

# ANNUAL REPORT

## 2013/14

VOTE 35



**tourism**

Department:  
Tourism  
REPUBLIC OF SOUTH AFRICA



*Inspiring new ways*

# Contents

## **PART A: GENERAL INFORMATION**

**3**

1.	DEPARTMENT GENERAL INFORMATION	4
2.	LIST OF ACRONYMS	5
3.	FOREWORD BY THE MINISTER OF TOURISM	8
4.	STATEMENT BY DEPUTY MINISTER OF TOURISM	10
5.	REPORT OF THE ACCOUNTING OFFICER	12
6.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	18
7.	STRATEGIC OVERVIEW	19
7.1	Vision	19
7.2	Mission	19
7.3	Values	19
8.	LEGISLATIVE AND OTHER MANDATES	20
9.	ORGANISATIONAL STRUCTURE	21
10.	ENTITIES REPORTING TO THE MINISTER	22

## **PART B: PERFORMANCE INFORMATION**

**23**

1.	AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	24
2.	OVERVIEW OF DEPARTMENTAL PERFORMANCE	25
2.1	Service delivery environment	25
2.2	Service Delivery Improvement Plan	26
2.3	Organisational environment	28
2.4	Key policy developments and legislative changes	28
3.	STRATEGIC OUTCOME ORIENTED GOALS	29
4.	PERFORMANCE INFORMATION BY PROGRAMME	30
4.1	Programme 1: Administration	30
4.2	Programme 2: Policy and Knowledge Services	38
4.3	Programme 3: International Tourism Management	47
4.4	Programme 4: Domestic Tourism Management	50
5.	TRANSFER PAYMENTS	60
5.1	Transfer payment to public entity: South African Tourism	60
5.2	Transfer payments to all organisations other than public entities	61

**PART C: GOVERNANCE**

**63**

1.	INTRODUCTION	64
2.	RISK MANAGEMENT	64
3.	FRAUD AND CORRUPTION	65
4.	MINIMISING CONFLICT OF INTEREST	65
5.	CODE OF CONDUCT	65
6.	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	66
7.	PORTFOLIO COMMITTEES	67
8.	SCOPA RESOLUTIONS	69
9.	PRIOR MODIFICATIONS TO AUDIT REPORTS	69
10.	INTERNAL CONTROL UNIT	69
11.	INTERNAL AUDIT AND AUDIT COMMITTEES	70
12.	AUDIT COMMITTEE REPORT	71

**PART D: HUMAN-RESOURCE MANAGEMENT**

**73**

1.	INTRODUCTION	74
2.	OVERVIEW OF HUMAN-RESOURCES	74
3.	HUMAN-RESOURCES OVERSIGHT STATISTICS	76

**PART E: FINANCIAL INFORMATION**

**107**

1.	REPORT OF THE AUDITOR-GENERAL	109
2.	ANNUAL FINANCIAL STATEMENTS	113



Part A  
General information

## I. DEPARTMENT GENERAL INFORMATION

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**FACEBOOK:** National Department of Tourism

**TWITTER:** @tourism\_gov\_za

## 2. LIST OF 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 Organization 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
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	Workplace Skills Plan
WTO	World Trade Organization
WTTC	World Travel and Tourism Council





### 3. FOREWORD BY THE MINISTER OF TOURISM



DEREK HANEKOM  
MINISTER OF TOURISM

*Tourism's specific contribution to the South African economy is that it remains a key driver for growth and employment.*

It is my pleasure to present the Department of Tourism's Annual Report for the financial year 2013/14, which coincides with a critical period in the history of our country's young democracy, as we celebrate its 20<sup>th</sup> anniversary. For our department in particular, this annual report closes our reporting on the implementation of our previous five year strategic plan. It comes at a time when we are called upon to take stock of the financial year that was, and examine the degree to which we have succeeded in fulfilling our mandate.

Our department has made a meaningful contribution to creating decent employment thereby reducing poverty, and the tourism sector has made a significant contribution to economic growth. As the report indicates, our department has also made a contribution to ensuring vibrant, equitable and sustainable rural communities.

Furthermore, we take pride in the knowledge that we have also assisted efforts towards the creation of a better South Africa, a better Africa and a better world.

The department remains committed to the goals set in the National Tourism Sector Strategy (NTSS). These relate to job creation, the contribution to gross domestic product (GDP), and making South Africa one of the top 20 destinations of choice by 2020.

More specifically we aim to increase domestic tourism by increasing the number of domestic trips to 32.1 million by March 2018. We aim to increase foreign tourist arrivals to 15 million, thereby increasing tourism's contribution to the GDP to R499 billion, and creating 225,000 jobs by 2020.

The World Travel and Tourism Council estimated South Africa's travel and tourism sector contributed approximately R102 billion (\$10.4 billion) to the country's economy, directly supporting an estimated 620,000 jobs in 2012. If we include the wider impact on the economy the figures grow considerably.

As part of the department's goal of increasing the contribution of the tourism sector to inclusive economic participation, through specific initiatives and platforms to promote compliance with the Tourism Sector Specific Broad-Based Black Economic Empowerment (BBBEE) Scorecard. We have implemented the Tourism BBBEE Charter Council Plan of Action, which covers enterprise development and preferential procurement, as well as skills development, management control and ownership.

Tourism injected R35.3 billion into the economy from January to June 2013. Compared to other economic sectors, this was more than the R32.6 billion that gold exports contributed during the same period.

Since its inception in April 2010, our department's Social Responsibility Implementation (SRI) Programme has focused mainly on the creation of temporary employment and skills development opportunities for unemployed people through the implementation of labour intensive projects under the auspices of the Expanded Public Works Programme (EPWP), which supports our NTSS. The criteria to qualify as a SRI project includes, amongst others, reservation of a minimum of 20% of job opportunities created for the youth.

These are labour intensive projects targeting unemployed youth, women, people with disabilities and the small, medium and micro-enterprises (SMMEs), and includes the Youth Skills Programme, which enhances the employability of the youth.

South Africa is a member of the Executive Council of the United Nations World Tourism Organization (UNWTO), responsible for shaping the agenda and programmes of the UN's specialised agency for tourism.

Despite the changes in tourism behaviour, as a result of the increases in airfares and other dynamics in global tourism, which have had a somewhat negative impact on the growth of tourism, we have been able, together with our stakeholders, to address these challenges.

The department has developed and continues to maintain a National Tourism Information Gateway at OR Tambo International Airport (i.e. air port of entry) which disseminates tourism information.

The Tourism Act, 2014 (Act 3 of 2014) was gazetted on 7 April 2014. The new Act makes provisions for promotion of the practice of responsible tourism. It further provides for effective domestic and international marketing of our country as a tourist destination; promotes quality tourism products and services; promotes growth in and development of the tourism sector; and enhances cooperation and coordination between all spheres of government in developing and managing tourism.

We value the contribution of all our stakeholders who continue to play a significant role in support of our efforts towards the achievement of the goals as set out in our NTSS.

We appreciate the continued mutually beneficial relationships with all spheres of government in the fulfilment of the overall mandate of our government.

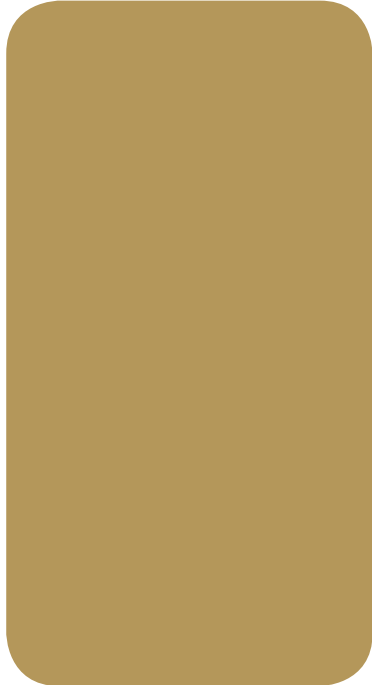
In conclusion, the successes we have registered as a department throughout the past five years of implementation of our strategy, the lessons learnt during that period and the measures put in place to improve our areas of weakness, owes much to the people employed in our department. Our management, led by the Director-General, has once again proven their commitment to the departmental service delivery mandate in view of the triple challenge of poverty, unemployment and inequality.

The growth and development of the tourism sector depends on the collective effort by all of us.



**Derek Hanekom**  
**Minister of Tourism**

## 4. STATEMENT BY THE DEPUTY MINISTER OF TOURISM



THOKOZILE XASA  
DEPUTY MINISTER OF TOURISM

*A new women's network called Equality in Tourism was launched, in July 2013. It is a structure that is dedicated to ensuring that women have an equal voice in tourism and equal share in its benefits*

The 2013/14 Annual Report presents a record of our achievements and reasons where we have either under- or over performed as a department during the reporting period. It is a lens through which we are able to reflect on the extent to which we have succeeded in meeting our targets and objectives during the implementation of our strategy and the Annual Performance Plan.

A new women's network called Equality in Tourism was launched in July 2013. It is a structure that is dedicated to ensuring that women have an equal voice in tourism and equal share in its benefits. To coincide with the launch, a report titled "Sun, Sand and Ceilings: Women in the Boardroom" was released. It revealed that although women make up the majority of the tourism workforce in most countries, they are still underrepresented at executive levels of large tourism establishments. A critical observation made by Equality in Tourism is that questions of gender discrimination have been largely omitted from the theory and practice of tourism and that greater gender equality is an essential component of a thriving and sustainable tourism industry.

Working with the Tourism Enterprise Partnership (TEP) we ensured that we contribute to Outcome 4: Decent employment through inclusive economic growth and Outcome 7: Vibrant, equitable and sustainable rural communities and food security for all, we have supported 977 businesses with market access and 119 enterprises to grow through mentorship.

A total of 913 rural enterprises and 3,472 designated groups (i.e. historically disadvantaged enterprises) were supported as part of the general approach of involving the rural communities and designated groups in the geographic spread of tourism in line with the rural tourism and heritage and cultural tourism strategies.

Furthermore, 2,797 full-time equivalent (FTE) jobs were created through the Social Responsibility Implementation Programme. The hospitality industry in South Africa is

characterised by skills shortages and is currently not meeting the demand for qualified chefs. Furthermore, the Professional Cookery (chef) qualification was identified as one of the scarce skills in South Africa according to the Department of Labour's scarce skills document. Currently, graduates of the programme are employed by some of the major hotel chains, others have started their own catering businesses and some have gone on to their third year of training.

We have continued with the Tourism Buddies Programme, which has been rolled out across all nine provinces. The youth are trained in the hospitality field and will emerge with a South African Qualifications Authority (SAQA) qualification in either Accommodation Services or Food and Beverages Services. Learners are trained and placed in various hospitality institutions for experiential learning. In the 2013/14 financial year 3,860 learners were enrolled in the programme nationally and 441 learners have been permanently employed by the hospitality industry.

Our department has engaged in extensive public education and awareness campaigns on a variety of projects, which include the promotion of a service excellence oriented culture, and the tourist guides.

The department in partnership with Eastern Cape, Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and the Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA), has continued to expose young people from high schools, Further Education and Training (FET) colleges and universities to existing professions and career opportunities within the tourism sector. National Tourism Careers Expo (NTCE) 2013/14 was hosted in East London in the Eastern Cape Province from 19–21 September 2013. A total of 9,445 people participated in the NTCE.

We have successfully conducted tourism needs assessments at the eight World Heritage Sites. The key aim of this exercise was to identify and assess development needs of viable tourism products within World Heritage Sites, in order to formulate appropriate intervention measures for tourism development.

The department is also an active member of the Regional Commission for Africa (CAF) which is a regional umbrella structure of the UNWTO for Africa. The structure aims to align and mainstream the discussions taking place within CAF to the agenda 2063 of the African Union (AU). The department was responsible for raising the importance of, and influencing the agenda of CAF to revisit the New Partnership for Africa's Development (Nepad) Tourism Action Plan.

Our appreciation goes to all our stakeholders who have continued to support us as well as our efforts to grow tourism in order to make contributions to the economy and be able to contribute to the improvement of the quality of life of all our citizens.

We would not be able to meet our goals and the targets we set for ourselves had it not been for the commitment of our staff and management in the implementation of our plans.

We are a country bestowed with many gifts, including scenic beauty, diverse cultures and hospitality. We have to work together to ensure that we elevate the status of these to the highest level in order to place our country amongst the first few to be considered as destinations of choice in respect of tourism.



**Thokozile Xasa**  
**Deputy Minister of Tourism**

## 5. REPORT OF THE ACCOUNTING OFFICER



AMBASSADOR LM MAKHUBELA  
DIRECTOR-GENERAL

*The core mandate of the department is to create conducive conditions for sustainable tourism growth and development in South Africa.*

### I. Overview of the operations of the department

The core mandate of the department is to create conducive conditions for sustainable tourism growth and development in South Africa. To crystallise the tourism mandate, the Tourism Bill, 2012 was developed as a legal framework for the development and promotion of sustainable tourism for the social, economic and environmental benefit of South African citizens and for the benefit of all its residents and foreign visitors.

The Tourism Bill was introduced to Parliament on 5 July 2012 in terms of Joint Rule 159. The Bill was debated in the National Assembly and National Council of Provinces (NCOP) and was passed by the National Assembly on 27 February 2014. The President has since assented the Tourism Bill on 4 April 2014 into the Tourism Act, 2014 (Act 3 of 2014) which was gazetted on 7 April 2014.

The new Tourism Act, 2014 (Act 3 of 2014) paves the way to promote responsible tourism for the benefit of South Africa and for the enjoyment of all citizens and foreign visitors; for the effective domestic and international marketing of South Africa as a tourist destination; promote quality tourism products and services; promotes growth and development in the tourism sector; and enhance cooperation and coordination between all spheres of government in developing and managing tourism.

The National Tourism Sector Strategy (NTSS) was developed as a blueprint for tourism growth and development in South Africa and was approved by Cabinet in 2011. Its implementation has guided the consolidation of the tourism sector efforts to increase tourism's contribution to job creation and economic growth, in line with the growth targets contained in the New Growth Path (NGP). The NTSS seeks to create 225,000 new jobs and contribute R499 billion towards the gross domestic product (GDP) by 2020, and position South Africa as one of the top 20 global destinations by 2020.

The South African tourism sector is progressing well to achieve its goal of becoming one of the top 20 destinations in the world by 2020. The country has recorded, in 2012, a 10.2 per cent growth in international arrivals to South Africa, a growth rate exceeding the United Nations World Tourism Organization's (UNWTO) estimated global tourist growth rate of 4 per cent.

The department has developed the Rural Tourism Strategy in order to ensure a developmental approach to the packaging of rural tourism products and opportunities in South Africa. Subsequently, the department has prioritised and developed spatial nodes that have the potential to stimulate growth of the rural tourism industry in South Africa.

In line with the White Paper on the Development and Promotion of Tourism in South Africa (DEAT, 1996), and the contention that prime tourism attractions are not located in the city centres, but rather in rural areas, this strategy, further reviews product development, tourism marketing, human development, tourism infrastructure and tourism research and information for equal access of tourism opportunities in rural areas.

The department has supported a number of rural communities through the Social Responsibility Implementation Programme, whereby community-based tourism projects have been implemented. These projects, in most cases, are owned by traditional councils and operated by community trusts. The beneficiaries thereof are local communities who derive benefits through temporary employment during construction and permanent employment during the operation phase of the projects.

Informed by the White Paper on the Development and Promotion of Tourism in South Africa (DEAT, 1996) and the NTSS (2011), the department has developed and is implementing the Heritage and Culture Tourism Strategy for purposes of mainstreaming of heritage and culture resources into the ambit of tourism development for sustainable tourism and socio-economic development. The strategy makes specific recommendations for further development and active promotion of the eight World Heritage Sites in South Africa, and thus laying the basis for a critical analysis of the tourism development needs in the World Heritage Sites.

The department has developed and is implementing the Domestic Tourism Growth Strategy to establish the domestic markets for a sustainable economy, increase domestic tourism to contribute to the GDP, entrench the culture of travel and also address seasonality and geographical spread.

The strategy does not only focus on issues of addressing geographic spread and reducing seasonality, but it grapples with issues of broadening economic participation, community beneficiation and it also deals with creating a better society where all are able to enjoy what the country offers in terms of tourism.

The Niche Tourism Framework is a prioritised programme to address gaps identified in the NTSS, the implementation which is done through the Domestic Tourism Growth Strategy Implementation Plan. The main purpose of the Niche Tourism Framework is to guide niche tourism development in South Africa through proposing a planning approach that will inform and support the identification, development and promotion of a number of valuable and sustainable tourism niche markets.

Informed by the NTSS and the White Paper on the Development and Promotion of Tourism in South Africa (DEAT, 1996) the department has developed a National Events Strategy (NES) to serve as a guiding tool for government and its relevant stakeholders with regard to supporting national events. Events are recognised as economic contributors and, as a result, more effort needs to be invested by government and its stakeholders to ensure that these are supported in order that they grow and are sustained over a period of time.

The strategy was developed as the tourism industry's way of improving how it links the elements of human-resource management and human-resource development, which are elements in tourism and profitability. These are good human-resource management practices, quality human-resource development and investment in human-resource. In this regard, a series of recommendations are presented and targeted, in particular, at four discrete but closely connected groups, which are individual tourism enterprises, tourism industry associations, education and training providers and public sector bodies in all spheres of government with the role in tourism education and training.

The NTSS was initiated by the Department of Tourism in partnership with the Tourism Business Council of South Africa (TBCSA). It is aimed at creating an enabling environment in which to develop a culture of excellent customer service and to ensure that all key stakeholders play a role in improving service levels in the tourism sector.

The long-term strategic goal of the NTSS is to provide the country with an opportunity to transform the sector into a globally competitive destination of choice. This can only be achieved, once the attitudes and perceptions of the industry's employees, employers and the general public have changed.

The department has developed the Tourism BBBEE Sector Code to provide guidelines on initiatives to transform the tourism industry.

The department has realised that the growth of the tourism industry relies on having a robust and thriving small business tourism sector. Small business enterprises are the ones with a potential of creating more job opportunities in the sector. In order to create conducive conditions for tourism development and growth, the department has partnered with the Tourism Enterprise Partnership (TEP) to assist entrepreneurs and small, medium and micro-enterprises (SMMEs) by providing support to rural enterprises, members of designated groups, full-time equivalent (FTE) jobs, and by providing training and mentorship to enterprises. Funding support to the TEP is valued at R25 million. TEP's overall contribution to job creation over the past 10 years has been more than 75,786 jobs and it saw a turnover increase of over R6.4 billion.

Implementation projects as part of the Expanded Public Works Programme (EPWP), which focused on the implementation of labour intensive tourism infrastructure projects and skills development targeting the unemployed, youth, women and people living with disability. An example of a success story under the SRI was the redevelopment and upgrading of the Zithabiseni Provincial Resort in Mpumalanga. The project created 253 temporary jobs in the local community during the upgrading and renovation of 108 chalets, construction of additional facilities and a paved access road. It further injected R7 million (out of the R30

million total project cost) into small enterprises suppliers (e.g. upholstery, thatching, etc.) in the local economy. As a result of the development, the resort's occupancy rate increased from 60 per cent to 90 per cent and income increased from R1.5 million to R8 million per annum. The tourism contribution to the FTE jobs is reported by the Department of Public Works under the Environment and Culture Sector other EPWP.

The department has implemented the National Young Chefs Training Programme (NYCTP), which is a tourism infrastructure programme and project, in line with the government's EPWP. It is a youth skills programme, which develops young people's employability skills. It is a labour intensive oriented project targeted at unemployed youth, women, people living with disabilities and SMMEs.

The department has been hosting the annual National Tourism Careers Expo (NTCE) where many learners have participated and many curriculum vitae from unemployed graduates were received by the recruitment corner. This initiative addressed both skills development and job creation.

The department has been involved in tourism capacity building programmes which aims to strengthen the skills and human-resource base in the tourism industry. The department conducted a tourism skills audit and revised the tourism curriculum with UMALUSI to ensure proper skills development for the sector.

The Tourism Accelerated Apprenticeship Programme (TAAP) provides Further Education and Training (FET) to tourism graduates through practical workplace training and exposure through skills development, and also familiarises the graduates with the operational side of the tourism and hospitality sector.

In the 2013/14 financial year, the department was allocated R3 million to rollout the TAAP to recruit and place 100 FET interns in various institutions across the country. The internships were offered for food safety in hospitality.

## 2. Overview of the financial results of the department

Programme	Adjustment appropriation	Shifts approved by National Treasury	Virement	Final appropriation	Expenditure	Over/ (under) expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	208,110	-	4,536	212,646	212,000	(646)
Policy and Knowledge Services	901,843	10,000	-	911,843	908,790	(3,053)
International Tourism	41,013	-	-	41,013	37,886	(3,127)
Domestic Tourism	369,608	(10,000)	(4,536)	355,072	353,991	(1,081)
<b>TOTAL</b>	<b>1,520,574</b>	<b>-</b>	<b>-</b>	<b>1,520,574</b>	<b>1,512,667</b>	<b>(7,907)</b>

### Virement

The virement was approved by the Accounting Officer in terms of section 43 of the Public Finance Management Act (PFMA), 1999. In accordance with this section of the Act, the amount of a saving under a main division of a vote that may be utilised, may not exceed 8 per cent of the amount appropriated under that main division.

An amount of R4,536,000 (1.2 per cent) was shifted from Programme 4: Domestic Tourism to Programme 1: Administration. Domestic Tourism's saving is related to the Tourism Incentive Programme which has not been fully implemented. Administration's over expenditure is related to the purchase of computer hardware and software as well as the creation of additional office space on one floor of the head office building, Tourism House.

National Treasury granted approval for the shift of R10 million from Programme 4: Domestic Tourism (Expanded Public Works Incentive Programme) to Programme 2: Policy and Knowledge Services (SA Tourism transfer payment) to alleviate foreign currency losses.

### Rollovers

A zero request for rollovers was submitted to National Treasury.

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

The department had no unauthorised expenditure. The department has developed a guideline document for the treatment of fruitless and wasteful expenditure. The majority of this expenditure relates to travel expenditure (revised bookings and no shows) which are reported as fruitless and wasteful expenditure pending an investigation. Once investigated, the expenditure will be condoned or transferred to the departmental debt account for recovery.

## 4. Future plans of the department

This vision for tourism in South Africa sets out a number of central objectives to be achieved until 2020: the country's tourism sector will be based on offering a broad range of tourism products and services that are grounded in the country's wealth of natural assets and cultural heritage; while tourism is already an important contributor to the economy. Hence, the National Development Plan (NDP) envisions tourism to be a major source of revenue and employment for the country through investment in infrastructure, product and service development.



In line with the NDP's vision of creating an additional 11 million jobs by 2030, and increasing the gross domestic product (GDP) by an annual 5.4 per cent over the period, the department's NTSS commits the tourism sector to creating a total of 225,000 additional jobs by 2020, and also increase tourism's total direct and indirect contribution to the economy to R499 billion in 2020.

In line with some of the objectives outlined in the NDP, which address small, medium, and micro-enterprise empowerment; transformation, skills development and job creation for the youth. The department will, in the Medium Term Expenditure Framework (MTEF), support 3,211 enterprises to grow, the enterprises will include rural enterprises, historically disadvantaged enterprises (HDEs), enterprises that require market access and those that need to grow through mentorship and training. The department will further create 19,250 full-time equivalent (FTE) jobs in the MTEF; 2,473 will be supported through the Tourism Enterprise Partnership (TEP) and 16,775 will be created through the labour intensive programme of SRI, which is implemented through the EPWP.

The departmental priorities remain the same in line with our vision to ensure continuity and attainment of our objectives as set out in the NTSS and the NDP. Our firm focus on those priorities is to ensure the improvement of the quality and competitiveness of our destination through the provision of appropriate skills for the sector. The department believes that one of the most important competitive factors in the tourism sector is the availability of a skilled and capacitated workforce with a passion for service excellence.

Working together with the private sector, the department's main objective is to ensure continued development of a sustainable tourism industry. In this regard, all partners and role players are called upon to play their part so that all the targets as set out in the NTSS (itself a product of extensive consultation) and aligned to the NDP, are realised.

## **5. Public-private partnerships**

The department has no public-private partnerships registered with National Treasury.

## **6. Discontinued activities or activities to be discontinued**

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

## **7. New or proposed activities**

The department has no new or proposed activities.

## **8. Supply Chain Management**

The department received no unsolicited bids in the 2013/14 financial year. In order to avoid any irregular expenditure related to Supply Chain Management (SCM), the department has established bid specification, bid evaluation and bid adjudication committees to conclude the bidding administration. These committees have been capacitated to deal with the functions assigned.

## **9. Gifts and donations received in kind from non-related parties**

No gifts and donations were received in kind from non-related parties.

## **10. Exemptions and deviations received from the National Treasury**

National Treasury's approval was obtained in accordance with Treasury Regulation 6.3.1(a) to increase the transfer payment to SA Tourism to assist with the foreign currency losses. The department's EPWP payments are currently classified as transfer payments. National Treasury has granted permission to the department to continue with this classification for the 2013/14 financial year. Reclassification of these payments will be considered in accordance with the Modified Cash Standard for the 2014/15 financial year.

## 11. Events after the reporting date

The President has assented Tourism Act, 2014 (Act 3 of 2014), on 7 April 2014.

## 12. Other

No other material facts or circumstances to be reported.

## 13. Acknowledgements or appreciations

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

## 14. Conclusion

The success of the delivery on the 2013/14 Annual Report, which includes the Annual Financial Statements, Performance Information and Human-Resource Information, depends on all staff, management and senior management through all the branches of the department.

## 15. Approval and sign-off

The Annual Financial Statements set out on pages 113 to 168 have been approved by the Accounting Officer:



**Ambassador L M Makhubela**  
**Accounting Officer**  
**Department of Tourism**  
**Date: 30 May 2014**

## 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 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-resource 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-resource information and the financial affairs of the department for the financial year ended 31 March 2014.



**Accounting Officer**  
**Ambassador LM Makhubela**  
**Date: 30 May 2014**

## 7. STRATEGIC OVERVIEW

### 7.1. Vision

A catalyst for tourism growth and development in South Africa.

### 7.2. Mission

A strategy focused department, committed to create a conducive environment for growing and developing tourism through:

- Innovation
- Strategic partnerships and collaboration
- Providing information and knowledge management service
- Strengthening institutional capacity

### 7.3. Values

#### Performance values and descriptions

- **Innovative:** Leveraging of resources and partnerships to optimise delivery to our stakeholders; and responsive to change.
- **Ethical - Good Corporate Governance:** Encapsulates principles of integrity, transparency and accountability.
- **Customer Focus:** Provide services and solutions in a manner that is efficient and which are effective and responsive.

#### People's values and descriptions

- **Empowerment (growth, training, develop, skills):** Create an environment conducive for our people's growth and development.
- **Integrity:** We will act with integrity by being accountable, showing respect and serving with honesty, respect and trustworthiness.
- **Recognition (appreciated, get support, and fairness):** We want to be an organisation that values its own people by ensuring fairness of the systems and processes, supportive, recognising and rewarding performance.

## 8. LEGISLATIVE AND OTHER MANDATES

### **Constitutional mandates**

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

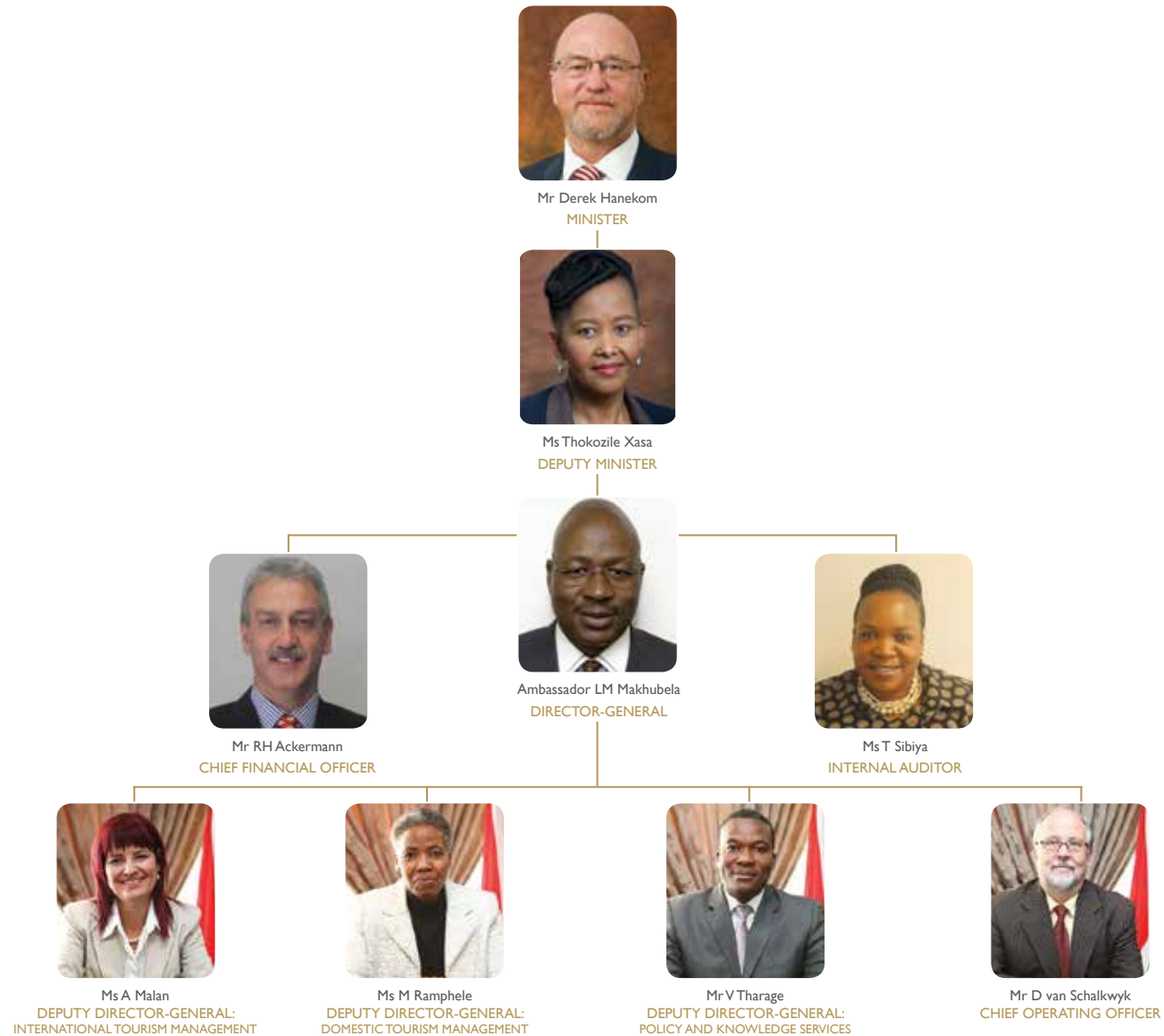
### **Legislative mandates**

Tourism Act, 1993 (Act 72 of 1993), as amended, makes provision for the promotion of tourism to and in the Republic and for the further regulation and rationalisation of the tourism industry, measures aimed at the maintenance and enhancement of the standards of facilities and services hired out or made available to tourists; and the coordination and rationalisation, as far as practicable, of the activities of persons who are active in the tourism industry.

### **Policy mandates**

- The White Paper on the Development and Promotion of Tourism in South Africa, 1996 provides framework and guidelines for tourism development and promotion in South Africa.
- National Tourism Sector Strategy (NTSS) provides a blueprint for the tourism sector in the pursuit of growth targets contained in the New Growth Path (NGP).
- National Development Plan (NDP) is the blueprint of government and it recognises tourism as one of the main drivers of employment and economic growth.

## 9. ORGANISATIONAL STRUCTURE



## 10. ENTITIES REPORTING TO THE MINISTER

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

Name of entity	Legislative mandate	Financial relationship	Nature of operations
South African Tourism	To promote tourism by encouraging persons to undertake travels to and in the Republic, and with a view thereto to take measures in order to attempt to ensure that services which are rendered and facilities which are made available to tourists comply with the highest attainable standards according to Tourism Act, 1993 (Act 72 of 1993).	Transfer payment	<ul style="list-style-type: none"> <li>▪ Increase annual arrivals to South Africa.</li> <li>▪ Increase the number of domestic travellers.</li> <li>▪ Increase tourism trended revenue contribution to the economy.</li> <li>▪ Marketing South Africa to become the preferred tourism brand.</li> <li>▪ To provide quality assurance by having graded establishments.</li> <li>▪ To increase the size of South Africa's business events industry.</li> </ul>



Part B  
Performance information by programme



## I. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedure on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against the 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 109 of the Report of the Auditor-General, published as Part E: Financial information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service delivery environment

In general, the core mandate of our department is to create conducive conditions for sustainable tourism growth and development in South Africa. This is dependent on amongst others, decisions to travel domestic and internationally. Tourists' decision to travel to and within South Africa is affected by perceptions about a variety of issues - safety, crime and security, costs, visa issues, etc. The global economy has shown signs of weakness in some of the department's key markets, which affects decisions of tourists who may tend to take shorter trips or stay for shorter periods affecting tourism earnings for South Africa.

The unemployment rate in South Africa, and a low culture of travel amongst South Africans reduces the size of the domestic market, affecting its growth. The perceived lack of tourism skills impacts on the perception of what quality of service the sector can provide, thereby influencing the decisions of tourists to travel to and within South Africa.

The department has experienced high staff turnover; suitable candidates declining offers, and personnel suitability checks (PSCs) not timeously available, all of which impacted on the ability to maintain the vacancy rate it has set for itself as a target.

A number of achievements were made despite the challenges.

The new Tourism Act, 2014 (Act 3 of 2014) makes provisions for promotion of the practise of responsible tourism for the benefit of the Republic and for the enjoyment of all its residents and foreign visitors. It further provides for effective domestic and international marketing of our country as a tourist destination; promotes quality tourism products

and services; promotes growth in and development of the tourism sector; and enhances cooperation and coordination between all spheres of government in developing and managing tourism.

The details of all successes are recorded in Part B of this Annual Report.

According to the seminal World Bank Report of 2013 regarding the potential of travel and tourism on our continent, three observations were made, which have direct impact on the demand for the department's services.

Firstly, the increase in the airfares in Africa, which is almost 50 per cent higher than those outside the continent, contributes to a price versus value mismatch. These increases do not bode well for attraction of tourists. The higher the airfares, the greater the challenge to attract tourists, as many of them would simply consider more accessible destinations that compete with tourism in our country. There is a need to reflect on the often non-transparent pricing factors, such as taxes and monopoly behaviour, which drive up the cost of air passenger travel.

Secondly, up to 55 per cent of international passengers on African airlines are travelling for business, compared to just 15 per cent who travel for what is traditionally understood as leisure tourism, and 30 per cent travel to visit family and friends. Notwithstanding the importance of business tourists, who are foreign investors and facilitate increased trade in goods and services, there is a need to improve efforts to develop packaging and marketing of our tourism offerings to increase the share of leisure tourism.

## 2.2 Service Delivery Improvement Plan

The department has completed a Service Delivery Improvement Plan. The tables below highlight the plan and the achievements to date.

### Main services and standards

Main services	Beneficiaries	Current or actual standard of service	Desired standard of service	Actual achievement
Creation of job opportunities through the social responsibility programmes, which is essentially an EPWP of the department.	Communities, local governments and provincial departments responsible for tourism.	The call or request for projects to be funded is done via the provincial departments, which are responsible for tourism as well as through the provincial tourism authorities.	Strengthen the involvement of the project owners in the planning and implementation of projects. Involve the stakeholders, who are key for ensuring the sustainability of the tourism projects throughout the project cycle.	2,797
Provisioning for policy and strategic direction for domestic tourism growth and stakeholder management.	<ul style="list-style-type: none"> <li>▪ Communities</li> <li>▪ Tourism associations</li> <li>▪ Provincial government</li> <li>▪ Local government/ municipalities</li> <li>▪ Tourism businesses</li> </ul>	50% participation by stakeholders.	Currently our key stakeholders do have access to the department through the National Tourism Planning and Coordinating Forum, Working Groups, MIPTECH and MinMec processes.	There were four Working Group meetings and two National Tourism Planning and Coordinating Forum meetings held. (More than 50% participation by stakeholders was achieved).

**Batho Pele arrangements with beneficiaries (Consultation, access, etc.)**

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation takes place on a formal and informal communication level.	Provision of information in advance to beneficiaries.	<ul style="list-style-type: none"> <li>• In preparation for the National Tourism Planning and Coordinating Forum and Working Group meetings, the Secretariat circulates information and documents to stakeholders in advance for inputs.</li> <li>• Project Advisory Committee (PACs) meetings were held with stakeholders in provinces to discuss the Social Responsibility Implementation (SRI) Programme.</li> <li>• Site visits to SRI projects with the Director-General took place.</li> <li>• Provincial stakeholder meetings were held with project implementers, municipalities and provinces.</li> </ul>

**Service delivery information tool**

Current/actual information tools	Desired information tools	Actual achievements
Access to departmental website.	Information on all departmental contacts, activities, programmes, projects and services are published.	Departmental website was accessible to the public.
Call centre and Information Resource Centre.	Department's contact details are published.	Enquiries received by Call centre were attended to.

**Complaints mechanism**

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Call centre and Information Resource Centre are used by public to make comments and complaints mechanisms are in place.	Public are invited to make comments and complaints mechanisms are in place.	Complaints received were addressed.

## **2.3 Organisational environment**

There were no major internal challenges that impacted on the department's ability to deliver on its Strategic Plan and Annual Performance Plan (APP) during the period under review. No key management personnel resigned during the 2013/14 financial year.

However, the major significant development during the period under review, which would impact on future departmental mandate, was the passing of the Tourism Bill by the National Assembly on 27 February 2014. The Bill was then assented by the President on 4 April 2014 and gazetted on 7 April 2014 as the Tourism Act, 2014 (Act 3 of 2014). Amongst others, the new Act paves the way for the promotion of responsible tourism for the benefit of South Africa and for the enjoyment of all its citizens and foreign visitors; effective domestic and international marketing of South Africa as a tourist destination; promotion of quality tourism products and services; promotion of growth and development of the tourism sector; and enhancement of cooperation and coordination between all spheres of government in developing and managing tourism.

## **2.4 Key policy developments and legislative changes**

During the period under review, there were no major changes to the policy environment of the department to affect its operations in any significant manner. However, the Tourism Bill was developed during the reporting period and was enacted in April 2014 to be the new Tourism Act, 2014 (Act 3 of 2014); and as such did not affect the planned operations of the department during the reporting period.

### 3. STRATEGIC OUTCOME ORIENTED GOALS

**Table 3: Organisational strategic goals**

Strategic outcome oriented goals	Goal statements	Government outcomes
1. Achieve good corporate and cooperative governance.	Provide comprehensive corporate support service to the department to ensure good governance.	<b>Outcome 12:</b> An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.
2. Improve impact of tourism on the livelihood of all South Africans.	To monitor and evaluate the implementation of tourism programmes, strategies and policies.	<b>Outcome 4:</b> Decent employment through inclusive economic growth.
3. Tourism priorities integrated within other sector departments, provincial and local government's planning.	Render policy frameworks, stakeholder management and planning related support services at provincial and local government level by analysing and participating in their planning processes.	<b>Outcome 12:</b> An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.
4. Improved Tourism Sector Research, Information and Knowledge Management.	To advance Research, Information and Knowledge Management within the tourism sector.	<b>Outcome 4:</b> Decent employment through inclusive economic growth.
5. Increased contribution of the tourism sector to inclusive economic growth.	Facilitation of compliance to the gazetted Tourism Charter by identified tourism sub-sectors.	<b>Outcome 7:</b> Vibrant, equitable and sustainable rural communities and food security for all. <b>Outcome 4:</b> Decent employment through inclusive economic growth.
	To provide international tourism market (country and/or region) analysis to inform strategic intervention.	
	Profile regions and develop appropriate integrated support packages that respond to tourism development and growth needs.	
6. Improved levels of competitiveness and sustainability in the tourism sector.	To promote responsible tourism best practices to inculcate a culture of responsible tourism in South Africa.	<b>Outcome 4:</b> Decent employment through inclusive economic growth. <b>Outcome 10:</b> Environmental assets and natural resources that are well protected and continually enhanced.
7. Strengthened regional, Africa and international collaboration and partnerships.	Strengthen regional, Africa and international collaboration and partnerships through bilateral and multilateral engagements.	<b>Outcome 11:</b> Creating a better South Africa and contributing to a better and safer Africa in a better world.

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### Programme Performance

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

Programme 1: Administration

Programme 2: Policy and Knowledge Services

Programme 3: International Tourism

Programme 4: Domestic Tourism

#### 4.1 Programme 1: Administration

**Purpose:** To provide strategic leadership, centralised administration, executive support and corporate services.

**Sub-Programmes:** Governance Support, Corporate Affairs, Communication, Information Communication Technology and Legal Services.

Strategic outcome oriented goal: Achieve good corporate and cooperative governance.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Effective organisational performance management system.	I. Number of strategic documents developed and implemented.	100% compliance.	Annual Performance Report for 2012/13 developed and four quarterly reports on the implementation of the Strategic Plan and Annual Performance Plan.	Annual Performance Report for 2012/13 developed and four quarterly reports on the implementation of the Strategic Plan and Annual Performance Plan.	None	None	N/A

<b>Strategic outcome oriented goal: Achieve good corporate and cooperative governance.</b>							
<b>Strategic objective</b>	<b>Performance indicator</b>	<b>Actual achievement 2012/2013</b>	<b>Actual performance against target</b>		<b>Deviation from planned target to actual achievement</b>	<b>Comment on deviations</b>	<b>Strategy to overcome under performance</b>
			<b>Planned target 2013/2014</b>	<b>Actual achievement 2013/2014</b>			
			Review of the Strategic Plan and Annual Performance Plan for 2014/15.	Strategic Plan and Annual Performance Plan for 2014/15 reviewed.	None	None	N/A
			Four quarterly risk mitigation reports analysed and submitted to Audit and Risk Committees.	One quarterly Risk Mitigation Report analysed and submitted to Audit and Risk Committees.	Three quarterly risk mitigation reports analysed and submitted to Audit and Risk Committee.	The delay was due to giving effect to the recommendation of the KPMG (IA) Audit Report on Integrated Risk Management issued in June 2013, that risk management be aligned to the department's strategic planning process. The strategic planning process was reviewed to integrate risk. Accordingly, the risk assessment process was conducted in line with the departmental 2014/15 planning cycle.	The finalised Risk Assessment Report would inform the Risk Mitigation Report.



<b>Strategic outcome oriented goal: Achieve good corporate and cooperative governance.</b>							
<b>Strategic objective</b>	<b>Performance indicator</b>	<b>Actual achievement 2012/2013</b>	<b>Actual performance against target</b>		<b>Deviation from planned target to actual achievement</b>	<b>Comment on deviations</b>	<b>Strategy to overcome under performance</b>
			<b>Planned target 2013/2014</b>	<b>Actual achievement 2013/2014</b>			
	2. Departmental FOSAD and Cabinet coordination and support system reviewed and implemented.	100% compliance.	Review and implement internal protocol.	Internal protocol was reviewed and implemented.	None	None	N/A
	3. System for South African Tourism (SAT) oversight developed and implemented.	None	Four SAT oversight reports.	Four SAT oversight reports developed.	None	None	N/A
Corporate legal support	4. Percentage compliance with cases management requirements.	100% compliance.	100% compliance.	100% compliance with cases management requirements.	None	None	N/A
	5. Percentage compliance with Service Delivery Charter.	100% compliance.	100% compliance.	100% compliance with Service Delivery Charter.	None	None	N/A
	6. Percentage compliance with Legislative Programme of the department.	100% compliance.	100% compliance.	100% compliance with the Legislative Programme of the department.	None	None	N/A
	7. Percentage of tourists' complaints referred to appropriate authorities for a resolution within agreed time frame.	100% of tourists' complaints referred to appropriate authorities.	100% of tourists' complaints referred to appropriate authorities.	100% of tourists' complaints referred to appropriate authorities for a resolution within the agreed time frame.	None	None	N/A

Strategic outcome oriented goal: Achieve good corporate and cooperative governance.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Capable and skilled workforce.	8. Maximum vacancy rate of 8% maintained.	11.17%	Maintain a maximum vacancy rate of 8%.	Vacancy rate maintained at 8.6%.	0.6%	The department experienced high staff turnover and internal promotions. These, coupled with suitable candidates declining offers and personnel suitability checks (PSCs) not timeously available impacted on the vacancy rate.	N/A
	9. Percentage representation of designated groups.	54.37%.	Maintain minimum 50% women representation.	Maintained 54% women representation.	None	None	N/A
		4.26%.	Maintain minimum 5% disability rate.	Maintained 4.5% disability rate.	0.5%	Lack of suitable candidates with disabilities impacted on the disability rate.	The department will ring fence more posts for candidates, with disabilities
		93.6%.	Maintain minimum 89% black representation.	Maintained 93.9% black representation.	None	None	N/A

<b>Strategic outcome oriented goal: Achieve good corporate and cooperative governance.</b>							
<b>Strategic objective</b>	<b>Performance indicator</b>	<b>Actual achievement 2012/2013</b>	<b>Actual performance against target</b>		<b>Deviation from planned target to actual achievement</b>	<b>Comment on deviations</b>	<b>Strategy to overcome under performance</b>
			<b>Planned target 2013/2014</b>	<b>Actual achievement 2013/2014</b>			
	10. Percentage implementation of Performance Management Development System (PMDS).	100% implemented.	100% implementation of PMDS.	100% implementation of PMDS.	None	None	N/A
	11. Percentage implementation of Workplace Skills Plan (WSP).	103%	100% development and implementation of WSP.	100% development and implementation of WSP.	None	None	N/A
	12. Percentage compliance on management of labour relations cases in line with prescripts.	100% compliance.	100% compliance on management and handling of grievances, misconduct and disputes.	100% compliance on management and handling of grievances, misconduct and disputes.	None	None	N/A
	13. Number of Employee Health and Wellness (EHW) programmes facilitated.	Four interventions held over four quarters.	Four EHW programmes facilitated.	Four EHW programmes facilitated.	None	None	N/A
Provide and maintain measures to protect people, property and information.	14. Number of security threats and risk assessments conducted.	None	Four security threats and risks assessments conducted.	Four security threats and risks assessments conducted.	None	None	N/A

<b>Strategic outcome oriented goal: Achieve good corporate and cooperative governance.</b>							
<b>Strategic objective</b>	<b>Performance indicator</b>	<b>Actual achievement 2012/2013</b>	<b>Actual performance against target</b>		<b>Deviation from planned target to actual achievement</b>	<b>Comment on deviations</b>	<b>Strategy to overcome under performance</b>
			<b>Planned target 2013/2014</b>	<b>Actual achievement 2013/2014</b>			
Efficient service delivery.	15. Percentage of communication network available for all infrastructures.	99.987%	97% up-time on all information technology services.	Up-time maintained at 97%.	None	None	N/A
		0.013%	Maximum of 3% service time.	Maintained a maximum of 2.4% service time.	0.6%	Service time was managed effectively.	N/A
Economic, efficient and effective use of departmental resources.	16. Four quarterly and annual financial statements compiled and submitted.	100% compliance.	Submission of four quarterly and one annual financial statements.	Submission of four quarterly and one annual financial statements.	None	None	N/A
	17. Percentage of expenditure on procurement from enterprises with BBBEE status level of contributor 1-8.	100% procurement from BBBEE level 1-8.	100% of expenditure on procurement from BBBEE status level of contributor 1-8 enterprises.	100% of expenditure on procurement from BBBEE status level of contributor 1-8 enterprises achieved.	None	None	N/A
Effective internal audit services.	18. Percentage implementation of the approved internal audit strategic and operational plan.	100% implemented.	100% implementation.	100% implementation.	None	None	N/A

<b>Strategic outcome oriented goal: Achieve good corporate and cooperative governance.</b>							
<b>Strategic objective</b>	<b>Performance indicator</b>	<b>Actual achievement 2012/2013</b>	<b>Actual performance against target</b>		<b>Deviation from planned target to actual achievement</b>	<b>Comment on deviations</b>	<b>Strategy to overcome under performance</b>
			<b>Planned target 2013/2014</b>	<b>Actual achievement 2013/2014</b>			
Reach out to tourism stakeholders through targeted communication.	19. Percentage implementation of the Communication Strategy (media engagement, branding, events management, internal, intergovernmental communication).	100% implemented.	100% implementation.	100% implementation of the Communication Strategy (media engagement, branding, events management, internal, intergovernmental communication).	None	None	N/A

## Narrative of highlights

### Risk Management Committee

To provide for effective risk management, the department established an independent Risk Management Committee to assist the Accounting Officer in discharging his responsibilities towards risk management. The committee's responsibilities are aligned with Section 38(1) (a)(i) of the PFMA, as amended, which requires of the Accounting Officer to ensure that the department has and maintains effective, efficient and transparent systems of risk management.

The department continued with the implementation of the Risk Management Strategy, which embraces the identification, measurement, analysis and assessment of risks, and the resulted risk reporting, limitation (reduction to a level we have defined as appropriate) and monitoring, which enables us to follow all significant risks closely.

### Vacancy and disability rates

The department has stretched its vacancy and disability rate as compared to government wide targets. It managed to achieve 8.6 per cent from its set target of 8 per cent as

compared to government's target of 10 per cent and achieved 4.5 per cent from the set target of 5 per cent as compared to 2 per cent government wide target.

### Tourism Act, 2014 (Act 3 of 2014)

The Minister introduced the Tourism Bill to Parliament on 5 July 2012. The Bill was debated in the National Assembly and National Council of Provinces (NCOP) and was passed by the National Assembly on 27 February 2014. The Bill was then assented by the President on 4 April 2014 and gazetted on 7 April 2014 as the Tourism Act, 2014 (Act 3 of 2014). The proclamation has been prepared with the Minister's request for the President's signature to bring provisions of the Act into operations, according to section 54 of the same Act.

The new Act paves the way to promote responsible tourism for the benefit of South Africa and for the enjoyment of all its citizens and foreign visitors; for the effective domestic and international marketing of South Africa as a tourist destination; promote quality tourism products and services; promote growth and development of the tourism sector; and enhance cooperation and coordination between all spheres of government in developing and managing tourism.

## 4.2 Programme 2: Policy and Knowledge Services

**Purpose:** To support sector policy development and evaluation, research and knowledge management, promotion of transformation and responsible tourism.

**Sub-Programmes:** Policy development and evaluation, research, information and knowledge management.

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Monitoring and evaluation of tourism sector performance, strategies and policies.	1. Number of state of tourism reports developed.	2011 State of Tourism Report finalised and approved.	2012 State of Tourism Report (STR).	2012 State of Tourism Report (STR) finalised.	None	None	N/A
	2. NTSS implementation report developed annually.	2011/12 NTSS Annual Progress Report developed and approved.	2012/13 NTSS Report.	2012/13 NTSS Report finalised.	None	None	N/A
	3. Number of tourism models produced and implemented.	<ul style="list-style-type: none"> <li>▪ Forecasting model for tourist arrival initiated and progress report developed.</li> <li>▪ Job model finalised and approved.</li> </ul>	One model completed (Forecasting of tourists arrivals).	Two models completed (Forecasting of tourist arrivals).	One model (Forecasting of tourist arrivals).	A decision was taken to develop the second model for comparison in order to strengthen the forecasting conclusion.	N/A
			One model initiated (Number of tourists creating 1 Job).	One model initiated (Number of tourists creating 1 Job).	None	None	N/A

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
	4. Number of evaluation reports on tourism projects and initiatives developed.	Evaluation of SRI (Phase 2) report approved. Etheya Awards Report approved.	Two evaluation reports:				
			NTCE Evaluation Report.	NTCE Evaluation Report finalised.	None	None	N/A
			Evaluation report on the impact of local municipal by-laws on tourism.	Evaluation report on the impact of local municipal by-laws on tourism finalised.	None	None	N/A
Create an enabling policy environment and improve intergovernmental coordination.	5. Number of tourism-related policies, strategies and frameworks reviewed and developed.	Review of the Tourism Safety and Awareness Strategy (TS&AS) completed. Quarterly policy watch released. Resilience Strategy initiated.	Framework for regulations in respect of tourist guides finalised.	Framework for regulations in respect of tourist guides finalised.	None	None	N/A
			Framework in respect of regulations calling for information from tourism business finalised.	Framework in respect of regulations calling for information from tourism business finalised.	None	None	N/A
			Resilience Strategy finalised.	Resilience Strategy was finalised.	None	None	N/A
	6. Number of initiatives facilitated to reduce barriers to tourism growth per year.	Annual Tourism State of Airlift Report developed.	Draft report on tourism sustainability post land settlement.	Draft report on tourism sustainability post land settlement developed.	None	None	N/A
			Annual Tourism State of Airlift Report.	Annual Tourism State of Airlift Report finalised.	None	None	N/A



Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
	7. Number of initiatives aimed at implementing Local Government Support Programmes.	Tourism Training Programme for Municipalities developed. Municipal tourism self-assessment tool developed.	One Initiative: Training of Municipalities.	Training of Municipalities done.	None	None	N/A
	8. Number of initiatives and platforms aimed at improving tourism sector stakeholder engagement.	<ul style="list-style-type: none"> <li>▪ Quarterly intergovernmental coordination (working group) meetings conveyed.</li> <li>▪ Electronic stakeholder database developed.</li> <li>▪ Report on the implementation of the NDT Stakeholder.</li> <li>▪ Engagement Framework developed.</li> </ul>	Six platforms and one initiative.				
			Two NTSS delivery forums.	Two NTSS delivery forums hosted.	None	None	N/A
			Four tourism leadership dialogues (TLD).	Four tourism leadership dialogues (TLD) held.	None	None	N/A
			One initiative: Biannual reports on the implementation of the Framework for Stakeholder Engagement.	Biannual reports on the implementation of the Framework for Stakeholder Engagement developed.	None	None	N/A

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Provide research and knowledge management for the tourism sector to inform tourism growth and development.	9. Number of information and knowledge systems and services developed and maintained.	Tourism Knowledge Portal (TKP) Electronic events calendar developed, approved and 'live'. <a href="https://tkp.tourism.gov.za">https://tkp.tourism.gov.za</a> .	Three initiatives:				
			Online self-assessment tool for responsible tourism.	Online self-assessment tool for responsible tourism developed and maintained.	None	None	N/A
			Self-assessment tool for local government.	Self-assessment tool for local government developed.	None	None	N/A
			Tourism Local Government Support online portal developed (To be housed within the TKP).	Tourism Local Government Support online portal developed. (To be housed within the TKP) developed, approved and 'live' <a href="https://tkp.tourism.gov.za">https://tkp.tourism.gov.za</a> .	None	None	N/A
		Implementation report developed and approved.	NVIF Implementation Report.	NVIF Implementation Report developed and approved.	None	None	N/A
		Knowledge management framework (KMF) implemented, report developed and approved.	KMF Implementation Report.	KMF Implementation Report developed and approved.	None	None	N/A

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
		One NTIG pilot operational (OR Tambo International Airport). One NTIG pilot not operational, still under construction (Beitbridge Border Post) and awaiting installation. NTIG operational report developed.	Two NTIGs maintained: <ul style="list-style-type: none"> <li>▪ ORTIA</li> <li>▪ Beitbridge</li> </ul>	Two NTIGs maintained: ORTIA and Beitbridge report developed and approved.	None	None	N/A
Provide research and knowledge management for tourism sector to inform tourism growth and development.	10. Number of research studies initiated and completed.	Six research studies were conducted through universities and reports were approved.	Research studies conducted in collaboration with universities: <ul style="list-style-type: none"> <li>Three initiated-                             <ul style="list-style-type: none"> <li>▪ Service excellence</li> <li>▪ Cross-border guiding</li> <li>▪ Events impact evaluation</li> </ul> </li> </ul>	Four research studies conducted in collaboration with universities were initiated.	One more study conducted than planned.	Further need identified for the study on destination competitiveness.	N/A
		Two research studies were conducted internally and reports were approved.	Two completed: <ul style="list-style-type: none"> <li>▪ Rural tourism</li> <li>▪ Community based tourism</li> </ul>	Two research studies conducted in collaboration with universities were completed.	None	None	N/A

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
	11. Standardised Research Framework for the tourism sector implemented.	Progress report on the implementation of the research framework was compiled and approved.	<ul style="list-style-type: none"> <li>National Tourism Research Agenda populated.</li> <li>Report on the National Tourism Research Agenda.</li> </ul>	<ul style="list-style-type: none"> <li>The National Tourism Research Agenda was populated with studies conducted in the sector.</li> <li>Report on the National Tourism Research Agenda compiled.</li> </ul>	None	None	N/A
		The indicator table was compiled and approved.	Annual report on provincial indicators table.	Annual report on provincial indicators table developed.	None	None	N/A
Facilitate tourism sector transformation.	12. Number of targeted initiatives or platforms to promote compliance with the Tourism Sector Specific BBBEE Scorecard and verification held.	Charter Council with functional Secretariat was appointed.	Quarterly report on the implementation of the Tourism BBBEE Charter Council Plan of Action (PoA) covering enterprise development and preferential procurements, skills development (including management control) and ownership.	Quarterly reports on the implementation of the Tourism BBBEE Charter Council Plan of Action developed.	None	None	N/A

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Promote Responsible Tourism best practice.	I3. Number of initiatives to support the implementation of the National Responsible Tourism Strategy.	<ul style="list-style-type: none"> <li>▪ Report on the state of responsible tourism for hospitality subsector was developed and approved.</li> <li>▪ Framework and requirements for UA compliant city destination was developed.</li> <li>▪ Research report on number and quality of tourism UA compliant establishments and attractions produced and approved.</li> </ul>	Three initiatives:				
			Implementation report on the rollout of SANS 1162 incentives.	Report on the Implementation of SANS 1162 has been developed.	None	None	N/A
			Report on UA compliance Framework in one city destination.	Progress Report on UA compliance Framework in one city destination developed.		There were delays in actual assessment of accommodation and attractions.	UAT service providers appointed and work commenced, which would be finalised in June 2014.
			Report on the state of UA in provincial parks.	Report on the state of UA in provincial parks developed.	None	None	N/A
	I4. Number of initiatives to support implementation of national tourism response programme for climate change.	Phase 1 of the action plan was implemented.	One initiative:				
			Report on implementation of phase 2 of the action plan.	Report on implementation of phase 2 of the action plan developed.	None	None	N/A

Strategic outcome oriented goal: Improve impact of tourism on the livelihood of all South Africans.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Promote responsible tourism best practice.	15. Number of initiatives implemented to support compliance with tourist guiding legislation and regulation.	Awareness creation was conducted during 2012/13 financial year and a report was developed.	Three awareness programmes implemented. Three awareness programmes implemented (inspections).	Three awareness programmes implemented.	None	None	N/A
		MoU on rules of engagement between the department and tourist guide associations was developed, approved and signed by the department and Field Guides Association of South Africa (FGASA).	Implementation of Strategy to Professionalise Tourist Guiding (Report on progress CATHSSETA implementation).	Strategy to Professionalise Tourist Guiding (Report on progress CATHSSETA implementation) implemented.	None	None	N/A
		A report was developed and approved on the implementation of the training recommendations in the Strategy to Professionalise Tourist Guiding.	Quarterly report on the implementation of signed agreements with key stakeholders (RTMC and CATHSSETA).	Quarterly report on the implementation of signed agreements with key stakeholders (RTMC and CATHSSETA) developed.	None	None	N/A

## Narrative of highlights

- The 2012 State of Tourism Report was developed, which sheds light on tourism performance in the country.
- Two models were developed to forecast tourist arrivals in the country. These models will be tested using 2013 data and the one with acceptable results will be adopted for use by the department. In addition, a model which forecasts the number of tourists creating one job was also initiated and will be finalised during 2014/15 financial year.
- To regulate some of the functions that are of importance to the industry, two frameworks that will inform these regulations were developed. The frameworks are for regulations in respect of tourist guides and a call for information from tourism businesses. Furthermore, the Resilience Strategy was developed, which seeks to guide tourism businesses on how to respond to economic crises. The need for the strategy emanates from the global economic crisis of 2008, which prompted UNWTO to develop a road map to recovery with recommendations for countries and decision-makers to implement.
- A study was undertaken on land settlement cases with tourism implications in order to understand the effect of land claims on tourism businesses, as well as land settlement cases with tourism implications. A report, which shed light on the implication on some of the tourism businesses affected, was developed.
- Local government was supported by rolling out capacity building for the municipalities through various training programmes designed together with University of Pretoria. Policy makers and other tourism practitioners at local government level were trained during 2013/14 financial year. In order to understand the challenges and share information in tourism, four tourism leadership dialogues were hosted. These dialogues were attended by stakeholders from both private and government sectors.
- To understand the impact that other services have on tourism, four studies were conducted in collaboration with universities, the results of which would be shared with other stakeholders through research colloquiums.
- In order to monitor the state of transformation in tourism, the BBBEE Charter Council Plan of Action was implemented, and reports developed on quarterly basis.
- An investigation was undertaken to understand the state of universal accessibility in tourism in provincial parks. A report was developed to give the current state of accessibility in provincial parks.

### 4.3 Programme 3: International Tourism Management

**Purpose:** To provide strategic political and policy direction for the development of South Africa's tourism potential throughout various regions of the world.

**Sub-Programmes:** Americas and Caribbean, Europe, Africa and Middle East, and Asia and Australasia.

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
To provide international tourism market (country and/or region) analysis to inform strategic interventions.	1. Number of briefing reports on markets (country and region) per year.	221 country profiles developed and updated including the analysis.	16 Briefing reports.	16 Briefing reports on markets (country and regional) have been developed.	None	None	N/A
	2. Number of initiatives facilitated to reduce barriers to tourism growth per year.	Report on implementation of the DHA MoU developed.	One: Implementation of the MoU with the DHA.	One: Implementation of the MoU with the DHA done.	None	None	N/A
	3. Number of SA missions supported for institutionalising tourism.	Four status reports of South African missions supported.	126 missions supported.	126 missions supported on business planning model for institutionalising tourism.	None	None	N/A
	4. Number of policy positions developed to enhance tourism competitiveness.	None	One: E-visas.	One: E-visas policy position developed.	None	None	N/A



<b>Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.</b>							
<b>Strategic objective</b>	<b>Performance indicator</b>	<b>Actual achievement 2012/2013</b>	<b>Actual performance against target</b>		<b>Deviation from planned target to actual achievement</b>	<b>Comment on deviations</b>	<b>Strategy to overcome under performance</b>
			<b>Planned target 2013/2014</b>	<b>Actual achievement 2013/2014</b>			
To utilise bilateral and multilateral engagements to advance the tourism national, regional, Africa and global agenda.	5. Annual Report on international agreements and strategic national priorities facilitated.	Annual Report on international agreements and strategic national priorities facilitated is in place.	One Annual Report.	One Annual Report on international agreements and strategic national priorities facilitated developed.	None	None	N/A
	6. Number of multilateral fora for which participation is supported.	Reports on seven multilateral fora supported have been developed (IORARC, Nepad, RETOSA, T20, OECD, WTTC and UNWTO).	Eight multilateral fora (one additional BRICS).	Participation in eight multilateral fora supported.	None	None	N/A

## Narrative of highlights

### 1. Bilateral agreements

During 2013/14 memorandum of agreements were signed in the field of tourism with four countries, namely Seychelles, Saudi Arabia, Mexico and China.

In terms of outbound tourism as measured by international tourism expenditure, Russia and China continued to be the most important source markets in the world. China's outbound expenditure in 2013 was \$129 billion compared to \$102 billion in 2012. South Africa acknowledges that China will remain an important source market because of its large population, spending power and the political relations that have been established between the two countries.

### 2. Multilateral fora

The department has developed the multilateral framework which is designed to prioritise multilateral organisations to be engaged, and also to define the agenda, which the department can influence in each of these organisations.

**Southern African Development Community (SADC):** The Department of Tourism has been instrumental in the restructuring of the Regional Tourism Organization of Southern Africa (RETOSA) and the establishment of a tourism desk at SADC Secretariat which will be aligned to the African Union (AU) Structure.

The AU has recognised tourism as an important sector that contributes to the economic growth of the continent.

South Africa, through the department, is part of the working group that took a decision to establish the AU Ministers of Tourism Conference which is a platform for addressing the growth and development of tourism in the continent.

**United Nations World Tourism Organization (UNWTO):** South Africa, represented by the department, is a member of the Executive Council of the UNWTO, responsible for approving and shaping the agenda and programmes of the UNWTO and the General Assembly.

#### 4.4 Programme 4: Domestic Tourism Management

**Purpose:** To provide political, policy and strategic direction for the development and growth of sustainable domestic tourism throughout South Africa.

**Sub-Programmes:** Domestic Tourism Management: Southern Region, Domestic Tourism Management: Northern Region, Social Responsibility Implementation and Tourism Incentive Programme.

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
To implement tourism growth and development strategies in order to increase tourism's contribution to inclusive economic growth.	I. Number of national tourism programmes activated from the approved Domestic Tourism Growth Strategy's action plan.		18 programmes supported.	15 programmes supported.	15 programmes were planned as can be verified against the approved APP. There was a miscalculation on the finalisation of the plan, hence 18 programmes.		
		None	Pilot budget holiday resort concept.	Draft pilot budget holiday resort concept developed.	None	Consultation with other key stakeholders on the concept is still outstanding.	Forward planning to be done on multi-year projects with clear roles, responsibilities and timelines.
		None	Progress report on Domestic Tourism Growth Strategy.	Progress report on the implementation of certain elements of the Domestic Tourism Growth Strategy done.	None	It is a long-term strategy until 2020 which cannot be implemented in a single year.	To continue implementing the Domestic Tourism Growth Strategy until 2020.

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
		None	Progress report on the alignment of National Tourism Sector Strategy (NTSS) with Provincial Growth Development Strategies (PGDS) and Integrated Development Plans (IDP) within Metro Councils.	Progress report on the alignment of National Tourism Sector Strategy (NTSS) with Provincial Growth Development Strategies (PGDS) and Integrated Development Plans (IDP) within Metro Councils is in place.	None	None	N/A
		None	Four reports on the consolidated Working Groups Meeting decisions and progress.	Four reports on the consolidated Working Groups Meeting decisions and progress done.	None	None	N/A
		None	Social Tourism concept developed.	Social Tourism concept developed.	None	None	N/A

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
		Phase 2 of the national campaign based on the recommendations of the strategy implemented. Phase 2: Implementation of the national campaign: included the following deliverables: <ul style="list-style-type: none"> <li>▪ Media campaign</li> <li>▪ Power of One Provincial Roadshows</li> </ul>	Tourism Education Awareness Campaigns.	Tourism Education Awareness Campaigns concept developed.	None	None	N/A
		None	Two provincial, local events supported for development and growth, e.g. Marula Festival - Limpopo and Cultural Calabash - North West.	Two provincial, local events supported for development and growth.	None	None	N/A
		None	<ul style="list-style-type: none"> <li>▪ Eight needs assessment of the World Heritage Sites.</li> <li>▪ World Heritage Sites Pavilion at Indaba.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Eight needs assessment of the World Heritage Sites done.</li> <li>▪ World Heritage Sites Pavilion at Indaba.</li> </ul>	None	None	N/A

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
		None	Provision of funding and further development and promotion of Maloti Drakensberg.	Funding for further development and promotion of Maloti Drakensberg Route done.	None	None	N/A
		None	Planning for the Dinosaur (interpretive centre project) together with Department of Environmental Affairs (DEA).	Planning for the Dinosaur (interpretive centre project) together with Department of Environmental Affairs (DEA) done.	None	None	N/A
		None	Northern Region Rural Tourism Belt capacity building - North KZN, Bushbuckridge, Mapungubwe.	Northern Region Rural Tourism Belt capacity building - North KZN, Bushbuckridge, Mapungubwe hosted.	None	None	N/A
		National Tourism Careers Expo (NTCE) 2012 hosted on 28-30 September 2012, draft report in place.	National Tourism Careers Expo (NTCE) 2012/13 (Tourism Human-Resource Development Strategy).	National Tourism Careers Expo (NTCE) 2013/14 hosted.	None	None	N/A

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
		None	100 FET hospitality graduates trained in Food Safety.	100 FET hospitality graduates have been recruited and 40 of them are undergoing training in Food Safety.	60 FET hospitality graduates recruited for training on Food Safety.	Training is on-going and has overlapped into the new financial year.	All the recruitment and administrative processes will be finalised prior to the commencement of the actual training.
		None	Tourism Month events calendar.	Tourism Month events calendar done.	None	None	N/A
		<ul style="list-style-type: none"> <li>▪ Service excellence requirements implemented.</li> <li>▪ Booklet developed and distributed, final criteria developed, self-assessment tool in place. Token in place.</li> </ul>	Service Excellence Strategy implemented.	Service Excellence Strategy implemented.	None	None	N/A

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
To coordinate and facilitate the development and implementation of integrated support packages to enhance destination competitiveness.	2. Number of projects implemented from the approved tourism development strategies action plan for the development of integrated support packages (e.g. access, amenities, attractions, accommodation).	Two regional support packages developed.	Two integrated support packages developed and implemented.	Two integrated support packages developed.	Two integrated support packages not implemented.	The support packages are an on-going process.	The implementation of the support packages is due to continue during the 2014/15 financial year.
To provide support to tourism businesses through funding and capacity building in order to grow tourism's contribution to gross domestic product (GDP).	3. Incentive programme implemented to support enterprises to grow.	None	New incentive programme launched.	Concept incentive programme and draft programme guidelines developed.	Concept incentive programme not launched.	Delays in the vetting process, as well as candidates being counter-offered, and failing to attract the right candidates have had negative effects on staffing the unit.	Institutional arrangements will be put in place.



Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
	4. Number of rural enterprises supported per year.	1,664	969 (of which 727 are funded by the department).	891	(78)	Enterprises were expected to pay the administration fees to access SMME benefits or interventions. Rural enterprises struggled to pay administration and commitment fees and therefore could only access limited interventions.	The commitment fees for SMMEs to access training interventions were waived as of second quarter. The department will intensify awareness on the waived fees to increase the number of SMME participation.
	5. Number of enterprises supported to grow through mentorship.	104	75 (of which 56 are funded by the department).	119	44	Partnerships with the provinces resulted in over-achievement in the number of enterprises to grow through mentorship.	None
	6. Number of businesses supported with market access.	852	900 (of which 675 are funded by the department).	977	77	Partnerships with the provinces resulted in over-achievement in the number of business supported with market access with no budget over spent.	None

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
	7. Number of historically disadvantaged enterprises (HDE) supported per year.	4,145	2,494 (of which 1,871 are funded by the department).	3,569	1,075	The greater demand for training, as well as partnerships with the provinces led to increased training for HDEs.	None
	8. Number of enterprises trained (skills development, customer service, toolkits and business skills excluding tourism awareness).	3,267	2,000 (of which 1,500 are funded by the department).	2,757	757	The greater demand for training, as well as partnerships with the provinces led to increased training for enterprises.	None
	9. Number of full-time equivalent (FTE) jobs supported through tourism enterprise partnership per year.	5,003	4,000 (of which 3,000 are funded by the department).	4,040	40	Enterprises had confidence about the economic outlook during the first and second quarters resulting in high number of jobs being recorded.	None

Strategic outcome oriented goal: Increase contribution of the tourism sector to inclusive economic growth.							
Strategic objective	Performance indicator	Actual achievement 2012/2013	Actual performance against target		Deviation from planned target to actual achievement	Comment on deviations	Strategy to overcome under performance
			Planned target 2013/2014	Actual achievement 2013/2014			
Create employment opportunities by implementing tourism projects targeted at the unemployed through the Expanded Public Works Programme (EPWP).	I0. Number of full-time equivalent (FTE) jobs created through the Social Responsibility Implementation Programme (EPWP) per year.	5,645	5,173	2,797	2,376	The department took a decision to lower the labour intensity of infrastructure projects from 35% to a minimum of 20% and this essentially reduced the number of people employed resulting in reducing the FTEs to be created. Therefore, approval was granted for the reduction of labour intensity as well as the target of 2,300.	The targets are provided by the Department of Public Works based on the budget.

## Narrative of highlights

### SMME development

The department entered into an agreement with Tourism Enterprise Partnership (TEP) to ensure SMME support takes place to improve the performance and increase the profitability of SMMEs by focusing on skills, product development, quality assurance and access to finance. This is to actively support the creation of new jobs and maintenance of existing jobs, as well as to increase the participation of Black tourism enterprises in the economy by focusing on enterprise development and market access for enterprises that are predominantly black-owned. The SMME support programme has created 4,040 full-time equivalent (FTE) jobs. There were 2,757 enterprises trained, 977 assisted with market access and 891 rural enterprises supported with skills development.

### Expanded Public Works Programme

The department is driving the Social Responsibility Implementation Programme that facilitates the development of tourism infrastructure projects under the Expanded Public Works Programme through the use of labour intensive methods targeting the unemployed, youth, women, the disabled and SMMEs. Through the programme, the department has created 2,797 full-time equivalent (FTE) jobs during the period under review.

### Chefs Youth Training Programme

The department identified that there was a shortage of chefs in the tourism industry in South Africa and embarked on a training programme with the South African Chefs Association to design a training programme for young people to become chefs. Eight hundred unemployed young people in all nine provinces of South Africa are in various stages of training in the Professional Cookery (Chef) qualification. The hospitality industry in South Africa is characterised by a dire skills shortage and are currently not meeting the demand for qualified chefs. Currently, graduates of the programme employed by some of the major hotel chains, others have started their own catering businesses and some have gone on to their third year of training.

### Tourism Buddies Programme

The department has continued with the project since 2011, which has been rolled out across all nine provinces. The youth are trained in the hospitality field and will emerge with a SAQA qualification in either Accommodation Services or Food and Beverages Services. Learners are trained and placed in various hospitality institutions for experiential learning. In the 2013/14 financial years, 3,860 learners were enrolled in the programme nationally. Four hundred and forty one learners have been permanently employed by the hospitality industry during the period under review.

### Capacity building

The National Rural Tourism Strategy was developed in order to ensure a developmental approach to the packaging of rural tourism products and opportunities in South Africa. This approach is also meant to prioritise spatial nodes that have the potential to stimulate growth of the rural tourism sector in the country.

In order for the department to maintain its principle for sustainability and responsible tourism, the strategy adopted a nodal developmental methodology in order to achieve a higher sustainability. One of the department's focuses is on certain nodes within the identified high poverty rural nodes, namely uMkhanyakude District Municipality, Vhembe District Municipality and Bushbuckridge Local Municipality, amongst others.

The department has conducted capacity building workshops in Bushbuckridge, Mpumalanga from 31 October to 2 November 2013, uMkhanyakude, in KwaZulu-Natal from 3 to 4 December 2013 and Vhembe in Limpopo from 30 to 31 January 2014. Approximately 49 people attended the workshop in Mpumalanga, 57 people attended the KwaZulu-Natal workshop and approximately 120 delegates attended the workshop in Limpopo over two days. The purpose was to share information with partners and experts in various fields to stimulate tourism development and growth in rural and impoverished areas, leveraging on any existing tourism products.

## 5. TRANSFER PAYMENTS

### 5.1 Transfer payment to public entity: South African Tourism

In terms of the Tourism Act, 1993, South African Tourism (SA Tourism) is mandated to market South Africa internationally and domestically as a preferred tourism destination, and to ensure that tourist facilities and services aim to be of the highest standard. The organisation is also required to monitor and evaluate the performance of the tourism sector.

The main goal of SA Tourism is to ensure an increased contribution of the tourism sector to inclusive economic growth. Other goals include increasing the annual volume of international tourists visiting the country, growing the trended revenue contribution from tourists to the economy through their spending while visiting, growing international brand awareness of South Africa as a travel and business destination, and increasing the number of graded accommodation establishments.

Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Market South Africa internationally and domestically.	R866,333,000	R866,333,000	<ul style="list-style-type: none"> <li>▪ Increase foreign visitor arrivals coming to South Africa: 14,860,216</li> <li>▪ Increase domestic tourism in South Africa: 12 million</li> <li>▪ Increase SA brand awareness: 79%</li> <li>▪ Provide quality assurance for tourism products</li> <li>▪ Total number of graded member establishments during the 2013/14 financial year: 5,587</li> <li>▪ Increase business event (number of delegates): 94,893</li> </ul>

## 5.2 Transfer payments to all organisations other than public entities

Transfer payments were made to departmental agencies (excluding public entities), higher education institutions, foreign governments, non-profit institutions and households. This excludes payments to the public entity SA Tourism as it is included in the previous section.

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

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with Section 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
<b>Foreign governments and international organisations</b>						
United Nations World Tourism Organization (UNWTO)	Foreign governments and international organisations	Membership fee	Not Applicable	1,830	1,830	Not applicable
Regional Tourism Organization of Southern Africa (RETOSA)	Foreign governments and international organisations	Membership fee	Not Applicable	2,983	2,983	Not applicable
<b>Higher education institutions</b>						
University of Pretoria	Higher education institution	National Tourism Research Framework	Yes	1,035	1,035	Not applicable
University of Venda	Higher education institution	National Tourism Research Framework	Yes	518	518	Not applicable
University of Zululand	Higher education institution	National Tourism Research Framework	Yes	518	518	Not applicable
University of Johannesburg	Higher education institution	National Tourism Research Framework	Yes	517	517	Not applicable
Cape Peninsula University of Technology	Higher education institution	National Tourism Research Framework	Yes	517	517	Not applicable

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with Section 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
<b>Households</b>						
Expanded Public Works Programme	Households	Development of tourism infrastructure projects	Yes	214,114	214,114	Not applicable
Expanded Public Works Programme Incentive	Households	Development of tourism infrastructure projects	Yes	39,107	39,107	Not applicable
Leave Gratuity	Households	Employee social benefits	Yes	343	343	Not applicable
<b>Non-business entities</b>						
Eastern Cape Parks and Tourism Agency	Non-business entities	National Tourism Careers Expo	Yes	3,300	3,300	Not applicable
Tourism Accelerated Apprenticeship Programme	Non-business entities	Empowerment of tourism graduates	Yes	3,000	3,000	Not applicable
<b>Non-profit institutions</b>						
Strategic Partners in Tourism	Non-profit institutions	Tourism Enterprise Partnership (TEP) SMME development	Yes	25,000	25,000	Not applicable
Ezemvelo KwaZulu-Natal Wildlife	Non-profit institutions	Support the marketing and development strategy for Maloti Drakensburg Transfrontier Project	Yes	500	500	Not applicable
Federated Hospitality Association of South Africa (FEDHASA)	Non-profit institutions	Contribution to operations of FEDHASA	Yes	500	500	Not applicable



## Part C Governance



## I. INTRODUCTION

The department is committed to the highest standard and principles of good corporate governance, as supported by the Public Finance Management Act, 1999 (Act 1 of 1999) (The PFMA), as amended, Batho Pele Principles, departmental Risk Management Framework, and the King Code on Corporate Governance (King III). Effective corporate governance remains an integral part of the department's strategic and operational activities. The internal control framework is reviewed regularly to ensure that the department maintains adequate systems of internal control and risk management.

## 2. RISK MANAGEMENT

Significant progress has been made in advancing the departmental commitment towards integrated risk management through putting in place a formal system of risk management reporting, which makes risk management part of the decision making structures and also part of the strategic planning and reporting processes.

The department recognises that risk management is a valuable management tool, which increases its prospects of success through minimising the negative impact and optimising opportunities emanating from its operating environment. It understands that the risk management is ideally positioned to ensure that potential challenges are managed effectively. Risk management processes add value in the department through systematic identification, assessment, prioritisation and evaluation of key risks. Risk management strategy maintains a synergy with the department's goals and objectives. Risk identification and controls are considered fundamental to managing the department.

The department thus far has set the foundation, in terms of ensuring that the risk management structure is in place, and the risk management framework, strategies and plans (risk and fraud) are developed. It has further established the Risk Management Committee (RMC) in line with PFMA, as well as the Treasury Regulations. The RMC consists of an external Chairperson (Appointed with effect 15 March 2014), Deputy Directors-General, Chief Risk Officer,

selected Chief Directors and Directors. The purpose of the RMC is to assist the Accounting Officer in discharging his accountability for risk management by reviewing and monitoring the effectiveness of the department's risk management practices, procedures and providing recommendations for improvement.

The RMC meetings are held at least four times a year. During the reporting period, the RMC held five meetings and a special meeting, the details of which are indicated in the table below:

Name	Designation	2 July 2013	# 17 October 2013	18 November 2013	31 January 2014
1. Ambassador LM Makhubela	Director-General	P	-	-	-
2. Mr Dirk van Schalkwyk	Member and Interim Chairperson	P	P	A	P
3. Mr Victor Tharage	Member	P	P	A	A
4. Ms Anemè Malan	Member	P	P	P	P
5. Ms Morongoe Ramphele	Member	P	P	P	P
6. Mr Ralph Ackermann	Member	P	A	P	P
7. Mr Albert Mafanele	Member	P	A	A	P
8. Ms Mmaditlonki Setwaba	Member	P	A	P	P
9. Ms Lerato Matlakala	Member	P	P	P	A
10. Ms Thoko Sibiyá	Member - Observer	P	P	P	P
11. Mr Trevor Bloem	Member	N/M	P	P	P
12. Ms Nomzamo Bhengu	Chief Risk Officer/ Secretariat	P	P	A	P
13. Mr Zipho Mguli	Secretariat	P	P	P	P

P Present      A Apology      # Special Meeting

### 3. FRAUD AND CORRUPTION

The department has committed itself to actively combating fraud and all other acts of dishonesty on a zero tolerance basis.

A foundation has been set to ensure the existence of the anti-fraud prevention structure through the development of anti-fraud and corruption policies, strategies and plans. These policies and strategies are designed to align the department's anti-fraud prevention structure with the PFMA.

In line with the implementation of its Anti-Fraud and Corruption Prevention Strategy, Whistle Blowing Policy and Plan the department has published the fraud and corruption reporting hotline number on the department's website. The department has disseminated information to staff on fraud prevention, detection and reporting of fraud and corruption as well as the department's Whistle Blowing Policy.

The cases from the National Anti-Corruption Hotline are referred to the Office of the Director-General who appoints an investigation officer to facilitate the investigations of allegation of fraud or corruption. In the event where fraud or corruption is detected or suspected, disciplinary proceedings, prosecution or action aimed at the recovery of losses are initiated.

### 4. MINIMISING CONFLICT OF INTEREST

The department has instituted measures to address conflict of interest. Senior Management Services (SMS) members are required to disclose their financial interests on an annual basis. In this regard, 100 per cent compliance was reported during the period under review.

To enhance the system of managing the conflict of interest, a database was developed to assist with the analysis of the information in order to determine the existence of any conflict of interest.

To further enhance the system of managing of conflict of interest communication was made regarding performance of remunerated work outside the Public Service. Subsequent to this, appointment letters to any newly appointed, transferred, or promoted staff have been revised to include a paragraph addressing performance of remunerated work outside the Public Service. To this end, there is currently a draft policy regarding performance of remunerated work outside the Public Service.

With reference to the management of tenders, the relevant members of the committees are required to declare whether they have any interest or knowledge of tenderers. If a member of the Tender Committee manages the line function related to a specific tender, that member will not participate in the departmental Adjudication Committee.

### 5. CODE OF CONDUCT

Significant progress was made in terms of promoting the ethical standards and philosophy in the department. Five training interventions, empowerment workshops on discipline, grievances and dispute resolution, were conducted during the period under review. These were conducted in line with the Code of Conduct of the Public Service Regulations of 2001 as well as the department's policies and procedures. The training interventions were furthermore utilised to promote adherence to the Code of Conduct, and to enhance professionalism.

The normal disciplinary process will be instituted in cases of non-compliance and/or breach of the Code of Conduct.

## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The department developed its internal Occupational Health and Safety Policy which is aimed at safeguarding employees, all visitors and clients through providing and maintaining as far as reasonably practical, a working environment that is safe and without risks. In order to ensure such an environment, the department has provided, and maintains safe offices and equipment that pose no risk to the health of employees, visitors and clients. The department has appointed health and safety representatives and first aiders who have completed their training on basic first aid and fire fighting. They are further conducting inspections in the workplace to minimise hazards that will affect and expose employees, visitors and clients to health risks.

Disposal of waste is monitored and done appropriately. Dedicated waste disposal spaces for various types of waste have been provided. Paper waste is disposed separately to prevent fire. Information sessions and dry-runs have been performed to educate employees on the emergency exit routes and to test their knowledge on the evacuation procedures to be followed in case of an emergency.

Measures in place have equipped the employees with health safety and environmental issues. They are all able to assist in identifying potential hazards and report immediately to the building management team for immediate attention. This reduces the risks of any dangers that might happen.

## 7. PARLIAMENTARY COMMITTEES

The Portfolio Committee on Tourism (at National Assembly) and the Select Committee on Trade and International Relations (at National Council of Provinces - NCOP) were established in terms of Chapter 4 sections 55 and 69 of the Constitution. Their primary role

is to oversee the action of government, and to assure Parliament of such oversight role and that government is able to provide service delivery to all citizens.

### Composition of Committees

Portfolio Committee on Tourism – National Assembly	
African National Congress (ANC)	Mr Don Gumede (Chairperson)
	Mr LP Khoarai
	Ms V Bam-Mugwanyanya
	Ms JM Maluleke
	Ms J Manganye
	Ms RMM Lesoma
	Ms XC Makasi (Committee Whip)
	Mr F Bhengu
	Ms F Mohommed (alternative)
Democratic Alliance (DA)	Mr SB Farrow
	Mr Rafeek Shah
Inkatha Freedom Party (IFP)	Ms CN Zikalala
Congress of the People (COPE)	Ms MA Njobe

Select Committee on Trade and International Relations - NCOP		
African National Congress	Mr DD Gamede (Chairperson)	KwaZulu-Natal
	Ms DZ Rantho	Eastern Cape
	Ms BA Mnguni	Free State
	Ms BV Mncube	Gauteng
	Ms MC Dikgale	Limpopo
	Mr AJ Nyambi	Mpumalanga
	Ms KV Kekesi (Committee Whip)	North West
	Mr MC Maine (redeployed)	North West
	Mr F Adams	Western Cape
Democratic Alliance	Ms EC van Lingen	Eastern Cape
	Ms BL Abrahams	Gauteng
Congress of the People	Mr KA Sinclair	Northern Cape

**Alternates:**

Party	Member	Province
ANC	Ms AND Qikani	Eastern Cape
ANC	Ms ML Moshodi	Free State
ANC	Mr SD Montsitsi	Gauteng
DA	Mr RA Lees	KwaZulu-Natal
ANC	Ms MG Boroto	Mpumalanga
ANC	Ms ND Ntwanambi	Western Cape

**Committee meeting dates**

Portfolio Committee on Tourism (National Assembly)	
Date	Matters
23 April 2013	Second Reading Debate in National Assembly: Tourism Bill (B44B-2012) referred to the NCOP.
SAT's Presentation on Strategic Plan and APP	SAT's presentation on Strategic Plan and APP.
30 April 2013	Department's presentation on Strategic Plan and APP.
14 May 2013	Budget Vote Debate in the National Assembly (EPC).
18 June 2013	Briefing by the SA National Convention Bureau.
July 2013	No meetings.
August 2013	No meetings.
17-18 September 2013	Minister and Director-General gave presentations at the Parliamentary Tourism Summit arranged by the Portfolio Committee.
8 October 2013	Briefing by SAT on their Annual Report.
15 October 2013	Briefing by the department on the Annual Report.
29 October 2013	Presentation of the Biannual Report (April- September) by SAT.
5 November 2013	Presentation of the Biannual Report (April-September 2013) by the department.
December 2013	No meetings.
28 January 2014	Briefing by the department on the amendment process of the NCOP on the Tourism Bill (B44 D-2012) [Reprint].
27 February 2014	The Tourism Bill (B44D-2012) was passed in the National Assembly.
March 2014	No meetings.

Select Committee on Trade and International Relations (National Council of Provinces)		
Date		Matters
April 2013		No Meetings.
May 2013	15 May	The department briefed the Select Committee on Trade and International Relations on the Strategic Plan and APP.
	17 May	Presentation on the Tourism Bill by the department (B 44B-2012).
	22-24 May	The department and provincial delegates (NCOP Members) brief the Provincial Portfolio Committees on the Tourism Bill (B44B-2012).
	23 May	Policy debate on the Budget Vote in the NCOP.
	27 May -12 June	Public Hearings on the Tourism Bill (B44B-2012) in the provinces.
June 2013	19 June	Department provided inputs during the consideration of negotiating mandates of the provinces on the Tourism Bill (B44B-2012).
July 2013	24 July 2013	Consideration of final mandates on Tourism Bill (B44C-2012) (Kranskop meeting).
November 2013	12 November	Consideration of final mandates from all the provinces on the Tourism Bill (B44D-2012 [Reprint]).
	14 November	The Tourism Bill [B 44D-2012 (Reprint)] (National Assembly - Section 76) was amended by the NCOP and returned for concurrence to the NA.

**Matters raised by the Portfolio Committee on Tourism and Select Committee and how they were addressed by the department**

(i)	A turn-around strategy for all SRI projects which are not operational needs to be developed before the end of the 2013/14 financial year.	The department has undertaken a process to revisit SRI policy and procedures to ensure sustainability of projects. An audit has been conducted.
(ii)	SRI projects should be directed at sustainable job creation and skills development, particularly in rural areas.	As part of the Expanded Public Works Programme, SRI projects are focusing on developing tourism infrastructure in rural nodes.
(iii)	It is recommended that the department assists provinces and municipalities in aligning tourism plans at all spheres of government.	Assessment of IDPs and PGDs has been conducted and feedback provided to provinces and municipalities about how best to align their plans. We have also provided capacity building to local government tourism practitioners and policy makers.
(iv)	An integrated approach should be established between the Department of Tourism and the Department of Transport in tackling airlift issues.	The department is an active member of the Strategy Planning Committee coordinated by the Department of Transport, at which agreements are reached on markets to be focused. The department participates in the bilateral air service negotiations. Agreements are reached on the position and approach towards bilateral air service negotiations before engaging any country.
(v)	The department should work closely with the Department of Home Affairs (DHA) to facilitate issuing of visas to potential tourists and to continue working on a univisa regime in the country. However, this should not comprise border control and security of the country.	The department is currently engaging the DHA on issues related to visa issuance. The department further conducts training workshop for DHA officials that were posted to various missions.

(vi) The department should engage the BRICS countries in promoting the South-South air connectivity to boost tourism in the emerging markets.	This is a priority for the 2014/15 financial year.
(vii) It is recommended that the department develops a database of all projects affected by land reform and work closely with the Land Claims Commission to develop ways of sustaining affected tourism businesses.	The department is undertaking a study on the impact of land claims settlement. Phase I has been undertaken on tourism attractions, i.e. how land claims affect tourism attractions.
(viii) It is recommended that the department expedites the process of disbursing funds to qualifying emerging tourism enterprises.	The department has developed the Tourism Incentive Programme (TIP) to support emerging tourism enterprises effective 2014/15.
(ix) It is recommended that the department facilitates collaboration amongst various government departments and state entities to leverage the indirect benefits from a wide array of the special infrastructure projects with tourism potential.	All provinces engaged to submit tourism infrastructures projects in line with the requirements of the PICC. The projects were then submitted to the PICC Technical Committee which is part of the economic development department.

## 8. SCOPA RESOLUTIONS

The department has no SCOPA Resolutions.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

In the previous year audit it was reported that:

“Material misstatements of the moveable tangible capital assets and commitments disclosure notes to the financial statements identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.”

The department does monthly reconciliations to ensure that the additions on LOGIS balances with the amount on BAS. Additional measure was put in place to take the previous year's closing balance, plus the additions (LOGIS = BAS), less disposal (as per LOGIS), less or plus adjustments done on LOGIS and then the closing balance should reconcile with the asset register as per LOGIS. This ensures an accurate disclosure note on moveable tangible capital assets.

## 10. INTERNAL CONTROL UNIT

The Department of Tourism does not have an Internal Control Unit, due to various reasons which include limited budget allocation for compensation of employees and the size of the department. However, the Directorate: Financial Management and 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 to ensure compliance.

## II. INTERNAL AUDIT AND AUDIT COMMITTEES

The internal audit provides assurance and consulting services.

The Internal Audit Unit conducts its affairs in terms of an approved Internal Audit Charter. 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 drives the internal audit approach and approved Internal Audit Plan. The Internal Audit Plan, was formally adopted and approved by the Audit Committee.

Some of the audits performed by Internal Audit during the 2013/14 financial year:

- Pre-determined objectives
- Information Technology general controls
- Legislative compliance
- Finance and Supply Chain Management
- ICT governance
- Human-Resource Management
- Social Responsibility Implementation
- Performance audit - International Tourism Management
- Cabinet and Cluster coordination
- Security Management and Vetting
- Integrated Risk Management
- Strategic planning
- Travel expenditure

Progress on the execution of the plan was monitored and reported on at each Audit Committee meeting. Variations and amendments to the plan were justified and subsequently approved by the Audit Committee.

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

- (i) supporting management in respect of financial reporting and a system of internal control
- (ii) enhancing business ethics and trust in the department
- (iii) ensuring and enhancing the independence of the Internal Audit activity
- (iv) ensuring that risks facing the department are identified and that appropriate procedures are implemented to manage and minimise risks
- (v) ensuring the proper functioning of the audit process
- (vi) monitoring compliance with laws and regulations and the code of conduct

### **Audit Committee members and attendance**

The Audit Committee consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference. During the year under review, four meetings were held.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended
Prof H de Jager	CA (SA); RGA	External	1 August 2012		4
Mr JR Rapoo	BComm (Law); Hons. BCompt.	External	1 August 2012		4
Mr TI Bouwer	BMil (Commerce); Masters in Business Leadership (MBL)	External	1 August 2012	26 November 2013	1
Mr R Rajcoomar	Hons. BComm in Business Management; Masters of Business Administration.	External	1 August 2012		3
Miss KT Rapoo	Advanced Project Management; EDP - Gibbs	External	1 August 2012		4

The Auditor-General South Africa, National Treasury, Internal Audit and the Accounting Officer were invited to the meetings. The Accounting Officer, Chief Financial Officer and Chief Operating Officer attended the meetings ex-officio.

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

### Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from sections 8(1)(a) of the PFMA and Treasury Regulations 3.1.

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.

### 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 and improve the controls. Where control weaknesses and other matters were reported, the Audit Committee has considered the management responses and action plans to address the matters and to facilitate corrective action and/or improvements to 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.

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

- Pre-determined objectives
- Information Technology general controls
- Legislative compliance
- Finance and Supply Chain Management
- ICT governance
- Human-Resource Management
- Social Responsibility Management
- Performance audit - International Tourism Management



## **In-year management and monthly/quarterly report**

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the department during the year under review.

## **Evaluation of financial statements**

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the AGSA and management
- Reviewed the AGSA management report and management's response thereto
- Reviewed the department's compliance with legal and regulatory provisions based on the findings of the AGSA and internal audit
- Noted that there were certain adjustments resulting from the audit

## **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. Variations and amendments to the plan were justified and subsequently approved by the Audit Committee.

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 per the risk register.

## **Auditor-General South Africa**

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.



**Prof. H de Jager**  
**Chairperson of the Audit Committee**  
**Department of Tourism**  
**Date: 31 July 2014**



Part D  
Human-resource management

## I. 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 (HR) in the department**

Capable and skilled incumbents are essential to the overall success of all endeavours presently pursued by the department. Through the promotion of employee wellness and the improvement of labour relations within the department, employees are ensured that the department is caring for their health as well as their occupational circumstances.

### **Human-resource priorities for the year under review and the impact of these priorities**

The following HR priorities are recorded in the HR Plan for 2013/14:

- a. To recruit a suitably qualified, capable and skilled workforce
- b. To promote employment equity
- c. To have skilled, motivated, capacitated and empowered employees who are equipped to deliver services
- d. To develop high quality leaders and managers who exemplify the core values of the Public Service and the department and are committed to service delivery
- e. To promote effective performance management systems
- f. To effectively manage employee health and wellness in the workplace, strengthening the Employee Wellness Support Programme
- g. To coordinate Transformation Special Programmes
- h. To promote sound labour relations between employer and employee

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

Workforce planning is guided by the strategy of the department. The Employment Equity Act, Public Service Act and Public Service Regulations are key in the legal framework.

The implementation of the HR Strategy 2012-2015 and the Recruitment and Capacity Development Framework 2012-2014 in order to guide the process of attracting, recruiting and developing a skilled and capable workforce continued during the year under review. Simultaneously, however, the need to revise the HR Strategy for 2014-2017 was identified and a draft was accepted during the reporting period and implemented with effect from 1 April 2014. In view of the large number of generic posts in the International Tourism Management and Domestic Tourism Management branches, a generic recruitment approach was developed for implementation on 1 April 2014.

The HR and Work Skills Plans record considerations during workforce planning.

### **Employee performance management**

Performance management is guided by the Public Service Act, Public Service Regulations, resolutions of the Public Service Coordinating Bargaining Council (PSCBC), The Treasury Regulations and Departmental Performance Management and Development System (PMDS) Policy. The process and requirements of performance management and development for members of the Senior Management Service (SMS) are described in Chapter 4 of the SMS Handbook.

At the beginning of the financial year, employees signed performance agreements or workplans with their supervisors, biannual reviews were conducted and annual performance assessments were done at the end of the financial year. The PMDS office facilitates the implementation and compliance of the PMDS Policy. The Director-General appointed Moderation Committees for all salary levels to ensure, among others, consistency and fairness across the department, to moderate assessment results and to make recommendations to the Director-General on the granting of rewards and pay progressions.

The Performance Management and Development System policy was reviewed and approved.

### **Employee wellness programmes**

The Employee Health and Wellness unit of the department offers a variety of programmes including Take-a-Girl-Child-to-Work, Candlelight Memorial, Health Screening, Sports and Recreation, and Occupational Health. Soccer and Netball teams were established and are supported by the department. The Employee Health and Wellness unit was strengthened.

### **Achievements and challenges faced by the department and future human-resource plans/goals**

The department has exceeded government's targets for persons with disability and stands at 4.5 per cent. At SMS level it has reached 48 per cent female occupation of posts and continues to strive to reach the 50 per cent in the new financial year.

One hundred per cent disclosure of financial interests for SMS members was reported.

One hundred per cent compliance was reached on the implementation of the Performance Management and Development System.

A number of components in the line function branches of the department are still understaffed, including the newly created directorates Tourist Guiding and National Tourism Sector Strategy. The unfunded posts throughout the organisational structure, especially in the line function branches, are indicative of the human-resources constraints that the department is facing which may impact on service delivery.

Looking at future human-resource plans/goals, the department's existing HR policies, procedures and systems (codes of practice), the HR Strategy 2014-2017 of the department provides an effective framework for recruiting, developing and retaining staff in a fair and supportive environment. To this end, the goals listed in the Strategy are as follows:

- a. Strategic Partnership: Reposition HR as a strategic partner involved as an advisor on HR implications during the establishment of strategic and operational objectives.
- b. Change Agents: Support employees in managing change in the business environment
- c. Employee championship: Create a healthy conducive and friendly working environment
- d. Organisational development and design: Enhance efficiency and effective utilisation of resources through organisational development and design
- e. Recruitment and employee life cycle management: Employ quality staff capable of contributing to the department's growth, reputation and effectiveness
- f. Human-resource development and utilisation: Shift from transversal training and development to responsive training and development to enhance productivity
- g. Quality of work life and environment management: Promote positive corporate values and norms in the department
- h. Administrative expertise: Become a centre of administrative excellence

## 3. HUMAN-RESOURCES OVERSIGHT STATISTICS

### 3.1 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 2013 and 31 March 2014**

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)
Administration	212,000	102,462	2,308	2,594	48%	203
Policy and Knowledge Services	908,790	28,702	67	-	3%	57
International Tourism	37,886	25,754	432	-	63%	51
Domestic Tourism	353,991	45,453	116	2,111	14%	588
<b>TOTAL</b>	<b>1,512,667</b>	<b>202,371</b>	<b>2,923</b>	<b>4,705</b>	<b>13%</b>	<b>899</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2013 and 31 March 2014**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Skilled (levels 3-5)	4,059	2%	28	145
Highly skilled production (levels 6-8)	44,461	22%	183	243
Highly skilled supervision (levels 9-12)	86,002	42%	186	462
Senior management (levels 13-16)	57,166	28%	61	937
Contract (levels 1-2)	1,796	1%	31	58
Contract (levels 3-5)	220	-	1	220
Contract (levels 6-8)	992	1%	7	142
Contract (levels 9-12)	2,540	1%	4	635
Contract (levels 13-16)	5,062	3%	4	1,266
Abnormal appointment	73	-	2	37
<b>TOTAL</b>	<b>202,371</b>	<b>98%</b>	<b>507</b>	<b>399</b>

**Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2013 and 31 March 2014**

Programme	Salaries		Overtime		Homeowners 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
Administration	77,729	75%	229	-	2,827	3%	3,343	3%
Policy and Knowledge Services	22,787	78%	-	-	475	2%	521	2%
International Tourism	19,970	77%	-	-	826	3%	684	3%
Domestic Tourism	35,079	73%	-	-	950	2%	1,284	3%
<b>TOTAL</b>	<b>155,565</b>	<b>75%</b>	<b>229</b>	<b>-</b>	<b>5,078</b>	<b>3%</b>	<b>5,832</b>	<b>3%</b>

**Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014**

Salary band	Salaries		Overtime		Homeowners 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 (levels 3-5)	2,741	67%	60	2%	272	7%	284	7%
Highly skilled production (levels 6-8)	31,780	72%	149	-	1,733	4%	2,408	5%
Highly skilled supervision (levels 9-12)	65,975	75%	20	-	1,838	2%	2,385	3%
Senior management (levels 13-16)	46,068	78%	-	-	1,046	2%	683	1%
Contract (levels 1-2)	1,746	95%	-	-	-	-	-	-
Contract (levels 3-5)	200	82%	-	-	-	-	-	-
Contract (levels 6-8)	798	79%	-	-	-	-	2	-
Contract (levels 9-12)	2,129	80%	-	-	23	1%	17	1%
Contract (levels 13-16)	4,128	79%	-	-	167	3%	52	1%
Abnormal appointment	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>155,565</b>	<b>75%</b>	<b>229</b>	<b>-</b>	<b>5,079</b>	<b>3%</b>	<b>5,831</b>	<b>3%</b>

### 3.2 Employment and vacancies

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

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

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below)

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 2014**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Administration	286	261	9%	17
Policy and Knowledge Services	72	61	15%	8
International Tourism	73	53	27%	4
Domestic Tourism	113	97	14%	6
<b>TOTAL</b>	<b>544*</b>	<b>472</b>	<b>13%</b>	<b>35</b>

\* NB 544 includes 24 posts which were unfunded after the mid-term review 2013/14 as they were earmarked for 2014/15. These posts were excluded during the calculation of the vacancy rate, which was recorded at 8.6 per cent on 31 March 2014.

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2014**

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)	-	-	-	30
Skilled (3-5)	30	29	3%	-
Highly skilled production (6-8)	214	188	12%	5
Highly skilled supervision (9-12)	231	190	18%	-
Senior management (13-16)	69	65	6%	-
<b>TOTAL</b>	<b>544*</b>	<b>472</b>	<b>13%</b>	<b>35</b>

\* NB 544 includes 24 posts which were unfunded after the mid-term review 2013/14 as they were earmarked for 2014/15. These posts were excluded during the calculation of the vacancy rate, which was recorded at 8.6 per cent on 31 March 2014.



**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2014**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Financial and Related Professional	5	5	-	-
Senior Managers (Permanent)	69	65	6%	-
<b>TOTAL</b>	<b>74</b>	<b>70</b>	<b>5%</b>	<b>-</b>

**Notes**

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

### 3.3 Filling of SMS posts

The tables in this section provide information on employment and vacancies as it relates to members of the 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 2014**

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
Director-General/Head of Department	1	1	100%	-	-
Salary level 16	1	1	100%	-	-
Salary level 15	5	5	100%	-	-
Salary level 14	15	14	93%	1	7%
Salary level 13	47	44	94%	3	6%
<b>TOTAL</b>	<b>69</b>	<b>65</b>	<b>94%</b>	<b>4</b>	<b>6%</b>

NB: This information excludes the Minister and Deputy Minister.

**Table 3.3.2 SMS post information as on 30 September 2013**

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
Director-General/Head of Department	1	1	100%	-	-
Salary level 16	1	1	100%	-	-
Salary level 15	5	5	100%	-	-
Salary level 14	15	14	93.3%	1	7%
Salary level 13	47	44	93.5%	3	6%
<b>TOTAL</b>	<b>69</b>	<b>65</b>	<b>94.3%</b>	<b>4</b>	<b>6%</b>

NB: This information excludes the Minister and Deputy Minister.

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014**

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/Head of Department	-	-	-
Salary level 16	-	-	-
Salary level 15	-	-	-
Salary level 14	2	-	1
Salary level 13	5	2	1
<b>TOTAL</b>	<b>7</b>	<b>2</b>	<b>2</b>

**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 2013 and 31 March 2014**

Reasons for vacancies not advertised within six months
n/a

Reasons for vacancies not filled within twelve months
Chief Director: Policy Development and Evaluation - advertised initially on 2 July 2012; successful candidate withdrew one day before the accepted appointment date; after the second advert, no suitable candidate was identified; headhunting approved on 28 March 2013; nominated candidate accepted duty on 1 October 2013.
Director: Tourism Incentives Programme - nominated and back-up candidates for the post advertised declined the offers. Unsuccessful headhunting has been conducted thereafter; both directly and with the use of recruitment service providers. Simultaneous to the current recruitment process alternative measures have been implemented to ensure service delivery. Headhunting continued and more candidates were invited for interviews in May 2014.
Director: Tourism Protection and Contracts - unsuccessfully advertised, headhunted and re-advertised. During the period the name and functions were revised in line with the evolution of the Tourism Bill.

**Notes**

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

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2013 and 31 March 2014**

Reasons for vacancies not advertised within six months
n/a

Reasons for vacancies not filled within six months
None, as posts the non-filling of posts within six months was beyond the control of the department.

#### Notes

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

### 3.4 Job evaluation

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

**Table 3.4.1 Job evaluation by salary band for the period 1 April 2013 and 31 March 2014**

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)	-	-	-	-	-	-	-
Skilled (levels 3-5)	30	2	6%	-	-	-	-
Highly skilled production (levels 6-8)	214	12	6%	-	-	1	8%
Highly skilled supervision (levels 9-12)	231	39	17%	1	3%	2	5%
Senior Management Service band A	47	2	4%	-	-	-	-
Senior Management Service band B	15	-	-	-	-	-	-
Senior Management Service band C	5	-	-	-	-	-	-
Senior Management Service band D	2	-	-	-	-	-	-
<b>TOTAL</b>	<b>544</b>	<b>55</b>	<b>10%</b>	<b>1</b>	<b>2%</b>	<b>3</b>	<b>5%</b>

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 2013 and 31 March 2014**

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Employees with a disability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 2013 and 31 March 2014**

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

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 2013 and 31 March 2014**

Gender	African	Asian	Coloured	White	Total
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 2013 and 31 March 2014**

Salary band	Number of employees at beginning of period- 1 April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate %
Lower skilled (levels 1-2)	-	-	-	-
Skilled (levels 3-5)	28	6	2	7%
Highly skilled production (levels 6-8)	180	43	21	12%
Highly skilled supervision (levels 9-12)	179	21	5	3%
Senior Management Service bands A	43	-	3	7%
Senior Management Service bands B	13	1	1	8%
Senior Management Service bands C	5	-	-	-
Senior Management Service bands D	3	-	-	-
Contracts	22	45	31	89%
<b>TOTAL</b>	<b>473</b>	<b>116</b>	<b>63</b>	<b>13%</b>

NB: Turnover was calculated based on 507 employees as of March 2014.

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014**

Critical occupation	Number of employees at beginning of period- April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate %
Financial and related professionals	5	-	-	-
Senior managers (permanent)	64	2	2	3%
<b>TOTAL</b>	<b>69</b>	<b>2</b>	<b>2</b>	<b>3%</b>

**Notes**

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

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

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2013 and 31 March 2014**

Termination type	Number	% of total resignations
Death	-	-
Resignation	16	3%
Expiry of contract	29	6%
Dismissal - operational changes	-	-
Dismissal - misconduct	-	-
Dismissal - inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Transfer to other Public Service Departments	18	4%
Other	-	-
<b>TOTAL</b>	<b>63</b>	<b>12%</b>
<b>TOTAL NUMBER OF EMPLOYEES WHO LEFT AS A % OF TOTAL EMPLOYMENT</b>	<b>12%</b>	<b>12%</b>



**Table 3.5.4 Promotions by critical occupation for the period 1 April 2013 and 31 March 2014**

Occupation	Employees 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Senior manager (Permanent)	64	1	2%	64	100%
Financial and related professionals	5	-	-	4	80%
<b>TOTAL</b>	<b>69</b>	<b>1</b>	<b>1%</b>	<b>68</b>	<b>99%</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2013 and 31 March 2014**

Salary band	Employees 1 April 2013	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled ( levels 1-2)	-	-	-	-	-
Skilled (levels 3-5)	28	5	18%	24	86%
Highly skilled production (levels 6-8)	180	10	6%	121	67%
Highly skilled supervision (levels 9-12)	179	19	11%	113	63%
Senior Management (level 13-16)	64	1	2%	63	98%
<b>TOTAL</b>	<b>451</b>	<b>35</b>	<b>8%</b>	<b>321</b>	<b>71%</b>

NB: Promotion was calculated based on 507 employees as of March 2014.

### 3.6 Employment equity

**Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	22	3	2	7	23	2	2	4	<b>65</b>
Professionals	65	2	3	3	90	7	3	7	<b>180</b>
Technicians and associate professionals	47	1	1	2	38	7	1	6	<b>103</b>
Clerks	46	1	-	-	63	5	2	1	<b>118</b>
Service and sales workers	12	1	-	1	7	-	-	-	<b>21</b>
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	<b>0</b>
Craft and related trades workers	9	-	-	-	8	-	-	-	<b>17</b>
Plant and machine operators and assemblers	3	-	-	-	-	-	-	-	<b>3</b>
Elementary occupations	-	-	-	-	-	-	-	-	<b>0</b>
<b>TOTAL</b>	<b>204</b>	<b>8</b>	<b>6</b>	<b>13</b>	<b>229</b>	<b>21</b>	<b>8</b>	<b>18</b>	<b>507</b>
<b>Employees with disabilities</b>	<b>13</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>23</b>

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	-	-	3	2	-	-	1	<b>8</b>
Senior management	20	3	2	4	21	2	2	3	<b>57</b>
Professionally qualified and experienced specialists and mid-management	80	2	4	6	80	7	3	8	<b>190</b>
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	74	3	-	-	96	11	3	6	<b>193</b>
Semi-skilled and discretionary decision making	15	-	-	-	13	1	-	-	<b>29</b>
Unskilled and defined decision making	13	-	-	-	17	-	-	-	<b>30</b>
<b>TOTAL</b>	<b>204</b>	<b>8</b>	<b>6</b>	<b>13</b>	<b>229</b>	<b>21</b>	<b>8</b>	<b>18</b>	<b>507</b>

NB: 507 includes the Minister and Deputy Minister.

**Table 3.6.3 Recruitment for the period 1 April 2013 to 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	2	-	-	-	4	-	-	-	6
Professionally qualified and experienced specialists and mid-management	17	-	-	-	16	-	1	1	35
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	20	1	-	-	22	2	1	3	49
Semi-skilled and discretionary decision making	20	-	-	-	22	-	-	-	42
Unskilled and defined decision making	2	-	-	-	-	-	-	-	2
<b>TOTAL</b>	<b>61</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>134</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>4</b>

NB includes all types of recruitment (appointments, promotions, transfers) including for interns.

**Table 3.6.4 Promotions for the period 1 April 2013 to 31 March 2014**

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	9	-	-	-	10	-	-	-	19
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	-	-	-	4	-	-	-	10
Semi-skilled and discretionary decision making	5	-	-	-	-	-	-	-	5
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

**Table 3.6.5 Terminations for the period 1 April 2013 to 31 March 2014**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	2	-	-	-	-	-	1	1	4
Professionally qualified and experienced specialists and mid-management	3	-	-	-	3	-	-	1	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	-	-	-	16	-	-	-	22
Semi-skilled and discretionary decision making	3	-	-	-	2	-	-	-	5
Unskilled and defined decision making	13	-	-	-	11	-	-	1	25
<b>TOTAL</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>63</b>
<b>Employees with disabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.6.6 Disciplinary action for the period 1 April 2013 to 31 March 2014**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Verbal warning	2	-	-	-	1	-	-	-	3
Written warning	-	-	1	-	-	-	-	-	1
Final written warning	1	-	-	-	-	-	-	-	1
Suspended without pay	1	-	1	-	1	-	-	-	3
Demotion	-	-	-	-	1	-	-	-	1
Resignation	1	-	-	-	1	-	-	-	2

**Table 3.6.7 Skills development for the period 1 April 2013 to 31 March 2014**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	51	4	2	5	49	3	1	3	<b>118</b>
Professionals	43	-	-	-	5	6	1	2	<b>102</b>
Technicians and associate professionals	34	-	-	1	76	2	1	1	<b>115</b>
Clerks	72	-	-	-	63	5	-	1	<b>141</b>
Service and sales workers	1	-	-	-	3	-	-	-	<b>4</b>
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	<b>-</b>
Craft and related trades workers	-	-	-	-	-	-	-	-	<b>-</b>
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	<b>-</b>
Elementary occupations	23	-	-	-	6	-	-	-	<b>-</b>
<b>TOTAL</b>	<b>213</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>247</b>	<b>16</b>	<b>3</b>	<b>7</b>	<b>498</b>
<b>Employees with disabilities</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>

### 3.7 Signing of Performance Agreements by SMS members

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

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2013**

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	1	1	1	100%
Salary Level 16	1	1	1	100%
Salary Level 15	5	5	5	100%
Salary Level 14	15	14	14	100%
Salary Level 13	46	42	42	100%
<b>TOTAL</b>	<b>67</b>	<b>65</b>	<b>65</b>	<b>100%</b>

**Notes**

- In the event of a National or Provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2014.

**Table 3.7.2 Reasons for not having concluded Performance Agreements for all SMS members as on 31 March 2014****Reasons**

n/a

**Notes**

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2014****Reasons**

n/a

**Notes**

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

### 3.8 Performance rewards

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

**Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014**

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	83	195	41	2,284	28,916
Female	100	227	44	2,522	26,005
<b>Asian</b>					
Male	4	5	80	168	41,877
Female	5	8	63	115	23,064
<b>Coloured</b>					
Male	5	8	63	150	30,096
Female	9	21	43	213	23,652
<b>White</b>					
Male	6	12	46	318	63,543
Female	11	17	65	449	40,841
<b>TOTAL</b>	<b>223</b>	<b>507</b>	<b>44</b>	<b>6,219</b>	<b>29,334</b>

**Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014**

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Lower skilled (levels 1-2)	-	31	-	-	-	<b>0</b>
Skilled (level 3-5)	16	29	57	131	8,188	<b>3%</b>
Highly skilled production (level 6-8)	81	192	42	1,265	15,617	<b>3%</b>
Highly skilled supervision (level 9-12)	93	190	49	2,663	28,634	<b>3%</b>
Abnormal appointments	-	2	-	-	-	<b>0%</b>
<b>TOTAL</b>	<b>190</b>	<b>444</b>	<b>43</b>	<b>4,059</b>	<b>21,363</b>	<b>3%</b>

**Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2013 to 31 March 2014**

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Financial and related professionals	3	5	60%	74	24,667
Senior managers	30	56	54%	2,302	76,733
<b>TOTAL</b>	<b>33</b>	<b>61</b>	<b>54%</b>	<b>2,376</b>	<b>72,000</b>

**Notes**

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



**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 to 31 March 2014**

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	19	43	44%	1,124	59,158	3
Band B	9	14	64%	785	87,222	5
Band C	4	4	100%	447	111,750	8
Band D	1	4	25%	126	126,000	2
<b>TOTAL</b>	<b>33</b>	<b>65</b>	<b>51%</b>	<b>2,482</b>	<b>75,212</b>	<b>4</b>

### 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 2013 and 31 March 2014**

Salary band	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (level 6-8)	-	-	-	-	-	-
Highly skilled supervision (level 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2013 and 31 March 2014**

Major occupation	1 April 2013		31 March 2014		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 2013 to 31 December 2013**

Salary band	Total days	% Days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skills (level 1-2)	51	53%	20	5%	3	13
Skilled (levels 3-5)	227	77%	26	6%	9	88
Highly skilled production (levels 6-8)	1,403	74%	164	41%	9	922
Highly skilled supervision (levels 9 -12)	1,285	80%	148	37%	9	1,987
Top and senior management (levels 13-16)	354	77%	48	12%	7	1,098
<b>TOTAL</b>	<b>3,320</b>	<b>77%</b>	<b>406</b>	<b>100%</b>	<b>8</b>	<b>2,548</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013**

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)
Lower skilled (levels 1-2)	-	-	-	-	-	-
Skilled (levels 3-5)	30	100%	1	3%	30	12
Highly skilled production (levels 6-8)	59	100%	4	21%	14.8	38
Highly skilled supervision (levels 9-12)	30	100%	1	1%	30	71
Senior management (levels 13-16)	-	100%	-	-	-	-
<b>TOTAL</b>	<b>119</b>	<b>100%</b>	<b>6</b>	<b>12%</b>	<b>20</b>	<b>121</b>

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 2013 to 31 December 2013**

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (levels 1-2)	241	42	6
Skilled (levels 3-5)	551	30	18
Highly skilled production (levels 6-8)	3,688	211	17
Highly skilled supervision (levels 9-12)	3,896	194	20
Senior management (levels 13-16)	1,544	67	23
<b>TOTAL</b>	<b>9,923</b>	<b>544</b>	<b>18</b>

**Table 3.10.4 Capped leave for the period 1 January 2013 to 31 December 2013**

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 2014
Lower skilled (levels 1-2)	-	-	-	-
Skilled (levels 3-5)	-	-	-	-
Highly skilled production (levels 6-8)	-	-	-	-
Highly skilled supervision (levels 9-12)	6	2	3	31
Senior management (levels 13-16)	-	-	-	-
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>31</b>

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 2013 and 31 March 2014**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2013/14 due to non-utilisation of leave for the previous cycle	155	11	14,091
Capped leave payouts on termination of service for 2013/14	157	12	13,083
Current leave payout on termination of service for 2013/14	2	36	56
<b>TOTAL</b>	<b>314</b>	<b>59</b>	<b>5,322</b>

### 3.11 HIV/AIDS and 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 and 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: Advocate M A Mopeli - Director: Employee Relations and Employee Health and Wellness.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		Dedicated Unit: Mr SV Nkosi: Deputy Director: EHW and Ms M Sibande: Assistant Director: EHW.
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 four quarters; conducted HIV and AIDS information session during the World AIDS Day; and Employee Assistance Programme services.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		x	Committee: The department is in a process of establishing the Transformation and HR Consultative Forum where issues of HIV/AIDS will be discussed in line with the Public Service Regulations, 2001.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		x	Policy review: The policy review will take place during the course of 2014. The unit has statistics reports on the implementation of the HIV/AIDS and TB Management policy.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		Measures in place: There is a dedicated Unit which specialises on Employee Health and Wellness including HIV/AIDS and TB in the workplace. This Unit has measures in place to prevent discrimination of HIV-positive employees at work through HIV and TB Management policy, HIV counselling and wellness interventions.

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	x		VCT Services: The department had four interventions during the financial year 2012/13, where staff members were encouraged to go for HIV test and this was done in collaboration with the Health Screening Programme conducted within the department through GEMS. The average percentage of employees reached was approximately 45 per cent from the entire staff.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		Monitoring and evaluation: The unit compiled four reports on EHW quarterly intervention to assess the impact of health promotion programmes per intervention.

### 3.12 Labour relations

**Table 3.12.1 Collective agreements for the period 1 April 2013 and 31 March 2014**

Subject matter	Date
Total number of collective agreements	None

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 2013 and 31 March 2014**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	3	25%
Written warning	1	8%
Final written warning	2	17%
Suspended without pay	3	25%
Resignation	2	17%
Demotion	1	8%
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
<b>TOTAL</b>	<b>12</b>	<b>100%</b>

**Notes**

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

<b>TOTAL NUMBER OF DISCIPLINARY HEARINGS FINALISED</b>	<b>12</b>
--	-----------

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 and 31 March 2014**

Type of misconduct	Number	% of total
Dishonesty	2	17%
Misrepresentation	1	8%
Insubordination	1	8%
Negligence	4	33%
Improper conduct	2	17%
Misuse of state vehicle	1	8%
Theft	1	8%
<b>TOTAL</b>	<b>12</b>	<b>100%</b>

**Table 3.12.4 Grievances logged for the period 1 April 2013 and 31 March 2014**

Grievances	Number	% of total
Number of grievances resolved	3	100%
Number of grievances not resolved	-	-
<b>TOTAL NUMBER OF GRIEVANCES LODGED</b>	<b>3</b>	<b>100%</b>

**Table 3.12.5 Disputes logged with councils for the period 1 April 2013 and 31 March 2014**

Disputes	Number	% of total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
<b>TOTAL NUMBER OF DISPUTES LODGED</b>	<b>-</b>	<b>-</b>

**Table 3.12.6 Strike actions for the period 1 April 2013 and 31 March 2014**

Total number of persons working days lost	-
Total costs working days lost	-
<b>AMOUNT RECOVERED AS A RESULT OF NO WORK NO PAY (R'000)</b>	<b>-</b>

**Table 3.12.7 Precautionary suspensions for the period 1 April 2013 and 31 March 2014**

Number of people suspended	-
Number of people whose suspension exceeded 30 days	-
Average number of days suspended	-
<b>COST OF SUSPENSION (R'000)</b>	<b>-</b>

### 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 2013 and 31 March 2014**

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at the start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	70	-	62	-	62
	Male	75	-	59	-	59
Professionals	Female	66	-	56	-	56
	Male	48	-	45	-	45
Technicians and associate professionals	Female	47	-	31	-	31
	Male	26	-	17	-	17
Clerks	Female	41	-	26	-	26
	Male	30	-	23	-	23
Service and sales workers	Female	4	-	7	-	7
	Male	8	-	3	-	3

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at the start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Elementary occupations	Female	9	-	8	-	8
	Male	13	-	6	-	6
Sub Total	Female	237	-	190	-	190
	Male	200	-	153	-	153
<b>TOTAL</b>		<b>437</b>	<b>-</b>	<b>343</b>	<b>-</b>	<b>343</b>

Table 3.13.2 Training provided for the period 1 April 2013 and 31 March 2014

Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	70	-	57	-	57
	Male	75	-	61	-	61
Professionals	Female	66	-	59	-	59
	Male	48	-	43	-	43
Technicians and associate professionals	Female	47	-	80	-	80
	Male	26	-	35	-	35
Clerks	Female	41	-	69	-	69
	Male	30	-	72	-	72



Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Service and sales workers	Female	4	-	3	-	3
	Male	8	-	1	-	1
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Elementary occupations	Female	9	-	-	6	6
	Male	13	-	-	12	12
Sub Total	Female	237	-	268	6	274
	Male	200	-	212	12	224
<b>TOTAL</b>		<b>437</b>	<b>-</b>	<b>480</b>	<b>18</b>	<b>498</b>

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

**Table 3.14.1 Injury on duty for the period 1 April 2013 and 31 March 2014**

Nature of injury on duty	Number	% of total
Required basic medical attention only	-	-
Temporary total disablement	-	-
Permanent disablement	-	-
Fatal	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

### 3.15 Utilisation of consultants

The following tables relate 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:

- a. The rendering of expert advice
- b. The drafting of proposals for the execution of specific tasks
- c. 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 2013 and 31 March 2014**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Forensic investigation services	4	Once-off	641,150,82
Forensic investigation	Not indicated	2 months	1,211,316.00
Forensic investigation	3	2 months	234,707,76
Amendment of the Tourism Sector B-BBEE Codes	2	8 months	370,044,00
<b>TOTAL</b>			<b>2,457,218,58</b>

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
n/a	n/a	n/a	n/a

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of historically disadvantaged individuals (HDIs) for the period 1 April 2013 and 31 March 2014**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
n/a	n/a	n/a	n/a

**Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2013 and 31 March 2014**

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
n/a	n/a	n/a	n/a

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
n/a	n/a	n/a	n/a

**Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of historically disadvantaged individuals (HDIs) for the period 1 April 2013 and 31 March 2014**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
n/a	n/a	n/a	n/a

### 3.16 Severance packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2013 and 31 March 2014**

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)	-	-	-	-
Highly skilled supervision (levels 9-12)	-	-	-	-
Senior management (levels 13-16)	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Part E  
Financial Information

# I. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 35: DEPARTMENT OF TOURISM

## REPORT ON SEPERATE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Department of Tourism set out on pages 114 to 168, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement and for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### The Accounting Officer's responsibility for the separate financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act 1 of 1999) (PFMA), and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South

Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Department of Tourism as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with basis of

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**REPORT OF THE AUDITOR-GENERAL**  
*for the year ended 31 March 2014*

accounting described in note 1 of the accounting policies to the financial statements and the requirements of the PFMA.

### **Emphasis of matter**

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

### **Financial reporting framework**

8. As disclosed in note 6 to the financial statements, the National Treasury has exempted the department from classifying expenditure incurred on EPWP projects as goods and services and capital expenditure, and allowed them to classify them as Transfer Payments for the reasons indicated.

### **Additional matter**

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

### **Financial reporting framework**

10. In accordance with the International Standards on Auditing, the wording of my opinion should not include the phrase “fairly present” when a departure to the applicable financial reporting framework has been granted in terms of the PFMA and where the aim of such a departure was not to achieve fair presentation. Refer to note 6 to the financial statements where the department applied such departure. However, section 20(2)(a) of the PAA, requires me to reflect whether the financial statements “fairly present”, in all material respects, the financial position and results of its operations and cash flows for the period in accordance with the applicable financial reporting framework. The wording of my opinion is therefore worded as such.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### **Predetermined objectives**

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the National Department of Tourism for the year ended 31 March 2014:
- Programme 2: Policy and Knowledge Services on pages 38 to 46
  - Programme 4: Domestic Tourism on pages 50 to 59
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).

DEPARTMENT OF TOURISM  
**VOTE: 35**  
REPORT OF THE AUDITOR-GENERAL  
*for the year ended 31 March 2014*

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for Programme 2 and Programme 4.

### **Additional matters**

17. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

### **Achievement of planned targets**

18. Refer to the annual performance report on pages 30 to 59 for information on the achievement of the planned targets for the year.

### **Adjustment of material misstatements**

19. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Domestic Tourism. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### **Compliance with legislation**

20. I performed procedures to obtain evidence that the Department of Tourism had complied with legislation regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with

specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for my opinion, the findings on the annual performance report included in this report.

### **Financial and performance management**

#### **Daily and monthly processing and reconciling of transactions**

22. Although the department implemented controls over daily and monthly processing and reconciliation of transactions, they did not in all instances prevent errors from occurring. Findings were noted in the following area:
- Domestic Tourism – the achievement of some targets was incorrectly reported, but was subsequently amended.

#### **Regular, accurate and complete financial and performance reports**

23. Although the department did implemented controls to prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information, they were not in all instance effective. Findings were noted in the following area:
- Domestic Tourism - evidence to support targets achieved could not be provided. Subsequently achieved targets were amended to include only those that could be supported by evidence.

## OTHER REPORTS

### Investigations

24. Investigations are in progress into the conduct of various service providers who have acted as implementers in previous years' Expanded Public Work Projects. The outcome of these investigations cannot be determined at present. Possible irregular, fruitless and wasteful expenditure can only be quantified once the investigation has been finalised.

*Auditor-General*

**Pretoria**  
**31 July 2014**



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*





DEPARTMENT OF TOURISM  
**VOTE: 35**  
ANNUAL FINANCIAL STATEMENTS  
*for the year ended 31 March 2014*

## 2. ANNUAL FINANCIAL STATEMENTS

### Table of Contents

Appropriation Statement	114
Notes to the Appropriation Statement	124
Statement of Financial Performance	127
Statement of Financial Position	128
Statement of Changes in Net Assets	129
Cash Flow Statement	130
Accounting policies	131
Notes to the Annual Financial Statements	135
Annexures to the Annual Financial Statements	162

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**APPROPRIATION PER PROGRAMME**

Appropriation statement	2013/14							2012/13	
	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
<b>1. Administration</b>									
Current payment	205,641	(8,084)	4,536	202,093	201,812	281	99.9%	171,521	171,521
Transfers and subsidies	-	203	-	203	203	-	100%	562	562
Payment for capital assets	2,469	7,772	-	10,241	9,876	365	96.4%	7,057	7,057
Payment for financial assets	-	109	-	109	109	-	100%	84	84
<b>2. Policy &amp; Knowledge Services</b>									
Current payment	42,245	(544)	-	41,701	38,851	2,850	93.2%	35,677	35,677
Transfers and subsidies	859,438	35	10,000	869,473	869,473	-	100%	757,507	757,507
Payment for capital assets	160	509	-	669	466	203	69.7%	837	837
Payment for financial assets	-	-	-	-	-	-	-	3	3
<b>3. International Tourism</b>									
Current payment	38,920	(3,639)	-	35,281	32,396	2,885	91.8%	24,454	22,795
Transfers and subsidies	1,830	3,196	-	5,026	4,909	117	97.7%	3,490	3,490
Payment for capital assets	263	443	-	706	581	125	82.3%	848	848
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4. Domestic Tourism</b>									
Current payment	73,852	(651)	(4,536)	68,665	67,746	919	98.7%	57,212	57,212
Transfers and subsidies	295,521	8	(10,000)	285,529	285,529	-	100%	313,759	313,234
Payment for capital assets	235	633	-	868	706	162	81.3%	1,120	1,120
Payment for financial assets	-	10	-	10	10	-	100%	12	12
<b>TOTAL</b>	<b>1,520,574</b>	<b>-</b>	<b>-</b>	<b>1,520,574</b>	<b>1,512,667</b>	<b>7,907</b>	<b>99.5%</b>	<b>1,374,143</b>	<b>1,371,959</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				4,209				1,479	
<b>Actual amounts per Statement of Financial Performance (Total revenue)</b>				<b>1,524,783</b>				<b>1,375,622</b>	
<b>Actual amounts per Statement of Financial Performance (Total expenditure)</b>					<b>1,512,667</b>				<b>1,371,959</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**APPROPRIATION PER ECONOMIC CLASSIFICATION**

	2013/14							2012/13	
	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
<b>Current payments</b>									
Compensation of employees	205,777	-	-	205,777	202,371	3,406	98.3%	171,755	171,205
Goods and services	154,881	(12,879)	-	141,963	138,434	3,529	97.5%	117,109	116,000
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	862,633	-	10,000	872,633	872,633	-	100%	758,979	758,979
Higher education institutions	3,105	-	-	3,105	3,105	-	100%	2,490	2,490
Foreign governments and international organisations	1,830	3,100	-	4,930	4,813	117	97.6%	3,490	3,490
Non-profit institutions	26,000	-	-	26,000	26,000	-	100%	26,585	26,060
Households	263,221	343	(10,000)	253,564	253,564	-	100%	283,772	283,772
<b>Payments for capital assets</b>									
Buildings & other fixed structures	-	-	-	-	-	-	-	3,134	3,134
Machinery and equipment	3,111	8,014	-	11,164	10,330	834	92.2%	6,553	6,553
Intangible assets	16	1,304	-	1,320	1,299	21	98.4%	177	177
<b>Payments for financial assets</b>	-	118	-	118	118	-	100%	99	99
<b>TOTAL</b>	<b>1,520,574</b>	<b>-</b>	<b>-</b>	<b>1,520,574</b>	<b>1,512,667</b>	<b>7,907</b>	<b>99.5%</b>	<b>1,374,143</b>	<b>1,371,959</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**DETAIL PER PROGRAMME I: ADMINISTRATION**

Details per sub-programme	2013/14							2012/13	
	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
<b>I.1 Ministry</b>									
Current payment	37,136	(6,042)	1,546	32,640	32,640	-	100%	27,477	27,477
Transfers and subsidies	-	20	-	20	20	-	100%	51	51
Payment for capital assets	370	2,477	-	2,847	2,847	-	100%	1,089	1,089
Payment for financial assets	-	60	-	60	60	-	100%	81	81
<b>I.2 Management</b>									
Current payment	17,290	(1,404)	-	15,886	15,880	6	100%	15,819	15,819
Transfers and subsidies	-	16	-	16	16	-	100%	10	10
Payment for capital assets	122	432	-	554	363	191	65.5%	320	320
Payment for financial assets	-	-	-	-	-	-	-	2	2
<b>I.3 Corporate Affairs</b>									
Current payment	122,164	(671)	2,990	124,483	124,443	40	100%	106,658	106,658
Transfers and subsidies	-	167	-	167	167	-	100%	501	501
Payment for capital assets	1,977	4,863	-	6,840	6,666	174	97.5%	2,514	2,514
Payment for financial assets	-	49	-	49	49	-	100%	1	1
<b>I.4 Office Accommodation</b>									
Current payment	29,051	33	-	29,084	28,849	235	99.2%	21,567	21,567
Payment for capital assets	-	-	-	-	-	-	-	3,134	3,134
<b>TOTAL</b>	<b>208,110</b>	<b>-</b>	<b>4,536</b>	<b>212,646</b>	<b>212,000</b>	<b>646</b>	<b>99.7%</b>	<b>179,224</b>	<b>179,224</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**APPROPRIATION PER ECONOMIC CLASSIFICATION**

Programme I: Per Economic classification	2013/14							2012/13	
	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
<b>Current payments</b>									
Compensation of employees	100,868	-	1,604	102,472	102,462	10	100%	89,898	89,898
Goods and services	104,773	(8,084)	2,932	99,621	99,350	271	99.7%	81,623	81,623
<b>Transfers and subsidies</b>									
Households	-	204	-	204	204	-	100%	560	560
<b>Payments for capital assets</b>									
Buildings & other fixed structure	-	-	-	-	-	-	-	3,134	3,134
Machinery and equipment	2,453	6,551	-	9,004	8,639	365	95.5%	3,776	3,776
Intangible assets	16	1,221	-	1,237	1,237	-	100%	149	149
<b>Payments for financial assets</b>	-	108	-	108	108	-	100%	84	84
<b>TOTAL</b>	<b>208,110</b>	<b>-</b>	<b>4,536</b>	<b>212,646</b>	<b>212,000</b>	<b>646</b>	<b>99.7%</b>	<b>179,224</b>	<b>179,224</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2014

**DETAIL PER PROGRAMME 2: POLICY AND KNOWLEDGE SERVICES**

Details per sub-programme	2013/14							2012/13	
	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
<b>2.1 Policy and Knowledge Services Management</b>									
Current payment	5,458	274	-	5,732	4,406	1,326	76.9%	4,264	4,264
Payment for capital assets	-	62	-	62	54	8	87.1%	11	11
<b>2.2 Policy Development and Evaluation</b>									
Current payment	20,747	(1,592)	-	19,155	17,739	1,416	92.6%	16,861	16,861
Transfers and subsidies	-	35	-	35	35	-	100%	13	13
Payment for capital assets	65	211	-	276	189	87	68.5%	248	248
Payment for financial assets	-	-	-	-	-	-	-	3	3
<b>2.3 Research and Knowledge Management</b>									
Current payment	16,040	774	-	16,814	16,706	108	99.4%	14,552	14,552
Transfers and subsidies	3,105	-	-	3,105	3,105	-	100%	2,565	2,565
Payment for capital assets	95	236	-	331	223	108	67.4%	578	578
<b>2.4 South African Tourism</b>									
Transfers and subsidies	856,333	-	10,000	866,333	866,333	-	100%	754,929	754,929
<b>TOTAL</b>	<b>901,843</b>	<b>-</b>	<b>10,000</b>	<b>911,843</b>	<b>908,790</b>	<b>3,053</b>	<b>99.7%</b>	<b>794,024</b>	<b>794,024</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**APPROPRIATION PER ECONOMIC CLASSIFICATION**

Programme 2: Per Economic classification	2013/14							2012/13	
	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
<b>Current payments</b>									
Compensation of employees	29,070	-	-	29,070	28,702	368	98.7%	24,721	24,721
Goods and services	13,175	(544)	-	12,631	10,149	2,482	80.3%	10,956	10,956
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	856,333	-	10,000	866,333	866,333	-	100%	754,929	754,929
Higher education institutions	3,105	-	-	3,105	3,105	-	100%	2,490	2,490
Households	-	35	-	35	35	-	100%	88	88
<b>Payments for capital assets</b>									
Machinery and equipment	160	466	-	626	444	182	70.9%	837	837
Intangible assets	-	43	-	43	22	21	51.2%	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	3	3
<b>TOTAL</b>	<b>901,843</b>	<b>-</b>	<b>10,000</b>	<b>911,843</b>	<b>908,790</b>	<b>3,053</b>	<b>99.7%</b>	<b>794,024</b>	<b>794,024</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**DETAIL PER PROGRAMME 3: INTERNATIONAL TOURISM**

Details per sub-programme	2013/14							2012/13	
	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
<b>3.1 International Tourism Management</b>									
Current payment	3,772	259	-	4,031	3,957	74	98.2%	5,288	3,629
Payment for capital assets	19	44	-	63	63	-	100%	71	71
<b>3.2 Americas and Caribbean</b>									
Current payment	8,874	(891)	-	7,983	7,148	835	89.5%	4,075	4,075
Transfers and subsidies	1,830	-	-	1,830	1,830	-	100%	1,518	1,518
Payment for capital assets	-	140	-	140	68	72	48.6%	208	208
<b>3.3 Europe</b>									
Current payment	8,339	(656)	-	7,683	7,682	1	100%	5,499	5,499
Transfers and subsidies	-	56	-	56	56	-	100%	-	-
Payment for capital assets	140	72	-	212	212	-	100%	165	165
<b>3.4 African and Middle East</b>									
Current payment	9,444	(967)	-	8,477	6,951	1,526	82.0%	5,855	5,855
Transfers and subsidies	-	3,140	-	3,140	3,023	117	96.3%	1,972	1,972
Payment for capital assets	57	62	-	119	89	30	74.8%	231	231
<b>3.5 Asia and Australasia</b>									
Current payment	8,491	(1,384)	-	7,107	6,658	449	93.7%	3,737	3,737
Payment for capital assets	47	125	-	172	149	23	86.6%	173	173
<b>TOTAL</b>	<b>41,013</b>	<b>-</b>	<b>-</b>	<b>41,013</b>	<b>37,886</b>	<b>3,127</b>	<b>92.4%</b>	<b>28,792</b>	<b>27,133</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**APPROPRIATION PER ECONOMIC CLASSIFICATION**

Programme 3: Per Economic classification	2013/14							2012/13	
	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
<b>Current payments</b>									
Compensation of employees	28,369	-	-	28,369	25,754	2,615	90.8%	18,513	17,963
Goods and services	10,551	(3,639)	-	6,912	6,642	270	96.1%	5,941	4,832
<b>Transfers and subsidies</b>									
Foreign governments & international organisations	1,830	3,100	-	4,930	4,813	117	97.6%	3,490	3,490
Households	-	96	-	96	96	-	100%	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	263	424	-	687	562	125	81.8%	848	848
Intangible assets	-	19	-	19	19	-	100%	-	-
<b>TOTAL</b>	<b>41,013</b>	<b>-</b>	<b>-</b>	<b>41,013</b>	<b>37,886</b>	<b>3,127</b>	<b>92.4%</b>	<b>28,792</b>	<b>27,133</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**DETAIL PER PROGRAMME 4: DOMESTIC TOURISM**

Details per sub-programme	2013/14						2012/13		
	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
<b>4.1 Domestic Tourism Management</b>									
Current payment	4,901	96	-	4,997	4,952	45	99.1%	5,957	5,957
Transfers and subsidies	4,300	-	-	4,300	4,300	-	100%	4,595	4,070
Payment for capital assets	36	140	-	176	176	-	100%	49	49
<b>4.2 Domestic Tourism Management: Southern Region</b>									
Current payment	12,156	720	-	12,876	12,416	460	96.4%	11,357	11,357
Payment for capital assets	49	69	-	118	118	-	100%	189	189
Payment for financial assets	-	7	-	7	7	-	100%	3	3
<b>4.3 Domestic Tourism Management: Northern Region</b>									
Current payment	14,451	(1,197)	(254)	13,000	12,860	140	98.9%	9,181	9,181
Transfers and subsidies	3,000	-	-	3,000	3,000	-	100%	1,140	1,140
Payment for capital assets	95	139	-	234	113	121	48.3%	282	282
<b>4.4 Social Responsibility Implementation</b>									
Current payment	42,344	(270)	(4,282)	37,792	37,518	274	99.3%	30,717	30,717
Transfers and subsidies	263,221	8	(10,000)	253,229	253,229	-	100%	283,024	283,024
Payment for capital assets	55	285	-	340	299	41	87.9%	600	600
Payment for financial assets	-	3	-	3	3	-	100%	9	9
<b>4.5 Strategic Partners in Tourism</b>									
Transfers and subsidies	25,000	-	-	25,000	25,000	-	100%	25,000	25,000
<b>TOTAL</b>	<b>369,608</b>	<b>-</b>	<b>(14,536)</b>	<b>355,072</b>	<b>353,991</b>	<b>1,081</b>	<b>99.7%</b>	<b>372,103</b>	<b>371,578</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2014*

**APPROPRIATION PER ECONOMIC CLASSIFICATION**

Programme 4: Per Economic classification	2013/14							2012/13	
	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
<b>Current payments</b>									
Compensation of employees	47,470	-	(1,604)	45,866	45,453	413	99.1%	38,623	38,623
Goods and services	26,382	(651)	(2,932)	22,799	22,293	506	97.8%	18,589	18,589
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	6,300	-	-	6,300	6,300	-	100%	4,050	4,050
Non-profit institutions	26,000	-	-	26,000	26,000	-	100%	26,585	26,060
Households	263,221	8	(10,000)	253,229	253,229	-	100%	283,124	283,124
<b>Payments for capital assets</b>									
Machinery and equipment	235	612	-	847	685	162	80.9%	1,092	1,092
Intangible assets	-	21	-	21	21	-	100%	28	28
<b>Payments for financial assets</b>									
	-	10	-	10	10	-	100%	12	12
<b>TOTAL</b>	<b>369,608</b>	<b>-</b>	<b>(14,536)</b>	<b>355,072</b>	<b>353,991</b>	<b>1,081</b>	<b>99.7%</b>	<b>372,103</b>	<b>371,578</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE APPROPRIATION STATEMENT  
 for the year ended 31 March 2014

**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note on Transfers and subsidies and Annexure I (A-E) to the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note I (Annual Appropriation) to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions can be viewed in note 5 on Payments for financial assets to the Annual Financial Statements.

**4. 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	%
<b>Administration</b>				
Current payment	202,093	201,812	281	0.1%
Payment for capital assets	10,241	9,876	365	3.6%
<b>Policy and Knowledge Services</b>				
Current payment	41,701	38,851	2,850	6.8%
Payment for capital assets	669	466	203	30.3%
<b>International Tourism</b>				
Current payment	35,281	32,396	2,885	8.2%
Transfers and Subsidies	5,026	4,909	117	2.3%
Payment for capital assets	706	581	125	17.7%
<b>Domestic Tourism</b>				
Current payment	68,665	67,746	919	1.3%
Payment for capital assets	868	706	162	18.7%

DEPARTMENT OF TOURISM  
**VOTE: 35**  
NOTES TO THE APPROPRIATION STATEMENT  
*for the year ended 31 March 2014*

**Programme name:**

**Programme 1: Administration**

**Explanation of variance:** The underspending on current payments and payments for capital assets is due to a discounted rate negotiated with the State Information Technology Agency (SITA).

**Programme 2: Policy and Knowledge Services**

**Explanation of variance:** The underspending on current payments and payments for capital assets is due to the implementation of cost cutting measures as per Treasury Instruction Note 1 of 2013/14 as well as vacant posts and the late filling of posts together with the associated operational payments attached to these positions.

**Programme 3: International Tourism**

**Explanation of variance:** The underspending on current payments and payments for capital assets is due to the implementation of cost cutting measures as per Treasury Instruction Note 1 of 2013/14 as well as vacant posts and the late filling of posts together with the associated operational payments attached to these positions. The fluctuation of the rand for the foreign transfer payment resulted in an underspending under transfers and subsidies.

**Programme 4: Domestic Tourism**

**Explanation of variance:** The underspending on current payments and payments for capital assets is due to the implementation of cost cutting measures as per Treasury Instruction Note 1 of 2013/14 as well as vacant posts and the late filling of posts together with the associated operational payments attached to these positions.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE APPROPRIATION STATEMENT  
 for the year ended 31 March 2014

4.2 Per economic classification:	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Current payment:</b>				
Compensation of employees	205,777	202,371	3,406	1.7%
Goods and services	141,963	138,434	3,529	2.5%
<b>Transfers and subsidies:</b>				
Foreign governments and international organisations	4,930	4,813	117	2.4%
<b>Payments for capital assets:</b>				
Machinery and equipment	11,164	10,330	834	7.5%
Intangible assets	1,320	1,299	21	1.6%

**Explanation of variance**

**Explanation of variance:** The main reason for the underspending under current expenditure and a portion of payment for capital assets is due to vacant posts as well as the late filling of posts together with the associated operational payments attached to these positions. The discounted rate negotiated with the State Information Technology Agency (SITA) also added to the underspending under payment for capital assets. The underspending under transfers and subsidies is due to foreign exchange fluctuations of the Rand when payment was made to the Regional Tourism Organisation of Southern Africa (RETOSA).

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ended 31 March 2014*

	Note	2013/14 R'000	2012/13 R'000
<b>REVENUE</b>			
Annual appropriation	1	1,520,574	1,374,143
Departmental revenue	2	4,209	1,479
<b>TOTAL REVENUE</b>		<b>1,524,783</b>	<b>1,375,622</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	202,371	171,205
Goods and services	4	138,434	116,000
<b>Total current expenditure</b>		<b>340,805</b>	<b>287,205</b>
<b>Transfers and subsidies</b>	6	<b>1,160,115</b>	<b>1,074,791</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	10,330	9,687
Intangible assets	7	1,299	177
<b>Total expenditure for capital assets</b>		<b>11,629</b>	<b>9,864</b>
<b>Payments for financial assets</b>	5	<b>118</b>	<b>99</b>
<b>TOTAL EXPENDITURE</b>		<b>1,512,667</b>	<b>1,371,959</b>
<b>SURPLUS FOR THE YEAR</b>		<b>12,116</b>	<b>3,663</b>
<b>Reconciliation of Surplus for the year</b>			
Voted Funds		7,907	2,184
Annual appropriation		7,907	2,184
Departmental Revenue	12	4,209	1,479
<b>SURPLUS FOR THE YEAR</b>		<b>12,116</b>	<b>3,663</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
 STATEMENT OF FINANCIAL POSITION  
 as at 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	8,123	2,317
Prepayments and advances	9	5,515	1,427
Receivables	10	1,559	186
		1,049	704
<b>TOTAL ASSETS</b>		<b>8,123</b>	<b>2,317</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	11	7,932	2,217
Departmental revenue to be surrendered to the Revenue Fund	12	7,907	2,184
Payables	13	11	11
		14	22
<b>TOTAL LIABILITIES</b>		<b>7,932</b>	<b>2,217</b>
<b>NET ASSETS</b>		<b>191</b>	<b>100</b>
<b>Represented by:</b>			
Recoverable revenue		191	100
<b>TOTAL</b>		<b>191</b>	<b>100</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 STATEMENT OF CHANGE IN NET ASSETS  
*for the year ended 31 March 2014*

	2013/14	2012/13
	R'000	R'000
<b>NET ASSETS</b>		
<b>Recoverable revenue</b>		
Opening balance	100	105
Transfers	91	(5)
Debts recovered (included in departmental receipts)	(28)	(48)
Debts raised	119	43
Closing balance	191	100
<b>TOTAL</b>	<b>191</b>	<b>100</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
**CASH FLOW STATEMENT**  
*for the year ended 31 March 2014*

	<b>Note</b>	<b>2013/14</b>	<b>2012/13</b>
		<b>R'000</b>	<b>R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		1,524,191	1,375,611
Annual appropriated funds received	1	1,520,574	1,374,143
Departmental revenue received	2	3,606	1,460
Interest received	2.2	11	8
Net (increase)/decrease in working capital		(1,726)	(242)
Surrendered to Revenue Fund		(6,393)	(16,213)
Current payments		(340,805)	(287,205)
Payment for financial assets		(118)	(99)
Transfers and subsidies paid		(1,160,115)	(1,074,791)
<b>Net cash flow available from operating activities</b>	14	<b>15,034</b>	<b>(2,939)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(11,629)	(9,864)
Proceeds from sale of capital assets	2.3	592	11
<b>Net cash flows from investing activities</b>		<b>(11,037)</b>	<b>(9,853)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		91	(5)
<b>Net cash flows from financing activities</b>		<b>91</b>	<b>(5)</b>
Net increase/(decrease) in cash and cash equivalents		4,088	(12,797)
Cash and cash equivalents at the beginning of the period		1,427	14,224
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	15	<b>5,515</b>	<b>1,427</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
ACCOUNTING POLICIES  
*for the year ended 31 March 2014*

## Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

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

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

### 1. Basis of preparation

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

### 2. Going concern

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

### 3. Presentation currency

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

### 4. Rounding

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

### 5. Foreign currency translation

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

### 6. Current year comparison with budget

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

### 7. Revenue

#### 7.1 Appropriated funds

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

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

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

#### 7.2 Departmental revenue

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

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

DEPARTMENT OF TOURISM  
**VOTE: 35**  
ACCOUNTING POLICIES  
for the year ended 31 March 2014

## 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 Accrued expenditure payable

Accrued expenditure payable is 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.

Accrued expenditure payable is measured at cost.

### 8.4 Leases

#### 8.4.1 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. 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.

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.

## 10. 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.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
ACCOUNTING POLICIES  
*for the year ended 31 March 2014*

## **11. Receivables**

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.

## **12. Payables**

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

## **13. Capital Assets**

### **13.1 Immovable capital assets**

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

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

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

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

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

### **13.2 Movable capital assets**

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

Where the cost of movable capital assets cannot be determined accurately, 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) are 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 is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

### **13.3 Intangible assets**

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

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

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
ACCOUNTING POLICIES  
for the year ended 31 March 2014

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R.I.

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

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

## **14. Contingents**

### **14.1 Contingent liabilities**

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

### **14.2 Contingent assets**

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

### **14.3 Commitments**

Commitments 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.

## **15. Fruitless and wasteful expenditure**

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

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

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

## **16. Irregular expenditure**

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

Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

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.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

## I. ANNUAL APPROPRIATION

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds)

	2013/14		2012/13
	Final Appropriation	Actual Funds Received	Appropriation received
Programmes	R'000	R'000	R'000
Administration	212,646	212,646	179,224
Policy & Knowledge Service	911,843	911,843	794,024
International Tourism	41,013	41,013	28,792
Domestic Tourism	355,072	355,072	372,103
<b>TOTAL</b>	<b>1,520,574</b>	<b>1,520,574</b>	<b>1,374,143</b>

## 2. DEPARTMENTAL REVENUE

	Note	2013/14	2012/13
		R'000	R'000
Sales of goods and services other than capital assets	2.1	141	123
Interest, dividends and rent on land	2.2	11	8
Sales of capital assets	2.3	592	11
Financial transactions in assets and liabilities	2.4	3,465	1,337
<b>TOTAL DEPARTMENTAL REVENUE COLLECTED</b>		<b>4,209</b>	<b>1,479</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**2.1 Sales of goods and services other than capital assets**

Sales of goods and services produced by the department

Sales by market establishment

Other sales

**TOTAL**

Note	2013/14	2012/13
2	R'000	R'000
	141	123
	69	69
	72	54
	<b>141</b>	<b>123</b>

**2.2 Interest, dividends and rent on land and buildings**

Interest

**TOTAL**

Note	2013/14	2012/13
2	R'000	R'000
	11	8
	<b>11</b>	<b>8</b>

**2.3 Sales of capital assets**

**Tangible assets**

Machinery and equipment

**TOTAL**

Note	2013/14	2012/13
2	R'000	R'000
	592	11
24.2	592	11
	<b>592</b>	<b>11</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**2.4 Financial transactions in assets and liabilities**

Other Receipts including Recoverable Revenue

**TOTAL**

Note	2013/14	2012/13
2	<b>R'000</b>	<b>R'000</b>
	3,465	1,337
	<b>3,465</b>	<b>1,337</b>

**3. COMPENSATION OF EMPLOYEES**

**3.1 Salaries and Wages**

Basic salary  
 Performance award  
 Service Based  
 Compensative/circumstantial  
 Periodic payments  
 Other non-pensionable allowances

**TOTAL**

Note	2013/14	2012/13
3	<b>R'000</b>	<b>R'000</b>
	136,996	114,536
	6,530	5,433
	287	220
	1,272	1,322
	-	526
	33,912	29,056
	<b>178,997</b>	<b>151,093</b>

**3.2 Social Contributions**

**Employer contributions**

Pension  
 Medical  
 Bargaining council

**TOTAL**

**TOTAL COMPENSATION OF EMPLOYEES**

Note	2013/14	2012/13
3	<b>R'000</b>	<b>R'000</b>
	17,512	14,602
	5,833	5,487
	29	23
	<b>23,374</b>	<b>20,112</b>
	<b>202,371</b>	<b>171,205</b>
	507	465

Average number of employees

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**4. GOODS AND SERVICES**

	Note	2013/14 R'000	2012/13 R'000
Administrative fees		2,197	728
Advertising		4,204	2,673
Capital assets less than R5,000	4.1	891	1,523
Bursaries (employees)		783	818
Catering		1,732	1,033
Communication		5,203	5,136
Computer services	4.2	17,145	7,917
Consultants, contractors and agency/outsourced services	4.3	12,720	20,772
Entertainment		174	162
Audit cost - external	4.4	4,197	3,754
Fleet services		1,241	672
Consumables	4.5	5,714	6,117
Operating leases		26,894	19,750
Property payments	4.6	233	1,829
Travel and subsistence	4.7	41,752	32,609
Venues and facilities		4,628	5,520
Training & staff development		3,551	2,653
Other operating expenditure	4.8	5,175	2,334
<b>TOTAL</b>		<b>138,434</b>	<b>116,000</b>

**4.1 Capital assets less than R5,000**

	Note	2013/14 R'000	2012/13 R'000
<b>Tangible assets</b>	4		
Machinery and equipment		891	761
<b>Intangible assets</b>		-	762
<b>TOTAL</b>		<b>891</b>	<b>1,523</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**4.2 Computer services**

SITA computer services  
 External computer service providers

**TOTAL**

Note	2013/14	2012/13
4	<b>R'000</b>	<b>R'000</b>
	7,713	1,908
	9,432	6,009
	<b>17,145</b>	<b>7,917</b>

**4.3 Consultants, contractors and agency/outsourced services**

Business and advisory services  
 Infrastructure and planning  
 Legal costs  
 Contractors  
 Agency and support/outsourced services

**TOTAL**

Note	2013/14	2012/13
4	<b>R'000</b>	<b>R'000</b>
	7,321	13,875
	-	14
	235	167
	2,578	4,526
	2,586	2,190
	<b>12,720</b>	<b>20,772</b>

**4.4 Audit Cost - External**

Regulatory audits

**TOTAL EXTERNAL AUDIT FEES**

Note	2013/14	2012/13
4	<b>R'000</b>	<b>R'000</b>
	4,197	3,754
	<b>4,197</b>	<b>3,754</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**4.5 Consumables**

	Note	2013/14	2012/13
	4	R'000	R'000
Consumable supplies		1,703	1,978
Uniform and clothing		381	-
Household supplies		502	-
Building material and supplies		347	-
Communication accessories		2	-
IT consumables		353	-
Other consumables		118	1,978
Stationery, printing and office supplies		4,011	4,139
<b>TOTAL</b>		<b>5,714</b>	<b>6,117</b>

**Note**

The inventory for 2012/13 has been reclassified, as part of the Standard Chart Of Accounts (SCOA) reimplementation of 2013/14, as consumables.

**4.6 Property payments**

	Note	2013/14	2012/13
	4	R'000	R'000
Municipal services		104	1,784
Other		129	45
<b>TOTAL</b>		<b>233</b>	<b>1,829</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**4.7 Travel and subsistence**

	Note	2013/14 R'000	2012/13 R'000
	4		
Local		23,216	17,335
Foreign		18,536	15,274
<b>TOTAL TRAVEL AND SUBSISTENCE</b>		<b>41,752</b>	<b>32,609</b>

**4.8 Other operating expenditure**

	Note	2013/14 R'000	2012/13 R'000
	4		
Professional bodies, membership and subscription fees		2,219	219
Resettlement costs		500	632
Other (Printing & publications, courier services, etc.)		2,456	1,483
<b>TOTAL</b>		<b>5,175</b>	<b>2,334</b>

**Note**

Gifts previously disclosed under other operating expenditure has been reclassified, as part of the SCOA reimplementation of 2013/14, as consumables (Note 4.5)

**5. PAYMENTS FOR FINANCIAL ASSETS**

	Note	2013/14 R'000	2012/13 R'000
Other material losses written-off	5.1	117	98
Debts written-off	5.2	1	1
<b>TOTAL</b>		<b>118</b>	<b>99</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**5.1 Other material losses written-off**

**Nature of losses**

Losses – (Damage to vehicle due to accidents)

**TOTAL**

Note	2013/14	2012/13
5	R'000	R'000
	117	98
	<b>117</b>	<b>98</b>
	<b>117</b>	<b>98</b>

**5.2 Debts written-off**

**Nature of debt written-off**

Departmental debt written-off

**TOTAL**

Note	2013/14	2012/13
5	R'000	R'000
	1	1
	<b>1</b>	<b>1</b>
	<b>1</b>	<b>1</b>

**6. TRANSFERS AND SUBSIDIES**

Departmental agencies and accounts  
 Higher education institutions  
 Foreign governments and international organisations  
 Non-profit institutions  
 Households

**TOTAL**

Note	2013/14	2012/13
	R'000	R'000
Annex IA	872,633	758,979
Annex IB	3,105	2,490
Annex IC	4,813	3,490
Annex ID	26,000	26,060
Annex IE	253,564	283,772
	<b>1,160,115</b>	<b>1,074,791</b>
	<b>1,160,115</b>	<b>1,074,791</b>

**Note**

The EPWP payments are currently classified as transfer payments to households. National Treasury issued Modified Cash Standards in February 2014 which required the reclassification of expenditure. Given the timing of the finding and magnitude of the changes to be made within the financial system the National Treasury has granted permission to the department to continue with this classification for the 2013/14 financial year. Reclassification of the payments to goods and services and capital payments will be, considered in accordance with the Modified Cash Standard for the 2014/15 financial year.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**7. EXPENDITURE ON CAPITAL ASSETS**

**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

**Intangible assets**

Software

**TOTAL**

Note	2013/14	2012/13
	R'000	R'000
	<b>10,330</b>	<b>9,687</b>
26	-	3,134
24.1	10,330	6,553
	<b>1,299</b>	<b>177</b>
25.1	1,299	177
	<b>11,629</b>	<b>9,864</b>

**7.1 Analysis of funds utilised to acquire capital assets**

**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

**Intangible assets**

Software

**TOTAL**

2013/14	2012/13
Voted Funds	Voted Funds
R'000	R'000
<b>10,330</b>	<b>9,687</b>
-	3,134
10,330	6,553
<b>1,299</b>	<b>177</b>
1,299	177
<b>11,629</b>	<b>9,864</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**7.2 Finance lease expenditure included in Expenditure for capital assets**

	2013/14	2012/13
	R'000	R'000
<b>Tangible assets</b>		
Machinery and equipment	1,524	1,822
<b>TOTAL</b>	<b>1,524</b>	<b>1,822</b>

**8. CASH AND CASH EQUIVALENTS**

	2013/14	2013/14
	R'000	R'000
Consolidated Paymaster General Account	13,008	8,234
Disbursements	(7,548)	(6,862)
Cash on hand	55	55
<b>TOTAL</b>	<b>5,515</b>	<b>1,427</b>

**Note**

The amount of R58,827.03 was paid into the departmental bank account (ABSA Bank) and the interface with our Paymaster General account took place on the 1<sup>st</sup> and 2<sup>nd</sup> April 2014. As the department is on modified cash accounting, this amount is not part of the cash and cash equivalent as stated above.

**9. PREPAYMENTS AND ADVANCES**

	2013/14	2012/13
	R'000	R'000
Travel and subsistence	251	186
Prepayments	1,308	-
<b>TOTAL</b>	<b>1,559</b>	<b>186</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**Note**

The amount for Prepayments was for the Department of Government Communication and Information System (GCIS) required a prepayment for the Domestic Tourism radio campaign.

**10. RECEIVABLES**

	Note	Less than one year	One to three years	Older than three years	2013/14 R'000 Total	2012/13 R'000 Total
10.1						
Claims recoverable	Annex 3	488	-	-	488	93
Recoverable expenditure	10.2	179	9	-	188	358
Staff debt	10.3	239	87	47	373	253
<b>TOTAL</b>		<b>906</b>	<b>96</b>	<b>47</b>	<b>1,049</b>	<b>704</b>

**10.1 Claims recoverable**

	Note	2013/14 R'000	2012/13 R'000
National departments	10	13	41
Provincial departments		245	52
Public entities		230	-
<b>TOTAL</b>		<b>488</b>	<b>93</b>

**10.2 Recoverable expenditure (disallowance accounts)**

	Note	2013/14 R'000	2012/13 R'000
Departmental suspense accounts (Travel advance (foreign currency); Damage vehicles and Staff tax debt)	10	188	358
<b>TOTAL</b>		<b>188</b>	<b>358</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**10.3 Staff Debtors**

	Note	2013/14	2012/13
	10	R'000	R'000
Debt accounts		373	253
<b>TOTAL</b>		<b>373</b>	<b>253</b>

**11. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND**

	Note	2013/14	2012/13
		R'000	R'000
Opening balance		2,184	14,739
Transfer from Statement of Financial Performance		7,907	2,184
Paid during the year		(2,184)	(14,739)
<b>CLOSING BALANCE</b>		<b>7,907</b>	<b>2,184</b>

**12. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND**

	Note	2013/14	2012/13
		R'000	R'000
Opening balance		11	6
Transfer from Statement of Financial Performance		4,209	1,479
Paid during the year		(4,209)	(1,474)
<b>CLOSING BALANCE</b>		<b>11</b>	<b>11</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**13. PAYABLES – CURRENT**

	Note	2013/14 R'000	2012/13 R'000
Other payables	13.1	14	22
<b>TOTAL</b>		<b>14</b>	<b>22</b>

**13.1 Other payables**

	Note	2013/14 R'000	2012/13 R'000
Salary related payables		14	10
Control accounts	13	-	12
<b>TOTAL</b>		<b>14</b>	<b>22</b>

**14. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES**

	Note	2013/14 R'000	2012/13 R'000
Net surplus as per Statement of Financial Performance		12,116	3,663
Add back non cash/cash movements not deemed operating activities		2,918	(6,602)
(Increase)/decrease in receivables – current		(345)	(109)
(Increase)/decrease in prepayments and advances		(1,373)	(133)
Increase in payables – current		(8)	-
Proceeds from sale of capital assets		(592)	(11)
Expenditure on capital assets		11,629	9,864
Surrenders to revenue fund		(6,393)	(16,213)
<b>NET CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>		<b>15,034</b>	<b>(2,939)</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

## 15. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2013/14	2012/13
		R'000	R'000
Consolidated Paymaster General account		13,008	8,234
Disbursements		(7,548)	(6,862)
Cash on hand		55	55
<b>TOTAL</b>		<b>5,515</b>	<b>1,427</b>

## 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 16.1 Contingent liabilities

Liable to	Nature	Note	2013/14	2012/13
			R'000	R'000
Housing loan guarantees	Employees	Annex 2A	26	58
Claims against the department		Annex 2B	15,215	14,546
Intergovernmental payables (unconfirmed balances)		Annex 4	151	322
<b>TOTAL</b>			<b>15,392</b>	<b>14,926</b>

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 which is currently within the legal domain, no indication can be provided on the possible outflow or reimbursement. Two payments (R48,547.48 and R16,625.00) to other departments remain as unconfirmed balances due to the payments made before 31 March 2014 by this department.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**16.2 Contingent assets**

**Nature of contingent asset**

NTCE Partners/Black Magic – Termination of contract and reimbursement of all the funds paid

Been Around GP Advert Consulting cc – Non performance or breach of contract

**TOTAL**

Note	2013/14	2012/13
	R'000	R'000
	1,083	1,083
	2,805	2,805
	<b>3,888</b>	<b>3,888</b>

**17. COMMITMENTS**

**Current expenditure**

Approved and contracted

**Capital expenditure**

Approved and contracted

**TOTAL COMMITMENTS**

Note	2013/14	2012/13
	R'000	R'000
	24,578	13,531
	2,039	1,090
	<b>26,617</b>	<b>14,621</b>

**Note**

Three year contract appointment of an ICT managed service provider for SharePoint software support and maintenance  
 Three year contract appointment of an ICT managed service provider for document configuration services and Live Link.

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**18. ACCRUALS**

**Listed by economic classification**

Goods and services  
 Capital assets  
 Other

**TOTAL**

		2013/14	2012/13
		R'000	R'000
	30 Days	30+ Days	Total
	3,999	-	3,999
	285	-	285
	7	-	7
	<b>4,291</b>	<b>-</b>	<b>4,291</b>

**Listed by programme level**

Administration  
 Policy and Knowledge Services  
 International Tourism  
 Domestic Tourism  
 Other (Assets and liabilities)

**TOTAL**

	Note	2013/14	2012/13
		R'000	R'000
		3,255	2,218
		394	618
		58	352
		577	1,016
		7	247
		<b>4,291</b>	<b>4,451</b>
Confirmed balances with other departments	Annex 4	665	468
<b>TOTAL</b>		<b>665</b>	<b>468</b>

**Note**

The following material accruals (above R100,000) relate to Administration:

Foreign travel	R747,308.50	Telephone account	R232,334.51
Municipal account	R194,109.49	Audit fees	R369,934.33
Finance leases	R139,842.14		

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**19. EMPLOYEE BENEFITS**

	2013/14	2012/13
	R'000	R'000
Leave entitlement	6,091	5,065
Service bonus (Thirteenth cheque)	5,373	4,623
Performance awards	3,087	2,709
Capped leave commitments	3,649	3,447
<b>TOTAL</b>	<b>18,200</b>	<b>15,844</b>

**Note**

Leave entitlement includes a negative amount of R257,305.82 due to the utilisation of leave within the first quarter of the leave cycle.

**20. LEASE COMMITMENTS**

**20.1 Finance leases expenditure**

	2013/14	Machinery and equipment	Total
		R'000	R'000
Not later than 1 year		1,199	1,199
Later than 1 year and not later than 5 years		651	651
<b>TOTAL PRESENT VALUE OF LEASE LIABILITIES</b>		<b>1,850</b>	<b>1,850</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

2012/13
Not later than 1 year
Later than 1 year and not later than 5 years
<b>TOTAL PRESENT VALUE OF LEASE LIABILITIES</b>

Machinery and equipment	Total
R'000	R'000
1,323	1,323
719	719
<b>2,042</b>	<b>2,042</b>

**General description of the material leasing arrangements:**

The department has two material (above R100,000) lease agreements for motor vehicles. Both agreements expire on 28 December 2014.

No asset of the department is sub-leased.

The department has the option to purchase the vehicles when the leases expire.

Restrictions on finance leases for vehicles and photostat machines are imposed by on the department and included such as maintenance and repairs.

## 21. IRREGULAR EXPENDITURE

### 21.1 Reconciliation of irregular expenditure

Opening balance
Add: Irregular expenditure – relating to current year
Less: Amounts condoned
<b>Irregular expenditure awaiting condonation</b>

2013/14	2012/13
R'000	R'000
-	-
-	34
-	(34)
<b>-</b>	<b>-</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

## 22. FRUITLESS AND WASTEFUL EXPENDITURE

### 22.1 Reconciliation of fruitless and wasteful expenditure

	2013/14	2012/13
	R'000	R'000
Opening balance	97	-
Fruitless and wasteful expenditure – relating to prior year	2,784	-
Fruitless and wasteful expenditure – relating to current year	648	108
Less: Amounts resolved	(1,585)	(11)
<b>Fruitless and wasteful expenditure awaiting resolution</b>	<b>1,944</b>	<b>97</b>

### 22.2 Analysis of awaiting resolution per economic classification

	2013/14	2012/13
	R'000	R'000
Current	1,944	97
<b>TOTAL</b>	<b>1,944</b>	<b>97</b>

### 22.3 Analysis of Current Year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2013/14
		R'000
Cancellation of year end function	No disciplinary steps required - investigation done and expenditure condoned as valid expenditure.	330
Late cancellation/no shows/flight amendments with regard to travel bookings	No disciplinary steps required - investigation done and expenditure condoned as valid expenditure.	15
Late cancellation/no shows/flight amendments with regard to travel bookings	Under investigation to determine liability.	303
<b>TOTAL</b>		<b>648</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
*for the year ended 31 March 2014*

**23. RELATED PARTY TRANSACTIONS**

South African Tourism is a Public Entity of the department.  
 Transfer payments to SA Tourism have been included in annexure IA to the financial statements.

**24. KEY MANAGEMENT PERSONNEL**

	No. of Individuals	2013/14 R'000	2012/13 R'000
Political office bearers	2	3,841	3,658
Officials			
Level 15 to 16	5	7,010	6,284
Level 14	15	14,419	12,868
<b>TOTAL</b>		<b>25,270</b>	<b>22,810</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**24. MOVABLE TANGIBLE CAPITAL ASSETS**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>41,185</b>	<b>14</b>	<b>8,817</b>	<b>(5,289)</b>	<b>44,727</b>
Transport assets	3,684	62	2,763	(1,166)	5,343
Computer equipment	17,417	110	4,001	(2,220)	19,308
Furniture and office equipment	11,111	(22)	1,675	(272)	12,492
Other machinery and equipment	8,973	(136)	378	(1,631)	7,584
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>41,185</b>	<b>14</b>	<b>8,817</b>	<b>(5,289)</b>	<b>44,727</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**24.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	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
<b>MACHINERY AND EQUIPMENT</b>	<b>10,330</b>	-	<b>(1,524)</b>	<b>11</b>	<b>8,817</b>
Transport assets	3,039	-	(276)	-	2,763
Computer equipment	4,001	-	-	-	4,001
Furniture and office equipment	1,664	-	-	11	1,675
Other machinery and equipment	1,626	-	(1,248)	-	378
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>10,330</b>	<b>-</b>	<b>(1,524)</b>	<b>11</b>	<b>8,817</b>

**24.2 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>2,366</b>	<b>2,923</b>	<b>5,289</b>	<b>592</b>
Transport assets	924	242	1,166	575
Computer equipment	1,016	1,204	2,220	17
Furniture and office equipment	-	272	272	-
Other machinery and equipment	426	1,205	1,631	-
<b>TOTAL DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2,366</b>	<b>2,923</b>	<b>5,289</b>	<b>592</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**24.3 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>41,816</b>	<b>(4,979)</b>	<b>4,880</b>	<b>532</b>	<b>41,185</b>
Transport assets	4,194	(510)	-	-	3,684
Computer equipment	14,189	943	2,811	526	17,417
Furniture and office equipment	12,185	(2,176)	1,102	-	11,111
Other machinery and equipment	11,248	(3,236)	967	6	8,973
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>41,816</b>	<b>(4,979)</b>	<b>4,880</b>	<b>532</b>	<b>41,185</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**MINOR ASSETS**

**24.4 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

Opening balance  
 Additions  
 Disposals  
**TOTAL MINOR ASSETS**

	Intangible assets	Machinery and equipment	Total
		R'000	R'000
Opening balance	1,364	5,842	7,206
Additions	-	891	891
Disposals	-	(415)	(415)
<b>TOTAL MINOR ASSETS</b>	<b>1,364</b>	<b>6,318</b>	<b>7,682</b>

Number of RI minor assets  
 Number of minor assets at cost  
**TOTAL NUMBER OF MINOR ASSETS**

	Intangible assets	Machinery and equipment	Total
Number of RI minor assets	-	683	683
Number of minor assets at cost	443	5,444	5,887
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>443</b>	<b>6,127</b>	<b>6,570</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**24.5 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	602	4,899	5,501
Current year adjustments to prior year balances	-	227	227
Additions	762	761	1,523
Disposals	-	(45)	(45)
<b>TOTAL MINOR ASSETS</b>	<b>1,364</b>	<b>5,842</b>	<b>7,206</b>

Number of RI minor assets

Number of minor assets at cost

**TOTAL NUMBER OF MINOR ASSETS**

	Intangible assets	Machinery and equipment	Total
	-	661	661
	443	5,821	6,264
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>443</b>	<b>6,482</b>	<b>6,925</b>

**25. INTANGIBLE CAPITAL ASSETS**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	550	20	1,299	(6)	1,863
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>550</b>	<b>20</b>	<b>1,299</b>	<b>(6)</b>	<b>1,863</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
*for the year ended 31 March 2014*

**25.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,299	-	-	-	1,299
<b>TOTAL ADDITIONS TO INTANGIBLE ASSETS</b>	<b>1,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,299</b>

**25.2 DISPOSALS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	6	6	-
<b>TOTAL DISPOSALS TO INTANGIBLE ASSETS</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**25.3 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	2,120	(1,747)	177	-	550
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>2,120</b>	<b>(1,747)</b>	<b>177</b>	<b>-</b>	<b>550</b>

**26. IMMOVABLE TANGIBLE CAPITAL ASSETS**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	<b>3,134</b>	<b>(3,134)</b>	-
Non-residential buildings	-	-	3,134	(3,134)	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>3,134</b>	<b>(3,134)</b>	<b>-</b>

**Note**

The amount of R3,134 million was paid to the Department of Public Works for the refurbishment of the head office accommodation

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

## ANNEXURE IA

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	TRANSFER ALLOCATION			TRANSFER		2012/13	
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS/AGENCY/ACCOUNT							
South African Tourism	856,333	-	10,000	866,333	866,333	100%	754,929
Eastern Cape Parks Agency	3,300	-	-	3,300	3,300	100%	3,000
Tourism Accelerated Apprenticeship Programme	3,000	-	-	3,000	3,000	100%	1,050
<b>TOTAL</b>	<b>862,633</b>	<b>-</b>	<b>10,000</b>	<b>872,633</b>	<b>872,633</b>		<b>758,979</b>

## ANNEXURE IB

### STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS

	TRANSFER ALLOCATION			TRANSFER		2012/13	
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
NAME OF HIGHER EDUCATION INSTITUTIONS							
Cape Peninsula University of Technology	517	-	-	517	517	100%	415
University of Johannesburg	517	-	-	517	517	100%	415
University of Pretoria	1,035	-	-	1,035	1,035	100%	830
University of Venda	518	-	-	518	518	100%	415
University of Zululand	518	-	-	518	518	100%	415
<b>TOTAL</b>	<b>3,105</b>	<b>-</b>	<b>-</b>	<b>3,105</b>	<b>3,105</b>		<b>2,490</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**ANNEXURE IC**

**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
<b>FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION Transfers</b>							
Regional Tourism Organization of Southern Africa (RETOSA)	-	-	3,100	3,100	2,983	96%	1,972
United Nations World Tourism Organization (UNWTO)	1,830	-	-	1,830	1,830	100%	1,518
<b>TOTAL</b>	<b>1,830</b>	<b>-</b>	<b>3,100</b>	<b>4,930</b>	<b>4,813</b>		<b>3,490</b>

**ANNEXURE ID**

**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
<b>NON-PROFIT INSTITUTIONS Transfers</b>							
Federated Hospitality Association of Southern Africa	500	-	-	500	500	100%	500
Ezemvelo KZN Wildlife	500	-	-	500	500	100%	500
Strategic Partner in Tourism	25,000	-	-	25,000	25,000	100%	25,000
Tourism Accelerated Apprenticeship Programme	-	-	-	-	-	100%	60
<b>TOTAL</b>	<b>26,000</b>	<b>-</b>	<b>-</b>	<b>26,000</b>	<b>26,000</b>		<b>26,060</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

## ANNEXURE 1E

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION			EXPENDITURE		2012/13	
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000
<b>HOUSEHOLDS</b>							
<b>Transfers</b>							
Expanded Public Works Programme	214,114	-	-	214,114	214,114	100%	242,710
Expanded Public Works Programme - Incentive	49,107	-	(10,000)	39,107	39,107	100%	40,057
Employee Social Benefits: Leave Gratuity	-	-	343	343	343	100%	523
Bursaries	-	-	-	-	-	-	275
Claims Against the State	-	-	-	-	-	-	207
<b>TOTAL</b>	<b>263,221</b>	<b>-</b>	<b>(9,657)</b>	<b>253,564</b>	<b>253,564</b>		<b>283,772</b>

## ANNEXURE 2 A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

Guarantor institution	Guarantee in respect of Housing	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/released during the year	Currency revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank		54	11	-	11	-	-	-	-
Nedbank Limited		130	26	-	-	-	26	-	-
NHFC (Masikheni)		104	21	-	21	-	-	-	-
<b>TOTAL</b>		<b>288</b>	<b>58</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>-</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**ANNEXURE 2 B**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014**

Nature of Liability	Opening balance 1 April 2013	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2014
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
<b>I CAN-ABCOR</b> - Free State training project agreement.	10,290	-	-	-	10,290
<b>S Nhlumayo</b> - Applicant is claiming for compensation arising from the alleged unfair dismissal by the department.	526	-	-	-	526
<b>LATAC Motors</b> - Claiming for damages arising from negligent driving by an official of the department.	51	-	(51)	-	-
<b>Black Magic Communications</b> - Counter claim against the NTCE partners for repudiation of agreement.	594	-	-	-	594
<b>NS Neluvhola and 131 others</b> - Claim against the department for terminating a contract with an implementing agent.	3,085	-	-	-	3,085
Labour Relations matter	-	720	-	-	720
<b>TOTAL</b>	<b>14,546</b>	<b>720</b>	<b>(51)</b>	<b>-</b>	<b>15,215</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**ANNEXURE 3**

**CLAIMS RECOVERABLE**

**Government Entity**

**Department**

Department of Home Affairs

Department of Independent Police Investigation Directorate

Gauteng Provincial: Office of the Premier

Gauteng Provincial: Department of Agriculture and Rural Development

KwaZulu-Natal - Department of Economic Development and Tourism

**Sub Total**

**Other Government Entities**

CATHSSETA

**Sub Total**

**TOTAL**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Department of Home Affairs	-	15	13	-	13	15
Department of Independent Police Investigation Directorate	-	26	-	-	-	26
Gauteng Provincial: Office of the Premier	15	-	-	-	15	-
Gauteng Provincial: Department of Agriculture and Rural Development	-	52	-	-	-	52
KwaZulu-Natal - Department of Economic Development and Tourism	-	-	230	-	230	-
<b>Sub Total</b>	<b>15</b>	<b>93</b>	<b>243</b>	<b>-</b>	<b>258</b>	<b>93</b>
<b>Other Government Entities</b>						
CATHSSETA	-	-	230	-	230	-
<b>Sub Total</b>	-	-	230	-	230	-
<b>TOTAL</b>	<b>15</b>	<b>93</b>	<b>473</b>	<b>-</b>	<b>488</b>	<b>93</b>

DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2014

**ANNEXURE 4**

**INTER-GOVERNMENT PAYABLES**

**Government entity**

**Department**

**Current**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Parliament of South Africa	1	-	16	-	17	-
Government Communication and Information System	-	58	48	-	48	58
Department of Correctional Services	-	27	-	-	-	27
Department of Government Printing Works	8	-	-	-	8	-
Department of Home Affairs	19	-	-	-	19	-
Department of International Relations and Cooperation	441	87	68	296	509	383
Department of Justice and Constitutional Development	184	287	-	-	184	287
Department of Performance, Monitoring & Evaluation	-	9	-	-	-	9
Department of Trade and Industry	-	-	-	3	-	3
Free State: Social Development	-	-	-	23	-	23
Western Cape Provincial Treasury	12	-	-	-	12	-
Western Cape: Social Development	-	-	19	-	19	-
<b>TOTAL</b>	<b>665</b>	<b>468</b>	<b>151</b>	<b>322</b>	<b>816</b>	<b>790</b>



DEPARTMENT OF TOURISM  
**VOTE: 35**  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
*for the year ended 31 March 2014*

**ANNEXURE 5**

**INVENTORY**

**Inventory**

Opening balance  
 (Less): Adjustments to prior year balances  
 Add: Additions/Purchases - Cash  
 Add: Additions Non-Cash  
 (Less): Issues  
 (Less): Adjustments

**Closing balance**

Quantity	2013/14	Quantity	2012/13
	R'000		R'000
7,323	150	9,035	646
(7,323)	(150)	(90)	(436)
-	-	15,632	4,308
-	-	2	-
-	-	(17,250)	(4,360)
-	-	(6)	(8)
<b>-</b>	<b>-</b>	<b>7,323</b>	<b>150</b>

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 National Department of Tourism

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Tourism House

