

Department of Tourism of the Republic of South Africa

ANNUAL REPORT 2017/18



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



Inspiring new ways



CONTENTS

PART A: GENERAL INFORMATION

3

1. DEPARTMENT GENERAL INFORMATION	4
2. LIST OF ABBREVIATIONS/ACRONYMS	5
3. FOREWORD BY THE MINISTER	8
4. DEPUTY MINISTER STATEMENT	10
5. REPORT OF THE ACCOUNTING OFFICER	12
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	16
7. STRATEGIC OVERVIEW	17
7.1. Vision	17
7.2. Mission	17
7.3. Values	17
8. LEGISLATIVE AND OTHER MANDATES	18
9. ORGANISATIONAL STRUCTURE	19
10. ENTITIES REPORTING TO THE MINISTER	20

PART B: PERFORMANCE INFORMATION

21

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	22
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	22
2.1 Service Delivery Environment	22
2.2 Service Delivery Improvement Plan	25
2.3 Organisational environment	37
2.4 Key policy developments and legislative changes	37
3. STRATEGIC OUTCOME ORIENTED GOALS	38
4. PERFORMANCE INFORMATION BY PROGRAMME	42
4.1 Programme 1: Administration	42
4.2 Programme 2: Tourism Policy and Planning	48
4.3 Programme 3: Destination Development	53
4.4 Programme 4: Enterprise and Visitor Support Services	59

5. TRANSFER PAYMENTS	69
5.1. Transfer payments to public entities	69
5.2. Transfer payments to all organisations other than public entities	70
6. DONOR FUNDS	72
6.1. Donor Funds Received	72

PART C: GOVERNANCE

73

1. INTRODUCTION	73
2. RISK MANAGEMENT	73
3. FRAUD AND CORRUPTION	76
4. MINIMISING CONFLICT OF INTEREST	76
5. CODE OF CONDUCT	76
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	76
7. PORTFOLIO COMMITTEES	77
8. SCOPA RESOLUTIONS	86
9. PRIOR MODIFICATIONS TO AUDIT REPORTS	86
10. INTERNAL CONTROL UNIT	86
11. INTERNAL AUDIT AND AUDIT COMMITTEES	87
12. AUDIT COMMITTEE REPORT	89

PART D: HUMAN RESOURCE MANAGEMENT

91

1. INTRODUCTION	92
2. OVERVIEW OF HUMAN RESOURCES	92
3. HUMAN RESOURCES OVERSIGHT STATISTICS	93

PART E: FINANCIAL INFORMATION

125

1. REPORT OF THE AUDITOR GENERAL	126
2. ANNUAL FINANCIAL STATEMENTS	132

PART A

General Information



A picturesque evening view of the Durban skyline, KwaZulu-Natal

1. DEPARTMENT'S GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

ACSA	Airports Company South Africa
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ASATA	Association of Southern African Travel Agents
ATC	Accredited Tourism Company
AU	African Union
BAR	Basic Assessment Report
BAS	Basic Accounting System
B-BBEE	Broad-Based Black Economic Empowerment
BIS	Black Industrialist Scheme
BRICS	Brazil, Russia, India, China and South Africa
CAF	Commission for Africa
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CMT	Coastal and Marine Tourism
CPF	Consumer Protection Forum
CTIA	Cape Town International Airport
CTP	Chefs Training Programme
DEA	Department of Environmental Affairs
DEAT	Department of Environmental Affairs and Tourism
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DFIs	Development finance institutions
DHA	Department of Home Affairs
DIRCO	Department of International Relations and Cooperation
DPSA	Department of Public Service and Administration

DPW	Department of Public Works
DWS	Department of Water and Sanitation
EAP	Employee Assistance Plan
EHW	Employee Health and Wellness
EIA	Environmental Impact Assessment
EISP	Employee Initiated Severance Pay
EPWP	Expanded Public Works Programme
EU	European Union
FEDHASA	Federated Hospitality Association of Southern Africa
FET	Further Education and Training
FGASA	Field Guides Association of South Africa
FOSAD	Forum of South African Directors-General
FTE	Full-Time Equivalent
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GEMS	Government Employee Medical Scheme
GTAC	Government Technical Advisory Centre
HDIIs	Historically Disadvantaged Individuals
HOA	Home Owner's Allowance
HR	Human Resources
HRD	Human Resource Development
HSRC	Human Sciences Research Council
IATA	International Air Transport Association
ICT	Information and Communications Technology
ICTSP	Information Communication Technology Strategic Plan
IDC	Industrial Development Corporation

IDP	Integrated Development Plan
IMC	Inter- Ministerial Committee
IORA	Indian Ocean Rim Association
IT	Information Technology
KSIA	King Shaka International Airport
KMF	Knowledge Management Framework
KZN	KwaZulu-Natal
M&E	Monitoring and Evaluation
MINMEC	Minister and Members of the Executive Council
MIPTECH	MinMec Interprovincial Technical Committee
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MPSA	Minister of Public Service and Administration
MTEF	Medium Term Expenditure Framework
NA	National Assembly
NCOP	National Council of Provinces
NDP	National Development Plan
NEF	National Empowerment Fund
NES	National Events Strategy
NGP	New Growth Path
NEPAD	New Partnership for Africa's Development
NGP	New Growth Path
NHBRC	National Home Builders Registration Council
NMSRT	National Minimum Standards for Responsible Tourism
NT	National Treasury
NTCE	National Tourism Careers Expo

NTIG	National Tourism Information Gateway
NTIMS	National Tourism Information and Monitoring System
NTSS	National Tourism Sector Strategy
NVIF	National Visitor Information Framework
NYC	National Youth Chefs
NYCTP	National Youth Chefs Training Programme
ORTIA	O.R. Tambo International Airport
PAC	Project Advisory Committee
PBP	Principles of Batho Pele
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PICC	Presidential Infrastructure Coordinating Commission
PMDS	Performance Management Development System
PoA	Plan of Action
PRASA	Passenger Railway Agency of South Africa
PSCBC	Public Service Coordinating Bargaining Council
RETOSA	Regional Tourism Organisation of Southern Africa
RMC	Risk Management Committee
RPL	Recognition of Prior Learning
RTMC	Road Traffic Management Corporation
RIM	Robben Island Museum
SADC	Southern African Development Community
SAICA	South African Institute of Chartered Accountants
SALGA	South African Local Government Association
SANBI	South African National Biodiversity Institute
SANRAL	South African National Roads Agency SOC Ltd

SANS	South African National Standard
SANParks	South African National Parks
SAPS	South African Police Services
SA Tourism	South African Tourism
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SHE	Safety, Health and Environment
SIPDM	Standard for Infrastructure Procurement and Delivery Management
SITA	State Information Technology Agency
SMMEs	Small, Medium and Micro-Enterprises
SMS	Senior Management Services
SRI	Social Responsibility Implementation
STR	State of Tourism Report
TAAP	Tourism Accelerated Apprenticeship Programme
TBCSA	Tourism Business Council of South Africa
TEP	Tourism Enterprise Partnership
THRD	Tourism Human Resource Development

TIP	Tourism Incentive Programme
TKP	Tourism Knowledge Portal
TLD	Tourism Leadership Dialogue
ToR	Terms of Reference
TS&AS	Tourism Safety and Awareness Strategy
UA	Universal Access
UIF	Unemployment Insurance Fund
UN	United Nations
UNISA	University of South Africa
UNWTO	United Nations World Tourism Organisation
VFR	Visiting Friends and Relatives
WFT	Working for Tourism
WHS	World Heritage Site
WIT	Women In Tourism
WSP	Workplace Skills Plan
WTO	World Trade Organization
WTTC	World Travel and Tourism Council

3. FOREWORD BY THE MINISTER OF TOURISM



"An emphasis has been placed on inclusive, sustainable growth through every plan, programme and project, ensuring that together they address our country's fundamental challenges."

DEREK HANEKOM, MP
Minister of Tourism

Tourism, with its immense social and economic value, continues to improve the lives of millions of people in South Africa, on the African continent, and around the world.

Globally, tourism continues to grow faster than most other sectors. After seven years of continual growth, the sector recorded a global growth in economic impact of 4.6% last year. Tourism now in its extended direct and indirect impact, supports one in every 10 jobs on the planet, and provides 10% of the world's Gross Domestic Product.

In Africa, tourist arrivals grew by about 8% in 2017, as untapped opportunities in emerging markets continue to prove their worth for tourism development.

In South Africa, tourism contributed R136,1 billion, about 2.9% of our total GDP in 2017. When tourism's indirect and induced benefits across a very broad value chain are factored in, the total contribution amounts to R412,5 billion, or 8.9% of our GDP.

Tourism directly and indirectly supported about 1,5 million jobs in 2017, 9.5% of total employment, and there is potential to grow employment in the sector to 2,1 million jobs by 2028. We need to ensure this growth happens and leads to real economic and social transformation for South Africans.

This is especially significant as government, business and many social partners are collaborating to accelerate economic growth and employment.

In addition to the opportunities presented by global and continental growth, tourism in South Africa has its own opportunities to unlock and challenges to overcome.

This Annual Report records how the Department of Tourism's revised strategy and new organisational structure has contributed to advancing tourism over the year.

An emphasis on inclusive, sustainable growth through every plan, programme and project, ensuring that together they address our country's fundamental challenges.

The development of inclusive tourism for the benefit of all South Africans has an additional significance this year as we celebrate the Centenaries of Tata Nelson Mandela and Ma Albertina Sisulu. It is a time to encourage all South Africans to learn about the lives of these icons, to visit the historic sites that are linked to them, and to uphold the values they held dear.

Our revised National Tourism Sector Strategy was approved by Cabinet in December 2017. It seeks to make our international and domestic marketing more effective, facilitate easier travel to South Africa, improve the visitor experience, better manage our destination, and, most importantly, spread the benefits of tourism to more South Africans by including more black people, women, youth and rural communities in the tourism value chain.

There is an abundance of opportunity in tourism. The Department is helping many South Africans to take full advantage of this through our training, enterprise development and incentive programmes.

As an example, our Enterprise Development Programme, supported 400 entrepreneurs in a business incubation programme in the rural Pilanesberg region, some of whom saw an increase in their occupancy rate by up to 15%. Elsewhere, community tourism enterprises have been supported to enter the tourism value chain.

The Department's ground-breaking conference to take stock of transformation in tourism recommended that Government and the private sector should improve access to funding, procurement, markets, and training.

We have opened applications for funding under the Tourism Transformation Fund, and an internet portal has been created to link black-owned enterprises and facilitate partnerships between large and small enterprises.

Integrated tourism spatial development and coordinated tourism planning efforts at national, provincial and municipal level is essential for growth and transformation. The Department has developed a nodal approach for tourism growth and development that focuses on strategic geographic areas and prioritises precincts instead of individual products.

The environmental sustainability of tourism is as important as the social sustainability that our initiatives seek to bring.

Pilot initiatives to retrofit strategic state-owned attractions with renewable solar energy systems were undertaken during the year. Solar photovoltaic installations on Robben Island and at three National Botanical Gardens were successfully commissioned and completed. As this initiative spreads, it will enhance the sector's overall sustainability.

South Africa continues to play a significant role in the development of tourism on the African continent. Bilateral cooperation agreements in tourism were signed with Zambia, Malawi, and Senegal. South Africa and Namibia have jointly trained a group of tourist guides with knowledge about the history and cultures of both countries.

As Chair of Indian Ocean RIM Association, we are establishing a Tourism Core Group to coordinate vital tourism projects and programmes. This will help us to unlock the potential of our marine and coastal tourism.

It is extremely pleasing that the Department's financial management has been exemplary once again, with 99.7% of its allocated budget spent during the year, and no unauthorised expenditure reported.

I thank Deputy Minister Elizabeth Thabete for her support, members of the Portfolio and Select Committees for their guidance, Director-General Victor Tharage and all staff at the Department for their diligence and efforts. A special thanks to our partners in industry for their willingness to join our journey towards inclusive growth.

Every South African has a role to play in promoting tourism: by making our country a better place; by making the experience of every tourist we meet an exceptional one, and by constantly marching forward to overcome the boundaries of poverty and inequality in our country.



Derek Hanekom, MP

Minister of Tourism

4. STATEMENT BY THE DEPUTY MINISTER OF TOURISM



"The Department will continue to implement Skills and Enterprise Development Programmes targeting youth, women and SMMEs in order to respond to transformation imperatives in the sector."

ELIZABETH THABETHE, MP
Deputy Minister of Tourism

In 2017, we celebrated the Year of O R Tambo, our national icon and one of the founders of our democracy. We celebrated this national hero by investing in our youth, women and SMMEs by imparting them with skills, training, business support and exposure to tourism opportunities needed to foster positive growth and development in our people and the economy.

A record of departmental programmes and initiatives is presented in this 2017/18 Annual Report. This is in pursuance of the National Development Plan which envisages the creation of 90 percent of jobs from small and expanding businesses. This will contribute towards creating 11 million jobs and job opportunities by 2030.

For the development of the tourism sector related skills, the Department, in partnership with its stakeholders and industry, has reviewed the Tourism Human Resource Development Strategy. The review further confirmed that the chefs' profession is a scarce skill, even globally; hence the continuation of the National Youth Chefs Training Programme for unemployed youth nationwide. The Department will continue to offer skills training to our youth in relation to the following areas: hospitality, Sommelier profession, food safety, resource efficiency and the Blue Flag programme.

In response to growing the economy, the Department has developed a Tourism B-BBEE portal to accelerate the empowerment of SMMEs in the sector. This is in order to facilitate partnerships for market access with large enterprises. We will continue to support SMMEs through enterprise development by providing various support instruments, such as business mentorship, coaching, incubation, entrepreneur skills training and exposure to market access platforms such as the Africa Travel Indaba and international trade shows.

The Department has engaged communities and key stakeholders such as Development Finance Institutions and commercial banks on Enterprise Development awareness sessions in all nine provinces. These sessions included the Tourism Incentive Programme and the Amended Tourism B-BBEE Sector Codes. In relation to the Incubator Programme, the Department has added two more incubators in Phalaborwa and Mier, thus surpassing the target by one incubator. The two existing incubators in Pilanesberg and Manyeleti are now in their second year of operation and are already bearing fruit. The incubation model is aimed at ensuring that communities around the tourist attraction hubs benefit from economic opportunities found in those areas.

The review of the Domestic Tourism Strategy brought new appreciation for visiting friends and relatives (VFR). Consideration and inclusion of VFR, including the capacity building of emerging tour operators, will assist in increasing the domestic tourism numbers. Through our social tourism programme in 2017/18, a special focus was on the designated groups, namely, youth, women, elderly and people with disabilities to encourage them to travel their country. A highlight was the introduction of the Youth Exchange Programme which involved disadvantaged high school learners from Mbizana local municipality (Eastern Cape) and Ekurhuleni metropolitan municipality (Gauteng) who visited attractions linked to O R Tambo legacy. Most of these learners were exposed to flying for the first time and staying in a hotel. The programme aims to inculcate a culture of travel and tourism among the youth as tourism Ambassadors and future travelers.

Women in the tourism sector are an important stakeholder. Despite women being in the majority, they still find themselves in the lower ranks of the sector. Through our Executive



Development Programme, in partnership with UNISA School of Business Leadership, twenty women were enrolled into the Programme and five have since been promoted to senior management positions. The aim is to have more women representation in boards and executive management positions. Additional forty women are currently enrolled for the Programme, and will graduate later this year.

The Department will continue to implement Skills and Enterprise Development Programmes targeting youth, women and SMMEs in order to respond to transformation imperatives in the sector.

The work done and the achievements made by the Department would not have been possible without the active participation of communities, stakeholders and the public and private sectors. The oversight role played by parliamentary committees is also appreciated. In conclusion, I must also acknowledge the leadership of the Minister, the dedication of the Director-General, management and staff (Team Tourism).

#WeDoTourism

Elizabeth Thabethe, MP

Deputy Minister of Tourism

5. REPORT OF THE ACCOUNTING OFFICER



"In response to growing the economy, the Department has developed a Tourism Broad-Based Black Economic Empowerment (B-BBEE) portal to accelerate the empowerment of SMMEs in the sector."

VICTOR THARAGE
Director-General

5.1 Overview of the operations of the Department

The mandate of the Department of Tourism, as outlined in the **Tourism Act, 2014 (Act 3 of 2014)**, is to: promote growth and development of the Tourism Sector; promote quality tourism products and services; provide for the effective domestic and international marketing of South Africa as a tourist destination; enhance cooperation and coordination between all spheres of government in developing and managing tourism; and promote the practice of responsible tourism for the benefit of South Africa and for the enjoyment of all its residents and foreign visitors.

In recognition of tourism as a national priority, with the potential to contribute significantly to economic development, the 1996 White Paper on the Development and Promotion of Tourism in South Africa provides for the promotion of domestic and international tourism. The National Tourism Sector Strategy provides a blueprint for the sector to meet the growth targets contained in the NDP.

The 2017 Department's budget allocation amounts to R2,140 billion of which R296,853 million was allocated to fund Compensation of Employees, R299,860 million to Goods

and Services and R1,321 billion to Transfer and Subsidies and R222,620 million to Capital Assets. Compensation of Employees receives 13.9% of the total departmental budget.

The newly structured Department has 508 funded posts on its establishment, half of which are in Administration (largely driven by the insourcing of auxiliary services), 72 posts in Tourism Policy and Planning, 75 posts in Destination Development and 99 posts in Tourism Visitor Support Services.

The Department relies on South African Tourism to market South Africa and transfers 52.8% of the total budget for this purpose. South African Tourism received an additional R20 million in 2017/18 for the South African Convention Bureau to grow tourism from meetings, incentives, conventions and events.

Working for Tourism Programme

The Department has had mixed success in the implementation of both skills and infrastructure projects through the Working for Tourism Programme. The Department has partnered with the Government Technical Advisory Centre (GTAC), an entity of National Treasury, in order to understand and address some of the challenges in the implementation of our infrastructure projects.

There are two phases to the GTAC assignment. The first phase was completed in November 2017 and involved an individual assessment of 32 infrastructure projects. Ten of these projects were in construction phase and had been stopped due to implementation or funding challenges; five of these projects had requested additional funding for either a new scope of work or completion of current scope of work; 15 of these projects were at a planning stage and two projects at a pre-feasibility stage. The Department has processed and made decisions on each of the assessment reports. The decisions taken are now being progressively implemented.

Primarily the findings, conclusions and recommendations from GTAC on the individual assessments point to the urgent need for the implementation of a revised Project Management model. This would include completing detailed feasibility studies as part

of project planning and facilitating effective public-private-community partnerships for project operationalisation and long term sustainability. Secondly, GTAC recommended that Department of Tourism strengthen Working for Tourism through improved collaboration with requisite expertise in tourism infrastructure, facilities investment and financing. The Department is presently in the process of fully aligning with the Treasury Standard for Infrastructure Procurement and Delivery Management (SIPDM).

The second phase of the GTAC assignment will only be completed in October 2018. This work involves a realignment of the systems, processes and capacity of the Working for Tourism team to better manage future infrastructure projects. The individual project assessments undertaken in phase one will inform this process.

5.2 Overview of the financial results of the Department

	Adjustment Appropriation	Virement	Final Appropriation	Expenditure	Over/(Under) Expenditure	Virement
Programme	R'000	R'000	R'000	R'000	R'000	%
Administration	234 081	7 797	241 878	241 878	-	3.33
Tourism Policy and Planning	1 203 108	(5 967)	1 197 141	1 196 743	398	(0.50)
Destination Development	431 853	2 584	434 437	433 529	908	0.60
Enterprise and Visitor Support Services	271 114	(4 414)	266 700	261 826	4 874	(1.63)
TOTAL	2 140 156	-	2 140 156	2 133 976	6 180	-

Virement

In accordance with Section 43 of the Public Finance Management Act, 1999, the Accounting Officer of the Department may utilise a saving in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another main division on condition that it does not exceed 8% of the amount appropriated under that main division. The virements between main divisions were for compensation of employees to stay within the earmarked amount allocated to the Department. The earmarked amount for compensation of employees for the 2017/18 financial year was R296,853 million.

Underspending

The Department spent 99.7% of its total budget for the 2017/18 financial year. The Department spent the total Working for Tourism (Expanded Public Works Programme and Expanded Public Works Incentive Programme) budget allocated in Destination Development. The Tourism Incentive Programme within Enterprise and Visitor Support Services spent 96.9% of its allocated budget. The remaining balance relates to the energy efficiency projects in the Kruger National Park which are in their final stages of completion.

Roll-overs

No request will be submitted for roll-overs to the National Treasury.

5.3 A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence

The Department had no unauthorised expenditure. With regard to fruitless and wasteful expenditure, the majority of this expenditure relates to travel expenditure (revised bookings and no shows) which are reported as fruitless and wasteful expenditure. Once investigated, the expenditure will be accepted as a valid expenditure or transferred to the departmental debt account for recovery.

5.4 Future plans of the Department

The following name changes have been approved by National Treasury and is also linked to the approved establishment by the Department of Public Service and Administration:

Programme 2: Tourism Policy and Planning will be Tourism Research, Policy and International Relations in the 2018/19 financial year.

Programme 3: Enterprise and Visitor Support Services will be Tourism Sector Support Services in the 2018/19 financial year.

Through the General Budget Support, the Department received R57,610 million for the Baviaanskloof World Heritage Site Interpretive Centre. R42,353 million for the 2018/19 financial year, R9,756 million for 2019/20 and R5,501 million for 2020/21.

5.5 Public Private Partnerships

The Department has no Public Private Partnerships registered with National Treasury.

5.6 Discontinued activities / activities to be discontinued

The Department has no discontinued activities or activities to be discontinued.

5.7 New or proposed activities

The Department has no new or proposed activities.

5.8 Supply Chain Management

The Department received no unsolicited bids in the 2017/18 financial year. In order to avoid any irregular expenditure related to Supply Chain Management, the Department has established Bid Specification, Bid Evaluation and Bid Adjudication Committees to conclude the bidding administration. These Committees have been capacitated to deal with the functions assigned to them.

5.9 Gifts and Donations received in kind from non-related parties

The European Union donated R120 million via the National Treasury for the Golden Gate Highlands National Park Interpretation Centre. The planning phase and appointment of contractors have been completed and construction will start in the 2018/19 financial year.

5.10 Exemptions and deviations received from the National Treasury

National Treasury granted approval in terms of Section 43 of the Public Finance Management Act (PFMA) and Section 6.3.1(a) of the Treasury Regulations to shift R100 000 from transfers and subsidies, United Nations World Tourism Organisation (UNWTO) towards Regional Tourism Organisation of Southern Africa (RETOSA) within Programme 2: Tourism Research, Policy and International Relations to cover the membership fee shortfall due to the exchange rate.

National Treasury also granted approval in terms of section 5(2)(a) of the Adjustment Appropriation Act (Act 12 of 2017) to shift R12 million from goods and services to compensation of employees.

5.11 Events after the reporting date

None

5.12 Other

None

5.13 Acknowledgements or appreciation

I greatly appreciate the sterling work and commitment shown by our management and staff towards ensuring that our mandate translates into reality. As dedicated public servants, they continue to stretch their capacity to support our government's efforts to deliver even more. We are also grateful for the leadership and support of our Minister and our Deputy Minister. We would like to extend our appreciation to the Chairpersons of our Portfolio and Select Committees and all members of both Committees for the continued support they have provided for our work.

5.14 Conclusion

The success of the delivery on the Annual Report which includes the Annual Financial Statements, Performance Information and Human Resource Information depends on all staff, management and senior management throughout all the branches of the Department.

5.15 Approval and sign-off

The Annual Financial Statements set out on pages 131 to 232 have been approved by the Accounting Officer.



Mr. Nkhumeleni Victor Tharage

Accounting Officer
Department of Tourism
Date: 31 May 2018

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2018.

Yours faithfully



Mr. Nkhumeleni Victor Tharage

Accounting Officer

Department of Tourism

Date: 31 May 2018



Couples walking past the colourful Bo-Kaap houses

7. STRATEGIC OVERVIEW



7.1. Vision

Leading sustainable tourism development for inclusive economic growth in South Africa.

7.2. Mission

To grow an inclusive and sustainable tourism economy through:

- good corporate and cooperative governance;
- strategic partnerships and collaboration;
- innovation and knowledge management; and
- effective stakeholder communication.

7.3. Values

7.3.1 Performance values

- **Innovative:** Leveraging of resources and partnerships to optimise delivery to our stakeholders, and being responsive to change.
- **Ethical (good corporate governance):** Encapsulating the principles of integrity, transparency and accountability.
- **Customer focus:** Providing services and solutions in a manner that is efficient, effective and responsive.

7.3.2 Organisational values

- **Empowerment:** Create an environment conducive to growth and development for our people.
- **Integrity:** Act with integrity by maintaining the highest standards for accountability, serving with respect, honesty and trustworthiness.
- **Recognition:** Be an organisation that values its own people by ensuring fairness of systems and processes, being supportive as well as recognising and rewarding performance.

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional mandate

Part A of Schedule 4 to the Constitution of the Republic of South Africa, 1996, lists tourism as a functional area of concurrent national and provincial legislative competence.

8.2 Legislative mandates

Tourism Act, 2014 (Act No. 3 of 2014) aims to promote the practise of responsible tourism for the benefit of the Republic and for the enjoyment of all its residents and foreign visitors; provide for the effective domestic and international marketing of South Africa as a tourist destination; promote quality tourism products and services; promote growth in and development of the Tourism Sector, and enhance cooperation and coordination between all spheres of government in developing and managing tourism.

8.3 Policy mandates

- The NDP is the 2030 vision for the country. It envisions rising employment, productivity and incomes as a way to ensure a long-term solution to achieve a reduction in inequality, an improvement in living standards and ensuring a dignified existence for all South Africans. The NDP recognises tourism as one of the main drivers of employment and economic growth.
- The New Growth Path (NGP) includes tourism as one of the six pillars of economic growth.
- The National Tourism Sector Strategy (NTSS) provides a blueprint for the Tourism Sector in the pursuit of growth targets contained in the NGP.

- The White Paper on the Development and Promotion of Tourism in South Africa, 1996, provides a framework and guidelines for tourism development and promotion in South Africa.

8.4 Relevant court rulings

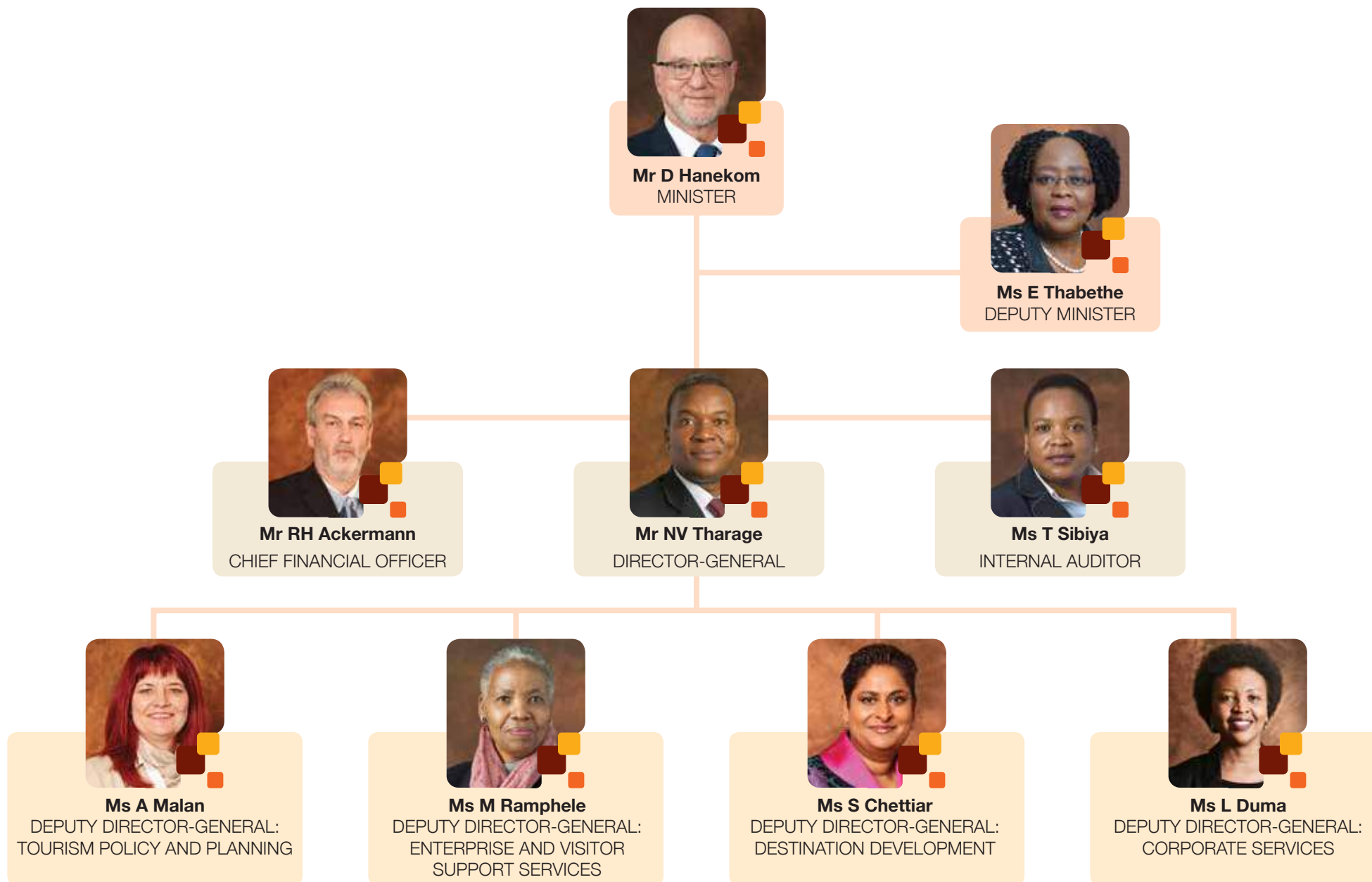
Not applicable.

8.5 Planned policy initiatives

Table 1: Departmental planned policy initiatives per programme

No.	Programme	Planned initiatives
1	Administration	<ul style="list-style-type: none">• Development of Regulations for the implementation of the Tourism Act, 2014 (Act No. 3 of 2014).• Drafting of proposed amendments to the Tourism Act, 2014 (Act No. 3 of 2014).
2	Tourism Policy and Planning	Review of the National Tourism Sector Strategy.
3	Destination Development	None
4	Enterprise and Visitor Support Services	None

9. ORGANISATIONAL STRUCTURE



10. ENTITY REPORTING TO THE MINISTER

The table below indicates the single entity that reports to the Minister:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
South African Tourism (SA Tourism)	<ul style="list-style-type: none"> • Market South Africa as a domestic and international tourist destination. • Market South African tourism products and facilities internationally and domestically. • Develop and implement a marketing strategy for tourism that promotes the objectives of the Act and the NTSS. • Establish a National Conventions Bureau with the approval of the Minister, to market South Africa as a business tourism destination by: <ul style="list-style-type: none"> » coordinating bidding for international conventions; and, » liaising with other organs of state and suitable bodies to promote South Africa as a business events destination. • Implement and manage the national grading system for tourism. 	Transfer payment	<ul style="list-style-type: none"> • Market South Africa as a tourist destination internationally and domestically. • Market South African tourism products and facilities internationally and domestically. • Provide quality assurance for tourism products. • Market South Africa as a meetings destination, and providing support for bids to host business events and meetings.

PART B

Performance Information



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 126 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The global travel and tourism sector has outperformed the global economy for the seventh consecutive year. It was the fastest growing broad economic sector in 2017, which showed stronger growth than all sectors including manufacturing (4.2%), retail and wholesale (3.4%), agriculture, forestry and fisheries (2.6%) and financial services (2.5%). Furthermore, the President and CEO of World Travel and Tourism Council, Gloria Guevara Manzo, indicates that the global travel and tourism sector provides support to "one in ten jobs on the planet and contributes 10% of GDP"¹

The year 2017 is considered one of the strongest years of GDP growth in a decade with robust consumer spending worldwide. This global growth transferred again into travel and tourism with the sector's direct growth of 4.6% outpacing the global economy for

the seventh successive year. Governments the world over, are concerned with inclusive growth to ensure a future with quality jobs for their citizens. In this regard, travel and tourism, which already supports one in every 10 jobs in the world, becomes a dynamic engine of employment opportunity.²

The UNWTO's *World Tourism Barometer* reports that between January and October in 2017, "destinations around the world welcomed a total of 1 127 million (+7%) international tourist arrivals (overnight visitors) in the first ten months of the year. This represents a 7% increase in the same period compared to 2016, or 70 million more international arrivals. This was as a result of strong demand for international tourism across the world reflecting the global upswing. The results were driven by sustained growth in many destinations and a firm recovery in those that experienced declines last year."³

Sustained growth in many destinations and a firm recovery in those that suffered decreases in previous years was partly shaped by the global economic upswing and the robust outbound demand from many traditional and emerging source markets, especially a rebound in tourism spending from Brazil and the Russian Federation after a few years of declines. In this regard, The UNWTO Secretary-General, Zurab Pololikashvili, stated that: "International travel continues to grow strongly, consolidating the tourism sector as a key driver in economic development. As the third export sector in the world, tourism is essential for job creation and the prosperity of communities around the world". The UNWTO (2018) further records that, on the basis of available data in 2017, growth in Africa is estimated at 8%. Africa consolidated its 2016 rebound and reached a record 62 million international arrivals, with North Africa enjoying a strong recovery from arrivals through growing by 13%, while in Sub-Saharan Africa's arrivals increased by 5%.⁴

These developments reflect the growth in international tourist arrivals and associated benefits for destinations. The UNWTO (2018) reports that, "Virtually all source markets reported higher tourism spending in 2017, reflecting continued demand for

¹ Fin.24. 2018. Record year for SA tourism in 2018. [Web:] <https://www.fin24.com/Economy/record-year-for-sa-tourism-in-2018-global-report-20180322>

² WTTC. 2018. Travel and Tourism Economic Impact 2018. London SEI OHR: United Kingdom

³ UNWTO. 2017. Southern and Mediterranean Europe, North Africa and the Middle East drive tourism growth through October 2017. World Tourism Barometer, Volume 15, Advanced Release December [Web:] UNWTO.org

⁴ UNWTO. 2018. 2017 International Tourism Results: the highest in seven years. World Tourism Barometer, Volume 16, Advanced Release January [Web:] UNWTO.org

international tourism across all world regions. Strong tourism expenditure reflects enhanced connectivity, increased visa facilitation and a global economic upswing.” The UNWTO Secretary General, Zurab Pololikashvili, also points out that, “Emerging economies play a key role in tourism development and are very pleased to see the rebound of the Russian Federation and Brazil, and the ongoing rise of China, as these key emerging outbound markets contribute to growth and market diversification in many destinations.”⁵

In relation to South Africa, 1,5 million jobs were supported by travel and tourism in 2017, which is 9.5% of the total employment in the country. Jobs from travel and tourism are expected to reach 2,1 million by 2028. The industry’s contribution to the country’s total GDP is 9%, once all the direct, indirect and induced benefits are considered. The 2017 prices and exchange rates constant, travel and tourism’s direct contribution to the country’s GDP was R136,1 billion (2.9% of total GDP) in 2017. The total contribution of travel and tourism to SA’s GDP was R412,5 billion (8.9% of GDP) in 2017 and is forecast to rise by 2.9% in 2018.⁶

Research conducted by South African Tourism (SA Tourism) identified major barriers affecting travel and tourism. These relate to safety concerns and costs. The main issues relating to costs are airlift and visas.⁷

The tourism performance environment is impacted upon by trends in technology, demographics, and access to destination. These pose challenges on the demand for conventional services in tourism. They include the following: consistent and increasing global growth in international tourist numbers; mobile digital technology; disruptive technologies; shift in tourism demographics; personal safety and security issues; increased accessibility and ease of access to destinations; sustainability and tourist concerns about social and environmental issues; other market trends including developments in the sharing economy, and special interests.⁸

During the 2017/18 financial year, the Department had rendered three services directly to the public, namely Tourist Guide Appeals, National Tourism Information Gateways (NTIGs) and Management of Tourist Complaints. In terms of the Tourist Guide Appeals, two appeals were lodged during the 2017/18 financial year, and these were addressed and resolved successfully. Appeal documents were recorded and filed electronically and manually. The procedures, including the timeframes are guided by the Regulations in Respect of Tourist Guides, 2001. There were no disputes lodged thus far. During the quarterly engagements with Provincial Registrars, discussions are held on how to effectively deal with complaints and appeals. As a result of the regular interaction with the Provincial Registrars on such issues, the number of appeals that were received in the 2017/18 financial year was significantly lower than in the previous year.

The Department has continued to render information at the National Tourism Information Gateways (NTIGs) in line with Batho Pele Principles. These are located at O.R. Tambo International Airport (ORTIA) and King Shaka International Airport (KSIA), and continue to be operational. The Cape Town International Airport (CTIA) NTIG was not developed, as the current model is being reviewed. The verification and the updating of tourist information that is disseminated at both ORTIA and KSIA NTIGs is quality assured by SA Tourism and the provincial tourism authorities. Tourist information can also be accessed via the website: www.southafrica.net and via provincial tourism brochures. Access to tourist information between 06h00 and 22h00 is still ongoing at both NTIGs. The Visitor Satisfaction Survey Questionnaire continues to be used at both ORTIA and KSIA NTIGs. During the period under review, only two complaints were received. The first one related to the delays experienced at customs and the other one was on delayed shuttle services.

Management of tourists’ complaints is another service which the Department renders directly to tourists. The Regulations on the Prescribed Manner and Procedure for dealing and lodging tourist complaints with the Tourism Complaints Officer were drafted and published on 24 February 2017 for public comments under Government Gazette No

⁵ UNWTO. 2018. Strong outbound tourism demands from both traditional and emerging markets in 2017. World Tourism Barometer, Volume 16, March/April. [Web:] UNWTO.org

⁶ Fin.24. 2018. Record year for SA tourism in 2018. [Web:] <https://www.fin24.com/Economy/record-year-for-sa-tourism-in-2018-global-report-20180322>

⁷ SA Tourism. 2018. Presentation on SA Tourism Annual Performance Plan 2018-19

⁸ Department of Tourism. 2017. National Tourism Sector Strategy (NTSS). 2016-2026

40637. Public comments were received and incorporated into the Regulations on the Prescribed Manner and Procedure for dealing and lodging tourism complaints with the Tourism Complaints Officer Regulations, which were subsequently approved for implementation during the 2018/19 financial year. The complaints e-mail address, complaints@tourism.gov.za, contact numbers and procedure for referral of tourists complaints were published in the Government Gazette. Acknowledgement of receipt of tourist complaints is done within 24 working hours as per the approved Regulations on the prescribed manner and procedure for dealing and lodging tourist complaints with the Tourism Complaints Officer. Tourists' complaints relevant to tourism are dealt with internally. Tourists' complaints falling outside our area of jurisdiction are referred to the relevant institution within three days.

Twelve (12) promotion and awareness creation sessions on the Regulations were held in the 2017/18 financial year. Sessions were held with Provincial Tourism Offices, Tourism Associations, Tourism Forum Structures, Consumer Protection Forum, Passenger Railway Agency of South Africa (PRASA) and South African Police Services (SAPS). These awareness creation sessions will continue in 2018/19 financial year.



2.2 Service Delivery Improvement Plan

The Department has completed a Service Delivery Improvement Plan (SDIP). The tables below highlight the service delivery improvement plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
Tourist Guide Appeals	Tourist Guiding Sector	7 appeals were lodged during the 2016/17 financial year. All appeals received were dealt with in line with the Tourism Act, 2014 and were resolved successfully.	Appeals are effectively dealt with as they are lodged. This process is determined by the Tourism Act, 2014.	2 appeals were lodged during the 2017/18 financial year. These appeals were addressed and resolved successfully in line with the Tourism Act, 2014.
		<p>The appeal documents were recorded and filed electronically and manually. The procedures, including the timeframes, are guided by the Regulations, 2001.</p> <p>The information that was recorded during the 2016/17 financial year has allowed the Department to identify trends and put in place mechanisms to address shortfalls and challenges e.g. a capacity building session was held during quarter 2 to empower Provincial Registrars on how to respond to appeal cases more effectively.</p>	Development of user-friendly platforms to lodge appeals.	<p>Appeal documents were recorded and filed electronically and manually.</p> <p>The procedures, including the timeframes are guided by the Regulations, 2001.</p> <ul style="list-style-type: none"> • The Department currently utilises an e-mail platform for the lodging of appeals. • An electronic pro-forma invoice is in place and is sent to potential appellants. This document has all the necessary details to facilitate ease of payment of the appeals fee. • Furthermore, an e-mail notification outlining the documentation that is required in order to process the appeal is also sent to the appellant (within 24 hours) of receiving the intention to appeal. This e-mail also includes copies of the relevant legislation that guides the process of appeals.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		Consultations were held with tourist guides during the 2016/17 financial year on the Draft Regulations for Tourist Guides which includes section on Appeals.	Consultations with the tourist guides and the Provincial Registrars will be done to improve service delivery when handling appeals.	Engagements are held on a quarterly basis with Provincial Registrars with the aim of discussing matters pertinent to the guiding sector including ways to improve the handling of complaints and appeals. The National Registrar of Tourist Guides consulted with the guiding sector during the International Tourist Guide Day event which was held in the last quarter of the financial year.
		Pamphlets outlining the registration processes and requirements including information on how to lodge complaints and appeals were distributed to provinces and various stakeholders. The pamphlets were also available electronically on the departmental website.	Information on how and where to lodge appeals will be publicised through various service delivery points such as tourism information centres, as well as through officials who are responsible for facilitating tourism-related complaints.	Pamphlets containing information on compliance in the tourist guiding sector is distributed electronically and handed out during awareness initiatives. Information is also distributed through Provincial Registrars.
		A capacity-building session was held during quarter 2 Registrars Workshop where the Legal Services Unit provided Provincial Registrars with more information on how to respond to appeals. The information also assisted Provincial Registrars to manage complaints more effectively in order to minimise the number of appeals that are lodged with the National Registrar.	Measure the levels of effectiveness and efficiency in handling appeals.	During the quarterly engagements with Provincial Registrars, discussions were held on how to effectively deal with complaints and appeals. As a result of the regular interaction with the Provincial Registrars on such issues, the number of appeals that was received in the 2017/18 financial year was significantly lower than in the previous year.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		The appeals processes were clearly communicated to the various appellants.	Regular awareness programmes advising tourist guides about the procedures for lodging and processing appeals will be held.	The appeals processes are clearly communicated to the various appellants.
		The contact details of the National Registrar was included in the pamphlets that were produced and is also available online through the departmental website.	Regular awareness programmes advising tourist guides about the procedures for lodging and processing appeals will be held.	The contact details of the National Registrar is available online on the Tourism Knowledge Portal, the Tourist Guide App and the departmental website.
		There were no disputes lodged by the various appellants.	Capture issues pertaining to unsatisfactory services provided by the Department will assist in monitoring trends and identifying suitable remedies that warrant the provision of redress.	There were no disputes lodged thus far.
		A capacity-building session was held during quarter 2. The Legal Services Unit provided Provincial Registrars with more information on how to respond to appeals. The information also assisted Provincial Registrars to manage complaints more effectively in order to minimise the number of appeals that are lodged with the National Registrar.	To empower Provincial Registrars on the procedures related to the registration of tourist guides to improve the overall effectiveness and efficiencies associated with the registration function. This will also reduce the number of appeals that are lodged.	This is done regularly through the quarterly engagements that are held with Provincial Registrars.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
National Tourism Information Gateways (NTIGs)	The public and tourist	<ul style="list-style-type: none"> • Visitor access to tourist information has stayed the same. • The challenge with the connectivity and maintenance has been addressed with the stabilisation of the ADSL line by Telkom. • However, maintenance still remains a challenge, as it proves expensive when done by an external service provider. • The plan is for the touchscreen maintenance to be done by SA Tourism or by the Departmental IT in terms of content updates. • The KSIA operates in the same manner as the ORTIA NTIG providing tourist information through travel guides, face-to-face interaction, and through the SA Tourism website. However, the utilisation of touchscreens is not yet in place, as stakeholder engagements focusing on new NTIGs operations models are still underway. 	3 NTIGs operational (cumulative): <ul style="list-style-type: none"> • ORTIA • KSIA • CTIA 	2 NTIGs operational: <ul style="list-style-type: none"> • ORTIA • KSIA • The Cape Town International Airport (CTIA) NITG was not developed, as the current model is being reviewed.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		<ul style="list-style-type: none"> The verification and the updating of tourist information that is disseminated at both ORTIA and KSIA NTIGs is quality assured by SA Tourism and the provincial tourism authorities. The tourist information is accessed via the website: www.southafrica.net and via provincial tourism brochures. The information officers attended visitor services short course training that was rolled out by the University of Pretoria as part of capacity-building programmes for the officials. More capacity-building programmes will take place in collaboration with provincial stakeholders and SA Tourism going forward. 	<ul style="list-style-type: none"> All the information disseminated would have been updated and verified with sources for correctness and accuracy. NTIGs database system enhanced with advanced tourist information search functions. Capacity building for NTIG staff will be rolled out with focus on regional/local tourism products knowledge. 	<ul style="list-style-type: none"> The verification and the updating of tourist information that is disseminated at both ORTIA and KSIA NTIGs is quality assured by SA Tourism and the provincial tourism authorities. The tourist information is accessed via the website: www.southafrica.net and via provincial tourism brochures. This has been ongoing. The database has been enhanced with the advanced search capabilities as per the SA Tourism systems. Capacity building for Information Officers was conducted at KSIA and ORTIA.
		The Visitor Satisfaction Survey Questionnaire was developed in collaboration with the Departmental Research Unit as well as Gauteng Tourism Authority's Research Unit. The survey responses are collected every month-end and analysed for inclusion in the quarterly reports. The survey statistics indicate that the service that is provided at each of the two NTIGs (ORTIA and KSIA) is of good quality. The only negative feedback that the Department has received was related to the delays that international visitors experienced at immigration upon arrival. This challenge has led to some visitors missing connecting flights, tours, transfers, etc.	<ul style="list-style-type: none"> Visitor Satisfaction Survey Questionnaire will continue to be utilised to collate and analyse visitor satisfaction feedback. Follow-up will continue to be made with visitors who have voiced dissatisfaction with the levels of service provided. Assurance to address any dissatisfaction voiced by visitors will be provided. 95% reduction in levels of dissatisfaction for similar services provided at NTIGs continues. Share results of the survey with service beneficiaries at least once per year. 	<ul style="list-style-type: none"> The utilisation of the Visitor Satisfaction Survey Questionnaire continues to be used at both ORTIA and KSIA NTIGs. Two types of complaints have been dealt with: the first one related to the delays experienced at Customs. The analysis of the Visitor Satisfaction Survey Questionnaire outcomes gets reported to the Department on a quarterly basis.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		-	<ul style="list-style-type: none"> Visitors will have access to face-to-face interaction with the personnel working at the NTIGs from 06h00 to 22h00. From 22h00 to 06h00 the visitor will have access to the information through the touchscreen and tablets and audio visuals that will be installed at the information desks and quick access to enhanced information dissemination database system from a desktop computer. 	<ul style="list-style-type: none"> Access to tourist information between 06h00 and 22h00 is still ongoing at both NTIGs. Improvements, in terms of the utilisation of electronic self-service through tables and audio-visuals have not yet been possible to implement due to restructuring and budget constraints.
		No dissatisfaction related to service delivery has been received to date. The complaints relating to delays experienced at immigration have been reported in the quarterly and annual reports respectively. These fall outside the NTIG functions. A new Sub-Directorate in the structure has been created to focus on the visitor complaints management. The unit will provide guidelines.	<ul style="list-style-type: none"> Follow-up will be made with visitors who would have voiced dissatisfaction with the levels of service provided. Assurance to address any dissatisfaction voiced by visitors will be provided respectively. 	<ul style="list-style-type: none"> No dissatisfaction reports related to service delivery have been received at the desk to date. No dissatisfaction reports related to service delivery have been received at the desk in the current reporting period.
		The Principles of Batho Pele (PBP) have been printed on the overleaf of the visitor satisfaction survey questionnaire and all the visitors have access to it.	<ul style="list-style-type: none"> Service principles shared: PBP. The PBP will be printed on the back of the A5-size visitor satisfaction survey questionnaire, which will be readily available at all NTIG desks. The PBP will be made available from the touchscreens and tablets installed at ORTIA, KSIA and CTIA NTIGs and via an App. 	<ul style="list-style-type: none"> The service principles have been printed on the back of the visitor satisfaction survey questionnaire and are readily available at the desk. Due to budget constraints and restructuring processes, the service principles have not been made available via the touchscreens and the App.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		The mode of information dissemination continues to be through: face-to-face, provincial travel guides, products/ services brochures, via the Internet (www. southafrica.net / Google) and the touchscreen.	Brochures, electronic display of information, audio visuals, social media and information officers.	Brochures are available and information officers are available to provide face-to-face information and interaction.
		A new Sub-Directorate in the structure has been created to focus on the visitor complaints management. The unit will provide guidelines in terms of recourse going forward. This function was previously handled by the Department's Legal Services but will now be handled by a newly established unit within the Tourism Visitor Services and Complaint Management – Directorate same as the NTIG projects.	<ul style="list-style-type: none"> • Acknowledgement of receipt of complaints will be done within 20 working hours. • If the matter falls within our area of responsibility, the complainant is informed of the outcome within 15 working days. • Information on procedures to lodge and track complaints will be made available via the portal, pamphlets and the App. 	<ul style="list-style-type: none"> • Acknowledgement of receipt of tourist complaints is done within 24 working hours as per the approved Regulations on the prescribed manner and procedure for dealing and lodging tourism complaints with the Tourism Complaints Officer. For tourist's complaints falling within our mandate, the complainant is informed of the outcome within 15 working days. • The inclusion of procedures to lodge and track complaints on the portal and the App is still work in progress whilst the brochure is being finalised.
			<ul style="list-style-type: none"> • 3 Information Officers: ORTIA • 2 Information Officers: KSIA • 2 Information Officers: CTIA 	<ul style="list-style-type: none"> • 3 Information officers: ORTIA • 1 Information Officer: KSIA • 0 Information Officers: CTIA

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
Management of tourist complaints	Tourists	<ul style="list-style-type: none"> The Tourism Complaints Officer received a total number of 59 tourist complaints in 2016/17 financial year. All complaints were acknowledged within 24 hours. Of the 59 complaints received, 17 were successfully resolved; 15 referred to the relevant authority for resolution, 13 are still in progress, 9 complaints were withdrawn by the complainants, 3 were closed due to non-response from the complainant and 2 are non-jurisdiction. The Tourism Complaints Officer does not have a mandate in terms of the Tourism Act to resolve complaints. All complaints must be referred to a relevant authority for resolution. However, the Officer in the Tourism Complaints Office facilitates amicable resolution of complaints to assist the parties to resolve their complaints. 	<ul style="list-style-type: none"> Acknowledge receipt of a tourist's complaints within 12 hours. Refer tourist complaints to the relevant authority within 3 days of complete information. 	<ul style="list-style-type: none"> The Tourism Complaints Officer received a total number of 42 tourist complaints in 2017/18 financial year. All complaints were acknowledged within 24 hours. Of the 42 complaints received, 14 were successfully resolved; 9 referred to the relevant authority for resolution, 19 are still in progress. Acknowledgement of receipt of tourist complaints is done within 24 working hours as per the approved Regulations on the prescribed manner and procedure for dealing and lodging tourism complaints with the Tourism Complaints Officer. Tourist complaints falling outside the Officer's area of jurisdiction are referred to relevant institutions within 3 days.
		Regulations on the Manner and Procedure to lodge complaints were drafted and published for public comment. (Currently, the received public comments are being considered).	Implementation of the regulations to give effect to the Tourism Act, 2014, in terms of management and handling of tourists' complaints.	The Regulations on the Prescribed Manner and Procedure for dealing with and lodging tourist complaints with the Tourism Complaints Officer were drafted and published for public comment. Public comments were received and incorporated into the regulations. The regulations were approved for implementation during the 2017/18 financial year.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		<p>The Department is a member of a broader Consumer Protection Forum that consists of the National Consumer Commission, all 9 Consumer Protection Affairs Offices and other Regulators. The Forum has held 4 quarterly meetings in the 2016/17 financial year. The issue of the Regulation on the manner and procedure of lodging complaints was also discussed.</p>	<p>Engagement with stakeholders and role players in the management of tourists' complaints. Share information with service beneficiaries at least once per quarter.</p>	<ul style="list-style-type: none"> • Sessions were held with Provincial Tourism Offices, Tourism Associations, Tourism Forum Structures, Consumer Protection Forum, PRASA, and SAPS during 2017/18 financial year. • The purpose was to share information on the prescribed manner and procedure for dealing and lodging tourist complaints. • The Department is a member of the Consumer Protection Forum (CPF) which is chaired by the National Consumer Commission. • The CPF is composed of representatives from the nine Provincial Consumer Protection Authorities and all Regulatory Authorities within the consumer protection environment. • The objective of the CPF is to develop cost-effective and coordinated strategies with forum members for protecting tourists. • The Department is a convener of the Complaints Management Forum. The forum is composed of key tourism stakeholders such as the public sector, tourism associations, the business sector, training institutions and other relevant agencies.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
				<ul style="list-style-type: none"> Databases, reports and statistics of complaints and beneficiaries are kept and updated accordingly. The Department is communicating and sharing information with service beneficiaries as it engages them on complaints resolution. The Department is also compiling a database of service beneficiaries.
		The Tourism Complaints Officer was gazetted with all the relevant contact details for tourists to lodge their complaints.	Publish the e-mail, telephone number, fax numbers and procedure for referral of tourists' complaints in different communications media.	<ul style="list-style-type: none"> The complaints e-mail address, <i>complaints@tourism.gov.za</i>, contact numbers and procedure for referral of tourists' complaints were published in the Government Gazette. The contact details were also shared during provincial consultations with tourism stakeholders.
		Tourist complainants are given weekly feedback on the progress of their complaints. Feedback is also provided as and when information in relation to the complaint lodged is received.	Weekly written feedback on the status of the complaint to the tourist.	<ul style="list-style-type: none"> Tourist complainants are given weekly feedback on the progress of their complaints. Feedback is also provided as and when information in relation to the complaint lodged is received.
		Regulations on the Manner and Procedures to lodge complaints were drafted and published for public comment. Currently, the comments received are being considered.	Promotion and awareness of regulations on the procedure for lodging complaints.	Promotion and awareness sessions on the procedure for lodging complaints were held with stakeholders, associations, provincial offices and consultative forums.

Main services	Beneficiaries	Current / actual standard of service	Desired standard of service	Actual achievement
		Tourist complainants were given weekly feedback on the progress of their complaints. Feedback was also provided as and when information in relation to the complaint was received.	Tourists are kept informed weekly, through telephone and letters, on the status of the complaint until same is resolved.	Tourist complainants are given weekly feedback on the progress of their complaints. Feedback is also provided as and when information in relation to the complaint is received.
		Once a complaint is referred, the relevant authority deals directly with the complainant, therefore there was no need for the Tourism Complaints Officer to report back to the complainant.	Provide feedback to the tourist on the outcome of the complaint within 3 days of the final determination by the relevant authority.	Once the complaint is referred to the relevant authority, the matter is dealt with by the relevant authority directly with the complainant, therefore the outcome of the complaint will be communicated directly to the complainant. We do however request the outcome of the complaint from the relevant authority for our records and future reference.
		By ensuring that tourist complaints were attended to, increased tourist confidence and therefore they would return to the country.	Effective and efficient management of tourists' complaints will increase the tourism industry/sector.	Effective and efficient resolution of tourists' complaints will encourage them to visit again and to recommend the country as a destination of choice to friends and relatives. This will therefore increase the number of tourists visiting the country with a positive spin-off on revenue generated and jobs created.
		-	Referral of the complaint to the relevant authority within 3 days of receipt.	<ul style="list-style-type: none"> Complaints received dealt with as per the prescribed manner. Those not falling within departmental mandate and scope are referred to relevant institutions within 3 days of receipt.

Batho Pele arrangements with Beneficiaries (consultation, access, etc.)

Current / actual arrangements	Desired arrangements	Actual achievements
<ul style="list-style-type: none"> The contact details of the National Registrar were included in the pamphlets that were produced and are also available online through the departmental website. 2 capacity-building sessions were held with the Provincial Registrars. 	Provision of information to beneficiaries and stakeholders in advance.	<ul style="list-style-type: none"> The contact details of the National Registrar have been made available via the Tourism Knowledge Portal, the departmental website and the Tourist Guide App. Engagements are held with Provincial Registrars on a quarterly basis to discuss issues pertinent to the tourist guiding sector and find solutions to any problems or challenges that exist. The National Registrar of Tourist Guides engaged with the guiding sector during the International Tourist Guide Day event which was held in March 2018. The status of the tourist guiding sector was communicated and tourist guides were given an opportunity to raise the concern and challenges that they are faced with.

Service delivery information tools

Current / actual arrangements	Desired arrangements	Actual achievements
7 appeals were lodged and dealt with.	A recording system and appeal procedures.	The process for the development of the recording system is underway.
2 national information gateways operational.	3 national information gateways operational.	The CTIA NTIG was not developed, as the current NTIGs model is being reviewed. The ORTIA and KSIA NTIGs continue to operate as usual.
15 complaints referred.	Refer within 5 days.	Upon receipt, the complaints are referred within 3 days.

Complaints mechanism

Current / actual arrangements	Desired arrangements	Actual achievements
Queries/complaints received from call centre were attended to in time.	Publication of Department's contact details.	<ul style="list-style-type: none"> The complaints e-mail address, complaints@tourism.gov.za, contact numbers and procedure for referral of tourists complaints were published in the Government Gazette. The contact details were also shared during our provincial consultations with tourism stakeholders.

2.3 Organisational environment

The Department has undergone a restructuring process which received concurrence on the new structure in March 2017 by the Minister of Public Service and Administration (MPSA). The Department implemented its new structure effective from 1 April 2017. Upon placement of officials in the new structure, 56 officials were declared additional to the staff establishment. As at 31 March 2018, 49 officials were absorbed and only 7 officials remained additional to staff establishment. Through internal advertisement, 61 officials were promoted to higher posts. The restructuring led to the closure of regional offices and about 15 officials were to relocate to Pretoria with effect from 1 January 2018. As at 31 March 2018, 12 officials had relocated to Pretoria. One official applied for Employee Initiated Severance Pay (EISP) and the relocation of the other two officials is still pending. The vacancy rate was 14.6% as at 1 April 2017. As at the 31 March 2018 the vacancy rate was reduced to 6.2%.

2.4 Key policy developments and legislative changes

The revised Final Draft NTSS was published on 4 May 2017 for public comment and stakeholder consultations and finally approved by Cabinet on 6 December 2017. Anchored on five pillars namely: (1) Effective marketing (2) Facilitating ease of access (3) Visitor Experience (4) Destination Management and (5) Broad-based benefits, the revised NTSS also identifies priority actions in the short, medium to long term.

The Department reviewed and drafted regulations for the implementation of the Tourism Act, 2014 (Act No. 3 of 2014) (Tourism Act 2014) during 2017/18 and also drafting proposed amendments to the Act, 2014, to improve the governance of tourism government institutions and performance of the sector. In addition, the Department is undertaking policy review and analysis to inform the drafting of the Tourism Amendment Bill in the following areas: sharing economy, grading of tourism establishments and professionalising of tourist guiding. The Draft Tourism Amendment Bill seeks to amend the Tourism Act, 2014, so as to provide for the determination of thresholds for short-term home rental (the so-called sharing economy or new tourism platform services). It also provides for the renaming of the South African Tourism Board as South African Tourism to improve on the governance of SA Tourism as an entity to be managed by a Board. The Draft Tourism Amendment Bill seeks to establish the Tourist Guide Institute of South Africa and to provide for its powers and functions. The requirements on the registration of tourist guides will be aligned to the National Qualifications Framework Act, 2008.

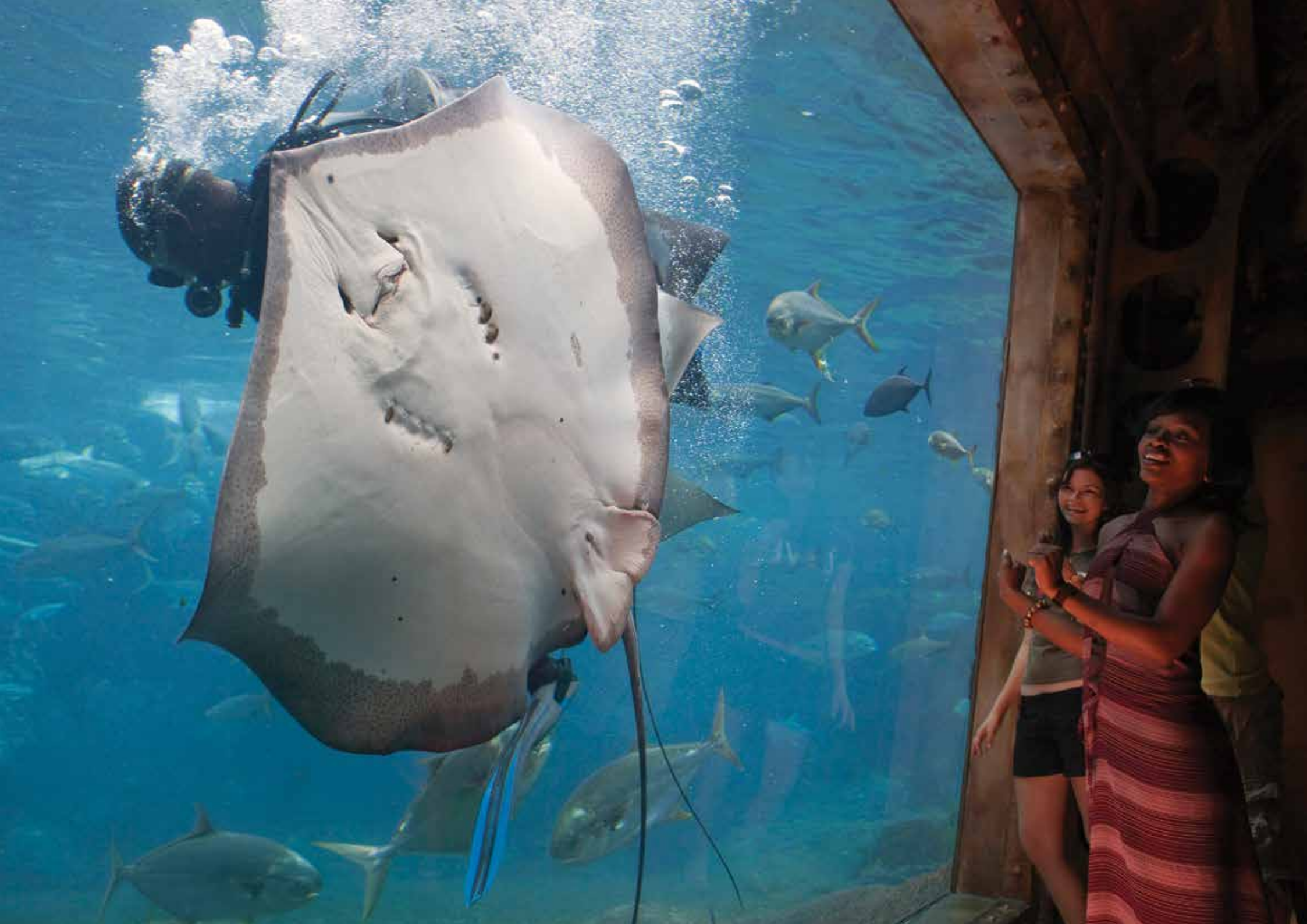
The Draft Bill also seeks to provide for the regulation of tour guide driving by prohibiting a driver of a motor vehicle with a carrying capacity of more than 10 persons to drive and guide at the same time. The Draft Tourism Amendment Bill continues to be developed with role players and stakeholder consultation. The Draft Bill is expected to be tabled in Cabinet during the 2018/2019 financial year for approval to publish for comment.

3. STRATEGIC OUTCOME ORIENTED GOALS

Government outcomes	Strategic outcome-oriented goals	Five Year Target	Annual Target	Significant achievements
Outcome 4: Decent employment through inclusive economic growth.	Increase the Tourism Sector's contribution to inclusive economic growth.	All tourism strategy interventions being implemented by 2020.	Monitor the implementation of destination enhancement projects at Shongoni Gate tourism development in Kruger National Park, Phalaborwa Wild Activity Hub in Kruger National Park, National Heritage Monument Park Interpretation Centre and Signage at National Heritage sites: Kgalagadi Transfrontier Park, Golden Gate National Park, Gugulethu Seven Memorial, Sarah Baartman Heritage Site.	<ul style="list-style-type: none"> • Site visits and meetings with the management authorities of Phalaborwa Wild Activity Hub, National Heritage Monument, and Shongoni Gate were conducted, together with the management authorities of the sites (SANParks-Kgalagadi Transfrontier Park, Golden Gate National Park, Gugulethu Seven Memorial, Sarah Baartman Heritage Site) to communicate the requirements for implementation. • Implementation of Tourism Signage at identified National Heritage sites: (Kgalagadi Transfrontier Park, Golden Gate National Park, Gugulethu Seven Memorial, Sarah Baartman Heritage Site) was completed and report submitted. • Progress meeting was held and a site visit was conducted for Shongoni Gate. SANParks is still awaiting the outcome of the appeals lodged after the Record of Decision was issued. Department of Environmental Affairs is currently processing the appeals. • Draft Memorandum of Agreement (MoA)s and transfer of funds for tourism signage at Kgalagadi Transfrontier Park, World Heritage Site, Golden Gate Highland National Park and Sarah Baartman Memorial Site have been finalised. MoA and transfer of funds for signage at Gugulethu Seven Memorial Site is still in progress, due to final inputs from Heritage Western Cape. Stakeholder meetings and site visits have been conducted. Site inspections were done on time. • The programme for 75 beaches has been implemented and monitored. The programme is well established on 50 (Blue Flag) beaches and has commenced with an additional 25 beaches with the recruitment of learners being finalised.

Government outcomes	Strategic outcome-oriented goals	Five Year Target	Annual Target	Significant achievements
				<ul style="list-style-type: none"> A total of 231 learners were enrolled within the 1st quarter and currently remaining is 178 as at the end of March. 117 females, 61 males, 2 with disabilities. There were 52 drop-outs due to various reasons. Work place visit conducted in February and the project Advisory Committee was held during January with the view to discuss progress and challenges related to the implementation of the project. <p>The following interventions were implemented for Market Access and Business Development Programme:</p> <ul style="list-style-type: none"> The Enterprise Development Programme provided support to 500 tourism SMMEs through needs based business advisory services, incubation programmes, skills training and mentorship. Amongst the empowerment interventions implemented include; training in marketing, Social Media/ Facebook Marketing, Search Engine Optimisation, Human Resources and Labour Law, Customer Care, Funding/ Funding Readiness, Record Keeping, Compliancy, SEDA systems, database and opportunities, Tourism Compliance - Southern Africa Tourism Association Bonding Presentation, the 18-month South African Institute of Chartered Accountants (SAICA) in partnership with J.P. Morgan Mentorship Programme continued this quarter with Finance workshop and site visits, Marketing/Social Media Workshop, MTN Digital workshop. Under the Tourism Incentive Programme 112 small tourism enterprises and 90 emerging tourism enterprises (Hidden Gems) were approved for international and domestic market access support respectively, while 1 338 enterprises were supported through discounts on their tourism grading assessment fees. A total of 3 213 trainees on Capacity programmes was implemented (targeting women and youth).

Government outcomes	Strategic outcome-oriented goals	Five Year Target	Annual Target	Significant achievements
Outcome 7: Comprehensive rural development and food security for all.	Increase the Tourism Sector's contribution to inclusive economic growth.	Promote sustainable rural enterprises and industries in areas with economic development potential.	400 enterprises supported with training and development.	400 enterprises were supported for development.
			2 existing incubators (Pilanesberg and Manyeleti).	<ul style="list-style-type: none"> 2 existing incubators were supported. 2 new incubators were established (on 2 March 2018 in Phalaborwa (Limpopo) and on 20 March 2018 in Mier (Northern Cape).
			5 Community Tourism enterprises supported to enter tourism value chain.	5 Community Tourism enterprises were supported to enter the tourism value chain.
			Local government tourism induction programme, with a focus on rural areas with tourism potential (10 municipalities) value chain.	Local government tourism induction programme, with a focus on rural areas with tourism potential (10 municipalities) was conducted.
Outcome 11: Creating a better South Africa, and contributing to a better and safer Africa in a better world.		58 188 965 number of international tourist arrivals achieved.	10,9 million international tourist arrivals.	<ul style="list-style-type: none"> In 2017 South Africa welcomed over 10,29 million foreign tourists who stayed overnight. This presents just over 2.7% increase compared to global average of 7%. The number of overseas tourists stood at 2,7 million in 2017 driven by excellent performance in the first half of the year.
		R443,8 billion total tourist spend.	R80,3 billion total tourist spend.	R23,7 billion was total tourist spend for the period 1 July to 31 October 2017 in quarter 4. The annual targets were achieved.



4. PERFORMANCE INFORMATION BY PROGRAMME

The activities of the Department of Tourism are organised in the following programmes:

Programme 1: Administration

Programme 2: Tourism Policy and Planning

Programme 3: Destination Development

Programme 4: Enterprise and Visitor Support Services

4.1 Programme 1: Administration – Corporate Management

Purpose: To provide strategic leadership, management and support services to management.

Sub-Programmes: Strategy and Systems; Financial Management; Human Resource Management and Development; Communications and Legal Services.

Strategic Objectives: To ensure economic, efficient and effective use of departmental resources; To enhance understanding and awareness of the value of tourism and its opportunities; To create an enabling legislative and regulatory environment for tourism development and growth; To contribute to economic transformation in South Africa.

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
Strategic Outcome Oriented Goal: Achieve good corporate and cooperative governance							
To ensure economic, efficient and effective use of departmental resources.	1. Number of strategic documents developed and implemented.	SP and APP for 2017/18 were reviewed.	Review of the SP and APP for 2018/19.	The SP and APP for 2018/19 were reviewed.	None	None	N/A
		Annual Performance Report for 2016/17 as well as four quarterly reports on the implementation of the SP and APP were developed.	Annual Performance Report for 2016/17 as well as four quarterly reports on the implementation of the SP and APP developed.	Annual Performance Report for 2016/17 as well as four quarterly reports on the implementation of the SP and APP were developed.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		Four quarterly risk mitigation reports analysed and submitted to RMC.	Four quarterly risk mitigation reports analysed and submitted to RMC.	Four quarterly risk mitigation reports were analysed and submitted to RMC.	None	None	N/A
	2. Number of public entity oversight reports prepared.	Four SAT oversight reports were prepared.	Four SAT oversight reports prepared.	Four SAT oversight reports were prepared.	None	None	N/A
	3. Vacancy rate.	Vacancy rate as at 31 March 2017 was at 6.6%.	Vacancy rate not to exceed 8%.	Vacancy rate as at 31 March 2018 was at 6.2%.	None	None	N/A
	4. Percentage women representation in Senior Management Service (SMS), representation for people with disabilities and black representation.	<ul style="list-style-type: none"> Women representation in SMS was maintained at 50.7% as at 31 March 2017. People with disabilities representation were maintained at 4.6% as at 31 March 2017. Black representation was maintained at 95.2% as at 31 March 2017. 	<ul style="list-style-type: none"> Maintain minimum of 50% women representation at SMS level. Maintain minimum of 3% people with disabilities representation. Maintain minimum of 91.5% Black representation. 	<ul style="list-style-type: none"> Women representation at SMS level was maintained at 49.3% as at 31 March 2018. Representation of people with disabilities was maintained at 4.7% as at 31 March 2018. Black representation was maintained at 95.3% as at 31 March 2018. 	0.7% women representation at SMS level. None None	The departure of a female SMS member and her replacement by the appointment of a male reduced the percentage of women representation at SMS level.	The Department will endeavour to enable the promotion and appointment of women at SMS level in order to meet its target of 50% on women representation at SMS level. Increased women enrolment in the Executive Development Programme

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
	5. Development and percentage implementation of Workplace Skills Plan (WSP) with defined targeted training interventions.	100% development and implementation of WSP.	Development and 100% implementation of WSP.	100% development and implementation of WSP.	None	None	N/A
	6. Percentage compliance with prescripts on management of labour relations matters.	100% compliance in the management and handling of grievances, misconduct, disputes and collective bargaining.	100% compliance in the management and handling of grievances, misconduct, disputes and collective bargaining.	100% compliance in the management and handling of grievances, misconduct, disputes and collective bargaining.	None	None	N/A
	7. Implementation of Information Communication Technology Strategic Plan (ICTSP).	Phase 2 of the ICTSP was implemented.	Implementation of phase 3 of the ICTSP.	ICTSP was implemented.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
	8. Number of quarterly and annual financial statements compiled and submitted.	<ul style="list-style-type: none"> Three quarterly interim financial statements compiled and submitted to NT. One annual financial statement compiled and submitted to NT and AGSA. 	<ul style="list-style-type: none"> Three quarterly interim financial statements compiled and submitted to NT. One annual financial statement compiled and submitted to NT and AGSA. 	<ul style="list-style-type: none"> Three quarterly interim financial statements were compiled and submitted to NT. One annual financial statement was compiled and submitted to NT and AGSA. 	None	None	N/A
	9. Percentage implementation of the annual internal audit plan.	100% implementation of the annual internal audit plan.	100% implementation of the annual internal audit plan.	100% implementation of the annual internal audit plan.	None	None	N/A
To enhance understanding and awareness of the value of tourism and its opportunities.	10. Percentage implementation of the communication strategy (media engagement, branding, events management internal, inter-governmental communications and community engagements / Izimbizo).	100% implementation of the Department's communication strategy.	100% implementation of the Department's communication strategy.	100% implementation of the Department's communication strategy.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
To create an enabling legislative and regulatory environment for tourism development and growth.	11. Amendments to the Tourism Act drafted.	Draft Tourism Amendment Bill was submitted for approval.	Tourism Amendment Bill to improve the governance of Tourism government institutions and the performance of the sector.	Tourism Amendment Bill to improve the governance of Tourism government institutions and the performance of the sector was not submitted to Parliament for approval.	The need to finalise policy review and analysis and consultation to inform the drafting of the Bill affected the submission of the Tourism Amendment Bill.	Introduction of the Bill to Parliament was affected by the need to finalise policy review and analysis and consultation to inform the drafting of the Bill in the following areas: Sharing Economy, grading of tourism establishments, professionalising of tourist guiding.	Drafting of, and consultation on the Amendments has commenced. The Department is consulting with relevant departments and other tourism stakeholders. Thereafter, it will be submitted to Cabinet for approval for gazetting.
To contribute to economic transformation of South Africa.	12. Percentage of procurement from B-BBEE-compliant businesses.	100% procurement from B-BBEE-compliant businesses.	100% procurement from B-BBEE-compliant businesses.	100% procurement from B-BBEE-compliant businesses.	None	None	N/A

Narrative of Highlights

The revised Draft NTSS was approved by Cabinet on 6 December 2017 and is anchored on five pillars namely: (1) Effective marketing (2) Facilitating ease of access (3) Visitor Experience (4) Destination Management and (5) Broad-based benefits.

The Draft Tourism Amendment Bill seeks to amend the Tourism Act, 2014, so as to provide for the determination of thresholds for short-term home rental (the so-called sharing economy or new tourism platform services) It also seeks to improve the governance of South African Tourism as an entity to be managed by a Board. The Draft Bill also seeks to establish the Tourist Guide Institute of South Africa and to provide for its powers and functions. The requirements on the registration of tourists guides will be aligned to the National

Qualifications Framework Act, 2008. The Draft Tourism Amendment Bill also seeks to provide for the regulation of tour guide driving by prohibiting a driver of a motor vehicle with a carrying capacity of more than 10 persons to drive and guide at the same time. The Draft Tourism Amendment Bill continues to be developed with role player and stakeholder consultation. The Draft Tourism Amendment Bill is expected to be tabled in Cabinet during the 2018/2019 financial year for approval to publish for public comments.

Changes to planned targets

None.

Sub-programme expenditure

Sub-programme name	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final Appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	25 827	25 827	-	27 380	26 823	557
Management	2 965	2 965	-	18 744	17 129	1 615
Corporate Affairs	142 164	142 164	-	127 550	120 536	7 014
Financial Management	32 306	32 306	-	25 635	25 635	-
Office Accommodation	38 616	38 616	-	36 955	36 955	-
TOTAL	241 878	241 878	-	236 264	227 078	9 186

4.2 Programme 2: Tourism Policy and Planning

Purpose: To plan for and monitor the tourism sector performance with enabling stakeholder relations and policy environment.

Sub-Programmes: Research and Knowledge Management; Policy Planning and Strategy; International Relations and Cooperation; Strategic Sector Partnerships.

Strategic Objectives: To enhance understanding and awareness of the value of tourism and its opportunities; To create an enabling legislative and regulatory environment for tourism development and growth; To enhance regional tourism integration.

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
Strategic Outcome Oriented Goal: Achieve good corporate and cooperative governance							
To enhance understanding and awareness of the value of tourism and its opportunities.	1. Number of platforms facilitated to improve tourism-sector stakeholder engagement and NTSS implementation.	Three platforms created:					
		Two National Tourism Stakeholder Forums hosted.	• Annual National Tourism Stakeholder Forum hosted.	• 2 Annual National Tourism Stakeholder Forums hosted.	One additional National Tourism Stakeholder Forum was hosted on 8 March 2018.	Following the approval of the NTSS by Cabinet in the 3rd quarter, one additional National Tourism Stakeholder Forum meeting was coordinated in quarter four to create awareness, to concur on the implementation plan, and the monitoring and reporting mechanisms in order to facilitate effective implementation of the NTSS.	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		N/A	• Annual Public Lecture hosted.	• Annual Public Lecture hosted.	None	None	N/A
		N/A	• Annual Tourism Research Seminar hosted.	• Annual Tourism Research Seminar hosted.	None	None	N/A
To create an enabling legislative and regulatory environment for tourism development and growth.	2. Number of policy development initiatives undertaken.	Two policy development initiatives:					
		N/A	Two tourism policy bulletins published.	Two tourism policy bulletins published.	None	None	N/A
		N/A	Policy position in relation to negative unintended implications of developments in the sharing economy.	Policy position in relation to negative unintended implications of developments in the sharing economy was developed.	None	None	N/A
To provide knowledge services to inform policy, planning and decision making.	3. Number of monitoring and evaluation reports on tourism projects and initiatives developed.	Four reports:					
		2014/15 STR developed.	2016/17 STR developed.	2016 STR developed.	None	None	N/A
		N/A	Evaluation report on Food Safety Programme.	Report on the evaluation of Food Safety Programme developed.	None	None	N/A
		N/A	Evaluation report on Tourism Incentive Programme (market access incentive).	Evaluation report on Tourism Incentive Programme (market access incentive) developed.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		N/A	2016/17 NTSS implementation report.	2016/17 NTSS implementation report developed.	None	None	N/A
	4. Number of information systems and frameworks developed and maintained.	Regulations on National Tourism Information and Monitoring System (NTIMS) were developed.	Concept on the design and implementation plan of NTIMS developed.	Concept on the design and implementation plan of NTIMS developed.	None	None	N/A
			Training of youth as data capturers for collection the NTIMS data (2 per municipality).	Training of youth as data capturers for collection of the NTIMS data (2 per municipality) conducted.	None	None	N/A
		Mobile application for VICs developed.	Two mobile applications (tourist guides & VICs) maintained.	Two mobile applications (tourist guides & VICs) maintained.	None	None	N/A
To enhance regional tourism integration.	5. Number of initiatives facilitated in multilateral fora.	Two initiatives:					
		N/A	Draft plan for hosting of a Tourism Workstream during the 2018/19 BRICS Summit developed.	Draft plan for hosting of a Tourism Workstream during the 2018/19 BRICS Summit developed.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		N/A	Draft plan for the hosting of a Tourism Workstream during South Africa's chairship of IORA developed.	Final plan for the hosting of a Tourism Workstream during South Africa's chairship of IORA developed.	None	None	N/A
	6. Number of initiatives facilitated for regional integration.	Two initiatives:					
		Ministerial session at the 2016 Tourism Indaba hosted.	Ministerial session at the 2017 Tourism Indaba hosted.	Ministerial session at the 2017 Tourism Indaba hosted.	None	None	N/A
		N/A	Sharing of Best Practices Workshop targeted at African countries with whom SA signed tourism agreements hosted.	Sharing of Best Practices Workshop targeted at African countries with whom SA signed tourism agreements was hosted in Mpumalanga.	None	None	N/A

Narrative of Highlights

Bilateral Cooperation Agreements in the field of tourism were signed with Zambia, Malawi, and Senegal during the 2017/18 financial year (to strengthen interaction platforms for engagements on emerging trends in tourism, challenges and unity on the continent).

The **Joint Meeting of the Southern African Development Community (SADC) Ministers** of Environment and Natural Resources, Fisheries and Aquaculture, and Tourism was held from 23 to 24 November 2017 in Pretoria. The Ministers agreed that the two positions in the Tourism Coordinating Unit (TCU) within the SADC Secretariat should be changed from flexi- into fully-funded positions to ensure sustainability, and that the Chair of the Committee of Tourism Ministers will present the matter at the next SADC Council meeting.

South Africa is the current **Chair of Indian Ocean RIM Association (IORA)** from October 2017 to October 2019. During this period, the Department of Tourism is driving the establishment of a Tourism Core Group. A tourism core group would provide a platform for coordination of vital tourism projects and programmes. The establishment of a core group was supported by the IORA Council of Ministers during its meeting held in Durban in October 2017. South Africa will host the Marine and Coastal Tourism workshop and IORA Expert Forum meeting in May 2018 in Durban. Marine and Coastal Tourism has significant value to South Africa's Operation Phakisa: Oceans Economy. The Expert Forum meeting will finalise the terms of reference for the Tourism Core Group.

Working with Local Government across the country to recruit, train and place youth that will serve as **data collectors** about tourism products, attractions and services within the various localities (to enhance the national tourism information management system and improve our decision making capacity).

The Department, in partnership with the Department of Labour and Municipalities, is finalising the recruitment of local youth for placement at 257 local municipalities. **Training of youth** in partnership with Statistics South Africa commenced in the last quarter of the financial year. The deployment of youth to collect tourism data will be done in the first quarter of 2018/19 financial year.

The Department of Tourism, working together with tourism sector stakeholders, commissioned the review of the NTSS. The review process came at a time when the economy both globally and nationally experienced sustained periods of subdued growth. The reviewed NTSS 2016 – 2026, an outcome of extensive stakeholder consultation process was approved for implementation by Cabinet in December 2017.

Changes to planned targets

None.

Sub-programme expenditure

Sub-programme name	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final Appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Policy and Knowledge Services Management	5 708	5 557	151	6 579	6 579	-
Research and Knowledge Management	27 728	27 725	3	32 220	31 232	988
Tourism Sector Policy and Strategy	10 893	10 893	-	20 403	19 093	1 310
South African Tourism	1 129 288	1 129 288	-	1 024 847	1 024 847	-
International Relations and Cooperation	23 524	23 280	244	21 524	21 065	459
TOTAL	1 197 141	1 196 743	398	1 105 573	1 102 816	2 757

4.3 Programme 3: Destination Development

Purpose: To facilitate and coordinate destination development through destination planning, tourism product, experience and infrastructure development, investment promotion and the provision of tourism programmes including incentives and working for tourism that support host communities to deliver quality experiences for visitors and enhance residents wellbeing.

Sub-Programmes: Destination Planning and Investment Coordination; Tourism Enhancement; Working for Tourism.

Strategic Objectives: To diversify and enhance tourism offerings; To create employment opportunities by implementing tourism projects.

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
Strategic Outcome Oriented Goal: Increase the tourism sector’s contribution to inclusive economic growth.							
To diversify and enhance tourism offerings.	1. Number of destination enhancement initiatives implemented.	<ul style="list-style-type: none">Construction at Shangoni Gate has not commenced. However, flood line studies by the Department of Water and Sanitation (DWS) were completed. Final plans have been submitted and the service providers for construction have been appointed.	Monitor the implementation of three destination enhancement initiatives: <ul style="list-style-type: none">Shangoni Gate tourism development in Kruger National park.	The implementation of three destination enhancement initiatives was monitored: <ul style="list-style-type: none">Shangoni Gate tourism development in Kruger National park.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		<p>Environmental Impact Assessment (EIA) was completed and Basic Assessment Report (BAR) was submitted to the Department of Environmental Affairs (DEA). Public participation meeting on EIA / BAR was also held.</p> <ul style="list-style-type: none"> Construction at Phalaborwa Wild Activity Hub has not commenced. However, final plans and costing have been completed and submitted. The service provider for construction have already been appointed. 	<ul style="list-style-type: none"> Phalaborwa Wild Activity Hub in Kruger National Park. 	<ul style="list-style-type: none"> Phalaborwa Wild Activity Hub in Kruger National Park. 			

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		<ul style="list-style-type: none"> • Commencement of construction of National Heritage Monument Park Interpretation Centre. • Development of tourism interpretation signage in four heritage sites (iconic national heritage sites – Victor Verster in Western Cape; Nelson Mandela capture site in KwaZulu-Natal, Freedom Park in Gauteng; Mandela statue at Union Buildings, Gauteng) was facilitated. 	<ul style="list-style-type: none"> • National Heritage Monument Park Interpretation Centre. • Interpretation Centre Signage at identified National Heritage sites: (Kgalagadi Transfrontier Park, Golden Gate National Park, Gugulethu Seven Memorial, Sarah Baartman Heritage Site). 	<ul style="list-style-type: none"> • National Heritage Monument Park Interpretation Centre. • Interpretation Centre Signage at identified National Heritage sites: (Kgalagadi Transfrontier Park, Golden Gate National Park, Gugulethu Seven Memorial, Sarah Baartman Heritage Site). 			

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		One programme (facilitating the implementation of the Blue Flag programme at 50 South African beaches) was done.	One programme (facilitating the implementation of the Blue Flag programme at 25 additional South African beaches).	Monitoring of the Blue Flag Programme on 75 Beaches was done. The Programme is well established on 50 and has commenced on 25 additional beaches. Actual progress: <ul style="list-style-type: none">Participants at the 25 additional beaches were recruited in March.	None	None	N/A
		N/A	One route development project supported: <ul style="list-style-type: none">Indi-Atlantic Route.	One route development project supported: <ul style="list-style-type: none">Indi-Atlantic Route.	None	None	N/A
		N/A	Destination planning manual developed.	Destination planning manual was developed.	None	None	N/A
		N/A	Methodology for development of tourism precincts developed.	Methodology for development of tourism precincts was developed.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
To create employment opportunities by implementing tourism projects.	2. Number of Working for Tourism projects funded through EPWP.		Seven projects funded: <ul style="list-style-type: none"> NW Letlamoreng Dam LP Phiphidi Waterfall NC Platfontein Game farm National Youth Chefs Sommelier Training Course Youth in Hospitality Service Training Programme Food Safety Programme 	Six projects funded: <ul style="list-style-type: none"> LP Phiphidi Waterfall NC Platfontein Game farm Note: Performance of the following four (4) training programmes is reported under Programme 4 – PPI 8: <ul style="list-style-type: none"> National Youth Chefs Sommelier Training Course Youth in Hospitality Service Training Programme Food Safety Programme 	Letlamoreng Dam project was not funded.	No funding was made on one project namely NW Letlamoreng Dam funded during the 2017/18 due the fact that the project was referred to the GTAC for technical evaluation and advice and has since been put on hold.	N/A
	3. Number of Full-Time Equivalent (FTE) jobs created through Working for Tourism programme per year.	1 734	3 085	3 457 FTE jobs were created.	372 additional FTE jobs created.	Implementation and prioritisation of skills development programmes of which some are multi-year, thus minimising SCM procurement processes.	N/A

Narrative of Highlights

The Coastal and Marine Tourism (CMT) Plan was approved by Cabinet on 16 August 2017. The Department held joint planning sessions with coastal provinces during October and November 2017 to develop a CMT Operational Plan. The Operational Plan has specific projects in the six nodal areas. These projects are at various stages of implementation.

The Department realised that it must invest its efforts and limited resources wisely and in a targeted manner in order to maximise our impact. To this end the Department has developed a nodal approach for tourism growth and development that focuses on strategically identified geographic areas or nodes, and prioritises destinations or precincts rather than individual products. These include but are not limited to, tourism products in coastal and marine areas, inland waterways, world heritage sites, cultural heritage and national parks.

The first priority is to improve the products that we have, the second priority is then to develop products and attractions where there is clear potential for new development. The six Coastal and Marine Tourism nodes identified are the following: KwaZulu-Natal, (i) Durban and surrounds, (ii) Umkhanyakude / Umhlabuyalingana and surrounds; Eastern Cape, (iii) Port St Johns to Coffee Bay), (iv) East London, Port Elizabeth and surrounds; Western Cape, (v) Cape Town and surrounds; and Northern Cape, (vi) West Coast and surrounds. Inland nodes adopted included Pilanesberg / Madikwe Node (Tourism Enterprise Incubator), Mopani, Maruleng (Limpopo), Bushbuckridge (Mpumalanga), Karoo Node.

The development of the Framework for Precinct Development has been completed. This exercise was completed using the Vilakazi Street Precinct as a base. The Department's precinct framework that focuses on the following components, namely, security, access, land/space, new ideas/creativity, enterprise development, and linkages will be incorporated within the broader destination plans, with a view to complete a comprehensive implementation plan based on the following guiding principles in chronological order: to use what is already in the space, to enhance and add what can be added to the available space, and then identify new spaces to develop.

Changes to planned targets

None.

Sub-programme expenditure

	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final Appropriation	Actual expenditure	(Over)/under expenditure
Sub-programme name	R'000	R'000	R'000	R'000	R'000	R'000
Destination Development Management	33 600	32 696	904	5 012	4 419	593
Product and Infrastructure Development	16 038	16 038	-	4 579	4 579	-
Destination Planning and Investment Promotion	45 140	45 140	-	25 671	25 323	348
Working for Tourism	339 659	339 655	4	389 562	365 984	23 578
TOTAL	434 437	433 529	908	424 824	400 305	24 519

4.4 Programme 4: Enterprise and Visitor Support Services

Purpose: To enhance transformation of the sector and tourism services through people development, enterprise support and service excellence in order to ensure South Africa is a competitive tourism destination.

Sub-Programmes: Tourism Sector Human Resource; Enterprise Development and Transformation; Tourism Visitor Services; Tourism Incentive Programme.

Strategic Objectives: To accelerate the transformation of the Tourism Sector; to facilitate the development and growth of tourism enterprises to contribute to inclusive economic growth and job creation; to facilitate tourism capacity-building programmes.

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
Strategic outcome oriented goal: Increase the tourism sector’s contribution to inclusive economic growth.							
To accelerate the transformation of the Tourism Sector.	1. Number of initiatives supported to promote B-BBEE implementation.	Four initiatives supported to promote B-BBEE implementation:					
		Study conducted to establish a baseline for the amended tourism B-BBEE sector code targets was not finalised.	1. Monitoring report on the implementation of the amended tourism B-BBEE sector code developed.	1. Monitoring report on the implementation of the amended tourism B-BBEE sector code developed.	None	None	N/A
		N/A	2. Tourism Sector Transformation Indaba held.	2. Tourism Transformation Indaba was held (on 30-31 October 2017 at Kopanong Conference Centre in Benoni).	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		N/A	3. Guidelines for commercialisation of state-owned attractions.	3. Guidelines for commercialisation of state-owned attractions were developed.	None	None	N/A
		N/A	4. Establish funding mechanisms through partnerships with development finance institutions (DFIs) to support tourism sector transformation.	4. Funding mechanisms through partnerships with development finance institutions (DFIs) to support tourism sector transformation were established.	None	None	N/A
	2. Number of social tourism initiatives undertaken.	Two social tourism initiatives undertaken:					
		Four social tourism initiatives facilitated that promote open access to selected government-owned attractions.	Framework for supporting tour operators to facilitate social tourism.	Draft Framework for supporting tour operators to facilitate social tourism developed.	Draft Framework developed.	Finalisation of the Framework was affected by capacity constraints. The service provider is however being appointed to carry out the work in the new financial year, 2018/9. Draft documents of the scheme and framework for tour operators are in place.	Some work on the framework and scheme shall have started before the end of the financial year; but finalisation will only be at the end of 2018/19.

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
			Develop one social tourism scheme.	One draft social tourism scheme was developed internally.	Draft social tourism scheme developed.	Finalisation of the Framework was affected by capacity constraints. The service provider is however being appointed to carry out the work in the new financial year, 2018/9. Draft documents of the scheme and framework for tour operators are in place.	Some work on the framework and scheme shall have started before the end of the financial year; but finalisation will only be at the end of 2018/19.
To facilitate the development and growth of tourism enterprises to contribute to inclusive economic growth and job creation.	3. Implementation of the enterprise development programme.	100 rural enterprises supported for development.	400 enterprises supported for development.	400 enterprises were supported for development.	None	None	N/A
		N/A	Development of the Long-Term Framework for enterprise development based on current policy pronouncement.	Long-Term Framework for enterprise development based on current policy pronouncement was developed.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
	4. Number of Incubators implemented.	Implementation of an enterprise development programme focusing on: <ul style="list-style-type: none"> incubation; and business support services (portal). 	<ul style="list-style-type: none"> 2 existing incubators supported. 1 new incubator established. 	<ul style="list-style-type: none"> 2 existing incubators were supported 2 new incubators were established (on 2 March 2018 in Phalaborwa, Limpopo) and on 20 March 2018 in Mier (Northern Cape). Business support services portal finalised. 	1 additional incubator established.	It was a top management decision to establish 1 additional incubation site.	N/A
	5. Number of incentivised programme implemented.	Three priority areas were incentivised during the pilot phase: <ol style="list-style-type: none"> Market access Tourism grading Energy efficiency 	Four incentive programmes supported with funding: <ol style="list-style-type: none"> Market access Tourism grading Energy efficiency Universal accessibility (pilot) 	Four incentive programmes supported with funding: <ol style="list-style-type: none"> Market access Tourism grading Energy efficiency Universal accessibility (pilot) 	None	None	n/a
	6. Number of priority areas to support the implementation of Responsible Tourism.	N/A	Five Community Tourism enterprises supported to enter tourism value chain.	Five Community Tourism enterprises were supported to enter tourism value chain.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
	7. Number of initiatives for improving visitor services implemented.	N/A	Initiate audit of the tourist guides register.	Audit of the tourist guides register was initiated.	None	None	N/A
		N/A	Upgrade on the security features of the tourist guides' identification.	Upgrade on the security features of the tourist guides' identification was completed.	None	None	N/A
		Two NTIGs maintained at KSIA and ORTIA.	Two NTIGs maintained: • ORTIA • KSIA	Two NTIGs were maintained: • ORTIA • KSIA	None	None	N/A
		One NTIG enhanced at ORTIA.	One NTIG developed: • CTIA	One NTIG was not developed: • CTIA	NTIG was not developed at CTIA.	A report was developed on the engagement regarding the remodelling of NTIGs countrywide. For CTIA NTIG, ACSA has given the airport space to Cape Tourism, to which the Department was referred for negotiation of space. The stakeholders however, require a different model in order to develop the NTIG.	The Department will further engage the stakeholders concerned and reconsider the model for NTIGs future development.

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		100% of tourist complaints referred to appropriate authorities for resolution within the agreed timeframes.	100% of tourist complaints referred to appropriate authorities for resolution within the agreed timeframes.	100% of tourist complaints were referred to appropriate authorities for resolution within the agreed timeframes.	None	None	N/A
To facilitate tourism capacity-building programmes.	8. Number of capacity-building programmes implemented.	Ten capacity-building programmes:					
		Implemented the Chefs Training Programme (CTP) targeting 577 trainees.	Implement the National Youth Chefs (NYC) targeting 577 trainees.	The NYC targeting 577 trainees was implemented.	None	None	N/A
		300 youth learners recruited in Sommelier training course.	300 Youth enrolled in the Sommelier training course.	300 Youth were enrolled in the Sommelier training course.	None	None	N/A
		2 003 youth enrolled in the hospitality service training programme.	2 000 Youth enrolled in the Hospitality Service Training Programme.	2 000 Youth were enrolled in the Hospitality Service Training Programme.	None	None	N/A
		450 learners recruited for Food Safety Assurers programme. Induction and placement started in April 2017.	500 learners enrolled in the Food Safety Programme.	500 learners were enrolled in the Food Safety Programme.	None	None	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		THRD Strategy developed.	Establish a coordinating body for THRD.	A coordinating body was established.	None	None	N/A
		Local government tourism induction programme, with a focus on rural areas with tourism potential (eight municipalities) conducted.	Local government tourism induction programme, with a focus on rural areas with tourism potential (ten municipalities).	Local government tourism induction programme, with a focus on rural areas with tourism potential (ten municipalities) was conducted.	None	None	N/A
		NTCE convened.	NTCE convened.	NTCE was convened.	None	None	N/A
		20 Black women were trained at institution of higher learning through a Customised Executive Development Programme.	20 Black women enrolled at an institution of higher learning for the Executive Development Programme.	40 Black women were enrolled at an institution of higher learning for the Executive Development Programme.	20 additional Black women were enrolled.	Initially 37 applications were received and 19 were approved. The Selection Committee agreed that the nomination process be open up again and 63 applications were received, from which 21 were approved.	N/A

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations	Strategy to overcome under performance
			Planned Target 2017/2018	Actual Achievement 2017/2018			
		Programmes to capacitate tourist guides at two World Heritage Sites (WHS), namely iSimangaliso Wetlands Park and Cradle of Humankind, implemented.	Two tourist guiding skills development programmes developed and implemented: <ul style="list-style-type: none"> • Up-skilling of existing tourist guides at WHS (Mapungubwe and uKhahlamba). • Training of new entrants in adventure guiding. 	Two tourist guiding skills development programmes developed and implemented: <ul style="list-style-type: none"> • Up-skilling of existing tourist guides at WHS (Mapungubwe and uKhahlamba). • Training of new entrants in adventure guiding. 	None	None	N/A
		N/A	Training of 60 youth on Resource Efficiency (National Cleaner Production Centre of South Africa) assessment methodology.	Training of 60 youth on Resource Efficiency (National Cleaner Production Centre of South Africa) assessment methodology was conducted.	None	None	N/A

Narrative of Highlights

The **Tourism B-BBEE Portal** was designed to provide market access to black-owned enterprises and facilitate partnership arrangements between large and small enterprises. The system helps to facilitate new black entrants into the market and support existing tourism enterprises to accelerate the empowerment of SMMEs in the tourism sector. About 1 000 enterprises have been registered on the portal. The key components of the portal include, amongst others: the matchmaking function, the B-BBEE self-assessment tool; the procurement pledge functionality – to allow large enterprises to commit a portion of their annual procurement budget for procurement of goods and services from black-owned suppliers registered in the portal and the reporting functionality to monitor compliance with the amended Tourism B-BBEE Sector Code. The portal is accessible on: www.tourism.gov.za, under B-BBEE.

The Department, in collaboration with SA Tourism, are continually expanding **Market Access Support** for small, emerging and black-owned tourism enterprises under the **Hidden Gems** initiative at Meetings Africa Travel Tourism Indaba and international and international trade shows. During the 2017/18 financial year 90 small and emerging tourism enterprises received support to improve domestic market access, while a further 112 small tourism enterprises were approved for international market access support.

Substantial progress has been made on the development and establishment and operationalisation of the Tourism Transformation Fund. The operationalisation of the fund was delayed due to amongst others the robustness of the governance process and engagements between the Department and the **National Empowerment Fund (NEF)** on the Memorandum of Agreement, before the fund could be formally opened for applications to the NEF during the 2018/19 financial year. To further assist in unlocking capital investment by black entrepreneurs and investors the Department has also engaged the Department of Trade and Industry on the possibility of opening the **Black Industrialist Scheme (BIS)** for large and high impact tourism projects.

Much work has been done towards concluding the pilot initiative to retrofit strategic state-owned attractions with renewable solar energy systems during the 2017/18 financial year. The solar photovoltaic installations on Robben Island and at three National Botanical Gardens were successfully completed and commissioned. Already substantial savings for the Robben Island Museum and the South African National Biodiversity Institute and the respective management authorities are being realised. The Robben Island project was launched by the Minister of Tourism on 19 October 2017. Construction of the four solar photovoltaic projects in the Kruger National Park have progressed well with completion and commissioning of all sites expected to take place during the first quarter of the 2018/19 financial year.

As part of **Women's Month** celebrations, four provincial **Women in Tourism (WIT)** chapters were launched in the following provinces: North West, Limpopo, KwaZulu Natal and Mpumalanga respectively. On 18 August 2017 the women owned tourism establishments were visited in Western Cape. Raddison Blue in Western Cape, included the deaf people

who are employed in the hotel. Networking breakfast sessions were held in the provinces of Eastern Cape, Gauteng, KwaZulu Natal, North West and the Western Cape respectively with an overall attendance of more than 500 women across the five provinces.

On 30-31 October 2017, the Department held a two days' conference to take stock of the **state of transformation in the tourism sector** and deliberated on mechanisms to change the status quo. Recommendations were made for both government and the private sector to drastically improve efforts on access to funding, procurement, market access, innovation, training and skills development. Lastly, the council to be wholly autonomous and focus on the monitoring of transformation in both the public and the private sectors.

On 27-29 November 2017 the **Annual WIT Conference** was hosted in Port Elizabeth and was attended by over 250 people including arts and crafts exhibitors and entrepreneurs in the tourism value chain. It was the first time that this conference was held outside of Gauteng and going forward it will be rotated amongst the provinces.

On the National Youth Chefs Training Programme, twenty South African Chef graduates were placed in ten hotel establishments in Seychelles for a period of twelve months, based on the signed South Africa and Seychelles bilateral agreement. The Chef graduates were exposed in the preparation of different cuisines varying from French, Japanese, Creole (Seychelles cuisine), pizzeria, cold and hot kitchen. The Seychelles government covered expenses related to stipend (300 Euros) and accommodation including meals. Four of the chef graduates were offered permanent employment opportunities by some of the hotel establishments. Seychelles Hotels are looking forward to receive more chef graduates, sommeliers and operation (accommodation services) graduates in the years to come.

The Department has established viable partnerships with both the private and public sector in implementing most of its tourism skills development programme. Most of the accommodation establishments throughout the country have opened their doors to provide opportunities for young unemployed South Africans who are in the skills development programme for experiential learning.

The Department in collaboration with the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) and the Department of Labour through its Unemployment Insurance Fund (UIF) Labour Activation Programme are pursuing alternative ways of re-skilling unemployed UIF beneficiaries and unemployed youth and in principle approval has been reached. Further partnerships have been established with tertiary institutions where women in tourism are upskilled to be able to take up executive positions within the industry. To ease guiding across the South African borders, South Africa in partnership with Namibia have selected a group of 20 tourist guides and upskilled them to enable them to gain knowledge about the history and cultures of both countries. This will facilitate cross border guiding across both countries.

The Enterprise Development Programme has in the 2017/18 financial year supported 500 SMMEs in tourism through a combination of support instruments such as business mentorship, coaching, incubation, entrepreneur skills training, exposure to market access platforms such as Indaba, social media and online marketing initiatives, networking events and provision of accounting software for bookkeeping purposes.

After 15 months of concerted development support, some SMMEs in the Pilanesberg business incubation programme have realised approximately 15% increase in occupancy rate, 17 enterprises now have online promotional presence, 7 guesthouses are graded, 25 business now have financial management statements of accounts and 25 businesses were provided with a Sage Accounting Software. The 25 are part of an 18-month mentorship programme offered by SAICA to address financial literacy, management and accountability for businesses.

Changes to planned targets

None.

Sub-programme expenditure

Sub-programme name	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final Appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism People Development Management	12 653	12 653	-	9 283	8 983	300
Tourism Human Resource Development	32 706	32 706	-	19 706	19 524	182
Enterprise Development and Transformation	44 316	44 313	3	12 201	12 201	-
Visitor Services	21 987	21 987	-	15 555	15 552	3
Tourism Incentive Programme	155 038	150 167	4 871	186 110	133 187	52 923
TOTAL	266 700	261 826	4 874	242 855	189 447	53 408

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities: South African Tourism Board

Legislative Mandate of South African Tourism Board

The South African Tourism Board is a Schedule 3A Public Entity (PFMA) established in terms of the Tourism Act (Act 72 of 1993) and continues to exist in terms of the Tourism Act, 2014.

Functions of the South African Tourism Board:

- Market South Africa as a domestic and international tourist destination;
- Market South African products and facilities internationally and domestically;
- Develop and implement a marketing strategy for tourism that promotes the objectives of the Act and the NTSS;
- Advise the Minister on any other matter relating to tourism marketing;
- With the approval of the Minister, establish a National Convention Bureau to market South Africa as business tourism destination by
 - » coordinating bidding for international conventions;
 - » liaising with other organs of state and suitable bodies to promote South Africa as a business events destination; and
- Implement and manage the national grading system for tourism.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity (Subject to the audit of SA Tourism)
South African Tourism	<ul style="list-style-type: none"> • Market South Africa as a tourist destination internationally and domestically. • Market South Africa as a tourism brand. • Provide quality assurance for tourism products. • Market South Africa as a meetings destination and provide support for bids. 	1 129 288	1 129 288	<ul style="list-style-type: none"> • Number of international tourist arrivals achieved (Jan – Dec 2017): 10 285 197 • Number of domestic holiday trips achieved (Jan – Dec 2017): 2 937 000 • Total tourism revenue (TTFDS + TDDS) achieved (Jan – Dec 2017): R102,8 billion • Percentage brand awareness achieved (Jan – Dec 2017): 77% • Percentage brand positivity achieved (Jan – Dec 2017): 38% • Number of business events hosted in South Africa: 206 • Number of business delegates hosted in South Africa: 91 740 • Number of accommodation establishments graded (April 2017 – March 2018): 5 058

5.2. Transfer payments to all organisations other than public entity

Transfer payments were made to departmental agencies (excluding the public entity, SA Tourism), higher education institutions, foreign governments, non-profit institutions and households.

The Department complied with section 38 1(j) of the PFMA, and the amounts transferred and the monitoring thereof are covered in a memorandum of agreement, the business plan, membership agreement or contract.

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s 38 (1) (j) of the PFMA?	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for unspent funds
Foreign governments and international organisations						
UNWTO	Foreign governments and international organisations	Membership fee	Not applicable	2 338	2 338	Not applicable
RETOSA	Foreign governments and international organisations	Membership fee	Not applicable	4 056	4 056	Not applicable
Households						
Expanded Public Works Programme (EPWP)	Households	Development of tourism infrastructure projects	Yes	84 659	84 659	Not applicable
Leave gratuity	Households	Employee social benefits	Not applicable	923	923	Not applicable
Bursaries (Non-Employees) University of Pretoria	Higher education institutions	National Tourism Research Framework	Yes	1 685	-	Funds to be spent in 2018 academic year.
Bursaries (Non-Employees) University of KwaZulu-Natal	Higher education institutions	National Tourism Research Framework	Yes	843	-	Funds to be spent in 2018 academic year.
Bursaries (Non-Employees) University of Venda	Higher education institutions	National Tourism Research Framework	Yes	842	-	Funds to be spent in 2018 academic year.
Bursaries (Non-Employees) University of Johannesburg	Higher education institutions	National Tourism Research Framework	Yes	842	-	Funds to be spent in 2018 academic year.
Bursaries (Non Employees)	Households	Training	Not applicable	840	840	Not applicable

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s 38 (1) (j) of the PFMA?	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for unspent funds
Ex-Staff Member	Households	Claim against the State	Not applicable	492	492	Not applicable
Departmental agencies and accounts						
Free State Tourism Authority	Non-business entities	NTCE	Yes	4 612	4 612	Not applicable
CATHSSETA	Non-business entities	Training contribution	Yes	197	-	Funds to be spent in 2018 academic year.
Tourism Transformation Fund with the NEF	Departmental agency	Tourism Transformation Fund	Yes	40 000	-	Remaining funds are to be spent in 2018/19 financial year
Non-profit institutions						
Stem Innovators Forum	Non-profit institutions	Contribution to the Innovation in Science, Technology, Engineering and Mathematics (iStem) Youth Indaba	Not applicable	60	60	Not applicable
Federated Hospitality Association of South Africa (Fedhasa)	Non-profit institutions	Contribution to operations of Fedhasa	Yes	500	475	Remaining funds are to be spent in 2018/19 financial year
Public corporations and private enterprises						
N12 Treasure Route	Private enterprises	Contribution to operations	Yes	600	572	Remaining funds are to be spent in 2018/19 financial year
Green Tourism Incentive Programme with the Industrial Development Corporation (IDC)	Public Corporation	Contribution to operations	Yes	38 000	1 000	Remaining funds are to be spent in 2018/19 financial year
Tourism Incentive Programme						
Tourism Grading Support	Private enterprise	Tourism grading support	Yes	55	55	Not applicable
Market Access Support Programme	Private enterprise	Market access support	Yes	7 311	7 311	Not applicable
Gauteng Tourism Authority	Public Entity	Maropeng Tourism Expansion	Yes	2 000	2 000	Not Applicable

6. DONOR FUNDS

6.1 Donor funds received

The table below discloses details of donor funds received during the period 1 April 2015 to 31 March 2017.

Name of donor	European Union (EU)
Full amount of the funding (R'000)	R120 000
Period of commitment	Three years
Purpose of the funding	Construction of an interpretive centre featuring dinosaur relics found in the park. The centre will also be a tourist destination.
Expected outputs	Golden Gate Highlands National Parks Dinosaur Interpretive Centre
Actual outputs achieved	Phase 1: Preparation of the business plan; concept design development
Amount received (R'000)	R 25 987
Amount spent by the Department (R'000)	R 25 987
Reasons for unspent funds	None
Monitoring mechanism by the donor	Reporting structure via National Treasury.

The image is a full-page background photograph of a river scene. In the foreground, a group of about seven people are sitting on a long, yellow inflatable tube, floating down a river with white-water rapids. They are wearing life jackets and helmets. The river is a vibrant green color. In the background, a suspension bridge spans the river, with its cables and towers visible. The surrounding landscape is rugged, with steep, rocky cliffs and lush green vegetation. The sky is blue with scattered white clouds, and the sun is shining brightly, creating a lens flare effect. The overall scene is one of outdoor recreation and natural beauty.

PART C

Governance

Tubing down the Storms River

1. INTRODUCTION

The Department continued with the institutionalisation of mechanisms and building the capacity which is necessary to promote good governance in conducting its business. These efforts included promoting good ethical conduct necessary to combat and prevent fraud and corruption, implementing risk management, proper delegation of authority, proper management of information, communication, technology and other mechanisms required to entrench good governance.

2. RISK MANAGEMENT

The Department acknowledges that it does not operate in a risk-free environment. Therefore, it is imperative for management to ensure that effective internal controls are put in place to mitigate the risks.

The Risk Management function resides within the Office of the Director-General to ensure that it is properly positioned to influence the leadership and decision-making at the highest level, advise management on the materialisation of the high risks as well as to optimise opportunities presented by identified risks. The Department implemented Risk Management processes as per the approved Risk Management Policy and Strategy.

A comprehensive risk assessment was conducted. The assessment focused on risks at strategic and operational level. The risk profile also includes corruption, information technology and financial risks and forms the basis for the Department's internal audit plans. The assessment was aligned to the approved annual performance and operational plans in order to ensure that efficient management of risk contributes to improved performance. The continuous identification of emerging risks was done as part of risk management monitoring which was thus transmitted into improvement in the Department's performance.

The Department has established governance committees to assist the Accounting Officer in discharging the duties and responsibilities for the effective administration of the Department. The Risk Management Committee chaired by an independent Chairperson drives the implementation of the Risk Management Policy and Strategy. The Committee met on a quarterly basis in line with its approved charter to consider and review risk management policies, and to provide oversight on the effectiveness of risk management within the Department.

The Committee continued to oversee the management of key enterprise-wide and compliance risks. The Chief Risk Officer presents the Risk Management report to the Audit Committee to appraise them on Risk Management activities and also to afford them an opportunity to advise where necessary.

Details of RMC meetings held:

Names of Members	Designation	25 July 2017	25 October 2017	09 November 2017	13 February 2018
1. Ms Romeshni Govender	External Chairperson	N/A	P	P	P
2. Ms Shamilla Chettiar	Member	R	P	P	P
3. Ms Nomzamo Bhengu	Member	P	P	P	P
4. Ms Aneme Malan	Member	R	P	P	P
5. Ms Morongoe Ramphele	Member	A	P	R	P
6. Ms Lulama Duma	Member	P	P	R	P
7. Mr Ralph Ackermann	Member	P	P	P	P
8. Mr Albert Mafanele	Member	P	P	P	P
9. Ms Mmaditlonki Setwaba	Member	A	P	P	R
10. Ms Lerato Matlakala	Member	P	P	P	A
11. Ms Susan de Bruin (Acting CD Communications)	Member	P	N/A	N/A	N/A
12. Ms Thoko Sibiya	Member - Observer	R	P	P	P
13. Ms Reneilwe Motshegwa	Secretariat	P	P	P	P

Legend:

P	Present
A	Apology
N/A	Not a member during that period
R	Representative/Proxy

3. FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Policy and Plan that provide mechanisms for the implementation of fraud prevention. A fraud risk assessment was conducted.

The National Anti-Corruption Hotline number was communicated to staff members in order to ensure that they know how and where to report suspected fraud and corruption cases anonymously. The Department also receives and administers formal, informal and anonymous matters from various communication mediums. As part of implementing the Fraud Prevention Policy, the Department also implemented the Ethics Governance Training Programme for newly appointed officials, including interns.

This programme included personal and organisational values, ethical decision making, as well as codes and policies of the Department. All the appointed Ethics Officers underwent the training. Education and awareness programmes were also conducted to encourage whistle blowing.

4. MINIMISING CONFLICT OF INTEREST

The objective of Chapter 2 of the Public Service Regulations, 2016 is to identify any conflict of interest in order to promote just and fair administrative actions by officials in senior positions and to protect the public service from actions that may be detrimental to its functioning and that may constitute unlawful administrative actions as a result of ulterior motives. SMS members are obliged to disclose their financial interests, and thereby placing a responsibility on the employer (i.e. Executing Authority) to determine whether the employees' financial interests will not negatively impact on the execution of their duties. This was conducted through an online process.

The Department implemented the Public Service Regulations, 2016, Regulation 16(c), 17(2) and 18(3): Determination on Other Categories of Designated Employees to disclose their financial interests.

5. CODE OF CONDUCT

The Department's Code of Conduct sets the minimum standards with which employees need to comply. It assists in promoting appropriate conduct in delivering services to communities. The Service Charter also helps the Department to commit to certain standards in rendering public services. Any alleged breach of the Code of Conduct is regarded as misconduct, which the Department will investigate. Based on the outcome of the investigation, appropriate sanctions are imposed against implicated officials in terms of the Disciplinary Code and Procedure for the Public Service (Resolution 1 of 2003).

6. SAFETY, HEALTH AND ENVIRONMENT (SHE)

The Department has an approved internal Occupational Health and Safety Policy which is aimed at safeguarding employees and all visitors/clients through providing and maintaining, as far as reasonably practical, a working environment that is safe and without risks. In order to ensure that such an environment exists, the Department has provided and maintained safe offices and equipment that pose no risk to the health of employees and visitors/clients. The Department has appointed Health and Safety Representatives, Fire Marshals and First Aiders who have completed their training on Basic First Aid and Fire Fighting. Inspections are conducted in the workplace to identify and minimise hazards that will affect and expose employees and visitors/clients to health risks. Training is conducted annually to ensure that representatives are well equipped to safeguard the lives of employees, visitors and guests should there be an emergency.

Fire equipment is serviced annually and routine inspections are conducted on all the equipment to ensure that it is in working order. Continuous testing of systems is conducted to ensure its effectiveness during evacuations.

Evacuation drills are conducted annually to ensure that all employees are aware of the exit routes and to test the state of readiness in case of emergencies that will warrant the Department to evacuate all occupants.

The Department continues to provide various internal communications tools including awareness sessions, intranet, internal newsletters and information sessions amongst others, to raise awareness on SHE issues.

7. PORTFOLIO COMMITTEE ON TOURISM, AND SELECT COMMITTEE ON TRADE AND INTERNATIONAL RELATIONS

Acknowledgement of the late Chairperson of Parliamentary Committee on Tourism, Beatrice Thembekile Ngcobo

The Department pays tribute to ANC MP and Chairperson of the Parliamentary Portfolio Committee on Tourism, Beatrice Thembekile Ngcobo, who passed away on 18 February 2018.

The late Chairperson worked tirelessly to promote domestic tourism. She understood the value of tourism as a driver of the economy and job creation, particularly its potential to improve the lives of youth, women, people with disabilities and SMMEs in townships and rural areas. The Department will remember Chairperson Ngcobo as a dedicated public representative and a passionate ambassador of South African tourism. Minister Derek Hanekom, Deputy Minister Elizabeth Thabethe and the officials of the Department

of Tourism appreciate the leadership and oversight role she played as the Chairperson of the Tourism Portfolio Committee.

Committee meeting dates and matters raised by the Portfolio Committee on Tourism and Select Committee and how they were addressed by the department.

The Portfolio Committee on Tourism (National Assembly - NA) and the Select Committee on Trade and International Relations (National Council of Provinces - NCOP) were respectively established in terms of sections 55 and 69 of Chapter 4 of the Constitution. Their primary role is to oversee the actions of Government, to assure Parliament of such oversight role, and also to provide assurance that Government is able to provide services to all citizens.

Composition of Committees

PORTFOLIO COMMITTEE ON TOURISM (NATIONAL ASSEMBLY)	
African National Congress (ANC)	(Chairperson) Vacant
	Ms LS Makhubela-Mashele
	(Acting Chairperson)
	Mr SD Bekwa
	Ms PE Adams (Acting Whip)
	Ms ST Xego-Sovita
	Ms EK Masehela
Democratic Alliance (DA)	Ms V Bam-Mugwanyanya
	Mr J Vos
Inkatha Freedom Party (IFP)	Mr GR Krumbock
	Ms SJ Nkomo
Economic Freedom Fighters (EFF)	Mr T Rawula

SELECT COMMITTEE ON TRADE AND INTERNATIONAL RELATIONS (NATIONAL COUNCIL OF PROVINCES)

PARTY	NAME	PROVINCE
African National Congress (ANC)	Mr ER Makue (Chairperson)	Gauteng
	Mr M Mhlanga (Whip)	Mpumalanga
	Ms MC Dikgale	Limpopo
	Mr BG Nthebe	North West
	Mr MI Rayi	Eastern Cape
	Mr JM Mtethwa	KwaZulu-Natal
Democratic Alliance (DA)	Mr WF Faber	Northern Cape
	Mr JJ Londt	Western Cape
	Mr LV Magwebu	Eastern Cape
Economic Freedom Fighters (EFF)	Ms B Mathevula	Free State
	Dr YC Vawda	Mpumalanga

ALTERNATES FOR THE SELECT COMMITTEE ON TRADE AND INTERNATIONAL RELATIONS

PARTY	NAME	PROVINCE
African National Congress (ANC)	Ms GM Manopole	Northern Cape
	Ms Z Nchitha	Eastern Cape
	Ms T Motara	Gauteng
	Mr JP Parkies	Free State
Democratic Alliance (DA)	Mr JJW Julius	Gauteng
	Mr OS Terblanche	Western Cape
Economic Freedom Fighters (EFF)	Ms N P Kosi (Mokosi)	Northern Cape
Inkatha Freedom Party (IFP)	Mr M Khawula	KwaZulu-Natal
United Democratic Front (UDM)	Mr LB Gaehler	Eastern Cape

7.1 PORTFOLIO COMMITTEE ON TOURISM (NATIONAL ASSEMBLY)

7.1.1 Briefing by the Department on the APP for 2017/18 on 5 May 2017

The committee was informed that various initiatives will be undertaken to support the strategic plan such as the review of the Tourism Act and the revised National Tourism Sector Strategy that will lead to greater alignment with the National Development Plan.

The Department underwent restructuring during 2016/17. The reconfiguration of the four programmes has been completed.

Issues raised by the Committee

- Insufficient Budget for Vote 33 to achieve its mandate;
- Radical Economic Transformation;
- Rethinking of the Tourism Incentive Programme (TIP);
- Incubator model;
- Emerging Black SMMEs;
- GTAC processes for SRI Projects (Working for Tourism - WFT);
- Air-lift strategy;
- Burdensome B-BBEE Codes;
- Late introduction of the Tourism Bill to Parliament;
- Recruitment for training programmes;
- Delays in implementing projects;
- Oversight by Department of the entity (SA Tourism) to ensure that it adheres to its mandate as a sizeable budget is allocated to the entity.

Recommendations by the Committee

- Improve its relationship and have more interaction with SA Tourism, and enhance the oversight function over the entity.

- Avoid delays in implementing projects to achieve the predetermined objectives as set in the APP.
- Explore a possibility of bringing SA Tourism on board to market community projects.
- To engage ACSA with regard to cost of travel due to increased airport taxes included in the base fare of flight tickets.
- Present the comprehensive Marine Tourism Strategy to the Committee.

The Department responded to all the issues raised and also took note of the recommendations made by the Committee. The Committee must still determine a date for the Department to brief them on the Marine and Coastal Tourism Strategy (Oceans Economy).

7.1.2 Briefing by the Tourism Business Charter Council on Transformation on 9 June 2017

The Committee was briefed on the Council's mandate and composition. The Council is an independent body that is co-funded by the Department and reports to the Minister of Tourism, the B-BBEE Commission, the B-BBEE Presidential Advisory Council and the Minister of Trade and Industry.

The Committee was informed by the Council that, according to a study undertaken to determine the state of transformation in the Tourism Sector it was clear that the majority of tourism enterprises failed to meet the transformation targets across all the elements of the B-BBEE scorecard. Furthermore, an overview was provided to the Committee on the Council's Plan of Action.

Issues raised by the Committee

- Late payments of invoices to SMMEs. Comprehensive information is needed from the Council on Government creditors to empower the Committee to raise it with the relevant minister(s).

Recommendations by the Committee

- That the Tourism B-BBEE Charter Council must present a Progress Report to the Committee in the following term.
- That the Tourism B-BBEE Charter Council must leverage private sector funding for its activities.
- That the Tourism B-BBEE Charter Council should ensure their full autonomy in its activities from the Department.

The Tourism Business Charter Council took note of the Committee's recommendations. The Committee secretary still to provide a suitable date for the Council to brief the Committee on the progress they have made in implementing the Plan of Action.

7.1.3 Oversight visit by the Portfolio Committee on Tourism to the Southern Cape (Western Cape) on 1-4 August 2017

The purpose and objectives of the oversight visit were:

To obtain a provincial perspective on the state of tourism in the Western Cape (Southern Region); To evaluate the implementation of the WFT Programme in Western Cape; to assess provincial tourism attractions; and to engage tourism stakeholders. The Committee visited Knysna after the devastating fires, and interacted with the Oudtshoorn, Kannaland, Knysna, Bitou, Mossel Bay and Hessequa Municipalities and visited the Cango Caves and the Cape Agulhas National Park.

Issues raised/identified by the Committee

- Transformation challenges;
- The business case for tourism at a municipal level;
- Supporting tourist guiding as a trade;

- Recovery and rebuild of Knysna as a tourist destination;
- Called for a National Tourism Disaster Management Strategy;
- Quality assurance in the Garden Route;
- Maintenance of tourist attractions;
- Strengthening brand equity coordinating marketing activities;
- Competing events in the destination;
- Enhance the airlift possibilities of the George Airport;
- Beneficiation of available infrastructure and natural resources;
- Township tourism lacking as a hidden gem;
- Varied regimes for Visitor Information Centres;
- The unintended consequences of national legislation by sister departments, and
- Noticed the improvement in the WFT Projects.

Recommendations by the Committee

The Department received recently the Committee's Report on the Oversight Visit to the Western Cape and is in the process of responding to all the recommendations.

7.1.4 Briefing by the Department on the 2016/17 Quarter Four (4) Performance Report on 1 September 2017

- The Committee was assured that no employees will be retrenched during the restructuring process. All staff have been taken into consideration during the restructuring process.

Issues raised by the Committee

- Investment Master Plan - the Committee urged the Department to ensure that projects identified are ready for the investment.

- Project timelines the Committee emphasised the importance of factoring in the EIA timelines when projects are included in the Annual Performance Plan to avoid unnecessary non-compliance.
- Capacity-Building Programme at municipal level.
- Oversight over the entity.
- Nelson Mandela capture site - Road signage.

Recommendations by the Committee

- The Department will be invited to share with the Committee the full plan on the Coastal and Marine Tourism strategy as part of the Oceans Economy.
- Update on the GTAC outcomes.
- The Department should ensure proper signage is provided on major roads to indicate all the World Heritage Sites and other sites of significance throughout the country.
- The Director-General suggested that the Committee invites the South African National Roads Agency SOC Ltd (SANRAL) and Department of Transport.

Some of the issues raised by the Committee were addressed during the briefing. The Department took note of the recommendations.

Regarding the tourism road sign issues at the Madiba Capture Site, the Department suggested that the committee invites SANRAL and the Department of Transport. The committee did invite SANRAL to brief them on tourism road signs on 3 November 2017. Subsequently the Department and SANRAL met and started with a process of finding amicable solutions towards this crucial matter. The approach and process to consider tourism road signage to all Heritage sites was discussed and are now being investigated.

No final date has been communicated to the Department to brief the Committee on the Marine and Coastal Tourism strategy as part of the Oceans Economy.

7.1.5 Oversight visit to Limpopo by the Portfolio Committee on Tourism 11- 15 September 2017

The objective of the oversight visit was to gather information on the state of tourism and to evaluate the implementation of the WFT Programmes in Limpopo. The Committee was briefed on the state of tourism in Limpopo the Provincial Marketing Strategy and Tourism Growth Strategy. The Committee also met with Tourism SMME stakeholders. The committee visited the Mapungubwe National Park World Heritage Site, the Namakwa Lodge and the Royal Khalanga Accommodation Lodge. A debriefing session with the province was arranged at Karibu Lodge.

Issues raised by the members

- Road infrastructure;
- Niche tourism development;
- Documentation of history for tourism purposes;
- Airlift strategy;
- Business tourism;
- Rethinking domestic tourism;
- Dissimilar operational support to WFT Projects;
- Poorly implemented projects;
- Tourism signage;
- Provincial branding;
- Tourism product audit and route development;
- Payment within 30 days;
- Tourism staff and budget at municipalities;
- Association of Southern African Travel Agents (ASATA) and International Air Transport Association (IATA) challenges, and the
- Alignment of strategies.

Recommendations by the Committee

The Department responded to all the recommendations. The submission is en route to the Minister for tabling to Parliament.

7.1.6 Briefing by the department on the Annual Report 2016/17 on 4 October 2017

The Department has achieved 89% of its targets in 2016/17 which is an improvement of 5% from the 2015/16 financial year.

Issues raised by the Committee

- Safety of tourists;
- Township tourism;
- Tourism curricula alignment with industry expectations;
- The need for a National Tourism Disaster Management Strategy;
- Under-expenditure;
- EPWP funding;
- Accessibility (affordability) for SA Citizens to tourist attractions e.g. Robben Island;
- Support to Tourism SMMEs;
- Roads and infrastructure;
- GTAC assignment and Khalanga Lodge;
- Roll-over funds;
- WHS and the
- Tourism Bill.

Recommendations by the Committee

- The Committee congratulated the Department for achieving a Clean Audit outcome for 2016/17.
- Further encouraged the Department Management Team to take every effort not to regress.

The Department addressed the concerns raised by the Committee during the meeting in the questions and answers session. The Department took also note of the suggestions made by the Committee on the establishment of a Tourism Disaster Management and Crime Prevention Strategy.

7.1.7 Briefing by the Department on the Quarter One Performance Report of 2017/18 on 20 October 2017

Issues that were highlighted by the Committee

- BRICS structures and declaration;
- Membership of international organisations;
- Congestion at ORTIA;
- E- Visas;
- State of Tourism Report;
- EPWP Projects;
- Dual pricing and
- Incentives for grading of tourism products.

Recommendations by the Committee

- There is an urgent need for a joint meeting between the Department of Tourism and Department of Home Affairs to work closely on the Visa and Immigration issues. This is a critical issue to tourism.

The Department is working closely with the Department of Home Affairs to address the Visa and Immigration issues.

7.1.8 Briefing by the Department on the Skills Audit Report and the Tourism Sector Human Resource Development on 22 November 2017

A joint presentation was given to the Committee by the Department and the Human Sciences Research Council (HSRC).

The scope of the research done was, to develop a comprehensive skills audit report for the Tourism Industry and to review the 2008 TSHRD Strategy. It was found that there were various gaps in strategy e.g. – the education and training system was found to be

fragmented and curricula perceived as not being aligned to employer needs as well as a variance in the quality of training.

The Committee deliberated on the following issues:

- The role of the South African Local Government Association (SALGA);
- Tourism curricula at different institutions and alignment with the industries expectations;
- Recognition of Prior Learning (RPL);
- Generic training does not address the industry needs.

Resolutions by the Committee

- The Department must provide regularly updates on the implementation of the skills strategy. The Department should include the updates in its quarterly reporting.
- The Committee requested copies of the complete study with all the data and statistics that were used to develop the strategy. Copies of the studies were distributed to all the members on 30 November 2017.

7.1.9 Briefing by the Department on the Quarter Two and Quarter Three Performance Report of 2017/18 on 28 February 2018

The overall performance of the Department was generally good as the number of tourists increased. However due to reports on crime and drought this might again decrease. The Department is trying to reduce the impact thereof by various communication techniques in target markets. In terms of job creation, the Department has surpassed its target.

Issues raised and discussed by the Committee

- Variance between actual expenditure and projected expenditure;
- Avoidance of fiscal dumping;
- Tourist guiding skills development programme;
- Executive Development Programme for Women;

- Platforms to improve stakeholder engagement;
- High vacancy rate due to the restructuring;
- Blue Flag Programmes, and
- Concern about timeframes for the Tourism Amendment Bill before the end of the 5th Parliament.

Response of the Department

The Department noted the recommendations and concerns and has put it that it won't be able to submit the amendments to the Tourism Act 3 of 2014 to Parliament within the financial year because of delays in reviewing policies that related to the sharing economy and professionalising of tour guiding.

7.1.10 Briefing by the Department on the GTAC outcomes and progress on 14 March 2018

GTAC is an entity of National Treasury that was commissioned to provide technical assistance to the Department in terms of WFT Projects that were stalled. They reviewed the project plans, undertook pre-feasibility assessments, strengthened the capacity of the Department to better manage the infrastructure projects and to review the processes and guidelines to ensure alignment with the construction industry. Thus a revised Project Management Model will urgently be implemented.

Overall the Committee was satisfied that the findings of GTAC were an accurate reflection of what was happening at grass roots level. However, the Committee was concerned that the timeframes the Department set for itself for the completion of the projects were too ambitious.

Recommendations by the Committee

- The Committee would have liked to see GTAC recommending Public Private Partnerships in implementing the WFT Projects in order attract private investments and ensure sustainability of projects.

- Whilst some projects were found not to be feasible to continue with, the Committee was satisfied that alternative site uses with collaboration with local authorities would be explored.
- The Department was urged to conduct comprehensive feasibility studies and bankable business plans of projects at a conceptualisation stage in order to derive value for public funds.

The Department noted the recommendations and concern of the committee in terms of the timeframes it set.

The Department noted the point made on insurance. As it is a policy issue other options besides the National Home Builders Registration Council (NHBRC) would be considered taking as well the cost into account.

The Department reaffirmed that it will fully align with National Treasury standard for Infrastructure Procurement and Delivery Management of October 2015.

7.1.11 Briefing by the Department on the APP of 2018/19 on 28 March 2018

The Committee welcomed the APP for 2018/19 – to 2020/21. The current financial year is the second year of the Department delivering on its mandate under the new Strategic Plan to which the branches were aligned. The Strategic Plan is aligned with the national priorities and the NDP.

The Committee discussed the following matters:

- The communication strategy seems not to reach the grass roots.
- Development of potential tourism destinations will be addressed by the Master Plans. All spheres of government should agree to the components of such plans.
- The Committee acknowledges the fact that the Department has improved on its project planning by having completed planning for the projects to be implemented in the financial year of 2018/19.

- The Committee requested more clarity on the NTSS targets and statistics. This will be addressed during the Presentation on the NTSS on 30 May 2018.
- Ease of access – New Immigrations Regulations and Visa requirements are still a challenge in terms of arrivals and tourism growth. The Department and Minister committed again that they are dealing with the issues on the relevant platforms.
- Tourism programmes must be linked to the Youth Business Initiative of the President.
- The Committee concluded that they will closely monitor the achievement of targets.
- The Committee requested notes on the EU funding of the Dinosaur project. The Department will include the information on the project in the presentation of the 4th Quarter report on 13 June 2018.

The Department noted the concerns raised by the Committee.

7.2 SELECT COMMITTEE ON TRADE AND INTERNATIONAL RELATIONS (NATIONAL COUNCIL OF PROVINCES)

7.2.1 Briefing by the Department on the APP of 2017/18-2019/20 on 3 May 2017

Issues raised by the Committee

- NTSS targets to be unpacked.
- New regulations for tourism.
- Amendment of the Tourism Act 3 of 2014.
- State of the Zithabiseni Resort in Mpumalanga Province.
- Members observed that tourism did not feature in the activities and in the Integrated Development Plans (IDPs) of many municipalities. The Department was asked how it intended to fast-track its relationship with municipalities.
- Can the same development be done in the Mdantsane Township in the Eastern Cape as in Vilakazi Street, Soweto?
- The observation was made by members that the tourism industry was doing well due to efforts of private enterprises and business. An environment needed to be created

where enterprises could thrive. Government should not create jobs but has to create an environment that is conducive for jobs.

- Visas and working relationship with the Department of Home Affairs (DHA).
- Training of Department of International Relations and Cooperation (DIRCO) officials to promote SA's tourism industry abroad?
- Radical economic transformation in the Tourism Sector is needed.
- Access and selection criteria to participate in training programmes offered by the Department.
- Road infrastructure.

The Department replied to questions during the presentation and took note to suggestions made by the Committee.

7.2.2 Joint Oversight visit to the West Coast (Western Cape) (14-18 August 2017) (Langebaan - West Coast Park - SANParks - on 17 August 2017) by the Select Committee on Trade and International Relations and the Select Committee on Economic and Business Development

Due to the fact that it was a joint oversight visit the Committee could only visit one Tourism Product namely the West Coast Park. A short briefing on new developments intended for the park was given by SANParks which was followed by a short question and answering session.

The Committee indicated that they would like spend more time with SANParks and would invite them to give a comprehensive briefing on their tourism projects.

7.2.3 Joint Oversight visit (4-8 September) to the Free State (Mangaung - Botanical Gardens: 7 September 2017) by the Select Committee on Trade and International Relations and the Select Committee on Economic and Business Development

Due to the fact that it was a joint oversight visit the Committee could only visit one Tourism Product namely the Botanical Gardens in Mangaung. The Department arranged

for access to the gardens and a short tour and briefing on the Solar Photovoltaic (PV) project. It was a collaborative effort between the Department, the South African National Biodiversity Institute (SANBI) and the service provider. The members were impressed by the proven saving in the cost of electricity.

7.2.4 Briefing by the Department on the Annual Report 2016/17 on 1 November 2017

The Committee appreciated the good work that the Department was doing and congratulated it on obtaining an unqualified audit report from the Office of the AGSA. The good work of the Department needed to filter down to the provinces.

Issues raised

- The Committee noted the importance of township tourism and the township economy. There is a huge untapped potential. Township tourism should be market and package deals should be offered.
- Members were concerned about crime in SA. It was amongst the highest in the world.
- The socio-economic discrepancy in SA was also one of the highest in the world.
- What was the Broad-Based Black Economic Empowerment (B-BBEE) Charter Council doing to promote transformation in the sector?
- Revolutionary routes that were followed/used by the Military veterans.
- South Africans can't access various tourist sites in SA which foreign tourists can see due to affordability. It was an issue which needed to be addressed.
- Transformation in the sector was low even though the sector was growing.
- Decline in domestic tourism figures.
- Why is there a small uptake of the Department's programmes by youth in the Northern Cape?

- Travelling between Pretoria and Cape etc. Government officials should stay in township accommodation.

Recommendations by the Committee

It was said by the Department that the "We Do Tourism" Campaign means that everyone had a responsibility towards tourism. (Maintenance of products, crime safety of tourist, cleanliness etc.)

The Department noted the issues raised and said issues around sustainability would be looked at in the broader sense.

7.2.5 Briefing by the Department on the Progress with regard to Rural Tourism Development on 21 February 2018

One of the goals for rural tourism development was to create a platform to share knowledge of best practice, development opportunities and challenges in rural areas for tourism development. The Department explained that the Rural Tourism Strategy makes provision for the following interventions and briefly introduced these programmes to the Committee: Capacity-Building and Skills Development, Enterprise Development, Business Development, the Market Access Support Programme, the Tourism Incentive Programme and Product Development (Destination Development).

Issues raised by members

- Enterprise Development Awareness Campaign should be extended to traditional leaders;
- Assist the less visited provinces on tourism development;
- Capacitated persons could be showcased in rural areas;

- Recruitment policy for youth training programmes and
- Low uptake of the Department's programmes by the youth in the Northern Cape.

Requests by the Committee

- The Department was asked to provide the Committee in writing with information on which municipalities the Department was engaging with regarding tourism development. An indication should be given of those that perform well and of those that were not performing.
- Information on provincial spread of the types of businesses that were supported was also requested.
- The Department was further asked for a breakdown of figures on capacity building in the provinces.
- The Department was asked to provide the Committee with the recruitment policy that it used for its youth training programmes.
- The Department was asked to provide the Committee with additional information on the provincial spread of its rural tourism strategy.

7.3. OTHER COMMITTEES: PORTFOLIO COMMITTEE ON INTERNATIONAL RELATIONS (NATIONAL ASSEMBLY)

7.3.1 Briefing and inputs by the Department on the Foreign Services Bill on 25 October 2017

- The Department believes DIRCO uses its network of foreign mission strategically located around the world to promote South Africa as a destination of choice in their countries of accreditation.
- The Department supports the objective of creating an enabling administrative and management framework through which the Foreign Service will be managed and regulated in a consolidated and coherent manner by DIRCO.
- Especially given the fact that SA Tourism personnel posted abroad cannot be attached to SA Foreign Missions, given the transactional nature of their business operation model.

- As the marketing agency, SA Tourism requires the operational flexibility to engage in commercial transactions to carry out its mandate that may not be in sync with the usual diplomatic protocols and immunities afforded to diplomatic missions as provided for in the Vienna Conventions on Diplomatic & Consular Relations.
- The Department hopes to continue playing a role in improving the capacity of the Foreign Service, through training interventions as part of Economic Diplomacy Training for diplomats to be better equipped to promote tourism.

Recommendations by the Committee

The Committee took note of the Department's inputs as part of their consultative process.

8. SCOPA RESOLUTIONS

The Department has no Standing Committee on Public Accounts (SCOPA) resolutions on which to report.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

No matters were reported by the AGSA in the previous financial year and therefore no modifications were done to prior audit reports.

10. INTERNAL CONTROL UNIT

The Department of Tourism has a new establishment which was implemented on 1 April 2017 and it makes provision for a Deputy Director: Internal Control. The post is currently still vacant. The Directorate: Financial Management and the Directorate: Supply Chain Management fulfil the function of an internal control unit, as submission, forms, route forms and delegations are compiled in such a manner so as to ensure compliance.



11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit provides assurance and consulting services. It conducts its affairs in terms of an approved internal audit charter. The unit follows a risk based audit approach, in terms of which the Department's risk strategy and the Internal Audit Unit's assessment of risks are the drivers of internal audit activities and the approved internal audit plan. The internal audit plan was formally adopted and approved by the Audit Committee.

Below are audits performed by the Internal Audit Unit during the 2017/18 financial year:

- Assets Management;
- Tourism Incentive programme;
- Contract Management;
- Follow-up on AGSA Report;
- Performance Audit: DTM – Tourism Interpretative Signage Programme;
- Tenders;
- Information and Communications technology governance;
- Pre-determined objectives;
- Responsible tourism – Universal Access; and
- Follow-up on KPMG Report.

Progress on the implementation of the plan was monitored and reported on at each Audit Committee meeting.

The primary purpose of the Audit Committee is to assist the Department in fulfilling its oversight responsibilities, and to ensure that the Department has and maintains effective, efficient and transparent systems of financial, risk management, governance and internal control by:

- (i) supporting management in respect of financial reporting and a system of internal control;
- (ii) enhancing business ethics and trust in the Department;

- (iii) ensuring and enhancing the independence of internal audit activity;
- (iv) ensuring that risks facing the Department are identified, and that appropriate procedures are implemented to manage and minimise risks;
- (v) ensuring the proper functioning of the audit process;
- (vi) monitoring compliance with laws, regulations and codes of conduct.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Prof H de Jager	DCom (Acc); CA (SA) RGA	External		1 August 2015		4
Mr R Rajcoomar	B. Com (Hons); H. Dip Tax; MBA; Post Graduate Diploma in Accounting Science	External		1 August 2015		4
Mr PR Mnisi	LLB; Post Grad Certificate in Compliance Management	External		1 August 2015		3
Ms HN Masedi	B. Compt Hons; M Com (Computer Auditing); Higher Diploma in Computer Auditing and Post graduate Diploma in Management	External		1 August 2015		4



12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

The Department's system of internal control is designed to provide reasonable assurance, inter alia, that assets are safeguarded and that liabilities and working capital are efficiently managed. Based on the approved annual internal audit plan setting out the scope, control objectives and risks, for the period covered, various reports were submitted by the internal auditors.

The results of the internal and external audits indicated that controls have been operating as intended in certain areas, while in others attention should be given to strengthen, improve and monitor the controls. Where control weaknesses and other matters were reported, the Audit Committee has considered management's responses to address the matters and to facilitate corrective actions, improvements and monitoring the controls and procedures. Implementation of such corrective actions is monitored through the implementation of an issue tracking report and the follow-up review reports submitted to the committee on a regular basis.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department revealed certain weaknesses, which were then raised with the Department.

The following internal audit work was completed during the year under review:

- Assets Management;
- Tourism Incentive Programme;
- Contract management;
- Follow-up on AGSA Report;
- Performance Audit: DTM – Tourism Interpretative Signage Programme;
- Tenders;
- Information and communications technology governance;
- Pre-determined objectives;
- Responsible tourism – Universal Access, and
- Follow-up on KPMG Report.

In-Year Management and Monthly/Quarterly Report

The Department has reported monthly and quarterly to National Treasury as is required by the PFMA.

Internal Audit

The Internal Audit Unit conducts its affairs in terms of an approved Internal Audit Charter. The charter is reviewed on an annual basis. The Internal Audit Unit follows a risk-based audit approach, whereby the Department's Risk Strategy and the Internal Audit Unit's assessment of the risks drivers are taken into account.

The Internal Audit Plan was formally adopted and approved by the Audit Committee. Progress on the execution of the plan was monitored and reported on at each Audit Committee meeting.

The Audit Committee is therefore satisfied that the internal audit function (in house) is operating effectively and that it has addressed the risks pertinent to the department in its Audit Plan.

Risk strategy

The Department has a risk management strategy in place and actively monitors and takes appropriate action against the risks identified as per the risk register.

Evaluation of Financial Statements

We have reviewed the Annual Financial Statements prepared by the Department.

Auditor General's Report

The Audit Committee concurs with the audit opinion of the AGSA on the annual financial statements and met with the AGSA to ensure that there are no unresolved issues at 31 July 2018.



Prof. H de Jager

Chairperson of the Audit Committee

Department of Tourism
31 July 2018

A romantic outdoor dinner scene at sunset. A waiter in a white shirt and dark vest is serving a couple seated at a round table with a white tablecloth. The man is wearing a pink blazer, and the woman is in a blue patterned dress. They are on a wooden deck with a large tree and a savanna landscape in the background. The sky is a mix of orange and blue. In the bottom left corner, there is a decorative pattern of overlapping squares in various shades of gray.

PART D

Human Resource Management

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

The status of human resources in the Department

Human resources is one of the most strategic resources that is managed with great care and diligence within the Department.

An efficiently run Human Resources component provides the Department with the requisite organisational structure and the concomitant human resources required to enable the Department to meet its objectives in pursuit of its strategic goals by managing the Department's most valuable resources namely, its employees. The Human Resources component is strategically positioned to:

- retain, engage and attract outstanding employees;
- promote a workforce that is diverse and inclusive;
- provide a safe and healthy, learning and working environment; and
- develop employees to their fullest potential.

Human resource priorities for the year under review, and the impact of these priorities

- a. To recruit a suitably qualified, capable and skilled workforce;
- b. To promote employment equity;
- c. To have skilled, motivated, capacitated and empowered employees who are equipped to deliver the mandate of the Department;
- d. To develop high-quality leaders and managers who exemplify the core values of the public service and the Department, and committed to service delivery;
- e. To promote effective performance management systems;

- f. To effectively manage employee health and wellness in the workplace;
- g. To coordinate special transformation programmes;
- h. To promote sound labour relations between employer and employees.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

Workforce planning is about having the right people with the right skills in the right jobs at the right time and at reasonable cost. It identifies the gap between current workforce capabilities and the workforce capabilities required to achieve the Department's strategic goals in an ever-changing operational environment. This is what the Department has been striving to achieve during the year under review.

Workforce planning is guided by the Department's strategy. The legal framework in this regard consists of the Employment Equity Act, Public Service Act and Public Service Regulations. During the year under review, the implementation of the Human Resources Plan 2017-2020 continued in order to guide the process of attracting, recruiting and developing a skilled and capable workforce. This has been achieved and is exemplified by the quality and number of employees that have been attracted into the organisation.

Employee performance management

The Department annually commits to 100% implementation of the performance management development system (PMDS), as guided by the departmental PMDS Policy and relevant chapter of the SMS Handbook. Workshops are conducted to provide knowledge and understanding on the development of performance agreement and work plans as well as how to assess performance.

Employees' performance assessments are conducted at the end of the financial year, and performance outcomes implemented thereafter. Employees who performed outstandingly were afforded performance rewards and pay progression according to policy guidelines. Steps are taken to address poor performance, such as retraining and other interventions.

Employee wellness programmes

During the period under review, the Employee Health and Wellness (EHW) unit coordinated programmes that were in line with the EHW Public Service Strategic Framework (2008), which is composed of four strategic intents and policies, namely the HIV & Aids and TB Management Policy, the Health and Productivity Management Policy, the Occupational Health and Safety Management Policy and the Wellness Management Policy. The EHW unit implemented the Wellness Management Policy by reaching an average of 22% attendance by departmental staff members during the wellness days coordinated once per quarter. Implementation of the HIV & Aids Management Policy saw an average of 14% of staff receiving HIV counselling and testing. The Health and Productivity Management Policy and the Occupational Health and Safety Policy were furthermore implemented as needed.

In view of the restructuring and the impact this may have on employees, the initial 15% capped external Employee Assistance Plan (EAP) services were lifted to 20%. The external EAP service provider renders a 24-hour service, which includes counselling, offering financial and legal advice, assisting both the employee and his/her immediate family members and providing workshops to employees on specified subjects.

Achievements and challenges faced by the Department, as well as future human resource plans/goals

The Department has exceeded Government's targets for persons with disabilities and currently stands at 4.7% representation for this group. At SMS level, the Department has reached 49.3% female representation.

A 100% disclosure rate was recorded in respect of SMS members' financial interests.

Regarding future human resource plans/goals, the Department's existing human resource policies, procedures and systems (codes of practice) and the HR Plan 2017-2020 provide an effective framework for recruiting, developing and retaining staff in a fair and supportive environment. To this end, the goals listed in the HR Plan 2017-2020 are as follows:

- a) Strategic partnerships with core business;
- b) Employee championship;
- c) Organisational development and design;
- d) Recruitment and employee life-cycle management, with two sub-categories:
 - i. Human resource utilisation;
 - ii. Human resource development.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel.
- amount spent on salaries, overtime, home owners. allowance (HOA) and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 and 31 March 2018

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee
	R'000	R'000	R'000	R'000	%	R'000
Administration	241 878	137 477	1 808	73	57	265
Tourism Policy and Planning	1 196 743	39 710	263	0	3	77
Destination Development	433 529	48 963	115 558	0	11	94
Enterprise and Visitor Support Services	261 826	70 090	5 500	0	27	135
TOTAL	2 133 976	296 240	123 129	73	14	571

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Personnel expenditure	% of total personnel cost	No. of employees	Average personnel cost per employee
	R'000	%		R'000
Lower skilled (Levels 1-2)	9	0	1	9
Skilled (Levels 3-5)	7 538	3	58	130
Highly skilled production (Levels 6-8)	58 237	20	137	425
Highly skilled supervision (Levels 9-12)	154 717	52	247	626
Senior and Top management (Levels 13-16)	75 739	25	76	997
TOTAL	296 240	100	519	571

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018

Programme	Salaries		Overtime		Home Owner's Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	R'000	%	R'000	%	R'000	%	R'000	%
Administration	116 923	85	946	1	3 447	3	4 236	3
Tourism Policy and Planning	37 419	77	35	0	1 287	3	950	2
Destination Development	41 963	85	9	0	1 380	3	1 098	2
Enterprise and Visitor Support Services	56 861	81	19	0	1 473	2	1 788	3
TOTAL	253 166	85	1 009	1	7 587	3	8 072	3

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
	R'000	%	R'000	%	R'000	%	R'000	%
Skilled (Levels 1-2)	8	89	0	0	0	0	0	0
Skilled (Levels 3-5)	5 353	75	81	1	447	6	616	9
Highly skilled production (Levels 6-8)	46 244	83	474	1	2 200	4	3 415	6
Highly skilled supervision (Levels 9-12)	130 186	87	454	0	3 505	2	3 286	2
Senior management (Levels 13-16)	71 375	97	0	0	1 435	2	755	1
TOTAL	253 166	84	1 009	0	7 587	3	8 072	3

3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme,
- salary band,
- critical occupations (see definition in notes below).

The Department has identified critical occupations that need to be monitored. In terms of current regulations, the only scarce occupational classes are financial administration and SMS. The vacancy rate reflects the percentage of posts that are not filled.

The Departmental Establishment consists of 488 filled post of the year under review. Furthermore, the department has 25 interns and 7 employees additional to the establishment.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	264	246	6.8%	16
Tourism Policy and Planning	75	70	6.7%	5
Destination Development	76	73	3.9%	4
Enterprise and Visitor Support Services	105	99	5.7%	7
TOTAL	520	488	6.2%	32*

***NOTE:** The figure comprises interns and staff additional to the establishment

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	1	1	0%	25
Skilled (3-5)	29	28	3.4%	2
Highly skilled production (6-8)	155	142	8.4%	3
Highly skilled supervision (9-12)	260	246	5.4%	1
Senior management (13-16)	75	71	5.3%	1
TOTAL	520	488	6.2%	32*

***NOTE:** The figure comprises interns and staff additional to the establishment

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Finance and Economics Related, Permanent	13	10	23.1%	0,00
Senior Managers, Permanent	68	64	5.9%	0,00
TOTAL	81	74	8.6%	0,00

NOTES

- The CORE classification, as prescribed by the Department of Public Service and Administration (DPSA), should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - a. in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - b. for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c. where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the SMS by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as at 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Minister/Deputy Minister	2	2	100	0	0
Salary Level 16 and Director-General/Head of Department	2	2	100	0	0
Salary Level 15	5	5	100	0	0
Salary Level 14	15	13	87	2	13
Salary Level 13	51	49	96	2	4
TOTAL	75	71	95	4	5

Table 3.3.2 SMS post information as at 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Minister/Deputy Minister	2	2	100	0	0
Salary Level 16 and Director-General/Head of Department	2	2	100	0	0
Salary Level 15	5	5	100	0	0
Salary Level 14	15	13	87	2	13
Salary Level 13	52	48	92	4	8
TOTAL	76	70	92	6	8

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	2	0	0
Salary Level 13	3	2	1
TOTAL	5	2	1

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months	Reasons for vacancies not filled within twelve months
Chief Director: Communications – The required skills could not be attracted by means of traditional recruitment processes. The Department thus had to follow the head hunting process.	Chief Director: Communications – The required skills could not be attracted by means of traditional recruitment processes. The Department thus had to follow the head hunting process.
Chief Director: Enterprise Development – The position had to be re-advertised. The process is at its final stage and it is envisaged that it will be filled within the timeframe of 12 months, as prescribed.	Chief Director: Enterprise Development – The position had to be re-advertised. The process is at its final stage and it is envisaged that it will be filled within the timeframe of 12 months, as prescribed.

NOTES

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months	Reasons for vacancies not filled within six months
None – The Department could not attract the required skills through advertising. Therefore, re-advertising and other recruitment techniques had to be considered.	None – The Department could not attract the required skills through advertising. Therefore, re-advertising and other recruitment techniques had to be considered.

NOTES

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 and 31 March 2018

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	1	1	100	0	0		
Skilled (Levels 3-5)	29	24	82.76	0	0	14	48.27
Highly skilled production (Levels 6-8)	155	96	61.93	8	5.16	37	23.87
Highly skilled supervision (Levels 9-12)	260	151	58.07	79	30.38	0	0
Senior Management Service Band A	51	51	100	0	0	0	0
Senior Management Service Band B	15	14	93.33	0	0	0	0
Senior Management Service Band C	5	5	100	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
TOTAL	518	342	65.76	87	16.73	51	9.80

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	38	2	3	0	43
Male	40	2	1	1	44
TOTAL	78	4	4	1	87
Employees with a disability	4	1	0	1	6

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 and 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Lower Skilled (Levels 1-2)	0	-	-	
Skilled (Levels 3-5)	14	2	4	Restructuring
Highly skilled production (Levels 6-8)	13	3	6	Restructuring
Highly skilled production (Levels 6-8)	3	7	8	Restructuring
Highly skilled production (Levels 6-8)	1	6	8	Restructuring
Highly skilled production (Levels 6-8)	20	5	6	Restructuring
Senior Management Service Band C	1	14	15	Personal notch
Total number of employees whose salaries exceeded the level determined by job evaluation				52
Percentage of total employed				10%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	28	1	1	0	30
Male	21	0	0	1	22
TOTAL	49	1	1	1	52
Employees with a disability	3	0	0	0	3

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Number of employees at beginning of period -1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Lower skilled (Levels 1-2)	0	1	0	0
Skilled (Levels 3-5)	29	0	2	6.90
Highly skilled production (Levels 6-8)	182	3	5	2.70
Highly skilled supervision (Levels 9-12)	201	4	4	2
Senior Management Service Bands A	43	4	1	2.30
Senior Management Service Bands B	14	0	2	14.30
Senior Management Service Bands C	5	0	0	0
Senior Management Service Bands D	0	0	1	0
Contracts (Levels 1-2) Permanent	23	25	23	100
Contracts (Levels 3-5) Permanent	2	0	1	50
Contracts (Levels 6-8) Permanent	11	4	11	100
Contracts (Levels 9-12) Permanent	3	5	4	133.30
Contracts Band A Permanent	3	3	3	100
Contracts Band D Permanent	3	4	1	33.30
TOTAL	519	53	58	11.20

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Number of employees at beginning of period-April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Finance and Economics Related, Permanent	11	2	0	0
Senior Managers, Permanent	62	10	8	12.90
TOTAL	73	12	8	11.00

NOTES

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - a. in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - b. for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c. where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - d. in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 and 31 March 2018

Termination Type	Number	% of Total Resignations
Resignation, Permanent	7	12.10
Expiry of contract, Permanent	42	72.40
Dismissal – misconduct, Permanent	1	1.70
Retirement, Permanent	3	5.20
Transfer out	5	8.60
TOTAL	58	11.18

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Finance and Economics related	11	3	27.30	0,00	0.00
Senior Managers	62	0	0.00	0,00	0.00
TOTAL	73	3	4.10	0,00	0.00

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

Salary Band	Employees 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Highly skilled Production (Levels 6-8)	182	24	13.20	0	0
Highly skilled supervision (Levels 9-12)	201	141	70.10	3	1.50
Senior Management (Levels 13-16)	62	0	0	0	0
Skilled (Levels 3-5)	29	0	0	0	0
Contract (Levels 1-2)	23	0	0	0	0
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	11	0	0	0	0
Contract (Levels 9-12)	3	0	0	0	0
Contract (Levels 13-16)	6	0	0	0	0
TOTAL	519	165	31.80	3	0.60

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally Qualified and Experienced Mid-Management	87	3	5	5	91	8	3	7	209
Semi-Skilled and Discretionary	17	0	0	0	12	0	0	0	29
Senior Management	26	1	4	1	22	2	3	3	62
Skilled Qualified and Junior Management	59	4	0	0	100	7	4	4	178
Top Management	2	0	0	2	3	0	1	1	9
Unskilled and defined decision	11	0	0	0	15	0	0	0	26
TOTAL	217	8	9	8	228	17	11	15	513
Employees with disabilities	13	0	1	1	7	0	0	1	23

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	2	0	1	1	5
Senior Management	25	1	3	1	21	1	3	3	58
Professionally qualified and experienced specialists and mid-management	86	3	5	5	89	8	3	7	206
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	57	4	0	0	98	7	4	4	174
Semi-skilled and discretionary decision making	17	0	0	0	12	0	0	0	29
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Contract (Top Management)	2	0	0	1	1	0	0	0	4
Contract (Senior Management)	1	0	1	0	1	1	0	0	4
Contract (Professionally Qualified)	1	0	0	0	2	0	0	0	3
Contract (Skilled Technical)	2	0	0	0	2	0	0	0	4
Contract (Unskilled)	10	0	0	0	15	0	0	0	25
TOTAL	202	8	9	8	243	17	11	15	513

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	3	0	1	0	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management	2	1	0	0	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	0	0	0	1	0	1	0	3
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management, Permanent	2	0	1	0	1	0	0	0	4
Contract (Professionally qualified), Permanent	1	0	0	0	3	0	1	0	5
Contract (Skilled technical), Permanent	2	0	0	0	2	0	0	0	4
Contract (Unskilled), Permanent	11	0	0	0	14	0	0	0	25
TOTAL	25	1	2	1	22	0	2	0	53
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	57	0	2	2	66	6	5	1	139
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	12	2	0	0	10	0	0	0	24
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	1	0	0	0	0	0	0	0	1
Contract (Skilled technical), Permanent	1	0	0	0	0	0	0	0	1
Contract (Semi-skilled), Permanent	0	0	0	0	0	0	0	0	0
TOTAL	71	2	2	2	76	6	5	1	165
Employees with disabilities	2	0	0	0	0	0	0	0	2

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	1	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	2	0	0	1	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	1	0	0	3	0	0	0	5
Semi-skilled and discretionary decision making	1	0	0	0	0	1	0	0	2
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	2	1	1	0	0	0	0	0	4
Contract (Professionally qualified) Permanent	1	0	0	0	3	0	0	0	4
Contract (Skilled technical), Permanent	5	0	0	0	6	0	0	0	11
Contract (Semi Skilled), Permanent	0	0	0	0	0	0	0	0	0
Contract (Unskilled), Permanent	12	0	0	0	12	0	0	0	24
TOTAL	26	3	1	1	26	1	0	0	58
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Corrective Counselling	0	0	0	0	0	0	0	0	0
No Outcome	0	0	0	0	0	0	0	0	0
Written Warning	0	1	0	0	0	0	0	0	1
Demotion	2	0	0	0	0	0	0	0	2
Dismissal	0	1	0	0	0	0	0	0	1
TOTAL	2	2	0	0	0	0	0	0	4

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	0	0	0	3	0	0	0	11
Professionals	15	1	1	1	18	1	1	0	38
Technicians and associate professionals	30	0	1	1	60	2	2	2	98
Clerks	19	1	0	0	44	0	0	0	64
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	26	0	0	0	37	0	0	0	63
TOTAL	98	2	2	2	162	3	3	2	274
Employees with disabilities	3	0	0	1	1	0	0	0	5

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 16 and Director-General/ Head of Department	1	1	1	100
Salary Level 15	5	5	5	100
Salary Level 14	13	13	13	100
Salary Level 13	49	49	47	100
TOTAL	68	68	66	96

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2018

Reasons
Two SMS members at Salary Level 13 were appointed in March 2018 and are therefore on waiting period, hence 96% on Salary Level 13.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018

Reasons
N/A

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	111	191	58.12	1 346	12 127,18
Female	153	227	67.40	1 848	12 079,69
Asian					
Male	4	8	50	68	17 003,77
Female	7	10	70	99	14 208,07
Coloured					
Male	3	10	30	32	10 701,48
Female	7	18	38.88	92	13 136,95
White					
Male	3	9	33.33	72	24 080,72
Female	10	15	66.66	193	19 263,59
TOTAL	298	488	60.5	3 750	12 502,41
Persons with Disability	10	23	43.5	84	8 413,92

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	20	29	68.96	67	3 363,14	0.02
Highly skilled production (Levels 6-8)	108	142	76.05	667	6 174,46	0.23
Highly skilled supervision (Levels 9-12)	150	246	60.97	2 506	16 707,09	0.85
TOTAL	278	417	66.66	3 240	11 655,28	1.09

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
N/A					

NOTES

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	2	0	0	0	0
Band B	2	5	40	67	33 484,47	0.02
Band C	2	13	15.38	58	29 001,30	0.02
Band D	16	49	32.65	385	24 098,88	0.13
TOTAL	20	69	28.98	510	25 527,68	0.17

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

3.9 Foreign Workers

The Department has no foreign nationals and non-citizens in its employ. The Department has no foreign workers.

3.10 Leave utilisation

The Public Service Commission identified the need for more dedicated monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	83	57.80	25	5.70	3	179
Highly skilled production (Levels 6-8)	446	53.80	125	28.50	4	1 436
Highly skilled supervision (Levels 9 -12)	752	56.00	207	47.30	4	1 497
Top and Senior management (Levels 13-16)	142	54.90	50	11.40	3	1 536
Contract (Levels 1-2)	24	54.20	18	4.0	1	18
Contract (Levels 13-16)	8	50.00	4	0.90	2	79
Contract (Levels 3-5)	0	0.00	0	0.00	0	0
Contract (Levels 6-8)	12	66.70	6	1.40	2	28
Contract (Levels 9-12)	5	40.00	3	0.70	2	31
TOTAL	1 472	55.00	438	100	3	4 804

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	20	100	4	50.00	5	294
Highly skilled supervision (Levels 9-12)	76	100	3	37.50	25	359
Senior management (Levels 13-16)	5	100	1	12.50	5	301
TOTAL	101	100	8	33.30	13	954

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Coordinating Bargaining Council (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Skilled (Levels 3-5)	638	25	26
Highly skilled production (Levels 6-8)	3 118	23	136
Highly skilled supervision (Levels 9-12)	5 863	24	244
Senior management (Levels 13-16)	1 573	25	63
Contract (Levels 1-2)	214	9	24
Contract (Levels 13-16)	59	15	4
Contract (Levels 3-5)	0	0	0
Contract (Levels 6-8)	40	13	3
Contract (Levels 9-12)	43	43	1
TOTAL	11 548	177	65

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2018
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	4	1	4	4
Senior management (Levels 13-16)	33	3	11	14
TOTAL	37	4	9	9

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2017 and 31 March 2018

Reason	Total amount	Number of employees	Average per employee
	R'000		R'000
Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle	726	27	27
Capped leave pay-outs on termination of service for 2017/18	342	2	171
Current leave pay-out on termination of service for 2017/18	516	3	172
TOTAL	1 584	32	49

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
N/A	N/A

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		SMS Member: Ms Annette Potgieter - Director: Human Resource Utilisation and Employee Health and Wellness.
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Dedicated Unit: Mr S V Nkosi: Deputy Director- Employee Health and Wellness and Ms M Sibande: Assistant Director –Employee Health and Wellness. Available budget: R250 000.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Introduction of the programme: Yes, the Department has introduced this programme to its entire staff and it was championed by the Director General of the Department. Key services/elements: Tax and Financial management, Counselling Services; Health Screening Services in last 4 quarters; Conducted HIV & AIDS Information Session during the World AIDS Day; and Employee Assistance Programme Services. Moreover, this unit operates within the scope of the following 4 Employee Health and Wellness (EHW) Pillars which are: HIV&AIDS and TB Management Programmes, Wellness Management Programmes including Sports and Recreation Programmes as well as Bereavement Matters, Health and Productivity Management, and Occupational Health Management Programmes.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	Committee: The Department has established Transformation and HR Consultative Forum where issues of Employee Health and Wellness including HIV & AIDS are discussed in line with the Public Service Regulations, 2016.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	Policy review: The policy review will take place during the course of 2018/2019 financial year. The unit has HIV Counselling and Testing (HCT) statistics reports and awareness campaigns on the implementation of the HIV&AIDS and TB Management policy.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Measures in place: There is a dedicated unit which specialises on Employee Health & Wellness including HIV and AIDS and TB in the workplace. This unit has measures in place to prevent discrimination of HIV-positive employees at work through HIV&AIDS and TB Management Policy, it further provides quarterly HIV counselling and wellness interventions during the financial year.

Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		HIV Counselling and Testing (HCT) Services: The Department had four interventions during the financial year 2017/2018, where staff members were encouraged to undergo HIV Testing and this was done in collaboration with the Health Screening Program conducted in the Department through the Government Employee Medical Scheme (GEMS). The average percentage of employees reached was approximately 40% from the entire staff.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Monitoring and evaluation: The unit compiled 4 reports on EHW quarterly intervention to assess the impact of health promotion programme per intervention and submitted the reports to the DPSA.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March 2018

Outcomes of disciplinary hearings	Number	% of Total
Correctional counselling	0	0
Written warning	1	25
Demotion	2	50
Dismissal	1	25
TOTAL	4	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct	Number	% of Total
Disrespect/Abuse or Insolent behaviour	1	25
Steals, Bribes or commits fraud	2	50
Abscondment	1	25
TOTAL	4	100

Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	7	100
Number of grievances not resolved	0	0
Total number of grievances lodged	7	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Unfair Labour Practice	1	50
Unfair Dismissal	1	50
Total number of disputes lodged	2	100

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 and 31 March 2018

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

3.13 Skills development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	34	0	49	12	61
	Male	33	0	38	3	41
Professionals	Female	98	0	6	7	13
	Male	82	0	3	0	3
Technicians and associate professionals	Female	58	0	45	16	61
	Male	55	0	27	9	36
Clerks	Female	63	0	18	10	28
	Male	26	0	13	9	22
Service and sales workers	Female	9	0	1	0	1
	Male	17	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	3	3	6
Elementary occupations	Female	8	0	0	0	0
	Male	10	0	0	0	0
Non- Employees (Interns)	Female	11	0	0	11	11
	Male	12	0	0	17	17
Sub-Total	Female	281	0	119	56	175
	Male	238	0	84	41	125
TOTAL		519	0	203	97	300

Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training (CIP, External and Internal Bursaries and Khaedu)	Total
Legislators, senior officials and managers	Female	34	0	49	12	61
	Male	33	0	38	3	41
Professionals	Female	98	0	6	7	13
	Male	82	0	3	0	3
Technicians and associate professionals	Female	58	0	45	16	61
	Male	55	0	27	9	36
Clerks	Female	63	0	18	10	28
	Male	26	0	13	9	22
Service and sales workers	Female	9	0	1	0	1
	Male	17	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	3	3	6
Elementary occupations	Female	8	0	0	0	0
	Male	10	0	0	0	0
Non- Employees (Interns)	Female	11	0	0	11	11
	Male	12	0	0	17	17
Sub Total	Female	281	0	119	56	175
	Male	238	0	84	41	125
TOTAL		519	0	203	97	300

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
TOTAL	2	100

3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the Department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 and 31 March 2018

Project title	Total number of consultants that worked on project	Duration	Contract value in Rand
Review of the Department of Tourism Social Responsibility (SRI) projects OR-005940-GTAC	Not indicated	24 Months	14 451 280,00
Technical Advisory services: Renewable Energy retro-fitment pilot project OR-006834-Phambili Merz/Mott Macdonald	Not indicated	12 Months	6 750 140,78
Technical Advisory services: Renewable Energy retro-fitment pilot project OR-006586 Parsons Brinckerhoff / WSP Africa	Not indicated	12 Months	5 591 975,00
Total number of projects	Total individual consultants	Total duration	Total contract value in Rand
3	Not indicated	48 months	26 793 395,78

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Review of the Department of Tourism Social Responsibility (SRI) projects OR-005940-GTAC	Public entity	Public entity	Not indicated
Technical Advisory services: Renewable Energy retro-fitment pilot project OR-006834- Phambili Merz/Mott Macdonald	30%	Not indicated	Not indicated
Technical Advisory services: Renewable Energy retro-fitment pilot project OR-006586 Parsons Brinckerhoff/ WSP Africa	25%	Not indicated	Not indicated

There were no consultants using donor funds during the reporting period.

3.16 Severance Packages

No severance packages were granted to employees.



PART E

Financial Information

Boomslang walkway through Kirstenbosch Botanical Gardens

Department of Tourism - Vote 33

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2018

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 33: DEPARTMENT OF TOURISM

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Tourism set out on pages 132 to 218, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion the financial statements present fairly, in all material respects, the financial position of the Department of Tourism as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Other matter

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

Unaudited supplementary information

7. The supplementary information set out in pages 219 to 232 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting office for the financial statements

8. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard (MCS) and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Tourism's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the Department or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2018

or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department. I have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and

reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2: Tourism Policy and Planning	48 – 52
Programme 3: Destination Development	53 – 58
Programme 4: Enterprise and Visitor Support Services	59 – 68

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2: Tourism Policy and Planning
 - Programme 3: Destination Development
 - Programme 4: Enterprise and Visitor Support Services

Other matter

17. I draw attention to the matter below.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2018

Achievement of planned targets

18. Refer to the annual performance report on pages 42 to 68 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

21. The financial statements submitted for auditing were prepared in accordance with the MCS and supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA, except for material misstatements of disclosure notes on Prepayments, Advances and Capital Work in Progress identified by the auditors that were corrected and the supporting records provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Procurement and contract management

22. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

Other information

23. The Department of Tourism's Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report which includes the management report for the year, overview of the departmental performance; governance, human resource management, information on transfers and subsidies, a report on the use of foreign aid assistance as required by the department annual report guide and the audit committee report required by the PFMA. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2018

Regular reporting

28. Senior management reviewed the financial statements however the review conducted did not identify material misstatement in the disclosure notes relating to Prepayments, Advances and Capital Work in Progress in the financial statement submitted for audit.

Compliance monitoring

29. Management did not review and monitor compliance with applicable legislation relating to Supply Chain Management processes relating to obtaining of quotations as required. The preparation of financial statements was done in line with the PFMA and the MCS except for disclosure notes relating to Prepayments, Advances and Capital Work in Progress.

Other reports

30. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion

on the financial statements or my findings on the reported performance information or compliance with legislation.

31. As previously reported, the Government Technical Advisory Centre (GTAC) has been requested to review the Expanded Public Works Programme (EPWP) projects to ensure finalisation of these projects in an effective and efficient manner. The review covered a sample of EPWP projects not yet finalised since inception of the department till 31 March 2018. At the date of the report, the review was still in progress.

Auditor General

Pretoria

31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

for the year ended 31 March 2018

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Tourism's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Accounting Officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Department of Tourism - Vote 33

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Table of Contents

Appropriation Statement	132
Notes to the Appropriation Statement	167
Statement of Financial Performance	168
Statement of Financial Position	169
Statement of Changes in Net Assets	170
Cash Flow Statement	171
Notes to the Annual Financial Statements (including Accounting policies)	179
Annexures	219

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation per programme

Voted funds	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	234 081	-	7 797	241 878	241 878	-	100	236 264	227 078
2. Tourism Policy And Planning	1 203 108	-	(5 967)	1 197 141	1 196 743	398	100	1 105 573	1 102 816
3. Destination Development	431 853	-	2 584	434 437	433 529	908	99.8	424 824	400 305
4. Enterprise And Visitor Support Services	271 114	-	(4 414)	266 700	261 826	4 874	98.2	242 855	189 447
TOTAL	2 140 156	-	-	2 140 156	2 133 976	6 180	99.7	2 009 516	1 919 646
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				1 138				5 321	
Aid assistance				25 987				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				2 167 281				2 014 837	
Add:									
Aid assistance					25 987				-
Actual amounts per Statement of Financial Performance (Total Expenditure)					2 159 963				1 919 646

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per economic classification**

Economic Classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	648 930	(54 140)	1 923	596 713	591 098	5 615	99.1	597 156	584 672
Compensation of employees	284 853	-	12 000	296 853	296 240	613	99.8	269 541	266 118
Salaries and wages	249 263	-	13 346	262 609	261 997	613	99.8	238 071	234 852
Social contributions	35 590	-	(1 346)	34 244	34 244	-	100	31 470	31 266
Goods and services	364 077	(54 140)	(10 077)	299 860	294 858	5 002	98.3	327 615	318 554
Administrative fees	225	444	-	669	669	-	100	160	160
Advertising	3 554	601	(135)	4 020	4 018	2	100	3 307	2 303
Minor assets	322	318	(19)	621	622	(1)	100.2	619	619
Audit costs: External	5 000	1 062	24	6 086	6 086	-	100	6 257	6 257
Bursaries: Employees	2 719	(1 271)	-	1 448	1 448	-	100	1 734	1 734
Catering: Departmental activities	2 498	3 097	99	5 694	5 694	-	100	3 247	3 247
Communication (G&S)	6 033	(751)	(42)	5 240	5 240	-	100	5 161	5 161
Computer services	22 020	(10 315)	-	11 705	11 705	-	100	18 251	18 251
Consultants: Business and advisory services	69 017	(46 946)	1 917	23 988	22 934	1 054	95.6	21 737	20 799
Legal services	-	194	-	194	194	-	100	607	607
Contractors	76 403	(55 050)	(12 004)	9 349	5 401	3 948	57.8	4 932	4 932
Agency and support / outsourced services	1 100	(1 027)	-	73	73	-	100	2 029	2 029
Entertainment	-	15	-	15	15	-	100	42	42
Fleet services (including government motor transport)	-	1 324	-	1 324	1 324	-	100	937	937

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation per economic classification - continued

Economic Classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	2 465	(975)	(66)	1 424	1 424	-	100	1 611	1 611
Consumable: Stationery printing and office supplies	6 722	(3 301)	(381)	3 040	3 040	-	100	2 972	2 972
Operating leases	29 594	6 144	-	35 738	35 738	-	100	33 874	33 874
Property payments	-	2 813	1 171	3 984	3 984	-	100	3 146	3 146
Transport provided:									
Departmental activity	-	-	-	-	-	-	-	65	65
Travel and subsistence	44 465	(1 521)	176	43 120	43 120	-	100	37 378	32 293
Training and development	76 411	46 664	54	123 129	123 129	-	100	165 667	165 667
Operating payments	6 886	(2 862)	(46)	3 978	3 978	-	100	3 385	3 385
Venues and facilities	8 387	6 281	(825)	13 843	13 843	-	100	10 285	8 251
Rental and hiring	256	922	-	1 178	1 179	(1)	100.1	212	212
Transfers and subsidies	1 379 033	(53 329)	(5 000)	1 320 704	1 320 143	561	100	1 192 580	1 169 672
Departmental agencies and accounts	1 139 097	40 000	(5 000)	1 174 097	1 174 097	-	100	1 040 012	1 040 012
Departmental agencies (non-business entities)	1 139 097	40 000	(5 000)	1 174 097	1 174 097	-	100	1 040 012	1 040 012
Higher education institutions	-	-	-	-	-	-	-	4 011	4 011
Foreign governments and international organisations	6 638	-	-	6 638	6 394	244	96.3	6 369	6 368
Public corporations and private enterprises	88 279	(40 000)	-	48 279	47 966	313	99.4	75 312	75 312
Private enterprises	88 279	(40 000)	-	48 279	47 966	313	99.4	75 312	75 312

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per economic classification - continued**

Economic Classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Non-profit institutions	500	60	-	560	560	-	100	500	200
Households	144 519	(53 389)	-	91 130	91 126	4	100	66 376	43 769
Social benefits	-	924	-	924	924	1	99.9	433	433
Other transfers to households	144 519	(54 313)	-	90 206	90 203	3	100	65 943	43 336
Payments for capital assets	112 193	107 350	3 077	222 620	222 616	4	100	219 008	164 530
Buildings and other fixed structures	107 493	104 034	3 000	214 527	214 526	1	100	211 089	158 988
Buildings	-	211 526	3 000	214 526	214 526	-	100	211 089	158 988
Other fixed structures	107 493	(107 492)	-	1	-	1	-	-	-
Machinery and equipment	4 700	1 875	77	6 652	6 649	3	100	7 508	5 350
Transport equipment	-	1 675	1	1 676	1 676	-	100	421	421
Other machinery and equipment	4 700	200	76	4 976	4 973	3	99.9	7 087	4 929
Software and other intangible assets	-	1 441	-	1 441	1 441	-	100	411	192
Payment for financial assets	-	119	-	119	119	-	100	772	772
TOTAL	2 140 156	-	-	2 140 156	2 133 976	6 180	99.7	2 009 516	1 919 646

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 1: ADMINISTRATION

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Ministry	25 159	(1 597)	2 265	25 827	25 827	-	100	27 380	26 823
1.2 Management	3 131	(186)	20	2 965	2 965	-	100	18 744	17 129
1.3 Corporate Services	146 114	(7 295)	3 345	142 164	142 164	-	100	127 550	120 536
1.4 Financial Management	30 083	1 227	996	32 306	32 306	-	100	25 635	25 635
1.5 Office Accommodation	29 594	7 851	1 171	38 616	38 616	-	100	36 955	36 955
TOTAL	234 081	-	7 797	241 878	241 878	-	100	236 264	227 078
Economic classification									
Current payments	232 084	(4 312)	7 718	235 490	235 490	-	100	230 001	221 803
Compensation of employees	131 487	-	5 991	137 478	137 477	1	100	129 216	125 793
Salaries and wages	114 160	-	7 287	121 447	121 446	1	100	113 819	110 600
Social contributions	17 327	-	(1 296)	16 031	16 031	-	100	15 397	15 193
Goods and services	100 597	(4 312)	1 727	98 012	98 013	(1)	100	100 785	96 010
Administrative fees	130	(12)	-	118	118	-	100	114	114
Advertising	1 383	433	-	1 816	1 816	-	100	1 681	1 681
Minor assets	161	317	-	478	479	(1)	100.2	504	504
Audit costs: External	5 000	1 062	24	6 086	6 086	-	100	5 237	5 237
Bursaries: Employees	2 719	(1 271)	-	1 448	1 448	-	100	1 734	1 734
Catering: Departmental activities	584	1 353	-	1 937	1 937	-	100	874	874
Communication (G&S)	4 384	(397)	-	3 987	3 987	-	100	3 831	3 831
Computer services	22 020	(12 165)	-	9 855	9 855	-	100	14 717	14 717

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 1: ADMINISTRATION - continued

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	1 655	3 106	384	5 145	5 145	-	100	3 706	2 768
Legal services	-	31	-	31	31	-	100	457	457
Contractors	2 891	370	-	3 261	3 261	-	100	4 226	4 226
Agency and support / outsourced services	1 100	(1 027)	-	73	73	-	100	1 721	1 721
Entertainment	-	9	-	9	9	-	100	24	24
Fleet services (including government motor transport)	-	1 324	-	1 324	1 324	-	100	937	937
Consumable supplies	1 697	(563)	-	1 134	1 134	-	100	1 285	1 285
Consumable: Stationery printing and office supplies	3 740	(1 956)	-	1 784	1 784	-	100	1 960	1 960
Operating leases	29 594	6 144	-	35 738	35 738	-	100	33 874	33 874
Property payments	-	2 793	1 171	3 964	3 964	-	100	3 105	3 105
Travel and subsistence	15 602	(1 120)	148	14 630	14 630	-	100	14 656	12 011
Training and development	637	1 171	-	1 808	1 808	-	100	1 131	1 131
Operating payments	1 913	(312)	-	1 601	1 601	-	100	1 811	1 811
Venues and facilities	5 387	(3 876)	-	1 511	1 511	-	100	3 009	1 817
Rental and hiring	-	274	-	274	274	-	100	191	191
Transfers and subsidies	197	1 763	-	1 960	1 960	-	100	1 231	1 231
Departmental agencies and accounts	197	-	-	197	197	-	100	185	185
Departmental agencies (non-business entities)	197	-	-	197	197	-	100	185	185

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Detail per Programme 1: ADMINISTRATION - continued**

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	1 763	-	1 763	1 763	-	100	1 046	1 046
Social benefits	-	431	-	431	431	-	100	266	266
Other transfers to households	-	1 332	-	1 332	1 332	-	100	780	780
Payments for capital assets	1 800	2 522	79	4 401	4 401	-	100	4 580	3 592
Machinery and equipment	1 800	1 163	79	3 042	3 042	-	100	4 204	3 400
Transport equipment	-	32	1	33	33	-	100	421	421
Other machinery and equipment	1 800	1 131	78	3 009	3 009	-	100	3 783	2 979
Software and other intangible assets	-	1 359	-	1 359	1 359	-	100	376	192
Payment for financial assets	-	27	-	27	27	-	100	452	452
TOTAL	234 081	-	7 797	241 878	241 878	-	100	236 264	227 078

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 1: Administration**

Sub-programme	2017/18							2016/17	
1.1: Ministry	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	25 159	(2 996)	2 263	24 426	24 426	-	100	25 628	25 628
Compensation of employees	12 469	-	2 119	14 588	14 587	1	100	15 059	15 059
Goods and services	12 690	(2 996)	144	9 838	9 839	(1)	100	10 569	10 569
Transfers and subsidies	-	662	-	662	662	-	100	24	24
Households	-	662	-	662	662	-	100	24	24
Payments for capital assets	-	729	2	731	731	-	100	1 310	753
Machinery and equipment	-	729	2	731	731	-	100	1 310	753
Payment for financial assets	-	8	-	8	8	-	100	418	418
TOTAL	25 159	(1 597)	2 265	25 827	25 827	-	100	27 380	26 823

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 1: Administration - continued**

Sub-programme	2017/18							2016/17	
1.2: Management	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 131	(216)	20	2 935	2 935	-	100	18 245	16 877
Compensation of employees	2 041	-	16	2 057	2 057	-	100	13 580	12 553
Goods and services	1 090	(216)	4	878	878	-	100	4 665	4 324
Transfers and subsidies	-	-	-	-	-	-	-	31	31
Payments for capital assets	-	27	-	27	27	-	100	468	221
Machinery and equipment	-	27	-	27	27	-	100	468	221
Payment for financial assets	-	3	-	3	3	-	100	-	-
TOTAL	3 131	(186)	20	2 965	2 965	-	100	18 744	17 129

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 1: Administration - continued**

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
1.3: Corporate Services	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	144 117	(9 799)	3 268	137 586	137 586	-	100	123 854	117 024
Compensation of employees	94 860	-	2 884	97 744	97 744	-	100	83 004	80 608
Goods and services	49 257	(9 799)	384	39 842	39 842	-	100	40 850	36 416
Transfers and subsidies	197	1 101	-	1 298	1 298	-	100	1 174	1 174
Departmental agencies and accounts	197	-	-	197	197	-	100	185	185
Households	-	1 101	-	1 101	1 101	-	100	989	989
Payments for capital assets	1 800	1 391	77	3 268	3 268	-	100	2 488	2 304
Machinery and equipment	1 800	32	77	1 909	1 909	-	100	2 112	2 112
Software and other intangible assets	-	1 359	-	1 359	1 359	-	100	376	192
Payment for financial assets	-	12	-	12	12	-	100	34	34
TOTAL	146 114	(7 295)	3 345	142 164	142 164	-	100	127 550	120 536

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 1: Administration - continued**

Sub-programme	2017/18							2016/17	
1.4: Financial Management	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	30 083	848	996	31 927	31 927	-	100	25 319	25 319
Compensation of employees	22 117	-	972	23 089	23 089	-	100	17 573	17 573
Goods and services	7 966	848	24	8 838	8 838	-	100	7 746	7 746
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payments for capital assets	-	375	-	375	375	-	100	314	314
Machinery and equipment	-	375	-	375	375	-	100	314	314
Payment for financial assets	-	4	-	4	4	-	100	-	-
TOTAL	30 083	1 227	996	32 306	32 306	-	100	25 635	25 635

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 1: Administration - *continued***

Sub-programme	2017/18							2016/17	
1.5: Office Accommodation	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29 594	7 851	1 171	38 616	38 616	-	100	36 955	36 955
Goods and services	29 594	7 851	1 171	38 616	38 616	-	100	36 955	36 955
TOTAL	29 594	7 851	1 171	38 616	38 616	-	100	36 955	36 955

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 2: TOURISM POLICY AND PLANNING

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Tourism Policy And Planning Management	7 378	(524)	(1 146)	5 708	5 557	151	97.4	6 579	6 579
2.2 Research And Knowledge Management	26 005	927	796	27 728	27 725	3	100	32 220	31 232
2.3 Tourism Sector Policy And Strategy	11 322	(305)	(124)	10 893	10 893	-	100	20 403	19 093
2.4 South African Tourism	1 134 288	-	(5 000)	1 129 288	1 129 288	-	100	1 024 847	1 024 847
2.5 International Relations And Cooperation	24 115	(98)	(493)	23 524	23 280	244	99.0	21 524	21 065
TOTAL	1 203 108	-	(5 967)	1 197 141	1 196 743	398	100	1 105 573	1 102 816
Economic classification									
Current payments	57 170	97	(965)	56 302	56 152	150	99.7	68 627	66 881
Compensation of employees	38 535	-	1 175	39 710	39 710	-	100	51 668	51 668
Salaries and wages	33 952	-	1 279	35 231	35 231	-	100	46 038	46 038
Social contributions	4 583	-	(104)	4 479	4 479	-	100	5 630	5 630
Goods and services	18 635	97	(2 140)	16 592	16 442	150	99.1	16 959	15 213
Administrative fees	62	1	-	63	63	-	100	34	34
Advertising	528	(464)	(14)	50	50	-	100	310	310
Minor assets	29	29	-	58	58	-	100	46	46
Audit costs: External	-	-	-	-	-	-	-	84	84
Catering: Departmental activities	198	704	-	902	902	-	100	522	522
Communication (G&S)	182	83	-	265	265	-	100	359	359

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 2: TOURISM POLICY AND PLANNING - continued

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer services	-	1 126	-	1 126	1 126	-	100	2 050	2 050
Consultants: Business and advisory services	9 759	(7 385)	(1 215)	1 159	1 009	150	87.1	1 088	1 088
Legal services	-	99	-	99	99	-	100	-	-
Contractors	78	57	(4)	131	131	-	100	104	104
Entertainment	-	4	-	4	4	-	100	-	-
Consumable supplies	28	64	-	92	92	-	100	106	106
Consumable: Stationery printing and office supplies	502	(94)	(35)	373	373	-	100	418	418
Travel and subsistence	3 361	973	-	4 334	4 334	-	100	5 027	4 120
Training and development	14	250	(1)	263	263	-	100	3 362	3 362
Operating payments	2 894	(1 729)	(46)	1 119	1 119	-	100	1 052	1 052
Venues and facilities	1 000	6 093	(825)	6 268	6 268	-	100	2 397	1 558
Rental and hiring	-	286	-	286	286	-	100	-	-
Transfers and subsidies	1 145 138	-	(5 000)	1 140 138	1 139 894	244	100	1 035 269	1 035 268
Departmental agencies and accounts	1 134 288	-	(5 000)	1 129 288	1 129 288	-	100	1 024 847	1 024 847
Departmental agencies (non-business entities)	1 134 288	-	(5 000)	1 129 288	1 129 288	-	100	1 024 847	1 024 847
Higher education institutions	-	-	-	-	-	-	-	4 011	4 011
Foreign governments and international organisations	6 638	-	-	6 638	6 394	244	96.3	6 369	6 368

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 2: TOURISM POLICY AND PLANNING - continued

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	4 212	-	-	4 212	4 212	-	100	42	42
Social benefits	-	-	-	-	-	-	-	42	42
Other transfers to households	4 212	-	-	4 212	4 212	-	100	-	-
Payments for capital assets	800	(105)	(2)	693	689	4	99.4	1 658	648
Machinery and equipment	800	(187)	(2)	611	607	4	99.3	1 623	648
Other machinery and equipment	800	(187)	(2)	611	607	4	99.3	1 623	648
Software and other intangible assets	-	82	-	82	82	-	100	35	-
Payment for financial assets	-	8	-	8	8	-	100	19	19
TOTAL	1 203 108	-	(5 967)	1 197 141	1 196 743	398	100	1 105 573	1 102 816

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 2: Tourism Policy and Planning**

Sub-programme	2017/18							2016/17	
2.1: Tourism Policy and Planning Management	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 578	219	(1 146)	5 651	5 501	150	97.3	6 457	6 457
Compensation of employees	4 360	-	44	4 404	4 404	-	100	4 702	4 702
Goods and services	2 218	219	(1 190)	1 247	1 097	150	88.0	1 755	1 755
Payments for capital assets	800	(743)	-	57	56	1	98.2	118	118
Machinery and equipment	800	(743)	-	57	56	1	98.2	118	118
Payment for financial assets	-	-	-	-	-	-	-	4	4
TOTAL	7 378	(524)	(1 146)	5 708	5 557	151	97.4	6 579	6 579

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 2: Tourism Policy and Planning - continued**

Sub-programme	2017/18							2016/17	
2.2: Research and Knowledge Management	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	21 793	457	798	23 048	23 048	-	100	27 578	26 959
Compensation of employees	14 599	-	798	15 397	15 397	-	100	19 120	19 120
Goods and services	7 194	457	-	7 651	7 651	-	100	8 458	7 839
Transfers and subsidies	4 212	-	-	4 212	4 212	-	100	4 027	4 027
Higher education institutions	-	-	-	-	-	-	-	4 011	4 011
Households	4 212	-	-	4 212	4 212	-	100	16	16
Payments for capital assets	-	462	(2)	460	457	3	99.3	608	239
Machinery and equipment	-	380	(2)	378	375	3	99.2	573	239
Software and other intangible assets	-	82	-	82	82	-	100	35	-
Payment for financial assets	-	8	-	8	8	-	100	7	7
TOTAL	26 005	927	796	27 728	27 725	3	100	32 220	31 232

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 2: Tourism Policy and Planning - continued**

Sub-programme	2017/18							2016/17	
2.3: Tourism Sector Policy and Strategy	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 322	(392)	(124)	10 806	10 806	-	100	19 968	18 841
Compensation of employees	8 154	-	314	8 468	8 468	-	100	14 427	14 427
Goods and services	3 168	(392)	(438)	2 338	2 338	-	100	5 541	4 414
Transfers and subsidies	-	-	-	-	-	-	-	26	26
Households	-	-	-	-	-	-	-	26	26
Payments for capital assets	-	87	-	87	87	-	100	401	218
Machinery and equipment	-	87	-	87	87	-	100	401	218
Payment for financial assets	-	-	-	-	-	-	-	8	8
TOTAL	11 322	(305)	(124)	10 893	10 893	-	100	20 403	19 093

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 2: Tourism Policy and Planning - continued**

Sub-programme	2017/18							2016/17	
2.4: South African Tourism	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1 134 288	-	(5 000)	1 129 288	1 129 288	-	100	1 024 847	1 024 847
Departmental agencies and accounts	1 134 288	-	(5 000)	1 129 288	1 129 288	-	100	1 024 847	1 024 847
TOTAL	1 134 288	-	(5 000)	1 129 288	1 129 288	-	100	1 024 847	1 024 847

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 2: Tourism Policy and Planning - continued**

Sub-programme	2017/18							2016/17	
2.5: International Relations and Cooperation	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 477	(187)	(493)	16 797	16 797	-	100	14 624	14 624
Compensation of employees	11 422	-	19	11 441	11 441	-	100	13 419	13 419
Goods and services	6 055	(187)	(512)	5 356	5 356	-	100	1 205	1 205
Transfers and subsidies	6 638	-	-	6 638	6 394	244	96.3	6 369	6 368
Foreign governments and international organisations	6 638	-	-	6 638	6 394	244	96.3	6 369	6 368
Payments for capital assets	-	89	-	89	89	-	100	531	73
Machinery and equipment	-	89	-	89	89	-	100	531	73
TOTAL	24 115	(98)	(493)	23 524	23 280	244	99.0	21 524	21 065

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 3: DESTINATION DEVELOPMENT

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Destination Development Management	46 428	(10 561)	(2 267)	33 600	32 696	904	97.3	5 012	4 419
3.2 Product And Infrastructure Development	18 682	(3 833)	1 189	16 038	16 038	-	100	4 579	4 579
3.3 Destination Planning And Investment Promotion	37 230	4 296	3 614	45 140	45 140	-	100	25 671	25 323
3.4 Working For Tourism	329 513	10 098	48	339 659	339 655	4	100	389 562	365 984
TOTAL	431 853	-	2 584	434 437	433 529	908	99.8	424 824	400 305
Economic classification									
Current payments	182 403	(3 101)	(416)	178 886	177 982	904	99.5	236 723	235 190
Compensation of employees	47 127	-	1 836	48 963	48 963	-	100	56 752	56 752
Salaries and wages	41 515	-	1 911	43 426	43 426	-	100	50 068	50 068
Social contributions	5 612	-	(75)	5 537	5 537	-	100	6 684	6 684
Goods and services	135 276	(3 101)	(2 252)	129 923	129 019	904	99.3	179 971	178 438
Administrative fees	33	(16)	-	17	17	-	100	4	4
Advertising	1 085	(117)	-	968	968	-	100	159	159
Minor assets	59	(7)	-	52	52	-	100	28	28
Audit costs: External	-	-	-	-	-	-	-	936	936
Catering: Departmental activities	878	(752)	-	126	126	-	100	720	720
Communication (G&S)	918	(340)	-	578	578	-	100	710	710
Computer services	-	580	-	580	580	-	100	1 484	1 484

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Detail per Programme 3: DESTINATION DEVELOPMENT - continued**

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	40 221	(34 981)	(2 252)	2 988	2 084	904	69.7	3 576	3 576
Legal services	-	64	-	64	64	-	100	150	150
Contractors	1 611	(1 469)	-	142	142	-	100	11	11
Agency and support / outsourced services	-	-	-	-	-	-	-	249	249
Entertainment	-	2	-	2	2	-	100	17	17
Consumable supplies	463	(366)	-	97	97	-	100	158	158
Consumable: Stationery printing and office supplies	1 169	(673)	-	496	496	-	100	411	411
Property payments	-	20	-	20	20	-	100	41	41
Transport provided:									
Departmental activity	-	-	-	-	-	-	-	65	65
Travel and subsistence	10 784	(3 591)	-	7 193	7 193	-	100	11 225	9 692
Training and development	75 365	40 193	-	115 558	115 558	-	100	156 908	156 908
Operating payments	1 677	(933)	-	744	744	-	100	146	146
Venues and facilities	1 000	(702)	-	298	298	-	100	2 973	2 973
Rental and hiring	13	(13)	-	-	-	-	-	-	-
Transfers and subsidies	140 907	(55 273)	-	85 634	85 631	3	100	65 867	43 260
Public corporations and private enterprises	600	-	-	600	600	-	100	600	600
Private enterprises	600	-	-	600	600	-	100	600	600

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Detail per Programme 3: DESTINATION DEVELOPMENT - continued**

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	140 307	(55 273)	-	85 034	85 031	3	100	65 267	42 660
Social benefits	-	372	-	372	372	-	100	104	104
Other transfers to households	140 307	(55 645)	-	84 662	84 659	3	100	65 163	42 556
Payments for capital assets	108 543	58 325	3 000	169 868	169 867	1	100	121 986	121 607
Buildings and other fixed structures	107 493	58 626	3 000	169 119	169 118	1	100	121 008	121 008
Buildings	-	166 118	3 000	169 118	169 118	-	100	121 008	121 008
Other fixed structures	107 493	(107 492)	-	1	-	1	-	-	-
Machinery and equipment	1 050	(301)	-	749	749	-	100	978	599
Other machinery and equipment	1 050	(301)	-	749	749	-	100	978	599
Payment for financial assets	-	49	-	49	49	-	100	248	248
TOTAL	431 853	-	2 584	434 437	433 529	908	99.8	424 824	400 305

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation per Economic Classification - Programme 3: Destination Development

Sub-programme	2017/18							2016/17	
3.1: Destination Development Management	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	45 378	(37 672)	(2 267)	5 439	4 535	904	83.4	4 912	4 323
Compensation of employees	3 159	-	(15)	3 144	3 144	-	100	3 705	3 705
Goods and services	42 219	(37 672)	(2 252)	2 295	1 391	904	60.6	1 207	618
Payments for capital assets	1 050	27 108	-	28 158	28 158	-	100	100	96
Buildings and other fixed structures	-	28 000	-	28 000	28 000	-	100	-	-
Machinery and equipment	1 050	(892)	-	158	158	-	100	100	96
Payment for financial assets	-	3	-	3	3	-	100	-	-
TOTAL	46 428	(10 561)	(2 267)	33 600	32 696	904	97.3	5 012	4 419

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation per Economic Classification - Programme 3: Destination Development - *continued*

Sub-programme	2017/18							2016/17	
3.2: Product and Infrastructure Development	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 682	(3 954)	1 189	15 917	15 917	-	100	4 559	4 559
Compensation of employees	12 832	-	1 189	14 021	14 021	-	100	3 855	3 855
Goods and services	5 850	(3 954)	-	1 896	1 896	-	100	704	704
Payments for capital assets	-	119	-	119	119	-	100	20	20
Machinery and equipment	-	119	-	119	119	-	100	20	20
Payment for financial assets	-	2	-	2	2	-	100	-	-
TOTAL	18 682	(3 833)	1 189	16 038	16 038	-	100	4 579	4 579

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 3: Destination Development - continued**

Sub-programme	2017/18							2016/17	
3.3: Destination Planning and Investment Promotion	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16 630	(958)	614	16 286	16 286	-	100	24 544	24 544
Compensation of employees	11 489	-	614	12 103	12 103	-	100	19 105	19 105
Goods and services	5 141	(958)	-	4 183	4 183	-	100	5 439	5 439
Transfers and subsidies	600	-	-	600	600	-	100	607	607
Public corporations and private enterprises	600	-	-	600	600	-	100	600	600
Households	-	-	-	-	-	-	-	7	7
Payments for capital assets	20 000	5 251	3 000	28 251	28 251	-	100	513	165
Buildings and other fixed structures	20 000	5 000	3 000	28 000	28 000	-	100	-	-
Machinery and equipment	-	251	-	251	251	-	100	513	165
Payment for financial assets	-	3	-	3	3	-	100	7	7
TOTAL	37 230	4 296	3 614	45 140	45 140	-	100	25 671	25 323

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation per Economic Classification - Programme 3: Destination Development - continued

Sub-programme	2017/18							2016/17	
3.4: Working for Tourism	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	101 713	39 483	48	141 244	141 244	-	100	202 708	201 764
Compensation of employees	19 647	-	48	19 695	19 695	-	100	30 087	30 087
Goods and services	82 066	39 483	-	121 549	121 549	-	100	172 621	171 677
Transfers and subsidies	140 307	(55 273)	-	85 034	85 031	3	100	65 260	42 653
Social benefits	-	372	-	372	372	-	100	97	97
Households	140 307	(55 645)	-	84 662	84 659	3	100	65 260	42 653
Payments for capital assets	87 493	25 847	-	113 340	113 339	1	100	121 353	121 326
Buildings Other fixed structures	87 493	25 626	-	113 119	113 118	1	100	121 008	121 008
Buildings	-	113 118	-	113 118	113 118	-	100	121 008	121 008
Other fixed structures	87 493	(87 492)	-	1	-	1	100	-	-
Machinery and equipment	-	221	-	221	221	-	100	345	318
Payment for financial assets	-	41	-	41	41	-	100	241	241
TOTAL	329 513	10 098	48	339 659	339 655	4	100	389 562	365 984

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 4: ENTERPRISE AND VISITOR SUPPORT SERVICES

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Tourism People Development Management	8 428	4 145	80	12 653	12 653	-	100	9 283	8 983
4.2 Tourism Human Resource Development	27 491	21	5 194	32 706	32 706	-	100	19 706	19 524
4.3 Enterprise Development and Transformation	44 372	(3 332)	3 276	44 316	44 313	3	100	12 201	12 201
4.4 Visitor Services	22 821	(834)	-	21 987	21 987	-	100	15 555	15 552
4.5 Tourism Incentive Programme	168 002	-	(12 964)	155 038	150 167	4 871	96.9	186 110	133 187
TOTAL	271 114	-	(4 414)	266 700	261 826	4 874	98.2	242 855	189 447
Economic classification									
Current payments	177 273	(46 824)	(4 414)	126 035	121 474	4 561	96.4	61 805	60 798
Compensation of employees	67 704	-	2 998	70 702	70 090	612	99.1	31 905	31 905
Salaries and wages	59 636	-	2 869	62 505	61 893	612	99.0	28 146	28 146
Social contributions	8 068	-	129	8 197	8 197	-	100	3 759	3 759
Goods and services	109 569	(46 824)	(7 412)	55 333	51 384	3 949	92.9	29 900	28 893
Administrative fees	-	471	-	471	471	-	100	8	8
Advertising	558	749	(121)	1 186	1 184	2	99.8	1 157	153
Minor assets	73	(21)	(19)	33	33	-	100	41	41
Catering: Departmental activities	838	1 792	99	2 729	2 729	-	100	1 131	1 131
Communication (G&S)	549	(97)	(42)	410	410	-	100	261	261
Computer services	-	144	-	144	144	-	100	-	-

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Detail per Programme 4: ENTERPRISE AND VISITOR SUPPORT SERVICES - continued

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	17 382	(7 686)	5 000	14 696	14 696	-	100	13 367	13 367
Contractors	71 823	(54 008)	(12 000)	5 815	1 867	3 948	32.1	591	591
Agency and support / outsourced services	-	-	-	-	-	-	-	59	59
Entertainment	-	-	-	-	-	-	-	1	1
Consumable supplies	277	(110)	(66)	101	101	-	100	62	62
Consumable: Stationery printing and office supplies	1 311	(578)	(346)	387	387	-	100	183	183
Travel and subsistence	14 718	2 217	28	16 963	16 963	-	100	6 470	6 470
Training and development	395	5 050	55	5 500	5 500	-	100	4 266	4 266
Operating payments	402	112	-	514	514	-	100	376	376
Venues and facilities	1 000	4 766	-	5 766	5 766	-	100	1 906	1 903
Rental and hiring	243	375	-	618	619	(1)	100.2	21	21
Transfers and subsidies	92 791	181	-	92 972	92 658	314	99.7	90 213	89 913
Departmental agencies and accounts	4 612	40 000	-	44 612	44 612	-	100	14 980	14 980
Departmental agencies (non-business entities)	4 612	40 000	-	44 612	44 612	-	100	14 980	14 980
Public corporations and private enterprises	87 679	(40 000)	-	47 679	47 366	313	99.3	74 712	74 712
Private enterprises	87 679	(40 000)	-	47 679	47 366	313	99.3	74 712	74 712
Non-profit institutions	500	60	-	560	560	-	100	500	200

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Detail per Programme 4: ENTERPRISE AND VISITOR SUPPORT SERVICES - continued**

Sub-programme	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	121	-	121	120	1	99.2	21	21
Social benefits	-	121	-	121	120	1	99.2	21	21
Payments for capital assets	1 050	46 608	-	47 658	47 659	(1)	100	90 784	38 683
Buildings and other fixed structures	-	45 408	-	45 408	45 408	-	100	90 081	37 980
Buildings	-	45 408	-	45 408	45 408	-	100	90 081	37 980
Machinery and equipment	1 050	1 200	-	2 250	2 251	(1)	100	703	703
Transport equipment	-	1 643	-	1 643	1 643	-	100	-	-
Other machinery and equipment	1 050	(443)	-	607	608	(1)	100.2	703	703
Payment for financial assets	-	35	-	35	35	-	100	53	53
TOTAL	271 114	-	(4 414)	266 700	261 826	4 874	98.2	242 855	189 447

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 4: Enterprise and Visitor Support Services - continued**

Sub-programme	2017/18							2016/17	
4.1: Tourism People Development Management	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 878	4 963	80	11 921	11 921	-	100	8 609	8 609
Compensation of employees	2 659	-	52	2 711	2 712	(1)	100	3 447	3 447
Goods and services	4 219	4 963	28	9 210	9 209	1	100	5 162	5 162
Transfers and subsidies	500	60	-	560	560	-	100	500	200
Non-profit institutions	500	60	-	560	560	-	100	500	200
Payments for capital assets	1 050	(890)	-	160	160	-	100	171	171
Machinery and equipment	1 050	(890)	-	160	160	-	100	171	171
Payment for financial assets	-	12	-	12	12	-	100	3	3
TOTAL	8 428	4 145	80	12 653	12 653	-	100	9 283	8 983

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 4: Enterprise and Visitor Support Services - continued**

Sub-programme	2017/18							2016/17	
4.2: Tourism Human Resource Development	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 879	(32)	5 194	28 041	28 041	-	100	15 150	14 968
Compensation of employees	16 544	-	5 095	21 639	21 639	-	100	10 864	10 864
Goods and services	6 335	(32)	99	6 402	6 402	-	100	4 286	4 104
Transfers and subsidies	4 612	-	-	4 612	4 612	-	100	4 392	4 392
Departmental agencies and accounts	4 612	-	-	4 612	4 612	-	100	4 392	4 392
Payments for capital assets	-	39	-	39	39	-	100	125	125
Machinery and equipment	-	39	-	39	39	-	100	125	125
Payment for financial assets	-	14	-	14	14	-	100	39	39
TOTAL	27 491	21	5 194	32 706	32 706	-	100	19 706	19 524

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 4: Enterprise and Visitor Support Services - continued**

Sub-programme	2017/18							2016/17	
4.3: Enterprise Development and Transformation	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	44 372	(3 469)	3 276	44 179	44 177	2	100	12 201	12 201
Compensation of employees	20 411	-	(1 130)	19 281	19 281	-	100	-	-
Goods and services	23 961	(3 469)	4 406	24 898	24 896	2	100	12 201	12 201
Transfers and subsidies	-	61	-	61	60	1	98.4	-	-
Households	-	61	-	61	60	1	98.4	-	-
Payments for capital assets	-	67	-	67	67	-	100	-	-
Machinery and equipment	-	67	-	67	67	-	100	-	-
Payment for financial assets	-	9	-	9	9	-	100	-	-
TOTAL	44 372	(3 332)	3 276	44 316	44 313	3	100	12 201	12 201

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 4: Enterprise and Visitor Support Services - continued**

Sub-programme	2017/18							2016/17	
4.4: Visitor Services	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 821	(1 133)	-	21 688	21 688	-	100	15 192	15 189
Compensation of employees	17 216	-	(55)	17 161	17 161	-	100	11 650	11 650
Goods and services	5 605	(1 133)	55	4 527	4 527	-	100	3 542	3 539
Transfers and subsidies	-	45	-	45	45	-	100	16	16
Households	-	45	-	45	45	-	100	16	16
Payments for capital assets	-	254	-	254	254	-	100	336	336
Machinery and equipment	-	254	-	254	254	-	100	336	336
Payment for financial assets	-	-	-	-	-	-	-	11	11
TOTAL	22 821	(834)	-	21 987	21 987	-	100	15 555	15 552

APPROPRIATION STATEMENT*for the year ended 31 March 2018***Appropriation per Economic Classification - Programme 4: Enterprise and Visitor Support Services - continued**

Sub-programme	2017/18							2016/17	
4.5: Tourism Incentive Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	80 323	(47 153)	(12 964)	20 206	15 647	4 559	77.4	10 653	9 831
Compensation of employees	10 874	-	(964)	9 910	9 297	613	93.8	5 944	5 944
Goods and services	69 449	(47 153)	(12 000)	10 296	6 350	3 946	61.7	4 709	3 887
Transfers and subsidies	87 679	15	-	87 694	87 381	313	99.6	85 305	85 305
Departmental agencies and accounts	-	40 000	-	40 000	40 000	-	100	10 588	10 588
Public corporations and private enterprises	87 679	(40 000)	-	47 679	47 366	313	99.3	74 712	74 712
Households	-	15	-	15	15	-	100	5	5
Payments for capital assets	-	47 138	-	47 138	47 139	(1)	100	90 152	38 051
Buildings and other fixed structures	-	45 408	-	45 408	45 408	-	100	90 081	37 980
Machinery and equipment	-	1 730	-	1 730	1 731	(1)	100.1	71	71
TOTAL	168 002	-	(12 964)	155 038	150 167	4 871	96.9	186 110	133 187

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2018

1. Details of transfers and subsidies as per Appropriation Act (after virement)

Details of these transactions can be viewed in the note "Transfers and subsidies", as well as Annexure 1 (A-F) to the annual financial statements.

2. Details of specifically and exclusively appropriated amounts voted (after virement)

Details of these transactions can be viewed in note 1, "Annual appropriation", to the annual financial statements.

3. Details on payments for financial assets

Details of these transactions per programme can be viewed in the note "Payments for financial assets" to the annual financial statements.

4. Explanations of material variances from amounts voted (after virement)

4.1 Per programme and economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	%
Programme 4: Enterprise and Visitor Support Services				
Compensation of employees	70 702	70 090	612	0.9
Good and services	55 333	51 384	3 949	7.1
Transfers and subsidies	92 972	92 658	314	0.3
Payment for capital assets	47 658	47 659	(1)	0.0
Payment for financial assets	35	35	-	0.0
TOTAL	266 700	261 826	4 874	1.8

Explanation of variance - Goods and Services: The variance is due to a payment held back for the Kruger National Park Energy Efficiency project falling within the Tourism Incentive Programme resulting from the project not meeting the last milestone for final payment within the 2017/18 financial year.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	2 140 156	2 009 516
Departmental revenue	2	1 138	5 321
Aid assistance	3	25 987	-
TOTAL REVENUE		2 167 281	2 014 837
EXPENDITURE			
Current expenditure			
Compensation of employees	4	296 240	266 118
Goods and services	5	294 858	318 554
Total current expenditure		591 098	584 672
Transfers and subsidies			
Transfers and subsidies	7	1 320 143	1 169 672
Aid assistance	3	25 987	-
Total transfers and subsidies		1 346 130	1 169 672
Expenditure for capital assets			
Tangible assets	8	221 175	164 338
Intangible assets	8	1 441	192
Total expenditure for capital assets		222 616	164 530
Payments for financial assets	6	119	772
TOTAL EXPENDITURE		2 159 963	1 919 646
SURPLUS/(DEFICIT) FOR THE YEAR		7 318	95 191
Reconciliation of net surplus/(deficit) for the year			
Voted funds		6 180	89 870
Annual appropriation		6 180	89 870
Departmental revenue	13	1 138	5 321
Aid assistance	3	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		7 318	95 191

STATEMENT OF FINANCIAL POSITION*as at 31 March 2018*

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
ASSETS			
Current assets		6 018	90 029
Cash and cash equivalents	9	4 830	89 065
Prepayments and advances	10	650	384
Receivables	11	538	580
Non-current assets		430	127
Receivables	11	430	127
TOTAL ASSETS		6 448	90 156
LIABILITIES			
Current liabilities		6 232	89 904
Voted funds to be surrendered to the revenue fund	12	6 180	89 870
Departmental revenue to be surrendered to the revenue fund	13	6	17
Payables	14	46	17
Aid assistance unutilised	3	-	-
TOTAL LIABILITIES		6 232	89 904
NET ASSETS		216	252
Represented by:			
Recoverable revenue		216	252
TOTAL		216	252

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
Recoverable revenue			
Opening balance		252	335
Transfers:		(36)	(83)
Debts recovered (included in departmental receipts)		(107)	(226)
Debts raised		71	143
Closing balance		216	252
TOTAL		216	252

Department of Tourism - Vote 33

CASH FLOW STATEMENT

the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		2 167 243	2 014 798
Annual appropriated funds received	1	2 140 156	2 009 516
Departmental revenue received	2	996	5 136
Interest received	2	104	146
Aid assistance received	3	25 987	-
Net (increase)/decrease in working capital		(498)	(40)
Surrendered to revenue fund		(91 019)	(22 133)
Surrendered to RDP fund/Donor		-	-
Current payments		(591 098)	(584 672)
Payments for financial assets		(119)	(772)
Transfers and subsidies paid		(1 346 130)	(1 169 672)
Net cash flow available from operating activities	15	138 379	237 509
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(222 616)	(164 530)
Proceeds from sale of capital assets	2	38	39
Net cash flow from investing activities		(222 578)	(164 491)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(36)	(83)
Net cash flow from financing activities		(36)	(83)
Net increase/(decrease) in cash and cash equivalents		(84 235)	72 935
Cash and cash equivalents at beginning of period		89 065	16 130
Cash and cash equivalents at end of period	16	4 830	89 065

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

6. Comparative information

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1 Appropriated funds

Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and/or penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the Department's debt write-off policy.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.

Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the Department or in the case of transfers and subsidies when they are due and payable.

Accruals and payables not recognised are measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

Prepayments and advances are expensed when there is a contractual obligation between the Department and the service providers. Details for such prepayments and advances are recorded in the notes to the financial statements.

12. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

13. Investments

Investments are recognised in the statement of financial position at cost.

14. Financial assets

14.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

14.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. Payables

Loans and payables are recognised in the statement of financial position at cost.

16. Capital Assets

16.1 Immovable capital assets

Immovable assets reflected in the asset register of the Department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4 Project Costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17. Provisions and Contingents

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

17.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament with funding and the related funds are received; or
- approved by Parliament without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as

non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. Principal-Agent arrangements

The Department is party to a principal-agent arrangement for Expanded Public Works Programme projects. In terms of the arrangement the Department is the principal and is responsible for the appointment of an Implementing Agent.

All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. Departures from the MCS requirements

Management has concluded that the financial statements present fairly the Department's primary and secondary information and the Department complied with the Standard.

25. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

26. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

Department of Tourism - Vote 33

ACCOUNTING POLICIES

for the year ended 31 March 2018

27. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

28. Inventories (Effective from date determined in a Treasury Instruction)

At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

29. Public-Private Partnerships

Public-Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the Public-Private Partnership agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.

30. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The Special Advisor to the Executing Authority is not part of the key management personnel as he/she should refrain from interfering in the administration and management of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

31. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for national departments (voted funds):

	2017/18			2016/17	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	241 878	241 878	-	236 264	236 264
Tourism Policy and Planning	1 197 141	1 197 141	-	1 105 573	1 105 573
Destination Development	434 437	434 437	-	424 824	424 824
Enterprise and Visitor Support Services	266 700	266 700	-	242 855	242 855
TOTAL	2 140 156	2 140 156	-	2 009 516	2 009 516

2. Departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Sales of goods and services other than capital assets	2.1	160	163
Interest, dividends and rent on land	2.2	104	146
Sales of capital assets	2.3	38	39
Transactions in financial assets and liabilities	2.4	836	4 973
TOTAL DEPARTMENTAL REVENUE COLLECTED		1 138	5 321

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

2.1 Sales of goods and services other than capital assets

	Note	2017/18	2016/17
	2	R'000	R'000
Sales of goods and services produced by the Department		160	157
Sales by market establishment		71	72
Administrative fees		-	1
Other sales		89	84
Sales of scrap, waste and other used current goods		-	6
TOTAL		160	163

2.2 Interest, dividends and rent on land

	Note	2017/18	2016/17
	2	R'000	R'000
Interest		104	146
TOTAL		104	146

2.3 Sale of capital assets

	Note	2017/18	2016/17
	2	R'000	R'000
Tangible assets		38	39
Machinery and equipment	26.2	38	39
TOTAL		38	39

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

2.4 Transactions in financial assets and liabilities

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Other receipts, including recoverable revenue	2	836	4 973
TOTAL		836	4 973

3. Aid assistance

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Opening balance		-	-
Prior period error		-	-
As restated		-	-
Transferred from statement of financial performance		-	-
Transfers to or from retained funds		-	-
Paid during the year		-	-
CLOSING BALANCE		-	-

3.1 Aid assistance expenditure per economic classification

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Transfers and subsidies	<i>Annex 1H</i>	25 987	-
TOTAL AID ASSISTANCE EXPENDITURE		25 987	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

4. Compensation of employees

4.1 Salaries and wages

	Note	2017/18	2016/17
		R'000	R'000
Basic salary	4	205 063	181 893
Performance award		3 849	3 806
Service-based		829	345
Compensative/circumstantial		2 695	2 218
Periodic payments		777	2 523
Other non-pensionable allowances		48 783	44 067
TOTAL		261 996	234 852

Note: Periodic payments include part-time appointed Ministerial Advisors.

4.2 Social contributions

	Note	2017/18	2016/17
		R'000	R'000
Employer contributions	4		
Pension		26 121	23 492
Medical		8 083	7 737
Bargaining council		40	37
TOTAL		34 244	31 266
TOTAL COMPENSATION OF EMPLOYEES		296 240	266 118
Average number of employees		515	522

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		669	160
Advertising		4 018	2 303
Minor assets	5.1	622	619
Bursaries (employees)		1 448	1 734
Catering		5 694	3 247
Communication		5 240	5 161
Computer services	5.2	11 705	18 251
Consultants: Business and advisory services		22 934	20 799
Legal services		194	607
Contractors		5 401	4 932
Agency and support/outsourced services		73	2 029
Entertainment		15	42
Audit cost – external	5.3	6 086	6 257
Fleet services		1 324	937
Consumables	5.4	4 464	4 583
Operating leases		35 738	33 874
Rental and hiring		1 179	212
Property payments	5.5	3 984	3 146
Transport provided as part of the departmental activities		-	65
Travel and subsistence	5.6	43 120	32 293
Venues and facilities		13 843	8 251
Training and development		123 129	165 667
Other operating expenditure	5.7	3 978	3 385
TOTAL		294 858	318 554

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Note:

- There was a decrease of R45,538 million in Training and Development expenditure. This is due to a decrease in the budget allocation for Training and Development for Working for Tourism which accounts for the bulk of the expenditure for this item. Expanded Public Works Programme (EPWP) project's training is included in the item Training and development.
- The increase in expenditure for Travel and Subsistence, Venue and Facilities, Advertising and Catering is attributable to an increase in stakeholder engagements, including Imbizos, during the financial year.
- The decrease in expenditure for computer services is attributable to software maintenance/licencing agreements only being finalised late in the financial year resulting in delays in payments.

5.1 Minor assets

	Note	2017/18	2016/17
	5	R'000	R'000
Tangible assets		622	619
Machinery and equipment		603	619
Transport Assets		19	-
Intangible assets		-	-
Software		-	-
TOTAL		622	619

5.2 Computer services

	Note	2017/18	2016/17
	5	R'000	R'000
State Information Technology Agency (SITA) computer services		7 184	7 018
External computer service providers		4 521	11 233
TOTAL		11 705	18 251

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

5.3 Audit cost – external

	Note	2017/18	2016/17
		R'000	R'000
Regularity audits	5	6 086	6 257
TOTAL		6 086	6 257

5.4 Consumables

	Note	2017/18	2016/17
		R'000	R'000
Consumable supplies	5	1 422	1 613
Uniforms and clothing		326	66
Household supplies		746	614
Building material and supplies		-	176
Communication accessories		1	7
IT consumables		159	671
Other consumables		190	79
Stationery, printing and office supplies		3 042	2 970
TOTAL		4 464	4 583

5.5 Property payments

	Note	2017/18	2016/17
		R'000	R'000
Municipal services	5	2 769	2 934
Property management fees		318	147
Property maintenance and repairs		689	-
Other (cleaning and fumigation services)		208	65
TOTAL		3 984	3 146

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

5.6 Travel and subsistence

	Note	2017/18	2016/17
		R'000	R'000
Local	5	36 772	26 373
Foreign		6 348	5 920
TOTAL		43 120	32 293

5.7 Other operating expenditure

	Note	2017/18	2016/17
		R'000	R'000
Professional bodies, membership and subscription fees	5	579	872
Resettlement costs		1 031	71
Other (printing & publications and courier services)		2 368	2 442
TOTAL		3 978	3 385

6. Payments for financial assets

	Note	2017/18	2016/17
		R'000	R'000
Other material losses written off	6.1	118	403
Debts written off	6.2	1	369
TOTAL		119	772

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

6.1 Other material losses written off

	<i>Note</i>	2017/18	2016/17
Nature of losses	6	R'000	R'000
Losses (damage to vehicles due to accidents)		118	403
TOTAL		118	403

6.2 Debts written off

	<i>Note</i>	2017/18	2016/17
Nature of debts written off	6	R'000	R'000
Other debt written off (departmental debt)		1	369
TOTAL		1	369

7. Transfers and subsidies

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Departmental agencies and accounts	<i>Annex 1A</i>	1 174 097	1 040 012
Higher-education institutions	<i>Annex 1B</i>	-	4 011
Public corporations and private enterprises	<i>Annex 1C</i>	47 966	75 312
Foreign governments and international organisations	<i>Annex 1D</i>	6 394	6 368
Non-profit institutions	<i>Annex 1E</i>	560	200
Households	<i>Annex 1F</i>	91 126	43 769
TOTAL		1 320 143	1 169 672

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

8. Expenditure for capital assets

	Note	2017/18	2016/17
		R'000	R'000
Tangible assets		221 175	164 338
Building and other fixed structures	28.1	214 526	158 988
Machinery and equipment	26.1	6 649	5 350
Intangible assets		1 441	192
Software	27.1	1 441	192
TOTAL		222 616	164 530

Note: Expenditure of R214,526 million under Buildings and other fixed structures are for the Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects and are classified as Capital-work-in-progress.

8.1 Analysis of voted funds utilised to acquire capital assets

	Note	2017/18	2016/17
		R'000	R'000
Tangible assets		221 175	164 338
Building and other fixed structures		214 526	158 988
Machinery and equipment		6 649	5 350
Intangible assets		1 441	192
Software		1 441	192
TOTAL		222 616	164 530

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

8.2 Finance lease expenditure included in expenditure for capital assets

	Note	2017/18	2016/17
		R'000	R'000
Tangible assets			
Machinery and equipment		1 304	1 588
TOTAL		1 304	1 588

9. Cash and cash equivalents

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster general account		23 126	96 620
Cash receipts		1	-
Disbursements		(18 362)	(7 610)
Cash on hand		65	55
TOTAL		4 830	89 065

Note:

All cash and cash equivalent held by the Department are available for use.

An amount of R96 967,44 was deposited into the departmental bank account (ABSA) and the interface with the Department's Paymaster General account took place in April 2018. As the Department is on modified cash accounting, this amount is not part of the cash and cash equivalent as stated above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

10. Prepayments and advances

	Note	2017/18	2016/17
		R'000	R'000
Travel and subsistence		27	125
Prepayments	10.1	623	259
TOTAL		650	384

10.1 Advances paid (Not expensed)

	Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year advance payments	Balance as at 31 March 2018
	10	R'000	R'000	R'000	R'000
National departments		259	(1 776)	2 140	623
TOTAL		259	(1 776)	2 140	623

10.2 Prepayments (Not expensed)

	Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year prepayments	Balance as at 31 March 2018
	10	R'000	R'000	R'000	R'000
Goods and services		-	-	-	-
TOTAL		-	-	-	-

Note: Advance payments were made to the Department of International Relations and Cooperation for travel related bookings and GCIS for facilitating media communication services for the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

10.3 Prepayments (Expensed)

	Amount as at 1 April 2017	Less: Expensed in the current year	Add: Current Year prepayments	Amount as at 31 March 2018
	R'000	R'000	R'000	R'000
Goods and services	30 000	(60 389)	42 643	12 254
Capital assets	21 000	(21 000)	-	-
TOTAL	51 000	(81 389)	42 643	12 254

Note: Prepayments are paid to the implementing agents of the Expanded Public Works Programme and Destination Development projects as per service level agreement to commence the projects.

The following Expanded Public Works Programme and Destination Development projects received prepayments for commencement of the projects

	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year prepayments	Balance as at 31 March 2018
	R'000	R'000	R'000	R'000
Capital Assets:				
LP-Phiphidi Water Falls	9 000	(9 000)	-	-
NC-Platfontein Lodge	10 000	(10 000)	-	-
FS-Msilonyana Visitor Info Centre	2 000	(2 000)	-	-
Goods and Services:				
Wine Service Training	20 000	(20 000)	-	-
Food safety Training	10 000	(10 000)	-	-
National Youth Chef Training Programme Phase 5	-	(20 000)	20 000	-
LP- Hospitality Youth Training Programme	-	(3 750)	3 750	-
NW-Hospitality Youth Training Programme	-	(2 500)	2 500	-
FS-Hospitality Youth Training Programme	-	(1 250)	1 250	-
Tourism Green Coast Project	-	-	12 254	12 254

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year prepayments	Balance as at 31 March 2018
	R'000	R'000	R'000	R'000
LP-Ngovhe Cleaning Service	-	(60)	60	-
LP-VhaTsonga Cultural Village Security Phase 2 (2)	-	(100)	100	-
EC-Qatywa Security Project	-	(50)	50	-
NW-Manyane Lodge Security Phase 2	-	(90)	90	-
LP-Tisane Security Project Phase 2	-	(174)	174	-
LP-Mukumbani Security Project Phase 2	-	(225)	225	-
EC-Kiwane Community Security Project	-	(280)	280	-
KZN-Lilani Security Project	-	(356)	356	-
KZN-Muzi Pan Security Project	-	(212)	212	-
EC-Mthonsi Lodge Security Project	-	(320)	320	-
GP-Komjekejeke Security Project	-	(190)	190	-
LP-Mahlathi Village Security Project Phase 2	-	(227)	227	-
EC-Kiwane Community Security Project Phase 2	-	(200)	200	-
KZN-Lilani Security Project Phase 2	-	(335)	335	-
EC-Six Day Hiking Trail Security Project	-	(70)	70	-
TOTAL	51 000	(81 389)	42 643	12 254

10.4 Advances paid (Expensed)

	Amount as at 1 April 2017	Less: Expensed in the current year	Add: Current Year advances	Amount as at 31 March 2018
	R'000	R'000	R'000	R'000
Public entities	41 775	(41 775)	161 820	161 820
TOTAL	41 775	(41 775)	161 820	161 820

Note: Advances are paid to the implementing agents of the Expanded Public Works Programme and Destination Development projects as per service level agreement to commence the projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

The following Expanded Public Works Programme and Destination Development projects received advance payments for commencement of the projects

	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current year advances	Balance as at 31 March 2018
	R'000	R'000	R'000	R'000
South African National Parks (SANParks – WC-Agulhas White House Project	27 495	(27 495)	-	-
South African National Parks (SANParks) – LP-Mapungubwe Youth Hostel	12 000	(12 000)	-	-
Ezemvelo KZN Wildlife – KZN-Wildlife Roofing of 5 resorts	-	-	4 733	4 733
Ezemvelo KZN Wildlife – KZN Ezemvelo Midmar Resort upgrade project	-	-	18 009	18 009
Trade and Investment KwaZulu-Natal (TIKZN)	-	-	16 478	16 478
South African National Biodiversity Institute (SANBI)	-	-	35 000	35 000
Eastern Cape Parks & Tourism Agency (ECPTA)	-	-	10 000	10 000
Constitutional Hill (CONHILL)	-	-	12 000	12 000
South African National Parks (SANParks)	-	-	28 000	28 000
CapeNature	-	-	16 000	16 000
Eastern Cape Parks & Tourism Agency (ECPTA) – EC-Tourism Safety Monitors	-	-	9 600	9 600
Mpumalanga Tourism Authority (MPTA) – MP-Tourism Safety Monitors	-	-	12 000	12 000
Gauteng Tourism Authority (GTA) – Gauteng Tourism Safety Monitors	2 280	(2 280)	-	-
TOTAL	41 775	(41 775)	161 820	161 820

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

11. Receivables

	Note	2017/18			2016/17		
		Current	Non- Current	Total	Current	Non- Current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1 Annex 3	96	-	96	-	-	-
Recoverable expenditure	11.2	345	261	606	321	11	332
Staff debt	11.3	97	169	266	219	116	335
Fruitless and wasteful expenditure	11.4	-	-	-	40	-	40
TOTAL		538	430	968	580	127	707

11.1 Claims recoverable

	Note	2017/18	2016/17
		R'000	R'000
National departments	11	96	-
TOTAL		96	-

11.2 Recoverable expenditure (disallowance accounts)

	Note	2017/18	2016/17
		R'000	R'000
Departmental suspense accounts (Damage Vehicles & Disallowance account)	11	606	332
TOTAL		606	332

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

11.3 Staff debt

	<i>Note</i>	2017/18	2016/17
	<i>11</i>	R'000	R'000
Departmental debt account		266	335
TOTAL		266	335

11.4 Fruitless and wasteful expenditure

	<i>Note</i>	2017/18	2016/17
	<i>11</i>	R'000	R'000
Opening balance		40	370
Less amounts recovered		(40)	(370)
Transfers from note 22.1, "Fruitless and wasteful expenditure"		-	40
TOTAL		-	40

12. Voted funds to be surrendered to the revenue fund

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Opening balance		89 870	16 784
As restated		89 870	16 784
Transfer from statement of financial performance (as restated)		6 180	89 870
Paid during the year		(89 870)	(16 784)
CLOSING BALANCE		6 180	89 870

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

13. Departmental revenue to be surrendered to the revenue fund

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		17	45
As restated		17	45
Transfer from statement of financial performance (as restated)		1 138	5 321
Paid during the year		(1 149)	(5 349)
CLOSING BALANCE		6	17

14. Payables – current

	Note	2017/18	2016/17
		R'000	R'000
Other payables	14.1	46	17
TOTAL		46	17

14.1 Other payables

	Note	2017/18	2016/17
		R'000	R'000
Salary-related payables	14	46	17
TOTAL		46	17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

15. Net cash flow available from operating activities

	Note	2017/18	2016/17
		R'000	R'000
Net surplus/(deficit) as per statement of financial performance		7 318	95 191
Add back non-cash/cash movements not deemed operating activities		131 061	142 318
(Increase)/decrease in receivables – current		(261)	258
(Increase)/decrease in prepayments and advances		(266)	(297)
Increase/(decrease) in payables – current		29	(1)
Proceeds from sale of capital assets		(38)	(39)
Expenditure on capital assets		222 616	164 530
Surrendered to revenue fund		(91 019)	(22 133)
Surrendered to RDP fund/Donor		-	-
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		138 379	237 509

16. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster general account		23 126	96 620
Cash receipts		1	-
Disbursements		(18 362)	(7 610)
Cash on hand		65	55
TOTAL		4 830	89 065

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

		<i>Note</i>	2017/18	2016/17
			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 2A</i>	26	26
Claims against the Department		<i>Annex 2B</i>	4 564	11 059
Intergovernmental payables (unconfirmed balances)		<i>Annex 4</i>	3 138	74
TOTAL			7 728	11 159

Note:

The Department has only one housing guarantee. There is no possibility of any outflow or reimbursement.

Due to the sensitivity of claims against the Department that are currently within the legal domain, no indication can be provided on the possible outflow or reimbursement.

17.2 Contingent assets

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Nature of contingent asset			
National Tourism Careers Expo partners/Black Magic – termination of contract and reimbursement of total amount paid		-	1 083
Been Around GP Advert Consulting CC – non-performance/breach of contract		2 805	2 805
Pilgrim's Rest tourism centre development – unspent amount to be refunded to the Department		-	1 286
Bonwelong Skills Development CC, Mr. Inama and Nedbank (Pty) Ltd – refund of money advanced for training projects.		9 930	-
TOTAL		12 735	5 174

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

18. Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		397 198	453 633
		397 198	453 633
Capital expenditure			
Approved and contracted		293 174	420 539
		293 174	420 539
TOTAL COMMITMENTS		690 372	874 172

Note: The total commitments longer than a year amount to R633,723 million. This includes Expanded Public Works Programme multi-year contract payments for training and infrastructure projects – R411,905 million; Tourism Incentive Programme projects linked to energy efficiency, international marketing access support and destination development - R196,811 million and R25,007 million for other facilities, security and advisory consulting services.

19. Accruals and payables not recognised

19.1 Accruals

	2017/18 R'000			2016/17 R'000
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	5 761	25	5 786	3 859
Transfers and subsidies	116	309	425	-
Capital assets	5 654	-	5 654	342
Other (assets and liabilities)	243	-	243	255
TOTAL	11 774	334	12 108	4 456

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	2017/18	2016/17
	R'000	R'000
Listed by programme level		
Administration	3 057	1 811
Tourism Policy and Planning	429	667
Destination Development	749	409
Enterprise and Visitor Support	7 630	1 314
Other (assets and liabilities)	243	255
TOTAL	12 108	4 456

19.2 Payables not recognised

	2017/18			2016/17
	R'000			R'000
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	3 043	3 269	6 312	-
Capital	519	-	519	-
Other (compensation of employees)	25	-	25	-
TOTAL	3 587	3 269	6 856	-

	2017/18	2016/17
	R'000	R'000
Listed by programme level		
Administration	4 182	-
Tourism Policy and Planning	117	-
Destination Development	2 202	-
Enterprise and Visitor Support	355	-
TOTAL	6 856	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Confirmed balances with other departments	<i>Annex 4</i>	1 764	30
TOTAL		1 764	30

Material accruals (above R100 000) relate to the following:

Business and Advisory Services R 2 124 431,20; Catering: Departmental Activities R 337 280,00; Travel and subsistence R 4 282 060,46; Consumables Stationery R 138 969,52; Venues and facilities R 428 599,50; Telephone Account R 242 509,68; Machinery and Equipment R 877 964,74; Operational payments R 181 098,80; Fleet Services R 129 720,27; Training and Development R 242 146,97; EPWP projects R 284 716,97; TIP Infrastructure projects R4 986 062,41.

20. Employee benefits

	2017/18	2016/17
	R'000	R'000
Leave entitlement	12 101	10 329
Service bonus (13 th cheque)	7 897	6 927
Performance awards	4 273	3 983
Capped leave commitments	4 309	4 284
Provision for long service awards	79	129
TOTAL	28 659	25 652

Note:

At this stage the Department is not able to reliably measure the long-term portion of the long service awards.

Leave entitlement includes a negative amount of R428,303.42 due to the utilisation of leave within the first quarter of the leave cycle (leave taken without any leave credits available).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

21. Finance lease expenditure

2017/18		Machinery and equipment	Total
Not later than 1 year		1 327	1 327
Later than 1 year but not later than 5 years		1 261	1 261
TOTAL LEASE COMMITMENTS		2 588	2 588

2016/17		Machinery and equipment	Total
Not later than 1 year		888	888
Later than 1 year but not later than 5 years		645	645
TOTAL LEASE COMMITMENTS		1 533	1 533

General description of the material leasing arrangements:

Finance lease commitments include photocopy machines and cell phones. The lease periods for photocopiers is usually 36 months and cell phones 24 months. No vehicles are leased. All vehicle lease agreements have expired.

No asset of the Department is sub-leased. Restrictions on finance leases for photocopiers are imposed on the Department and included under maintenance and repairs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

22. Fruitless and wasteful expenditure

22.1 Reconciliation of fruitless and wasteful expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		-	-
Prior-period error			
As restated		-	-
Fruitless and wasteful expenditure – relating to prior year		35	-
Fruitless and wasteful expenditure – relating to current year		1 030	60
Less: Amounts resolved		(1 065)	(20)
Less: Amounts transferred to receivables for recovery	11.4	-	(40)
Fruitless and wasteful expenditure awaiting resolution		-	-

22.2 Analysis of current year's fruitless and wasteful expenditure

		2017/18 R'000
Incident	Disciplinary steps taken/criminal proceedings	
Late cancellation/no-show/flight amendments with regard to travel bookings.	No disciplinary steps required – investigation conducted and expenditure recovered or condoned.	1 065
TOTAL		1 065

22.3 Details of fruitless and wasteful expenditure under investigation (not in the main note)

	2017/18 R'000
Late cancellation/no-show/flight amendments with regard to travel bookings	11
TOTAL	11

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

23. Related-party transactions

	Note	2017/18	2016/17
		R'000	R'000
Payments made to South African Tourism			
Tourism Market Access		1 871	12 170
Tourism Indaba Support		866	486
TOTAL		2 737	12 656

Note:

South African Tourism is a Public Entity of the Department under the Minister's portfolio.

Programme 2: Tourism Policy and Planning; sub-programme South African Tourism's transfer payment has been included in Annexure 1A and 1C to the financial statements.

24. Key management personnel

	No. of individuals	2017/18	2016/17
		R'000	R'000
Political office-bearers	2	4 385	4 211
Officials:			
Levels 15 to 16	5	7 879	6 298
Level 14	15	17 893	17 938
TOTAL		30 157	28 447

25. Provisions

	Note	2017/18	2016/17
		R'000	R'000
Expanded Public Works Programme – Final completion report not submitted or signed off. Retention fees outstanding		10 046	9 001
TOTAL		10 046	9 001

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

25.1 Reconciliation of movement in provisions

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		9 001	9 365
Increase in provision		1 045	-
Settlement of provision		-	(364)
Closing balance		10 046	9 001

Note: The provisions relate to Expanded Public Works Programme projects retention fees outstanding. The payments of the retention fees are made after the final completion report is submitted and the timing of these payments are unknown. The estimate of the retention fees is based on a percentage of the implementing agent's fees.

26. Movable tangible capital assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	56 310		5 446	(4 269)	57 487
Transport assets	7 099	-	1 676	(31)	8 744
Computer equipment	26 622	-	3 141	(2 213)	27 550
Furniture and office equipment	13 756	-	289	(1 381)	12 664
Other machinery and equipment	8 833	-	340	(644)	8 529
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	56 310	-	5 446	(4 269)	57 487

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

26.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	6 649	-	(1 305)	102	5 446
Transport assets	1 676	-	-	-	1 676
Computer equipment	3 039	-	-	102	3 141
Furniture and office equipment	289	-	-	-	289
Other machinery and equipment	1 645	-	(1 305)	-	340
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	6 649	-	(1 305)	102	5 446

26.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposals	Total disposals	Cash received (actual)
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1 308	2 961	4 269	38
Transport assets	-	31	31	-
Computer equipment	1 308	905	2 213	38
Furniture and office equipment	-	1 381	1 381	-
Other machinery and equipment	-	644	644	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1 308	2 961	4 269	38

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

26.3 Movement for 2016/17

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior-period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	54 431	-	3 824	(1 945)	56 310
Transport assets	6 678	-	421	-	7 099
Computer equipment	25 858	-	2 614	(1 850)	26 622
Furniture and office equipment	13 437	-	408	(89)	13 756
Other machinery and equipment	8 458	-	381	(6)	8 833
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	54 431	-	3 824	(1 945)	56 310

26.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	1 374	7 126	8 500
Additions	-	597	597
Disposals	-	(686)	(686)
TOTAL MINOR ASSETS	1 374	7 037	8 411

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Number of R1 minor assets	-	392	392
Number of minor assets at cost	444	6 404	6 848
TOTAL NUMBER MINOR ASSETS	444	6 796	7 240

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

26.5 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	1 374	6 686	8 060
Additions	-	588	588
Disposals	-	(148)	(148)
TOTAL MINOR ASSETS	1 374	7 126	8 500

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Number of R1 minor assets	-	551	551
Number of minor assets at cost	444	6 254	6 698
TOTAL NUMBER MINOR ASSETS	444	6 805	7 249

27. Intangible capital assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Closing balance
	R'000	R'000	R'000	R'000
Software	4 195	-	1 441	5 636
TOTAL INTANGIBLE CAPITAL ASSETS	4 195	-	1 441	5 636

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

27.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-cash	Received current year, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
Software	1 441	-	-	1 441
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	1 441	-	-	1 441

27.2 Movement for 2016/17

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior-period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	4 003	-	192	-	4 195
TOTAL INTANGIBLE CAPITAL ASSETS	4 003	-	192	-	4 195

28. Immovable tangible capital assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	1 835	233 400	(171 182)	64 053
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1 835	233 400	(171 182)	64 053

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects completed and handed over.

	2017/18
	R'000
FS - Black Water Fly Fishing & Trout	1 835
SANBI Solar PV project	9 305
Robben Island Museum Solar PV project	25 047
FS-Accommodation Facilities at Metsi Matsho Dam	45 554
LP-Mukumbani Waterfalls Phase 3	19 334
LP-Mahlathi Village Project	15 151
EC-Mbashe, Coffee Bay, N. Mandela Phase 2	23 433
LP-Khalanga Guest Lodge	16 371
NC-Caravan Park Kai Gariep Project	5 677
WC - George Tourism Information Centre	9 475
TOTAL	171 182

Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects completed and not handed over.

	2017/18
	R'000
EC-Aliwal Spa	7 663
EC-Cradock 4 Garden of Remembrance	12 344
EC-Biko Heritage Trail Phase 2	8 428
WC-Stony Point Eco-centre Phase 2	6 908
EC-Bulhoek Massacre Heritage Site-Ph 2	7 018
EC-Wonkumuntu Tourism Project-Phase 3	5 696
EC-St Mathews & Bholotwa Tourism Project	15 996
TOTAL	64 053

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

28.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-cash	(Capital work-in-progress current cost)	Total
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	214 526	233 400	(214 526)	233 400
Other fixed structures	214 526	233 400	(214 526)	233 400
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	214 526	233 400	(214 526)	233 400

28.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Non-cash disposals	Total disposals	Cash received (actual)
	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	171 182	171 182	-
Other fixed structures	171 182	171 182	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	171 182	171 182	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

28.3 Movement for 2016/17

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior-period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Other fixed structures	1 390	445	77 465	(77 465)	1 835
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1 390	445	77 465	(77 465)	1 835

28.3.1 Prior period error

	Note	2016/17
Nature of prior period error		R'000
Relating to 2015/16 [affecting the opening balance]		
Additions increase by R8,554 million		8 554
Disposals increase by R8,554 million		(8 554)
The opening balance of Other Fixed Structures increased by R445 thousand		445
Relating to 2016/17		
Additions increase by R11,807 million		11 807
Disposals increase by R11,807 million		(11 807)
TOTAL PRIOR PERIOD ERRORS		445

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

28.4 Capital Work-In-Progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

Note	Opening balance 1 April 2017	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
<i>Annex 5</i>	R'000	R'000	R'000	R'000
Buildings and other fixed structures	790 326	214 526	(235 059)	769 793
TOTAL	790 326	214 526	(235 059)	769 793

	Number of projects		2017/2018
	Planned, construction not started	Planned, construction started	Total R'000
Age analysis on ongoing projects			
0 to 1 year	10	1	160 984
1 to 3 year(s)	6	7	133 458
3 to 5 years	-	4	60 031
Longer than 5 years	-	54	415 320
TOTAL	16	66	769 793

Note:

There is a decrease to the prior year balance (2015/2016) for Work-In-Progress for an amount of R8,554 million relating to an increase in completed assets value that was removed from Work-In-Progress.

There was a further decrease to the prior year balance (2015/2016) for Work-In-Progress for an amount of R261,025 million. This decrease came about after a detailed analysis of all projects in the EPWP expenditure register.

There was also a decrease to the prior year balance (2016/2017) for Work-In-Progress for an amount of R11,807 million relating to an increase in completed assets value that was removed from Work-In-Progress.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Accruals and payables not recognised relating to Capital WIP

	2017/18	2016/17
	R'000	R'000
Tourism Incentive Programme Infrastructure projects	4 986	-
TOTAL	4 986	-

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

Note	Opening balance 1 April 2016	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2017
	R'000	R'000	R'000	R'000
Annex 5				
Buildings and other fixed structures	708 803	158 988	(77 465)	790 326
TOTAL	708 803	158 988	(77 465)	790 326

28.5 S42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2017/2018

	Number of assets	Value of assets
	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES		
Other fixed structures	7	64 053
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	7	64 053

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects where the transfer has been initiated but not completed at year end.

	2017/18
	R'000
EC-Aliwal Spa	7 663
EC-Cradock 4 Garden of Remembrance	12 344
EC-Biko Heritage Trail Phase 2	8 428
WC-Stony Point Eco-centre Phase 2	6 908
EC-Bulhoek Massacre Heritage Site-Ph 2	7 018
EC-Wonkumuntu Tourism Project-Phase 3	5 696
EC-St Mathews & Bholotwa Tourism Project	15 996
TOTAL	64 053

Assets subjected to transfer in terms of S42 of the PFMA – 2016/2017

	Number of assets	Value of assets
	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES		
Other fixed structures	1	1 835
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	1	64 053

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

29. Principal-agent arrangements

29.1 Department acting as the principal for (Expanded Public Works Programme Infrastructure and Training Projects)

Include a list of the entities acting as agents for the Department and the fee paid as compensation to the agent		Fee Paid	
Project	Agent	2017/18 R'000	2016/17 R'000
FS - Building a Guesthouse in Qwa Qwa Phase 2	River Ranger Management Sec 21	26	1 132
EC- Mthonsi Lodge Project	MBB Consulting Services - EC (Inc.)	-	74
EC - Cradock 4 Garden of Remembrance	G P Greeff and Architects Urban Environment	-	777
LP - Ngove Cultural Centre Phase 2	Second Generation Consulting	-	286
KZN - Muzi Pan Canoeing Project Phase 2	Rich Rewards Trading 34 (PTY) Ltd T/A Sigma Internat	-	147
EC - Six Day Hiking Trail	Simply Indigenous Nursery cc	-	571
LP - Mukumbani Waterfalls - Phase 3	Naledzi Environmental Consultants	-	7
NC - Platfontein Lodge	Anix Consulting cc	913	82
National Youth Chef Training Programme	South African Chef Association	-	930
Tourism Blue Flag	WESSA	1 195	570
WC - Hospitality Youth Programme	Networx for Career Development	1 187	606
KZN - Hospitality Youth Programme	Tourism World Pty (Ltd)	1 071	722
MP - Hospitality Youth Programme	VPK Business Venture	306	769
GP - Hospitality Youth Programme	VPK Business Venture	371	347
EC - Hospitality Youth Programme	Amathemba Skills	168	231
NC - Hospitality Youth Programme	Networx for Career Development	241	121
Food Safety Training Programme	The Tourism and Business Institute Of S.A	2 593	175
Wine Service Programme	Tourism World (Pty) Ltd.	1 345	-
FS - Tourism Buddies Learnership	VPK Business Venture	-	315
LP- Hospitality Youth Training Programme	Temnofto Trading	650	-
NW-Hospitality Youth Training Programme	Networx for Career Development	210	-
FS-Hospitality Youth Training Programme	Dlama SS Investment Holdings	165	-
National Youth Chef Training Programme Phase 5	South African Chef Association	1 266	-
LP - Tisane Security Project	Thobela Projects cc	55	-
LP - Mukumbani Security Project	Thobela Projects cc	55	-
GP - Komjekejeke Security Project	Kayamandi Development Services (Pty) Ltd	56	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Include a list of the entities acting as agents for the Department and the fee paid as compensation to the agent		Fee Paid	
Project	Agent	2017/18	2016/17
		R'000	R'000
NW - Manyane Lodge Security	R E AA GA Infrastructure (Pty) Ltd	11	-
LP - Mahlathi Village Security Project	Thobela Projects cc	60	-
LP - Ngove Cultural Village Security	Second Generation	150	-
LP - Vha Tsonga Cultural Village Security	Second Generations Consulting	54	-
LP - VhaTsonga Security Phase 3	TTT Group (Pty) Ltd	105	-
NW - Manyane Lodge Security Phase 2	Taroworx (Pty) Ltd	11	-
LP-Tisane Security Project Phase 3	Bafana le Ngoako Construction (Pty) Ltd	36	-
LP-Mahlathi Village Security Project Phase 2	Mossflow (Pty) Ltd	67	-
EC-Mthonsi Lodge Security Project	Tshani Consulting cc	74	-
EC-Qatywa Security Project	Singalulo Enterprises (Pty) Ltd	15	-
KZN-Lilani Security Project	GWI Project Managers	119	-
KZN-Muzi Pan Security Project	Temnofto Trading	62	-
KZ-Lilani Security Project Phase 2	QAIA Business Enterprise Trading cc	19	-
EC-Kiwane Campsite Project Security Phase 2	Ezamatika Trading cc	29	-
EC-Six Day Hiking Trail Security	Cingwane Enterprises (Pty) Ltd	7	-
LP-Ngovhe Cleaning Services	Allied New Strategy	49	-
GP - Komjekejeke Heritage Site Project	Kayamandi Development Services (Pty) Ltd	-	74
LP - Tourism Buddies	Bonwelong Skills Development	-	243
NW - Manyane Lodge Project	R E AA GA Infrastructure (Pty) Ltd	-	102
TOTAL		12 741	8 281

30. Irregular expenditure

The Department procured goods and services under the value of R500 000,00. However, due to non-responsiveness from suppliers, R271 252,00 of these goods and services were procured without the required three quotations. From a compliance perspective this is deemed irregular expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

31. Prior period errors

31.1 Correction of prior period errors

	Note	Amount before error correction	Prior period error 2016/17	Restated amount 2017/18
		R'000	R'000	R'000
Assets:				
Relating to 2016/17 (affecting the opening balance)				
There is a decrease to the prior year balance (2015/2016) for Work-In-Progress for an amount of R261,025 million. This decrease came about after a detailed analysis of all projects in the EPWP expenditure register. There is also a decrease to the prior year balance (2015/2016) for Work-In-Progress for an amount of R8,554 million relating to an increase in completed assets value that was removed from Work-In-Progress. There was also a decrease to the prior year balance (2016/2017) for Work-In-Progress for an amount of R11,807 million relating to an increase in completed assets value that was removed from Work-In-Progress.	28.4	1 071 712	(281 386)	790 326
The opening balance of Other Fixed Structures increased by R445 thousand.	28.3	1 390	445	1 835
Assets subjected to transfer in terms of S42 of the PFMA not disclosed.	28.5	-	1 835	1 835
Prepayments (Not expensed) re-classified as Advances paid (Not expensed).	10.2	259	(259)	-
Advances paid (Not expensed) previously reported as Prepayments (Not expensed).	10.1	-	259	259
The opening balance of Prepayments (Expensed) for Expanded Public Works Programme Projects re-classified as Advances paid (Expensed).	10.3	92 775	(41 775)	51 000
Advances paid (Expensed) previously reported as Prepayments (Expensed).	10.4	-	41 775	41 775
NET EFFECT		1 166 136	(279 106)	877 030

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted appropriation	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
South African Tourism	1 134 288	-	(5 000)	1 129 288	1 129 288	100	1 024 847
National Tourism Careers Expo (Free State Tourism Authority)	4 612	-	-	4 612	4 612	100	4 392
Culture Art Tourism Hospitality and Sports Sector Education and Training Authority (CATHSSETA)	197	-	-	197	197	100	185
Tourism Incentive Programme:							
National Empowerment Fund	-	-	40 000	40 000	40 000	100	-
South African Tourism	-	-	-	-	-	-	10 588
TOTAL	1 139 097	-	35 000	1 174 097	1 174 097		1 040 012

Disclosure of unspent funds transferred to beneficiaries	Disclosure
South African Tourism	No unspent funds
National Tourism Careers Expo (Free State Tourism Authority)	No unspent funds
Culture, Art, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA)	Funds to be spent in the 2018 academic year
Tourism Incentive Programme:	
National Empowerment Fund	Funds to be spent in the 2018/2019 financial year

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HIGHER-EDUCATION INSTITUTIONS

NAME OF HIGHER-EDUCATION INSTITUTION	TRANSFER ALLOCATION				TRANSFER			2016/17
	Adjusted appropriation	Roll overs	Adjustments	Total available	Actual transfer	Amount not transferred	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Cape Peninsula University of Technology	-	-	-	-	-	-	100	802
University of Pretoria	-	-	-	-	-	-	100	1 605
University of Venda	-	-	-	-	-	-	100	802
University of KwaZulu-Natal	-	-	-	-	-	-	100	802
TOTAL	-	-	-	-	-	-		4 011

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	Adjusted appropriation	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Capital	Capital	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Private enterprises									
Transfers									
N12 Treasure Route	600	-	-	600	600	100	-	600	600
Tourism Incentive Programme:									
Tourism Grading Support	55	-	-	55	55	100	-	55	552
Market Access Support	7 311	-	-	7 311	7 311	100	-	7 311	6 206
Destination Development:									
Steve Biko Foundation Trust	-	-	-	-	-	-	-	-	15 027
South African National Parks	313	-	-	313	-	0	-	-	40 085
Nahakwe Lodge (PTY) LTD	-	-	-	-	-	-	-	-	4 842
National Heritage Project	-	-	-	-	-	-	-	-	8 000
Gauteng Tourism Authority	2 000	-	-	2 000	2 000	100	-	2 000	-
Green Tourism Incentive:									
Industrial Development Corporation	78 000	-	(40 000)	38 000	38 000	100	-	38 000	-
Subtotal: Private enterprises	88 279	-	(40 000)	48 279	47 966	99.4	-	47 966	75 312
TOTAL	88 279	-	(40 000)	48 279	47 966	99.4	-	47 966	75 312

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1D

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted appropriation	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Regional Tourism Organisation of Southern Africa (RETOSA)	3 983	-	100	4 083	4 056	99.3	3 529
United Nations World Tourism Organisation (UNWTO)	2 655	-	(100)	2 555	2 338	91.5	2 839
TOTAL	6 638	-	-	6 638	6 394		6 368

ANNEXURE 1E

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted appropriation	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Federated Hospitality Association of Southern Africa (Fedhasa)	500	-	-	500	500	100	200
Sponsorship of the Innovation in Science, Technology, Engineering & Mathematics (iStem) Youth Indaba	-	-	60	60	60	100	-
TOTAL	500	-	60	560	560		200

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1F

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted appropriation	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
HOUSEHOLDS	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Expanded Public Works Programme	91 165	-	(34 067)	57 098	57 094	100	42 556
Expanded Public Works Programme - Incentive	49 142	-	(21 577)	27 565	27 565	100	-
Subtotal	140 307	-	(55 644)	84 663	84 659		42 556
Bursaries (Non-Employee)	-	-	840	840	840	100	780
Employee Social Benefits: Leave Gratuity	-	-	923	923	923	100	433
Claim Against the State (Cash)	-	-	492	492	492	100	-
National Tourism Framework	4 212	-	-	4 212	4 212	100	-
TOTAL	144 519	-	(53 389)	91 130	91 126		43 769

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

		2017/18	2016/17
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000	R'000
Received in cash			
Capitec Bank	The Department was named the best functioning department as part of the Department of Public Service and Administration's Batho Pele Awards. The award comes with a cash prize sponsored by Capitec Bank.	-	10
Sub Total		-	10
Received in kind			
	The Department has received the following items as gifts/sponsorship for the Departmental Sports Day on 1 September 2017		
Multi Spectrum Property	3 bags of oranges; 75 bottles Energy drinks and 75 bottles water	2	-
SA home loans	50 bottles water	-	-
Liberty life	75 bottles water	1	-
Standard bank	80 bottles Energy drinks	1	-
GEMS	120 T-Shirts	6	-
Sub Total		10	-
TOTAL		10	10

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1H

STATEMENT OF AID ASSISTANCE RECEIVED

		Opening balance	Revenue	Expenditure	Paid back on/by 31 March 2018	Closing balance
NAME OF DONOR	PURPOSE	R'000	R'000	R'000	R'000	R'000
Received in cash						
European Union	Dinosaur Interpretation Centre - Golden Gate					
	Highlands National Park	-	25 987	25 987	-	-
TOTAL		-	25 987	25 987	-	-

ANNEXURE 1I

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
	R'000	R'000
Made in kind		
The Department of Tourism has donated 26 framed pictures to the Heritage Foundation during July 2017	8	-
TOTAL	8	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 – LOCAL

		Original guaranteed capital amount	Opening balance 1 April 2017	Guarantee draw-downs during the year	Guarantee repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2018
Guarantor institution	Guarantee in respect of	R'000	R'000	R'000	R'000	R'000	R'000
	Housing						
Nedbank Limited		130	26	-	-	-	26
TOTAL		130	26	-	-	-	26

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 2B

STATEMENT OF CLAIMS AGAINST THE DEPARTMENT AS AT 31 MARCH 2018

Nature of liability	Opening balance 1 April 2017	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (provide details hereunder)	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
I CAN-ABCOR – Free State training project agreement	10 290	-	10 290	-	-
Black Magic Communications – counter-claim against the National Tourism Careers Expo partners for repudiation of agreement	594	-	594	-	-
Labour relations matter – Applicant not shortlisted for the advertised position as Director: Labour Relations.	175	-	-	-	175
Gordon Darrol du Preez t/a Gordon Builders – Claim against the Department for damages he has suffered as a result of a tender not been awarded by MBB, an implementing agent.	-	4 110	-	-	4 110
Lefa la Tshepo Projects (Pty) Ltd – Claim against the Department for goods delivered and not been paid.	-	188	-	-	188
Jean-Pierre Klein t/a SA Online and Entertainment – Claim against the Department for damages he has suffered as a result of breach of contract.	-	41	-	-	41
Mr L Nkuna – Claim against the Department for defamation of character by an official of the Department.	-	50	-	-	50
TOTAL	11 059	4 389	10 884	-	4 564

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 3

CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year-end 2017/18	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Payment date up to 6 working days before year-end	Amount
GOVERNMENT ENTITY	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENT								
Department of Sport and Recreation	96	-	-	-	96	-	03/04/2018	96
TOTAL	96	-	-	-	96	-		96

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 4

INTERGOVERNMENTAL PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year-end 2017/18	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Payment date up to 6 working days before year-end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENT								
Current								
** Department of Justice and Constitutional Development	-	12	-	-	-	12	-	-
** Department of Government Printing Works	-	13	-	-	-	13	-	-
** Department of National School of Government	-	-	-	74	-	74	-	-
* North West Provincial Government: Tourism	-	5	-	-	-	5	-	-
** South African Police Service	56	-	-	-	56	-	-	-
* Department of Cooperative Governance	25	-	-	-	25	-	-	-
** Department of Public Works	-	-	3 138	-	3 138	-	-	-
Sub Total	81	30	3 138	74	3 219	104	-	-
Non-current								
Government Technical Advisory Centre	1 683	-	-	-	1 683	-	-	-
Sub Total	1 683	-	-	-	1 683	-	-	-
TOTAL	1 764	30	3 138	74	4 902	104	-	-

* Compensation of employees

** Goods and services

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 5

Movement of Capital Work-in-Progress

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Current Year Capital WP	Completed Assets (Current and Capital)	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	790 326	214 526	(235 059)	769 793
TOTAL	790 326	214 526	(235 059)	769 793

	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
Age analysis on ongoing projects			
0 to 1 Year	10	1	160 984
1 to 3 year(s)	6	7	133 458
3 to 5 years	-	4	60 031
Longer than 5 years	-	54	415 320
TOTAL	16	66	769 793

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 5 - continued

Movement of Capital Work-in-Progress

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening Balance	Prior Period Errors	Current Year Capital WP	Completed Assets	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	978 382	(269 579)	158 988	(77 465)	790 326
TOTAL	978 382	(269 579)	158 988	(77 465)	790 326

Note:

There is a decrease to the prior year balance (2015/2016) for Work-In-Progress for an amount of R8,554 million relating to an increase in completed assets value that was removed from Work-In-Progress.

There was a further decrease to the prior year balance (2015/2016) for Work-In-Progress for an amount of R261,025 million. This decrease came about after a detailed analysis of all projects in the EPWP expenditure register.

There was also a decrease to the prior year balance (2016/2017) for Work-In-Progress for an amount of R11,807 million relating to an increase in completed assets value that was removed from Work-In-Progress.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 6A

INTER-ENTITY ADVANCES PAID (note 10)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	-	455	259	455	259
Department Government Communications and Information Systems	168	-	-	-	168	-
TOTAL	168	-	455	259	623	259

Generic B-BBEE Verification Certificate National Department of Tourism

Address: Tourism House, 17 Trevenna Street, Sunnyside, 0002

Level Seven Contributor

Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	N/A	N/A	Black Ownership Percentage	N/A
Management Control	18.63	20.00	Black Women Ownership Percentage	N/A
Skills Development	20.34	25.00	Modified Flow Through Principle Applied	N/A
Enterprise and Supplier Development	28.79	50.00	Exclusion Principle Applied	N/A
Socio-Economic Development	4.14	5.00	51% Black Owned Designated Group Supplier	N/A
Total Score	72.10	100.00	Empowering Supplier	Yes
Procurement Recognition Level	60.00%		VAT Number	N/A
Discounting Principle Applicable	Yes		Financial Year End	30.03.2018
Recorded Procurement Recognition Level	50.00%		Issue Date	14 June 2018
			Expiry Date	13 June 2019
			Re-Issue Date	N/A

For EMPOWERDEX Northern Regions (Pty) Ltd

Date 2018-06-14

This verification certificate and the verification report are based on information provided to Empowerdex and represent an independent opinion based on the verification and analysis completed by Empowerdex. The calculation of the scores has been determined in accordance with the Department of Trade and Industry's Codes of Good Practice on Broad Based Black Economic Empowerment as Gazetted on 11 October 2013.

Empowerdex Northern Regions (Pty) Ltd Reg. 2008/004631/07
Directors: R. Gijben, L. Ratsoma, J. Brebner

G18P00028

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