



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF TOURISM

VOTE NO. 33

ANNUAL REPORT

2018/2019 FINANCIAL YEAR



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PART A: GENERAL INFORMATION

1. DEPARTMENT'S GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AU	African Union
BAS	Basic Accounting System
BBBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CAF	Commission for Africa
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
DEA	Department of Environmental Affairs
DEAT	Department of Environmental Affairs and Tourism
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DHA	Department of Home Affairs
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
EHW	Employee Health and Wellness
EPWP	Expanded Public Works Programme
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
GHG	Greenhouse gas
HDE	historically disadvantaged enterprises
HR	Human-resources
HRD	Human-resource development
ICT	Information and communications technology
IDP	Integrated Development Plan
IT	Information technology
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
MoU	memorandum of understanding
MTEF	Medium Term Expenditure Framework
NCOP	National Council of Provinces
NDP	National Development Plan
Nepad	New Partnership for Africa's Development
NES	National Events Strategy
NGP	New Growth Path

NMSRT	National Minimum Standards for Responsible Tourism
NTCE	National Tourism Careers Expo
NTIG	National Tourism Information Gateway
NTSS	National Tourism Sector Strategy
NVIF	National Visitor Information Framework
NYCTP	National Youth Chefs Training Programme
ORTIA	OR Tambo International Airport
PAC	Project Advisory Committee
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
PSC	Personal Suitability Checks
PSCBC	Public Service Coordinating Bargaining Council
RETOSA	Regional Tourism Organisation of Southern Africa
RMC	Risk Management Committee
RTMC	Road Traffic Management Corporation
SA	South Africa
SADC	Southern African Development Community
SANS	South African National Standard
SA Tourism	South African Tourism
SAQA	South African Qualifications Authority
SCM	Supply Chain 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
SWOT	strengths, weaknesses, opportunities, threats
TAAP	Tourism Accelerated Apprenticeship Programme
TBCSA	Tourism Business Council of South Africa
TEP	Tourism Enterprise Partnership
TIP	Tourism Incentive Programme
TKP	Tourism Knowledge Portal
TLD	Tourism Leadership Dialogue
ToR	Terms of Reference
TTF	Tourism Transformation Fund
TS&AS	Tourism Safety and Awareness Strategy
UA	Universal Access
UAT	Universal Accessibility in Tourism
UN	United Nations
UNWTO	United Nations World Tourism Organization
WSP	Workplan Skills Plan
WTO	World Trade Organization
WTTC	World Travel and Tourism Council

3. FOREWORD BY THE MINISTER

Tourism is a key sector with a significant impact on economic development and growth across the globe. Tourism has experienced consistent growth over the past eight decades, and continues to be one of the fastest growing economic sectors in the world. The UNWTO predicts sustained long term growth, and expects international tourist arrivals to reach 1.8 billion by 2030. In Africa, the potential for exponential growth is huge. Tourism in our continent, as a key economic driver, is a beacon of hope in growing the continent's economy and addressing social challenges such as poverty. In 2018, Africa reached 67 million international tourist arrivals, a growth of 7% on 2017, comfortably ahead of the worldwide average growth of 6%.

In October last year, we successfully hosted the second Indian Ocean Rim Association (IORA) Tourism Ministerial meeting in Port Elizabeth. As part of the implementation of IORA's five-year Action Plan (2017-2021), the IORA Tourism Core Group was established, a work plan was approved and the *Nelson Mandela Bay Declaration* was signed by tourism ministers from all the member states. This gathering was held under the theme "*IORA – uniting the peoples of Africa, Asia, Australasia, and the Middle East through enhanced co-operation for peace, stability and sustainable development*".

South Africa continues to play a significant role in the development of tourism on the African continent and promotion of regional cooperation. South Africa chaired the Southern African Development Community (SADC) from August 2017 - August 2018. During this period, the department actively participated in the development of a SADC Tourism Programme which will be presented by the SADC Secretariat to the SADC Council of Ministers for approval in August 2019. The programme will provide guidance and direction on to achieve tourism competitiveness for the region.

The close of the 2018/2019 financial year comes at the back of a significant milestone in our liberation history, and that is, the celebration of South Africa's 25 years of constitutional democracy. There is no doubt that tourism has come very far. The biggest impact of becoming a democracy and being accepted back into the family of nations, was that our destination, with its undisputed competitive advantage could, for the first time, attract foreign leisure and business travellers who had previously shunned an unethical apartheid state. Our unbelievable scenic beauty and variety of safari and nature experiences, unique and varied heritage and culture, our unmatched marine life, sports and adventure activities, our tranquil villages, vibrant cities and townships – could take their rightful place on centre stage as amongst the best of the best in the world.

International arrivals have grown tremendously since the dawn of democracy, however the financial year 2018/19, there were 10.4 million international tourism trips, a decline of 0.6% compared to 10.5 million in 2017/18. Notwithstanding the decline, tourism injected R116.9 billion into the South African economy in 2018/19 through the direct spend of both international and domestic tourists. This represents an increase of 12.7% compared to R103.8 billion in 2017/18. This underscores the fact that a growing tourism sector can make a tremendous impact in our economy and create many jobs. The department will put strategies in place to tap into new markets and ensure that going forward we arrest the decline and put the sector on a growth trajectory.

In 2018, the construction of a world class Dinosaur Interpretive Centre commenced and will continue into the 2019/20 financial year. This project has already begun to create sustainable livelihoods for people living in towns such as Phuthaditjaba. Once complete, the project will serve as a distinct and globally competitive state of the art centre, modelled on the interpretation of the ancient paleontological, archaeological and geological findings in and around to the Golden Gate Highlands National Park.

In implementing the Coastal and Marine Tourism programme under Operation Phakisa, one of the initiatives prioritised by the department is the development of the **Indi-Atlantic Route**, covering all four coastal provinces. This programme aims to unlock the economic potential of the oceans economy and create employment and entrepreneurial opportunities for communities along the South African coastline. Following the completion of the supply and demand analysis for the route, three regions have been identified where infrastructure development will be activated; Along parts of the Orange in the Northern Cape stretching to the river mouth, Hole in the Wall and Coffee Bay in the Eastern Cape, and the Harold Johnson Nature Reserve in KwaZulu Natal. Work is underway to get these projects into the implementation phase.

The Department of Tourism is committed to advancing Outcome 4, that of creating **Decent employment through inclusive economic growth**. Last year, we were able to sustain a total of 3199 Full-time Equivalent (FTEs) annual jobs through the Working for Tourism Programme, under the Expanded Public Works Programme (EPWP). Admittedly, EPWP capital projects have experienced many challenges which include poor execution project implementation plan, poor project management and other systems failure. These challenges led to this programme incurring unnecessary costs deemed as wasteful and fruitless expenditure. These challenges are receiving our utmost attention including consequence management for wrongdoers. The fourth phase of the EPWP was approved by Cabinet, and implementation began in April 2019, and it will run until March 2024. During this period, a total of 5 038 271 work opportunities and 2 376 003 FTE jobs will be sustained across the system.

Regarding the Tourism Amendment Bill, we have received public comments and we are busy analysing the comments for implications on the Bill. The Bill seeks to improve the Tourism Act of 2014 by providing, among other things; a clear definition of short term home rental as well as enabling the Minister to determine thresholds for short-term home rentals; for additional competency requirements for tourist guides; and to for regulations to improve safety and enhance experience of tourists in relation to tourist guiding. Tourism is a dynamic sector with ever changing trends, and, like any other industry, it embraces disruptions and the digital economy. It is thus important for governments to keep up with the changes, and continue providing an enabling environment for tourism to thrive appropriately.

Safety is another challenge facing South Africa in general, and by extension our tourists. We have finalised the recruitment of over 1 000 safety monitors that have been, or will be placed at tourist attractions with high tourist traffic, such as hiking trails, national parks and urban tourist centres. This is a dual initiative, in the sense that it also serves as an employment and capacity building programme for young people living in communities around these tourist attractions, thereby making a meaningful contribution to poverty alleviation.

SMMEs are the bedrock of tourism development in South Africa, and we have a range of incentive programmes aimed at developing small tourism enterprise to ensure their sustainability. One of these is the Tourism Transformation Fund (TTF). The current TTF pipeline consists of 119 applications of which 92 applications are basic assessment stage, with 23 of those under due diligence review. Additionally, to drive transformation 1 604 black-owned suppliers were registered on the Tourism B-BBEE Portal to trade with large enterprises. The suppliers registered in areas such as food and beverages supply, operating and maintenance equipment and professional services. And in recognition of the fact that small enterprises need support to develop into sustainable businesses we have established 4 incubators which are operational in Manyeleti, Phalaborwa, Mier, and Pilanesberg, and they are currently supporting 202 enterprises as beneficiaries.

The department is committed to growing the sector in an inclusive way both demographically by empowering women and youth and geographically by ensuring tourism flourishes in rural areas and small towns. The majority of people employed in the tourism sector are women however there is a paucity of women in managerial positions. The department has partnered with UNISA to facilitate training of 40 women in the Executive Development Programme. The department has also put together a number of programmes for youth development and the 2018/19 youths were trained in areas such as NTIMS data collection, National Youth Chefs Training Programme, experiential training in restaurants and many others. With regards, to geographical spread, the department is working to expand the benefits of tourism to rural areas and townships.

It is my pleasure to present the 2018/19 Annual Report, which provides a detailed account of the Department of Tourism's performance implementing programmes to deliver on inclusive tourism growth. These programmes are in direct response to the objectives embedded in the National Tourism Sector Strategy (NTSS). There is a continued and strong emphasis on inclusive and sustainable growth in every plan, programme and project implemented by the Department, to ensure that tourism benefits accrue to all our people and communities. The Department of Tourism is committed to fulfilling its supporting and enabling role towards realisation of the objectives outlined in the NTSS and our 2030 goal of doubling international tourist arrivals to 21 million as outlined by the President in his 2019 SONA. Tourism in South Africa is gearing up to take off to greater heights, and through collective efforts with our partners and stakeholders, we will build on the successes achieved, restructure our approach to address challenges and seize new opportunities.

I would like to extend my gratitude to Deputy Minister, Mr Fish Mahlelela for his support, members of the Portfolio and Select Committees for their guidance, the accounting officer, Director-General Victor Tharage and all the staff members at the Department. A special appreciation is extended to former Minister Derek Hanekom and former Deputy Minister Elizabeth Thabethe for their good work in the portfolio as well as our industry partners for their efforts in helping us to advance inclusive growth in our sector, and delivering memorable experiences to all our visitors.



Mmamoloko Kubayi-Ngubane, MP
Minister of Tourism

4. DEPUTY MINISTER STATEMENT

During the year under review, we celebrated centenaries of Tata Nelson Mandela, the founding father of our democracy and Mama Albertina Sisulu who paved the way for our freedom through their activism and personal sacrifices. Their work and that of many other activists have resulted in the recognition of the majority of the population and women specifically as equal citizens who participate meaningfully in the political, economic and social discourse of our country so as to contribute to the development and growth of South Africa.

As a special tribute to Mama Sisulu, the department, in partnership with the South African Chefs Association (SACA) produced the **#MaSisulu100 Cook Book**, a compilation of African Cuisine recipes that were developed and tested by young chefs who were beneficiaries of the National Youth Chefs Training Programme (NYTCP).

The department implemented programmes to advance the transformation agenda in line with the Revised National Tourism Sector Strategy during the financial year. Performance with regard to Skills Development Programmes is as follows:

A total of 488 learners out of 577 that were initially enrolled completed and graduated from the NYCTP across the country in October 2018. The programme is currently in the second (2nd) phase of implementation.

In April 2018, the department presented the NYCTP at the Ministers Roundtable during the Global Summit of Women in Sydney, Australia as a best practice model of an effective public-private partnership to train unemployed youth to become qualified chefs by placing them with various hospitality establishments in order for them to gain practical work experience that would give them opportunities to be absorbed by the industry.

The programme was selected as the best amongst others that were presented by various countries and was awarded a \$5 000 cash prize which will be used to mobilise additional funds from the private sector to establish a start-up fund for young chefs who are interested in starting their own enterprises.

A total of 298 learners are currently active in the Sommelier/Wine Services programme and have completed the 1st level of CATHSSETA training (Bar Attendant, Customer Care and Sommelier 1-3). It is envisaged that the learners will complete the course in 2020.

All nine provinces completed the Hospitality Youth Training Programme in Food & Beverages as well as Accommodation Services graduating 1637 in March and April 2019.

Four hundred and eighty-nine out of five hundred enrolled learners completed the Food Safety Assurers programme and graduated in October 2018.

The Blue Flag Tourism Training Programme was implemented across the coastal provinces of Kwa-ZuluNatal, Eastern Cape and Western Cape with 151 out of 200 learners who graduated in November 2018 and April 2019.

In addition, 113 out of 115 enrolled learners are undertaking training in the Tourism Green Coast Programme and have been placed with host employers. The programme is progressing well.

The Tourism Resources Efficiency Programme benefitted 47 learners out of 60 learners who graduated in February 2019. The programme will continue with a new intake of 60 learners in the 2019-20 financial year.

The Hospitality Youth Training Programme (Fast Food) aims to recruit 2 357 unemployed youth from all provinces. Four provinces have commenced with the training: Gauteng (575), Mpumalanga (300), Kwa Zulu Natal (575) and Eastern Cape (200).

With regard to Tourism Enterprise Development Programmes, a total of 1 005 Small, Micro and Medium enterprises (SMMEs) throughout the country benefitted through business referral services, information sharing, public stakeholder engagement sessions as well as 177 that received business management training through the Empretec programme.

In terms of the Incubation programme, a total of 150 SMMEs underwent business needs analysis and 50 received business development, advisory services, coaching, tax management, occupational health and safety, social media workshops, website development as well as other related courses and workshops.

The department in partnership with the South African National Parks (SANParks) successfully made a joint submission to the Presidential Job Summit held in 2018 to initiate a project that seeks to avail infrastructure maintenance business opportunities across 23 national parks to new emerging contractors and co-operatives through skills training within various parks.

The beneficiaries will be assisted to establish 60 small firms in the form of co-operatives or (Pty) Ltd companies and will be trained in business management, labour issues, finance and pricing, tax as well as marketing. Furthermore, they will be guided through the process by professional business advisors and mentors while ensuring maintenance of the national parks.

Another opportunity to empower youth in the Barista or coffee-making business was identified in consultation with industry associations in the franchise and restaurant sectors. The aim of the initiative is to support young people to become qualified Baristas and to incubate them in established coffee shops.

In this regard, the department will facilitate business management training for 300 youth from Kwa Zulu-Natal, Gauteng and Western Cape's key cities of Durban, Johannesburg and Cape Town.

In an effort to promote inclusive tourism destinations, the implementation of community based tourism initiatives were facilitated by assisting selected communities in scoping for business ideas, testing feasibility of the ideas and developing viable business plans for further support. The following communities were supported:

- Witsieshoek and Phuthaditjaba in Free State Province.
- Rampampa, Pilanesburg to Madikwe Corridor in the North West Province.
- Vilakazi Street Precinct, Soweto, in Gauteng Province.
- Khula Village outside St Lucia, in the iSimangaliso Wetlands Park, a World Heritage Site, in KwaZulu-Natal Province.
- eMazizini in the heart of the Amphitheatre, in the Drakensberg, in KwaZulu-Natal Province.
- Clanwilliam/ Citrusdal, West Coast Region, Western Cape Province.
- Kosi Bay in KwaZulu Natal Province.
- Port St Johns in Eastern Cape Province.
- Karoo region, in the Northern Cape Province.
- Makhado in Limpopo Province.

The Women in Tourism provincial chapters were launched in all provinces in conjunction with provincial tourism departments and tourism agencies. In January 2019, the Women in Tourism Conference was convened in Rustenburg to consolidate the work that had been done nationally as well as to plan the way forward.

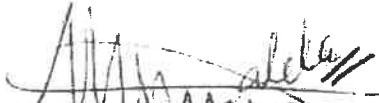
The second phase of the Executive Development Programme was rolled out with 40 women selected for the training. The group is expected to graduate in the first quarter of the 2019-20 financial year. The objective of the programme is to empower and develop women managers in the lower levels of the tourism industry with leadership and strategic skills that will allow them to operate in complex

environments at executive and board levels.

The third and last intake of 20 candidates has been recruited and will be undertaking training during 2019.

I thank Minister Mmamoloko Kubayi-Ngubane for her leadership, the Director-General, top and senior management as well as the staff for their hard work in carrying out the mandate of the department. My gratitude is also extended to the Portfolio and Select Committees on Tourism for their oversight as well as our partners who believe in the great vision of growing the economy of our country through supporting and guiding the leaders of tomorrow, our youth and women.

#WedoTourism



Fish Makhalela, MP

Deputy Minister of Tourism

5. REPORT OF THE ACCOUNTING OFFICER

5.1 Overview of the operations of the Department

The overall legislative and policy direction for the department is provided for in the Tourism Act, 2014 (Act No 3 of 2014) and the National Development Plan (NDP). Accordingly, the department's mandate is to grow South Africa's inbound tourism and its contribution to the country's economy and its inclusivity; to promote greater quality of tourism products and services; and to promote the practice of responsible tourism. The key strategies focus on creating a conducive policy instruments, development of the capacity to support sector growth, and creating a welcoming and value for money destination.

The National Development Plan recognises tourism as one of the main drivers of employment and economic growth. The key programmes of the department aim to achieve this and were aligned to outcome 4 of the medium-term strategic framework 2014/15 to 2018/19 financial year, i.e. decent employment through inclusive growth.

The 1996 *White Paper on the Development and Promotion of Tourism* confirmed South Africa's approach to tourism grounded in cooperation and close partnerships between all stakeholders. This approach has been instrumental in the achievements made in tourism, especially in respect of partnerships in the development and marketing of the country's tourism. Being a concurrent function and a multi-faceted sector, tourism development and growth depends on collaboration between the national, provincial and local levels of government, partnerships with trade and industry, and the support of host communities across South Africa. It requires constant effort to improve interdepartmental collaboration, coordination across provinces and engagement with industry. Some examples include the public-private partnerships like the TOMSA levy collected by industry and transferred to government to fund destination marketing initiatives and the Welcome Campaign that galvanised country wide support for tourism development.

The department's Plan for the 2018/19 MTEF period was focused especially on tourism job creation, tourism infrastructure development, and tourism support to Small, Medium and Micro Enterprises (SMMEs), with a bias towards designated groups (i.e. youth, women and people with disabilities) as beneficiaries. The Plan was implemented in a manner that ensured wise investment of limited resources, and in a targeted manner to maximise impact. All projects were communicated to all tourism stakeholders and targeted audiences, especially those living in the townships and rural communities, in order that they may know of all initiatives and how to access them.

Marketing remains central to the objectives of promoting tourist arrivals to South Africa as well as stimulating domestic tourism. This mandate is delegated to South African Tourism (SA Tourism) to market the country as a destination of choice for leisure tourism and business events. South African Tourism, has been actively implementing its 5-in-5 Strategy since the beginning of 2017 to attain the target of five million more tourist trips in 5 years. For this purpose, the department is expected to transfer 53.2 per cent (R4 billion) of its total budget over the MTEF period to the

entity. However, the entity's performance at just under 50% and about R98 million in irregular expenditure raises a concern for the department. Going forward, the department will strengthen the oversight frameworks on the entity and its business.

The department expects a reduction in its personnel from 484 in 2018/19 to 475 in 2021/22 to remain within government's expenditure ceiling for compensation of employees. Nevertheless, spending on compensation of employees is expected to increase at an average annual rate of 7.3 per cent, from R310.4 million in 2018/19 to R383.7 million in 2021/22, in line with cost of living adjustments.

Working for Tourism Programme is implemented through the Expanded Public Works Programme (EPWP) funding, which focuses on job creation linked to the development of tourism infrastructure and skills development within the tourism sector. Whilst there has been relative success with the skills development and other non-capital projects albeit with challenges of incurring irregular expenditure based on the conduct of implementing agents, there has been serious challenges with capital projects. These challenges include amongst others poorly conceived projects, poor project management practices, and poor performance by implementing agents. These have caused the department significant amount fruitless and wasteful expenditure. As the accounting officer, I commit the department to further investigate the causes of the fruitless and wasteful expenditure and ensure that consequences are applied in cases of transgression and ensure proper accounting treatment thereof. Some of the projects date as far back as 2009, and were stopped as more and more money was requested yet little progress on the ground could justify. It is also in these projects that previous forensic investigations were conducted and criminal and civil cases were opened, most of which are still under investigation.

Whilst the department was aware that something was wrong with some of the projects based on the assessments by GTAC and the forensic investigators, it had not been able to quantify the full financial extent of the problem. To this effect, the department assessed the fair value of the projects on the ground with the help of professionals against the actual cost incurred yielding the wasteful and fruitless expenditure as disclosed. This was due inadequate availability of records of activities of Built Environment professionals to justify expenditure.

These projects are important for participation of communities in tourism, particularly in rural areas and township. But they are also important for sector transformation and job creation. Over the period ahead, the department aims to create an estimated 12 993 full-time equivalent jobs through this Programme. As part of the broader EPWP the *Working for Tourism* sub-programme in the *Destination Development* programme is allocated 15.4 per cent (R1.2 billion) of the department's total budget over the medium term. This includes additional funding amounting to R67 million over the MTEF period for the expanded public works programme incentive approved by Cabinet.

Encouraging transformation in the tourism sector remains a priority for the department. One way of doing this was to move beyond recognition of SMMEs as the bedrock of tourism development in South Africa, towards implementation of a range of incentive programmes aimed at encouraging the development and

sustainability of tourism enterprises. To facilitate enterprise growth and expansion, and thereby stimulate job creation and transformation in the tourism sector, the *Tourism Incentive Programme* in the *Tourism Sector Support Services* programme focused on facilitating conformity to quality standards through wider participation in the tourism grading system, enable black-owned businesses to access foreign tourism markets, unlock investment by black entrepreneurs in viable tourism projects by reducing funding gaps that may exist between loans and own contributions, encourage enterprises to become more energy efficient, and support the growth of the green economy through job creation and enterprise development.

The department has expanded its Enterprise Development and Transformation Programme to transform the tourism sector and provide developmental support to tourism enterprises. The programme forms part of the key strategy for introducing new players in the tourism economy and achieve the transformation objectives. It supports the growth of tourism enterprises in a manner that facilitates inclusive participation, job creation and contributes to the competitiveness of tourism destinations.

5.2 Overview of the financial results of the Department

Programme	Adjustment Appropriation R'000	Virement R'000	Final Appropriation R'000	Expenditure R'000	Over/ (Under) Expenditure R'000	Virement %
Administration	271 415	(4 957)	266 458	260 730	5 728	(1.83)
Tourism Research, Policy and International Relations	1 281 995	6 135	1 288 130	1 283 908	4 222	0.48
Destination Development	401 754	5 093	406 847	398 447	8 400	1.27
Tourism Sector Support Services	306 653	(6 271)	300 382	291 717	8 665	(2.04)
Total	2 261 817	-	2 261 817	2 234 802	27 015	-

5.2.1 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 eight per cent 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 2018/19 financial year was R320,353 million.

5.2.2 Underspending

The Department spent 98.8% of its total budget for the 2018/19 financial year and achieved 83,75% of the annual performance targets. The Department spent the total Working for Tourism (Expanded Public Works Programme and Expanded Public Works Incentive Programme) budget allocated in Programme 3: Destination Development. The Tourism Incentive Programme within Programme 4: Tourism Sector Support Services spent 97.1% of its allocated budget.

5.2.3 Roll-overs

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

5.3 A description of the reasons for unauthorized, 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 capital EPWP projects. Once investigated, the expenditure will be subjected to appropriate accounting treatment and also where applicable consequence management will be instituted.

5.4 Future plans of the Department

Tourism continues to offer many real opportunities for growth and with that transformation at various points along the value chain, with relatively low entry barriers. Key enablers that must be in place to ensure that this potential is realized include:

- i. Improving our tourism assets and infrastructure making South Africa a diverse and unique tourism destination. A diversified tourism product offering can contribute to broadening participation and can encourage tourists to interact with hosts and services providers beyond the mainstream providers.
- ii. Offering excellent service and creating memorable experiences which meet and exceed the expectations of tourists. This includes addressing safety concerns of visitors.
- iii. Marketing our destination effectively domestically and internationally in order to achieve growth in arrivals. Importantly, developing a culture of travel amongst South Africans supported by a diverse and responsive product range is necessary in order to fully benefit from the domestic market.
- iv. Improving access for tourists through an enabling immigration facilitation and an enabling air transport capacity.
- v. Transforming the entire tourism value chain in order to expand participation, improve ownership patterns and ensure that the benefits that accrue from the tourism economy are shared by all South Africans.
- vi. Sustainability of EPWP capital projects initiatives to ensure that communities benefit from tourism development.

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 2018/19 financial year. In order to avoid any irregular expenditure related to Supply Chain Management, the Department has established a 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 started in the 2018/19 financial year.

The European Union has donated a further R57.610 million via National Treasury for the Baviaanskloof World Heritage Site Interpretive Centre over the MTEF. R42.353 million in the 2018/19 financial year, R9.756 in the 2019/20 financial year and R5.501 million in the 2020/2021 financial year.

5.10 Exemptions and deviations received from the National Treasury

National Treasury granted approval in terms of Section 43 (1) of the PFMA read together with Treasury Regulation 6.3.1 to shift R10 million from Programme 4: Tourism Sector Support Services: Subprogramme: Tourism Incentive Programme: Goods and Services: Consultants: Business and Advisory Services to Compensation of Employees. The compensation of employee's budget ceiling increased by R10 million to R320.4 million for the 218/19 financial year.

National Treasury also granted approval, in terms of section 5(1)(d) of the Adjustments Appropriation Act (17 of 2018), for shifting of R80 million from payments for capital assets to defray excess expenditure in goods and services under the EPWP grant programme within Programme 3: Destination Development.

5.11 Events after the reporting date

None

5.12 Other

None

5.13 Acknowledgements or appreciation

I greatly appreciate the 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. We further extend our appreciation to the industry and communities for their support and cooperation in the execution of the mandate of growing and developing tourism. I would also like to thank the team from the Auditor-General South Africa, the internal audit team and the Audit Committee members for their diligent assurance provision.

5.14 Conclusion

This Financial Year's report has confirmed the inadequacies in the implementation of EPWP capital projects that were identified by management through the assistance of Government Technical Advisory Centre (GTAC). Whilst the findings of GTAC could not be applied in retrospect, they have assisted in the redesign of the system to prevent future occurrences of challenges of the same nature.

5.15 Approval and sign-off

The Annual Financial Statements set out have been approved by the Accounting Officer.



Mr. Nkhumeleni Victor Tharage
Accounting Officer
Department of Tourism
Date: 31 May 2019

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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 2019.

Yours faithfully



Mr. Nkhumeleni Victor Tharage
Accounting Officer
Department of Tourism
Date: 31 May 2019

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

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

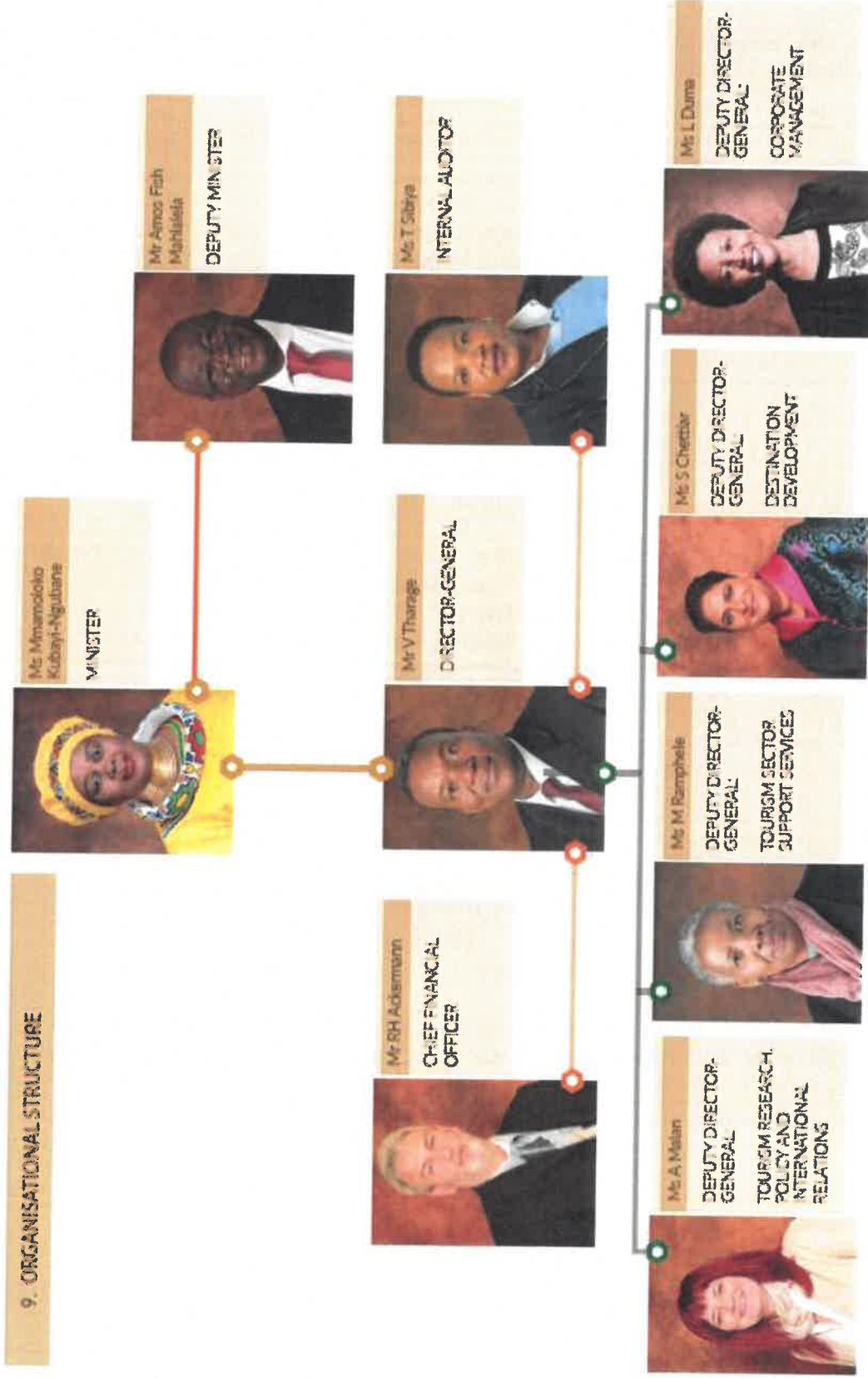
Not applicable.

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"> • Regulations on the manner and procedure for lodging tourism complaints. • Drafting of proposed amendments to the Tourism Act, 2014 (Act No. 3 of 2014).
2	Tourism Research, Policy and International Relations	None
3	Destination Development	None
4	Tourism Sector Support Services	None

9. ORGANISATIONAL STRUCTURE



10. ENTITIES 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
<p>South African Tourism (SAT)</p>	<p>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: - 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.</p>	<p>Transfer payment</p>	<p>Marketing South Africa as a tourist destination internationally and domestically. Market South African tourism products and facilities internationally and domestically. Providing quality assurance for tourism products. Marketing South Africa as a meetings destination, and providing support for bids to host business events and meetings.</p>

The Department is concerned about the performance of its entity during the 2018/19 financial year and has formally expressed this concern to South African Tourism. Oversight of the entity will be strengthened through, amongst others, the strengthening of the Governance Protocol.

PART B: PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The 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 164 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

On the global front, WTTC's Travel & Tourism Indicator Update (2019) records 2018 as "another strong year for global Travel & Tourism performance". The Indicator Update records that global international tourist arrivals growth had been estimated at 5.6% for 2018 (according to the latest UNWTO data). While that represented a slowdown on growth of 7.0% in 2017 (which was the strongest annual growth rate recorded since 2004), 2018 was still a strong year for global Travel & Tourism in that growth in arrivals was broad-based, with all major world regions recording growth. Africa and Asia-Pacific recorded strong performance, with growth of 7.3% and 6.1% respectively. Europe (5.7%) also enjoyed robust growth in 2018, while even the slowest growing major world region over the year, the Americas, recorded a 2.9% rise in international tourist arrivals¹.

StatsSA's Tourism and Migration Report (December 2018)² records that the ten leading overseas countries in terms of the number of tourists visiting South Africa in December 2018 were United Kingdom, 50 016 (19,3%); United States of America, 34 561 (13,3%); Germany, 33 328 (12,8%); The Netherlands, 14 554 (5,6%); France, 13 690 (5,3%); Australia, 11 819 (4,6%); Sweden, 8 967 (3,5%); Canada, 7 062 (2,7%); India, 7 023 (2,7%) and Brazil, 6 723 (2,6%). Tourists from these countries constituted 72,4% of all tourists from overseas countries. A comparison of movements in these countries between December 2017 and December 2018 indicates that the number of tourists increased for three of the ten of these countries (Sweden, Germany and USA), but decreased for Brazil, India, Australia, France, The Netherlands, UK and Canada. Sweden had the largest increase of 5,2% (from 8 527 tourists in December 2017 to 8 967 in December 2018), while Brazil had the largest decrease of 17,0% (from 8 096 tourists in December 2017 to 6 723 in December 2018).

Almost all tourists from Africa, 730 401 (97,8%), came from the SADC countries. The distribution of the remaining tourists from Africa is as follows: West Africa, 7 597 (1,0%); East and Central Africa, 7 146 (1,0%); and North Africa 1 359 (0,2%). The ten leading SADC countries in terms of the number of tourists visiting South Africa in

¹ WTTC. 2019. Monthly Economic Impact - January 2019, p.2.

² StatsSA. 2019. Statistical Release: Tourism and migration. December 2018. pp.5-6

December 2018 were: Zimbabwe, 227 162 (31,1%); Lesotho, 132 525 (18,1%); Mozambique, 116 668 (16,0%); Botswana, 90 167 (12,3%); Swaziland, 88 699 (12,1%); Namibia, 25 163 (3,4%); Zambia, 16 087 (2,2%); Malawi 15 514 (2,1%); Angola, 6 791 (0,9%) and the Democratic Republic of Congo, 4 815 (0,7%). Tourists from these ten countries constituted 99,1% of all tourists from the SADC countries. A comparison between movements in December 2017 and December 2018 for the ten leading SADC countries shows that the number of tourists increased for five of the ten leading countries (DRC, Zimbabwe, Swaziland, Mozambique and Malawi) and decreased for the other five (Angola, Namibia, Zambia, Botswana and Lesotho). DRC showed the largest increase of 17,0% (from 4 117 tourists in December 2017 to 4 815 in December 2018), while Angola showed the largest decrease of 6,9% (from 7 293 tourists in December 2017 to 6 791 in December 2018).

The ten leading countries in terms of the number of tourists visiting South Africa in December 2018 from 'other' African countries, were: Nigeria, 4 730 (29,4%); Kenya, 3 449 (21,4%); Ghana, 1 950 (12,1%); Uganda, 1 299 (8,1%); Egypt, 723 (4,5%); Gabon, 598 (3,7%); Ethiopia, 570 (3,5%); Cameroon, 451 (2,8%); Congo, 243 (1,5%) and Somalia, 201 (1,2%). Tourists from these ten countries constituted 88,3% of all tourists from 'other' African countries. A comparison between movements in December 2017 and December 2018 shows that the number of tourists increased for six of the ten leading countries (Somalia, Kenya, Ghana, Cameroon, Nigeria and Egypt) and decreased for the other four leading countries (Gabon, Uganda, Congo and Ethiopia). Somalia showed the largest increase of 327,7% (from 47 tourists in December 2017 to 201 in December 2018), while Gabon showed the largest decrease of 32,0% (from 879 tourists in December 2017 to 598 in December 2018).

Following on from a below expected growth performance in 2018 for emerging markets, with a meagre estimated 0.7% expansion in GDP, a moderate economic recovery is however on the cards for South Africa in 2019. This could be attributed to some improvement in domestic demand and continuing optimism around President Cyril Ramaphosa's recent initiatives. The IMF World Economic Outlook (January 2019 and IMF World Economic Outlook database) forecasts South Africa's real GDP growth of 1.5% for 2019 and 1.7% for 2020.³

In his State of the Nations Address in 2018⁴, the President of the republic of South Africa, Mr Cyril Ramaphosa stated: "Tourism is another area which provides our country with incredible opportunities to, quite literally, shine." The sustained growth in the tourism sector's contribution to South Africa's Growth Domestic Product (GDP) and employment, contributed to South Africa making significant strides in the fight against poverty, unemployment and inequality.

Inbound tourism has performed well with tourist arrivals growing from about 8.6 million in 2012 to 10,4 million in 2018. Tourist arrivals continues to grow year on year, increasing by 1,8% in 2018 compared to 2017. Arrivals from Africa continue to be the

³ National Treasury. 2019. Budget Review – Economic review. p.15

⁴ South Africa. 2018. State of the Nation Address. Pretoria: Government Printer.

[Web:] <https://www.gov.za/speeches/president-cyril-ramaphosa-2018-state-nation-address-16-feb-2018-0000>

main source of tourist to South Africa year on year, with Zimbabwe, Lesotho and Mozambique remaining the main source markets from the continent. Main source markets from overseas are UK, USA and Germany. China is also one of the top ten source markets of tourist arrivals from overseas and the main source market from the Asia region.

According to The Tourism Satellite Account (TSA) produced by Statistics South Africa (Stats SA) domestic tourism contributes more to internal tourism expenditure than inbound tourism. Domestic tourism also contributes significantly to the creation of direct jobs through tourism activities by South Africans. According to South African Tourism, total domestic tourism trips increased from 17,2 million in 2017 to 17,7 million in 2018, resulting in a growth of about 2.9%.⁵

The Department of Home Affairs introduced new Immigration Regulations in terms of section 7 of the Immigration Act, 2002 after consultation with the Immigration Advisory Board. The amendments were effective from the 01st December 2018. The updated amendment of Regulations 6 of the regulations are in respect of minors (all children under 18 years of age) travelling to and from South Africa. The requirements for children travelling to or from the Republic of South Africa are aimed at giving effect to the Children's Act, 2005.

Collaborative efforts by public and private sector to grow tourism were evident during this reporting period. These included government's cluster approach to marketing South Africa as a tourism destination, the public private partnership in the funding of marketing efforts through the TOMSA Levy, and skills development initiatives, amongst others. Continuous improvement in this regard is required to ensure maximum contribution to tourism growth by all roleplayers.

The department continued to improve its destination planning capacity. The destination planning manual and master planning exercises provided a basis for improving intervention in destination development. Technological developments in tourism services are becoming more prevalent with more and more visitors opting to use less traditional channels for planning travel. This has impact of improving visitor experience but has also shown unanticipated impacts on traditional businesses in the tourism sector.

The following services were rendered by the department to the following beneficiaries:

⁵ SA Tourism, 2018. South African Tourism Annual Report 2017/18. p.47

Services	Beneficiaries	Functions
Develop Tourism Enterprises	Tourism enterprises and entrepreneurs	Coordinate the implementation of tourism sector BBBEE codes to enhance sector transformation
Provide Incentives	Tourism Enterprises, tourism products	Oversee the establishment of capital and non-capital incentives to promote and encourage tourism development and growth
Develop Tourism sector skills	Public (focused on youth), Tourism businesses and Local Government	Facilitate efficient management of tourism sector Human Resource Development initiatives
Provide tourism information	Tourism Sector, tourism developers, Public and Tourists	Facilitate research, information and Knowledge management for the tourism sector.
Tourism infrastructure development, maintenance and enhancement	Provinces and Local Government Communities, Public Entities	Foster that tourism infrastructure supports current and future growth of the sector
Enhance tourism services	Provinces and Local Government Tourists General public	Facilitate the enhancement of visitor services programmes and complaints
Tourism sector planning	Tourism Sector Provincial and Local Government	Manage the analysis and development of tourism policy frameworks and regulations
Domestic travel facilitation	Tourists	Ensure information integrity and facilitate accurate information for travelling
Manage tourists' complaints	Tourists (domestic and International)	Develop well managed system for tourism visitor complaints
Facilitate Tourist guides appeals	Tourist Guiding Sector	The National Registrar must hear and determine appeals and review irregularities under section 56 of the Tourism Act, No. 3 of 2014
Create job opportunities through "Working for Tourism" projects	Unemployed youth, communities, Local government,	Create jobs through the Public Employment Programme for Tourism

Services	Beneficiaries	Functions
	Provincial departments responsible for tourism	

Due to the nature of the tourism sector, the department in delivering its services often has to rely on collaboration, partnerships or third parties in order to fully deliver a service. The department had previously experienced significant challenges related to third party reliance. The department has improved management of these relationships in order to mitigate against the effect of non-achievement as a result of reliance on third parties.

2.2 Service Delivery Improvement Plan

The department has completed a *Service Delivery Improvement Plan (SDIP)* for the 2018 - 2021 cycle and has recorded achievements for the 2018/19 financial year indicated in tables below.

SERVICE DELIVERY IMPROVEMENT PLAN AND ACHIEVEMENTS

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
DEVELOP TOURISM ENTERPRISES	Small, Medium, Micro-sized Enterprises (SMMEs) in the tourism sector.	3 incubators launched and 150 SMME beneficiaries.	4 incubators operational and 200 SMME beneficiaries.	4 incubators are operational in Manyeleti, Phalaborwa, Mier and Pilanesberg supporting 202 enterprises as beneficiaries.
	Black SMMEs in the tourism value chain.	Fragmented information for tourism businesses. Tourism B-BBEE portal established.	Tourism Enterprise Development portal developed. 3000 Black owned enterprises to be introduced through the portal network into the tourism value chain for linkages with large enterprises.	The Tourism Enterprise Development portal has been developed and will be integrated into the bigger B-BBEE portal. The department has made a decision to integrate the portals due to the fact that objectives of the portals were similar. 1 604 black owned suppliers were registered on the Tourism B-BBEE Portal to trade with large enterprises. The suppliers registered are for food, beverages, operating and maintenance equipment and professional services. The Enterprise Development portal will be integrated into the B-BBEE portal.

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
PROVIDING INCENTIVES TO THE TOURISM SECTOR	Tourism Businesses.	3 Tourism incentives: Market access; Grading; and Energy efficiency.	4 Tourism incentives to support: Market access; Tourism grading; Energy efficiency; and Transformation.	<p>The integration process will be finalised in 2019/20.</p> <p>Four Tourism Incentives were implemented as follows:</p> <p>122 small tourism enterprises approved for support under the Market Access Support Programme.</p> <p>1955 discounts on grading assessment fees approved under the Tourism Grading Support Programme.</p> <p>12 applications approved for energy and water efficiency retrofitting under the Green Tourism Incentive Programme.</p> <p>14 applications by black investors approved for support under the Tourism Transformation Fund.</p>
DEVELOP TOURISM SECTOR SKILLS	Tourism sector.	Issue-based engagements with stakeholders.	Establish coordinating body for tourism human resource development.	<p>The Tourism Sector Human Resource Development (TSHRD) Coordination Forum (Coordinating Body) was established in June 2018.</p> <p>The Forum has met twice six monthly in 2018/9 and the EXCO met three times as it's meant to meet quarterly.</p> <p>Three Sub Committees were established by the EXCO to pursue the implementation of the TSHRD Strategy. Two of the Sub Committees</p>

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Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
				have already met and set priority focus areas for 2019.

Service delivery information tool

Current / actual information tools	Desired information tools	Actual achievements
Website, programme guidelines, information booklets / brochures, press statements, Calls for Application, stakeholder engagement, email and telephone, databases.	Website, programme guidelines, information booklets / brochures, press statements, Calls for Application, stakeholder engagement, email and telephone, online application system.	Website, programme guidelines, information booklets / brochures, press statements, Calls for Application, stakeholder engagement, email and telephone are available to the public when they need to contact the department. Enquiries received through these tools were responded to.
Email and telephone.	Email and telephone, online enquiry system.	Departmental Call Centre is available for the public to utilise when they need to contact the department telephonically at 0860TOURISM or by email at callcentre@tourism.gov.za . The online enquiry system is not operational yet.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
The complaints e-mail address, complaints@tourism.gov.za , the contact details were also shared during our provincial consultations with tourism stakeholders.	Email and telephone, online enquiry system.	The departmental Call Centre is available for the public to utilise when they need to lodge their complaints about services of the department. 0860TOURISM Complaints in respect of any tourism services, facilitates or products should be directed to the Tourism Complain Officer at complaints@tourism.gov.za or 012 444 6312. Complaints and suggestions box is available at the entrance of the department.

2.3 Organisational environment

There were significant constraints to the fiscal framework. The policy position of government to contain the public service wage had implications for the department's human resource capacity and vacancy management. This required the department to explore all possibilities for creating adequate capacity to implement its programmes and to introduce efficiency and effectiveness improvements.

The Department's procurement capacity and planning capabilities were improved and this had a positive impact on organisational performance.

The Department undertook an assessment of the projects implemented within its infrastructure programme. The most significant finding of the abovementioned assessment was that many of the projects did not meet objectives in terms of cost, time and quality. The department has improved its project management capacity and has also aligned its processes to the National Treasury Standard for Infrastructure Procurement and Delivery Management (SIPDM) to ensure value for money.

2.4 Key policy developments and legislative changes

Cabinet approved the **Tourism Amendment Draft Bill** for public comments. Amongst others, the Tourism Amendment Draft Bill seeks to address challenges brought about by technological evolution, particularly the sharing economy.

The Manner and Procedure for lodging and Dealing with Tourism Complaints was put in place to provide tourists with an easy way to lodge complaints related to tourism services, facilities and products.

The National Grading System for Tourism was determined. The object of the system is to maintain and enhance the standards and quality of tourism services, facilities and products.

The Department reviewed the Tourism Act, 2014 (Act No. 3 of 2014) during 2018/19 to improve the governance of:

- tourism government institutions and performance of the sector;
- 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 was developed with role players and stakeholder consultation. The Draft Bill was approved by Cabinet for publishing for comment.

3. STRATEGIC OUTCOME ORIENTED GOALS

In support of the government's medium-term strategic outcomes, the following are the department's strategic-outcome oriented goals:

Achieve good corporate and cooperative governance.
Increase the tourism sector's contribution to inclusive economic growth.

Outcome 4: Decent employment through inclusive economic growth

The contribution of tourism to economic growth is indicated by a percentage contribution to GDP and the number of jobs created. As reported in South Africa's Tourism Satellite Account (2017 preliminary data), the sector's direct contribution to GDP and direct employment has increased significantly to R130.2 billion (2.8% of total GDP) and 722 013 (4.5 % of total employment) respectively in 2017. The sector has consistently had a positive trade balance, which in 2017 was at R 40.1 billion. Due to the sector's multiplier effect, the total direct and indirect jobs supported by tourism in 2017 were jobs 1.5 million jobs. Total direct and indirect GDP contribution was R412.5 billion in the same period.⁶

At the centre of the department's mandate is radical economic transformation in the tourism sector. Tourism remains a key economic growth sector. The participation of previously excluded groups has remained at levels below set targets. To support the inclusive growth imperative espoused in Outcome 4, the department's strategy is to use the entire value chain of tourism to realise inclusive participation in the tourism economy and create opportunity for new entrants in the sector, small enterprise development, community-based enterprise development. To encourage participation, the department implemented the following programmes:

The Tourism Incentive Programme was offered to drive departmental objectives in relation to market access for SMMEs, quality assurance, energy efficiency and transformation;

The Tourism Sector Human Resource Development Programme was implemented to ensure the availability of requisite skills that enhance visitor experience.

The Tourism Enterprise Development Programme, a sector transformation strategy, was implemented to broaden participation in the sector by introducing new entrants and ensuring SMME sustainability

⁶ StatsSA. 2018. Tourism Satellite Account for South Africa, final 2015 and provisional 2016 and 2017 (Report-04-05-07)

Outcome 11: Creating a better South Africa, and contributing to a better and safer Africa in a better world

The Department's contribution into Outcome 11 was in support of South Africa's economic diplomacy objectives. Tourism's contribution in this regard was to be indicated by the number of international tourist arrivals and total spend by international tourists. By the end of 2018, South Africa had reached 10.5 million international tourists and 82.5 billion in direct spend by international tourists.⁷

⁷ SA Tourism. 2018. SA Tourism Performance Dashboard. <http://bit.ly/2AXxnqa>

4. PERFORMANCE INFORMATION BY PROGRAMME

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.

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Strategic objective 1: To ensure economic, efficient and effective use of departmental resources							
Five-year Strategic Plan target: Unqualified audit opinion without emphasis on matters regarding performance information							
PPI 1: Number of strategic documents developed							
Strategic Plan (SP) and Annual Performance Plan (APP) for 2016/17 were reviewed	SP and APP for 2017/18 were reviewed	SP and APP for 2018/19 were reviewed	APP for 2019/20 developed	APP for 2019/20 was developed	None	None	N/A
Annual Performance Report for 2014/15 was developed	Annual Performance Report for 2015/16 was developed	Annual Performance Report for 2016/17 was developed	Annual Performance Report for 2017/18 developed	Annual Performance Report for 2017/18 was developed	None	None	N/A
Four quarterly	Four quarterly	Four quarterly	Four quarterly	Four quarterly	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
reports on the implementation of the SP and APP were developed	reports on the implementation of the SP and APP were developed	reports on the implementation of the SP and APP were developed	reports on the implementation of the SP and APP developed	reports on the implementation of the SP and APP were developed			
Four quarterly risk mitigation reports were analysed and submitted to Risk Management Committee (RMC)	Four quarterly risk mitigation reports were analysed and submitted to RMC	Four quarterly risk mitigation reports were analysed and submitted to RMC	Four quarterly risk analysis reports presented to RMC	Four quarterly risk analysis reports were presented to RMC	None	None	N/A
Four South African Tourism (SA Tourism) oversight reports were prepared	Four SA Tourism oversight reports were prepared	Four SA Tourism oversight reports were prepared	Four SA tourism oversight reports developed	Four SA Tourism oversight reports were developed	None	None	N/A
Five-year Strategic Plan target: Compliance with public service prescripts in relation to human resource management and development							
PPI 2: Vacancy rate							
Vacancy rate as at 31 March 2016 was at 5,75%	Vacancy rate as at 31 March 2017 was at 6.6%.	Vacancy rate as at 31 March 2018 was at 6.2%	Vacancy rate not to exceed 8%	Vacancy rate as at 31 March 2019 was at 9.1%	The department missed its vacancy rate target by +1.1%	The non-achievement is as a result of the department not being able to fill vacancies	It is anticipated that the constraints to the fiscal framework will continue to impact on

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
						since April 2018 due to the ceiling on the compensation budget imposed by National Treasury. The once-off virement allowed by National Treasury could not be used for long-term commitments.	vacancy management. The department will continue to explore possibilities for creating adequate capacity in order to implement its strategic programmes and to introduce efficiency and effectiveness improvements.
PPI 3: Percentage women representation in senior management service (SMS), representation for people with disabilities, and black representation							
A minimum of 49% women representation in SMS and 5% representation for people with disabilities	Women representation in SMS was maintained at 50.7% as at March 2017	Women representation at SMS level was maintained at 49.3% as at 31 March 2018	Maintain minimum of 50% women representation at SMS level	Women representation at SMS level was 50.7% as at 31 March 2019	None	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
maintained	People with disabilities representation was maintained at 4.6% as at 31 March 2017	Representation of people with disabilities was maintained at 4.7% as at 31 March 2018	Maintain minimum of 3% people with disabilities representation	People with disabilities representation was at 4.5% as at 31 March 2019	None	None	N/A
	Black representation was maintained at 95.2% as at 31 March 2017	Black representation was maintained at 95.3% as at 31 March 2018	Maintain minimum of 91.5% Black representation	Black representation was at 95.5% as at 31 March 2019	None	None	N/A
PPI 4: Percentage implementation of Workplace Skills Plan (WSP) with defined targeted training interventions							
100% of WSP was implemented	100% of WSP was implemented	100% of WSP was implemented	Development and 100% implementation of WSP	75% development and implementation of WSP	25% of WSP was not implemented	The constituted of the following initiatives that were not implemented in the WSP: New bursaries New bursaries	For 2019/2020 the DPISA has been informed that the department will not have funds to take in interns. As for bursaries, the department

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
						<p>The internships are funded from the compensation of employees' budget which is currently constrained by National Treasury's ceiling on CoE for all government departments. The once-off virement allowed by National Treasury could not be used for long-term commitments</p> <p>The department was able to support current</p>	<p>has agreed to review the financial situation in the 3rd quarter, and reconsider possible bursary intakes for the 2020 academic year and outer years</p> <p>This means that the HRD implementation plan is to be aligned to the above developments.⁸</p>

⁸ Post the submission of the annual report for audit purposes, the department has since been able to raise and allocate funding for the intake of interns in the financial year 2019/20

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
100% compliance in bargaining was achieved	100% compliance in collective bargaining was achieved	100% compliance in collective bargaining was achieved	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 was achieved.	None	None	N/A
PPI 5: Percentage compliance with prescripts on management of labour relations matters							
Five-year Strategic Plan target: Compliance with Corporate Governance of ICT Framework							
PPI 6: Implementation of Information Communication Technology Strategic Plan (ICTSP)							
100% implementation of phase 1 of the ICTSP	Phase 2 of the ICTSP was implemented	Phase 3 of the ICTSP was implemented	Revise and implement an ICTSP (2018/19 - 2022/23)	ICTSP (2018/19-2022/23) was revised and implemented	None	None	N/A
Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
						bursaries but not new intakes due to budgetary constraints and concerns about the availability of funds in outer years.	

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Five-year Strategic Plan target: Unqualified audit opinion on financial management							
PPI 7: Number of quarterly and annual financial statements submitted							
Three quarterly statements and one annual financial statement were submitted to NT and AGSA	Three quarterly interim financial statements were compiled and submitted to NT	Three quarterly interim financial statements were compiled and submitted to NT	Three quarterly interim financial statements submitted to NT	Three quarterly interim financial statements were submitted to NT	None	None	N/A
	One annual financial statement was compiled and submitted to NT and AGSA	One annual financial statement was compiled and submitted to NT and AGSA	One annual financial statement submitted to NT and AGSA	One annual financial statement submitted to NT and AGSA			
Five-year Strategic Plan target: Enhanced controls, risk management and governance processes in the department							
PPI 8: Percentage implementation of the annual internal audit plan							

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
100% of the annual internal audit plan was implemented	100% of the annual internal audit plan was implemented	100% of the annual internal audit plan was implemented	100% implementation of the annual internal audit plan	100% of the annual internal audit plan was implemented	None	None	N/A
Strategic objective 2: To enhance understanding and awareness of the value of tourism and its opportunities							
Five-year Strategic Plan target: Increased awareness of tourism programmes and promote the departmental brand							
PPI 9: Percentage implementation of the communication strategy (media engagement, branding, events management, internal communication, intergovernmental communications and community engagements/Izimbizo)							
100% of the department's communication strategy was implemented	100% of the department's communication strategy was implemented	100% of the department's communication strategy was implemented	100% implementation of the Department's communication strategy	98% (47 of 48 initiatives) of the Department's communication strategy was implemented	2% constituted of 1 Imbizo that was not hosted as part of the implementation of the Department's communication strategy	A Ministerial project launch and Imbizo, scheduled for 22 Feb 2019, was postponed to the next financial year following advice from SAPS Phuthaditjhaba regarding public unrest and road barricades at Thaba Bosiu	Izimbizo have a community outreach objective. The department will continue with outreach to ensure successful hosting of Izimbizo and institution of implementation mechanisms to ensure community awareness about and access to information about the department's

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
							programmes and initiatives.
Strategic objective 4: To contribute to economic transformation in South Africa							
Five-year Strategic Plan target: Compliance with B-BBEE procurement requirements							
PPI 10: Percentage procurement from B-BBEE-compliant businesses							
100% expenditure on procurement from enterprises on B-BBEE contributor status levels 1 to 8 was achieved	100% procurement from B-BBEE-compliant businesses was achieved	100% procurement from B-BBEE-compliant businesses was achieved	100% expenditure achieved on procurement from enterprises on B-BBEE contributor status levels 1 to 5	100% expenditure on procurement from enterprises on B-BBEE contributor status levels 1 to 5 was achieved	None	None	N/A

Narrative of Highlights

The **Manner and Procedure for lodging and Dealing with Tourism Complaints** was put in place to provide for an easy process and manner for tourists to lodge their complaints with respect to tourism services, facilities and products.

The **National Grading System for Tourism** was determined and published in terms of Section 28 of the Tourism Act, 2014 (Act No 3 of 2014). The object of the system is to maintain and enhance the standards and quality of tourism services, facilities and products.

The **Tourism Amendment Draft Bill** was approved by Cabinet for public comments. Amongst others the Tourism Amendment Draft Bill seeks to address challenges brought about by technological evolution, particularly the sharing economy.

The department has consistently continued to perform beyond the national norms in relation to representation of people with disabilities.

Our outreach, citizen's engagement and stakeholder relations is aimed at creating awareness on services and programmes, and also to mobilize for community support and participation in the department's initiatives. Interventions have included the programmes such as Izimbizo, Community meetings, stakeholder roundtables, roadshows, as well as Open Days and Service Exhibitions in partnership with various public entities and partner organisations. To speak and reach out to those who are technology savvy, we have integrated the use of digital media as means of communications and public interaction, and to that end the department has a presence in social media platforms. Our flagship stakeholder publication, **Bojanala**, had increased its print capacity from 2000 to 5000 per quarter this year. Whilst the public continue to engage with the department through various communications channels as well as through our information products, there has been a concerted effort to improve our call centre facility and services. We have relaunched in 2018 our **hotline 0860TOURISM**

Changes to planned targets

None

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Ministry	23 516	23 444	72	25 527	25 827	-
Management	2 987	2 930	57	2 965	2 965	-
Corporate Management	158 807	153 747	5 060	142 164	142 164	-
Financial Management	36 153	35 614	539	32 306	32 306	-
Office Accommodation	44 995	44 995	-	38 616	38 616	-
Total	266 458	260 730	5 728	241 878	241 878	-

4.2 Programme 2: Tourism Research, Policy and International Relations

Purpose: Enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.

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

Strategic Objectives: To create an enabling legislative and regulatory environment for tourism development and growth; To provide knowledge services to inform policy, planning and decision-making; To enhance regional tourism integration; To facilitate tourism capacity-building programmes

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Strategic objective 3: To create an enabling legislative and regulatory environment for tourism development and growth							
Five-year Strategic Plan target: Six policy development initiatives							
PPI 1: Number of policy development initiatives undertaken							
-	-	-	Quarterly analysis reports on developed inform stakeholder engagements	Quarterly analysis reports on airlift to inform stakeholder engagements were developed	None	None	N/A
Two tourism facilitation initiatives conducted:							
			Quarterly analysis reports on developed inform stakeholder engagements	Quarterly analysis reports on visa requirements to inform			

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
			inform stakeholder engagements	stakeholder engagements were developed			
Strategic objective 9: To provide knowledge services to inform policy, planning and decision making							
Five-year Strategic Plan target: Development and implementation of monitoring and evaluation reports to inform planning and decision-making							
PPI 2: Number of information dissemination platforms hosted							
-	-	-	Two platforms created: Tourism Public Lecture hosted	Tourism Public Lecture hosted on 18 September 2018 in Mthatha, under the theme: "Inclusive and Quality Growth of the Tourism Sector Through Digital Transformation"	None	None	N/A
			Tourism Research Seminar hosted	Tourism Research Seminar hosted on 15 March 2019 in			

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
				Pretoria			
Five-year Strategic Plan target: Development and implementation of monitoring and evaluation reports							
PPI 3: Number of Tourism Monitoring and Evaluation Reports developed							
2014/15 NTSS Implementation Report was finalised	-	2016/17 NTSS implementation report was developed	Twenty-two reports:				
2014/15 State of Tourism Report (STR) was developed	2015/16 STR was developed	2016/17 STR was developed	2017/18 NTSS Implementation Report developed	2017/18 NTSS Implementation Report was developed	None	None	N/A
-	-	-	Draft 2017/18 STR developed	Draft 2017/18 STR was developed	None	None	N/A
-	-	-	Quarterly Tourism Sheets developed	Quarterly Tourism Sheets were developed	None	None	N/A
-	-	-	Monthly reports on the analysis of tourist arrivals developed	Monthly reports on the analysis of tourist arrivals were developed	None	None	N/A
-	-	-	Report on the implementation of the monitoring plan for capacity-building	Report on the implementation of the monitoring plan for capacity-	None	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
-	-	-	projects	building projects was developed	None	None	N/A
-	-	-	Impact evaluation report on departmental capacity-building programmes commenced	Impact evaluation report on departmental capacity-building programmes commenced was developed	None	None	N/A
-	-	-	Report on the implementation of the monitoring plan for infrastructure projects	Report on the implementation of the monitoring plan for infrastructure projects was developed	None	None	N/A
-	-	-	Annual report on the implementation of signed bilateral agreement	Annual report on the implementation of signed bilateral agreements was developed	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
PPI 4: Number of information systems developed and maintained							
-	-	-	Development of the NTIMS: supply side database prioritised	Development of the NTIMS: supply side database was finalised	None	None	N/A
			Development of database black-owned products and services	Development of database black-owned products and services was finalised			
			Development of a biometric time and attendance system for EPWP projects	Development of a biometric time and attendance system for EPWP projects was finalised			

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Five-year Strategic Plan target: Four initiatives undertaken to enhance collaboration with regional tourism partners							
Strategic objective 11: To enhance regional tourism integration							
PPI 5: Number of initiatives facilitated in multilateral fora and bilateral cooperation and regional integration							
-	-	Final plan for the hosting of a Tourism Workstream during South Africa's chairship of IORA was developed	Hosting of IORA Workshop on Coastal and Marine Tourism	IORA Workshop on Coastal and Marine Tourism was hosted on 6-8 May 2018 in Durban	None	None	N/A
			Hosting of IORA Tourism Experts Meeting	IORA Tourism Experts Meeting was hosted on 7 May 2018 in Durban	None	None	N/A
			Hosting of the IORA Tourism Ministers' Meeting	IORA Tourism Ministers' Meeting was hosted on 21-23 October in Nelson Mandela Bay	None	None	N/A
-	-	Sharing of Best Practices Workshop targeted at	Sharing of Best Practices Workshop targeted at	Sharing of Best Practices Workshop targeted at	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
A Ministerial session was held at the 2015 Tourism Indaba	A Ministerial session was held at the 2016 Tourism Indaba	A Ministerial session was held at the 2017 Tourism Indaba	African countries with whom SA signed tourism agreements hosted	African countries with whom SA signed tourism agreements was hosted on 19 to 21 February 2019 in Durban	None	None	N/A
Strategic objective 7: To facilitate tourism capacity-building programmes							
Five-year Strategic Plan target: Capacity-building initiatives implemented							
PPI 6: Number of capacity-building programmes implemented							
-	-	-	One programme: 600 trained youth employed for NTIMS data collection	549 youth were trained for the NTIMS data collection	51 youth were not placed	Limited number of qualifying youth in rural and remote municipalities affected the total numbers of youth recruited	In line with the Extended Public Works Programme (EPWP) framework, the department commenced with addressing

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
							the shortfall by sourcing suitable youth for the outstanding municipalities by placing unemployed, qualifying youth from adjacent local municipalities within the same district municipalities and regions

Narrative of Highlights

Regional integration

South Africa relished the opportunity to host its peers as chair of Indian Ocean Rim Association (IORA). The department planned for and hosted three platforms at various levels, namely IORA Coastal and Marine Tourism Workshop, 3rd IORA Tourism Experts

Meeting, and the 2nd IORA Tourism Ministers Meeting which adopted the Terms of Reference and the Work Plan for the IORA Tourism Core Group.

South Africa also chaired Brazil, Russia, India, China, South Africa (BRICS) during this reporting year. The department hosted the 1st BRICS Tourism Senior Officials Meeting which discussed and endorsed the terms of reference for the establishment of a BRICS Tourism Working Group.

Sector Policy and Strategy

To drive the partnerships that are critical to the implementation of the Cabinet approved NTSS, the department has facilitated and supported the five work streams with public and private partners focusing on the five strategic pillars namely facilitating ease of access; enhancing visitor experience initiatives; effective marketing; destination management and broad-based benefits.

The department is currently exploring the appropriate regulatory framework to the sharing economy with the objective to create a public policy balance between the sharing economy interests and conventional tourism businesses. Balancing these interests is critical for the sustainability of the tourism sector and the economy at large. The policy proposals in this regard informed the amendment of the Tourism Act.

Monitoring and Evaluation:

The department, during 2018/19 financial year, prioritised monitoring of both capacity-building and infrastructure projects in order to improve the essential evidence that will be required to subsequently evaluate these high value projects. The department also commenced with the impact evaluation of capacity-building projects that were implemented since 2011.

Knowledge Management:

During the 2018/19 financial year, the department developed the National Tourism Information Management System (NTIMS) in line with the Tourism Act, 2014 (Act No. 3 of 2014) and the NTSS (2016-2026). This NTIMS, as an information gathering system, will go live with information and data in 2019/20 financial year, which will enable the department to quantify the size, extent and variety of tourism businesses, services and products to inform planning, policy development, decision-making and strategic

interventions that seek to contribute meaningfully to inclusive and sustainable growth and development of the tourism sector, including transformation agenda imperatives. During the 2018/19 financial year, the department developed a database of Black-owned products and services in line with the NTSS (2016-2026), which highlights the need to expand the benefits of tourism to rural areas and townships.

The 7th **Tourism Research Seminar** was held on 15 March 2019 to disseminate research findings of recently completed tourism studies. The following research was presented:

- Leveraging State-owned tourism assets for black Small, Medium and Micro Enterprises development: a case of state owned parks, lodges and attractions (University of Johannesburg)
- An assessment of the impact of mega trends in the tourism sector (University of Pretoria)
- Cross-Border themed tourism routes in the Southern Africa region – practice and potential (University of Pretoria)
- Indigenous Story Tellers (ISTs): Northern Cape as a case study (University of Pretoria)
- Development of a framework to assess the economic impact of coastal and marine tourism in South Africa: Phase 3 (University of KwaZulu-Natal)

The Research Seminar also provides students, who received financial support from the Department, an opportunity to exhibit and showcase their research work with a view to obtain valuable feedback from sector stakeholders. A capacity building workshop was held a day before the seminar to capacitate tourism stakeholders on how to use a framework to measure the impact of coastal and marine tourism.

The department partnered with the University of South Africa to host the 7th International Tourism Studies Association and 2nd international Tourism Educators of South Africa conference from 06 to 10 August 2018. The theme of the conference was titled “*Collaboration and Co-Creation Opportunities in Tourism*”. As part of the scientific programme of the Conference, a Post-Graduate Student Conference was hosted, and ten students receiving financial support took part in the conference through oral presentation and poster exhibition. A Tourism Stakeholder Workshop was also held to capacitate tourism stakeholders on how to use the developed sustainability framework for rural tourism products in South Africa.

Changes to planned targets

None

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Tourism Research, Policy and International Relations Management	7 987	7 450	537	5 708	5 557	151
Research and Knowledge Management	33 488	33 488	-	27 728	27 725	3
Policy Planning and Strategy	11 761	11 758	3	10 893	10 893	-
South African Tourism	1 208 048	1 208 048	-	1 129 288	1 129 288	-
International Relations and Cooperation	26 846	23 164	3 682	23 524	23 280	244
Total	1 288 130	1 283 908	4 222	1 197 141	1 196 743	398

4.3 Programme 3: Destination Development

Purpose: To facilitate and coordinate destination development

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

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Strategic objective 8: To diversify and enhance tourism offerings							
Five-year Strategic Plan target: Enhance tourism offerings at 30 prioritised tourism attractions							
PPI 1: Number of destination planning initiatives undertaken							
-	-	Destination Planning Manual was developed	Two facilitation sessions hosted in each of the nine provinces, as a platform to implement the destination planning manual as a planning tool	Two facilitation sessions were hosted, in each of the nine provinces, as a platform to implement the destination planning manual as a planning tool	None	None	N/A
-	-	Methodology for the development of tourism precincts was developed	Township (Khayelitsha) tourism precinct plans developed	Precinct plans for Khayelitsha were developed	None	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
-	-	-	Karoo region tourism precinct plans developed	Precinct plans for Karoo region were developed	None	None	N/A
-	-	-	Sutherland to Carnarvon/SKA draft Master Plan	Draft master plans for Sutherland to Carnarvon/SKA were completed	None	None	N/A
-	-	-	Hondeklip Baai to Port Nolloth draft Master Plan	Draft master plans for Hondeklip Baai to Port Nolloth were completed	None	None	N/A
-	-	-	Port St Johns to Coffee Bay draft Master Plan	Draft master plans for Port St Johns to Coffee Bay were completed	None	None	N/A
-	-	-	Orange Mouth Master Plan	Draft master plans for Orange River Mouth were completed	None	None	N/A
-	-	-	Kleinsee Beach Development concept developed	Concept for Kleinsee Beach Precinct Development was developed	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
-	-	-	Hondeklipbaai and McDougalls Bay Campsites Precinct Development concept developed	Concept for Hondeklipbaai and McDougalls Bay Campsites was developed	None	None	N/A
-	-	-	Develop and promote a pipeline of prioritised tourism investment projects and opportunities	A pipeline of prioritised tourism investment projects and opportunities was developed and promoted	None	None	N/A
-	-	-	Develop an ownership and operational model for the budget resorts	Ownership and operational model for the accommodation and related tourism products (budget resorts) was developed	None	None	N/A
PPI 2: Number of destination enhancement initiatives supported							

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Fifteen initiatives							
		Implementation of 3 destination enhancement initiatives was monitored: Shangoni Gate tourism development in Kruger National Park Phalaborwa Wild Activity Hub in Kruger National Park National Heritage Monument Park Interpretation Centre	Implementation of eight destination enhancement projects monitored, namely: Shangoni Gate Phalaborwa Wild Activity Hub	The following destination enhancement projects were not supported: Shangoni Gate and; Phalaborwa Wild Activity Hub	The appointment of contractors was not finalised for both Shangoni Gate and Phalaborwa Wildlife Activity Hub , however the appointment of the Civil Engineer for Shangoni has been finalised and Record of Decision (ROD) for Phalaborwa has been	There were delays in appointment of Civil engineer due to poor response by suitable candidates for Shangoni Gate, which further delayed the procuring of geotechnical and land surveyor services to enable finalisation of detailed plans. For	Shangoni Gate -The engineer has been appointed mid-April 2019 and resumed work onsite from 1 May 2019, to provide analysis and land surveying. This will establish the Specifications and TORs to appoint the contractor. Phalaborwa - Follow-ups on the
Eight destination enhancement projects supported, namely:							

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
					obtained and authorisation will be finalised after the appeal period has lapsed	Phalaborwa Wildlife Activity Hub, there was a delay in the finalisation of the environmental impact authorisation ⁹	Environmental Impact Assessment (EIA) will be facilitated on a continued basis to ensure further processes begins promptly following the approvals being granted
			Universal Access (UA) projects at: Blyde River	Destination enhancement projects were supported at the following UA projects: Blyde River	None	None	N/A

⁹ The delays for the Shangoni Gate project were mainly attributed to the extensive consultation process to complete the Basic Assessment Report (BAR) and addressing the appeals lodged after the issuing of the Record of Decision (ROD). This was necessary in order to ensure the communities acceptance of the position of the entrance gate. In addition to the completing specialised studies for the environmental impact assessment application, SANParks was also requested to conduct flood line studies for the proposed gate, tented camp and camping sites. The Authorisation (the Record of Decision – ROD) was obtained in May 2018 for the construction of the Shangoni Gate. The delays in this process had a knock on effect on the rest of project schedule and therefore achievement of the original target."

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
			Canyon Tourism Sites in Mpumalanga Hilltop Rest Camp at Hluhluwe Game Reserve in KZN Gariep Dam Nature Reserve in Free State Dweba Cwebe Nature Reserve in the Eastern Cape	Canyon Tourism Sites in Mpumalanga Hilltop Rest Camp at Hluhluwe Game Reserve in KZN Gariep Dam Nature Reserve in Free State Dweba Cwebe Nature Reserve in Eastern Cape			
			Dinosaur Interpretation Centre	Dinosaur Interpretation Centre was supported	None	None	N/A
			Leopard Trail and Interpretation Centre at Baviaanskloof WHS	Leopard Trail and Interpretation Centre at Baviaanskloof WHS were supported	None	None	N/A
Funding was	Tourism	The development	Interpretative	Interpretative	None	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
provided for the development of tourism interpretation signage at the following two World Heritage Sites (WHS): Cradle of Humankind iSimangaliso Wetland Park	interpretative signage was developed in the following four heritage sites- Drakenstein Correctional Centre in Western Cape Nelson Mandela capture site in KwaZulu-Natal Freedom Park in Gauteng Mandela statue at Union Buildings in Gauteng	of tourism interpretation signage was facilitated at the following four national heritage sites: Kgalagadi Transfrontier Park Golden Gate National Park Gugulethu seven Memorial Sarah Baartman Heritage Site	signage implemented in six national iconic sites: Hluhluwe Nature Reserve Mkambati Nature Reserve Dwesa Cwebe Nature Reserve Tsitsikamma National Park Blyde River Canyon Square Kilometres Array (SKA) Karoo Node	signage implemented in the following six iconic sites: Hluhluwe Nature Reserve Mkambati Nature Reserve Dwesa Cwebe Nature Reserve Tsitsikamma National Park Blyde River Canyon SKA Karoo Node			
N12 Treasure route needs assessment report and programme of action done	-	One route development project supported: Indi-Atlantic Route	One route development supported: Indi-Atlantic Route	One development project supported: Indi-Atlantic Route	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
Strategic objective 12: To create employment opportunities by implementing tourism projects							
Five-year Strategic Plan target: Full-time equivalent (FTE) jobs created through Working for Tourism projects on the Expanded Public Works Programme (EPWP)							
PPI 3: Number of FTEs jobs created through Working for Tourism projects on the EPWP							
3 059 FTE jobs were created through the Working for Tourism Programme	1 734 FTE jobs were created through the Working for Tourism Programme	3 457 FTE jobs were created through the Working for Tourism Programme	6 355 FTE jobs through the Working for Tourism Programme	3 199 FTE jobs were created through the Working for Tourism Programme	3 156 FTE jobs were created through the Working for Tourism Programme	The FTEs are realised through the implementation of EPWP funded projects. During the year under review, there were delays in implementation of certain EPWP funded projects for various reasons including: Detailed project planning processes with partners taking longer than	Procurement for EPWP projects and contracting of service providers was initiated in the last quarter of the 2018-19 financial year. The actual implementation will be aligned to start in quarter 1 of the next financial year. The numbers will be managed throughout the project life cycle

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
						<p>anticipated</p> <p>Delays in procurement of implementers due to responsiveness of bids as well as administrative delays. Necessary design improvement based on lessons learned in implementation of pilots.</p>	

Narrative of Highlights

The department has continued with destination planning work in 2018/19. The Destination Planning Manual is a tool that provides guidance in respect of tourism destination planning, particularly for local and district municipal officials working on municipal planning and local economic development (including tourism-specific officials) to assist with a better understanding of tourism and how it can be integrated into the planning for the municipality. The Coastal and Marine Tourism (CMT) plan has identified six thematic initiatives for the six nodes along the coast for development in order to grow the sustainable coastal and marine tourism

destination in South Africa. The development of the Indi-Atlantic Route has been supported. It identified supply side opportunities for planned route in order to close the gap between supply and demand.

Changes to planned targets

None

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Destination Development Management	19 806	19 667	139	33 600	32 696	904
Tourism Enhancement	18 253	17 590	663	16 038	16 038	-
Destination Planning and Investment Coordination	29 781	22 183	7 598	45 140	45 140	-
Working for Tourism	339 007	339 007	-	339 659	339 655	4
Total	406 847	398 447	8 400	434 437	433 529	908

4.4 Programme 4: Tourism Sector Support Services

Purpose: Enhance transformation of the sector, increase skills levels and support development to ensure that 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

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
Strategic objective 5: To accelerate the transformation of the tourism sector							
Five-year Strategic Plan target: Monitoring of the implementation of the tourism B-BBEE sector codes and improved culture of travel for domestic tourism							
PPI 1: Number of initiatives supported to promote B-BBEE implementation							
-	-	Monitoring report on the implementation of the amended tourism B-BBEE sector code was developed	Monitoring report on the implementation of the amended tourism B-BBEE sector Code	Monitoring of the implementation of the amended Tourism B-BBEE Sector Code was done	None	None	N/A
Three initiatives supported to promote B-BBEE implementation:							
		Secretariat services to the Tourism B-BBEE Charter Council provided	Secretariat services to the Tourism B-BBEE Charter Council provided	Secretariat services to the Tourism B-BBEE Charter Council was provided	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
-	-	-	Women in Tourism empowerment initiatives conducted	Women in Tourism empowerment initiatives were conducted	None	None	N/A
PPI 2: Number of initiatives supported to stimulate domestic tourism							
Three initiatives supported to stimulate Domestic Tourism:							
-	Four social tourism initiatives facilitated that promote open access to selected government-owned attractions	Draft Framework for supporting tour operators to facilitate social tourism was developed	Framework for supporting tour operators to facilitate domestic tourism developed	Framework for supporting tour operators to facilitate domestic tourism was developed	None	None	N/A
-	One draft social tourism scheme was developed internally	One draft social tourism scheme developed for travel facilitation	One social tourism scheme developed for travel facilitation	One Domestic Tourism Scheme was developed for travel facilitation	None	None	N/A
-	-	Tours for designated groups supported (youth, the elderly and people with disabilities)	Tours for designated groups supported (youth, the elderly and people with disabilities) were conducted	Tours for designated groups supported (youth, the elderly and people with disabilities) were conducted	None	None	N/A
Strategic objective 6: To facilitate the development and growth of tourism enterprises to contribute to inclusive economic growth and job creation							

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
Five-year Strategic Plan target: 600 tourism enterprises supported for development through business management interventions and incubation programmes							
PPI 3: Number of enterprises supported for development							
-	100 rural enterprises were supported for development	400 enterprises were supported for development	Non-financial business development support provided to 400 SMMEs	Non-financial business development support was provided to 663 SMMEs	Non-financial business development support was provided to an additional 263 SMMEs	The department expanded its reach to SMMEs by using provincial and local government engagement platforms to include awareness sessions on services provided by the department to support tourism business.	N/A
						This increased uptake of this programme	

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
						resulting in higher than targeted numbers.	
	Long-term Framework for enterprise development based on current policy pronouncement was developed	Roll out a national tourism SMME financial literacy and management account and marketing skills and platform development programme to 400 enterprises	Support was offered to 169 enterprises through EMPRETEC business management training conducted in partnership and co-funded with SEDA	Support was not provided to 231 enterprises	The department's implementation partner had to review its participation for its own operational reasons which affected achievement of project targets ¹⁰	The outstanding SMMEs will be supported in 2019/20 financial year through partnerships with commercial banks	
PPI 4: Number of Incubators implemented							
-	2 existing incubators were supported 2 new	Three existing incubators supported	Four existing incubators were supported: Pillanesberg, Mier,	One additional incubator supported	After the 2019/20 plans had been finalised at	N/A	

¹⁰ The EMPRETEC business management programme is a SEDA owned programme. In 2018/19 financial year we had partnered with SEDA with a target to train 400 SMMEs. In year, our implementing partner indicated that their budget was re-prioritised, affecting the continuation of the project. Therefore the project could not continue further due to the funding cut by SEDA.

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
	incubators were established Business support services portal was finalised		Two new incubators established	Phalaborwa, and Manyeleti incubators		the end of 2018/19, an additional incubator was established, increasing the number of incubators the department had to continue to support.	
				One new incubator was established: Maintenance Incubation Programme in Partnership with SANParks.	The Barista Training Incubator partially was completed.	Finalisation of the Barista Training Incubator was affected by project implementation delays. However, the project has been finalised.	N/A
PPI 5: Number of incentivised programmes implemented							
-	Three priority areas were	Four incentive programmes	Four incentive programmes implemented Market Access	Four incentive programmes	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
	incentivised during the pilot phase, namely: Market access Tourism grading Energy efficiency	were supported with funding, namely: Market access Tourism grading Energy efficiency Universal accessibility (pilot)	Support Programme Tourism grading Support Programme Energy efficiency (Green Tourism Incentive Programme) Sector Transformation (Tourism Transformation Fund)	programmes were implemented: Market Access Support Programme Tourism Grading Support Programme Energy Efficiency (Green Tourism Incentive Programme) Sector Transformation (Tourism Transformation Fund)			
PPI 6: Number of community tourism enterprises supported to enter the tourism value chain							
-	-	-	Community tourism enterprises supported to enter tourism value chain in five communities Free State - Witsieshoek KwaZulu-Natal –	Stakeholder consultation in the five communities and the feasibility study have been completed	The support to the community tourism enterprises had not yet commenced due to further engagement with other relevant	Feasibility study as the necessary step to provide relevant support to the enterprises needed to be completed	Business plans have been drafted to initiate the provision of support to the five identified communities

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
			Khula Village KwaZulu-Natal – eMazizini North West – Rampampa Gauteng – Vilakazi		departments	before the work to provide support could be initiated.	
PPI 7: Number of initiatives for improving visitor services implemented							
Six initiatives for improving visitor services implemented:							
Implementation of service excellence standards for two tourism products (Manyane Game Reserve and Robben Island) done.	Implementation of service excellence integrated support programme (SANS 1197) for three tourism products (Manyane Game, Robben Island and Skukuza Camp in the Kruger National Park) were done.	-	Application of Service Excellence Standards (SANS) 1197 in three Visitor Information centres located in three nodes: St Lucia (Khula Information Centre) in KZN Port St Johns Visitor Information Centre in EC Pilanesburg National Park Visitor Information Centre in North West	Application of Service Excellence Standard (SANS 1197) was done in three (3) Visitor Information centres (VICs) located in three nodes: Pilanesburg National Park Visitor Information Centre in North West Kimberley Visitor Information Centre West Rand Development Agency Visitor Information Centre	The department changed sites where the project was implemented, i.e. Kimberley Visitor information Centre and West Rand Development Agency Visitor Information Centre	The deviation had been duly motivated and approved	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
-	-	-	Journey to Service Excellence (J2SE) Programme in two municipalities as part of the small-town revitalisation implemented: Jozini - KZN Port St Johns – EC	J2SE Programme in two (2) municipalities as part of the small-town revitalisation was implemented in: Jozini - KZN Port St Johns - EC	operational, and the VIC in Port St Johns had burned down None	None	N/A
100% of tourist complaints were 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	100% of tourist complaints were referred to appropriate authorities for resolution within the agreed timeframes	100% compliance with the service delivery charter in the management of tourist complaints	100% compliance with the service delivery charter in the management of tourist complaints	None	None	N/A
-	-	One draft social tourism scheme	Development of framework for	Framework for accreditation of	None	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
-	-	was developed internally	accreditation of tourism scheme	tourism schemes was developed			
-	-	-	Three joint awareness campaigns implemented for: Complaints Management Service Excellence Tourist Guiding Tourism Safety	Four joint awareness campaigns were implemented for: Complaints Management Service Excellence Tourist Guiding Tourism Safety	One additional awareness campaign was undertaken.	Consumer Protection Forum in KZN had planned a Joint Awareness Campaign-to celebrate Consumer Protection week on 11 – 15 March 2019. Considering this to be an opportunity to broaden tourism awareness initiatives, negotiations were held with the Forum organisers to	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
-	-	-	1 450 Tourism Monitors enrolled: Gauteng (200) Mpumalanga (250) Eastern Cape (200) Western Cape (100) KwaZulu-Natal (250) Northern Cape (50) Free State (50) North West (100) Limpopo (250)	Training was implemented in the following three provinces: Gauteng (194) Mpumalanga (238) Eastern Cape (167)	Training was not implemented in the following provinces: Western Cape Kwazulu-Natal Northern Cape Free State North West Limpopo	include specific tourism issues in their Programme from 12 to 13 March 2019.	Implementation in the other 6 provinces will be informed by this review exercise in order to meet programme objectives
Strategic objective 7: To facilitate tourism capacity-building programmes							
Five-year Strategic Plan target: Capacity-building initiatives implemented							
PPI 8: Number of capacity-building programmes implemented							
Five capacity building	Eight capacity building	Ten capacity building	Nine skills development programmes (THRD) initiatives implemented:				

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
programmes were implemented, namely: National Tourism Careers Expo (NTCE) Educator Exposure Programme Tourism Human Resource Development (THRD) Strategy review: Phase one: Sector Skills Audit. Food Safety Assurer Programme Local Government Tourism Induction Programme	programmes were implemented, namely: Chefs Training Programme Sommelier Training Course Hospitality Service Training Programme Food Safety Programme Local Government Tourism Induction Programme Draft Skills Audit NTCE	programmes were implemented, namely: National Youth Chefs Training Programme (NYCTP) Sommelier Training Course Hospitality Service Training Programme Food Safety Programme THRD Co-ordinating Body Local Government Tourism Induction Programme NTCE Executive Development Programme for Black Women. Tourist Guiding Skills	577 unemployed youth enrolled in NYCTP	588 unemployed youth were enrolled in the NYCTP	11 additional unemployed youth were enrolled into the Programme	To manage high drop outs rates and avoid the risk of not achieving, additional learners were enrolled since inception.	N/A
			200 unemployed youth enrolled in the Blue Flag Beach Training Programme in Western Cape (100) Eastern Cape (50) KwaZulu-Natal (50)	200 unemployed youth were enrolled in the Blue Flag Beach Training Programme in 2016 for the duration of 2 years and four months. However, at 31 March 2019, 157 youth remained in the programme due to drop outs and other employment opportunities	None	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
		Development Programme Resource Efficiency Training for Youth	300 unemployed youth enrolled in Sommelier Training Programme	300 unemployed youth were enrolled in Sommelier Training Programme However at 31 March 2019, 272 youth remained in the programme due to drop outs and other employment opportunities	None	None	N/A
			1 500 unemployed youth enrolled in Food Safety Programme	1 500 unemployed youth in the Food Safety Programme were not enrolled	1 500 unemployed youth were not enrolled in the Programme	The procurement process did not identify a suitable supplier to implement the programme	The procurement process for an implementer has been re-started in order to continue with the programme
			Hospitality Youth Programme	Hospitality Youth Programme was	The number of youth enrolled	None	N/A

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas of under performance
			Implemented: 600 learners enrolled in Accommodation, Food and Beverage	implemented with 643 learners enrolled in Accommodation Food and Beverages. However, as at 31 March 2019 there were 581 learners in the Programme distributed as follows: NW (203) FS (93) Limpopo (285)	exceed the target by 34 learners enrolled into the HYP (NW 3, Limpopo 31).		
			2 375 unemployed youth trained and placed in Restaurants for experiential training: Gauteng (575) Mpumalanga (350) Eastern Cape- (200)	1 780 unemployed youth were trained and placed in restaurants for experiential training. However as at 31 March 2019 there were 1 637 in the programme, distributed as follows:	The number of youth was 670 below target	The shortfall is accounted for by Northern Cape and Western Cape where recruitment was not finalised as the project was still at	Procurement for Western Cape and Northern Cape has since been finalised and implementation of the project will commence

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
			Western Cape (575) Kwazulu-Natal (575) Northern Cape (100)	Gauteng (515) Mpumalanga (318) Eastern Cape (164) KwaZulu-Natal (640) Northern Cape (0) Western Cape (0)		planning phase.	
			NTCE convened	NTCE was convened	None	None	N/A
			Training of forty Women in the Executive Development Programme facilitated	Training of 40 Women in the Executive Development Programme was facilitated	None	None	N/A
			Three programmes to capacitate tourist guides implemented:	Two programmes to capacitate tourist guides were fully implemented and one was partly implemented: Upskilling of tourist			

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Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
			Upskilling of tourist guides in iSimangaliso Wetland Park and Cape Floral Kingdom Up-skilling of tourist guides at Kruger National Park Training of new entrants as tourist guides in the Eastern Cape and Limpopo provinces	guides in IsiMangaliso Wetlands Park was completed Up-skilling of tourist guides at Kruger National Park was done. New entrants as tourist guides in the Eastern Cape and Limpopo provinces were trained.	Upskilling of tourist guides in Park and Cape Floral Kingdom was not done	The widespread fires in the Western Cape have delayed the commencement of the training.	N/A
			Resource Efficiency Training Programmes implemented for sixty learners in three provinces: Eastern Cape Free State Western Cape	60 learners were recruited in the Programme in the Eastern Cape, Free State and Western Cape. However, as at 31 March 2019 47 learners were in the programme	None	None	N/A

Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations	Strategy to overcome areas under performance
			<p>Provincial and local government Capacity-Building Programme: Four provincial and local government tourism information sharing sessions coordinated in municipalities linked to rural nodes</p>	<p>due to drop outs Four provincial and local government tourism information sharing sessions were co-ordinated in municipalities linked to rural nodes</p>	None	None	N/A

Narrative of Highlights

In order to improve customer service in provincial parks, Universal Accessibility Training and Audits were conducted at Government Owned Provincial Parks in all nine 9 Provinces in order to ensure compliance with SANS 1197.

To assist businesses to reduce operating costs, and to ensure their long-term sustainability, and to complement other skills such a customer care and service excellence, a total of 60 youth were trained on Resource Efficiency and Cleaner Production Methodology. in Eastern Cape (20), Western Cape (20) and Free State (20) provinces. Trainees were placed in tourism businesses for six months. It should be noted that 47 youth graduated in the programme due to those that

dropped out as a result of either leaving the programme for personal reasons or securing employment opportunities which prevented them from completing the programme. The 47 learners who graduated in the Resource Efficiency Training Programme will be included in the work readiness programme for them to form enterprises that will continue in the resource efficiency space.

The bulk of the businesses in the sector are small to medium enterprises. In the strategy of the department in dealing with transformation issues, enterprise development has been prioritised to encourage participation of the previously excluded groups. The department has continued to provide support to Small, Micro to Medium Enterprises (SMMEs) in tourism focusing on business development and market access support in order to improve the sustainability and job creation potential.

The department has continued to implement its Incentives Programme which comprised of, amongst others, Market Access Support Programme, Tourism Grading Support Programme, and the Tourism Transformation Fund (TTF) The Fund is implemented in collaboration with the National Empowerment Fund (NEF), through which qualifying black-owned investors, enterprises and communities can apply for debt financing through the NEF and qualify for grant funding of up to R5 million per project to reduce the funding gap that may exist between loans and own contributions for investment projects in the direct tourism value chain.

Tourism sector skills development: As a service sector, the availability of requisite skills to enhance visitor experience is a critical enabler to the growth of tourism. In line with the *Tourism White Paper on the Development and Promotion of Tourism in South Africa* (1996), department facilitated the development of a skilled labour force for the sector

Changes to planned targets

PPI7: Application of service Excellence Standards (SANS 1197) in 3 Visitor Information Centres located in 3 nodes

During mid-year, challenges were experienced with regard to implementation of SANS 1197 at VICs located in St Lucia (Khula Information Centre) in KwaZulu Natal and Port St Johns Visitor Information Centre in Eastern Cape. It was discovered that St Lucia (Khula Information Centre) was not operation, while Port St Johns VIC had been burned down. A decision was taken to discontinue provision of support to these two VICs, and rather support two other VICs not falling within the nodal areas for these namely, Kimberley VIC and West Rand development Agency VIC.

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Tourism Sector Support Services Management	8 950	8 950	-	12 653	12 653	-
Tourism Human Resources Development	30 401	30 401	-	32 706	32 706	-
Enterprise Development and Transformation	46 741	44 684	2 057	44 316	44 313	3
Tourism Visitor services	24 697	24 213	484	21 987	21 987	-
Tourism Incentive Programme	189 593	183 469	6 124	155 038	150 167	4 871
Total	300 382	291 717	8 665	266 700	261 826	4 874

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 No. 72 of 1993) and continues to exist in terms of the Tourism Act (Act No. 3 of 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 SAT)
South African Tourism	<p>Market South Africa as a tourist destination internationally and domestically.</p> <p>Market South Africa as a tourism brand.</p> <p>Provide quality assurance for tourism products.</p> <p>Market South Africa as a meetings and destination and provide support for bids.</p>	1 208 048	1 129 288	<ul style="list-style-type: none"> • Number of international tourist arrivals achieved: 10.4 million • Total tourist foreign direct spend: R87.4 billion • Number of domestic trips achieved: 18.7 million • Total domestic direct spend: R29.6 billion • Number of domestic holiday trips achieved: 3.0 million • Domestic holiday revenue: R10.1 billion • Total domestic direct spend: R29.6 billion • Percentage brand awareness achieved (Jan – Dec 2018): 77% • Percentage brand positivity achieved (Jan – Dec 2018): 39% • Number of business events hosted in South Africa: 207 • Number of business delegates hosted in South Africa: 87 457 • Number of accommodation establishments graded: 5 147

5.2 Transfer payments to all organisations other than public entity

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

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

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019

Name of Transferee	Type of Organisation	Purpose of funds	Compliance with Section 38(1)(J) of the PFMA	Amount Transferred R'000	Amount spent by recipient R'000	Reason for unspent funds
Foreign Governments and International Organisations						
United Nations World Tourism Organisation (UNWTO)	Foreign Governments and International Organisations	Membership fee	Not applicable	2 349	2 349	Not applicable
Households						
Leave gratuity	Households	Employee social benefits	Not applicable	608	608	Not applicable
Bursaries (Non Employees)	Households	Training	Not applicable	660	660	Not applicable
Employee Service Benefit	Households	Severance Package	Not applicable	148	148	Not applicable
Bursaries (Non Employees)	Households	National Tourism Research Framework	Yes	3 979	-	Funds to be spent in 2019 academic year.
Expanded Public Works Programme (EPWP)	Households	Development of tourism infrastructure projects	Yes	71 019	71 019	Not applicable
Departmental Agencies and Accounts						
Culture Art Tourism Hospitality and Sports Sector Education and Training Authority (CATHSSETA)	Non-business entities	Training contribution	Yes	179	-	Funds to be spent in 2019 academic year.

Name of Transferee	Type of Organisation	Purpose of funds	Compliance with Section 38(1)(j) of the PFMA	Amount Transferred R'000	Amount spent by recipient R'000	Reason for unspent funds
North West Tourism Board	Non-business entities	NTCE	Yes	4 248	4 248	Not applicable
South African Tourism	Public Entity	IBTM World 2018	Yes	850	850	Not applicable
South African Tourism	Public Entity	Hidden Gems 2018	Yes	17 398	17 398	Not applicable
South African Tourism	Public Entity	Tourism Grading Support	Yes	3 300	3 300	Not applicable
Tourism Transformation Fund with the National Empowerment Fund (NEF)	Departmental agency	Tourism Transformation Fund	Yes	40 000	-	Remaining funds are to be spent in 2019/20 financial year.
Non-profit Institutions						
Federated Hospitality Association of South Africa (Fedhasa)	Non-profit institutions	Contribution to operations of Fedhasa	Yes	472	472	Remaining funds are to be spent in 2019/20 financial year
Public Corporations and Private Enterprises						
Tourism Incentive Programme	Private Enterprises	Tourism Market Access	Yes	8 939	8 939	Not Applicable
Industrial Development Corporation	Public Entity	Green Tourism Incentive	Yes	7 000	-	Remaining funds are to be spent in 2019/20 financial

Name of Transferee	Type of Organisation	Purpose of funds	Compliance with Section 38(1)(J) of the PFMA	Amount Transferred R'000	Amount spent by recipient R'000	Reason for unspent funds
Industrial Development Corporation	Public Entity	Tourism Transformation Fund	Yes	40 000	-	Remaining funds are to be spent in 2019/20 financial year
Industrial Development Corporation	Public Entity	Tourism Incentive Investment	Yes	20 000	-	Remaining funds are to be spent in 2019/20 financial year

6. DONOR FUNDS

Donor funds received

The table below disclose details of donor funds received during the period 1 April 2018 to 31 March 2019.

Name of donor	European Union
Full amount of the funding (R'000)	R57 610
Period of commitment	Three years
Purpose of the funding	Construction of an interpretive and interactive visitor information centre at the UNESCO proclaimed Bavianskloof World Heritage Site.
Expected outputs	Bavianskloof World Heritage Site interpretive and visitor information centre
Actual outputs achieved	Phase 1 : Preparation of the business plan; concept design development
Amount received (R'000)	R 22 799
Amount spent by the Department (R'000)	R 22 799
Reasons for unspent funds	None
Monitoring mechanism by the donor	Reporting structure via National Treasury.

PART C: GOVERNANCE

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 is committed to implementing and maintaining an effective, efficient and transparent system of risk management as required in terms of the Public Finance Management Act Section 38(1) (a) (i). An annual implementation plan was developed to effect both the approved Risk Management Strategy and the Policy. During the year under review, the department has conducted zero based strategic, operational and fraud risk assessments taking into consideration the external environment, recent audit outcomes and other pertinent risk information. The department took action to strengthen its business continuity management capacity, finalising the policy in this regard. The department will continue to develop its maturity on enterprise-wide risk management.

Notable progress has been seen in the management of risk as a result of implementation of risk management strategy, which has translated into improvement in departmental performance in relation to risk related targets. Continuous identification and assessment of risks is done as part of risk monitoring to ensure that emerging risks in the performance environment are adequately managed.

The department's Risk Management Committee (RMC) consists of senior management of the department and is chaired by an external chairperson. The RMC meets quarterly and its duties include providing oversight and advising the Accounting Officer on the overall system of risk management. The committee at its quarterly meetings reviews the implementation of the mitigating strategies of all risks where the residual rating is at unacceptable levels.

Details of RMC meetings held:

Name and Surname	Designation	26 April 2018	2 August 2018	13 November 2018	14 March 2019
Ms Romeshni Govender	Chairperson	P	P	P	P
Ms Nomzamo Bhengu	Chief Risk Officer	A	P	P	P
Ms Shamilla Chettiar	Member	P	P	A	A
Ms Aneme Malan	Member	R	P	R	P
Ms Morongoe Ramphele	Member	R	R	P	A
Ms Lulama Duma	Member	P	P	R	P
Mr Ralph Ackermann	Member	R	P	P	P
Mr Albert Mafanele	Member	P	A	P	P
Ms Mmaditlonki Setwaba	Member	R	P	P	P
Ms Lerato Matlakala	Member	P	P	A	P
Mr Blessing Manale	Member	N/A	P	P	P
Ms Thoko Sibiya	Standing invitee	P	P	R	P
Ms Reneilwe Motshegwa	Secretariat	P	P	P	P

Legend:

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

To promote combined assurance, the Chief Audit Executive is a standing invitee to the Risk Management Committee, and the Chief Risk Officer is a standing invitee to the Audit Committee. The risk report is reviewed by the Audit Committee (AC) at its quarterly meeting for the AC to monitor the effectiveness of the risk management system.

3. FRAUD AND CORRUPTION

The department has an approved Anti-Fraud and Corruption Prevention Policy and Strategy, a Whistle Blowing Policy, as well as an Ethics and Fraud Prevention Implementation Plan. This policy framework articulates the department's philosophy on fraud prevention and adopts a comprehensive approach to the management of fraud risk. The Fraud Prevention Plan had prioritised, amongst others, the fraud risk assessment, implementation of integrity framework and awareness creation of fraud prevention and anti-corruption. To implement these, the department:

Conducted a fraud risk assessment and the identified risks are continually monitored through mitigation plans by the risk owners.

Monitored other remunerative work outside of public service, potential conflict of interest, public servants doing business with the state.

Implemented an awareness campaign on fraud prevention, ethics and integrity in the department with the assistance of the Office of the Public Service Commission.

The department encourages officials and members of the public to report suspected cases of fraud and corruption, using various mechanisms including the Presidential Hotline, National Anti-Corruption Hotline, suggestion boxes, the departmental Call Centre, as well as any appropriate body. The department investigates reported cases of fraud and corruption and reports these to the relevant authorities depending on the outcome of the preliminary investigations.

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 promotes adherence to the Public Service Code of Conduct. Awareness raising campaigns are conducted regularly to ensure that employees are familiar with their obligations in terms of the Code. If there is an alleged breach of the Code of Conduct, it is investigated as possible misconduct and handled in terms of PSCBC Resolution 1 of 2003, Disciplinary Code and Procedure.

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 save lives of the 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 evacuation

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

Committee meeting dates and matters raised by the Portfolio Committee on Tourism, Select Committee on Trade and International Relations and other Parliamentary Committees and how they were addressed by the department.

The Portfolio Committee on Tourism (in the National Assembly) and the Select Committee on Trade and International Relations (in the National Council of Provinces, or 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.

PORTFOLIO COMMITTEE ON TOURISM (NATIONAL ASSEMBLY)

7.1.1. Briefing by the Department on the National Tourism Sector Strategy (NTSS) on 30 May 2018.

The committee was informed that the department looked at emerging trends at a global level as well as in key sectors. The reviewed strategy places greater emphasis on partnerships and institutional capacity. The reviewed strategy was widely supported by key stakeholders.

Issues that the committee raised:

- Support to local governments was a concern and the committee recommended that co-ordinated support and level of awareness to all local municipalities should be intensified;
- Concern on the methodology of collating tourism statistics;
- Transformation in the tourism industry is still a major concern for the committee; and
- Domestic Tourism is a priority and should be the backbone of the tourism industry.

Requests from the committee:

- Work stream implementation plans should be submitted to the committee as the Reviewed NTSS (2016-2026) is a high-level document. The committee wants to know and understand the implementation plans.
- The committee also indicated that the Annual NTSS Implementation Reports need to be submitted.

Response by the department:

- During the restructuring process a new unit was established, which is dedicated to the local sphere of government.
- The committee requested a detailed briefing on the latest status of transformation in the tourism sector. It was done on 29 August 2018 by the Tourism Business Charter Council.
- The Department undertook to submit the Annual Implementation Reports of the NTSS to the committee.
- The Department undertook to submit the work stream implementation plans to the committee.
- The Department took note of what was said about the look and feel of the NTSS document.

7.1.2 Briefing by the Department on the 2017/18 Fourth Quarterly Performance Report on 15 August 2018.

The committee welcomed the department's fourth quarter performance report for the financial year of 2017/2018.

The following issues were deliberated on:

- Cost to create full time equivalent jobs for infrastructure is higher due to the cost of capacity building programmes;
- Transformation;
- Alignment of training to CATHSETA and the Tourism Human Resource Development Strategy (THRDS);
- Upgrading and skilling of the department's staff;
- Tabling of the Tourism Bill;
- Online platforms in the sharing economy;
- Working with municipalities through COGTA;
- The Department started to link SMMEs to commercial banks; and
- The status of each Blue flag beach must to be maintained and more beaches should be assisted to obtain blue flag status.

Furthermore, the department was mandated to give special attention to the transformation of the sector; and to consider the tourism infrastructure across the country.

7.1.3 Briefing by the Department on Bilateral Agreements and MoU's between South Africa and other countries on 22 August 2018.

The committee welcomed the presentation and the work done on bilateral arrangements and MoU's and mandated the department to:

- Find better ways of handling the MoU's and avoiding the lapse without implementation;
- Engage provinces and municipalities in co-ordinating the signing and implementation of twinning arrangements between provinces and cities.

The deliberations covered the following issues:

- BRICS and IBSA relations;
- SADC Tourism Master Plan;
- Affiliations to International Fora and the future of RETOSA;
- Skills and capacity building; and
- Twinning agreements.

7.1.4 Briefing by the B-BBEE Tourism Charter Council on the State of Transformation on 29 August 2018.

The council explained the results of transformation in the tourism sector emanating from the baseline study. Transformation in the tourism sector was not progressing well. Members felt that council members, as stakeholders themselves, need to drive transformation in the sector and be mentors.

The following issues were deliberated on:

Mentoring of new entrants; consultations and targets; youth participation in tourism; absorption of learners; ownership and management control by provinces; perceptions about the benefits of the B-BBEE; access to finance; lack of awareness; alignment with the Department of Small Business Development and Economic Development; networks and monopolies and lastly Human Capital and the standard of qualifications.

The committee welcomed the findings of the study and recommended the following:

- The committee must be briefed as soon as the action plan is completed;
- The Council needs to create an awareness campaign about the Tourism B-BBEE Sector Codes and the Scorecard;
- The Tourism B-BBEE Charter Council must be
- The Council needs to engage the Tourism Business Council of South Africa and encourage it to fully participate in the transformation of the tourism sector;
- All stakeholders must work together for the benefit of all South Africans; and
- Universities must be asked to offer the Women Executive Training programmes similar to the one offered by UNISA School of Business Leadership

7.1.5 Briefing by the Department on the 2018/19 First Quarterly Performance Report on 5 September 2018.

The committee welcomed the presentation on the first quarter performance report for the financial year of 2018/19.

The following issues were discussed:

- Air Access;
- Delays in procurement processes;
- Delays with the Tourism Transformation Fund;
- Executive Women Development;
- Incubation Programme;
- Stringent qualifying criteria – NEF and IDC;
- Tourism impact; and
- Underutilised tourism assets.

The committee recommended that:

The Department should find better and practical ways to avoid unnecessary delays in procurement and approval processes to facilitate the effective implementation of projects. The Department took note of the recommendation pertaining to delays and is working on ways to improve the procurement.

7.1.6 Briefing by the Department on the Annual Performance Report for the 2017/18 Financial Year on 10 October 2018.

The committee welcomed the overall Annual Performance Report for the financial year of 2017/18 and the following matters were discussed with the department:

- Training of youth to do data capturing for municipalities;
- feedback on the GTAC process; programmes that are biased towards the previously

disadvantaged and the poor; and

- the NEF funding mechanism and improving project participation.

Concerns were raised with regard to the regression in audit outcomes. The department took note and will deal with the issues that were raised.

Requests by the committee:

The Department was asked to provide a list of the Municipalities that attended the Induction Tourism Programme for local Government; and

The committee requested the department to give a detailed briefing on the Oceans Economy and mapping of tourism products along the South African Coast. The briefing was done on 31 October 2018.

7.1.7 Briefing by the Department on the Full Oceans Economy Plan on 31 October 2018.

The committee welcomed the presentation and requested that the department the Department should provide an update on the implementation of the programme around February / March 2019.

The following matters were discussed:

- Amounts that need to be invested towards the 2016 targets, as only estimations were provided;
- Blue Flag Beaches - Despite the high cost of creating job opportunities, more opportunities for employment should be created;
- Concurrent functions and constitutional matters;
- The involvement of Communities;
- The role of Traditional Leaders;
- The impact of land reform;
- Roads and other infrastructure challenges;
- A skills audit for CMT;
- The Tourism PPP Toolkit and funding model; and
- A Tourism planning manual to assist with destination planning.

Action by the department:

The Department undertook to do more work on the amounts invested towards the 2026 targets. No date has been identified as yet by the committee for the department to provide an update on the progress towards the implementation of the Oceans Economy Programme.

7.1.8 Briefing by the department on the Second and Third Quarterly Performance Reports for the 2018/19 Financial Year on 27 February 2019.

The committee commended the department the Department's good work as well as the efforts made towards addressing the shortfalls, in particular the project management issues that have been raised by the committee during the 5th Parliament's term. The department was urged to work on the shortfalls that were identified.

The committee deliberated on the briefing and raised the following concerns:

- The B-BBEE Charter Council Secretariat should be completely independent;

- Data collection;
- The high number of drop-outs and loss of interest in capacity building programmes;
- The information given by the department on incubators was seen as contradictory;
- The committee reiterated the importance of forward planning to eliminate delays experienced in project implementation;
- The slow procurement processes that cause the department not to achieve its quarterly targets;
- The committee urged the department to observe SMART principles when it set targets to ensure that all the stakeholders involved in projects are in agreement with the goals and will be accountable for their role for successful projects;
- The committee recommended that the Women in Tourism (WiT) conference is hosted in either August, to coincide with Women's Month, or alternatively, in September, to link it to the Tourism Month activities.

Action by the department:

- The Department advised the committee that the term of the B-BBEE Tourism Charter Council has expired;
- The Department took note of the committee's concerns in terms of shortfalls and undertook to give it the necessary attention;
- The Department elaborated on the status of incubators. Through virtual incubators more businesses will be reached and served;
- In terms of procurement, the department is addressing challenges by setting up a panel that will pre-qualify companies that can be considered when tenders are issued.

The Department also advised the committee that the Tourism Bill was in the Cabinet process and will be gazetted for public comments in April; and • The Department acknowledged that it would be better to have the WiT conference in August or September than in December or January.

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

7.2.1 Oversight visit (31 July to 3 August 2018) to Limpopo (Mopani District Municipality) by the Joint Select Committee on Trade and International Relations and Business and Economic Development. 30 July – 3 August 2018 (2 August 2018 - Ba-Phalaborwa Local Municipality)

The purpose of the oversight visit was to assess progress in implementing government development projects and identify challenges. Projects of the departments of Energy, the DTI Agriculture, Economic Development and Small Business and Tourism were visited.

The Department, in co-operation with SANPARKS, arranged a site visit to the Phalaborwa Gate of Kruger National Park, the place where the Phalaborwa Wildlife Activity Hub will be developed by SANPARKS. The Department of Tourism and SANPARKS gave presentations on the proposed Wildlife Hub.

Observations:

- The Joint Select Committee noted the efforts of government to create tourism assets that

will benefit communities.

- It noted that, for the project to succeed, partnerships with the public, private and civil society and the local community are needed to enhance this
- economic growth.
- Limpopo has a high unemployment rate, particularly among women and youth. The district is part of the Greater Limpopo Transfrontier Park that presents great economic opportunities for eco-tourism, game farming and other spinoffs for SMME's.
- With quality tourism products to offer tourists, Ba-Phalaborwa prides itself as the best tourism hub in the district. However, it needs public-private support initiatives to support informal trading entities as well as all three spheres of government.
- The Ba-Phalaborwa Municipality has identified the possible winding down of some mining activities that might lead to more unemployment. Thus the tourism industry has been identified as one of the sectors that will need to stimulate economic growth. The town's close proximity to the Kruger National Park can help enhance economic growth. However, the municipality needs to invest more in tourism infrastructure and facilities.
- Poaching was identified as a big threat to the tourism potential. Collaborative efforts with the national and provincial governments to implement a strategic plan to fight rhino and other animal poaching are needed. The community should be educated on poaching and made aware of the adverse impact it has on tourism and economic development.

Recommendations:

The local municipality indicated that for the tourism industry and associated spinoffs to grow, they need support from the national and provincial governments as well as the private sector. This would entail providing skills development programs for the youth and unemployed community members;

Improve access to Ba-Phalaborwa. Partners should use the two airports (Phalaborwa and Hoedspruit) and help establish these commercial facilities as catalysts for economic development; Improve the Information Communication Technology infrastructure; and Partnerships can also be extended to the neighboring countries to maximize economic opportunities, especially in the tourism sector.

7.2.2 Briefing by the Department and SA Tourism on the Progress Report and interventions to stimulate Domestic Tourism on 5 September 2018

The Department and SA Tourism briefed the Select Committee on Trade and International Relations on interventions and progress made towards stimulating Domestic Tourism.

Issues raised during the deliberations were:

- The cost of travelling, especially air travel, for the domestic tourist, and the recession;
- Infrastructure and transport availability. Travel by road is expensive due to the high cost of fuel and bad state of roads;
- The revival of underutilised Budget Resorts and Municipal Resorts to cater for the new tastes of the new traveller. Some resorts are no longer in good condition; Safety and security risks;
- A framework to support tour operators and permit applications;
- Destination marketing companies (DMC) and transport licences;
- The public and school kids in particular should be encouraged to visit other provinces and be taken to National Parks in other provinces;

- Transformation - Township tourism and accommodation ventures are still lacking; and,
- It was said that SA Tourism has a pivotal role to play in unlocking employment opportunities.

Recommendations:

- SA Tourism needs to promote experiences at specific destinations and products;
- A timeline for the implementation of the Framework for Tour Operators is required;
- All communities need to know which tourist products and attractions are in their area (Municipality and Province) in order to inform tourists albeit international or domestic;
- The Department should in future give a comprehensive explanation about its co-operation with municipalities;
- SA Tourism should promote traditional functions and events as possible tourist attractions;
- Improve integrated government relations by following a multifaceted approach, and get all stakeholders involved e.g. municipalities, provincial governments, and traditional leaders;
- Improve the exchange of information between provinces;
- The Department needs to discuss the case of Tourism with SALGA;
- Stokvels to be used as possible vehicles for domestic tourism;
- Visits to museums must be part of school assignments;
- Use Taxis to market tourist products and the Sho'left campaign; and
- The Department does not need to present to the committee, as a letter can be sent to request assistance, or to inform the committee. For example, if the department sends a letter regarding the applications of tour operators, the SC might be able to assist to speed up the processes, as it is also now busy with the National Land Transport Bill.

Responses by the department:

- The Department and the Department of Basic Education are working together to organise children visits to national parks;
- The Department and SA Tourism are working with designated groups, e.g. elderly citizens, children and people with disabilities, to expose them to a culture of travel;
- The Department is busy working on commercialisation guidelines, with the DBSA; and a SANPARKS concession policy which will also enhance transformation;
- Youth will be trained to do maintenance of parks and to protect local resources;
- The Department is planning to embark on a national roadshow in March 2019 with the Tour Operator Framework;
- At the quarterly meetings with provinces, SA Tourism discussed issues like the barriers to tourism. The provinces requested assistance with domestic tourism strategies;
- SA Tourism is developing applications for mobile platforms that will make available information on events and conferences – traditional events, museums etc. for delegates and tourist; and
- The Department confirmed that provinces and local municipalities are involved in tourism month.

7.2.3 Briefing by the Department on their Annual Performance Report for the 2017/18 Financial Year on 31 October 2018.

The Department was congratulated on its unqualified audit but cautioned to make sure that no misstatements / findings by the AGSA occur again.

Recommendations:

- The committee perceived destination development as vital for the creation of jobs and urged the department to intensify its efforts to develop township tourism;
- Safety is a major concern;
- Action plans for all beaches not yet covered in planning;
- The Department was requested to provide the Committee with additional information on the Blue Flag Beaches; and
- The department must alert the committee when it does training in municipalities or conducts any awareness programmes.

Action by the Department:

- The Department explained its action plans in terms of tourist safety monitors and their co-operation with provinces, the SAPS, TBCSA, SATSA, SA Tourism and Business Against Crime.
- Transfrontier tourism activity. The department briefed the committee on the closure of RETOSA, the Marketing arm of SADC. Additionally, it explained that SADC would identify a new vehicle for regional marketing.

7.2.4 Oversight visit to KZN – eThekweni, 16-19 October 2018, by the Joint Select Committee on Trade and International Relations and Business and Economic Development.

The purpose of visit was to do oversight of how government policies and objectives are translated into practice. The Department made arrangements in co-operation with the eThekweni Municipality (Durban Tourism) and the Provincial Tourism Planning Unit for the Joint Select Committee to visit tourist products in the area. The members were picked up on 18 October 2018 at Dube Trade Port by a tour operator and a tour guide. From there they went on the Inanda Heritage Route to visit tourism projects.

Observations and recommendations by the Joint Select Committee:

- The Joint Select committee emphasised again the need for government to co-ordinate supply chain management interventions and integrate them with demand-side management. This approach would influence the growth of the South African economy.
- The Durban Chamber of Commerce has working relations with the eThekwini Community Tourism Organisation in support of the promotion of Durban as a destination for business, investment and tourism.
- The Joint Select Committee has stressed the importance of partnerships between the government and the private sector. Development initiatives should stimulate the growth of SMMEs, particularly for previously disadvantaged persons.
- The three spheres of Government should synchronise their economic development plans to reduce inefficiency in funding and implementation of projects. In this way more resources will be available for job creation and economic growth.
- The committee observed that the failure of SMMEs could be attributed to a general lack of support from government on all levels. Thus, it was recommended that the Committee monitor government to ensure they contribute to SMME support in the full value chain through supplier support and timeous payment within the 30 days rule. SEDA should also coach and mentor company directors.
- It was recommended that the Department of Small Business Development should develop

a five-year plan with a financial package to keep SMMEs afloat and avert impending insolvency and accompanied with a tax holiday of 3-5 years until they are more viable and sustainable.

- The metro has established a multi-stakeholder forum which includes (SAPS) EPWP, safety volunteers, the Metro Police, the Durban Chamber of commerce and private security companies.

7.2.5 Taking Parliament to the People 19-22 November 2018 – GAUTENG

The Minister and Deputy Minister as well as the Director- General had prior commitments and could not be part of the panel discussion on “The impact of migration – deepening co-operative governance for accelerated service delivery and development”.

7.3. OTHER COMMITTEES

7.3.1. Briefing by the Department and SAT to the Portfolio Committee on Economic Development on “Tourism and Economic Development” on 13 June 2018

The Portfolio Committee on Economic Development identified the Tourism sector as one of the areas for oversight for 2018 as the sector plays a crucial role in the economic development of the country. The committee requested a briefing on the department’s role in the economic development of the tourism sector. The Department described the work done by its different branches, gave an overview of the sector’s performance and explained the NTSS.

The following issues were raised by members:

- Capacity building programmes - the numbers are still very low and the department should monitor the employment of the trainees
- The 4th Industrial Revolution;
- Attracting more international conferences;
- Barriers to arrivals like ebola, visas and crime;
- The communication around tourism opportunities is the department and SA Tourism do not share their visions or information on opportunities. The lack of information on the ground is making it difficult for Members of Parliament to promote tourism opportunities in their constituencies;
- It was said that, although the Eastern Cape Province has enormous potential, it is lagging behind in tourism development and numbers of visitors;
- Grading of B&Bs versus Air B&Bs;
- Intergovernmental relations;
- Road infrastructure; and
- Transformation.

Partnerships with other departments should be enhanced as Tourism is everybody’s business. Government departments should create a conducive environment for economic growth in the tourism sector. The committee felt that another briefing session should be arranged.

7.3.2 Briefing by the Minister and Department to the Select Committee on Petitions and Executive Undertakings: Progress Report on the Undertakings made by the Minister of Tourism to the NCOP Plenary sessions held on 17 May 2016 and 7 November 2018

The Minister was requested to give a progress report on 7 November 2018, but neither him nor the Deputy- Minister, or the Director- General, could attend. The department did prepare a presentation and the Acting Director-General attended the meeting. However, the committee felt they wanted the Minister to give the progress report himself. The delegation had to leave.

7.3.3 Briefing by the Minister and Department to the Select Committee on Petitions and Executive Undertakings: Progress Report on the Undertakings made by the Minister of Tourism to the NCOP Plenary meetings held on 17 May 2016 and 6 February 2019

Subsequent to the above the Minister was again requested to give a progress report on his undertakings made in the NCOP Plenary on 17 May 2016. The Minister attended the meeting with the Director-General and his team. The Department was commended for its work promoting tourism growth.

The Minister and the department team gave feedback on the progress of the following undertakings:

- (i) Enhancing four iconic national heritage sites that depict significant milestones in the life of our former president Nelson Mandela;
- (ii) The Social Responsibility Implementation Programme (SRI) will provide work opportunities across the country;
- (ii) The Department will promote access to selected government-owned attractions through negotiated discounted rates. This project will target learners, youth, pensioners, and people living with disabilities and others who cannot afford to go to these places.
- (iv) The new Tourism Charter Council will be tasked with developing transformative strategies as well as monitoring and reporting on the state of transformation.

Concerns were raised on the following:

The lack of signage at many destinations and sights; and,
The lack of tourism development in the Eastern Cape.

Response by the department:

The Department explained that it is only involved with interpretative signage at tourism attractions and that SANRAL and the respective municipalities are responsible for road signage.

The Department gave a detailed explanation about its work in the Eastern Cape in terms of destination development. To this end, it collaborated with the provincial and local governments and mapped a master plan for the Wild Coast region. This masterplan will consist of comprehensive tourist development and include the necessary support for infrastructure such as water, sanitation, telecommunication, roads, etc.

The Department submitted supporting documents to the committee on 18 February 2019.

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 2018/19 financial year:

- SCM - Quotations;
- assets Management;
- ICT governance;
- contract management;
- occupational health and safety;
- pre-determined objectives;
- annual report review;
- follow-up on AGSA Report;
- performance Audit: DD – National Monument Heritage Programme;
- EPWP Project Site Visits;
- Tourism Incentives Programme – Transfer Payments; and
- Logical access control review.

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:

- supporting management in respect of financial reporting and a system of internal control;
- enhancing business ethics and trust in the Department;
- ensuring and enhancing the independence of internal audit activity;
- ensuring that risks facing the Department are identified, and that appropriate procedures are implemented to manage and minimise risks;
- ensuring the proper functioning of the audit process;
- 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	31 July 2018	2
Mr R Rajcoomar	B. Com (Hons); H. Dip Tax; MBA; Post Graduate Diploma in Accounting Science	External		1 August 2015	31 July 2018	2
Mr PR Mnisi	LLB; Post Grad Certificate in Compliance Management.	External		1 August 2015 and re-appointed 20 October 2018		4
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 and re-appointed 20 October 2018		5
Ms C Le Grange	CA (SA)	External		20 October 2018		3
Ms MP Ramutsheli	CIA; Certified Ethics Officer; Masters in Internal Auditing.	External		20 October 2018		3

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

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:

- SCM - Quotations;
- assets Management;
- ICT Governance;
- contract management;
- occupational health and safety;
- pre-determined objectives;
- annual report review;
- follow-up on AGSA Report;
- performance Audit: DD – National Monument Heritage Programme;
- EPWP Project Site Visits;
- Tourism Incentives Programme – Transfer Payments; and
- Logical access control review.

Area of concern:

Expanded Public Works Programme (EPWP). The shortcomings in the Expanded Public Works Programme was the reason for the Qualified Audit Report as clearly indicated in the Report of the Auditor General.

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

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the qualified audit opinion of the Auditor-General South-Africa (AGSA) on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the AGSA. There are no unresolved issues between the AGSA and the Department.

**Chairperson of the Audit Committee
30 September 2019**

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

- To recruit a suitably qualified, capable and skilled workforce
- To promote employment equity
- To have skilled, motivated, capacitated and empowered employees who are equipped to deliver the mandate of the department
- To develop high-quality leaders and managers who exemplify the core values of the public service and the Department, and committed to service delivery
- To promote effective performance management systems
- To effectively manage employee health and wellness in the workplace,
- To coordinate special transformation programmes
- 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 the reasonable costs. 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 Senior Management Service (SMS) Handbook. The Department has also implemented the revised PMDS directive as from 1 April 2018. Workshops are conducted to provide knowledge and understanding on the development of performance agreement and work plans as well as on how to assess performance.

Employees' performance assessments are conducted at the end of the financial year, and performance outcomes implemented. 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

The traditional human resource management approach entailed either hiring people with the required skills or training employees to develop the skill sets required for the organisation. The challenge for human resources in the new order is to ensure an employee-employer fit. Management assisted by HR is expected to ensure an employee-organisation fit through the implementation of effective recruitment strategies. During the period under review there were 30 out of 53 exited officials which constitute 56.6% level of participation on the exit interviews by the exiting officials, of which 19 exited officials were as a result of internship expiry resignations, 1 retirement, 1 contract expiry, 3 transfer out, 1 resignation, and 4 promotions out.

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

The Department exceeded government's targets for persons with disabilities and currently stands at 4.5% representation for this group. At SMS level, the Department has reached 50.7% female occupation of posts.

Looking at 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 HR Plan 2017-2020 are as follows:

- Strategic partnerships with core business
- Employee championship
- Organisational development and design
- Recruitment and employee life-cycle management, with two sub-categories:
- Human resource utilisation

- Human resource development

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel related expenditure

The following tables summarises 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, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1: Administration	260 730	138 175	1 795	8 533	53	583
Programme 2: Tourism Research, Policy and International Relations	1 283 908	51 066	503	62	4	762
Programme 3: Destination Development	398 447	53 426	83 896	7 390	13	763
Programme 4: Tourism Sector Support Services	291 717	70 785	9 079	7 636	24	745
Total	2 234 802	313 452	95 273	23 621	14	668

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	126	-	1	126
Skilled (level 3-5)	7 995	2	32	232
Highly skilled production (levels 6-8)	48 927	15	132	372
Highly skilled supervision (levels 9-12)	171 813	52	237	720
Senior and Top management (levels 13-16)	84 591	25	67	1 245
Total	313 452	98	469	668

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

Programme	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
Programme 1: Administration	118 198	86	251	-	3 466	3	4 365	3
Programme 2: Tourism Research, Policy and International Relations	43 810	86	-	-	1 473	3	1 140	2
Programme 3: Destination Development	45 987	86	-	-	1 376	3	1 245	2
Programme 4: Tourism Sector Support Services	60 641	86	114	-	1 410	2	1 818	3
Total	268 636	86	364	-	7 725	3	8 568	3

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

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
Skilled (level 1-2)	178	82	-	-	-	-	10	8
Skilled (level 3-5)	6 134	74	40	-	479	7	582	9
Highly skilled production (levels 6-8)	39 829	79	98	-	1 892	4	3 066	6
Highly skilled supervision (levels 9-12)	147 360	83	226	-	3 864	2	4 164	2
Senior management (level 13-16)	75 135	86	-	-	1 490	2	748	1
Total	268 636	84	364	-	7 725	2	8 570	3

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).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2019:

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	259	233	10%	3
Tourism Research, Policy and International Relations	75	69	8%	-
Destination Development	76	70	8%	-
Tourism Sector Support Services	104	95	9%	-
Total	514	467	9%	3

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019

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	-	-
Skilled(3-5)	29	29	-	2
Highly skilled production (6-8)	146	128	12%	-
Highly skilled supervision (9-12)	256	233	9%	1
Senior management (13-16)	70	64	9%	-
11 Contract (Levels 3-5), Permanent	1	1	-	-
12 Contract (Levels 6-8), Permanent	4	4	-	-
13 Contract (Levels 9-12), Permanent	4	4	-	-
14 Contract (Levels 13), Permanent	3	3	-	-
TOTAL	514	467	9%	3

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019

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	4	2	50	-
Financial and related professionals, permanent	10	8	20	-
Financial clerks and credit controllers, permanent	9	9	-	-
Information technology related, permanent	8	8	-	-
Other information technology personnel., permanent	9	6	33	-
Senior managers, permanent	70	64	9	-
Statisticians and related professionals, permanent	12	11	8	-
Total	122	108	120	-

Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service 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 on 31 March 2019

SMS Level	Total number of funded SMS	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant

	posts				
Minister/Deputy Minister	2	2	100%	-	-
Director-General/ Head of Department & Special Advisor(s) Salary (Level 16)	2	1	50%	1	50%
Salary Level 15	5	5	100%	-	-
Salary Level 14	15	13	87%	2	13.3%
Salary Level 13	49	46	94%	3	6.1%
Total	73	67	92%	6	8.2%

Table 3.3.2 SMS post information as on 30 September 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%
Director-General/ Head of Department & Special Advisor(s) Salary (Level 16)	2	1	50%	1	50%
Salary Level 15	5	5	100%	-	0%
Salary Level 14	15	14	93.3%	1	8%
Salary Level 13	50	47	94%	3	6%
Total	74	69	93.2	5	7%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

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	Number of vacancies per level not filled in 6 months but filled in 12 months

Salary Level 13	1	1	-
Total	1	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 2018 and 31 March 2019

Reasons for vacancies not advertised within six months	
Chief of Staff - Decision taken not to fill position in view of imminent end of Ministers Term of Office	
Administrative Secretary: Office of the Minister - Decision taken not to fill position in view of imminent end of Ministers Term of Office	
Media Liaison Officer: Office of the Minister - Decision taken not to fill position in view of imminent end of Ministers Term of Office	

Reasons for vacancies not filled within twelve months	
Chief of Staff - Decision taken not to fill position in view of imminent end of Ministers Term of Office	
Administrative Secretary: Office of the Minister - Decision taken not to fill position in view of imminent end of Ministers Term of Office	
Media Liaison Officer: Office of the Minister - Decision taken not to fill position in view of imminent end of Ministers Term of Office	

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 2018 and 31 March 2019

Reasons for vacancies not advertised within six months	
Note – Decision not to fill positions was sensible as it would not be favourable to employ new staff who would have possibly required training and time to settle in consideration of Ministers remaining term of Office.	

Reasons for vacancies not filled within six months	
Note – Decision not to fill positions was sensible as it would not be favourable to employ new staff who would have possibly required training and time to settle in consideration of Ministers remaining term of Office.	

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 2018 and 31 March 2019

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%	-	-	-	-
Skilled (Levels 3-5)	29	28	97%	-	-	-	-
Highly skilled production (Levels 6-8)	146	105	72%	9	56%	1	100%
Highly skilled supervision (Levels 9-12)	256	219	86%	79	99%	11	100%
Senior Management Service Band A	47	45	96%	-	-	-	-
Senior Management Service Band B	15	13	87%	-	-	-	-
Senior Management Service Band C	5	2	40%	-	-	-	-
Senior Management Service Band D	3	2	67%	-	-	-	-
Contract (3-5)	1	1	100%	-	-	-	-
Contract (6-8)	4	1	25%	-	-	-	-
Contract (9-12)	4	2	50%	-	-	-	-
Contract Band A	2	1	50%	-	-	-	-
Contract Band B	1	1	100%	-	-	-	-
Total	514	421	82%	88	94%	12	100%

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 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-

Employees with a disability

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 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	-	-	-	-
Total number of employees whose salaries exceeded the level determined by job evaluation				
Percentage of total employed				

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 2018 and 31 March 2019

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	------

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 2018 and 31 March 2019

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	1	-	-	-
Skilled (Levels 3-5)	28	-	-	-
Highly skilled production (Levels 6-8)	138	-	8	6
Highly skilled supervision (Levels 9-12)	242	1	11	5
Senior Management Service Bands A	46	-	3	7
Senior Management Service Bands B	12	2	2	17
Senior Management Service Bands C	5	-	-	-
Senior Management Service Bands D	-	-	-	-
Contracts (Level 1-2) Permanent	25	-	25	100
Contracts (Level 3-5) Permanent	-	1	1	-
Contracts (Level 6-8) Permanent	4	-	1	-
Contracts (Level 9-12) Permanent	4	3	3	75
Contracts Band A Permanent	3	-	1	33
Contracts Band D Permanent	3	-	-	-
Total	511	7	53	10

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Finance and economics related, permanent	1	-	-	-
Financial and related professionals, permanent	9	-	-	-
Financial clerks and credit controllers, permanent	9	-	-	-
Senior managers, permanent	66	2	6	9
Statisticians and related professionals, permanent	11	-	-	-
TOTAL	96	2	6	9

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 2018 and 31 March 2019

Termination Type	Number	% of Total Resignations
Death	3	6.3%
Resignation	14	29.7%
Expiry of contract	22	47%
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	1	2.1%
Retirement	1	2.1%
Transfer to other Public Service Departments	5	10.6%
Other	1	2.1%
Total	47	10.6%
Total number of employees who left as a % of total employment	10.6%	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary bands as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Finance and economics related, permanent	1	-	-	1	100%
Financial and related professionals, permanent	9	-	-	6	67%
Financial clerks and credit controllers, permanent	9	-	-	6	67%
Information technology related, permanent	8	-	-	8	100%
Other information technology personnel, permanent	6	-	-	2	33%
Senior managers, permanent	66	1	2%	53	80%
Statisticians and related professionals, permanent	11	-	-	8	73%
TOTAL	110	1	2%	84	71%

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands 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-	1	-	-	-	-

2)													
Skilled (Levels 3-5)	28	-	-	-	26	93%							
Highly skilled production (Levels 6-8)	138	9	7%	99	72%								
Highly skilled supervision (Levels 9-12)	242	1	-	182	75%								
Senior Management (level 13-16)	63	1	2%	51	81%								
Contracts (Level 1-2) Permanent	25	-	-	-	-								
Contracts (Level 3-5) Permanent	-	-	-	-	-								
Contracts (Level 6-8) Permanent	4	1	25%	-	-								
Contracts (Level 9-12) Permanent	4	-	-	-	-								
Contracts Band (13-16)	6	-	-	2	33%								
Total	511	12	2%	360	71%								

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 2019

Occupational category	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Professionally Qualified & Experienced Mid-Management	96	3	4	4	109	8	6	7	237

Semi-Skilled & Discretionary	16	-	-	-	13	-	-	-	29
Senior Management	25	1	3	1	20	3	3	3	59
Skilled Qualified & Junior Management	44	4	-	-	75	6	1	3	133
Top Management	1	-	-	2	3	-	1	1	8
Unskilled & defined decisions	1	-	-	-	-	-	-	-	1
Total	183	8	7	7	220	17	11	14	467
Employees with disabilities	12	-	-	1	7	-	-	1	21

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

Occupational band	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	2	3	-	1	1	8
Senior Management	25	1	3	1	20	3	3	3	59
Professionally qualified and experienced specialists and mid-management	96	3	4	4	109	8	6	7	237
Skilled technical and academically qualified workers, junior managers, foreman and superintendents	44	4	-	-	75	6	1	3	133
Semi-skilled and discretionary	16	-	-	-	13	-	-	-	29

decision making	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	
Unskilled and defined decision making																	
Total	183	8	7	7	7	220	17	11	14	467							

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	1	-	-	2
Professionally qualified and experienced specialists and mid-management	2	-	-	-	2	-	-	-	4
Semi-skilled and discretionary decision making	1	-	-	-	-	-	-	-	1
Total	4	-	-	-	2	1	-	7	-
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	-	-	-	1

Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	1	-	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	-	-	-	-	8	-	-	-	-	10
Total	3	-	-	-	-	8	1	-	-	-	12
Employees with disabilities	-	-	-	-	-	-	-	-	-	-	-

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male					Female					Total
	African	Coloured	Indian	White		African	Coloured	Indian	White		
Top Management	1	-	2	-	-	1	-	-	-	-	4
Senior Management	4	-	1	-	-	1	-	1	-	-	7
Professionally qualified and experienced specialists and mid-management	3	-	-	-	-	2	1	-	1	-	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	10	-	-	-	-	15	-	-	-	-	25
Unskilled and defined decision making	18	-	3	-	-	19	1	1	1	-	43
Total	-	-	-	-	-	-	-	-	-	-	-
Employees with Disabilities	-	-	-	-	-	-	-	-	-	-	-

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male	Female	Total

	African	Coloured	Indian	White	African	Coloured	Indian	White
Internal disciplinary action	-	-	1	-	1	-	-	2

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	-	3	-	18	1	4	1	43
Professionals	29	2	-	3	30	2	2	7	75
Technicians and associate professionals	58	3	2	1	64	3	2	2	135
Clerks	28	-	-	-	63	10	2	4	107
Elementary occupations	18	1	-	-	13	-	-	-	32
Total	149	6	5	4	188	-	10	14	392
Employees with disabilities									

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 2018

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
Director-General/ Head of Department	-	-	-	-
Salary Level 16	1	1	1	100%
Salary Level 15	5	5	5	100%
Salary Level 14	14	14	14	100%
Salary Level 13	47	47	47	100%
Total	67	67	67	100%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2019

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2019

Reasons
N/A

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 2018 to 31 March 2019

Beneficiary Profile	Cost
----------------------------	-------------

Race and Gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male	102	149	68%	1 283	13
Female	128	189	67%	1 464	11
Asian					
Male	3	4	75%	45	15
Female	4	7	57%	51	13
Coloured					
Male	3	5	60%	32	11
Female	7	15	47%	79	11
White					
Male	2	4	50%	36	18
Female	6	11	54%	95	16
Total	255	384	66%	3 088	12

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

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 (R'000)	
Lower Skilled	-	-	-	-	-	-

(Levels 1-2)							
Skilled (level 3-5)	22	30	73%	102	5	0.1%	
Highly skilled production (level 6-8)	71	125	57%	536	8	0.2%	
Highly skilled supervision (level 9-12)	162	229	71%	2 451	15	0.8%	
Total	255	384	66%	3 088	27	1%	

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)	
FINANCIAL AND RELATED PROFESSIONALS	5	8	63%	84	17	
SENIOR MANAGERS	38	64	59%	707	19	
TOTAL	43	72	59%	791	18	

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

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	-	-	-	-	-	-	-
Band B	3	4	75%	72	24	0.02%	
Band C	10	13	77%	206	21	0.07%	
Band D	26	47	55%	443	17	0.14%	
Total	39	64	61%	721	18	0.23%	

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	-	-	-	-	-	-

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A	-	-	-	-	-	-

3.10 Leave utilisation

The Public Service Commission identified the need for careful 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 2018 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using sick	% of total employees using sick	Average days per employee	Estimated Cost (R'000)
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		leave	leave
Lower Skills (Level 1-2)	2	100	1
Skilled (levels 3-5)	82	100	26
Highly skilled production (levels 6-8)	426	100	118
Highly skilled supervision (levels 9 - 12)	665	100	203
Top and Senior management (levels 13-16)	150	100	51
Contract (Levels 13-16)	7	100	5
Contract (Levels 6-8)	5	100	3
Contract (Levels 9-12)	4	100	3
Contract (Levels 1-2)	21	100	11
Total	1 362	163	421
			89
			3
			8 947

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 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)	7	14	1	0.2	7	83
Highly skilled supervision (Levels 9-12)	1	100	1	0.2	1	12
Senior management (Levels 13-16)	1	100	1	0.2	1	40
Skilled (Levels 3-5)	-	-	-	-	-	-
Total	9	33	3	0.6	3	135

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the 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 2018 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	22	2	11
Contract (Levels 3-5)	1	-	-
Contract (Levels 6-8)	21	4	5
Contract (Levels 9-12)	29	7	4
Contract Other	-	-	-
Highly skilled production (Levels 6-8)	1 110	91	12
Highly skilled supervision (Levels 9-12)	1 940	181	11
Lower skilled (Levels 1-2)	1	1	1
Senior management (Levels 13-16)	506	50	10
Skilled (Levels 3-5)	230	22	10
TOTAL	3 860	358	11

Table 3.10.4 Capped leave for the period 1 January 2018 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 2019
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Contract (Levels 13-16)	-	-	-	-
Contract (Levels 3-5)	-	-	-	-
Contract (Levels 6-8)	-	-	-	-
Contract (Levels 9-12)	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	15
Highly skilled supervision (Levels 9-12)	5	2	3	28
Lower skilled (Levels 1-2)	-	-	-	-
Senior management (Levels 13-16)	9	2	5	48
Skilled (Levels 3-5)	11	1	11	49
TOTAL	25	5	5	35

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

Table 3.10.5 Leave payouts for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
ANNUAL - DISCOUNTING WITH RESIGNATION (WORK DAYS)	361	33	11
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT (WORK)	125	3	42
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT (WORK)	89	2	45
Total	575	33	17

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		There are two officials serving in the dedicated Unit: Mr S V Nkosi: Deputy Director- Employee Health and Wellness and Ms M Sibande: Assistant Director –Employee Health and Wellness. These officials are professionally trained as Social Workers and they professionally registered with the South African Social Service Council. The allocated budget for this unit was R324 366-20 for the financial year 2018/2019.
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: 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 four (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.

Question	Yes	No	Details, if yes
<p>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.</p>	X		<p>Yes, the department has reviewed its employment policies and practices including EHW policies. Moreover, the unit is in a process of reviewing its EHW policies and such review will take place during the course of 2019/2020 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.</p>
<p>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.</p>	X		<p>Yes, the department has reviewed its employment policies and practices including EHW policies. Moreover, the unit is in a process of reviewing its EHW policies and such review will take place during the course of 2019/2020 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.</p>
<p>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.</p>	X		<p>Measures in place: There is a dedicated unit which specialises on Employee Health & Wellness including HIV and AIDS and TB in the workplace. The EHW unit has measures in place to prevent discrimination of HIV-positive employees at work through HIV&AIDS and TB Management Policy, it further provides HIV counselling and wellness interventions on all four quarters of the financial year.</p>
<p>7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.</p>	X		<p>HIV Counselling and Testing (HCT) Services: The department had four interventions during the financial year 2018/2019, where staff members were</p>

Question	Yes	No	Details, if yes
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		encouraged to go HIV Test and this was done in collaboration with the Health Screening Program conducted in the department through Government Employee Medical Scheme (GEMS). The average percentage of employees reached was 8% in the first quarter, 7% in the second quarter, 7% in the third quarter and 7% in the fourth quarter based on the total establishment. Monitoring and evaluation: The unit compiled four (4) reports on EH-W quarterly intervention to assess the impact of health promotion programme per intervention and submit the report to the Department of Public Service and Administration (DPSA).

Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
N/A	N/A
N/A	N/A

Notes

If there were no agreements, keep the heading and replace the table with the following:

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 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	1	100%
Written warning	1	100%
Final written warning	-	-
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	1	100%
Case withdrawn	1	100%
Total	4	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Putting the name of the Department into disrepute	1	50%
Improper conduct and Fraud	1	50%
Total	2	100%

Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	-	-
Number of grievances not resolved	4	100%
Total number of grievances lodged	4	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
Total number of disputes lodged	-	-

Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	1
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	106
Cost of suspension (R'000)	544

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 2018 and 31 March 2019

Occupational category	Gender	Training needs identified at start of the reporting period			Total
		Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	-	9	3	12
	Male	-	5	2	7
Professionals	Female	-	17	9	26
	Male	-	11	4	15
Technicians and associate professionals	Female	-	26	18	44
	Male	-	33	5	38

Occupational category	Gender	Training needs identified at start of the reporting period			Total
		Learnerships	Skills Programmes & other short courses	Other forms of training	
Clerks	Female	-	37	5	42
	Male	-	14	4	18
Elementary occupations	Female	-	10	1	11
	Male	-	10	2	12
Non-employees	Female	-	22	25	47
	Male	-	21	22	43
Sub Total	Female	-	121	61	182
	Male	-	94	39	133
Total		-	215	100	315

Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Training provided within the reporting period			Total
		Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	-	20	4	24
	Male	-	17	2	19
Professionals	Female	-	32	9	41
	Male	-	25	9	34
Technicians and associate professionals	Female	-	47	24	71
	Male	-	52	12	64
Clerks	Female	-	56	23	79
	Male	-	20	8	28
Elementary occupations	Female	-	11	2	13
	Male	-	12	7	19
Non-employees	Female	-	25	25	50

Occupational category	Gender	Training provided within the reporting period			Total
		Learnerships	Skills Programmes & other short courses	Other forms of training	
	Male	-	14	25	39
	Female	-	191	87	278
	Male	-	140	63	203
Total		-	331	150	481

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 2018 and 31 March 2019

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

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 2018 and 31 March 2019

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
Panel of professional built environment service providers for planning and delivery of tourism infrastructure projects OR-007578-Infrastructure Options	Not indicated	4 Months	467 417,50
Development of an ownership and operational model for accommodation and related tourism products OR-007829-Sigma International	Not indicated	5 Months	671 600,00
Total number of projects	Total individual consultants	Total duration	Total contract value in Rand
3	Not indicated	33 months	15 590 297,50

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

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
Panel of professional built environment service providers for planning and delivery of tourism infrastructure projects OR-007578-Infrastructure Options	0%	0%	Not indicated
Development of an ownership and operational model for accommodation and related tourism products OR-007829-Sigma International	100%	100%	Not indicated

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

Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

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Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly skilled production (Levels 6-8)	1	1	1	1
Highly skilled supervision (Levels 9-12)	-	-	-	-
Senior management (Levels 13-16)	-	-	-	-
Total	1	1	1	1

PART E: FINANCIAL INFORMATION

4. Report of the auditor-general to Parliament on vote no. 33: Department of Tourism

Report on the audit of the financial statements

Qualified Opinion

1. I have audited the financial statements of the Department of Tourism set out on pages 163 to 228 which comprise the appropriation statement, the statement of financial position as at 31 March 2019, 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, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Tourism as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury as required by section 40(1)(b) of the Public Finance Management Act (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 14 of 2018) (Dora).

Basis for qualified opinion

Immovable tangible capital assets

3. I was unable to obtain sufficient appropriate audit evidence that immovable tangible capital assets was properly accounted for in accordance with the requirements of the MCS *chapter 11, capital assets*. This was due to the inadequate status of the accounting records including the lack of a credible asset register. Some capital assets recorded in the register as completed assets could not be fully verified as some deliverables could not be physically verified. In addition, I was unable to confirm the status of completed projects disclosed in the capital work in progress disclosed in sub-note 29.4 to the financial statements. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to immovable tangible capital assets stated at R256 million (2018: R263 million) and capital work in progress stated at R236 million (2018: R295 million) as included in note 29 and sub-note 29.4 respectively to the financial statements.

Fruitless and wasteful expenditure

4. The department did not include the full extent of fruitless and wasteful expenditure in the notes to the financial statements, as required by section 40(3)(l) of the PFMA. This was due to excessive payments made on immovable tangible capital assets, I was unable to confirm the full extent of fruitless and wasteful expenditure included in the notes to the financial statements as the department did not quantify the full extent of fruitless and wasteful expenditure. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the fruitless and wasteful expenditure stated at R120 million (2018: R 0) in the financial statements.

Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
6. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* 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 codes.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2018 have been restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2019.

Other matter

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

Unaudited supplementary information

11. The supplementary information set out in pages 230 to 244 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 on them.

Responsibilities of accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard as prescribed by the National Treasury as required by section 40(1)(b) of the PFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
13. 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

appropriate governance structure 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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. 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

16. 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.
17. 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.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 - Tourism research, policy and international relations	51-61
Programme 3 - Destination development	62-71
Programme 4 - Tourism sector support services	72-89

19. 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.

20. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:
- Programme 2 - Tourism research, policy and international relations
 - Programme 3 - Destination development
 - Programme 4 - Tourism sector support services

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 52 to 94 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 4: Tourism sector support services. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

24. 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.

25. The material findings on compliance with specific matters in key legislations are as follows:

Submission of the annual financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA.

27. Some material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

28. The preference point system was not applied in some of the procurement of goods and services above R30 000 as required by section 2(a) of the PPPFA and treasury regulations 16A6.3(b). This non-compliance was identified in the procurement processes by implementing agents on behalf of the department.
29. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

Expenditure management

30. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R26.5 million as disclosed in note 22, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1 . The majority of the irregular expenditure disclosed in the financial statements was caused by the preference point system not being applied by implementing agents on behalf of the department.
31. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion the full extent of the fruitless and wasteful expenditure could not be quantified. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by expenditure incurred on infrastructure projects.

Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
33. 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.
34. 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.
35. If based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
37. Previously reported deficiencies relating to oversight regarding the financial reporting process, including detailed reviews of the financial reports by delegated officials, compliance and related internal controls were not adequately addressed. Although corrective action plans to address the audit findings were implemented by management, the plans were ineffective in timeously addressing the reported control deficiencies as an appropriate level of governance structures did not adequately monitor the status of addressing the findings to ensure that the lack of progress was escalated for further intervention.
38. An evaluation was performed by both the department and the auditors on some of the stalled projects on the department's Expanded Public Works Programme (EPWP). The evaluation revealed serious concerns regarding project management by the department on these projects and these included the following:
- the department did not have adequate capacity and appropriate competencies to ensure that appropriate oversight is exercised; the department did not obtain certified engineer and quantity surveyor certificates for infrastructure projects;
 - there was inadequate project management to ensure that appropriate oversight is exercised over infrastructure projects and that adequate records are kept for immovable tangible capital assets;
 - there was lack of detailed feasibility studies before approving projects;
 - there was lack regular site visits being conducted during the construction of projects as part of project management, and
 - implementing agents did not procure prescripts when procuring goods and services on behalf of the department.

Other reports

39. 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.
40. During the financial year, criminal investigations into allegations relating to some of the EPWP were being undertaken by the law enforcement agencies.
41. As previously reported, the Government Technical Advisory Centre (GTAC) has been requested to review the Social Responsibility Initiative projects, which include the 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 has been completed.

Auditor-General

**Pretoria
30 September 2019**



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

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.

***ANNUAL FINANCIAL STATEMENTS FOR
DEPARTMENT OF TOURISM
VOTE 33***

for the year ended
31 March 2019

**DEPARTMENT OF TOURISM
VOTE 33**

**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

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**DEPARTMENT OF TOURISM
VOTE 33**

**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Appropriation per programme	2018/19						2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Voted funds and Direct charges										
Programme										
1 Administration	271 415	-	(4 957)	266 458	260 730	5 728	97.9%	241 878	241 878	
2 Tourism Research, Policy and International Relations	1 281 995	-	6 135	1 288 130	1 283 908	4 222	99.7%	1 197 141	1 196 743	
3 Destination Development	401 754	-	5 093	406 847	398 447	8 400	97.9%	434 437	433 529	
4 Tourism Sector Support Services	306 653	-	(6 271)	300 382	291 717	8 665	97.1%	266 700	261 826	
TOTAL	2 261 817	-	-	2 261 817	2 234 802	27 015	98.8%	2 140 156	2 133 976	
Reconciliation with Statement of Financial Performance										
Add:										
Departmental receipts				2 482				1 138		
NRF Receipts				-				-		
Aid assistance				22 799				25 987		
Actual amounts per Statement of Financial Performance (Total Revenue)				2 287 098				2 167 281		
Add: Aid assistance					22 799				25 987	
Prior year unauthorised expenditure approved without funding										
Actual amounts per Statement of Financial Performance Expenditure					2 257 601				2 159 963	

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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Appropriation per economic classification	2018/19							2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000		
Current payments	556 480	(7 391)	73 342	622 431	597 138	25 293	95.9%	596 713	591 098		
Compensation of employees	310 353	-	10 000	320 353	313 452	6 901	97.8%	296 853	296 240		
Salaries and wages	273 398	(1 228)	10 235	282 405	276 728	5 677	98.0%	262 609	261 996		
Social contributions	36 955	1 228	(235)	37 948	36 724	1 224	96.8%	34 244	34 244		
Goods and services	246 127	102 609	63 342	412 078	393 686	18 392	95.5%	299 860	294 858		
Administrative fees	512	132	-	644	644	-	100.0%	669	669		
Advertising	3 075	(533)	-	2 542	2 542	-	100.0%	4 020	4 018		
Minor assets	2 389	(1 519)	-	870	870	-	100.0%	621	622		
Audit costs: External	6 029	522	-	6 551	6 551	-	100.0%	6 086	6 086		
Bursaries: Employees	2 836	(1 991)	-	845	845	-	100.0%	1 448	1 448		
Catering: Departmental activities	3 008	2 403	-	5 411	5 411	-	100.0%	5 694	5 694		
Communication (G&S)	6 862	(1 141)	-	5 721	5 721	-	100.0%	5 240	5 240		
Computer services	25 453	(15 181)	-	10 272	10 272	-	100.0%	11 705	11 705		
Consultants: Business and advisory services	65 793	(28 496)	-	37 297	23 621	13 676	63.3%	23 988	22 934		
Legal services	415	412	-	827	827	-	100.0%	194	194		
Contractors	5 320	109 225	-	114 545	114 545	-	100.0%	9 349	5 401		
Agency and support / outsourced services	302	132	-	434	434	-	100.0%	73	73		
Entertainment	107	(28)	-	79	79	-	100.0%	15	15		
Fleet services (including government motor transport)	2 138	(470)	-	1 668	1 668	-	100.0%	1 324	1 324		
Consumable supplies	3 596	(1 908)	-	1 688	1 688	-	100.0%	1 424	1 424		
Consumable: Stationery, printing and office supplies	5 967	(3 642)	-	2 325	2 325	-	100.0%	3 040	3 040		
Operating leases	33 515	9 745	-	43 260	43 260	-	100.0%	35 738	35 738		
Property payments	5 067	(961)	-	4 106	4 106	-	100.0%	3 984	3 984		
Travel and subsistence	41 177	17 057	-	58 234	53 518	4 716	91.9%	43 121	43 121		

**DEPARTMENT OF TOURISM
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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Training and development	12 255	19 676	63 342	95 273	95 273	123 128	100.0%	-	123 128	123 128
Operating payments	4 557	1 164	-	5 721	5 721	3 978	100.0%	-	3 978	3 978
Venues and facilities	15 742	(6 206)	-	9 536	9 536	13 843	100.0%	-	13 843	13 843
Rental and hiring	12	4 217	-	4 229	4 229	1 178	100.0%	-	1 178	1 179
Transfers and subsidies	1 481 241	(48 355)	(10 000)	1 422 886	1 421 713	1 320 704	99.9%	1 173	1 320 704	1 320 143
Departmental agencies and accounts	1 232 475	41 548	-	1 274 023	1 274 023	1 174 097	100.0%	-	1 174 097	1 174 097
Departmental agencies (non-business entities)	1 232 475	41 548	-	1 274 023	1 274 023	1 174 097	100.0%	-	1 174 097	1 174 097
Foreign governments and international organisations	2 508	-	-	2 508	2 348	6 394	93.6%	160	6 394	6 394
Public corporations and private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	47 966	98.7%	1 015	47 966	47 966
Private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	47 966	98.7%	1 015	47 966	47 966
Other transfers to private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	47 966	98.7%	1 015	47 966	47 966
Non-profit institutions	472	-	-	472	472	560	100.0%	-	560	560
Households	84 852	(15 923)	-	68 929	68 931	91 126	100.0%	(2)	91 130	91 126
Social benefits	-	755	-	755	757	923	100.3%	(2)	924	923
Other transfers to households	84 852	(16 678)	-	68 174	68 174	90 203	100.0%	-	90 206	90 203
Payments for capital assets	224 096	(54 650)	(63 342)	106 104	105 554	222 620	99.5%	550	222 620	222 616
Buildings and other fixed structures	218 594	(60 513)	(63 342)	94 739	94 187	214 526	99.4%	552	214 527	214 526
Buildings	650	(60 513)	154 602	94 739	94 187	214 526	99.4%	552	214 526	214 526
Other fixed structures	217 944	-	(217 944)	-	-	1	-	-	1	-
Machinery and equipment	5 297	3 250	-	8 547	8 549	6 649	100.0%	(2)	6 652	6 649
Transport equipment	-	861	-	861	863	1 676	100.2%	(2)	1 676	1 676
Other machinery and equipment	5 297	2 389	-	7 686	7 686	4 973	100.0%	-	4 976	4 973
Software and other intangible assets	205	2 613	-	2 818	2 818	1 441	100.0%	-	1 441	1 441
Payment for financial assets	-	396	-	396	397	119	100.3%	(1)	119	119
Total	2 261 817	-	-	2 261 817	2 234 802	2 140 156	98.8%	27 015	2 140 156	2 133 976

**DEPARTMENT OF TOURISM
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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

	2018/19						2017/18		
	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									
Sub programme									
1 Ministry	23 603	148	(235)	23 516	23 444	72	99.7%	25 827	25 827
2 Management	2 665	20	302	2 987	2 930	57	98.1%	2 965	2 965
3 Corporate Management	172 662	(40 560)	(3 295)	158 807	153 747	5 060	96.8%	142 164	142 164
4 Financial Management	34 955	2 927	(1 729)	36 153	35 614	539	98.5%	32 306	32 306
5 Office Accommodation	37 530	7 465	-	44 995	44 995	-	100.0%	38 616	38 616
Total	271 415	-	(4 957)	266 458	260 730	5 728	97.9%	241 878	241 878
Economic classification									
Current payments	266 327	(5 374)	(4 957)	255 996	250 815	5 181	98.0%	235 490	235 490
Compensation of employees	147 936	-	(4 957)	142 979	138 175	4 804	96.6%	137 478	137 477
Salaries and wages	130 322	178	(4 722)	125 778	121 509	4 269	96.6%	121 447	121 446
Social contributions	17 614	(178)	(235)	17 201	16 666	535	96.9%	16 031	16 031
Goods and services	118 391	(5 374)	-	113 017	112 640	377	99.7%	98 012	98 013
Administrative fees	208	(72)	-	136	136	-	100.0%	118	118
Advertising	1 637	(196)	-	1 441	1 441	-	100.0%	1 816	1 816
Minor assets	1 429	(677)	-	752	752	-	100.0%	478	479
Audit costs: External	6 019	(434)	-	5 585	5 585	-	100.0%	6 086	6 086
Bursaries: Employees	2 836	(1 991)	-	845	845	-	100.0%	1 448	1 448
Catering: Departmental activities	553	1 187	-	1 740	1 740	-	100.0%	1 937	1 937
Communication (G&S)	4 612	9	-	4 621	4 621	-	100.0%	3 987	3 987
Computer services	22 264	(12 595)	-	9 669	9 669	-	100.0%	9 855	9 855

**DEPARTMENT OF TOURISM
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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Consultants: Business and advisory services	1 295	7 238	8 533	8 533	-	100.0%	5 145	5 145
Legal services	350	(246)	104	104	-	100.0%	31	31
Contractors	4 195	(294)	3 901	3 901	-	100.0%	3 261	3 261
Agency and support / outsourced services	302	(6)	296	296	-	100.0%	73	73
Entertainment	24	2	26	26	-	100.0%	9	9
Fleet services (including government motor transport)	2 131	(463)	1 668	1 668	-	100.0%	1 324	1 324
Consumable supplies	2 099	(926)	1 173	1 173	-	100.0%	1 134	1 134
Consumable: Stationery, printing and office supplies	3 120	(1 500)	1 620	1 620	-	100.0%	1 784	1 784
Operating leases	33 265	9 995	43 260	43 260	-	100.0%	35 738	35 738
Property payments	5 060	(954)	4 106	4 106	-	100.0%	3 964	3 964
Travel and subsistence	15 537	118	15 655	15 278	377	97.6%	14 630	14 630
Training and development	2 447	(652)	1 795	1 795	-	100.0%	1 808	1 808
Operating payments	1 258	1 075	2 333	2 333	-	100.0%	1 601	1 601
Venues and facilities	7 740	(6 436)	1 304	1 304	-	100.0%	1 511	1 511
Rental and hiring	10	2 444	2 454	2 454	-	100.0%	274	274
Transfers and subsidies	179	853	1 032	1 034	(2)	100.2%	1 960	1 960
Departmental agencies and accounts	179	-	179	179	-	100.0%	197	197
Departmental agencies (non-business entities)	179	-	179	179	-	100.0%	197	197
Households	-	853	853	855	(2)	100.2%	1 763	1 763
Social benefits	-	193	193	195	(2)	101.0%	431	431
Other transfers to households	-	660	660	660	-	100.0%	1 332	1 332
Payments for capital assets	4 909	4 402	9 311	8 761	550	94.1%	4 401	4 401
Buildings and other fixed structures	650	(98)	552	-	552	-	-	-
Buildings	650	(98)	552	-	552	-	-	-
Machinery and equipment	4 064	1 877	5 941	5 943	(2)	100.0%	3 042	3 042
Transport equipment	-	861	861	863	(2)	100.2%	33	33
Other machinery and equipment	4 064	1 016	5 080	5 080	-	100.0%	3 009	3 009
Software and other intangible assets	195	2 623	2 818	2 818	-	100.0%	1 359	1 359
Payment for financial assets	-	119	119	120	(1)	100.8%	27	27
Total	271 415	-	(4 957)	266 458	5 728	97.9%	241 878	241 878

**DEPARTMENT OF TOURISM
VOTE 33**

**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

	2018/19						2017/18			
	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	R'000
Economic classification										
Current payments	23 393	(76)	(235)	23 082	23 010	72	99.7%	24 426	24 426	24 426
Compensation of employees	13 474	-	(235)	13 239	13 166	73	99.4%	14 588	14 587	14 587
Goods and services	9 919	(76)	-	9 843	9 844	(1)	100.0%	9 838	9 839	9 839
Transfers and subsidies	-	48	-	48	48	-	100.0%	662	662	662
Households	-	48	-	48	48	-	100.0%	662	662	662
Payments for capital assets	210	126	-	336	336	-	100.0%	731	731	731
Machinery and equipment	210	126	-	336	336	-	100.0%	731	731	731
Payment for financial assets	-	50	-	50	50	-	100.0%	8	8	8
Total	23 603	148	(235)	23 516	23 444	72	99.7%	25 827	25 827	25 827

	2018/19						2017/18			
	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	R'000
Economic classification										
Current payments	2 615	70	302	2 987	2 930	57	98.1%	2 935	2 935	2 935
Compensation of employees	1 887	-	302	2 189	2 131	58	97.4%	2 057	2 057	2 057
Goods and services	728	70	-	798	799	(1)	100.1%	878	878	878
Payments for capital assets	50	(50)	-	-	-	-	-	27	27	27
Machinery and equipment	50	(50)	-	-	-	-	-	27	27	27
Payment for financial assets	-	-	-	-	-	-	-	3	3	3
Total	2 665	20	302	2 987	2 930	57	98.1%	2 965	2 965	2 965

**DEPARTMENT OF TOURISM
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**APPROPRIATION STATEMENT
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Subprogramme: 1.3: Corporate Management

	2018/19						2017/18					
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000			
Economic classification												
Current payments	167 929	(14 054)	(3 295)	150 580	146 067	4 513	97.0%	137 586	137 586			
Compensation of employees	106 024	-	(3 295)	102 729	98 595	4 134	96.0%	97 744	97 744			
Goods and services	61 905	(14 054)	-	47 851	47 472	379	99.2%	39 842	39 842			
Transfers and subsidies	179	805	-	984	986	(2)	100.2%	1 298	1 298			
Departmental agencies and accounts	179	-	-	179	179	-	100.0%	197	197			
Households	-	805	-	805	807	(2)	100.2%	1 101	1 101			
Payments for capital assets	4 554	2 620	-	7 174	6 624	550	92.3%	3 268	3 268			
Buildings and other fixed structures	650	(98)	-	552	-	552	-	-	-			
Machinery and equipment	3 709	95	-	3 804	3 806	(2)	100.1%	1 909	1 909			
Software and other intangible assets	195	2 623	-	2 818	2 818	-	100.0%	1 359	1 359			
Payment for financial assets	-	69	-	69	70	(1)	101.4%	12	12			
Total	172 662	(10 560)	(3 295)	158 807	153 747	5 060	96.8%	142 164	142 164			

Subprogramme: 1.4: Financial Management

	2018/19						2017/18					
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000			
Economic classification												
Current payments	34 860	1 221	(1 729)	34 352	33 813	539	98.4%	31 927	31 927			
Compensation of employees	26 551	-	(1 729)	24 822	24 283	539	97.8%	23 089	23 089			
Goods and services	8 309	1 221	-	9 530	9 530	-	100.0%	8 838	8 838			
Payments for capital assets	95	1 706	-	1 801	1 801	-	100.0%	375	375			

**DEPARTMENT OF TOURISM
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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Machinery and equipment	95	1 706	-	1 801	1 801	-	375	100.0%	375
Payment for financial assets	-	-	-	-	-	-	4	-	4
Total	34 955	2 927	(1 729)	36 153	35 614	539	32 306	98.5%	32 306

Subprogramme: 1.5: Office Accommodation

	2018/19				2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Current payments	37 530	7 465	-	44 995	44 995	-	100.0%	38 616	38 616
Goods and services	37 530	7 465	-	44 995	44 995	-	100.0%	38 616	38 616
Total	37 530	7 465	-	44 995	44 995	-	100.0%	38 616	38 616

Programme 2: Tourism Research, Policy and International Relations

	2018/19				2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Sub programme									
1 Tourism Research, Policy and International Relations Management	8 655	(2 152)	1 484	7 987	7 450	537	93.3%	5 708	5 557
2 Research and Knowledge Management	26 298	3 813	3 377	33 488	33 488	-	100.0%	27 728	27 725
3 Policy Planning and Strategy	11 709	(1 477)	1 529	11 761	11 758	3	100.0%	10 893	10 893
4 South African Tourism	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288
5 International Relations and Cooperation	27 285	(184)	(255)	26 846	23 164	3 682	86.3%	23 524	23 280
Total	1 281 995	-	6 135	1 288 130	1 283 908	4 222	99.7%	1 197 141	1 196 743
Economic classification									
Current payments	66 931	(384)	6 135	72 682	68 620	4 062	94.4%	56 302	56 152

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Compensation of employees	45 455	-	6 135	51 590	51 066	524	99.0%	39 710	39 710
Salaries and wages	40 043	(573)	6 135	45 605	45 283	322	99.3%	35 231	35 231
Social contributions	5 412	573	-	5 985	5 783	202	96.6%	4 479	4 479
Goods and services	21 476	(384)	-	21 092	17 554	3 538	83.2%	16 592	16 442
Administrative fees	249	(209)	-	40	40	-	100.0%	63	63
Advertising	471	(329)	-	142	142	-	100.0%	50	50
Minor assets	549	(517)	-	32	32	-	100.0%	58	58
Catering: Departmental activities	400	136	-	536	536	-	100.0%	902	902
Communication (G&S)	518	(185)	-	333	333	-	100.0%	265	265
Computer services	1 200	(753)	-	447	447	-	100.0%	1 126	1 126
Consultants: Business and advisory services	5 257	(5 195)	-	62	62	-	100.0%	1 159	1 009
Legal services	50	(50)	-	-	-	-	-	99	99
Contractors	147	147	-	294	294	-	100.0%	131	131
Agency and support / outsourced services	-	129	-	129	129	-	100.0%	-	-
Entertainment	50	(13)	-	37	37	-	100.0%	4	4
Fleet services (including government motor transport)	7	(7)	-	-	-	-	-	-	-
Consumable supplies	394	(300)	-	94	94	-	100.0%	92	92
Consumable: Stationery, printing and office supplies	689	(467)	-	222	222	-	100.0%	373	373
Operating leases	200	(200)	-	-	-	-	-	-	-
Travel and subsistence	5 909	6 724	-	12 633	9 095	3 538	72.0%	4 334	4 334
Training and development	623	(120)	-	503	503	-	100.0%	263	263
Operating payments	2 214	(58)	-	2 156	2 156	-	100.0%	1 119	1 119
Venues and facilities	2 549	793	-	3 342	3 342	-	100.0%	6 268	6 268
Rental and hiring	-	90	-	90	90	-	100.0%	286	286
Transfers and subsidies	1 214 535	-	-	1 214 535	1 214 375	160	100.0%	1 140 138	1 139 894
Departmental agencies and accounts	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288
Departmental agencies (non-business entities)	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288
Foreign governments and international organisations	2 508	-	-	2 508	2 348	160	93.6%	6 638	6 394
Households	3 979	-	-	3 979	3 979	-	100.0%	4 212	4 212

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	3 979	-	3 979	3 979	-	100.0%	4 212	4 212
Other transfers to households								
Payments for capital assets	529	377	906	906	-	100.0%	693	689
Machinery and equipment	529	377	906	906	-	100.0%	611	607
Other machinery and equipment	529	377	906	906	-	100.0%	611	607
Software and other intangible assets	-	-	-	-	-	-	82	82
Payment for financial assets	-	7	7	7	-	100.0%	8	8
Total	1 281 995	-	1 288 130	1 283 908	4 222	99.7%	1 197 141	1 196 743

Subprogramme: 2.1: Tourism Research, Policy and International Relations Management

	2018/19				2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 465	(2 093)	1 484	7 856	7 319	537	93.2%	5 651	5 501
Compensation of employees	4 469	1.19	1 484	6 072	6 072	-	100.0%	4 404	4 404
Goods and services	3 996	(2 212)	-	1 784	1 247	537	69.9%	1 247	1 097
Payments for capital assets	190	(60)	-	130	130	-	100.0%	57	56
Machinery and equipment	190	(60)	-	130	130	-	100.0%	57	56
Payment for financial assets	-	1	-	1	1	-	100.0%	-	-
Total	8 655	(2 152)	1 484	7 987	7 450	537	93.3%	5 708	5 557

Subprogramme: 2.2: Research and Knowledge Management

	2018/19				2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 206	3 653	3 377	29 236	29 236	-	100.0%	23 048	23 048
Compensation of employees	15 414	65	3 377	18 856	18 856	-	100.0%	15 397	15 397

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Goods and services	6 792	3 588	-	10 380	10 380	-	100.0%	7 651	7 651
Transfers and subsidies	3 979	-	-	3 979	3 979	-	100.0%	4 212	4 212
Households	3 979	-	-	3 979	3 979	-	100.0%	4 212	4 212
Payments for capital assets	113	160	-	273	273	-	100.0%	460	457
Machinery and equipment	113	160	-	273	273	-	100.0%	378	375
Software and other intangible assets	-	-	-	-	-	-	-	82	82
Payment for financial assets	-	-	-	-	-	-	-	8	8
Total	26 298	3 813	3 377	33 488	33 488	-	100.0%	27 728	27 725

Subprogramme: 2.3: Policy Planning and Strategy

	2018/19						2017/18		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	11 703	(1 625)	1 529	11 607	11 604	3	100.0%	10 806	10 806
Current payments	8 316	-	1 529	9 845	9 842	3	100.0%	8 468	8 468
Compensation of employees	8 316	-	1 529	9 845	9 842	3	100.0%	8 468	8 468
Goods and services	3 387	(1 625)	-	1 762	1 762	-	100.0%	2 338	2 338
Payments for capital assets	6	148	-	154	154	-	100.0%	87	87
Machinery and equipment	6	148	-	154	154	-	100.0%	87	87
Total	11 709	(1 477)	1 529	11 761	11 758	3	100.0%	10 893	10 893

Subprogramme: 2.4: South African Tourism

	2018/19						2017/18		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288
Transfers and subsidies	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288
Departmental agencies and accounts	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288
Total	1 208 048	-	-	1 208 048	1 208 048	-	100.0%	1 129 288	1 129 288

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Subprogramme: 2.5: International Relations and Cooperation

Economic classification	2018/19						2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current payments	24 557	(319)	(255)	23 983	20 461	3 522	85.3%	16 797	16 797	
Compensation of employees	17 256	(184)	(255)	16 817	16 296	521	96.9%	11 441	11 441	
Goods and services	7 301	(135)	-	7 166	4 165	3 001	58.1%	5 356	5 356	
Transfers and subsidies	2 508	-	-	2 508	2 348	160	93.6%	6 638	6 394	
Foreign governments and international organisations	2 508	-	-	2 508	2 348	160	93.6%	6 638	6 394	
Payments for capital assets	220	129	-	349	349	-	100.0%	89	89	
Machinery and equipment	220	129	-	349	349	-	100.0%	89	89	
Payment for financial assets	-	6	-	6	6	-	100.0%	-	-	
Total	27 285	(184)	(255)	26 846	23 164	3 682	86.3%	23 524	23 280	

Programme 3: Destination Development

Sub programme	2018/19				2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1 Destination Development Management	20 311	(265)	(240)	19 806	19 667	139	99.3%	33 600	32 696
2 Tourism Enhancement	18 962	(2 911)	2 202	18 253	17 590	663	96.4%	45 140	45 140
3 Destination Planning and Investment Coordination	27 695	(1 727)	3 813	29 781	22 183	7 598	74.5%	16 038	16 038

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4	Working for Tourism	334 786	4 903	(682)	339 007	339 007	-	100.0%	339 659	339 655
	Total	401 754	-	5 093	406 847	398 447	8 400	97.9%	434 437	433 529
	Economic classification									
	Current payments	102 564	(3 499)	68 435	167 500	159 100	8 400	95.0%	178 886	177 982
	Compensation of employees	48 334	-	5 093	53 427	53 426	1	100.0%	48 963	48 963
	Salaries and wages	42 578	(307)	5 093	47 364	47 363	1	100.0%	43 426	43 426
	Social contributions	5 756	307	-	6 063	6 063	-	100.0%	5 537	5 537
	Goods and services	54 230	106 501	63 342	224 073	215 674	8 399	96.3%	129 923	129 019
	Administrative fees	24	(24)	-	-	-	-	-	17	17
	Advertising	342	(326)	-	16	16	-	100.0%	968	968
	Minor assets	262	(210)	-	52	52	-	100.0%	52	52
	Audit costs: External	10	548	-	558	558	-	100.0%	-	-
	Catering: Departmental activities	298	68	-	366	366	-	100.0%	126	126
	Communication (G&S)	659	(269)	-	390	390	-	100.0%	578	578
	Computer services	1 989	(1 833)	-	156	156	-	100.0%	580	580
	Consultants: Business and advisory services	27 987	(12 999)	-	14 988	7 390	7 598	49.3%	2 988	2 084
	Legal services	15	349	-	364	364	-	100.0%	64	64
	Contractors	498	109 503	-	110 001	110 001	-	100.0%	142	142
	Entertainment	12	(12)	-	-	-	-	-	2	2
	Consumable supplies	893	(703)	-	190	190	-	100.0%	97	97
	Consumable: Stationery, printing and office supplies	1 402	(1 044)	-	358	358	-	100.0%	496	496
	Property payments	7	(7)	-	-	-	-	-	20	20
	Travel and subsistence	9 711	1 285	-	10 996	10 195	801	92.7%	7 193	7 193
	Training and development	7 545	13 009	63 342	83 896	83 896	-	100.0%	115 558	115 558
	Operating payments	801	(316)	-	485	485	-	100.0%	744	744
	Venues and facilities	1 773	(950)	-	823	823	-	100.0%	298	298
	Rental and hiring	2	432	-	434	434	-	100.0%	-	-
	Transfers and subsidies	80 873	(17 313)	-	63 560	63 560	-	100.0%	85 634	85 631

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Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-	-	600
Private enterprises	-	-	-	-	-	-	-	-	-	-	-	600
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	-	-	600
Households	80 873	(17 313)	-	63 560	-	63 560	-	-	-	-	85 034	85 031
Social benefits	-	25	-	25	-	25	-	-	-	-	372	372
Other transfers to households	80 873	(17 338)	-	63 535	-	63 535	-	-	-	-	84 662	84 659
Payments for capital assets	218 317	(89 366)	(63 342)	65 609	(63 342)	65 609	-	-	-	-	169 868	169 867
Buildings and other fixed structures	217 944	(89 746)	(63 342)	64 856	(63 342)	64 856	-	-	-	-	169 119	169 118
Buildings	-	(89 746)	154 602	64 856	(89 746)	64 856	-	-	-	-	169 118	169 118
Other fixed structures	217 944	-	(217 944)	-	-	-	-	-	-	-	1	-
Machinery and equipment	373	380	-	753	-	753	-	-	-	-	749	749
Other machinery and equipment	373	380	-	753	-	753	-	-	-	-	749	749
Payment for financial assets	-	178	-	178	-	178	-	-	-	-	49	49
Total	401 754	-	5 093	406 847	-	398 447	8 400	-	-	-	434 437	433 529

Subprogramme: 3.1: Destination Development Management

Economic classification	2018/19				2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	20 296	(13 099)	(240)	6 957	6 818	139	98.0%	5 439	4 535
Compensation of employees	3 214	(265)	(240)	2 709	2 709	-	100.0%	3 144	3 144
Goods and services	17 082	(12 834)	-	4 248	4 109	139	96.7%	2 295	1 391
Transfers and subsidies	-	10	-	10	10	-	100.0%	-	-
Households	-	10	-	10	10	-	100.0%	-	-
Payments for capital assets	15	12 824	-	12 839	12 839	-	100.0%	28 158	28 158
Buildings and other fixed structures	-	12 770	-	12 770	12 770	-	100.0%	28 000	28 000
Machinery and equipment	15	54	-	69	69	-	100.0%	158	158

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Payment for financial assets	-	-	-	-	-	-	-	-	-	3	3
Total	20 311	(265)	(240)	19 806	19 667	139	99.3%	33 600	32 696		

Subprogramme: 3.2: Tourism Enhancement

Economic classification	2018/19						2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000
Current payments	18 912	(3 008)	2 202	18 106	17 443	663	96.3%	16 286	16 286	16 286	16 286
Compensation of employees	11 144	265	2 202	13 611	13 611	-	100.0%	12 103	12 103	12 103	12 103
Goods and services	7 768	(3 273)	-	4 495	3 832	663	85.3%	4 183	4 183	4 183	4 183
Transfers and subsidies	-	15	-	15	15	-	100.0%	600	600	600	600
Public corporations and private enterprises	-	-	-	-	-	-	-	600	600	600	600
Households	-	15	-	15	15	-	100.0%	-	-	-	-
Payments for capital assets	50	79	-	129	129	-	100.0%	28 251	28 251	28 251	28 251
Buildings and other fixed structures	-	-	-	-	-	-	-	28 000	28 000	28 000	28 000
Machinery and equipment	50	79	-	129	129	-	100.0%	251	251	251	251
Payment for financial assets	-	3	-	3	3	-	100.0%	3	3	3	3
Total	18 962	(2 911)	2 202	18 253	17 590	663	96.4%	45 140	45 140	45 140	45 140

Subprogramme: 3.3: Destination Planning and Investment Coordination

Economic classification	2018/19				2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	27 545	(2 055)	3 813	29 303	21 705	7 598	74.1%	15 917	15 917
Compensation of employees	12 571	564	3 813	16 948	16 948	-	100.0%	14 021	14 021

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	14 974	(2 619)	-	12 355	4 757	7 598	38.5%	1 896	1 896
Goods and services									
Payments for capital assets	150	163	-	313	313	-	100.0%	119	119
Machinery and equipment	150	163	-	313	313	-	100.0%	119	119
Payment for financial assets	-	165	-	165	165	-	100.0%	2	2
Total	27 695	(1 727)	3 813	29 781	22 183	7 598	74.5%	16 038	16 038

Subprogramme: 3.4: Working for Tourism

	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	35 811	14 663	62 660	113 134	113 134	-	100.0%	141 244	141 244	
Compensation of employees	21 405	(564)	(682)	20 159	20 158	1	100.0%	19 695	19 695	
Goods and services	14 406	125 227	63 342	202 975	202 978	(1)	100.0%	121 549	121 549	
Transfers and subsidies	80 873	(17 338)	-	63 535	63 535	-	100.0%	85 034	85 031	
Households	80 873	(17 338)	-	63 535	63 535	-	100.0%	85 034	85 031	
Payments for capital assets	218 102	7 568	(63 342)	162 086	162 086	-	100.0%	113 340	113 339	
Buildings and other fixed structures	217 944	7 484	(63 342)	162 086	162 086	-	100.0%	113 119	113 118	
Machinery and equipment	158	84	-	242	242	-	100.0%	221	221	
Payment for financial assets	-	10	-	10	10	-	100.0%	41	41	
Total	334 786	4 903	(682)	339 007	339 007	-	100.0%	339 659	339 655	

Programme 4: Tourism Sector Support Services

	2018/19					2017/18				
	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	
Sub programme										
1 Tourism Sector Support Services Management	12 679	(4 460)	731	8 950	8 950	-	100.0%	12 653	12 653	

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2	Tourism Human Resource Development	22 596	5 358	2 447	30 401	30 401	-	100.0%	32 706	32 706
3	Enterprise Development and Transformation	49 652	(2 467)	(444)	46 741	44 684	2 057	95.6%	44 316	44 313
4	Tourism Visitor Services	22 949	1 569	179	24 697	24 213	484	98.0%	21 987	21 987
5	Tourism Incentive Programme	198 777	-	(9 184)	189 593	183 469	6 124	96.8%	155 038	150 167
	Total	306 653	-	(6 271)	300 382	291 717	8 665	97.1%	266 700	261 826
	Economic classification									
	Current payments	120 658	1 866	3 729	126 253	118 603	7 650	93.9%	126 035	121 474
	Compensation of employees	68 628	-	3 729	72 357	70 785	1 572	97.8%	70 702	70 090
	Salaries and wages	60 455	(526)	3 729	63 658	62 573	1 085	98.3%	62 505	61 893
	Social contributions	8 173	526	-	8 699	8 212	487	94.4%	8 197	8 197
	Goods and services	52 030	1 866	-	53 896	47 818	6 078	88.7%	55 333	51 384
	Administrative fees	31	437	-	468	468	-	100.0%	471	471
	Advertising	625	318	-	943	943	-	100.0%	1 186	1 184
	Minor assets	149	(115)	-	34	34	-	100.0%	33	33
	Audit costs: External	-	408	-	408	408	-	100.0%	-	-
	Catering: Departmental activities	1 757	1 012	-	2 769	2 769	-	100.0%	2 729	2 729
	Communication (G&S)	1 073	(696)	-	377	377	-	100.0%	410	410
	Computer services	-	-	-	-	-	-	-	144	144
	Consultants: Business and advisory services	31 254	(17 540)	-	13 714	7 636	6 078	55.7%	14 696	14 696
	Legal services	-	359	-	359	359	-	100.0%	-	-
	Contractors	480	(131)	-	349	349	-	100.0%	5 815	1 867
	Agency and support / outsourced services	-	9	-	9	9	-	100.0%	-	-
	Entertainment	21	(5)	-	16	16	-	100.0%	-	-
	Consumable supplies	210	21	-	231	231	-	100.0%	101	101
	Consumable: Stationery, printing and office supplies	756	(631)	-	125	125	-	100.0%	387	387
	Operating leases	50	(50)	-	-	-	-	-	-	-
	Travel and subsistence	10 020	8 930	-	18 950	18 950	-	100.0%	16 964	16 964
	Training and development	1 640	7 439	-	9 079	9 079	-	100.0%	5 499	5 499
	Operating payments	284	463	-	747	747	-	100.0%	514	514

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Venues and facilities	3 680	387	-	4 067	4 067	-	100.0%	5 766	5 766
Rental and hiring	-	1 251	-	1 251	1 251	-	100.0%	618	619
Transfers and subsidies	185 654	(31 895)	(10 000)	143 759	142 744	1 015	99.3%	92 658	92 972
Departmental agencies and accounts	24 248	41 548	-	65 796	65 796	-	100.0%	44 612	44 612
Departmental agencies (non-business entities)	24 248	41 548	-	65 796	65 796	-	100.0%	44 612	44 612
Public corporations and private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	1 015	98.7%	47 679	47 366
Private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	1 015	98.7%	47 679	47 366
Other transfers to private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	1 015	98.7%	47 679	47 366
Non-profit institutions	472	-	-	472	472	-	100.0%	560	560
Households	-	537	-	537	537	-	100.0%	121	120
Social benefits	-	537	-	537	537	-	100.0%	121	120
Payments for capital assets	341	29 937	-	30 278	30 278	-	100.0%	47 658	47 659
Buildings and other fixed structures	-	29 331	-	29 331	29 331	-	100.0%	45 408	45 408
Buildings	-	29 331	-	29 331	29 331	-	100.0%	45 408	45 408
Machinery and equipment	331	616	-	947	947	-	100.0%	2 250	2 251
Transport equipment	-	-	-	-	-	-	-	1 643	1 643
Other machinery and equipment	331	616	-	947	947	-	100.0%	607	608
Software and other intangible assets	10	(10)	-	-	-	-	-	-	-
Payment for financial assets	-	92	-	92	92	-	100.0%	35	35
Total	306 653	-	(6 271)	300 382	291 717	8 665	97.1%	266 700	261 826

Subprogramme: 4.1: Tourism Sector Support Services Management

	2018/19				2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 207	(4 579)	731	8 359	8 359	-	100.0%	11 921	11 921
Compensation of employees	2 767	(21)	731	3 477	3 477	-	100.0%	2 711	2 712

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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

	9 440	(4 558)	-	4 882	4 882	-	100.0%	9 210	9 209
Goods and services	472	-	-	472	472	-	100.0%	560	560
Transfers and subsidies	472	-	-	472	472	-	100.0%	560	560
Non-profit institutions	-	113	-	113	113	-	100.0%	160	160
Payments for capital assets	-	113	-	113	113	-	100.0%	160	160
Machinery and equipment	-	6	-	6	6	-	100.0%	12	12
Payment for financial assets	-	6	-	6	6	-	100.0%	12	12
Total	12 679	(4 460)	731	8 950	8 950	-	100.0%	12 653	12 653

Subprogramme: 4.2: Tourism Human Resource Development

	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 348	4 702	2 447	25 497	25 497	-	100.0%	28 041	28 041
Compensation of employees	14 972	220	2 447	17 639	17 639	-	100.0%	21 639	21 639
Goods and services	3 376	4 482	-	7 858	7 858	-	100.0%	6 402	6 402
Transfers and subsidies	4 248	537	-	4 785	4 785	-	100.0%	4 612	4 612
Departmental agencies and accounts	4 248	-	-	4 248	4 248	-	100.0%	4 612	4 612
Households	-	537	-	537	537	-	100.0%	-	-
Payments for capital assets	-	119	-	119	119	-	100.0%	39	39
Machinery and equipment	-	119	-	119	119	-	100.0%	39	39
Payment for financial assets	-	-	-	-	-	-	-	14	14
Total	22 596	5 358	2 447	30 401	30 401	-	100.0%	32 706	32 706

Subprogramme: 4.3: Enterprise Development and Transformation

	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	49 527	(2 594)	(444)	46 489	44 432	2 057	95.6%	44 179	44 177
Total	49 527	(2 594)	(444)	46 489	44 432	2 057	95.6%	44 179	44 177

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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Compensation of employees	21 699	(199)	(444)	21 056	20 181	875	95.8%	19 281	19 281
Goods and services	27 828	(2 395)	-	25 433	24 251	1 182	95.4%	24 898	24 896
Transfers and subsidies	-	-	-	-	-	-	-	61	60
Households	-	-	-	-	-	-	-	61	60
Payments for capital assets	125	109	-	234	234	-	100.0%	67	67
Machinery and equipment	115	119	-	234	234	-	100.0%	67	67
Software and other intangible assets	10	(10)	-	-	-	-	-	-	-
Payment for financial assets	-	18	-	18	18	-	100.0%	9	9
Total	49 652	(2 467)	(444)	46 741	44 684	2 057	95.6%	44 316	44 313

Subprogramme: 4.4: Tourism Visitor Services

	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	22 899	1 269	179	24 347	23 863	484	98.0%	21 688	21 688	21 688
Compensation of employees	18 720	-	179	18 899	18 415	484	97.4%	17 161	17 161	17 161
Goods and services	4 179	1 269	-	5 448	5 448	-	100.0%	4 527	4 527	4 527
Transfers and subsidies	-	-	-	-	-	-	-	45	45	45
Households	-	-	-	-	-	-	-	45	45	45
Payments for capital assets	50	232	-	282	282	-	100.0%	254	254	254
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	50	232	-	282	282	-	100.0%	254	254	254
Payment for financial assets	-	68	-	68	68	-	100.0%	-	-	-
Total	22 949	1 569	179	24 697	24 213	484	98.0%	21 987	21 987	21 987

Subprogramme: 4.5: Tourism Incentive Programme

	2018/19				2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final	Final Appropriation	Actual Expenditure

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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	appropriation %	R'000	R'000
Current payments	17 677	3 068	816	21 561	16 452	5 109	20 206	76.3%	20 206		15 647	
Compensation of employees	10 470	-	816	11 286	11 073	213	9 910	98.1%	9 910		9 297	
Goods and services	7 207	3 068	-	10 275	5 379	4 896	10 296	52.4%	10 296		6 350	
Transfers and subsidies	180 934	(32 432)	(10 000)	138 502	137 487	1 015	87 694	99.3%	87 694		87 381	
Departmental agencies and accounts	20 000	41 548	-	61 548	61 548	-	40 000	100.0%	40 000		40 000	
Public corporations and private enterprises	160 934	(73 980)	(10 000)	76 954	75 939	1 015	47 679	98.7%	47 679		47 366	
Payments for capital assets	166	29 364	-	29 530	29 530	-	47 138	100.0%	47 138		47 139	
Buildings and other fixed structures	-	29 331	-	29 331	29 331	-	45 408	100.0%	45 408		45 408	
Machinery and equipment	166	33	-	199	199	-	1 730	100.0%	1 730		1 731	
Total	198 777	-	(9 184)	189 593	183 469	6 124	155 038	96.8%	155 038		150 167	

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**APPROPRIATION STATEMENT
for the year ended 31 March 2019**

**DEPARTMENT OF TOURISM
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2019**

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-E) to the annual financial statements.

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.

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.

Explanations of material variances from amounts voted (after virement)

4.1 Per programme

	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	R'000
Programme1: Administration				
Compensation of employees	142 979	138 175	4 804	3.4%
Good and services	113 017	112 640	377	0.3%
Transfers and subsidies	1 032	1 034	(2)	-0.2%
Payment for capital assets	9 311	8 761	560	5.9%
Payment for financial assets	119	120	(1)	-0.8%
TOTAL	266 458	260 730	5 728	2.1%

Explanation of variance - The bulk of this underspending lies within Compensation of Employees due to strict policies adhered to by the Department to reduce expenditure on salaries and wages.

Programme 2: Tourism Research, Policy and International Relations

Compensation of employees

Good and services

Transfers and subsidies

Payment for capital assets

Payment for financial assets

	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	51 590	51 066	524	1.0%
Good and services	21 092	17 554	3 538	16.8%
Transfers and subsidies	1 214 535	1 214 375	160	0.0%
Payment for capital assets	906	906	-	0.0%
Payment for financial assets	7	7	-	0.0%

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NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2019

TOTAL	1 288 130	1 283 908	4 222	0.3%

Explanation of variance - The underspending is due to cost containment measures implemented by the Department to reduce spending on Goods and Services during the financial year.

Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
R'000	R'000	R'000	R'000

Programme 3: Destination Development

Compensation of employees	53 427	53 426	1	0.0%
Good and services	224 073	215 674	8 399	3.7%
Transfers and subsidies	63 560	63 560	-	0.0%
Payment for capital assets	65 609	65 609	-	0.0%
Payment for financial assets	178	178	-	0.0%
TOTAL	406 847	398 447	8 400	2.1%

Explanation of variance - The underspending is primarily related to projects payments to consultants for research and advisory services which could not be processed as milestones where not reached as per contractual agreements.

Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
R'000	R'000	R'000	R'000

Programme 4: Tourism Sector Support Services

Compensation of employees	72 357	70 785	1 572	2.2%
Good and services	53 896	47 818	6 078	11.3%
Transfers and subsidies	143 759	142 744	1 015	0.7%
Payment for capital assets	30 278	30 278	-	0.0%
Payment for financial assets	92	92	-	0.0%
TOTAL	300 382	291 717	8 665	2.9%

Explanation of variance - The underspending is primarily due to the delays experienced in the finalisation of contracts with project implementers of the Tourism Incentive Programme.

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NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2019

4.2 Per economic classification

	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	R'000
Current expenditure				
Compensation of employees	320 353	313 452	6 901	2.2%
Good and services	412 078	393 686	18 392	4.5%
Transfers and subsidies				
Departmental agencies and accounts	1 274 023	1 274 023	-	0.0%
Public corporations and private enterprises	76 954	75 939	1 015	1.3%
Foreign governments and international organisations	2 508	2 348	160	6.4%
Non-profit institutions	472	472	-	0.0%
Households	68 929	68 931	(2)	0.0%
Payments for capital assets				
Buildings and other fixed structures	94 739	94 187	552	0.6%
Machinery and equipment	8 547	8 549	(2)	0.0%
Software and other intangible assets	2 818	2 818	-	0.0%
Payment for financial assets	396	397	(1)	-0.3%
TOTAL	2 261 817	2 234 802	27 015	1.2%

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STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	<u>1</u>	2 261 817	2 140 156
Departmental revenue	2	2 482	1 138
Aid Assistance	3	22 799	25 987
TOTAL REVENUE		<u>2 287 098</u>	<u>2 167 281</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	4	313 452	296 240
Goods and services	5	393 686	294 858
Total current expenditure		707 138	591 098
Transfers and subsidies			
Transfers and subsidies	7	1 421 713	1 320 143
Aid Assistance	3	22 799	25 987
Total transfers and subsidies		1 444 512	1 346 130
Expenditure for capital assets			
Tangible assets	8	102 736	221 175
Intangible assets	8	2 818	1 441
Total expenditure for capital assets		105 554	222 616
Payments for financial assets	6	397	119
TOTAL EXPENDITURE		<u>2 257 601</u>	<u>2 159 963</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>29 497</u>	<u>7 318</u>
Reconciliation of net surplus/(deficit) for the year			
Voted funds		27 015	6 180
Annual appropriation		27 015	6 180
Departmental revenue	13	2 482	1 138
Aid assistance	3	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		<u>29 497</u>	<u>7 318</u>

**DEPARTMENT OF TOURISM
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**STATEMENT OF FINANCIAL POSITION
as at 31 March 2019**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		26 878	6 018
Cash and cash equivalents	9	25 496	4 830
Prepayments and advances	10	742	650
Receivables	11	640	538
Non-current assets		849	430
Receivables	11	849	430
TOTAL ASSETS		27 727	6 448
LIABILITIES			
Current liabilities		27 212	6 232
Voted funds to be surrendered to the revenue fund	12	27 015	6 180
Departmental revenue to be surrendered to the revenue fund	13	170	6
Payables	14	27	46
Aid assistance unutilised	3	-	-
TOTAL LIABILITIES		27 212	6 232
NET ASSETS		515	216
Represented by:			
Recoverable revenue		515	216
TOTAL		515	216

**DEPARTMENT OF TOURISM
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**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2019**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Recoverable revenue			
Opening balance		216	252
Transfers:		299	(36)
Debts recovered (included in departmental receipts)		(108)	(107)
Debts raised		407	71
Closing balance		515	216
TOTAL		515	216

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**CASH FLOW STATEMENT
for the year ended 31 March 2019**

	Note	2018/19 R'000	2017/18 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		2 287 054	2 167 243
Annual appropriated funds received	1	2 261 817	2 140 156
Departmental revenue received	2	2 311	996
Interest received	2	127	104
Aid assistance received	3	22 799	25 987
Net (increase)/decrease in working capital		(632)	(498)
Surrendered to revenue fund		(8 498)	(91 019)
Current payments		(707 138)	(591 098)
Payments for financial assets		(397)	(119)
Transfers and subsidies paid		(1 444 512)	(1 346 130)
Net cash flow available from operating activities	15	<u>125 577</u>	<u>138 379</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(105 554)	(222 616)
Proceeds from sale of capital assets	2	44	38
Net cash flow from investing activities		<u>(105 510)</u>	<u>(222 578)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		299	(36)
Net cash flow from financing activities		<u>299</u>	<u>(36)</u>
Net increase/(decrease) in cash and cash equivalents		20 666	(84 235)
Cash and cash equivalents at beginning of period		4 830	89 065
Cash and cash equivalents at end of period	16	<u>25 496</u>	<u>4 830</u>

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**ACCOUNTING POLICIES
for the year ended 31 March 2019**

Summary of significant accounting policies	
<p>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.</p> <p>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.</p> <p>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.</p>	
1	<p>Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>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.</p>
6	<p>Comparative information</p>
6.1	<p>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.</p>
6.2	<p>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.</p>
7	<p>Revenue</p>
7.1	<p>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.</p>
7.2	<p>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. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>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 / penalties) is measured at amounts receivable from</p>

**DEPARTMENT OF TOURISM
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**ACCOUNTING POLICIES
for the year ended 31 March 2019**

	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. 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.

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**ACCOUNTING POLICIES
for the year ended 31 March 2019**

11	<p>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.</p>
12	<p>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.</p>
13	<p>Investments Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>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.</p>
14.2	<p>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.</p>
15	<p>Payables Loans and payables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>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.</p>
16.2	<p>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.</p>
16.3	<p>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.</p>

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	<p>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.</p> <p>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.</p>
16.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>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.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	Provisions and Contingents
17.1	<p>Provisions</p> <p>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.</p>
17.2	<p>Contingent liabilities</p> <p>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.</p>
17.3	<p>Contingent assets</p> <p>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.</p>
17.4	<p>Commitments</p> <p>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.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> 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. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>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.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>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.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The</p>

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	<p>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.</p> <p>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.</p> <p>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.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>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.</p> <p>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.</p>
22	<p>Events after the reporting date</p> <p>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.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for Expanded Public Works Programme and Tourism Incentive Programme projects. In terms of the arrangement the department is the principal and is responsible for the appointment of an Implementing Agent.</p> <p>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.</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information and the department complied with the Standard.</p>
25	<p>Capitalisation reserve</p> <p>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.</p>
26	<p>Recoverable revenue</p> <p>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.</p>
27	<p>Related party transactions</p> <p>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.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories (Effective from date determined in a Treasury Instruction)</p> <p>At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where</p>

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**ACCOUNTING POLICIES
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	<p>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.</p>
29	<p>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 PPP 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.</p>
30	<p>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.</p>
31	<p>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.</p>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Annual appropriation

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

	2018/19			2017/18	
	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	266 607	266 607	-	241 878	241 878
Tourism Research, Policy and International Relations	1 288 130	1 288 130	-	1 197 141	1 197 141
Destination Development	406 698	406 698	-	434 437	434 437
Tourism Sector Support Services	300 382	300 382	-	266 700	266 700
TOTAL	2 261 817	2 261 817	-	2 140 156	2 140 156

Departmental revenue

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	2.1	164	160
Interest, dividends and rent on land	2.2	127	104
Sales of capital assets	2.3	44	38
Transactions in financial assets and liabilities	2.4	2 147	836
TOTAL DEPARTMENTAL REVENUE COLLECTED		2 482	1 138

2.1 Sales of goods and services other than capital assets

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the Department	2	164	160
Sales by market establishment		70	71
Other sales		94	89
TOTAL		164	160

Interest, dividends and rent on land

	Note	2018/19 R'000	2017/18 R'000
Interest	2	127	104
TOTAL		127	104

Sale of capital assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets		44	38
Machinery and equipment	27.2	44	38
TOTAL		44	38

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Transactions in financial assets and liabilities	Note	2018/19 R'000	2017/18 R'000
Other receipts, including recoverable revenue	2	2 147	836
TOTAL		2 147	836
Aid assistance		2018/19 R'000	2017/18 R'000
Opening balance		-	-
Prior period error		-	-
As restated		-	-
Transferred from statement of financial performance		-	-
Paid during the year		-	-
CLOSING BALANCE		-	-
Aid assistance expenditure per economic classification		2018/19 R'000	2017/18 R'000
	<i>Annex 1G</i>		
Transfers and subsidies		22 799	25 987
Total aid assistance expenditure		22 799	25 987
Compensation of employees			
Salaries and wages		2018/19 R'000	2017/18 R'000
	Note 4		
Basic salary		217 684	205 063
Performance award		3 773	3 849
Service-based		113	829
Compensative/circumstantial		2 449	2 695
Periodic payments		1 181	777
Other non-pensionable allowances		51 527	48 783
TOTAL		276 727	261 996

Note:

Periodic payments include part time appointed Ministerial Advisors.

4.2 Social contributions

	Note	2018/19 R'000	2017/18 R'000
Employer contributions	4		
Pension		28 114	26 121
Medical		8 568	8 083
Bargaining council		43	40
TOTAL		36 725	34 244
TOTAL COMPENSATION OF EMPLOYEES		313 452	296 240

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Average number of employees		470	515
Goods and services	Note	2018/19 R'000	2017/18 R'000
Administrative fees		645	669
Advertising		2 542	4 018
Minor assets	5.1	870	622
Bursaries (employees)		845	1 448
Catering		5 411	5 694
Communication		5 720	5 240
Computer services	5.2	10 273	11 705
Consultants: Business and advisory services		23 621	22 934
Legal services		827	194
Contractors		114 542	5 401
Agency and support/outsourced services		434	73
Entertainment		80	15
Audit cost – external	5.3	6 551	6 086
Fleet services		1 667	1 324
Consumables	5.4	4 012	4 464
Operating leases		43 260	35 738
Rental and hiring		4 228	1 179
Property payments	5.5	4 106	3 984
Travel and subsistence	5.6	53 524	43 120
Venues and facilities		9 535	13 843
Training and development		95 273	123 129
Other operating expenditure	5.7	5 720	3 978
TOTAL		393 686	294 858

Note:

- There was a decrease of R27,856 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 and Rental and hiring is attributable to an increase in stake holder engagements, including Imbizos, during the financial year. The increase in expenditure for Legal services is due to increase in the number of cases defended.

- The decrease in expenditure for Advertising is attributable to a reduction in adverts placed for recruitment. The decrease in Bursaries (employees) expenditure is due to the Department reducing the number of new bursaries. There were fewer events requiring procurement of Venues and facilities hence the decrease in expenditure.

Minor assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets	5	870	622
Machinery and equipment		866	603
Transport Assets		4	19
TOTAL		870	622

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Computer services			
	<i>Note</i>	2018/19	2017/18
	5	R'000	R'000
State Information Technology Agency (SITA) computer services		7 137	7 184
External computer service providers		3 136	4 521
TOTAL		<u>10 273</u>	<u>11 705</u>
Audit cost – external			
	<i>Note</i>	2018/19	2017/18
	5	R'000	R'000
Regularity audits		6 551	6 086
TOTAL		<u>6 551</u>	<u>6 086</u>
Consumables			
	<i>Note</i>	2018/19	2017/18
	5	R'000	R'000
Consumable supplies		1 688	1 422
Uniform and clothing		330	326
Household supplies		672	746
Building material and supplies		183	-
Communication accessories		3	1
IT consumables		292	159
Other consumables		208	190
Stationery, printing and office supplies		2 324	3 042
TOTAL		<u>4 012</u>	<u>4 464</u>
Property payments			
	<i>Note</i>	2018/19	2017/18
	5	R'000	R'000
Municipal services		2 366	2 769
Property management fees		114	318
Property maintenance and repairs		1 495	689
Other (cleaning and fumigation services)		131	208
TOTAL		<u>4 106</u>	<u>3 984</u>
Travel and subsistence			
	<i>Note</i>	2018/19	2017/18
	5	R'000	R'000
Local		46 757	36 772
Foreign		6 767	6 348
TOTAL		<u>53 524</u>	<u>43 120</u>
Other operating expenditure			
	<i>Note</i>	2018/19	2017/18
	5	R'000	R'000
Professional bodies, membership and subscription fees		1 796	579
Resettlement costs		568	1 031
Other (printing & publications and courier services)		3 356	2 368

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TOTAL		5 720	3 978
Payments for financial assets			
	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Other material losses written off	6.1	344	118
Debts written off	6.2	53	1
TOTAL		<u>397</u>	<u>119</u>
Other material losses written off			
	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Nature of losses	6		
Losses (damage to vehicles due to accidents)		344	118
TOTAL		<u>344</u>	<u>118</u>
Debts written off			
	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Nature of debts written off	6		
Other debt written off (departmental debt)		53	1
TOTAL		<u>53</u>	<u>1</u>
Transfers and subsidies			
	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Departmental agencies and accounts	<i>Annex 1A</i>	1 274 023	1 174 097
Public corporations and private enterprises	<i>Annex 1B</i>	75 939	47 966
Foreign governments and international organisations	<i>Annex 1C</i>	2 348	6 394
Non-profit institutions	<i>Annex 1D</i>	472	560
Households	<i>Annex 1E</i>	68 931	91 126
TOTAL		<u>1 421 713</u>	<u>1 320 143</u>
Expenditure for capital assets			
	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Tangible assets		102 736	221 175
Building and other fixed structures	29.1	94 187	214 526
Machinery and equipment	27.1	8 549	6 649
Intangible assets		2 818	1 441
Software	28.1	2 818	1 441
TOTAL		<u>105 554</u>	<u>222 616</u>

Note:

Expenditure of R94,187 million under Buildings and other fixed

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<i>structures are for the Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects.</i>
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Analysis of voted funds utilised to acquire capital assets

	2018/19 R'000	2017/18 R'000
Tangible assets	102 736	221 175
Building and other fixed structures	94 187	214 526
Machinery and equipment	8 549	6 649
Intangible assets	2 818	1 441
Software	2 818	1 441
TOTAL	105 554	222 616

Finance lease expenditure included in expenditure for capital assets

	2018/19 R'000	2017/18 R'000
Tangible assets	R'000	R'000
Machinery and equipment	2 201	1 304
TOTAL	2 201	1 304

Cash and cash equivalents

	2018/19 R'000	2017/18 R'000
Consolidated Paymaster general account	42 098	23 126
Cash receipts	-	1
Disbursements	(16 667)	(18 362)
Cash on hand	65	65
TOTAL	25 496	4 830

Note:

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

An amount of R140 053,42 was deposited into the departmental bank account (ABSA) and the interface with the Department's Paymaster General account took place in April 2019. As the Department is on modified cash accounting, this amount is not part of the cash and cash equivalent as stated above.

Prepayments and advances

	Note	2018/19 R'000	2017/18 R'000
Travel and subsistence		83	27
Advances paid (Not expensed)	10.1	659	623
TOTAL		742	650

10.1 Advances paid (Not expensed)

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Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add: Current Year advance payments	Balance as at 31 March 2019
10	R'000	R'000	R'000	R'000
National departments	623	(1 764)	1 800	659
Total	623	(1 764)	1 800	659

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

Note:

Advance payments were made to the Department of International Relations and Cooperation for travel related bookings for the department.

10.2 Prepayments (Expensed)

	Amount as at 1 April 2018	Less: Received in the current year	Add: Current Year prepayments	Amount as at 31 March 2019
	R'000	R'000	R'000	R'000
Goods and services	12 254	(32 825)	25 449	4 878
Capital assets	-	-	-	-
Total	12 254	(32 825)	25 449	4 878

Prepayments (Expensed)

	Amount as at 1 April 2017	Less: Received 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

Project Name	Balance as at 1 April 2018	Less: Amount expensed in current year	Add: Current year prepayments	Balance as at 31 March 2019
	R'000	R'000	R'000	R'000
Goods and Services:				

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Tourism Green Coast Project	12 254	10 552	-	1 702
Data Collectors Project Cluster 1 - EC	-	-	1 372	1 372
Data Collectors Project Cluster 5 - FS & NC	-	-	1 804	1 804
KZN-Lilani Security Phase 3	-	70	70	-
KZN-Muzi Pan Security Project Phase 2	-	70	70	-
EC-Western Tembuland Security	-	70	70	-
LP-Ngovhe Cultural Centre Security Phase 2	-	70	70	-
LP-Ngovhe Cultural Centre Security Phase 1B	-	119	119	-
FS-Qwaqwa Guesthouse Security Project	-	70	70	-
NW-Manyane Lodge Security Phase 3	-	241	241	-
EC-Kiwane Security Project Phase 3	-	239	239	-
EC-Qatywa Security Project Phase 2	-	139	139	-
EC-Six Day Hiking Day Security Phase 2	-	190	190	-
LP-Mukumbani Waterfalls Security Phase 3	-	240	240	-
LP-Ngove Cultural Centre Security Phase 3	-	240	240	-
LP-Ngove Cleaning Services Phase 2	-	182	182	-
LP-Tisane Security Phase 4	-	244	244	-
LP-VhaTsonga Security Phase 4	-	246	246	-
NW-Manyane Cleaning Services	-	210	210	-
EC-Mthonsi Lodge Security Project-Ph 2	-	70	70	-
KZN-Hospitality Youth Training Programme Ph 2	-	12 000	12 000	-
EC-Hospitality Youth Training Programme Ph2	-	1 188	1 188	-
MP-Hospitality Youth Training Programme Ph 2	-	2 079	2 079	-
LP-Phiphidi Waterfall Project-Horticulture and Assistant Housekeeper	-	109	109	-
LP-Phiphidi Waterfall Project-Construction Painting	-	130	130	-
LP-Phiphidi Waterfall Project-Construction Plumbing	-	71	71	-
WC-Agulhas -Construction Plumbing, Tiling and Plastering	-	286	286	-
NC-Platfontein Lodge-Plant Production	-	43	43	-
NC-Platfontein Lodge-Assistant Housekeeper	-	54	54	-
NC-Platfontein Lodge-Construction Plumbing	-	83	83	-
NC-Platfontein Lodge-Construction Painting	-	105	105	-
GP-Hospitality Youth Training Programme Ph 2	-	3 415	3 415	-
Sub Total	12 254	(32 825)	25 449	4 878

10.3 Advances paid (Expensed)

	Amount as at 1 April 2018 R'000	Less: Expensed in the current year R'000	Add: Current Year advances R'000	Amount as at 31 March 2019 R'000
Public entities	161 820	(21 798)	174 103	314 125
Total	161 820	(21 798)	174 103	314 125

Advances paid (Expensed)

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

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Total	41 775	(41 775)	161 820	161 820
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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.

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

Entity / Project Name	Balance as at 1 April 2018 R'000	Less: Amount expensed in current year R'000	Add: Current year advances R'000	Balance as at 31 March 2019 R'000
Ezemvelo KZN Wildlife – KZN-Wildlife Roofing of 5 resorts	4 733	1 559	-	3 174
Ezemvelo KZN Wildlife – KZN Ezemvelo Midmar Resort upgrade project	18 009	3 524	-	14 485
Trade and Investment KwaZulu-Natal (TIKZN)	16 478	394	3 522	19 606
South African National Biodiversity Institute (SANBI)	35 000	-	-	35 000
Eastern Cape Parks & Tourism Agency (ECPTA)	10 000	981	-	9 019
Constitutional Hill (CONHILL)	12 000	481	-	11 519
South African National Parks (SANParks)	28 000	3 788	-	24 212
CapeNature	16 000	-	-	16 000
Eastern Cape Parks & Tourism Agency (ECPTA) – EC-Tourism Safety Monitors	9 600	7 398	-	2 202
Mpumalanga Tourism Authority (MPTA) – MP-Tourism Safety Monitors	12 000	-	-	12 000
Ezemvelo KZN Wildlife	-	-	8 090	8 090
Coega	-	-	12 870	12 870
Maropeng a'Afrika	-	3 173	7 545	4 372
Tourism KwaZulu-Natal (TKZN)	-	-	10 450	10 450
SANPARKS - Dinosaur Interpretation Center - EPWP Beneficiaries	-	-	4 554	4 554
SANPARKS - Pilot Infrastructure Maintenance	-	-	110 000	110 000
SANPARKS - Tsitsikamma Big Tree Project - EPWP Beneficiaries	-	-	766	766
Square Kilometre Array (SKA)	-	500	500	-
Mpumalanga Tourism and Parks Agency- Universal Access Project	-	-	7 730	7 730
Eastern Cape Parks and Tourism Agency- Universal Access Project	-	-	1 436	1 436
Ezemvelo KZN Wildlife - Universal Access Project	-	-	1 979	1 979
SANPARKS - Business Incubation of Emerging Maintenance Contractors	-	-	4 661	4 661

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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		-		
Sub Total	161 820	(21 798)	174 103	314 125

Receivables

	<i>Note</i>	2018/19			2017/18		
		Current R'000	Non- Current R'000	Total R'000	Current R'000	Non- Current R'000	Total R'000
Claims recoverable	11.1 <i>Annex 3</i>	-	-	-	96	-	96
Recoverable expenditure	11.2	430	485	915	345	261	606
Staff debt	11.3	210	364	574	97	169	266
TOTAL		640	849	1 489	538	430	968

11.1 Claims recoverable

	<i>Note</i>	2018/19 R'000	2017/18 R'000
National departments	11	-	96
TOTAL		-	96

Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Departmental suspense accounts (Damage Vehicles & Disallowance account)	11	915	606
TOTAL		915	606

Staff debt

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Departmental debt account	11	574	266
TOTAL		574	266

Fruitless and wasteful expenditure

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Opening balance	11	-	40
Less amounts recovered		-	(40)
TOTAL		-	-

Voted funds to be surrendered to the revenue fund

	2018/19	2017/18
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		R'000	R'000
Opening balance		6 180	89 870
Prior period error		-	-
As restated		<u>6 180</u>	<u>89 870</u>
Transfer from statement of financial performance (as restated)		27 015	6 180
Paid during the year		<u>(6 180)</u>	<u>(89 870)</u>
CLOSING BALANCE		<u><u>27 015</u></u>	<u><u>6 180</u></u>
Departmental revenue to be surrendered to the revenue fund		2018/19	2017/18
		R'000	R'000
Opening balance		6	17
Prior period error		-	-
As restated		<u>6</u>	<u>17</u>
Transfer from statement of financial performance (as restated)		2 482	1 138
Paid during the year		<u>(2 318)</u>	<u>(1 149)</u>
CLOSING BALANCE		<u><u>170</u></u>	<u><u>6</u></u>
Payables – current		2018/19	2017/18
		R'000	R'000
Other payables	Note	27	46
TOTAL	14.1	<u>27</u>	<u>46</u>
Other payables		2018/19	2017/18
		R'000	R'000
Salary-related payables	Note	27	46
TOTAL	14	<u>27</u>	<u>46</u>
Net cash flow available from operating activities		2018/19	2017/18
		R'000	R'000
Net surplus/(deficit) as per statement of financial performance		29 497	7 318
Add back non-cash/cash movements not deemed operating activities		96 380	131 061
(Increase)/decrease in receivables – current		(521)	(261)
(Increase)/decrease in prepayments and advances		(92)	(266)
Increase/(decrease) in payables – current		(19)	29
Proceeds from sale of capital assets		(44)	(38)
Expenditure on capital assets		105 554	222 616
Surrendered to revenue fund		(8 498)	(91 019)
Net cash flow generated by operating activities		<u><u>125 877</u></u>	<u><u>138 379</u></u>
Reconciliation of cash and cash equivalents for cash flow purposes		2018/19	2017/18
		R'000	R'000
Consolidated Paymaster general account		42 098	23 126

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Cash receipts	-	1
Disbursements	(16 667)	(18 362)
Cash on hand	65	65
TOTAL	25 496	4 830

Contingent liabilities and contingent assets

Contingent liabilities

			2018/19 R'000	2017/18 R'000
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 2A</i>	26	26
Claims against the Department		<i>Annex 2B</i>	4 389	4 564
Intergovernmental payables (unconfirmed balances)		<i>Annex 4</i>	-	3 138
TOTAL			4 415	7 728

*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.*

Contingent assets

Nature of contingent asset	2018/19 R'000	2017/18 R'000
Been Around GP Advert Consulting CC – non-performance/breach of contract	2 805	2 805
Bonwelong Skills Development CC, Mr. Inama and Nedbank (Pty) Ltd – refund of money advanced for training projects.	9 930	9 930
Total	12 735	12 735

Commitments

	2018/19 R'000	2017/18 R'000
Current expenditure		
Approved and contracted	461 989	397 198
Approved but not yet contracted	249 322	-
	711 311	397 198
Capital expenditure		
Approved and contracted	240 280	266 565
	240 280	266 565
TOTAL COMMITMENTS	951 591	663 763

The total commitments longer than a year amount to R826,301 million. This includes Expanded Public Works Programme multi-year contract payments for training and infrastructure projects - R554,765 million; Tourism Incentive Programme projects linked to energy efficiency, international marketing access support and destination development - R256,400 million and R15,136 million for other facilities, security and advisory consulting services.

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Accruals and payables not recognised

19.1 Accruals

Listed by economic classification	30 days	30+ days	2018/19	2017/18
			R'000	R'000
			Total	Total
Goods and services	5 371	-	5 371	5 786
Transfers and subsidies	-	692	692	425
Capital assets	251	9	260	5 654
Other (assets and liabilities)	-	-	-	243
TOTAL	5 622	701	6 323	12 108

Listed by programme level	2018/19	2017/18
	R'000	R'000
Administration	2 123	3 057
Tourism Research, Policy and International Relations	1 229	429
Destination Development	743	749
Tourism Sector Support Services	1 996	7 630
Other (assets and liabilities)	232	243
TOTAL	6 323	12 108

19.2 Payables not recognised

Listed by economic classification	30 days	30+ days	2018/19	2017/18
			R'000	R'000
			Total	Total
Goods and services	1 225	6	1 231	6 312
Capital	-	-	-	519
Other (compensation of employees)	-	-	-	25
TOTAL	1 225	6	1 231	6 856

Listed by programme level	2018/19	2017/18
	R'000	R'000
Administration	500	4 182
Tourism Research, Policy and International Relations	161	117
Destination Development	206	2 202
Tourism Sector Support Services	364	355
TOTAL	1 231	6 856

	2018/19	2017/18
	R'000	R'000
Confirmed balances with other departments	<i>Annex</i> 4 244	1 764

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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TOTAL	244	1 764
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Material accruals (above R100 000) relate to the following:

Business and Advisory Services R 701 848,70; Catering: Departmental Activities R 134 857,43; Travel and subsistence: Domestic R 3 137 744,27; Venues and facilities R 409 986,75; Telephone Account R 232 424,93; Machinery and Equipment R 110 925,73; External Computer Services R 141 134,00; TIP Incentive projects R 692 338,57.

Employee benefits	2018/19	2017/18
	R'000	R'000
Leave entitlement	12 181	12 101
Service bonus (13 th cheque)	8 033	7 897
Performance awards	4 805	4 273
Capped leave commitments	4 221	4 309
Provision for long service awards	42	79
TOTAL	29 282	28 659

Note:

At this stage the department is not able to reliably measure the long term portion of the long service awards. Due to the utilization of leave within the first quarter of the leave cycle (leave taken without any leave credits available) there is a negative leave entitlement amounting to R502,462.07.

Finance lease expenditure		
2018/19	Machinery and equipment	Total
Not later than 1 year	817	817
Later than 1 year but not later than 5 years	268	268
Total lease commitments	1 085	1 085
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

General description of the material leasing arrangements:

Finance lease commitments include photocopy machines. The lease periods for photocopiers is usually 36 months. No vehicles are leased.

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

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22. Irregular expenditure

Reconciliation of irregular expenditure

	Note	2018/19 R'000	2017/18 R'000
Opening balance		271	-
Prior period error		-	-
As restated		271	-
Add: Irregular expenditure – relating to prior year		13 426	271
Add: Irregular expenditure – relating to current year		13 096	-
Less: Prior year amounts condoned		(271)	-
Closing balance		<u>26 522</u>	<u>271</u>

Analysis of awaiting condonation per age classification

Current year	13 096	271
Prior years	13 426	-
Total	<u>26 522</u>	<u>271</u>

22.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
EC - Hospitality Youth Training Programme - Tender irregularity – SAPS case opened		561
Local content not included in request for quotation - Procurement process non compliance		679
Three quotations not obtained by DIRCO – Request compliance by DIRCO		125
Three quotations not obtained – Procurement process non compliance		346
Three quotations not obtained by Implementing Agents – Procurement process non compliance		24 811
Total		<u>26 522</u>

22.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2018/19 R'000
Non-compliance with SCM prescripts	Accounting Officer	271
Total		<u>271</u>

22.4 Prior period error

- 215 -

	Note	2017/18 R'000
Relating to 2017/2018		
Irregular expenditure - Non-compliance with SCM prescripts		271

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Fruitless and wasteful expenditure

23.1 Reconciliation of fruitless and wasteful expenditure

	Note	2018/19 R'000	2017/18 R'000
Opening balance		104 200	-
Prior-period error		-	-
As restated		104 200	-
Fruitless and wasteful expenditure – relating to prior year		15 631	104 235
Fruitless and wasteful expenditure – relating to current year		712	1 030
Less: Amounts resolved		(703)	(1 065)
Fruitless and wasteful expenditure awaiting resolution		<u>119 840</u>	<u>104 200</u>

Analysis of awaiting condonation per age classification

Current	20	-
Capital	104 200	104 200
Total	<u>104 220</u>	<u>104 200</u>

Analysis of current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Late cancellation/no-show/flight amendments with regard to travel bookings.	No disciplinary steps required – investigation conducted and expenditure recovered or condoned.	723
Terminated project: Tyolomnqa		5 705
Terminated project: Cebe Camp		6 368
Terminated project: Tlokwe N12 Cultural Village		3 547
TOTAL		<u>16 343</u>

Details of fruitless and wasteful expenditure under investigation (not in the main note)

	2018/19 R'000
Late cancellation/no-show/flight amendments with regard to travel bookings	2
TOTAL	<u>2</u>

23.4 Prior period error

	Note	2017/18 R'000
Relating to 2017/2018		
Expanded Public Works Projects-CWIP - Difference between expenditure and revalued amounts		104 200
Total		<u>104 200</u>

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Related-party transactions		
Payments made to South African Tourism	2018/19 R'000	2017/18 R'000
Tourism Market Access	25 707	991
Tourism Indaba Support	-	1 746
TOTAL	<u>25 707</u>	<u>2 737</u>

Note

South African Tourism is a Public Entity of the Department under the Minister's portfolio. Programme 2: Tourism Research, Policy and International Relations; sub programme South African Tourism's transfer payment has been included in Annexure 1A and 1B to the financial statements.

Key management personnel

	No. of individuals	2018/19 R'000	2017/18 R'000
Political office-bearers	2	4 379	4 385
Officials:			
Level 15 to 16	5	8 280	7 879
Level 14	15	19 620	17 893
TOTAL		<u>32 279</u>	<u>30 157</u>

26. Provisions

	2018/19 R'000	2017/18 R'000
Expanded Public Works Programme – Final completion report not submitted or signed off. Retention fees outstanding.	7 033	6 517
TOTAL	<u>7 033</u>	<u>6 517</u>

26.1 Reconciliation of movement in provisions

	2018/19 R'000	2017/18 R'000
Opening balance	6 517	9 001
Increase in provision	-	-
Change in provision due to change in estimation of inputs	516	(2 484)
Closing balance	<u>7 033</u>	<u>6 517</u>

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.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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27. Movable tangible capital assets

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2019**

	Opening balance	Value adjust- ments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	57 487	6	6 350	(2 097)	61 746
Transport assets	8 744	-	861	-	9 605
Computer equipment	27 550	-	4 323	(1 967)	29 906
Furniture and office equipment	12 664	6	306	(123)	12 853
Other machinery and equipment	8 529	-	860	(7)	9 382
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	57 487	6	6 350	(2 097)	61 746

27.1 Additions

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2019**

	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	8 549	-	(2 201)	2	6 350
Transport assets	861	-	-	-	861
Computer equipment	4 425	-	-	(102)	4 323
Furniture and office equipment	306	-	-	-	306
Other machinery and equipment	2 957	-	(2 201)	104	860
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL					

**DEPARTMENT OF TOURISM
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019**

ASSETS	8 549	-	(2 201)	2	6 350
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27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposals	Total disposals	Cash received (actual)
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1 722	375	2 097	44
Transport assets	-	-	-	-
Computer equipment	1 722	245	1 967	44
Furniture and office equipment	-	123	123	-
Other machinery and equipment	-	7	7	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1 722	375	2 097	44

Movement for 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior-period error	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

27.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Intangible assets	Machinery and equipment	Total
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	R'000	R'000	R'000
Opening balance	1 374	7 037	8 411
Additions	1 109	831	1 940
Disposals	-	(257)	(257)
TOTAL MINOR ASSETS	2 483	7 611	10 094

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	461	461
Number of minor assets at cost	2 594	5 949	8 543
TOTAL NUMBER MINOR ASSETS	2 594	6 410	9 004

**27.5 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2018**

	Intangible assets R'000	Machinery and equipment R'000	Total 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
Number of R1 minor assets	-	392	392
Number of minor assets at cost	444	6 404	6 848
TOTAL NUMBER OF MINOR ASSETS	444	6 796	7 240

Intangible capital assets

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Closing balance R'000
SOFTWARE	5 636	-	1 823	7 459
TOTAL INTANGIBLE CAPITAL ASSETS	5 636	-	1 823	7 459

28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

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	Cash	Non-cash	Received current year, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
SOFTWARE	2 818	-	(995)	1 823
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	2 818	-	(995)	1 823

28.2 Movement for 2017/18

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior-period error	Additions	Disposals	Closing balance
	R'000	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

29. Immovable tangible capital assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	263 139	96 255	(103 163)	256 231
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	263 139	96 255	(103 163)	256 231

Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects completed and handed over.

2018/19
R'000

NC-Platfontein Lodge	32 032
Stony Point Eco-centre	6 908
Kruger National Park - Skukuza rest camp solar PV project	21 623
Kruger National Park - Lower Sabie rest camp solar PV project	14 224
Kruger National Park - Tshokwane picnic site solar PV project	20 042
Kruger National Park - Nkuhlu picnic site solar PV project	8 334
TOTAL	103 163

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Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects completed and not handed over.

2018/19

R'000

EC-Aliwal Spa (2017/18)	7 879
EC-Cradock 4 Garden of Remembrance – Ph 2 (2017/18)	12 639
EC-Biko Heritage Trail Phase 2 (2017/18)	11 951
EC-Bulhoek Massacre Heritage Site-Ph 2 (2017/18)	10 384
EC-Wonkumuntu Tourism Project-Phase 3 (2017/18)	9 434
EC-St Mathews & Bholotwa Tourism Project (2017/18)	19 174
EC - Ubuntu Craft Market - Phase 2	7 585
EC – Hamburg Arts Colony	18 764
EC - Vusubuntu Cultral Village & Tour Info Phase 2	5 651
EC - AbaThembu Cultural Calabash	11 326
EC - Bumbane	4 717
EC - Manqondo	4 725
EC – Beach Public Facilities & Boat Launching Site	4 962
EC – Maluti Hiking Trail	4 711
FS - Community Tourism and Crafts	1 442
FS - Masilonyana Visitor Information Centre	3 746
FS – Information and Business Centre	5 638
FS - Witsieshoek Mountain Hotel	25 444
GP - Alexandra Mandela Yard Project	6 157
KZN – Tourism Ntuzuma Attractions Phase 1	3 280
KZN-Tourism Ntuzuma Attractions-Phase 2	3 861
KZN - Isibhubhu Project	14 400
KZN - Muzi Pan Canoeing	974
LP – Ngove Cultural Centre & Theatre	9 434
MP - Middelburg Tourism Information Centre	5 608
MP - Huntington Village Tourism Project (Phase 2)	3 170
MP - Barberton	12 670
NW - The Pampierstad Recreational Park	1 135
NW - N12 Treasure Route	2 767
NW - Lehurutshe Bird & Supingstad Trophy Hunting	2 799
WC-Tourism Development Programme for Atlantis (Phase 1)	1 742
WC-Tourism Development Programme for Atlantis (Phase 2)	9 832
WC - Agulhas Project	8 230
TOTAL	256 231

29.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Capital work- in-progress current cost)	Total
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	96 255	-	96 255
Other fixed structures	-	96 255	-	96 255
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS				

**DEPARTMENT OF TOURISM
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019**

-	96 255	-	96 255
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29.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Non-cash disposals R'000	Total disposals R'000	Cash received (actual) R'000
BUILDINGS AND OTHER FIXED STRUCTURES	103 163	103 163	-
Other fixed structures	103 163	103 163	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	103 163	103 163	-

29.3 Movement for 2017/18

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Other fixed structures	1 835	-	496 343	(235 039)	263 139
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1 835	-	496 343	(235 039)	263 139

29.3.1 Prior period error

	<i>Note</i>	2017/18 R'000
Nature of prior period error		
Relating to 2017/18 Immovable Capital Assets		
Additions understated – Completed assets not accounted for		262 943
Disposals understated – Disposals not accounted for		(63 857)

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Total prior period errors	199 086
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Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Opening balance 1 April 2018	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated/ Adjustment	Closing balance 31 March 2019
<i>Note Annexure 5</i>	R'000	R'000	R'000	R'000
Buildings and other fixed structures	295 235	66 285	(125 174)	236 346
TOTAL	295 235	66 285	(125 174)	236 346

Projects - Ready for use (Assets to the AR) / Contracts terminated/

2018/19

	R'000
Terminated projects	
EC-Cebe Campsite Ph2	(9 364)
EC-Motherwell Eco Tourism Development Phase 2	(5 329)
EC-Tyolomnqa Estuary	(8 667)
NW – Tlokwe N12 Cultural Village	(5 559)
Sub total	(28 919)
Plus: Non cash (note 29.1)	(96 255)
TOTAL	(125 174)

Age analysis on ongoing projects

	Number of projects		2018/2019
	Planned, construction not started	Planned, construction started	Total R'000
0 to 1 year	5	-	3 172
1 to 3 year(s)	16	3	58 357
3 to 5 years	1	6	67 073
Longer than 5 years	-	18	107 744
TOTAL	22	27	236 346

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Note:

Included in Capital Work-In-Progress (CWIP) are 23 projects that were stopped/stalled. Of these 23 projects 18 are over 5 years. The department has transferred R762,929 million to project implementers for these stopped/stalled projects. The projects were stopped to allow for the review of the Working for Tourism Infrastructure programme to inform the decision whether to proceed with the projects and how to proceed.

The review was finalized in 2018 and the Department intends to complete these projects and is in the process of appointing built environment professionals to complete the agreed upon projects. The KZN Lilani Hotsprings project is currently being completed by TIKZN and EC Six Day Hiking Trail Project is being completed by ECTPA. The rest are awaiting the appointment of the built environment professionals.

GTAC reviewed and estimated the cost of completion of 16 of these projects at R 154, 642 million.

Accruals and payables not recognised relating to Capital WIP	2018/19 R'000	2017/18 R'000
Tourism Incentive Programme Infrastructure projects	-	4 986
Total	-	4 986

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Opening balance 1 April 2017 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated) R'000	Closing balance 31 March 2018 R'000
Buildings and other fixed structures	790 326	3 617	(498 708)	295 235
TOTAL	790 326	3 617	(498 708)	295 235

Age analysis on ongoing projects

	Number of projects		2017/2018
	Planned, construction not started	Planned, construction started	Total R'000
0 to 1 year	10	1	13 749
1 to 3 year(s)	6	4	105 417
3 to 5 years	-	2	39 406
Longer than 5 years	-	22	136 663
TOTAL	16	29	295 235

29.5 S42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2018/2019

Number of	Value of assets R'000
--------------	--------------------------

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	assets	
BUILDINGS AND OTHER FIXED STRUCTURES		
Other fixed structures	33	256 231
TOTAL	33	256 231

Expanded Public Works Programme and Tourism Incentive Programme infrastructure projects where the transfer has been initiated but not completed at year end.

2018/19

R'000

EC-Aliwal Spa (2017/18)	7 879
EC-Cradock 4 Garden of Remembrance – Ph 2 (2017/18)	12 639
EC-Biko Heritage Trail Phase 2 (2017/18)	11 951
EC-Bulhoek Massacre Heritage Site-Ph 2 (2017/18)	10 384
EC-Wonkumuntu Tourism Project-Phase 3 (2017/18)	9 434
EC-St Mathews & Bholotwa Tourism Project (2017/18)	19 174
EC - Ubuntu Craft Market - Phase 2	7 585
EC – Hamburg Arts Colony	18 764
EC - Vusubuntu Cultral Village & Tour Info Phase 2	5 651
EC - AbaThembu Cultural Calabash	11 326
EC - Bumbane	4 717
EC - Manqondo	4 725
EC – Beach Public Facilities & Boat Launching Site	4 962
EC – Maluti Hiking Trail	4 711
FS - Community Tourism and Crafts	1 442
FS - Masilonyana Visitor Information Centre	3 746
FS – Information and Business Centre	5 638
FS - Witsieshoek Mountain Hotel	25 444
GP - Alexandra Mandela Yard Project	6 157
KZN – Tourism Ntuzuma Attractions Phase 1	3 280
KZN-Tourism Ntuzuma Attractions-Phase 2	3 861
KZN - Isibhubhu Project	14 400
KZN - Muzi Pan Canoeing	974
LP – Ngove Cultural Centre & Theatre	9 434
MP - Middelburg Tourism Information Centre	5 608
MP - Huntington Village Tourism Project (Phase 2)	3 170
MP - Barberton	12 670
NW - The Pampierstad Recreational Park	1 135
NW - N12 Treasure Route	2 767
NW - Lehurutshe Bird & Supingstad Trophy Hunting	2 799
WC-Tourism Development Programme for Atlantis (Phase 1)	1 742
WC-Tourism Development Programme for Atlantis (Phase 2)	9 832
WC - Agulhas Project	8 230
TOTAL	256 231

Assets subjected to transfer in terms of S42 of the PFMA – 2017/2018

	Number of assets	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES		
Other fixed structures	34	263 139

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TOTAL

34

263 139

30. Principal-agent arrangements

30.1 Department acting as the principal for (Expanded Public Works Programme Projects)

**Include a list of the entities acting as agents for the department
and the fee paid as compensation to the agent**

Fee Paid

PROJECTS	AGENT	2018/19 R'000	2017/18 R'000
FS - Building a Guesthouse in Qwa Qwa Phase 2	River Ranger Management Sec 21	-	26
NC - Platfontein Lodge	Anix Consulting cc	-	913
Tourism Blue Flag	WESSA	-	1 195
WC - Hospitality Youth Programme	Networx for Career Development	-	1 187
KZN - Hospitality Youth Programme	Tourism World Pty (Ltd)	-	1 071
MP - Hospitality Youth Programme	VPK Business Venture	-	306
GP - Hospitality Youth Programme	VPK Business Venture	-	371
EC - Hospitality Youth Programme	Amathemba Skills	-	168
NC - Hospitality Youth Programme	Networx for Career Development	-	241
Food Safety Training Programme	The Tourism and Business Institute Of S.A	-	2 593
Wine Service Programme	Tourism World (Pty) Ltd.	400	1 345
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	425	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
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
Tourism Green Coast Project	WESSA	166	-
KZN - Hospitality Youth Training Programme Phase 2	Tourism World	150	-
EC-Hospitality Youth Training Programme Phase 2	Corporate Skills Development Services	561	-
GP - Hospitality Youth Training Programme Phase 2	Clean Heat Academy	264	-
MP - Hospitality Youth Training Programme Phase 2	Bella Fe Consulting	359	-

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Tourism Transformation Fund	National Empowerment Fund (NEF)	2 000	-
Green Tourism Incentive Programme	Industrial Development Corporation of SA	4 760	-
TOTAL		9 085	12 741

Prior period errors

Correction of prior period errors

	Note	Amount before error correction R'000	Prior period error 2017/18 R'000	Restated Amount R'000
Assets:				
Immovable Capital Assets 2017/18				
Additions understated – Completed assets not accounted for	29.3	233 400	262 943	496 343
Disposals understated-Disposals not accounted for	29.3	(171 182)	(63 857)	(235 039)
Capital Work-in-Progress-Closing balance 2017/18	29.4	769 793	(474 558)	295 235
Net effect		832 011	(275 472)	556 539
Liabilities:				
Commitments	18	690 372	(26 609)	663 763
Provisions	26	10 046	(3 529)	6 517
Net effect		700 418	(30 138)	670 280
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc.)				
<i>Irregular expenditure - 2017/18</i>				
Non-compliance with SCM prescripts	22.4	-	271	271
<i>Fruitless and wasteful expenditure -2017/18</i>				
Expanded Public Works Projects - CWIP-Difference between expenditure and revalued	23.1		104 200	104 200
Net effect		-	104 471	104 471

Note:

Non-compliance with SCM prescripts -The irregular expenditure was only confirmed by the Auditor-General after the audited AFS was submitted to National Treasury and the Auditor-General and after the management report was issued by the Auditor-General.

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ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted appropriation R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
South African Tourism	1 208 048	-	-	1 208 048	1 208 048	100%	1 129 288
National Tourism Careers Expo (North West Tourism Board)	4 248	-	-	4 248	4 248	100%	4 612
Culture Art Tourism Hospitality and Sports Sector Education and Training Authority (CATHSSETA)	179	-	-	179	179	100%	197
<i>Tourism Incentive Programme:</i>							
National Empowerment Fund	-	-	40 000	40 000	40 000	100%	40 000
South African Tourism	20 000	-	1 548	21 548	21 548	100%	-
TOTAL	1 232 475	-	41 548	1 274 023	1 274 023		1 174 097

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ANNEXURE 1B
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2017/18 Final Appropriation R'000
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Private enterprises									
Transfers									
N12 Treasure Route	-	-	-	-	-	-	-	-	600
Tourism Incentive Programme:									
Tourism Grading Support	-	-	-	-	-	-	-	-	55
Market Access Support	93 934	-	(83 980)	9 954	8 939	89.8%	-	8 939	7 311
Destination Development:									
Gauteng Tourism Authority	-	-	-	-	-	-	-	-	2 000
Green Tourism Incentive:									
Industrial Development Corporation	67 000	-	-	67 000	67 000	100%	-	67 000	38 000
Subtotal: Private enterprises	160 934	-	(83 980)	76 954	75 939	98.7%	-	75 939	47 966
TOTAL	160 934	-	(83 980)	76 954	75 939	98.7%	-	75 939	47 966

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ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION							
Transfers							
Regional Tourism Organisation of Southern Africa (RETOSA)	-	-	-	-	-	-	4 056
United Nations World Tourism Organisation (UNWTO)	2 508	-	-	2 508	2 348	94%	2 338
TOTAL	2 508	-	-	2 508	2 348		6 394

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ANNEXURE 1D
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
NON-PROFIT INSTITUTIONS							
Transfers							
Federated Hospitality Association of Southern Africa (Fedhasa)	472	-	-	472	472	100%	500
Sponsorship of the Innovation in Science, Technology, Engineering & Mathematics (iStem) Youth Indaba	-	-	-	-	-	-	60
TOTAL	472	-	-	472	472		560

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**ANNEXURE 1E
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
HOUSEHOLDS							
Transfers							
Expanded Public Works Programme	50 000	-	(9 370)	40 630	40 630	100%	57 094
Expanded Public Works Programme - Incentive	30 873	-	(7 968)	22 905	22 905	100%	27 565
Subtotal	80 873	-	(17 338)	63 535	63 535	100%	84 659
Bursaries (Non-Employee)	-	-	660	660	660	100%	840
Employee Social Benefits: Leave Gratuity	-	-	755	755	757	100%	923
Claim Against the State (Cash)	3 979	-	-	-	-	-	492
National Tourism Framework	-	-	-	3 979	3 979	100%	4 212
TOTAL	84 852	-	(15 923)	68 929	68 931		91 126

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ANNEXURE 1F
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in kind			
<i>The Department has received the following items as gifts/sponsorship for the Departmental Sports Day on 1 September 2017</i>			
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

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**ANNEXURE 1G
STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	Opening balance	Revenue	Expenditure	Paid back on/by 31 March 2019	Closing balance
		R'000	R'000	R'000	R'000	R'000
Received in cash European Union	The Baviaanskloof World Heritage Site Interpretive Centre Project	-	22 799	22 799	-	-
TOTAL		-	22 799	22 799	-	-

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ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
	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

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**ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL**

	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantee draw-downs during the year	Guarantee repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000
Guarantor institution	Housing	130	26	-	-	-	26
Nedbank Limited		130	26	-	-	-	26
TOTAL							

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**ANNEXURE 2B
STATEMENT OF CLAIMS AGAINST THE DEPARTMENT AS AT 31 MARCH 2019**

Nature of liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (provide details hereunder) R'000	Closing balance 31 March 2019 R'000
Claims against the Department					
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 Tshupo 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 a defamation of character by an official of the Department.	50	-	-	-	50
TOTAL	4 564	-	175	-	4 389

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**ANNEXURE 3
CLAIMS RECOVERABLE**

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year-end 2018/19	
	31/03/2019	R'000	31/03/2019	R'000	31/03/2019	R'000	Payment date up to six (6) working days before year-end	Amount R'000
GOVERNMENT ENTITY								
DEPARTMENT								
Department of Sport and Recreation	-	96	-	-	-	96		-
TOTAL	-	96	-	-	-	96		-

**ANNEXURE 4
INTERGOVERNMENTAL PAYABLES**

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year-end 2018/19	
	31/03/2019	R'000	31/03/2019	R'000	31/03/2019	R'000	Payment date up to six (6) working days before year-end	Amount R'000
GOVERNMENT ENTITY								

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DEPARTMENT	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current									
**Department of Government Printing Works	5	-	-	5	-	-	-	-	-
**South African Police Service	-	56	-	-	56	-	-	-	-
*Department of Cooperative Governance	-	25	-	-	25	-	-	-	-
**Department of Public Works	-	-	-	-	3 138	-	-	-	-
**Department of Justice and Constitutional Development	239	-	-	239	-	-	01/04/2019	24	24
Sub Total	244	81	-	244	3 219	-	-	24	24
Non-current									
Government Technical Advisory Centre	-	1 683	-	-	1 683	-	-	-	-
Sub Total	-	1 683	-	-	1 683	-	-	-	-
TOTAL	244	1 764	-	244	4 902	-	-	24	24

*Compensation of employees

**Goods and services

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 5 Movement of Capital Work-in-Progress MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019	Opening balance	Current Year	Completed Assets	Closing
	R'000	Capital WIP R'000	(Current and Capital) R'000	
balance				
R'000				
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	295 235	66 285	(125 174)	236 346
TOTAL	295 235	66 285	(125 174)	236 346

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ANNEXURE 5 (continue)	MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018			
Movement of Capital Work-in-Progress	Opening balance	Prior period	Current Year	Completed Assets Closing
R'000	R'000	R'000	Capital WIP R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	790 326	-	3 617	(498 708)
TOTAL	790 326	-	3 617	(498 708)
295 235				295 235

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ANNEXURE 6A
INTER-ENTITY ADVANCES PAID (note 10)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	-	659	455	659	455
Department Government Communications and Information Systems	-	168	-	-	-	168
TOTAL	-	168	659	455	659	623

