154,502)	49,848,748

Details of properties

	2009 R	2008 R
House and stand in Amsterdam, Holland (De Bosborus 50, Amstelveen, Amsterdam, Holland		
- Balance at beginning of the year	2,346,465	2,400,000
- Cost capitalised	2,129,382	-
- Depreciation	(162,357)	(53,535)
	4,313,490	2,346,465
Head Office, Bojanala House 90 Protea Road, Chislehurst, Sandton		
- Balance at beginning of the year	27,493,314	27,100,619
- Cost Capitalised	4,124,113	469,141
- Disposals	(10,575)	-
- Depreciation	(267,927)	(76,446)
	31,338,925	27,493,314

The historic depreciated cost of buildings as at 31 March 2009 is R 16 013 207.

Change in accounting estimate

During the year South African Tourism undertook an exercise to extend the useful lives of certain categories of assets in accordance with the requirements of IAS 16. The effect of the change in accounting estimate is a decrease in the depreciation expense for the current year of R 990 989 and an increase in the depreciation expense for future periods amounting to R 4,145,799. The breakdown of asset categories are as follows:

Asset Category	Current Change R
Computer equipment	422,871
Furniture and fixtures	436,597
Buildings	122,423
Motor Vehicles	9,098

5. Intangible assets

	2009			2008		
	Cost / Valuation R	Accumulated depreciation R	Carrying value R	Cost / Valuation R	Accumulated depreciation R	Carrying value R
Patents	-	-	-	-	-	-
Computer software	5,115,151	(1,852,900)	3,262,251	2,638,958	(846,562)	1,792,396
Website costs	18,529,153	(7,063,755)	11,465,398	11,788,116	(3,175,505)	8,612,611
Marketing rights	2,500,000	(750,000)	1,750,000	2,500,000	(250,000)	2,250,000
Total	26,144,304	(9,666,655)	16,477,649	16,927,074	(4,272,067)	12,655,007

Reconciliation of intangible assets – 2009

	Opening Balance R	Additions R	Amortisation R	Total R
Patents	-	-	-	-
Computer software	1,792,396	2,449,796	(979,941)	3,262,251
Website costs	8,612,611	6,492,307	(3,639,520)	11,465,398
Marketing rights	2,250,000	-	(500,000)	1,750,000
Total	12,655,007	8,942,103	(5,119,461)	16,477,649

Reconciliation of intangible assets – 2008

	Opening Balance R	Additions R	Amortisation R	Total R
Patents	-	-	-	-
Computer software	1,117,588	1,171,430	(496,622)	1,792,396
Website costs	5,261,060	5,596,969	(2,245,418)	8,612,611
Marketing rights	-	2,500,000	(250,000)	2,250,000
Total	6,378,648	9,268,399	(2,992,040)	12,655,007

6. Other receivables

	2009 R	2008 R
Staff loans – Non current	-	51,460
Staff loans – Current	81,700	35,185
	81,700	86,645

7. Trade and other payables

	2009 R	2008 R
Trade payables	82,299,029	71,539,728
Accrued liabilities	98,247,029	130,794,378
	180,546,058	202,334,106

8. Other financial liabilities

	2009 R	2008 R
Minimum lease payments due		
– within one year	2,386,335	3,201,234
– in second to fifth year inclusive	5,772,508	8,174,805
– later than five years	913,171	2,539,321
	9,072,014	13,915,360
Less: future finance charges	(4,232,213)	(6,612,984)
Present value of minimum lease payments	4,839,801	7,302,376
Non-current liabilities	3,602,539	5,668,642
Current liabilities	1,237,262	1,633,735
	4,839,801	7,302,377

Finance leases relate to office premises, office equipment and motor vehicles. Legal title does not transfer to the lessee for any of these leases. The economic substance over the legal form was considered in classifying these leases as finance leases. The two conditions that

- ensured that these leases are finance leases are that - 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.

9. Provisions

Reconciliation of provisions – 2009

	Opening Balance R	Settlements in the current year R	Increase in provision R	Total R
Legal proceedings	-	-	1,127,707	1,127,707
Post Retirement Health-care benefits	9,694,000	(2,026,040)	2,919,040	10,587,000
	9,694,000	(2,026,040)	4,046,747	11,714,707

Reconciliation of provisions – 2008

	Opening Balance R	Settlements in the current year R	Increase in provision R	Total R
Provision – Pasis	23,222,321	(23,222,321)	–	–
Post Retirement Health-care benefits	9,435,000	(2,386,552)	2,645,552	9,694,000
	32,657,321	(25,608,873)	2,645,552	9,694,000
Non-current liabilities			10,587,000	9,694,000
Current liabilities			1,127,707	–
			11,714,707	9,694,000

10. Income received in advanced**Movement during the year**

	2009 R	2008 R
Balance at the beginning of the year	1,671,372	22,795
Additions during the year	18,738,492	1,648,577
Income recognition during the year	(230,612)	–
	20,179,252	1,671,372
Deferred revenue	20,179,252	1,671,372

Income received in advance mainly comprises of revenue received from Funders and other institutions in terms of contractual commitments where services will be rendered in the 2009/10 financial year.

11. Revenue

	2009 R	2008 R
Government grants	586,085,732	517,620,975
Other grants	55,700,000	57,000,000
	641,785,732	574,620,975

12. Other income

	2009 R	2008 R
Sundry income	66,665,863	46,703,295
Profit or loss on sale of assets and liabilities	(1,044,101)	(2,819)
Sale of marketing material	29,367	1,345,802
Grading income	6,426,396	3,849,470
Total grading revenue	16,259,671	11,795,408
Assessors fees	(9,833,275)	(7,945,938)
	72,077,525	51,895,748

13. Auditors' remuneration

	2009 R	2008 R
Fees	2,417,493	2,508,649

14. Operating lease

	2009 R	2008 R
Premises	10,958,083	6,046,956
Motor vehicles	37,018	19,257
Equipment	1,382,708	209,251
	12,377,809	6,275,464

15. Marketing

	2009 R	2008 R
Consultants fees	34,422,532	76,345,564
Other marketing expenditure	503,247,459	418,287,891
	537,669,991	494,633,455

16. Finance costs

	2009 R	2008 R
Finance leases	1,346,069	1,723,807
Accounts Payable Discounting	8,382,722	3,827,938
	9,728,791	5,551,745

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 9,728,791 (2008: R 5,555, 745).

17. Other operating expenses

	2009 R	2008 R
Administration and management fees	26,372,281	24,478,950
Bad debts	16,088,990	438,282
Lease rentals on operating lease	12,377,809	6,275,464
Premises	10,958,083	6,046,956
Motor vehicles	37,018	19,257
Equipment	1,382,708	209,251
	54,839,080	31,192,696

18. Cash generated from operations

	2009 R	2008 R
Surplus before taxation	6,947,332	23,562,944
Adjustments for:		
Depreciation and amortisation	8,638,522	4,146,541
Deficit on sale of assets	1,044,101	2,819
Interest received	(26,038,096)	(17,836,492)
Finance costs	9,728,791	5,551,745
Movements in provisions	2,020,707	(22,963,321)
Changes in working capital:		
Trade and other receivables	5,184,870	(32,924,198)
Staff loans – Current	(46,515)	(35,185)
Staff loans – Non current	51,460	(12,096)
Trade and other payables	(21,788,049)	74,471,637
Income received in advanced	18,507,880	1,648,577
	4,251,003	35,612,971

19. Commitments

	2009 R	2008 R
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	9,700,000	6,750,000
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	9,332,675	4,456,376
– in second to fifth year inclusive	17,096,018	1,089,850
	26,428,693	5,546,226

Operating leases relate to rental of premises, with lease terms varying between 4 to 8 years, and rental of office equipment with lease terms varying between 2-3 years. All operating lease contracts contain market review clauses taking economic factors into consideration in increasing operating lease rentals. The entity does not have an option to purchase the leased asset at maturity of the lease period.

20. Employee benefits

Post retirement contribution plan

South African Tourism has a defined contribution pension fund plan covering substantially all of its employees. Retirement benefits are based on the growth of each member's investment done by the trustees' through the funds administrators.

This is an unfunded plan obligation meaning that the sum of plan assets and total fund liability amounting to R37,677,920 (2008: R35,772,914) breakeven.

	2009 R	2008 R
Plan Assets	37,677,920	35,772,914
Total fund liability	(37,677,920)	(35,772,914)
Net Surplus / (Unfunded benefit obligation)	-	-

South African Tourism also offers post retirement health-care benefits to all eligible domestic retired employees. Retirees share in the cost of their health care benefits through service-related contributions. Post retirement health-care benefits are unfunded.

Accounting provision for health care liabilities

	2009 R	2008 R
Liability at 1 April	9,694	9,435
Expenses:		
Service Cost	378	363
Benefits	(711)	(625)
Interest Cost	841	730
Actuarial Gain	385	(209)
Liability at 31 March	10,587	9,694

	2009 R	2008 R
Plan Assets	37,677,920	35,772,914
Total fund liability	(37,677,920)	(35,772,914)
Net Surplus / (Unfunded benefit obligation)	-	-

	Service Cost		Interest Cost		Accrued Liability	
	Amount (R'000)	Change %	Amount (R'000)	Change %	Amount (R'000)	Change %
Change in inflation						
None	378	-	841	-	10,587	-
1% increase	493	+30.4%	946	+12.5%	11,841	+11.8%
1% decrease	292	-22.8%	754	-10.3%	9,550	-9.8%

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

Assumptions:		
Assumed return on assets	10.00% p.a.	9.00% p.a.
Assumed subsidy inflation	7.84% p.a.	6.86% p.a.
Net discount rate	2% p.a.	2% p.a.
Actuarial method:	Projected Unit Credit	Projected Unit Credit

21. Financial instruments

Financial risk management objectives and policies

South African Tourism is exposed to market risk, including primarily changes in interest rates and currency exchange rates.

Interest rate risk

Finance leases (Referred to as other financial liabilities on the Statement of Financial Position) refers to operating leases which have been classified, in terms of IAS 17, as finance leases because of the accounting substance over the legal form. None of these leases are with financial institutions; therefore no interest risk is associated with these finance leases.

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

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.

Exchange rates used for conversion of foreign items were:

USD	9.7205	8.194
GBP	13.8163	16.3479
JPY	0.09994	0.08261
EUR	12.8286	12.872
INR	0.1878	0.2052
AUD	6.6443	7.52
CNY	1.4241	1.1702

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss. The entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually. 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.

The table below shows the percentage invested compared to the total cash invested and balance of cash and cash equivalents invested in seven major banks (i.e investments excluding current account balances) at the statement of financial position date.

Country	Bank	Balances	Percentage of funds invested
South Africa	Nedbank	52,218,187	49.37%
USA	JP Morgan Chase Bank	100,472	0.09%
UK	Nedbank	31,568,007	29.85%
Germany	Frankfurter Volksbank	32,818	0.03%
Netherlands	ABN Amro Bank	14,756,858	13.94%
Italy	Unicredit Corporate Bank	3,181	0.01%
France	Credit du Nord	465,420	0.44%
Australia	Westpac business	6,627,657	6.27%
		105,772,600	100.00%

Liquidity risk

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.

	2009 R	2008 R
Financial Assets		
Carrying Amount of Financial Assets	241,013,622	220,535,976
Loans and receivables		
Trade and other receivables	36,793,299	41,931,654
Available for sale financial assets		
Cash and cash equivalents	162,614,916	178,604,322
Financial Liabilities		
Carrying amount of financial liabilities	185,385,858	209,636,483
Other financial liabilities		
Finance lease obligation – Non current portion	3,602,539	5,668,642
Finance lease obligation – Current portion	1,237,262	1,633,735
Trade and other payables	180,546,057	202,334,106

Trade and other receivables have not been discounted as the effects of discounting are considered to be immaterial. The amount of cash and cash equivalents approximates the fair value of the financial asset.

Trade and other payables have been discounted using interest rates as at 31 March 2009 from the World Interest Rate Table as follows:

South Africa	9.50%
America	0.25%
United Kingdom	0.50%
Japan	0.10%
China	5.31%
Australia	3.25%
India	5.50%
Germany	1.50%
France	1.50%
Italy	1.50%
Netherlands	1.50%

22. 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:

The chairperson of the Board, Mr. Jabu Mabuza, has an interest in Tsogo Sun Gaming, and Southern Sun Hotels across the country. During the financial year South African Tourism incurred cost of R 176 980 (2008: R 122 647) with Tsogo Sun Gaming and R 1 898 391 (2008: R 2 387 996) with Southern Sun Hotels for hotel and accommodation expenses. An amount R 0 (2008: R 33 847) was owed to Tsogo Sun Gaming and an amount of R 73 055 (2008: R 117 2691) was owed to Southern Sun Hotels as at 31 March 2009.

South African Tourism is 100% controlled by its shareholder, the government, represented by the Department of Environmental Affairs and Tourism. South African Tourism constitutes a Schedule 3A public entity in terms of the Public Finance Management Act. The related party disclosure is required in terms of Circular 4 of 2005 issued by the South African Institute of Chartered Accountants. During the financial year South African Tourism received grant income of R587 968 903 (2008: R 515 392 785). No amounts were due to DEAT by South African Tourism as at the 31 March 2009 (2008:Nil).

According to Circular 4 of 2005, 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

	2009 R	2008 R
Public Entity		
Telkom	649,931	586,809
SA National Parks Board	-	14,723
UIF	317,530	302,448
Robben Island Museum	-	36,768
SARS	11,808,368	10,495,185
National health laboratory services	5,600	-
	12,781,429	11,435,933
Key management personnel compensation		
Short-term employee benefits	5,876,089	16,393,474
Post-employment benefits	1,019,498	1,843,290
Termination benefits	480,064	201,905
Equity compensation benefits	-	-
Other long-term benefits	10,982	-
	7,386,633	18,438,669

Related party balances

	2009 R	2008 R
Public Entity		
Telkom	114,824	49,042
SA National Parks Board	-	-
UIF	-	-
Robben Island Museum	-	-
SARS	-	-
	114,824	49,042

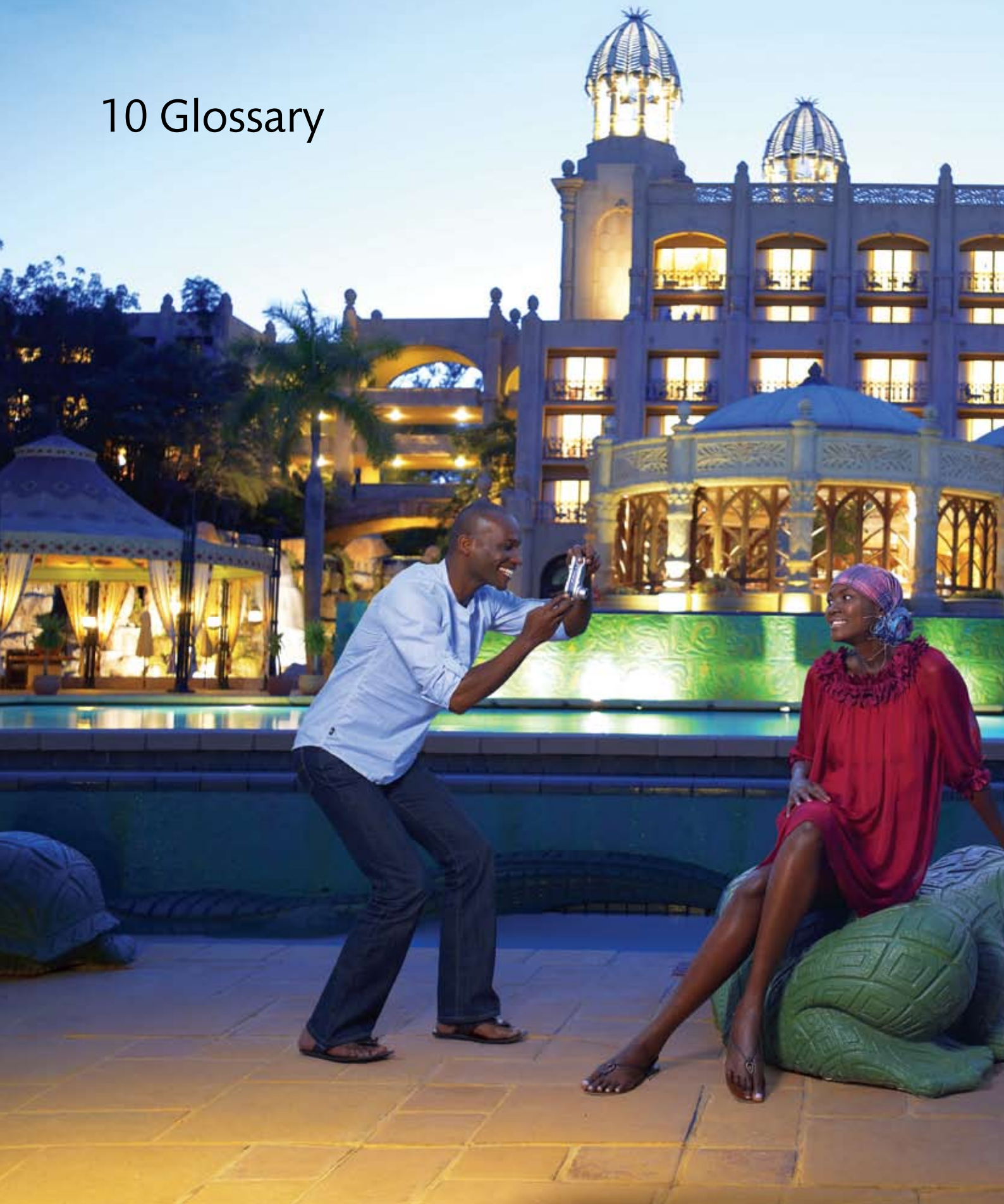
23. Taxation

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

24. Contingent Liabilities

South African Tourism had no contingent liabilities for the year ended 31 March 2009.

10 Glossary





AIME	Asia Pacific Incentives and Meetings Expo	MANCO	Management Committee (of South African Tourism)
ASAE	American Society of Association Executives	MICE	Meetings, Incentives, Conference and Exhibitions
ASTA	American Society of Travel Agents	MTEF	Medium-Term Expenditure Framework
BB-BEE	Broad-Based Black Economic Empowerment	NCP	National Communications Partnership
BEE	Black Economic Empowerment	NGC	National Geographic Channel
CEO	Chief Executive Officer	PDI	Previously Disadvantaged Individual
COO	Chief Operating Officer	PFMA	Public Finance Management Act
CSR	Corporate Social Responsibility	PR	Public Relations
DEAT	Department of Environmental Affairs and Tourism	RDP	Reconstruction and Development Programme
DMS	Destination Marketing Services	SAA	South African Airways
DTI	Department of Trade and Industry	SABC	South African Broadcasting Corporation
ETEYA	Emerging Tourism Entrepreneur of the Year Award	SADC	Southern African Development Community
EXCO	Executive Committee (of South African Tourism)	SANEC	South Africa and Netherlands Chamber of Commerce
GAAP	Generally Accepted Accounting Practice	SANParks	South African National Parks
GRAP	Generally Recognised Accounting Practices	SARS	South African Revenue Service
HDI	Historically Disadvantaged Individual	SAT	South African Tourism
HR	Human Resources	SAX	South African Express
IAS 16	International Accounting Standard 16	SIC	Standing Interpretations Committee (of the International Accounting Standards)
ICC	International Cricket Council	SITE	Society for Incentive Travel Executives
IFRS	International Financial Reporting Standards	SMME	Small, Medium and Micro Enterprises
IMC	International Marketing Council	TBCSA	Tourism Business Council of South Africa
Indaba	South Africa's premier tourism exhibitions (Durban, South Africa)	TBEECC	Tourism BEE Charter Council
ISO	International Organisation for Standardisation	TECSA	Tourism Empowerment Council of South Africa
IT	Information Technology	TGCSA	Tourism Grading Council of South Africa
IT&ME	Incentive Travel and Meeting Executives Show	TOMSA	Tourism Marketing South Africa
ITB	International Tourism Bourse	TSA	Tourism Satellite Account
JATA	Japan Association of Travel Agents	UK	United Kingdom
JMA	Joint Marketing Agreement	UIF	Unemployment Insurance Fund
King II	King Committee on Corporate Governance in South Africa, 2002	UNWTO	United Nations World Tourism Organisation
		USD	United States Dollar
		WOM	Word of Mouth
		WTM	World Travel Market

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