



BREAKING NEW GROUND

TOURISM
KWAZULU-NATAL
ANNUAL REPORT 2019/20



CON TEN TS

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ACRONYMS

APTA	Association for Promotion of Tourism
B-BEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
COGTA	Department of Co-operative Governance and Traditional Affairs
DEDTEA	Department of Economic Development, Tourism and Environmental Affairs
DM	District Municipality
DKZN	Durban KwaZulu-Natal Convention Bureau
DMO	Destination Marketing Bureau
EIA	Environmental Impact Assessment
ETEYA	Emerging Entrepreneur of the Year Award
FAM	Familiarisation
FEDHASA	Federated Hospitality Association of South Africa
GDP	Gross Domestic Product
GGP	Gross Geographic Product
GRAP	Generally Recognised Accounting Practice
GSA	General Sales Agency
HR	Human Resources
ICCA	International Congress and Convention Association
ICT	Information and Communications Technology
JMA	Joint Marketing Agreement
KSIA	King Shaka International Airport
KZN	KwaZulu-Natal
LSM	Living Standards Measure
NDT	National Department of Tourism
NEF	National Empowerment Fund
NTSS	National Tourism Sector Strategy
SA	South Africa
SAA	South African Airways
SAACI	Southern African Association for the Conference Industry
SADC	Southern African Development Community
SAPOA	South African Property Owners Association
SAT	South African Tourism
SMME	Small, Medium and Micro Enterprises
TGCSA	Tourism Grading Council of South Africa
TEA	Tourism Economic Account
TEP	Tourism Enterprise Partnerships
TIKZN	Trade & Investment KwaZulu-Natal
TKZN	Tourism KwaZulu-Natal
TSA	Tourism Satellite Account
TTRA	Travel and Tourism Research Association
UNWTO	United Nations World Tourism Organisation
WTM	World Travel Market
WTTC	World Travel & Tourism Council

PART A GENERAL INFORMATION

Public Entity's General Information

Registered Name: KwaZulu-Natal Tourism Authority

Physical Address: Ithala Trade Centre, 2nd Floor, 29 Canal Quay Road, Point Waterfront

Postal Address: PO Box 2516, Durban, 4000

Telephone: +27 (0)31 366 7500

Email: info@zulu.org.za

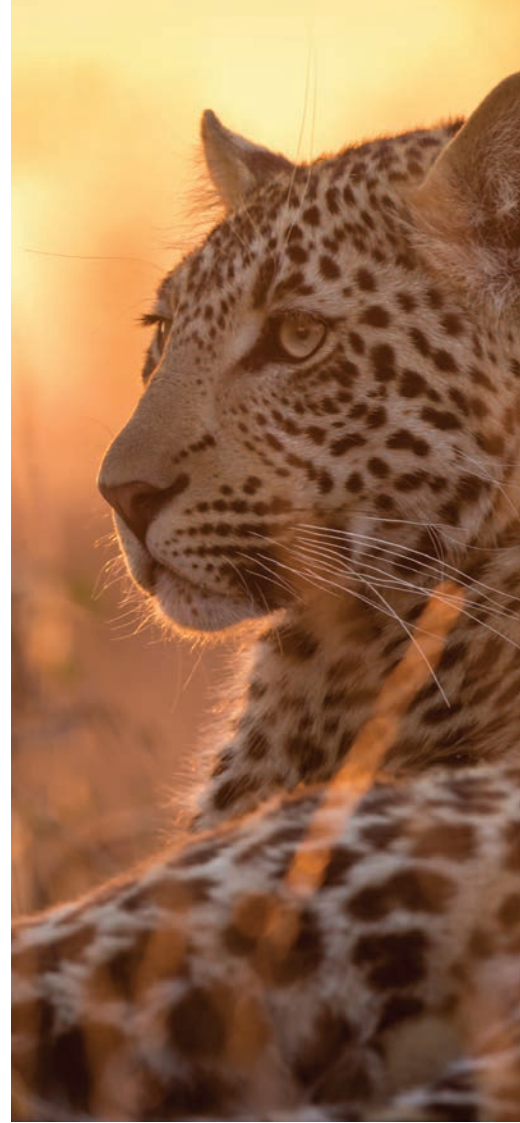
Website: www.zulu.org.za

External Auditors: Auditor-General of South Africa

Bankers: First National Bank

Board Secretary: Mrs Pinky Radebe





THE YEAR 2019/2020 WAS ONE OF OUR BEST PERFORMING YEARS, WHERE WE SAW MILLIONS OF LOCAL AND FOREIGN VISITORS FLOCK TO OUR SHORES TO EXPLORE THE DIVERSE RANGE OF ACTIVITIES AND LANDSCAPES - LIKE SEA, MOUNTAINS AND BUSH - WHICH THE PROVINCE HAS TO OFFER.

Despite this, KwaZulu-Natal and South Africa recognises the fact that tourism has in the last two decades become an important economic sector for most African countries. In our province, there has been increased investments in product development and enhancement, increased destination marketing, coupled with appropriate business-friendly socio-political reforms.

The exponential increase in domestic trips to KwaZulu-Natal is testament to the hard work which has gone into promoting the province. In 2019, KwaZulu-Natal experienced a 112 percent increase compared to 2018 in domestic tourist trips which saw 6,2 million trips undertaken into and within the province, which put us in the top two most visited domestic tourism provinces in the country. This is the most significant growth that the province has seen in the domestic front in the past seven years.

Strategically it means that tourism is able to fulfil its role as a catalyst for socio-economic change by employing more people, while the spin-offs have positive impacts on other industries like food and transport as well.

One of the major highlights ahead of the December holiday season in 2019 was the opening of Africa's longest promenade on the Durban beachfront. The addition to the existing promenade which stretches further south from uShaka Beach to the harbour entrance, makes it easier to navigate the beachfront for walkers and those who want to exercise. It also makes Durban CBD living more attractive for those who want to invest in residential property around the waterfront.

Another major event on the tourism calendar was the commencement of the building of a dedicated world-class passenger cruise terminal in Durban.



**NOMUSA
DUBE-NCUBE**

MEC for Economic
Development, Tourism
& Environmental Affairs



The highly publicised sod-turning ceremony for the terminal marked the beginning of the R200-million green energy efficient terminal development, which will house several features, including a retail component and multi-purpose training, conferencing and event facilities. The terminal is due for completion in 2022.

This is a significant development for the tourism sector as the cruise industry is a major money spinner and thousands of tourists from around the country, and beyond, head for the Port of Durban every season to embark on their cruise holidays. Many of them boost the local tourism economy even further by staying in local hotels and going on tours either before or after their cruises. We continue to work towards the implementation of the province's Tourism Master Plan, ensuring that tourism activities are not limited to big towns and cities but that they are expanded into lesser known geographical areas to boost those economies.

We are working towards the vision that, by 2030, KwaZulu-Natal will become globally renowned as Africa's top beach destination with a unique blend of wildlife, scenic and heritage experiences for all visitors. This plan is not just a government plan but is private-sector driven and community-based.

We already have strong private sector buy-in, good inter-governmental co-ordination and clearly defined roles for each stakeholder for the vision of the Tourism Master Plan to be fully realised.

Tourism KwaZulu-Natal continues to gain insight into traveller needs and as a means of researching the market to make the province more destination-friendly and, where needed, bring about improvements as quickly as possible.

In the year under review, our research shows that business events contributed an estimated R6 billion in the economy of the province and further created and sustained over 13 000 jobs for the people of our province. Furthermore, that has catapulted KwaZulu-Natal as one of the top business events destinations in the world. This was testament by the confirmed hosting of the World Football Summit which was set to take place in Africa for the first time in history.

Various recovery plans have been put in place to ensure that despite the unprecedented times, once visitors are free to travel to our province again, they will remain eager to "Do KZN".

KwaZulu-Natal is a resilient province and will overcome adversity. Our vision remains that of building a strong and sustainable tourism sector that improves the lives of all our people. As soon as restrictions on international and national travel are lifted, we aim to ensure that KwaZulu-Natal remains amongst the top tourist destinations.

We are preparing our tourism sector and all the people of KwaZulu-Natal to welcome our tourists. As I indicated in my department's Budget Speech delivered in June 2020, the reality of the matter is that the world's top destinations are empty and we all have to start from scratch.

We are working with industry stakeholders to enhance our

destination by improving infrastructure at various tourism magnets throughout the province, ensuring health and safety measures are in place. A crisis like this also provides an opportunity to increase our promotion of domestic and intra-African tourism and travel. This will serve as a catalyst for triggering recovery and stimulating growth in the industry.

Herein lies the purchasing power and potential contributions of the growing African middle-higher income classes to the industry.

I am confident that we will emerge from this situation stronger, more innovative and with even greater tourism figures than before.

I wish to pay tribute to the board, Acting CEO, executive management and all categories of staff.

Ms Nomusa Dube-Ncube, MPL
MEC: KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs

CHAIRPERSON'S STATEMENT

WHILE THE WORLD HAS CHANGED, ASSUMING THE GUISE OF A 'NEW NORMAL,' TOURISM KWAZULU-NATAL CONTINUES WITH ITS POSITIVE AND PROACTIVE APPROACH IN REMAINING TOP-OF-MIND FOR BOTH DOMESTIC AND INTERNATIONAL TOURISTS.

I am pleased to report that the entity's vision to keep KwaZulu-Natal as Africa's leading tourist destination paid off during the 2019/20 financial year. The period witnessed KwaZulu-Natal experiencing an impressive 112% increase in domestic tourist arrivals in the province, with a total of 6,2 million trips.

This was certainly our best-performing year in the past seven years, testimony to the extremely hard work undertaken by Tourism KwaZulu-Natal to ensure our creation of solid relationships with members of the trade and tour operators, who continue working closely with us in order to sell and package KwaZulu-Natal in all our key source markets.

On the international front, KwaZulu-Natal welcomed 800 223 tourists from all over the globe, keen to visit our destination during the course of 2019.

Arrival numbers at Durban's King Shaka International Airport grew by 6,5% in 2019 compared with 2018 when 6,26 million passengers were recorded. Overall passenger numbers in December 2019 grew by an impressive 11,6% to almost 616 000 people. Such results reflect sustainable growth, resulting in a promising financial year for the province.

KwaZulu-Natal remains one of the country's top three domestic tourism destinations and figures demonstrate that domestic and international leisure and business tourists continued to holiday, attend conferences and events and conduct business in our region. This was greatly helped by increased airline connectivity, inclusive of, especially, the introduction of the direct British Airways route between King Shaka International Airport in Durban and London Heathrow, together with the province's on-going promotional campaigns in emerging markets.

As a country, we have - of course - been immensely affected by the global COVID-19 pandemic, which has wreaked havoc across the tourism sector worldwide. Towards the last quarter of the year under review, KwaZulu-Natal was forced, by circumstance, to cancel top international events and conferences which were set to be hosted here - the direct consequence of the pandemic.

As a province, we have lost immeasurable contributions to our economy because of the pandemic and this has sadly impacted on the meaningful role that tourism plays in the economic transformation of our country and the upliftment of our people.

The entity's Management Team should, however, be lauded for their efforts as regards encouraging and promoting tourism transformation. These included the support the entity has provided emerging tourism entrepreneurs, by affording them market access in influential platforms such as Africa's Travel Indaba, Meetings Africa and a number of consumer shows in the SADC region. We have also hosted numerous workshops to ensure that our emerging tourism entrepreneurs are provided every assistance necessary to bid for and host international businesses, independently.

Our Tourism Development Department played a facilitation role in supporting emerging, small and, in particular black-owned businesses, by enabling them to showcase their operations on international platforms.

Transformation efforts such as these, coupled with President Cyril Ramaphosa's



**SITHEMBISO
MADLALA**

Chairperson



announcement in his State of the Nation address in February, of the creating of a Tourism Equity Fund, significantly boosts the entry of new tourism owners, including women, rural communities and members of the youth.

As access to funding is a real deterrent, this new Fund is an important step in fast-tracking transformation. Now new entrants may enter the value chain, bringing something different to current offerings and, thus, enhancing and diversifying the sector. While opening up the industry to young people, women and emerging companies, it is equally important to reach every corner of the province and to encourage a consistent geographic spread of the entire Zulu Kingdom's offering.

Tourism KwaZulu-Natal, thus, continues working to improve the geographic spread of tourist visits across the province, ensuring demand-driven tourism development and industry transformation, nurturing strategic products across the region and creating additional employment opportunities.

One such intervention is the development in the past few years of adventure tourism, which has assisted the entity to focus on promoting geographical spread. Coastal provinces, such as ours boasting the sea, mountains, rivers, dunes, open veld and nature reserves can account for the development of the sector.

However, this requires still greater attention, as the density and distribution of operators has resulted in the sector still being regarded as under-developed. Opportunities for expansion abound, especially in terms of urban adventure products. By facilitating the development of additional tourism products, ensuring geographical spread and paving the way for more entrants to the tourism sector, the entity has also focused its attention on reaching the right audiences, far and wide, keen and eager to visit the province.

Through the use of various multi-faceted media interventions, the entity has ensured that the destination appeals to diverse audiences. The profile of the tourist, whether domestic or international, is changing. This has allowed us to explore new markets for travel and to create additional opportunities to position destination KwaZulu-Natal for a much wider audience and to offer a myriad of travel options to clients.

Focusing on domestic tourism for a moment, the entity has worked to ensure that tourism does not suffer from seasonality issues. To this end, partnerships with major events proved critical in drawing visitors and tourists by offering parallel tourism opportunities. This resulted in a consistent flow of tourists throughout the year, inclusive of traditional low seasons, when people would not otherwise travel.

Business events continue being an important component in growing tourism and ensuring that tourism remains one of the top contributing sectors of our economy. During the year under review, we submitted 31 events bids for consideration and - if successful

- have the potential to contribute in excess of R2 billion in direct spend, so growing the economy of the province.

Business tourism emanates from conferences, meetings, exhibitions, events or incentives with an international audience, as well as through regional and global exhibitions and corporate meetings.

The impact of business tourism for South Africa generally and KwaZulu-Natal in particular, is the potential for the development of the potential for year-round tourism offerings and growth in off-season tourism capacity and occupancy and improving the overall national economy, while building a positive image of our country. These conferences further assist in bringing much-needed skills to various sectors in the province through partnerships with such entities as the University of KwaZulu-Natal, which often provide partner status from a knowledge-sharing perspective with global leaders in a range of business streams.

**THE POTENTIAL TO
CONTRIBUTE IN
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PROVINCE.**

The year 2020 saw us enter a new era in tourism when the COVID-19 pandemic brought the global tourism community to its knees. When borders re-open, travel will be different. The way people travel and how holidaymakers plan their vacations will be forever changed and so will the KwaZulu-Natal experience.

While tourism is a key driver of economic delivery and a priority sector for employment creation in the province, Tourism KwaZulu-Natal recognises

the effects of the global downturn, but emphasises that the sector has repeatedly bounced back stronger than before - every time and in every way. We have beaten the odds before; we can beat the current global challenges.

On behalf of the Zulu Kingdom, we will continue to deliver our brand promise by creating a unique, personal experience at each service encounter, so that the province might earn the distinction of being a unique destination compared to the rest of the world.

In closing, I would thank the MEC for Economic Development, Tourism and Environmental Affairs, Ms Nomusa Dube-Ncube and the Acting Head of the Department, Mr Sihle Mkhize, for their leadership and support throughout the year.

As always, I express my gratitude to my Board colleagues, the management team and all the members of Tourism KwaZulu-Natal's staff, as well as our valued tourism trade partners, all of whom continue to work extremely hard to promote KwaZulu-Natal's many attractions and to bring tourists to our region.

Sithembiso Madlala
Chairperson

THE TOURISM SECTOR IN KWAZULU-NATAL REMAINS ONE OF PRIME IMPORTANCE, AS AN INCOME-GENERATOR FOR BOTH SMALL AND BIG BUSINESS AND ACTING AS AN ECONOMIC STIMULUS FOR THE REGION, THUS **PROMOTING EQUITY AND TRANSFORMATION.**

Tourism KwaZulu-Natal continues being guided by the Tourism KwaZulu-Natal Strategy which envisages that this province be recognised as Africa's leading tourist destination. We never lose sight of our focus of growing tourist numbers, improving the geographic spread of our leisure and business visitors or driving the transformation agenda by supporting black-owned small, medium and micro-tourism enterprises.

During the period under review, KwaZulu-Natal proudly cemented its position as this country's 'go-to' destination and, to promote further stimulus in the Zulu Kingdom, Government made significant progress towards building and maintaining tourism assets in the province, resulting in new developments and the attendant diversity of the destination's tourism offerings.

Among such endeavours was a new Cruise Terminal at Durban harbour. It is envisaged that this R220 million investment will increase tourism in KwaZulu-Natal and create more than 1 000 new employment opportunities. Construction commenced during the year under review and once complete this venture will ensure that the destination takes its rightful place as one of the globe's top cruise destinations.

Before the world was hit by the COVID-19 crisis, which effectively brought tourism to a standstill, cruise tourism was showing a healthy increase in popularity.

The newly extended promenade on Durban's famed beachfront was opened ahead of the traditional December holiday influx of visitors. This R380 million investment makes this the longest uninterrupted waterfront promenade in Africa, and makes the city's most important tourism asset ever more attractive.

From Durban to Jozini, and from Botswana to Nairobi, we have traversed the SADC region, the wider continent and beyond in order to deliver on our strategic objectives, producing unprecedented value, inclusive of high-level public relations interventions, the hosting of media representatives and tour operators and the signing of new agreements with source countries, as well as involvement in trade shows, all in the interests of promoting international, regional and domestic tourism.

Africa, the new frontier

Africa has become the new frontier and an important market for Tourism KwaZulu-Natal. Our entity is involved in an all-out push across the continent to attract increasing numbers of tourists.



**PHINDILE
MAKWAKWA**

Acting Chief Executive
Officer and Chief
Operating Officer



In the past several years, the number of arrivals from across Africa has steadily risen year-on-year from 450 000 to half a million visitors. These visitors represent the biggest portion of international arrivals in the province. Statistics reveal that in 2019 arrivals from across Africa into South Africa accounted for 7,6 million (-2,4%), compared against 7,8 million in 2018.

Africa is one of the fastest growing markets globally and should certainly be regarded as South Africa's and, indeed, KwaZulu-Natal's 'new gold.' During the past year we continued with robust engagement involving key members of the Africa tourism trade so as to ensure that they view South Africa and its wide variety of attractions as a 'must see' destination for their clients. This message was carried throughout all our interventions on the continent.

Public relations and tourism

Tourism KwaZulu-Natal's bold marketing strategy of the past financial year was coupled with a multi-pronged communication and public relations plan which sought to distribute Tourism KwaZulu-Natal news both internally and externally.

Radio, an extremely quick and efficient method of reaching large numbers with immediate effect, was used by employing commercial, national and provincial stations to highlight tourism activities.

By way of example, Tourism KwaZulu-Natal's major focus on the African market - and the drive to woo African tourists - resulted in the entity making a concerted effort to collaborate with media outlets in order to afford access to such audiences and, in so doing, to activate tourist attractions.

As different forms of media become increasingly more instant, digital and fast-paced, Tourism KwaZulu-Natal has adapted its strategies to create widespread awareness of our provincial offerings for customers. This was achieved by using high-level campaigns in print media, broadcast and social media, as well as through word-of-mouth.

This multi-pronged approach assisted greatly in building the brand, its reputation and in producing solid results with regard to tourist arrivals.

Business Tourism

The City of Durban has, for many years, been well-known as the conference capital of South Africa and one of the leading conference destinations in Africa. The Durban KwaZulu-Natal Convention Bureau has contributed appreciably to such a destination positioning. The Convention Bureau, which operates as a business unit of Tourism KwaZulu-Natal, is responsible for the promotion of business tourism services in KwaZulu-Natal, with Durban being the major hub for hosting these events.

Between April 2019 and March 2020, the Convention Bureau secured as many as 31 bids, with revenue from these estimated to be in excess of R857 million. Those who attended conferences and other business events were further encouraged to experience the majesty of the Zulu Kingdom through a range of tourism programmes, both before and after their scheduled engagements.

Impact of digital marketing

The use of technology plays a key role in the execution of Tourism KwaZulu-Natal's mandate.

Our website and mobile App, together with various partners' online booking systems, ensures that information about tourism destinations is effortlessly accessible and easy to disseminate. In total, some 336 632 new users visited the entity's website and gained access to key tourism information during this period. The top sources of digital traffic are South Africa, the United States, the United Kingdom, Germany and India. Website visitors were most interested in the following sections: 'Destinations,' 'Things to do' and 'Events.' The top three growing social media channels which directed traffic to the website included Facebook, Twitter and Instagram.

Pleasingly, mobile traffic to the website for travel information continues growing. Interested parties are able to access information by means of a mobile internet browser, available on all smartphones. The Tourism KwaZulu-Natal Travel Guide - a mobile application - was distributed to 5 551 new mobile devices and continues to grow.

Transformation and youth entrepreneurship in tourism

During the past year we embarked on a major push for members of the youth to acquire business opportunities in the tourism sector, enhancing Government's small enterprise support programme and enabling additional entrepreneurs to enter the market.

Government's outlay of funding from such entities as the National Empowerment Fund, Department of Trade and Industry, Industrial Development Corporation (IDC) and the National Youth Development Agency, among others, provided the platform to facilitate financial and non-financial support for black and empowered businesses.

Tourism KwaZulu-Natal used the year under review to offer training in various areas, so as to support emerging tourism entrepreneurs, with such interventions ranging from Finance Management and Customer Care to Hospitality. This was undertaken in conjunction with key industry partners, including the South African Tourism Services Association (SATSA).

COVID-19 Tourism recovery plan

The closing days of the final quarter of reporting period, saw the entire tourism sector hard-hit by the COVID-19 pandemic and resultant stringent, though necessary, precautionary interventions. However, the industry has shown an unprecedented resolve to recover from the health crisis, and partnerships are more important now than ever before, as we pool resources to ensure the sector's survival, recovery and, ultimately, its re-growth.

Here at Tourism KwaZulu-Natal, we are confident that in spite of the prevailing challenges, the hard work we have put in over the past year will pay handsome dividends.

A Tourism Recovery Task Team, comprising public and private sector partners, was established at the end of the Financial Year to work to mitigate the effects of the pandemic.

CHIEF EXECUTIVE OFFICER'S REPORT

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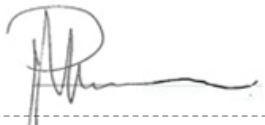
Our dedicated team has gone to great lengths to market our beautiful province as a destination of choice and we remain assured that once a sense of normality returns to the world, KwaZulu-Natal will again appeal to both local and foreign holidaymakers.

Appreciation

Tourism KwaZulu-Natal has enjoyed most favourable results in the 2019/20 financial year, due largely to the dedication and enthusiasm of a team of officials who continue to deliver their best, in spite of obstacles. Accordingly, and at the end of another productive year, I would like to thank our members of staff for their sterling work, without which we would not have been able to achieve our goals. I am certain that, working together, we will go from strength to strength and be confident about the future.

Of course, none of these achievements would have been possible without the strong leadership afforded us by the members of our Board, who have consistently supported management throughout the year. I would like to extend a special word of gratitude to the MEC for Economic Development, Tourism and Environmental Affairs, Ms Nomusa Dube-Ncube, for her unwavering support of our Board and management.

Last, but certainly not least, I take this opportunity to thank all our tourism trade partners for their dedication to the Zulu Kingdom brand. We know 2020 is proving to be an incredibly challenging year for tourism, but together we certainly will rise again. Working as a team, we will once more rollout the red carpet to welcome our local and international visitors back to our shores and do what we do best ... offer warm Zulu Kingdom hospitality.



Phindile Makwakwa
Acting Chief Executive Officer and
Chief Operating Officer



OUR DEDICATED TEAM

has gone to great lengths to market our beautiful province as a destination of choice



STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED 31 MARCH 2020

THE PUBLIC FINANCE MANAGEMENT ACT (NO.1 OF 1999), AS AMENDED, REQUIRES THE ACCOUNTING AUTHORITY TO ENSURE THAT THE PUBLIC ENTITY MAINTAINS FULL AND PROPER RECORDS OF ITS FINANCIAL AFFAIRS.

It also requires that the Annual Financial Statements fairly present the state of affairs of the Public Entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of each financial year in terms of Generally Recognised Accounting Practices (GRAP).

Tourism KwaZulu-Natal acknowledges that the Annual Financial Statements are the responsibility of the members of the Authority.

The Auditor-General of South Africa is responsible for independently auditing and reporting on the Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with statements of GRAP. They are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The members have reviewed the Public Entity's budget and cash flow forecasts for the year ended 31 March 2020. On the basis of this review, and in view of the current financial position, the members have every reason to believe that the Public Entity will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the Annual Financial Statements.

To enable members to meet the above responsibilities, the Board sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute, assurance against material misstatements and losses.

The Public Entity maintains internal financial controls to provide assurance regarding the safeguarding of assets against unauthorised use or disposition, and the maintenance of proper accounting records, and the reliability of financial information used within the business.

In the opinion of members, based on information available to date, the Annual Financial Statements fairly present the financial position of Tourism KwaZulu-Natal at 31 March 2020, the results of its operations and cash flow information for the year then ended, and that the Code of Corporate Governance has been adhered to.

The Annual Financial Statements for the year ended 31 March 2020 set out on pages 76 to 81 were approved by the Accounting Authority in terms of Section 51(1)(f) of the Public Finance Management Act 1999 (No. 1 of 1999), as amended, and are signed on its behalf by:



Mr Paulos Ngcobo
Audit and Risk Chairperson



Ms P Makwakwa
Acting Chief Executive Officer and
Chief Operating Officer



MR PAULOS NGCOBO

Audit and Risk Committee
Chairperson



**THE KWAZULU-NATAL
TOURISM AUTHORITY,
WHICH TRADES AS
TOURISM KWAZULU-NATAL,
WAS ESTABLISHED IN
TERMS OF THE KWAZULU-
NATAL TOURISM ACT, 1996,
AS AMENDED BY ACT NO.2
OF 2002.**



Vision

To position the province of KwaZulu-Natal as Africa's leading destination, nationally and internationally.

Mission

- To initiate, facilitate, co-ordinate and implement strategic tourism marketing and demand-driven tourism development programmes which grow tourism, thereby serving to achieve:
 - The transformation of the tourism sector; and
 - Provide economic benefits to all stakeholders and the province.

Objectives

- Strategic leadership in destination marketing and corporate governance;
- Increase share of domestic trips;
- Increase share of international arrivals;
- Increase tourism spend;
- Increase business events in the province;
- Increase geographic spread;
- Improve destination image and service excellence;
- Responsible and demand-driven tourism development;
- Transformation; and
- Enabling environment.

Values

- We value the contribution of our people by recognising their performance and appreciating them as people;
- We all strive for superior delivery of customer service both internally and externally;
- We are committed to making KwaZulu-Natal the top destination in Africa;
- In performing our duties, we will trust each other to be honest and reliable;
- We will respect each other and communicate in a way that demonstrates this;
- In all our dealings, we will act with integrity, so that people trust us;
- Through our professionalism, people will value dealing with us; and
- Team spirit is what will make Tourism KwaZulu-Natal a great place to work!

LEGISLATIVE AND OTHER MANDATES

The KwaZulu-Natal Tourism Authority, trading as Tourism KwaZulu-Natal, was established in terms of the KwaZulu-Natal Tourism Act, 1996, as amended by Act No. 2 of 2002.

The organisation is accountable to the KwaZulu-Natal Provincial Government's Department of Economic Development, Tourism and Environmental Affairs. In terms of the Act, Tourism KwaZulu-Natal is responsible directly and indirectly for the development, promotion and marketing of tourism into and within the province, with the power:

- 1) To investigate and make recommendations to Cabinet, through the Minister, on any matter relating directly or indirectly to the promotion, development or marketing of tourism for KwaZulu-Natal;
- 2) To be solely responsible for marketing and promoting the province as a whole to international and domestic tourism markets in competition and co-operation with other provinces in the Republic, and in co-operation with municipalities;
- 3) Within the framework of national and provincial tourism policies to co-ordinate with, advise and guide municipalities, tourism operators, tourism establishments and organisations or institutions whose activities or aims have an impact on and relate to the promotion, development or marketing of tourism in KwaZulu-Natal;
- 4) For the purposes of implementing provincial tourism policy, promoting, developing and marketing tourism for KwaZulu-Natal, with the prior approval of the Minister:
 - a) To establish and operate one or more companies, or other similar bodies, and to buy and sell shares in such companies, closed corporations or other such similar bodies;
 - b) To enter into joint ventures with other institutions, organisations, bodies or persons;
 - c) To become partners or shareholders in companies, closed corporations or other bodies and to sell all or part of such shares or interests;
 - d) To raise funds through donations and sponsorships;
 - e) To enter into agreements and contracts with any institution, body, organisation or person anywhere in South Africa;

- f) To enter into international agreements and contracts, with the approval of the Minister, provided that the approval of the Minister may not be unreasonably withheld and must be given within a reasonable time;
 - g) To register, accredit, classify, grade and certify tourism operators and establishments in the province;
 - h) To implement levies and other charges on tourism operators and establishments in the province;
 - i) To undertake research for the effective implementation and development of provincial tourism policy;
 - j) To maintain a database of tourism operators and establishments within the province; and
 - k) To formulate and implement processes to increase public access to information about provincial tourism operators, establishments and other tourism resources in the province.
- 5) To perform any other function or activity as prescribed or directed by the Minister in relation to the implementation, development, marketing and promotion of provincial tourism policy.

In terms of 4. g) above:

- The functions of the Tourism Grading Council have been delegated by the Minister to the South African Tourism Board. According to Chapter 4 of the Tourism Act (No.3 of 2014), a function of the Tourism Grading Council is to implement and manage the national grading council for tourism, as contemplated in Section 28 of the said Act; and
- The function of registering tourism businesses and operators has been delegated to the Provincial Department, Economic Development, Tourism and Environmental Affairs, by the White Paper on the Development and Promotion of Tourism in KwaZulu-Natal (2008).

Tourism KwaZulu-Natal is further established in terms of the Public Finance Management Act, 1999, as amended (PFMA), through which it is listed as a Schedule 3C Provincial Public Entity. As such, all prescripts and regulations arising from the PFMA are applicable to its governance and operations.

ORGANISATIONAL STRUCTURE



Board of Directors

During the course of the 2019/2020 financial year, TKZN's Board of Directors comprised 10 members, as depicted below.



Mr Sithembiso Madlala
Chairperson



Ms Patricia Lebenya
Deputy Chairperson
(Until 31/08/2019)



Dr Usha Roopnarain
Human Resources and
Compensation Committee
Chairperson
(Until 31/08/2019)



Mr Terence Delomoney
Marketing and Tourism
Development Committee
Chairperson



Mr Paulos Ngcobo
Audit and Risk Committee
Chairperson



Mr Thamsanqa Mzileni
Board Member
Human Resources and
Compensation Committee
(From 16/10/2019)



Mr Michael Jackson
Board Member
(Until 31/08/2019)



Prof. Thokozani Nzimakwe
Board Member



Ms Phindile Makwakwa
Acting Chief Executive Officer and
Chief Operating Officer



Ms Pinky Radebe
Board Secretary



Prof Thandi Nzama
Convention Bureau Committee
Chairperson



Ms Nise Malange
(Board Member until
31 December 2019)



Ms Mato Madlala
Deputy Chairperson as at 31 December 2019

ORGANISATIONAL STRUCTURE

continued...

Membership and Attendance: Board Meetings - 2019/20

Member	7 June 2019	30 August 2019	16 October 2019	11 November 2019	29 November 2019	31 January 2020	10 March 2020	20 March 2020
Mr S Madlala (Chairperson)	P	P	P	P	P	P	P	P
Ms Patricia Lebenya	P	P	N/A	N/A	N/A	N/A	N/A	N/A
Prof Thandi Nzama	P	P	P	P	P	P	P	P
Mr Michael Jackson	A	A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Thamsanqa Mzileni	P	P	P	P	P	P	P	P
Mr T Delomoney	P	P	P	P	P	A	P	P
Dr U Roopnarian	P	P	N/A	N/A	N/A	N/A	N/A	N/A
Mr Paulos Ngcobo	P	P	P	P	P	N/A	P	P
Prof Thokozani Nzimakwe	P	A	P	P	P	P	P	P
Ms Mato Madlala	N/A	N/A	N/A	N/A	N/A	N/A	P	A
Ms Nise Malange	N/A	N/A	P	P	P	N/A	N/A	N/A

P = Present A = Apology N/A = Not Applicable

Membership and Attendance: Human Resources Committee - 2019/20

Member	16 April 2019	30 May 2019	7 June 2019	12 June 2019	16 July 2019	18 October 2019	28 October 2019	31 January 2020
Dr U Roopnarain (Chairperson) (Until 31 August 2019)	P	P	P	P	P	N/A	N/A	N/A
Mr T Mzileni (Chairperson)	P	P	P	P	P	P	P	P
Ms P Lebenya	P	A	P	P	P	N/A	N/A	N/A
Prof T Nzimakwe	P	P	P	P	P	P	P	P
Prof T Nzama	N/A	N/A	N/A	N/A	N/A	P	P	P
Ms N Malange	N/A	N/A	N/A	N/A	N/A	P	P	N/A

P = Present A = Apology N/A = Not Applicable

Membership and Attendance: Marketing and Tourism Development Committee - 2019/20

Member	15 April 2019	12 July 2019	21 October 2019	28 February 2020
Mr T Delomoney (Chairperson)	P	P	A	P
Mr M Jackson	A	A	N/A	N/A
Prof T Nzama	P	P	P	P
Mr P Ngcobo	P	P	P	N/A
Prof T Nzimakwe	N/A	N/A	N/A	P
Ms N Malange	N/A	N/A	P	N/A

P = Present A = Apology N/A = Not Applicable



Membership and Attendance: Convention Bureau Committee - 2019/20

Member	15 April 2019	12 July 2019	21 October 2019	28 February 2020
Mr T Mzileni (Chairperson)	P	P	P	P
Prof T Nzama	P	P	P	P
Mr M Jackson	A	A	N/A	N/A
Prof T Nzimakwe	P	P	P	P
Mr P Ngcobo	N/A	N/A	P	N/A

P = Present A = Apology N/A = Not Applicable

Membership and Attendance: Audit and Risk Committee - 2019/20

Member	2 April 2019	16 April 2019	24 May 2019	23 July 2019	18 October 2019	24 February 2020	19 March 2020
Mr P Ngcobo (Chairperson)	P	P	P	P	P	N/A	P
Ms P Lebenya	P	P	P	P	N/A	N/A	N/A
Dr U Roopnarain	P	P	P	P	N/A	N/A	N/A
Mr M Ngcobo (Independent Member)	P	P	P	A	P	P	P
Mr D Ramuedzisi (Independent Member)	N/A	P	P	P	P	P	P
Prof T Nzimakwe	N/A	N/A	N/A	N/A	P	P	P
Mr T Mzileni	N/A	N/A	N/A	N/A	P	P	P
Mr T Delomoney	N/A	N/A	N/A	N/A	N/A	P	N/A
Ms M Madlala	N/A	N/A	N/A	N/A	N/A	N/A	A

P = Present A = Apology N/A = Not Applicable

EXECUTIVE MANAGEMENT

During the 2019/2020 financial year, TKZN's Executive Management team comprised nine members, as shown below.



Ms Phindile Makwakwa
Acting Chief Executive
Officer and Chief
Operating Officer



Mr Lindani Sidaki
Acting
Chief Financial Officer

Vacant
Senior Manager: Public
Relations and Communications



Ms Sonto Mayise
Acting Chief Convention
Bureau Officer
(18 June 2018 to date)



Ms Thulisile Galelekile
GM Marketing
(from 1 November 2018)



Mr Anir Bidesi
Senior Manager: ICT
and Acting GM: Tourism
Information Services



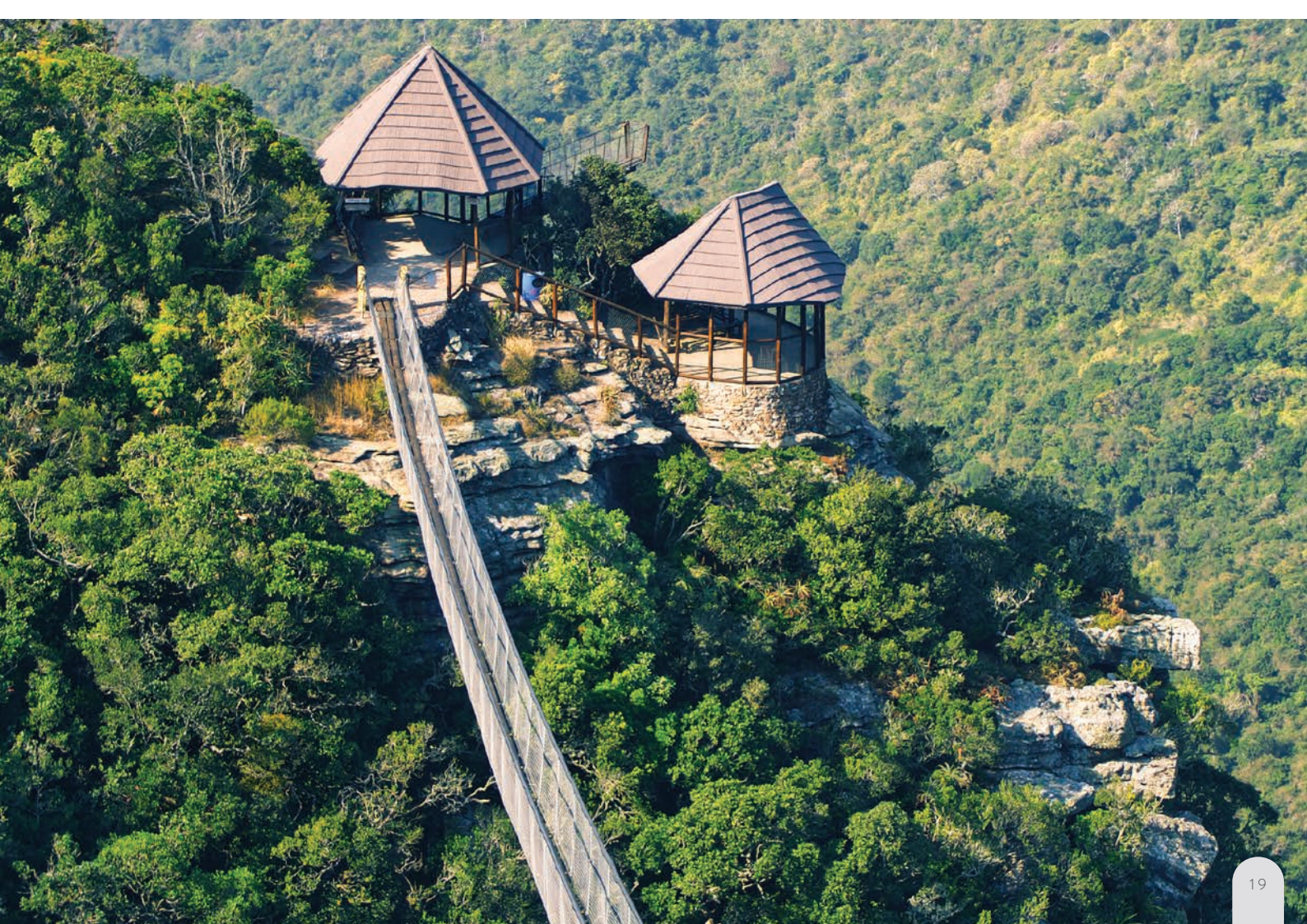
Mphathiswa Golodza
Acting Senior Manager:
Human Resource
(Acting from 1 Dec 2019
to current)



Mr Nhlanhla Khumalo
General Manager:
Tourism Development
(From 1 February 2019)



Ms Hlengiwe Ndlovu Interim
Senior Manager:
Human Resources and
Administration
(Commenced in Oct 2018 to
Sept 2019)



ORGANISATIONAL STRUCTURE

ORGANISATIONAL STRUCTURE AS AT 31 MARCH 2020 - TKZN

DURBAN KZN CONVENTION BUREAU



- GENDER INDICATORS**
A/F AFRICAN FEMALE
AM AFRICAN MALE
C/F COLOURED FEMALE
C/M COLOURED MALE
I/F INDIAN FEMALE
I/M INDIAN MALE
W/F WHITE FEMALE
W/M WHITE MALE

- COLOUR INDICATORS**
VACANT POSITIONS (2/0)
FILLED POSITIONS (5/0)



PART B PERFORMANCE INFORMATION

SITUATIONAL ANALYSIS

TOURISM KWAZULU-NATAL EXECUTES ITS MANDATE AND SEEKS TO ACHIEVE ITS VISION AND MISSION IN A COMPLEX ENVIRONMENT, IMPACTED BY GLOBAL, NATIONAL AND PROVINCIAL EVENTS, WHICH DIRECTLY AFFECT THE PURSUIT OF ITS DESIRED IMPACT AND IN DELIVERING ON ITS MANDATE.

EXTERNAL ENVIRONMENT ANALYSIS

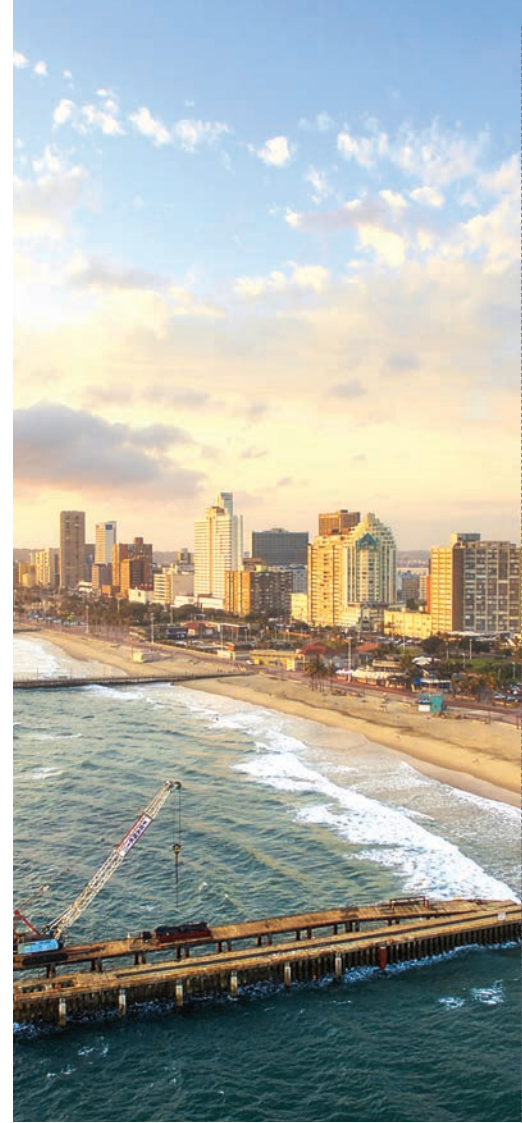
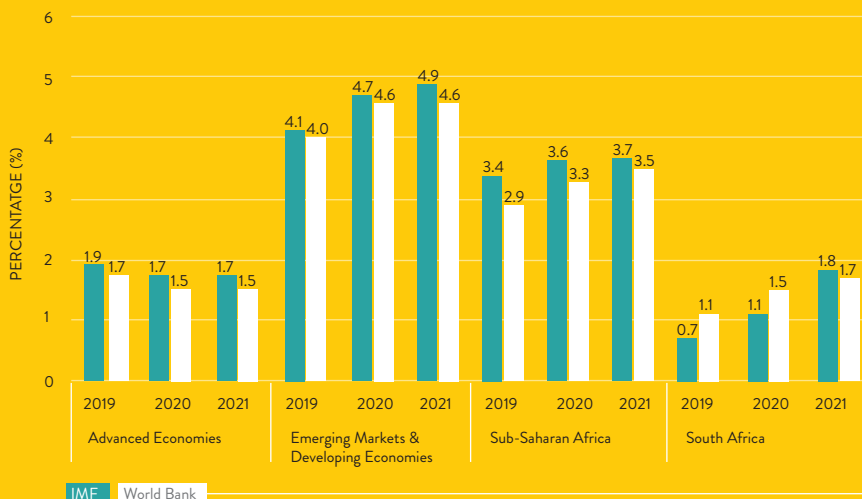
MACRO-ECONOMIC ENVIRONMENT

World economic growth is slowing. The IMF predicted 3% global growth for 2019, the lowest since the 2008 financial crisis. Multiplying global risks have contributed to slowing growth in both developed and developing economies. Brexit, tariffs and trade wars have contributed to an increasingly negative economic outlook, along with a generalised increase in political tension and uncertainty, as well as a growing unease at the unprecedented levels of central bank interventions in key economies.

The IMF noted that first quarter GDP in China was stronger than forecast, but indicators for the second quarter of 2019 suggested an overall weakening of activity. A slowdown in China means a slowdown around the world, as that nation's demand has been key to global growth during the past few decades. Elsewhere in emerging Asia, as well as in Latin America, economic activity has been well below expectation. The Eurozone, a key South African trading partner, is also slowing¹.

South Africa's forecast growth for 2019 was 1.5% at the time of the February 2019 Budget Speech. By the October Medium-Term Budget Policy Statement (MTBPS), it had been revised down to 0.5%, reflecting weaker exports and total inbound investment.

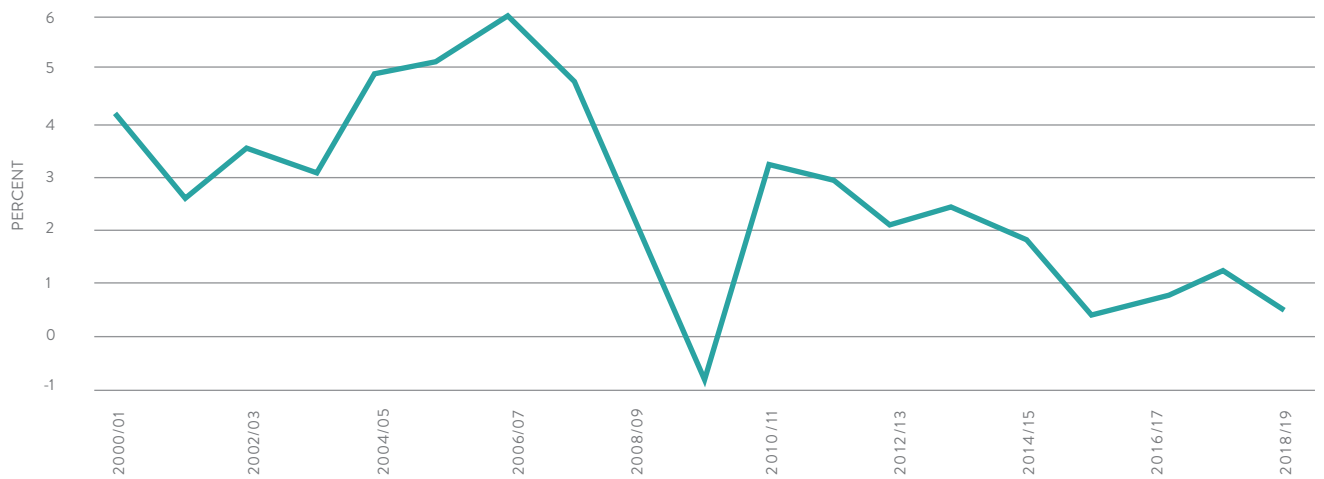
Figure 1: GDP growth forecasts 2019-2021





As South Africa's GDP growth trend has continued to decline while debt levels have continued to rise. Exacerbating the less favourable global conditions, local contributing factors to the slow-down have included policy uncertainty, electricity supply instability, lower investment levels, insufficient SOC investment and poor educational outcomes².

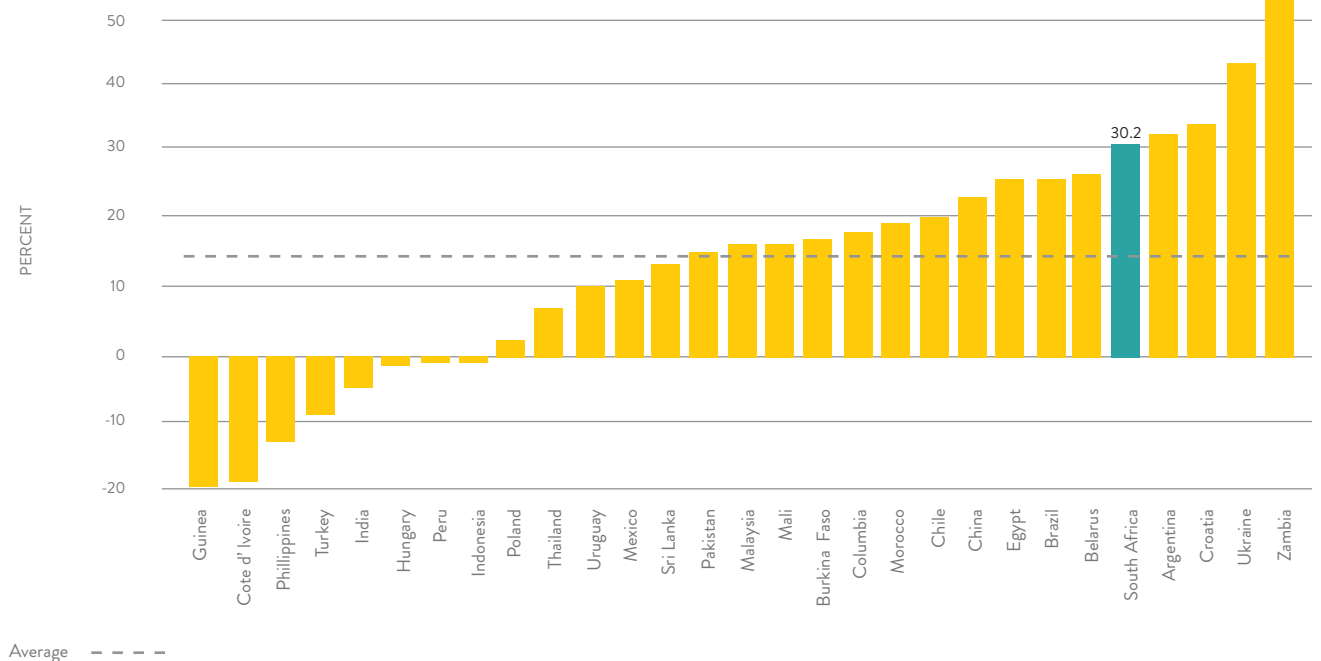
South African real GDP growth



2019 MTBPS

South Africa's relative global competitiveness has declined due to slower implementation of reforms than peer countries. The Government has run large budget deficits since the global financial crisis in 2008/09, amounting to an increasingly unmanageable mountain of accumulated debt. Increased Government borrowing has unfortunately failed to equate to effective Government spending. South Africa has experienced one of the highest increases in debt to GDP ratio amongst peer nations over the last 10 years.

Ten year change in debt to GDP ratio

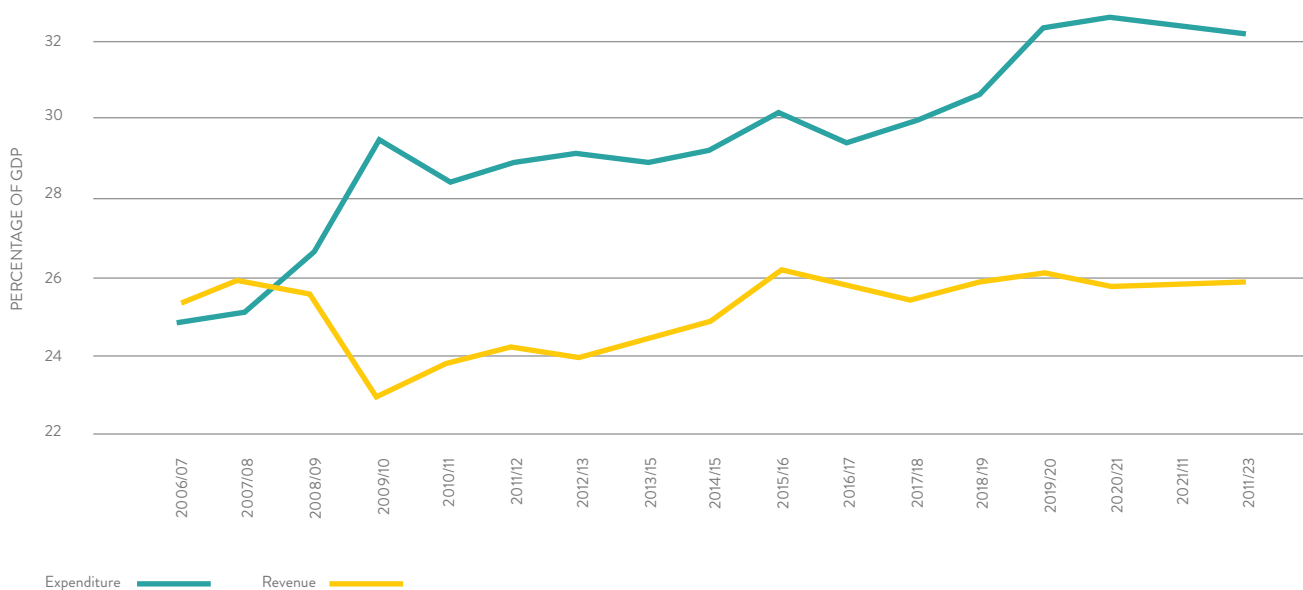


PART B PERFORMANCE INFORMATION

continued...

Of course, a contracting economy means contracting income for Government. The current account deficit is expected to run at 3,5% of GDP over the next three years, reflecting low import growth due to weaker domestic demand, low export demand and a generalised slow-down of growth across the globe.

Main budget revenue and spending



The estimated total revenues shortfall for 2019/20 is R52,5 billion. This reflects a poor employment outlook, with lower wages and job losses resulting in reduced personal income tax collection. The difficult trading environment means less profit for businesses, which lowers corporate tax. Weak household consumption means the State takes in less revenue through VAT.

GOVERNMENT ALLOCATES FUNDS TO ITS CENTRAL POLICY OBJECTIVES - REDUCING POVERTY AND INEQUALITY - THROUGH THE BUDGET. OVER THE NEXT THREE YEARS, SPENDING WILL TOTAL R6,3 TRILLION, WITH 48% OF THIS AMOUNT GOING TOWARDS SOCIAL GRANTS, EDUCATION AND HEALTH. IN THE CONTEXT OF WEAK GROWTH, HOWEVER, REVENUE SHORTFALLS AND RISING SPENDING PRESSURES ARE THREATENING GOVERNMENT'S ABILITY TO MAINTAIN EXISTING LEVELS OF SERVICE PROVISION AND INFRASTRUCTURE INVESTMENT.
- MTBPS, 2019 -

Forecasts for the next several years are less than optimistic, both locally and globally. For South Africa, serious economic reforms are urgently needed to boost GDP growth. Top of National Treasury's list of reforms that may be implemented immediately is supporting tourism by reducing the cost of travelling to South Africa and cutting red tape for small businesses active in the tourism sector³.

The slow growth of the economy is resulting in low levels of Government-collected revenue and means that Government is unable to meet the increasing demands for spending in priority areas.

KwaZulu-Natal Socio-Economic Context

At approximately 94 361km² in area, KwaZulu-Natal is the third smallest province by land area, but the second most populous after Gauteng, with some 11,3 million people. It is the second largest contributor to South Africa's GDP, at 16,2% in 2018.

It is located in the south east of the country, with a long Indian Ocean shoreline, and shares borders with three other provinces (Eastern Cape, Mpumalanga and Free State), as well as the countries of Eswatini, Lesotho and Mozambique.

The Port of Durban is sub-Saharan Africa's largest shipping terminal, and has the fourth-largest container terminal in the Southern Hemisphere. Richards Bay has the largest coal export terminal in the world.

³ 2019 Medium-Term Budget Policy Statement (MTBPS)

⁴ The REB Provincial Review 2016, KwaZulu-Natal



The province's economy performs in most economic spheres, including manufacturing, tourism, agriculture, mining, trade, construction and finance. Due to its strategic location on the East Coast, it has a notable competitive advantage driving tourism in the province. It has nine 'blue flag' beaches, is home to the Drakensberg mountains, the iSmangaliso World Heritage Site, numerous private and public 'Big Five' game reserves, the battlefields and Oribi Gorge.

In spite of this diverse economic base, distribution of benefits from economic activity is far from equitably distributed. The province is an example of the lasting effects of spatial displacement due to apartheid geography. KwaZulu-Natal has a relatively high share of former 'homeland' areas within its borders. In 2015, 37% of the population lived in these regions, compared against 27% for the country overall. Only 24% of working-age people in these regions were employed, compared against 46% in the rest of KwaZulu-Natal. Matric certificates were held by 31% of the province's working-age population, aged older than 20, but only by 24% are in the former 'homeland' regions⁴.

Poverty is consistently higher among South Africans living in rural areas than for those in urban areas, with the gap between rural and urban poverty rates averaging around 40 percentage points⁵. This is the reason that the provinces with the highest headcount of adult poverty are Limpopo (67,5%), Eastern Cape (67,3%), and KwaZulu-Natal (60,7%).

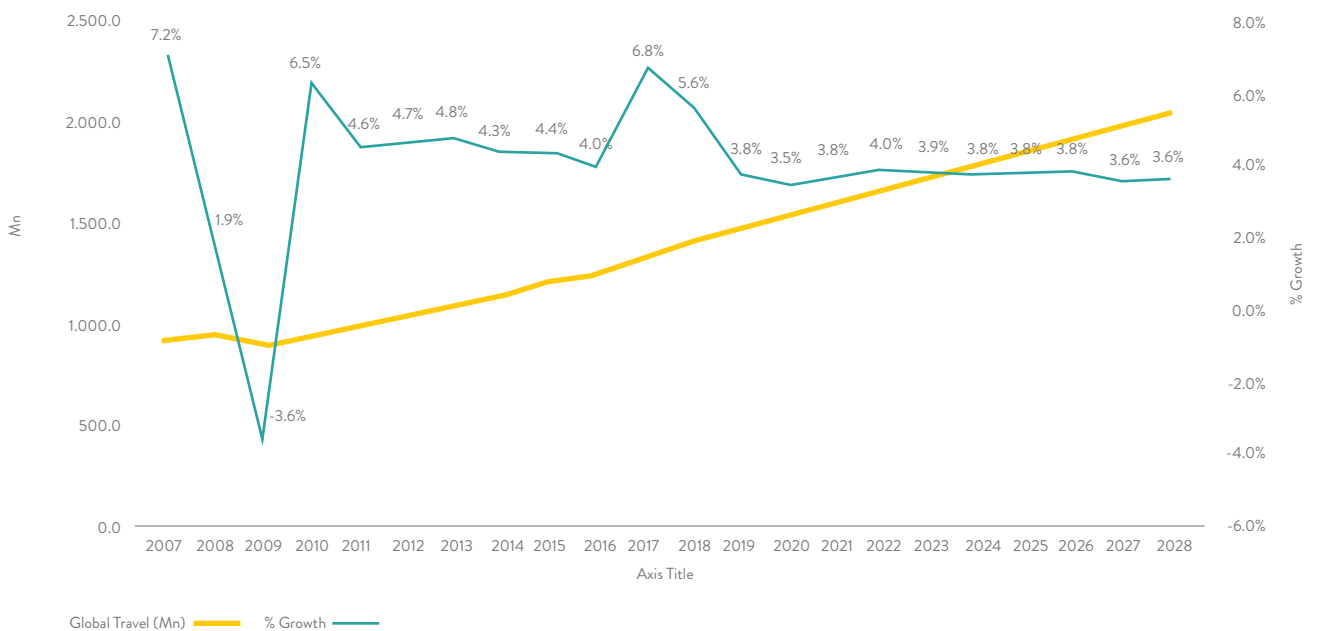
While overall lower than the national average, unemployment continues to rise in the province, having ballooned from 21,8% in 2018 to 26,1% in 2019, an increase of 4,3%. Reducing work opportunities has led to the province experiencing a net out-migration of 76 551 people in 2019⁶.

Collectively, KwaZulu-Natal has a very young population, with children and young people making up approximately two-thirds of the total population. This creates tremendous potential for the future, but also creates some key challenges presently. The dependency ratio is highly skewed towards children, at approximately 50%, as compared to older people at some 9%. The predominance of young people has the potential to boost the province's future economic output, but only if these young people are being developed through a quality education system, from early childhood development (ECD), through basic education to technical and vocational education and training, as well as university education⁷.

GLOBAL TOURISM ENVIRONMENT

Whilst forecasts for the global economy are revised lower, global tourism is quietly recording historic highs. Total international tourist arrivals grew 6% to reach 1,4 billion in 2018 - a full two years ahead of World Tourism Organisation (UNWTO) projections.

Global travel is forecast to grow between 3-4% in the next decade



⁵ *Overcoming Poverty and Inequality in South Africa, An Assessment of Drivers, Constraints and Opportunities*; SA Dept of Planning, Monitoring and Evaluation, Statistics SA, World Bank, March 2018

⁶ *Statistics SA (2019). Mid-year Population Estimates. Accessed 08 October 2019.*

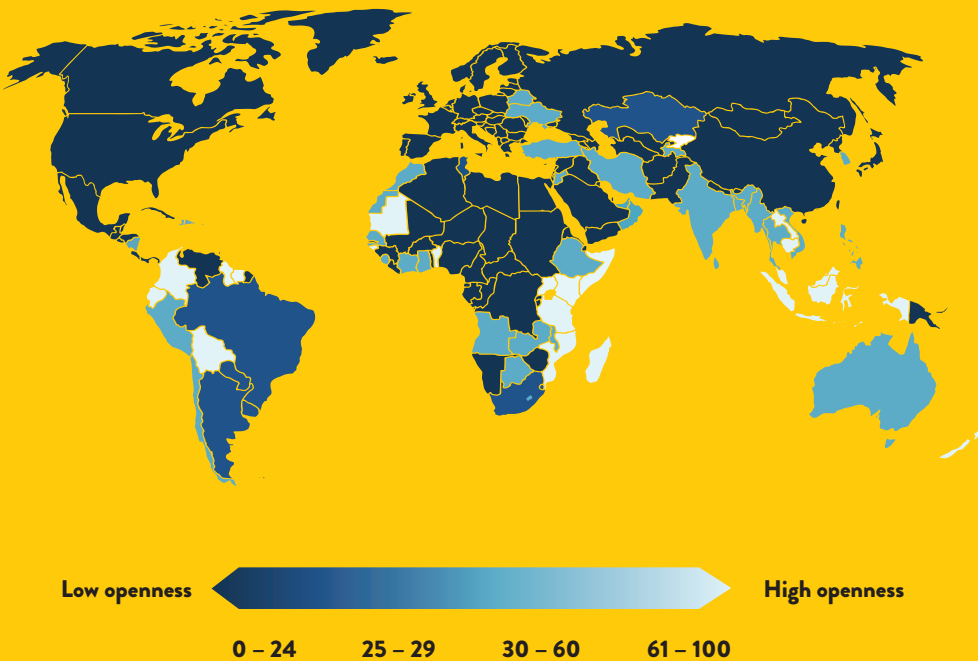
⁷ *Ibid.*

PART B PERFORMANCE INFORMATION

continued...

Regions all over the world have recorded unprecedented growth in international tourist arrivals: 10% in the Middle East, 7% in Africa, 6% in Asia, the Pacific and Europe, and 3% in the Americas. Tourism is responsible for 7% of global exports and some 30% of services exports. Globally, one in ten jobs is in tourism.

Tourism visa openness by country, 2018



In 10 years, almost a quarter (24%) of the global population moved from requiring traditional visas to more relaxed travel policies. Countries in North America and Northern and Western Europe remain some of the more difficult regions for outside visitors to access. However, as the graph below shows, citizens of those regions enjoy ease of travel globally.

Against this background, it must be said that the COVID-19 outbreak brought the world to a standstill for a number of months with unparalleled and unforeseen impacts on the lives of global communities, their economies, their societies and their livelihoods, and there is an ongoing risk of a global recession and a massive loss of jobs (UNWTO, 2020).

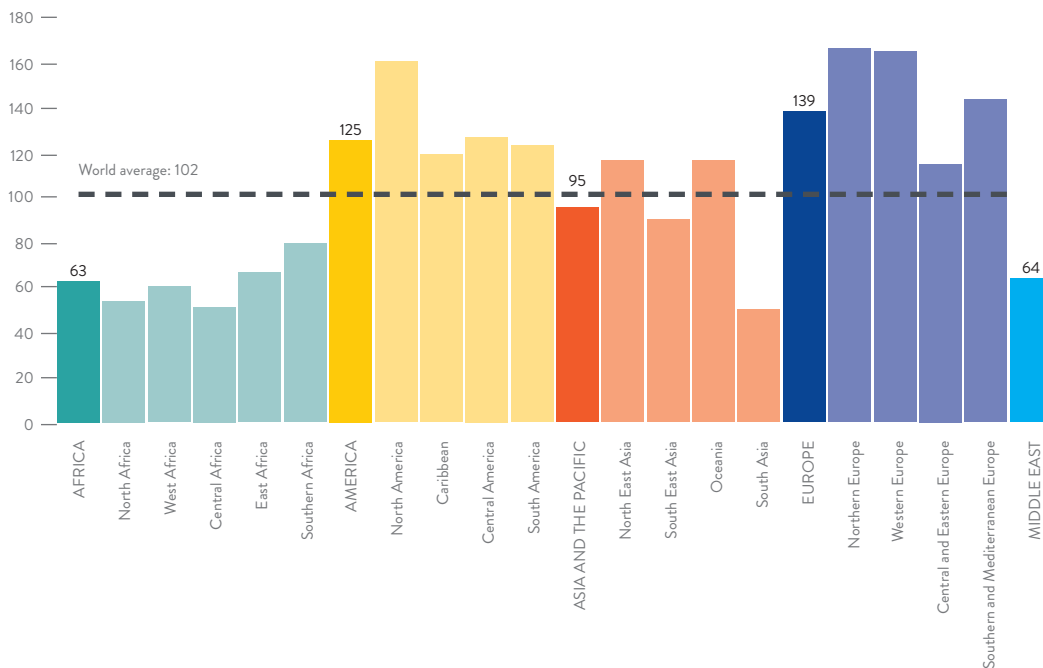
According to the UNWTO, 1,5 billion international tourist arrivals were recorded in 2019. This reflected a 4% increase over the previous year, confirming tourism as a leading and resilient economic sector, especially in view of current uncertainties.

However, the escalation of the COVID-19 pandemic has seen the original forecast of 4% growth in 2020, become a 60-80% decline in international tourist arrivals for 2020.





Mobility score by region, 2018



The Mobility Score ranges between 0 and 215. The higher the score, the easier it is for citizens of particular regions to travel in respect to visa requirements⁸.

Noteworthy current global trends include:

- 1) World-wide travellers are expected to take more frequent, mini-holidays, or shorter stays more often;
- 2) Tourists increasingly prioritise wellness when travelling and are much more conscious about sustainability;
- 3) Travellers world-wide desire personalisation of experiences and require them to be 'sharable' or 'Insta-worthy';
- 4) An expanding global middle class from emerging markets - mainly Asian - is expected to drive tourism going forward;
- 5) Millennials and Generation Z travellers will form the bulk of the numbers, but older, wealthier travellers will still drive value; and
- 6) A large percentage of trips taken involve the visitation of family or friends. The growing diaspora, combined with improved global access, will continue to drive demand for 'visiting friend or relative' travel (VFR).

SOUTH AFRICAN TOURISM ENVIRONMENT

In the past three years, total tourism trips in South Africa grew by 2,3%, while spend by tourists grew by 3,3%.

⁸ Ibid.

PART B PERFORMANCE INFORMATION

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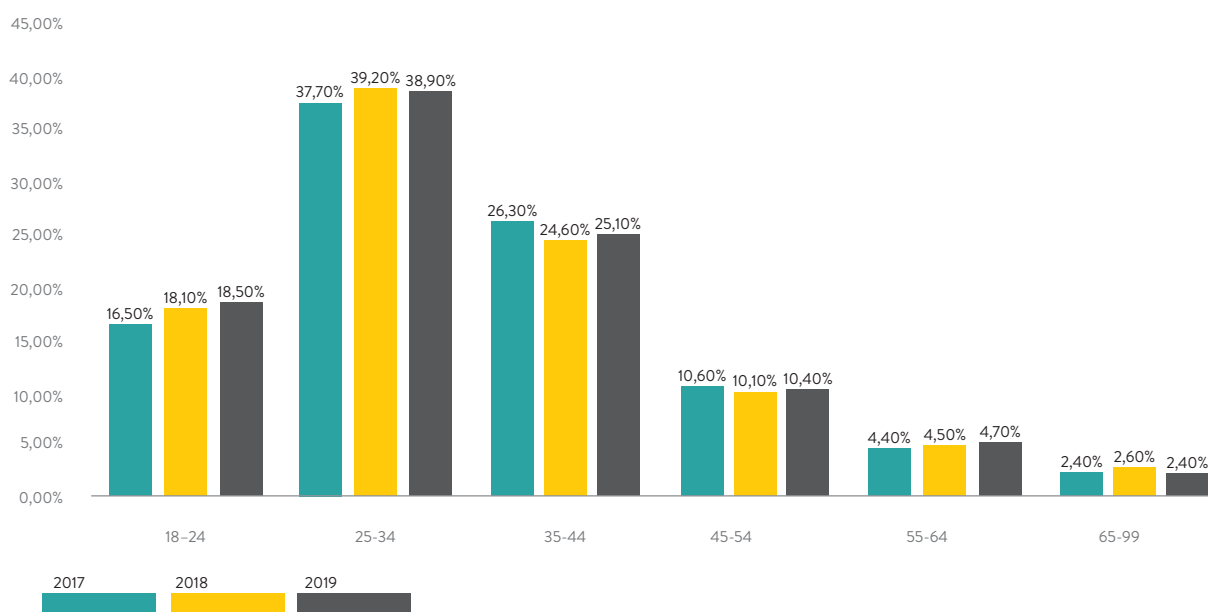
South African tourism - Trips and spend (2016 - 2019)

		2016	2017	2018	2019
Domestic Tourism	Trips	24.3mn	17.2mn	25.4mn	28.5mn
	Direct Spend	R26.5bn	R22.1bn	R26.4bn	R43.9bn
International Tourism	Arrivals	10.0mn	10.3mn	10.5mn	10.5mn
	Direct Spend	R75.5bn	R80.7bn	R82.5bn	R81.2bn
Total Tourism	Trips	34.3	27.5mn	35.9mn	39mn
	Direct Spend	R102bn	R102.8bn	R108.9bn	R125.1

International Tourism:

Between 2017 and 2019, the number of tourists between the ages of 24 and 34 years, consistently outnumbered any other age group. This was followed by the 35 - 44 age group. Thus, the 25 - 44 age group may be regarded as a significant segment in the international market.

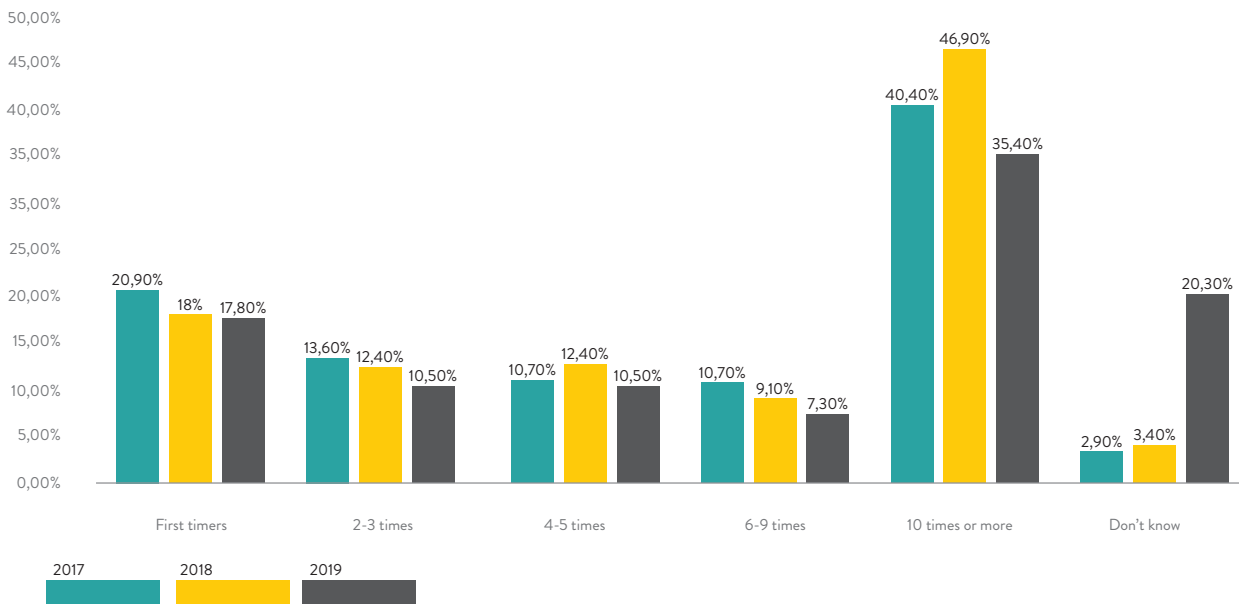
Age breakdown of tourists to South Africa





The majority of tourists to South Africa are repeat visitors, with less than 20% of total tourists visiting the country for the first time.

Repeat rate of international tourists

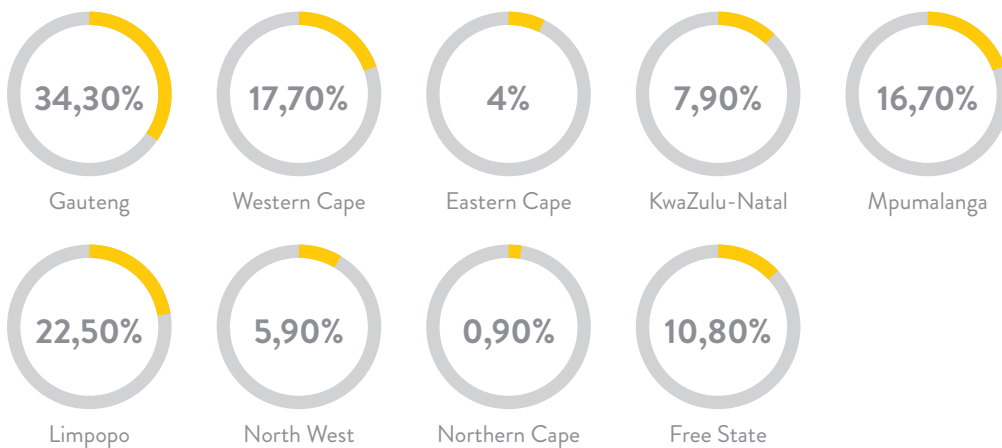


The average length of stay for an international visitor in 2018 was 12 nights, up from nine in 2016. Between 50% and 70% of visitors stay in unpaid accommodation (VFR, visiting friends and relatives), after which hotels and self-catering establishments are the most popular.

Some 20% of tourists visit more than one province. Gauteng is the most visited province, followed by Limpopo, Mpumalanga and the Western Cape.

Provincial share of international tourist arrivals, 2018

Provincial Share



PART B PERFORMANCE INFORMATION

continued...

The three major barriers which prevent international visitors from selecting South Africa include concerns for their safety and security, the expense of getting to the country (cost once here is generally of little concern), and the appeal of other destinations.

1) Safety and security concerns:

According to South African Tourism's brand tracker surveys, concern about personal safety is one of the biggest contributors (18%) to the negative perception of South Africa as a tourist destination. The surveys also reveal that 16% of international tourists who sought information about South Africa are not likely to visit due to concerns for personal safety. Numerous media reports of crime against tourists have fuelled these concerns. The reports have led to some European Governments, including the UK, advising their citizens about the risks of travelling to the country;

2) Appeal of other destinations:

This is a significant reason why international tourists do not visit South Africa. In 2018, 19% of tourists who were positive about South Africa did not think of planning a trip any time in the future. Of those international tourists who sought information on South Africa, 21% did not consider visiting in the near future. The global market for tourism is bigger than ever before, but so is the competition; and

3) Cost of getting to South Africa:

International tourists have reported that the cost of getting to South Africa is a barrier for them. Close on a fifth of tourists who are positive about South Africa, as a tourism destination, do not consider visiting the country, because of this factor. Approximately 18% of international tourists who have sought information about South Africa are not likely to visit due to the cost of reaching the destination.

Related to both the cost and appeal of South Africa as a destination of choice for international tourists, from a traveller's point of view, is the fact that visas are seen as a regulatory requirement that imposes a cost on tourists; and is a cost which is not purely financial.

There is the cost of time in compliance, completing forms, queuing, searching for documentation and the like.

If the experienced 'cost' of obtaining a visa crosses a certain threshold, many travellers will select an alternative destination and one which facilitates easier entry. According to research conducted by WTTC (World Travel and Tourism Council), visa waivers can result in growth in tourist arrivals of between 5,4% and 24,8% in G20 economies.

Challenges related to the processing and issuing of visas for the key source markets of China, India, Nigeria, Ghana, Ethiopia and New Zealand have negatively affected tourist arrivals from these countries, and South Africa faces intense competition from destinations that offer easier visa processes or visa waivers.

As a case in point, South African Tourism noted a greater than 50% increase in tourist arrivals from Angola and Russia following visa waivers applied to these markets, while tourist arrivals from New Zealand have continued to show a decline (-24% in 2017) since South Africa introduced visa requirements in 2016.

In addition, the requirement for unabridged birth certificates has negatively impacted travel by families and by school groups from the USA and UK in particular.

Other factors negatively affecting tourism numbers included the international coverage of the prolonged drought in Cape Town. The negative media hype around 'Day Zero' resulted in lower business confidence and reduced travel over the traditional





international tourism high season. South Africa's competitors, being the USA, Turkey and Kenya benefited from this, as most consumers either changed destinations or postponed their trips to 2019 or 2020.

Media reports on inappropriate wildlife interactions and canned hunting have also negatively impacted the country's conservation credentials. A lack of understanding around the policy of land expropriation without compensation has resulted in misleading comments by global leaders and facilitated negative coverage on several social media platforms, as well as in the mainstream media in the USA and Australia. All of this has negatively affected the image of South Africa as a destination.

In 2019, South Africa received 10,2 million international visitors, a decline of 2,3% compared against 2018. International tourists spent R81,2 billion (-1,6%) and stayed - on average - 11,4 nights (-2,7%). The most visited province was Gauteng with 3,5 million visitors, followed by Limpopo with 2,3 million visitors, the Western Cape with 1,8 million visitors and Mpumalanga with 1,7 million visitors. KwaZulu-Natal received 800 223 international visitors in 2019.

DOMESTIC TOURISM

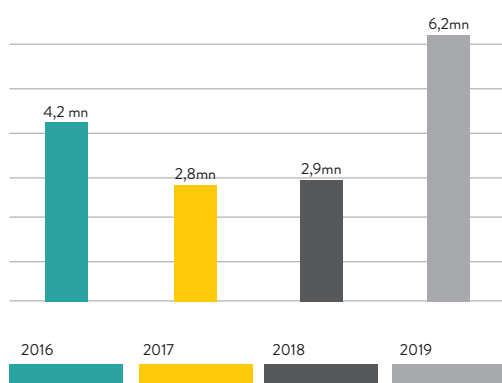
In 2019, Gauteng (23%), KwaZulu-Natal (22%) and the Western Cape (16%) were the most popular provinces with regard to domestic tourists, as large numbers of people travel to these provinces to visit friends and relatives (15 million). VFR trips, as they are known, dominate domestic trips taken by South Africans.

Domestic South African tourists spend most of their budget on transport, accommodation and food.

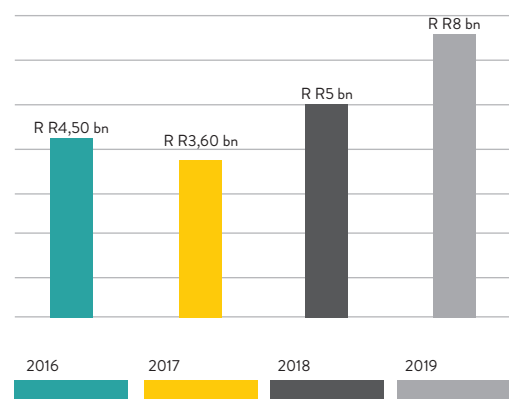
As shown below, the number of domestic trips declined during the period 2016 to 2018. However, 2019 saw a significant increase in domestic trips into and around KwaZulu-Natal. Receipts generated from domestic trips over the same period increased by 77,7% to a high of R8,0 billion.

Domestic trips – Number and spend, 2016-2019

Domestic trips



Domestic spend



There are two main challenges hindering domestic tourism growth, being:

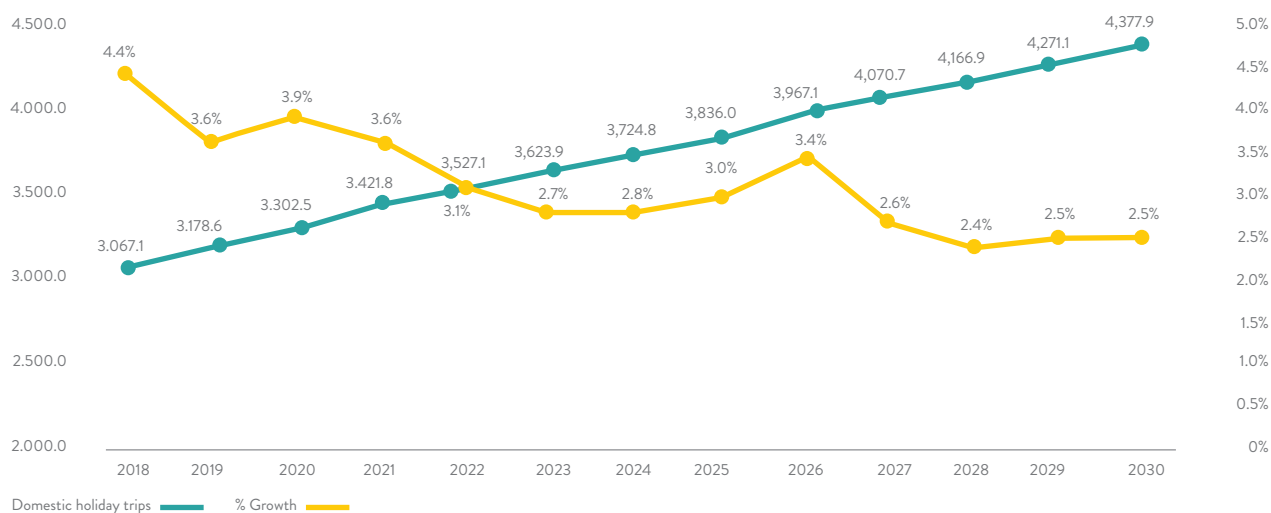
- 1) Affordability: 'Not being able to afford it' is the major reason given for not taking a domestic trip. Increases in the price of petrol further exacerbate this problem; and
- 2) Relevant experiences: South African travel trade and tourism product owners do not see the value of the African and domestic tourist and, therefore, do not offer packages or experiences that meet this market's needs.

In spite of this, Tourism Decision Metrics (TDM), the forecasting tool developed by Oxford Economics, and used by South African Tourism, forecasts 4,3 million domestic holiday trips by 2030.

PART B PERFORMANCE INFORMATION

continued...

Domestic trips - Projected growth to 2030



KWAZULU-NATAL PROVINCIAL TOURISM ENVIRONMENT

The table below provides a summary of tourism performance in KwaZulu-Natal during the period 2014 - 2018.

Note: The selected measures are aimed at providing an understanding of tourism performance at a provincial level, and are aligned with the indicators used by the United Nations World Tourism Organisation (UNWTO) and the World Travel and Tourism Council (WTTC), as well as other organisations, such as the Travel and Tourism Research Association.

The measures are also in line with what is measured by the South African National Tourism Sector Strategy and the KwaZulu-Natal Tourism Master Plan. Data is sourced from a variety of organisations in order to provide a detailed picture of the state of the tourism economy in KwaZulu-Natal.

KwaZulu-Natal tourism performance during the period 2014 - 2018

Performance trends include:

- 1) Overall domestic trips trend reflect a significant decline from the high of 5,2 million trips in 2014. However, there has been a year-on-year increase since 2017:

 - a) KwaZulu-Natal receives domestic tourists from all provinces, with the main sources of domestic tourists being Gauteng and KwaZulu-Natal, followed by Mpumalanga and Limpopo;
 - b) By comparison, Limpopo only has two main sources of domestic tourists - Gauteng and Limpopo, with minimal domestic trips from Mpumalanga and the Free State;
 - c) Visitors travel to Limpopo to visit friends and relatives (VFR), with Gauteng as the source market. Travel to KwaZulu-Natal for holiday purposes has been consistent. In 2019, Limpopo only

had 1 000 000 holidaying trips, compared to 1 600 000 to and in KwaZulu-Natal;

- 2) Notwithstanding the dip in the number of foreign visitors to the Province in 2015 and 2016, the overall trend is upward, with 4% more international visitors in 2019 as compared against 2014;
- 3) Domestic spend per trip has remained relatively flat at about R1 100 per person since 2015, and foreign spend per person per trip has reduced from R8 350 per person in 2014 to just under R8 000 per person per trip in 2019;
- 4) Contribution to GGP has trended downwards over the period 2014 to 2018, but increased in 2019. Direct employment within the tourism sector was 9% lower in 2019 compared against 2014;
- 5) KwaZulu-Natal hotel occupancy appears to be trending upward (5,4%), very slightly; and
- 6) Air passenger movements have grown by 39% between 2014 and 2019.

KwaZulu-Natal International Tourism Market Analysis

The table below presents KwaZulu-Natal's international visitor trends over the past five years, reflecting that eSwatini remains the biggest foreign tourism market, followed by the UK, which has seen an 11% growth over the period. Germany, the USA, the Netherlands and France have all recorded significant growth in tourist numbers during the period, while the number of Indian visitors has reduced by 50% in the past five years. This is significant, in light of the country's focus on increasing the number of visitors from BRICS countries, particularly India and China.

The numbers reveal that, generally, there has been a reduction in the number of tourists from African countries visiting KwaZulu-Natal.



Number of tourists from African countries visiting KwaZulu-Natal

Country	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
eSwatini	297 591	279 894	293 511	292 038	297 163	299 118
UK	45 638	52 219	48 341	54 644	50 464	32 667
Lesotho	48 822	31 534	44 543	48 922	44 796	35 990
Germany	39 267	44 755	48 835	50 636	48 385	26 768
USA	35 667	43 914	45 095	45 602	44 181	24 836
Zimbabwe	45 619	49 305	38 618	40 799	36 879	26 579
Netherlands	20 349	20 503	25 550	30 647	24 407	14 028
France	24 196	20 504	22 159	36 683	33 210	16 973
India	20 639	17 259	19 340	15 080	10 209	8 552
Australia	18 017	14 885	15 364	15 113	16 594	12 373
Mozambique	11 547	27 182	11 598	6 696	8 041	8 784
Botswana	18 032	20 138	26 376	52 154	48 159	42 762

SOUTH AFRICAN TOURISM ENVIRONMENT

In the past three years, total tourism trips in South Africa grew by 2,3%, while spend by tourists grew by 3.3%.

South African tourism - Trips and spend (2016–2018)

		2016	2017	2018	CAGR 2016-2018
Domestic Tourism	Trips	24.3mn	17.2mn	25.4mn	2.2%
	Direct spend	R26.5bn	R22.1bn	R26.4bn	-0.2%
International Tourism	Arrivals	10.0mn	10.3mn	10.5mn	2.1%
	Direct spend	R75.5bn	R80.7bn	R82.5bn	4.5%
Total Tourism	Trips	34.3mn	27.5mn	35.9mn	2.3%
	Direct spend	R102bn	R102.8bn	R108.9bn	3.3%

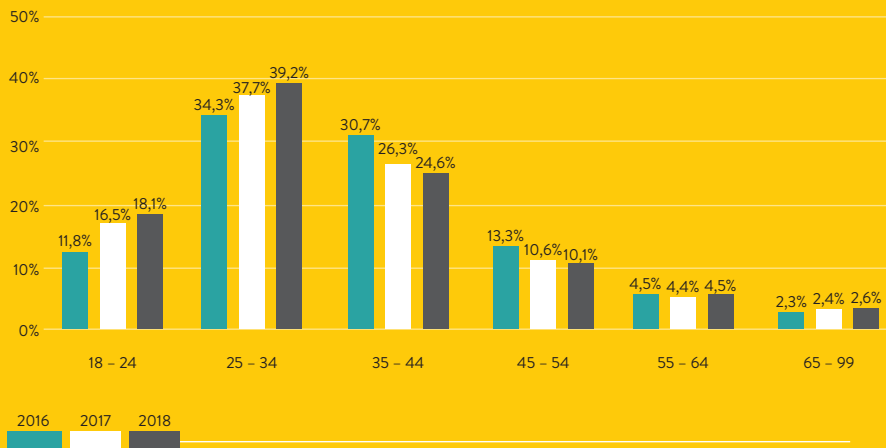
PART B PERFORMANCE INFORMATION

continued...

International Tourism

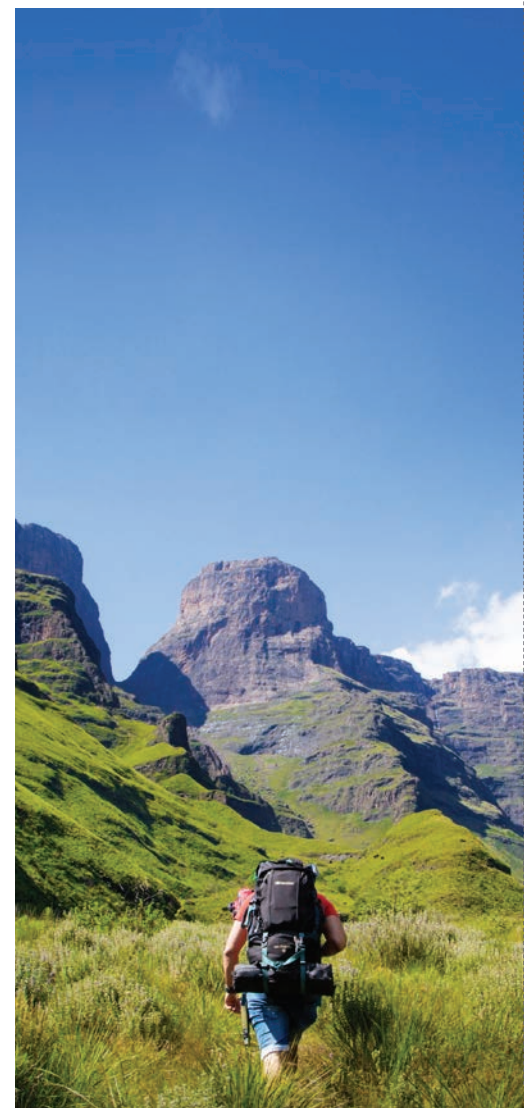
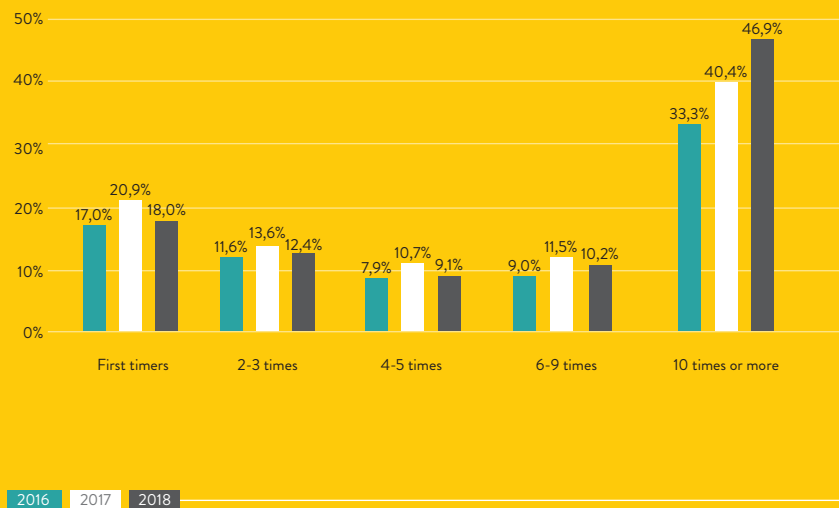
Between 2016 and 2018, the number of younger tourists increased significantly, whilst there was a drop-off of visitors aged 35 to 54. Numbers of tourists aged 55 and older remained flat.

Age breakdown of tourists to South Africa

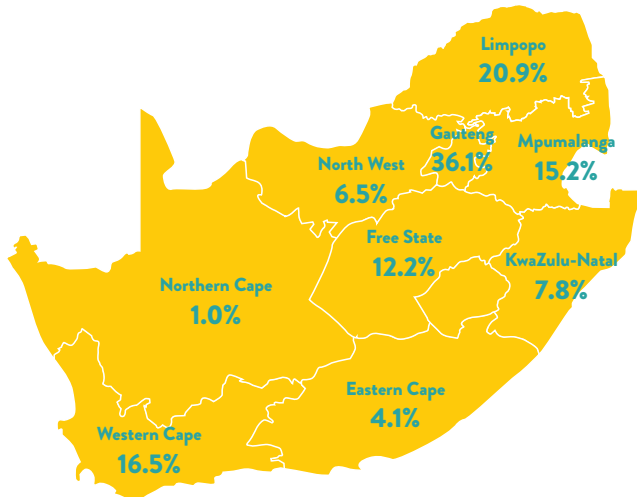


The majority of tourists to South Africa are repeat visitors, with less than 20% of total tourists visiting the country for the first time.

Repeat rate of international tourists



Provincial share of international tourist arrivals, 2018



KwaZulu-Natal Tourism Product Development and Investment Promotion:

Tourism product development is mainly driven by the private sector, with some efforts by national, provincial and local governments, though these have been largely unsuccessful.

There are a number of rural and township areas within the province that have the potential to be transformed into tourism destinations, but many of these are not being developed. Such areas present opportunities to develop new and different tourism products to address the changing requirements of the market - hence the need to also recognise rural and township tourism as an element or part of the niche-product development.

Poor quality, poor management and the lack of maintenance of cultural and heritage attractions often detract from visitors' experience and damage the image of the KwaZulu-Natal destination. There is a need to develop products and experiences which improve and expand the current offerings, utilising new high-potential tourism areas and meeting domestic and foreign market needs.

In general, funding for the preparation of tourism projects falls short in both the public and private sector and, in most cases, funding institutions do not have funding available to prepare projects up to investment stage. Project preparation support includes financial support to create the capacity and guidance to prepare projects for investment by public and private sector, or a combination thereof.

Preparation activities start with the confirmation or development of an enabling environment, pre-feasibility and preparation of bankable feasibility studies that inform the project investment

structure, modelling, designs and related activities to prepare an investment business plan. This should result in complete project information, which is presented to participating DFIs and other potential debt and equity investors. Many black communities and individuals with an interest in developing tourism products in the province, providing either accommodation or tourism attractions, are hindered by a lack of funding for project preparatory support.

Commercial banks regard the tourism sector as risky and unattractive, due to the relatively small-scale nature of business loans in this sector. The tourism sector does not enjoy access to venture capital with an appetite for risk that could be utilised to fund projects which are unattractive to banks.

Incentives that have been put in place to encourage tourism investment are difficult to access and have very complex application procedures. Certain required procedures, such as environmental impact assessments and rezoning, are often cumbersome and filled with red tape, which further limits tourism investments.

Although tourism investment opportunities are being promoted by the provincial investment promotion agency, tourism investment promotion at a provincial level is insufficient to drive the tourism development agenda. Government interventions to fund project preparation support should be provided to disadvantaged communities and individuals in order to unlock potential investments and funding opportunities. The drive for tourism investment promotions should be increased in order to attract both foreign and domestic investments for high-potential tourism projects.

KwaZulu-Natal Tourism Sector Transformation:

Transformation is a critical success factor, without which the growth and development of the industry is not guaranteed. However, the rate of transformation in the tourism sector has been very slow, with few black entrants in the market. Significant effort is required, not only to transform existing businesses in the tourism sector, but also to grow the sector as a whole so as to allow for the establishment of more mainstream black-owned tourism businesses of all sizes.

Constraints with regard to transforming the tourism sector are attributed to multiple factors, including, but not limited to:

- 1) Challenging economic circumstances leading to high levels of competition and challenges in maximising efficiencies in different sub-sectors;
- 2) Limited access to funding and financing adversely affecting the operations of tourism enterprises;
- 3) The lack of best practice business management skills, which limit the potential of tourism enterprises to function effectively; and
- 4) The lack of access to tourism markets, which results in the collapse of tourism enterprises.

PART B PERFORMANCE INFORMATION

continued...

New entrants (black tourism enterprises) in the market lack best practice business management skills which, in turn, affects the longevity of their businesses. New business owners are often unaware of the opportunities that are present in their environment.

The cost and difficulty of accessing and engaging international travel buyers serves as a major barrier to unlocking the growth potential of small tourism product owners and inbound operators. Interventions are required to reduce the cost burden for small tourism enterprises to participate in selected international trade platforms, thereby improving their access to buyers in new and growth markets to unlock demand growth and allow market penetration.

However, opportunities do exist. Large tourism enterprises are willing to provide enterprise and skills mentorship programmes,

alongside financial assistance and programme facilitation from Government. There is also an opportunity for collaborative supplier development programmes to be implemented, thus promoting a sharing economy within multiple business networks and destinations.

A variety of market access platforms, both domestic and international, present opportunities for small tourism enterprises to engage with travel buyers. Therefore, the tourism sector needs to transform through collaborative efforts from both private and public interventions. The successful transformation of the sector during the next several years requires intensive monitoring efforts, awareness programmes, the facilitation of black-owned enterprises to reach maturity and the promotion of black empowerment in the private sector.



OPPORTUNITIES DO EXIST.

Large tourism enterprises are willing to provide enterprise and skills mentorship programmes, alongside financial assistance and programme facilitation from Government.

PROGRAMME 1

CHIEF EXECUTIVE'S OFFICE

Purpose

- To provide strategic leadership in the development and promotion of tourism for the province, create an enabling environment for tourism stakeholders, as well as to champion Tourism KwaZulu-Natal's strategy development with overall responsibility for strategic planning and organisational accountability.

Strategic Objectives

- Strategic leadership in destination marketing and good governance.

Performance Highlights

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2018/19			2019/20		
Office of the CEO	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
	9 028	9 001	27	8 714	8 833	(119)
TOTAL	9 028	9 001	27	9 028	8 833	(119)

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
To achieve an unqualified audit finding	Unqualified audit findings on performance and financial information	1	1	1	The entity obtained an unqualified audit for the 2019/20 financial year.
KwaZulu-Natal tourism co-ordination structures utilised to drive destination marketing	Number of reports submitted to Board committees and Board on the performance of co-ordination structures	20	28	+8	During the year under review, the Audit and Risk Committee, HR Committee and the Board had urgent matters that required special meetings to be convened.
	Number of reports submitted to the Provincial Tourism Forum	4	4	0	Achieved.
	Number of stakeholder engagements to provide feedback on the performance and trends in the tourism sector	1	1	0	Achieved.

PROGRAMME 2: TOURISM INFORMATION SERVICES



Purpose

- To be the custodian of knowledge management to inform KwaZulu-Natal's tourism strategies and plans and to facilitate tourism information provision and dissemination.

Strategic Objectives

- Inform Tourism KwaZulu-Natal's marketing approach through tourism intelligence provision by 2019; and
- Be the custodian of knowledge management for destination promotion by 2019.

Key Performance Areas

- Research, information and knowledge management;
- Information office and distribution services;
- Information and Communication Technology; and
- Quality assurance and benchmarking.

Performance highlights

Introduction

Providing tourists with information, thereby empowering them with the proper knowledge to make informed decisions relating to tourism adventures is critical for the well-being of the industry. With the research we undertake, we are able to guide decision-makers at local, provincial and national levels as to what steps to take to ensure the continued growth of the tourism industry.

During the 2019/20 review period, Tourism KwaZulu-Natal continued to cement its relationship with the Provincial Department of Economic Development, Tourism and Environmental Affairs (EDTEA), as well as the National Department of Tourism (DT). Such relationships enabled us to take swift action when the COVID-19 pandemic reached our shores, enabling us to make informed decisions to protect our employees, as well as our tourists.

Research

The Tourism Information Service's Research Unit plays a critical role in the improvement of Tourism KwaZulu-Natal's service offerings. The unit assesses the economic impact and success of events and the data is then used as a quality control measure by organisers for future events.

Impact assessments of events are recorded as reports and provided to event organisers. Presentations are also made, where requested. The work of the unit has repeatedly been described as invaluable by a number of event organisers who regularly use the insights gained from the reports to improve their offerings.

Every year the unit undertakes studies to determine the impact of various business and leisure events. These include:

- Annual tracking impact assessment surveys of major events in the province which attract thousands of visitors and/or competitors. These include the Mandela Marathon, Dusi

Canoe Marathon, Comrades Marathon and Amashova Cycle Race;

- The second impact assessment relates to ad hoc events and surveys, which are undertaken on a once-off basis to provide feedback so that organisers may determine the 'value' of an event to the area. This assessment is based on factors such as capacity, time and budget. Organisers use the data to determine whether the event is of sufficient value to the region; and
- Economic impact assessments of major conferences and conventions are undertaken to determine to what extent such events contribute to the economic health of the province.

In addition to the above impact assessments, Tourism Information Services is also tasked with producing a Tourism Performance Report, which contains the latest information relating to the tourism sector.

During the 2019/20 review period, the unit completed 20 research projects. These included the Comrades Marathon, Tourism Performance Report, Mandela Marathon Report, Bleisure Tourism Report and a Report on the Drakensberg Extravaganza.

Tourism Information Offices

Tourism Information Offices fulfil the vital task of selling KwaZulu-Natal to tourists and prospective tourists by ensuring that they provide the kind of information that will awaken tourist interest.

The three information offices in South Africa are based at King Shaka International Airport, uShaka Marine World and the City Sightseeing Office in Cape Town. They are managed by trained information officers who provide both verbal and electronic information to tourists and other tourism stakeholders. However and in addition, every available information distribution channel is used, ranging from conferences to embassies, overseas consulates and various national distribution points.

An annual distribution plan guides the dissemination of marketing information. There are several other information offices in KwaZulu-Natal which enjoy the support of Tourism KwaZulu-Natal, such as Explore EG in Kokstad.

Often information officers are required to manage stands at major shows and exhibitions. During the period under review, these officers attended 24 major events where information about KwaZulu-Natal, as a major tourist destination, was disseminated.

Some of the events attended by the officers included the cruise liner season, in the first quarter of the review period, the House and Garden Show and the Dundee July Horseracing

PROGRAMME 2: TOURISM INFORMATION SERVICES

continued...

Extravaganza in the second quarter. During the third quarter, they were visible at such events as the internal Drowning Prevention Congress, and in the fourth quarter, they were at the launch of the Digital Community Centre in Ndwedwe. The performance statistics for Tourism KwaZulu-Natal for the 2019/20 financial year reflected that they responded to a collective total of 100 478 queries by means of email, fax, and responding to walk-ins. There was a decrease in the number of queries in every quarter.

Distribution points utilised for marketing brochures

During the 2019/20 financial year, the entity distributed 122 737 marketing brochures, nationally and internationally, inclusive of provisions to South African embassies abroad, as well as at national and international trade-shows.

Website and Mobile Application Performance Overview

The use of technology plays a key role in the execution of Tourism KwaZulu-Natal's mandate. The website, mobile App and employment of various partners' online booking systems ensures that information about tourism destinations is easily accessible and easy to disseminate.

Figures showed an impressive upward trend in all quarters, with the exception of the fourth, the consequence of the COVID-19 pandemic.

In total 336 632 new users visited the entity's website and gained access to key tourism information during the 2019/20 review period. Users spent an average of about two minutes on the website; a clear indication that they actually used the available information rather than peeking and then closing the web-page.

We have also been able to gauge that although the website enjoys an international audience, most of those who accessed it were from South Africa, the United States, the United Kingdom, Germany and India. In addition, most of the website traffic was directed there through search engines. Website visitors were most interested in the following sections: 'Destinations,' 'Things to do' and 'Events.' The top three social media channels which directed traffic to the website included Facebook, Twitter and Instagram.

Mobile traffic to the website for travel information continues to grow. Interested parties are able to access information by means of a mobile internet browser available on all smartphones. The Tourism KwaZulu-Natal Travel Guide - being a mobile application - was distributed to 5 551 new mobile devices during the 2019/20 review period.

The entire Product Management Database, which forms a key part of the Destination Management System, was also updated during the reporting period, inclusive of the network of websites which make up the Destination Management System. During the update, new products and services were added, while those which were no longer in existence were deleted.





LINKING PERFORMANCE WITH BUDGET

PROGRAMME	2018/19			2019/20		
Tourism Information Services	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
	24 685	17 210	7 475	21 490	18 462	3 028
TOTAL	24 685	17 210	7 475	21 490	18 462	3 028

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
Produce research reports in support of Tourism KwaZulu-Natal's strategic objectives	Number of research reports produced	12	11	-1	Due to the restrictions announced to prevent the spread of the COVID-19 virus, the focus group study was not implemented.
Increase of information dissemination	Targeted percentage increase (5%) of information dissemination, through distribution points, information offices and Tourism KwaZulu-Natal's mobile App, as well as the website and 100% achievement by the end of the financial year	100% (215 442)	169% (559 847)	69% (+344 405)	Over-achievement is due to an increase in website users. Distribution increase was noted for quarter 1.

PROGRAMME 3: TOURISM DEVELOPMENT

Purpose

To facilitate responsible and demand-driven product development, accessibility and the transformation of tourism in KwaZulu-Natal.

Strategic Objectives

- To facilitate tourism destination development;
- To promote tourism investment; and
- To champion the transformation of the tourism sector.

Key Performance Areas

- Destination development;
- Tourism infrastructure;
- Broad-Based Black Economic Empowerment and Small, Medium and Micro Enterprises;
- Advisory services; and
- Tourism Broad-based Black Economic Empowerment and Small, Medium and Micro Enterprise skills development.

Programme Performance Highlights

Introduction

Uncovering new magical destinations, untapped tourism experiences and up-and-coming tourism entrepreneurs, and working towards developing these potentials, forms a major part of our mandate in the Tourism Development Unit.

In addition, the unit is guided by our mandate to ensure the sustainability of small, medium and micro-sized businesses while adhering to the principles of Broad-based Black Economic Empowerment.

Its role is to ensure that business people acquire the proper skills and that destinations meet tourism industry regulations and standards to be able to compete in the global arena. In addition, it helps small tourism businesses to access market opportunities on local, regional and international markets platforms in order that they might flourish.

Destination and Enterprise Development

The tourism industry is a major source of revenue for the province, contributing billions of Rand to its coffers on an annual basis. The industry here has several major events, which are firmly entrenched on the annual calendar, and which attract tourists from other provinces and from beyond the country's borders. Most of these are sporting events, such as the Comrades Marathon and Vodacom Durban July.

In addition, tourism has been identified as both the province and the country's key means of economic transformation. This then informs the reason why destination and enterprise development is a major focus area for the entity. During the 2019/20 review period, various product initiatives were undertaken to improve Tourism KwaZulu-Natal's offering.

Regrettably, however, the global COVID-19 pandemic has slowed - or completely stopped - many of the projects which were due to commence. One such affected project was the postponement of

the KwaZulu-Natal Travel Academy, through which a group of small tourism enterprises were scheduled to participate in training for in-house agents from various in-bound and out-bound travel operators in Cape Town.

Sea cruise industry

Durban is known to have the busiest seaport in Africa. However, while ours is already one of the most popular destinations for those wanting to embark on a cruise, it is about to get even bigger.

During the 2019/20 review period, the Tourism Development Unit was afforded the opportunity to sell the city and the continent to cruise itinerary planners and cruise line operators at a world-leading cruise industry event in Miami, USA. Known as the leading global business-to-business event for the cruise industry, the Seatrade Cruise Global event annually attracts more than 80 cruise liner representatives, 13 000 registered attendees, more than 750 exhibiting companies from 140 countries and more than 300 international journalists.

Tourism KwaZulu-Natal attended the event as a member and Secretary-General of the Cruise Africa Association (CAA), whose main objective is to develop and market the region as a cruise destination. The gathering also offered opportunities to meet with cruise itinerary planners and cruise line operators in an effort to convince them to include our region, and especially KwaZulu-Natal, in their planning as an alternative destination. In addition, the event provided the unit with the opportunity to access the American market. Statistics from South African Tourism indicate that 376 892 visitors from the USA visited South Africa in the 2018/19 financial year and of this number, 44 181 travelled to KwaZulu-Natal.

Nelson Mandela Capture Site

Plans to improve access at the heritage site outside Howick, in the KwaZulu-Natal Midlands are at an advanced stage. The development at the capture site will include the surfacing of the access dirt road, construction of a new gatehouse, construction of a new parking area, widening of the existing 'Long Walk to Freedom Pathway', landscaping, fencing, upgrading and construction of new pedestrian pathways and the construction of storm-water infrastructure, including an attenuation pond and grassed swales.

The capture site marks the spot where global political icon and former President, Mr Nelson Mandela, was captured in August 1962 for the last time before being jailed for 27 years.

Tourism Investment Promotions

During the first quarter of the period under review, an Investment Summit was held during Africa's Travel Indaba. Hosted by the unit, national tourism investment organisations were afforded the opportunity to introduce investment projects. In addition, private companies presented projects requiring funding. Amongst those invited to present were Boundless South Africa, the National Empowerment Fund and the Industrial Development Corporation.

In February 2020, the unit, working in collaboration with China's Dungguan Trade and Economic Representative Office, held an

PROGRAMME 3: TOURISM DEVELOPMENT

continued...



investment promotion workshop in South Africa, highlighting potential tourism investment opportunities available within the country. In exchange, the Chinese representative at the event explained what expectations investors from China would have. It was expected that prospective investors would complete various site visits when they arrived in South Africa for Africa's Travel Indaba. Unfortunately, however, this had to be terminated as a result of the COVID-19 pandemic.

Transformation

Exhibitor Training

The Tourism Development Unit plays a facilitation role in supporting emerging small and, in particular, black-owned businesses. During Africa's Travel Indaba in April 2019, exhibitor training was held to capacitate small-scale tourism enterprises with the information and approaches needed in order to engage with buyers. In addition, a number of SMMEs were assisted with packaging their products in line with those at the Indaba.

Tour Operator Capacity Building Initiative

In September 2019, emerging tour operators were treated to a workshop hosted by the unit. Participants from the Richards Bay area learned about:

- The importance of domestic tourism;
- The basics behind being a tour operator;
- Tourist vehicle operating licences;
- Enterprise development programmes;
- SMME support programmes;
- Qualification criteria on commission for tour operators; and
- Packages for tour operators.

Market Access Created for Tourism Enterprises

Two black-owned small-scale tourism enterprises were invited to accompany Tourism KwaZulu-Natal to the Spotlight Travel Expo in Kenya in July 2019. The workshop was attended by as many as 100 participants, including tour operators and travel agents from various countries in Africa, as well as neighbouring islands. The two invited businesses, Olungawelwa Tours and Ndzenge Tours, presented various packages to delegates, including travel agents and tour operators.

LINKING PERFORMANCE WITH BUDGET

PROGRAMME	2018/19			2019/20		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Tourism Development	16 511	5 375	11 136	11 188	7 656	3 532
TOTAL	16 511	5 375	11 136	11 188	7 656	3 532

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
Number of destination development interventions	Number of tourism development studies formulated	4	4	4	Achieved.
	Number of investment trade activities utilised for destination development	4	4	0	Achieved.
Number of targeted interventions for black tourism businesses	Number of targeted business support interventions provided for black-owned tourism enterprises	12	10	-2	Due to the restrictions announced to prevent the spread of the COVID-19 virus, the interventions planned in the last quarter were not executed.

PROGRAMME 4: MARKETING

Purpose

In spite of an ailing economy and a shaky start to the decade, due to various unfortunate incidences that plagued the tourism sector, Government has stepped up to assist in restoring the tourism industry. The first three quarters of the review period yielded extremely positive results. Ambitious targets had been set, which when fulfilled would assist in making a significant contribution towards the country's GDP and the creation of employment.

Internally, Tourism KwaZulu-Natal's mandate and thrust has not changed and through many domestic and international activations, innovative marketing and communications as well as successful partnerships, it continues to reinstate our commitment to meaningfully contributing to the Government's objectives of inclusive economic growth, sustainable employment creation and the redistribution and transformation of the industry.

Strategic Objectives

Tourism KwaZulu-Natal has forged ahead with key strategic objectives, including:

- Increasing the number of tourists to the province;
- Increasing the geographic spread, length of stay and spend of visitors;
- Improving seasonal arrival patterns;
- Increasing domestic and foreign tourist arrivals into the province;
- Penetrating the African region and Asia (China and India); and
- Working to transform the industry in order that historically disadvantaged South Africans may also benefit from the sector.

Key Performance Areas

- Drive awareness of the province's diverse offering in order to impact tourist arrivals into the province (Domestic and International);
- Enhance both brand and leisure marketing;
- Step change in international marketing; and
- Improve trade relations.

Programme Performance Highlights

Introduction

Given the stringent and high national requirements in terms of tourism growth, Tourism KwaZulu-Natal looked to platforms which offered maximum reach and drive to conversion.

We were well aware that today's tourist is conscientious and that the choice to travel is becoming less of a spontaneous decision, but rather one which is more informed, making the expectations of today's tourist higher than we have seen in recent years.

Gone are the days when the typical tourist was a taker, uncaring of the socio-economic impact of their visit. They are now concerned about the lasting impact of their visit, especially to with regard to marginalised suppliers who are often exploited and the last to benefit from any influx of tourists to their regions.

With new worries brought about by the COVID-19 pandemic, we believe we will see a new tourist mentality; one focused increasingly on health and safety. In order to attract and retain tourists, any destination must, therefore, be aware of the need to create sufficient value in the brand and have the capability to communicate and respond directly to the needs and worries of potential travellers.

The period under review saw Tourism KwaZulu-Natal concentrate on introducing hard-hitting campaigns aimed at driving conversion. The entity worked tirelessly with product and experience owners to ensure that they would be positioned to offer excellent service, thus ensuring that visitors enjoy great experiences when visiting the province.





Including communities to benefit from tourism was seen to be key.

The entity fostered solid co-operative marketing between itself, tourism service providers from hospitality, transport and experience partners in order to maximise the potential of distribution networks and provide a consistently high customer experience.

Top-of-mind was the fact that value-chain relationships remain key. This saw the need for organisations in different industries with unique, though complementary skills, to link their capabilities in order to create value. This, in turn, started to form a multi-organisation alliance in which member businesses collaborated so as to effectively meet common objectives. Major strides were also made to form stronger public sector partnerships with the private sector in order to leverage economic development opportunities.

Breaking New Ground

The review period proved to be a year of great returns, evidenced by the latest statistics for both international and domestic arrivals. Tourism KwaZulu-Natal's approach to international markets is yielding very positive results. The decision to include B2C campaigns in our marketing mix internationally has seen the entity partnering with the likes of Expedia, a leading online booking platform for a global destination to drive awareness amongst consumers. Expedia has the global muscle to be able to command discounts from its partners because of the numbers they bring. This has made it an attraction for trade and, because of their great deals, they are also an attraction to travellers.

This move has been driven mainly by marketing insights, highlighting the fact that there are a growing number of potential customers who are going directly to these search platforms when making decisions about which destinations to visit. Although many continue utilising travel agents, an increasing number are now comfortable booking direct, which has necessitated that we relook our approach for international markets and begin introducing direct-to-consumer activations.

Domestic, Africa and International Tourism Performance Domestic

KwaZulu-Natal experienced an 80% increase in domestic tourist arrivals in the first half of 2019, compared against the same period in 2018. In 2019 the province recorded more than 2,3 million arrivals, against 1,3 million in 2018.

Mirroring the increase in tourism arrivals was the significant increase in tourist spend in the province, which totalled R14,4 billion in the first half of 2019, a 37% increase over the previous half-year. On the international front, in 2019

KwaZulu-Natal recorded an increase of 8% in visitor numbers.

The number of arrivals at King Shaka International Airport grew by 6,5% in 2019 compared against 2018's 6,26 million passengers. Overall passenger numbers in December 2019 grew by 11,6% to more than 616 000.

International

Given massive targets imposed by the Government to increase the number of visitors to the province, it has become imperative that tourism authorities continuously review the market for new growth players which they could target in order to increase tourism numbers.

Asia has always been a focus for KwaZulu-Natal, with China being a key focal point. However, through the relationship Tourism KwaZulu-Natal has forged with the SAT hub head in Asia, new potential in Japan was unpacked, resulting in our going there for the purpose of training agents on destination KwaZulu-Natal. This proved to be most successful, with keen interest being shown by this market. Work is underway to explore the potential partnerships that KwaZulu-Natal might enter into so as to ensure that the destination makes inroads in Japan.

The fact is, KwaZulu-Natal is still a relatively unknown destination globally, based on how South Africa has been marketed historically. This lack of awareness means that great effort has to be brought to bear in educating clients about the destination. This takes time and money for ground handlers, hence the default to those destinations that sell, due to heightened levels of awareness.

The organisation has also been hard at work, driving FAM trips into the province, which ensures that global tour operators have first-hand experience of what the province offers and making them realise just how critical it is to include KwaZulu-Natal in order to enhance their itineraries and afford their client best value. There is now, in turn, a demand that KwaZulu-Natal be included in itineraries offered by South Africa's ground handlers. It is encouraging to note the increase in brochuring of the province, as well as an increase in queries received by the organisation regarding ideas for the drawing-up of new itineraries.

International passengers grew by 9,7% in 2019 compared against 2018. A portion of this growth may be attributed to the work of the Route Development Committee (RDC), which Tourism KwaZulu-Natal co-chairs and which is a collective of public and private sector partners working to grow arrivals at King Shaka International Airport. It concentrates on air access, which is a key factors in ensuring growth of international numbers. Its work has seen an increase in the number of direct flights into the province.

**TOURIST
SPEND IN THE
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OF 2019**

PROGRAMME 4: MARKETING

continued...

TRADE AND CONSUMER SHOWS

With the advancement of technology and electronic media, there is a need for the development of experiential strategies. The blend of entertainment and product education remains an extremely powerful tool with which to drive tourism. Clients have not discarded the need to meet consumers in the physical space in order to share knowledge, foster relationships, build brand awareness, meet industry experts and to sell products and services. Shows, exhibitions, summits, fairs and trade-shows provide excellent opportunities to establish direct contact and to promote networking, while ensuring the ability to see products 'live.'

From the road-shows embarked upon in different countries, it is emerging that the unique and authentic experiences offered by KwaZulu-Natal is what consumers are increasingly requiring. Our consumer-facing efforts are also now starting to pay dividends, as they are also drive the demand for the destination, making it critical that tour operators start packaging the province.

Shows, exhibitions, summits, fairs and trade-shows in which Tourism KwaZulu-Natal participated and staged during the review period include:

Domestic:

- World Travel Market (WTM) Africa 2019: The 2019 WTM Africa between 10 and 12 April in Cape Town at the ICC, with over 5 000 attendees, of which 3 000 were buyers from around the world;
- The Rand Easter Show: Tourism KwaZulu-Natal's presence ensured top-of-mind awareness with consumers in Gauteng;
- Africa's Travel Indaba 2019: Tourism KwaZulu-Natal again hosted Africa's premier tourism trade-show from 2 to 4 May at the Durban ICC;
- The South Coast Bike Fest: This festival offers culturally-diverse activities for bike enthusiasts from around Africa, attracting 60 000 visitors over a three-day period;
- The East Coast Radio House & Garden Show: This 10-day exhibition and strategic platform receives more than 70 000 visitors annually. We use Tourism KwaZulu-Natal's virtual reality platform to showcase the province's offering to people at their stands. Tourism KwaZulu-Natal was awarded a gold medal for the most interactive and innovative stand;
- SA Travel Week: A campaign aimed at driving domestic tourism and making travel accessible and affordable to all. It also addresses seasonality and geographic spread, instilling a culture of travel for all. This year there was an increase in trade participation through this campaign compared against the previous year;
- Gauteng Getaway Show 2019: Held in Johannesburg between 4 and 6 October 2019, Tourism KwaZulu-Natal used a Virtual Reality platform to promote the destination brand and drive awareness, so as to entice visitors to experience KwaZulu-Natal, and to promote the 'Do KZN' Campaign;
- Beeld Holiday Show: Tourism KwaZulu-Natal amplified the 'DO KZN' campaign through a consumer activation during the caravan and camping holiday show in Johannesburg between

21 and 23 February 2020; and

- Cape Cycle Expo 2020: Tourism KwaZulu-Natal conducted an activation between 5 and 8 March 2020, at one of the biggest road-cycling events on the South African calendar. This platform was utilised to promote and roll-out the KwaZulu-Natal domestic campaign, encouraging people to explore the province and to participate in the Amashova Cycle Race and other cycling events in the province.

Africa:

- Africa Luanda Market Analysis and Trade Calls: A collaboration with South African Tourism in embarking on in-market trade calls in Luanda, which is an activity aimed at growing and sustaining KwaZulu-Natal's market-share by promoting a regular provincial presence in this market. The key objectives were to conduct a market analysis and to build and nurture relations with strategic stakeholders within the sector;
- Botswana Spotlight Travel Expo 2019: Held on 25 and 26 April, Tourism KwaZulu-Natal attended the event, hosted by Houston Marketing in Gaborone, Botswana. It attracted more than 100 participants, including tour operators, travel agents and media. The objective was to encourage travel trade in Botswana to package KwaZulu-Natal and to include the province in their itineraries;
- Karibu Kili Fair 2019 in Arusha, Tanzania: Held on 7 and 9 June 2019, the fair has become the largest, most important tourism trade show in East and Central Africa. Attended by over 445 exhibitors from 13 countries, it also attracted 523 tour operators, international travel agents and buyers from 45 countries and about 5 000 travel-interested visitors;
- Zambia International Trade Fair: Held from 26 June to 2 July 2019 in Ndola, Zambia, the event provided Tourism KwaZulu-Natal a platform to generate targeted business leads, showcase products and services to global markets, thus building and sustaining partnerships through business meetings;
- Nairobi Spotlight: This event enabled two black-owned tourism enterprises to participate. They form part of the organisation's Enterprise Development Programme and their involvement enabled them to gain access to market opportunities aimed at forging business linkages;
- Sanganai World Tourism Expo: This event attracts leading African destinations and major world tourism markets, such as South Africa, Botswana, Malaysia, China, Zambia, Malawi, Kenya, Mozambique, Namibia, Indonesia, India, Italy and many others. This annual tourism trade fair is organised by the Zimbabwe Tourism Authority and showcases Africa's best tourism products, attracting international visitors;
- Eswatini International Trade Fair: Tourism KwaZulu-Natal participated for the first time since the fair's inception in 1968. It took place at Mavuso Trade Centre in Manzini from 30 August to 9 September 2019;
- Spotlight Travel Expo Lusaka: Tourism KwaZulu-Natal participated in this event, organised by Houston Marketing, in Lusaka, Zambia on 11 and 12 February 2020, focusing on insights and challenges facing travel agents and tour operators in packaging and selling KwaZulu-Natal; and
- Spotlight Travel Expo Maputo: Tourism KwaZulu-Natal



participated in this expo on 20 February 2020 in order to address challenges facing travel agents and tour operators in packaging and selling KwaZulu-Natal. It was attended by 60 agents from 38 agencies in Maputo. The organisation trained 21 agents and tour operators at the expo.

International:

- OnShow North America Road-show: Held from 3 to 13 September 2019 in Toronto, Stamford, Fort Lauderdale and Denver, this series of workshops enabled Tourism KwaZulu-Natal to conduct destination training for travel agents and engage with tour operators at meetings;
- Goway Roadshow: Held from 16 to 19 September 2019, this series of workshops aimed at training Goway retail agents with regard to destination KwaZulu-Natal. Workshops were held in three cities: Toronto, Edmonton and Calgary;
- Africa Showcase Australia: Held in five cities - Perth, Adelaide, Melbourne, Sydney and Brisbane - this platform saw Tourism KwaZulu-Natal introduce destination KwaZulu-Natal to the Australian market. Strictly driven by the trade channel, the organisation's focus was on making contact and building relationships with wholesalers who package South Africa;
- World Routes Conference: This event allows KwaZulu-Natal to engage global aviation leaders and to promote King Shaka International Airport as a hub for international connectivity. The three-day conference was attended by approximately 3 000 delegates who participated in more than 15 000 face-to-face meetings to discuss new and existing air services;
- TOPRESA: Tourism KwaZulu-Natal collaborated with Akilanga to book a stand and schedule meetings at the show from 1 to 4 October in Paris, France, scheduling 18 meetings;
- World Travel Market London: This event, held from 4 to 6 November 2019, was used by Tourism KwaZulu-Natal to cement relations with trade and to seek market insights. With the growing importance of consumer engagements, the organisation targeted media and bloggers and conducted engagements with more than 20 leads, a number of which are currently being pursued for future partnerships;
- Vakantiebeurs: Held between 15 and 19 January, Tourism KwaZulu-Natal participated in the Vakantiebeurs Consumer and Trade Show in Utrecht, Netherlands. Attended by some 15 000 travel professionals, the show is both trade and consumer-facing and attracts traders and consumers from across Europe. The Netherlands is of strategic importance to South Africa and KwaZulu-Natal, with extensive repeat visitors to this country; and
- New York Times: Held between 24 and 26 January 2020, Tourism KwaZulu-Natal participated in partnership with Durban Tourism in order to create hype and encourage visits to the stand. The organisation conducted a competition in which attendees were able to take photographs and post KwaZulu-Natal tags on social media in order to stand the chance of winning a Zulu beaded hamper. Six hampers were given away during the show.

Joint marketing and trade engagements (hostings and trainings):

- Air Namibia and Proflight Zambia: Tourism KwaZulu-Natal met with Air Namibia and Proflight Zambia, working with these players on marketing initiatives. The organisation hosted their agents on pre- and post-tours during the Vodacom Durban July and advertised in their in-flight magazines. Destination maps and travel guides were distributed in all Proflight offices in Zambia, meaning exposure for destination KwaZulu-Natal;
- Tourvest DMC: Tourism KwaZulu-Natal conducted destination and product knowledge training for Tourvest DMC agents on 16 May at their offices in Johannesburg. A total of 37 agents attended;
- African Eagle: On 8 May, the organisation conducted destination and product knowledge training with African Eagle in Johannesburg, an event which was attended by 12 agents. The intention was to showcase KwaZulu-Natal's three-to-five-star grading;
- Travel Counsellors (UK): On 18 June, the organisation had an interview with Travel Counsellors in Manchester, England, which enabled the team to showcase KwaZulu-Natal for the benefit of 1 800 travel counsellors in Europe, South Africa and United Arab Emirates. It aired in July 2019;
- Africa Showcase Road Show (UK): As part of our agenda to create destination awareness, the organisation participated in the event, which took place in the UK from 17 to 21 June 2019. The Road-show was organised by On Show Solutions in Manchester, Cotswold and London. A total of 120 agents were trained on destination KwaZulu-Natal;
- Followme2Africa 2019: A UK-based destination management company with offices in Cape Town, had an academy event in Franschoek, Western Cape. As a result, Tourism KwaZulu-Natal trained 58 agents from the UK, Canada, Russia, Dubai and other parts of the globe. Two post-event tours took place in KwaZulu-Natal with 12 agents embarking on tours covering the Durban, Ilembe and Umhlatuze Districts;
- SAT UK: Tourism KwaZulu-Natal collaborated with SAT UK to host 12 travel agents from the UK between 9 and 18 June 2019. The itinerary saw agents visiting Ukhahlamba Drakensberg, battlefields, the midlands, Durban and the North Coast. The KwaZulu-Natal Travel Academy project team convened for a debrief of the 2019 Academy. There, it was decided that the 2020 Travel Academy would take place from 12 to 16 March 2020;
- Lesotho Market Analysis and Trade Calls: In June the organisation's Africa and Domestic team visited Lesotho as part of the collaboration with the Lesotho Association of Tour Operators. To ensure that this visit yielded tangible results for KwaZulu-Natal, the organisation identified four tour operators (SMMEs) who formed part of the KwaZulu-Natal delegation seeking direct business engagements;
- Knecht Reisen JMA highlights for the year 2018/19: KwaZulu-Natal enjoyed a double-page editorial in the Knecht Reisen brochure, a magazine with a print-run of 55 000. A KwaZulu-Natal advert was also featured in Knecht's Client Magazine, with a print run of 90 000;

**WORLD ROUTES
CONFERENCE: ATTENDED
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3 000 DELEGATES WHO
PARTICIPATED IN MORE
THAN 15 000 FACE-TO-
FACE MEETINGS**

PROGRAMME 4: MARKETING

continued...

- India: Negotiations are underway for a joint marketing agreement with Thomas Cook for an agreement to deliver results for both MICE and leisure segments. India hosted a mega FAM to KwaZulu-Natal in November 2019. Tourism KwaZulu-Natal provided input to the itinerary;
- Asia Pacific: KwaZulu-Natal's official launch to the Japanese market took place on 8 July 2019. South African Tourism Asia Pacific organised a seminar with the Japanese Tour Operators Association attended by 25 Japanese tour operators. Tourism KwaZulu-Natal, together with Emirates airlines, presented at the event specifically to promote the Durban/Dubai route;
- Americas: Tourism KwaZulu-Natal, in partnership with Durban Tourism, hosted a group of five tour operators from the USA with an itinerary focused mainly on safari, culture and Durban-based experiences. Goway carried an online advert to promote a KwaZulu-Natal package titled 'Secrets of KwaZulu-Natal' which is a seven-night tour focusing on Durban, safaris, culture and the battlefields;
- Australia Road-show: Tourism KwaZulu-Natal hosted a senior reporter from the Sydney Morning Herald in Australia between 28 September to 5 October 2019, and focused on Durban, Drakensberg, Battlefields, Zulu culture and safari activities. KwaZulu-Natal was featured in The Traveller, which is an insert in three Australian publications;
- France in-country training: The organisation collaborated with Akilanga and undertook agent training in France from 24 to 28 September 2019. Training took place in Lille (12 agents), Brussels (15 agents), Strasbourg (10 agents) and Paris (20 agents). The number of attendees would have been higher if not for the collapse of Thomas Cook during the training programme;
- Germany Africa Showcase: Tourism KwaZulu-Natal engaged in 90 scheduled meetings across Munich, Cologne and Frankfurt from 11 to 14 November 2019, with 82 of these pre-scheduled meetings taking place;
- United Kingdom: Held in the UK and Ireland in November 2019, the SA Tourism School is a programme run by South African Tourism in the UK and Ireland to promote South Africa. The platform allows destinations and products to present their offerings to agents selected by SAT. Through this platform, our organisation was able to train 90 agents about the province's offerings;
- Sydafrikaresor: The organisation collaborated with Sydafrikaresor, a former JMA partner, in hosting 14 Swedish CEOs in KwaZulu-Natal. The CEOs visited KwaZulu-Natal as part of their social responsibility programme. Their itinerary included staying at Thanda Game Lodge and Zimbali Resort;
- India Travel XP: The organisation successfully hosted a film crew from Travel XP India and they visited the Midlands, Drakensberg, South Coast and Durban. The organisation also hosted a media strategist from India from 30 November to 3 December 2019. The itinerary was focused on adventure, covering the South Coast and the Drakensberg in order to gain insights on how to package the province among Indian consumers;
- China Ready Workshop: The organisation, in partnership with South African Tourism, hosted this event held on 2 December at the Protea Hotel Fire and Ice, Umhlanga, with the aim of equipping tourism trade and the sector, as whole, with skills to better host the China market. The organisation enjoyed R150 000 in free media exposure here;
- US Trade FAM Trip: Tourism KwaZulu-Natal hosted a USA trade member on a FAM trip around KwaZulu-Natal from 6 to 12 December to showcase the province to American travellers. The focus was the Drakensberg, Battlefields and Zulu culture. Goway JMA has expired and we await the performance report for assessment and possible renewal;
- Australian Media Mega FAM: The organisation provided itinerary input for an Australian media mega fam held from 3 to 6 October 2019. The tour was titled 'Cultural Roots' and focused on the unique experiences the country has to offer;





- India SATTE and SAT Road-show: The organisation participated in this event, held in India from 7 to 17 January 2020, which afforded Tourism KwaZulu-Natal media engagements to profile the Zulu Kingdom;
- SAT Road-show: Held in the cities of Bangalore, Pune and Mumbai, Tourism KwaZulu-Natal held meetings with tourism trade to profile destination KwaZulu-Natal and to build new business relationships;
- India FAM Trips: The organisation, in partnership with South African Tourism India, hosted two trade groups from India, South East Asia and Singapore, exposing participants to key KwaZulu-Natal experiences in line with the markets' interests, which included safaris, the Drakensberg and Durban's urban culture and cuisine. A second group comprising Indian corporate CEOs were provided an introduction tour of KwaZulu-Natal;
- Goway JMA: In February, Tourism KwaZulu-Natal worked with our joint marketing partner, Goway, in preparing for our organisation's participation at the Goway Road-show North America, to take place in March. Due to the COVID-19 pandemic, the road-show was cancelled;
- Travel Counsellors: In March 2020, Tourism KwaZulu-Natal collaborated with Tourvest, a leading destination marketing company, in hosting seven travel counsellors from the United Kingdom and Ireland. The company has 1 600 travel agents globally, running their own home-based franchise in the UK, Ireland, the Netherlands, Belgium, South Africa, Australia and the UAE. The itinerary was jointly developed by Tourism KwaZulu-Natal and Tourvest, and ensured that geographic spread was achieved; and
- The Next Travel Market: An online B2B trade-show for buyers and sellers of outbound travel from China, the event was created specifically to solve the pain points of global client marketing and offers an innovative solution for the global tourism market to connect with the Chinese travel trade on a new, digitally-powered platform. Exhibitors exhibit online, enabling them to connect with and conduct business with 250 hosted buyers and 35 000 trade visitors.

Strategic Initiatives - Billboards

Our Billboard Campaign ran for 12 months at three airports, King Shaka International Airport, OR Tambo International Airport and Cape Town International Airport, and afforded the destination reach beyond merely the domestic market, but to international tourists as well, the result of their strategic locations. The billboards communicated KwaZulu-Natal's different brand pillars from culture to adventure and from heritage to romance, in order to drive home the point that KwaZulu-Natal has it all. These locations provided high reach, resulting in massive exposure for the KwaZulu-Natal brand. Currently KwaZulu-Natal's awareness is sitting at 70% and billboards have been cited as one of the elements our consumers have seen.

Strategic Partnerships: Brand Repositioning

The strategic partnerships that the team has entered into have seen more aggressive drives in different countries. An example of such partnerships is the work the team is doing with British Airways, which has seen the destination receiving massive exposure in the UK, France, Germany and the Netherlands.

In an attempt to encourage stakeholder partnership and participation in our efforts to promote KwaZulu-Natal, Tourism KwaZulu-Natal met with Gateway to discuss possible collaboration in promoting the destination. A number of ideas were discussed including such matters as store discount vouchers, meal discount vouchers and Uber vouchers for hosted guests, conference delegates and other opportunities that may arise for the promotion and profiling of the destination.

Currently, the organisation is in discussion to help shape the working relationship between Tourism KwaZulu-Natal and Brand SA. Going forward, Brand SA will make available platforms which Tourism KwaZulu-Natal could utilise for driving tourism awareness. This will also see Brand SA sharing information on perception studies, as well as other research studies which will assist our tourism initiatives.

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Government and the private sector have recognised the need to develop a single proposition or value statement that all roleplayers in economic development and business can rally behind in terms of showcasing the immense potential within the province. This proposal for a unified approach of selling the destination is supported by a coalition of KwaZulu-Natal-based businesses under the leadership of First National Bank. The bank, together with these businesses, has proposed financial and material support for initiatives that effectively position the province as a distinctive destination for people to do business, invest, live and enjoy leisure offerings.

Through the Route Development Marketing Team, a relationship has been forged with the private sector aimed at collaborating on the brand repositioning exercise. The private sector has pledged its support to the initiative and participants are willing to contribute both in cash and in-kind, provided a vehicle is put in place to ensure accountability for the funds that will be contributed. The team is currently exploring how this vehicle will be structured, with the legal teams from the province, Durban Tourism and a legal representative from the private sector looking into how this will be achieved.

PROGRAMME 4: MARKETING

continued...

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2018/19			2019/20		
Marketing	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
	55 125	61 039	(5 914)	60 208	66 230	(6 022)
TOTAL	55 125	61 039	(5 914)	60 208	66 230	(6 022)

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
Drive awareness of the province's diverse offerings	Percentage brand awareness from Tourism KwaZulu-Natal's brand omnibus survey	62%	95%	+33%	Due to the positive response received from the survey
Relationships forged with transport services and product owners in order to influence packages for promotion	Number of packages negotiated for promotion	6	130	+124	Aggressive marketing plan led to the high number of agreements signed being greater than planned.

PROGRAMME 5: DURBAN KWAZULU-NATAL CONVENTION BUREAU



Purpose

To aggressively identify and bid for small, medium and large meetings, exhibitions and incentive gatherings with researched potential of significant return on investment and raise the level of awareness of Durban and KwaZulu-Natal's wide range of business tourism-related venues and associated services.

Strategic Objectives

- To increase the level of business tourism flow to the city of Durban and other parts of the province;
- To secure both private and public sector support to enable initiatives to increase the level of business tourism to this region;
- To identify and promote business tourism venues and related services in Durban and the province; and
- To stimulate an awareness of the benefits and opportunities, which exist in the business tourism sub-sector, particularly among the emerging business tourism community in Durban and KwaZulu-Natal.

Key Performance Areas

- Number of bid proposals prepared; and
- Comprehensive data set and understanding of KwaZulu-Natal's business event venues and services.

Performance Highlights

Introduction

The need for a body tasked solely with the promotion and development of business tourism in the city of Durban, as well as the province, led to the establishment of the Durban KwaZulu-Natal Convention Bureau. The formation of this entity was the outcome of a collaborative effort between the MEC for Economic Development, Tourism and Environmental Affairs and eThekweni Municipality.

After a brief period of existence, Tourism KwaZulu-Natal assumed responsibility for the bureau in May 2014. Since then the entity has secured major business events for the city and province, thereby injecting billions of Rand into the local economy. The bureau does not own any events, but serves to attract major happenings to the city and the province which then have economic spinoffs. Its role is to increase the number of meetings, incentives, conferences and exhibitions (MICE activities) which will bring in revenue, but also encourage people to undertake sightseeing and engage in other tourism activities.

During the period under review it was not just Durban which benefitted from business tourism, the bureau was successful in ensuring geographic spread in the economic development of the province's various districts. The impact has been slow and steady, due in the main to factors such as accessibility and availability of suitable venues. However, to date, growth has been seen through the hosting of events in King Cetshwayo - Richards Bay, Ilembé - Zimbali, the South Coast, Umgungundlovu and the Drakensberg.

Activities

The bureau surpassed the R800 million benchmark for the total value of the conferences and events attracted to the region during the year under review.

The economic impact was some R1 billion, with about 38 events hosted. The bureau continues to act as a pioneer in attracting international events to the province, as our mandate is to be a catalyst for economic development and employment creation in the province, as well as to elevate the profile of Durban and KwaZulu-Natal as a preferred MICE destination.

With various stakeholders working together, the bureau has created an environment of inclusivity, ensuring there is geographic spread in terms of hosting meetings, events and conferences outside Durban.

The bureau was affected by the COVID-19 pandemic towards the tail end of the period under review. Several business events were postponed rather than cancelled as a result thereof, with some scheduled for later in the year or even moved to 2021. One such event was the sixth South African TB conference, which was scheduled for June, but was postponed with the possibility of it being hosted as a virtual conference instead.

Three other events, which were scheduled to take place in March, were postponed indefinitely. These are the International Conference on Information Technology, Christian Women in Business Conference and World Football Summit Africa 2020.

The bureau has mooted the idea of including viruses, epidemics and pandemics under the list of *force majeure* events to absolve all involved parties from liability should any of this occur and lead to the postponement or cancellation of events.

Bids Secured

In spite of the pandemic, the bureau successfully secured a number of top bids during the 2019/20 period. Between January and March 2020 alone, 28 bids were secured which was calculated to bring in an estimated revenue in excess of R1,2 billion. Several District Municipalities also benefitted from the various events held in the period under review. The World Conference on Drowning Prevention (with an economic impact of about R15 million), the International Geographic Union Annual International Geographical Union Commission of African Studies (IGUCAS) and the International Forest Enterprise Congress were held in uMhlatuze Municipality, in Richards Bay.

Other high-profile events held in KwaZulu-Natal and secured by the bureau included the Afreximbank Trade Finance Seminar, Association of African Development Finance Institution CEOs Forum in November 2019, with an estimated impact in excess of R9.5 million, and the United Cities and Local Governments event in Durban, with a total economic impact of R76 million. In the coming months the authority will roll-out a recovery plan for tourism, which aims to redress losses.

The bureau can further announce that it has been awarded the rights to host the UNWTO Affiliate Member Plenary Session 2022, the 28th International Ornithological Congress, TBEX Africa 2021 (the world premier event for travel creatives), and is waiting in anticipation the announcement of the Intra-African Trade Fair 2023 (date changed due to the COVID-19 pandemic, the host of 2020 will now host in 2021) to mention but a few.

PROGRAMME 5: DURBAN KWAZULU-NATAL CONVENTION BUREAU

continued...

Driving transformation

The bureau is mandated to promote the radical economic transformation of the business tourism sub-sector and has made huge strides in this regard.

To this end, quarterly workshops were hosted for a range of black-owned small, medium and micro enterprises (SMMEs) in KwaZulu-Natal's 11 district municipalities. In addition, more than 60 SMMEs were trained in organising and hosting professional conferences and exhibitions through the International Association of Professional Conference Organisers (IAPCO). Two workshops in this regard were held in the uMkhanyakude and uMgungundlovu Districts. In uMgungundlovu the bureau partnered with Ithala, which highlighted the business support opportunities available to SMMEs. Similar workshops were also held in Kokstad and Amajuba.

Township and rural tourism also benefited from procurement processes linked to the bureau's events, while traditional crafts were given prominence during events before and after tours. By way of example, international and national media were taken to the Chief Albert Luthuli Museum and introduced to the Inanda Heritage Route during the Forbes Leadership Summit in March 2020. During the AfreximBank Trade Finance Seminar, delegates were encouraged to visit key tourist attractions, such as the Nelson Mandela Capture Site, Inanda Heritage Route and the Mahatma Gandhi Ashram.

It must be noted that while opportunities for SMMEs and the youth are growing in the province's business events space, such growth has been limited, the consequence of a number of challenges. These include the fact that the bureau depends on event owners and associations to deliver on its mandate, which is not always executed to a satisfactory level.

Corporate Social Responsibility

In January 2019 the bureau participated in drafting the 'Bangkok Manifesto' at the Society for Incentive Travel Excellence (SITE) Global Conference in Thailand. This manifesto impressed the need for the incentive travel community to embrace corporate social investment as its key priority.

Thereafter, noting the increasing interest which organisations have shown towards corporate social responsibility (CSR) projects when visiting destinations, the bureau has taken to leveraging this opportunity. This was evident during the International Congress and Convention Association AMP gathering in June 2019, when the world's leading suppliers in handling, transporting and accommodating international meetings and events, took action which resulted in a positive impact in KwaMashu.

Although it was not an incentive meeting, the bureau encouraged delegates to bring a donation for the Abalindi Children's Home. In addition, they painted the home, planted trees and adopted the home for future support through international funding from various partners.

Currently sustainability and 'give-back' components have been identified as a growing trend and the bureau will encourage its partners and event owners to include this in their conference and incentive programmes when hosting events in KwaZulu-Natal. It will also continue to advocate for 'transformational travel,' which will result in 'highly memorable, authentic experiences, while connecting people with a deeper meaning that leads to personal growth and/or self-actualisation.'

Support Committees

The bureau established support committees to raise funds and resources for several business events. The committees are tasked with converting the visiting business tourists into ambassadors for the province and to encourage them to become future leisure tourists to our destinations.





During the third quarter of the 2019/20 financial year, the support provided included a welcome desk at King Shaka International Airport. Through its support committees, the bureau also secured discounted rates for accommodation and special fares from South African Airways and Emirates for delegates, while also ensuring the availability of pre- and post-conference tourism events.

The support committees aim to ensure the success of events secured by the bureau and to convert the visiting business tourists into ambassadors and future leisure tourists for the destination. The support committees started during this period were for the World Drowning Prevention and the Global Communications Association Conference. Support was also raised for other events without the establishment of specific committees.

Looking Ahead

For association meetings and conferences, the bureau will continue to work with the health and safety authorities to ensure that we have up-to-date information provision for organisers to keep them apprised of South Africa's readiness to host business events. South African Tourism has reported that the Grading Council of South Africa is working with the province's convention venues to continuously enhance their hygiene protocols and to ensure that scanning facilities are used for the safe management of visiting delegates.

The bureau is carefully considering and consulting widely with regard to measures that will be put in place for future events to provide delegates with the requisite reassurance that the situation will be effectively managed.

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2018/19			2019/20		
Convention Bureau	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
	18 765	14 226	4 499	37 225	33 847	3 378
TOTAL	18 765	14 226	4 499	37 225	33 847	3 378

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
Number of bid proposals submitted	Number of bids submitted to business event owners for hosting in KwaZulu-Natal	30	31	+1	The target was exceeded.
Number of black-owned SMME interventions	Number of interventions given to black-owned SMME businesses in business events	12	11	-1	The shortfall was noted in the second quarter where the entity could secure the date that was suitable for the relevant platform.

PROGRAMME 6: PUBLIC RELATIONS AND COMMUNICATIONS

Purpose

To undertake internal and external programmes to build a positive reputation for the destination and Tourism KwaZulu-Natal amongst stakeholders. Further, to champion service excellence in the tourism industry and, through the activities of the organisation, to leverage media opportunities for both the destination and the organisation.

Strategic Objectives

To improve destination and corporate image, manage stakeholder relationships and promote service excellence within the tourism sector.

Key Performance Areas

- Proactive media relations and the building of a positive image of the destination;
- Continuous communication of organisational key engagements and achievements with internal and external stakeholders;
- Identify leveraging opportunities with supported events and co-ordination of supported events;
- Implement an extensive tourism safety and awareness programme; and
- Champion improved customer care and service excellence within the sector.

Programme Performance Highlights

Introduction

Internal and external communications falls under the ambit of the Public Relations and Communications Unit and as such Tourism KwaZulu-Natal uses various vehicles to capitalise on its existing network of stakeholders, partnerships and media relations.

Internal Communications

Tourism KwaZulu-Natal understands that its greatest asset is its employees. Therefore, ensuring that staff members are informed of the latest developments within the organisation and getting their support is crucial. During the 2019/20 year, the organisation used a number of communications channels to update staff on the latest news and stories written about the province in general and major tourism issues in particular.

A Media News Bulletin was circulated weekly to keep staff members updated on key tourism industry news. In addition, our publication, The Exceptional News KwaZulu-Natal, was used to communicate stories of interest to members of staff, such as changes in Government leadership and business-related announcements.

External Communications

The popular travel magazine, What, Where and When, was utilised to share important news and information with potential travellers. What, Where and When is a niche magazine which brands itself as the official guide to events, shopping, dining, art, culture and entertainment in KwaZulu-Natal.

The magazine was also used to promote Tourism KwaZulu-Natal's 'Do KZN' campaign in order to draw increased numbers of travellers to the province. Consumers were kept informed about

key events and tourism activities hosted around the province during peak travel periods.

During the same period, the organisation continued to draw interested parties through its online applications. Both its website and the mobile App have proved to be popular.

Media Partnerships

Radio and TV

Tourism KwaZulu-Natal has a strong relationship with a number of local and national media entities. During the year under review it continued to optimise these relationships through multiple events.

The power of broadcast media, and the immediacy and accessibility of radio, in particular, was evident during Africa's Travel Indaba in May 2019. Billed as the continent's largest travel trade show, the Indaba attracts industry heavyweights from across the globe.

During Africa's Travel Indaba, the organisation partnered with national radio station, SAfm which broadcasts live from the Indaba venue. Highlights included live interviews with key tourism industry players in order to share a number of milestones achieved by the organisation, such as the launch of the new British Airways direct route between London Heathrow and Durban's King Shaka International Airport.

A partnership with CNBC Africa, a pay partnership television channel which broadcasts across the continent, enabled Tourism KwaZulu-Natal to connect and share exciting tourism content with potential tourists from the continent. These included various inroads made by the organisation in the development of a new beach resort and positive strides made by various emerging tourism entrepreneurs within the tourism sector.

In order to continue to remain top-of-mind in terms of local and domestic travellers, Tourism KwaZulu-Natal partnered with a number of regional and national radio stations, including East Coast Radio, Gagasi 99.5 FM, uKhozi FM and others, to promote seasonal packages and events, so as to encourage local and domestic travel. This has proven to be successful as KwaZulu-Natal is well on its way to reclaim its top spot as the number one domestic tourism destination in South Africa.

Print

Tourism KwaZulu-Natal collaborated with various strategic publications during the year under review. This included a partnership with Independent Newspapers, the umbrella body for a number of publications. Utilising such publications as The Star, Independent on Saturday, The Sunday Tribune, The Mercury, The Daily News and Isolezwe, the entity engaged with readers on highlights from Africa's Travel Indaba, Tourism Month and the Lilizela Tourism Awards, which showcases service excellence initiatives within the tourism sector.

In addition, the Acting Chief Executive Officer of Tourism KwaZulu-Natal, Phindile Makwakwa, penned several opinion pieces on issues, such as religious tourism, new routes, cultural tourism and accessible tourism.



KZN Lilizela Tourism Awards 2019
Fairmont Zimbali
30 October 2019



**BILLED AS THE
CONTINENT'S
LARGEST
TRAVEL
TRADE SHOW,**

the Indaba attracts industry heavyweights from across the globe.



KZN Lilizela Tourism Awards 2019
Fairmont Zimbali
30 October 2019

#KZNLilizela19
#GottaLuvKZN



PROGRAMME 6: PUBLIC RELATIONS AND COMMUNICATIONS

continued...

Media Liaison and Press Statements

Throughout the 2019/20 review period, Tourism KwaZulu-Natal worked closely with the media to ensure that journalists and commentators were informed about events and key initiatives.

During the period under review, 20 press statements were released dealing with a range of issues including Africa's Tourism Indaba, the Vodacom Durban July, festive season activations and the Lilizela Awards.

Hosting

During the period under review, Tourism KwaZulu-Natal collaborated with a number of social media influencers, celebrities and tourism writers to promote tourism experiences in the province. A highlight for the period includes the hosting of well-known entertainment celebrities and social media influencers; Unathi Nkayi and Siv Ngesi for a weekend at the newly launched Umfolozi Big 5 properties in Zululand. They shared their experiences with their combined social media audience of more than 1 million followers. Other media present included representatives from Tourism Update, Sawubona Magazine, High Life Magazine, IOL Travel, Espresso on SABC3 and Travel Trendz. Furthermore, the property was featured on Top Billing on SABC 3, a high-end South African travel and lifestyle TV show, presented by the popular Jonathan Boynton-Lee.

During the same period Tourism KwaZulu-Natal hosted members of the media in several parts of the province to showcase a variety of offerings. The media were also taken on familiarisation trips to the Elephant Coast, Drakensberg and the South Coast, resulting in immeasurable coverage for the regions and their offerings, such as Jozini Tiger Lodge, Pongola Country Lodge and a new hotel in Hluhluwe.

Familiarisation also included key events hosted in the province, such as the Sardine Festival and Umthayi Festival. These have resulted in travel features and interviews for local tourism partners in publications such as Ilanga Newspaper, IOL Travel, Isolezwe, Eye Witness News, 702 as well as SABC Radio and TV.

Media Monitoring

Tourism KwaZulu-Natal's smart advertising and marketing strategies paid off handsomely as destination KwaZulu-Natal amassed R113 312 719 in media coverage.

The organisation also participated more aggressively on social media platforms, which has proven to be a worthy investment as more and more tourism consumers are using social media as a communications tool of choice. The publicity was widespread and included platforms such as Facebook, Twitter and YouTube. The organisation has 63 000 followers on Facebook.

However, it is worth noting that the destination also received a degree of negative publicity during the review period, attributable to the number of xenophobic attacks, perceived political instability and the outbreak of COVID-19. This gravely impacted on the overall image of the destination.

Public Relations

A series of events were held to attract tourists and simultaneously market the province as a key leisure and tourist destination and to enhance stakeholder relations with KwaZulu-Natal trade. From special gatherings of motorbike enthusiasts to air shows and the Vodacom Durban July, Tourism KwaZulu-Natal was determined to prove that the Kingdom had something for everyone.

The Africa's Travel Indaba breakfast drew international and national media and also many from across the African continent. An annual event hosted by Tourism KwaZulu-Natal in conjunction with Durban Tourism, the breakfast is essential for positioning the province as a global player with national and international trade representatives with regard to marketing and tourism development activities in the province.

A flagship event on the national calendar, the Vodacom Durban July is one of the premier social and sporting events each year. Tourism KwaZulu-Natal collaborated with the Department of Economic Development, Tourism and Environmental Affairs to utilise this platform as a networking opportunity to engage strategic stakeholders who play a role in helping us achieve the vision of making the province a leading tourist destination. This platform also offers the opportunity to showcase the event to the tourism trade partners and to encourage them to create packages around the event in line with the 'Do KZN' campaign.

Tourism KwaZulu-Natal hosted the seventh provincial Lilizela Tourism Awards on 30 October 2019 at the Fairmont Zimbali Resort. Winners went on to compete at the national event and for the second consecutive year, the province also scooped the award for Emerging Tourism Entrepreneur of the Year. Durban Tourism, the Department of Economic Development, Tourism and Environmental Affairs and Tourism KwaZulu-Natal hosted World Tourism Day at the Mandela Capture Site in the Midlands. uShaka Marine, KwaZulu-Natal Wildlife and the KwaZulu-Natal Sharks Board also participated in an exhibition held there and interacted with the community of uMgungundlovu.

Pandemic

During the last 25 days of the year under review the global pandemic made its presence felt.

The MEC for the Department of Economic Development, Tourism and Environmental Affairs, Ms Nomusa Dube-Ncube, tasked the organisation with establishing a Tourism Recovery Task Team consisting of public and private sector representatives. The task team was responsible for formulating a provincial tourism recovery plan to mitigate the effects of the pandemic and to drive greater domestic and international marketing to the province.



LINKING PERFORMANCE WITH BUDGET

PROGRAMME	2018/19			2019/20		
Public Relations and Communications	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
	29 967	36 485	(6 516)	23 458	27 679	(4 221)
TOTAL	29 967	36 485	(6 516)	23 458	27 679	(4 221)

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
Increase Rand value on media coverage received about the destination	Number of KwaZulu-Natal corporate events hosted	R115 Million	R113 312 719.66	R- 1 687 280.66	Xenophobic attacks in the country, which were beyond the control of entity, was the primary factor leading to the underachievement in this indicator.
Enhance destination brand awareness through events	Number of KwaZulu-Natal corporate events hosted	3	3	0	Achieved
Number of service excellence incentive programmes	Number of service excellence incentives programmes conducted	1	1	0	Achieved
Number of tourism stakeholder interventions conducted	Number of tourism stakeholder road-shows conducted in partnership with District Municipalities	4	2	-2	Not achieved due to financial resources being redirected.

PROGRAMME 7: CORPORATE SERVICES

Purpose

To provide an enabling environment for all departments within Tourism KwaZulu-Natal to carry out their strategic objectives and fulfil the organisation's mandate.

Strategic Objectives

- To provide skills development and training;
- To implement an efficient, effective, economic and transparent supply chain management system by managing supply chain turn-around time and compliance with relevant prescripts; and
- To adhere to good internal controls and the preparation of accurate, reliable and timely financial reports.

Key Performance Areas

- Conduct skills analysis;
- Submission of workplace skills plan;
- Turn-around time for bids and quotations;
- Compilation and submission of AFS;
- Completion and presentation of management accounts; and
- Submission of statutory returns.

Programme Performance Highlights

The Corporate Services Department is there to provide support services for the entity in the form of Human Resource Management, Financial Reporting and Supply Chain Management. The department is there to ensure that staff obtain adequate training, employee wellness interventions and upskilling of employees.

HUMAN RESOURCES AND ADMINISTRATION

The human resource department ensures that Tourism KwaZulu-Natal is adequately staffed to deliver on the mandate and service delivery objectives.

While recruitment for non-critical permanent positions was suspended due to the Ropett process, the Human Resource Committee approved the recruitment of key critical positions on a short-term contract basis. These appointments will be effective until the incorporation process of KZNFC into Tourism KwaZulu-Natal is concluded.

Tourism KwaZulu-Natal is cognisant that human capital is their most prized asset. Employees are afforded the opportunity of bursaries and training interventions, ensuring staff stay relevant in their careers through continuous learning. HR complies with the applicable legislation and successfully submits the Workplace plan timeously which assists in identifying and providing relevant training that addresses the skills gaps within the organisation. The Work skills plan ensures that training is not only reactive to needs that emerge but also speaks to the overall organisational strategy, as well as encourages a holistic and sustainable approach to skills development. Quarterly training targets have been achieved in all quarters and HR endeavours to source online training initiatives in light of the COVID pandemic which affected the last quarter of the reporting period.

Our graduate development programme also offers young people an opportunity to gain experience in their chosen field, while earning a market-related stipend as we strongly believe in powering possibilities by creating opportunities to develop exceptional people. Recruitment for the new graduates in different business units are currently under way for the new financial year.

Procurement

The Supply Chain Management Unit continues to administer bids, manage contracts and provide support services to all functions in respect of procurement.

The department drives transformation through the Procurement Unit by procuring services from Previously Disadvantaged Individuals (PDI) and insisting on partnerships to upskill disadvantaged individuals. The entity procured over 60% of their spend from PDIs during the period.





FINANCE

The Finance Unit is responsible for the compilation of financial reports, internal controls, timely payment of service providers, debtors management and the submission of statutory returns. Service providers to the organisation were paid within 30 days of receipt of invoices in the department, with the exception of any requiring query resolution.

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2017/2018			2018/19		
Corporate Services	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
	22 720	24 690	(1 970)	24 113	26 484	(2 371)
TOTAL	22 720	24 690	(1 970)	24 113	26 484	(2 371)

Measurable objective	Programme Performance indicator	Annual Target (APP) 2019/20	Actual Performance	Variance	Comments
Percentage of Performance assessments conducted	Percentage of signed Performance Agreements	100%	100%	-	Achieved
	Percentage of signed Performance Assessments	100%	90.7%	9.3%	The shortfall is due to staff incapacitation of Heads of department before assessments being finalised
Number of training programmes conducted	Number of training interventions conducted as per the annual Workplace Skills Plan	16	14	-2	Due to the restrictions announced to prevent the spread of the COVID-19, two trainings planned in the last quarter were cancelled
Ring-fenced percentage of procurement budget for PDIs through competitive bidding	Percentage of procurement budget ring-fenced for PDIs through competitive bidding	60%	+60%	The entity strived to ensure that the PDIs are included in all organisational procurement processes	The achievement has been above 60% throughout the fiscal period.

PART C GOVERNANCE

INTRODUCTION

The implementation of good governance is unquestionably fundamental to the way in which our organisation conducts its operations. Adherence to the guiding principles of good corporate governance is imperative to Tourism KwaZulu-Natal. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance.

EXECUTIVE AUTHORITY

The KwaZulu-Natal legislature, the Executive and the Accounting Authority of the public entity are responsible for corporate governance. In this regard, the Board submitted Performance Information reports to the Executive Authority on a quarterly basis.

THE ACCOUNTING AUTHORITY

Introduction

The Board of the Tourism KwaZulu-Natal Authority regards most seriously the need for absolute transparency of action and complete compliance with all laws and regulations and we work continuously to maintain our governance status. The Board of the Tourism KwaZulu-Natal Authority is responsible for the establishment of a risk management approach, development of fraud prevention policies, effectiveness of internal audit and the audit committee, as well as other governance structures. These include management processes aimed at minimising any conflict of interest and the implementation of a Code of Conduct, together with safety, health and environmental issues faced by the Tourism KwaZulu-Natal Authority.

To this end, the Board, fully supported by the Executive Team and Management structures, remains wholly committed to the implementation of the highest standards of corporate governance throughout Tourism KwaZulu-Natal. Management is responsible and accountable to the Board for the design, implementation and monitoring of the above-mentioned processes. In addition, it is responsible for integrating them into the day-to-day activities of the Tourism KwaZulu-Natal Authority.

Board Charter

The Board Charter continues to regulate how business is conducted by the Board in accordance with the principles of good corporate governance. The Board Charter ensured that all Board members acting on behalf of the Authority were aware of their duties and responsibilities and the various legislation and regulations affecting their conduct. It also ensured that the principles of good Corporate Governance are applied in all their dealings in respect of and on behalf of the Authority. The Authority's Board Charter was reviewed and approved by the Board during the 2019/20 financial

year and particular emphasis was given to how governance structures such as the Board Committees executed their respective mandate. Board Committee structures also helped shape quality and informed decision-making, while affording us opportunities to optimally manage organisational and sector risk.

Corporate Governance

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In this regard, the Board continued to ensure that strategy, risk, performance and sustainability were fully integrated. As per statutory requirement, the Board conducted a review process for the Tourism KwaZulu-Natal Strategic Plan 2014-2019 and took stock and reflected on the work that was conducted in the last five years. During this period, the Board also focused on reviewing and approving policies, dealing with issues of organisational performance as well as monitoring of the implementation of the Tourism Master Plan 5-year implementation plan and the alignment thereof to the 2014-19 strategy.

The implementation of good governance is fundamental to the way in which our organisation conducts its operations. The Board, fully supported by the Executive Team and management structures, remains wholly committed to the implementation of the highest standards of corporate governance throughout Tourism KwaZulu-Natal. In ensuring the above, the Board, supported by Management engaged in a robust process of crafting a new corporate strategy for the 2020-2025 period. These sessions focused on key governance issues as

articulated on tourism related prescriptions.

The Board continued to discharge its responsibilities during the 2019/20 financial year, accordingly as 4 statutory Board meetings were held during the year in accordance with the annual schedule of meetings. A good governance framework remains in place and an experienced and committed Board has enabled our organisation to effectively further underpin the integrity and efficiency of our organisation within both the KwaZulu-Natal and wider tourism environment. Existing governance structures also helped shape quality and informed decision-making, while affording us opportunities to optimally manage internal organisational and tourism sector risks.

Risk and Compliance

The collective knowledge and expertise vested in our Board and Executive Management assisted us in understanding risks faced and the successful mitigation of such risks during the review period. Tourism KwaZulu-Natal regards most seriously the need for absolute transparency of action and complete compliance with all laws and regulations and we work continuously to maintain our governance status.

We recognise that our organisation's operating environment faced a myriad of obstacles during the review period. The 2019/20

**EXISTING
GOVERNANCE
STRUCTURES ALSO
HELPED SHAPE
QUALITY AND
INFORMED
DECISION-MAKING**



reporting period posed internal and external risks which could have been potentially devastating for our organisation as our operating environment faced several challenges, however, the organisation worked together to ensure the successful mitigation of such risks. Internally, Board Committee meetings were convened in order to assist the Board to display its oversight role of monitoring operational performance, policy review processes, ensuring the proper discharge of enterprise risk management and management of internal control as directed by the Board charter.

For the external environment, during the 2019/20 reporting period, the organisation faced two external risks which could have been potentially devastating for our provincial tourism sector, namely the lack of social cohesion which disrupted domestic tourism and more gravely the major health scare beyond and in our borders more recently, namely the COVID-19 pandemic resulting in a profound impact and subsequent shutdown on tourist arrivals on key source

markets internationally and domestically. The world and South Africa in particular is coming together to contain the COVID-19 outbreak and must trust that we will see growing level of recovery in terms of tourist arrivals on our shores, in the near future.

Capacity Building

The Board participated in tourism marketing promotion platforms with a view to enhancing knowledge in the field of leisure and business tourism. In addition, formal Director Development Programmes and courses were implemented in the 2019/20 financial year and the Board participated as part of capacity building, in line with the Board Charter. Furthermore, these programme assisted the Board to exercise its oversight role effectively at Board and Committee level as well as cementing the Board's understanding of corporate governance matters such as issues of conflict of interest and the application thereof.

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Other Board Directorships	Other Committees	No. of Meetings attended
Mr Sthembiso Madlala	Chairperson	1 May 2017	N/A	Senior Teachers Diploma Bachelor of Arts Advanced Certificate in local government and Human Resources Management	Education Consultancy	KwaZulu-Natal Film Commission	N/A	8
Ms Patricia Lebenya	Deputy Board Chairperson (Until 31 August 2019)	01 July 2012 (Reappointed) 1 May 2017	31 August 2019	Diploma in Business Management and Bachelor of Administration (Currently studying)	Human Resource Management Financial Management.	KwaZulu-Natal Ezemvelo Wildlife; Estate Agent Affairs Board	Audit & Risk Committee Human Resources Committee	10
Prof Thandi Nzama	Member	01 April 2014 Reappointed 15 November 2017	N/A	PhD (Geography); MSc (Environmental Management); MA (Geography); MEd; B.Ed; BA Hons (Geography); B.Paed. (Geography, Biology and Education); Secondary Teacher's Diploma	Tourism Development; Human Resource Development	KwaZulu-Natal Ezemvelo Wildlife, Isimangaliso Wetlands Park Authority, KwaZulu-Natal Amafa, Ilembe Enterprise Development Agency.	Marketing & Tourism Development Committee Convention Bureau Committee Human Resource & Compensation Committee	19
Mr Michael Jackson	Member	01 July 2012 Reappointed 01 May 2017	31 August 2019	Diploma in Hotel Management, General Management Development Course and Holiday Inn Hotels University General Management Programme	Business and leisure tourism; Financial Management; Human Resource Management	Durban Chamber of Industry and Commerce	Marketing & Tourism Development Committee Convention Bureau Committee	0

PART C GOVERNANCE

continued...

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Other Board Directorships	Other Committees	No. of Meetings attended
Mr Thamsanqa Mzileni	Chairperson: Convention Bureau Committee Chairperson: Human Resource & Compensation Committee (From 18 October 2019)	01 March 2014 Reappointed 15 November 2017	N/A	Matric, National Diploma in Public Management - Incomplete	Human Resource Management	MICT SETA Board	Audit and Risk Committee	23
Mr Terence Delomoney	Chairperson: Marketing & Tourism Development	01 October 2014 Reappointed 15 November 2017	N/A	Bachelor of Accountancy Diploma in Accountancy (Post Graduate) CA (SA) 1990: Member of the South African Institute of Chartered Accountants	Aviation; Human Resource Management; Financial Management	La Mercy Joint Venture Company Ilembe Chamber of Commerce	Audit and Risk Committee	11
Dr U Roopnarian	Chairperson: Human Resource & Compensation Committee (Until 31 August 2019)	1 May 2017	31 August 2019	BA (Hons) MA PHD LLM	Human Resources	N/A	Audit and Risk Committee	11
Mr Paulos Ngcobo	Chairperson: Audit and Risk Committee	1 May 2017 – 31 August 2019 Reappointed 1 December 2019	N/A	Diploma: Human resources Diploma: International Relations	Human Resources International relations	Dube Trade Port	Marketing and Tourism Development Committee Convention Bureau Committee	17
Prof. Thokozani Nzimakwe	Member	15 November 2017	N/A	B Admin (Hons), MA, PhD	Management; Governance; Human Resource	KwaZulu-Natal Gaming and betting Board	Convention Bureau Committee, Human Resource & Compensation Committee Audit & Risk Committee	23
Ms M Madlala	Deputy Board Chairperson (From 10 March 2020)	1 December 2019	N/A	B. Com (Accounting, Taxation and Auditing)	Hospitality NGO Governance	Golden Arrows Football Club	Human Resource & Compensation Committee Audit & Risk committee	1
Ms N Malange	Member	1 September 2019	30 November 2019	Creative Writing Diploma	Film and Video Production Cross Culture Communication Project Management	Film Commission	Human Resource & Compensation Committee Marketing & Tourism Development Committee	6



Committees

Committee	No. of meetings held	No. of members	Name of members
Marketing and Tourism Development	4	3	Prof Thandi Nzama Mr Paulos Ngcobo Mr Terence Delomoney Mr Michael Jackson (Until 31 August 2019) Ms Nise Malange (Until 30 November 2019)
Human Resource & Compensation	8	4	Mr Thami Mzileni Prof Thokozani Nzimakwe Prof Thandi Nzama Ms Mato Madlala Dr U Roopnarain (Until 31 August 2019) Ms Patricia Lebenya (Until 31 August 2019) Ms N Malange (Until 30 November 2019)
Audit & Risk	7	6	Mr Paulos Ngcobo Mr Thami Mzileni Prof Thokozani Nzimakwe Ms Mato Madlala Mr D Ramuadzisi (Independent Audit Committee member) Mr M Ngcobo (Independent Audit Committee member) Dr Usha Roopnarain (31 August 2019) Ms Patricia Lebenya (Until 31 August 2019) Mr Terence Delomoney (Until 10 March 2020)
Convention Bureau	4	3	Prof Thandi Nzama Mr Thami Mzileni Prof Thokozani Nzimakwe Mr Michael Jackson (Until 31 August 2019) Mr Paulos Ngcobo (30 November 2019)

Remuneration of board members

Name	Remuneration (R000)	Other allowance (R000)	Other imbursements (R000)	Total (R000)
Ms Nise Malange	71	-	N/A	71
Mr Sthembisio Madlala	538	1	N/A	539
Prof. Thandi Nzama	216	18	N/A	234
Ms Patricia Lebenya	205	-	N/A	205
Ms Mato Madlala	11	-	N/A	11
Mr Michael Jackson	26	-	N/A	26
Mr Thamsanqa Mzileni	323	5	N/A	328
Mr Terence Delomoney	-	-	N/A	N/A
Mr D Ramuedzisi (Independent Audit Committee member)	54	-	N/A	54
Mr M Ngcobo (Independent Audit Committee member)	43	-	N/A	43
Dr Usha Roopnarain	146	-	N/A	146
Mr Paulos Ngcobo	266	4	N/A	270
Prof. Thokozani Nzimakwe	261	1	N/A	262

PART C GOVERNANCE

continued...

RISK MANAGEMENT

Tourism KwaZulu-Natal has a risk management policy to mitigate organisational risks. The organisation conducted its annual risk assessment exercise, manages enterprise risks on an on-going basis, and provides quarterly status reports in this regard. The Audit and Risk Committee advises the public entity on risk management and independently monitors the effectiveness of risk management and reports to the Board on a quarterly basis. The organisation's management of risks has ensured that there are no impediments to the entity's performance. Furthermore, the Manager Board Secretariat, Risk and Compliance Services continued to act as the organisation's Risk and Compliance Officer.

INTERNAL AUDIT AND AUDIT COMMITTEES

The Audit and Risk Committee is required to comprise of a minimum of three members, for the period under review currently it comprised of five members. Two of the members are Independent and the remainder are nominated from the Board.

The primary functions of the Committee include reviewing and recommending to the Board the following:

Annual Financial Statements:

- Examine and review the Annual Financial Statements with management and the external auditors before submitting to the department, and consider whether such documentation is complete and consistent with information known to members of the Committee and reflects appropriate accounting principles;
- Review with management and external auditors the results of the audit, including any difficulties encountered; and
- Review with management and the external auditors all matters required to be communicated to stakeholders under generally accepted auditing standards.

Internal Control:

- Considering the effectiveness of the organisation's internal control system, including information technology security and control;
- Understanding the scope of internal and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses:
 - Reviewing the effectiveness of the internal control systems;
 - Reviewing the control procedures followed by management;
 - Reviewing the controls designed to ensure that assets are safeguarded;
 - Reviewing the Fraud Prevention plan implemented to prevent and detect fraud;
 - Reviewing risk management and related policies; and
 - Reviewing compliance with the prescribed accounting framework.

Internal Audit

The Audit and Risk Committee monitored, guided and supervised the functioning of internal audit, ensuring that the roles and functions of external and internal audit are sufficiently clarified and co-ordinated so as to provide an objective overview of the operational effectiveness of the organisation's system of internal control and reporting.

These include:

- Annually reviewing and approving the Internal Audit Charter to ensure adherence to best practices;
- Approving the three year (3) Internal Audit Strategic and Annual Operational Plans and review performance against the plan;
- Reviewing the adequacy of corrective action taken in response to significant internal audit findings;
- Reviewing internal audit plans to ensure that high risk areas are identified and mitigation strategies developed;
- Meeting separately with the Chief Audit Executive to discuss matters that the Committee believes should be discussed privately;
- Reviewing significant matters reported by the internal audit function;
- Reviewing the objectives and operations of the internal audit function;
- Assessing adequacy of performance of the internal audit function;
- Reviewing the cooperation and coordination between the internal and external audit functions;
- Reviewing any significant disagreements or differences of opinion between management and the internal audit function; and
- Evaluating the independence and effectiveness of the internal auditors.



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

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Prof T Nzimakwe	B Admin (Hons), MA, PhD	External	N/A	15 November 2017	N/A	3
Mr T Mzileni	Matric, National Diploma in Public Management - Incomplete	External	N/A	01 March 2014 Reappointed 15 November 2017	N/A	3
Mr P Ngcobo	Diploma: Human resources Diploma: International Relations	External	N/A	01 May 2018	N/A	6
Dr U Roopnarain	BA (Hons) MA PhD LIM	External	N/A	01 May 2018	31 August 2019	4
Ms P Lebenya	Diploma in Business Management and Bachelor of Administration (Currently studying)	External	N/A	Reappointed 01 May 2018	31 August 2019	4
*Mr M Ngcobo	B Com Accounting (Honours with CTA) B Com Accounting (Hons)	External	N/A	28 January 2019	N/A	6
*Mr D Ramuadzizi	CA(SA), Registered Auditor, B Com (Information Systems and Accounting), Higher Diploma in Accountancy, MDP-BB-BEE	External	N/A	2 April 2019	N/A	6

*** Independent Member – Audit & Risk Committee**

COMPLIANCE WITH LAWS AND REGULATIONS

Tourism KwaZulu-Natal derives its mandate from a number of pieces of legislation and government policies. The entity took the initiative to develop a compliance monitoring checklist, drawing from the key strategic documents governing the functioning of the organisation. The checklist developed is in line with the minimum requirements set in terms of the King III Report on compliance issues. The compliance checklist is updated on a quarterly basis to monitor issues of compliance within the organisation and with the necessary laws and regulations.

FRAUD AND CORRUPTION

The Authority has a fraud and corruption prevention policy in place.

Officials are afforded the necessary confidentiality when reporting suspected fraudulent and corrupt activities. Tourism KwaZulu-Natal continues to implement recommendations from the Fraud Prevention Review which was based on Provincial Treasury's experience on numerous public sector forensic investigations and best practices knowledge. A database of the inherent fraud risk universe was mapped against Tourism KwaZulu-Natal's strategic and

operational environment. Action plans that were recommended where residual risk remained major, moderate or minor are still monitored and relevant fraud related risks were elevated to the quarterly risk register in order to monitor the mitigation of such risks.

MINIMISING CONFLICT OF INTEREST

Conflict of interest is managed through declarations of interests at every bid committee meeting. Where a member of the committee is conflicted, the member is requested to recuse himself/herself from any decisions pertaining to that bid.

Tourism KwaZulu-Natal Conditions of Employment makes it clear that employment with Tourism KwaZulu-Natal is on a full time basis. Hence prior communication to and approval from management at an appropriate level is required before doing any externally remunerated work. Furthermore, the register of annual declarations for the Board and Senior Management was kept. Tourism KwaZulu-Natal also ensured, where applicable, that the standards and disclosures required by the applicable legislative framework are observed and where applicable are reflected in the Annual Report.

PART C GOVERNANCE

continued...

CODE OF CONDUCT

The Code of Ethics and Conduct “(the Code)” for Tourism KwaZulu-Natal is aimed at augmenting existing Tourism KwaZulu-Natal’s Policies and Procedures. The spirit of the document is to support ethical conduct by all individuals covered by it. Compliance with the Code is required of all employees of Tourism KwaZulu-Natal. The Code also applies to contract labour, consultants, temporary employees, part-time employees, casual employees, occasional employees, suppliers and others acting on behalf of, or dealing with Tourism KwaZulu-Natal. Any breach of the code of conduct is dealt with in accordance to the Tourism KwaZulu-Natal disciplinary policy and procedure. This involves identification of a breach through investigation of the alleged breach, determining guilt or innocence based on the evidence and determining what appropriate sanction is to be given.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Policy is in place and the entity has dedicated Occupational Health and Safety Officers who are in possession of relevant tools to deal with issues of health and safety within the organisation. The Occupational Health and Safety Committee is in place and Management continues to implement the above mentioned policy with particular focus given to the compliance and safety of the office building.

BOARD SECRETARY

The Board Secretary acts as the gatekeeper of good corporate governance. The responsibilities enlisted in this position include ensuring the proper induction of new Board Members, providing the necessary guidance to Board members on good governance and changes in legislation. The Board Secretary is responsible for updating the charters and the provision of Board and Committee administrative support with the preparation and distribution of Board papers, minute keeping, Board evaluation, enterprise risk and corporate governance management; manages administration matters in the office of the CEO, Shareholder liaison and administration of Executive Management meetings.

Report of the Audit and Risk Committee for the year ended 31 March 2020

The Tourism KwaZulu-Natal Audit and Risk Committee report is presented below:

Audit and Risk Committee Responsibility

The function of the Audit and Risk Committee is, primarily, to assist the board in discharging its duties as they relate to the safeguarding of assets, the effective management of liabilities and working capital, the operation of adequate systems of internal controls, together with the preparation of financial reports and the Annual Financial Statements.

The Committee reports that it has complied with its responsibilities arising from Section 50(1) of the Public Finance Management Act and Treasury Regulations.

The Audit and Risk Committee also reports that it has adopted appropriate formal Terms of Reference, as per its Audit Committee Charter. It has regulated its affairs in compliance with this Charter in the discharging of its responsibilities as contained therein.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee for the 2019/20 financial year comprised the members detailed in the table below. Four meetings were scheduled and held. An additional two special meetings were also held during the period under review.

Risk Management

As part of ongoing efforts to further improve governance, the Audit and Risk Committee reviewed the Risk Management Strategy which was developed by the Provincial Internal Audit Unit. The Committee made recommendations regarding the implementation of the strategy.

The Committee is of the opinion that once the risk management process has been rolled-out, it will significantly improve the strategic management and corporate governance of the entity. We believe that strategy, risk performance and sustainable service delivery are inseparable.

Proper risk management will ensure that best practice is implemented and that the core function of the entity remains the focal point, so contributing enormously to service delivery. The Audit and Risk Committee will constantly monitor the roll-out of risk management in order to ensure that the process reaches maturity within a reasonable time.

Internal Audit

Internal Audit operated within an annual and three-year rolling plan approved by the Audit and Risk Committee. The audit coverage included review of the following:

- Annual Financial Statements for the year ended March 2020; and
- Interim Financial Statements for the period ended September 2019.

The results of these audits were presented to management for response and also presented to the Audit and Risk Committee for final review.

Based on the reports of the Internal Auditors, the Audit and Risk Committee is satisfied that internal controls are in place and are working effectively.

The Effectiveness of Internal Controls

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed in line with the Public Finance Management Act and the King IV Report on Corporate Governance requirements. Internal audit provides for the Audit and Risk Committee and management processes, as well as the identification of corrective action and suggested enhancements of controls and processes.

Governance Processes and Accountability

The Audit and Risk Committee reports that it has adopted appropriate formal Terms of Reference as its Charter, has regulated its affairs in compliance with this Audit Committee Charter and has discharged all its responsibilities as contained therein. The Audit and Risk Committee reviewed quarterly reports and is satisfied that the controls are in place to monitor spending patterns.



The quarterly reports were submitted to the Board and the Department of Economic Development, Tourism and Environmental affairs in terms of the Transfer Funding Agreement.

Evaluation of Annual Financial Statements

The Audit and Risk Committee has:
Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the Auditor-General and the Accounting Authority, and reviewed significant adjustments resulting from the audit.

Appreciation

Our sincere appreciation and thanks are extended to all those who attended our meetings for their contribution and to the Chief Executive Officer and Management as a whole for their support and useful interaction during the year under review. The Audit and Risk Committee concurs with and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

Signed on behalf of the Audit and Risk Committee: Mr P Ngcobo (Chairperson)

Date: July 2020



PART D

HUMAN RESOURCES

INTRODUCTION

OVERVIEW OF HUMAN RESOURCES MATTERS

The role of human resource management and administration is to plan, develop, and administer policies and programmes designed to make expeditious use of an organisation's HR, thus effective utilisation of sizeable HR, desirable working relationships among all members of the organisation, and maximum individual development.

The set priorities for the year were talent acquisition, human capital development, talent retention, performance management, employee relations, employee wellness, compliance and reporting. Tourism KwaZulu-Natal has successfully analysed the current organisational processes and the organisation's objectives, and identified the focus areas for future improvement as well as the areas of misalignment stipulated in the situational analysis implementation report. In the year under review, Management Development Programme, Leadership Coaching and HRIS online review were implemented as per the Situational Analysis outcomes.

Talent Acquisition

Talent acquisition is an overall approach of sourcing highly talented individuals to maximise potential through training with the purpose of retaining talent as a return on investment for the organisation. Recruitment is done by way of advertising, security betting, targeted selection interviews and competency assessments.

Learning and Development

Internal employees are given opportunities to develop their skills thus improving the effectiveness of the organisation and empower individuals to perform optimally. Training is delivered through a focused approach in compliance with the Skills Development Act, aligned to the Sector requirements. Individual development plans are based on functional, individual growth and compliance in line with observation enhancement.

The organisation also contributes to the development of unemployed youth through the Internship programme. Internship programmes focuses on training programmes through coaching and mentoring.

Talent Retention

Talent retention is achieved through various strategies such as the organisation's Pay Progression Policy and Long Service Recognition Policy which includes a service allowance. Investing in our employees enables the organisation to retain talent and intellectual property.

Performance Management

Tourism KwaZulu-Natal's Performance Management Policy empowers the employees to have greater input to their personal career progression and enables the organisation to better identify, recognise, and reward individuals based on an agreed set criteria. The entity further recognises that managing and reviewing employee performance and fostering employee development are critical factors in achieving overall success.

Reward and Recognition

The entity has adopted the sector benchmarking with regard to market related remuneration. The entity's pay structure includes the important benefits of disability and life cover.

Employee Relations

The organisation adopts an inclusive engagement approach which facilitates the inclusion of Social Partners. Human Resources ensures full compliance with employment regulations and administers engagements with the employees through the recognised structures. Policy formulation is paramount for the smooth articulation and expectation as well as elimination of risks attached thereof. The Human Resources Unit provides guidance and carries out an advisory oversight role.

Wellness Programmes

The organisation subscribes to a comprehensive Wellness programme which significantly contributes to improving productivity. The organisation is cognisant that wellness promotes optimal performance, reduction in work related ill-health and improves employee relations. Tourism KwaZulu-Natal takes the issue of a healthy lifestyle of the employees as a very central element. It believes in the notion of a well-balanced lifestyle.

Compliance

The organisation subscribes to the full observation and adherence to the labour regulations of the country whilst adhering to governance and risk compliance.

Reporting

Integrated Data, Industry Competitive Information. The organisation keeps abreast of corporate best practice by maintaining a competitive edge with reference to global standards and the ever-changing business world. Analysing meaningful information is vital to allow management to make viable and meaningful decisions. Human resources is a strategic enabler for the adaptation to changes and the related adjustments, contributing to the evolving business environment and business growth.

Future HR Plans/Goals

The ongoing project and future plans includes the incorporation of the KwaZulu-Natal Film Commission into Tourism KwaZulu-Natal. This encompasses various dimensions and expertise that require robust engagements and consultations to manage this change.



Human Resources Oversight Statistics

Programme	Total Expenditure for the Programme (R'000)	Personnel Expenditure (R'000)	Personnel Exp. as a % of Total Exp. (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
CEO's Office	8 833	5 574	63%	5	1 115
Marketing	66 230	6 391	10%	6	1 065
Tourism information Services	18 462	13 836	75%	20	692
Convention Bureau	33 847	2 990	9%	4	748
Corporate Services	26 484	10 245	39%	16	640
PR & Communications	27 679	2 188	8%	3	729
Tourism Development	7 656	4 926	64%	5	985
	189 191	46 150		59	5 974

Personnel Cost by Salary Band

Level	Personnel Expenditure	% of Personnel Exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Top management	4 030	9%	2	2 015
Senior management	4 848	11%	4	1 212
Professional qualified	13 031	28%	11	1 185
Skilled	21 807	47%	35	623
Semi-skilled	1 878	4%	4	470
Unskilled	556	1%	3	185
Total	46 150	100%	59	5 690

Performance Rewards

Level	Performance Rewards	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
Top management	Nil	4 030	0%
Senior management		4 848	0%
Professional qualified		13 031	0%
Skilled		21 807	0%
Semi-skilled		1 878	0%
Unskilled		556	0%
Total		46 150	0%

PART D HUMAN RESOURCES

Training Costs

Activity	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee (R'000)
Training (bursaries and informal training)	46 150	482	1,04%	60	8

Employment and Vacancies

Level	No. of Employees 2019/2020	No. of approved posts 2019/2020	No. of Vacancies 2019/2020	% of Vacancies
Top management	2	3	1	33
Senior management	4	6	2	33
Professional qualified	11	14	3	21
Skilled	35	41	6	15
Semi-skilled	4	4	0	0
Unskilled	3	2	-1	-50
Total	59	70	11	16

Employment Changes

Salary Band	Employment Beginning of the Period	Appointments	Terminations	Employment at the End of the Period
Top management	3	1	2	2
Senior management	1	4	0	5
Professional qualified	8	3	Nil	11
Skilled	35	3	2	34
Semi-skilled	4	Nil	Nil	4
Unskilled	2	Nil	Nil	2
Total	53	11	4	58

Reasons for Staff Leaving

Reason	Number	% of Total no. of Staff Leaving
Death	-	-
Resignation	1	1.7%
Dismissal	2	3.44%
Retirement	1	1.7%
Ill health	-	-
Expiry of contract	1	1.7%
Other	0	-
Total	5	8%

FINANCIALS

KWAZULU-NATAL TOURISM AUTHORITY TRADING AS TOURISM KWAZULU-NATAL ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

	Page
Accounting Authority's Report	72
Report of the Auditor-General	73
Statement of Financial Position as at 31 March 2020	76
Statement of Financial Performance for the period ending 31 March 2020	77
Statement of Changes in Net Assets	78
Cash Flow Statement	79
Statement of Comparison of Budget and Actual Amounts	80
Accounting Policies	82
Notes to the Annual Financial Statements	91

GRAP Generally Recognised Accounting Practice

IPSAS International Public Sector Accounting Standards

The annual financial statements set out on pages 76 to 104, which have been prepared on the going concern basis, were approved by the accounting authority and were signed on its behalf by:



Mr S L Madlala
Chairperson



Ms P Makwakwa
Acting Chief Executive Officer

KWAZULU-NATAL TOURISM AUTHORITY

TRADING AS TOURISM KWAZULU-NATAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING AUTHORITY'S REPORT

Report by the Accounting Authority to the Executive Authority and KwaZulu-Natal Provincial Legislature of the Republic of South Africa.

REVIEW OF ACTIVITIES

Main business and operations

The KwaZulu-Natal Tourism Authority trading as Tourism KwaZulu-Natal (TKZN), is a schedule 3C entity that is a statutory body responsible for the development, marketing and promotion of tourism in KwaZulu-Natal. It was established in 1997 in accordance with the KwaZulu-Natal Tourism Act No.11 of 1996, as amended by Act No.2 of 2002. The Authority reports to the KwaZulu-Natal Provincial Legislature, through the Department of Economic Development, Tourism and Environmental Affairs.

The Entity is engaged in and operates principally in South Africa. For the financial year 2019/2020, the Entity received a discretionary grant of R128 356 000 (2018/19: R126 523 000) from the Provincial Department of Economic Development, Tourism and Environmental Affairs.

The operating results and state of affairs of the Entity are fully set out in the attached AFS. Net deficit of the Entity was R17 861 000 (2018/19: R6 023 000).

The Committees of the Board continued to play their oversight roles, and they are as follows:

- Audit and Risk Committee
- Human Resources and Compensation Committee
- Marketing and Tourism Development Committee
- Durban KZN Convention Bureau Committee
- Chairperson's Committee

The terms for Board committees remained the same throughout the year under review and are detailed in the corporate governance report.

Bankers

The Entity's bankers for the period under review were:

- First National Bank

Auditors

The Auditor-General of South Africa is the Entity's external auditor and will continue in office for the next financial period.

O.M.A Professional Advisory Group were internal auditors of the Entity for the period under review.

Attorneys

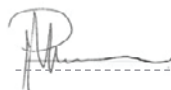
During the period under review, the Entity used the following attorneys:

- Phumulani Ngubane & Associates
- Mdu Nkomo & Company
- KB Associates Inc. Attorneys
- Elaine Bisesar & Co. Attorneys
- Leigh-anne Moodley Attorneys
- Hajra Patel Inc.
- Venns Attorneys
- Tomlinson Mnguni James
- Woodhead Bigby & Irving
- Buthelezi Mtshali Mzulwini
- Edward Norton Rose
- Poswa Incorporated

The AFS, set out on pages 76 to 104, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2020 and were signed on its behalf by:



Mr S L Madlala
Chairperson



Ms P Makwakwa
Acting Chief Executive Officer



REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL LEGISLATURE ON KWAZULU-NATAL TOURISM AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Tourism Authority set out on pages 76 to 104, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the KwaZulu-Natal Tourism Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic

alternative but to do so.

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3 – tourism development	42 – 43

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL LEGISLATURE ON KWAZULU-NATAL TOURISM AUTHORITY

continued...

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3: tourism development

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 38 to 59 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

Procurement and contract management

19. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the construction at the Nelson Mandela Capture Site.
20. A construction contract was awarded to a contractor that did not qualify for the contract in accordance with Construction Industry Development Board regulations 17 and 25(7A). This non-compliance was identified in the procurement processes for the construction at the Nelson Mandela Capture Site.
21. Some of the quotations and some of the contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by treasury regulation 16A9.1(d). Similar non-compliance was also reported in the prior year.
22. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R25,88 million, as disclosed in note 26 to the annual financial statements, as required by section 51(1)(b) (ii) of the PFMA. Most of the irregular expenditure was due to awards being made in contravention of supply chain management prescripts.

OTHER INFORMATION

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
29. Leadership did not exercise adequate oversight on non-compliance with laws and regulations relating to procurement and contract management.
30. Non-compliance with key legislation could have been prevented, had management implemented and monitored adherence to supply chain management compliance checklists.

Pietermaritzburg

Pietermaritzburg
30 September 2020



Auditing to build public confidence



ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the KwaZulu-Natal Tourism Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease operating as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

KWAZULU-NATAL TOURISM AUTHORITY

TRADING AS TOURISM KWAZULU-NATAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note(s)	2020 R'000	2019 R'000
Assets			
Current Assets			
Receivables from exchange transactions	13	3 774	5 520
Receivables from non-exchange transactions	14	397	6 916
Cash and cash equivalents	15	68 080	53 707
		72 251	66 143
Non-Current Assets			
Property, plant and equipment	11	2 627	3 197
Intangible assets	12	283	255
		2 910	3 452
Total Assets		75 161	69 595
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	25 698	41 218
Payable from non-exchange transactions	16	52 029	13 077
Total Liabilities		77 727	54 295
Net Assets		(2 561)	15 300
Accumulated surplus		(2 561)	15 300



STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2020 R'000	2019 R'000
Revenue			
Revenue from exchange transactions			
Other Income	2	1 502	588
Revenue from non-exchange transactions			
Government Grants (Discretionary)	2	128 356	126 523
Project Income - Non-Discretionary Grants	20	41 472	35 260
Total revenue from non-exchange transactions		169 828	161 783
Total revenue		171 330	162 371
Expenditure			
CEO's Office	3	(8 833)	(9 001)
Tourism Information Services	4	(18 462)	(17 210)
Tourism Development	5	(7 656)	(5 375)
Marketing expenses	6	(66 230)	(61 168)
Public Relations and Communication	7	(27 679)	(36 485)
Convention Bureau	8	(33 847)	(14 266)
Corporate Services	9	(26 484)	(24 690)
Loss on disposal of assets		-	(199)
Total expenditure		(189 191)	(168 394)
Deficit for the year		(17 861)	(6 023)

KWAZULU-NATAL TOURISM AUTHORITY

TRADING AS TOURISM KWAZULU-NATAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R'000	Total net assets R'000
Balance at 01 April 2018	21 323	21 323
Changes in net assets		
Surplus for the year	(6 023)	(6 023)
Total changes	(6 023)	(6 023)
Balance at 01 April 2019	15 300	15 300
Changes in net assets	-	-
Net income (losses) recognised directly in net assets	-	-
(Deficit) / Surplus for the period	(17 861)	(17 861)
Total recognised income and expenses for the year	(17 861)	(17 861)
Total changes	(17 861)	(17 861)
Balance at 31 March 2020	(2 561)	(2 561)



CASH FLOW STATEMENT

	Note(s)	2020 R'000	2019 R'000
Cash flows from operating activities			
Receipts			
Government grants received		128 356	126 523
Other income		1 326	578
Cash receipts from debtors		8 526	1 903
Project funds		83 050	48 050
		221 258	177 054
Payments			
Employee costs		(48 173)	(42 229)
Suppliers		(157 787)	(111 341)
Finance costs		-	(2)
		(205 960)	(153 572)
Net cash flows from operating activities	18	15 298	23 482
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(736)	(765)
Proceeds from sale of property, plant and equipment	2&11	-	8
Purchase of intangible assets	12	(189)	(26)
		(925)	(783)
Net increase in cash and cash equivalents		14 373	22 699
Cash and cash equivalents at the beginning of the year		53 707	31 008
Cash and cash equivalents at the end of the year	15	68 080	53 707

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	334	2 600	2 934	1 502	(1 432)	A
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	134 152	(5 790)	128 362	128 356	(6)	
Project Income	31 000	24 100	55 100	41 472	(13 628)	B
Total revenue from non-exchange transactions	165 152	18 310	183 462	169 828	(13 634)	
Total revenue	165 486	20 910	186 396	171 330	(15 066)	
Expenditure						
CEO office	(10 714)	2 000	(8 714)	(8 833)	(119)	
Tourism Information Services	(22 990)	1 500	(21 490)	(18 462)	3 028	C
Tourism Development	(10 688)	(500)	(11 188)	(7 656)	3 532	D
Marketing Expenses	(39 708)	(20 500)	(60 208)	(66 230)	(6 022)	E
Public Relations and Communications	(22 858)	(600)	(23 458)	(27 679)	(4 221)	F
Convention Bureau	(33 915)	(3 310)	(37 225)	(33 847)	3 378	G
Corporate Services	(24 613)	500	(24 113)	(26 484)	(2 371)	H
Total expenditure	(165 486)	(20 910)	(186 396)	(189 191)	(2 795)	
Surplus/(Deficit)	-	-	-	(17 861)	(17 861)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(17 861)	(17 861)	
Reconciliation of net surplus on accrual to cash flow statement						
Basis difference						
Actual amount on comparable basis as presented in the budget and actual comparative statement				17 861		
Operating activities				15 298		
Investing activities				(925)		
Actual Amount in the cash flow statement				14 373		



The reasons for variances between actual and budget forms an integral part of the annual financial statements.

A: Other Income

- The variance is due to interest income that is solely dependent on the bank balance and therefore hard to predict.

B: Project Income

- The variance is largely due to unspent project income for the Convention Bureau Bid Fund of R8 500 000.
- R4 000 000 for British Airways that was part of the roll-over budget from the previous year that was accounted for as a current adjustments, whereas in terms of accrual basis of accounting, there were accounted in the 2018/2019 financial period.

C: Tourism Information Services

- There was a budget of R2 700 000 for ICT infrastructure of which R1 500 000 is a once-off cost up front. There was further savings from staff remuneration.

D: Tourism Development

- The budget for feasibility studies and special projects was R3 900 000 but R720 000 was utilised for the year for feasibility studies and the special project of Evolving Women, which resulted in underspending.

E: Marketing

- The billboard campaign that was contracted for but the budget was not received.

F: Public Relations

- There are strategic additional activities that took place during the period amounting to R4 100 000.

G: Convention Bureau

- Underspending on Bid Events support.

H: Corporate services

- Non-cash items like depreciation, amortisation and provisions.

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1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations will occur in the ordinary course of business.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence.

Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Classification of expenses

An entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.

The organisation has opted to classify its expenses based on a function basis (Programme).

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.



1.5 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Item	Depreciation method	Average useful life
Computer hardware	Straight line	3 years
Office equipment		
Photographic	Straight line	6 years
Dictaphones	Straight line	3 years
Perforating equipment	Straight line	6 years
Television	Straight line	6 years
Surveyors equipment	Straight line	5 years
Refrigeration	Straight line	5 years
Office furniture	Straight line	6 years
Office fittings and alterations	Straight line	6 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount.

Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued under another standard, in which the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset in prior years.

A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under the standard, in which the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Item	Depreciation method	Average useful life
Computer software	Straight line	2 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Impairment

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and Cash equivalents

Cash and cash equivalents include cash on hand, short-term investments with financial institutions and the amount deposited with financial institutions as part of the entity's current account.

Funds under administration in respect of projects are deposited with financial institutions and are accounted as such.

Cash and cash equivalents for the entity coming from other income, comes from interest.



1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Classification

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

Class	Category
Other receivables	Financial asset measured at amortised cost
Other financial asset	Financial asset measured at fair value

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

Trade and other Payables	Financial liability measured at amortised cost
--------------------------	--

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value
- Financial instruments at amortised cost
- Financial instruments at cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.10 Tax

Current tax assets and liabilities

The entity during the period under review, made a strategic decision to de-register as a VAT Vendor.

Tax expenses

The entity operates on funds derived from Government grants. In terms of a directive issued by South African Revenue Service, the receipts and accruals of the KwaZulu-Natal Tourism Authority are exempt from Income tax.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employee.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.



Post-employment benefits: Defined contribution plans (continued)

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.13 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

When services are performed by a number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service

potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds.

Discretionary government grants

Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Non-discretionary government grants

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 Translation of foreign currencies

Foreign currency transactions

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

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

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Fruitless and wasteful expenditure

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

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

1.20 Irregular expenditure

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

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

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

- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

Comparative information is not required.

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1.22 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R'000	2019 R'000
2. Revenue		
Grant from EDTEA	128 356	124 017
City of eThekweni Municipality contribution towards Convention bureau	-	2 506
Other income	1 502	588
Project income	41 472	35 260
	171 330	162 371
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	1 502	588
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants	128 356	126 523
Project Income	41 472	35 260
	169 828	161 783
3. CEO's office		
Consultants and professional fees	511	235
Travel and accommodation costs	289	562
Printing and stationery	8	277
Workshop	9	243
Subscriptions	-	40
Directors remuneration	2 189	2 515
Operating expenses	253	177
Employee costs	5 574	4 952
	8 833	9 001
4. Tourism Information Services		
Consultants and professional fees	489	378
Rental	1 054	1 279
Postage and courier	290	311
Travel and accommodation costs	407	312
Printing and stationery	37	5
Operating expenses	2 274	1 985
Workshops	-	20
Subscriptions	75	4
Employee costs	13 836	12 916
	18 462	17 210

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2020 R'000	2019 R'000
5. Tourism Development		
Consultants and professional fees	722	667
Postage and courier	-	3
Travel and accommodation costs	926	739
Project Expense	938	122
Workshops	75	76
Operating expenses	69	210
Subscriptions	-	70
Employee costs	4 926	3 488
	7 656	5 375
6. Marketing Expenses		
Advertising	41 412	35 873
Project expense	9 941	15 658
Postage and courier	-	1
Travel and accommodation costs	7 474	4 193
Subscriptions	98	-
Operating expenses	164	172
Venues and Facilities	168	20
Workshops	582	182
Employee costs	6 391	5 069
	66 230	61 168
7. Public Relations and communications		
Advertising	11 894	17 810
Postage and courier	10	1
Project expenses	11 196	13 022
Travel and accommodation costs	1 429	1 412
Printing and stationery	130	2
Workshops	-	1029
Communications	45	58
Operating expenses	129	-
Subscriptions	529	108
Sponsorships	129	440
Employee costs	2 188	2 603
	27 679	36 485
8. Convention Bureau		
Advertising	32	173
Travel and accommodation	1 667	1 522
Workshops	1 125	883
Sponsorships	8 165	4 492
Printing and stationery	4	9
Operating expenses	66	414
Subscriptions	305	6
Employee costs	2 990	2 419
Project expenses	19 493	4 348
	33 847	14 266



	2020	2019
	R'000	R'000
9. Corporate Services		
Advertising	104	201
Postage and Courier	8	30
Employee wellness	148	202
Bank charges	84	79
Travel and accommodation costs	94	80
Printing and stationery	651	504
Training and development	461	808
Audit fees	1 954	1 316
Foreign exchange loss	1 686	146
General and administrative expenses	1 661	1 934
Provision for doubtful debt	14	116
Finance costs	-	2
Lease rentals on operating lease	7 112	5 650
Consultants and professional fees	796	726
Depreciation and amortisation	1 466	1 211
Employee costs	10 245	11 685
	26 484	24 690

10. Employee Costs

The employee costs for the organisation are not separately disclosed on the face of statement of financial performance, and are individually disclosed in the respective departments. Below is a disclosure for the entire organisation:

Employee costs for the respective departments		
The CEO's office	5 574	4 952
Tourism Information Services	13 836	12 916
Tourism development	4 926	3 488
Marketing	6 391	5 069
Public relations and communications	2 188	2 603
Convention Bureau	2 990	2 419
Corporate services	10 245	11 685
	46 150	43 132

Other long-term benefits

Other long-term benefits are employee benefits (other than post-retirement benefits) that are not due to be settled within 12 months after the end of the period in which employees render related service. It is the entity's policy that each employee will receive a R5 000 after 10 consecutive years of employment, R7 500 after 15 consecutive years of employment and R10 000 after 20 consecutive years of employment. Included in employee costs is an amount of R397 334 raised for long service accrued liability (see note 16).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Termination benefits

Termination benefits are recognised and expensed when the payment is made.

Tourism KwaZulu-Natal Authority contributes to the Old Mutual Orion provident fund. Membership is compulsory for all employees. The fund is a defined contribution plan and the organisation contributes 15% of the pensionable remuneration. Included in the employee costs disclosed above, is an amount of paid over for provident fund. (see the table below for details)

Defined provident fund contribution plan	4 180	3 916
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11. Property, plant and equipment

	2020			2019		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture	2 590	(1 495)	1 095	2 466	(1 155)	1 311
Office equipment	434	(236)	198	328	(170)	158
Computer hardware	4 551	(3 235)	1 316	4 045	(2 349)	1 696
Office fittings and Alterations	202	(184)	18	202	(170)	32
Total	7 777	(5 150)	2 627	7 041	(3 844)	3 197

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Office furniture	1 311	124	(340)	1 095
Office equipment	158	106	(66)	198
Computer Hardware	1 696	506	(886)	1 316
Office fittings and Alterations	32	-	(14)	18
	3 197	736	(1 306)	2 627

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Office Furniture	1 513	263	(110)	(355)	1 311
Office equipment	198	61	(23)	(78)	158
Computer hardware	2 051	441	(74)	(722)	1 696
Office fittings and Alterations	30	-	-	2	32
	3 792	765	(207)	(1 153)	3 197



12. Intangible assets

	2020			2019		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 906	(1 623)	283	1 718	(1 463)	255

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	255	189	(161)	283

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	287	26	(58)	255

	2020 R'000	2019 R'000
13. Receivables from exchange transactions		
Trade debtors	421	391
Staff debtors	65	38
VAT receivable	4 493	6 078
Less: Provision for doubtful debt	(1 230)	(1 215)
Prepayments	16	140
Rental deposit	9	88
	3 774	5 520

The debt impairment disclosed in the statement of financial performance is the movement between the prior year balance and the current balance of the provision

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 215	1 099
Provision for impairment	14	116
	1 229	1 215

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2020 R'000	2019 R'000
14. Receivables from non-exchange transactions		
Public sector partnerships and contribution	1	6 846
SARS:PAYE	70	70
Other receivables from non-exchange	326	-
	397	6 916
15. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	18	19
Bank balances	57 725	40 287
Short-term deposits	10 337	13 401
	68 080	53 707
16. Payables from exchange transactions		
Trade payables	297	249
Other payables	46	42
Accrued leave pay	2 937	3 506
Accrued bonus	257	261
Trade accruals	18 461	34 411
Operating lease liability	3 303	2 333
Long service accrual	397	416
	25 698	41 218
Payables from non-exchange transactions		
Project funds	52 029	13 077
17. Finance costs		
Other interest paid	-	2
18. Cash generated from operations		
Deficit	(17 861)	(6 023)
Adjustments for:		
Depreciation and amortisation	1 466	1 211
Loss on disposal of assets	-	199
Changes in working capital:		
Increase / (Decrease) in receivables from exchange transactions	1 745	(1 835)
Increase / (Decrease) in receivables from non-exchange transactions	6 519	(4 308)
Increase / (Decrease) in Payables from exchange transactions	(15 393)	21 389
Increase / (Decrease) in Payables from non-exchange transactions	38 822	12 849
	15 298	23 482



	2020	2019
	R'000	R'000

19. Related Parties

Relationships

Non-Executive Directors	Oversight responsibility (Refer to members' report note) 21
Executive Management	Management of the Entity (Refer to note) 22
Economic Development, Tourism and Environmental Affairs	Controlling department (Refer to note) 2
Moses Kotane Institute	Under the same control of EDTEA
Richards Bay Industrial Development Zone	Under the same control of EDTEA
Ithala Development Finance Corporation	Under the same control of EDTEA
KwaZulu-Natal Growth Fund	Under the same control of EDTEA
KwaZulu-Natal Liquor Authority	Under the same control of EDTEA
KwaZulu-Natal Film Commission	Under the same control of EDTEA
KwaZulu-Natal Sharks Board	Under the same control of EDTEA
Dube TradePort	Under the same control of EDTEA
KwaZulu-Natal Trade and Investment	Under the same control of EDTEA

Related party transactions

Discretionary Grants: EDTEA	128 356	124 017
Dube TradePort For British Airways project	10 500	9 000
Projects Grant: EDTEA	41 472	27 100
Ithala Development Finance Corporation	5 463	6 183
Key management remuneration (Executives)	4 030	4 360
Directors Remuneration (Board and Committee members)	2 189	2 515
Trade and Investment KZN contribution for British Airways	1 000	1 500
COVID-19 relief fund	29 824	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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			2020	2019	
			R'000	R'000	
20. Accumulated projects					
Project Name	Funder	Restated March 2019	Funding/Transfer of funds	Expenditure	March 2020
Tourism KZN Signage	National Department of Tourism	117	-	-	117
Metro Awards event	Economic Development, Tourism and Environmental Affairs	171	-	-	171
British Airways	Dube TradePort & Trade and Investment KZN	54	11 500	(7 517)	4 037
Nelson Mandela Capture Site	National Department of Tourism & Economic Development, Tourism and Environmental Affairs	10 310	-	(939)	9 371
Vodacom Durban July	Economic Development, Tourism and Environmental Affairs	(2 606)	2 606	-	-
Billboards	Economic Development, Tourism and Environmental Affairs	2 426	-	(2 426)	-
World Football Summit	Economic Development, Tourism and Environmental Affairs	-	8 000	(8 000)	-
Ugu Bike week	Economic Development, Tourism and Environmental Affairs	-	3 000	(3 000)	-
CVB funding	Economic Development, Tourism and Environmental Affairs	-	20 000	(11 500)	8 500
Newcastle Airshow	Economic Development, Tourism and Environmental Affairs	-	1 100	(1 100)	-
Umtebhelo Horse Racing event	Economic Development, Tourism and Environmental Affairs	-	2 400	(2 391)	-
World Tourism Celebration	Economic Development, Tourism and Environmental Affairs	-	500	(500)	-
Tourism Month Activities	Economic Development, Tourism and Environmental Affairs	-	1 100	(1 100)	-
Umlhathuze Jazz Festival	Economic Development, Tourism and Environmental Affairs	-	3 000	(3 000)	-
COVID-19		-	29 824	-	29 824
		10 472	83 030	(41 473)	52 029

The organisation has received funding for different projects during the financial period, each project has its own contractual terms and the organisation treats the funding as conditional grants. On receipt of the funds, a liability is raised, only when the conditions of the contract have been met, then a project expense and project income are recognised. During the period under review, an invoice for Billboards project that related in the prior was received, which resulted to the Billboards project closing balance being restated from R2 555 000 to R2 426 000.



	2020	2019
	R'000	R'000

21. Key management remuneration (Executive Management)

2020	Basic Salary	Post termination benefit (Prov fund)	Short-term	Termination benefits	Total
Ms P Makwakwa	1 375	189	794	–	2 358
Mr L Sidaki	1 656	–	16	–	1 672
	3 031	189	810	–	4 030

2019	Basic Salary	Post termination benefit (Prov fund)	Short-term	Termination benefits	Total
Ms P Makwakwa	1 187	178	701	–	2 066
Mr F Nduna	732	105	58	174	1 069
Mr J Seymour	278	33	86	123	520
Mr L Sidaki	682	–	23	–	705
	–	–	–	–	–
	2 879	316	868	297	4 360

22. Directors emoluments

Non-executive

2020	Members' fees	Other fees	Total
Mr S L Madlala	538	1	539
Mr T Mzileni	323	5	328
Ms P Lebenya	205	–	205
Dr U Roopnarain	146	–	146
Prof T Nzama	216	18	234
Mr P Ngcobo	266	4	270
Mr M Jackson	26	–	26
Mr D Ramuedzisi	54	–	54
Mr N Malange	71	–	71
Ms M Madlala	11	–	11
Prof T Nzimakwe	261	1	262
Mr M Ngcobo	43	–	43
	2 160	29	2 189

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2020	2019	
	R'000	R'000	
2019	Members' fees	Other fees	Total
Mr S L Madlala	537	1	538
Mr T Mzileni	238	6	244
Ms P Lebenya	419	-	419
Dr U Roopnarain	283	-	283
Prof T Nzama	236	20	256
Mr P Ngcobo	283	2	285
Mr M Jackson	163	-	163
Mr R Garach	43	2	45
Prof T Nzimakwe	230	-	230
Mr T Mokgobinyane	40	-	40
Ms P Mzizi	12	-	12
	2 484	31	2 515

- Mr T Dolomoney does not receive remuneration, he is an employee of the state.
- Mr D Ramuedzisi was appointed as an independent member of the Audit and Risk Committee on 02 April 2019.
- Mr D Ramuedzisi and Mr M Ngcobo are independent members of the Audit Risk Committee.

23. Commitments

Operating lease commitment

Already contracted for but not provided for

• Up to 1 year	6 485	5 378
• 2 to 5 years	13 141	17 011
	19 626	22 389

Authorised operational expenditure

Already contracted for but not provided for

• Up to 1 year	2 485	18 092
• 2 to 5 years	28 813	32 714
	31 298	50 806

Not yet contracted for and authorised by members

• Open orders	3 719	9 426
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Total operational commitments

Already contracted for but not provided for	31 298	50 806
Not yet contracted for and authorised by members	3 719	9 426
	35 017	60 232

Commitments disclosed are disclosed net of VAT.



	2020	2019
	R'000	R'000

24. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	77 727	-	-	-

At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	54 295	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread of SMME's and other government departments. Management evaluates credit risk relating to the debtors on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Financial instruments		
Cash and cash equivalents	68 080	53 707
Receivables from exchange	3 774	5 520
Receivables from non-exchange	397	6 916
	72 251	66 143

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations. The entity has certain foreign service providers whose invoices are exposed to foreign currency translation risk. Currency exposure arising from foreign service providers is managed, any losses or gains are realised through the statement of financial performance. The entity uses the selling spot rate for its foreign exchange transactions. Where contracting is done in a foreign currency, funds are ringfenced at the time of contracting in the local currency and managed so as not to exceed the local currency ringfenced funds.

25. Fruitless and wasteful expenditure

Opening balance as previously reported	592	477
Opening balance as restated	592	477
Add: prior period	-	115
Closing balance	592	592

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2020	2019
	R'000	R'000
26. Irregular expenditure		
Opening balance as previously reported	22 382	2 868
Add: Irregular Expenditure – current year	–	19 319
Opening balance as restated	22 382	22 187
Add: Irregular Expenditure –current	25 882	195
Closing balance	48 264	22 382

The irregular expenditure amounting R10 516 517 relates to contracts that had expired and are on month-to-month, an amount of R966 512 where the supplier was non-tax compliant on the date of award, R629 958 for non-compliance to contract management, R3 429 268 for international payments that were not reported to South African Receiver of Revenue for clearance, R470 390 where a deviation was not obtained from the Accounting Officer and R9 869 395 where the supplier was a single source supplier and authorisation was not sought from Provincial Treasury.

27. New standards and interpretations

27.1. Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	The impact is not material.
• GRAP 20: Related parties	01 April 2019	The impact is not material.

27.2. Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP104 (amended): Financial Instruments	01 April 2020	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2020	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unable to reliably estimate the impact
• GRAP 34: Separate Financial Statements	01 April 2020	Unable to reliably estimate the impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact



	2020	2019
	R'000	R'000

28. Prior-year error

During the period under review there was a project invoice that was received but related to the prior year and was never accounted for in the prior year accounting records .

Presented below are those items contained in the statement of financial position, statement of financial performance that have been affected by prior-year adjustments:

Statement of financial performance

2019

	Note	As previously reported	Correction of error	
Project Expense	6	15 529	129	15 658
Project Income	20	35 131	129	35 260
		50 660	258	50 918

The effect of the prior year error had a nil effect on the profit for the period that ended 31 March 2019 .

Statement of financial position

2019

	Note	As previously reported	Correction of error	
Trade accruals	16	34 282	129	34 411
Project funds liability	16	13 206	(129)	13 077
		47 488	-	47 488

The effect of the prior year error resulted in Projects funds liability being overstated and trade accruals understated.

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29. Going concern and Events after the reporting period.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations will occur in the ordinary course of business.

President of the Republic announced that from the 26 March 2020, the country would go into lockdown because of COVID-19 pandemic for a period of 21 days after which government will assess the different sectors of the economy will be reopened in stages. This necessitated changes in the way the entity operates in order to achieve its mandate.

The budget of the entity for 2020/21 was revised by EDTEA to take into account the funding needs for COVID-19 for the province. Management subsequently revised its budgets in line with the commitment by Department of Economic Development Tourism & Environmental Affairs, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

In the financial period ended in 2018, the Kwazulu-Natal Provincial cabinet announced the rationalisation of Public Entities, a recommendation from EDTEA was to merge KwaZulu-Natal Film Commission with TKZN and cabinet approved merger, in 2020 cabinet again confirmed the merger. It is estimated that the merger with approved legislation will be completed in the 2021/22 financial period.

The merger will not affect the going concern of entity within the next 12 months after year-end, and it is expected to come into effect in the 2021/22 financial period.



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