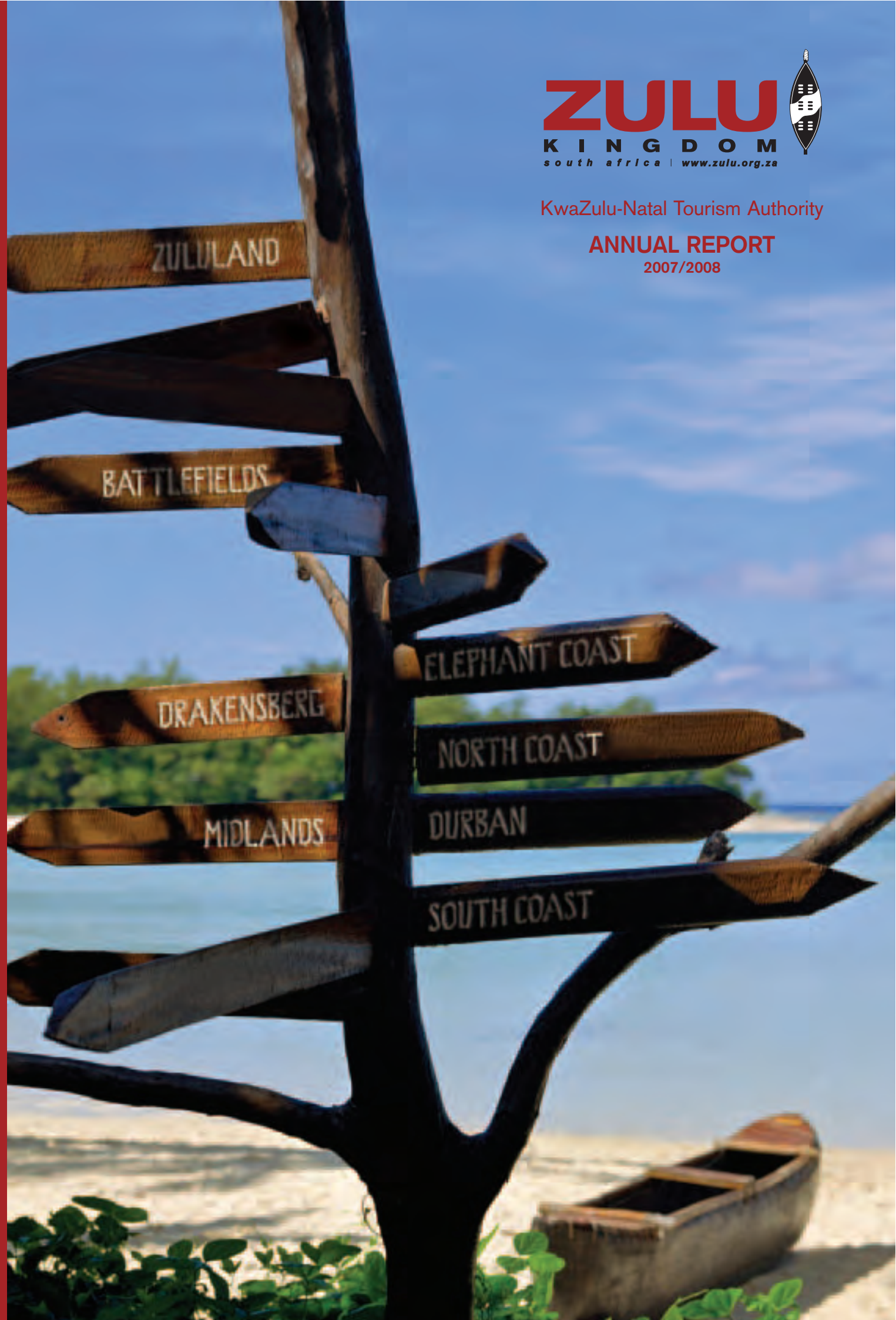




KwaZulu-Natal Tourism Authority

**ANNUAL REPORT**  
2007/2008









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# 1. MEC's message

It is with pride that I associate myself with the 2007/8 Annual Report of the KwaZulu-Natal Tourism Authority (also known as Tourism KwaZulu-Natal – TKZN).

It covers a year that will be remembered for its delivery on many of TKZN's strategic objectives as well as important decisions and planning that will lay the foundation and plot the way forward towards some of the most significant developments in the history of tourism in this province: the construction of the new King Shaka International Airport, the hosting of the 2010 Soccer World Cup and meaningful transformation of the tourism sector in terms of Broad-based Black Economic Empowerment (BBBEE) and the upliftment of previously marginalised communities.

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TKZN is a public entity with a mandate, amongst others, to market as well as develop tourism in the province under the Arts, Culture and Tourism portfolio. In order to fulfil this mandate effectively, it has established benchmarks in marketing, information services, skills training and tourism development based on the tourism strategic plan for 2006 – 2011.

Globally, institutions like TKZN have evolved from being Destination Marketing Organisations to Destination Management Organisations. This calls for a balanced approach to promoting tourism in the province. In light of this and also to ensure that its strategy was properly aligned, TKZN engaged in a strategy review process in 2007. This also consolidated achievements as set out in this annual report.

To this end, the Provincial Growth and Development Strategy (PGDS), the Provincial Spatial Economic Development Framework, the National Tourism Growth Strategy and the policy direction set by the Provincial Government set out key focus areas for tourism in the province.

It is also pleasing to note that there is a definite alignment between the activities carried out by TKZN during the period under review and the focus areas outlined in the abovementioned documents. This set the province and the country on a very good path to achieving our overall tourism goals.

One key challenge is to ensure that tourism continues to make a significant contribution to economic development within this province, thus contributing towards poverty alleviation. Already, the latest research indicates that implementation of the 2006 – 2011 strategy has seen the province's tourism industry contribute about R20 billion a year (or 10%) to the KwaZulu-Natal economy and employing around 143 000 people either directly or indirectly. The revised 2008 – 2012 strategy projects that this growth will accelerate so that by 2012, tourism's contribution to gross geographic product (GGP) will be approximately R29 billion.

This annual report indicates that TKZN is delivery focused; there has been adherence to fundamental principles of co-operative governance; partnerships; leveraging of resources as well as continued transformation of the tourism sector.

There has also been particular focus on responsible tourism practices to bring host communities into the mainstream of the tourism industry, thereby increasing opportunities for job creation and the development of small and medium enterprises. This intervention promoted an environment that allowed for bridging the gap between the first and second economies.

The new Tourism Strategy 2008 – 2012 places the province in a strong position to establish itself as a globally competitive tourism destination that is one of Africa's finest.

For all their efforts this year I would like to thank the TKZN Board, under the leadership of Dr Seshi Chonco, its management team and well-motivated staff who have worked tirelessly to ensure that the organisation achieves its mandate. With this kind of vigour, surely we are on the right path to make KwaZulu-Natal a province of choice.

**Weziwe Thusi**

*MEC: Arts, Culture and Tourism  
Province of KwaZulu-Natal*











## 2. General information

TKZN will focus on five key areas of priority in pursuing its objectives and achieving its vision.

### 2.1 Vision

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

### 2.2 Mission

To initiate, facilitate, coordinate and implement strategic tourism marketing and demand-driven tourism development programmes, which will grow tourism thereby serving to achieve the transformation of the tourism sector within the province and provide economic benefits for all stakeholders and the province.

### 2.3 Objectives

The KwaZulu-Natal Tourism Act, 1996 (as amended) confers specific powers and responsibilities on the KwaZulu-Natal Tourism Authority (TKZN). Taking cognisance of the different roles and responsibilities of the many other institutions involved directly and indirectly in tourism in the province, and taking into consideration its own funding constraints, the Board has agreed that TKZN will focus on five key areas of priority:

- Pursuing economic growth within national and provincial tourism guidelines, by:
  - actively developing KwaZulu-Natal as a tourism destination;
  - marketing KwaZulu-Natal effectively to target markets;
  - constantly updating and maintaining its information and knowledge management system for the benefit of tourists and stakeholders alike; and
  - championing quality assurance for all tourism products in the province, thereby ensuring that the highest attainable standards are maintained;
- Being the one-stop tourism information gateway for the province;
- Ensuring that tourism in the province is developed responsibly;
- Facilitating partnerships that achieve the tourism goals; and
- Championing the transformation of the provincial tourism industry.









## 2. General information

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### 2.4 Chairperson's foreword

It is with great pride that I present the KwaZulu Natal Tourism Authority's Annual Report. The 2007/8 financial year has been a year of outstanding achievement for TKZN.

During the year under review, TKZN focused on delivering on its 2006 – 2011 strategy which was based on five interdependent strategic pillars – pursuing economic growth within national and provincial tourism guidelines; being a one-stop tourism information gateway for the province; ensuring that tourism in the province is developed responsibly; facilitating partnerships which achieve tourism goals; and championing the transformation of the provincial tourism sector.

I must commend all stakeholders within the province's tourism sectors for ensuring that in a watershed year KwaZulu-Natal, with few resources at its command, not only retained but grew its position as the market leader in domestic tourism. Our marketing of the province has been aggressive and we have continued with resource allocation that was biased towards sustaining, protecting and growing our domestic tourism market.

Over the past three years we have ensured that the Board has provided direction and that management is free to manage and implement. In this manner TKZN has grown in stature and won accolades nationally and internationally.

TKZN's unique position as a public entity has helped us to forge closer relationships with the domestic trade and strengthen important partnerships. We have created platforms to address concerns, share consumer research and provide feedback that ensured that all stakeholders were able to respond to market needs, thereby improving the competitiveness of our destination.

Through our proactive approach, we have continued to grow our all important international arrivals, and we have brought on board a number of tour operators who have not previously sold the province as a destination.

Further, the respect that TKZN has earned placed it in a unique position to move closer to the transaction itself, enabling us to influence the packages that are being sold and to monitor the activities being promoted. In this way, we were able to provide fuller support to the tourism trade, and achieve a more equitable tourism geographic spread within the province.

Because it has become increasingly important for us to package our tourism marketing as an experience, we have concentrated on growing township tourism routes. We have worked closely



It is with pleasure that I associate myself with the 2006/2007 Annual Report of TKZN. This report covers a year in which I believe significant progress has been made in laying the groundwork for an effective harnessing of the strengths of the tourism industry in this province to national and provincial objectives of economic growth, a process calculated to cascade especially to the benefit and upliftment of those who have been historically disadvantaged.

with the KwaDukuza district municipality to enhance the King Shaka route and with Amafa to consolidate the Zulu Heritage route. Work done with the Sisonke district municipality on developing railway tourism with specific reference to the Underberg station is already paying dividends. There is interest from private sector investors who wish to take this concept to the next level, thereby adding a different dimension to the uKhahlamba-Drakensberg experience.

Service excellence remains the core of the image that we are trying to project as a tourist destination. Our brand essence "beyond expectations ... within your reach" is predicated on service excellence and would be meaningless if service levels were not continually improved.

Another unique initiative therefore, is our Service Excellence Campaign culminating in the Service Excellence Awards, which is in its sixth year. There is potential for this initiative to become a national campaign.

This year we once again increased the number of categories to ensure that nothing escaped our drive to improve the holiday experience offered by the province. For the future and in the interests of 2010, we need to continue our efforts to inculcate a culture of service excellence.

During the year we finalised our 2010 tourism plan, which recognises the importance of attracting as many people as possible to South Africa, not only to experience the event itself but to spend additional time in our province. Hence, our existing tourism platforms are key to targeting those tour operators who will be packaging KZN as a tourism destination linked to 2010.

Once again, we hosted an outstanding Indaba in May 2007. This marked the first year of a new agreement entered into with South African Tourism, which will see the Indaba remain in Durban until 2009. I have no doubt that TKZN will continue to leverage its experience to ensure that Durban remains the Indaba host city for the foreseeable future, especially in view of the event's considerable growth over the past couple of years.

Our passion for excellence was rewarded with one of the highest international recognitions – receiving the 2007 United Nations World Travel Organisation (UNWTO) Ulysses Award for innovation in tourism governance. This highlights our considerable achievement in enhancing tourism information systems which are crucial to effective destination marketing. This prestigious award has positioned us among the best

destination marketing organisations worldwide. In addition, we have been admitted as associate members of UNWTO and are active participants in the UNWTO Destination Council Centre of Excellence programmes.

During 2007, the Department of Arts, Culture and Tourism commenced the process of formulating the tourism white paper. This is obviously important in terms of structuring the tourism industry and determining the direction of tourism in the province. As an organisation, we have offered our views on the policy and some of the key issues, and I trust that this policy will be finalised during the new financial year.

In the light of the considerable achievements during 2007/8 I would like to thank the trade for their efforts in ensuring that the province is a destination of choice for domestic tourists.

I also thank my fellow TKZN Board members for their individual and collective commitment and contributions. Your commitment to corporate governance has laid an excellent ground for a culture that is characterised by honesty, integrity, excellence and competitiveness. To TKZN Chief Executive Officer, Mr Ndabo Khoza, his management team and committed staff, thank you. Keep on striving to create a better life for all.

These achievements would not have been possible without the support of the provincial government and the dedication of the MEC for Arts, Culture and Tourism, Mrs Weziwe Thusi. We share a vision of tourism growing its contribution to the province's economy while delivering more jobs and greater empowerment of previously marginalised communities.

As the board concludes its tenure, we are proud to hand over an entity that is stable, working and respected.

Let us keep it that way.



**Dr Seshi Chonco**  
Chairperson  
KwaZulu-Natal Tourism  
Authority



## 2. General information

### Tourism KwaZulu-Natal Board

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Dr Seshi Chonco  
*Chairperson*



Yasmin Bacus  
*Board Member*



Bunny Bhoola  
*Board Member*



Stella Khumalo  
*Board Member*



Sahlulele Luzipo  
*Board Member*



Shakila Maharaj  
*Board Member*



Themba Mthethwa  
*Board Member*



Krish Naidoo  
*Chairperson:  
Compensation Committee*



Alan Vels  
*Board Member*





Dr Thuthukile Goba  
*Chairperson:  
Corporate Services Committee*



Zamo Gwala  
*Board Member*



Nonduduzo Kheswa  
*Board Member*



Khulani Mkhize  
*Chairperson: Marketing  
and Tourism Development  
Committee*



Busisiwe Mnganga  
*Chairperson:  
Audit Committee*



Sthembiso Mshengu  
*Board Member*

## 2. General information

We met and exceeded many of our targets, realised key objectives and laid foundations for what will prove one of the most crucial times in the history of tourism in KwaZulu-Natal – the hosting of the 2010 Soccer World Cup, and the commencement of the construction of a new international airport which has, up until now, remained a dream.

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### CEO's report

TKZN is a major success story when it comes to putting this province on both the domestic and international tourism maps. However, providing the province with a strong, integrated brand identity and kick-starting a tightly focused brand strategy is just the beginning of a long and potentially rewarding journey. As such, we have continued with our brand health monitoring which has showed satisfactory performance around brand recognition and awareness.

As part of improving our tourism information provision, we have developed a tourism Destination Management System which incorporates an online booking system. This will ensure that those visiting our website will not only find out exactly what the province has to offer, but will be able to conveniently book online.

During the period under review we saw many of our endeavours begin to take shape and celebrated the buy-in of strategic partners ranging from provincial government, to large companies in the private sector, to international tour operators, to small emerging enterprises on whom the future of a sustainable tourism industry in this province depends.

We met and exceeded many of our targets, realised key objectives and laid foundations for what will prove one of the most crucial times in the history of tourism in KwaZulu-Natal – the hosting of the 2010 Soccer World Cup, and the commencement of the construction of a new international airport which has, up until now, remained a dream.

### Growing tourism through partnerships

In terms of TKZN's mandate, we play a key role in creating an enabling environment for regions, communities and private sector stakeholders to market their offerings optimally within the umbrella branding and destination marketing framework and strategy for KwaZulu-Natal.

This year, we focused on strengthening partnerships with major stakeholders. As almost every element in the tourism value chain requires stakeholder engagement, it would be almost impossible to meet our objectives without sound partnerships at all levels.

These extend from local to provincial and even national levels. Hence, TKZN's marketing strategies are closely aligned to those of South Africa Tourism (SAT), especially when it comes to marketing the province in key international destinations and working together to sell South Africa holistically at key international tourism and trade shows.

We added value to the overall SAT marketing strategy and focused our attention on the special attributes and experiences that set KwaZulu-Natal apart as one of the country's leading tourism destinations in the UK, Germany, India, East Africa and China. We hosted members of the trade and the media from these countries.

TKZN again hosted a highly successful Indaba 2007 for the 18th year. The event continued the gold standard theme that celebrated the golden age of tourism in South Africa, and was attended by over 12 000 delegates, an increase of at least 7% on 2006.

While TKZN has marketed and promoted the province in competition with other provinces in the past, it is now assuming a joint leadership role in addressing key issues within the national tourism framework. Much of our work in developing a safety and security plan for KwaZulu-Natal has formed a foundation for a national plan. In addition, the development of our destination management system in conjunction with the Western Cape and Gauteng, the opening of tourism offices in major centres, the creation of tourism routes that cross international borders and a co-operative agreement between international convention centres in Durban, Cape Town and Johannesburg signal a new era of co-operation.

Within the framework of national and provincial tourism policies, we have an important responsibility to support, advise and guide municipalities, while coordinating our activities with theirs. During the initial stages of engaging with district municipalities, we realised that the work we did together was quite impressive in terms of reaching a common focus and aligning marketing activities. Furthermore, TKZN played a meaningful role in the Provincial Tourism Forum and other forums where we worked extensively to achieve a common understanding.

The successful launch of the Sardine Festival together with the Ugu district municipality and a wide range of stakeholders along the South Coast was a strategic milestone and will pave the way for similar initiatives in other parts of the province.

Since the initial Joint Marketing Agreement (JMA) with Thompson Tours for domestic travel, there has been an increase in specific year-on-year tourism arrivals in terms of this initiative. The renewed JMA also included a focus on the utilisation of products offered by BEE SMMEs throughout the province, the listing of these on its website and engaging with service providers to assist in marketing and skills development. At the core of this JMA is an attempt to improve the geographic spread and better the seasonality of visits to this province.

In view of the success of this JMA, TKZN is engaged in negotiations with other leading domestic tour operators with a view



to sustaining the growth of our domestic tourism market as well as expanding it further.

In an effort to strengthen relationships with the trade, we launched our trade support system which comprised quarterly tourism growth forums and trade visits during the previous financial year. Over the past year, we have built on this, recognising that the quarterly forums have proved a key platform for us to share information and ideas and to debate issues in a more collaborative manner. This has gone a long way towards strengthening our communication as a tourism industry and forging an understanding that we need each other in order to succeed. To address challenges we invited relevant speakers to address issues that affect the tourism trade and topics have included liquor licensing, signage and transport.

For us, it is important that the benefits from bringing tourists to the province are available across the entire tourism value chain and are not restricted to certain established segments. We believe that these quarterly trade forums could help identify opportunities and provide leads that will not only grow tourism within this province, but also help to grow and diversify our product offerings and the resultant number of beneficiaries.

During the period under review, we strengthened our relationship with the Airports Company of South Africa. We have begun to work closely together in order to both position and market the new King Shaka International Airport which will be fully operational by 2010. This will make it possible for the 2010 Soccer World Cup spectators to fly directly to the province from their various countries. This realisation culminated in joint participation at the World Routes Development Forum in Stockholm where the joint teams met a number of airlines and started engaging in discussions about the new airport. However, a lot of work has to be done to market this as well as to secure international airlines to fly directly to the province.

### Partners at home

In his foreword to this annual report our chairperson, Dr Seshi Chonco, pointed out that we have worked hard to both maintain and grow our leadership position in the domestic tourism market. During the period under review, this remained at around 32% or in the order of 11,9 million domestic trips.

The domestic market is particularly important as it is fairly stable and provides a sound platform for growth. The

international market can be particularly volatile and a single global event can have a massive negative effect on tourism. If this is not balanced by a robust domestic market, this can impact quite heavily in terms of tourism numbers. However, a major challenge is that a significant proportion of this constitutes those visiting friends and relatives. We need to convert those people into true tourists who consume more of KwaZulu-Natal's tourism products.

Much of our focus remains on marketing KwaZulu-Natal domestically. In addition to the many tried and tested channels (we have continued with an aggressive television and print advertising campaign), we have extended our successful promotional videos on SAA's international flights to domestic flights. This has enabled us to package the tantalising experiences offered within this province for key segments of the local market.

### Eventful partnerships

Events around the province continue to yield positive tourism results. Our inhouse research has shown that more than R1 billion in revenue was generated by a series of landmark events such as the Comrades Marathon, the Dusi Canoe Marathon, the Amashovashova Cycle Challenge and the A1 Grand Prix. We have now put in place a plan that seeks to optimise the tourism value of these sporting events and increase the number of related arrivals in the province.

In addition to events tourism, business tourism has huge potential for increasing arrivals, increasing tourist spend, improving seasonality and contributing to overall economic development within the province.

TKZN is very focused on growing business tourism and we have started aggressively providing bid support to the Inkosi Albert Luthuli ICC and other bodies or even, in certain instances, initiating bids. We have already notched up successes and the preparation during the year under review will see us hosting thousands of delegates to the World Health Tourism Congress in 2010. There are a number of other key events which are pending a decision in this regard.

TKZN participated at Meetings Africa which took place in Johannesburg from 26 – 29 February 2008. This is the only business tourism show on the continent. It was pleasing to see that event itself is growing and, with it the opportunities for KwaZulu-Natal. The number of people hosted by us with a view to concluding meaningful agreements has grown accordingly.

## 2. General information

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However, hosting large conferences presents unique challenges. One of the biggest challenges is the very long planning periods leading up to these events. Instead of creating obstacles, this could well provide opportunities for new players in the tourism industry and create an incentive for us to increase our resources so that we can deliver on the promises that we have made.

### Partners in service

Service excellence remains an imperative both in the lead up to hosting the 2010 Soccer World Cup and beyond. TKZN subscribes to the view that excellent service will motivate tourists to recommend the destination to family and friends and also results in repeat visits which are critical to diversifying product offerings.

Our service excellence awards remain central to improving service in this province. In addition to the Chaîn de Rôtisseurs and the Tourism Grading Council of South Africa, TKZN has now partnered with Fedhasa East Coast Region, SATSA and SAACI to endorse the awards.

We are also seeking to leverage from the 2010 FIFA World Cup South Africa™ legacy programme of the various sponsors to ensure that service excellence becomes a central point in these. At the end of the day, we have to be seen to be welcoming to all the people who come here. It is all the experiences that they have during their stay here that they will take with them as part of their memories.

### Partners for safety

TKZN is championing a tourism safety and awareness plan for the province together with its partners to ensure that the environment is safe for tourists. TKZN continued to participate in a provincial priority committee on rural safety and tourism during the period under review.

To facilitate the rollout of the tourism safety and awareness plan across the province, we assisted the district municipalities with the establishment of cluster committee meetings that would encourage participation at their level.

A successful and constructive tourism safety and awareness workshop that included members of the Department of Community Safety and Liaison as well as members of the South African Police Services took place in the Sisonke district municipality in March 2008.

Tourist safety is key to the image of our destination and educating our communities to be welcoming to tourists is an absolute

necessity. We will look to accelerating this safety awareness campaign in the run up to the 2010 Soccer World Cup as we prepare our communities to host large numbers of international visitors.

### Partners for delivery

Our ability to realise our vision of positioning KwaZulu-Natal as Africa's leading tourism destination both nationally and internationally, hinges on our most valued asset – our people.

Our achievements to date highlight the importance of creating a strong bias for action and a commitment to implementation at all levels. In so doing, we wish to avoid analysis and planning paralysis while fostering a culture of innovation and creativity amongst all staff. We believe in continuous monitoring, evaluation and benchmarking of individual, departmental and organisational performance.

I hope the information provided here helps to give you insight into the work of TKZN and the inspiration to support us in all our endeavours.

Our shared vision and strategic leadership is only as good as the teams that implement plans and deliver on the mandates with which TKZN has been entrusted. In light of this, I extend my thanks to our Chairperson, Dr Seshi Chonco, and all members of the Board for their contribution and unwavering support. Our considerable achievements during the past financial year bear testimony to the leadership of our MEC, Mrs Weziwe Thusi, who continues to place the development of the province's tourism industry at the top of her agenda.

I would also like to thank the TKZN team behind the implementation of the 2007/8 action plan. Both individually and collectively, they are the true ambassadors of the Zulu Kingdom.



**Ndabo Khoza**  
CEO  
Tourism KwaZulu-Natal





## Tourism KwaZulu-Natal Executive

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Ndabo Khoza  
*Chief Executive Officer*



James Hlongwa  
*General Manager:  
Tourism Development*



Wellington Ngcobo  
*General Manager:  
Corporate Services*



James Seymour  
*General Manager:  
Tourism Information Services*

*\* The positions GM Public Relations and Communications and GM Marketing were vacant during the financial year.*

## 3. Programme Performance

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TKZN's international marketing strategy remained closely aligned to that of South African Tourism. It focused on key markets in Africa, Europe as well as India and China. In addition, TKZN continued to market into areas where it had established relationships and secured arrivals from Eastern Europe and the Middle East.

### 3.1 Marketing and Communications

#### 3.1.1 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 Durban Tourism and the ICC;
- To create brand alignment and synergy with sub-brands; and
- To strengthen trade relations with trade partners.

#### 3.1.2 Key performance areas

- Brand and leisure marketing;
- International marketing;
- Trade marketing;
- Business tourism;
- Events marketing;
- 2010 Soccer World Cup.
- Indaba; and
- Group tourism support.

#### 3.1.3 General Manager's overview

During the year under review, TKZN adopted a targeted approach to specific markets, aligning its marketing with South African Tourism (SAT) and various district municipalities through the creation of tourism sub-brands.

Continued aggressive brand positioning in key markets was aimed at maintaining the province's position as South Africa's leading tourism destination while growing its market share and increasing length of stay and tourism spend.

During the reporting period, the Public Relations and Communications department was restructured so that it formed a single business unit within the Marketing department.

TKZN's trade support system, and especially its Trade Quarterly Growth Forum, provided opportunities to improve communication among the trade, address concerns regarding tourism development in KwaZulu-Natal, provide feedback on national and international projects and initiatives facilitated a public/private sector partnership to promote the province.

TKZN's international marketing strategy remained closely aligned to that of South African Tourism. It focused on key markets in Africa (Kenya, Nigeria and the Southern African Development Community (SADC)), Europe (the UK and Germany) as well as India and China. In addition, TKZN continued to market into areas where it had established relationships and secured arrivals from Eastern Europe and the Middle East.











### 3. Programme Performance

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TKZN participated in the India 3 Cities Workshop held in Mumbai, New Delhi and Chennai, the China 3 Cities Workshop held in Beijing, Shanghai and Guangzhou and the East Africa 3 Cities Workshop in Kampala, Nairobi and Dar es Salaam.

Subsequent to Indaba 2007 engagements, TKZN concluded a JMA with one of India's largest tour operators, KUONI Tours, to drive Zulu Kingdom brand awareness and increase tourism arrivals from India. The 2020 Cricket Tournament provided a platform to attract visitors, and the return on investment from this JMA, in terms of visitor arrivals, was 210% over the targeted estimates.

To promote the destination domestically and internationally, several promotional tools were developed and a brand communications strategy was approved.

The SAA video series used to promote the province on international flights was extended, and Phinda Futhi Productions began producing provincial promotional videos with subtitles for domestic flights.

TKZN participated in a number of domestic and international tradeshow and workshops, including the Soweto Festival, the World Travel Market (WTM) exhibition in London, the ITB Berlin, Fitur in Spain and the Vakantiebeurs in the Netherlands, which was a first. The WTM show, in particular, indicated that a growing number of companies viewed the province as a destination in itself

During the year under review, TKZN established a bid committee together with the ICC and Durban Tourism.

Although terms of reference are still being finalised, 10 bids for upcoming conferences have been supported by TKZN.

rather than part of a round trip of South Africa.

A meeting with the SAT country manager for Germany at the ITB in Berlin resulted in TKZN becoming part of their marketing initiatives for 2008. SAT will send German media and celebrities to KwaZulu-Natal to film visuals for a teaser campaign.

During the year under review, TKZN continued with its trade and media hosting campaign, welcoming groups from Africa, Asia, Europe, America and Australia, the UK, Germany, France and Greece.

Indaba 2007 – the first in the renegotiated package of three until 2009 – attracted over 12 000 delegates.

The Public Relations team provided media communications support during Indaba 2007. Among other achievements, the internationally significant Ulysses Award which TKZN had been awarded by the United Nations World Travel Organisation was well publicised, and announced by KwaZulu-Natal Premier, S'bu Ndebele, at the official opening of Indaba 2007.

TKZN continued with its strategy of developing cooperative marketing initiatives and joint marketing agreements. Based on the growth in arrivals during 2006/7, TKZN renewed its JMA with Thompsons Tours, South Africa's leading domestic tour operator. This year's growth target is 11%. In addition to continuing to



increase arrivals in KwaZulu-Natal through special Zulu Kingdom packages, the new contract stipulates that Thompsons uses SMMEs and trains emerging businesses with regard to the structuring of rates and commissions. Thompsons has also been given a target for improving on the geographical spread of travellers to less visited areas of KwaZulu-Natal.

Events and Business Tourism, which has potential for increasing spend, improving seasonality and contributing to economic development within the province, continued to be a priority during the 2007/8 financial year.

Events supported by TKZN included the Suncoast Classic golf tournament, the ITU Richards Bay Triathlon World Cup Race, the Loerie Awards, the Comrades Marathon, the Dusi Canoe Marathon and the Amashovashova National Classic cycle race.

At present, events contribute an estimated R1 billion to the provincial economy and, in order to boost this further, TKZN liaised with a major tour operator in Kenya with a view to attracting more Comrades participants from Africa and hosted media from Botswana and Kenya at the Vodacom Durban July.

TKZN, together with South Coast Tourism and the Ugu district municipality, launched the Sardine Festival in June 2007. A marketing campaign that targeted both KwaZulu-Natal consumers and Gauteng visitors was well received and paved the way for growing this event in years to come.

During the year under review, TKZN established a bid committee together with the ICC and Durban Tourism. Although terms of reference are still being finalised, 10 bids for upcoming conferences have been supported by TKZN. These included the SA Institute of Architects Congress, International Congress on Mathematical Education, Federation Internationale des Professeur des Francais, International Society of Radiographers and Radiology Technology Conference, World Filtration Conference, 22nd World Energy Congress, World Health Tourism Congress, delegate boosting for International Society for the Performing Arts, 2010 UCI BMX World Championships, 13th International Society of Scientometrics and Informetrics Conference. Work on the World Health Conference, which hosts approximately 500 delegates, began during the 2007/8 financial year and the event has been confirmed for 2010.

TKZN has endorsed a constructive approach to marketing South Africa as a business tourism destination via an agreement with both Cape Town and Gauteng. This provides for the three venues to support each other's bids rather than compete for the same conferences.

In 2007, TKZN became a member of the International Congress and Convention Association (ICCA), one of the most prominent organisations in the world of international meetings. It is the only association with a membership representing the main specialists in handling, transporting and accommodating international events. Membership has given TKZN access to ICCA's database of over 800 members in 80 countries.

In addition, the growth of TKZN's business tourism marketing strategy was advanced through the attendance of an ICCA conference aimed at advancing professionalism in meetings management across all sectors of the industry in October 2007.

The IT&ME incentive show in Chicago in September 2007 helped TKZN to forge a meaningful relationship with the South African Consulate in that city. Ways of optimising opportunities presented via the twinning of Chicago and Durban to target strategic players within the travel trade and business tourism sector, were discussed.



TKZN Service Excellence Award Winners 2007 celebrate

TKZN recognises that the 2010 Soccer World Cup presents significant global opportunities to market the province to both new and existing markets. TKZN will work with Durban, provincial government departments as well as other partners to leverage this event to grow the destination's profile, awareness and tourism arrivals. To this end, TKZN, in partnership with SAT and the KwaZulu-Natal Premier's office, hosted journalists from Germany, Australia, Japan, UK, USA, Spain, China and Ghana.

The annual report, which set new standards for TKZN, was well received by provincial government. The concept was a journey through the Zulu Kingdom as well as through the business of TKZN.

Tourism Month was launched on 29 August 2007 in Pietermaritzburg at the four-star City Royal Hotel, one of the first main stream hotels to be owned by a black woman. This was in line with the provincial theme for the month, which was *"women riding the waves of tourism"*.



### 3. Programme Performance

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The Service Excellence 2008 campaign was launched in October 2007 and workshops were held across the province to encourage service providers to enter. This resulted in a 10% increase in entries. TKZN continued to work closely with the Chaîne De Rôtisseurs, Tourism Grading Council of South Africa, Fedhasa East Coast Region, SAACI and SATSA to enhance the value of both the service excellence campaign and the service excellence awards. The 27 winners were announced at a gala dinner. Positive coverage of the event was received on both electronic and print media.

#### 3.1.4 Performance highlights

##### Domestic and international marketing

- Brand communication strategy that ensures all year round media presence; and
- New advertising campaign launched in September 2007.

##### Trade marketing and media hosting programme

- International groups representing trade and media were hosted.

##### Joint marketing initiatives and cooperative marketing

- Strategic marketing agreement with Thompsons Tours renewed;
- The Thompsons Tours JMA and TKZN's campaign resulted in an 11% increase in domestic arrivals;
- JMA with KUONI Tours, to drive Zulu Kingdom brand awareness and increase tourism arrivals from India; and
- In-flight marketing with SAA extended from international to domestic flights.

##### Shows and exhibitions

- Indaba 2007 breaks new records;
- India 3 Cities Workshop held in Mumbai, New Delhi and Chennai results in interactions with 150 trade representatives;
- China 3 Cities Workshop held in Beijing, Shanghai and Guangzhou results in interactions with 240 trade and media representatives; and
- East Africa 3 Cities Workshop in Kampala, Nairobi and Dar es Salaam results in interactions with 200 trade and media representatives.

##### Business tourism and events

- Inaugural Sardine Festival launched;
- Key events generate about R1 billion for the KwaZulu-Natal economy;
- TKZN became a member of the ICCA; and
- Participation of TKZN at the IMEX exhibition in Frankfurt.

## Marketing and communications

### INTERNATIONAL MARKETING – Brand marketing (Leisure)

Goal	Key performance indicator	Target	Performance results
To improve brand awareness in key source markets and profile destinations internationally	International consumer shows – aligned to SAT	Maintain or grow share in core markets	Improve brand awareness in key source and investment markets
To convert business tourists to leisure tourists	Conversion of business tourists to leisure tourists  CRM programme implementation using conference delegate database	Participation in key international shows aligned to SAT's strategy  Level of database usage  Level of interest in destination post-conference in terms of number of enquiries	Participation in key consumer and trade shows/activation aligned to SA Tourism's strategy: <ul style="list-style-type: none"> <li>• Africa (SADC/Kenya and Nigeria)</li> <li>• France</li> <li>• Netherlands</li> <li>• UK and Germany</li> </ul> Domestic and familiarisation tours for Professional Conference Organisers (PCO)  Improved internal understanding on BT  Level of awareness generated  Familiarisation trips for media





### 3. Programme Performance

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#### Marketing and communications

##### DOMESTIC MARKETING – Brand Marketing (Leisure)

Goal	Key performance indicator	Target	Performance results
Brand development process facilitation	Agreed brand positioning with provincial stakeholders aligned with national positioning	Launch new brand key	The process is on hold pending outcomes of the national brand review
Implementation of brand communication strategy ensuring all year round presence	Marketing campaign into the new financial year through ATL and BTL platforms	Media implementation as per communication strategy e.g.: <ul style="list-style-type: none"> <li>• TV and Radio advertising – Tactical: during identified low seasons</li> <li>• Print: at least two magazine publications</li> <li>• Outdoor: billboards in Gauteng, Western Cape and Van Reenens Pass, Free State</li> </ul>	<p>Brand media implementation plan included TV, print advertising in eight publications, and five billboards around Gauteng for four months</p> <p>All year presence through a revamped welcome billboard at Van Reenens Pass</p> <p>The destination continued to be profiled through the DVD promotion on SAA international flight and this was extended to domestic flights</p>
	Joint promotions with other strong/ big brands (e.g. MTN/Vodacom)	Implementation of at least one promotion with another strong brand	<p>This was achieved through TKZN's agreement with the Sharks on the Shark Bite programme on SuperSport channel</p> <p>TV advert was flighted during the live broadcast of the Durban July event</p>
CRM programme activation and management optimising business tourism databases	Increased share of the holiday market	Implement action of an appropriate CRM programme	The CRM programme was activated through the distribution of consumer newsletter using databases from consumer travel shows
Consumer trade education about the province and its tourism experiences	Development and production of innovatively branded collateral and POS material required to market the province	Ensure comprehensive, generic and equitable coverage of destination through brochures, DVDs and other collateral	2007/08 travel guides, accommodation brochure, KZN branded maps and promotional DVD were produced

## Marketing and communications

### DOMESTIC MARKETING – Brand Marketing (Leisure)

Goal	Key performance indicator	Target	Performance results
Destination marketing support provision	Brand alignment between national, provincial and destination brands	Regular communication between the brand (TKZN) and the destinations	Facilitated the brand workshop with Ilembe, uMzinyathi, Amajuba, Sisonke, uThukela and Zululand district municipalities
	Greater co-operation and synergy between the destinations and TKZN	Timeous production of destination brochures and other collateral Activation of the MOU deliverables	Supported Elephant Coast and North Coast destinations towards production of their brochures
	Defend intra-provincial market share	Domestic destination marketing campaign	South Coast was profiled through the Sardine Festival promotional campaign in the form of radio, billboards and street pole advertisements
Profile the destination domestically	Increased destination awareness and defend domestic market share	Participation in approved domestic shows for 2007	Participated at annual consumer travel shows with all eight destinations represented, Gauteng Outdoor Show, Gauteng DSTV Getaway, Cape Outdoor Show, Soweto Festival  Furthermore, a promotional campaign was done at the Soweto Festival and brand ambassadors were appointed to distribute scratch cards competition as part of the database collection exercise





### 3. Programme Performance

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#### Marketing and communications

##### DOMESTIC MARKETING – Trade

Goal	Key performance indicator	Target	Performance results
To improve trade relations with key trade partners	Regular communication and liaison with key trade partners	Success in establishing and maintaining relationship with travel trade in respective markets	Improved trade relations and better communication with KZN trade partners  Call on top trade quarterly (leading inbound) Maintain tourism quarterly growth forum post-trade shows Maintain and enhance the trade database for the key source markets
To establish profitability-driven relationships to increase arrivals	Structured trade support system Joint Marketing Agreements and co-operative initiatives	Level of success in managing and sustaining improved trade relations in key markets	Increased brochure listings for KZN which will result in arrival growth
To create demand for KZN domestically	Trade E-marketing programme – roll-out of TRM programme for trade aligned to SAT's trade programmes	Joint Marketing Agreements with selected local and international tourism tour operators with a view to stimulate increased domestic and regional tourists arrivals into the province	Increased level of cooperative agreements and JMA with strategic partners in those markets  More strategic and targeted sales volume initiatives
	Domestic trade familiarisation trips	Host educational tours for domestic trade from other provinces	Implementation of trade familiarisation trips per annum from core markets  Develop a hosting programme and targets for the fiscal year  Inclusion of KZN itineraries in more trade brochures  Host business tourism/events media from Germany, UK, USA, Africa, Middle East and Europe
To better understand domestic and KZN trade for maximum benefits	Trade brochure listings (trade brochures and merchandising)	Participation on at least one show per core markets (Gauteng and Cape Town)	Implement at least one JMA with key domestic trade partner from key markets
SMME trade marketing support provision	Contribution towards tourism industry transformation and development	Understanding of SMME's tactical and strategic participation in selective trade and consumer shows	Contribution towards tourism industry transformation and development  Assisting SMMEs to gain access to the tourism market  Production of marketing collateral  Trade linkages and support for KZN SMMEs  SMME's participation in selected trade and consumer exhibitions

## Marketing and communications

### INTERNATIONAL MARKETING – Trade

Goal	Key performance indicator	Target	Performance results
To grow arrivals from UK and Germany – KZN's key source markets	Maintain market representation via international agents (Ethos/Tourlink) in UK and Germany and explore Africa/US market representation	Improved and increased awareness of KZN as a destination in our core markets internationally	Increased level of volume-driven JMAs implemented in key source markets Increased listings in brochures of key trade partners
To establish profitability-driven relationships to grow arrivals	Joint marketing agreements, cooperative initiatives	Improved trade relations with the key trade and tour operators	Increased level of cooperative agreements advertising achieved
To create demand for KZN in core, strategic and tactical markets in line with SAT	Conduct trade workshops aligned to SAT	Maintain/grow market share in UK and Germany	Participation in international trade exhibitions aligned with SAT: <ul style="list-style-type: none"> <li>• (WTM – London, ITB – Germany)</li> <li>• India and Pre-WTM Workshops</li> <li>• Spain – Fitur</li> <li>• Middle East</li> </ul>





### 3. Programme Performance

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#### Marketing and communications

##### BUSINESS TOURISM

Goal	Key performance indicator	Target	Performance results
Profile KZN as business tourism destination	Increased awareness about the province as a business tourism destination	<p>Destination participation in selected business tourism exhibitions/ shows &amp; business tourism workshops:</p> <ul style="list-style-type: none"> <li>• Meetings Africa (Gauteng)</li> <li>• IMEX (Frankfurt)</li> <li>• EIBTM (Barcelona)</li> <li>• IT&amp;ME (Chicago)</li> </ul> <p>Availability of relevant BT collateral at shows</p> <p>Select advertising in trade publications and incentive end-user publications</p> <p>Number of leads generated from show</p>	<p>TKZN participated at the following exhibitions during the quarter under review:</p> <ul style="list-style-type: none"> <li>• Meetings Africa in Gauteng</li> <li>• IMEX</li> <li>• IT&amp;ME</li> <li>• EIBTM</li> <li>• Soccerex</li> </ul> <p>Produced the CD format of the Incentive Guide</p> <p>Adverts were placed in the publications:</p> <ul style="list-style-type: none"> <li>• KZN Business Guide</li> <li>• Conference, Exhibitions &amp; Events Guide</li> <li>• Incentive.Com</li> <li>• South Africa – Alive with possibilities</li> <li>• Wild Talk Africa</li> </ul> <p>2010 Robocup Event International Institute of International Refrigeration Conference 7 day packages for a Kenyan group for 2010</p>
Assisting destination BT partners in attracting new conferences into KZN	<p>Value creation for the BT Industry</p> <p>Investigate the establishment of a Convention Bureau</p>	<p>Identify at least two key international BT associations for TKZN to join to generate tangible leads for meetings</p> <p>Level of interest generated in new PCO or DMCs wanting to stage their conferences in KZN</p>	<p>TKZN became a member of SAACI, ICCA &amp; SITE (Society of Incentives &amp; Travel Executives)</p> <p>Presented KZN offerings to PCOs and DMCs as well as supporting PCOs and associations in bidding for new conferences</p>

## Marketing and communications

## BUSINESS TOURISM

Goal	Key performance indicator	Target	Performance results
Co-funding bids and delegate boosting promotional activity for associations and other institutions	Number of bids supported  Percentage increase in delegate participation	Number of conferences & bids secured  Support delegate activities	As part of bidding for the World Health Tourism Congress to be held in Durban in 2010, TKZN hosted a session during the 2008 World Health Tourism Congress held in Spain.  Provided Global Conferences with delegate boosting support for the 57th Session of the International Statistical Institute Conference 2009
Support for scouting visits/site inspections	Number of leads generated from database mining	Increased number of conferences hosted in KZN beyond Durban	Coordinated bid letters in support of the: <ul style="list-style-type: none"> <li>• International Musicological Society Congress – 2012</li> <li>• World Energy Congress – 2013</li> <li>• Congress of International Union Architects – 2014</li> <li>• UCI BMX World Championships – 2010</li> <li>• Federation Internationale des Professeur de Francais – 2012</li> <li>• International Society of Radiographers &amp; Radiology Technology Conference</li> <li>• 22nd World Energy Congress – 2013</li> <li>• World Federation of the Deaf Conference</li> <li>• World Filtration Congress</li> </ul> Hosted VIPs of the SA Trade and Investment Conference and ROSCAR Awards during the Wild Africa Conference  Undertook a site inspection for the 2012 International Mathematical Education Congress
Implement Business Tourism familiarisation programmes	Domestic familiarisation tours for PCOs  Improved internal understanding of BT  Level of awareness generated	Familiarisation trips for five domestic and five international PCOs  Number of trade and media Familiarisation trips and site inspections facilitated  TKZN staff trained in conference and incentive product in KZN  Familiarisation tours of ICC and other conference venues for identified buyers	Hosted eleven incentive buyers and representatives from different associations  Hosted Conference & Incentive Magazine; Australian documentary producer; two German producers; Headquarters magazine Undertook several site visits  Visited various establishments as well as the Elephant Coast District Municipality



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#### Marketing and communications

##### BUSINESS TOURISM

Goal	Key performance indicator	Target	Performance results
Implementation of cooperative destination marketing road shows and trade workshops with Business Tourism suppliers and other role-players domestically	Improved awareness of KZN as a business tourism destination	Undertake at least one trade workshop in: <ul style="list-style-type: none"> <li>• Cape Town</li> <li>• Tshwane</li> <li>• Durban</li> <li>• Johannesburg</li> </ul>	TKZN hosted a breakfast for a group of incentive buyers from Germany  Hosted 100 visitors from US  BT visited some establishments as well as Elephant Coast District Municipality to share TKZN's Business Tourism plans
Profile destination through strategic selection of events	<p>Improved economic impact per event</p> <p>Level of positive media exposure generated</p> <p>Increased awareness of destination</p> <p>Level of increased packages for events and increased arrivals</p> <p>Facilitate a meeting between PR, TIS &amp; Marketing to discuss their involvement in events</p>	Provide technical and/or financial support for major events taking place in KZN	<p>Provided financial support to the following events:</p> <p>Dusi Canoe Marathon – PMB to DBN</p> <p>Splashy Fenn – Drakensberg</p> <p>Comrades Marathon – PMB to DBN</p> <p>Sardine Run – South Coast</p> <p>Reed Dance – Zululand</p> <p>World Championship Triathlon – Richards Bay</p> <p>King Shaka Celebration – Zululand</p> <p>MTN Jazz Festival – DBN</p> <p>Amashovashova National Classic – DBN</p>
Event development support and improving TKZN's event participation	Developed a hallmark event for the province supported by all key stakeholders	Launch at least one hallmark event	Sardine Festival was launched on the South Coast in June with national advertising and publicity

## Marketing and communications

### 2010 SOCCER WORLD CUP

Goal	Key performance indicator	Target	Performance results
Stimulate greater awareness of the Zulu Kingdom brand	Formulate a marketing communication plan for 2010 focusing on the identified target countries	Increased awareness of KZN	Focused sales strategy mobilised
Length of stay and spread of 2010 spectators throughout the Zulu Kingdom	In conjunction with the tourism trade develop cost-effective and interesting packages	Number of JMAs signed with tour operators from targeted countries	Focused sales strategy mobilised Sample of typical KZN packages developed and presented in a brochure format





### 3. Programme Performance

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#### Marketing and communications

##### INDABA

Goal	Key performance indicator	Target	Performance results
To use Indaba platform to grow arrivals from core markets	Superfam execution	Increased international participation	Get the KZN international representatives in key source markets to market Indaba to drive international participation
To exploit indaba to drive volume into KZN	JMAs with key tour operators Joint Marketing agreements	Improved economic impact	Initiate quality and volume drive JMAs at Indaba
To enhance product/destination awareness	Hosting programmes/educationals	Quality of trade for Superfam	Implement pre/post and during Indaba tours
Grow SMME involvement	SMME participation	Increased number of SMMEs exhibiting and involved in Superfam	Increase strategic partnerships meetings for KZN SMMEs with the key trade Use Superfam function to drive SMMEs linkages with key tour operators



## Marketing and communications

### IMAGE BUILDING

Goal	Key performance indicator	Target	Performance results
To build a positive image of the Zulu Kingdom with regard to hygiene factors such as safety, service, access, health and infrastructure	Extent to which the perceptions about the province enhance a positive image in key domestic and international target markets	Utilise domestic and international media to communicate positive messages about the Zulu Kingdom	<p>Used key events as an opportunity to expose media to the tourism experiences of KZN. These included international media that attended Indaba 2007</p> <p>CEO's breakfast, prior to Indaba 2007, was used as a platform to outline the development taking place in KZN, this with a guest speaker from Good News South Africa aimed to instill confidence in the province</p> <p>Indaba was the platform used to announce TKZN's winning of the Ulysses Award which received positive media coverage</p> <p>Hosting international media at Durban Fashion week 2007</p> <p>Service Excellence Awards received wide publicity</p> <p>Managed media around TKZN's 2010 preparedness</p>
To build a positive image of the Zulu Kingdom with regard to hygiene factors such as safety, service, access, health and infrastructure	Implement a VIP hosting programme for brand endorsement	Special guest programmes to host influential personalities and celebrities, thereby creating PR platforms for brand endorsement and image building	<p>Hosted Dr Myles Munroe, world renowned motivational speaker</p> <p>Hosted popular singing celebrity Nhlanhla Mafikizolo and her crew with the intention of obtaining video footage of KZN for a music CD</p>
To build the image of TKZN	<p>Extent of positive media reports regarding the hygiene issues in the province</p> <p>Extent of trade and consumer understanding of the role and functions of TKZN by means of a trade and consumer survey</p>	<p>Lobbying the relevant authorities to deal with the areas of responsibility regarding tourism-related issues</p> <p>Lobbying tourism players to give excellent service, and communicate positively about the destination to consumers</p> <p>Facilitate regular trade engagements, led by CEO</p>	<p>Continued to work closely within the safety and security committees established at municipal and provincial level</p> <p>Service Excellence Campaign on radio and in news print encouraged product owners to compete in providing excellent service. Workshops around the campaign were held in all eight destinations within KZN</p> <p>TKZN also worked closely with its partners and stakeholders in ensuring the campaign's success</p> <p>In conjunction with the marketing department, quarterly briefings were held with trade</p> <p>In addition, a bimonthly e-Zine was distributed to all consumers and trade members listed on TKZN's extensive database</p>



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#### Marketing and communications

##### MEDIA LEVERAGE

Goal	Key performance indicator	Target	Performance results
<p>To ensure media leverage around events in the province supported by TKZN</p> <p>To enhance the relationship between TKZN and media</p>	<p>The extent of media leverage for the Zulu Kingdom and its eight destinations</p> <p>Improved communication between TKZN and media</p> <p>Monitor media on daily basis and conduct monthly coverage analysis</p>	<p>Identify and implement PR and media leverage opportunities for the following events supported by the Marketing Business Unit:</p> <ul style="list-style-type: none"> <li>• Dusi Canoe Marathon</li> <li>• A1 Grand Prix</li> <li>• Midmar Mile</li> <li>• Durban Fashion Week</li> <li>• Comrades Marathon</li> <li>• Sardine Festival</li> <li>• Royal Reed Dance</li> <li>• Loerie Awards</li> </ul> <p>The ratio of positive/negative media coverage</p>	<p>Press releases were distributed to media nationally with respect to:</p> <ul style="list-style-type: none"> <li>• Dusi Canoe Marathon</li> <li>• A1 Grand Prix</li> <li>• Midmar Mile</li> <li>• Durban Fashion Week</li> <li>• Comrades Marathon</li> <li>• Sardine Festival</li> <li>• Royal Reed Dance</li> <li>• Loerie Awards</li> </ul> <p>In addition, hosted two journalists (Independent Newspapers and SABC), both Service Excellence winners at the World Travel Market, thereby providing greater depth of tourism understanding for those who provide tourism coverage on the province</p> <p>Hosted media on a tour of the heritage route being developed by Tourism Development</p> <p>Provided PR support for the inaugural launch of the Sardine Festival on the South Coast</p> <p>Quarterly media briefings were successfully implemented to which editors and journalists were invited</p> <p>Media monitoring was successfully undertaken for half of the year. However, the media monitoring contract ended during the period under review</p>



## Marketing and communications

## MEDIA LEVERAGE

Goal	Key performance indicator	Target	Performance results
To host corporate events to profile and promote the Zulu Kingdom brand	The extent of media leverage for the Zulu Kingdom and its eight destinations	<p>Coordinate and implement the following corporate events:</p> <ul style="list-style-type: none"> <li>• 2007 Service Excellence Awards</li> <li>• CEO's breakfast at Indaba</li> <li>• Superfam Trade Dinner at Indaba</li> <li>• Launch of 2007 Tourism Month</li> </ul> <p>Host domestic and international media on familiarisation trips, spread across the eight destinations</p>	<p>The annual Service Excellence Awards were successfully held at the ICC</p> <p>CEO's breakfast, prior to Indaba 2007, was used as a platform to outline the development taking place in KZN</p> <p>The Superfam trade cocktail networking function took place at the Sibaya Casino and was attended by 50 UK tour operators</p> <p>Tourism month was launched on August 29 in Pietermaritzburg at the City Royal Hotel</p> <p>Hosted media from Gauteng and Durban for the Sardine Festival</p> <p>Nigerian editors were hosted at the Vodacom Durban July</p>
To promote the Zulu Kingdom brand and corporate identity at key corporate events		<p>Support the following corporate events to ensure Zulu Kingdom brand presence:</p> <ul style="list-style-type: none"> <li>• Durban Chamber of Commerce</li> <li>• KwaZulu-Natal Chamber of Business.</li> <li>• KZN Successful Alumni</li> <li>• African Renaissance</li> </ul> <p>Annual Provincial Tourism Conference 2007</p>	<p>TKZN supported the Durban Chamber of Commerce's Annual Dinner</p> <p>TKZN supported the KZN Successful Alumni event in London and the African Renaissance event in KZN</p> <p>It also provided input and media assistance for the Provincial Tourism Conference 2007. Zulu Kingdom branding was displayed at these events</p>

### 3. Programme Performance

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#### Marketing and communications

##### MEDIA LEVERAGE

Goal	Key performance indicator	Target	Performance results
Ensure greater brand awareness through events	Extent of Zulu Kingdom brand exposure at corporate events	Support events to ensure Zulu Kingdom brand presence	PR support was given to the following events in the form of press statements welcoming participants and providing information about the economic and strategic importance of the events to the province. Media packs were provided: <ul style="list-style-type: none"> <li>• Comrades Marathon</li> <li>• Duzi Canoe Marathon</li> <li>• Loerie Awards</li> <li>• King Shaka Celebrations</li> </ul>
Tourism Month	Successful development and implementation of the 2007 Tourism Month programme  Level of media tourism awareness campaign	Utilise Tourism Month in September to drive a media campaign aimed at promoting domestic travel  Regular features on tourism awareness in electronic and print media	Tourism month was launched in Pietermaritzburg at the City Royal Hotel which was one of the first main stream hotels to be owned by a black woman  A Tourism Month calendar was published in two leading newspapers, the Mercury and Isoleswe, and a brochure highlighting the events in the province was printed and distributed  A self-drive tour which took in Tourism Month events such as the Reed Dance was developed for the consumer e-Zine which is sent to all consumers on the TIS database



## Marketing and communications

### CORPORATE COMMUNICATIONS

Goal	Key performance indicator	Target	Performance results
To promote and communicate the organisational objectives, achievements and the brand to external stakeholders	Successful distribution of Tourism Strategy 2006 – 2011	Communications of the Tourism Strategy 2006 – 2011 to stakeholders	The revised version of the Tourism Strategy 2008 – 2011 was printed and distributed to all members of staff and stakeholders
	The extent to which external stakeholders understand the TKZN marketing plans for the Zulu Kingdom	The compilation, production and distribution of the 2006/07 Annual Report	The Annual Report was completed and distributed to all stakeholders. It was well received by the TKZN Board and the provincial cabinet
	Level of success in creating awareness of TKZN's achievements and the performance of KZN as a tourism destination	Input to and distribution of the bi-monthly WWW magazine  Production and distribution of trade and consumer electronic newsletters	Six editions of the consumer magazine WWW were produced  12 trade and consumer electronic newsletters were produced



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#### Marketing and communications

##### TOURISM AWARENESS

Goal	Key performance indicator	Target	Performance results
To ensure that communities understand the importance and the benefits of tourism to the province	<p>The number of tourism awareness programmes held throughout the province</p> <p>The level of success in implementing joint campaigns that create tourism awareness</p>	<p>Hold tourism awareness road shows in the Zulu Kingdom's eight destinations</p> <p>Implement joint tourism awareness campaigns with key stakeholders</p> <p>Lobby safety and security authorities to include tourism awareness in their media campaigns</p>	<p>Continued to work closely with the Tourism Development Department in partnering with district municipalities on tourism awareness projects, with workshops conducted at Ugu and uMkhanyakude district municipalities</p> <p>KZN also partnered with the Department of Arts, Culture and Tourism</p> <p>TKZN participated in the Provincial Priority Committee as well as in cluster committees</p>



## Marketing and communications

## CUSTOMER CARE MANAGEMENT

Goal	Key performance indicator	Target	Performance results
To champion the cause of service excellence within the tourism industry	Increase in positive feedback from the Tourism Grading Council SA, the website and customer care line	Work with the TGSA to assess consumer feedback and remedy where necessary	Complaints pertaining to graded establishments were forwarded to the grading council and followed up
	Repeat visitations to the Zulu Kingdom by people who had bad holiday experiences	Maintain the customer database and implement an incentive programme for customers with previous bad holiday experiences in the Zulu Kingdom	Tourists who were victims of unfortunate experiences while in KZN were assisted. In instances passports were replaced, coordinated interaction with police, and provided aftercare treatment
	No complaints about outstanding responses	Responding to complaints within 24 hours	Complaints received were acknowledged and responded to within 24 hours
	The successful implementation of the Service Excellence Award programme	<p>Increase in the number of service excellence award entries</p> <p>Coordination of the external incentive award programme</p>	<p>The campaign started in November 2007, in the form of a poster campaign calling for nominees</p> <p>TKZN continued the expansion of the Service Excellence Awards to include the Wheel Operator of the year for both established and emerging businesses</p> <p>An increase in the number of entries was received as well as an increase in the number of emerging businesses</p> <p>The initiative was supported by various tourism stakeholders namely the TGCSA, SAACI, SATSA and Fedhasa East Coast</p> <p>TKZN partnered with the Chaîne des Rôtisseurs</p> <p>The campaign received positive media coverage in both the electronic and print media</p>



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#### Marketing and communications

##### CUSTOMER CARE MANAGEMENT

Goal	Key performance indicator	Target	Performance results
To champion the cause of service excellence	The extent to which Zulu Kingdom Awards winners are employed by TKZN	Employ the services of award winners, thereby creating PR platforms to highlight the benefits of service excellence	<p>The Service Excellence Awards ceremony was successfully held at ICC</p> <p>TKZN utilised the services of the award winners as well as the runners up</p> <p>Winners in the tourism journalist category attended the World Travel Market in London</p>
	Tourism ambassador programme	Manage the tourist safety advisory project and the Tourism Ambassador programme	<p>To ensure the safety of our tourists, TKZN continued to deploy the tourism ambassadors during major events, including Indaba 2008</p> <p>Tourism ambassadors were also trained in customer care</p> <p>The training was aligned with THETA and participants were awarded with a certificate on completion of the training</p>
	Promote safety in KZN	Ensure greater promotion of the customer care line using TKZN - produced brochures	Ensured all new TKZN promotional material (brochures) included the customer care line telephone number



## 3.2 Tourism information services

### 3.2.1 Objectives

- To collect and interpret key information to guide and monitor TKZN's strategies and programmes;
- To measure the overall performance of KwaZulu-Natal's tourism industry and specific TKZN activities;
- To maintain an information knowledge management system and databases to support this; and
- To provide tourists, information offices and the tourism trade with electronic marketing tools to edit the content of print marketing tools, and to undertake brochure distribution.

### 3.2.2 Key performance areas

- Information and knowledge management; and
- Destination management, benchmarking and quality assurance.

### 3.2.3 General manager's overview

During the year under review, TKZN received the United Nations World Tourism Organisation's (UNWTO) Ulysses award for innovation in tourism governance in the field of information and knowledge management. This focused specifically on innovation for corporate governance as part of TKZN's knowledge management programme and was a fitting recognition of the Tourism Information Services unit's achievements over the past few years.

In addition, TKZN became an affiliate member of UNWTO and an active member of their destination council – a target that was set for the review period.

TKZN realises that the collation, analysis and dissemination of information is critical to an effective destination management organisation and that information is essential to formulating and monitoring key strategies and influencing the decisions of individual tour operators and tourists.

During the period under review, it was decided to modify the concept of quality assurance to include benchmarking as this was seen as critically important due to the continued globalisation of tourism and increased competitiveness between leading destinations and their associated DMOs.

TKZN updated several reports on specific elements pertaining to its domestic and international segmentation and targeting. An accurate register of tourism services and attractions in KZN, including levels of accessibility and compliance with relevant tourist registration legislation and regulations, was maintained, as were TKZN's mass email forums.

TKZN continued to provide a professional tourism information service and maintained a series of key gateway and tourism information offices, both regionally and nationally. A new gateway information office was established in Piet Retief.

Innovation and well-trained researchers enabled TKZN to conduct a range of impact assessments of major events such as the A1 Grand Prix, the Comrades Marathon and Indaba 2007, using internal resources which saved a great deal of money.

TKZN was invited to present two papers on the work of our knowledge management programme – the first to the international Travel and Tourism Research Association (TTRA) on "Tourism Asset of Product Databases: the Cornerstone of Modern Destination Marketing Organisations" and the second "Developing the Cruise Tourism Potential of the East Coast of Africa and the Indian Ocean Islands" at the International Cruise Tourism Conference.

In addition, TKZN mobilised a study to investigate the potential of township tourism in KwaZulu-Natal, again using internal resources. A records management policy was developed. The useful statistics brochure for 2007/8 was published as well as an updated catalogue of all of TKZN research reports.

During the 2007/8 financial year, a tourist guide and tourism service provider registration procedures and policy manual was formulated and approved by the Board. This was in draft form at the end of the 2006/7 financial year.

During this period, 1 133 tour guides and 1 098 other tourism service providers were registered. All of the relevant databases (such as the tourism asset database) were updated.

The 2007/8 financial year also saw TKZN develop and maintain its network of websites and other e-marketing tools. This culminated in the mobilisation of a destination management system in collaboration with the Gauteng Tourism Authority, Cape Town Routes Unlimited and Thompsons Tours.

TKZN also mobilised the first tourism SMS and email-on-demand for South Africa which was an important evolution of its fax-on-demand service.

As part of the benchmarking and quality assurance programme, TKZN increased the level of graded establishments in KZN by more than a 100% since June 2006. It also secured the greatest number of MATCH contract sign-ups of any province

## 3. Programme Performance

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in South Africa – more than double that of the Western Cape. TKZN signed up 1 349 non-hotel accommodation rooms in KwaZulu-Natal, compared with 700 in the Western Cape and Gauteng.

At present, the level of awareness of the Tourism Grading Council of SA's accessibility programme, amongst accommodation providers in KwaZulu-Natal, stands at 78%. This is considerably higher than the 40% to 50% the year before.

Key future objectives include benchmarking TKZN's destination management practices with what is regarded as international best practice, and promoting the concept of quality assurance and accessibility.

### 3.2.4 Performance highlights

#### Research

- Continued evaluation of KwaZulu-Natal's major events and conferences;
- Draft research policy and procedures manual completed;
- A useful statistics brochure for 2007/8 was published; and
- An updated catalogue of all of TKZN's research reports was produced.

#### Registration:

- A total of 1 123 guides were registered with TKZN;
- A total of 1 098 other tourism service providers are fully registered with TKZN;
- A draft short to medium-term strategy was formulated to deal with agencies which failed to register;
- The draft tourist guide and other tourist services registration procedures and policy manuals were approved by the TKZN Board; and
- The tourism asset database was updated over the 2007/8 financial year.

#### Tourism Information Services:

- Maintained national and regional Tourist Junction Information facilities KwaZulu-Natal;
- Opened a new Piet Retief gateway information office KwaZulu-Natal;
- Conducted educational and training programmes for information officers; and

- Achieved significant growth in telephone and fax enquiries (34,4%), walk-ins (29,01%), emails (32,57%), national brochure distribution (22,9%) and international brochure distribution (7,22%).

#### E-marketing

- The first tourism SMS and email-on-demand for South Africa was mobilised; and
- A destination management system was mobilised in partnership with the Gauteng and Western Cape Tourism authorities.

#### Destination management, benchmarking and quality assurance

- More than 100% increase in the level of KwaZulu-Natal-graded establishments in the 2007/8 financial year;
- 78% level of awareness of the concept of accessibility amongst KwaZulu-Natal accommodation providers;
- TKZN was awarded the 2007 UNWTO Ulysses Award for a DMO information and knowledge management programme for 2007; and
- TKZN was accepted as an affiliate member of the UNWTO and a member of its destination council.



Celebrating the Ulysses Award are: Stella Khumalo (HOD DACT), Dr Seshi Chonco, Ndabo Khoza, Logie Naidoo (eThekweni Deputy Mayor), James Seymour

#### Domestic tourism market

KwaZulu-Natal continues to enjoy the dominant share of the domestic tourism market and it appears to be growing from 28% in 2003 to 32% in 2006. It is possible to estimate, on the basis of South African Tourism surveys for 2006, that in the order of 11,9 million domestic adult tourists from outside or within the province travelled to one or more domestic locations within KwaZulu-Natal during 2006. Domestic surveys have revealed that each visitor spends in the region of R446 per trip. It can therefore



be concluded that the domestic tourism market in KwaZulu-Natal is worth in the order of R5,3 billion per annum.

In December of 2003, the new Zulu Kingdom brand was launched to provide a marketing umbrella to promote the eight key destinations: Durban, North Coast, South Coast, Elephant Coast, Zululand, Pietermaritzburg and Midlands, Drakensberg and Battlefields. TKZN placed a number of questions regarding brand awareness in the February 2008 AC Nielsen Omnibus survey, in order to measure the success of the new brand. It was revealed that domestic brand awareness had risen to 56% in February 2008 compared to 38% in 2004. The research also showed that KwaZulu-Natal destinations were amongst the highest in terms of "top-of-mind" awareness of South African destinations, as is illustrated in the chart at the bottom.

South African tourism branding research has shown that unaided awareness is a critical variable that ultimately leads a consumer to transact or decide to visit a particular destination.

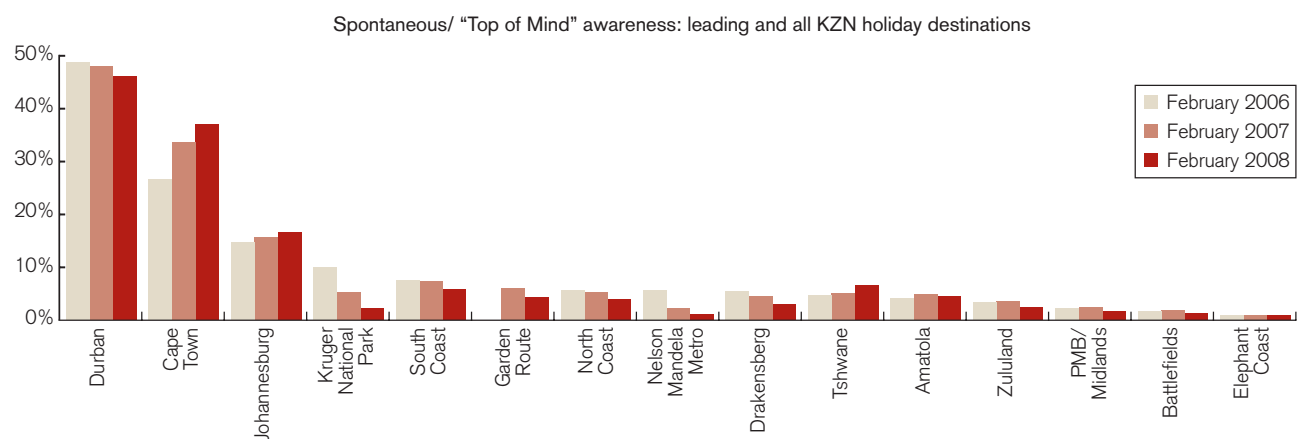
#### The international tourism market

South African Tourism's international surveys for 2007 revealed that approximately 15% or some 1,4 million of all foreign

tourists to South Africa spent time in KwaZulu-Natal. KwaZulu-Natal's share of foreign bed nights for 2007 was 11,7% or some 7,953 million bed nights.

KwaZulu-Natal's foreign tourists for the first three quarters of 2007 originated primarily from the following markets:

Swaziland	24%
Lesotho	15%
Zimbabwe	8%
Botswana	7%
UK	7%
Germany	4%
USA	4%
France	3%
Mozambique	2%
Netherlands	2%
Zambia	2%



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#### Tourism information services

#### RESEARCH, INFORMATION, KNOWLEDGE MANAGEMENT AND QUALITY ASSURANCE

Goal	Key performance indicator	Target	Performance results
To collate and monitor the latest information pertaining to tourism marketing and development in order to develop effective strategies to engage the tourism market	Reports and projects completed	Trends reports/fliers, phase 2 of Convention Research Programme, Key Event Impact Assessments, Segmentation Reports, Image Survey, Performance Monitor, Visitor Book Programme, library service, annual Domestic Brand Health monitor, Omnibus Survey	<p>All projects earmarked in the 2007/2008 research plan were mobilised or completed. They included impact assessments of:</p> <ul style="list-style-type: none"> <li>• Splashy Fen</li> <li>• Comrades Marathon</li> <li>• Loerie Awards</li> <li>• Tiger Fish Competition</li> <li>• Sardine Festival</li> <li>• Royal Reed Dance</li> <li>• King Shaka Day celebrations</li> <li>• Dusi Canoe Marathon</li> <li>• Midmar Mile</li> <li>• A1 Grand Prix</li> <li>• Amashovashova National Classic</li> </ul> <p>Tourism impact assessments of conventions or exhibitions:</p> <ul style="list-style-type: none"> <li>• Indaba 2007</li> <li>• Congress of Rural Women</li> <li>• Fertility Congress</li> <li>• Third AIDS Conference</li> <li>• Wild Talk Africa</li> <li>• Institute of Municipal Finance Officers</li> <li>• National Treasury Conference</li> </ul> <p>Brand health monitor</p> <p>Monthly panel surveys of leading tourism stakeholders</p> <p>Visitor book project</p> <p>Latest editions of TKZN's domestic and international segmentation and targeting approach reports</p> <p>Township tourism study</p> <p>Perceptions of KZN Tourism Service Excellence</p> <p>TKZN image survey</p> <p>The following were published for mass distribution:</p> <ul style="list-style-type: none"> <li>• A useful statistics brochure for 2007/2008</li> <li>• An updated catalogue of all TKZN research reports</li> </ul>
To monitor TKZN's marketing performance	Performance monitor reports	Performance monitor reports	Quarterly reports were formulated

## Tourism information services

### RESEARCH, INFORMATION, KNOWLEDGE MANAGEMENT AND QUALITY ASSURANCE

Goal	Key performance indicator	Target	Performance results
To maintain an accurate register of tourism services and attractions in KZN (including levels of accessibility)	Maintenance of registration/ information databases and related email forums	Level of registration, number of database records updated or created	<p>Some 1 123 tourist guides are registered with TKZN</p> <p>Some 75 new guides were registered since March 2007 of which 62 are HDIs</p> <p>A total of 1 098 other tourism service providers are fully registered with TKZN</p> <p>TKZN's various information-related data sets were updated</p>
To ensure compliance with relevant tourist registration legislation and regulations		Level of compliance with relevant legislation/regulations	<p>Random site visits were undertaken to check on tourism establishments and tourist guides operating illegally</p> <p>TKZN registration procedure manuals were approved by the Board</p>
To maintain TKZN's mass email forums			TKZN's email forums were updated.
To provide a professional tourism information service	Utilisation of service: walk-ins to offices, telephone, email and fax enquiries	<p>Utilisation of service; walk-ins to offices, telephone, email and fax enquiries</p> <p>Comparative analysis of service with other provincial information offices to enhance current service</p>	<p>Telephone and fax enquiries: 56 526 (+24.87%)</p> <p>Walk-ins: 245 174 (+13.60%)</p> <p>Emails: 4 871 (+30.38%)</p>
To maintain a series of key gateway market offices		<p>Maintenance of existing gateway and key market offices</p> <p>Establishment of a Piet Retief gateway office. Educational/ training programme for information officers</p>	<p>Agreements to ensure the continued existence of TKZN's Montrose, Kokstad, Golela, DIA, V&amp;A, uShaka, Sandton and Tourist Junction information facilities were concluded</p> <p>A new Piet Retief Gateway Information Office was established</p> <p>An educational and training programme for information officers was formulated and mobilised. The following educationals were organised for TKZN staff:</p> <ul style="list-style-type: none"> <li>• Valley of a Thousand Hills</li> <li>• Durban City</li> <li>• Anglo-Boer War and Tour of the Old Fort and Warriors Gate</li> <li>• Three Cities Workshop</li> </ul> <p>As in previous years a special Easter information provision campaign was mobilised at TKZN's key Gateway Information Offices</p>



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#### Tourism information services

#### RESEARCH, INFORMATION, KNOWLEDGE MANAGEMENT AND QUALITY ASSURANCE

Goal	Key performance indicator	Target	Performance results
To provide information support at key trade and consumer shows, for arrivals of cruise liners and key events			<p>Indaba 2007  Cape Town Outdoor Adventure  Soweto show  Johannesburg Getaway  SA International Trade and Investment conference  Clipper Round the World yacht race  Soccerex Exhibition/Delegation  Durban Jazz Festival  France Indaba  WTM  ITB  Dusi  Cruise Liners: Melody, Royal Star, Christopher Columbus, Silver Cloud, Island Sky, Van Gogh, The World and The Oriana</p>
To distribute marketing material	Level and nature of distribution of marketing material	Distribution in line with annual distribution plan	<p>A distribution action plan for 2007/2008 was formulated and TKZN's marketing collateral was distributed in accordance with this plan</p> <p>National brochure distribution 65 210 (+20.16%)</p> <p>International brochure distribution 663 990 (+3.73%)</p>
To maintain and further develop TKZN's network of websites and other e-marketing tools	<p>Needs Analysis reports</p> <p>Level of updates of these systems</p> <p>User rates of these systems</p>	<p>Revised web strategy and steps towards establishment of a Destination Management System (DMS)</p> <p>Maintenance and further development of TKZN's network of websites, intranet, fax-on-demand and teli-tourist services</p>	<p>TKZN mobilised a new destination management system in collaboration with the Gauteng Tourism Authority, Cape Town Routes Unlimited and Thompsons</p> <p>The establishment of an archive for past marketing collateral is part of the DMS rollout</p> <p>TKZN's existing network of websites were updated and maintained</p> <p>Unique users 951 132 (+8.77%)</p>

## Tourism information services

### RESEARCH, INFORMATION, KNOWLEDGE MANAGEMENT AND QUALITY ASSURANCE

Goal	Key performance indicator	Target	Performance results
Monitor KZN tourism service standards through qualified registration and grading of service providers	Level of grading in KZN	Tracking survey to determine increases in levels of awareness of the TGCSA grading scheme and reasons for not joining this scheme	<p>The level of grading increased by 112% since June 2006, the date of the launch of TKZN's grading promotion action plan, or from 407 to 862 at the end of April 2008</p> <p>The tracking survey was conducted. The core reasons for not grading have been determined</p> <p>Some 78% of all accommodation establishments are aware of the concept of accessibility and the TGCSA Accessibility scheme</p>
	Level of awareness of the National Grading Scheme and the concept of accessibility		
	Service ratings derived from national tourism surveys	Continuation of grading awareness, accessibility and service excellence workshops	More than 12 workshops were conducted
Benchmarking TKZN in terms of Destination Management Best Practice	Ulysses Awards nomination	Ulysses nomination and participation in UNWTO activities	<p>TKZN won the UNWTO Ulysses Award for Innovation in Tourism Governance as a result of its Knowledge Management Programme</p> <p>TKZN has become an affiliate member of the UNWTO and an active member of its destination council</p>
	Participation in UNWTO destination management centre of excellence programme and its Destination Council activities		
	Affiliate membership of UNWTO		

## 3. Programme Performance

### 3.3 Tourism development

#### 3.3.1 Objectives

- To develop and facilitate demand-driven tourism infrastructure;
- To fast-track tourism growth in the province by facilitating tourism investment in conjunction with Trade and Investment KwaZulu-Natal; and
- To provide strategic business advice and support for the development of tourism BEE within the province.

#### 3.3.2 Key performance areas destination development

- Health and safety;
- Tourism infrastructure;
- BEE and SMME advisory services;
- Tourism BEE and SMME skills development;
- Tourism BEE charter programme; and
- Destination development

#### 3.3.3 General manager's overview

The legacy of tourism in South Africa is a market controlled by a few large businesses with little opportunity for smaller players to play a role in growing one of the main income generators for the province and, as such, one of the most useful tools for tackling poverty alleviation and job creation.

The KwaZulu-Natal tourism sector is at a critical point where it is aware of the increasing demand for experiential tourism in the form of township tours and cultural engagements. Previously marginalised communities hold the key to unlocking many of these opportunities but lack both the openings and skills to do so.

In light of this, TKZN has a particularly crucial role to play in encouraging previously disadvantaged citizens of this province to participate in the tourism industry by identifying products and starting up businesses. It also plays a crucial role in bringing together stakeholders in the public and private sectors to fast-track responsible growth.

Whilst facilitating tourism development, TKZN has identified projects but found funding to be an obstacle. Many talented entrepreneurs have failed due to lack of skills, access to markets, finance and training.

A key challenge lies in creating holistic development models for a variety of projects that will not only ensure the viability of individual SMMEs, but also guarantee their sustainability by linking them with the mainstream tourism economy. To this end, TKZN is playing a crucial role in breaking down barriers between established and new businesses by facilitating mentorship relationships for skills transfer,

as well as initiating deals between large operators and emerging service providers. It has also attempted to make existing marketing platforms, such as consumer and trade shows, accessible to new market entrants.

One of our priorities during the year under review was providing information and advisory support to HDI SMMEs. The number of small business assisted increased to 455 during the 2006/7 financial year.

Many of these were at the startup stage. TKZN provided information and guidance regarding the process of establishing their businesses. During the year under review, a 30% return was recorded, representing businesses that have completed the process and complied with all the necessary registration requirements. The increase was attributed to a decision to engage with new businesses via workshops rather than the one-on-one meetings of the year before. Benefits included reducing long waiting times for appointments and allowing SMMEs to engage with businesses in similar market segments.

The mentorship programme set up in 2006 and funded by the Department of Arts, Culture and Tourism (DACT) and TEP is now playing a significant role in enabling TKZN to deliver on its mandate to facilitate skills development for BEE and SMME entrepreneurs within the tourism industry. TKZN provides technical support to the process.

The number of SMMEs being mentored and partnered by larger, established businesses in the tourism sector has grown from 10 to 15 during the year under review thanks to additional funding from DEAT. During its initial, pilot year, mentors taking part in the programme experienced difficulties as the participants were still very new to the industry and lacked basic knowledge. The system has been streamlined and those who are selected to participate now represent companies that are already fully compliant. As a result, the success rate of the programme has grown from 50% in 2006 to 80% in 2007/8.

During the review period, TKZN facilitated the signing of a memorandum of understanding between I Travel, one of the largest international tour operators, and YES PLEASE, a locally-based SMME that will act as their ground handler in South Africa. This agreement is one of the first direct agreements between a large tour operator and an SMME.

Indaba 2007 was an important platform for SMME skills development. The 34 SMMEs that are progressing through various training stages – starting with “roving” and familiarising themselves



with Indaba and then progressing to participate at the TKZN stand and finally becoming independent exhibitors whom TKZN assists by subsidising 25% of their exhibition fees – were particularly happy with the support that they received.

During the 2007/8 financial year, the Mpophomeni Tourism Enterprises Training Programme enabled 15 homestay accommodation operators to complete a skills programme aligned with the Tourism and Hospitality Education Authority (THETA). Two SMMEs participated in the Singapore Cooperation Programme on Tourism Management and Development Training. The Ngome Game Reserve Project, which was initiated as a poverty alleviation project, recorded significant progress. R7,6 million was provided by provincial government for the completion of the Bhambatha Lodge within the game reserve as well as road and land rehabilitation and game fencing. Implementation will proceed during the 2008/9 financial year.

Some of the most crucial developments during the year under review have involved the development of key tourism routes which align important tourism nodes. These provide the wider context within which sustainable businesses can both begin and grow. Thus, it is important to partner with experts in this field and involve product owners from the outset.

The revival of the King Shaka Heritage Route in conjunction with the Ilembe and KwaDukuza district municipalities and the revival of the Zulu Heritage route are of particular note. The latter necessitated identifying and developing various heritage nodes.

One of the first – the Freedom Route in and around Pietermaritzburg, which focuses on five icons of the freedom struggle – was launched during the review period. In addition, R15 million in funding was secured from the Department of Environmental Affairs for a feasibility study and management plan for the Inyokeni node which is associated with the Zulu Reed Dance. A R25 million multimedia centre is being developed in association with Amafa at the Emakhosini node where some of the previous Zulu kings are buried. A R8,5 million project in conjunction with the Department of Local Government is underway to develop the Kwa Bulawayo route in the Nkwalini valley.

Funding for the Railway Tourism route between Pietermaritzburg, Creighton and Underberg, which is due to be launched in April 2009, was secured from the Gijima fund. Implementation has begun with the upgrading of rolling stock

and tourism facilities and moves towards developing off-train experiences have begun.

TKZN also began to unlock the value of strategic alliances with other provinces and embarked on developing two regional tourism routes – a route and subroutes along the N3 together with Gauteng and Mpumalanga, and the creation of a coastal route linking the coastlines of the Western Cape, Eastern Cape and KwaZulu-Natal. TKZN is liaising with the eThekweni municipality with regard to developing township tourism routes ahead of the 2010 Soccer World Cup.

The KwaZulu-Natal Signage Project, which produced 550 signs, was completed during the period under review. This has played a major role in the establishment of new tourism routes such as the Southern Explorer, the King Shaka and the Zulu Heritage routes.

The health and security of tourists has become a major priority as wider development of the tourism industry within the province gathers momentum in the lead up to the 2010 Soccer World Cup. KwaZulu-Natal's safety and security strategy, which began in 2006, has contributed to the development of a national safety and security strategy. TKZN is currently working in conjunction with other provinces to roll out this strategy nationally as well as with district municipalities to roll out the programme provincially. Progress during the 2007/8 financial year included holding of awareness workshops with the Ugu, Umkhanyakude and Sisonke district municipalities.

### 3.3.4 Performance highlights

#### Tourism BEE and SMME advisory services

- 455 aspiring SMMEs received information and advisory support via workshops and one-on-one engagements;
- The Tourism Development Business Unit identified 34 SMMEs to be part of the TKZN Indaba stand;
- 15 SMMEs were partnered by 15 established businesses via the mentorship programme funded by DACT and TEP;
- Under the guidance of TKZN, the SMME, YES PLEASE, concluded a memorandum of understanding with I Travel, one of the world's largest tour operators; and
- Dolphin Manor Guest House was chosen as the provincial winner in the Emerging Tourism of the Year Awards and was invited to participate at the World Travel Market, ITB in Berlin and TUR in Sweden.

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#### Tourism BEE skills development

- 30 SMMEs were trained to participate at Indaba 2007;
- 15 home stay accommodation operators in Mpophomeni Township completed the training programme;
- Two SMMEs – Niniza Shezi of Imvubu Guest House and Zanele Ngcobo of Zanozi Guest House – participated in the Singapore Cooperation Programme on Tourism Management and Development Training; and
- Four HDI tour guides from Richards Bay received training in bird guiding and business management.

#### Tourism BEE scorecard compliance

- The Department of Trade and Industry's BBBEE Code of Good Practice was gazetted in 2007;
- The Tourism BEE Charter Council, DEAT, DACT, TKZN and district municipalities participated in a consultative workshop on how to align the codes to the Tourism Charter; and
- Workshops were conducted in the uMngeni, Umgungundlovu, Ugu, Umkhanyakude and Sisonke district municipalities.

#### Destination development

- Three tourism awareness workshops with the Ugu, Umkhanyakude and Sisonke district municipalities were held to roll out the national tourism safety strategy across KwaZulu-Natal;
- Implementation of the Ngome Game Reserve project, which includes R7,6 million in funding from the provincial government for completion of infrastructure and the Bhambatha Lodge, began;
- The Zulu Heritage Route was revived and a forum established to promote it;
- The King Shaka Heritage Route has been revived in conjunction with the KwaDukuza and Ilembe municipalities;
- The Railway Tourism Route has been implemented with funding from KwaZulu-Natal Gijima for infrastructure and rolling stock upgrades;
- A forum for the N3 tourism Route was established;
- Investigations into a coastal route linking the Western Cape, the Eastern Cape and KwaZulu-Natal coasts began; and
- The KwaZulu-Natal Signage Project was completed, benefiting the Southern Explorer, the Valley of a Thousand Hills, Southern Berg Escape and Battlefields Routes. 550 signs were erected.



## Tourism development

### TOURISM BEE SCORECARD COMPLIANCE

Goal	Key performance indicator	Target	Performance results
To monitor and facilitate BEE Scorecard implementation and compliance	Number of workshops held to promote tourism BEE scorecard and compliance	Promote business benefits of the Tourism BEE scorecard	<p>Information dissemination and advisory support provided through workshops and one-on-ones to 455 aspiring SMMEs</p> <p>As part of the information dissemination programme the following initiatives were done:</p> <ul style="list-style-type: none"> <li>• uMngeni Tourism Summit held in Howick</li> <li>• Ugu Tourism Indaba held in Port Shepstone</li> <li>• Umkhanyakude Tourism Indaba held in Sodwana Bay</li> <li>• Sisonke Tourism Awareness held in Kokstad</li> <li>• Presentation done to IMBUMBA empowerment group on the 2010 SWC possible business opportunities</li> <li>• Presentation done to SMMEs during the Uthungulu Growth Summit on 2010 SWC possible opportunities</li> </ul> <p><b>ETEYA 2007</b> A total of 20 SMMEs entered ETEYA in KwaZulu-Natal, of which five were short-listed</p> <p>The five shortlisted candidates were trained on presentation skills before being judged by the adjudication panel</p> <p>Three SMMEs advanced to the semi-finals</p> <p>Dolphin Manor Guest House was selected as KwaZulu-Natal finalist at the World Tourism Day celebrations in the Eastern Cape</p> <p>Dolphin Manor was one of nine provincial representatives, which participated at the World Trade Market in London and TUR in Sweden</p>
	Level of success in developing the tourism BEE database and utilisation thereof	Develop accredited tourism BEE database to facilitate business linkages as part of the scorecard implementation	<p>TKZN participates in this programme that is funded by the Department of Arts, Culture and Tourism and TEP</p> <p>15 SMMEs partnered with 15 established businesses</p>
	Number of business linkages successfully facilitated	Facilitate business linkages for BEE and SMMEs with established tourism entities	<p>One of our SMMEs, YES PLEASE, has signed an MOU with I Travel, one of the big Tour Operators in the World, to be their ground handler in South Africa</p>



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#### Tourism development

##### TOURISM BEE AND SMME SKILLS DEVELOPMENT

Goal	Key performance indicator	Target	Performance results
To facilitate the skills development for tourism BEE and SMME entrepreneurs	The extent of the successful identification of training interventions required	Facilitate the identification of training interventions required to address skills gaps within the tourism BEE and SMMEs	<p><b>Indaba 2007 SMME Exhibition Training</b> 30 businesses were afforded the opportunity to attend Indaba 2007. In a bid to professionalise the selected SMMEs, they were provided with the necessary training</p> <p><b>Mpophomeni Tourism Enterprises Training Programme</b> This is a partnership programme between TKZN, TEP, Mpophomeni Tourism Experience, Umngeni Municipality and Beverley Catering Services</p> <p>The purpose of this training intervention is for 15 accommodation homestay operators in Mpophomeni township near Howick to be skilled in the following categories:</p> <ul style="list-style-type: none"> <li>• Assistant Chef</li> <li>• Housekeeping</li> <li>• Reception</li> </ul> <p>The skills programme is aligned with the Tourism and Hospitality Education Training Authority (THETA) and participants were presented with a certificate on completion of the course</p> <p><b>Singapore Cooperation Programme on Tourism Management and Development Training</b> Two SMMEs, Niniza Shezi of Imvubu Guest House and Zanele Ngcobo of Zanozi Guest House, participated in the programme</p>
	The number of training interventions facilitated to address identified skills	Facilitate training and capacity building interventions for tourism BEE and SMMEs	<p><b>Birding Tour Guide Training</b> TKZN supported four HDI Tour Guides based in Richards Bay. They were trained on bird guiding and business management. The training was conducted by Bird Life South Africa</p>

## Tourism development

### TOURISM BEE AND SMME SKILLS DEVELOPMENT

Goal	Key performance indicator	Target	Performance results
To monitor and facilitate BEE Scorecard implementation and compliance	Number of workshops held to promote tourism BEE scorecard and compliance	Promote business benefits of the tourism BEE scorecard	<p>Four workshops conducted in uMngeni Municipality Howick, Ugu District Port Shepstone, Umkhanyakude District in Sodwana Bay and Sisonke District in Kokstad</p> <p>The Department of Trade and Industry's (DTI) BBBEE Codes of Good Practice were gazetted in 2007</p> <p>The Tourism BEE Charter Council, DEAT, DACT, TKZN and district municipalities participated in a consultative workshop on how to align the Codes to the Tourism Charter</p>
	Level of success in developing the tourism BEE database and utilisation thereof	Develop accredited tourism BEE database to facilitate business linkages as part of the scorecard implementation	<p>A National database of BEE-accredited tourism businesses has been developed</p> <p>TKZN and DACT continue to participate in the provincial and metro focal points quarterly meetings</p>
To fast-track tourism growth in the province by facilitating tourism investments	Facilitate the investments and developments of diversified tourism products as per the National Tourism Development Study from DEAT	Level of success in securing investment and development as recommended in the National Product Development Study	<p>TKZN in partnership with Trade and Investment KwaZulu-Natal (TIKZN) and the Industrial Development Corporation (IDC) developed a concept for a high impact beach resort and the site has been identified in the North of KwaZulu-Natal</p> <p>TKZN in partnership with eThekweni Municipality and Trade and Investment KwaZulu-Natal developed the Hazelmere dam feasibility</p> <p><b>SA International Trade and Investment Conference and Exhibition</b> TKZN participated in the Investment Promotion and Investor Targeting conference held in Durban</p> <p><b>Woodstock Dam Resort Development</b> This project concept was developed and packaged for investment by TKZN. An investor (Sawubona Hotels) has been secured by TKZN for the project and agreement signed</p>

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#### Tourism development

##### TOURISM BEE AND SMME SKILLS DEVELOPMENT

Goal	Key performance indicator	Target	Performance results
To develop new routes and experiences	Facilitate the prioritisation and implementation of at least one railway tourism route	The level of success in implementation of a railway tourism route	<p>The Freedom Route has been established and new experiences around the freedom struggle have been developed in conjunction with various tourism stakeholders around Durban and Pietermaritzburg</p> <p>The Zulu Heritage Route has been revived and the development of the route along the R66 has been established and a forum has been formed to promote this route. Signage has also been erected for this route</p> <p>The King Shaka Heritage Route has also been revived and the development of this route has been done in conjunction with the KwaDukuza and Ilembe municipalities with various infrastructure components such as parking, ablutions, tourist facilities, etc, being developed. Signage has also been erected for this route</p> <p>The Railway Tourism Route between Pietermaritzburg, Creighton and Underberg has been implemented through the funding from KwaZulu-Natal Gijima with the upgrading of rolling stock, related infrastructure and off-train tourist experiences and facilities being developed</p> <p>The Township Tourism study has been completed and three routes have been established to link the 11 townships around Durban</p> <p>The N3 Tourism Route Forum has been established to facilitate the development of a tourism route from Gauteng to KwaZulu-Natal</p> <p>A coastal route between the Western Cape via the Eastern Cape to KwaZulu-Natal has been investigated and liaison between the tourism authorities of these provinces is ongoing. A MOA has been signed and a brochure and a website are being developed</p> <p>Following the completion of the KwaZulu-Natal Signage project the Southern Explorer was successfully launched in 2007. The Valley of a Thousand Hills, Southern Berg Escape and the Battlefields Routes also benefited from the KwaZulu-Natal Signage programme</p>



## Tourism development

### TOURISM BEE AND SMME SKILLS DEVELOPMENT

Goal	Key performance indicator	Target	Performance results
	Facilitate the implementation, completion and handover of tourism development projects where TKZN is the implementing agent	Level of success in implementation, completion and handover of tourism development projects	<p>The feasibility study and business plan for the Isibhubhu project was formulated and forwarded to DEAT and R15 million has been secured in this regard</p> <p>The KwaZulu-Natal Signage project has been completed and 550 signs have been manufactured and erected across KwaZulu-Natal</p>
To help assure the health and security of tourists	Facilitate tourism awareness campaigns dealing with health and safety as well as economic benefits in conjunction with public relations and communications	The number of tourism awareness campaigns undertaken	Three tourism awareness workshops were undertaken. The first was held at Kapenta Bay in Port Shepstone on 15 June 2007, with the Ugu District Municipality (DM). The second was held at Mbazwana Lodge on 6 September 2007 with the uMkhanyakude DM and the third one was held on 13 March 2008 in Kokstad with the Sisonke DM



### 4.1 Objectives

- To provide an enabling environment to ensure that skills, knowledge and attributes of employees are applied to ensure maximum benefit;
- To provide a reliable support service to assist the business units in carrying out their strategic objectives in line with statutory and/or regulatory requirements; and
- To ensure that the organisation's activities are aligned with its strategy.

### 4.2 Performance measures

- Maintaining programmes aimed at improving employee wellness;
- The success in facilitating training in response to skills gaps identified during the skills assessment exercise as well as the performance reviewing processes;
- Review and revise human resource-related policies;
- Proper planning and recruitment to fill outstanding vacancies;
- Minimising the incidents of labour relation disputes and promoting fair practices; and
- Ensuring compliance with organisational policies.

### 4.3 General manager's overview

TKZN recognises that the success of its strategy hinges on the ability of the organisation to prioritise the employment of people who will add value to the core competencies and responsibilities of the organisation. It also realises that in order to optimise their performance, measures to improve employee wellbeing are important, as is the provision of training and facilitation of skills development in order to further improve TKZN's ability to provide an effective service to the province, the tourism industry and the public.

One of the key areas highlighted by the audit report from the previous financial year was the absence of an approved human resources strategy. During the year under review, TKZN began compiling this. It was approved by the TKZN Board in March 2008.

In addition, during the 2007/8 financial year, TKZN shortened the turnaround time in terms of filling vacant positions. Unfortunately, exceptions had to be made where immediate restructuring of departments was necessary. By the end of the year, only four positions remained vacant.

TKZN also drafted a much needed fraud prevention plan and piloted it with the relevant Board members. Full approval of the

TKZN Board was obtained in October 2007. TKZN will now concentrate on implementing this policy during the 2008/9 financial year. To this end, TKZN will initiate an awareness campaign in order to make staff aware of the basic requirements and identify who to contact and how to do this in the event of something untoward occurring.

The absence of a fraud prevention plan was one of a number of shortcomings highlighted by the audit report. Another was the need for a Materiality and Significance Framework as per the requirements of the Public Finance Management Act (Act No.1 of 1999). This document was approved by the TKZN Board and signed by the MEC as required by legislation by September 2007.

On the information technology side, achievements during the period under review include the installation of a firewall in order to limit the amount of email spam that was slowing down the system and the initiation of a disaster recovery plan which was approved by the Board in September 2007. The latter will be implemented via an awareness campaign that will ensure that staff understand the plan and are aware of what action needs to be taken in case of a disaster.

To address the issue of downtime, TKZN invested in new servers which are in the process of being configured with the rest of the system. These have already made a significant impact on the amount of downtime experienced.

TKZN finalised all tender processes on time and also negotiated the extension of the renewal period to three years. No longer having to renegotiate contracts annually has made it a great deal easier for procurement staff to carry out their duties.

During the review period, TKZN began educating staff from all sections so that they would complete requisitions correctly. Failure to do so had resulted in many unnecessary audit queries in the past. By ensuring that TKZN complies with the full requirements of procurement policies, the organisation intends reducing audit queries drastically with the ultimate goal of sustaining the organisation's record of unqualified audit reports.

Overall, TKZN began addressing a number of oversights and put in place measures to enable the organisation to fully comply with the relevant prescripts, internal policies and requirements of the Public Finance Management Act.







## 4. Corporate Services

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### Corporate services

#### INFORMATION AND COMMUNICATIONS TECHNOLOGY

Goal	Key performance indicator	Target	Performance results
The acquiring of the latest and relevant technology tools that are aligned to the broader business of TKZN	Upgraded server equipment to the required standard in the IT business	Purchase of new server (data and email) equipment to the required standard	Migration between old and new servers is in progress
	Increased levels of security on the servers and on users' computers	Implementation of TKZN's policies for different departments	The following policies were approved during the 2007/8 financial year: <ul style="list-style-type: none"><li>• Internet and email policy</li><li>• Disaster Recovery Plan</li></ul>
	Usage of legal and latest software packages	Upgrading of Microsoft software and updating of all licences	Software and licences procured, software to be installed once the migration process has been completed
	A top-level support service	Tendering process for new IT/network service providers	Process will commence after the finalisation of the server migration process





## Corporate services

## HUMAN RESOURCES AND ADMINISTRATION

Goal	Key performance indicator	Target	Performance results
The implementation of an HR scorecard that matches business strategy against human resource deliverables	Existence of fully completed PDPs and implementation of interventions identified	Development and implementation of PDPs, succession planning and leadership development programmes that is linked to recruitment	HR strategy has been approved. The next step is to develop the Succession Policy and review affected HR policies
	Submission of skills development plan and training report by due dates	Development and implementation of skills development plan for 2007/2008 financial year	Skills development plan and report was submitted to the Services SETA on 31 July 2007



## 4. Corporate Services

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### Corporate services

#### HUMAN RESOURCES AND ADMINISTRATION

Goal	Key performance indicator	Target	Performance results
The implementation of an HR scorecard that matches business strategy against human resource deliverables	Improvement of ratings on dimensions, which were identified as problematic	Implementation of interventions for improving the outcomes from the Best Company to Work For	TKZN participated in the Best Company to Work For survey conducted by Deloitte  Only 43% of employees completed questionnaires and a minimum of 70% is required to qualify. TKZN received a feedback report for the 43% employees who completed the questionnaires
	Integration of the human capital, information and technology of the organisation to improve the probability that the goals will be met	Documented standard operating processes	HR integrated system has been developed by Team Storage Solutions as part of the development of DMS System
	A clear and common understanding of policies and procedures at all times	Ongoing review of Human Resources policies	Some policies will be received following the approval of the Human Resources Strategy





## Corporate services

## PROCUREMENT AND LOGISTICS

Goal	Key performance indicator	Target	Performance results
The establishment of a centralised cost-effective, transparent and efficient procurement of goods and services	Appointments of new suppliers within 45 days	Formulate monthly meetings for evaluation of tenders	Set dates in place. Adjudication of tenders taking place monthly (where necessary)
	A clean audit report	Adhere to existing policies and processes and formulate monthly standing meetings for evaluation of tenders	
	Continuous registration of new suppliers on the database	Maintenance of an accurate supplier database	Ongoing process. Database is available and it is updated continuously
	Existence of signed SLAs with all suppliers, where applicable	Service Level Agreement to be in place within 14 days of appointment of service provider	Ongoing. Current suppliers have signed contracts
	The number of suppliers captured as per the formulated criteria	Develop methods of selecting the service providers	Suppliers appointed in terms of the Procurement Policy
	Service providers developed and record of progress kept	Develop a system for the monitoring of service providers	Research to identify the services that are relevant to our core business and competencies is in progress and monitoring will be done on those services
	Workshops held with all business units on procurement system and process biannually	Workshop operating functions	Sessions held as and when required
	Monthly report on BEE spend	Increase percentage spend on BEE suppliers	The BIC model is in place
	Contracts control methods in place	Overall management of contracts	A schedule of contracts indicating expiry dates is kept

## 4. Corporate Services

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### Corporate services

#### FINANCIAL MANAGEMENT

Goal	Key performance indicator	Target	Performance results
Implementation of sound financial policies and procedures that ensure compliance with all applicable statutory and/or regulatory requirements	Integration of budget management system to track committed and spent funds	Minimal variance on expenditure vs budget	Meeting held with service provider and system will be enhanced
	Review of financial policies, where appropriate	A clear and common understanding of policies and procedures at all times	Ongoing process
	Implementation of e-banking	An effective paperless banking system	This has been put on hold
	Adherence to budget and expenditure cycles	A clean audit report on the management of assets	Unqualified audit report achieved
	Monthly management of expenditure reports	Achievement of clean audit reports in all financial and related matters	Unqualified audit report achieved
	Adherence to deliverables as per the MOU with DACT	Timeous submission of financial reports as per the MOU with DACT	Reports are submitted to the Department of Arts, Culture and Tourism on a quarterly basis
	Adherence to statutory obligations as per the PFMA	Timeous submission of financial reports as per the PFMA	Reports are submitted to DACT and Board timeously
	Verification of assets twice per annum	A clear audit report on management of assets	All assets were verified and no serious discrepancies were identified
	Ongoing fixed asset register (FAR) maintenance		
	Conducting workshop(s) on management of assets		
	Monthly updating of the FAR to reflect correct status at all times		

## Corporate services

## RISK MANAGEMENT

Goal	Key performance indicator	Target	Performance results
The establishment of a risk matrix for TKZN	All risk areas raised in Risk Management report addressed	Achievement of a clean audit report on the management of risk	A risk assessment was performed during the financial year and risks identified are being addressed
	Development of a materiality and significance framework as well as a fraud and prevention plan	Successful implementation of a fraud and prevention plan as well as a materiality and significance framework	Both the materiality and significance framework and fraud and prevention plan were approved by the Board during the financial year

**Employee wellbeing programme**

The Employee Well being Programme (EWP) in TKZN was introduced in 2005 as a management support tool with the aim of accomplishing the following:

- To provide staff and family members undergoing personal difficulties with a resource to help them address these problems;
- To assist line management in demonstrating concern for the wellbeing of staff by offering a special service to all employees at a time when they need it most;
- To provide management with a practical resource to aid in the supervision of staff with work-hampering problems;

- To increase productivity, heighten morale, and strengthen the bonds between management, staff and TKZN; and
- To help reduce costs related to the full spectrum of personal problems that can threaten the attitude, attendance and general productivity of the staff.

In order to optimise both the employee understanding and management use of the programme, Tourism KwaZulu-Natal and The Careways Group had focused on positive programme implementation, development of an annual promotional plan and training and communication activities. The effectiveness of these activities has resulted in programme utilisation of 14%, a figure that is well above the usual 5% international benchmark.



## 4. Corporate Services

### List for new recruits, terminations and newly created positions

Position	Advertised	Department	Date vacated	Date filled
CEO	July 2006 and February 2007	CEO	June 2006	May 2007
Executive Assistant to CEO	–	CEO	July 2006	July 2007
COO	November 2007	CEO	May 2007	Vacant
Executive Assistant to COO	–	CEO	July 2007	Vacant
Board and Committee Coordinator	March 2007	CEO	October 2006	July 2007
Information Officer	–	TIS	December 2006	May 2007
Information Officer	–	TIS	July 2007	October 2007
Information Officer	–	TIS	June 2007	June 2007
Data Capturer	April 2007	TIS	April 2007	June 2007
Projects Coordinator: Trade	April 2007	Marketing	March 2007	June 2007
Destination Brand Manager	–	Marketing	November 2006	June 2007
GM: Marketing and Communications	February 2008	Marketing	August 2007	Vacant
Public Relations Coordinator	January 2008	Marketing	New position	Vacant
Manager: PR and Communications	February 2008	Marketing	August 2007	Vacant
Financial Accountant	July 2007	Corporate Services	June 2007	November 2007
Network Administrator	November 2007	Corporate Services	November 2008	February 2008
Human Resources Officer	November 2007	Corporate Services	New position	March 2008
Procurement Officer	January 2008	Corporate Services	January 2008	April 2008

**EMPLOYMENT AND VACANCIES**

Department	Vacancies	Employment
CEO's Office	5	3
Corporate Services	4	4
Marketing	5	3
Tourism Development	0	0
Tourism Information Services	4	4

**LABOUR RELATIONS**

Misconduct and disciplinary actions

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0

Types of misconduct addressed in disciplinary action

Type of misconduct	Number
Failure to carry out lawful instructions	0
Gross dishonesty	0
Gross insubordination	0
Absenteeism	0

Grievances lodged for the period 1 April 2007 to 31 March 2008

Nature Of Grievance	Outcome
Unfair labour practice	The matter is with the CCMA for arbitration.

**TERMINATIONS****African males**

Skilled technical and academically qualified	2
	2

**African females**

Senior management	2
Professionally qualified and experienced specialist mid-management	1
Skilled technical and academically qualified	1
	4

**APPOINTMENTS****African females**

Professionally qualified and experienced specialist mid-management	1
Skilled technical and academically qualified	3
Semi-skilled and discretionary decision-making	1
	5

**African males**

Professionally qualified and experienced specialist mid-management	1
Skilled technical and academically qualified	3
	4

## 4. Corporate Services

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### Staff complement as at 31 March 2008

#### African females

Professionally qualified and experienced specialist and mid-management	4
Skilled technical and academically qualified	16
Semi-skilled and discretionary decision-making	2
Unskilled and defined decision-making	1
	<hr/> 23

#### African males

Top management	1
Senior management	2
Professionally qualified and experienced specialist and mid-management	3
Skilled technical and academically qualified	16
Unskilled and defined decision-making	1
	<hr/> 23

#### White females

Professionally qualified and experienced specialist and mid-management	1
Skilled technical and academically qualified	1
	<hr/> 2

#### White males

Senior management	1
Professionally qualified and experienced specialist and mid-management	1
	<hr/> 2

#### Indian females

Professionally qualified and experienced specialist and mid-management	1
Skilled technical and academically qualified	2
	<hr/> 3

#### Indian males

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0

#### Coloured females

Professionally qualified and experienced specialist and mid-management	1
Skilled technical and academically qualified	0
Semi-skilled and discretionary decision-making	1
	<hr/> 2

#### Coloured males

Professionally qualified and experienced specialist and mid-management	<hr/> 1
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Total number of staff	<hr/> 56
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### Equity targets and employment equity status as at 31 March 2008

	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
<b>Male occupational levels</b>								
Top management	1	1	0	0	0	0	0	0
Senior management	2	1	0	0	0	1	1	0
Professionally qualified and experienced specialists and mid-management	3	3	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	16	13	1	1	0	1	0	0
Semi-skilled and discretionary decision-making	0	2	0	0	0	0	0	0
Unskilled and defined decision-making	1	1	0	0	0	0	0	0
Total permanent	23	21	1	1	0	2	2	1
Total	23	21	1	1	0	2	2	1
<b>Female occupational levels</b>								
Top management	0	1	0	0	0	0	0	0
Senior management	0	3	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	4	6	1	0	1	0	1	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	16	16	0	0	2	2	1	2
Semi-skilled and discretionary decision-making	2	2	1	0	0	0	0	0
Unskilled and defined decision-making	1	1	0	0	0	0	0	0
Total permanent	23	29	2	0	3	2	2	4
Total	23	29	2	0	3	2	2	4

Occupational levels	Total current	Total target	Grades
Top management	1	2	2-4
Senior management	3	5	5-6
Professionally qualified and experienced specialists and mid-management	11	12	7-8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	36	35	9-12
Semi-skilled and discretionary decision-making	3	4	13-14
Unskilled and defined decision-making	2	2	15-16
Total permanent	56	61	
Total	56	61	
People with disability	0	1	



## 5. Annual financial statements

### Statement of responsibility for the year ended 31 March 2008

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

KwaZulu-Natal Tourism Authority (Authority) acknowledges that the annual financial statements are the responsibility of the members of the Authority. The Auditor General is responsible for independently auditing and reporting on the annual financial statements.

The annual financial statements have been prepared in accordance with statements of GAAP and GRAP. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The members have reviewed the public entity's budgets and cash flow forecasts for the year ended 31 March 2008. On the basis of this review, and in view of the current financial position as well as the existing borrowing facilities, the members have every reason to believe, and the auditors concur, that the public entity will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the annual financial statements.

To enable the members to meet the above responsibilities, the board of the members sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute, assurance against material misstatements and losses. The public entity maintains internal financial controls to provide assurance regarding:

- The safeguarding of assets against unauthorised use or disposition;
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

In the opinion of members, based on information available to date, the annual financial statements fairly present the financial position of the KwaZulu-Natal Tourism Authority at 31 March 2008 and the results of its operations and cash flow information for the year and that the Code of Corporate Governance has been adhered to.

The annual financial statements for the year ended 31 March 2008, set out on pages 74 to 89, 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:



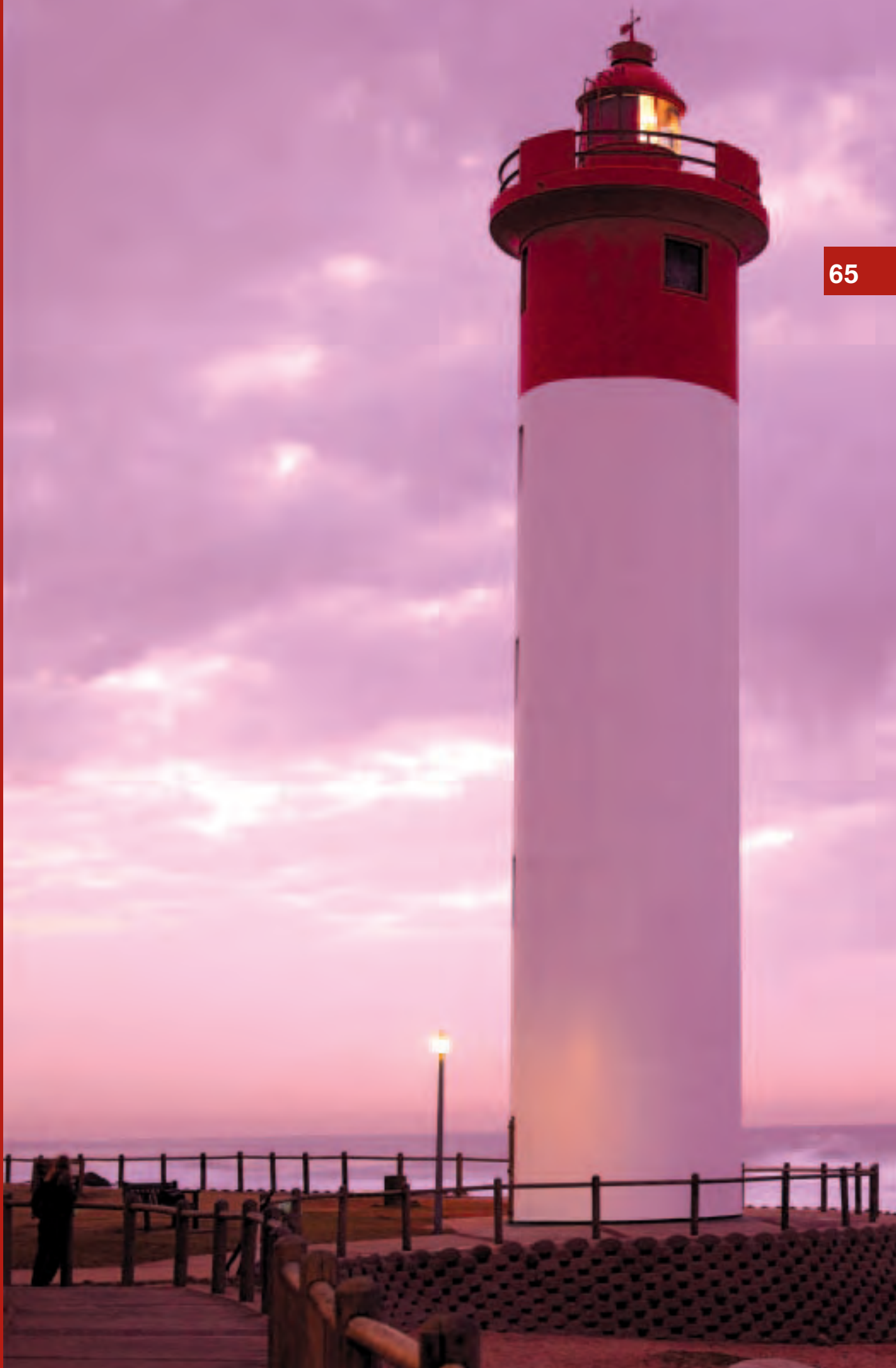
**N Khoza**  
Chief Executive Officer

29 August 2008



**Dr S V Chonco**  
Chairperson: KwaZulu-Natal Tourism Authority





## 5. Annual financial statements

### **Corporate Governance Report for the year ended 31 March 2008**

The Board of the KwaZulu-Natal Tourism Authority (Authority) is responsible for the establishment of a risk management approach, development of fraud prevention policies, effectiveness of internal audit and the audit committee as well as other governance structures. These include management processes to minimise conflict of interest, implementation of the code of conduct as well as safety, health and environmental issues facing the Authority.

On the other hand, Management is responsible and accountable to the Board for designing, implementing and monitoring the processes outlined above and integrating them into the day-to-day activities of the Authority.

To this end, appropriate governance structures were set up to deal with these issues, as set out in detail below.

### **Corporate Services Committee**

This Committee comprises a minimum of three members including the Chairperson, nominated from the members of the Board.

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

- Recommending budget allocations to corporate governance strategy and activities undertaken by the Authority;
- Guiding and reviewing business plans submitted by Management pertaining to corporate services activities and the entire organisation;
- Recommending budget and business plan reviews for corporate services activities every three months;
- Recommending to the Board policies pertaining to:
  - The Authority as an entity; and
  - The Authority's input and view on policy matters, both provincially and nationally.
- Making recommendations to the Board on any matter pertaining to good corporate governance, capacity building and training within KwaZulu-Natal.

### **Audit Committee**

This Committee comprises a minimum of three members, including the Chairperson, nominated from the members of the Board.

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

- Annual Financial Statements with both management and external auditors prior to their approval by the Board;
- Accounting policies adopted or any changes made or contemplated;
- Effectiveness of the annual audit, ensuring emphasis is placed on areas where the Committee, Management or the Auditors believe special attention is necessary;
- Significant transactions which are not a normal part of the Authority's business;
- Effectiveness of the internal audit function;
- Coordination of audit approach between internal and external auditors;
- Effectiveness of the systems of internal control;
- Recommending the quantum of the audit fees; and
- Identifying steps to be taken in order to avoid problems encountered in the previous year, thereby reducing unnecessary audit work.

### **Marketing and Tourism Development Committee**

This Committee comprises a minimum of three members, including the Chairperson, nominated from the members of the Board.

The primary functions of the Marketing and Tourism Development Committee include guiding, reviewing and making recommendations to the Board on the following:



## Corporate Governance Report for the year ended 31 March 2008 (continued)

### Marketing

- Overall marketing strategy (including PR/Communications and Tourism Information and Research);
- Annual overall marketing budgets;
- Progress in terms of implementation of the annual action plan;
- Relevant policies pertaining to:
  - Brand management;
  - Advertising & promotional campaigns;
  - Events marketing and sponsorship;
  - Domestic and International Marketing;
  - Strategic Marketing tools;
  - Public Relations;
  - Tourism Information Services.

### Tourism Development

- Recommending budget allocations to tourism development activities undertaken by TKZN;
- Guiding and reviewing business plans submitted by Management pertaining to tourism development activities;
- Recommending budget and business plan reviews for tourism development activities every three months;
- Recommending development policies pertaining to all functional activities of the Tourism Development Business Unit;
- Making recommendations to the Board on any matter pertaining to tourism development within KwaZulu-Natal.

### Compensation Committee

The primary function of this Committee is to assist the Board in exercising its function of ensuring that affordable, fair and effective compensation practices are implemented.

This Committee comprises a minimum of three members, including the Chairperson, nominated from the members of the Board.

The mandate of the Compensation Committee is to:

- Determine the compensation of Executive Management;
- Review and approve general proposals for salary and wage adjustments;
- Review and approve proposals for the general adjustment of standard conditions of service, including matters relating to leave, housing, motor vehicles, bonuses, incentives, pension funds, provident funds, medical aid, deferred compensation, share schemes and the like;
- Review, from time to time, the compensation policies, practices and proposals to change such policies and practices, as well as to make recommendations in this regard to the Board;
- Determine and approve any criteria necessary to measure the performance of executive managers in discharging their functions and responsibilities;
- Review (at least annually) and approve the terms and conditions of executive managers' service agreements, taking into account information from comparable companies;
- Review and approve any disclosures in the Annual Report or elsewhere in respect of compensation policies or executives' compensation; and
- Assess (at least annually) the performance of the Committee and Committee members.

The implementation and ongoing review of the Public Finance and Management Act (PFMA) and Treasury Regulations related policies has continued during the year under review. The implementation of these policies continues to result in significant improvements in financial management and human resource management with the Authority. The financial reports and documentation required in terms of the PFMA as well as the Treasury regulations were prepared timeously. The quarterly reports required in terms of the Memorandum of Agreement entered into between the Authority and the Department of Arts, Culture and Tourism were submitted.

## 5. Annual financial statements

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### Report of the Audit Committee for the year ended 31 March 2008

#### Report of the Audit Committee required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999 (PFMA)

We are pleased to present our report for the financial year ended 31 March 2008.

#### Audit Committee members and attendance

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

Name of member	Number of meetings attended
New members in terms of the new Board	
Ms B Mnganga – Chairperson	2
Mr Z Gwala	3
Ms N Kheswa	3
Mr T Mthethwa	2
Ms L Ngcobo	2

#### Audit Committee responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### The effectiveness of internal controls

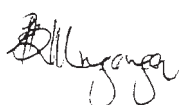
The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on corporate governance requirements, internal audit provides the Audit Committee and the management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors and the audit report of the Auditor General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal controls for the period under review were effective and efficient.

#### Evaluation of annual financial statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report with the Auditor General and the Accounting Authority;
- Reviewed the Auditor General's management letter and management's response thereto;
- Reviewed changes in accounting policies; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.



**B Mnganga**

*Chairperson of the Audit Committee*

29 August 2008

## Report of the Auditor General

### REPORT OF THE AUDITOR GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE TOURISM AUTHORITY FOR THE YEAR ENDED 31 MARCH 2008

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the accompanying financial statements of the KwaZulu-Natal Tourism Authority which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 74 to 89.

##### Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
  - selecting and applying appropriate accounting policies; and
  - making accounting estimates that are reasonable in the circumstances.

##### Responsibility of the Auditor General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 58(1)(a) of PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used;
  - reasonableness of accounting estimates made by management; and
  - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Basis of accounting

8. The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

## 5. Annual financial statements

### Report of the Auditor General (continued)

#### Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Tourism Authority as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the PFMA.

#### OTHER MATTER

Without qualifying my audit opinion, I draw attention to the following matter that relates to my responsibilities in the audit of the financial statements:

#### Matters of governance

10. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
<b>Audit Committee</b>		
• The public entity had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	✓	
<b>Internal audit</b>		
• The public entity had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	✓	
<b>Other matters of governance</b>		
The annual financial statements were submitted for auditing as per the legislated deadlines (section 55 of the PFMA).	✓	
The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.		✓
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	



## Report of the Auditor General (continued)

### OTHER REPORTING RESPONSIBILITIES

#### Report on performance information

11. I have reviewed the performance information as set out on pages 74 to 89.

#### Responsibility of the accounting authority for the performance information

12. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the Annual Report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

#### Responsibility of the Auditor General

13. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

#### Audit findings (performance information)

Lack of reporting on all predetermined objectives in Annual Report:

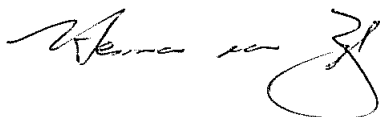
16. I draw attention to the fact that the KwaZulu-Natal Tourism Authority has not reported on all the predetermined objectives, as required by section 55(2)(a) of the PFMA.

The following table reflects the material differences:

Objective per strategic/annual performance plan	Objective per Annual Report/budget
1. Chief Executive Officer	1. Chief Executive Officer
• Strategy and leadership	• Not included
• Corporate and brand positioning	• Not included
• Strategic partnerships and alignment	• Not included

#### APPRECIATION

17. The assistance rendered by the staff of the Tourism Authority during the audit is sincerely appreciated.



**H van Zyl for Auditor General**

Pietermaritzburg  
30 July 2008



## 5. Annual financial statements

### Accounting Authority's Report for the year ended 31 March 2008

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

#### General review of the state of affairs

For the financial year 2007/8, the KwaZulu-Natal Tourism Authority (Authority) received a grant of R59 036 000 (2006/7: R58 096 000) from the Provincial Department of Arts, Culture and Tourism. A further amount of R4 249 268 (2006/7: R2 074 577) was received in the form of other income. Thus, the total income for the Authority was R63 285 268 (2006/7: R60 170 577).

The net surplus for the financial year was R3 554 056 (net deficit in 2006/7: R1 824 613). The main reason for this surplus is due to the interest received and other recoveries, which were not budgeted for. This has resulted in the increase of the accumulated surplus as at the end of the financial year to R5 100 443 (2006/7: R1 546 387).

Three new Board members were appointed to fill in the vacancies.

During the year under review the General Manager: Marketing as well as the General Manager: Public Relations and Communications resigned. The position of Chief Operating Officer is still vacant. All vacant positions are in the process of being filled.

Following the structural realignment process embarked upon during the 2007/8 financial year, the General Manager: Marketing and Communications, General Manager: Tourism Information Services and General Manager: Tourism Development now report to the Chief Operating Officer. The Manager: Public Relations and Communications report to the General Manager: Marketing and Communications. The title of General Manager: Corporate Services was converted to Chief Financial Officer, with some additional responsibilities, which were previously performed by the Chief Operating Officer. Both the Chief Operating Officer and Chief Financial Officer report to the Chief Executive Officer.

During the year under review the majority of staff joined the National Education Health and Allied Workers Union (NEHAWU). The recognition agreement which will document the working arrangements between the Authority and the trade union is being finalised.

The Authority's annual action plan was, to a large extent, implemented satisfactorily. Further details are contained under the section dealing with performance information.

#### Services rendered by the Authority

The KwaZulu-Natal Tourism Authority, trading as TKZN is a statutory body responsible for the development, marketing and promotion of tourism in KwaZulu-Natal. It reports to the KwaZulu-Natal Provincial Legislature through the Department of Arts, Culture and Tourism. It was established in 1997 in accordance with the KwaZulu-Natal Tourism Act No. 11 of 1996, as amended.

In terms of the regulations for the registration of tour guides as well as the regulations for the registration of tourism accommodation establishments and related service providers, the Authority performed certain functions during the year. These include the registration of tour guides, tourism accommodation establishments and the general Registrar functions. The registration levies payable in this regard were approved by the then Minister responsible for tourism in the province. The levies payable were not adjusted during the financial year under review.

Overall, during the financial year under review, the Authority engaged in various activities aimed at marketing and promotion of the province as a premier tourist destination. The Authority also engaged in a number of tourism development initiatives and projects within the province.

#### Capacity constraints

As already indicated above, there were changes at executive management and senior management levels.

Despite the above, the planned activities and related outputs for 2007/8 were satisfactorily executed and achieved.

#### Utilisation of poverty alleviation funds

The entity received funds by way of conditional grants for special projects, including poverty relief projects. These funds are mainly from the Department of Environmental Affairs and Tourism (DEAT) and are utilised as part of the Authority's tourism development initiatives. This is in line with the Authority having been appointed by DEAT as its implementing agent in this regard.

### Accounting Authority's Report for the year ended 31 March 2008 (continueud)

The funds which were not utilised, mainly due to timing differences, were carried forward to a future period. Furthermore, a separate bank account is usually opened for each project.

For the year under review, there was a special focus in dealing with various challenges arising out of the implementation of these projects. Nevertheless, there was significant progress achieved and this will ensure the successful completion and handing over of these projects to the intended beneficiaries and/or recipients. The Authority also made endeavours to strengthen its relationship and involvement of the district and local government in the implementation of these projects.

#### Business address

Registered office:	Suite 303 Tourist Junction 160 Pine Street Durban 4001	PO Box 2516 Durban 4000
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Bankers: First National Bank

External auditors: Auditor General

Internal auditors: Internal Audit Unit – KwaZulu-Natal Provincial Treasury

#### Discontinued activities

No activities were discontinued during the period under review.

#### New or proposed activities

There were no new activities embarked upon during the period under review. Furthermore, there are no proposed activities for the upcoming financial year.

#### Events after the reporting date

There were no material events that occurred after 31 March 2008.

#### Performance information

In terms of the KwaZulu-Natal Tourism Act, the Authority must develop an annual tourism promotion, marketing and development action plan. This action plan must provide clear indications of goals and objectives for the planning period. Such a plan was developed for the 2007/8 financial year. The progress reports were tabled at each Board and the Committees' meetings of the Authority. Furthermore, the Authority reported to the Department of Arts, Culture and Tourism on a quarterly basis on progress towards the achievement of the stated outputs and objectives in line with the Memorandum of Agreement entered into between the two entities.

A detailed report on the activities of the Authority is included under a separate section of the Annual Report.

#### Approval

The annual financial statements for the year ended 31 March 2008, set out on pages 74 to 89, 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:



**N Khoza**  
Chief Executive Officer

29 August 2008



**Dr SV Chonco**  
Chairperson: KwaZulu-Natal Tourism Authority

## 5. Annual financial statements

### Accounting policies for the year ended 31 March 2008

#### 1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP), Generally Recognised Accounting Practice and the Public Finance Management Act, (Act No. 1 of 1999) as amended (PFMA).

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

##### Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis, except as otherwise indicated, and incorporate the principal accounting policies, set out below, which are consistent with those of previous years. These policies comply with South African Statements of GAAP, including any interpretations of such Statements issued by the Accounting Practices Board replacing equivalent GAAP statements as follows:

Standard of GRAP	Replaced statement of GAAP
GRAP 1: Presentation of financial statements	AC 101: Presentation of financial statements
GRAP 2: Cash flow statements	AC 118: Cash flow statements
GRAP 3: Accounting policies, changes in Accounting estimates and errors	AC 103: Accounting policies, changes in Accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of financial statements:

##### Terminology differences:

Standard of GRAP	Replaced statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Reserves	Equity
Surplus/deficit for the period	Profit/loss for the period
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Contributions to owners	Dividends
Reporting date	Balance sheet date

#### 1.1 Going concern

The public entity will be a going concern in the year(s) ahead and as such, the Authority continues to adopt the going concern basis in preparing the annual financial statements.

#### 2. CURRENCY

These financial statements are presented in South African Rand since that is the currency in which the majority of the entity's transactions are denominated.

#### 3. REVENUE RECOGNITION

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue arising from registration levies is recognised in full upon becoming a member or renewal of membership, net of value-added taxes. The licensing as well as acceptance of such registration by the Authority record membership upon receipt of payment and submission of registration application forms. Membership is renewed annually for tourism establishments and biannually for tour guards.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.



## Accounting policies for the year ended 31 March 2008 (continued)

### 4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA; or
- Any provincial legislation providing for procurement procedures in that provincial government.

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

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

### 5. FOREIGN CURRENCIES

Transactions in currencies other than the entity's reporting currency (Rand) are initially recorded at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occurred.

### 6. RETIREMENT BENEFIT COSTS

The entity operates a defined contribution plan, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from the entity.

Payments to defined contribution retirement benefit plans are charged to the income statement in the year to which they relate.

### 7. TAXATION

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

### 8. UNUSUAL ITEMS

All items of income and expense arising in the ordinary course of business are taken into account in arriving at income before taxation. Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity, they are separately disclosed and appropriate explanations are provided.

### 9. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

• Computer software	50%
• Office equipment	
– Photographic	16.6%
– Dictaphones	33.3%
– Perforating equipment	16.6%
– Television	16.6%
– Surveyor's equipment	20%
• Computer hardware	33.3%
• Office furniture	16.6%
• Office fittings and alterations	16.6%
• Videos	50%

## 5. Annual financial statements

### Accounting policies for the year ended 31 March 2008 (continued)

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

The property, plant and equipment has been accounted for at historical cost less accumulated depreciation and accumulated impairment losses, not at fair value less accumulated depreciation and accumulated impairment losses as required by the International Accounting Standards IAS 16 Property, Plant and Equipment. The fair value of property, plant and equipment was assessed and it was found that the difference arising from the application of IAS 16 was insignificant in the current financial year.

#### 10. INTANGIBLE ASSETS

Expenditure on trademarks and patents is recognised as an expense in the period in which it is incurred.

##### *Internally generated intangible assets (research and development costs)*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

#### 11. IMPAIRMENT

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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 case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

#### 12. BORROWINGS

In terms of section 66(3)(c) of the Public Finance Management Act, 1999, a public entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

In terms of section 32.1.1 of the Treasury Regulations, a public entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

#### 13. LEASING

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing.

All other leases are classified as operating leases.

##### *The entity as a lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### *The entity as a lessee*

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

## Accounting policies for the year ended 31 March 2008 (continued)

### 14. FINANCIAL INSTRUMENTS

#### **Recognition**

Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity becomes a party to the contractual provisions of the instrument.

#### **Financial assets**

The entity's principle financial assets are trade receivable and cash and cash equivalents.

- Trade receivables  
Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.
- Cash and cash equivalents  
Cash and cash equivalents are stated at nominal value which approximate their fair value.

#### **Financial liabilities**

The entity's principle financial liabilities are accounts payable.

- Trade payables  
Trade and other payables are stated at their nominal value.

### 15. PROVISIONS

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

### 16. GOVERNMENT GRANTS

Government grants are recognised when it is probable that future economic benefits will flow to the public entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

### 17. COMPARATIVE FIGURES

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

### 18. CASH AND CASH EQUIVALENT

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 special projects are deposited with financial institutions and are accounted for as such.

Cash and cash equivalent are stated at nominal value.

### 19. PROJECTS FUNDS

The entity receives funds by way of conditional grants for special projects, including poverty relief projects. Funds which are not utilised, mainly due to timing differences, are carried forward to a future period. Expenditure incurred on these funds is accounted for on a cash basis. Furthermore, a separate bank account is usually opened for each project.

## 5. Annual financial statements

### Statement of financial performance for the year ended 31 March 2008

	Notes	2008 R'000	2007 R'000
<b>REVENUE</b>			
Grants and transfers	1	59 036	58 096
Other income	2	4 250	2 074
<b>TOTAL REVENUE</b>		<b>63 286</b>	60 170
<b>EXPENDITURE</b>			
Administrative expenses	3	3 328	2 197
Staff costs	4	14 550	14 212
Marketing expenses	5	33 664	39 302
Interest paid		24	6
Tourism development expenses	6	2 620	2 282
Other operating expenses	7	4 489	3 412
Depreciation	8	1 057	584
<b>TOTAL EXPENDITURE</b>		<b>59 732</b>	61 995
Net (deficit)/surplus for the year		3 554	(1 825)
Accumulated surplus at the beginning of the year		1 546	3 371
Accumulated surplus at the end of the year	9	5 100	1 546



## Statement of financial position as at 31 March 2008

	Notes	2008 R'000	2007 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	3 829	2 263
		3 829	2 263
<b>Current assets</b>			
Receivables	10	1 793	1 460
Cash and cash equivalents	11	24 691	20 888
		26 484	22 348
<b>Total assets</b>		30 313	24 611
<b>RESERVES AND LIABILITIES</b>			
Reserves	9	5 100	1 546
<b>Current liabilities</b>			
Trade and other payables	13	24 417	22 349
Provisions	12	796	716
		25 213	23 065
<b>Total reserves and liabilities</b>		30 313	24 611

## 5. Annual financial statements

### Cash flow statement for the year ended 31 March 2008

	Notes	2008 R'000	2007 R'000
<b>Operating activities</b>		<b>6 426</b>	1 127
Cash generated from/(utilised in) operations	14	<b>5 445</b>	662
Interest received		<b>1 005</b>	471
Interest paid		<b>(24)</b>	(6)
<b>Net cash utilised in investing activities</b>		<b>(2 623)</b>	(1 257)
Acquisition of property, plant and equipment		<b>(2 623)</b>	(1 257)
Net increase/(decrease) in cash and cash equivalents		<b>3 803</b>	842
Cash and cash equivalents at the beginning of the year		<b>20 888</b>	20 046
Cash and cash equivalents at the end of the year		<b>24 691</b>	20 888

**Statement of changes in net assets for the year ended 31 March 2008**

	Notes	2008 R'000	2007 R'000
<b>Accumulated surplus</b>			
Balance at 1 April 2007	9	1 546	3 371
Net (deficit)/surplus for the year	9	3 554	(1 825)
Balance at 31 March 2008		5 100	1 546
<b>Total reserves</b>			
Balance at 1 April 2007		1 546	3 371
Net (deficit)/surplus for the year		3 554	(1 825)
Balance at 31 March 2008		5 100	1 546

## 5. Annual financial statements

### Notes to the annual financial statements for the year ended 31 March 2008

	2008 R'000	2007 R'000
<b>1. Grants and transfers</b>		
Provincial Department of Arts, Culture and Tourism (DACT)	59 036	58 096
<b>2. Other income</b>		
Commission on Poverty Relief projects	–	112
Interest income	1 005	471
Sundry income	2 980	1 136
Registration levies	265	355
Total	4 250	2 074
<b>3. Administrative expenses</b>		
General and administrative expenses	285	241
Auditor's remuneration	706	(23)
– Audit fees	706	–
– Audit fees – prior year under/(over)provision	–	(23)
– Audit fees – other services	–	–
Travel and subsistence	490	402
Rentals in respect of operating leases	1 613	1 257
– Buildings	1 268	1 058
– Plant, machinery and equipment	345	199
Directors' emoluments	143	114
Net foreign exchange losses/(gains)	91	206
Total	3 328	2 197
<b>4. Staff costs</b>		
Basic salaries	12 776	12 652
Temporary	273	297
Defined provident fund contribution plan expenses	1 501	1 263
Total	14 550	14 212
Total number of employees as at 31 March 2006	57	54
<b>5. Marketing expenses</b>		
Brand rollout	–	10
Marketing activities	25 957	27 813
Image building	3 943	6 935
Research and information services	3 764	4 544
Total	33 664	39 302



## Notes to the annual financial statements for the year ended 31 March 2008 (continued)

	2008 R'000	2007 R'000
<b>6. Tourism development expenses</b>		
Project management unit	1 211	420
Community-based tourism	124	208
Tourism investment promotion	1 248	1 537
Small business support	37	117
<b>Total</b>	<b>2 620</b>	<b>2 282</b>
<b>7. Other operating expenses</b>		
Staff training and development	375	514
Consultants, contractors and special services	128	111
Legal fees	76	37
Maintenance, repairs and running costs	89	53
– Property and buildings	89	53
Entertainment expenses	47	23
Other	3 774	2 674
<b>Total</b>	<b>4 489</b>	<b>3 412</b>

**8. Property, plant and equipment**

2008	Gross carrying value				Accumulated depreciation				Net carrying value
R'000	Opening	Additions	Disposal	Closing	Opening	De-preciation	Dis-posal	Closing	
Office furniture	1 346	18	(30)	1 334	663	150	(30)	783	551
Office equipment	331	10	(13)	328	216	39	(13)	242	86
Office fittings and alterations	2 066	–	(2)	2 064	875	260	(2)	1 133	931
Computer software	404	2 247	(94)	2 557	389	372	(94)	667	1 890
Computer hardware	2 362	348	(874)	1 836	2 103	236	(874)	1 465	371
Library acquisitions	15	–	(15)	–	15	–	(15)	–	–
Work-in-progress:									
Office fittings and alterations	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>6 524</b>	<b>2 623</b>	<b>(1 028)</b>	<b>8 119</b>	<b>4 261</b>	<b>1 057</b>	<b>(1 028)</b>	<b>4 290</b>	<b>3 829</b>
<b>2007</b>									
Office furniture	758	588	–	1 346	589	74	–	663	683
Office equipment	222	109	–	331	192	24	–	216	115
Office fittings and alterations	1 122	944	–	2 066	710	165	–	875	1 191
Computer software	386	18	–	404	369	20	–	389	15
Computer hardware	2 239	123	–	2 362	1 802	301	–	2 103	259
Library acquisitions	15	–	–	15	15	–	–	15	–
Work-in-progress:									
Office fittings and alterations	525	(525)	–	–	–	–	–	–	–
<b>Total</b>	<b>5 267</b>	<b>1 257</b>	<b>–</b>	<b>6 524</b>	<b>3 677</b>	<b>584</b>	<b>–</b>	<b>4 261</b>	<b>2 263</b>

## 5. Annual financial statements

### Notes to the annual financial statements for the year ended 31 March 2008 (continued)

	2008 R'000	2007 R'000
<b>9. Reserves</b>		
Accumulated surplus at the beginning of the year	1 546	3 371
Net (deficit)/surplus for the year	3 554	(1 825)
Accumulated surplus at the end of the year	5 100	1 546
The accumulated surplus was not budgeted for and will be utilised for the purpose it was intended for. The Authority has requested consent from the Department of Arts, Culture and Tourism to carry forward this accumulated surplus to future years.		
<b>10. Receivables</b>		
Receivables	603	305
Less: Provision for impairment	(281)	(150)
	322	155
SARS – VAT	1 293	1 014
SARS – PAYE	31	109
Staff advances	39	38
Prepayments	–	36
Rental deposits	108	108
Total	1 793	1 460
The provision for impairment has been determined by reference to the Authority's policy on the management of debts, past default experience and the current economic environment.		
The Authority considers that the carrying amount of receivables approximates to their fair value.		
<b>11. Cash and cash equivalents</b>		
Cash at bank	13 384	16 558
Cash on hand	5	5
Short-term investments	7 912	317
Project funds	3 390	4 008
Total	24 691	20 888

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.

## Notes to the annual financial statements for the year ended 31 March 2008 (continued)

### 12. Provisions

	Audit fees provision	Provision for leave pay	Provision for annual bonuses	Provision for performance bonuses	Total
Opening balance at 1 April 2007	–	639	77	–	716
Utilisation of provision during the year	–	–	–	–	–
Provisions made during the year	–	51	29	–	80
Closing balance at 31 March 2008	–	690	106	–	796

The leave pay and bonus provision relates to the Authority's estimated liabilities arising as a result of services rendered by employees.

	Notes	2008 R'000	2007 R'000
<b>13. Trade and other payables</b>			
Trade payables		<b>7 748</b>	4 297
SARS – PAYE		–	–
Accruals		<b>50</b>	437
Lessee rental deposits		–	5
Project funds	13.1	<b>16 619</b>	17 610
<b>Total</b>		<b>24 417</b>	22 349

The Authority considers that the carrying amount of trade and other payables approximates to their fair value.

#### 13.1 Project funds

Annexure A/23

Made up as follows:

Project funds bank accounts	<b>3 390</b>	4 008
Cash in the Authority's bank accounts	<b>13 229</b>	13 602
<b>Total</b>	<b>16 619</b>	17 610

### 14. Reconciliation of (deficit)/surplus to cash generated from operations

Net (deficit)/surplus for the year	<b>3 554</b>	(1 825)
Adjusted for:		
– Depreciation	<b>1 057</b>	584
– Interest received	<b>(1 005)</b>	(471)
– Interest paid	<b>24</b>	6
Operating cash flows before working capital changes	<b>3 630</b>	(1 706)
Working capital changes		
– Decrease/(increase) in receivables	<b>(333)</b>	1 290
– Increase/(decrease) in payables	<b>3 140</b>	(5 478)
– Increase/(decrease) in project funds	<b>(992)</b>	6 556
<b>Cash generated from /(utilised in) operations</b>	<b>5 445</b>	662

## 5. Annual financial statements

### Notes to the annual financial statements for the year ended 31 March 2008 (continued)

#### 15. Employee benefits

##### 15.1 Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period when the payment is made. Short-term employee benefits that give rise to a present legal or constructive obligation is deferred until they can be reliably measured and then expensed. Details of these benefits and potential liabilities are disclosed in the financial statements and are not recognised in the income statement.

##### 15.2 Termination benefits

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

##### 15.3 Retirement benefits

The KwaZulu-Natal Tourism Authority contributes to the Old Mutual Orion Provident Fund. Membership is compulsory for all permanent employees. The fund is a Defined Contribution Fund. The Authority contributes 15% of the pensionable remuneration. The employees do not contribute to this fund.

The Authority's contribution to the fund were R1 501 397 (2007: R1 263 210). None of the members of the Board are members of the fund.

##### 15.4 Medical benefits

The KwaZulu-Natal Tourism Authority provides medical benefits for its employees through Discovery Health Benefit Plans. These benefits are funded by employee contributions since the Authority works on the total cost of employment. No provision is made for medical benefits in the financial statements of the Authority.

#### 16. Board members' emoluments and executive management remuneration

##### Board members' emoluments

Name	Fees for services (R)	Other (R)	Total (R)
Dr S Chonco (Chairperson)	25 200	474	25 674
Ms Bhoola	9 300	463	9 763
Dr T Goba	13 500	132	13 632
Ms N Kheswa	12 750	347	13 097
Mr S Luzipo	12 150	777	12 927
Ms S Maharaj	6 000	347	6 347
Ms B Mnganga CA(SA)	4 650	–	4 650
Mr S Mshengu	6 750	823	7 573
Mr T Mthethwa	8 250	989	9 239
Mr K Naidoo	12 600	920	13 520
Ms L Ngcobo CA(SA)	1 950	–	1 950
Mr A Vels	5 250	139	5 389
<b>Total</b>	<b>118 350</b>	<b>5 411</b>	<b>123 761</b>

##### Executive management remuneration

Designation	Basic salary (R)	Performance related pay (R)	Provident fund and medical aid (R)	Total remuneration (R)
Chief Executive Officer (from May 2007 to March 2008)	713 412	–	96 004	809 416
Chief Operating Officer (until April 2007)	55 435	–	6 959	62 394
<b>Total</b>	<b>768 847</b>	<b>–</b>	<b>102 963</b>	<b>871 810</b>



## Notes to the annual financial statements for the year ended 31 March 2008 (continued)

	2008 (R)	2007 (R)
<b>17. Contingent liabilities</b>		
The Authority had a contingent liability of R43 000 in respect of a guarantee issued to the SA Post Office in respect of postal services.		
<b>18. Operating lease agreements</b>		
<b>Authority as lessee</b>		
At the balance sheet date the Authority had outstanding commitments under non-cancellable operating leases which falls due as follows:		
Up to 1 year	760 938	1 356 558
1 to 5 years	11 262 910	732 351
Total	12 023 848	2 088 909
At the balance sheet date the Authority had outstanding lease commitments in respect of office equipment which falls due as follows:		
Up to 1 year	193 524	75 021
1 to 5 years	193 524	–
Total	387 048	75 021
All the above lease agreements in respect of the equipment are not renewable at the end of the lease term and the Authority does not have the option to acquire the equipment. These lease agreements do not impose any restrictions.		
<b>Authority as lessor</b>		
At the balance sheet date the Authority had contracted with sub-tenants for the following minimum future lease payments:		
Up to 1 year	82 200	299 144
1 to 5 years	406 250	27 434
Total	488 450	326 578
<b>19. Capital commitments</b>		
Commitments for the acquisition of property, plant and equipment:		
Contracted for but not provided in the financial statements	–	115 559
	–	115 559
The capital expenditure is to be funded as follows:		
Internally generated funds	–	115 559
	–	115 559

## 5. Annual financial statements

### Notes to the annual financial statements for the year ended 31 March 2008 (continued)

#### 20. Subsequent events

There were no material events that occurred subsequent to the reporting period.

#### 21. Related party transactions

There were no related party transactions during the year under review.

#### 22. Financial instruments

In the course of the Authority's business operations it is exposed to currency, credit and liquidity risk. The Authority has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the relevant heading below.

##### Currency risk

The Authority undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations. However, due to the relatively small number of transaction, the Authority does not take any forward foreign exchange contracts. Financial asset and liabilities that are denominated in foreign currencies as at year end are translated using the spot rate at year end. The volume of foreign transactions is small and is not expected to have a material effect on the annual financial statements.

##### Credit risk

Financial assets, which potentially subject the Authority to the risk of non-performance by counterparties and thereby subject the Authority to concentrations of credit risk, consists mainly of cash and cash equivalents and trade receivables.

The Authority limits its treasury counterparty exposure by only dealing with well established financial institutions with high credit ratings assigned by international credit-rating agencies. The Authority does not expect any treasury counterparties to fail to meet their obligations, given their high credit rating.

Credit risk with respect to trade receivables is limited due to the large number of debtors comprising the Authority's debtors base and their dispersion across different industries and geographical areas. The Authority does not have any significant exposure to any individual debtor or counterparty. Accordingly, the Authority does not consider there to be any significant concentration of credit risk, which had not been adequately provided for. Trade receivables are presented net of the allowance for impairment.

##### Liquidity risk

The Authority manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash flows. Adequate reserves and liquid resources facilities are also maintained.

##### Maturity profile

The maturity profiles of financial assets and liabilities at balance sheet date are as follows:

	1 year or less R'000	Total R'000
<b>Year ended 31 March 2008</b>		
<b>Assets</b>		
Cash	23 845	23 845
Receivables	1 767	1 767
Total financial assets	25 612	25 612
<b>Liabilities</b>		
Trade and other payables	23 581	23 581
Total financial liabilities	23 581	23 581
	2 031	2 031
Percentages (%)	100	100

## Notes to the annual financial statements for the year ended 31 March 2008 (continued)

### Fair values

The Authority's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets and that are available-for-sale or held-for-trading.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

### Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of this financial asset.

### Trade receivables

The carrying amount of trade receivables, net of provision for impairment approximates fair value due to the relatively short-term maturity of this financial asset.

### Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

## 23. Accumulated project funds as at 31 March 2008 (Annexure A)

Project name	Accum year 2007	Interest received	Other income	Funding received	Government grant	Actual expenditure	Transfers	Accum year 2008
Anglo Boers	55 282	–	–	–	–	–	–	55 282
Aviation and Charters	4 457 222	–	–	–	–	434 288	–	4 022 934
Brand Rollout and Merchandising Programme	652 854	–	–	–	–	–	–	652 854
Capacity Building and Training	53 105	2 335	–	–	–	493	–	54 947
CEO's Projects	79 132	–	–	–	–	–	–	79 132
Community Tourism	1 223 058	–	–	–	–	–	–	1 223 058
eMakhosini	732 089	32 213	–	–	–	8 101	–	756 201
Execution – KwaQiko	34 981	1 022	–	–	–	36 003	–	–
Inanda Heritage Route Two	9 044	388	–	–	–	493	–	8 939
Inanda Phase 2	59 738	1 748	–	–	–	61 487	–	–
Inanda Phase 2 DoW (Chapel)	442 571	16 393	–	–	–	117 694	–	341 270
King Shaka Route	7 227	307	–	–	–	493	–	7 041
Kwanobamba Tourism	665 598	29 401	–	–	–	493	–	694 506
Lilani Phase 2	149 944	2 728	–	–	–	152 672	–	–
Lilani Phase 3	225 231	9 877	–	–	–	4 337	–	230 771
Muden	687 256	30 358	–	–	–	493	–	717 121
Ngome	7 125 000	–	–	–	–	–	–	7 125 000
Ngome Game Reserve	21 380	622	–	–	–	22 003	–	–
Nowergian Heritage Route	4 006	165	–	–	–	493	–	3 678
Siyabonga Craft Market	12 594	364	–	–	–	12 958	–	–
Tourism KZN Signage	421 270	9 596	–	–	–	298 054	–	132 811
Umgababa	492 206	21 738	–	–	–	493	–	513 451
<b>Total</b>	<b>17 610 790</b>	<b>159 255</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 151 046</b>	<b>–</b>	<b>16 618 998</b>

## 6. Definitions

ACSA	Airports Company of South Africa	JMA	Joint Marketing Agreement
ASGISA	Accelerated Growth Initiative of South Africa	KZN	KwaZulu-Natal
BBC	British Broadcasting Corporation	MEC	Member of the Executive Council
BEE	Black Economic Empowerment	MICE	Meetings, Incentives, Conferences and Exhibitions
BT	Business Tourism	MOU	Memorandum of Understanding
CEO	Chief Executive Officer	PFMA	Public Finance Management Act
COO	Chief Operating Officer	PR	Public Relations
CRM	Customer Relationship Management	SAA	South African Airways
CT	Cape Town	SABC	South African Broadcasting Corporation
DACT	Department of Arts, Culture and Tourism	SADC	Southern African Development Community
DEAT	Department of Environment Affairs and Tourism	SAT	South African Tourism
DIA	Durban International Airport	SMME	Small, Medium and Micro Enterprises
DMO	Destination Management Organisation	TEP	Tourism Enterprise Programme
DTI	Department of Trade and Industry	TGCSA	Tourism Grading Council of South Africa
ETEYA	Emerging Tourism Entrepreneur of the Year Award	THETA	Tourism and Hospitality Education Training Authority
FDI	Formerly Disadvantaged Individuals	TIKZN	Trade and Investment KwaZulu-Natal
FIFA	Federation Internationale de Football Association	TIS	Tourism Information Services
GAAP	Generally Accepted Accounting Practice	TKZN	Tourism KwaZulu-Natal
GCSA	Grading Council of South Africa	TRM	Technical Relationship Management
GP	Gauteng Province	UNWTO	United Nations World Tourism Organisation
GRAP	Generally Recognised Accounting Practice	US	United States
IAS	International Accounting Standards	USP	Unique Selling Point
ICC	International Convention Centre	V&A	Victoria & Albert Waterfront, Cape Town
ICCA	International Congress and Convention Association	WTM	World Travel Market
IOCTA	Indian Ocean Cruise Tourism Association	WTO	World Tourism Organisation
ITB	Internationale Tourismus-Börse, Berlin	WWW	What Where and When magazine
JIPSA	Joint Initiative on Priority Skills Acquisition	YMCA	Young Men's Christian Association

### PHOTOGRAPHIC ACKNOWLEDGEMENTS

Source	Page numbers
Peter Bendheim	4, 27, 28, 51
Roger Horrocks	56
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South African Tourism	3, 6, 14, 19, 23, 33, 46
iSimangaliso Wetland Park	2
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PR 219/2008 ISBN: 978-0-621-38126-9

