

WesGRO

cape town & western cape
tourism, trade & investment



annual report

2015/16

an inspiring place to do business

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part a: general information



part a: general information

1. public entity's general information

Registered Name:	Wesgro
Registration Number (If Applicable):	N/A
Physical Address:	18th Floor Reserve Bank Building South African Reserve Bank Building Cape Town 8000
Postal Address:	P O Box 1678 Cape Town 8000
Telephone Number/s:	021 487 8600
Email Address:	gaynor@wesgro.co.za
Website Address:	www.wesgro.co.za
External Auditors:	Auditor-General South Africa
Bankers:	ABSA
Company/ Board Secretary	Melanie Guentel

2. list of abbreviations/acronyms

AIU	Agri-Business Investment Unit
APAC	Agriculture Produce Agent Council
AVE	Advertising Value Equivalent
BER	Bureau for Economic Research
BPeSA	Business Processing Enabling South Africa
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India, China & South Africa
CEO	Chief Executive Officer
CoCT	City of Cape Town
CTICC	Cape Town International Convention Centre
CTG	Cortech Group
CTRU	Cape Town Routes Unlimited
DEADP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DOTP	Department of the Premier
DST	Department of Science and Technology
dti	Department of Trade and Industry
EDP	Exporter Development Programme
EMU	Executive Management Unit
EU	European Union
FDI	Foreign Direct Investment
FIFA	Fédération Internationale de Football Association
GDP	Growth Development Plan
HR	Human Resources
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IP	Investment Promotion
IPAs	Investment Promotion Agencies
IPAP	Industrial Policy Action Plan
IT	Information Technology
JMA	Joint Marketing Agreement
LiCO	Saldanha Bay Licence Company
LTA	Local Tourism Association

A-Z

MCU	Marketing and Communication Unit
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCA	National Credit Act
NDP	National Development Plan
NT	National Treasury
PFMA	Public Finance Management Act
PSG	Provincial Strategic Plan
RSA	Republic of South Africa
RTO	Regional Tourism Organisation
SAOGA	South African Oil and Gas Alliance
SARB	South African Reserve Bank
SAT	South African Tourism
SBIDZ	Saldanha Bay Industrial Development Zone
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
SLA	Service Level Agreement
SMMEs	Small, Medium and Micro-sized Enterprises
SOE	Stated Owned Enterprises
SPV	Special Purpose Vehicle
StatsSA	Statistics South Africa
TNCs	Transnational Companies
TP	Trade Promotion
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
Wesgro	Western Cape Tourism, Trade and Investment Promotion Agency
WTO	World Trade Organisation
ZAR	South African Rand

3. foreword by the chairperson

The past year saw a combination of external and internal challenges combine to make tough economic conditions even tougher. These included difficulties created by the changing global economic environment, such as Brexit, and those created within the country, such as the policy uncertainty around tourism.

Despite this, South Africa and the Western Cape remain important investment destinations, and the country still offers many opportunities for those who are discerning and nimble. Similarly, on the rest of the continent there is strong competition in the investment space and we recognise that we need to be more competitive and identify more opportunities if we are to retain our relevance.

As an agency we must contribute toward building confidence in the economy, both provincially and nationally by converting economic development needs into investment opportunities.

With this in mind Wesgro has over the past year has focused on acting more directly on our core mandate as the Western Cape's official tourism, trade, and investment promotion agency. The result of this has been the refinement of our measures of success, which has led to measures focussed on outcomes as opposed to inputs, and the concomitant alignment of staff. This shift in focus will require us to choose our partners more carefully and to focus our actions and our energy on those activities that contribute toward our more outcomes-based measures of success.

Recently, partners in the Western Cape identified air access as one of the major impediments to growth in the region. Wesgro recognises that promoting direct flights into Cape Town is a mechanism that will greatly enhance all of our objectives by promoting the tourism trade and giving business people access to our markets. Hence the Agency leads the multi party team that is engaged in securing direct flights into Cape Town from key cities around the world. The success that the Air Access division has achieved in a very short space of time is very encouraging and we look forward to the many spin offs this project will bring Cape Town and the region.

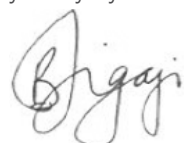
Wesgro continues to collaborate with other agencies and bodies that touch on our mandate, such as Green Cape, Cape Town Tourism, and Accelerate Cape Town, among others. These collaborations have been significantly improved by the strength of the relationship between Wesgro and its current two major partners; the City of Cape Town and the Western Cape Government.

The City of Cape Town acts as a magnet for economic growth in the province and as Wesgro we need to maximise this role and expand the benefits across the regions as best we can. Aligning the objectives of the City, the Province and Wesgro is an important task that is receiving unprecedented support from all the parties.

None of this could have been achieved without the assistance of our stakeholders in the Province and the City. I would especially like to thank Premier Helen Zille, Executive Mayor Patricia de Lille and MEC Alan Winde for their unwavering support. Over the next year we look forward to engaging further with the City and Province and grow our partnership to a much more significant level. I would also like to thank our National Government partners as well as the local, African and international business community for their on-going support and cooperation.

On behalf of the Board of Directors I extend our sincere appreciation to the Wesgro management and staff. The past year has been one of necessary change and great leaps forward in maintaining the Western Cape's position as an inspiring place to do business and we could not have done it without your hard work and determination. Thank you.

Finally, I would like to congratulate Tim Harris on an outstanding first year at the helm of Wesgro. Tim has given the agency a new vision and a new level of energy and the board anticipates another good year ahead. Thank you to each member of the Board for your loyalty and support.



Brian Figaji
Chairperson
Wesgro
July 2016



4. chief executive officer's overview

At the end of my first full year as CEO of Wesgro I am pleased to report that our agency's efforts to promote the Cape economy have paid off in the face of significant economic headwinds.

The latest statistics bear this out. For many years economic growth in our province has helped to raise South Africa's growth rate, while our unemployment rate helps to lower the national average.

The logic for an economic promotion agency for the Cape is as strong today as it was when Wesgro was founded more than three decades ago. The argument is as follows:

- Firstly, because Wesgro holds trade and investment promotion mandates on behalf of the Provincial Government of the Western Cape as well as the City of Cape Town, we are able to help coordinate the economic agendas of the two largest regional governments in the Cape. This means we can present a united front to investors and buyers, and act as a "central" access point for those looking to drive growth and create jobs here.
- Second, Wesgro's governance structure means that we act as an important link between government and business in the Cape. Policy makers frequently talk about how important it is for economic policy to be lead by the private sector. Wesgro manifests this principle very clearly with a board drawn from the private sector; helping to ensure government's economic promotion work is market-led.
- Third, our status as a "provincial public entity" under Schedule 3C of the Public Finance Management Act enables us to be far more nimble and responsive in our work to promote the Cape economy than government itself can be. This means we can host delegations; arrange missions, and rollout campaigns at short notice in response to changing economic conditions and opportunities.

These three factors combined mean that Wesgro is optimally positioned to be the champion for economic opportunities in our city and province, and to facilitate conversion of these opportunities to help drive growth and create jobs. The results of the past financial year are testament to this.

The Investment Promotion Unit (IP) secured a total of ten investment projects to the value of more than R2bn in the past year. This created 681 new jobs in the province and comfortably exceeded the upper limit of our target range of R850m – R1.7bn.

The Agribusiness Investment Unit (AIU) realised three investment projects, to the value of R315m, against a target of R230m. This has assisted in the creation of 218 jobs and grown the Western Cape's industrial base.

Over the past financial year the Trade Promotion Unit (TP) shifted its strategic focus towards increasing exports globally and outward investment into the rest of Africa.. The unit assisted more than 700 companies through the Exporter Development Programme and embarked on 11 outward missions, the majority of which involved companies in the wine and agribusiness sectors.

These units together hosted 52 inward business delegations to market the Western Cape to potential investors.

The Tourism Promotion Unit (TP) focused on several strategies aimed at marketing the region outside of the traditional summer period. These included driving business tourism, marketing promotions and events during the low season, and identifying and developing niche activities that can be marketed to discrete segments of the tourism segment. The unit signed a total of 12 joint marketing agreements with various partners including airlines, online travel agents and other media partners that generated exposure for the region across a wide range of platforms. Wesgro also hosted a workshop around the introduction of the new visa regulations that allowed the private sector to discuss the changes with the Department of Home Affairs and other stakeholders.

The work of the Cape Town & Western Cape Convention Bureau is a critical factor behind Cape Town's position as the leading business tourism destination in Africa. The Bureau secured a total of 17 conference bids during the past year, including the World Ophthalmology Congress which will be the biggest business event meeting ever hosted in Cape Town. The estimated economic impact of these conferences on the province is estimated in excess of R374m.



Wesgro Film and Media Division assisted a total of 188 businesses with export opportunities and represented the Province and City's Film and Media opportunities at the Toronto International Film Festival, Annecy Film Festival with MIFA Market and the Cannes International Film Festival.

We would like to thank the National Convention Bureau, SA Tourism, Cape Town Tourism, the Cape Town International Convention Centre, and our many other tourism partners in the province for their assistance in achieving these results.

We are especially proud of the launch of the Cape Town Air Access division. The project is the result of collaboration between the Western Cape Provincial Government, the City of Cape Town, Airports Company South Africa (ACSA), Cape Town Tourism and Wesgro. To us Air Access represents a model of how Wesgro can act as a platform to help role-players work together to drive growth in the Cape.

I have taken to saying that "research powers the agency", and by stepping up their delivery in 2015/16 the Wesgro Research Unit has made this a reality. They produced a total of 115 economic publications to support the work of tourism, trade, investment and film, and for the use of Wesgro clients. The unit responded to 117 information requests from the public with an average turnaround time of just two days.

The Agency's marketing function is core to our positioning as a facilitator, connector and thought leader within the business environment. Wesgro generated a total of R16.6m worth of media coverage (AVE) through consistent media coverage. This included high profile interviews for the CEO across local and national digital, print and broadcast media channels as well as excellent coverage around the launch of the Air Access Unit, our research work, and the hard work done by our Film & Media unit.

Wesgro continues to work alongside the Western Cape Government's Project Khulisa and the City's Project Camissa to develop strategic sectors that have been identified as key drivers of economic growth and job creation in Cape Town and the Western Cape.

To this end I would like on behalf of the Agency to thank Premier Helen Zille, Executive Mayor Patricia De Lille, MEC Alan Winde – and his departments, the Department of Agriculture and the Department of Economic Development and Tourism – for their continued support and belief in our ability to promote the City and Province as an inspiring place to do business.

To the district mayors, municipalities, industry partners, and regional and local tourism offices: we salute you for all of your efforts that go into making the provincial economy the success that it is.

I would like to thank the Board of Directors for their encouragement and support through my first year as CEO. Your advice and business insights are invaluable to the Agency.

I would particularly like to thank our chairperson Brian Figaji and deputy chairperson Michael Spicer for giving the Agency a much-needed boost in confidence. Internally we are more focused on our core mandate helping us to collaborate more confidently with other economic entities in the city and the province.

To the management and staff, thank you for your hard work and determination to make sure the Cape remains a truly inspiring place to visit and do business.



Tim Harris

Chief Executive Officer

Wesgro

July 2016



5. statement of responsibility and confirmation of accuracy for the annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate, and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity.

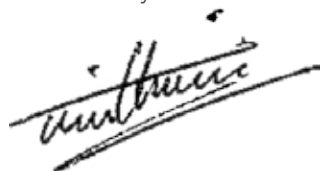
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully



Tim Harris
Chief Executive Officer
July 2016



Brian Figaji
Chairperson of the Board
July 2016

6. strategic overview

6.1. Vision

To grow the Western Cape economy beyond expectation.

6.2. Mission

The mission of Wesgro is to:

- Fulfil our mandate as prescribed by the Provincial Government and City of Cape Town, to attract and retain foreign and domestic direct investments, grow exports, and market the province as a destination for business and tourism;
- Facilitate the link between business and government decision-makers; and
- Provide service excellence in all our business support functions.

6.3. Values

Wesgro management and staff will strive to uphold the following values in all their business activities:

- Relationships
- Accountability
- Innovation
- Passion
- Courage

7. legislative and other mandates

7.1. Legislative mandate

Wesgro draws its mandate from the Wesgro Act, 1996, as amended. According to the Western Cape Investment and Trade Promotion Agency Amendment Act (Act No. 6 of 2013), the objects of the Agency shall be to:

- a) Promote tourism, trade and investment in the Province of the Western Cape;
- b) Undertake, at the request of the responsible Member or other stakeholders or agencies, activities for which the necessary resources can be raised and which, in the opinion of the Board, will contribute to the strengthening of the Western Cape and/or promote equitable participation in the economy by sectors of the community and/or regions of the Western Cape.

7.2. Policy mandates

National policy framework:

In our review of the policy framework at national level we have analysed the following documents:

- National Development Plan

The National Development Plan represents a vision for South Africa in 2030. It states that "... by 2030, we seek to eliminate poverty and reduce inequality. We seek a country wherein all citizens have capabilities to grasp ever broadening opportunities available." The NDP contains very specific plans and interventions across all sectors of the socio-economic spectrum – to enable the achievement of this vision.

- Medium Term Strategic Framework

This Medium Term Strategic Framework (MTSF) is government's strategic plan for the 2014-2019 electoral term. The MTSF sets targets to be achieved, and the action to be taken to achieve them. It also provides a framework for the plans of national, provincial and local government.

Provincial policy framework:

In our review of the policy framework at provincial level we have reviewed the following documents:

- Project Khulisa

Project Khulisa identified “a small number of high potential opportunities that can deliver meaningful jobs and growth within a 3 – 5 year framework.” This approach has given focus to the achievement of the PSG 1 (see below), so creating opportunities for economic growth and jobs. Project Khulisa identified three horizons:

Horizon 1 – over the next 3 – 5 years the focus will be on the Tourism, Oil and Gas and Agro-processing sectors of the Western Cape economy.

Horizon 2 – over the next 5 – 10 years the expanded focus will be on Business Process Outsourcing and the Film sectors.

Horizon 3 – over the next 10 plus years, the approach is to build on the eco-system – including the ICT and software, manufacturing, and private healthcare sectors.

Wesgro, in conjunction with the Department of Economic Development and Tourism and other departments active in the promotion of PSG 1, will play a central role in achieving these objectives and giving shape to the provincial government’s objectives in each of the chosen sectors.

- OneCape2040

The OneCape 2040 vision was developed by a broad range of stakeholders, and envisages six transitions. The vision is a highly skilled, innovation-driven, resource-efficient, connected, high opportunity, and collaborative society.

- Provincial Strategic Plan (PSP)

The PSP sets out the five provincial strategic goals, which are:

- PSG 1 – Create opportunities for economic growth and jobs
- PSG 2 – Improve education outcomes and opportunities for youth development
- PSG 3 – Increase wellness, safety and remedy social ills
- PSG 4 – Build a quality living environment, which is resilient to climate change
- PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment.

- Green economy strategic framework

The aim of the framework is to position the Western Cape as the lowest carbon province in South Africa and as the leading green economic hub of the African continent.

- The Western Cape infrastructure framework

The provincial infrastructure framework aligns the planning, delivery and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals and the private sector).

- International relations strategy

The international relations strategy aims to harness the activities of the provincial government to deliver the maximum impact of our economic diplomacy efforts.

Policy frameworks at municipal level:

- Integrated Development Programme of the District Municipalities;
- Local Economic Development Strategies of Cape Winelands; Central Karoo; Eden; Cape Overberg and Cape West Coast;
- Integrated Development Plan of the City of Cape Town; and
- Economic Development Strategy of the City of Cape Town.

8. organisational structure

Wesgro is a public entity, as envisaged in the PFMA, and is managed by a Board of Directors appointed by Executive Authority. The table below lists Board members in 2015/16:

Wesgro Board Members



Professor Brian Figaji
Chairperson



Mr. Michael Spicer
Deputy Chairperson



Mr. Ashraf Ameen
Director



Ms. Wendy Appelbaum
Director



Mr. Paul Bannister
Director



Mr. Ian Bartes
Chairperson of the Audit, IT
and Risk Committee/Director



Ms. Andrea Böhmert
Director



Mr. David Green
Director



Ms. Bulelwa Makalima-Ngewana
Chairperson of the Human
Resources and Remuneration
Committee/Director



Mr. Sipho Nzuza
Director



Cllr. Johann Rademeyer
Director



Mr. Solly Fourie
Ex-Officio Member of the
Board representing the
Provincial Government

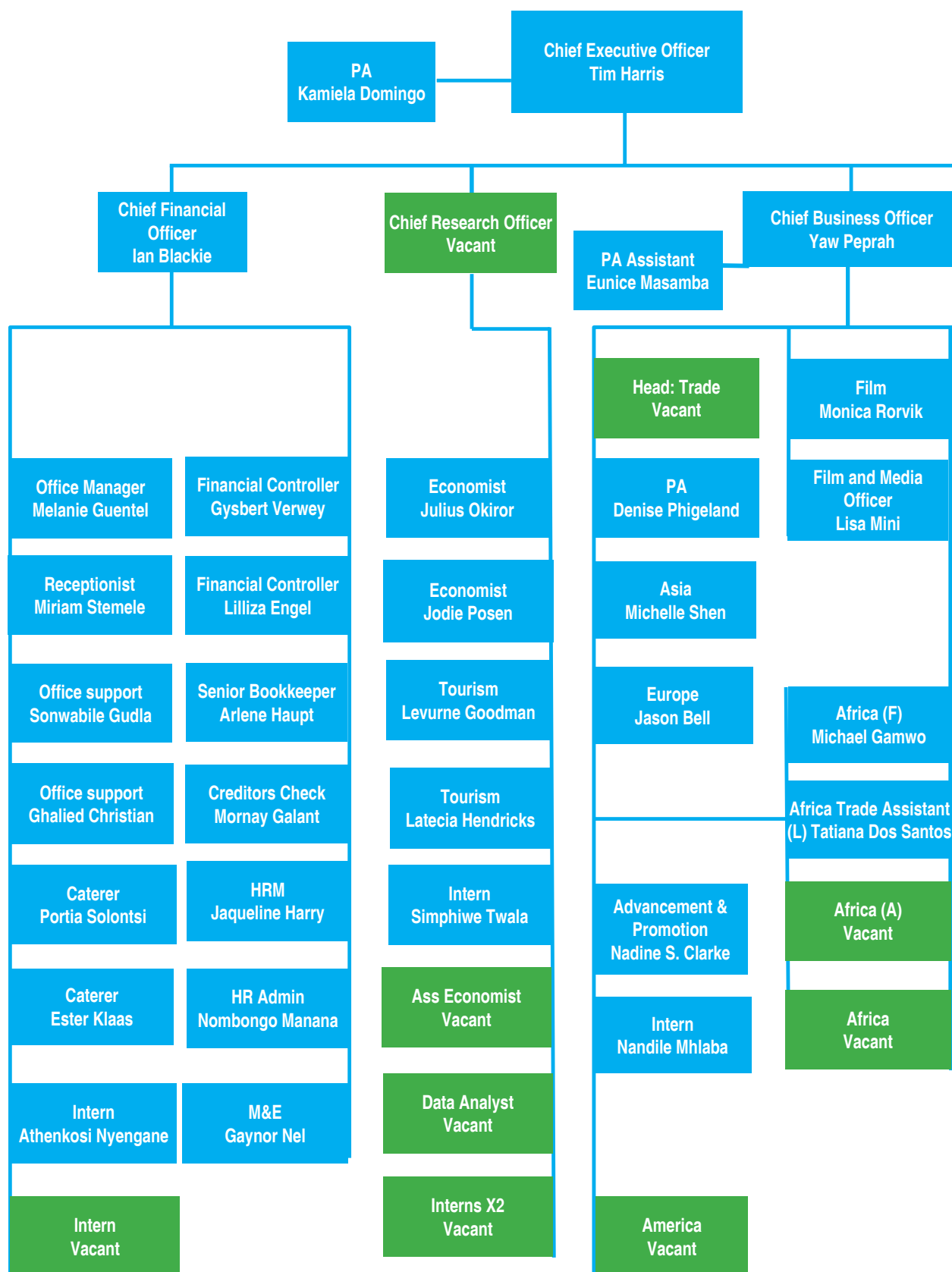


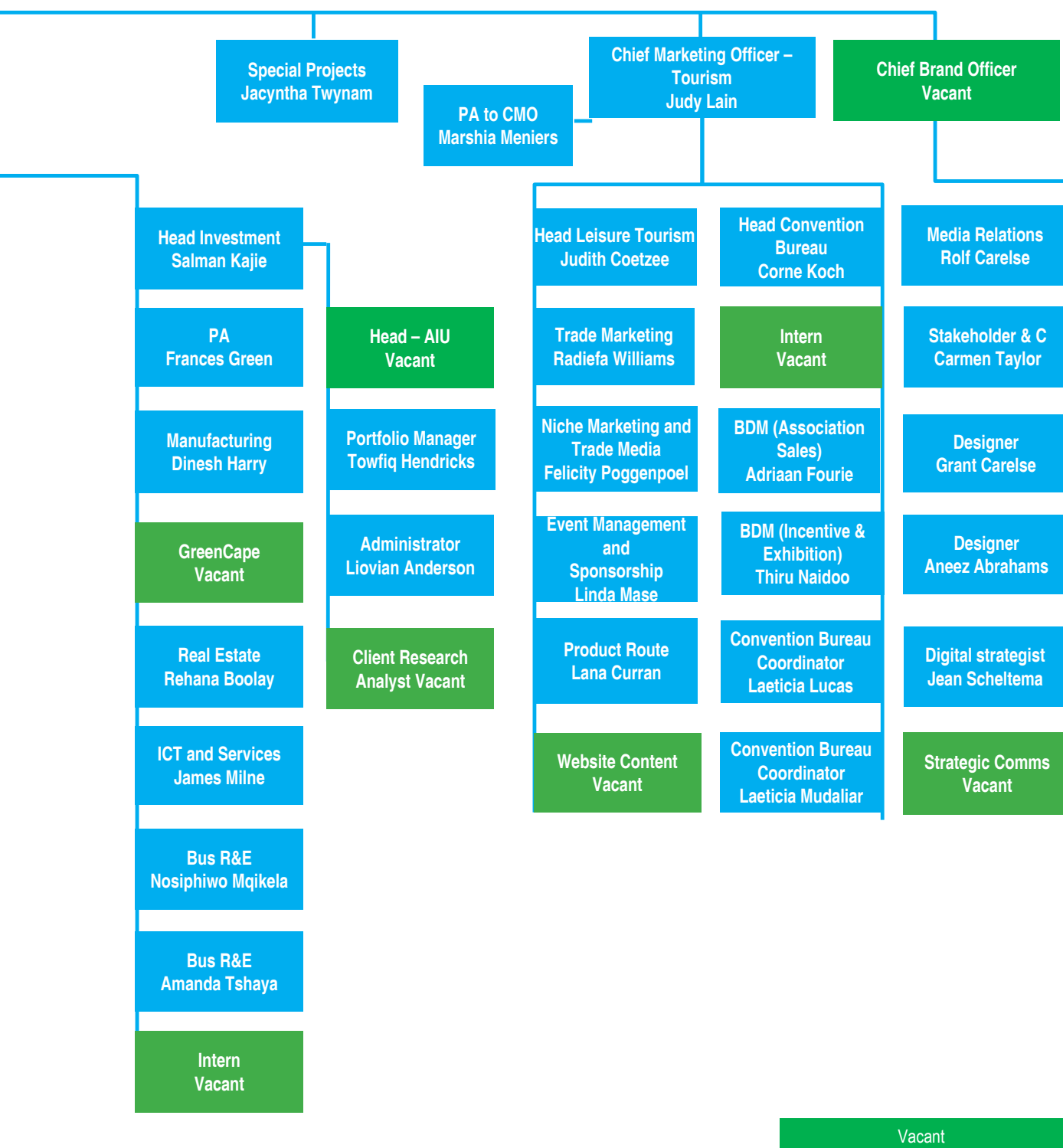
Mr. Lance Greyling
Ex-Officio Member of the
Board representing the
City of Cape Town



Mr. Tim Harris
Chief Executive Officer

8.1. Organisational structure





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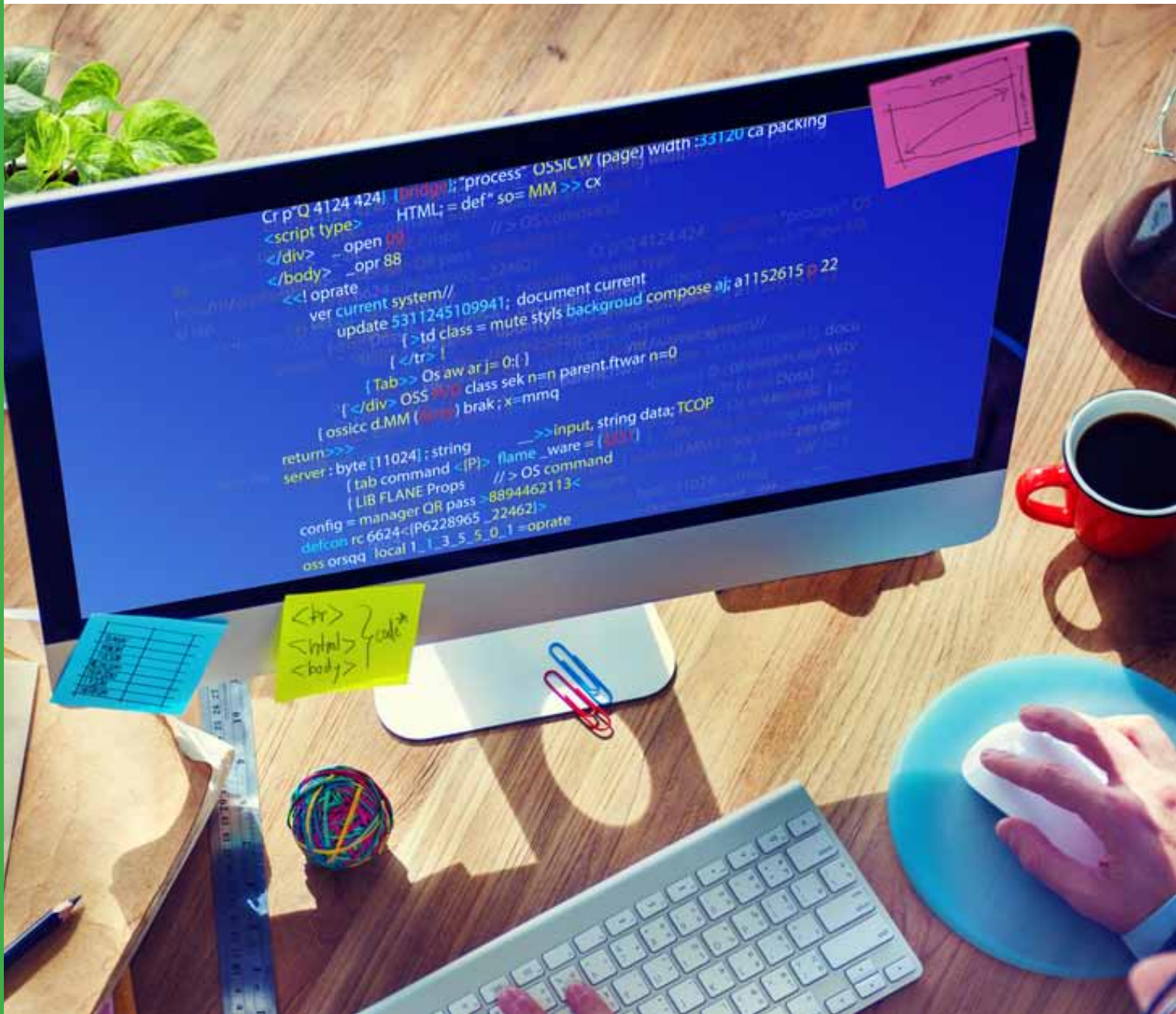
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part b: performance information



part b: performance information

1. auditor's report: predetermined objectives

The Auditor-General of South Africa currently performs the necessary audit procedures on the performance information, to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management – with material findings reported under the “Predetermined Objectives” heading in the “Report on other legal and regulatory requirements” section of the auditor’s report.

Refer to page 73 of the Auditors Report, published under Part E: Financial Information.

2. situational analysis

2.1. Service delivery environment

In the face of significant economic headwinds, the Agency has reaffirmed its commitment to delivering on the mandates given by the Provincial and City of Cape Town governments. In setting out its strategy, the Agency has adopted an outcomes-based approach focusing on the result of the work it does on the city, provincial and national economy. It has developed this strategy around excellence in three focus areas:

- “Growth” – representing economic growth in the Western Cape and City of Cape Town;
- “Jobs” – representing job creation in the provincial and city economies; and
- “Brand” – representing the provincial and city business brands, the provincial tourism brand, and the Wesgro brand.

During the financial year under review, the Agency landed 10 investment projects – with a value exceeding R2bn, and resulting in the creation of 681 jobs. Investment Promotion has contributed to the objectives outlined in Project Khulisa through the realisation of investments in the renewable energy and manufacturing sectors, amongst others. The Agency continues to focus on building a robust project pipeline focusing on the sectors outlined in Project Khulisa, as it adopts a targeted, data-driven approach to investment promotion.

Trade Promotion underwent a strategic shift during the financial year – focusing on increasing exports globally and expanding outward investment into the rest of Africa by Cape companies. During the financial year under review, 709 companies were assisted with export through the Exporter Development Programme. Export-ready companies were taken on outward-selling missions aimed at gaining access to international markets.

The finalisation and implementation of Project Khulisa during the financial year under review, resulted in significant changes to the tourism promotion deliverables of the Agency. Project Khulisa identified tourism as a priority sector that could make a significant contribution to economic growth and job creation in the province. In light of this, Wesgro is mandated to deliver against the objectives set out in Project Khulisa – focusing on decreasing the effects of seasonality and driving geographic spread. During the financial year under review, 17 conference bids were secured by the Convention Bureau at Wesgro, with an estimated economic impact of R374m. A total of 125 SMEs were given access to marketing opportunities and 48 events were supported during the period under review.

The Agency has emphasised the importance of research-driven planning and lead generation. The research team facilitates the delivery of the Agency’s mandate and provides economic and market intelligence to support the work of tourism, trade, investment and film – and for the use of Wesgro clients. During the financial year under review, the Agency produced 115 publications and completed 117 information requests – with an average turnaround time of two days.

As part of the new strategy, the Agency focused on building the Cape’s business brand, the provincial tourism brand, and the Wesgro brand. A number of reputation management and knowledge-building initiatives were implemented. During the financial year under review, the Agency generated R16.6m worth of media coverage (measured using “Advertising Value-Equivalent”).

2.2. Organisational environment

With the appointment of the new CEO and new Board of Directors, during the financial year under review, the Agency adopted a new approach to achieving its strategic goals and objectives – building excellence around three pillars: “growth”, “jobs” and “brand”. These pillars are reflected across all programmes, so ensuring alignment across the Agency in terms of the new strategic objectives.

An analysis of Wesgro’s key strengths, weaknesses, and opportunities, was conducted to assist it develop its priorities:

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> • Sector and market specialists in the trade, investment, tourism and film teams • Strong research capability • The Exporter Development Programme (EDP) is well regarded, and nationally recognised as the best programme • Solid governance and financial control • Highly responsive to stakeholder needs • Strong relationships with national departments such as the dti • Strong relationships with provincial departments such as DOTP, DEDAT, and DEADP • Strong relationships with local governments such as CoCT – and other municipalities across the Western Cape • Wesgro has a 30 year history and is a well-known brand • The tourism website is attractive and up-to-date | <ul style="list-style-type: none"> • Business units still operate in silos – despite improvements in this area • Contact management is lacking, databases are often not maintained and consolidated, and they are not shared agency wide • The agency lacks the financial resources to fully develop its potential • The PFMA can be too onerous regarding procurement, planning and reporting – resulting in a bureaucratic environment • An outdated trade and investment website is not client-centric • Ineffective use of technology to be more effective considering limited human resources • Lower salaries in relation to the private sector, resulting in staff attrition and deterring talent from applying to work at the Agency |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • Improved Knowledge Management could lead to greater lead generation and enhanced client management • A vastly improved website could generate greater trade and investment leads • Creating a balance between working with small and large businesses, can lead to improved value chains in the local economy, business mentorship, and the greater impact of programmes • Improved financial resourcing could assist the Agency engage with high-impact activities and improve its value proposition • Offering higher salaries as a result of improved financial resourcing, could assist the Agency to access a larger talent pool | <ul style="list-style-type: none"> • Deteriorating South African investment climate • Insecure and unreliable energy supply • Exchange rate fluctuations • Annual budgeting, despite a three-year planning cycle makes the execution of medium-term projects difficult • Being flexible in accepting new mandates from government can create uncertainty in the market and internally – and can drain financial and human resources if the mandates do not come with adequate funding |

2.3. Key policy developments and legislative changes

Provincial government finalised and implemented Project Khulisa during the financial year under review.

2.4. Strategic outcome orientated goals

| Strategic Outcome Orientated Goal | |
|-----------------------------------|--|
| Strategic Goal | The stimulation and facilitation of economic growth and job creation through tourism promotion, trade promotion, and investment promotion in the Western Cape Province. |
| Goal Statement | <p>Over the 2015/16 to 2019/20 five year strategic period:</p> <ul style="list-style-type: none"> • Market Cape Town and the Western Cape as tourism destinations, to increase international and domestic tourists. • Grow foreign arrivals to 2 million, and domestic trips taken to 3 million. • Recruit and facilitate R5.9 to R11.2bn in domestic and foreign direct investment into the Western Cape. • Support the trade and export promotion for 3 250 qualified Western Cape exporters – and thereby improve the opportunity for employment creation and new investment. • Build a strong regional economic brand that makes Cape Town and the Western Cape an inspiring place to do business |
| Baseline | Performance of Wesgro in the 2013/14 financial year. |
| Justification | Wesgro plays important roles in marketing Cape Town and the Western Cape as a tourism destination – promoting trade from our region and attracting foreign and domestic direct investment into the province. |
| Links | Wesgro is a 3(C) public entity of DEDAT, and has a strong link to the Chief Directorate: Tourism, Arts and Entertainment and Chief Directorate: Trade and Sector Development. Wesgro also has a direct relationship with the City of Cape Town – in particular, the Mayor's Office. |

3. performance information by programme

3.1. Programme 1: Executive Management Unit (EMU)

Purpose

Provide strategic leadership, ensure sound corporate governance, and build relationships and linkages with the business community and key stakeholders.

Office of the Executive Management Unit (EMU)

The sub-programme aims to provide strategic leadership and to maintain good corporate governance. In addition, it aims to forge strong relationships and linkages with the business community and key stakeholders. These objectives are achieved through:

- Monitoring and evaluation;
- Outward initiatives; and
- Strategic and business planning management

Wesgro Board and Sub-committees

The sub-programme aims to ensure that the Agency fulfils its mandate and that the principles of good corporate governance are maintained.

Strategic objectives

The objectives of the programme are to provide leadership and to build strategic partnerships with the business community and key stakeholders.

Performance overview

In order to fulfil the Agency's fiduciary obligations a total of four quarterly performance reports and 12 monthly financial expenditure reports were submitted to the relevant stakeholders. In addition, a total of four corporate plans were submitted as prescribed by the Department of the Premier.

Aimed at building and strengthening linkages with the business community and key stakeholders the CEO embarked on a number of strategic engagements with various stakeholders such as banking, consulting and law firms, tourism companies, tertiary institutions, diplomats and consulates, government departments and various companies.

The CEO embarked on one outward mission and hosted 10 inward missions from Angola, Germany, Indonesia, Namibia, China, Thailand, Madeira, Czech Republic, Georgia and the United Arab Emirates.

Furthermore, a total of 14 board and sub-committee meetings were held during the financial year under review. Table 1 (below) lists the board and sub-committee meetings held during the financial year under review;

| Table 1. Board/Sub-Committee | |
|---|------------------|
| Board/Sub-Committee | Date |
| Board | 28 May 2015 |
| Board | 30 July 2015 |
| Board | 29 October 2015 |
| Board | 29 February 2016 |
| Human Resource and Remuneration Committee | 29 April 2015 |
| Human Resource and Remuneration Committee | 29 July 2015 |
| Human Resource and Remuneration Committee | 14 October 2015 |
| Human Resource and Remuneration Committee | 26 November 2015 |
| Human Resource and Remuneration Committee | 11 February 2016 |
| Audit, IT and Risk Committee | 21 May 2015 |
| Audit, IT and Risk Committee | 23 July 2015 |
| Audit, IT and Risk Committee | 20 October 2015 |
| Audit, IT and Risk Committee | 18 February 2016 |
| Board Strategy Session | 9 September 2015 |

Strategic objectives, performance indicators, planned targets and actual achievements

Office of the Executive Management Unit

| Office of the CEO | | | | | | |
|-------------------|--|----------------------------|--|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of performance reports by deadlines per MoA requirements | 12 | Twelve (12) monthly financial reports submitted 10 working days after the end of the month | 12 | - | - |
| | | 4 | Four (4) quarterly reports submitted as per the deadline stipulated in the MoA | 4 | - | - |
| | | 1 | One (1) Annual Report: 31 August 2015 | 1 | - | - |
| 1.2 | Number of Corporate Plans submitted by the statutory deadline, as legislatively required | 7 | 3 | 4 | 1 | A third draft of the APP 2016/17 was submitted to the Department of the Premier, as prescribed by Budget circular 4 – 2016/17, which resulted in the over-performance. |
| 1.2.1 | Submission of first draft Annual Performance Plan, as legislatively required | 1 | 1 | 1 | - | - |
| 1.2.2 | Submission of second draft Annual Performance Plan, as legislatively required | 1 | 1 | 1 | - | - |
| 1.2.3 | Submission of final Annual Performance Plan, as legislatively required | 1 | 1 | 2 | 1 | A third draft of the APP 2016/17 was submitted to the Department of the Premier, as prescribed by Budget circular 4 – 2016/17, which resulted in the over-performance. |

| Office of the CEO | | | | | | |
|-------------------|--|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.3 | Number of international outward initiatives to attract investment and trade opportunities by meeting targeted investors and generating new investor and trade contacts | 5 | 4 | 1 | -3 | With the CEO newly appointed as of 01 March 2015, the board agreed that he should, for the first year, prioritise operational matters over outward missions. |

Wesgro Board and Sub-Committees

| Wesgro Board and Sub-Committee Meetings | | | | | | |
|---|---|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of minimum required Board meetings and sub-committee meetings scheduled and actioned | 17 | 12 | 14 | 2 | An additional HR and Remuneration Committee meeting was held to finalise outstanding HR matters and an additional Board strategic planning session was held to review the Agency's strategy. |

Strategy to overcome underperformance

Enhanced planning methods have been implemented to ensure that the CEO embarks on the number of outward missions targeted for the year.

Changes to planned targets

No targets were adjusted during the financial year under review.

Linking performance with budget

| Programme | 2015/16 | | | 2014/15 | | |
|---------------------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Executive Management Unit | R3 352 | R2 745 | R608 | R4 037 | R3 521 | R516 |
| Total | R3 352 | R2 745 | R608 | R4 037 | R3 521 | R516 |

3.2. Programme 2: Corporate Services

Purpose

The purpose of the programme is to provide efficient, cost-effective, transparent and responsive corporate services to the Agency.

Programme structure

Programme 2 is divided into three sub-programmes namely:

Financial management

Effective financial management is aimed at ensuring the fulfilment of the legislative requirements of the Agency. The sub-programme of financial management also ensures that the necessary resources to efficiently run core operations are provided.

IT and administration

As a provincial public entity, the Agency has to comply with the Public Finance Management Act and the Public Service Act. Wesgro is compelled to follow the principles of these Acts in ensuring that modernisation of systems of management within the public sector is achieved, and that transparency and accountability are maintained and visible.

The corporate services programme has a focus on maintaining IT and administrative systems and infrastructure. Effective systems and processes are a necessary component of maintaining credibility, ensuring accountability, improving operating efficiencies, and generating institutional memory. Detailed reports are available on request.

Human Resources Management

The Human Resource Management sub-programme ensures legislative compliance and that the Agency maintains a world-class, skilled workforce. The Agency's biggest asset is its human capital and the knowledge of its people. Retaining and developing the employees of Wesgro will contribute to effective delivery of the Agency's services as well as optimal customer service delivery.

Strategic objectives

The strategic objectives of the programme are to:

- Attain and maintain a high-level financial management capability over five years;
- Provide first class IT and administration services to employees of the Agency; and
- Provide world-class human resources support and services – by recruiting, maintaining and developing a competent, motivated workforce, while complying with all HR and Agency policies and procedures.

Performance overview

During the financial year under review, the unit implemented the necessary systems and processes to ensure compliance with the relevant legislative prescripts and standards – in terms of supply chain and expenditure management. The unit achieved most of its targets for the financial year, and the Agency received an unqualified audit for 2014/15. The financial statements and annual report were submitted in accordance with the legislative requirements.

Due to the efficient management of the network infrastructure, the overall uptime of all servers remained better than 99.8%. The downtime experienced occurred as a result of outages experienced by two external service providers.

The Agency filled 18 positions during the financial year under review. As part of a strategy to promote, attract and recruit young talented individuals, Wesgro participated in career fairs and graduate programmes at various tertiary institutions – with the aim of promoting and profiling the Agency as an employer of choice.

The annual internal review of all Corporate Service policies was conducted to ensure full compliance with statutory requirements and best practice models. Ten policies were reviewed and approved by the Wesgro Board.

Strategic objectives, performance indicators, planned targets and actual achievements

Financial management

| Financial Management | | | | | | |
|----------------------|--|---|---|------------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Quarterly comparison between actual and budgeted expenditure against the approved budget, as per the signed MoA. | 4 | 4 | 4 | - | - |
| 1.2 | Frequency at which monthly revenue and projections are assessed within seven working days of month end. | 12 | 12 | 12 | - | - |
| 1.3 | Monthly departmental expenditure reports submitted to business units within 10 working days of month end. | 12 | 12 | 10 | -2 | All 12 monthly expenditure reports were submitted to departments. However, two reports were submitted after the prescribed deadline due to technical challenges experienced during their compilation. |
| 1.4 | Quarterly reconciliation of the asset register, with 100% accuracy outcome. | 4 | 4 | 4 | - | - |
| 1.5 | Number of significant internal audit findings not addressed for the financial year. | 0 | 0 | 0 | - | - |
| 1.6 | Monthly payments made to creditors within 30 days from date of receipt | 30 days | 30 days | 30 days | - | - |
| 1.7 | Unqualified external audit report with no emphasis of matters on finance. | Unqualified external audit report – with no emphasis of matters on finance. | Unqualified external audit report with no emphasis of matters on finance. | Clean external audit report. | - | - |

| Financial Management | | | | | | |
|----------------------|---|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.8 | Average turnaround time for approval of submissions from date of receipt. | 2.3 days | 3 days | 2.8 days | - | Due to the implementation of efficient processes, the turnaround time for the approval of submissions was reduced. |

IT and Administrative Services

| IT and Administrative Services | | | | | | |
|--------------------------------|--|----------------------------|------------------------|---------|-------------------------------|--|
| No. | Performance indicator | Actual achievement 2014/15 | Planned Target 2015/16 | Actual | Deviation from planned target | Comments on deviation |
| 1.1 | Maintain and ensure a reliable and stable network infrastructure, with a maximum of eight hours of downtime per quarter during working hours | 51min, 10 seconds downtime | 8 hours | 9 hours | 1 hour | Three external events beyond the control of Wesgro and its IT department occurred – which resulted in the downtime. The events included an Internet failure, failure at the MWeb data centre and an electrical fault in the server room at Wesgro. |

Human Resource Management (HRM)

| Human Resource Management (HRM) | | | | | | |
|---------------------------------|--|----------------------------|------------------------|---------------|-------------------------------|-----------------------|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Percentage of training needs identified and addressed for the financial year within budget constraints | 100% | 100% | 100% | - | - |
| 1.2 | All formal disputes and grievances resolved within 90 days of receipt. | 90 days | 90 days | 90 days | - | - |
| 1.3 | Percentage of compliance by qualifying employees with staff performance management. | 30 Sept 2015 | 30 Sept 2015 | 30 Sept 2015 | - | - |
| | | 31 March 2016 | 31 March 2016 | 31 March 2016 | - | - |

| Human Resource Management (HRM) | | | | | | |
|---------------------------------|--|----------------------------|------------------------|--------|-------------------------------|-----------------------|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual | Deviation from Planned Target | Comments on Deviation |
| 1.4 | Annual internal review of all Corporate services policies – to ensure full compliance with all statutory requirements for the financial year | 1 | 1 | 1 | - | - |

Strategy to overcome areas of under-performance

The unit remains committed to the implementation of specific interventions to ensure that the departmental expenditure reports are timeously submitted, that effective expenditure management is ensured, and that the budget information is correct.

Changes required to planned targets

No targets were adjusted during the financial year under review.

Linking performance to targets

| Programme | 2015/16 | | | 2014/15 | | |
|--------------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Corporate services | R9 249 | R8 965 | R284 | R8 721 | R9 752 | (R1 031) |
| Total | R9 249 | R8 965 | R284 | R8 721 | R9 752 | (R1 031) |



3.3. Programme 3: Investment Promotion

Purpose

The purpose of the programme is to attract and facilitate foreign and domestic direct investment into the Western Cape Province and the City of Cape Town.

Programme structure

Investment Recruitment

Wesgro attracts direct investment to the Western Cape from international, national and local sources by providing the following services:

- Investor research;
- Investor targeting;
- Inward and outward missions; and
- Matchmaking local and foreign firms.

Investment Facilitation

Investment facilitation aims to minimise delays in the investment process. Wesgro offers several investment facilitation services including:

- Information on incentives;
- Site location;
- Advice on accessing finance;
- Advice on accessing incentives; and
- Professional referral service.

Aftercare

Through the aftercare programme, Wesgro aims to use the current pool of investor clients, as well as current investors in the Western Cape who have not used the Agency's services – as a source of increased investment through the expansion of their business interests in the province. The commitment to business retention and expansion has also required maintaining relationships with current investors through facilitation and advocacy.

Advocacy

The aim of policy advocacy is to identify constraints to investment and to alert decision makers to the negative effects these policies have on the business environment.

Strategic objectives

The strategic objectives of the programme are to:

- Attract investment projects to create a robust investment pipeline; and
- Facilitate investment and jobs into the Western Cape.

Performance overview

The unit realised 10 investment projects, to the value of R2,045bn, against a target of R850m – R1,7bn. This has assisted with the creation of 681 jobs and has grown the Western Cape's industrial base. Investment performance has also contributed to the objectives outlined in Project Khulisa, through the realisation of investments in the renewable energy and manufacturing sectors – amongst others. The table (below) lists committed investment projects and the number of jobs created during the financial year under review:

| Company | Source Country | Sector | Value of Investment ¹ | Jobs |
|--------------------------------|----------------|-------------------|----------------------------------|------------|
| New investment projects | | | | |
| Grad Connection (Pty) Ltd | Australia | ICT | R15 000 000 | 20 |
| Acciona | Spain | Renewable Energy | R1 189 000 000 | 50 |
| Forge Technologies Pty | South Africa | ICT | R 28 300 000 | 80 |
| SACMI | Australia | Manufacturing | R18 500 000 | 5 |
| Sub-total | | | R1 250 800 000 | 155 |
| Expansion projects | | | | |
| Kimberly Clark SA | South Africa | Manufacturing | R221 000 000 | 32 |
| Okuhle | South Africa | Film | R285 000 000 | 20 |
| Triggerfish Animation | South Africa | Film | R50 000 000 | 150 |
| LA Group Pty Ltd | South Africa | Textiles | R40 000 000 | 220 |
| Yoco Technologies | South Africa | ICT | R165 000 000 | 100 |
| Cape Town Film Studio | South Africa | Creative Industry | R34 000 000 | 4 |
| Sub-total | | | R795 000 000 | 526 |
| Total | | | R2 045 800 000 | 681 |

The unit recruited 61 new quality investment projects into the project pipeline against a target of 45, which it seeks to commit through the remainder of the five-year strategy. Through the adoption of a more pro-active approach to targeting investors locally and internationally, the unit managed to exceed the target. Furthermore, the unit has been aggressive in soliciting leads through its engagements with Sector Development Agencies (SDAs) – resulting in 24 engagements against a target of 10 for the financial year.

Wesgro embarked on 11 outward missions during the financial year – targeting and engaging with 133 foreign companies. Table 2 (below) lists the outward missions

| Table 2. Outward Missions | | |
|----------------------------------|------------------------|-----------------------------|
| Country | Month | Sector |
| Netherlands (The Hague) | March 2016 | Manufacturing and Oil & Gas |
| Portugal (Lisbon) | March 2016 | Multi-sector |
| Sweden (Stockholm) | March 2016 | Multi-sector |
| Denmark (Copenhagen) | March 2016 | Multi-sector |
| Japan (Tokyo) | December 2015 | Agribusiness |
| UAE (Dubai) | November 2015 | Multi-sector |
| Lebanon (Beirut) | November 2015 | Multi-sector |
| Brazil (Rio) | November 2015 | Multi-sector |
| Hong Kong | November 2015 | Multi-sector |
| China (Shanghai and Beijing) | November 2015 | Multi-sector |
| Netherlands (The Hague) | September/October 2015 | Multi-sector |

A total of 52 inward business delegations were hosted from: Belgium, Canada, China, the Czech Republic, Dubai, France, Germany, Greece, India, Japan, Lebanon, Mauritius, Nigeria, Russia, Spain, Uganda, the UK, USA and Vietnam, in order to market the Western Cape to potential investors.

¹ The value of investment listed in the table is an estimation of the impact of the investment over a five year period. The investment value is determined by the client.

Special Projects – Agribusiness Investment Unit (AIU)

The Investment Promotion Unit manages the Agribusiness Investment Unit (AIU) on behalf of the Department of Agriculture.

Purpose

The purpose of the unit is to attract and facilitate foreign and domestic investment into the Western Cape – as well as retain existing investments and support their expansions.

Strategic objectives

The strategic objectives of the programme are:

- Attract investment projects in order to create a robust investment pipeline; and
- Facilitate investment and jobs into the Western Cape.

Performance overview

The unit realised three investment projects, to the value of R315 m, against a target of R230 m. This has assisted with the creation of 218 jobs and has grown the Western Cape's industrial base. The table below lists the committed investment projects and number of jobs created during the financial year under review:

| Company | Source Country | Sector | Value of Investment ² | Jobs |
|-------------------------|----------------|--------------|----------------------------------|------|
| New investment projects | | | | |
| Agriprotein | United Kingdom | Agribusiness | R240 000 000 | 140 |
| Breys Butchery | South Africa | Agribusiness | R30 000 000 | 35 |
| Doringbaai Abalone | South Africa | Agribusiness | R45 000 000 | 43 |
| Total | | | R315 000 000 | 218 |

The unit recruited 17 new quality investment projects into the project pipeline, against a target of 15. Through the adoption of a more pro-active approach to targeting investors locally and internationally, the unit managed to exceed the target. Furthermore, the unit has been aggressive in soliciting leads through its engagements with Sector Development Agencies (SDAs) – resulting in 11 engagements against a target of nine for the financial year.

Wesgro embarked on four outward missions during this financial year – targeting and engaging with 41 foreign companies. Table 3 (below) lists the outward missions:

| Table 3. Outward Missions | | |
|---------------------------|----------------|---------------|
| Country | Month | Sector |
| USA | September 2015 | Agri-business |
| Japan | December 2015 | Agri-business |
| UK | March 2016 | Agri-business |
| France | March 2016 | Agri-business |

A total of 11 inward business delegations were hosted from Germany, the Netherlands, China, and Italy – in order to market the Western Cape to potential investors.

² The value of investment listed in the table is an estimation of the impact of the investment over a five year period. The investment value is determined by the client.

Strategic objectives, performance indicators planned targets and actual achievements

| Investment Promotion | | | | | | |
|----------------------|--|----------------------------|------------------------|----------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of new, quality investment projects realised | 16 | 15 | 10 | -5 | The investment projects were not realised within the anticipated time-frame due to further required engagement, which resulted in the under- performance. |
| 1.2 | Rand value of committed investment projects into the Western Cape | R1 958bn | Lower band – R850m | R2 045bn | R1 195m | The projects realised were more capital intensive, which resulted in the over-performance. |
| | | | Upper band – R1.7bn | | | |
| 1.3 | Number of jobs facilitated/ sustained in the Western Cape | 1 187 | Lower band – 530 | 681 | 151 | The projects realised were more labour-intensive, which resulted in the over-performance. |
| | | | Upper band – 1 130 | | | |
| 1.4 | Number of new, quality investment projects attracted into the pipeline | 55 | 45 | 61 | 16 | The unit proactively targeted investors, which resulted in the over-performance. |
| 1.5 | Number of strategic engagements with SDAs | 20 | 10 | 24 | 14 | The unit has been aggressive in its engagement with SDAs to solicit leads for the unit. |

Agribusiness

| Agribusiness | | | | | | |
|--------------|---|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of new, quality investment projects realised | 4 | 6 | 3 | -3 | The investment projects were not realised within the anticipated time-frame due to further required engagement, which resulted in the under-performance. |
| 1.2 | Rand value of committed investment projects into the Western Cape | R225m | Lower band – R230m | R315m | R85m | The projects realised were more capital intensive, which resulted in the over-performance. |
| | | | Upper band – R300m | | | |

| Agribusiness | | | | | | |
|--------------|--|----------------------------|------------------------|----------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.3 | Number of jobs facilitated/sustained in the Western Cape | 325 | Lower band – 155 | 218 | 45 | The projects realised were more labour intensive, which resulted in the over-performance |
| | | | Upper band – 200 | | | |
| 1.4 | Number of new, quality investment projects attracted into the pipeline | 14 | 15 | 17 | 2 | The unit proactively targeted investors, which resulted in the over-performance. |
| 1.5 | Number of strategic engagements with SDAs | 3 | 9 | 11 | 2 | The unit has been aggressive in its engagement with SDAs, in order to solicit leads for the unit. |

Strategy to overcome underperformance

The unit mitigates the risk of projects being delayed in commercialisation by trying to build a robust project pipeline.

Changes to planned targets

No targets were adjusted during the financial year.

Linking performance with budgets

| Programme | 2015/16 | | | 2014/15 | | |
|----------------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Investment Promotion | R3 795 | R3 766 | R29 | R4 761 | R3 363 | R1 399 |
| Total | R3 795 | R3766 | R29 | R4 761 | R3 363 | R1 399 |



3.4. Programme 4: Trade Promotion

Purpose

The purpose of the trade programme is to facilitate trade and export promotion in prioritised sectors, in order to encourage the sustainable growth of exports of Western Cape products and services, promote the Western Cape as a film destination, and to encourage the growth of a globally competitive film industry.

Programme structure

Export capacity building

Wesgro's Export Development Programme (EDP) supports the strengthening of exporting Western Cape companies. The structure of the development programme has been formulated to address the needs of various sizes of business. The programme also looks at the development of niche sectors.

The facilitation component encompasses

- Visiting/meeting with clients (one-on-one);
- Handling trade development enquiries; and
- Providing a "sign-posting" or referral service.

Export promotion

Wesgro's export promotion services allow companies the opportunity to gain access to international markets by visiting these markets with a Wesgro International Trade Manager. The facilitation component of trade promotion encompasses:

- Visiting/meeting with clients (one-on-one);
- Handling export enquiries;
- Providing access to service providers; and
- Distributing leads generated at the outward selling initiatives.

Export retention and expansion

Wesgro's export retention and expansion services create a platform for the Western Cape export business to keep abreast of the dynamic and changing international environment in which they are operating. This programme monitors the current environment and aims to inform business about the issues that affect them.

Strategic objectives

The strategic objectives of the programme are to:

- Assist Western Cape companies with export and enhance the Western Cape exporter capability; and
- Provide qualified Western Cape exporters with access to international markets.

Performance overview

The Agency assisted a total of 709 businesses with exports, against a target of 550. A significant number of companies expressed interest in the Exporter Development Programme and additional outward missions were embarked upon, which led to the over-performance. The highlights for the financial year under review were:

- EDP supported 64 companies with six modules addressing all aspects of the export process.
- The EDP3 Programme comprised 15 seminars and supported 407 companies.
- The EDP3: PUM Programme supported 15 companies with mentorship assistance: they were representative of the Agro-processing, Interior Design and manufacturing sectors.
- Wesgro led Western Cape companies on the following outward selling missions:
 - As part of the Wesgro's Western African Trade corridor programme for 2015/16, missions aimed at generating business opportunities for Western Cape companies were undertaken to Ghana, Nigeria, Cameroon and Gabon.
 - The BAR 15 National Restaurant Association was held in Chicago, USA – which is exclusive for beverages and alcohol in the restaurant and hospitality industry and is attended mainly by women and black brand owners.
 - Additional trips to Angola, China and a fact-finding mission to Ethiopia: these markets have been identified as

potential future growth markets for trade.

- Wesgro accompanied Western Cape companies on the following dti National Pavilions and ITI:
 - SIAL – China
 - Anuga International Trade Fair – Germany
 - World Food Moscow – Russia
 - Feira Internacional De Angola (Filda 2015)
 - Food and Hotel China and Prowine
 - Japan Giftex 2016
 - Russia Prodexpo
 - Dubai Gulffood
 - ITI – Yekanterinburg – St Petersburg, Russia.

The following successes resulted from the outward missions embarked upon:

| Table 4. Successes from Outward Missions | | |
|---|---------|--|
| Event | Country | Successes |
| Wesgro Outward Selling Mission | Ghana | <ul style="list-style-type: none"> • Constantia Curtains received a partnership proposal from a Ghanaian importer and various orders. • Zhauns Group secured more sales contracts. • Illumina secured partnership for supplying their lighting products. • National Manhole Covers, due to Wesgro's facilitation with Ghanaian government officials, have an opportunity to supply the company's product for road projects in Ghana. • Lasec is at an advanced stage of setting up an office in Ghana in partnership with a Ghanaian business, for laboratory services. The parties are also discussing the formation of a partnership and are registering a joint venture company in Ghana. • Vinglo and La Ric Mal secured orders for wines. • Protea Chemicals sealed partnerships with their clients and were given an opportunity to secure more deals from other clients in Ghana |
| Filda Trade Exhibition | Angola | <ul style="list-style-type: none"> • Toprope secured a partnership deal. • Fruit & Veg City, through the continuous help of Wesgro during 2015, has expanded their operations in Angola. |
| Wesgro OSM in collaboration with Eastern Cape Development Corporation | Nigeria | <ul style="list-style-type: none"> • R&R Interiors has secured partnership with a Nigerian company to undertake interior design projects in Nigeria. • Cape Five Exports secured export orders of fresh fruit into Nigeria. • Khula Technologies are in the advanced stage of setting up an office in Nigeria in partnership with a Nigerian business contact, and the parties are already discussing a partnership and are registering a joint venture company. |
| Wesgro Outward Selling Mission | Gabon | <ul style="list-style-type: none"> • Allchoice has secured a contract with a Gabonese company to export fresh produce into Gabon. |

Table 4. Successes from Outward Missions

| Event | Country | Successes |
|--|---------|--|
| World Food Moscow 2015 and Prodexpo, Russia | Russia | <ul style="list-style-type: none"> The Fresh Produce Exports Forum signed an MOU with their Russian counterparts – The Association for Producers, Importers and Exporters of Fresh Produce. The SA Fruit and Vegetable Canners Export Council reported an increase in their members' exports from 2004 – 2014. Anura Wines discussed their first order. Stellenview Wines obtained a possible contract for 8 x 20 ft bulk per month, 1 x 20 ft bottle wine for export, and brandy to be exported in bulk, which could lead to a possible sales order of US\$30 000–300 000. Bonaire Wines closed a pending bulk contract, resulting from one year of negotiations. Wellington Wines obtained a sales order for one full container of wine. SAPEX Exports has loaded their first two 40 ft containers of pomegranates valued at R929 000 (US\$63 000), to two clients in Moscow. |
| Africando 2015 – US-Africa Trade & Investment Conference and Food and Beverage Show (24 – 28 October 2015) | USA | <ul style="list-style-type: none"> Cortech Group (CTG) Global are in the process of expanding their imports into the USA. They presented a plan that includes the importation of agri-processed goods from South Africa. As part of the action plan, it was agreed that CTG will recruit buyers from HEB (retailer based in Texas) to visit SA – especially the WC. HEB is also developing a two-week SA festival in all their stores. This project will entail importing over 1 000 product lines from SA. Sweepy Snack, manufacturers of sweets and confectionary products, are interested in having an African footprint, and will visit Cape Town in 2016 to look at the possibility of setting up an office. The Miami Free Trade Zone is looking at promoting the free trade zone more aggressively – and will be doing a roadshow to Africa in 2016/2017. |

A total of 29 inward buying missions were hosted during the financial year, focusing on Agribusiness, creative industries, services and manufacturing industries, ICT, and the oil and gas sectors. The delegations were from, amongst others: Singapore, Lebanon, China, Angola, Ghana, Nigeria, Mozambique, USA, Uganda, Namibia, Cote D'Ivoire, Cameroon, Zimbabwe, Kenya, Mexico, Ethiopia and Switzerland.

In addition, the unit participated in Africa Day and hosted two West African Business Networking Forums. The network session formed part of the Africa Day celebrations programme for 2015. It was aimed at bringing business people from African countries together – to learn and share their experiences and network with local businesses from the Western Cape, and thereby promote intra-Africa trade and investments.

Special project: Film and Media Promotion

Purpose

Establish a globally competitive film sector in Cape Town and the Western Cape by 2020.

Programme structure

The programme structure will address the following:

- Implementing a five year demand-led film and media strategy;
- Maximising inward and outward marketing opportunities to strengthen Cape Town and the Western Cape; and
- Supporting film and media productions.

Strategic objective

To firmly establish a globally competitive film sector by 2020.

Performance overview

The Agency assisted 188 businesses with export, against a target of 35. The over-achievement was due to opportunities with national sector partners to upskill companies to be export ready.

Wesgro Film and Media supported Western Cape companies on the following dti-supported and partner-led national pavilions:

- Toronto International Film Festival;
- Annecy Film Festival with MIFA Market; and
- Cannes International Film Festival.

The partners included: Animation South Africa, Association for Film and Television, the National Film and Video Foundation, and the dti Investment Promotion division.

Wesgro Film and Media was also invited to be a jury member at the Tunis Carthage Film Festival TAKMIL Post Production market, which allowed the province and city to work the many filmmakers in attendance – including a number from South Africa. The South African film “Endless River” won the prize.

The unit hosted five inbound missions from France, the UK, Italy, Canada, and the USA. The inbound mission from Canada was the first mission supported by the dti, and included eight production companies.

In addition, the unit generated R8.3m worth of media coverage (AVE), against a target of R5m for the financial year under review.

Strategic objectives, performance indicators planned targets and actual achievements

| Trade Promotion | | | | | | |
|-----------------|---|----------------------------|------------------------|----------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Total number of Western Cape companies assisted with exports | 770 | 550 | 709 | 159 | An increase in the number of people attending the EDP seminars and the additional outward initiative embarked upon, resulted in the over-performance. |
| 1.1.1 | Number of Western Cape companies assisted with exports via the Exporter Development Programme (EDP2, EDP3, EDP PUM, EDP3 SSAS). | 552 | 370 | 527 | 157 | More companies applied to attend the EDP 2 Training and EDP 3 seminars than anticipated. |

| Trade Promotion | | | | | | |
|-----------------|--|----------------------------|------------------------|----------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1.2 | Number of Western Cape companies assisted/lead on outward-selling initiatives into foreign markets ((LOSI, AOSI) | 218 | 180 | 182 | 2 | The dti invited Wesgro to attend an additional outward mission to Russia – which resulted in the over-performance. |
| 1.2 | Number of foreign buying trade missions attracted and facilitated | 16 | 24 | 29 | 5 | An increased interest in exploring business opportunities in the Western Cape from the African continent, resulted in the over-performance. |
| 1.3 | Number of West African Business Network Forums arranged and facilitated | 2 | 2 | 2 | - | - |
| 1.4 | Number of strategic engagements with SDA's per quarter | 74 | 100 | 25 | -75 | Due to the cancellation of missions as a result of the lack of dti funding, fewer meetings were scheduled with the Sector Development Agency, who normally assist with mission applicants from their members. |

Film

| Film | | | | | | |
|------|---|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of strategic engagements to promote film and media | - | 3 | 5 | 2 | Additional opportunities arose, to attend and support strategic engagements to promote film and media |
| 1.2 | Rand Value AVE (R000 000) | - | R5m | R8.3m | R3.3m | The increase in the scope of the newsclip contract and the inclusion of partner AVE reports, resulted in the over-performance. |
| 1.3 | Inbound Missions | 1 | 2 | 4 | 2 | Additional opportunities arose for discussing prospective film opportunities in the industry – as a result of a number of festivals held in Cape Town. |
| 1.4 | Outbound Missions | 4 | 5 | 5 | - | - |
| 1.5 | Number of businesses assisted | 215 | 35 | 188 | 153 | An increased demand from local film production companies to participate in the EDP Film programme. |
| 1.6 | Research Paper Annual | 1 | 1 | 1 | - | - |

Strategy to overcome under-performance

The unit will prioritise engagements with Sector Development Agencies by adopting a more pro-active approach.

Changes to planned targets

No targets were adjusted during the financial year under review.

Linking performance with budgets

| Programme | 2015/16 | | | 2014/15 | | |
|-----------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Trade Promotion | R4 988 | R4 515 | R473 | R5 299 | R4 598 | R701 |
| Total | R4 988 | R4 515 | R473 | R5 299 | R4 598 | R701 |

3.5. Programme 5: Research

Purpose

The purpose of the programme is to provide intelligence to the Agency and stakeholders regarding tourism, trade and investment.

Programme structure

The research programme is a specialist function which informs Wesgro's strategy and the Agency's promotion activities through intelligence support on key sectors and foreign markets.

Research projects from stakeholders (funders) will be project managed by the unit – assuming they are both core to Wesgro's mandate and within the unit's capacity to execute effectively.

Strategic objectives

The strategic objectives of the programme are:

- Develop relevant tourism, trade and investment publications; and
- Provide customised research and information in support of the core functions of the Agency.

Performance overview

Highlights for the Wesgro Research unit during 2015/16 are as follows:

- Assisted the AIU with the Investor Assessment project.
- Launched the wine tourism survey.
- Hosted the National Department of Tourism's quarterly Research and Knowledge Management Forum in Cape Town – Jacyntha Twynam, Leticia Philips and Levrone Goodman at Wesgro on 11 and 12 February 2016.
- Developed research questionnaire for Isabelo Bench on the c/o Adderley and Wale Street.
- Development of phase 1 tourism dashboard.
- The Cape Health Technology Park project is managed by the research unit.
- The Air Access project is managed by the research unit.

The unit produced 115 publications for the financial year under review. Table 5 (below) lists publications that were produced during the financial year: The types of publications produced were:

- 15 Country
- 17 Country-Sector
- 13 Destination
- 3 Region
- 12 Sector
- 55 Tourism

| Table 5. Wesgro Research Publications | | |
|---------------------------------------|---------|-------------|
| No. | Type | Title |
| 1 | Country | Angola |
| 2 | Country | Brazil |
| 3 | Country | China |
| 4 | Country | Ethiopia |
| 5 | Country | India |
| 6 | Country | Kenya |
| 7 | Country | Namibia |
| 8 | Country | New Zealand |
| 9 | Country | Nigeria |

| Table 5. Wesgro Research Publications | | |
|---------------------------------------|----------------|--|
| No. | Type | Title |
| 10 | Country | Russia |
| 11 | Country | Saudi Arabia |
| 12 | Country | Turkey |
| 13 | Country | UAE |
| 14 | Country | United Kingdom |
| 15 | Country | United States |
| 16 | Country-Sector | Africa – Oil & Gas |
| 17 | Country-Sector | Angola – Food & beverages |
| 18 | Country-Sector | Angola – Hotels |
| 19 | Country-Sector | Australia – Food & beverages |
| 20 | Country-Sector | China – Food & beverages |
| 21 | Country-Sector | Ethiopia – Food & beverages |
| 22 | Country-Sector | Ghana – Food & beverages |
| 23 | Country-Sector | Japan – Food & beverages |
| 24 | Country-Sector | Kenya – Consumer goods |
| 25 | Country-Sector | Kenya – Food & beverages |
| 26 | Country-Sector | Mozambique – Food & beverages |
| 27 | Country-Sector | Nigeria – Consumer goods |
| 28 | Country-Sector | Nigeria – Food & beverages |
| 29 | Country-Sector | Russia – Food & beverages |
| 30 | Country-Sector | Tanzania – Food & beverages |
| 31 | Country-Sector | UAE – Food & beverages |
| 32 | Country-Sector | Zambia – Food & beverages |
| 33 | Destination | A pitch for the Western Cape |
| 34 | Destination | Cape Town: Africa's city for investment |
| 35 | Destination | Doing business in the Western Cape |
| 36 | Destination | Invest in the Western Cape 2015 |
| 37 | Destination | Migration into the Western Cape |
| 38 | Destination | Overview of the Western Cape |
| 39 | Destination | Overview of the Western Cape (update) |
| 40 | Destination | Q2 2015 EPIC |
| 41 | Destination | Q3 2015 EPIC |
| 42 | Destination | Q4 2015 EPIC |
| 43 | Destination | Top 100 Companies in the Western Cape |
| 44 | Destination | Western Cape Trade 2015 |
| 45 | Destination | Western Cape: Africa's trade and investment springboard |
| 46 | Region | AGOA |
| 47 | Region | FDI into African cities |
| 48 | Region | SACU |
| 49 | Sector | AIU Pitchbook |
| 50 | Sector | Animal feed |
| 51 | Sector | Cement |
| 52 | Sector | Cities that invest into agri-business, renewable energy & IT |

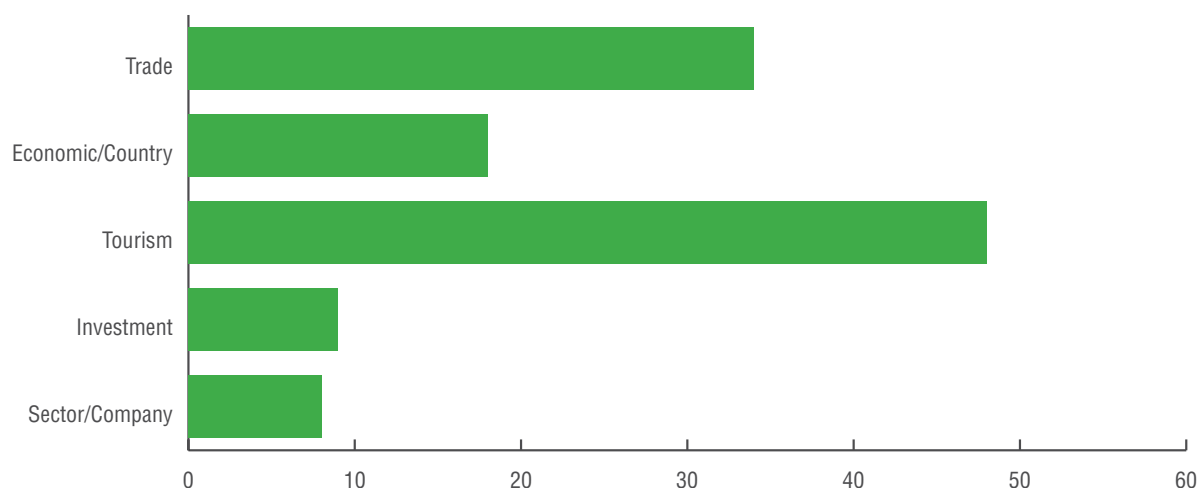
Table 5. Wesgro Research Publications

| No. | Type | Title |
|-----|---------|---|
| 53 | Sector | Dairy |
| 54 | Sector | Essential Oils |
| 55 | Sector | Film |
| 56 | Sector | Fruit Juice |
| 57 | Sector | Hotel and Tourism |
| 58 | Sector | Oil & Gas |
| 59 | Sector | Sector Pitchbook |
| 60 | Sector | Selected Meats |
| 61 | Tourism | 2014 Calitzdorp Visitor Trends |
| 62 | Tourism | 2014 Cape West Coast Trends |
| 63 | Tourism | 2014 Cape Winelands Trends |
| 64 | Tourism | 2014 Darling Visitor Trends |
| 65 | Tourism | 2014 Domestic Tourism Performance report |
| 66 | Tourism | 2014 Gansbaai Visitor Trends |
| 67 | Tourism | 2014 George – Domestic Visitor Trends |
| 68 | Tourism | 2014 Hangklip/Kleinmond Visitor Trends |
| 69 | Tourism | 2014 Hermanus Visitor Trends |
| 70 | Tourism | 2014 Hermanus – Whale watching Visitor Trends |
| 71 | Tourism | 2014 International Tourism Performance report |
| 72 | Tourism | 2014 Knsyna Visitor Trends |
| 73 | Tourism | 2014 Swellendam – International Visitor Trends |
| 74 | Tourism | 2014 Swellendam Visitor Trends |
| 75 | Tourism | 2014 Tulbagh Visitor Trends |
| 76 | Tourism | 2014/15 Western Cape Tourism Trends – Summer |
| 77 | Tourism | 2015 Cape Karoo Tourism Trends |
| 78 | Tourism | 2015 Cape Winelands Tourism Trends |
| 79 | Tourism | 2015 Drakenstein Visitor Trends |
| 80 | Tourism | 2015 Summer Pricing and Perception study |
| 81 | Tourism | 2015 Swellendam Visitor Trends |
| 82 | Tourism | 2015 Tourism Indaba Evaluation study |
| 83 | Tourism | 2015 West Coast Peninsula Visitor Trends |
| 84 | Tourism | 2015 Winter Pricing and Perception study |
| 85 | Tourism | Africa and Middle East Tourism Trends |
| 86 | Tourism | Americas Tourism Trends |
| 87 | Tourism | Asia and Australasia Tourism Trends |
| 88 | Tourism | Q1 2015 Destination Performance report |
| 89 | Tourism | Q2 2015 Destination Performance report |
| 90 | Tourism | Q2 2015 Western Cape Tourism Trends |
| 91 | Tourism | Q2-Q3 2015 Cape Garden Route & Klein Karoo Tourism Trends |
| 92 | Tourism | Q2-Q3 2015 Cape Karoo Tourism Trends |
| 93 | Tourism | Q2-Q3 2015 Cape Overberg Tourism Trends |
| 94 | Tourism | Q2-Q3 2015 Cape Town Tourism Trends |
| 95 | Tourism | Q2-Q3 2015 Cape West Coast Tourism Trends |

| Table 5. Wesgro Research Publications | | |
|---------------------------------------|-------------------------|---|
| No. | Type | Title |
| 96 | Tourism | Q2-Q3 2015 Cape Winelands Tourism Trends |
| 97 | Tourism | Q3 2015 Western Cape Tourism Trends |
| 98 | Tourism | Q4 2014 – Q2 2015 Europe Tourism Trends |
| 99 | Tourism | Q4 2014 – Q1 2015 Cape Garden Route and Klein Karoo Summer Trends |
| 100 | Tourism | Q4 2014 – Q1 2015 Cape Karoo Summer Trends |
| 101 | Tourism | Q4 2014 – Q1 2015 Cape Overberg Summer Trends |
| 102 | Tourism | Q4 2014 – Q1 2015 Cape Town Summer Trends |
| 103 | Tourism | Q4 2014 – Q1 2015 Cape West Coast Summer Trends |
| 104 | Tourism | Q4 2014 – Q1 2015 Cape Winelands Summer Trends |
| 105 | Tourism Market Insights | Angola |
| 106 | Tourism Market Insights | United Kingdom |
| 107 | Tourism Market Insights | United States |
| 108 | Tourism Niche Studies | Business Tourism |
| 109 | Tourism Niche Studies | Cultural Tourism |
| 110 | Tourism Niche Studies | Domestic Tourism |
| 111 | Tourism Niche Studies | Eco Tourism |
| 112 | Tourism Niche Studies | Gastro Tourism |
| 113 | Tourism Niche Studies | Medical Tourism |
| 114 | Tourism Niche Studies | Nature Tourism |
| 115 | Tourism Niche Studies | Wine Tourism |

The Wesgro Research unit completed 117 information requests during the financial year under review. The information requests were completed at an average turnaround time of two days.

Enquiries for the year 2015/2016



The Wesgro Research unit presented to 20 delegations during the financial year – including inward delegations for trade and investment and briefing sessions for exporters prior to a Wesgro-led outward trade mission. The unit also updated the generic presentation quarterly to ensure that the Agency has up-to-date information for their own presentations.

Wesgro Research is responsible for the management of special projects on behalf of the Office of the CEO. The section below lists highlights for the year:

Air Access Project: Airlift strategy

The Air Access project was established to enhance Cape Town and the Western Cape's connectivity to Africa and global hubs – to improve global competitiveness and create jobs through increased trade, investment and tourism. The project was renamed the Cape Town Air Access (CTAA) division of Wesgro – with a formalised Steering Committee comprised of Wesgro, the Western Cape Government, City of Cape Town, Airports Company of South Africa (ACSA), and Cape Town Tourism. CTAA receives public sector funding and aims to recruit further private sector funding to boost the offerings to airlines during the 2016/17 financial year. CTAA gained a lot of traction during 2015/16, with significant interactions with the airline industry – as well as proposals to a number of airlines to propose routes. One of the major successes of CTAA has been Kenya Airways announcing their Cape Town-Nairobi route via Livingstone.

A separate report for the project was developed and delivered according to the SLA of the project to the respective funders.

Cape Health Technology Park (CHTP)

The CHTP project is aimed at developing a health innovation hub in Cape Town and a knowledge-based bio-economy cluster for the Western Cape. This project aims to place Cape Town and the Western Cape as one of the leading places to do business in this sector globally – and the number one place in Africa. A Steering Committee for this project was formalised and comprises Wesgro, Department of Science and Technology, the Western Cape Government and the City of Cape Town. The project team aims to deliver a business plan and feasibility study during 2016/17 for a viable CHTP to begin infrastructure development during 2017/18.

A separate report for the project was developed and delivered according to the project SLA with the relevant funders.

Strategic objectives, performance indicators planned targets and actual achievements

| Wesgro research | | | | | | |
|-----------------|---|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of publications produced and available for public view – with content relevant to the priority sectors and markets of Wesgro | 116 | 115 | 115 | - | - |
| 1.2 | Average three-day turnaround time scale to complete customised investment and trade research requests from date of receipt. | 2.5 days | 3 days | 2 days | -1 | Due to increased efforts the unit was able to decrease the turnaround time for the completion of customised research. |
| 1.3 | Number of economic, tourism, trade and investment presentations developed and delivered to delegations | 38 | 24 | 20 | -4 | A total of 24 presentations were developed, however only 20 presentations were delivered by the research unit. The remaining four presentations were delivered by other Wesgro staff members in-country. |
| 1.4 | Quarterly update of statistical Wesgro presentation | 4 | 4 | 4 | - | |

Strategy to overcome under-performance

The team is currently available for presentations and can only present when invited to do so. However, presentations at conferences and events to enhance outward exposure will be sought out.

Changes to planned targets

No targets were adjusted during the financial year under review.

Linking performance with budgets

| Programme | 2015/16 | | | 2014/15 | | |
|--------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Research | R2 268 | R2 073 | R195 | R2 593 | R2 905 | (R312) |
| Total | R2 268 | R2 073 | R195 | R2 593 | R2 905 | (R312) |



3.6. Programme 6: Marketing and Communication

Purpose

The main task of this unit is to build a positive and trustworthy competitive identity for the Province, amongst our main target markets. Our target market comprises two groups:

- Global investment community
- Global importers community

Our primary aim is to positively differentiate Cape Town and the Western Cape from our competitors globally, as well as on the continent, and position ourselves as a reliable, trustworthy and innovative business destination.

Our secondary aim is to position Wesgro as a thought leader in investment and trade promotion for the Western Cape, while continuing to drive awareness of delivery on our mandate.

Programme structure

The unit uses the following channels and marketing activities to drive the competitive identity of the Province:

- Website (www.wesgro.co.za)
- Publishing research publications across various media channels
- Creation of relevant content to be distributed across various channels and marketing activities
- Media releases to targeted media databases
- Direct marketing to targeted databases
- Hosting of strategic media engagements

The unit uses the following channels to position Wesgro and drive thought leadership:

- Website (www.wesgro.co.za)
- Social media platforms (Facebook, Twitter, LinkedIn)
- Media releases
- Annual General Meeting
- Annual Report
- Strategic business engagements
- Sponsorships of relevant industry events
- Newspaper articles

The unit gains insight in terms of perception management and engagement via:

- Google analytics on the website
- Perception management across various media channels (print, press, TV, radio, online)
- Level of engagement across the various social media channels
- Media exposure (AVE)
- Annual relationship audit and management survey

Strategic objectives

The strategic objectives of the programme are:

- Positively differentiate Cape Town and the Western Cape as a reliable, trustworthy and innovative business destination; and
- Position the Agency as a thought leader and drive awareness and understanding of our mandate.

Performance overview

Driving media coverage across traditional and digital media platforms for the Agency and the business brand is one of the unit's main performance indicators – and helps meet our strategic objectives. The unit generated R16.5 m worth of AVE (advertising value equivalent) coverage in 2015/16.

A driver behind this media coverage was the delivery of seven strategic media engagements. These media engagements assist in positively differentiating the province as a reliable, trustworthy, and innovative business destination.

The unit also successfully hosted 14 strategic engagements with top local and international business leaders. These engagements help position Wesgro as a thought leader – and drive awareness and understanding of our mandate.

The unit sponsored two industry events. Such sponsorships help further cement Wesgro's approach to providing facilitation, support and networking opportunities for the business community with the public sector.

The Agency conducted their annual customer survey report which is aimed at their existing clients; 85% of all respondents agreed they would recommend Wesgro's services to peers.

In addition, the unit implemented the following marketing initiatives:

- Wesgro Air Access Launch to the industry and media;
- Media round-table discussion with businesses from the rest of Africa; and
- Media coverage of Wesgro's publications.

Strategic objectives, performance indicators planned targets and actual achievements

| Marketing and Communication | | | | | | |
|-----------------------------|---|----------------------------|------------------------|----------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Strategic media engagements | - | 6 | 7 | 1 | Additional opportunities arose which afforded the Agency the opportunity to host media engagements, which resulted in the over-performance. |
| 2.1 | Annual report | 1 | 1 | 1 | - | - |
| 2.2 | Hosting of strategic business events | 13 | 6 | 14 | 8 | Additional opportunities arose to engage industry role-players during the Mining Indaba, which resulted in the over-performance. |
| 2.3 | Sponsorship of relevant industry events | - | 2 | 2 | - | - |

| Marketing and Communication | | | | | | |
|-----------------------------|----------------------------------|----------------------------|------------------------|----------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 3.1 | Media exposure (AVE) | R21.27m | R10m | R16.5m | R6.5m | The marketing initiatives implemented during the year generated more AVE than anticipated which resulted in the over-performance. |
| 3.2 | Annual relationship audit survey | - | 1 | 1 | - | - |

Strategy to overcome under-performance

The programme achieved all its targets for the financial year under review.

Changes required to planned targets

No targets were adjusted during the financial year under review.

Linking performance with budget

| Programme | 2015/16 | | | 2014/15 | | |
|-----------------------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Marketing and Communication | R5 238 | R4 365 | R873 | R4 047 | R3 898 | R149 |
| Total | R5 238 | R4 365 | R873 | R4 047 | R3 898 | R149 |

3.7. Programme 7: Tourism Promotion

Purpose

The purpose of this programme is to lessen the effect of seasonality on the tourism industry in Cape Town and the Western Cape – and to ensure that more visitors to Cape Town travel into the five regions surrounding the Cape Town metro.

Programme structure

The Programme is divided into four sub-programmes, which are:

Sub-programme 7.1: Destination identity

The sub-programme aims to develop a new identity that positively differentiates the province.

Sub-programme 7.2: Market research and linkages to niche activities

The sub-programme seeks to do the following:

- Define the institutional, natural and other factors driving arrivals over a period;
- Segment the consumer base into traveller type and preferences for travel;
- Develop a multi-segmented approach to attract different markets per season – along with segmenting the type of traveller attracted (for e.g. senior citizens, avid bird watchers, etc.); and
- Link these preferences for travel with our selected tourism lifestyle niches.

Sub-programme 7.3: Promotion and events

The Western Cape relies heavily on its natural “climate dependent” attractions, and it is important that we start to drive awareness of attractions and activities enjoyed during our low season (as listed in our selected tourism lifestyle niches). We can also easily establish the dates of school and public holidays, religious events or pilgrimages and other events that influence seasonality – and develop programmes around this. Events provide an opportunity to market the region outside the traditional summer period, as many events are not weather dependent.

Sub-programme 7.4: Business tourism

The business tourist is also an important driver in the reduction of seasonality, as their main purpose is to travel for business (conference, meeting, exhibition) – something which is not determined by weather or holidays.

Strategic objectives

The strategic objectives for the programme are:

- Development of a compelling identity for the Western Cape;
- In-depth marketing understanding and linkages to niche tourism activities; and
- Improve brand awareness and conversion of business visitors to Cape Town and the Western Cape, as a business events destination.

Performance overview

Leisure Marketing Unit:

Driving media coverage across traditional and digital media platforms for the destination is one of the unit's main performance indicators, and helps define the identity of the province. The unit generated R16.6m worth of AVE coverage as a result of various marketing campaigns implemented throughout the year.

To address seasonality, 48 leisure events were supported by the unit. A large number of these events took place outside the City of Cape Town in the five regions (Cape Karoo, Cape West Coast, Garden Route and Klein Karoo, Cape Overberg, and Cape Winelands) during the winter season (April to September). The effect of this has been a notable increase in geographic spread into the regions during this period.

To reach and attract different (new) markets that travel outside our traditional summer season, 12 Joint Marketing Agreements (JMA) were implemented by the unit – linking these travellers to our niche activities through partnerships with airlines, online travel agents and tourism partners.

A total of 125 SMEs were given access to the market through the unit's marketing activities – including digital guides, educational, marketing collateral for trade shows, and social media exposure.

Convention Bureau Unit

The Convention Bureau secured 17 bids with an estimated delegate attendance of 28 820 and an estimated economic impact of R374.1m. To address seasonality, it is estimated that 50% of the bids secured will take place during April to September in the coming years.

Performance overview

- Reaching 15 million online users through a joint marketing campaign with South African Tourism and KLM;
- Hosting a Halal Workshop with global research house Dinar Standard – for the tourism industry to gain in-depth market understanding;
- Hosting a visa workshop with the Department of Home Affairs for the tourism industry; and
- Securing the destination's largest bid, World Ophthalmology Congress 2020, with an estimated delegate attendance of 15 000 and an estimated economic impact of R224m.

Strategic objectives, performance indicators planned targets and actual achievements

| Tourism Promotion | | | | | | |
|-------------------|--|----------------------------|------------------------|----------------------------|-------------------------------|---|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 1.1 | Number of international arrivals to the Western Cape | - | 1 – 1,4m | 1 418 513 | 18 513 | As a result of the marketing initiatives implemented throughout the year to enhance brand awareness, to decrease the effect of seasonality, and to increase the number of visitors to the province, there were more international arrivals than anticipated, which led to the over-performance. |
| 1.2 | Foreign Direct Spend | - | R8 – R13bn | R16.1bn | R 3.1bn | As a result of the marketing initiatives implemented throughout the year to enhance the awareness of the various attractions and activities in the region, there was an increase in foreign direct spend, which led to the over-performance. |
| 1.3 | Number of Domestic Trips | - | 1,5 – 2m | 2 022 948 | 22 948 | As a result of the marketing initiatives implemented throughout the year to enhance brand awareness, to decrease the effect of seasonality, and to increase the number of visitors to the province, there were more domestic trips than anticipated, which led to the over-performance. |
| 1.4 | AVE | | R15m | R16.6m | R1.6m | The marketing initiatives implemented during the year generated more AVE coverage than anticipated which resulted in the over-performance. |
| 2.1 | Number of JMAs | 12 | 12 | 12 | - | - |

| Tourism Promotion | | | | | | |
|-------------------|---|----------------------------|------------------------|----------------------------|-------------------------------|--|
| No. | Performance Indicator | Actual Achievement 2014/15 | Planned Target 2015/16 | Actual Achievement 2015/16 | Deviation from Planned Target | Comments on Deviation |
| 2.2 | Events Supported | 24 | 37 | 48 | 11 | Additional resources became available, which allowed the Agency to support additional events, which resulted in the over-performance. |
| 2.3 | Number of SMMEs given access to marketing opportunities | 12 | 80 | 125 | 45 | Additional marketing opportunities arose for SMMEs – which includes the social media and digital guides distributed at trade shows. |
| 3.1 | BestCities Membership | 1 | 1 | 1 | - | - |
| 3.2 | Conference bids secured | 16 | 16 | 17 | 1 | An additional bid win was announced sooner than anticipated. |
| 3.3 | Number of delegates attended | 22 050 | 16 000 | 28 820 | 12 820 | A number of the bids secured were for large meetings, which resulted in the over-performance. |
| 3.4 | Economic impact of conference | R271 460m | R134m | R374,1m | R240,1m | A number of the bids secured were for large meetings, which increased the economic impact of the meetings, so resulting in the over-performance. |

Strategy to overcome areas of under-performance

The unit achieved all its targets for the financial year under review.

Changes required to planned targets

No targets were adjusted during the financial year under review.

Linking performance with budget

| | 2015/16 | | | 2014/15 | | |
|-------------------|----------------|----------------------------|----------------------------------|----------------|----------------------------|----------------------------------|
| | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) | Budget (R'000) | Actual Expenditure (R'000) | (Over)/Under Expenditure (R'000) |
| Tourism promotion | R28 300 | R27 309 | R991 | R22 475 | R21 067 | R1 408 |
| Total | R28 300 | R27 309 | R991 | R22 475 | R21 067 | R1 408 |

4. revenue collection

| Sources of revenue | 2015/16 | | | 2014/15 | | |
|-----------------------------|----------------|-------------------------|--------------------------|----------------|-------------------------|--------------------------|
| | Estimate | Actual Amount Collected | (Over)/ Under Collection | Estimate | Actual Amount Collected | (Over)/ Under Collection |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Provincial Treasury (DEDAT) | R50 700 | R50 700 | R0 | R41 235 | R41 235 | R0 |
| DEDAT: Projects | R0 | R0 | R0 | R3 300 | R3 000 | R300 |
| DEDAT Film | R0 | R0 | R0 | R2 500 | R2 500 | R0 |
| City of Cape Town | R9 100 | R9 100 | R0 | R7 565 | R5 940 | -R1 625 |
| City of Cape Town Project | R1 265 | R1 265 | R0 | R0 | R0 | R0 |
| Project Funding | R8 692 | R8 891 | R0 | R7 634 | R3 634 | -R3 958 |
| Interest | R850 | R880 | R30 | R881 | R893 | R12 |
| Other Income | R0 | R1 031 | R1 031 | R1 076 | R1 738 | R662 |
| Total | R70 806 | R71 867 | R1 061 | R64 190 | R58 982 | R5 209 |

4.1. Capital investment

Not applicable.







part c: governance



part c: governance

1. introduction

Wesgro is a Schedule 3C public entity, as defined in the Public Finance Management Act, 1999 (Act 1 of 1999), as amended, and trades in the Western Cape Province of South Africa.

The Western Cape Investment and Trade Promotion agency (Wesgro) was established by The Western Cape Investment and Trade Promotion Agency Act, 1996, as amended by the Western Cape Investment and Trade Promotion Agency Act, 2013 (Act 6 of 2013).

With effect from 1 April 2012, the Agency took over the destination marketing function from Cape Town Routes Unlimited (CTRU). The Western Cape Tourism Act, 2004 (Act 1 of 2004) was repealed in August 2013 – at the same time the Wesgro Act was amended.

The Directors of Wesgro support the principles of the King III Report on Corporate Governance for South Africa and will implement these principles where applicable and practical. Responsible corporate citizenship and sound governance practices remain one of the top priorities of the Board, its committees and management. Wesgro has also undertaken a King III self-assessment to identify areas where it can realistically effect compliance over a period of time.

2. executive authority

The adjusted APP 2015/16 was submitted to the Minister of Economic Opportunities in November 2015. However, no issues were raised.

3. the accounting authority/board

Wesgro has a unitary Board with members appointed by the executive authority and the Provincial Minister responsible for Economic Development and Tourism – in consultation with the Executive Mayor of the City of Cape Town. The Board comprises 15 Directors. Ten (10) non-executive members are appointed by the Minister, two directors are nominated by organised local government (one representing category B municipalities and the other category C municipalities) and three are ex-officio members (of which one senior official is nominated by the Minister and one senior official by the Executive Mayor of the City of Cape Town and Chief Executive Officer of Wesgro). General guidelines expected of directors are clearly set out in the Act. In terms of the Wesgro Act, the Board appoints a Chairperson from among the non-executive directors. The roles of the Chairperson and Chief Executive Officer are separate.

Board Charter

The Board Charter was tabled at the board meeting held on 29 February 2016, after which it was reviewed by a sub-committee, before it was signed off.

Composition of the Board

| Name | Designation
(In Terms of
The Public
Entity Board
Structure) | Date
Appointed | Date
Resigned | Area of
Expertise | Other
Committees
or Task Teams
(e.g.: Audit
Committee /
Ministerial Task
Team) | No. of Meetings
Attended | | |
|-----------------------------------|---|-------------------|------------------|--|--|-----------------------------|----------|---------------------------|
| | | | | | | Board (4) | HR&R (4) | Audit, IT and
Risk (4) |
| Prof Brian Figaji | Chairperson | 08/2014 | - | Business | - | 4 | - | - |
| Michael Spicer | Deputy
Chairperson | 08/2014 | - | Business | - | 5 | - | - |
| Paul Bannister | Director | 08/2014 | - | Marketing | - | 5 | - | - |
| Ian Bartes | Director | 08/2014 | - | Business | Chairperson of the
Audit, IT and Risk
committee | 5 | - | 4 |
| David Green | Director | 08/2014 | - | Business | Member of the
Audit , IT and Risk
committee | 2 | - | 4 |
| Andrea Boehmert | Director | 08/2014 | - | Investment | Member of the
Human Resource
and Remuneration
Committee | 3 | 3 | - |
| Bulelwa Makalima-
Ngewana | Director | 08/2014 | - | Town
Planning | Chairperson of the
Human Resource
and Remuneration
Committee | 4 | 4 | - |
| Cllr Johan Rademeyer | Director | 11/2015 | - | Public
Sector/
Economic
Development | - | 2 | - | - |
| Ashraf Ameen | Director | 02/2016 | - | Business | - | 1 | - | - |
| Wendy Appelbaum | Director | 02/2016 | - | Business | - | - | 1 | - |
| Sipho Nzuza | Director | 02/2016 | - | Business | - | - | - | - |
| Prof Haroon Borat | Director | 08/2014 | 01/2016 | Economics | - | 1 | - | - |
| Chris Wheelan | Director | 08/2014 | 05/2015 | Strategy | - | 1 | 1 | - |
| Peter Hurst | Director | 08/2014 | 12/2015 | Trade | Member of the
Audit, IT and Risk
committee | 2 | - | 1 |
| Cllr Francois Schippers | Director | 08/2014 | 04/2015 | Public
Sector/
Economic
Development | - | - | - | - |
| Cllr Wessie van der
Westhuizen | Director | 08/2014 | 09/2015 | | - | - | - | - |

Ex-officio Board members

| Name | Designation
(In Terms of the
Public Entity
Board Structure) | Date
Appointed | Date
Resigned | Other Committees
or Task Teams (e.g.:
Audit Committee
/ Ministerial Task
Team) | No. of
Meetings
Attended |
|----------------|--|-------------------|------------------|---|--------------------------------|
| Solly Fourie | Ex-officio (DEDAT) | 06/2014 | - | - | 4 |
| Lance Greyling | Ex-officio (City of
Cape Town) | 03/2015 | - | - | 4 |
| Tim Harris | Ex-Officio (Wesgro
CEO) | 06/2014 | - | Member of the Audit,
IT and Risk committee
Member of the
Human Resource
and Remuneration
Committee | 15 |

Committees

| Committee | No. of Meetings
Held | No. of members | Name of members |
|--|-------------------------|----------------|---|
| Audit, IT and Risk
committee | 4 | 4 | Ian Bartes
David Green
Danny Naidoo
Paul Slack |
| Human Resource and
Remuneration Committee | 5 | 3 | Bulelwa Makalima-Ngewana
Andrea Boehmert
Lance Greyling |

Remuneration of Board members

| Name | Remuneration | Other Allowance | Other
Re-Imbursements | Total |
|--------------------------|--------------|-----------------|--------------------------|---------|
| Prof Brian Figaji | R41 256 | - | - | R41 256 |
| Michael Spicer | R39 648 | - | - | R39 648 |
| Paul Bannister | R17 040 | - | - | R17 040 |
| Ian Bartes | R42 192 | - | - | R42 192 |
| David Green | R27 264 | - | - | R27 264 |
| Andrea Boehmert | R44 304 | - | - | R44 304 |
| Bulelwa Makalima-Ngewana | R46 776 | - | - | R46 776 |
| Cllr Johan Rademeyer | R6 816 | - | - | R6 816 |
| Ashraf Ameen | R3 408 | - | - | R3 408 |
| Wendy Appelbaum | R3 408 | - | - | R3 408 |
| Sipho Nzuza | R3 408 | - | - | R3 408 |
| Peter Hurst | R10 224 | - | - | R10 224 |
| Haroon Borat | R3 408 | - | - | R3 408 |
| Chris Whelan | R7 992 | - | - | R7 992 |

4. risk management

The Agency endeavours to minimise risk by ensuring that the appropriate infrastructure, personnel, systems and controls are in place throughout the organisation, and risk management is integrated into management processes. Risk control strategies and policies have been put in place to ensure that all risks are managed in an integrated manner. The Board is accountable for ensuring that the risk management process is in place and is integrated into the day-to-day business activities of the Agency. Risk management is addressed through risk categories that include: finance, human resources, trade, investment, information, and strategic risks. Significant risks that could hinder the achievement of Wesgro's strategic objectives are identified, assessed and prioritised regularly, through a risk assessment and accountability framework, and control mechanisms are implemented to manage and monitor these risks.

5. internal control unit

To meet its responsibility with respect to providing reliable financial information, the Agency maintains financial and operational systems of internal control – as stipulated in Section 51 (a) (ii) of the PFMA. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately safeguarded against material losses or unauthorised acquisition, use, or disposal – and that transactions are properly authorised and recorded. Internal auditors monitor the operation of the internal controls, and report findings and recommendations to Management and the Audit Committee. Corrective actions are taken to address control deficiencies and to improve the systems as identified. The Board – through the Audit Committee – provides oversight to the financial reporting processes and internal controls. There are inherent limitations in the effectiveness of any system of internal control, however, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances. The Agency assessed its internal control systems in operation for the current financial year, and is satisfied with the assurance provided.

6. internal audit and audit committees

The Audit Committee (which includes Risk and Information Technology) constitutes three non-executive directors and two independent members. The Committee is chaired by Mr Ian Bartes, and Wesgro CEO, Mr Tim Harris is an ex-officio member. The purpose of this committee is to assist management in fulfilling their oversight responsibility for information technology issues, the financial reporting process, the system of internal control, the audit process, the statutory process for monitoring compliance with laws and regulations, the system of internal control over predetermined objectives, and the code of ethics and business conduct.

The table below discloses relevant information on the audit committee members

| Name | Internal or External | If Internal, Position in the Public Entity | Date Appointed | Date Resigned | No. of Meetings Attended |
|--------------|----------------------|--|----------------|---------------|--------------------------|
| Ian Bartes | External | - | 06/ 2014 | - | 5 |
| David Green | External | - | 08/ 2014 | - | 4 |
| Paul Slack | External | - | 06/ 2014 | - | 3 |
| Danny Naidoo | External | - | 06/ 2014 | - | 5 |
| Peter Hurst | External | - | 06/ 2014 | 12/2015 | 1 |

7. compliance with laws and regulations

Wesgro – as a 3C Provincial Public Entity – complies with the Public Finance Management Act (Act 1 of 2000), as amended. Wesgro also has to comply with the requirements set out in the National Treasury Regulations, the Provincial Treasury Instructions, and also Provincial Circulars issued during the financial year. The Agency compiles its financial statements in accordance with the GRAP standards and ensures that these standards are updated when required, by amendments received from the Accounting Standards Board via the Provincial Treasury.

8. fraud and corruption

The Agency has an Anti-Fraud and Corruption policy in place to manage susceptibility to risk and the reduction thereof, and for increasing the level of fraud awareness amongst employees. Furthermore, the Agency has implemented a Fraud Prevention plan reinforcing existing policies and procedures emphasising Wesgro's zero-tolerance stance to fraud in all its manifestations. The Fraud Prevention Plan is reviewed annually to ensure compliance with the other relevant legislative and regulatory prescripts and best practice. Mechanism have been put in place, which allow staff to report cases of fraud and corruption.

No fraud and corruption cases were reported during the financial year under review.

9. minimising conflict of interest

Management introduced a monthly compliance review for all staff members and members of the Board. The information is submitted to Provincial Treasury for review. In addition, all staff members and members of the Board are required to complete a declaration of interest each year. Furthermore, all suppliers over R10 000 are required to submit the relevant compliance documentation, which is reviewed to ensure compliance with the relevant provincial and national requirements with regard to supply chain management.

10. code of conduct

Directors and employees are required to maintain the highest ethical standards – ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. There is a code of conduct/ethics in place. The directors are requested to declare their interests at every Board meeting, and a 'declaration of interest' register is circulated at every Board meeting for confirmation – with the signed copy kept by the Secretariat. The Board is the custodian of ethics and business conduct, and maintains a positive and ethical working climate that is conducive to attracting, retaining and motivating a diverse group of employees. In addition, the Chief Executive Officer fosters a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility objectives and imperatives. A code of conduct for employees has been formulated – which employees have been appropriately advised about and made aware of.

11. company/board secretariat

The role of the Secretariat has been acknowledged to encompass, amongst other functions, the following:

- Playing a key role in ensuring that the Board and Committee meeting procedures are both followed and reviewed regularly, and the Secretariat has the responsibility to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers;
- Ensuring that the applicable rules and regulations pertaining to the conduct of the affairs of the Board are complied with, and that all matters associated with its efficient operation are maintained;
- In addition to the statutory duties of the Secretariat, it must provide the Board, as a whole, detailed guidance on how their responsibilities should be properly discharged in the best interests of the Agency;

- Keeping abreast with and informing the Board about current governance thinking and practice; and
- Coordinating performance evaluation of the Board of Directors.

12. audit committee report

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein – although changes in accounting policies and practices have not been reviewed.

The effectiveness of Internal Control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity, revealed certain weaknesses which were then raised with the public entity.

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

- Financial discipline review;
- Review of predetermined objectives;
- Review of human resources;
- Review of supply chain management; and
- Follow-up on previous queries and findings.

All matters raised were resolved.

In-year management and monthly/quarterly report

The public entity has submitted monthly and quarterly reports to Provincial Treasury, the Department of Economic Development and Tourism and the City of Cape Town.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

Auditor's report

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

The Audit Committee concurs and accepts the conclusions of the external auditor 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.



Ian Bartes
Chairperson of the Audit Committee
Wesgro
July 2016





part d: human resource management



part d: human resource management

1. introduction

The aim of the Human Resources sub-programme is to ensure compliance with labour law and that the Agency maintains a world-class, skilled workforce. The Agency's biggest asset lies in its human capital, intellectual property, and the knowledge of its people. Maintaining and developing the employees of Wesgro will ensure effective delivery of the Agency's services – as well as optimal customer service delivery.

Key activities for the year

- The Agency filled 18 positions during the 2015/16 financial year. Five interns left to take up permanent positions, three contracts of employment were not renewed, and eight staff members resigned.
- As part of Wesgro's strategy to promote, attract and recruit young, talented individuals, the Agency has participated in career fairs and graduate programmes at tertiary institutions – with the aim of promoting and profiling the Agency as an employer of choice.
- The Agency conducted a climate survey which was presented to the Board. The results revealed that the focus for the 2016/17 financial year will be on teambuilding, performance and communication, in order to provide a platform to inculcate the value system in the organisation.
- The annual internal review of all Corporate Service policies was conducted to ensure full compliance with statutory requirements and best practice models. Ten policies were reviewed and approved by the Wesgro Board.
- The Western Cape government, as part of Project Khulisa, has put in place a set of high priority, practical projects. These include focusing on a few, new specialised markets and boosting local business tourism. Wesgro was tasked to implement the government's focus. This affected the organisational structure and certain roles within Wesgro – particularly within the Destination Marketing unit. Wesgro conducted an assessment of its structure and requirements, measured against its required outputs and operational requirements, and 11 positions were affected.
- Following the prescribed legislative framework and after concluding the consultation process, three staff members opted for a voluntary severance package, while the other seven staff members signed new job descriptions.

2. human resource oversight statistics

Personnel cost by programme

| Programme | Personnel Expenditure (R'000) | Personnel exp. as a % of total exp. (R'000) | No. of Employees ¹ | Average Personnel Cost per Employee (R'000) ² |
|-----------------------------|-------------------------------|---|-------------------------------|--|
| Corporate Services | R5 218 542 | 22% | 13 | R401 426 |
| Investment Promotion | R3 095 018 | 13% | 7 | R442 145 |
| Marketing and Communication | R2 812 509 | 12% | 6 | R468 752 |
| Trade Promotion | R2 835 309 | 12% | 7 | R405 044 |
| Executive Management Unit | R3 707 369 | 15% | 5 | R741 474 |
| Research | R2 063 182 | 9% | 5 | R412 636 |
| Leisure Marketing | R1 586 939 | 7% | 6 | R264 490 |
| Conventions Bureau | R2 659 336 | 11% | 7 | R379 905 |
| Interns | R122 505 | 1% | 2 | R61 252 |
| Total | R24 100 709 | 100% | 58 | R3 577 125 |

¹ The number of employees does not include project positions.

² The average personnel cost per employee does not include the provision for leave and Board remuneration

Personnel cost by salary band

| Level | Personnel Expenditure (R'000) | % of Personnel exp. to Total Personnel Cost (R'000) | No. of Employees ³ | Average Personnel Cost per Employee (R'000) ⁴ |
|------------------------|-------------------------------|---|-------------------------------|--|
| Top Management | R2 574 581 ⁵ | 11% | 1 | R2 574 581 |
| Senior Management | R5 385 510 | 22% | 6 | R897 585 |
| Professional Qualified | R7 357 339 | 31% | 15 | R490 489 |
| Skilled | R5 359 738 | 22% | 16 | R334 984 |
| Semi-skilled | R3 301 036 | 14% | 18 | R183 391 |
| Unskilled | R122 505 | 1% | 2 | R61 252 |
| Total | R24 100 708 | 100% | 58 | R69 881 |

Performance rewards

| Level | Performance Rewards (R) | % of Performance Rewards to Total Personnel cost (R'000) |
|------------------------|-------------------------|--|
| Top Management | R54 865 | 0.20% |
| Senior Management | R323 604 | 1.15% |
| Professional Qualified | R453 104 | 1.62% |
| Skilled | R265 150 | 0.95% |
| Semi-skilled | R192 365 | 0.69% |
| Unskilled | R0 | 0.00% |
| Total | R1 289 087 | 4.60% |

Training costs

| Programme | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Training Expenditure as a % of Personnel Cost | No. of Employees Trained | Average Training Cost per Employee |
|-----------------------------|-------------------------------|------------------------------|---|--------------------------|------------------------------------|
| Corporate Services | R5 218 542 | R98 332 50 | 0.02 | 8 | R12 291 56 |
| Investment Promotion | R3 095 018 | R2 666 67 | 0.00 | 1 | R2 666 67 |
| Marketing and Communication | R2 812 509 | R30 016 67 | 0.01 | 2 | R15 008 34 |
| Trade Promotion | R2 835 309 | R101 635 38 | 0.04 | 4 | R25 408 85 |
| Executive Management Unit | R3 707 369 | R36 517 85 | 0.01 | 4 | R9 129 46 |
| Research | R2 063 182 | R2 666 67 | 0.00 | 1 | R2 666 67 |
| Leisure Marketing | R1 586 939 | R10 829 85 | 0.01 | 2 | R5 414 93 |
| Convention Bureau | R2 659 336 | R2 666 67 | 0.00 | 1 | R2 666 67 |
| Interns | R122 505 | R0,00 | 0.00 | 1 | R0 00 |
| Total | R24 100 708 64 | R285 332 26 | 0.01 | 24 | R75 253 14 |

³ The number of employees does not include project positions.

⁴ The average personnel cost per employee does not include the provision for performance.

⁵ The personnel expenditure for top management includes the remuneration of the Chief Operating Officer whose contract expired in December 2015

Employment and vacancies

| Programme | No. of Employees 2014/15 | Approved Posts 2014/15 | Approved Posts 2015/16 | No. of Employees 2015/16 | Vacancies 2015/16 | % of Vacancies |
|-------------------------------|--------------------------|------------------------|------------------------|--------------------------|-------------------|----------------|
| Corporate Services | 9 | 11 | 14 | 12 | 2 | 18% |
| Investment Promotion | 7 | 11 | 9 | 7 | 2 | 18% |
| Marketing and Communication | 7 | 7 | 8 | 6 | 2 | 29% |
| Trade Promotion | 6 | 12 | 11 | 7 | 4 | 33% |
| Executive Management Unit | 5 | 5 | 5 | 5 | 0 | 0% |
| Research | 6 | 6 | 11 | 6 | 5 | 83% |
| Leisure Marketing | 6 | 6 | 9 | 6 | 3 | 50% |
| Conventions Bureau | 6 | 7 | 8 | 6 | 2 | 29% |
| Corporate Services CTRU | 8 | 12 | 0 | 0 | 0 | 0% |
| Projects (CTHP, FILM, AA, WC) | 2 | 4 | 6 | 6 | 0 | 0% |
| Agribusiness | 1 | 3 | 4 | 2 | 2 | 67% |
| Total | 63 | 84 | 85 | 63 | 22 | 26% |

| Programme | No. of Employees 2014/15 | Approved Posts 2014/15 | Approved Posts 2015/16 | No. of Employees 2015/16 | Vacancies 2015/16 | % of vacancies |
|-------------------------------|--------------------------|------------------------|------------------------|--------------------------|-------------------|----------------|
| Top Management | 2 | 2 | 1 | 1 | 0 | 0% |
| Senior Management | 5 | 8 | 10 | 6 | 4 | 40% |
| Professional Qualified | 16 | 20 | 19 | 17 | 2 | 11% |
| Skilled | 16 | 19 | 19 | 11 | 8 | 42% |
| Semi-skilled | 15 | 20 | 18 | 15 | 3 | 17% |
| Unskilled | 6 | 8 | 8 | 5 | 3 | 38% |
| Saldanha | 0 | 0 | 0 | 0 | 0 | 0% |
| Projects (CTHP, FILM, AA, WC) | 2 | 4 | 6 | 6 | 0 | 0% |
| Agribusiness | 1 | 3 | 4 | 2 | 2 | 50% |
| Total | 63 | 84 | 85 | 63 | 22 | 26% |

Employment changes

| Salary Band | Employment at Beginning of Period | Appointments | Terminations | Employment at End of the Period |
|-------------------------------|-----------------------------------|--------------|--------------|---------------------------------|
| Top Management | 2 | 0 | 1 | 1 |
| Senior Management | 5 | 2 | 1 | 6 |
| Professional Qualified | 6 | 3 | 2 | 17 |
| Skilled | 16 | 2 | 7 | 11 |
| Semi-skilled | 15 | 2 | 2 | 15 |
| Unskilled | 6 | 4 | 5 | 5 |
| Projects (CTHP, FILM, AA, WC) | 2 | 4 | 0 | 6 |
| Agribusiness | 1 | 2 | 1 | 2 |
| Total | 63 | 19 | 19 | 63 |

Reasons for staff leaving

| Reason | Number | % of Total no. of Staff Leaving |
|--------------------|-----------|---------------------------------|
| Death | 0 | 0% |
| Resignation | 13 | 68% |
| Dismissal | 0 | 0% |
| Retirement | 0 | 0% |
| Ill health | 0 | 0% |
| Expiry of contract | 3 | 16% |
| Other | 3 | 16% |
| Total | 19 | 100% |

Labour relations: Misconduct and disciplinary action

| Nature of disciplinary Action | Number |
|-------------------------------|--------|
| Verbal Warning | 2 |
| Written Warning | 0 |
| Final Written Warning | 1 |
| Dismissal | 0 |

Recruitment targets for employment equity status

| Levels | Male | | | | | | | |
|------------------------|---------------|-----------|----------|-----------|----------|----------|----------|----------|
| | Black African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Senior Management | 1 | 2 | 0 | 1 | 0 | 0 | 1 | 0 |
| Professional Qualified | 3 | 4 | 3 | 4 | 1 | 0 | 3 | 0 |
| Skilled | 1 | 1 | 2 | 2 | 0 | 0 | 1 | 0 |
| Semi-skilled | 1 | 2 | 3 | 3 | 0 | 0 | 0 | 0 |
| Unskilled | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 7 | 12 | 8 | 10 | 1 | 0 | 6 | 0 |

| Levels | Female | | | | | | | |
|------------------------|---------------|-----------|-----------|-----------|----------|----------|----------|----------|
| | Black African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 2 | 1 | 1 | 0 | 0 | 3 | 0 |
| Professional Qualified | 0 | 3 | 2 | 2 | 3 | 0 | 3 | 0 |
| Skilled | 3 | 2 | 9 | 6 | 0 | 0 | 2 | 0 |
| Semi-skilled | 6 | 5 | 7 | 6 | 1 | 0 | 0 | 0 |
| Unskilled | 1 | 3 | 0 | 2 | 0 | 0 | 0 | 0 |
| Total | 10 | 15 | 19 | 17 | 4 | 0 | 8 | 0 |

During the financial year under review the Agency sought to employ a total of three disabled people, however the Agency was unable to meet the set target.





part e: annual financial statements



general information

for the year ended 31 March 2016

| | | |
|--|--|--|
| Registered Name: | The Western Cape Tourism, Trade & Investment Promotion agency | |
| Country of incorporation and domicile | South Africa | |
| Legal form of entity | Listed Schedule 3C Provincial Public Entity | |
| Nature of business and principal activities | The official tourism, trade and investment promotion agency for the Western Cape. | |
| Non executive directors | <p>Prof. Brian Figaji</p> <p>Ian Bartes</p> <p>Paul Bannister</p> <p>David Green</p> <p>Bulelwa Makalima-Ngewana</p> <p>Michael Spicer</p> <p>Andrea Bohmert</p> <p>Cllr Johan Rademeyer appointed November 2015</p> <p>Sipho Nzuza appointed February 2016</p> <p>Ashraf Ameen appointed February 2016</p> <p>Wendy Appelbaum appointed February 2016</p> | |
| Registered office | <p>18th Floor</p> <p>South African Reserve Bank Building</p> <p>60 St George's Mall</p> <p>Cape Town</p> <p>8001</p> | |
| Business address | <p>18th Floor</p> <p>South African Reserve Bank Building</p> <p>60 St George's Mall</p> <p>Cape Town</p> <p>8001</p> | |
| Postal address | <p>P O Box 1678</p> <p>Cape Town</p> <p>8000</p> | |
| Bankers | ABSA Bank | |
| Auditors | <p>Auditor-General of South Africa</p> <p>Registered Auditors</p> | |
| Board secretary | Melanie Guentel | |
| Telephone | +27 21 487 8600 | |
| E-mail | melanie@wesgro.co.za | |
| Website | www.wesgro.co.za | |

index

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

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| statement of financial performance | 76 |
| statement of changes in net assets | 77 |
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The following supplementary information does not form part of the annual financial statements and is unaudited:

| | |
|------------------------------|-----------|
| annexure a – deferred income | 109 – 118 |
|------------------------------|-----------|

Wesgro

annual financial statement of responsibility

for the year ended 31 March 2016

Board's Responsibilities and Approval

The directors are responsible for the preparation, integrity and fair presentation of the Agency's annual financial statements and supplementary information included in the annual report.

The financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations of such Statements issued by the Accounting Standards Board.

Currently the recognition and measurement principles in the above GRAP Standards do not differ or result in material differences in items presented and disclosed in the annual financial statements.

In addition, the financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates, that conform in all material aspects, taking into account the nature of the business and in the manner required by the Public Finance Management Act No. 1 of 1999 (PFMA) as amended. The directors are of the opinion that the annual financial statements fairly present the financial position of the Agency.

The Office of the Auditor-General is responsible for reporting on these financial statements and has been given unrestricted access to all financial records and transactions and related data which includes minutes of all meetings of the Board of Directors and its committees.

The directors believe that all representations made to the Auditor-General of South Africa during their audit are valid and appropriate. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control. Internal financial and operational controls are described in the corporate governance report.

Going Concern

The directors have no reason to believe that the Agency will not be a going concern for the foreseeable future.

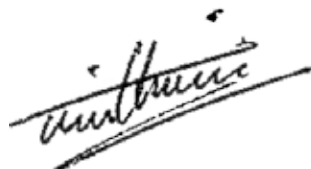
Subsequent Event

The directors are not aware of any matter or circumstances arising since the end of the reporting period other than raised in note 34.

The annual financial statements as set out on pages 75 to 108 for the year ended 31 March 2016, were approved by the Board of Directors in terms of section 51 (1) (f) of the PFMA and signed on its behalf by:



Mr Brian Figaji
Chairperson
Board of Directors



Mr Timothy Harris
Chief Executive Officer
Wesgro

Report of the Auditor-General to the Western Cape Provincial Parliament on the Western Cape Tourism, Trade and Investment Promotion Agency

Report on the financial statements

Introduction

1. I have audited the financial statements of the Western Cape Tourism, Trade and Investment Promotion Agency set out on pages 75 to 108, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Tourism, Trade and Investment Promotion Agency as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Events after reporting date

8. As disclosed in note 34 to the financial statements, subsequent to year end a decision was taken to transfer the 100% shareholding in Saldanha Bay IDZ Licencing Company (SOC) Limited to the provincial government.
9. As also disclosed in note 34 to the financial statements, the put option over the shares held in the Cape Town Film Studios becomes exercisable in June 2016. A new agreement to extend the fourth put option event (refer to note 8) for an additional five years, was concluded subsequent to year end. The reason for this extension is due to the strategic nature of the investment and the importance of the industry to the Cape economy. The impact of the extension will result in the fair value of the put option decreasing from R29 323 377 to R18 605 317 for year-end purposes, based on a current independent valuation. This fair value should increase again over the course of the extended term.

Additional matter

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

Unaudited supplementary schedule

11. The supplementary information set out in annexure 1 on pages 109 to 118 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Programme 4: trade promotion, on pages 37 to 39
 - Programme 7: tourism promotion, on pages 50 to 51
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 4: trade promotion
 - Programme 7: tourism promotion

Additional matters

17. Although I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

18. Refer to the annual performance report on pages 37 to 39 and 50 to 51 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for programme 7: tourism promotion. As management subsequently corrected the misstatements, no material findings were raised on the usefulness and reliability of the reported performance information.

Compliance with legislation

20. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

29 July 2016



Auditing to build public confidence

statement of financial position as at 31 march 2016

| | Note(s) | 2016
R '000 | 2015
R '000 |
|--------------------------------|---------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Trade and other receivables | 3 | 3049 | 112 |
| Prepayments | 4 | 4 094 | 4 471 |
| Cash and cash equivalents | 5 | 26 268 | 19 540 |
| | | 33 411 | 24 123 |
| Non-Current Assets | | | |
| Plant and equipment | 6 | 2 806 | 3 516 |
| Intangible assets | 7 | 57 | 80 |
| Investments | 8 | 29 324 | 27 206 |
| Trade and other receivables | 3 | 543 | 543 |
| | | 32 730 | 31 345 |
| Total Assets | | 66 141 | 55 468 |
| Liabilities | | | |
| Current Liabilities | | | |
| Employee benefits | 9 | 2 807 | 2 447 |
| Trade and other payables | 10 | 1 355 | 1 743 |
| Operating lease liability | 11 | 226 | 226 |
| Deferred income | 12 | 15 806 | 14 736 |
| | | 20 194 | 19 152 |
| Non-Current Liabilities | | | |
| Operating lease liability | 11 | 1 027 | 1 063 |
| Total Liabilities | | 21 221 | 20 215 |
| Net Assets | | 44 920 | 35 253 |
| Accumulated surplus | | 44 920 | 35 253 |

statement of financial performance

| | | 2016 | 2015 |
|---|---------|---------------|---------------|
| | Note(s) | R '000 | R '000 |
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Interest received | 13 | 895 | 893 |
| Other revenue | 13 | 601 | 1 509 |
| Total revenue from exchange transactions | | 1 496 | 2 402 |
| Revenue from non-exchange transactions | | | |
| Government grants & subsidies | 14 | 69 686 | 56 351 |
| Total revenue | | 71 182 | 58 753 |
| Expenditure | | | |
| Employee related costs | 15 | 24 719 | 23 175 |
| Depreciation and amortisation | | 1 059 | 1 306 |
| Other operating expenses | 16 | 12 337 | 12 205 |
| Marketing cost | 17 | 7 580 | 6 347 |
| Audit fees | 18 | 2 049 | 1 304 |
| Workshops, seminars and events | 19 | 3 011 | 2 754 |
| Project expenses | 20 | 9 682 | 9 176 |
| Administrative expenses | 21 | 3 357 | 2 574 |
| Total expenditure | | 63 794 | 58 841 |
| Gain on disposal of assets and liabilities | | 162 | 48 |
| Profit/(Loss) on foreign exchange | | 3 | (5) |
| Fair value adjustments | 23 | 2 118 | 2 377 |
| | | 2 283 | 2 420 |
| Surplus for the year | 30 | 9 671 | 2 332 |

Refer to note 30 for a reconciliation of the accounting surplus to the actual cash surplus for the year.

statement of changes in net assets

| | Accumulated
surplus
R '000 | Total net
assets
R '000 |
|---------------------------------|----------------------------------|-------------------------------|
| Balance at 01 April 2014 | 32 921 | 32 921 |
| Changes in net assets | | |
| Surplus for the year | 2 332 | 2 332 |
| Total changes | 2 332 | 2 332 |
| Balance at 01 April 2015 | 35 249 | 35 249 |
| Changes in net assets | | |
| Surplus for the year | 9 671 | 9 671 |
| Total changes | 9 671 | 9 671 |
| Balance at 31 March 2016 | 44 920 | 44 920 |

Note(s)

* The accumulated surplus includes R29 232 122 fair value adjustments on the put option held over the Cape Town Film Studio shares.

cash flow statement

| | Notes | 2016
R'000 | 2015
R'000 |
|---|-------|---------------|------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Cash receipts from funders | | 61 197 | 55 173 |
| Payments | | | |
| Cash paid to suppliers and employees | | (54 164) | (44 690) |
| Net cash flows from operating activities | 24 | 7 033 | 10 483 |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | 6 | (318) | (555) |
| Proceeds from sale of plant and equipment | 6 | 33 | 411 |
| Purchase of other intangible assets | 7 | (20) | - |
| Proceeds from sale of other intangible assets | 7 | - | 35 |
| Net cash flows from investing activities | | (305) | (109) |
| Cash flows from financing activities | | | |
| Proceeds from other financial liabilities | | - | (208 967) |
| Net cash flows from financing activities | | - | (208 967) |
| Net increase/(decrease) in cash and cash equivalents | | 6 728 | (198 593) |
| Cash and cash equivalents at the beginning of the year | | 19 540 | 218 133 |
| Cash and cash equivalents at the end of the year | 5 | 26 268 | 19 540 |

statement of comparison of budget and actual amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|-----------------|--------------|-----------------|------------------------------------|--|-----------|
| | R '000 | R '000 | R '000 | R '000 | R '000 | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Other revenue | 850 | - | 850 | 1 460 | 610 | |
| Profit on foreign exchange | - | - | - | 3 | 3 | |
| Total revenue from exchange transactions | 850 | - | 850 | 1 463 | 613 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Transfers and subsidies | 58 354 | 1 446 | 59 800 | 65 980 | 6 180 | |
| Total revenue | 59 204 | 1 446 | 60 650 | 67 443 | 6 793 | |
| Expenditure | | | | | | |
| Personnel | (28 699) | 3 539 | (25 160) | (24 834) | 326 | |
| Other operating expenses | (14 639) | (400) | (15 039) | (12 559) | 2 480 | |
| Administrative expenses | (3 435) | (541) | (3 976) | (3 608) | 368 | |
| Marketing cost | (8 870) | 372 | (8 498) | (7 637) | 861 | |
| Audit fees | (1 644) | (237) | (1 881) | (1 963) | (82) | |
| Workshops, seminars and events | (1 717) | (919) | (2 636) | (2 633) | 3 | |
| Project expenses | - | - | - | (8 981) | (8 981) | |
| Total expenditure | (59 004) | 1 814 | (57 190) | (62 215) | (5 025) | |
| Operating surplus | 200 | 3 260 | 3 460 | 5 228 | 1 768 | |
| Gain on disposal of assets and liabilities | - | - | - | 67 | 67 | |
| Capital expenditure | (200) | (260) | (460) | (338) | 122 | |
| | (200) | (260) | (460) | (271) | 189 | |
| Surplus before taxation | - | 3 000 | 3 000 | 4 957 | 1 957 | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | - | 3 000 | 3 000 | 4 957 | 1 957 | |

The approved original budget was submitted to the Executive Authority in line with the Public Finance Management Act, 1999, Chapter 6 Public Entities, part 2 section 53.

Refer note 30 for reconciliation of actual results to adjusted actuals for budget comparison. Adjusted from accrual basis accounting to cash basis. The budget is compiled on a cash basis.

Refer note 31 for detail relating to material variances on budget adjustments and variances between budget and actual amounts. Material variances are considered to be any variances greater 1% of total expenditure.

accounting policies

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. All financial information is presented in South African Rand has been rounded to the nearest thousand, unless otherwise indicated.

The following Standards of GRAP and International Financial Reporting Standards were applied in prior years. Accounting policies are consistent with the prior year unless stated otherwise.

- GRAP 1: Presentation of Financial Statements
- GRAP 2: Cash Flow Statements
- GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4: The Effects of Changes in Foreign Exchange Rates
- GRAP 5: Borrowing Costs
- GRAP 6: Consolidated and Separate Financial Statements
- GRAP 7: Investments in Associates
- GRAP 8: Investments in Joint Ventures
- GRAP 9: Revenue from Exchange Transactions
- GRAP 10: Financial Reporting in Hyperinflationary Economics
- GRAP 11: Construction Contracts
- GRAP 12: Inventories
- GRAP 13: Leases
- GRAP 14: Events after Reporting Date
- GRAP 16: Investment Property
- GRAP 17: Property, Plant and Equipment
- GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21: Impairment of Non-Cash Generating Assets
- GRAP 23: Revenue from Non-Exchange Transactions
- GRAP 24: Presentation of Budget Information
- GRAP 25: Employee Benefits (prior year IAS19 Employee Benefits)
- GRAP 26: Impairment of Cash-Generating Assets
- GRAP 100: Non-current Assets Held for Sale and Discontinued Operations
- GRAP 101: Agriculture
- GRAP 102: Intangible Assets
- GRAP 103: Heritage Assets (not applicable)
- GRAP 104: Financial Instruments

1.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Agency directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Agency's activities. Revenue is shown net of returns, rebates and discounts.

The Agency recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Agency and when specific criteria have been met for each of the Agency's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Management fee and Indaba income

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

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

Management fee and Indaba income is recognised as revenue when no significant uncertainty as to its collectability exists. It is also recognised on a basis that reflects the timing, nature and value of the benefits provided.

Interest

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

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

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Agency received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

Government grants

Government grants are recognised as revenue when:

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

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the Agency has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Agency with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants are measured at the fair value of the consideration received or receivable.

1.3 Cash reserves

The Agency will only retain cash reserves approved by the Provincial Treasury, adequate for its short-term cash flow requirements, based on its Annual Performance Agreements with its principal funders.

1.4 Financial instruments

Financial Instruments include cash and cash equivalents, trade receivables, trade and other payables, fair value investments and put option derivatives. Financial assets within the scope of GRAP 104 are classified as financial assets at fair value, financial assets at cost or financial assets at amortised cost, as appropriate. Financial assets and financial liabilities are initially recognised in the Statement of Financial Position when the Agency becomes party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value plus, in the case of a financial asset or financial liability not subsequently measured at fair value, directly attributable transaction costs. The Agency determines the classification of its financial assets on initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Agency commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification

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

| Class | Category |
|-----------------------------|--|
| Investments | Financial asset measured at fair value through profit and loss |
| Trade and other receivables | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |

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

| Class | Category |
|--------------------------|--|
| Trade and other payables | Financial liability measured at amortised cost |

Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

The Agency's financial assets classified at fair value consists of a put option (derivative) used to hedge against market price risks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the statement of financial performance.

Financial instruments at fair value

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- Financial instruments that do not meet the definition of financial instruments.

Financial instruments at amortised cost

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading. After initial measurement, the instruments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well through the amortisation process. Trade receivables, cash and cash equivalents and trade and other payables are classified as financial instruments at amortised cost.

Derecognition

A financial asset or portion of a financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Agency retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a 'pass-through' arrangement; or
- The Agency has transferred its rights to receive cash flows from the asset and either
 - Has transferred substantially all the risks and rewards of the asset; or
 - Has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straightline method, based on the following useful lives:

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Furniture and fittings | Straight line | 6 years |
| Vehicles | Straight line | 5 years |
| Office equipment | Straight line | 5 years |
| Computer equipment | Straight line | 3 years |
| Leasehold improvements | Straight line | Terms of lease |

Cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Any item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. Useful lives and residual values are assessed annually where applicable.

1.6 Intangible assets

Computer software is acquired by Wesgro, which have finite useful lives, and measured at cost less accumulated amortisation and accumulated impairment losses. Useful lives and residual values are assessed annually where applicable.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

| Item | Useful life |
|-------------------|-------------|
| Computer software | 2 years |

1.7 Impairment

Impairment of financial assets

The Agency assesses at each reporting date whether there is any objective evidence that a cash generating asset, non-cash generating asset, or group of financial assets is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

Cash generating assets are assets which are held with the primary objective of generating a commercial return. Non-cash generating assets are assets other than cash generating assets.

Assets carried at amortised cost

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Agency will not be able to collect all of the amounts due under the original terms of the invoice. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Fair value investments

For fair value through profit and loss investments, the Agency assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as fair value investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of financial performance, is removed

from equity and recognised in the statement of financial performance. Impairment losses on equity investments are not reversed through the statement of financial performance; increases in their fair value after impairment are recognised directly in equity.

Impairment of non-financial assets

The Agency assesses at each reporting date whether there is an indication that an asset or non-current assets held for sale may be impaired. If such indication exists, or when annual impairment testing for an asset is required, the Agency estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. Where an asset does not generate cash inflows that are largely independent of those from other assets or group of assets the recoverable amount of the cash generating unit is assessed.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used.

Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

1.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash and short-term (less than three months), liquid investments that are held with ABSA Bank and the Corporation for Public Deposits that are subject to the institution's interest rates. Cash and cash equivalents are measured at amortised cost.

1.9 Provisions and contingencies

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Agency expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. Provisions are discounted when the time value of money is material. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.10 Comparative figures

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

1.11 Translation of foreign currencies

Transactions in foreign currency are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the statement of financial position date. All differences are recognised in profit and loss.

1.12 Leases

Finance leases, which transfer to the Agency substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of financial performance.

Where the Agency does not transfer substantially all the risks and benefits of ownership of the asset, they are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

All incentives for the agreement of a new or renewed operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

1.13 Tax

Being a provincial public entity as defined in terms of the Public Finance Management Act, 1999, the Agency is exempted from having to pay income tax or declare Value Added Tax.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The Agency makes contributions to a defined contribution scheme. Contributions are recognised as an expense as the obligation to make them accrues.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The adoption of this standard has not had a material impact on the results of the entity.

1.15 Budget information

Subject to requirements of GRAP 24 paragraph .19, an entity shall present a comparison of budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and the actual amounts shall present separately for each level of legislative oversight:

- The approved and final budget.
- The actual amounts on a comparable basis.
- An explanation of material differences between budget.

Where the budget and the annual financial statements are prepared on a comparable basis, a separate statement is prepared called 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable. A comparable basis means that the budget and annual financial statements:

- Are prepared using the same basis of accounting.
- Include the same activities and entities.

- Use the same classification system
- Are prepared for the same period

Wesgro's approved budget is prepared on a cash basis for the period 01 April 2015 to 31 March 2016. The annual financial statements and the budget are therefore not on the same basis of accounting and a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 30.

1.16 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to management. Management allocates resources to and assesses the performance of the operating segments of an entity. The Agency operates in the following primary segments:

- Investment and trade promotion.
- Destination marketing.
- Business support services.

1.17 Significant judgements and sources of estimation uncertainty

Significant accounting judgements, impairment of plant and equipment, estimates and assumptions

The preparation of the Wesgro's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Trade and other receivables

The entity assesses its trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the agency makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Plant and equipment

Useful life and residual values of assets.

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Further details are explained in Note 8.

1.18 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Agency, directly or indirectly. Entities falling under its Minister/MEC portfolio, irrespective of whether there were any transactions between the entities are also related parties.

Related party transactions are those where a transfer of resources or obligations between related parties occurs, regardless of whether or not a price is charged.

1.19 Irregular, fruitless and wasteful expenditure

Unauthorised expenditure means:

- The overspending of a unit within the Agency; and
- Or expenditure that was not made in accordance with the purpose of the specific unit.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party, authorised by the Executive Authority or funded from future budgeted funds. Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act; and
- The National Treasury Regulations.

Irregular expenditure is treated as expenditure in the income statement until such expenditure is either not condoned by Provincial Treasury. At this point it is treated as a current asset until it is recovered from a third party. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party except for instances that could not be provided for.

1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Wesgro
notes to the annual financial statements
for the year ended 31 March 2016

| | | 2016
R '000 | 2015
R '000 |
|------------|---|--|---|
| 2. | New standards and interpretations | | |
| 2.1 | Standards and interpretations effective and adopted in the current year | | |
| | In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations: | | |
| | Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
| | GRAP 18: Segment Reporting | 01 April 2015 | The adoption of this amendment has not had a material impact on the results of the agency but has resulted in more disclosure than would have previously been provided in the financial statements. |
| 2.2 | Standards and interpretations issued, but not yet effective | | |
| | The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2016 or later periods: | | |
| | Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
| | GRAP 20: Related parties | 01 April 2017 | The impact of the amendment is not material. |
| | GRAP 108: Statutory receivables | 01 April 2016 | The impact of the amendment is not material. |
| | GRAP 17 (as amended 2015): Property, plant and equipment | 01 April 2016 | The impact of the amendment is not material. |
| | GRAP 26 (as amended 2015): Impairment of cash-generating assets | 01 April 2017 | The impact of the amendment is not material. |
| 3. | Trade and other receivables | | |
| | Current | | |
| | Trade receivables (exchange transactions) | 5 | 1 |
| | Trade receivables (non exchange transactions) | 3 000 | - |
| | Sundry debtors and deposits | 44 | 111 |
| | | 3 049 | 112 |
| | Non-current | | |
| | Operating lease deposit | 543 | 543 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | 2016
R '000 | 2015
R '000 |
|---|---------|---------|----------------|----------------|
| 3. Trade and other receivables (continued) | | | | |
| | 30-days | 60-days | 90-days | Total |
| Trade receivables (exchange) | 5 | - | - | 5 |
| Receivables (non-exchange) | 3000 | - | - | 300 |

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired.

At 31 March 2016, R – (2015: R -) were past due but not impaired.

Sundry debtors of R 45 816 (2015: R 3 000) were written off in the current year. Trade receivables are non-interest bearing and generally on 30 day terms. The carrying amount of trade and other receivables approximates the fair value.

| | | |
|--------------------------------|--------------|--------------|
| 4. Prepayments | | |
| Administrative expenses | 773 | 517 |
| Marketing cost | 505 | 675 |
| Workshops, seminars and events | 1 274 | 1 587 |
| Project expenses | 430 | 900 |
| Other operating expenses | 1 112 | 792 |
| | 4 094 | 4 471 |

| | | |
|---------------------------------------|---------------|---------------|
| 5. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash and balances with banks | 474 | 418 |
| Short-term deposit/investments | 25 789 | 19 117 |
| Cash on hand | 5 | 5 |
| | 26 268 | 19 540 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | | 2016
R '000 | 2015
R '000 | |
|------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| 6 | Plant and equipment | | | | | |
| | Cost /
Valuation | Accumulated
depreciation
and
accumulated
impairment | Carrying
value | Cost /
Valuation | Accumulated
depreciation
and
accumulated
impairment | Carrying
value |
| Furniture and fittings | 1 680 | (792) | 888 | 1 524 | (597) | 927 |
| Vehicles | 817 | (455) | 362 | 817 | (291) | 526 |
| Office equipment | 683 | (585) | 98 | 660 | (539) | 121 |
| Computer equipment | 1 739 | (1 364) | 375 | 1 775 | (1 287) | 488 |
| Leasehold improvements | 1 856 | (773) | 1 083 | 1 856 | (402) | 1 454 |
| Total | 6 775 | (3 969) | 2 806 | 6 632 | (3 116) | 3 516 |

Reconciliation of plant and equipment – 2016

| | Opening
balance | Additions | Disposals | Depreciation | Total |
|------------------------|--------------------|------------|-------------|----------------|--------------|
| Furniture and fittings | 927 | 156 | - | (195) | 888 |
| Vehicles | 526 | - | - | (164) | 362 |
| Office equipment | 121 | 23 | - | (46) | 98 |
| Computer equipment | 488 | 139 | (12) | (240) | 375 |
| Leasehold improvements | 1 454 | - | - | (371) | 1 083 |
| | 3 516 | 318 | (12) | (1 016) | 2 806 |

Assets with a cost price of R514 933 have been fully depreciated, but are still in use (2015: R438 409)

Reconciliation of plant and equipment – 2015

| | Opening
balance | Additions | Disposals | Depreciation | Total |
|------------------------|--------------------|------------|--------------|----------------|--------------|
| Furniture and fittings | 1 193 | - | (47) | (219) | 927 |
| Vehicles | 602 | 233 | (157) | (152) | 526 |
| Office equipment | 163 | 39 | (23) | (58) | 121 |
| Computer equipment | 654 | 283 | (136) | (313) | 488 |
| Leasehold improvements | 1 825 | - | - | (371) | 1 454 |
| | 4 437 | 555 | (363) | (1 113) | 3 516 |

Assets with a cost price of R438 409 have been fully depreciated, but are still in use.

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | | | 2016
R '000 | 2015
R '000 | |
|----|---------------------|---|-------------------|---------------------|---|-------------------|----|
| 7. | Intangible assets | | | | | | |
| | | 2016 | | | 2015 | | |
| | Cost /
Valuation | Accumulated
amortisation
and
accumulated
impairment | Carrying
value | Cost /
Valuation | Accumulated
amortisation
and
accumulated
impairment | Carrying
value | |
| | Computer software | 589 | (532) | 57 | 569 | (489) | 80 |

Reconciliation of intangible assets – 2016

| | Opening
balance | Additions | Amortisation | Total |
|-------------------|--------------------|-----------|--------------|-------|
| Computer software | 80 | 20 | (43) | 57 |

Software with a cost price of R306,625 has been fully depreciated, but are still in use (March 2015: R306,625).

Reconciliation of intangible assets – 2015

| | Opening
balance | Disposals | Amortisation | Total |
|-------------------|--------------------|-----------|--------------|-------|
| Computer software | 308 | (35) | (193) | 80 |

Software with a cost price of R306,625 has been fully depreciated, but are still in use.

| | | |
|--|---------------|---------------|
| 8. Investments | | |
| Investment in Cape Town Film Studios (Pty) Ltd. (CTFS) | | |
| Fair value through profit and loss investment | | |
| Opening balance | 1 | 1 |
| Fair value gain/(Impairment
loss on investment) | - | - |
| Closing balance | 1 | 1 |
| Put option on fair value through profit and loss investment | | |
| Opening balance | 27 206 | 24 829 |
| Fair value gain/(Impairment
loss on investment) | 2 118 | 2 377 |
| Closing balance | 29 324 | 27 206 |
| | 29 325 | 27 207 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

8. Investments (continued)

Wesgro holds 100% (2015: 100%) of the shareholding in Saldanha Bay IDZ Licensing Company. Wesgro does however not have any beneficial interest in the shares or any ownership right in respect of the shares and is deemed to hold the shares as a nominee for the benefit of the Provincial Government.

Fair value through profit and loss investment

The investment in CTFS represents a 10% holding of the issued ordinary share capital of the company. The fair value of the unquoted ordinary shares has been estimated using both a discounted cash flow model and a net asset value approach. The cash flow model requires management to make certain assumptions relating to the model inputs including credit risk (unsystematic risk) and volatility (Beta). These inputs are used in management's estimate of the fair value for this unquoted equity investment.

The investment is impaired should the fair value determined at year-end be lower than that previously recorded. Any impairment is recognised in the statement of financial performance in the year in which it is impaired.

Put option on fair value investment

The put option over the shares held in CTFS is classified as a financial asset at fair value. The Black-Scholes valuation model was utilised in determining the fair value of the put option on the investment in CTFS.

The Agency has a put option agreement with CTFS, which is secured by two other shareholders, Videovision Dreamworld (Pty) Ltd and Sabido Investments (Pty) Ltd. The put option has a strike price of R30 million and is exercisable at the election of Wesgro should certain conditions, as specified in section 4 of the heads of agreement, be met. Those conditions being:

- Dreamworld fails to achieve Commencement of Construction on/before 30 June 2008 ("the First Put Option Event");
- CTFS fails to achieve the Practical Completion of the Start-up Phase within 15 months of Commencement of Construction or Dreamworld has not incurred capex equal to or exceeding the sum of R100 000 000 (one hundred million Rand) in respect of the Start-up Phase upon the expiry of a period of 15 months calculated from Commencement of Construction ("the Second Put Option Event");
- Upon the expiry of a period of 5 years calculated from Commencement of Construction, CTFS has not incurred capex equal to or exceeding the sum of R250 000 000 (two hundred and fifty million rand) in respect of the Dreamworld Project ("the Third Put Option Event");
- Upon the expiry of the Dreamworld Project Period (7.5 years from the Commencement of Construction), Dreamworld has not incurred capex equal to or exceeding the sum of R427 000 000 (four hundred and twenty seven million rand) in respect of the Dreamworld Project ("the Fourth Put Option Event").

The Put Option event will occur in the event that CTFS do not meet the minimum capex within the expiry periods stipulated in section 4 of 5 years from the commencement of construction. Thus, as at 31 March 2016, more than 5 years have lapsed since the commencement of construction date, as such the expiry date used to value the option would change to the next expiry date, i.e. 7.5 years from commencement of construction date (0.25 years at the valuation date).

The Black Scholes model was utilised in determining the value of the put option. This model utilises the time to maturity, volatility and current price of the underlying share, the risk-free rate and strike price as inputs to determine the option value. The model assumes that the stock price follows a geometric Brownian motion, that is, that a stock price can follow multiple paths based on a probability distribution.

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2016

8. Investments (continued)

This model makes the following explicit assumptions:

- There is no arbitrage opportunity,
- Cash can be lent / borrowed at a known constant risk-free interest rate
- Stock is completely liquid
- There are no transaction costs
- The stock price follows a geometric Brownian motion with constant drift and volatility; and
- The stock does not pay a dividend.

The inputs for the Black Scholes model were the following:

- Risk-free rate (being the yield of R186 government bond as at 31 March 2016): 9.10%;
- Volatility (being a composite of comparable listed entities): 40.80%;
- Period to maturity: 0.25 years;
- Dividend yield: 0.00%;
- Strike price: R30,000,000; and
- Underlying price: R265

The model is sensitive to adjustments in any of the above variables, directly correlated to changes in the following:

- Volatility; and
- Strike price.

The model's explicit assumptions can also be seen as limitations of its use practically.

The valuation of the put option does not take into account the recoverability of the put option once the conditions to effect said option become exercisable, however management has considered the recoverability of the put option and is satisfied that the put option will be fully recoverable once the conditions to effect said option become exercisable. As in prior years, the revaluation of the put option represents a movement towards estimated fair value in terms of GRAP valuation methodology for which no monies were received/(forfeited) for reported gains/(losses). Refer to Events after reporting date in note 34 for detail regarding the extension of the put option period

9. Employee benefits

Reconciliation of employee benefits – 2016

| | Opening
Balance | Additions | Utilised
during the
year | Total |
|-------------------------------|--------------------|--------------|--------------------------------|--------------|
| Bonus provision | 1 187 | 1 527 | (1 187) | 1 527 |
| Leave pay provision | 994 | 122 | (180) | 936 |
| Occupational injury provision | 266 | 78 | - | 344 |
| | 2 447 | 1 727 | (1 367) | 2 807 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | 2016
R '000 | 2015
R '000 |
|--|--------------------|--------------|--------------------------------|----------------|
| 9. Employee benefits (continued) | | | | |
| Reconciliation of employee benefits – 2015 | | | | |
| | Opening
Balance | Additions | Utilised
during the
year | Total |
| Bonus provision | 1 708 | 1 019 | (1 540) | 1 187 |
| Leave pay provision | 997 | 975 | (978) | 994 |
| Occupational injury provision | 323 | 77 | (134) | 266 |
| | 3 028 | 2 071 | (2 652) | 2 447 |

The Compensation for Occupational Injuries and Diseases Act of 1997 provides for and deals with injuries, disablement, disease and death caused by work-related activities. The Agency annually completes the return based on the salary bill. The Department of Labour assesses the return and invoices the Agency. Payment must be made annually before the end of September.

| | | |
|-------------------------------------|-------|-------|
| 10. Trade and other payables | | |
| Accruals | 1 355 | 1 743 |

Trade payables are non-interest bearing and are normally settled on 30-day terms.

| | | |
|--|----------------|----------------|
| 11. Operating lease asset (accrual) | | |
| Current | | |
| Operating lease incentive | 226 | 226 |
| Non-current | | |
| Operating lease incentive | 434 | 660 |
| Operating lease liability | 593 | 403 |
| | 1 027 | 1 063 |
| Non-current liabilities | (1 027) | (1 063) |
| Current liabilities | (226) | (226) |
| | (1 253) | (1 289) |

The agency entered into a new operating lease with Eris Property in December 2013 for letting office space in the South African Reserve Bank building. The agreement period is five years and has a fixed annual escalation. Eris Property paid the agency an amount for improvements as per the agreement (operating lease incentive). Refer to note 6 Leasehold improvements.

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 |
|--|----------------|----------------|
| 12. Deferred income | | |
| Unspent conditional grants and receipts | | |
| City of Cape Town | 2 842 | 3 965 |
| Film project | 460 | 726 |
| Agribusiness Investment unit | 1 790 | 2 247 |
| Administered funds | 10 714 | 7 798 |
| | 15 806 | 14 736 |
| Opening balance | 14 736 | 9 474 |
| Add: current year receipts | 10 956 | 14 438 |
| Less: Amounts transferred to income for the year | (9 886) | (9 176) |
| Film project | (1 266) | (2 581) |
| Administration funds | (5 844) | (995) |
| Agribusiness Investment Unit | (1 653) | (1 164) |
| City of Cape Town | (1 123) | (4 436) |
| | 15 806 | 14 736 |
| Refer to Annexure 1 for detail of Deferred Income. | | |
| 13. Revenue from Exchange transactions | | |
| Management fee and sundry income | 305 | 637 |
| Indaba | 296 | 872 |
| Interest received on cash and cash equivalents | 895 | 893 |
| | 1 496 | 2 402 |
| 14. Transfers and subsidies (Non-exchange transactions) | | |
| Provincial departments | | |
| Grants (Trade and Investment) | 22 400 | 19 235 |
| Grants (DMO) | 28 300 | 21 500 |
| Project Funding (Refer note 12) | 9 886 | 9 176 |
| | 60 586 | 49 911 |
| Local Government | | |
| City of Cape Town | 9 100 | 6 440 |
| | 69 686 | 56 351 |
| 15. Employee related costs | | |
| Staff cost | | |
| Wages and salaries | 21 903 | 20 228 |
| Basic salaries | 20 296 | 19 014 |
| Performance bonus | 1 602 | 1 208 |
| Temporary staff | 5 | 5 |
| Social contributions (Employer's contributions) | 2 816 | 2 929 |
| Medical aid | 397 | 464 |
| UIF | 93 | 98 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | | | 2016
R '000 | 2015
R '000 |
|---|--------------|--------------------|----------------------|---------------------|----------------|----------------|
| 15. Employee related costs (continued) | | | | | | |
| Insurance | | | | | 78 | 77 |
| Provident fund | | | | | 2 248 | 2 293 |
| Long-service awards | | | | | - | 16 |
| Total | | | | | 24 719 | 23 173 |
| Executive Management Remuneration | | | | | | |
| | Salary | Performance Awards | Pension Contribution | Short Term Benefits | Total 2016 | Total 2015 |
| Chief Executive Officer – Nils Flaatten (resigned February 2015) | - | - | - | - | - | 1 748 |
| Chief Executive Officer – Timothy Harris (appointed March 2015) | 1 700 | - | - | 17 | 1 717 | 142 |
| Chief Financial Officer – Ian Blackie | 1 108 | 82 | - | 24 | 1 214 | 1 151 |
| Chief Operating Officer – Howard Gabriels (contract ended 31 December 2015) | 693 | 55 | 105 | 11 | 864 | 1 093 |
| Chief Marketing Officer – Judy Lain | 881 | 78 | 132 | 21 | 1 112 | 964 |
| Chief Business Development Officer – Yaw Peprah (Appointed December 2015) | 374 | - | - | 10 | 384 | - |
| | 4 756 | 215 | 237 | 83 | 5 291 | 5 098 |
| 16. Other operating expenses | | | | | | |
| Other operating expenses | | | | | 8 185 | 7 958 |
| Consultants, contractors and special services | | | | | 2 469 | 2 700 |
| Transport cost | | | | | 42 | 61 |
| Recruitment cost | | | | | 69 | 114 |
| License and software fees | | | | | 827 | 468 |
| Board expenses | | | | | 47 | 134 |
| Insurance | | | | | 210 | 167 |
| Sundry expenses (Staff catering and sundry) | | | | | 175 | 82 |
| Travel and subsistence | | | | | 3 380 | 3 168 |
| Courier and delivery charges | | | | | 24 | 90 |
| Telecommunication costs (Telkom, fax, internet and data lines) | | | | | 942 | 974 |
| Maintenance, repairs and running costs | | | | | 289 | 435 |
| Property and buildings | | | | | 267 | 402 |
| Machinery and equipment | | | | | 22 | 33 |
| Rentals in respect of operating leases | | | | | 3 862 | 3 812 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 |
|--|----------------|----------------|
| 16. Other operating expenses (continued) | | |
| Buildings | 3 380 | 3 494 |
| Plant, machinery and equipment | 482 | 318 |
| Total | 12 336 | 12 205 |
| 17. Marketing costs | | |
| Advertising and Joint Marketing agreements | 6 203 | 5 497 |
| Publishing cost | 515 | 276 |
| Site inspections | 862 | 578 |
| | 7 580 | 6 351 |
| 18. Audit fees | | |
| Statutory audit (external) | 1 308 | 1 091 |
| Internal audit | 741 | 213 |
| | 2 049 | 1 304 |
| 19. Workshops, Seminars and Events | | |
| Workshops & seminars | 3 011 | 2 754 |
| 20. Project expenses | | |
| Cape Catalyst/Air Access | 2 229 | 36 |
| Film projects | 1 266 | 2 581 |
| Agribusiness Investment Unit | 1 653 | 1 164 |
| South African Tourism projects | 900 | 959 |
| City of Cape Town projects | 1 123 | 4 436 |
| Angola Premier Project | 478 | - |
| Cape Health Tech Park | 1 641 | - |
| Project Khulisa | 392 | - |
| | 9 682 | 9 176 |
| Project expenses consists of the following: | | |
| Staff cost | 3 288 | 2 917 |
| Travel and subsistence | 958 | 960 |
| Stationery and printing | 21 | 169 |
| Marketing cost | 546 | 343 |
| Consultants contractors and special services | 3 002 | 4 150 |
| Administration fees | 520 | 637 |
| Workshops, seminars and events | 1 347 | - |
| | 9 682 | 9 176 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | 2016
R '000 | 2015
R '000 |
|--|---------------------------|----------------|----------------|
| 21. Administrative expenses | | | |
| Subscriptions | | 2 189 | 1 597 |
| Fees for services – Board members | | 338 | 352 |
| Legal fees | | 399 | 228 |
| Stationery and printing | | 86 | 154 |
| Bank charges | | 60 | 89 |
| Training and development | | 285 | 154 |
| | | <u>3 357</u> | <u>2 574</u> |
| Non-Executive Directors (Fees for services – Board Members) | | | |
| Brian Figaji | | 41 | 39 |
| Ian Bartes | | 42 | 28 |
| Paul Bannister | | 17 | 16 |
| David Green | | 27 | 20 |
| ^Bulelwa Makalima-Ngewana | | 56 | 19 |
| Michael Spicer | | 40 | 30 |
| ^Andrea Bohmert | | 47 | 20 |
| Cllr Johan Rademeyer | (appointed November 2015) | 7 | - |
| Ashraf Ameen | (appointed February 2016) | 4 | - |
| Sipho Nzuza | (appointed February 2016) | 4 | - |
| Wendy Appelbaum | (appointed February 2016) | 4 | - |
| Francios Schippers | (resigned April 2015) | - | 13 |
| Chris Whelan | (resigned May 2015) | 8 | 29 |
| Wessie van der Westhuizen | (resigned September 2015) | - | 13 |
| Peter Hurst | (resigned October 2015) | 10 | 23 |
| Haroon Borat | (resigned January 2016) | 3 | 10 |
| Guy Lundy | (term expired June 2014) | - | 20 |
| Anthony Black | (term expired June 2014) | - | 3 |
| Mariette du Toit-Helmbold | (term expired June 2014) | - | 3 |
| John (Jock) Mckenzie | (term expired June 2014) | - | 6 |
| Mangaliso Mdlalo | (term expired June 2014) | - | 3 |
| Deon Cloete | (term expired June 2014) | - | 3 |
| Carl Opperman | (term expired June 2014) | - | 6 |
| Angelo Petersen | (term expired June 2014) | - | 12 |
| ^Benjamin Kodisang | (term expired June 2014) | - | 5 |
| | | <u>310</u> | <u>321</u> |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 |
|--|----------------|----------------|
| 21. Administrative expenses (continued) | | |
| Independent Audit Committee (Fees for services – Audit, IT and Risk Committee Members) | | |
| Paul Slack | 10 | 12 |
| *Danny Naidoo | 18 | 18 |
| | 28 | 30 |
| ^ Employer of director invoiced the Agency | | |
| * Employer of Audit Committee Member invoiced the Agency | | |
| 22. Gains on disposal of assets/liabilities | | |
| Gains/(loss) on disposal of assets | 21 | 48 |
| Accrual written back | 141 | - |
| | 162 | 48 |
| 23. Fair value adjustments | | |
| Other financial assets | | |
| • Other financial assets (Designated as at fair value through profit and loss) | 2 118 | 2 377 |
| 24. Cash generated from operations | | |
| Surplus | 9 671 | 2 332 |
| Adjustments for: | | |
| Depreciation and amortisation | 1 059 | 1 306 |
| (Gain)/Loss on sale of assets and liabilities | (162) | (48) |
| Fair value adjustments | (2 118) | (2 377) |
| Movements in operating lease assets and accruals | (36) | 135 |
| Movements in provisions | 360 | (581) |
| Gain on expired liability | 141 | - |
| Changes in working capital: | | |
| Trade and other receivables | (2 937) | 3 689 |
| Prepayments | 377 | 592 |
| Trade and other payables | (392) | 172 |
| Deferred income | 1 070 | 5 263 |
| | 7 033 | 10 483 |
| 25. Commitments | | |
| Authorised operational expenditure | | |
| Already contracted for but not provided for | | |
| • Project management fees | 750 | - |
| • Consulting fees | 285 | - |
| • Marketing cost | 285 | - |
| | 1 320 | - |
| Total operational commitments | | |
| Already contracted for but not provided for | 1 320 | - |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 |
|--|----------------|----------------|
| 25. Commitments (continued) | | |
| Total commitments | | |
| Total commitments | | |
| Authorised operational expenditure | 1 320 | - |
| This committed expenditure relates mainly to project management and consulting fees for the Cape Health Technology Park and Air Access projects and will be financed by available bank facilities. | | |
| Operating leases – as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 3 196 | 3 210 |
| - in second to fifth year inclusive | 5 899 | 9 096 |
| | 9 095 | 12 306 |

Operating lease payments represent rentals payable by the Agency for office premises, photo copiers and other equipment. Leases are negotiated for an average term of three years (March 2015: three years). No contingent rent is payable.

Capital commitments

Wesgro has no future capital commitments as at 31 March 2016.

Legal Proceedings

Wesgro received a claim amounting to R129 745 plus interest and cost from a company on 02 February 2015. The company brought an application for summary judgment, which Wesgro opposed and it was subsequently withdrawn. Wesgro has since filed its plea and it is highly probable that the matter will be defended successfully.

| | | |
|---|--------|--------|
| 26. Related parties | | |
| Wesgro received funds from both the Provincial and Local Government which is presented by the Department of Economic Development and Tourism (DEDAT) and the City of Cape Town respectively. Wesgro received an administration fee from Saldanha Bay IDZ Licencing Company (SOC) Limited which is an entity under common control. An ex Officio Director of Wesgro is also a board member of CTICC. All related party transactions were conducted at arm's length and in accordance with the agency's policy. Transactions during the year: | | |
| Related party transactions | | |
| Provincial Government | | |
| Grants | 50 700 | 40 735 |
| Project funding | - | 2 581 |
| Local Government: City of Cape Town | | |
| Grants | 9 100 | 6 440 |
| Project funding | 1 123 | 4 436 |
| Provincial and Local Government dual funded projects | | |
| * Project funding – Film project | 1 266 | - |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 |
|--|----------------|----------------|
| 26. Related parties (continued) | | |
| ^ Project funding – Air Access | 2 313 | - |
| # Cape Health Technology Park | 1 760 | - |
| Saldanha Bay IDZ Licencing Company (SOC) Limited | | |
| Administration fee | - | 189 |
| Sale of assets | - | 365 |
| Total | 66 262 | 54 746 |
| * Funded by Department of Economic Development and Tourism and the City of Cape Town during the current financial year. | | |
| ^ Funded by Department of Economic Development and Tourism and the City of Cape Town during the current financial year. | | |
| # Funded by Department of Economic Development and Tourism and Department of Science and Technology during the current financial year. | | |
| Family member of key personnel | | |
| Responsive Studio – Professional Service Management | - | 345 |
| Entities under common directorship | | |
| Times Media – Administrative expenses | - | 22 |
| Table Mountain Aerial Cable Way – Hosting | - | 14 |
| Cape Town International Convention Centre – Hosting and Events | 51 | 915 |
| | 51 | 951 |
| Key management personnel | | |
| Members of the Board of Directors of Wesgro receive remuneration and payment for their time and expenses related to Board Meetings and to their membership of Board committees. Remuneration to non-executive directors and senior management personnel is disclosed as per notes 21 and 15. | | |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 | | | | |
|---|------------------------|---------------------|-------|------------------------|---------------------|-------|
| 27. Retirement benefits | | | | | | |
| All eligible employees are members of a defined contribution plan administered by Liberty Life or Old Mutual. Both plans are governed by the Pension Funds Act of 1956. Provident fund contributions are made by the Agency only plus administration costs of the fund. In the current financial year total contributions amounted to R2 247 125 (March 2015: R2 292 356). | | | | | | |
| 28. Risk management | | | | | | |
| Financial risk management | | | | | | |
| With the exception of the fair value investment and the related derivative put option, all financial instruments arise directly from operations. Apart from the put option in place at the Cape Town Film Studio (Pty) Ltd investment, the Agency does not enter into any other derivative transactions. The main risks arising from the Agency's financial instruments are cash flow interest rate risk, foreign currency risk, liquidity risk, credit risk and other price risk. The Board of Directors review and implement policies for managing each of these risks which are summarised below. | | | | | | |
| Liquidity risk | | | | | | |
| All financial liabilities are due to be settled at the carrying amount disclosed, within 30 days after year end. The Agency manages any liquidity risk through ensuring that adequate liquid resources are held in the form of cash to fund on-going operations. In terms of the requirements of the Public Finance Management Act the Agency is not permitted to enter into any other financing arrangements. | | | | | | |
| Credit risk | | | | | | |
| Credit risk is the risk that a counter party will not meet its obligations under a financial instrument contract, leading to financial loss. Credit risk arises mainly from cash deposits, trade receivables and derivative financial instruments. The Agency trades only with recognised, creditworthy third parties. It is the Agency's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Furthermore the Agency only invests funds with reputable banks as well as the Corporation for Public Deposits. In addition, receivable balances are monitored on an on-going basis with the result that the Agency's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in notes 3, 6 and the put option as disclosed in note 9. There are no significant concentrations of credit risk within the Agency. | | | | | | |
| Market risk | | | | | | |
| Interest rate risk | | | | | | |
| The risk relates to variations in cash flows due to changes in the interest rates on cash and cash equivalents, which will affect interest income. | | | | | | |
| Interest rate risk sensitivity analysis | | | | | | |
| The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Agency's surplus for the period: | | | | | | |
| Sensitivity to changes in interest rates | Investment value R'000 | March 2016
±.50% | ±1.0% | Investment value R'000 | March 2015
±.50% | ±1.0% |
| Cash and cash equivalents | 25 789 | 129 | 258 | 19 117 | 96 | 191 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

2016
R '000

2015
R '000

28. Risk management (continued)

Price risk

The Agency's investment in Cape Town Film Studio (Pty) Ltd is exposed to market price risk arising from uncertainties about the future value of the investment. The Agency manages the downward price risk through three put option agreements with Cape Town Film Studios (Pty) Ltd and two other shareholders, Videovision Dreamworld (Pty) Ltd and Sabido Investments (Pty) Ltd, which requires them to purchase the Agency's investment at the original purchase price of R30 000 000 should certain conditions/ milestones not be met and Wesgro chooses to exercise these options. At reporting date, the exposure to unlisted investments at fair value was R264 80 (March 2015: R264 80).

The tables below, as received from the expert, represent the effect on income and expenditure and/or net asset changes in the fair value of the investment and the fair value of the put option arising from changes in key assumptions used in the determination of fair value. The fair value of the put option is an input utilised in the BlackScholes model which determines the fair value of the option.

| Discount rate | Base – 20.6% | Low 18.5% | Effect | High – 20% | Effect |
|-------------------------------|-------------------|---------------|------------|------------------|--------------|
| FV investment | 1 | 1 | - | 1 | - |
| FV of put option | 29 323 | 29 323 | - | 29 323 | - |
| Total | 29 324 | 29 324 | - | 29 324 | - |
| Option exercise period | Base – 0.25 years | Low – 0 years | Effect | High – 0.5 years | Effect |
| FV investment | 1 | - | (1) | 1 | - |
| FV of put option | 29 323 | 30 000 | 677 | 28 664 | (659) |
| Total | 29 324 | 30 000 | 676 | 28 665 | (659) |
| Terminal growth rate | Base – 5% | Low – 4% | Effect | High – 6% | Effect |
| FV investment | 1 | 1 | - | 1 | - |
| FV of put option | 29 323 | 29 323 | - | 29 323 | - |
| Total | 29 324 | 29 324 | - | 29 324 | - |
| Total | Base | Low | Effect | High | Effect |
| FV investment | 1 | - | (1) | 1 | - |
| FV of put option | 29 323 | 30 000 | 677 | 28 664 | (659) |
| Total | 29 324 | 30 000 | 676 | 28 665 | (659) |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | 2016
R '000 | 2015
R '000 | | |
|--|---------------------------|----------------|-------------------------------------|--|
| 29. Financial instruments disclosure | | | | |
| Financial assets per category | | | | |
| March 2016 | At amortised cost | Total | | |
| Trade and other receivables | 3 005 | 3 005 | | |
| Cash and cash equivalents | 26 268 | 26 268 | | |
| | 29 273 | 29 273 | | |
| March 2015 | At amortised cost | Total | | |
| Trade and other receivables | 1 | 1 | | |
| Cash and cash equivalents | 19 540 | 19 540 | | |
| | 19 541 | 19 541 | | |
| Financial liabilities per category | | | | |
| March 2016 | At amortised cost | Total | | |
| Trade and other payables | 1 355 | 1 355 | | |
| March 2015 | At amortised cost | Total | | |
| Trade and other payables | 1 743 | 1 743 | | |
| 30. Reconciliation of actual results to a comparable basis for budget comparison | | | | |
| | Actual
(accrual basis) | Adjustments | Adjusted to comparable basis (cash) | Notes on adjustments |
| REVENUE | | | | |
| Transfers and subsidies (Non-exchange transactions) | 69 686 | (3 706) | 65 980 | Accruals and prepayments |
| Other revenue (Exchange transactions) | 1 496 | (36) | 1 460 | Income received in advance |
| TOTAL REVENUE | 71 182 | (3 742) | 67 440 | |
| Gains on disposal of assets | 162 | (95) | 67 | Non cash flow movement – expired liability written off |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | 2016
R '000 | 2015
R '000 |
|---|------------------------------|----------------|---|--|
| 30. Reconciliation of actual results to a comparable basis for budget comparison (continued) | | | | |
| | Actual
(accrual
basis) | Adjustments | Adjusted to
comparable
basis (cash) | Notes on
adjustments |
| Foreign exchange gain | 3 | - | 3 | |
| Fair value gain on put option | 2 118 | (2 118) | - | Non cash
flow
movement |
| TOTAL INCOME | 73 465 | (5 955) | 67 510 | |
| EXPENDITURE | | | | |
| Administrative expenses | 3 357 | 251 | 3 608 | Accruals and
prepayments |
| Staff costs | 24 719 | 115 | 24 834 | Accruals,
leave pay
and bonus
provision |
| Marketing costs | 7 580 | 57 | 7 637 | Accruals and
prepayments |
| Audit fees | 2 049 | (86) | 1 963 | Accruals |
| Workshops, seminars and events | 3 011 | (378) | 2 633 | Accruals and
prepayments |
| Project expenses | 9 682 | (701) | 8 981 | Accruals and
prepayments |
| Other operating expenses | 13 396 | (837) | 12 559 | Accruals,
depreciation
and
prepayments |
| TOTAL EXPENDITURE | 63 794 | (1 579) | 62 215 | |
| | 9 671 | (4 376) | 5 295 | |
| Capital expenditure | (338) | - | (338) | Refer to
notes 6&7 |
| SURPLUS FOR THE YEAR | 9 333 | (4 376) | 4 957 | |
| Reconciliation between adjusted actuals and movement in cash and cash equivalents | | | | |
| Net increase/(decrease) in cash and cash equivalents as per statement of cash flows | | | | 6 728 |
| Adjusted for | | | | |
| Increase in deferred income | | | | (1 070) |
| Non-cash flow movement in project income | | | | (701) |
| Adjusted actual surplus for the year | | | | 4 957 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

2016

2015

R '000

R '000

31.

Budget differences

Material differences between budget and actual amounts

Transfers and subsidies – R3 000 000 funding from City of Cape Town not received before year end and project income, which is not budgeted for as it is funded by ring fenced funding (see project expenses below).

Other operating expenses – Savings on travelling expenses due to staff vacancies. Operating expenditure includes depreciation which is a non cash item.

Administrative expenses – Saving on license fees and printing and stationery cost.

Project expenses – Not budgeted as funded by ring fenced projects.

Changes from the approved budget to the final budget

Transfers and subsidies – Increase of R 1 446 000 in funding received from City of Cape Town.

Personnel – Vacant positions staff cost allocated to projects and expenditure not included in the original budget.

Other operating expenses – Budget allocated to fund increase in license fees due to unfavourable exchange rates.

32.

Segment information General information Identification of segments

The agency is organised and reports to stakeholders and management on the basis of three major functional areas: investment and trade promotion, destination marketing and Wesgro business support services. The segments were organised around the type of service potential and the agency’s mandates. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments’ performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the services for each segment are set out below:

| Reportable segment | Service potential | | | |
|--|---|-----------------------|-------------------------|--------|
| Investment and trade promotion | Attract and retain direct and domestic investment and grow exports | | | |
| Destination marketing | Marketing of the Western Cape as a Business and Leisure tourism destination | | | |
| Wesgro support services | Business support services | | | |
| Segment surplus or deficit, assets and liabilities | | | | |
| 2016 | Investment and trade promotion | Destination marketing | Wesgro support services | Total |
| Revenue | | | | |
| Revenue from non-exchange transactions | 10 958 | 17 644 | 31 198 | 59 800 |
| Revenue from exchange transactions | 520 | - | 975 | 1 495 |
| Gain on sale of property, plant and equipment | - | - | 162 | 162 |
| Gain on exchange difference | - | - | 3 | 3 |
| Fair value adjustment | - | - | 2 118 | 2 118 |
| Total segment revenue | 11 478 | 17 644 | 34 456 | 63 578 |

Wesgro
notes to the annual financial statements (continued)
for the year ended 31 March 2016

| | | | 2016
R '000 | 2015
R '000 |
|--|--------------|---------------|----------------|----------------|
| 32. Segment information (continued) | | | | |
| Special projects | | | | 9 886 |
| Entity's revenue | | | | 73 464 |
| Expenditure | | | | |
| Salaries and wages | 5 894 | 5 462 | 13 363 | 24 719 |
| Other expenses | 2 448 | 10 830 | 16 114 | 29 392 |
| Total segment expenditure | 8 342 | 16 292 | 29 477 | 54 111 |
| Total segmental surplus/(deficit) | | | | 9 467 |
| Total revenue reconciling items | | | | 9 886 |
| Special projects | | | | (9 682) |
| Entity's surplus (deficit) for the period | | | | 204 |

During the year fixed assets to the value of R203,536 was acquired for utilisation by the Air Access and Cape Health Technology Park projects. The value of the fixed assets acquired was recognised in full as project income and the related project expense amortised over the useful life of the assets.

Segment assets and liabilities are not report to management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources.

33 Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was identified for the year ended 31 March 2016 (March 2015: R0).

34. Events after the reporting date

Subsequent to year end a decision was taken to transfer the 100% shareholding in Saldanha Bay IDZ Licensing Company to the Provincial Government.

The put option over the shares held in Cape Town Film Studio becomes exercisable in June 2016. A new agreement to extend the fourth put option event (refer to note 8) for an additional five years, was initiated subsequent to year-end. The reason for this extension is due to the strategic nature of the investment, and the importance of the industry to the Cape economy.

The impact of an extension would result in the fair value of the put option decreasing from R29 323 377 to R18 605 317, for year-end purposes, based on a current independent valuation. This fair value should increase again over the course of the extended term.

35. Going concern

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

Annexure A – Deferred Income

| Name | Details | | 2015/16
R'000 | 2014/15
R'000 |
|---------------------------------------|---|---|------------------|------------------|
| Film projects | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | 726 | 862 |
| | | Funding received | 1,000 | 2,500 |
| | | Transfer | | |
| | | Expenditure | -1,266 | -2,636 |
| Balance at the end of the year | | | 460 | 726 |
| EDP | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year (incl. adjustment) | 1 | 1 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | -0 | – |
| Balance at the end of the year | | | 1 | 1 |
| Special Operational Project | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | 643 | 643 |
| | | Funding received | | |
| | | Transfer | | |
| | | Expenditure | -0 | |
| Balance at the end of the year | | | 643 | 643 |
| Tourism Investment Promotion Strategy | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | – | – |
| | | Funding received | – | – |
| | | Transfer | | |
| | | Expenditure | | |
| Balance at the end of the year | | | – | – |
| Road Signage | Transferred from CTRU | Balance at beginning of the year | 80 | 80 |
| | | Funding received | | |
| | | Transfer | | |
| | | Expenditure | | |
| Balance at the end of the year | | | 80 | 80 |
| Itesp: Tourism | Transferred from CTRU | Balance at beginning of the year | 121 | 121 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | -0 | |
| Balance at the end of the year | | | 121 | 121 |

Annexure A – Deferred Income

| | | | 2015/16 | 2014/15 |
|---|--------------------------------------|----------------------------------|---------|---------|
| Name | Details | | R'000 | R'000 |
| Bidding Condition World Congress on Infectious Diseases | Funded by National Convention Bureau | Balance at beginning of the year | 11 | 750 |
| | | Funding received | | -623 |
| | | Transfer | | -116 |
| | | Expenditure | -0 | |
| Balance at the end of the year | | | 11 | 11 |
| Bidding Condition: World Congress on Emergency and Disaster | Funded by National Convention Bureau | Balance at beginning of the year | 900 | 900 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | -900 | – |
| Balance at the end of the year | | | – | 900 |
| Bidding Condition: International Gay & Lesbian Travel | Funded by National Convention Bureau | Balance at beginning of the year | 81 | 81 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | -1 | – |
| Balance at the end of the year | | | 81 | 81 |
| Onsite support: DOHAD | Funded by National Convention Bureau | Balance at the beginning of | – | 8 |
| | | Funding received | – | – |
| | | Transfer | – | -8 |
| | | Expenditure | | |
| Balance at the end of the year | | | – | – |
| Onsite support: ICASA | Funded by National Convention Bureau | Balance at beginning of the year | – | 80 |
| | | Funding received | – | – |
| | | Transfer | | -80 |
| | | Expenditure | – | – |
| Balance at the end of the year | | | – | – |
| Onsite support: Mahindra Conference | Funded by National Convention Bureau | Balance at beginning of the year | – | 8 |
| | | Funding received | – | – |
| | | Transfer | | -8 |
| | | Expenditure | – | – |
| Balance at the end of the year | | | – | – |

Annexure A – Deferred Income

| Name | Details | | 2015/16
R'000 | 2014/15
R'000 |
|---|--------------------------------------|----------------------------------|------------------|------------------|
| Onsite support: Control on Influenza Conference | Funded by National Convention Bureau | Balance at beginning of the year | 0 | 25 |
| | | Funding received | – | – |
| | | Transfer | | -25 |
| | | Expenditure | – | – |
| | | Balance at the end of the year | 0 | 0 |
| Onsite support: Board of Healthcare Funders | Funded by National Convention Bureau | Balance at beginning of the year | 5 | 5 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | – | – |
| | | Balance at the end of the year | 5 | 5 |
| Personality Psychology Conference | Funded by National Convention Bureau | Balance at beginning of the year | – | 8 |
| | | Funding received | – | – |
| | | Transfer | – | -8 |
| | | Expenditure | – | – |
| | | Balance at the end of the year | – | – |
| DMO project | Transferred from CTRU | Balance at beginning of the year | 0 | 0 |
| | | Transfer | – | – |
| | | Expenditure | – | – |
| | | Balance at the end of the year | 0 | 0 |
| Food export development project | Transferred from CTRU | Balance at beginning of the year | – | – |
| | | Transfer | – | – |
| | | Expenditure | – | – |
| | | Balance at the end of the year | – | – |
| On-site support: NCB | Transferred from CTRU | Balance at beginning of the year | – | – |
| | | Transfer | – | 245 |
| | | Expenditure | – | -245 |
| | | Balance at the end of the year | – | – |

Annexure A – Deferred Income

| Name | Details | | 2015/16
R'000 | 2014/15
R'000 |
|---------------------------------|---|---------------------------------------|------------------|------------------|
| SAT: Tourism Indian Educational | Transferred from CTRU | Balance at beginning of the year | 47 | – |
| | | Funding received | | 138 |
| | | Transfer | | |
| | | Expenditure | -0 | -91 |
| | | Balance at the end of the year | 47 | 47 |
| Air Access | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | -36 | – |
| | | Funding received | 5,000 | – |
| | | Transfer | | |
| | | Interest | 91 | |
| | | Expenditure | -2,313 | -36 |
| | | Balance at the end of the year | 2,742 | -36 |
| Cape Health and Technology Park | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | 5,447 | – |
| | | Funding received | 300 | 5,447 |
| | | Transfer | | |
| | | Interest | 368 | |
| | | Expenditure | -1,760 | – |
| | | Balance at the end of the year | 4,355 | 5,447 |
| Project Khulisa | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | 500 | – |
| | | Funding received | | 500 |
| | | Transfer | | |
| | | Expenditure | -392 | – |
| | | Balance at the end of the year | 108 | 500 |
| Angola Premier Project | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | – | – |
| | | Funding received | 500 | – |
| | | Transfer | | |
| | | Expenditure | -478 | – |
| | | Balance at the end of the year | 22 | – |

Annexure A – Deferred Income

| | | | 2015/16 | 2014/15 |
|-----------------------------------|---|---|---------|---------|
| Name | Details | | R'000 | R'000 |
| Cape Town Investor Centre | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year | – | – |
| | | Funding received | 2,500 | – |
| | | Transfer | | |
| | | Expenditure | – | – |
| | | | 2,500 | – |
| Administered funds | | | 10,714 | 7,800 |
| Agribusiness | Funded by the Provincial Government of the Western Cape | Balance at beginning of the year (incl. adjustment) | 2,196 | 1,623 |
| | | Funding received | 1,195 | 1,738 |
| | | Transfer | | |
| | | Expenditure | -1,653 | -1,164 |
| Balance at the end of the year | | | 1,738 | 2,196 |
| Agribusiness Niche Projects | Funded by Provincial Government of the Western Cape | Balance at beginning of the year | 51 | 51 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | 1 | |
| Balance at the end of the year | | | 52 | 51 |
| Agribusiness | | | 1,790 | 2,247 |
| Export Mentorship Programme (EMP) | Funded by the City of Cape Town | Balance at beginning of the year | 460 | 1,021 |
| | | Funding received | | 870 |
| | | Transfer | -261 | -1,529 |
| | | Expenditure | -257 | 98 |
| Balance at the end of the year | | | -58 | 460 |
| Export Market Linkages Programme | Funded by the City of Cape Town | Balance at beginning of the year | 1,819 | 1,427 |
| | | Funding received | | – |
| | | Transfer | 261 | 1,077 |
| | | Expenditure | -735 | -684 |
| Balance at the end of the year | | | 1,344 | 1,819 |

Annexure A – Deferred Income

| Name | Details | | 2015/16
R'000 | 2014/15
R'000 |
|--|---------------------------------|----------------------------------|------------------|------------------|
| Project manager to manage projects | Funded by the City of Cape Town | Balance at beginning of the year | – | 443 |
| | | Funding received | | – |
| | | Expenditure | – | – |
| | | Transfer | – | -443 |
| | | Balance at the end of the year | – | – |
| Stakeholder outward Mission with CoCT representative | Funded by the City of Cape Town | Balance at beginning of the year | 34 | 198 |
| | | Funding received | | – |
| | | Transfer | | -121 |
| | | Expenditure | -1 | -43 |
| | | Balance at the end of the year | 33 | 34 |
| Invest in Cape Town | Funded by the City of Cape Town | Balance at beginning of the year | 213 | 213 |
| | | Funding received | | – |
| | | Transfer | | – |
| | | Expenditure | -13 | – |
| | | Balance at the end of the year | 200 | 213 |
| Bric Market Entry Strategies | Funded by the City of Cape Town | Balance at beginning of the year | – | 197 |
| | | Funding received | | – |
| | | Expenditure | | -197 |
| | | Transfer | – | |
| | | Balance at the end of the year | – | – |
| Africa/Middle East Market Entry Strategies | Funded by the City of Cape Town | Balance at beginning of the year | 70 | 70 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | 0 | – |
| | | Balance at the end of the year | 70 | 70 |
| GIS Mapping of all Committed Investments | Funded by the City of Cape Town | Balance at beginning of the year | – | 50 |
| | | Funding received | | – |
| | | Expenditure | | |
| | | Transfer | – | -50 |
| | | Balance at the end of the year | – | – |

Annexure A – Deferred Income

| Name | Details | | 2015/16
R'000 | 2014/15
R'000 |
|--|---------------------------------|---------------------------------------|------------------|------------------|
| Update “Invest in Cape Town Brochure” | Funded by the City of Cape Town | Balance at beginning of the year | 99 | 142 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | -1 | -43 |
| | | Balance at the end of the year | 97 | 99 |
| Contingence for COCT Projects | Funded by the City of Cape Town | Balance at beginning of the year | 5 | 72 |
| | | Funding received | | – |
| | | Transfer | | |
| | | Expenditure | 0 | -67 |
| | | Balance at the end of the year | 5 | 5 |
| Unplanned expenses as agreed upon with COCT | | Balance at beginning of the year | – | 395 |
| | | Funding received | – | – |
| | | Expenditure | – | – |
| | | Transfer | – | -395 |
| | | Balance at the end of the year | – | – |
| ICT Conference | | Balance at beginning of the year | – | – |
| | | Funding received | – | – |
| | | Expenditure | – | -80 |
| | | Transfer | – | 80 |
| | | Balance at the end of the year | – | – |
| East Africa Market research & drafting | | Balance at beginning of the year | 2 | – |
| | | Funding received | | 278 |
| | | Transfer | | – |
| | | Expenditure | -0 | -276 |
| | | Balance at the end of the year | 2 | 2 |
| Sector profiling & Promotion: Hospitality Sector | | Balance at beginning of the year | 6 | – |
| | | Funding received | | 171 |
| | | Transfer | | – |
| | | Expenditure | 0 | -165 |
| | | Balance at the end of the year | 6 | 6 |

Annexure A – Deferred Income

| Name | Details | 2015/16
R'000 | 2014/15
R'000 |
|---|---------------------------------------|------------------|------------------|
| China/Russia Strategies Research | Balance at beginning of the year | 139 | – |
| | Funding received | | 395 |
| | Transfer | | -256 |
| | Expenditure | -0 | – |
| | Balance at the end of the year | 139 | 139 |
| Cape Town Investor Video | Balance at beginning of the year | 133 | – |
| | Funding received | | 350 |
| | Transfer | | -217 |
| | Expenditure | -0 | |
| | Balance at the end of the year | 133 | 133 |
| Investor Survey | Balance at beginning of the year | 99 | – |
| | Funding received | | -201 |
| | Transfer | | |
| | Expenditure | 0 | 300 |
| | Balance at the end of the year | 99 | 99 |
| Mayor's Awards | Balance at beginning of the year | 100 | – |
| | Funding received | | – |
| | Transfer | | |
| | Expenditure | – | 100 |
| | Balance at the end of the year | 100 | 100 |
| Update Marker Exports your Business Directory | Balance at beginning of the year | 200 | – |
| | Funding received | | – |
| | Transfer | | 161 |
| | Expenditure | -114 | 39 |
| | Balance at the end of the year | 86 | 200 |
| Innovation Summit | Balance at beginning of the year | – | – |
| | Funding received | – | -200 |
| | Transfer | – | 200 |
| | Expenditure | | |
| | Balance at the end of the year | – | – |

Annexure A – Deferred Income

| Name | Details | 2015/16
R'000 | 2014/15
R'000 |
|---|---------------------------------------|------------------|------------------|
| Printing: Invest in Cape Town | Balance at beginning of the year | 29 | – |
| | Funding received | | -46 |
| | Transfer | | 75 |
| | Expenditure | -0 | |
| | Balance at the end of the year | 29 | 29 |
| Directory of Companies and Organisations | Balance at beginning of the year | 15 | – |
| | Funding received | | – |
| | Transfer | | 15 |
| | Expenditure | – | |
| | Balance at the end of the year | 15 | 15 |
| Mayor's round table | Balance at beginning of the year | – | – |
| | Funding received | – | 70 |
| | Transfer | – | -70 |
| | Expenditure | – | – |
| | Balance at the end of the year | – | – |
| Investor Forum Breakfast | Balance at beginning of the year | 70 | – |
| | Funding received | | 70 |
| | Expenditure | | – |
| | | – | |
| | Balance at the end of the year | 70 | 70 |
| Vision to Reality Conference | Balance at beginning of the year | – | – |
| | Funding received | – | 200 |
| | Transfer | – | – |
| | Expenditure | – | -200 |
| | Balance at the end of the year | – | – |
| Mapping of Business processes in IP and Trade | Balance at beginning of the year | 200 | – |
| | Funding received | | 200 |
| | Transfer | | |
| | Expenditure | – | – |
| | Balance at the end of the year | 200 | 200 |

Annexure A – Deferred Income

| Name | Details | 2015/16
R'000 | 2014/15
R'000 |
|--|-------------------------------------|------------------|------------------|
| Publication and printing of
Wesgro IQ publication | Balance at beginning of the
year | 70 | – |
| | Funding received | | 70 |
| | Transfer | | |
| | Expenditure | – | – |
| Balance at the end of the year | | 70 | 70 |
| High growth sectors research | Balance at beginning of the
year | 200 | – |
| | Funding received | | 200 |
| | Transfer | | |
| | Expenditure | – | – |
| Balance at the end of the year | | 200 | 200 |
| City of Cape Town Projects | | 2,842 | 3,963 |
| Total Deferred Income | | 15,806 | 14,736 |



Western Cape
Government

BETTER TOGETHER.



CITY OF CAPE TOWN
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