



Nelson Mandela
Centenary
2018
Be the Legacy



ANNUAL REPORT 2017/2018



Zulu Kingdom. Exceptional

#DoKZN

TRACING THE FOOTSTEPS OF MADIBA

In 1961, Nelson Mandela, under the guise of secrecy, met with his African National Congress President, Chief Albert Luthuli, to report on his quest in KwaZulu-Natal (KZN).

There were many parallels between the two great leaders. Both leaders propagated reconciliation and nation-building.

Today, the Chief Albert Luthuli Museum is situated in Groutville – housing the home of the leader and a testimony for the struggle towards freedom.

After meeting with Luthuli, Mandela proceeded to Manaye Hall, in Imbali, Pietermaritzburg, making his last speech on 25 March 1961 at the All-In-Africa Conference.

Today, the hall is recognised as a landmark.

Almost a year later, on 5 August, 1962, approximately five kilometres outside Howick, he was arrested by security police while on route to Johannesburg. Today, the site houses the Nelson Mandela Capture Site, which is a cultural and historical exhibition.

The sculpture at the site comprises 50 steel columns that are between six and 9.5 metres in height and cover a width of almost 30 metres. These have been cut by laser to form an image of the former president when viewed at the correct angle.

In 1994, Madiba returned to Ohlange Institute in Inanda north of Durban, the home of John Langelihle Dube, the first ANC president. When casting his vote in the first democratic elections, Mandela did it at Inanda, saying: "Mr President, I have come to report to you that South Africa is now free".

Today, Inanda is regarded by many as the 'cradle of democracy in South Africa' and it is this region that boasts the Inanda Heritage Route. Not far away is the Gandhi Settlement where the great Mahatma lived, and it has been reported that Dube and Gandhi often met there.

This year marks the commemoration of 100 years, should Mandela have lived.

Tourism KwaZulu-Natal pays homage to the great leader and the values he stood for.

CONTENTS

PART A: GENERAL INFORMATION	2	MARKETING	39
LIST OF ACRONYMS/ABBREVIATIONS	4	Purpose	39
MEC's FOREWORD	5	Strategic Objectives.....	39
CHAIRPERSON'S STATEMENT	7	Key Performance Areas.....	39
CEO's OVERVIEW	9	Programme Performance Highlights.....	39
Tourism Economy	9	Domestic and African Activations	39
Business Tourism.....	9	Joint Marketing Agreements.....	40
Events	10	Trade Hostings.....	40
Tourism Brand.....	11	Airline Marketing Support.....	41
Growth in Cruise Tourism	11	Agent Training	41
Tourism Intelligence	11	DURBAN KWAZULU-NATAL CONVENTION BUREAU	43
Tourism Indaba.....	12	Purpose.....	43
Appreciation.....	12	Strategic Objectives.....	43
STATEMENT OF RESPONSIBILITY	14	Key Performance Areas.....	43
STRATEGIC OVERVIEW	16	Performance Highlights	43
Vision, Mission, Objectives and Values.....	16	Activities	43
LEGISLATIVE AND OTHER MANDATES	18	Bids Secured and Potential Impact on the Various Districts of KwaZulu-Natal.....	44
ORGANISATIONAL STRUCTURE	20	PUBLIC RELATIONS AND COMMUNICATIONS	46
PART B: PERFORMANCE INFORMATION	23	Purpose	46
AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	24	Strategic Objectives.....	46
SITUATIONAL REPORT	25	Key Performance Areas.....	46
State of the Tourism Economy – Macro Goals and Targets: KZN.....	25	Programme Performance Highlights.....	46
Key Policy Developments and Legislative Changes.....	28	Stakeholder Communication	46
Strategic Outcome Oriented Goals	28	Internal Communication	46
PERFORMANCE INFORMATION		External Communication.....	47
CHIEF EXECUTIVE OFFICER'S OFFICE	30	Media	47
Purpose	30	Event Support	47
Strategic Objectives.....	30	Customer Care.....	48
Key Performance Areas.....	30	Division Performance.....	48
TOURISM INFORMATION SERVICES	32	CORPORATE SERVICES	51
Purpose	32	Purpose	51
Strategic Objectives.....	32	Strategic Objectives.....	51
Key Performance Areas.....	32	Key Performance Indicators.....	51
Programme Performance Highlights	32	Programme Performance Highlights	51
Research	32	Human Resources and Administration	51
Completed Research Projects	32	Supply Chain Management	52
Information Services	33	Finance	52
Information and Communication Technology.....	33	PART C: GOVERNANCE	54
TOURISM DEVELOPMENT	36	INTRODUCTION	55
Purpose	36	Executive Authority	55
Strategic Objectives.....	36	The Accounting Authority	55
Key Performance Areas.....	36	Remuneration of Board Members.....	59
Programme Performance Highlights.....	36	PART D: HUMAN RESOURCE MANAGEMENT	61
Transformation.....	37	HUMAN RESOURCES REPORT	62
Market Access	37	Introduction	62
		PART E: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018	67

PART A:

GENERAL INFORMATION





Public Entity's General Information

Registered Name:	KwaZulu-Natal Tourism Authority
Registration Number (if applicable):	N/A
Physical Address:	2nd Floor Ithala Trade Centre 29 Signal Road Durban Point Waterfront
Postal Address:	PO Box 2516 Durban 4000
Telephone Number:	031 366 7500
Email Address:	info@zulu.org.za
Website Address:	www.zulu.org.za
External Auditors:	Auditor-General South Africa
Bankers:	FNB
Manager: Board Secretariat:	Pinky Radebe

LIST OF ACRONYMS/ABBREVIATIONS

APTA	Association for Promotion of Tourism to Africa
B-BBEE	Broad-Based Black Economic Development
CoGTA	Department of Co-operative Governance and Traditional Affairs
EDTEA	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
FEDHASA	Federated Hospitality Association of South Africa
GDP	Gross Domestic Product
GGP	Gross Geographic Product
GRAP	Generally Accepted Accounting Practice
GSA	General Sales Agency
ICCA	International Congress and Convention Association
ICT	Information Communication 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
SACCI	Southern African Association for the Conference Industry
SADC	Southern African Development Community
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
TKZN	Tourism KwaZulu-Natal
TSA	Tourism Satellite Account
UNWTO	United Nations World Tourism Organisation
WTTC	World Travel and Tourism Council



MEC'S FOREWORD

Sihle Zikalala (MPL)

MEC for Economic Development and Tourism

Tourism KwaZulu-Natal (TKZN) must be commended for its hard work and dedication, which has contributed to successful initiatives in the 2017/2018 period, despite a downturn in many of the world's economies.

Historically, tourism has consistently proven to be one of the leading revenue generating sectors for our provincial and national economies. This is why it plays a pivotal role in our National Development Plan and is viewed as a catalyst for radical economic transformation.

Given our diverse destination offerings as a province, ranging from beach to wildlife and mountain retreats, KwaZulu-Natal is uniquely placed to capitalise on a burgeoning world market. For this to take place we must unlock the industry's potential to create thousands of jobs in the direct tourism and other service related sectors.

The transformation of the tourism sector remains a key focus for TKZN and the entity will utilise the 2018/2019 financial year to garner more stakeholder participation to make this a reality. TKZN's business incubator programme is the ideal opportunity to fight poverty and despair among the historically disadvantaged, and give locals the opportunity to use their skills, heritage and business savvy to create a better future for all.

Our ongoing vision is to ensure that the province becomes the premier destination of choice for local and international visitors and to tap into the potential of the SADC market, in particular.

TKZN will also focus on domestic tourism to a greater degree and intensify efforts in promoting township and school

tourism programmes. Our vision is to position KZN as Africa's leading tourism destination, and in order for our vision to be realised we, and this includes many stakeholders and role-players, have been hard at work at developing sustainable development plans.

In carrying out its responsibilities, TKZN uses five-year strategic and implementation plans as a guide, which, in turn, is informed by a range of other tourism documents and legislation, including the Provincial Growth Development Strategy (PGDS), the Spatial Development Framework, the National Tourism Sector Strategy, the KwaZulu-Natal Tourism Master Plan, and the policy direction of the provincial government.

However, understanding that the world moves at a much faster pace as a result of technological advances, it is heartening to see how TKZN has kept abreast of developments through the use of new media and the development of the KwaZulu-Natal Travel Application.

The organisation has also continued its strategic networking and marketing efforts in the domestic and international

Our ongoing vision is to ensure that the Province becomes the premier destination of choice for local and international visitors and to tap into the potential of the SADC market, in particular.



arenas by forming partnerships and entering into agreements with airlines and other global tourism operators. There have been many proud achievements in 2017/2018, which included KZN's successful bid to host the internationally acclaimed Tourism Indaba for another five years, from 2018-2022, following a rigorous evaluation process. The award again confirmed the Province's ability to host major events for which it is world renowned.

TKZN also successfully launched the domestic tourism marketing campaign 'Do KZN' in partnership with KZN tourism and trade and Kulula airlines. The campaign is aimed at increasing domestic travel into KZN and also to encourage the culture of travel among local communities. The campaign's message is a call to action, driving holiday bookings that will result in a tangible uptake of packages through Kulula and directly with participating products or vendors.

Once again I must commend the TKZN team for its extraordinary efforts to put the Province on the map and make it an unforgettable travel hotspot.

As the MEC for Economic Development, Tourism and Environmental Affairs and on behalf of the Province of KwaZulu-Natal, I approve the programmes and targets stipulated in the KwaZulu-Natal Tourism Authority's Annual Performance Plan for 2017/2018.

Mr Sihle Zikalala, MPL



CHAIRPERSON'S STATEMENT

Sithembiso Madlala

Tourism KZN is at the coalface of tourism promotion, marketing, development and transformation in KZN. True to our vision of positioning the province of KZN as Africa's leading tourism destination, nationally and internationally, the entity has again during the period 2017 to 2018 earnestly and resolutely pursued its mandate.

Travel and tourism remains among the highest performing sectors of the global economy, with South Africa recording a GDP direct contribution of R127.9 billion, a 3.0% of total GDP in 2016, and a GDP total contribution of R402.2 billion, a 9.3% of GGDP in 2016.

Tourism remains an important contributor to KwaZulu-Natal's economic growth, and as TKZN, we remain highly committed to our mandate to grow the sector's contribution to the local economy, while recognising the critically important role played by tourism trade in providing excellent tourism services to our visitors, both domestic and international.

Our focus internationally was to intensify efforts to create an awareness of 'Destination KwaZulu-Natal' in overseas markets among tourism consumers, trade representatives and the international media. This we largely did through joint marketing activities with key tourism players in source and emerging markets, and market intelligence insight gained in the year under review will be used to enter into even more strategic marketing collaborations.

The recent launch by British Airways of a route between London's Heathrow Airport and Durban's King Shaka International Airport (KSIA) is a major boost for our destination, as it opens up not only the city of Durban but indeed the rest of KwaZulu-Natal to greater growth in numbers, not only from the UK, but also to the from North America and other markets in the future. The ease of direct

travel makes the destination that much more appealing and Tourism KwaZulu-Natal, together with our partners, aim to drive a much more intensified international marketing campaign not only to market the route but to ensure greater international awareness of our destination's offerings.

The multi-stakeholder Route Development Committee (RDC), co-chaired by Dube Trade Port and TKZN, is a demonstration of the great strides that can be achieved when government and the private sector collaborate. We also welcome South African Tourism's participation in the RDC and their commitment to KwaZulu-Natal's air route growth strategy.

The BRICS countries are among the markets we aim to target with a significantly increased focus on the future, highlighting the vast range of attributes KwaZulu-Natal offers visitors from these regions. The Chinese and Indian markets are of particular importance to KwaZulu-Natal, given their performance globally as fast growing markets. In 2016 alone, over 140 million Chinese travelled globally, with an impressive 22 million Indian tourists travelling in the same year.

On the domestic front, economic constraints and the resultant drop in discretionary spend levels affected the performance of the domestic tourism sector during the year under review, but we are committed to reclaiming our position as the country's leading domestic tourism destination. Despite the drop in domestic tourist numbers, the sector did not shed jobs and hotel occupancies still remained above national levels.

It is important to emphasise that transformation of the tourism sector cannot be Government's priority alone, and we applaud industry players who have ensured the transformation of their businesses and contributed to this imperative, while encouraging other tourism players who have not done so yet to commit to transformation for it to truly contribute to an inclusive economy in KwaZulu-Natal.

The year under review was also a year of sharpening our marketing focus as we reviewed certain programmes in order to enhance their impact on destination marketing and development, guided by the province's Tourism Master Plan.

In this regard, I am particularly pleased with the direction the entity has taken towards championing greater transformation of the local tourism sector. This was demonstrated by the strides made by the Durban KwaZulu-Natal Convention Bureau and our Tourism Development Unit in ensuring greater participation of African-owned business in tourism, through an enhanced small business support programme. An example of the transformation challenges faced by our local tourism sector is the fact that in business tourism, only two 100% African-owned companies are accredited as Professional Conference Organisers (PCOs). We have concluded a partnership with a training institution for PCO training and by the end of 2018/2019, we intend to have no less than 20 new registered black PCOs.

It is important to emphasise that transformation of the tourism sector cannot be Government's priority alone, and we applaud industry players who have ensured the transformation of their businesses and contributed to this imperative, while encouraging other tourism players who have not done so yet to commit to transformation for it to truly contribute to an inclusive economy in KwaZulu-Natal.

I would like to thank the MEC for Economic Development, Tourism and Environmental Affairs, Mr Sihle Zikalala, and Head of the Department, Ms Pumla Ncapayi, for their leadership and the support they gave to TKZN in implementing our 2018/2019 Annual Performance Plan (APP).

Thank you to my Board colleagues and the organisation's Executive Management team for the wonderful support I have received during the past year. I most certainly appreciate the extraordinary amount of time, effort and commitment provided, without which TKZN would be the poorer. I am most grateful for the leadership displayed and the expertise that has been brought to bear in taking our organisation forward, overcoming hurdles and emerging the better for the journey and with lessons learnt.

To our members of staff, I would like to thank each and every one of them for their commitment to service delivery. Such dedication will assist in taking TKZN to even greater heights.

I would also like to thank Mr Ndabo Khoza, who was the Chief Executive Officer of TKZN until July 2017 and who for over 10 years drove the marketing of the Zulu Kingdom with passion and diligence. Mr Khoza epitomised what civil service is all about – a dedication to the growth and prosperity of our beloved country.

I would like to thank all of our trade partners locally, nationally and internationally for their love of KwaZulu-Natal and commitment to showcasing to the rest of the world the gem that is the Zulu Kingdom. We take trade feedback seriously as we understand that they are the ones interacting directly with the consumers and we remain committed to continuously engaging on ways to enhance the tourist experience in our destination.

Lastly, I would like to thank all our sister entities as well as trade partners who are not in tourism but understand its value to the economy and want to be part of its growth. Thank you for the support given to TKZN in the year under review which went a long way in contributing to the entity meeting our 2017/2018 targets.

I look forward to an even more productive 2018/2019 financial year, which promises to usher in greater developments for our destination.



Sithembiso Madlala
Board Chairperson



CEO's OVERVIEW

Phindile Makwakwa
Acting Chief Executive Officer

The recent years have seen an increased appreciation of the role played by tourism in South Africa's, and indeed KwaZulu-Natal's, economy. Tourism is a significant contributor to the provincial GGP, thereby greatly contributing to employment creation within the Province.

TKZN is mandated to market the Province as Africa's leading tourism destination nationally and internationally, through strategic marketing efforts and demand-driven tourism development programmes.

This we do working closely with various provincial, national and international partners guided by the long-term KwaZulu-Natal Provincial Tourism Master Plan, and a 2030 tourism vision for the Province introduced in 2013. Our role in this regard is to strive towards increasing GDP levels through growing domestic and international tourist visits, improving tourism's geographic spread in KwaZulu-Natal, creating new, sustainable employment opportunities within the sector and promoting the transformation of the sector to enhance the incorporation of historically disadvantaged roleplayers.

Tourism Economy

KwaZulu-Natal's tourism sector employs an estimated 180 000 people throughout the sector's value chain, which includes accommodation ranging from hotels to B&Bs, restaurants, airlines, car hire companies, conference centres, cruise operations and attractions, etc.

Tourism is also being shaped by a number of disruptors. Entry into the sector of businesses such as Uber, taxify, Air B&B, online booking agents such as Bookings.com, Trivago, hotels.com and other travel APPS has led to the expansion of the tourism

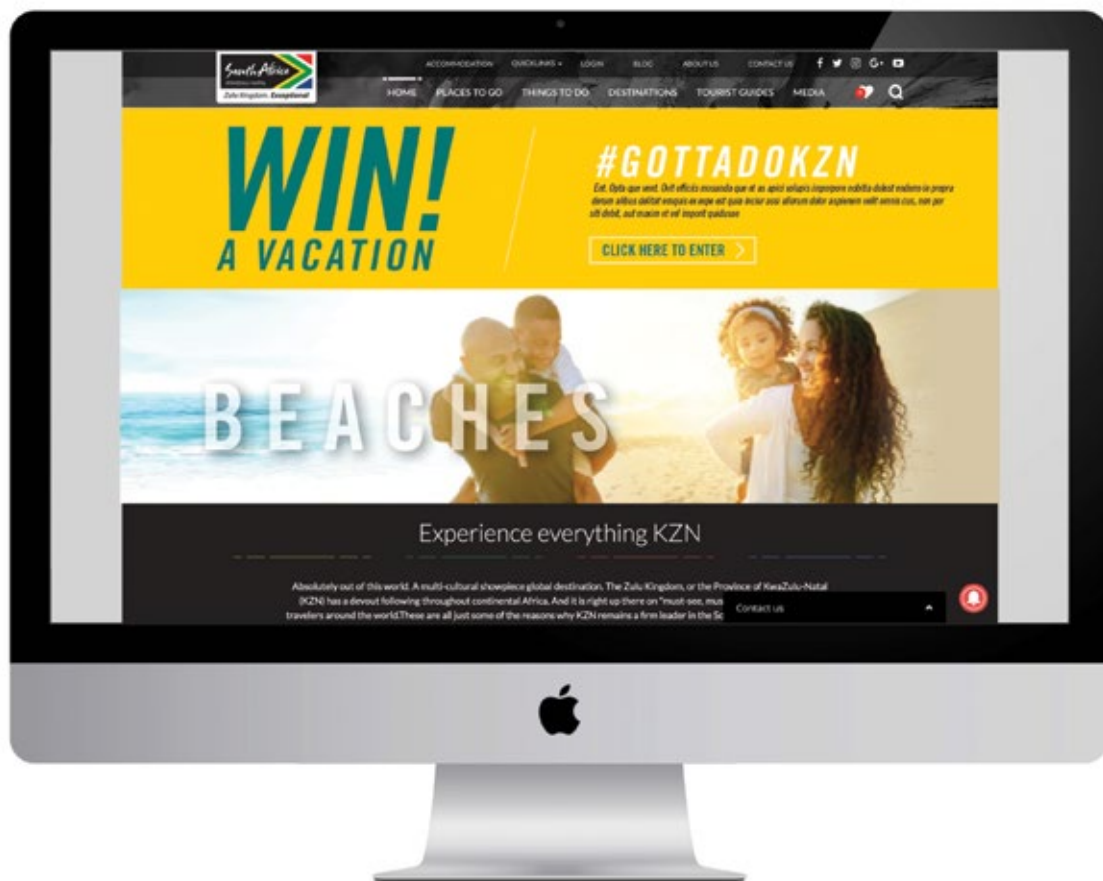
value chain, leading to an increase in business and job opportunities.

While the 2016/2017 year saw a steady increase in international arrivals in the Province, the country's distressed economic situation saw a reduction of discretionary spend levels during the 2017/2018 financial year, and ultimately a decrease in domestic tourist arrivals within the country and in KwaZulu-Natal. This has posed a challenge, given the importance of domestic tourism in sustaining the growth of the sector. This reality led to TKZN reviewing our domestic marketing, with more emphasis placed on demonstrating the affordability of travel. This led to a 'Do KZN' campaign that was run with partners, which included an airline, accommodation establishments and attractions. The campaign is to run well into the future as we continue to make access to tourism experiences for the domestic market less daunting and more practical.

Business Tourism

The existence of a dedicated business unit to drive greater growth of business tourism in the Province, the Durban KwaZulu-Natal Convention Bureau, has borne very positive results that have seen over 88 000 delegates attending ICCA accredited associations meetings in KZN between 2010 and 2017.

The 2017/2018 financial year saw the Convention Bureau sharpening its focus by advocating for greater inclusivity within business tourism.



Events

Over and above the growing business events landscape, KwaZulu-Natal continues to hold prime position as one of the country's top sporting and social events destinations. We hosted long-standing sports events that showed an increase in international participation, namely the ultra-distance Comrades Marathon held every June, which attracted 19 529 South African and 1 861 international participants in 2017, the Vodacom Durban July premier horseracing event, the three-day Dusi Canoe Marathon, as well as the long-distance cycling event, the Tsogo Sun Amashova Durban Classic, and the Mandela Day Marathon, held annually in August.

TKZN is committed to realising even bigger international participation at these sporting events and in this regard, is supporting the Comrades Marathon Association with their marketing at major international sporting events in 2017, including the New York Marathon, London Marathon and Gold Coast Marathon in Austria.

Another sporting event that is growing in stature and numbers is the South Coast Bike Week, which attracts thousands of motorcycle enthusiasts from far and wide to KwaZulu-Natal each year. During 2017/2018, the event attracted in excess of 20 000 people to the South Coast.

TKZN understands that hosting events also assists smaller towns to attract tourists, thereby showcasing the many other attractions that the Province has to offer and achieving geographic spread of tourism spend. In 2017/2018, the organisation was able to contribute to this geographic spread by partnering with various municipalities and the private sector in hosting a number of events around the Province, which included a sport and music festival in Bergville, home to the majestic uKhahlamba Drakensberg World Heritage Site, a music show in the port town of Richards Bay, and a jazz festival in Newcastle.

Durban remains the gateway to KZN and it is natural that the city will always attract bigger business and leisure events for a number of reasons, some of which is its proximity to the King Shaka International Airport (KSIA), as well as the city's accommodation capacity. The year 2017/2018 saw the city host headline events including the international Essence Festival, the only other Essence festival hosted outside the US, its original home. The city also played host to the Loeries Creative Week for the third consecutive year, which brings creative industry heads from all over the country, the continent and the Middle East to our shores to celebrate excellence and innovation in the advertising and brand communication industry. This allows KZN to position itself as a film and advertising location for major productions in the future.

Tourism Brand

At the heart of implementing our organisation's mandate is a desire to ensure more equitable distribution of tourism across the Province and to secure fair exposure for the attributes making up our offering as a destination.

We work closely with South African Tourism (SAT) to ensure that our Province is well represented internationally and that tourist attractions across the Province are featured.

In further promoting our Zulu Kingdom, an exceptional destination brand, we place a lot of emphasis on highlighting little-known parts and experiences of KwaZulu-Natal through educational trips for a number of local inbound tour operators and international tour operator companies, as well as national and international media. This we do to ensure that tour operators have a first-hand experience of our destination offerings and are able to package such offerings for the benefit of their clients in future. The media give the destination exposure directly to the consumer by sharing through various media platforms the experiences they've had.

As technological trends shift in how tourists consume information, so has TKZN done the shift in how we market to them. The year 2017/2018, therefore, saw a lot of focus on digital marketing through our website, social media, the utilisation of bloggers and social media influencers as well as the introduction of the KwaZulu-Natal Travel Application.

Excellent exposure of destination KwaZulu-Natal at international trade shows also contributed significantly to growing awareness of the brand and our destination.

In 1980 the United National World Tourism Organisation (UNWTO) declared September 27 World Tourism Day, and South Africa adapted this to declare the whole month of September Tourism Month alongside Heritage Month. Tourism KwaZulu-Natal uses the month to put a spotlight on the least visited parts of the Province.

In 2017, we focused on a campaign that encouraged people of KZN to know their Province. We partnered with Gagasi FM and their DJs around the Province, allowing them to share with their listeners the myriad experiences available in the Province and their impression of what is on offer in the destination. The campaign reached over 1.5 million Gagasi listeners and had a strong social media presence with an

estimated 4 000 impressions per post. We also celebrated World Tourism Day in Newcastle, where we highlighted some of their tourism offerings, including township tours and heritage, and showcased the experiences on offer to almost a million SABC Morning Live viewers.

Province-wide events held throughout the month were designed to enable people from near and far to 'Do KZN'.

Growth in Cruise Tourism

Cruise tourism is a market segment of increasing popularity and we in KwaZulu-Natal enjoyed a particularly good cruise season during the review period in line with the maritime tourism focus we have applied during the past few years and particularly in terms of Operation Phakisa initiatives relating to the Blue Economy, which are being driven at a national level.

The announcement by Transnet of the awarding of a tender for a new cruise passenger terminal on Durban's Point Waterfront was greatly welcomed by TKZN as the new terminal, due for completion in October 2020, will not only enhance the tourist experience but propel Durban into the position of a truly global competitive cruise destination.

Tourism Intelligence

During the period under review, TKZN worked diligently to formulate impact studies relating to various events within the Province to better understand the broad effect they have on tourism and to assist our organisation to assess and improve return on investment (ROI).

In line with the Provincial Government's fiscal consolidation initiative and as an entity responsible for the development of tools to contribute to economic growth and employment creation, we have turned to the online space as a means of containing costs. The review period brought with it concerted endeavours to update our organisation's Information Communication Technology (ICT) platform, thus ensuring that our website – a prime tool for today's digitally aware consumers – is relevant and capable of contributing to converting interest into trips to our Province. We have recorded a significant increase of 'hits' on our website of late.

Importantly, 2017/2018 saw the launch of the KwaZulu-Natal Tourism Application (APP). The App is available for download

for free to all smart phone users and it will give them real time information on KZN events, accommodation, conference facilities, entertainment facilities and restaurants. The App will also assist travellers with direction and distance when linked to their Google maps App.

By embracing the digital age, we are intent now on identifying ways and means to respond to the online trend, using technology to become more agile in responding to market needs. An example of this thinking revolves around the fact that most hits on our website centre around accommodation needs. To respond to this market demand, we have partnered with an accommodation partner to allow visitors to our site to receive great accommodation deals, while encouraging more KwaZulu-Natal product owners, especially small businesses, to register with online booking tools in order to be accessible to a bigger number of tourists surfing the net for deals.

The introduction of additional long-haul routes affords our Province with access from more than 100 international destinations. Importantly, too, their introduction paves the way for us to collaborate with these airlines in terms of marketing 'destination KwaZulu-Natal'. The first step will be to link with media representatives and travel agents with whom they already have established relationships. We will, of course, also engage with local tourism roleplayers with regard to the destination access these routes have provided.

This and other achievements are a result of teamwork between partners and RDC members that include Dube Trade Port, ACSA, TKZN, Trade & Investment KZN, Invest Durban, Durban Tourism, Enterprise Ilembe and the provincial and national departments of transport.

Tourism Indaba

The City of Durban has hosted Tourism Indaba for over 20 years, and in 2017/2018 financial year, we won the bid to host the event for another five years from 2018 to 2022. The trade show, which is owned by South African Tourism, has been rebranded Africa's Travel Indaba to align the brand with its positioning as a truly Pan African trade show.

Africa's Travel Indaba is the single biggest marketing platform for tourism in Africa and provides a three-day window to showcase the Province and meet key tourism decision-makers.

Both the provincial government and eThekweni Municipality continue advocating for Durban to be the permanent home

of Africa's Travel Indaba in line with international trends, such as the World Travel Market (WTM), which has been hosted in London since its inception in 1980.

While the local tourism sector benefits from the hosting of the show in Durban, its true benefits are well beyond the direct economic impact of hosting, which is estimated at R51 million and a contribution of R85 million to Durban's GDP in 2017. Hosting the trade show provides a marketing platform for the city of Durban and the province of KwaZulu-Natal to showcase our offerings to international tourism buyers and media, not only during the hosting period, but also during the pre- and post-show tours they take for an experience of the destination.

Corporate Governance

We maintain that adherence to good corporate governance principles is a business imperative that is fundamental to the way in which we conduct the day-to-day business of Tourism KwaZulu-Natal.

We give practical expression to our corporate governance commitment by operating the organisation transparently and openly, while complying with all laws and regulations.

We draw extensively on the principles of good governance practice in our efforts to comply fully and absolutely in order that our organisation remains relevant and capable of meeting our mandate. Our intent is simple: it is to deliver maximum return on investment on behalf of our shareholder, the Provincial Government of KwaZulu-Natal, by following best practice ideals in all that we do.

Appreciation

The 2017/2018 financial year was not without challenges, most notably the number of vacant positions at senior management as a result of fiscal consolidation being undertaken by the Province, aligned to the national programme.

This is a challenge that the organisation has had to tackle through heightened teamwork. We established and implemented an operations optimisation plan that has seen the organisation work smarter in spite of the human resource constraints.

While acknowledging the real challenges faced in the 2017/2018 financial year, it was also a year of great strides



as the organisation firmly took our position as one of the champions of ushering in greater transformation of the sector.

I would like to use this opportunity to express my gratitude to the MEC for Economic Development, Tourism and Environmental Affairs Mr Sihle Zikalala for the leadership, guidance and support given to TKZN during the year under review. It is this leadership, guidance and support that is gradually shaping the future of tourism in KwaZulu-Natal to one where we will be marketing a destination more responsive to market demand in terms of the quality of products and experiences offered. The implementation of catalytic tourism projects in the coming financial year and beyond will forever change the face of our destination. We also appreciate that the MEC has taken it upon himself to consistently champion for an inclusive economy in KwaZulu-Natal, and an inclusive tourism sector.

I would also like to thank the Head of Department Ms Pumla Ncapayi and officials of the department for their support during the review period.

I also extend my gratitude to our Chairperson, Mr Sithembiso Madlala and all the Board members for their unwavering commitment to the success of the organisation specifically, and the KwaZulu-Natal tourism sector. Their guidance saw the organisation thrive.

My appreciation is also extended to all the stakeholders with whom TKZN interacts, for their love of, belief in and commitment to our beautiful province of KwaZulu-Natal. It is a love, belief and commitment that has seen them make investments in the growth of our tourism sector and thereby the growth of our provincial economy.

The spirit of teamwork that they have brought into our partnership has led to some tourism collaborations whose effects will be felt for generations to come.

Lastly, all that we have achieved in the year under review would not have been possible without the organisation's Executive Management Team and all our members of staff who work with a commitment that often goes well beyond the call of duty. We work in a fast-paced and ever changing sector that requires agility, innovation and dedication. TKZN has people with the ability to deliver and the capacity to position our Province to enjoy a competitive advantage within a highly competitive global tourism sector.

Phindile Makwakwa
Acting Chief Executive Officer

STATEMENT OF RESPONSIBILITY

For the year ended 31 March 2018

The Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, requires the Accounting Authority to ensure that the Public Entity keeps full and proper records of its financial affairs.

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

TKZN acknowledges that the AFS are the responsibility of the members of the Authority.

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

The AFS have been prepared in accordance with the statement of GRAP. These AFS are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

The members have reviewed the Public Entity's budget and cash flow forecasts for the year ended 31 March 2018. 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 AFS.

To enable the members to meet the above responsibilities, the Board sets standards and implements systems of internal controls 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 AFS fairly presents the financial position of TKZN as at 31 March 2018, 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 AFS for the year ended 31 March 2018, set out on pages 67 to 103 were approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act 1999 (Act No. 1 of 1999), as amended and are signed on its behalf by:



Mr S. Madlala
Chairperson



Ms P. Makwakwa
Acting Chief Executive Officer



STRATEGIC OVERVIEW

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.

It is responsible to the KwaZulu-Natal Provincial Government's Department of Economic Development, Tourism and Environmental Affairs and is tasked with the responsibility, both directly and indirectly, of ensuring the ongoing development, promotion and marketing of tourism into and within KwaZulu-Natal.

Vision

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

Mission

To initiate, facilitate, co-ordinate and implement:

- Strategic tourism marketing; and
- Demand-driven tourism development programmes that will grow tourism, thereby serving to achieve:
 - The transformation of the tourism sector within the Province; and
 - The provision of economic benefits to all stakeholders and the Province.

Objectives

Tourism KwaZulu-Natal's business objectives include:

- Increasing foreign arrivals;

- Increasing the share of domestic visitors;
- Increasing tourism expenditure (spend);
- Reducing foreign seasonality;
- Increasing geographic spread;
- Improving destination image and service excellence;
- Promoting responsible and demand-driven tourism development and accessibility;
- Fostering strategic leadership;
- Promoting transformation; and
- Providing an 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;
- 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 TKZN a great place to work.



LEGISLATIVE AND OTHER MANDATES

TKZN derives its mandate from a number of pieces of legislation and government policy frameworks, which include the following:

KwaZulu-Natal Tourism Act	Act 11 of 1996
Basic Conditions of Employment Act	Act 75 of 1997
Broad Based Black Economic Empowerment Act	Act 53 of 2003
Constitution of the Republic of South Africa	Act 108 of 1996
Employment Equity Act	Act 55 of 1998
Framework for Supply Chain Management	Gazette 25767 dated 5/12/2003
Labour Relations Act	Act 66 of 1995
Preferential Policy Framework Act	Act 5 of 2000
National Treasury Regulations	Gazette 225 dated 15/03/2005
Provincial Tourism Policy	Approved in March 2008
Public Finance Management Act	Act No.1 of 1999
National Tourism Sector Strategy	Approved in March 2011

There are three further important documents that will have an impact on the role of TKZN in the future. These are:

- The National Tourism Sector Strategy
- The Provincial Growth and Development Strategy
- The Provincial Tourism Master Plan

The key focus of TKZN, in terms of the aforementioned strategic documents, is to drive and improve economic growth from a tourism perspective. Tourism stakeholders are, therefore, expected to concentrate efforts to position tourism to be at the helm of economic growth, through, among other things, increasing international arrivals and promoting a culture of travel at a domestic level, increasing the tourism contribution to the GDP and contributing to the creation of sustainable jobs.

TKZN has a similar focus, hence the need to ensure alignment, particularly in terms of performance targets, to ensure effective allocation of resources and to strive towards achieving common deliverables such as those set out at the provincial and national levels.



ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS

During the course of the 2017/2018 financial year, TKZN's Board of Directors comprised 11 members, as depicted below:



Mr Sithembiso Madlala
Chairperson



Ms Patricia Lebonya
Deputy Chairperson



Dr Usha Roopnarain
*Human Resources and
Compensation Committee
Chairperson (from 1 May 2017)*



Mr Terence Delomoney
*Marketing and Tourism
Development Committee
Chairperson (from 30 Nov 2017)*



Mr Paulos Ngcobo
*Audit and Risk Committee
Chairperson (from 1 May 2017)*



Mr Thamsanqa Mzileni
*Convention Bureau Committee
Chairperson (1 Apr to 30 Sept 2017)*



Prof. Thandi Nzama
*Convention Bureau Committee
Chairperson
(from 30 Nov 2017)*



Mr Michael Jackson
Board Member



Prof. Thokozani Nzimakwe
Board Member



Ms Phindile Makwakwa
*Acting Chief Executive Officer,
ex-officio*



Pinky Radebe
Board Secretariat

ORGANISATIONAL STRUCTURE

EXECUTIVE MANAGEMENT

During the 2017/2018 financial year, TKZN's Executive Management team comprised seven members, as shown below:



Mr Ndabo Khoza
Chief Executive Officer
(until 31 July 2017)



Ms Phindile Makwakwa
Acting Chief Executive Officer
(from 1 August 2017)



Mr Fidzani Nduna
Chief Financial Officer



Mr James Seymour
Chief Convention Bureau
Officer



Mr Bongani Mthiyane
General Manager: Marketing
(until December 2017)



Mr Abie Wentzel
Acting General Manager:
Tourism Development



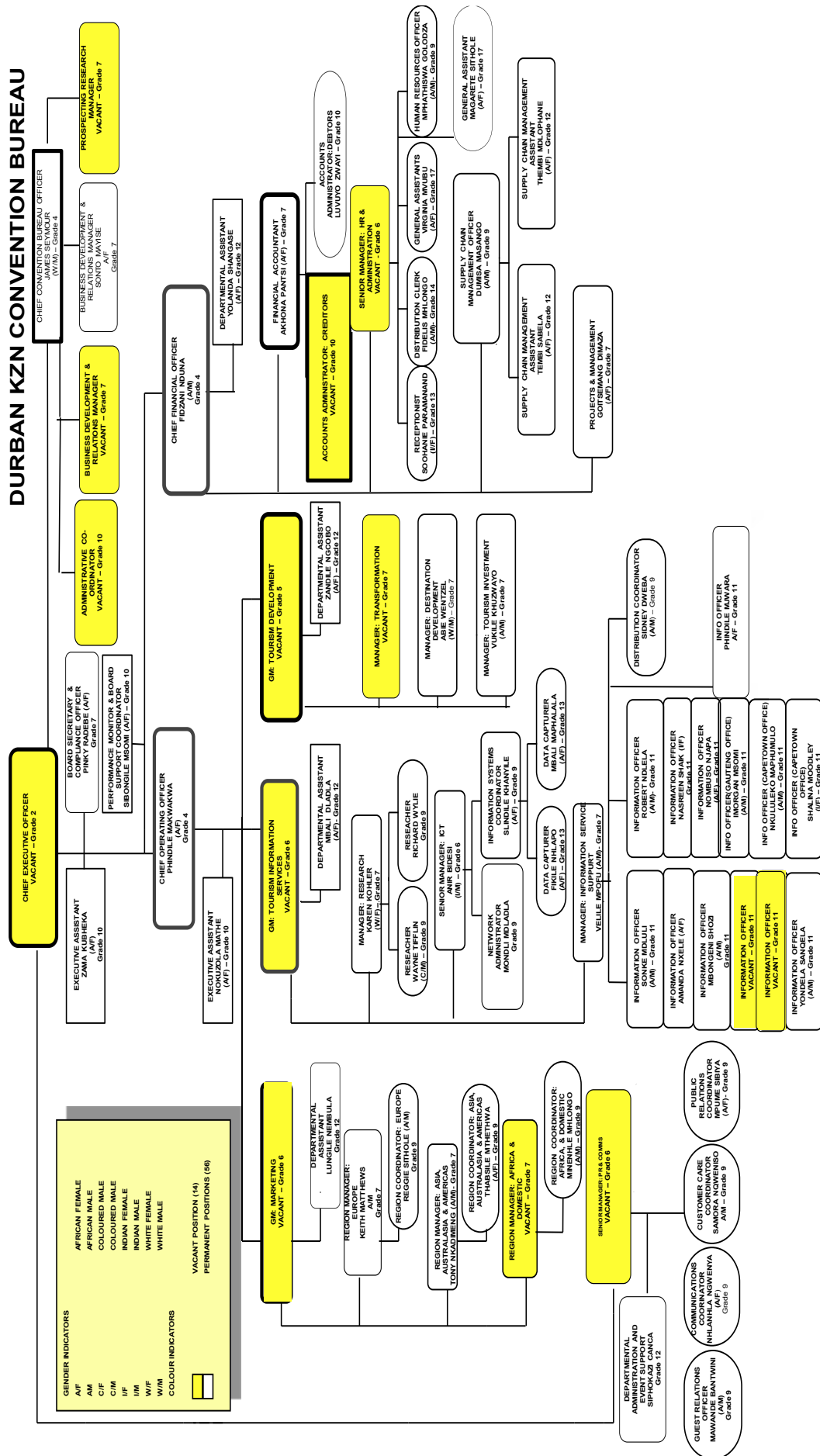
Mr Anir Bidesi
Senior Manager: Information
Communication Technology

Vacant
General Manager: Tourism
Information Services

Vacant
Senior Manager: Human
Resources and Administration

Vacant
Senior Manager: Public
Relations and Communications

Organisational Structure as at 31 March 2018



PART B:

PERFORMANCE INFORMATION



AUDITOR'S REPORT

The Auditor-General of South Africa currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the 'Predetermined Objectives' heading in the 'Report on other legal and regulatory requirements' section of the Auditor's Report.

Refer to page 70 of the Report for the Audit Report, published as **Part E: Financial Information**.



SITUATIONAL REPORT

State of the Tourism Economy – Macro Goals and Targets: KwaZulu-Natal

Introduction

The measurement of the state of the country's tourism economy is carried out through a national Tourism Satellite Account (TSA).

This is a measurement framework, based on the concepts, definitions and classification of the System of National Accounts (SNA), developed in order to present a credible measure of the economic contribution of the tourism sector to the economy of the country. It consists of a set of inter-linked tables, which, when fully populated, enable the economic contribution of the tourism – and other – sectors to be measured.

It should be appreciated that it is only possible for a TSA to be developed at a national level and not at a provincial level, as it is currently not possible to populate these tables at a provincial level.

Other indicators embraced by various tourism organisations or entities are used for greater detail and understanding of tourism performance. These include the two major global tourism entities, 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 information from these bodies, in terms of indicators selected, are used to develop a picture of the state of the tourism sector from a range of viewpoints and at a variety of levels, namely global, national and provincial.

The different indicators utilised by the two major organisations are detailed as follows:

The UNWTO measures tourism using the following indicators:

- Arrivals – purpose of visit and mode of transport
- Receipts
- Expenditure in outbound markets

The WTTC measures tourism using the following indicators:

- GDP to the world economy – direct and total
- Employment – direct and total
- Visitor exports
- Investment

Within the South African context, the National Tourism Sector Strategy (NTSS), which was developed by the National Department of Tourism (NDT), has adopted the following indicators:

- Arrivals;
- Spend;
- Length of stay;
- GDP contribution;
- Purpose of visit;
- Increase in domestic tourists;
- Job creation;
- Geographic spread; and
- Seasonality.

At a provincial level, the KwaZulu-Natal Tourism Master Plan has adopted the following sets of indicators so as to effectively measure the performance and growth of the tourism sector:

- GGP contribution (provincial GDP);
- International arrivals;
- Domestic trips;

- Employment (direct and indirect); and
- Geographic spread.

Furthermore, to increase the clarity of the tourism picture at a provincial level, TKZN also utilises information obtained from other organisations for more detailed information on the performance of tourism in the Province.

In considering the table below, it should be noted that there were issues that had seriously negative effects on the tourism sector from approximately mid-2014 and during the whole of 2015. These are explained further elsewhere in this document.

Macro Goals and Targets – KwaZulu-Natal

Measure	2013	2014	2015	2016	2017*	2018*	T
Domestic trips (m)	7,1	5,2	4,3	4,1	3,9	3,8	-
Foreign tourists	847 146	768 228	743 615	753 617	761 153	768 765	▼
Domestic spend per person per trip	R726	R979	R955	R1 108	R1 052	R1 105	-
Foreign spend per person per trip	R7 201	R8 350	R6 342	R5 877	R6 171	R6 479	▲
Direct contribution to GGP (bn)	R27,9	R17,6	R10,2	R9	R8,8	R9,2	▲
Total contribution to GGP (bn)	R39,3	R35,1	R20,4	R18	R17,6	R18,4	▲
Direct employment	177 542	105 322	87 670	82 175	83 235	81 585	-
Geographic spread (foreign)	1,3	1,3	1,3	1,3	1,3	1,3	-
KZN hotel occupancy	64,6%	62,7%	65,0%	65,1%	65,3%	66,6%	▲
Air passenger movements	-5,1%	4,0%	5,0%	5,9%	6,6%	7,3%	▲
Road traffic arrivals	-6,3%	5,0%	6,4%	7,0%	-1%	1%	-

* = Estimated; T = Trend; N/D = data not yet available

Disclaimer and Assumptions for Targets

- Figures assume South African Tourism (SAT), UNWTO and WTTC projections are reasonable;
- TKZN has negligible control over the number of foreign arrivals, foreign spend or foreign geographic spread;
- 2009 was used as the original base year, as this was the year in which SAT changed its methodology to be more in line with global standards and reported only tourists. Day visitors were no longer included in the total;
- 2010 was used as the baseline for domestic trips;
- Both of these base years had to be adjusted in view of the constrained economic climate;
- A 3% decrease was applied to domestic trips, based on historical decreases from 2015;
- A 1% increase was applied to foreign arrivals based on historical increases from 2015;
- A 5% increase was applied to domestic and foreign spend per person per trip, based on historical increases from 2016;

- A 5% increase was applied to GGP growth, based on historical growth rates from 2006; and
- The global economic situation remains stable.

Indicator Definitions and Explanation of Table

The above detailed table requires a degree of explanation and analysis in order to indicate how KwaZulu-Natal has performed during the course of the past year. Below are a series of globally accepted definitions of terms that have been used in the table, together with an outline of the findings and figures contained in the table.

Domestic Trips

In line with global definitions, a domestic trip is regarded as any trip taken within the borders of South Africa by an adult resident of this country. In order for such a trip to be regarded as a domestic tourism trip, it must have:

- Been to a destination more than 40kms from the respondent's home (one way);
- Lasted one night, but less than 365 nights;
- Not been for relocation purposes;
- Not been part of the respondent's regular commuting (unless it was for leisure or recreational purposes); and
- Not result in the respondent receiving payment within the place visited for services rendered or goods delivered.

Trips are utilised instead of tourists on the basis that most of South Africa's domestic tourists undertake more than one trip a year.

Official SAT 2016 statistics indicated that some 24.3 million domestic tourism trips were undertaken compared against 24.5 million in 2015, suggesting a decrease of 0.82% in the number of trips taken in South Africa compared to 2015. KwaZulu-Natal received approximately 4.1 million of those trips.

Foreign Arrivals

The UNWTO's definition of foreign tourists is used and states that a foreign arrival is a person who arrives in the country and who spends at least 24 hours, but less than one year there, and is not remunerated during that time.

The Department of Home Affairs and STATSSA have collaborated during recent years in order to align data sets with the UNWTO's definition. Foreign arrivals increased to 10.2 million in 2017, a 2.4% increase on 2016.

Due to tourism having strong human elements in terms of destination decision-making, this is a sector that is extremely sensitive to events that may be perceived as having a negative effect on tourists' well-being. Reactions to such events may be rapid and significant. This also makes forecasting extremely difficult and often apparently inaccurate.

There were no major health scares or policy changes that could have negatively affected international tourism arrivals into South Africa in 2016. Thus, there was a 7.2% increase in overseas arrivals, and an overall 2.4% increase in total arrivals to the country.

Domestic Spend

Domestic spend is calculated by adding the per capita spend for each trip taken during the period and reported in nominal terms, unless otherwise stated. This is determined through the utilisation of the TSA measurement framework. The figures for domestic spend for 2016 was estimated at R1 108 per trip.

Foreign Spend

Foreign tourist expenditure is based on an entire trip, inclusive of amounts spent in their home country, but accruing to South Africa during the trip and stay at the destination. This is calculated by adding all pre-paid expenses – including airfares – and all expenses incurred in South Africa. This totalled R75.5 billion in 2016 in comparison to R68.2 billion in 2015.

The amount spent by foreign tourists in KwaZulu-Natal as a result of their entire trip was R5 877 in 2016. Thus international tourism spend in KwaZulu-Natal was estimated to be in the region of R4.4 billion in 2016 compared to R4.7 billion in 2015. The figures for 2017 are not yet available.

Direct and Total Contribution to GDP

The contribution of tourism to a country's GDP or GGP is calculated utilising the TSA measurement framework. The 2016 SA Tourism Annual Report indicated that the contribution by tourism to the GDP of South Africa was in the order of R102.1 billion. This was an increase of 11.1% when compared to 2015.

In KZN, the direct contribution in 2016 to the provincial GDP was R9 billion and the total contribution was R18 billion when compared to 2015 which was R10.2 billion and R20.4 billion respectively.

Employment

Tourism employment is a measure of the number of jobs in tourism, as well as non-tourism through related industries, in line with the TSA measurement framework. In 2016, however, it was calculated that some 1 533 million people in South Africa were employed in the tourism sector, directly or indirectly.

Geographic Spread

Geographic spread relates to the average number of provinces visited by a foreign tourist during a trip to South Africa. In 2016, 15% visited more than one province per trip. Seasonality has remained fairly stable at 1.35 basis points.

KwaZulu-Natal's Hotel Occupancy

Hotel occupancy information pertaining to KwaZulu-Natal is acquired from STR Global a company that provides monthly data on hotel occupancies and other related data for a number of areas. It is worth noting that KwaZulu-Natal and its primary city, Durban, performed well during 2017, in terms of hotel occupancies. KwaZulu-Natal outperformed the 2017 national occupancy rate of 64% by 2.1%.

Air Passenger Movements

According to Airports Company South Africa (ACSA), air passenger arrivals at KwaZulu-Natal's King Shaka International Airport in 2017 totalled 2 754 139, against 2 582 872 in 2016, an increase of 6.6%.

Road Traffic Arrivals

Road traffic arrivals in KwaZulu-Natal reflected a 0.72% decrease in vehicles travelling to the KwaZulu-Natal coast in 2017 when compared against figures for 2016, in line with the slight drop in domestic trips over the same period.

Sources of Indicator Information

Domestic Trips and Spend

Statistics South Africa and South African Tourism quarterly survey.

Foreign Tourist Arrivals

Statistics South Africa and South African Tourism departure surveys

Foreign Tourist Spend

South African Tourism departure surveys

Contribution to GDP

- Statistics South Africa, South African Tourism and Provincial Treasury
- TKZN Analysis
- World Travel and Tourism Council

Total and Direct Employment

- Statistics STATSSA
- South Africa Tourism and Provincial Treasury
- TKZN Analysis

Geographic Spread

South African Tourism departure surveys and trend analysis

Key Policy Developments and Legislative Changes

During the year under review, National Treasury introduced the Preferential Regulations of 2017. This prescript is to assist the entity to drive its transformation imperatives through procurement.

During the year under review, the TKZN continued to implement cost-cutting measures in order to maximise its limited budget. This included the moratorium on filling of vacant posts. The entity came up with an optimisation plan to ensure that the high vacancy rate does not compromise performance.

Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goal	
Strategic outcome oriented goal	Preferred tourism destination in the country
Goal statement	Deepen and develop the positioning of KZN as a preferred tourism destination for domestic and global tourism
Goal indicator	Increased number of tourists visiting KZN
Strategic objectives	Provide guidance, support and direction in terms of tourism policies, legislation and marketing strategies Implementation of the KZN Tourism Master Plan



Strategic Role	Strategic Objectives	Responsible Department as per APP Objectives
To play a strategic leadership role in the Province in terms of tourism marketing and management, and to be the custodian of the KZN tourism brand	To drive strategy and leadership to provide strategic direction, from a tourism perspective, to both internal and external stakeholders	CEO
To facilitate appropriate research and knowledge management to inform and underpin TKZN's and the tourism sectors strategies and plans	To be the custodian of tourism intelligence in line with international best practice	Tourism Knowledge Management
To facilitate responsible and demand-driven tourism development and accessibility	To drive responsible and demand driven tourism development and champion the transformation of the tourism sector in KZN	Destination and Enterprise Development
To promote the Province and to create an enabling environment for all tourism stakeholders to market their offerings optimally under the Zulu Kingdom umbrella brand	To market and promote KZN in order to increase brand awareness, increase domestic and international tourist arrivals and achieve geographic spread	Marketing
To champion and enhance the image of the destination and service excellence at all levels	To build a sustainable positive destination and corporate image, enhance stakeholder relations and promote service excellence within the KZN tourism sector	Public Relations and Communication
To aggressively identify and bid for small, medium and large 'meeting, exhibition and incentive gatherings' with researched potential of significant ROI and raise the level of awareness of Durban and KwaZulu-Natal's wide range of business tourism related venues and associated services	To increase the level of business tourism flow to the city of Durban and the rest of the province of KwaZulu-Natal by identifying, bidding for and supporting bid event initiatives and promoting the business event venues and services of the Province	Convention Bureau
To provide the structures, resources, and services required for the optimal performance of the organisation	To create an enabling corporate environment for TKZN to optimally perform its duties	Corporate Services

PERFORMANCE INFORMATION

CHIEF EXECUTIVE OFFICER'S OFFICE

Purpose

To provide strategic leadership in the development and promotion of tourism for the Province, creating an enabling environment for tourism stakeholders, as well as championing TKZN's strategy development, with overall responsibility for strategic planning and organisational accountability.

Strategic Objectives

- To ensure the provision of effective corporate governance;
- To provide strategic direction and leadership to industry and the organisation, based on global outlook industry standards, national and provincial legislation, prescripts and guidelines and tourism sector intelligence;

- To ensure the creation and maintenance of a positive image for TKZN and the provincial tourism; and
- To ensure the co-ordinated development and promotion of tourism among Government stakeholders and private sector partners.

Key Performance Areas

Corporate governance, including administration, enterprise risk management and compliance with applicable laws and regulations;

Strategy and leadership;

Corporate and brand positioning; and

Strategic partnership and alignment.

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Office of the Chief Executive Officer	R'000	R'000	R'000	R'000	R'000	R'000
	8 300	8 356	-56	9 718	9 115	603
Total	8 300	8 356	-56	9 718	9 115	603

Measurable Objectives	Programme Performance Indicators	Annual Target (APP) 2017/2018	Actual Performance	Variance	Comments
To provide strategic direction to the organisation through an appropriate governance structure	Number of committee meetings held with recorded resolutions demonstrating oversight provided on the organisation's performance, aligned to the KZN Tourism Master Plan and five-year corporate strategy	16	22	+6	This over achievement was due to the special meetings relating to HR, Audit and Risk as well as Marketing and Tourism Development matters that required recommendation and approvals by the Board
	Number of Board meetings held with recorded resolutions demonstrating oversight provided on the organisation's performance, aligned to the KZN Tourism Master Plan and the five-year corporate strategy	4	11	+7	This overachievement is due to an induction meeting and the introductory and induction of newly appointed Board members. The Board also conducted strategic sessions and risk assessments for the entity
	Clean audit achieved	1	0	-1	The entity received an unqualified audit
To undertake risk management in order to achieve the organisation's objectives	Number of risk assessments undertaken to develop the risk register for the organisation	1	1	Nil	N/A
	Number of risk monitoring and management activities undertaken to ensure TKZN's exposure to business risks is properly managed and mitigated	4	4	Nil	N/A
	Number of risk maturity assessment activities undertaken	1	0	-1	The current risk maturity was done in 2014 and is, therefore, valid until 2019
To present to stakeholders the state of tourism from a global, national and provincial perspective based on tourism intelligence gathered	Number of stakeholder engagement platforms created to give feedback on the performance and trends in the tourism sector, in relation to TKZN activities	1	1	Nil	N/A
To utilise national and provincial tourism co-ordinating structures to drive the provincial tourism agenda within the context of national and provincial mandate, thus ensuring a synergistic approach in pursuit of tourism activities	Number of coordination structures utilised to ensure that national and provincial tourism decisions promote the growth of tourism in KZN	4	4	Nil	N/A

PERFORMANCE INFORMATION

TOURISM INFORMATION SERVICES

Purpose

To facilitate appropriate research, information and knowledge management in order to inform KwaZulu-Natal's tourism strategies and plans, and to facilitate tourism information provision and dissemination, as well as to ensure adherence to global quality standards.

Strategic Objectives

- To conduct research, manage information and knowledge, and collate international and local sector information to guide strategy and monitor the programmes and performance of KwaZulu-Natal's tourism sector;
- To provide accessible and user-friendly tourist information through strategic contact points and to disseminate promotional material in accordance with the demands of Tourism KwaZulu-Natal's operational divisions; and
- To benchmark and monitor KwaZulu-Natal's tourism product and destination management practices against international best practice guidelines and standards.

Key Performance Areas

- Research, information and knowledge management;
- Information office services;
- Distribution;
- Database development and maintenance;
- Information and communication technology; and
- Quality assurance and benchmarking.

Programme Performance Highlights

TKZN uses a systematic investigative process in its efforts

to expand and refine current knowledge and information in relation to the tourism sector, globally, nationally and provincially. This knowledge and information is used to drive strategy to the benefit of the organisation. During the 2017/2018 financial year the emphasis was placed on expanding its digital service offerings and the development of the official KZN mobile App (KZN Travel Guide). This initiative was aimed at broadening the accessibility of its information footprint.

Research

Several key pieces of research were undertaken and completed during the year under review. The outcomes will feed into the organisation's annual Research Training Plan. The research division is responsible for ascertaining that its research practices and procedures emulate global best practice in as many areas as possible. To achieve this, all its researchers retain membership of the International Travel and Tourism Research Association and are associate members of the United Nations World Tourism Organization. Furthermore, the researchers attend national and international tourism conferences to remain current in terms of research best practice. The annual research development plan outlines that each member of the research team will attend at least one international conference in a year in order to obtain the latest information on tourism research, methodologies and practices so as to be able to integrate these into their work at TKZN.

Completed Research Projects

The research division of the Tourism Information Services Department undertakes economic impact assessment

surveys on a range of events and conferences in KZN in order to be able to track and report upon their performance and their economic impacts on the Province. This is done to determine the extent to which such events contribute to the economic health of the Province. Event organisers say the reports are held in high regard and that a number of the recommendations have been implemented to improve the events. Annual tracking impact assessment surveys are run on KZN’s major events. These include the Midmar Mile, the Dusi Canoe Marathon, the Comrades Marathon and the Amashova Durban Classic Cycle Race.

Research projects completed in the reporting period:

- Midmar Mile survey and report
- Dusi Canoe Marathon survey and report
- Tourism Intelligence report (every quarter)
- Splashy Fen impact assessment
- Karkloof Mountain Bike Challenge survey and report
- KZN Travel and Adventure Show
- Mandela Day Marathon
- Amashova Durban Classic Cycle Race
- Clinical Chemistry Conference

- Terminal Operators Conference
- BWI International Conference

Information Services

The 2017/2018 financial year saw TKZN strive to make information easily accessible to tourists, whether inside the Province or in another country. Verbal and electronic information is provided directly to tourists or other tourism stakeholders by trained information officers who manage TKZN’s four information offices at King Shaka International Airport, uShaka Marine World, and the Gauteng office at (OR Tambo International Airport), as well as the one at the V&A Waterfront in Cape Town.

Information officers are often called on to manage stands at shows and exhibitions as well as certain TKZN supported events. This includes active participation in the cruise ship liner season.

The performance statistics for TKZN’s information services for the year under review were as follows:

Measure	2016/2017	2017/2018	% Change
Walk-in enquiries	83 285	91 733	+10%
Email enquiries	5 216	6 854	+31%
Telephone enquiries	18 464	26 065	-29%
Fax and postal enquiries	555	11	-98%
Foreign brochure distribution	11 450	23 380	+104%
National brochure distribution	90 714	122 125	+35%

A total of 124 663 queries were responded to via email, fax, telephone and walk-ins, during the financial period 2017/2018, as opposed to a total of 107 520 queries were responded to during the period 2016/2017. An overall increase of 16% was noted when comparing this period of the year to the same period last year.

A total of 145 505 brochures were distributed, both nationally and internationally during the 2017/2018 financial year via 191 distribution points, which included South African embassies abroad, and both national and international trade shows. An overall increase of 66% was noted when comparing

this period of the year to the same period last year where 115 distribution points were reached.

Information and Communication Technology

TKZN understands the need for employing new modes of communication to enhance and market its products and services. To take stock of what tourism attractions and facilities existed in the Province before they could be marketed, a tourism asset database was established. Eventually the original tourism asset database was



further developed and refined and became completely integrated into the TKZN Destination Management System, as the 'Product Management System'. The system is constantly updated to ensure that the public has the latest information on tourism facilities and amenities.

The TKZN website had a total of 303 833 visitors, of which 269 483 were new visitors to the site. The website has a global audience with the top five visiting countries being South Africa, United States, the United Kingdom, Turkey and Germany. In terms of website traffic, the majority of visitor traffic is brought to the site by search engines that account for 70 % of the visitors. This is followed by direct traffic, which

comprises 25% as well as referral traffic, which is 3%. The other 2% includes social and paid search.

Smartphones are increasing in popularity and 59% of visitors use their mobile devices to access and browse the website. This clearly indicates that digital content must be responsive. The Tourism KZN mobile app, the KZN Travel Guide, was launched in December 2017 and ensures that travellers have up-to-date information on the destination. The KZN mobile app has many features, which include:

- Local KZN Hangouts and Artisan Culture
- Beaches
- Things to do in KZN
- Information Offices
- Exclusive KZN Experiences and Adventure

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Tourism Information Services	R'000	R'000	R'000	R'000	R'000	R'000
	16 924	15 358	1 566	23 548	17 923	5 625
Total	16 924	15 358	1 566	23 548	17 923	5 625

Measurable Objective	Programme Performance Indicators	Annual Target (APP) 2017/2018	Actual Performance	Variance	Comments
To undertake research studies and disseminate findings to internal and external stakeholders	Number of market segmentation trend analysis studies completed to inform TKZN's marketing plans	2	2	Nil	N/A
	Number of research studies conducted on major tour operators in source markets	1	1	Nil	N/A
	Number of studies conducted on the tourism potential of KZN's small towns	1	1	Nil	N/A
	Number of economic impact assessments conducted on events and conferences	11	12	+1	An additional economic study was done on the Builders and Woodworkers International in support of the Convention Bureau Department
	Number of baseline studies conducted on transformation in KZN's tourism sector	1	0	-1	The non-achievement was due to the international travel programme, which requires approval from the Department
	Number of tourism intelligence studies conducted on global tourism performance	4	4	Nil	N/A
	Number of research studies conducted on niche tourism	1	1	Nil	N/A
To provide tourism information and marketing collateral through strategically positioned distribution points	Number of plans implemented on tourism information provision in line with global best practice	1	1	Nil	N/A
	Number of distribution points utilised to disseminate marketing collateral in primary and secondary markets, international and domestic trade and consumer shows, SA embassies, consulates, SA Tourism offices and General Sales Agency offices	160	190	+30	The overachievement was due to the additional request that came from the information offices, SA embassies as well as the increase in the number of events hosted in the Province
	Number of reports submitted on tourists, tourist activity in KZN	4	4	Nil	N/A
To benchmark research and knowledge management against international best practice	Number of global benchmarking exercises conducted	3	0	-3	The non-achievement was due to the international travel programme, which requires approval from the Department
To provide ICT services to ensure the efficient running of business systems	Number of virtual reality initiatives implemented to enhance the marketing of the destination	1	0	-1	The non-achievement was due to delays in the supply chain processes. The virtual reality will be implemented within the first quarter of the new fiscal year
	Number of mobile applications developed to ensure consumers access to destination information effectively	1	1	Nil	N/A

PERFORMANCE INFORMATION

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

Programme Performance Highlights

TKZN is at the helm of destination and enterprise development in KwaZulu-Natal, and is responsible for realising the Province's tourism transformation goals. Additionally, it plays a key role in ensuring that effective business support services are in existence for small-, medium- and micro-enterprises and facilitate market access for them to benefit from.

Destination and Enterprise Development

Despite playing a major role in the regional and national

economies, indications are that there is still huge untapped potential in KZN's tourism sector. As a result, TKZN is hugely invested in supporting new tourism products and development. Where needed, it offers both advice and assistance to unleash new entrants into the market.

In order to promote KZN to potential investors and property developers, TKZN works with partners to engage with potential investors and to participate at various international platforms to engage and influence investors to see KZN as a potential destination to invest in.

During the year under review, TKZN attended the 2018 MIPIM (Le marche international des professionnels de l'immobilier) event in Cannes, France in March 2018, where the most influential international property players from all sectors gathered for four days of networking, learning and transacting. Investment prospectuses showcased the potential for the development of beach resorts and hotel developments in the Durban Point, Nonoti, Blythedale, Port Dunford, St Lucia Hotel and iSimangaliso. TKZN engaged with international branded resort and hotel operators such as TUI, Accor Hotels and the RIXOS resort brand, who shared their development requirements. In response, TKZN has drafted an investment mapping matrix, where details of each project are matched to potential investors, based on investor requirements.

TKZN made major inroads and met with several cruise liner operators at this year's Seatrade Cruise Global event in Florida.

TKZN also made major inroads at the African Hotel Investment Forum at Kigali, Rwanda where a major international operator showed great interest in the development of the Tinley Manor Resort.

A giant observation Ferris Wheel that will offer spectacular 360-degree panoramic views of Durban is in the pipeline. The feasibility studies and business plans are being finalised. The Durban Eye will consist of 27 fully enclosed air-conditioned cabins, capable of holding 16 passengers each. It will take passengers 78 meters above the ground on a 15-20-minute, four-revolution ride and also be wheelchair accessible. Various sites for the development have been identified, including the Durban Point, uShaka Marine World, Moses Mabhida Stadium, Suncoast Casino Entertainment World and the Durban North Beach.

Transformation

Major strides are underway to ensure that the burgeoning tourism industry accommodates the transformation of the tourism sector in KZN by creating opportunities for the historically disadvantaged. As a result TKZN is geared towards improving access, funding and mentorship for emerging, small, medium and micro enterprises.

To ensure that TKZN offers relevant support to emerging tourism entrepreneurs, the organisation has enhanced its incubation programme. This was done in response to a number of small tourism organisations who have expressed the need for support from Tourism KZN. The new programme will individually focus on the needs of each business and be matched with a mentor to support them to achieve its success. Currently, TKZN is mentoring 10 tourism businesses that will be afforded the opportunity to exhibit at various tourism exhibitions. In the year under review, wider support was given to small business through workshops across KZN and advisory services.

Market Access

TKZN is committed to assisting deserving small businesses into the tourism market by facilitating access to major tourism platforms where learning, networking and business exposure can occur. This is especially relevant in the SADC region as the organisation aims to tap into neighbouring markets from the continent.

SADC remains the most untapped market, which has the potential for emerging tourism businesses to break through, carve their market share, and maximise the bottom line. As a result, TKZN took two SMEs to a marketing activation in Botswana in February 2018. Business owners were able to promote their businesses and offerings to a wide audience who were in attendance.

Vakantiebeurs – a major tourism and leisure fair held in Utrecht in The Netherlands – attracts over 150 000 Dutch, Belgian and French consumers keen to find new ideas for their next holiday. Their interests lie mainly in wildlife safaris and beach experiences. Given that The Netherlands is South Africa and KZN's core market – with the highest number of repeat visitors to the country, it is a prime opportunity for upcoming businesses to network and work with this market. TKZN exhibited at the show and included two emerging black-owned tour operators.

TKZN also hosted workshops to facilitate information sharing in support of emerging, small and medium tourism businesses. The workshops focused on comprehensive topics, which included advice on tax, access to funding and the tourism business incubation by TKZN and the National Department of Tourism.

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Tourism Development	R'000	R'000	R'000	R'000	R'000	R'000
	6 010	4 075	1 935	9 323	4 138	5 185
Total	6 010	4 075	1 935	9 323	4 138	5 185



Measurable Objective	Programme Performance Indicators	Annual Target (APP) 2017/2018	Actual Performance	Variance	Comments
To drive tourism destination development	Number of tourism development studies formulated for black-owned tourism businesses	2	1	-1	The development study for the Durban Eye project was finalised in April 2018 as it had to adhere to eThekweni Municipality's planning process
	Number of routes scripted to ensure packaging by tour operators	1	0	-1	The project was put on hold to avoid duplication as the National Department of Tourism was conducting a similar exercise
	Number of KZN tourism signage programmes implemented	1	0	-1	The project was reallocated to EDTEA due to technical challenges of design and approval processes
To facilitate tourism investment	Number of new tourism investment prospectuses packaged for investment promotion	4	1	-3	All the projects for the 2017/2018 financial year were put in one prospectus to save time and resources
	Number of exhibitions utilised to promote projects to investors	3	3	Nil	N/A
To contribute towards transformation of the tourism sector through enterprise development	Number of interventions implemented for B-BBEE enterprises	4	13	9	The over-achievement is due to the revamp of the Small Business Support Programme, where workshops were held across KwaZulu-Natal with black-owned tourism businesses

PERFORMANCE INFORMATION

MARKETING

Purpose

To promote the Province generically and to create an enabling environment for the region's communities and private sector stakeholders to market their offerings optimally within the umbrella branding and destination marketing framework and strategy for KwaZulu-Natal.

Strategic Objectives

- To build a strong, integrated KwaZulu-Natal tourism brand;
- To defend KwaZulu-Natal's domestic market share;
- To grow international arrivals;
- To grow KwaZulu-Natal's business tourism, in partnership with the Durban KwaZulu-Natal Convention Bureau
- To create brand alignment and synergy with sub-brands; and
- To strengthen trade relations with trade partners.

Key Performance Areas

- Brand and leisure marketing
- International marketing
- Trade marketing
- Events marketing
- Tourism Indaba
- Group tourism support

Programme Performance Highlights

TKZN's Marketing Division is responsible for the dynamic promotion of KwaZulu-Natal, advancing and expanding broad awareness of the Province both nationally and internationally. Its objective is to improve visitor arrivals significantly in the

Province and to promote the tourist flow across all the region's offerings.

In working to achieve these goals, the organisation utilises a diverse range of marketing tools to best effect, in the quest to communicate all available products and services to different stakeholder groups.

Domestic and African Activations

'Do KZN' was the slogan of the 2017/2018 financial year as TKZN galvanised locals to visit the Province and explore both familiar as well as lesser known destinations. A major effort was made to dispel the myth that travelling was expensive, demonstrating that it was for everyone and could even be undertaken at minimal cost, without flights, hotels or car hire.

The 'Do KZN' campaign was intensified through consumer activations in Gauteng during the Beeld Holiday Show and mall activations at Northgate Mall in Johannesburg. Focusing on the outdoor and adventure market, KZN partnered with Jacaranda FM and Kaya FM respectively to attract potential travellers from Gauteng, who currently are KZN's biggest domestic key source market.

The KZN Travel and Adventure Show, in partnership with the East Coast Radio House & Garden Show, took place in June and July 2017. A total of 30 SMEs participated in the show and more than 80 exhibitors were secured for the event. The show attracted at least 90 000 visitors over a period of 10 days.

As part of the goal to create awareness about the Province's diverse offerings to the rest of the Continent, TKZN collaborated with East Coast Radio and Trade and Investment

KZN (TIKZN) on the Connecting Africa initiative. The opportunity resulted in the organisation hosting key radio personalities from Zimbabwe, Mozambique and Botswana from 1-7 June 2017. For this edition, the hosting of the event was driven through a partnership with five radio stations. These were Zimbabwean station Star FM, 99 FM of Mozambique, Botswana's Ya Rona FM, Jacaranda FM of Gauteng and KZN-based East Coast Radio.

In May 2018, TKZN participated at the South African Tourism hosted Africa's Travel Indaba. The platform provided an opportunity to present KZN to over 100 buyers from 19 African countries.

Digital marketing in the form of social media was utilised to its full extent to inculcate a culture of travel, and black-owned businesses were supported so that they could come on board and be exposed to a broader market. Potential visitors were encouraged to explore the Province through the marketing of various experiences to be gained in KZN, be it beach, heritage, safari, luxury or romance. The main aims of the campaign in the financial period under review were to:

- Increase numbers to the Province and bolster KZN's declining market share;
- Entrench a culture of travel among South Africans;
- Address issues of geographic spread and seasonality;
- Increase tourists spend in the Province; and
- Stimulate the participation of black-owned businesses in the tourism economy.

Joint Marketing Agreements (JMAs)

Given KwaZulu-Natal's increasing popularity with international tourists, the Province has strategic JMAs in place with similarly focused international bodies.

During the period under review, TKZN concluded a JMA with Goway, one of the biggest tour operators based in Toronto, Canada. Goway has a network of about 40 affiliated retail agent companies. The JMA is a follow-on from 2016 when TKZN hosted Goway's top performing agents on a familiarisation trip in KZN. The hosting was conducted in partnership with Thompsons and Ethiopian Airlines.

Trade Hostings

Hosting tourism trade and media delegations locally is a crucial means of promoting KwaZulu-Natal as a destination to a variety of key industry players and media specialists.

In the period under review, TKZN conducted trade calls at private safaris, a Destination Management Company that creates specialised tours for over 2 000 groups to Africa each year. These also included training for 30 of their agents.

A similar initiative was done with Go Tourism, an inbound travel company that focuses on European markets like Italy, France, Germany and The Netherlands. Go Tourism is the ground handler for the Travel Team and played an instrumental role in the development of the KZN 10-day stand-alone package, which was launched in Paris.

Furthermore, TKZN conducted a trade call at Followme2Africa offices, a leading tour operator with a retail network in the UK and Americas and JMA partner of TKZN. This was coupled with training for 12 Followme2Africa agents.

On the domestic front, TKZN also conducted trade calls for Thompsons Holidays and Flight Centre in Johannesburg to promote 'Do KZN' packages and specials.

Following discussions between SAT (UK) and TKZN at the World Travel Market 2016, TKZN hosted six members of the UK tourism trade and media during the Vodacom Durban July with the aim of profiling the event in the UK market.

Similarly, following discussions that took place at Indaba 2017 with SAT France, TKZN hosted three members of trade from the Travel Team in France. The itinerary was created by TKZN with a view to showcasing facilities that are geared towards the French mass market.

Trade Shows

TKZN participated in the Four Cities Trade Roadshow alongside South African Tourism, which was aimed at targeting the Asia market. At the event, 400 agents were trained about the Province's tourism offerings at Cox & Kings, a leading Indian tour operator. The training provided an opportunity for the inclusion of KZN in the tour operator's new itineraries.

For the Americas market, TKZN in partnership with Durban Tourism, participated in the New York Times Show from 26-28 January 2018. The platform enabled the entity to engage with over 15 trade partners, including Goway, the current JMA partner in Canada. Goway has expanded into the US market and this provides an opportunity to further develop the US market through the JMA in 2019 and beyond.

To maintain its presence in the market, TKZN participated

at ITB Berlin from 7-11 March 2018. ITB Berlin is the ideal platform for establishing new customer contacts and conducting business with key strategic partners such as tour operators and airlines. TKZN used the platform to review and negotiate opportunities for destination listings and to source new JMA partners, including Akilanga, Tourvest, SAA, Thomas Cook, Knecht Reisen, among others.

Airline Marketing Support

TKZN joined forces with Kulula Airlines to promote affordable packages to various destinations around the Province.

In keeping with its commitment to broaden its appeal within the SADC market, TKZN and SA Express – in a joint initiative – brought top tour operators from Namibia, Botswana and the Democratic Republic of Congo on a familiarisation trip to KZN from 25 June to 1 July 2017. This afforded TKZN the opportunity to showcase KZN's tourism offerings within the Midlands, North Coast and Durban. This included the Mandela Capture Site, Midlands Meander route, the Valley of a Thousand Hills, factory shop outlets in Stamford Hill, uShaka Marine World as well as beach activities. The familiarisation trip also included the inspection of key hotels such as Fairmont Zimbali, Hampshire and Ebandla (North Coast). The trip concluded with a feedback session and will result in further collaboration between TKZN and the trade representatives in packaging KZN for their respective markets.

TKZN, in partnership with Air Namibia, conducted a destination activation at the Game City Mall in Gaborone, Botswana from 23-25 February 2018. The aim was to promote the 'Do KZN' campaign and the Gaborone-Durban direct flight. The activation managed to attract over 5 000 visitors over the weekend and this was also made possible through

the partnership with Ya Rona FM, which has a listenership of about 300 000.

Agent Training

TKZN hosted its first annual domestic KZN Travel Academy in the Province where 26 agents from 14 leading tour operators in South Africa were trained in both the Province's top and less familiar destinations.

Proper training and product knowledge of TKZN agents working abroad is vital to all campaigns. Therefore, the organisation participated in the Anerkannte Spezialisten für Afrika Reisen (ASA) Academy in Frankfurt, Germany from 31 March to 2 April 2017. A total of 87 agents and tour operators received destination training.

Tourism KwaZulu-Natal also trained 64 agents who attended the Followme2AFRICA workshops that were held in Johannesburg on 27 May 2017. The agents were subsequently examined on the content of the training. TKZN also partnered with the Followme2AFRICA Academy and co-hosted a KZN-themed awards dinner in Cape Town on 1 June 2017. Thereafter, 20 travel agents were part of a post-academy tour of the Province from 2-5 June 2017.

TKZN and Tourvest Destination Management (Tourvest), a leading destination management company and tour operator for the European market jointly conducted training for 55 Dutch agents following the 2018 ITB exhibition, which is considered to be one of the largest in the country. The German market currently occupies first position in terms of key source overseas arrivals for KwaZulu-Natal. The market contributed a total of 49 958 arrivals for KZN in 2017, an increase of 27.2% year on year.

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Marketing	R'000	R'000	R'000	R'000	R'000	R'000
	38 948	31 738	7 210	36 620	30 386	6 234
Total	38 948	31 738	7 210	36 620	30 386	6 234

Measurable Objective	Programme Performance Indicator	Annual Target (APP) 2017/2018	Actual Performance	Variance	Comments
To partner with tourism trade and strategic stakeholders domestically and internationally to grow arrivals into KwaZulu-Natal	Number of joint marketing activities implemented	8	6	-2	This was an underachievement. The partnership with Jozi FM was re-evaluated and cancelled as it was not adding value to TKZN
	Number of marketing activities implemented in partnership with airlines and tour operators	4	4	Nil	N/A
To promote the destination through integrated marketing communication	Number of domestic tourism brand campaigns implemented to market the destination	1	1	Nil	N/A
	Number of targeted trade marketing initiatives activated	12	9	-3	Underachievement was due to the late approval of the international marketing programme by EDTEA. Top Resa (France); Guangzhou (China); Followme2Africa Workshops (UK) activities were not conducted
	Number of targeted consumer marketing initiatives activated	4	4	Nil	N/A
	Number of trade and media educationals hosted	6	6	Nil	N/A



PERFORMANCE INFORMATION

DURBAN KWAZULU-NATAL CONVENTION BUREAU

Purpose

To aggressively identify and bid for small, medium and large 'meeting, exhibition and incentive gatherings' with researched potential of significant return on investment and to 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 of KwaZulu-Natal;
- 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 of KwaZulu-Natal; 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

Promoting and developing business tourism is one of the key functions of the Durban KwaZulu-Natal Convention Bureau. It was established by the eThekweni Municipality and the Department of Economic Development, Tourism and

Environmental Affairs. Assigned to TKZN, its core function is to attract major business events, including meetings, congresses and exhibitions to Durban and the wider Province.

Activities

During the 2017/2018 financial year, the Convention Bureau helped to secure the World Travel Awards for the leading meeting and conference destination in Africa. It also ensured that KZN maintained its status as the second most important destination on the Continent in terms of delegate volumes as per International Congress and Convention Association (ICCA) ranking. The Convention Bureau formulated and prepared 16 business event proposals during the review period. These events are expected to draw at least 10 000 delegates to KwaZulu-Natal and create an estimated total economic impact in excess of a billion rand for the local economy.

The tremendous effort put into the development and submission of bid proposal documentation, locally and internationally, played a significant role in heightening KwaZulu-Natal's profile within the business events and incentive market segments as a destination with both the capacity and necessary infrastructure to stage major events in an idyllic environment.

The Convention Bureau regards site visits as pivotal in swaying potential clients to make decisions about business event venues. Accordingly, it set out to organise and host five site inspections on behalf of prospective clients during the period under review.

The huge efforts paid off, with six major events being secured for Durban and KwaZulu-Natal.

These events include Indaba 2018-2022, Terminal Operations Congress 2017, The International Telecommunications Congress, World Communications Congress 2019, Federation of International Art Photographers 2018 and Biotechnology Africa 2018, 2019 and 2020.

During the 2017/2018 financial year, the Convention Bureau facilitated the maintenance and establishment of seven support committees to enhance the success of secured business events. These support committees raised support funds and resources for a number of business events.

The aim of the support was to ensure the success of the events, that delegates spend as much as possible in the destination, and to convert them into 'ambassadors' and future leisure tourists for the destination.

A vital aspect of the Convention Bureau's activities is to continuously identify new bidding opportunities in the business events sector and to generate new business leads for upcoming business events. Therefore, it actively participated

in seven international trade shows during the course of the 2017/2018 financial year and secured an average of 30 one-on-one business appointments at each of these trade shows.

The Convention Bureau's 2017/2018 programme was dedicated to empowering emerging business event management companies to become active in a sector in which the historically disadvantaged have always been under-represented.

Bids Secured and Potential Impact on the Various Districts of KwaZulu-Natal

During this financial year, KZN secured a number of events that will be hosted at different districts in the Province to ensure greater participation and geographic spread. The total economic impact of all of the business events secured thus far will exceed the R500 million mark. In addition, they will provide a range of other key benefits such as knowledge and capacity building through knowledge transfer by means of the presentations at these events.

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Durban KwaZulu-Natal Convention Bureau	R'000	R'000	R'000	R'000	R'000	R'000
	16 106	13 167	2 939	14 241	12 475	1 766
Total	16 106	13 167	2 939	14 241	12 475	1 766



Measurable Objective	Programme Performance Indicators	Annual Target (APP) 2017/2018	Actual Performance	Variance	Comments
To increase business event tourism flow to Durban and KwaZulu-Natal	Number of international business event proposals submitted for hosting in Durban and KwaZulu-Natal	20	19	-1	This underachievement is due to the number of business events in line with the KZN CB criteria
	Number of site inspections hosted for prospective partners	5	4	-1	This underachievement is in line with the positive from bid proposals submitted
	Number of business event trade shows utilised to promote Durban and KwaZulu-Natal	5	6	+1	This overachievement is due to an additional opportunity to promote KZN
	Number of initiatives on the promotion of Durban and KwaZulu-Natal business events services	4	4	Nil	N/A
To provide support in the securing of business events and ensure the success of secured events	Number of support committees successfully run to support secured business events	5	8	+3	This overachievement is due to key marketing opportunities that were available after the completion of the APP
	Number of funding and support-in kind-initiatives implemented	8	6	-2	This underachievement was due to the number of requests that were submitted to the Convention Bureau
To drive transformation in business tourism	Number of legacy projects implemented	4	2	-2	This underachievement was due to the postponement of the some of the events by event organisers
	Number of mentorship opportunities given to SMME businesses	10	10	Nil	N/A
	Number of small businesses receiving opportunities from business events	8	26	+18	The CB emphasised the importance of using small businesses during events and events owners were receptive
	Number of job opportunities given to youth	40	38	-2	As much as CB emphasised the employment of youth, event organisers still have a choice of how many to employ
	Number of business events utilised to promote township and rural tourism	8	7	-1	While the CB encouraged event owners to incorporate township and rural experiences, this was achieved with all events receiving government support



PERFORMANCE INFORMATION

PUBLIC RELATIONS AND COMMUNICATIONS

Purpose

To undertake internal and external programmes to build a positive reputation for the destination and TKZN among 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 TKZN.

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 within 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

The responsibility of internal and external communications with various stakeholders falls under the domain of the Public Relations and Communications Division. During the 2017/2018 financial year, TKZN solidified its print media,

broadcast and digital campaigns by collaborating with numerous stakeholders in the media and tourism aligned industries. Its aggressive digital media campaign ensured that the public could easily access information relating to the Province and its various destinations.

Stakeholder Communication

TKZN's continued success and collaboration with various entities is highly dependent on the level of communication it maintains with its various stakeholders. To this end, the mandate to maintain such relations falls within the ambit of Public Relations and Communications. These networks are important for the consolidation of KwaZulu-Natal as a prime domestic and international destination and for keeping the broader media and public up to date with the Province's varied and unique offerings. These ongoing high-level communications are pivotal in fostering long-term relations with individuals and entities who play a key role in the tourism economy and for the future growth of KZN as a tourist destination.

Internal Communication

As ambassadors of TKZN, it is essential that the entire workforce is kept up to date with the latest campaigns as well as internal organisational issues.

Internal communication is also a means of fostering cohesion within the organisation and understanding its culture. Therefore, regularly updating staff on new campaigns and internal dynamics is treated as top priority and staff information and briefing sessions form a key component of internal communication.

One of the tools used for this purpose is the *Exceptional News Bulletin*, an electronic newsletter, which is employed to give staff feedback and up-to-date information on news and programmes driven by the organisation.

The CEO gives quarterly updates on key developments in the sector and organisation. The *Media News Bulletin* is used to update employees on the latest news and stories written about the Province as well as major tourism stories.

External Communication

During the period under review, TKZN ramped up its communications initiatives, becoming more aggressive in terms of seeking out partnerships.

The MEC played a vital role in driving awareness about the Province and recorded several messages and calls to action to drive tourism to the Province. The use of digital media gained more prominence and social media statistics show the year-on-year increase in terms of social media following and clicks per view. The growth on various platforms like Facebook, Twitter and Instagram grew exponentially in terms of the numbers of 'likes', 'follows' and shares. To date, TKZN has 57 229 friends on Facebook, 8 615 followers on Twitter and 5 956 on Instagram.

The *What, Where and When Magazine*, a bi-monthly consumer travel magazine, was also used to share key destination news, travel specials and events with potential travellers.

Media

Tourism KwaZulu-Natal invests in media partnerships and capitalises on the considerable influence it has on various interest groups. Partnerships are forged with wide-ranging groups, including newspapers, radio, television, digital media and magazines.

This year, TKZN ventured to partner with social media influencers and bloggers to build a stronger digital media presence. This included the hosting of a popular media personality and actress, Joselyn Dumas from Ghana, who boasts over a million followers on social media and who shared some of her experiences in KZN during the promotion of her movie, *Potato Potahto*.

For Tourism Month, TKZN partnered with Gagasi FM, an urban radio station that boasts almost 2 million listeners and popular DJs (Sphectacular and DJ Naves) on a 'Do KZN with Sphe and Naves' campaign that also gave their social media followers a rare opportunity to get a front row seat on their exploits around the Province. This resulted in greater social media conversations with KZN at the centre of it.

In order to ensure that TKZN remained top of mind with the tourism trade who help to sell and package KZN, TKZN partnered with Now Media that is distributed to tour operators worldwide.

A partnership with Independent Newspapers enabled TKZN and KZN to occupy the front cover page for the duration of Tourism Indaba, which included the announcement of KZN as the winning bidder to host it for the next five years.

During the year under review, TKZN generated media coverage to the value of R27 809 695, resulting in R139 048 475 in PR value.

Event Support

TKZN has forged numerous long-term relationships with various event organisers, who can assist in boosting tourism figures and revenue in the Province.

During the year under review, TKZN ventured to support more events outside of the City of Durban to ensure geographic spread. Events not only build social cohesion but they drive intra-travel within KZN and encourage more people to travel during low season.

This year, TKZN partnered with the Department of Economic Development, Tourism and Environmental Affairs to host the uMthayi Festival, which is one of KwaZulu-Natal's major cultural events, and is aimed at celebrating the harvesting of amarula fruit. TKZN also supported the inaugural Drakensberg Music Extravaganza in an effort to drive more local travellers to the region.

During the Festive Season, TKZN endeavoured to support a number of events at various districts to ensure that holidaymakers travelled beyond the City of Durban.

In celebration of Valentine’s Day to drive numbers to the City and other parts of KZN, The Lovers and Friends Concert was hosted in KZN in February 2018 for the first time and held at Moses Mabhida Stadium.

Annual sporting events like the Dusi Canoe Marathon, the Comrades Marathon and Amashova Durban Classic Cycle Race are international highlights on the sporting calendar and vital platforms for promoting KZN as a prime sporting destination around the world. Tourism KZN supported these events with access to international marketing platforms to grow international participation.

In order to draw more interest to the events, TKZN conducted an activation at the Cape Argus Cycle Tour in March 2018. It was a great platform, as the 40th cycle tour, and drew more than 38 000 participants and visitors to its expo.

Customer Care

One of the deciding factors for tourists on whether or not to visit a destination is their personal safety during their holidays. TKZN has, therefore, instituted a range of measures to safeguard tourists.

Tourism monitors were deployed to various sites like the Durban ICC, Durban Exhibition Centre, Suncoast Casino & Entertainment World, uShaka Marine World, and hotels on

the beachfront during peak tourism season. During the Tourism Indaba, 62 ambassadors were deployed to various spots in order to assist and ensure that delegates were provided assistance with issues like directions, tourism related information, bus schedules and safety tips.

Given the sheer volume of people entering the Province by road over holiday periods, a tollgate campaign was launched during the 2017 Easter holidays and further rolled out during the Festive Season, whereby 10 000 brochures were distributed along various routes and at petrol stations to ensure that visitors were informed of events in the Province.

In addition, a driver wellness and welcome activation campaign was held during the same period to encourage visitors and travellers in general to take time and rest during their travel. The stakeholders involved in this activation included the Department of Health, Road Accident Fund, Home Affairs – Customs, Department of Transport, RTI and Ugu District Municipality. TKZN brochures were placed inside goodie bags, which were distributed among visitors and travellers.

Division Performance

The Public Relations and Communication Division achieved most of its targets detailed in the action plan.

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Public Relations and Communications	R'000	R'000	R'000	R'000	R'000	R'000
	11 116	11 337	-221	18 853	20 549	-1 696
Total	11 116	11 337	-221	18 853	20 549	-1 696



Measurable Objectives	Performance Indicator	Annual Targets (APP) 2017/2018	Actual Performance	Variance	Comments
To build key destination promotion partnerships for greater destination awareness in domestic and international markets	Number of media partnerships secured and activated	2	5	+3	In order to position KZN as a warm and welcoming destination, TKZN partnered with Independent Newspapers, Ukhozi FM and ECR to welcome holidaymakers to KZN during the Festive Season
	Number of communications strategies developed and implemented	1	0	-1	The strategy was finalised within the financial year with Board approval pending
	Number of media educationals hosted	3	6	+3	Due to additional opportunities to host media at various District Municipalities in order to promote the 'Do KZN' and showcase lesser visited areas uMhlabuyalingana and Sodwana
	Number of TKZN activities given PR & Communication support	6	6	Nil	N/A
	Number of domestic PR campaigns implemented to promote a culture of travel	2	1	-1	Delays were experienced in the finalisation of the concept with the media partners. The campaign will commence in partnership National Community Radio Forums and Ukhozi at the end of May 2018
To build and maintain relations with tourism trade, internal stakeholders, media and other relevant industry roleplayers	Number of stakeholder management activities hosted through district roadshows	4	2	-2	This was not achieved due to the cancellation by hosting partners
	Number of media interactive sessions hosted	2	0	-2	This is an underachievement due to irrelevant evidence
	Number of activities to communicate with trade and consumers	4	4	Nil	N/A
	Number of initiatives provided on media liaison	4	4	Nil	N/A
	Number of internal communications initiatives	4	4	Nil	N/A
	Number of annual reports produced	1	1	Nil	N/A
To support and leverage off strategic events and initiatives in KZN with the aim of increasing tourism numbers and geographic spread	Number of events hosted for destination brand promotion	3	4	+1	Due to additional opportunities in line with the mandate to drive geographic spread. TKZN supported the Drakensberg Jazz Extravaganza
	Number of destination flagship events receiving PR and communications support	3	4	+1	Due to additional opportunity to support one of KZN's Flagship event, uMthayi Amarula Festival

Measurable Objectives	Performance Indicator	Annual Targets (APP) 2017/2018	Actual Performance	Variance	Comments
To drive a service excellence campaign programme to encourage and recognise excellence in the KZN tourism sector	Number of campaigns implemented in the roll out of the Tourism Service Excellence Programme	1	1	Nil	N/A
	Number of tourism safety and awareness activities implemented	4	4	Nil	N/A
	Number of customer care interventions provided	4	4	Nil	N/A
	Number of schools awareness programmes developed and implemented	1	1	Nil	N/A



PERFORMANCE INFORMATION

CORPORATE SERVICES

Purpose

To provide an enabling environment for all departments within TKZN 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 Indicators

- Conduct skills analysis;
- Submission of workplace skills plan;
- Implementation 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

TKZN's Corporate Services Division assumes responsibility for human resources and administration, supply chain management and finance: its function enables the other divisions within the organisation to effectively and efficiently meet their strategic objectives in the execution of TKZN's overarching mandate. Importantly, the division works to

make certain that the organisation adheres to laws and regulations, meets its legislative requirements and, at all times, demonstrates pragmatic monetary caution and discretion.

Human Resources and Administration

TKZN believes that growth in all areas of its operation is a key factor to success and this is evident in the way in which the organisation is constantly evolving. In the 2017/2018 financial year, it again sought to enhance its performance by graduating from manual to electronic reporting. Through an advanced human resource computer programme, employees are now able to conduct online leave applications. Through these new technological practices, performance management has also moved online, ensuring that the process is automated and standardised.

Given that TKZN understands that its employees are the lifeblood of the organisation, a staff retention strategy to award experienced and well performing employees was put in place. Long service awards were given to employees who have been with the organisation for 10, 15 or 20 years.

Upskilling those in management played a key role in staff development measures. A situational analysis study, which was undertaken in 2015 to determine how TKZN fared in terms of performance – against international benchmarks – identified several gaps. It emerged that management faced huge time constraints as it was hugely involved in transactional matters with no time for strategic matters. To remedy this, two management development programmes were developed. Executive management underwent

leadership coaching while those in middle management did a Management Development Programme.

The expansion of the Employee Wellness Programme went a long way towards making the intense workload – as a result of several vacancies – more bearable in the 2017/2018 financial year. Apart from health and psychological issues, it now also covers financial wellness and relationship issues. In addition, a target of one wellness programme per quarter has been set and staff also have access to a confidential telephone number where counselling on a range of issues can be accessed. A challenge experienced in the year under review is that the continued moratorium on vacancies means that posts cannot automatically be filled once someone resigns.

The Senior Manager: Human Resources & Administration was tasked with conducting workshops on HR policies after eight new policies were approved at a Board meeting in April 2017. The policies that were approved were:

- Recruitment and Selection Policy
- Staff Conditions of Service
- Performance Management Policy
- Management Remuneration Policy
- Succession Planning Policy
- Asset Management Policy
- Resources for Use by Board Policy
- Mobile Devices Policy

As part of its drive to empower and educate, TKZN conducted a 'Work Readiness' workshop for 11 interns coming to the end of their internship at the organisation. The aim of the workshop was to ensure that the interns would be ready to enter the job market.

Supply Chain Management

The implementation of cutting edge technology, which is a hallmark of the 2017/2018 financial year, also resulted in the upgrade and continued use of SAP Business One, a business management software package. All demand management information is loaded onto the system and the entire process is conducted online.

The continuous smooth running of all systems is key to any organisation's success. Therefore, existing contracts are constantly reviewed to ensure that services of contracts coming to an end are dealt with appropriately, to avoid service disruptions, and also to be within the target action plan.

Finance

During the third quarter of the financial year, the budget was reviewed and reprioritised from slow moving projects to those that required more funding. The Audit Committee recommended the adjustment budget to the Board. Monthly reconciliations were done to ensure accuracy of financial statements and management accounts.

TKZN is incredibly satisfied that it has not received a qualified audit in the past five years. This is a tremendous achievement given that it performs an average of 170 000 financial transactions on an annual basis. The digitisation of the process has streamlined procedures, negating the need for multiple files and spreadsheets.

Linking Performance with Budget						
Programme	2016/2017			2017/2018		
	Budget	Actual Expenditure	Variance	Budget	Actual Expenditure	Variance
Corporate Services	R'000	R'000	R'000	R'000	R'000	R'000
	22 188	24 068	-1 880	20 915	21 512	-597
Total	22 188	24 068	-1 880	20 915	21 512	-597

Measurable Objectives	Programme Performance Indicator	Annual Target (APP) 2017/2018	Actual Performance	Variance	Comments
To develop and implement a training plan to address strategic skills and competence gaps within the organisation and ensure wellness of staff	Number of training interventions conducted for TKZN employees to enhance their skills and ensure improved performance of the organisation	12	17	+5	Due to upgrades of the systems for VIP, required mandatory training for users
	Number of internship programmes run by TKZN to skill unemployed graduates	11	11	Nil	N/A
To ensure wellness of staff in the organisation	Number of Employee Wellness activities implemented	4	7	+3	The entity is cognisant of staff well-being. Partnerships are sourced to ensure EAP programmes presented to staff are relevant
To maintain staff turnover of less than 5%	Percentage of staff turnover	-5%	6%	1%	Three staff members resigned during the fiscal year
To review the organisation's policies	Number of policies reviewed to improve the organisation's effectiveness	5	6	+1	Due to operational reasons, some policies demanded review
To achieve zero irregular, unauthorised, fruitless and wasteful expenditure	Number of incidents of irregular, unauthorised, fruitless and wasteful expenditure	Nil	5	-5	Non-compliance with SCM prescripts
To achieve legislative compliance	Number of incidents of non-compliance with legislation	Nil	5	-5	Non-compliance with SCM prescripts
To achieve a clean audit opinion on financial statements	Number of clean financial audit reports achieved	1	0	-1	The entity received an unqualified audit



PART C:
GOVERNANCE



INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. 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's Report on Corporate Governance.

The KwaZulu-Natal Legislature, the Executive and the Accounting Authority of the Public Entity are responsible for corporate governance.

Executive Authority

Quarterly performance information reports were submitted to the Executive Authority by the Board.

The Accounting Authority

Introduction

The Board of TKZN 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 TKZN.

Conversely, 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 TKZN.

Board Charter

The Authority's Board Charter was approved by the Board and was duly submitted to the Shareholder. The Board Charter regulates 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.

In accordance with the Board Charter, the Board played a meaningful role in the development and approval of TKZN's Strategic Plan 2014-2019 and the Board appreciated that strategy, risk, performance and sustainability are fully integrated.

In this regard, the Board ensured that its long-term planning will result in sustainable outcomes. Four Board meetings were held during the year in accordance with the annual schedule of meetings, and this allowed the Board to discharge its responsibilities properly. In addition, Board Committee meetings also held meetings to assist the Board to play its oversight role of monitoring of operational performance,

policy review process, ensuring the proper discharge of enterprise risk management and management of internal control, as directed by the Board charter.

In addition, the Board established a formal induction programme to familiarise incoming directors with the company's operations, its business environment, its governance structure and other relevant matters.

In 2014/2015, the Board embarked on its third Board performance evaluation process, with results demonstrating that its effectiveness had improved significantly since the first and second appraisals done in 2008 and 2011 respectively. The report indicated that the Board was operating at a high level of effectiveness. According to the Institute of Directors South Africa (IoDSAs), the scores rank in the top quartile of the companies for which the IoDSA has facilitated appraisals.

Composition of the Board

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Other Board Directorships	Other Committees	Meetings Attended
Mr Sadha Naidoo	Chairperson	1 July 2012	30 April 2017	BA; B Admin; Honours Degree in Industrial Psychology	Tourism Development; Marketing; Financial Management	Gold Circle	N/A	1
Mr Sthembiso Madlala	Chairperson	1 May 2017	N/A	Senior Teachers Diploma; Bachelor of Arts; Advanced Certificate in Local Government and Human Resources Management	Educator Human Resources Management	N/A	N/A	7
Ms Patricia Lebenya	Chairperson: HR & Compensation until 31 April 2017 Deputy Board Chairperson	1 July 2012 (reappointed) 1 May 2017	N/A	Diploma in Business Management; Bachelor of Administration (currently studying)	Human Resource Management; Financial Management;	KZN Ezemvelo Wildlife; Estate Agent Affairs Board	Audit & Risk Human Resources Committee	18
Prof. Thandi Nzama	Chairperson: Marketing and TD Committee until 30 September 2017 Chairperson: Convention Bureau Committee	1 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	KZN Ezemvelo Wildlife; Isimangaliso Wetlands Park Authority; KZN Amafa; Ilembe Enterprise Development Agency	Marketing and Tourism Development Committee	17

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Other Board Directorships	Other Committees	Meetings Attended
Mr Musa Mzimela	Chairperson: Audit & Risk until 30 April 2017	1 July 2012	30 April 2017	Business Administration; B Tech Management and Advance Business Programme; Honours in Public Administration and Postgraduate Diploma in Governance and Political Transformation	Financial Management; Human Resource Management	KZN Film Commission	HR & Compensation Committee	2
Mr Siddiq Adam	Member	1 March 2014	30 September 2017	Master of Science (Applied Economics), Bachelor of Commerce (Honours in Economics), Bachelor of Commerce (Economics, Business Administration and Agricultural Economics)	Financial Management; Human Resource Management	KZN Growth Fund	N/A	6
Mr Michael Jackson	Member	1 July 2012 Reappointed 1 May 2017	N/A	Diploma in Hotel Management; General Management Development Course, 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	11
Ms Zodwa Msimang	Member	1 July 2012	30 April 2018	BA in Communications; Higher Diploma in Education; Certificate in Public Relations; Certificate in Human Resources; Postgraduate Diploma in Company Direction (current)	Business Tourism; Marketing; Financial Management; Human Resource Management	Durban ICC	Marketing & Tourism Development Committee	1
Mr Thamsanqa Mzileni	Member	1 March 2014 Reappointed 15 November 2017	N/A	National Diploma in Public Management – incomplete	Human Resource Management	MICT SETA Board	HR & Compensation Convention Bureau Committee	18

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Other Board Directorships	Other Committees	Meetings Attended
Mr Terence Delomoney	Chairperson: Marketing & Tourism Development as at November 2017	1 October 2014 Reappointed 15 November 2017	N/A	Diploma in Hotel Management; General Management Development Course and Holiday Inn Hotels; University General Management Programme	Aviation; Human Resource Management; Financial Management	La Mercy Joint Venture Company; Ilembe Chamber of Commerce	N/A	11
Dr Usha Roopnarain	Chairperson: HR and Compensation Committee	1 May 2017	N/A	BA (Hons); MA; PhD; LLM	Human Resources	N/A	Audit and Risk Committee	18
Mr Paulos Ngcobo	Chairperson: Audit and Risk Committee	1 May 2017	N/A	Diploma: Human Resources; Diploma: International Relations, Worker's College (University of Natal); Diploma: Labour Economics Bert College (Israel); Diploma: Role of People's organisations in Community (Cooperative)	Human Resources; International Relations	Dube Trade Port	Marketing and TD Committee	11
Prof. Thokozani Nzimakwe	Member	15 November 2017	N/A	B Admin (Hons; MA; PhD	Management; Governance; Human Resources	KZN Gaming and Betting Board	Convention Bureau Committee; HR and Compensation Committee	7

Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Marketing and Tourism Development	5	4	Prof. Thandi Nzama Mr Michael Jackson Ms Zodwa Msimang (until 30 April 2017) Mr Terence Delomoney Mr P. Ngcobo
HR & Compensation	7	4	Dr U. Roopnarain Ms Patricia Lebenya Mr Musa Mzimela (until 30 April 2017) Mr Thami Mzileni Prof. Thokozani Nzimakwe

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit & Risk	6	5	Mr Musa Mzimela (until 30 April 2017) Mr P. Ngcobo Ms Patricia Lebenya Ms Pumla Mzizi (Independent Audit Committee member until 31 May 2017) Mr Rakesh Garach (Independent Audit Committee member) Mr Moshupi Mokgobinyane (Independent Committee member)
Convention Bureau	4	4	Prof. Thandi Nzama Mr Michael Jackson Mr T. Mzileni Prof. Thokozani Nzimakwe

Remuneration of Board Members

Name	Remuneration (R'000)	Other Allowance (R'000)	Re-imbursments (R'000)	Total (R'000)
Mr Sadha Naidoo	15	NIL	NIL	15
Mr Sthembiso Madlala	457	NIL	17	474
Prof. Thandi Nzama	196	NIL	29	225
Ms Patricia Lebenya	347	NIL	2	349
Mr Musa Mzimela	11	NIL	4	15
Mr Michael Jackson	97	NIL	1	98
Ms Zodwa Msimang	4	NIL		4



Name	Remuneration (R'000)	Other Allowance (R'000)	Re-imbursments (R'000)	Total (R'000)
Mr Thamsanqa Mzileni	189	NIL	11	200
Mr Terence Delomoney		NIL		
Mr Siddiq Adam	62	NIL	2	64
Ms Pumla Mzizi		NIL		
Mr Rakesh Garach	22	NIL	6	28
Dr Usha Roopnarain	187	NIL	1	188
Mr Paulos Ngcobo	205	NIL	6	211
Prof. Thokozani Nzimakwe	69	NIL	1	70
Mr Moshupi Mokgobinyane	26	NIL	1	27

The table below discloses relevant information on the Audit and Risk Committee Members:

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Date Resigned	No. of Meetings Attended
Mr Musa Mzimela	Business Administration; B Tech Management and Advance Business Programme; Honours in Public Administration; Postgraduate Diploma in Governance and Political Transformation	External	N/A	1 July 2012	30 April 2018	0
Mr Paulos Ngcobo	Diploma: Human Resources; Diploma: International Relations, Worker's College (University of Natal); Diploma: Labour Economics, Bert College (Israel); Diploma: Role of People's organisations in Community (Cooperative)	External	N/A	1 May 2018		5
Dr Usha Roopnarain	BA (Hons); MA; PhD; LLM	External	N/A	1 May 2018		5
Ms Pat Lebonya	Diploma in Business Management; Bachelor of Administration (currently studying)	External	N/A	Reappointed 1 May 2018	N/A	5
*Ms Pumla Mzizi	Chartered Accountant; B Compt Honours CTA; B Com Honours in Transport Economics; B BusSci Finance Honours; MCom in Transport Economics on PPPs (on hold)	External	N/A	1 April 2013	31 May 2017	1
*Mr Rakesh Garach	Bachelor of Commerce (Accounting); Postgraduate Diploma in Accounting (Honours); CA (SA)	External	N/A	1 April 2013 Reappointed 1 October 2017	31 May 2017	4
*Mr Moshupi Mokgobiyane	B Com (Hons) in Accounting & CTA; B Com in Accounting; Masters in Accounting (currently studying); Chartered Accountant (SA); Independent Regulatory Board of Auditors – Registered Auditor	External	N/A	1 October 2017	N/A	3

*Independent Member – Audit & Risk Committee

PART D:

HUMAN RESOURCE MANAGEMENT



HUMAN RESOURCES REPORT

Introduction

Overview of Human Resources Matters

The role of human resource management and administration in the public entity is mainly to plan, develop and administer policies and programmes designed to make expeditious use of the organisation's human resources. To be effective, this function creates desirable working relationships among all members of the organisation and stakeholders, including labour. Human Resources also focus on group and individual development of staff.

Set Human Resources Priorities for the Year under Review and the Impact of these Priorities

The set priorities for the year were human capital development, recruitment and staff retention, management of staff performance and the employee wellness programme, as well as ensuring the successful implementation of our Internship Programme. The primary objectives of the Situational Analysis process that was completed in 2015 was to identify strategic and operational gaps in the entity. The year 2017/2018 saw an intensification of the implementation programme that was approved by the Board. The implementation plan identified the following 10 focus areas:

- Communication and stakeholder management strategy
- Leadership Development Programme
- A migration policy
- Integration of Convention Bureau into TKZN
- International knowledge management benchmarking
- Segregation of process and policy
- Line function operating system
- Premier HR function

- Change management
- Talent management

Highlights in the implementation plan included the leadership coaching as well as the Management Development Programme. Leadership coaching sessions were done with executive management in order to sharpen and improve their leadership skills. The Management Development was done with middle management in partnership with a local institute of higher learning. A fully fledged Premier Human Resources management system was implemented during the year. This involves automation of the human resources process, including payroll and leave management. Online staff performance management will be completed in the coming year.

In light of the rationalisation of public entities, a process that will see TKZN merging with the KZN Film Commission, the entity held numerous change management initiatives to keep the staff motivated. This was done through our employee wellness programme.

Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

It is critical that the recruitment, training and retention of staff is undertaken in such a manner as to enhance the overall performance of TKZN. Recruitment is done by way of advertising, reference checks, shortlist compilation, targeted selection interviews and skills and competency assessments. The moratorium on the filling of vacant posts meant that the entity could not fill vacant positions for the majority of the period under review. It was only in the last quarter that a memorandum on the filling of the following five critical positions was approved by the Premier:

- General Manager: Marketing (Marketing Department)
- General Manager: Tourism Development (Tourism Development Department)
- Manager: Transformation (Tourism Development Department)
- Business Development and Relations Manager (Convention Bureau)
- Region Manager: Africa and Domestic (Marketing Department).

As part of talent management, all vacant positions are advertised internally first. Only when there is no suitable internal candidate will such positions be advertised externally.

Training interventions are designed around ensuring effective delivery of the strategic objectives of the organisation. The ability of the organisation to successfully deliver on its mandate depends on how skilled, motivated and productive the employees are. Our training programmes are structured to be in line with the Workplace Skills Plan, aligned to the Personal Development Plans of individual members of staff, and also focus on the 10 priorities identified by the Situational Analysis.

Staff retention is achieved by way of the organisation's pay progression process and other incentive programmes. Our remuneration packages and related benefits compare favourably against market-related remuneration packages and regular benchmarks are done to ensure that we remain competitive in the industry. The year under review saw the introduction of the long service award programme to effect talent retention. The importance of talent retention is also underlined by the approval of the Succession Planning Policy during the year under review.

The organisation also subscribes to a comprehensive wellness programme, which is viewed as a significant contributor in terms of improving productivity and ensuring that our prized asset (employees) is motivated and living a healthy lifestyle.

Employee Performance Management Framework

While the primary function of the performance appraisal process is to monitor employee performance to ensure that it is at acceptable levels, the system also aims to identify performance gaps to redress those and also to identify talent to develop. The right climate has to be created for

employees to develop, and getting feedback on performance and identifying opportunities for career advancement is of paramount importance for TKZN.

Policy Development

An organisation has to keep abreast with legislation and best practice to remain competitive and effective. In this regard, organisational policies have to be reviewed on a regular basis. A total of eight policies were reviewed and approved by the Board during the year under review.

Performance Assessments

A critical HR process that is also part of our APP target is performance management. A total of 48 performance agreements and 43 performance assessments were submitted to HR in the 2017/2018 financial year. Currently, all manual performance contracts and performance assessment documents are being loaded to the system and our year-end staff performance reviews will be done on the system in July 2018.

Internship Programme

The entity has been able to attract and develop a high calibre of unemployed graduates. The 11 graduates were taken through a structured programme with deliverables. The focus was on identifying and training mentors for the interns to ensure that they acquire the skills in a stable and supportive environment.

Towards the end of the two-year programme in January 2018, the HR department engaged an external service provider to do a 'work readiness workshop' with our interns. The training content covered:

- How to prepare a professional CV
- How to prepare for an interview
- The interview – including roleplay
- Business etiquette – preparing for a world outside of Tourism KZN

Challenges Faced by the Public Entity

The HR department is under-resourced in that the HR organogram has two positions that serve the whole entity as support and enablers. Furthermore, due to moratorium on filling of vacant positions, the entity has a 20% vacancy rate. Key vacant posts are three General Manager positions and one Senior Manager position.

Future HR Plans/Goals

The end of the five-year strategic plan signals the need to revisit the HR strategy and to develop a medium and long-term approach to respond to the needs of the organisation. Challenges and organisational focus and goals evolve with time and it is critical for HR to revisit its plans. The primary focus will be on improved performance management. This will be done through ensuring that the scheduled training interventions take place and achieving 100% timeous completion of annual performance agreements. Change management is of paramount importance as the organisational culture must support the vision and the goals of the organisation. Promoting employee wellness and skills development initiatives to develop human capital and address performance gaps are of principal importance to the success of the organisation.

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	9 115	5 643	62	6	940
Marketing	30 386	5 428	18	7	775
Tourism Information Services	17 923	12 734	71	22	578
Convention Bureau	12 475	3 363	27	3	1 121
Corporate Services	21 512	9 774	45	13	726
PR & Communications	20 549	3 225	16	5	645
Tourism Development	4 138	1 699	41	3	566
	116 024	41 866		59	5 529

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost (R'000)	No. of Employees (R'000)	Average Personnel Cost per Employee
Top management	6 331		4	1 583
Senior management	2 817		2	939
Professional qualified	10 152		10	1 015
Skilled	20 436		37	543
Semi-skilled	1 749		4	437
Unskilled	381		2	191
Total	41 866		59	4 709



Performance Rewards

Level	Performance Rewards	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
Top management	Nil	6 331	0%
Senior management		2 817	0%
Professional qualified		10 152	0%
Skilled		20 436	0%
Semi-skilled		1 749	0%
Unskilled		381	0%
Total		41 886	0%

Training Costs

Activity	Personnel Expenditure (R'000)	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee (R'000)
Training (bursaries and informal training)	41 886	941	2	49	19

Employment and Vacancies a Year-end

Level	No. of Employees 2017/2018	No. of Approved Posts 2017/2018	No. of Vacancies 2017/2018	% of Vacancies
Top management	3	4	1	25
Senior management	1	6	5	83
Professional qualified	10	14	4	29
Skilled	36	40	4	10
Semi-skilled	4	4	0	0
Unskilled	2	2	0	0
Total	56	70	14	20



Employment Changes

Salary Band	Employment at Beginning of the Period	Appointments	Terminations	Employment at the End of the Period
Top management	4	Nil	1	3
Senior management	2	Nil	1	1
Professional qualified	10	Nil	Nil	10
Skilled	37	Nil	1	36
Semi-skilled	4	Nil	Nil	4
Unskilled	2	Nil	Nil	2
Total	59	-	3	56

Reasons for Staff Leaving

Reason	Number	% of Total No. of Staff Leaving
Death	-	-
Resignation	2	3%
Dismissal	0	0%
Retirement	-	-
Ill health	-	-
Expiry of contract	1	2%
Other	0	-
Total	3	5%



PART E:

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018



Index

The reports and statements set out below comprise the annual financial statements (AFS) presented to the Provincial Legislature:

	PAGE
Accounting Authority's Report	69
Audit Report	70
Statement of Financial Position	74
Statement of Financial Performance	75
Statement of Changes in Net Assets	76
Cash Flow Statement	77
Statement of Comparison of Budget and Actual Amounts	78
Accounting Policies	79-87
Notes to the Annual Financial Statements	88-103

GRAP

Generally Recognised Accounting Practice

IPSAS

International Public Sector Accounting Standards



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 No2 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 2017/2018, the entity received a discretionary grant of R116 980 000 (2016/17: R104 590 000) from the Provincial Department of Economic Development, Tourism and Environmental Affairs and R2 407 314.91 (2016/17: R2 744 339) from eThekweni Municipality towards the Convention Bureau.

The operating results and state of affairs of the entity are fully set out in the attached AFS. Net surplus of the entity was R8 080 000 (2017: restated surplus R1 734 000).

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
- South African Reserve Bank

Auditors

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

HTB Consulting were internal auditors of the entity for the period under review. Provincial treasury also assisted with the interim financial review.

Attorneys

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

- J.V. Pretorius & Associate
- Phumulani Ngubane & Associates
- Mdu Nkomo & Company
- KB Associates Inc. Attorneys
- Bandiswa-Mcebo Trading Enterprise
- Elaine Bisesar & Co. Attorneys
- Leigh-anne Moodley Attorneys

The AFS, set out on pages 74 to 103, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2018 and were signed on its behalf by:



Mr S.L. Madlala
Chairperson of the Board



Ms P. Makwakwa
Acting CEO

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Audit Report

for the year ending 31 March 2018

Report of the Auditor-General to the KwaZulu-Natal Legislature on TKZN

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Tourism Authority (TKZN) set out on pages 74 to 103, which comprise the Statement of Financial Position as at 31 March 2018, the Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and the Statement of Comparison of Budget with 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 TKZN as at 31 March 2018, 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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Accounting Authority for the Financial Statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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 TKZN's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the Annual Performance Report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address 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 included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
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 programmes presented in the Annual Performance Report of the entity for the year ended 31 March 2018:

Programmes	Pages in the Annual Performance Report
Programme 4 – Marketing	39-42
Programme 5 – Convention Bureau	43-45

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. The material findings, in respect of the usefulness and reliability of the selected programmes, are as follows:

Programme 4 – Marketing

Various Indicators

15. The source information and evidence for the achievement of the planned indicators below was not clearly defined, as required by the Framework for Managing Programme Performance Information:
 - Number of joint marketing activities implemented; and
 - Number of marketing activities implemented in partnership with airlines and tour operators.

Programme 5 – Convention Bureau

Various Indicators

16. The source information and evidence for the achievement of the planned indicators below was not clearly defined, as required by the Framework for Managing Programme Performance Information:
 - Number of initiatives on the promotion of Durban and KwaZulu-Natal business events services;
 - Number of site inspections for prospective partners;
 - Number of funding and in support in-kind initiatives implemented;
 - Number of small businesses receiving opportunities from business events; and
 - Number of job opportunities given to youth.

Other Matters

17. I draw attention to the matters below:

Achievement of Planned Targets

18. The Annual Performance Report on pages 23 to 52 contains information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 15 to 16 of this report.

Adjustment of Material Misstatements

19. I identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were on the reported performance information of Marketing and the Convention Bureau. I raised material findings on the usefulness and reliability of the reported performance information as management subsequently corrected only some of the misstatements. Those that were not corrected are reported above.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Report on the Audit of Compliance with Legislation**Introduction and Scope**

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. The material findings on compliance with specific matters in key legislation are as follows:
22. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R2 773 746, as disclosed in note 27 to the Annual Financial Statements (AFS), as required by section 51 (1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.
23. Some of the contracts were extended or modified without the approval of a properly delegated official, as required by section 44 of the PFMA and Treasury regulations 8.2.1 and 8.2.2.
24. Some of the 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) (PPR).
25. Some of the commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 PPR.
26. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

Other Information

27. 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 those selected programmes presented in the Annual Performance Report that have been specifically reported in this Auditor's Report.

28. 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.
29. 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 consolidated and separate financial statements and the selected programmes presented in the Annual Performance Report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. I have nothing to report in this regard.

Internal Control Deficiencies

30. 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.
31. 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.
32. Leadership did not implement adequate oversight over the Annual Performance Report and compliance with laws and regulations to ensure that material misstatements and non-compliance with key legislation were proactively detected and prevented.
33. Non-compliance could have been prevented had management updated and regularly monitored adherence to their compliance checklists.

Auditor-General

Pietermaritzburg**31 July 2018**

Auditing to build public confidence

Annexure: Auditor-General's Responsibility for the Audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the 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 accounting authority.
 - Conclude on the appropriateness of 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 related to events or conditions that may cast significant doubt on TKZN's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this Auditor's Report. However, future events or conditions may cause an entity to cease continuing as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation and 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, related safeguards.

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Statement of Financial Position

as at 31 March 2018

	Note(s)	2018	2017
		R'000	R'000
Assets			
Current Assets			
Receivables from exchange transactions	13	3 685	6 371
Receivables from non-exchange transactions	14	2 608	6 136
Cash and cash equivalents	15	31 008	6 905
		37 301	19 412
Non-current Assets			
Property, plant and equipment	11	3 792	4 341
Intangible assets	12	287	485
		4 079	4 826
Total Assets		41 380	24 238
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	19 700	8 953
Payable from non-exchange transactions	16	357	2 040
		20 057	10 993
Total Liabilities		20 057	10 993
Net Assets		21 323	13 245
Accumulated surplus		21 323	13 242

Statement of Financial Performance

	Note(s)	2018	2017
		R'000	R'000
Revenue			
Government grants (discretionary)	2	119 387	104 590
Other income	2	528	965
Project income	2	4 307	4 278
Total Revenue		124 222	109 833
Expenditure			
CEO office	3	(9 115)	(8 356)
Tourism Information Services	4	(17 923)	(15 358)
Tourism Development	5	(4 138)	(4 075)
Marketing Expenses	6	(30 386)	(31 738)
Public Relations and Communications	7	(20 549)	(11 337)
Convention Bureau	8	(12 475)	(13 167)
Corporate Services	9	(21 512)	(24 068)
Total Expenditure		(116 098)	(108 099)
Operating Surplus		8 124	1 734
Loss on disposal of assets		(44)	-
Surplus for the Year		8 080	1 734

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Statement of Changes in Net Assets

	Accumulated Surplus	Total Net Assets
	R '000	R '000
Balance at 1 April 2016	11 508	11 508
Changes in net assets		
Surplus for the year	1 734	1 734
Total changes	1 734	1 734
Balance at 1 April 2017	13 243	13 243
Changes in net assets		
Surplus for the year	8 080	8 080
Total changes	8 080	8 080
Balance at 31 March 2018	21 323	21 323

Cash Flow Statement

	Note(s)	2018	2017
		R'000	R'000
Cash Flows from Operating Activities			
Receipts			
Government grants received		119 387	104 590
Other income		405	775
Cash receipts from debtors		20 749	22 561
		140 541	127 926
Payments			
Employee costs		(41 016)	(39 572)
Suppliers		(74 911)	(97 287)
Finance costs		(2)	(95)
		(115 929)	(136 954)
Net Cash Flows from Operating Activities	18	24 612	(9 028)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	11	(433)	(771)
Purchase of intangible assets	12	(76)	(211)
Net Cash Flows from Investing Activities		(509)	(982)
Net Increase/(Decrease) in Cash and Cash Equivalents		24 103	(10 010)
Cash and cash equivalents at the beginning of the year		6 905	16 915
Cash and Cash Equivalents at the End of the Year	15	31 008	6 905

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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	303	-	303	528	225	
Revenue from Non-exchange Transactions						
Transfer Revenue						
Government grants and subsidies	119 874	13 041	132 915	119 387	(13 528)	#
Project income	-	-	-	4 307	4 307	*
Total Revenue from Non-exchange Transactions	119 874	13 041	132 915	123 694	(9 221)	
Total Revenue	120 177	13 041	133 218	124 222	(8 996)	
Expenditure						
CEO Office	(9 718)	-	(9 718)	(9 115)	603	
Tourism Information Services	(22 848)	(700)	(23 548)	(17 923)	5 625	1
Tourism Development	(7 323)	(2 000)	(9 323)	(4 138)	5 185	2
Marketing Expenses	(37 277)	657	(36 620)	(30 386)	6 234	3
Public Relations and Communications	(10 755)	(8 098)	(18 853)	(20 549)	(1 696)	4
Convention Bureau	(12 291)	(1 950)	(14 241)	(12 475)	1 766	5
Corporate Services	(19 965)	(950)	(20 915)	(21 512)	(597)	6
Total Expenditure	(120 177)	(13 041)	(133 218)	(116 098)	17 120	
Operating Surplus	-	-	-	8 124	8 124	
Loss on disposal of assets	-	-	-	(44)	(44)	
Surplus before Taxation	-	-	-	8 080	8 080	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	8 080	8 080	
Reconciliation of Net Surplus on Accrual to Cash Flow Statement						
Basis Difference						
Operating				16 532		
Investing				(509)		
Actual Amount in the Cash Flow Statement				24 103		

Accounting Policies

1. Presentation of Annual Financial Statements

The AFS 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 AFS 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 that have been consistently applied in the preparation of these AFS are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation Currency

These AFS are presented in South African rand, which is the functional currency of the entity.

1.2 Going Concern Assumption

These AFS have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The pending rationalisation process is not expected to affect the preparation of financial statements within the next 12 months.

1.3 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.

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:

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Accounting Policies

Continued

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 & 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.

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.

1.4 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.

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:

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).

1.5 Impairment

At each reporting rate, 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).

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 amount 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, it 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.

1.6 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.

1.7 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 lack of collectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Accounting Policies

Continued

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 counter party has failed to make a payment when contractually due.

Classification

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:

Class

Receivables

Cash

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:

Payables

Category

Financial asset measured at amortised cost

Financial asset measured at fair value

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 it 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.

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.

1.8 Tax

Current Tax Assets and Liabilities

The entity is a VAT vendor as defined in terms of the Vat Act.

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 TKZN are exempt from income tax.

1.9 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 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.

1.10 Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. 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 12 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 12 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-cumulative 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 recognises 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Accounting Policies

Continued

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.

When an employee has rendered service to the entity during a reporting period, the entity recognises 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 recognises 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.

1.11 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.

1.12 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.

1.13 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.

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 an indeterminate number of acts over a specified timeframe, revenue is recognised on a straight-line basis over the specified timeframe 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:

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.

1.14 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Accounting Policies

Continued

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 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 remits grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.15 Translation of Foreign Currencies

Foreign Currency Transactions

A foreign currency transaction is recorded on initial recognition in rands by applying to the foreign currency amount the spot 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 AFS are recognised in surplus or deficit in the period in which they arise.

1.16 Comparative Figures

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

1.17 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure that 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.

1.18 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.

1.19 Budget Information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are 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 2017-04-01 to 2018-03-31.

The AFS 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 AFS.

Comparative information is not required.

1.20 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017
	R '000	R '000
2. Revenue		
Other income	528	965
Grant from EDTEA	116 980	101 846
City of eThekweni Municipality's contribution towards Convention Bureau	2 407	2 744
Project income	4 307	4 278
	124 222	109 833
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest income	405	737
Sundry income	123	228
	528	965
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer Revenue		
Government grants	119 387	104 590
Project income	4 307	4 278
	123 694	108 868
3. CEO's Office		
Advertising	5	-
Consultants and professional fees	50	-
Postage and courier	4	2
Travel and accommodation costs	614	503
Printing and stationery	498	22
Venues and facilities	-	1
Employee costs	5 643	6 034
Workshop	62	39
Subscriptions	39	88
Directors remuneration (Note 22)	1 968	1 577
Operating expenses	232	90
	9 115	8 356
4. Tourism Information Services		
Consultants and professional fees	340	155
Rental	1 355	1 256
Postage and courier	749	267
Travel and accommodation costs	300	178
Printing and stationery	30	99
Operating expenses	2 280	1 551
Workshops	8	6
Subscriptions	127	188
Employee costs	12 734	11 658
	17 923	15 358

ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2018

	2018	2017
	R'000	R'000
5. Tourism Development		
Advertising	121	261
Consultants and professional fees	786	693
Travel and accommodation costs	862	795
Venues and facilities	525	-
Workshops	113	16
Operating expenses	32	21
Employee costs	1 699	2 289
	4 138	4 075
6. Marketing Expenses		
Advertising	21 716	25 157
Postage and courier	-	69
Travel and accommodation costs	2 733	1 222
Printing and stationery	13	-
Subscriptions	53	50
Operating expenses	106	104
Workshops	237	2
Sponsorships	100	189
Employee costs	5 428	4 945
	30 386	31 738
7. Public Relations and Communications		
Advertising	9 830	2 116
Postage and courier	130	30
Project expenses	2 607	2 678
Travel and accommodation costs	1 687	834
Printing and stationery	276	189
Workshops	396	-
Communications	57	365
Operating expenses	-	1 345
Subscriptions	93	608
Sponsorships	2 248	305
Employee costs	3 225	2 867
	20 549	11 337
8. Convention Bureau		
Advertising	306	350
Travel and accommodation	1 025	1 365
Workshops	410	726
Sponsorships	4 873	4 747
Postage and courier	-	20
Printing and stationery	88	324
Operating expenses	459	237
Subscriptions	251	210
Employee costs	3 363	3 588
Project expenses	1 700	1 600
	12 475	13 167

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

	2018	2017
	R'000	R'000
9. Corporate Services		
Advertising	141	1
Postage and courier	8	2
Employee wellness	157	81
Bank charges	75	100
Travel and accommodation costs	78	73
Fines and penalties	-	247
Printing and stationery	571	945
Training and development	772	361
Audit fees	941	719
Foreign exchange loss	1	-
General and administrative expenses	2 403	4 140
Provision for doubtful debt	137	618
Finance costs	2	95
Lease rentals on operating lease	4 856	5 479
Consultants and professional fees	383	810
Bad debts written off	-	51
Depreciation and amortisation	1 213	1 562
Employee costs	9 774	8 784
	21 512	24 068

10. Employee Costs

The employee costs for the organisation are not separately disclosed on the face of Statement of 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	5 643	6 034
Tourism Information Services	12 734	11 658
Tourism development	1 699	2 289
Marketing	5 428	4 945
Public Relations and Communications	3 225	2 867
Convention Bureau	3 363	3 588
Corporate Services	9 774	8 784
	41 866	40 165

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	2018	2017
	R'000	R'000

10. Employee Costs (continued)

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 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 R326 835 raised for long service accrued liability (see note 16).

Termination Benefits

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

TKZN 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 paid over for the provident fund (see the table below for details).

Defined provident fund contribution plan	4 165	3 929
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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

11. Property, Plant and Equipment

	2018			2017		
	R'000			R'000		
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Furniture and fixtures	2 480	(967)	1 513	2 470	(866)	1 604
Office equipment	347	(149)	198	276	(119)	157
IT equipment	3 956	(1 905)	2 051	3 737	(1 199)	2 538
Other property, plant and equipment	202	(172)	30	207	(165)	42
Total	6 985	(3 193)	3 792	6 690	(2 349)	4 341

	Opening Balance	Additions	Disposals	Depre- ciation	Total
Furniture and fixtures	1 604	10	-	(101)	1 513
Office equipment	157	78	(4)	(33)	198
IT equipment	2 538	345	(36)	(796)	2 051
Other property, plant and equipment	42	-	(4)	(8)	30
Total	4 341	433	(44)	(938)	3 792

Reconciliation of Property, Plant and Equipment – 2018

Furniture and fixtures	1 604	10	-	(101)	1 513
Office equipment	157	78	(4)	(33)	198
IT equipment	2 538	345	(36)	(796)	2 051
Other property, plant and equipment	42	-	(4)	(8)	30
Total	4 341	433	(44)	(938)	3 792

Reconciliation of Property, Plant and Equipment – 2017

Furniture and fixtures	1 530	351	(277)	1 604
Office equipment	142	55	(40)	157
IT equipment	2 860	365	(687)	2 538
Other property, plant and equipment	75	-	(33)	42
Total	4 607	771	(1 037)	4 341

The reassessment of useful lives of assets with zero carrying amount but still in use resulted in the reduction in the depreciation by R239 207.86

ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2018

12. Intangible Assets

	2018			2017		
	R'000			R'000		
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Computer software	1 728	(1 441)	287	1 652	(1 167)	485

Opening Balance	Additions	Amorti- sation	Total
485	76	(274)	287
797	211	(523)	485

Reconciliation of Intangible Assets – 2018

Computer software

Reconciliation of Intangible Assets – 2017

Computer software

13. Receivables from Exchange Transactions

	2018	2017
	R'000	R'000
Trade debtors	1 134	5 846
VAT receivable	2 540	1 380
Less: Provision for doubtful debt	(1 100)	(963)
Prepayments	986	9
Staff debtors	39	13
Rental deposit	86	86
	3 685	6 371

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	963	345
Provision for impairment	137	618
	1 100	963

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

	2018	2017
	R'000	R'000
14. Receivables from Non-exchange Transactions		
Department of Economic Development, Tourism and Environmental Affairs	2 608	6 136
15. Cash and Cash Equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7	5
Bank balances	30 845	6 743
Short-term deposits	156	157
	31 008	6 905
16. Payables from Exchange Transactions		
Trade payables	864	231
Other payables	63	2 506
Accrued leave pay	2 858	2 336
Accrued bonus	239	278
Trade accruals	13 036	1 625
Operating lease liability	2 313	1 977
Long service accrual	327	-
	19 700	8 953
Payables from non-exchange transactions		
Project funds	288	1 988
SARS: PAYE	69	52
	357	2 040
17. Finance Costs		
Other interest paid	2	95
18. Cash Generated from (used in) Operations		
Surplus	8 080	1 932
Adjustments for:		
Depreciation and amortisation	1 213	1 562
Loss on disposal of assets	44	-
Debt impairment	137	618
Changes in Working Capital:		
Increase/(decrease) in receivables from exchange transactions	2 649	(296)
Bad debts	(137)	(618)
Increase/(decrease) in receivables from non-exchange transactions	3 528	2 947
Increase/(decrease) in payables from exchange transactions	10 781	(17 096)
Increase/(decrease) in payables from non-exchange transactions	(1 683)	1 923
	-	-
	24 612	(9 028)

ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2018

19. Related Parties

1. The Department of Economic Development, Tourism and Environmental Affairs	Controlling department
2. Trade and Investment KZN	Under same control of EDTEA
3. Tourism KZN Board	Oversight responsibility
4. Executive Management	Management of the entity
5. Moses Kotane Institute	Under same control of EDTEA
6. Richards Bay Industrial Development Zone	Under same control of EDTEA
7. Ithala Development Finance Corporation	Under same control of EDTEA
8. KwaZulu-Natal Growth Fund	Under same control of EDTEA
9. KwaZulu-Natal Liquor Authority	Under same control of EDTEA
10. KwaZulu-Natal Film Commission	Under same control of EDTEA
11. KwaZulu-Natal Sharks Board	Under same control of EDTEA
12. Dube Tradeport	Under same control of EDTEA

	2018	2017
	R'000	R'000
Related Party Transactions		
Economic Development, Tourism and Environmental Affairs		
Discretionary grants	116 980	101 846
Projects grant	4 307	4 278
Ithala Development Finance Corporation	5 067	4 835
Trade and Investment KZN – Expense	260	-
Trade and Investment KZN – Receivable	(253)	-
TKZN Board and Committees		
Remuneration	1 968	1 577
TKZN Executive Management		
Remuneration	4 610	5 785

20. Accumulated Projects

Project Name	March 2017	Actual Expenditure	March 2018
	R'000	R'000	R'000
Stem Festival	1 700	(1 700)	-
Tourism KZN signage	117	-	117
Metro Awards events	171	-	171
Vodacom Durban July	-	(2 606)	(2 606)
	1 988	(4 306)	(2 318)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

Project Name	Basic Salary	Other Benefits Received	Total
	R'000	R'000	R'000
21. Executive Management			
2018			
Mr N. Khoza	473	91	564
Ms P. Makwakwa	1 123	218	1 341
Mr F. Nduna	1 297	4	1 301
Mr J. Seymour	1 260	144	1 404
	4 153	457	4 610
2017			
Mr N. Khoza: Contract ended	1 369	401	1 770
Ms P. Makwakwa	1 051	321	1 372
Mr F. Nduma	1 020	205	1 225
Mr J. Seymour	1 190	228	1 418
	4 630	1 155	5 785

During the period under review, Mr N. Khoza's contract as the entity's CEO came to an end on 31 August 2017. Ms P. Makwakwa was appointed as an acting CEO from 1 September 2017.

Included in Ms P. Makwakwa's 2018 salary is an amount of R112 346 received as an acting allowance.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Project Name	Members' Fees R'000	Other Fees R'000	Total R'000
22. Directors' Emoluments			
Non-executive			
2018			
Mr S.L. Madlala	457	17	474
Mr T. Mzileni	189	11	200
Ms P. Lebenya	347	2	349
Dr U. Roopnarain	187	1	188
Prof. T. Nzama	196	29	225
Mr P. Ngcobo	205	6	211
Mr M. Jackson	97	1	98
Mr S. Adam	62	2	64
Mr S. Naidoo	15	-	15
Mr M. Mzimela	11	4	15
Ms Z. Msimang	4	-	4
Mr R. Garach	22	6	28
Prof. T. Nzimakwe	69	1	70
Mr T. Mokgobinyane	26	1	27
	1 887	81	1 968

2017

Mr T. Mzileni	198	1	199
Ms P. Lebenya	215	4	219
Prof. T. Nzama	185	27	212
Mr M. Jackson	132	1	133
Mr S. Naidoo	353	1	354
Mr M. Mzimela	246	40	286
Ms Z. Msimang	110	2	112
Mr R. Garach	17	1	18
Ms P. Mzizi	30	14	44
	1 486	91	1 577

- 1) Mr M. Jackson's fees are paid over to his employer, Tsogo Sun, as per his agreement with his employer.
- 2) Mr R. Garach, Mr T. Mokgobinyane and Ms P. Mzizi were independent members of the Audit and Risk Committee.
- 3) Ms S. Adam and Mr T. Delomoney were not receiving remuneration as they are employees of the State.
- 4) During the financial period, the following members' terms in office came to an end on 30 April 2017:

Mr S. Naidoo
 Mr T. Mzimela
 Ms Z. Msimang
 Ms P. Mzizi
 Ms S. Adam

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

	2018	2017
	R'000	R'000

22. Directors' Emoluments (continued)

5) The following new members were appointed in the current period, effective from 1 May 2017:

Mr S.L. Madlala
Mr P. Ngcobo
Dr U. Roopnarain
Prof. T. Nzimakwe
Mr T. Mokgobinyane

6) The following members' contracts were extended from 1 May 2017:

Mr T. Mzileni
Ms P. Lebenya
Prof. T. Nzama
Mr M. Jackson
Mr R. Garach
Mr T. Delomoney

23. Commitments

Operating Lease Commitment

Details

Up to 1 year
2 to 5 years
More than 5 years

5 039	5 428
18 851	17 723
-	3 631
23 890	26 782

Authorised Operational Expenditure

Already Contracted for but not Provided for

Up to 1 year
2 to 5 years

1 532	1 749
1 571	270
3 103	2 019

Not yet Contracted for

Up to 1 year

7 201	5 906
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Total Operational Commitments

Already contracted for but not provided for
Not yet contracted for and authorised by members

3 103	2 019
7 201	5 906
10 304	7 925

24. Statement of Comparison of Budget and Actual Narrative Area

Grant Income: The variance is due to the difference between the accrual vs cash basis of accounting, budget is prepared on a cash basis while the financial statements are on accrual basis, the roll-over and monies owed to the entity by EDTEA from previous years were accounted as adjustments in the budget for the year, whereas in terms of accounting, these were accounted in the 2016/2017 financial period.

* Project Income: The variance is due to adhoc money received for the implementation of EDTEA driven projects and these were not budgeted for.

1. Tourism Information Services under expenditure by R5 625 000, and the reasons are as follows:
 - Delay in procurement of IT projects, which are:
 - Revamp of website
 - Tourism mobile application
 - Virtual reality project
 - Vacant posts
2. Tourism development under expenditure by R5 185 000, and the reasons are as follows:
 - Delays in completion of feasibility study of Isimangaliso master plan
 - Implementation of the revamped SMME incubation programme
 - SAATSA tour operator training
 - Vacant posts
3. Marketing under expenditure by R6 234 000 and the reasons are as follows:
 - Savings from Indaba budget due to negotiations with SAT
 - Savings from cox and kings workshop being executed alongside SAT roadshows
 - Vacant posts
4. Public relations overspend by R1 696 000 due to the following reason:
 - Overspent due to Vodacom Durban July, which was done on behalf of EDTEA and EDTEA has not yet reimbursed the entity.
5. Convention Bureau underspent by R1 766 000 due to the following:
 - Savings on vacant posts
6. Corporate Services: Overspent by R597 000 due to
 - Non-cash items like depreciation, amortisation and provisions (leave and bonus)

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

25. Risk Management**Capital Risk Management**

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 2018

Trade and other payables

At 31 March 2017

Trade and other payables

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
At 31 March 2018				
Trade and other payables	20 221	-	-	-
At 31 March 2017				
Trade and other payables	10 992	-	-	-

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 wide spread of SMMEs 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:

	2018	2017
	R'000	R'000
Financial Instruments		
Cash and cash equivalents	31 008	6 905
Receivables from exchange	3 685	6 371
Receivables from non-exchange	2 608	6 136
	37 301	19 412

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.

26. Fruitless and Wasteful Expenditure

Opening balance

Interest

Penalties

	475	133
	2	95
	-	247
	477	475

27. Irregular Expenditure

Opening balance

Add: Irregular Expenditure – current year

	94	-
	2 774	94
	2 868	94

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

28. New Standards and Interpretations

28.1 Standards and Interpretations Adopted Early

The entity has chosen to early adopt the following standards and interpretations:

Standard/Interpretation	Effective Date: Years Beginning on or After	Expected Impact
GRAP 20: Related parties	1 April 2019	The adoption of this has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements

28.2 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 1 April 2018 or later periods:

Standard/Interpretation	Effective Date: Years Beginning on or After	Expected Impact
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	1 April 2019	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: Grantor	1 April 2019	Unlikely there will be a material impact
GRAP 105: Transfers of Functions between Entities under Common Control	1 April 2019	Unlikely there will be a material impact
GRAP 106 (as amended 2016): Transfers of Functions between Entities not under Common Control	1 April 2019	Unlikely there will be a material impact
GRAP 107: Mergers	1 April 2019	Unlikely there will be a material impact
GRAP 108: Statutory Receivables	1 April 2019	Unlikely there will be a material impact
GRAP 109: Accounting by Principals and Agents	1 April 2019	Unlikely there will be a material impact
GRAP 11: Consolidation – Special Purpose Entities	1 April 2019	Unlikely there will be a material impact
GRAP 12: Jointly Controlled Entities – Non-monetary Contributions by Ventures	1 April 2019	Unlikely there will be a material impact
GRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	1 April 2019	Unlikely there will be a material impact
GRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	1 April 2019	Unlikely there will be a material impact

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Notes to the Annual Financial Statements

Continued

	2018	2017
	R'000	R'000

29. Contingencies

Contingent Liability

In terms of the National Treasury instruction note 6 of 2017/2018, entities are required to request to Treasury to retain cash surpluses (if any). As at the reporting date, the request had not yet been approved and, therefore, the cash surplus will remain a contingent liability till its approved.

The cash surplus to be retained is calculated as follows:

Cash and cash equivalents	31 008
Receivables from non-exchange transactions	2 608
Receivables from exchange transactions	3 685
Less: Current Liabilities	
Payables from exchange transactions	(19 700)
Payables from non-exchange transactions	(357)
Less: Commitments	-
Open orders	(7 201)
	10 043

30. Prior-year Adjustments

During the current period, there were invoices that were received but related to the prior year and were never accounted for in the prior year accounting records.

Presented on the next page are those items contained in the Statement of Financial Position and Statement of Financial Performance that have been affected by prior-year adjustments:

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Statement of Financial Performance

2017

Tourism Information Services
Tourism development
Marketing expenses
Convention Bureau

Note	As	Correction of Error	Restated
	Previously Reported		
	R'000	R'000	R'000
4	15 341	17	15 358
5	4 001	74	4 075
6	31 699	39	31 738
8	13 100	67	13 167
	64 141	197	64 338
13	6 568	(197)	6 371

Statement of Financial Position

2017

Receivables from exchange transactions

31. Going Concern

The AFS 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 and commitments will occur in the ordinary course of business.

During the year under review, the KwaZulu-Natal provincial cabinet announced the rationalisation of public entities. This process will result in TKZN's amalgamation with the KwaZulu-Natal Film Commission. This amalgamation does not affect the going concern status of TKZN for the next 12 months.







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"If you want to make peace with your enemy, you have to work with your enemy. Then he becomes your partner."

"The brave man is not he who does not feel afraid, but he who conquers that fear."

"No one is born hating another person because of the colour of his skin, or his background, or his religion. People must learn to hate, and if they can learn to hate, they can be taught to love, for love comes more naturally to the human heart than its opposite."

"For to be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others."

(All quotes from Long Walk to Freedom)

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