

Annual Report

2017/18

an inspiring place to do business

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Aerial view of Knysna in the Garden Route, Western Cape





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:	18 th 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:	info@wesgro.co.za
Website Address:	www.wesgro.co.za
External Auditors:	Auditor-General South Africa
Bankers:	ABSA
Board Secretary:	Kendra Stoffberg

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
CTRU	Cape Town Routes Unlimited
DEDAT	Department of Economic Development and Tourism
DST	Department of Science and Technology
dti	Department of Trade and Industry
DoTP	Department of the Premier
DEADP	Department of Environmental and Development Planning
EAP	Export Advancement Programme
EDP	Exporter Development Partnership
EMU	Executive Management Unit
EU	European Union
FDI	Foreign Direct Investment
FTE jobs	Full Time Equivalent jobs
FMCG	Fast Moving Consumer Goods
GDP	Growth Development Plan
GRAP	Generally Recognised Accounting Practices
HR	Human Resources
IDC	Industrial Development Corporation
IMF	International Monetary Fund
IP	Investment Promotion
IPAs	Investment Promotion Agencies
IT	Information Technology
JMA	Joint Marketing Agreement
LTA	Local Tourism Association
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
OFDI	Outward Foreign Direct Investment
PFMA	Public Finance Management Act
PSG	Provincial Strategic Goal
PSP	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
WTO	World Trade Organisation
ZAR	South African Rand

3. foreword by the chairperson



The Western Cape and South Africa are emerging from a challenging year.

In the midst of a serious leadership vacuum at National level until December 2017, the worst drought to hit the Province, coupled with the threat of a credit downgrade to junk status, the Agency's role in promoting Cape Town and the Western Cape as the preferred destination for travel, trade, film and investment has never been so pivotal.

Despite these realities, the Wesgro team, with the direct support of key stakeholders in the public and private sector, pulled together to help weather this storm. Wesgro was instrumental in protecting the brand of the Cape during this challenging time – calming the concerns of tourists who were considering cancelling holidays due to water scarcity, actively initiating inward and outward trade missions, and encouraging and facilitating investment in the province.

In the 2017/18 financial year Wesgro received 86 declarations from clients across investment, trade and film creating R7,157 billion worth of value and resulting in a total of 5 554 jobs for the period. In addition, the Destination Marketing team supported 32 initiatives resulting in R454 million and won 33 conference bids valued at R453 million. Further to this, the Cape Town Air Access team contributed in adding four new routes and seven route expansions, adding 250 000 two-way seats to Cape Town International Airport. This has added R700 million in estimated direct tourism spending to the Western Cape economy. Whilst no methodology currently exists to accurately measure the direct and indirect employment induced by Wesgro's air access, conference and tourism performance over the past year, it undoubtedly provides a significant boost to employment in the Western Cape.

Owing to our finalising deals sooner than anticipated, targets were not only met, but exceeded. A notable achievement by the Trade unit was the exceptional business deal facilitated for Vinimark Trading (Pty) Ltd based in Stellenbosch, to the value of R1,8 billion. The company is the largest independent specialist wine wholesale company in South Africa, covering all aspects of distributing, marketing, exporting and importing of foreign and domestic wines. The unit realised an estimated economic impact of R2,84 billion, resulting in 679 jobs.

Also exceeding its targets, the Investment Promotion unit secured a total of 12 investment projects, to the value of R2,29 billion, against a target of R1,05–R1,8 billion. This assisted in the creation of 1 014 jobs. Similarly, the Agribusiness Investment unit realised six investment projects, to the value of R756 million against a target of R300–R420 million. This assisted in the creation of 1 412 jobs against a target of 200–280, growing the Western Cape's industrial base. Investment performance also contributed to the objectives outlined in Project Khulisa through the commercialisation of investments in the agri-business sector.

Tourism is a key contributor to the economy of the Western Cape, so it was imperative that the world outside the Western Cape was reminded constantly that Cape Town and the Western Cape were open for business. In this regard the Destination Marketing Organization at Wesgro was key in getting this message out there during this devastating drought. This was coupled with the unit's supporting a total of 32 tourism initiatives, with an estimated economic value of R454 million.

All the while, the Cape Town Air Access team worked tirelessly at advancing air connectivity to Cape Town through facilitating direct air access to the city and expanding existing routes. The team has added 13 new routes and facilitated 14 route expansions to date. Making it easier for more people to visit the Cape by air provides a big boost towards growing tourism and encouraging investment, which ultimately boosts our economy and, more importantly, facilitates job creation. On behalf of the board members, I want to thank every member of the Wesgro team for their tireless efforts in ensuring that stellar results were achieved yet again. Your hard work and dedication do not go unnoticed.

Sitting at the helm, I'd like to extend a big thank you to Premier Helen Zille, Executive Mayor Patricia de Lille and Minister of Economic Opportunities Alan Winde. Your support, vision and motivation are unwavering and enable the Agency to grow from strength to strength. Some of our most successful missions have been under the guidance of the Premier, Executive Mayor and Minister. The successful outcomes bear testimony to the benefits of collaboration, with the collective goals to promote the province and create employment.

Lastly, I'd like to thank our Chief Executive Officer, Tim Harris and the members of the Wesgro board. The tone of a business is set by those who run it. At Wesgro mediocrity is not an option and this stems from the 'can do' never-failing support of a strong leadership unit. The energy, determination and pride taken in every task undertaken by the Agency is tangible. Thank you for leading by example and setting a winning tone.

Every new year brings new challenges. We have no doubt that the Agency will continue on an upward trajectory, learning from mistakes made in the past and replicating lessons learnt from successes achieved. Cape Town and the Western Cape are open for business. We invite locals and international visitors alike to come to work, play, and invest, but above all to be inspired.



Brian Figaji, Chairperson
Wesgro

A view of Table Mountain



4. chief executive officer's overview



The financial year 2017/18 was a difficult period for both the South African and the Cape economy. In particular, the announcement by City officials on 18 January 2018 that “Day Zero was likely” signalled the beginning of a period where tourism, investment, agriculture, film production and conferencing all faced a significant and unprecedented threat.

As the government agency charged with shoring up confidence on the part of investors, buyers, conference organisers, film producers and tour operators, our agency needed to step up – with our partners – to reassure our clients that the region remained “open for business”, despite the very public regular projections of the day when the supply of water could not be guaranteed.

In response to the situation, our agency worked with the V&A Waterfront, Cape Town Tourism, and Tsogo Sun to set up a rapid-response Water Communications Centre where twelve staff were seconded to respond to queries from journalists and Wesgro clients.

We also launched the website www.waterwesterncape.com that was a single location for information on the water crisis for tourists, and co-ordinated a series of aligned media statements and “frequently asked questions” formally approved by the City and provincial governments, other government agencies like GreenCape, business chambers, Cape Town Tourism, South African Tourism, and associations like FEDHASA, SATSA and SAACI.

Together with our partners, we co-ordinated several social media campaigns, launched a global first water-offset tool, “My Water Footprint”, and arranged a series of briefings for international journalists, business leaders, and diplomats to keep them updated on steps to keep the taps open.

A few months after the end of the financial year it became clear that these steps, together with the blessing of good winter rains, has banished the prospect of Cape Town hitting “Day Zero” in 2018 or 2019.

In particular, the record-breaking and sustained reduction of water usage by 57% in three years on the part of citizens, and the addition of water sources like aquifers, springs, desalination and re-use have seen us build a more resilient business and tourism destination that will serve as a model for other regions facing the effects of climate change.

During the water crisis, and over the whole financial year, the Wesgro team worked hard to build the economic and tourism brand of the Cape, facilitating economic growth to create jobs.

Our Investment Promotion Unit realised a total of 12 investment projects, to the value of R2,29 billion, against a target of R1,05–R1,8 billion. This assisted in the creation of 1 014 jobs and helped to grow the Western Cape's industrial base.

An extension of the unit, the InvestSA One Stop Shop, was launched successfully in the fourth quarter of the financial year. The development of this innovative space at 46 St Georges Mall was funded by the Department of Trade and Industry and the Western Cape's Department of Economic Development and Tourism. At launch, fourteen investor-facing government departments and entities agreed to co-locate at the centre, helping to drive collaboration in facilitating investment.

Wesgro's Agribusiness Investment Unit (AIU), funded by the provincial Department of Agriculture, realised six investment projects, to the value of R756 million, against a target of R300 – R420 million. This helped create 1 412 jobs against a target of 200–280.

By undertaking almost 40 export missions and hosting numerous inward buying missions the Trade Promotion Unit signed a total of 53 export business agreements with an estimated economic value of R2,83 billion, resulting in the creation of 679 jobs. In addition, the unit assisted with six Outward Foreign Direct Investment (OFDI) projects, worth a total of R190 million, by Western Cape companies investing in the rest of Africa.

The Film and Media Promotion Unit secured a total of nine film and media declarations contributing R1,9 billion to the province's economy. This spend on productions will result in approximately 2 449 "full time equivalent jobs" being created in the Cape. We are also pleased to announce that our Head of Film and Media Promotion, Monica Rorvik, and Film and Media Relations Officer, Lisa Mini, were certified as official African Film Commissioners by the African Film Commissions Network in November 2017.

The Convention Bureau secured 33 bids with an estimated economic impact of R453 million. Winning the bid to host the Young President's Organisation (YPO) global conference was a notable highlight for the team in the past financial year. The Leisure Tourism team supported 51 leisure events across the province.

Our Marketing and Communications Unit hosted a total of 31 corporate events, assisted in organising 46 media engagements and released over 100 press releases, securing R72 million in advertising value equivalent (AVE) for the destination across online, social media, print and broadcast channels.

The collaborative Cape Town Air Access project welcomed South African Tourism and Tsogo Sun as funding members, which helped them reach the total of 13 new routes and 14 route expansions, adding over 1,5 million two-way seats to Cape Town International Airport, in the past three years.

None of this would have been possible without the formal mandates, and generous support, of our region's leaders, in particular the Premier of the Western Cape, Helen Zille, the MEC for Economic Opportunities, Alan Winde and the Mayor of Cape Town, Patricia de Lille.

This past year has been one where we have intensified our efforts to collaborate more effectively across all three spheres of government, and I would like to thank our partners in the Department of Economic Development and Tourism, the City's Enterprise and Investment unit, South African Tourism, the dti, and our partner entities, including GreenCape, BPESA, the Saldanha Bay IDZ, Cape Town Tourism, Accelerate Cape Town, the Economic Development Partnership (EDP) and the Cape Chamber.

Lastly, I would like to thank the Wesgro Board and particularly the chairs, Prof. Brian Figaji and Mr Mike Spicer, for their support. They have assisted our diverse team of committed employees to exceed our targets under the most challenging of circumstances and prepared us to make an even greater contribution to promoting tourism, trade and investment in our beautiful region in the coming years.

A handwritten signature in black ink, appearing to read 'Tim Harris', with a stylized flourish underneath.

Tim Harris, Chief Executive Officer
Wesgro

Investment Promotion Unit

secured **12** investment projects, to the value of

R2,29bn



against a target of R1,05bn to R1,8bn

1 014



jobs created

Agribusiness Investment Unit

six investment projects, to the value of

R756m were realised



against a target of R300m to R420m

1 412



jobs created

Trade Promotion Unit

53 business agreements with an estimated economic value of

R2,83bn



against a target of R100m to R200m

679



jobs created

Film and Media Promotion Unit

total of nine film and media declarations to the value of

R1,92bn

were recorded



generated over **R33m** worth of AVE exposure for the Agency

2 449



fte jobs created

Marketing and Communication Unit

released in excess of **100** press releases



generated a total of **R72,02m** in advertising value equivalent (AVE)

46 strategic media engagements were hosted against a target of seven



Destination Marketing

supported **51** leisure events across the province



generated a total over **R29,08m** in AVE exposure for the Agency

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.

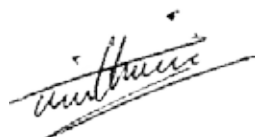
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control, which 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, the performance information, the human resources information, and the financial affairs of the public entity for the financial year ended 31 March 2018.

Yours faithfully



Tim Harris
Chief Executive Officer
Date: 31 July 2018



Brian Figaji
Chairperson of the Board
Date: 31 July 2018

6. strategic overview

6.1. vision

To grow the Western Cape economy beyond expectation.

6.2. mission

The mission of Wesgro is:

- To attract and retain direct investment in the Western Cape, grow exports, and market the province as a competitive and sustainable tourism destination globally;
- To facilitate the link between business and government decision-makers; and
- To 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 its business activities:

- Professionalism and commitment to excellence
- Efficient and outcomes driven
- Accountability
- Innovation
- Enabling
- Passionate
- Integrity and trust

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:

- a) To promote tourism, trade and investment in the Western Cape Province;
- b) To 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.
- c) In terms of the PFMA, Act No. 1 of 1999 Wesgro is a 3(c) public entity.

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 (NDP)**

The National Development Plan (NDP) represents a vision for South Africa in 2030. It aims to enable faster economic growth, higher investment, and greater labour absorption. The NDP contains detailed plans and interventions across all sectors of the economy to enable the achievement of this vision.

- **Medium Term Strategic Framework (MTSF)**

The Medium Term Strategic Framework (MTSF) is Government's strategic plan for the 2014–2019 electoral term. The MTSF sets out the actions Government will take and the targets to be achieved. It also provides a framework for the other 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”. It is a contribution to the achievement of the Provincial Strategic Goal 1 – creating opportunities for economic growth and jobs. It is defined by an effort to narrow the focus of government interventions, but to engage deeply within the chosen sectors. Project Khulisa identified three horizons:

- Horizon 1 – Over the next 3–5 years, the focus will be on the Tourism, Oil, 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 broader eco-system, namely 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 the stated 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 of 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 tackle social ills
- PSG 4 – Build a quality living environment, resilient to climate change
- PSG 5 – Embed good governance and integrated service delivery through partnerships and spatial alignment.

DEDAT through its programmes and activities contributes to PSG 1. The following strategic priorities have been identified by DEDAT:

- Invest in growing, attracting and retaining the skills required by our economy
- Support entrepreneurs and small businesses
- Make it easier to do business by addressing red tape
- Invest in high quality, efficient and competitive infrastructure

- Rebrand the region to increase internal and external investment
- Open markets for Western Cape firms and key sectors wanting to export
- Ensure our economic, social and environmental sustainability
- Demonstrate leadership which promotes an improved regional economic eco-system (governance) and embraces innovation
- Improve our visitor economy through destination marketing.

- **State of the Province Address**

This is the speech delivered by the Premier at the start of the year setting out the Provincial Government's priorities for the year.

- **Green Economy Strategic Framework**

The aim of the framework is to position the Western Cape as the lowest carbon footprint province in South Africa and 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 for maximum impact of our economic diplomacy efforts.

Policy frameworks at municipal level:

- [Integrated Development Plan \(IDP\) of the District Municipalities](#)
- [Local Economic Development Strategies of Cape Winelands; Central Karoo; Eden; Cape Overberg and Cape West Coast](#)
- [Integrated Development Plan \(IDP\) of the City of Cape Town](#)
- [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 provides a list of the Board members in 2017/18:

Wesgro Board Members



Professor Brian Figaji
Chairperson



Mr. Michael Spicer
Deputy Chairperson



Mr. Ashraf Ameen
Director



Mr. John van Rooyen
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



Mayor Marius Koen
Director



Ms. Palesa Morudu
Director



Mayor Helena von Schlicht
Director



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

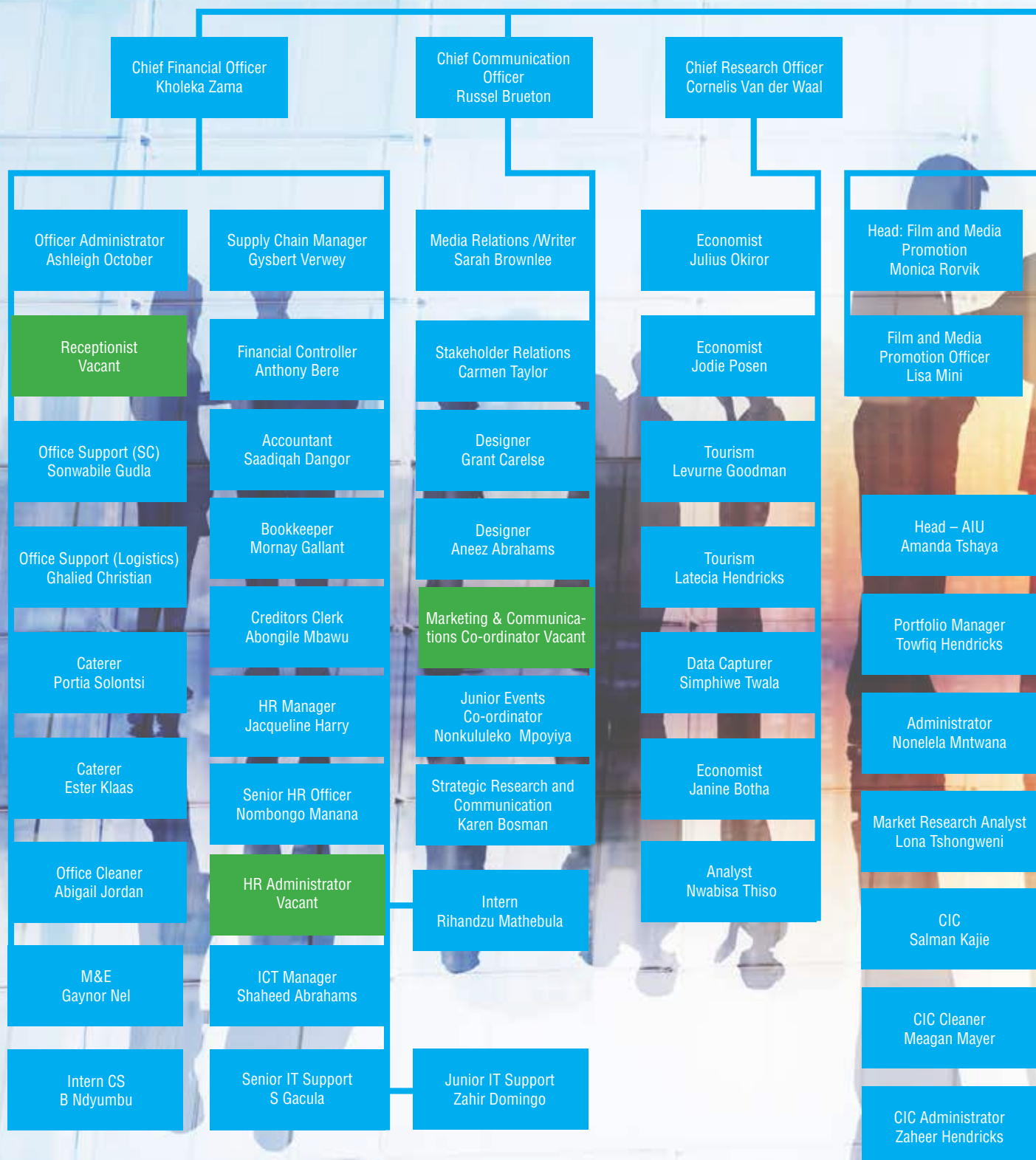


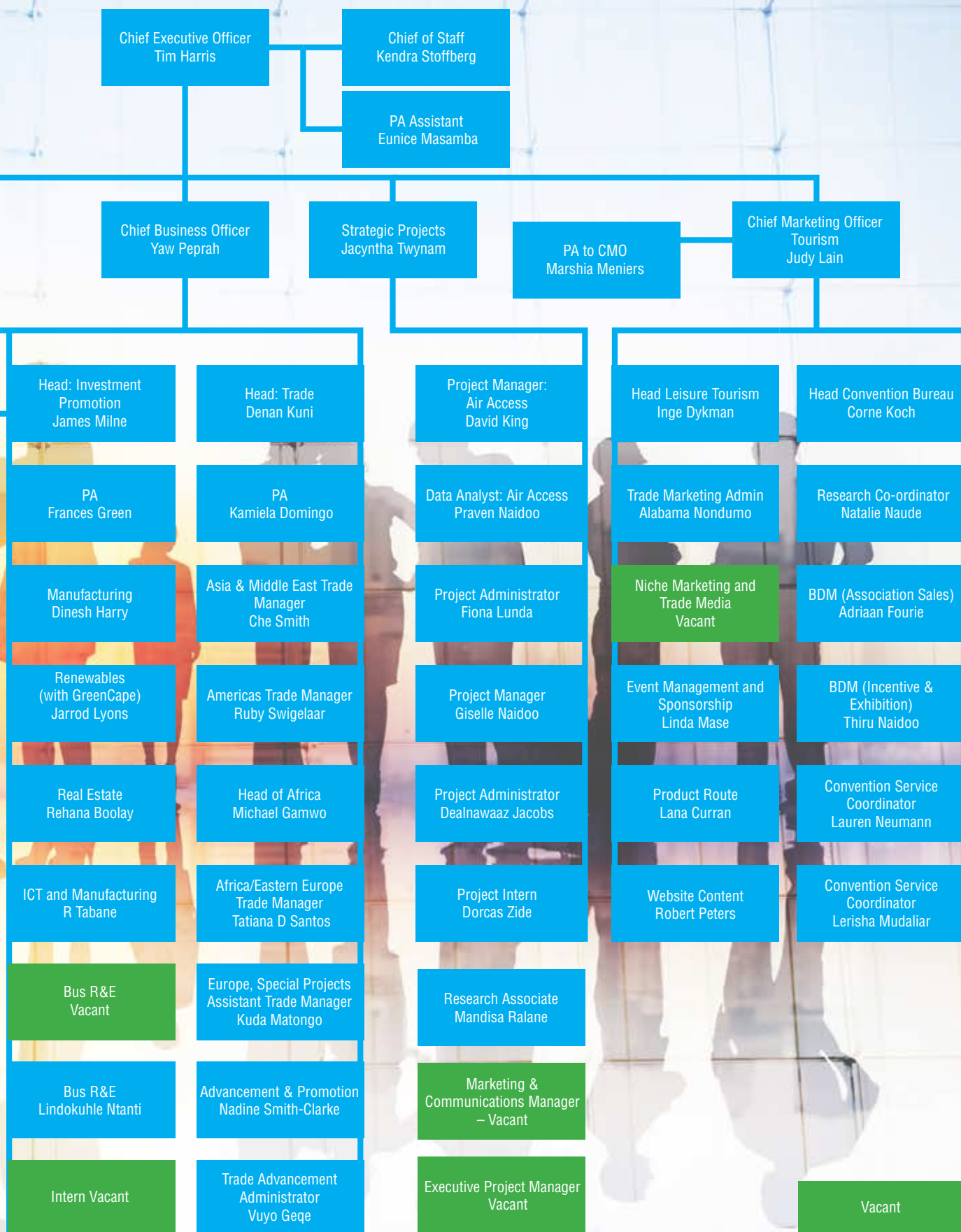
Mr. Lance Greyling
Ex-Officio Member of the
Board representing the
City of Cape Town/
Chairperson of the Human
Resource and Remuneration
Committee



Mr. Tim Harris
Chief Executive Officer

8.1. Organisational structure





Olive groves and vineyards surrounded by mountains along the Helshoogte Road between the historic towns of Stellenbosch and Franschhoek





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 being reported in the "Report on the annual performance report" section of the auditor's report.

Refer to page 85-86 of the Auditor's Report, published as Part E: Financial Information.

2. situational analysis

2.1. service delivery environment

In the midst of economic uncertainty and a severe drought, the Agency has developed a robust strategy in an attempt to mitigate the impacts, and has reaffirmed its commitment to delivering its mandate. Committed to driving excellence in the strategic focus areas identified, namely; stimulating economic growth within the Province, facilitating job creation and marketing Province and the City as a preferred business and tourism destination, the Agency has performed well during the period under review.

During the financial year under review the Agency committed a total of 12 investment projects with an investment value of R2,29bn, resulting in the creation of 1 014 jobs. The Agency, through investment promotion, has contributed to the objectives outlined in Project Khulisa through the realisation of investments in the renewable energy and manufacturing sectors, among 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.

Since the inception of the new trade promotion strategy in 2016/17 the Agency has solidified its approach and ironed out the shortcomings identified. Through increased efforts in driving global exports and the facilitation of outward foreign direct investment (OFDI), the Agency performed well during the period under review. A total of 53 trade promotion business agreements were signed with an estimated economic impact of R2,83bn, resulting in 679 jobs. In addition, six OFDI projects were committed to the value of R190m.

To circumvent economic challenges and uncertainty around foreign direct investment projects, the Agency has set the targets for the Investment Promotion and Trade Promotion programme within a range. With this in mind, it should be noted that the deviations from the planned targets set are calculated based on the lower limit of the band.

As one of the key focus areas of Project Khulisa, the Agency has confidently pursued its mandate to promote the province and the city as the preferred business and tourism destination, through the implementation of various tourism destination marketing initiatives. During the period under review, the Agency supported a total of 32 tourism destination marketing initiatives, with an estimated economic impact of over R450m. The Convention Bureau secured 33 bids, with an estimated economic impact of over R400m. Wesgro financially supported over 50 regional events during the reporting period.

The Agency has emphasised the importance of research-driven planning and lead generation. The Research team assists the Agency in achieving its mandate, by providing economic research, 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 119 publications and completed 173 information requests with an average turnaround time of 1,5 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 a total of R72,2m worth of media coverage (measured using "Advertising Value-Equivalent").

The film and media industry has gained momentum in recent years; the Agency has refined and solidified its approach to establishing a globally competitive film sector within the City and the Province. The Film and Media promotion unit seeks to promote the City and the Province as the preferred filming destination. Through increased efforts to promote the destination and grow the industry, the Agency secured a total of nine film and media production declarations, to the value of R1,92bn, resulting in the facilitation of 2 449FTE jobs.

2.2. organisational environment

With the institutionalisation and operationalisation of the new strategy, focused on growth, job facilitation and marketing the destination, the Agency has ensured its effectiveness through the implementation of various initiatives. Through concerted efforts, the new strategy has yielded positive results; however, the Agency is continuously reviewing the strategy and identifying the shortcomings, ensuring that the required mitigation strategies are in place to circumvent non-performance.

The Agency conducts regular SWOT analyses aimed at enhancing agility and developing its priorities. The table below provides a breakdown of Wesgro's key strengths, weaknesses, and opportunities, as measured at March 2017.

Strengths	Weaknesses
• Sector and market specialists in the trade and investment teams • Strong research capability • The Exporter Advancement Programme (EAP) 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, DEADP • Strong relationships with local government such as CoCT and other municipalities across the Western Cape • Wesgro has a long history and a fast-developing brand • The tourism website is highly attractive and tourist oriented	• Business units often operate in silos despite improvements in this area • Contact management is often lacking; databases are not maintained and consolidated nor are they shared Agency-wide • The Agency is financially under-resourced to develop to its full potential • The PFMA is too onerous regarding procurement, planning and reporting resulting in a heavily bureaucratic environment • Poor salaries in relation to the private sector results in staff attrition and deters talent from applying to work at the Agency • Unclear definition of Wesgro's institutional role
Opportunities	Threats
• 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 could lead to improved value chains in the local economy, business mentorship and a greater impact of programmes • Improved financial resourcing could assist the Agency in engaging in high impact activities and improving its value proposition • An ability to offer increased salaries as a result of improved financial resourcing could assist the Agency to access a larger talent pool	• Deteriorating South African investment climate • Insecure and unreliable energy supply • Exchange rate fluctuations • The political environment nationally creates constraints for investors and tourists in particular • The perception of Wesgro as an agency that adds value to business is always under scrutiny and can impact on funding • Budgeting on an annual basis despite a three year planning cycle makes the execution of medium-term projects practically impossible to develop or implement • Being flexible and accepting of new and additional mandates can create uncertainty in the market and internally, as well as draining on financial and human resources if the mandates do not come with adequate funding • Increasing security risks within the tourism sector • Drought in the Western Cape

2.3. key policy developments and legislative changes

No policy developments and legislative changes occurred during the period under review.

2.4. strategic outcome oriented goals

Strategic outcome oriented goal	
Strategic goal	The stimulation, facilitation and increase of economic growth and job creation through tourism promotion, trade promotion and investment promotion in the Western Cape province.
Goal statement	It is envisaged that the Agency will achieve the following deliverables over the period extending from 2015/16 to 2019/20; • To market Cape Town and the Western Cape as the preferred tourism destination to increase international and domestic tourists, • To recruit and facilitate between R5,3bn and R9,4bn direct investment into the province, • To recruit and facilitate between R512m and R1,23bn Outward Foreign Direct Investment (OFDI) business deals, between R2,5bn and R4,7bn trade business deals, and facilitate between 718 and 1 343 jobs, • To build a strong regional economic brand that positions the Cape as an inspiring place to do business.
Baseline	A total of R2,1bn was committed during the 2016/17 year, facilitating 696 jobs. In addition, the Agency secured 41 business agreements, with an export value of R9,04 bn, resulting in 781 jobs. Furthermore, R507m in OFDI was committed. With regards to destination marketing, the Agency supported 14 tourism marketing activities, with an estimated economic value of R428,3m.
Justification	Wesgro plays a pivotal role in investment and trade promotion, and marketing Cape Town and the Western Cape as a tourism destination.
Links	The goal is linked to Provincial Strategic Goal 1: "Create opportunities for growth and jobs", and the strategic objectives of the Department of Economic Development and Tourism and the City of Cape Town. In addition, the goal is linked to the Wesgro Act.

The Agency has made significant strides towards the achievement of its strategic goals, by adopting an outcomes based approach focused on results. From the commencement of the new reporting cycle in 2015/16, to date the Agency committed a total of 34 projects with an investment value of R6,46bn, creating a total of 3 578 jobs.

During the financial year under review, the Agency adopted a new Trade Promotion strategy, focusing on the value of exports and assisting companies expand into Africa. A more proactive approach with regard to client engagements was adopted and yielded positive results. A total of 94 trade promotion business agreements were signed with an estimated export value of R11,89bn, creating 1 460 jobs. In addition, the Agency committed three OFDI projects, with an investment value of R697m.

To promote the region as a preferred tourism and business destination the Agency has implemented and supported various tourism initiatives. Guided by Project Khulisa, the Agency has focused on specific initiatives that contribute to regional growth and job creation. During the period under review the Agency supported a total of 46 tourism initiatives with an estimated economic value of R887,7m. The initiatives supported throughout the period enabled the Agency to increase awareness about the region, generating a total of R72,02m worth of advertorial value equivalent (AVE).

3. performance information by programme

Employee
satisfaction rate
87%



3.1. programme 1: corporate services

Purpose

The purpose of the programme is to provide efficient, cost effective, transparent and responsive corporate services to the Agency and ensure that principles of good corporate governance are implemented.

Programme structure

Sub-programme 1.1: Financial management

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

Sub-programme 1.2: IT and Administrative services

As a provincial public entity, the Agency also has to comply with the Public Finance Management Act 1 of 1999 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 transparency and accountability are maintained and visible.

The corporate services programme has a focus on maintaining sound IT and administrative systems and infrastructure. Effective systems and processes are a necessary component to maintain credibility, ensure accountability, improve operating efficiencies and generate institutional memory.

Sub-programme 1.3: Human Resource Management

The Human Resources sub-programme will help ensure that the Agency becomes the employer of choice and maintains a world-class, talented and skilled workforce. A priority is to attract, recruit and retain staff by creating a culture and climate conducive to sustaining a motivated workforce. In addition, the sub-programme will ensure all legislative compliance with regards to human resource management.

Sub-programme 1.4: Monitoring and Evaluation

This sub-programme is responsible for the implementation and management of reporting systems, which must comply with the guidelines set in the Treasury Regulations and the Public Finance Management Act (PFMA). The sub-programme is also responsible for the timely and accurate delivery of monthly, quarterly, and annual reports to stakeholders.

Strategic objectives

The strategic objectives of the programme are:

- To attain and maintain a high-level financial management capability over 5 years
- To provide first class IT and administration services to the Agency
- To create a culture and climate to attract, sustain and retain a motivated, talented and skilled workforce and ensure that the Agency becomes the employer of choice
- To ensure that an effective monitoring and evaluation system is implemented aligned to the legislative and regulatory prescripts pertaining to performance management.

Strategic objectives, performance indicators, planned targets and actual achievements

Financial Management

During the financial year under review, the Unit implemented the necessary systems and processes to ensure compliance with the relevant legislative prescripts in terms of expenditure and supply chain management, as well performance management. The Agency received an unqualified audit opinion for 2017/18 financial year.

The final budget and Annual Performance Plan for the ensuing financial year were completed and submitted as per the legislative requirements. The new project management budget tool was installed and will be implemented in the ensuing financial year.

IT and administrative services

During the financial year under review the Agency in-sourced the IT function. An internal IT Unit was set up and the required staff appointed. Subsequent to the implementation of the sub-unit, IT infrastructure was revamped in line with the reviewed IT strategy aimed at digital transformation. The old IT infrastructure was migrated to a new platform to enhance efficiency and stability. The Enterprise Resource Planning (ERP) and Workflow financial systems were outsourced to an external service provider.

The recent upgrading of the IT infrastructure resulted in an increase in network security, which led to a significant decrease in the downtime experienced. With the preceding in mind, the Agency experienced downtime of 25,69 hours for the period under review.

Desktop support continues to respond to IT support queries timeously, due to the implementation of efficient processes.

HR

The Senior Management team underwent a leadership initiative in March 2017, which yielded positive results. A modified version of the leadership initiative was rolled out to the rest of the Agency.

The annual inflationary staff increase of 6,3% was approved by the Wesgro Board and was effected 1 April 2017.

The Agency has signed off the performance agreements for the 2017/2018 period and has implemented the training needs identified, subject to the budget. As part of the implementation, the Agency also assisted staff members by allocating funds towards their post-graduate programmes, which will further assist to develop them in both their professional and personal capacities. This forms part of the retention strategy.

The external audit was completed successfully and signed off, and the performance bonus for 2016/2017 was approved by the Wesgro Board and paid in August 2017.

To create employment and growth opportunities for talented young individuals, Wesgro implemented an annual internship programme. As part of the programme, the Agency participated in the Career Expos at Stellenbosch University, the University of the Western Cape and the University of Cape Town, aimed at promoting and profiling the Agency as the employer of choice.

The Agency has embarked on a process to review the current umbrella retirement fund. As a participating employer, the Agency will benchmark the current arrangement with alternatives available. The process is due to be completed in the second quarter of the new financial year, after which the findings will be utilised to determine whether Wesgro will join an alternative retirement fund or remain in the current umbrella retirement fund.

Monitoring and Evaluation

The Agency submitted five progress reports and four corporate plans to the relevant stakeholders as legislatively required. The Agency achieved an unqualified performance audit opinion for the 2017/18 financial year. The improved systems and controls implemented throughout the year resulted in the improved audit outcome. The Agency was invited to appear before the Standing Committee on Economic Opportunities, Tourism and Agriculture and the Standing Committee on Public Accounts to present the Annual Report 2016/17. The report was well received, as the Committee welcomed the improved audit outcome. In addition, the Agency appeared before the Standing Committee on Economic Opportunities, Tourism and Agriculture, in conjunction with the Department to discuss the Vote 12 appropriation bill for the ensuing financial year.

Strategic objectives

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
Enhance financial accountability through compliance with all prescribed financial regulations and guidelines	-	100%	100%	100%	-	-

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
Maintain and enable a reliable and stable network infrastructure through a maximum of four hours of downtime during working hours	9 hours downtime	52 hours downtime	4 hours downtime	25,69 hours	21,69 hours	The increased downtime is attributed to the server being affected by malicious malware, ransomware and outdated IT infrastructure. The Agency has since upgrade the IT infrastructure, which has significantly decreased the downtime experienced during working hours.
Management of staff morale within the Agency by conducting regular surveys	-	80%	70%	87%	17%	Management emphasised the importance of staff morale and implemented a number of initiatives to increase staff morale within the Agency. Due to the increased efforts, staff morale has increased.
Compliance with all legislative and regulatory prescripts pertaining to performance management through the submission of performance reports	4	5	5	5	-	-

Key performance indicators, planned targets and actual achievements

Sub-programme 1.1: Financial Management

Financial Management							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments on deviation
1.1.1	Number of revenue and projection reports submitted to stakeholders within seven working days of month end	12	10	12	9	3	The outstanding reports were submitted to the relevant stakeholders, however they were not submitted within the specified deadline due to technical issues with the servers.
1.1.2	Number of days taken to process payments made to creditors from date of receipt	30 days	30 days	30 days	30 days	-	-
1.1.3	Average turnaround time for approval of workflows from date of receipt	2,8 days	2,5 days	3 days	2,69 days	0,31 days	Due to increased efficiencies, the Unit was able to expedite the processing of workflows and decrease turnaround time.
1.1.4	Outcome of the external audit for the previous financial year	clean external audit opinion – with no material findings	clean external audit opinion – with no material findings	clean external audit opinion	clean external audit opinion – with no material findings	-	-

Sub-programme 1.2: IT and Administrative Services

IT and Administrative Services							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments on deviation
1.2.1	Maximum downtime during working hours	9 hours	49,5 hours	4 hours	25,69 hours	21,69 hours	The increased downtime is attributed to the server being affected by malicious malware, ransomware and outdated IT infrastructure. The Agency has since upgrade the IT infrastructure, which has significantly decreased the downtime experienced during working hours.
1.2.2	Average turnaround time for responding to logged desktop support IT queries	-	9,78 hours	24 hours	4,08 hours	19,92 hours	Due to the implementation of efficient processes, the Unit was able to respond to desktop support queries timeously.

Sub-programme 1.3: Human Resource Management (HRM)

Human Resource Management (HRM)							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments on deviation
1.3.1	Results achieved based on the outcome of the climate and employee satisfaction surveys conducted	-	80%	70%	87%	17%	Management emphasised the importance of staff morale and implemented a number of initiatives to increase staff morale within the Agency. Due to the increased efforts, staff morale has increased.

Human Resource Management (HRM)							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments on deviation
1.3.2	Implementation of the staff performance management system	-	complete	Sign-off new performance agreements 14 April 2017	complete	-	-
		complete	complete	First performance review by 30 September 2017	complete	-	-
		complete	28 out of 64 staff final performance reviews completed	Final performance review 31 March 2017	complete	-	-

Sub- programme 1.4: Monitoring and Evaluation

Human Resource Management (HRM)							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments on deviation
1.4.1	Number of performance reports submitted by the deadline as legislatively required	4	5	5	5	-	-
		1	5				
1.4.2	Number of corporate plans submitted by the deadline as legislatively required	3	4	3	4	1	According to Budget Circular 3 of 2018/19 public entities are requested to submit a third draft Annual Performance Plan 2018/19 to the Department of the Premier, which resulted in the over-performance.

Strategy to overcome underperformance

The Unit remains committed to the implementation of the specific interventions to ensure that the in-year monitoring reports are submitted timeously. The IT service has been in-sourced and IT infrastructure and systems have been updated to ensure operational efficiency.

Changes to planned targets

No targets have been adjusted during the financial year.

Linking performance with budget

Programme	2017/18			2016/17		
	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	14 773	13 339	1 434	9 249	8 965	284
Total	14 773	13 339	1 434	9 249	8 965	284

* The Agency saved on IT cost due to the in-sourcing of the IT function, which resulted in the under expenditure.



Members of the Leisure Tourism unit

3.2. programme 2: investment promotion

Purpose

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

Secured 12
investment projects,
to the value of

R2,29bn



Programme structure

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

Investment recruitment

Wesgro proactively markets the province and priority sectors in order to attract investment. The Agency's investment promotion activities include:

- Investor research
- Investor targeting
- Inward and outward missions
- Matchmaking local and foreign firms
- Business facilitation

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

- Facilitation of access to incentives/grants ('best-efforts' basis)
- Site location
- Facilitation of access to finance ('best-efforts' basis)
- Professional referral services
- Access to strategic networks
- Assistance in approval expedition
- Policy advocacy
- Strategic matchmaking
- Immigration guidance

Aftercare

Through the aftercare programme, Wesgro aims to use the current pool of Wesgro 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 emphasises a dedication to current investors in the ambit of facilitation and advocacy.

Advocacy

The aim of policy advocacy is to identify constraints to investment and alert decision-makers to the negative effects these policies have on the business environment. The lobbying initiatives are driven to enhance the attractiveness of the Western Cape as an investment location.

Special projects: Agribusiness Investment Unit

The aim of the special projects programme is to manage key projects on behalf of our stakeholders. The Investment Promotion Unit manages the Agribusiness Investment Unit as a project on behalf of the Department of Agriculture. The Unit is responsible for locating new direct investments in the Western Cape Agri-Business sector, as well as retaining existing investments and supporting their expansions.

Strategic objectives

The strategic objective of the programme is:

- Facilitate investment and jobs into the Western Cape.

Strategic objectives, performance indicators, planned targets and actual achievements

The Unit realised a total of 12 investment projects, to the value of R2,29bn, against a target of R1,05bn to R1,8bn. This has assisted in the creation of 1 014 jobs and growing the Western Cape's industrial base. Investment performance has also contributed to the objectives outlined in Project Khulisa through the commercialisation of investments in the priority sectors identified. The table below provides a breakdown of committed investment projects and the number of jobs created during the financial year under review.

Table 1. Committed Investment Projects 2017/18					
Company	Source Country	Broad Sector	R	Jobs	District
New Investment Projects					
French Tech Lab	France	ICT	10 000 000	60	City of Cape Town
Medical Devices Cluster – Western Cape	South Africa	Manufacturing	21 000 000	35	City of Cape Town
Flooktex	Zimbabwe	Manufacturing	90 000 000	75	Atlantis, City of Cape Town
Meltwater Entrepreneurial School of Technology South Africa	Ghana	ICT	5 700 000	25	City of Cape Town
PP Excel Pty Ltd	South Africa	Manufacturing	342 390 000	175	City of Cape Town
Pegas Nonwovens	Czech Republic	Manufacturing	650 000 000	100	Atlantis, City of Cape Town
Da' Realty	South Africa/UAE	Real Estate	500 000 000	150	City of Cape Town
The Allergen Baker	South Africa	Manufacturing	1 000 000	10	City of Cape Town
DVT	South Africa	ICT	75 000 000	150	City of Cape Town
Emergent Energy	South Africa	Green Economy	500 000 000	150	City of Cape Town
SolaFuture	South Africa	Green Economy	100 000 000	75	City of Cape Town
Solareff	South Africa	Green Economy	850 000	9	City of Cape Town
Total			2 295 940 000	1 014	

The Unit recruited 82 new quality investment projects into the project pipeline, which it seeks to commit through the remainder of its 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. In addition, the Unit has been aggressive in its engagements with Sector Development Agencies (SDAs), in order to solicit leads. Twenty four engagements with SDAs were held during the financial year.

The Unit embarked on 16 outward missions during the financial year. The table below provides a breakdown of the outward missions embarked upon during the financial year.

Table 2. Outward Missions		
Country	Month	Sector
France	April	Multi-sector
England	May	Multi-sector
Scotland	May	Multi-sector
China (Beijing)	May	Multi-sector
China (Shangdong-Beijing-Shanghai)	August	Multi-sector
Hong Kong	August	Multi-sector
Malaysia	August	Manufacturing; Oil & Gas
Singapore	August	Manufacturing; Oil & Gas
Belgium	October	Green Economy
Austria	October	Green Economy
Indonesia	October	Multi-sector
United Arab Emirates	November	Oil & Gas
France	December	Manufacturing; Tech
Saudi Arabia	February	Green Economy; Real Estate, Tourism; Healthcare; Construction
United Arab Emirates	February	Green Economy; Real Estate, Tourism; Healthcare; Construction
India	March	Manufacturing; Tech

A total of 50 inward business delegations were hosted, from Kuwait, Dubai, Qatar, China including (Beijing, Huanan, Anji, Huanan, Shanghai, Zhanhang, Chaozhou, Minhang, Jiangsi, Dezhou, Anhui, Jianxi, Jiangsu, Huzhou, Chongqing, Dezhou and Jinan), Italy, France, Turkey, Canada, Hong Kong, USA, South Korea, Belgium, Luxembourg, Singapore, Netherlands, Sweden, Germany, Austria, Denmark, Malaysia, Bangladesh and India to market the Western Cape to potential investors.

The companies mentioned above represented the following sectors: green economy, renewable energy, hotel and real estate, education and training manufacturing, textiles, business services, energy, ICT, investment promotion, construction, financial services, oil and gas, FMCG, agribusiness and multi-sector.

Special Projects – Agribusiness Investment Unit (AIU)

The Investment Promotion Unit is managing 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 retaining existing investments and supporting their expansion.

Strategic objectives

The strategic objective of the programme is:

- Facilitate investment and jobs in to the Western Cape.

Strategic objectives, performance indicators, planned targets and actual achievements

The Unit realised six investment projects, to the value of R756m, against a target of R300m to R420m. This has assisted in the creation of 1 412 jobs against a target of 200–280, and growing the Western Cape's industrial base. Investment performance has also contributed to the objectives outlined in Project Khulisa through the commercialisation of investments in the agri-business sector. The table below provides a breakdown of committed investment projects and the number of jobs created during the financial year under review.

Table 3. Committed Investment Projects 2017/18					
Company	Source Country	Broad Sector	R	Jobs	District
NEW INVESTMENT PROJECTS					
Coco Safar	South Africa	Food & Beverages	100 000 000	450	City of Cape Town
Marathon Restaurant Group	United States	Food & Beverages	300 000 000	700	City of Cape Town
GC Rieber Compact	Norway	Manufacturing	150 000 000	43	City of Cape Town
Pioneer Fishing	South Africa	Blue Economy	40 000 000	9	City of Cape Town
Gallo Group	South Africa	Food & Beverages	116 000 000	150	West Coast
Anchor Foods	South Africa	Agro-processing	50 000 000	60	City of Cape Town
			756 000 000	1 412	

The Unit recruited 23 new quality investment projects into the project pipeline, 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. In addition, the Unit has expanded engagements with Local and District Municipalities to enhance support across the Province, undertaking 19 engagements during the financial year.

The Unit embarked on five outward missions during the financial year (Netherlands and France were visited in one outward mission). The table below provides a breakdown of the outward missions embarked upon during the financial year.

Table 4. Outward Missions			
Portfolio Manager	Country	Month	Sector
Amanda Tshaya	Turkey	October	Agri-business
Towfiq Hendricks	UK	November	Multi Sector
Towfiq Hendricks	China	September	Agri-business
Amanda Tshaya	Turkey	December	Agri-business
Towfiq Hendricks	Thailand	March	Agri-business (halal)

Strategic objectives

Investment Promotion						
Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target ¹	Comments
Rand value of committed investments into the province	R2,04bn	R2,12bn	R1,05bn to R1,8bn	R2,29bn	R1,24bn	The projects realised were capital intensive, which resulted in the over-performance.
Number of jobs facilitated from committed investments into the Province	681	696	600–1 250	1 014	414	The projects realised were labour intensive which resulted in the over-performance.

Strategic objectives: Agri-business

Agri-business Investment Unit						
Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target ²	Comments
Rand value of committed investment in the agri-business sector into the province	R315m	R735m	R300m to R420m	R756m	R456m	The projects realised were capital intensive, which resulted in the over-performance.
Number of jobs facilitated from committed investments in the agri-business sector in the province	201	410	200–280	1 412	1 212	The projects realised were labour intensive, which resulted in the over performance.

¹ The deviation from planned target is calculated based on the lower band target.

² The deviation from planned target is calculated based on the lower band target.

Key performance indicators, planned targets and actual achievements

Investment Promotion

Investment Promotion							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
2.2.1	Number of investment projects realised	10	12	13	12	-1	The outstanding investment projects were not realised within the anticipated time-frame due to further engagement required, which resulted in the under-performance.

Agri-business Investment Unit

Investment Promotion							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
2.3.1	Number of investment projects realised in the agri-business sector	3	3	7	6	-1	The outstanding investment projects were not realised within the anticipated time-frame due to further engagement required, which resulted in the under-performance.

Strategy to overcome areas of under-performance

The Unit remains committed to building a robust pipeline and the expedition of facilitation services to ensure that the projects are committed within the required period.

Changes required to planned targets

No targets were adjusted during the financial year.

Linking performance to targets

Programme	2017/18			2016/17		
	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	4 450	4 329	121	5 630	4 582	1 048
Total	4 450	4 329	121	5 630	4 582	1 048

* The procurement of marketing collateral was not finalised before the end of the financial year which resulted in the under-expenditure.

3.3. programme 3: trade promotion

Purpose

The purpose of this programme is to promote and facilitate exports of goods and services from qualified companies in the Western Cape and to facilitate and support operations and expansion of qualified Western Cape companies into the rest of Africa through investment.

Business agreements signed with an estimated economic value of

R2,83bn



Programme structure

The programme is divided into two sub-programmes:

- Sub-programme 3.1: Trade Promotion, and
- Sub-programme 3.2: African Expansion (Outward Foreign Direct Investment – OFDI).

In response to the request made by the Minister of Economic Opportunities, to explore ways of supporting Western Cape companies with increasing trade and expanding into the rest of the African continent, the Trade Promotion Programme changed its strategic direction. The programme will now focus on increasing the rand value of exports into global markets and the number of jobs resulting from export orders, as well as the facilitation of support operations and expansion of qualified Western Cape companies into the rest of Africa.

Sub-programme 3.1: Trade Promotion

Wesgro will focus on companies that have export experience and capacity to supply a demand for goods or services in global markets. The programme will present proactive client engagement activities.

Business facilitation

The Agency's facilitation activities include:

- Business agreement facilitation
- Accessing finance
- Investor and company matching
- Market research and information
- Forging strategic collaboration and partnerships

Promotion

Wesgro offers several promotional services including:

- Buying and selling missions
- Advocacy and specialised advisory services
- Access to strategic networks
- Marketing of value-added goods and services

Sub-programme 3.2: African Expansion (OFDI)

Wesgro will focus on Western Cape companies that have export or outward investment experience and have the capacity to expand their operations into the rest of the African market.

Business facilitation

The Agency's facilitation activities include:

- Operating business agreement facilitation
- Accessing finance
- Investor and company matching
- Market research and information
- Forging strategic collaboration and partnerships

Promotion

Wesgro offers several promotional services including:

- Buying and selling missions
- Advocacy and specialised advisory services
- Access to strategic networks
- Marketing of value-added goods and services

Strategic objectives

The strategic objectives of the programme are:

- To promote and facilitate global exports of goods and services from qualified companies in the Western Cape
- To facilitate and support operations and expansion of Western Cape companies into the rest of Africa.

Strategic objectives, performance indicators, planned targets and actual achievements

The Unit signed a total of 53 business agreements with an estimated economic value of R2,83bn resulting in 679 jobs. Through the expedition of export development and promotion facilitation, and a targeted approach to international trade missions, the Unit finalised export declarations sooner than anticipated.

The increased efforts to work closely with the bigger exporters in the province resulted in an exceptional export declaration for Vinimark Trading (Pty) Ltd based in Stellenbosch, to the value of R1,8bn. The company is the largest independent specialist wine wholesale company in South Africa, covering all aspects of distributing, marketing, exporting and importing of foreign and domestic wines. In addition, the Unit committed six Outward Foreign Direct Investment (OFDI) in Africa projects to the value of R190m.

A significant number of companies expressed interest in the Export Advancement Programme (EAP). The section below provides a snapshot of the highlights for the financial year under review.

- The EAP supported companies through the Export Training Programme, addressing all aspects of the export processes, through theory and practical methodologies. The following modules were presented; orientation to export, preparing to export and developing an export marketing plan, financial risk management, export costing and logistics, Incoterms 2010 and export marketing. Eighty one Western Cape companies were trained.
- The Export 1-on-1 mentorship follows on from the Export Training Programme, providing support to companies implementing learning from the programme. Exporters are provided with practical guidance, aimed at ensuring the successful implementation of the strategic goals within a set timeframe. Fourteen Western Cape companies were mentored.
- The Business Development Mentorship (PUM) programme is a Dutch mentorship programme for companies addressing specific business needs. The skills transfers are tailored to the exporter's requirements, and are enhanced by the PUM mentors' extensive global experience. Fourteen Western Cape companies enrolled for the programme.
- Companies from the agro-processing, interior design, manufacturing, clothing and textiles, leather, footwear and cosmetics sectors were part of the EAP.
- A total of 139 companies were trained through the EAP during the 2017–2018 financial year.
- The EAP also led Western Cape companies on the following outward selling missions:
 - GIFTTEX JAPAN 2017 from 5–7 July 2017. A total 10 Western Cape companies were represented. GIFTTEX is Japan's leading trade fair for all kinds of gift items. A great variety of major importers and wholesalers, mass-retailers and buyers across the globe converge at the show to place orders on-site and meet business partners. This presented a good opportunity for Western Cape companies looking to export their goods.
 - The EAP assisted Western Cape companies on the following Department of Trade and Industry (the dti) National Pavilions and International Trade Initiatives (ITI):
 - Department of Trade and Industry (the dti) Outward Selling Mission (19–22 March 2018): The EAP accompanied the dti on a mission to Bogota, Columbia, focusing on the discovery of new market opportunities and assisting the participating companies to leverage from the available opportunities. The targeted sectors included, agro-processed products and other value-added goods and services.
 - ANUGA, Cologne, Germany (7–11 October 2017): Twenty two Western Cape companies participated in the ANUGA,

Cologne, Germany Show, the largest agro-processing show in Germany and one of the major exhibitions in the EU. This exhibition was supported by the dti through the National Pavilion initiative. A business agreement was signed to the value of R27,48m, resulting in the maintenance of 220 local jobs.

- ➔ International Restaurant Show, New York, USA (4–6 March 2018): Eleven Western Cape companies exhibited. This trade exhibition focuses on the hospitality sector, food services, wholesale and distribution in the food and drink sectors. The exhibitors were funded by the dti's Sector Specific Assistance Scheme (SSAS) funding initiative.
- ➔ The EAP in collaboration with the dti, hosted the National Export Development Programme (NEDP) 'Introduction to Exporting'. Training was attended by 30 Western Cape companies, and ran over a period of 3 days in June, August and November 2017.

The EAP also collaborated with the dti on an Export Awareness Roadshow to Oudtshoorn, George and Knysna (Eden District) from 27–29 September 2017 to create awareness of the EAP and the company benefits of exporting.

During the financial year, the Unit undertook 31 outward missions, with a total of 318 Western Cape companies participating, and hosted 41 inward missions. This resulted in 61 export and outward investment into the rest of Africa global business agreements being signed. The Unit also hosted 24 thought leadership seminars and workshops including an AGOA workshop to increase Western Cape exports to the US, a Nigerian Business Networking seminar and a seminar on Export Opportunities in Asia. The following are some successes that resulted from some of the outward missions embarked upon in 2017–2018.

Event	Country	Successes
Trade & Outward Investment (Halal) Mission	Senegal	The halal trade and investment mission to Senegal took place from 30 May to 03 June. The mission comprised of 12 companies, 5 of them being Halal. The aim of the mission was to provide a platform for halal companies to enter the Senegalese market. Four business declarations to the value of R43,5m were realised, creating 50 jobs.
Defence, Security and Aerospace Trade Exhibition	The United Kingdom	Wesgro, together with the Department of Trade and Industry and the Aerospace and Defence Maritime Association (an Export Council) participated in the Defence & Security Equipment International (DSEI) 2017. The trade show took place from 12–15 September 2017. A total of 22 South African companies exhibited. DSEI brings together the global defence and security industry to source the latest equipment and systems, develop international relationships and generate new business opportunities.
Food & Hotel China	China	Seventeen Western Cape companies visited China from 14–18 November 2017 on an outward selling mission to attend the Food and Hotel China. A declaration of R100m was signed, creating 40 jobs.
SIAL Paris	France	Two declarations were realised from the SIAL Paris. Export deals were signed by Cape Cookies and Cape Hothouse Vegetables, to the value of R13m, creating 90 jobs.
Brexit Tourism, Trade & Investment Mission	United Kingdom	The Ministry of Economic Opportunities together with Wesgro led a tourism, trade and investment mission to the United Kingdom from 22–26 May 2017. The objective of the visit was multi-fold (trade, investment, tourism), but was also particularly focused on strengthening ties with the UK government following Brexit. The delegation comprised 10 Western Cape companies predominantly from the agri-processing and services sectors.
Food & Hotel Trade Exhibition	Thailand	The Food & Hotel Show Thailand, took place from 6–9 September. Premier Helen Zille also undertook an official visit to Thailand and Vietnam from 6–14 September 2017. Wesgro facilitated the tourism, trade and investment section of the programme, and supported the Premier's visit to ensure the advancement of Western Cape tourism, trade and investment opportunities. Six companies participated in the mission.
Private Label Manufacturing Association (PLMA) Chicago	USA	PLMA Chicago took place from 12–14 November 2017. Three Western Cape companies attended the show. PLMA's annual trade show is the industry event of the year, where retailers and wholesalers source for their private label programs. More than 1 300 companies from 40 countries exhibit their products, including 25 international pavilions.

Event	Country	Successes
Trade and Outward Investment Exploratory Mission	Rwanda	Wesgro Trade led a fact-finding mission to Rwanda from 28 February to 2 March 2018. The mission formed part of Wesgro's International Trade programme for 2017/18, and is in line with Wesgro's strategy to promote trade and outward investment between the Western Cape and the rest of Africa in identified sectors. The mission helped identify relevant business opportunities in the country, as well as build the necessary contacts and network that will pave the way for Wesgro and Western Cape companies' easy access to Rwanda. Wesgro is looking to build strong working relationships in the country, and to increase our African based networks in key sectors of the Western Cape economy.
FOODEX Japan	Japan	Twenty Western Cape companies visited Japan on an Outward Selling Mission from 6–9 March 2018 to attend the FOODEX Trade Show. The aim of the visit was to advance the exports of agro-processed products, including halal exports, which is in line with Wesgro's mandate to facilitate the exports of goods into this market from qualified companies based in the Western Cape.
Halal Inward Buying Mission	Cape Town, Western Cape	Wesgro Trade hosted the first Western Cape Halal Inward Buying Mission (IBM) from 25–27 October 2017 at the Westin Hotel in Cape Town. Six international buyers (based in the UK, U.A.E, Singapore, China and Malaysia) visited the Western Cape. The event generated an estimated R85m in export deals. A website was developed and is being utilised to advance the Western Cape halal exports. www.halalitbm.co.za . This platform will remain a key for driving WC halal exports.

Strategic objectives

Sub-programme 3.1: Trade Promotion

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target ³	Comments
Estimated rand value business agreements signed	-	R9,04bn	R100m to R200m	R2,83bn	R2,75bn	The business deals were closed sooner than anticipated. This resulted in a significant increase in the number of deals signed, which led to an increase in the estimated economic value of the deals.
Number of jobs facilitated from business deals signed	-	781	200–400	679	479	The business deals secured were labour intensive, which resulted in the over-performance.

³ The deviation from planned target is calculated based on the lower band target.

Sub-programme 3.2: African Expansion (OFDI)

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target ⁴	Comments
Rand value of committed outward foreign direct investment (OFDI) declarations signed	-	R507m	R100m to R200m	R190m	R90m	The business deals were closed sooner than anticipated. This resulted in an increase in the number of deals signed, which led to an increase in the estimated economic value of the deals.

Key performance indicators, planned targets and actual achievements

Sub-programme 3.1: Trade Promotion

No.	Performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
3.1.1	Number of business agreements signed	-	41	20	53	33	The projects were realised sooner than anticipated due to the acceleration of facilitation services.

Sub-programme 3.2: African Expansion (OFDI)

No.	Performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
3.2.1	Number of outward foreign direct investment (OFDI) declarations signed	-	3	3	6	3	The projects were realised sooner than anticipated due to the acceleration of facilitation services.

Strategy to overcome underperformance

Not applicable

Changes to planned targets

No targets were adjusted during the financial year.

Linking performance with budgets

Programme	2017/18			2016/17		
	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	9 442	9 549	(107)	7 932	6 934	998
Total	9 442	9 549	(107)	7 932	6 934	998

* The unit embarked on additional outward missions, as an additional market was included in the travel plans which resulted in the over-expenditure.

⁴ The deviation from planned target is calculated based on the lower band target.

3.4. programme 4: research

Purpose

The purpose of the programme is to provide tourism, trade and investment research to inform the Agency's goals and strategy as well as provide evidence based research to augment the Agency's promotion activities.

The unit produced a total of **119 publications** against a target of 100



Programme structure

The Wesgro Research Unit is not divided into sub-programmes.

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.

Strategic objectives, performance indicators, planned targets and actual achievements

The Unit produced a total of 119 publications for the financial year under review. The table below provides a snapshot of the publications that were produced during the financial year: The types of publications produced were as follows:

- 38 Country
- 4 Destination
- 13 DSM Report
- 1 Project
- 4 Region
- 9 Sector
- 43 Tourism
- 1 Trade

Table 44. Wesgro Research Publications

No.	Type	Title
1	Country	China
2	Country	Ghana
3	Country	Singapore
4	Country	Hong Kong
5	Country	Rwanda
6	Country	Switzerland
7	Country	Italy
8	Country	Morocco
9	Country	Brazil
10	Country	Nigeria
11	Country	Cameroon
12	Country	Iran
13	Country	Namibia
14	Country	Canada
15	Country	USA
16	Country	Kenya
17	Country	Russia
18	Country	Saudi Arabia

Table 44. Wesgro Research Publications

No.	Type	Title
19	Country	Oman
20	Country	Cuba
21	Country	Cameroon
22	Country	Bahrain
23	Country	Kazakhstan
24	Country	Colombia
25	Country	Senegal
26	Country	Ethiopia
27	Country	Zambia
28	Country	Australia
29	Country	Ivory Coast
30	Country	Scotland
31	Country	Cape Town and India
32	Country	Poland
33	Country	Indonesia
34	Country	Indonesia Cities
35	Country	Kuwait
36	Country	Ecuador
37	Country	Angola
38	Country	Brazil – Agri
39	Destination	EPIC
40	Destination	Invest in Cape Town
41	Destination	African Ports
42	Destination	Investment Strategy
43	DSM Report	DSM_Report_United States of America_TopREO
44	DSM Report	DSM_Report_Zambia_TopREOs
45	DSM Report	DSM_Report_Poland_TopREOs
46	DSM Report	DSM_Report_Chile_TopREOs
47	DSM Report	DSM_Report_Peru_TopREOs
48	DSM Report	DSM_Report_Argentina_TopREOs
49	DSM Report	DSM_Report_Uruguay_TopREOs
50	DSM Report	DSM_Report_Colombia_TopREOs
51	DSM Report	DSM_Report_Brazil_TopREOs
52	DSM Report	DSM_Report_China_TopREO
53	DSM Report	DSM_Report_India_TopREOs
54	DSM Report	DSM_Report_Russian Federation_TopREOs
55	DSM Report	DSM_Canada_Summary
56	Project	Top 100
57	Region	South East Asia
58	Region	Latin America
59	Region	BRICS
60	Region	Scandinavia

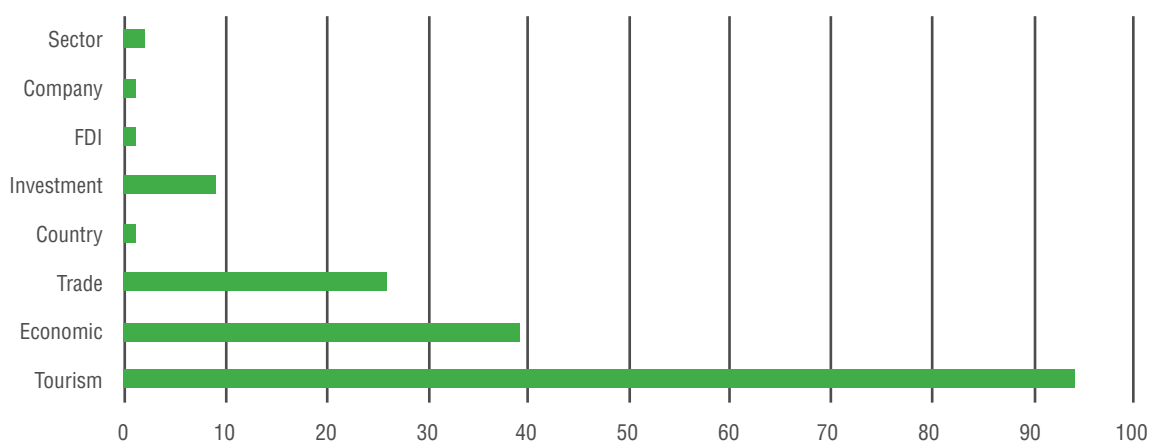
Table 44. Wesgro Research Publications

No.	Type	Title
61	Sector	Halaal Fact Sheet
62	Sector	Shared Economy
63	Sector	Film
64	Sector	EPIC
65	Sector	Retail
66	Sector	Sectors for Investment
67	Sector	Film Global Practice in National Parks
68	Sector	Halal Industrial Park _ General Halal Sector Narrative
69	Sector	Glass Manufacturing
70	Tourism	Western Cape Visitor Trends Annual 2016
71	Tourism	Tourism Market insights China
72	Tourism	Tourism Market insights India
73	Tourism	Tourism Market insights Australia
74	Tourism	Tourism Market insights United Arab Emirates
75	Tourism	Tourism Market insights Angola
76	Tourism	Tourism Market insights Namibia
77	Tourism	Tourism Market insights Kenya
78	Tourism	Cape Karoo Visitor Tourism Trends Jan-June 2017
79	Tourism	Cape Overberg Visitor Tourism Trends Jan-June 2017
80	Tourism	Cape Garden Route Visitor Tourism Trends Jan-June 2017
81	Tourism	Western Cape Visitor Trends Q4 2016
82	Tourism	Tourism Market insights United Kingdom
83	Tourism	Tourism Market insights United States
84	Tourism	Cape Town Visitor Trends Jan-June 2017
85	Tourism	Weskus Visitor Trends Jan-June 2017
86	Tourism	Cape Winelands Visitor Trends Jan-June 2017
87	Tourism	Western Cape Visitor Trends Jan-June 2017
88	Tourism	2016 DPR
89	Tourism	Tourism Market Insights Germany
90	Tourism	Tourism Market Insights France
91	Tourism	Tourism Market Insights Netherlands
92	Tourism	Tourism Market Insights Canada
93	Tourism	Q1 2017 DPR
94	Tourism	Q2 2017 DPR
95	Tourism	Top spenders
96	Tourism	Top Inbound & Outbound Markets
97	Tourism	Middle East Report
98	Tourism	Wine Tourism Study 2017
99	Tourism	Cape Karoo Annual 2017
100	Tourism	Garden Route & Klein Karoo Annual 2017
101	Tourism	Cape Overberg Annual 2017
102	Tourism	Western Cape Annual 2017

Table 44. Wesgro Research Publications		
No.	Type	Title
103	Tourism	Tourism Market Insights Nigeria
104	Tourism	Tourism Market Insights Mauritius
105	Tourism	Tourism Market Insights Ethiopia
106	Tourism	Leisure Cycling in the Western Cape
107	Tourism	Medical Tourism
108	Tourism	Cape Town Annual 2017
109	Tourism	West Coast Annual 2017
110	Tourism	Winelands Annual 2017
111	Tourism	Tourism in the Western Cape: Key Figures
112	Tourism	Western Cape Wine & Cuisine Traveller Profiles
113	Trade	DSM Halal Agro-Value Chain Analysis Query
114	Trade	Halal Countries and Products HS6 Level Janine Botha 20170825
115	Trade	Halal DSM Findings for Select Countries 20170817
116	Trade	Halal Project Selected Country Import Overview 2016
117	Trade	Text for Tourism Presentation August 2017
118	Investment	BRICS Sovereign Credit Ratings
119	Trade	Seven Select Countries Ranked in terms of 2016 Total M Value Halal Project

The Wesgro Research Unit completed 173 information requests in the financial year. The information requests were completed at an average turnaround time of 1,5 days for those enquiries.

Enquiries for the year 2017/2018



The Wesgro Research Unit presented to 41 delegations during the financial year, including inward delegations for trade and investment. The Unit presented during briefing sessions for exporters ahead of a trade mission.

The Unit also updated the generic presentation quarterly to ensure that the Agency has up-to-date information for their own presentations.

Strategic objectives

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
Percentage of publications with more than 100 downloads from the date of activation on the website	-	-	70%	0%	0%	The indicator is currently not measurable on the new website; however, a process has been activated to change this.
Turnaround time to provide customised research and information in support of the core functions of the agency	2 days	2,4 days	3 days	1,5 days	1,5 days	Due to increased efforts, the Unit was able to decrease the turnaround time for the completion of customised research.

Key performance indicators, planned targets and actual achievements

No.	Performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
2.4.1.	Number of relevant tourism, trade and investment publications developed	115	115	100	119	19	Additional publications were required, based on the needs of the Agency.
2.4.2	Average turnaround time to complete research requests from date of receipt	2 days	2,4 days	3 Days	1,5 days	1,5 days	Due to increased efforts, the Unit was able to decrease the turnaround time for the completion of customised research.

Strategy to overcome under-performance

The indicator referring to the percentage of publications with more than 100 downloads from date of activation on the website has been removed from the APP for the ensuing financial year.

Changes to planned targets

No targets were adjusted during the financial year.

Linking performance with budgets

Programme	2017/18			2016/17		
	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	3 592	3 506	86	3 377	3 342	35
Total	3 592	3 506	86	3 377	3 342	35

* The unit saved on subscription costs, as it did not subscribe to one of the platforms budgeted for. In addition, fluctuations in the exchange rate also contributed to the under-expenditure.

3.5. programme 5: marketing and communication

Purpose

The purpose of this programme is to conduct marketing and communication for Wesgro business units and Cape Town and the Western Cape in terms of tourism, trade and investment.

100 press releases
helped generate
R72,02m
in advertising value equivalent



Purpose

The purpose of this programme is to conduct marketing and communication for Wesgro business Units and Cape Town and the Western Cape in terms of tourism, trade and investment.

Programme structure

The programme is divided into two sub-programmes.

Sub-programme 5.1: Positioning of the Agency and the destination

To improve the position of the Agency and the destination with shareholders, citizens, domestic and international businesses.

- Assistance with and/or hosting of and/or the logistical management of strategic corporate and external events with partners
- Marketing campaigns via social media, digital and traditional media channels
- Creation of bespoke content (audio, visual and printed) for Wesgro and the destination to be used in marketing campaigns
- Customer relationship marketing

Sub-programme 5.2: Management of the reputation of the Agency and the destination

To manage the reputation of the Agency and destination through media opportunities.

- Writing and distribution of op-ed pieces
- Writing and distribution of media releases
- Website management
- Hosting of strategic media engagements
- Distribution of research publications via media opportunities
- Monthly tracking of advertising value equivalent (AVE) generated

Strategic objectives

The strategic objectives of the programme are:

- To improve the position of the Agency and the destination with shareholders, citizens, domestic and international business
- To manage the reputation of the Agency and destination through media opportunities.

Strategic objectives, performance indicators, planned targets and actual achievements

The 2017/18 financial year saw increasingly negative pressure placed on the 'economic' brand of Cape Town and the Western Cape.

Following the credit ratings downgrade in 2017, the ongoing negative media coverage of political instability and corruption in South Africa, and the devastating drought in the Cape, the Marketing and Communications Unit's key priority was to protect the brand of the destination, and to highlight positive elements that inspire hope and confidence.

This was done through four key mechanisms available to our team. The first, to generate earned media coverage through media releases and strategic media engagements. The second, to organise business engagements around important topics that facilitate 'B2B' relationship building. The third, to sponsor key industry events that help inspire confidence in our economy. Lastly, to amplify the work we do on social media.

Earned media coverage

During the course of the financial year, the Marketing and Communications Unit released in excess of 100 press releases. This helped generate R72,02m in advertising value equivalent (AVE) (online, social media, print and broadcast). The key

objective of these press releases was to give effect to our #CapeConfidence messaging – to inspire confidence in the economy of Cape Town and the Western Cape.

Strategic media engagements

This AVE was also generated through strategic media engagements – that is, engagements that included interaction with the media, with the objective of obtaining media coverage. In total, the team helped organise 46 such engagements, which included press conferences, direct one-on-one interviews and strategic business events. As part of this effort we also interacted with international media for the first time, through a press briefing with the Foreign Press Association of Southern Africa.

Corporate events hosted

As part of our business-to-business engagements, Wesgro organised some 31 corporate events. Topics ranged from ‘trade in Africa’ to ‘How to strengthen the water sector’. These also included our Annual Review and Year Ahead corporate events, where we set out our achievements and plans, respectively, to our clients. This coincided with the Agency sponsoring five events during the financial year.

Strategic use of social media

Through strategic use of social media, around particular hashtags, the Marketing and Communications Unit amplified key messages online. During the year, the key hashtag used was #CapeConfidence. We also made use of #WaterWiseTourism, #WaterCommsRoom, #WeDoTourism, #WesgroInvest, #WesgroTrade, #WesgroFilm and #CTAirAccess. Collectively, on Twitter and Facebook, our social media presence contributed significantly to the AVE target for the financial year being exceeded.

Strategic objectives

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
Rand value of the advertising value equivalent (AVE) generated for the Agency	R21,2m	R37,6m	R25m	R72,02m	R47,02m	The marketing initiatives implemented during the year generated more AVE than anticipated, which resulted in the over-performance.

Key performance indicators, planned targets and actual achievements

No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
5.1	Number of strategic media engagements hosted	7	12	7	46	39	Additional opportunities arose which afforded the Agency the opportunity to engage with the media, which resulted in the over achievement.

No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
5.2	Number of strategic corporate Agency events hosted	-	30	7	31	24	Additional opportunity arose which afforded the Agency the opportunity to host additional events, which resulted in the over-performance.
5.3	Number of relevant industry events sponsored	2	6	4	5	1	As part of the various marketing initiatives, implemented opportunities arose for the Agency to support additional events during the year.

Strategy to overcome under-performance

Not applicable

Changes to planned targets

No targets were adjusted during the financial year.

Linking performance with budgets

Programme	2017/18			2016/17		
	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	5 643	4 927	716	5 409	5 141	268
Total	5 643	4 927	716	5 409	5 141	268

* The municipal workshop planned for the financial year did not materialise due to unforeseen circumstances.

3.6. programme 6: destination marketing

Purpose

The purpose of the DMO is to promote the Western Cape internationally and domestically in order to increase the number of visitors. The DMO markets the destination by focusing on business tourism (through its Convention Bureau team), tourism trade, media, influencers and marketing campaigns.

Supported and implemented various tourism initiatives which generated over

R29,08m in AVE.



By increasing the visitor numbers of leisure and business tourists to the province, direct, indirect and induced revenue is generated for the Cape.

The DMO's activity thereby contributes to economic growth and job creation.

In growing business tourism, the unit places emphasis on:

- A well-defined and successful methodology to bidding
- Creation of demand through promotional activities such as attending trade shows (locally and internationally)
- Leveraging of international association memberships (e.g. BestCities Global Alliance and International Congress and Convention Association)
- Unique programmes and value-added offerings (e.g. Delegate boosting, networking and legacy programme)
- Focused sector approach and cross-selling with other Wesgro units (e.g. trade team)

The leisure unit places emphasis on:

- The creation of demand through marketing activities not tourism product development
- The acquisition and generation of data and intelligence
- Collaboration with various provincial (e.g. regional and local tourism offices), national (e.g. South African Tourism) and international (e.g. UNWTO) organisations
- Joint marketing opportunities with private sector (e.g. trade and media)

The DMO must also ensure that focus is given to the priority initiatives as identified by the Western Cape Government's Project Khulisa: Tourism strategy.

Programme structure

The programme structure has been aligned to Project Khulisa: Tourism Activity Dashboard as approved by Cabinet and is made up of three sub-programmes. The financial year under review is the second year of Project Khulisa and the sub-programmes will work off the foundation built in 2016/17.

Sub-programme 6.1: Boost awareness of the Western Cape in key markets and sectors

This sub-programme will be made up of the following strategic initiatives:

- Competitive identity
- Partnership growth strategies in key markets
- Digital management and real-time intelligence
- Grow business tourism
- CRM and stakeholder management

Sub-programme 6.2: Improve accessibility to Cape Town and the regions

This sub-programme will be made up of the following strategic initiatives:

- Air Access (which forms part of a separate strategic unit within Wesgro)
- Local transport marketing

Sub-programme 6.3: Boost the attractiveness of the Cape through a competitive offering

This sub-programme will be made up of the following strategic initiatives:

- The Cross Cape promotion
- Madiba legacy route
- Gastronomy tourism promotion
- Cape of Great Events promotion
- Service level improvement

Strategic objectives

The strategic objective of the programme is:

- Enhance the attractiveness, awareness and accessibility of the region and drive conversion.

Strategic objectives, performance indicators, planned targets and actual achievements

The repositioning of the business manager role in the Convention Bureau to focus on incentive travel bids has shown great success over a short period. With focused efforts on securing incentive travel bids, the Unit secured the Great Easter Life Achiever's Club – GELAC 2017 Incentive trip, which brought 800 delegates to the Western Cape for five days, with an estimated economic impact of R22,9m.

Cape Town retained its top position in the Africa city rankings and moved into 39th position globally in the annual International Congress and Convention Association (ICCA) 2016 destination rankings. The increased ranking was attributed to the City hosting 62 association meetings in 2016.

The team hosted the first Legacy Workshop with the Cape-based Professional Congress Organisers (PCOs) and Destination Marketing Companies (DMCs). Global experts, Kindology, facilitated the workshop, aimed at developing the framework for the Convention Bureau's Legacy Programme.

One of the strategic objectives of Project Khulisa Tourism is the advancing of air connectivity to Cape Town through direct air access. To support this objective and the work being done by the Cape Town Air Access, the Convention Bureau secured the bids for AviaDev Africa (2018) and the International Air Travel Association (IATA) Slot Conference 2019, which will bring an estimated 1 500 delegates in the aviation industry to Cape Town.

During the period under review, the Convention Bureau secured 33 bids, with an estimated economic impact of R453m, with the Young President's Organisation (YPO) as one of the year's highlights.

The Leisure Unit significantly increased efforts on the amplification of marketing partnerships with various stakeholders during the previous financial year.

To support Cape Town Air Access, the Leisure team provided tourism support to the airlines, through the hosting of sales agents and attending airline specific shows. One example of this was the Lufthansa Road Show in collaboration with the Cape Whale Coast tourism office. Meetings were held with 165 sales agents, giving the team great insight into how to sell and package specifically for the German market.

The Agency collaborated with South African Tourism in New York, regarding the promotion of the Madiba Legacy and his Western Cape story. The campaign used internationally acclaimed South African actor John Kani, who met with top media in New York and Los Angeles to tell the Madiba story. This was amplified through our attendance at the New York Times Travel Show, North America's largest travel trade show. Journalists from Forbes, Global Traveller, Huffington Post, Vogue, Skift, National Geographic Traveller, Variety, USA Today, LA Times, NBC, Time Out, and New York Daily News were some of the journalists who attended our events.

To support the industry and show the citizens of the Western Cape that the tourism industry was serious about being a part of the water solution, Wesgro, Cape Nature and Airbnb distributed 2 300 showerheads to accommodation establishments across the province, aimed at saving 18m litres of water per annum.

The team also supported 51 leisure events across the province. During the financial year under review the Agency supported and implemented various tourism initiatives which generated over R29,08m in AVE.

The fiscal year also saw the launch of the Cross Cape cycle route, the first of five routes that will be launched through this initiative.

Strategic objectives

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
Total estimated economic value of tourism destination marketing initiatives supported	-	R428,3m	R156m	R454,4 m	R298,4m	The inclusion of incentive bids resulted in an increase in the number of bids secured, which led to an increase in the economic value of the initiatives supported.

Key performance indicators, planned targets and actual achievements

No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
6.1	Number of tourism destination marketing initiative supported	-	15	13	32	19	Based on the findings of the baseline study, additional opportunities arose, which afforded the Agency an opportunity to support additional tourism initiatives. The additional bids secured also contributed to the over-performance.
6.2	Number of joint marketing agreements secured	12	15	15	15	-	-
6.3.	Number of conference bids secured	17	33	18	33	15	The inclusion of incentive bids in the calculation of conference bids secured and the early announcement of the outcome of the bids resulted in the over-performance.

No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned Target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
6.4	Economic impact of bids secured	R374,1m	R425,3m	R150m	R453,3m	R303,3m	The inclusion of incentive bids in the calculation of conference bids secured and the early announcement of the outcome of bids resulted in additional bids being secured, which increased the economic impact and led to the over-performance.
6.5	Number of leisure events supported	48	55	23	51	28	A significant increase in the number of event applications received resulted in the over-performance.
6.6	Rand value of AVE generated	R16,6m	R30,4m	R15m	R29,08m	R14,08m	The tourism initiatives implemented throughout the year generated more AVE than anticipated, which resulted in the over-performance.

Strategy to overcome under-performance

Not applicable

Changes required to planned targets

No targets were adjusted during the financial year.

Linking performance with budget

Programme	2017/18			2016/17		
	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	16 836	16 959	123	28 300	27 309	991
Total	16 836	16 959	123	28 300	27 309	991

3.7. programme 7: film and media promotion

Purpose

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

Programme structure

The programme is not divided into sub-programmes.

Strategic objectives

The strategic objective for the programme is:

- To firmly establish a globally competitive film sector by 2020.

Strategic objectives, performance indicators, planned targets and actual achievements

During the period under review a total of nine media and film production declarations were signed, to the value of R1.92bn, resulting the facilitation of 2 449 Full Time Equivalent (FTE) jobs.

The Unit generated over R33m worth of AVE for the film and media industry through the implementation of various initiatives.

The Unit participated in four outbound missions (including to three of the nine co-production treaty countries). In addition, the Unit embarked on a Pan-African mission by invitation to forge and strengthen strategic industry linkages. The table below provides a breakdown of the outbound missions embarked upon.

Table 6. Outbound Missions		
Country	Month	Sector
Cannes, France	May 2017	Film and Media
Toronto, Canada	September 2017	Film and Media
El Gouna, Egypt	October 2017	Film and Media
Berlin, Germany	February 2018	Film and Media

In addition, film and media marketing collateral was sent with the Trade Promotion, Investment Promotion and Destination marketing teams on outbound missions embarked upon, as well as to various other collaborations with trade associations.

The Unit, in partnership with industry and various inbound missions, gave Exporter Advancement Promotion (EAP) upskilling to 603 companies. The major B2B and EAP events were aligned with industry festivals, such as Encounters Documentary Film Festival (June 2017), Wavescape Conservation and Adventure Film Festival (November, December 2017), Cape Town International Animation Festival (March 2018), as well as the newly rebranded Cape Town International Film Mart and Festival (October 2017). Additional ad hoc festivals' industry programmes were facilitated, such as the Plettenburg Food Film Festival, the Belgium Film Festival, and the Italian Film Festival.

Twenty-three inbound missions were facilitated, with participant nationalities from Austria, Belgium, Canada, China, France, Germany, Italy, Japan, USA, UK, Qatar and Russia. A number of the inbound missions were facilitated in collaboration with various industry events linked to the festivals mentioned above.

Seventy-five Western Cape companies were assisted on outbound missions to five countries, which included the following: the Shanghai Film Festival-China, Visions du Reel – Switzerland, Annecy – France, Cannes – France, and the Toronto International Film Festival.

Locally, the team attended the Durban Mart and the DISCOP market in Johannesburg. Furthermore, the film research project Cape Town & Western Cape Film & Media Sector Study was completed.

Secured nine film and media productions to the value of

R1,92bn



Strategic objectives

Strategic objective performance indicators	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments
Rand value of media and film productions brought into the province	-	R1,56bn	R45m	R1,92bn	R1,87bn	Due to the development of a robust project pipeline and the success of the industry, the Unit exceeded its target.
Number of jobs facilitated through the productions brought into the province	-	3 270,56 FTE	70 FTE	2 449 FTE	2 379 FTE	

Key performance indicators, planned targets and actual achievements

Film and Media Promotion							
No.	Performance indicator	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target	Comments on deviation
7.1.	Number of film and media productions brought into the province	-	5	6	9	3	Due to the development of the robust project pipeline and the success of the industry, the Unit exceeded its target.

Strategy to overcome areas of under-performance

Not applicable

Changes required to planned targets

No targets were adjusted during the financial year.

Linking performance with budget

Programme	2017/18			2016/17		
	Budget (R'000)	Actual expenditure (R'000)	(Over)/Under expenditure (R'000)*	Budget (R'000)	Actual expenditure (R'000)	(Over)/Under expenditure (R'000)
Film and Media Promotion	2 409	2 258	151	2 471	1 690	781
Total	2 409	2 258	151	28 300	27 309	991

* The sponsorship budgeted for a film marketing campaign did not materialise due to further engagement required.

4. revenue collection

Sources of revenue	2017/2018			2016/17		
	Budget R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Provincial Treasury (DEDAT)	R59 525	R59 525	R0	R57 525	R57 525	R0
City of Cape Town	R10 044	R9 987	(R57)	R9 637	R9 637	R0
Project Funding	R29 547	R29 547	R0	R14 663	R14 663	R0
Interest	R745	R1 522	R777	R830	R2 100	R1 270
Other Income	R100	R1 520	R1 420	R20	R696	R676
Total	R99 961	R102 101	R2 140	R82 675	R84 621	R1 946

The Agency received funding from the Department of Economic Development (DEDAT) and the City of Cape Town (CoCT). For the period under review, a total of R27m was received from DEDAT to fund Investment and Trade Promotion activities, and a total of R11,2m from the CoCT. The CoCT ring-fenced a total of R1,6m for special projects, which included Air Access (R1,2m), Film (R300 000) and Invest in Cape Town (R100 000).

A total of R40,7m was received from DEDAT for Destination Marketing and Project Khulisa. The allocation was broken down as follows: staff and operational costs (R17,8m), Khulisa programme expenditure (R14,7m) and other projects (R8,2m). Other income was received from interest generated from the Agency's investment in the Corporation of Funds. A total of R3,6m was received in interest and R2,1m of interest received was distributed among various projects at the end of the financial year. The budgeted amount differs from the amount collected due to higher interest rates received on projects funding.

Other income was received from management of special projects within the Agency, sale of disposed assets, and rental of the stand space to other Regional and Local Tourism Trade Bodies at the Indaba.

4.1. capital investment

Not applicable

The lighthouse at Cape Point



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, trading 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 01 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 ensure the implementation of the relevant principles where operationally applicable. Responsible corporate citizenship and sound governance practices remain top priorities of the Board, its committees and management. Wesgro has also undertaken a King III self-assessment to identify areas where it realistically can effect compliance over a period.

2. executive authority

The APP 2017/18 was submitted to the Minister of Economic Opportunities in February 2017; however, no issues were raised.

3. the accounting authority / board

Wesgro has a unitary Board with members appointed by the Provincial Minister responsible for Economic Development and Tourism in consultation with the Executive Mayor of the City of Cape Town. The Board consists of 15 Directors, with 10 non-executive members appointed by the Minister, 2 directors nominated by organised local government (one representing category B municipalities and the other representing category C municipalities) and 3 ex officio members (of which one senior official is nominated by the Minister and one senior official each by the Executive Mayor of the City of Cape Town and the Chief Executive Officer of Wesgro). The roles and responsibilities of the Board are clearly articulated in the Wesgro Act, 1996, as amended. In terms of the Wesgro Act, the Board appoints a Chairperson from among the non-executive directors.

Board Charter

The board charter will be tabled during the ensuing financial year.

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)	Other	Total
Prof. Brian Figaji	Chairperson	Aug-14	-	Business	-	4	0	0	8	12
Mr Michael Spicer	Deputy chairperson	Aug-14	-	Business	-	4	0	0	7	11

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)	Other	Total
Mr Ashraf Ameen	Director	Aug-14		Business		4	0	0	2	6
Ms Wendy Appelbaum	Director	Aug-14	Dec-17	Business		1	0	0	0	1
Mr Ian Bartes	Director	Aug-14		Business	Chairperson of the Audit, IT and Risk committee	4	0	3	6	13
Ms. Andrea Böhmert	Director	Aug-14		Business	Member of the Human Resource and Remuneration Committee	4	4	0	3	11
Mr Paul Bannister	Director	Aug-14		Marketing and Media		3	0	0	3	6
Mr David Green	Director	Nov-15		Business	Member of the Audit, IT and Risk committee	3	0	4	3	10
Ald. Marius Koen	Director	Feb-16		Public Sector and Economic Development		1	0	0	2	3
Ald. (Dr) Helena von Schlicht	Director	Feb-17		Public Sector and Economic Development	Member of the Human Resource and Remuneration Committee	1	2	0	1	4
Mr John van Rooyen	Director	Feb-17		Tourism, Hospitality and Business		1	0	0	2	3
Ms. Palesa Morudu	Director	Nov-17		Business, Media, Publishing and Journalism		2	0	0	1	3
Independent Committee members										
Mr Paul Slack	Independent committee member	06/2014		CA(SA)	Member of Audit, IT and Risk Committee			2		2
Mr Danny Naidoo	Independent committee member	06/2014		CA(SA)	Member of Audit, IT and Risk Committee			3		3

Other:

CEO performance review

Special IT Committee

Special Internal Audit Review – KPMG discussion

Wesgro Board Strategy Session

Board Chairperson and Deputy Chairperson catch-up session

Chairmen's Working Group (Review of Annual Performance Plan and Annual Report)

Meeting with South African Tourism

Wesgro Year Ahead function

Special Air Access Stakeholder Management Meeting

SEDIC Executive Project Manager Interviews

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
Mr Solly Fourie	Ex-Officio (DEDAT)	Jun-14		Board Meetings	3
				Other	3
Mr Lance Greyling	Ex-Officio (City of Cape Town)	Mar-15		Board Meetings	3
				Chairperson of the Human Resource and Remuneration Committee	4
				Other	5
Mr Tim Harris	Ex-Officio (Wesgro CEO)	Jun-14		Board Meetings	4
				Member of the Audit, IT and Risk committee	4
				Member of the Human Resource and Remuneration Committee	4
				Other	11

Other:

CEO performance review

Special IT Committee

Special Internal Audit Review – KPMG discussion

Wesgro Board Strategy Session

Board Chairperson and Deputy Chair-person catch-up session

Chairmen's Working Group (Review of Annual Performance Plan and Annual Report)

Meeting with South African Tourism

Wesgro Year Ahead function

Special Air Access Stakeholder Management Meeting

SEDIC Executive Project Manager Interviews

Committees

Committee	No. of meetings held	No. of members	Name of members
Audit, IT and Risk committee	4	4	Mr Ian Bartes
			Mr David Green
			Mr Danny Naidoo CA(SA)
			Mr Paul Slack CA(SA)
Human Resource and Remuneration Committee	4	3	Mr Lance Greyling
			Mr Andrea Böhmert
			Ald. (Dr.) Helena von Schlicht

Remuneration of board members

Name	Remuneration (R)	Other allowance	Other re- imbursements	Total (R)
Prof. Brian Figaji	R59 484			R59 484
Mr Michael Spicer	R47 087			R47 087
Mr Ashraf Ameen	R22 110			R22 110
Ms Wendy Appelbaum	R3 685			R3 685
Mr Ian Bartes	R54 265			R54 265
Ms Andrea Böhmert *	R40 535			R40 535
Mr Paul Bannister	R22 110			R22 110
Mr David Green	R38 122			R38 122
Ald. Marius Koen	R11 055			R11 055
Ald. (Dr) Helena von Schlicht	R14 740			R14 740
Mr John van Rooyen*	R11 055			R11 055
Ms Palesa Morudu	R11 055			R11 055
Independent Committee Members				
Mr Danny Naidoo CA(SA) *	R16 324			R16 324
Mr Paul Slack CA(SA)	R7 370			R7 370

* Renumeration allocated to employer

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 that risk management is integrated into management processes. Risk control strategies and policies have been put into 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 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, 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 we are satisfied with the assurance provided.

6. internal audit and audit committees

The Audit, IT and Risk Committee consists of three non-executive directors and two independent members. Mr Ian Bartes is the Chairperson of the Committee and Mr Tim Harris (Wesgro CEO) serves as an Ex-Officio member. The purpose of this Committee is to assist management, in fulfilling their oversight responsibility for, financial management and reporting processes, internal control systems, the audit process, ensuring compliance with laws and regulations, management of predetermined objectives.

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
Mr Ian Bartes	External		Jun-14		3
Mr David Green	External		Aug-14		4
Mr Paul Slack CA(SA)	External		Jun-14		2
Mr Danny Naidoo CA(SA)	External		Jun-14		3

7. compliance with laws and regulations

As a Schedule 3c public entity, the Agency complies with Public Finance Management Acts, (Act 1 of 1999) as amended. Wesgro also complies with the requirements set out in the National Treasury Regulations, Provincial Treasury Instructions and 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, as prescribed by Provincial Treasury.

8. fraud and corruption

The Agency has an Anti-fraud and Corruption policy in place, aimed at managing the risk and ensuring the reduction thereof, as well as increasing the level of fraud awareness. In addition, the Agency has implemented a Fraud Prevention plan, reinforcing existing policies and procedures, emphasising Wesgro's zero-tolerance stance to fraud. The Fraud Prevention Plan is reviewed annually to ensure compliance with relevant legislative and regulatory prescripts and best practice. Various mechanisms were implemented, which allow staff to report cases of fraud and corruption. With the preceding in mind, no fraud and corruption cases were reported during the financial year under review.

9. minimising conflict of interest

The Agency conducts monthly compliance reviews for all employees and members of the Board. Monthly compliance reports are submitted to Provincial Treasury for review. In addition, all employees and Board members are obliged to complete a declaration of interest on an annual basis. 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 regulations pertaining 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. The Agency has a code of conduct in place, which is presented to employees during the induction process. Directors and staff are required to complete a declaration of interest on an annual basis. However, Directors declare their interests at every board meeting. Signed copies of the signed declarations are kept on file by the board secretariat.

The Board is the custodian of good governance practices and sound business conduct within the organisation. In addition, the Chief Executive Officer promotes an organisational culture that promotes ethical practices, individual integrity, and global citizenship.

11. company / board secretary

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

- The secretariat has a key role to play in ensuring that the Board and Committee meeting procedures are both followed and reviewed regularly, and has the responsibility to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers;
- It is the responsibility of the Board, and in its own best interests, to ensure that the Secretariat remains capable of fulfilling the function;
- The Secretariat is responsible for 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 with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the agency;
- The Secretariat must keep abreast of, and inform the Board of current governance thinking and practice; and
- The Secretariat is responsible for co-ordinating 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 2018.

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 3.1.13. 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, except that we have not reviewed changes in accounting policies and practices.

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
- 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

31 July 2018

13. standing committee resolutions

Emanating from the Agency's appearance before the Standing Committee on Public Accounts (SCOPA), to present the Annual Report 2016/17, the following resolutions were taken;

Background/Concerns	Resolutions	Action date	Status
Page: 108 of the Annual report Heading: "Note 12, Deferred income" Description: The Committee noted the deferred income of the Entity that was further highlighted on pages 121 to 129 of the Annual Report	1. That the Entity provides more detailed explanations for each deferred income line item, in Annexure 1, for inclusion in all future annual reports.	To be included in the 2017/18 Annual Report, and future reports thereafter, of the Entity.	The Entity has updated the Annexure A, as requested by the Committee. Kindly refer to pages 122-124 of the Annual Report 2017/18.
Page: N/A Heading: Audit Committee briefing report to the PAC Description: The Audit Chairperson, Mr I Bates, briefed the Committee on the Audit Committees' responsibility towards the Entity, the effectiveness of internal control, in-year management and the monthly and quarterly reports of Wesgro, as well as the Audit Committee role in the review of the financial statements. The report, however, did not contain the standard reporting outlines as per the reports of the audit committees to the Western Cape Government	1. That the Audit Committee presents its audit outcomes in the correct format, for all future financial years	For reporting by the Audit Committee when it appears before the PAC for the 2017/18 Annual Report of the Entity.	The Audit Committee has acquired the correct report format to brief the committee on its audit outcomes going forward.

Wolfberg Arch in the Cederberg, Western Cape



part d



human resource management

part d: human resource management

1. introduction

The aim of Human Resources sub-programme is to ensure compliance with labour law and that the Agency maintains an excellent, 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.

2. human resource oversight statistics

Personnel Cost by programme

Programme	Personnel Expenditure (R) ¹	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R)
Corporate Services	7 303 235	19%	22	331 965
Investment Promotion	4 774 213	13%	12	397 851
Marketing and Communication	2 853 469	8%	12	237 789
Film	1 109 044	3%	2	554 522
Trade Promotion	5 601 845	15%	12	466 820
Executive Management Unit	3 154 752	8%	8	394 344
Wesgro IQ	1 703 264	5%	6	283 877
Leisure Marketing	4 683 921	12%	9	520 436
Strategic Projects	3 631 766	10%	4	907 942
Conventions Bureau	2 924 726	8%	12	243 727
Total	37 740 236	100%	99	381 215

Personnel cost by salary band

Level	Personnel Expenditure (R) ²	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R)
Top Management	5 825 689	15%	4	1 456 422
Senior Management	6 960 864	18%	10	696 086
Professional qualified	12 829 148	34%	27	475 154
Skilled	7 113 969	19%	24	296 415
Semi-skilled	4 586 345	12%	27	169 865
Unskilled	424 220	1%	7	60 603
Total	37 740 236	100%	99	381 215

¹ Personnel expenditure does not include the provision for leave and board remuneration. Includes terminations from 2017 who qualified for a performance bonus.

² Personnel expenditure does not include the provision for leave and board remuneration. Includes terminations from 2017 who qualified for a performance bonus.

Performance Rewards

Level	Performance rewards ³	% of performance rewards to total personnel cost
Top Management	401 364	1,06%
Senior Management	253 103	0,97%
Professional qualified	654 648	2,50%
Skilled	296 110	1,13%
Semi-skilled	185 272	0,71%
Unskilled	0	0,00
Total	1 790 496	6,85%

Training Costs

Programme	Personnel Expenditure (R)	Training Expenditure (R)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee (R)
Corporate Services	7 303 235	99 027	0,01	20	4 951,37
Investment Promotion	4 774 213	92 176	0,02	12	7 681,34
Marketing and Communication	2 853 469	6 728	0,00	8	841,00
Film	1 109 044	5 585	0,01	2	2 792,40
Trade Promotion	5 601 845	45 102	0,01	10	4 510,23
Executive Management Unit	3 154 752	32 260	0,01	8	4 032,51
Research	1 703 264	19 472	0,01	5	3 894,38
Leisure Marketing	4 683 921	37 739	0,01	8	4 717,38
Strategic Projects	3 631 766	48 464	0,01	4	12 115,88
Conventions Bureau	2 924 726	39 651	0,01	10	0,00
Total	37 740 236	426 204	0,01	87	45 536,48

Employment and vacancies

Programme	No. of Employees 2016/17	Approved posts 2016/17	Approved posts 2017/18	No. of Employees 2017/18	Vacancies 2017/18	% of vacancies
Corporate Services	16	18	22	20	2	9%
Investment Promotion	12	13	14	12	2	14%
Marketing and Communication	5	7	9	8	1	11%
Film	2	2	2	2	0	0%
Trade Promotion	10	11	10	10	0	0%

³ Performance rewards does not include the provision for performance. Includes terminations from 2017 who qualified for a performance bonus.

Programme	No. of Employees 2016/17	Approved posts 2016/17	Approved posts 2017/18	No. of Employees 2017/18	Vacancies 2017/18	% of vacancies
Executive Management Unit	4	4	4	4	0	0%
Research	9	9	8	8	0	0%
Leisure Marketing	4	6	6	5	1	17%
Conventions Bureau	7	8	8	8	0	0%
Strategic Projects	6	7	12	10	2	17%
Total	75	85	95	87	8	8%

Programme	No. of Employees 2016/17	Approved posts 2016/17	Approved posts 2017/18	No. of Employees 2017/18	Vacancies 2017/18	% of vacancies
Top Management	4	4	4	4	0	0%
Senior Management	6	7	9	9	0	0%
Professional qualified	23	26	22	21	1	5%
Skilled	16	18	20	17	3	15%
Semi-skilled	17	19	23	21	2	9%
Unskilled	3	4	5	5	0	0%
Strategic Projects	6	7	12	10	2	17%
Total	75	85	95	87	8	8%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	0	0	4
Senior Management	6	4	1	9
Professional qualified	23	3	5	21
Skilled	16	8	7	17
Semi-skilled	17	7	3	21
Unskilled	3	4	2	5
Strategic Projects	6	5	1	10
Total	75	31	19	87

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	7	37%
Dismissal	0	0%
Retirement	1	5%
Ill health	0	0%
Expiry of contract	11	58%
Other	0	0%
Total	19	100%

Labour Relations: Misconduct and disciplinary action

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

Recruitment targets for employment equity status

Levels	Male							
	Black African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	1
Senior Management	0	0	0	0	0	0	3	3
Professional qualified	4	4	3	4	4	4	3	3
Skilled	5	5	4	5	2	2	3	3
Semi-skilled	7	7	8	10	0	0	3	3
Unskilled	6	6	0	0	0	0	0	0
Total	23	23	15	19	6	6	13	13

Levels	Female							
	Black african		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	1
Senior Management	1	1	2	2	1	1	3	3
Professional qualified	3	3	1	1	1	1	4	4
Skilled	2	2	1	2	1	1	1	1
Semi-skilled	2	2	5	7	0	0	0	0
Unskilled	0	0	0	1	0	0	0	0
Total	9	9	9	13	3	3	9	9

During the financial year under review the Agency sought to employ one disabled person, however the Agency was unable to meet the set target.



A member of the Convention Bureau unit



A member of the Research unit

Wildflowers growing in the West Coast National Park, near Langebaan
in the Western Cape





part e



financial information

general information

for the year ended 31 March 2018

Country of incorporation and domicile	South Africa
Legal form of entity	Listed Schedule 3C Public Entity
Nature of business and principal activities	The official tourism, trade and investment promotion agency for the Western Cape.
Non executive directors	Prof. Brian Figaji Ian Bartes Paul Bannister David Green Michael Spicer Andrea Bohmert Cllr Johan Rademeyer Ashraf Ameen Wendy Appelbaum Mayor Marius Koen Mayor Helena van Schlicht John van Rooyen Palesa Marudu
Registered office	18th Floor South African Reserve Bank Building 60 St George's Mall Cape Town, 8001
Business address	18th Floor South African Reserve Bank Building 60 St George's Mall Cape Town, 8001
Postal address	P O Box 1678 Cape Town, 8000
Bankers	ABSA Bank
Auditors	Auditor - General of South Africa Registered Auditors Kendra Stoffberg +27 487 8600 info@wesgro.co.za
Board secretary	
Telephone	
Email	
Website	www.wesgro.co.za

index

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

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The following supplementary information does not form part of the financial statements and is unaudited:

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Wesgro

annual financial statement of responsibility

for the year ended 31 March 2018

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.

In addition, the financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments 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 90 to 121 for the year ended 31 March 2018, were approved by the Board of Directors in terms of section 51 (1) (f) of the PFMA and signed on its behalf by:



Prof. Brian Figaji
Chairperson
Board of Directors



Tim 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 audit of the financial statements

Opinion

1. I have audited the financial statements of the Western Cape Tourism, Trade and Investment Promotion Agency set out on pages 90 to 121, which comprise the financial position as at 31 March 2018, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Tourism, Trade and Investment Promotion Agency as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

Emphasis of matters

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

Investments (Put option)

7. As disclosed in note 8 to the financial statements, a fair value gain of R2,535 million (2017: R8,719 million loss) was realised during the year on the entity's investment through its shares held in Cape Town Film Studios (Pty) Ltd, bringing the value of the investment to R23,139 million (2017: R20,604 million) at 31 March 2018.

Deferred income

8. As disclosed in note 12 to the financial statements, the deferred income as at 31 March 2018 amounted to R37,986 million (2017: R35,566 million), representing the balance of the funding of the various sponsored projects as administered by the entity.

Other matter

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

Unaudited supplementary schedule

10. The supplementary information set out on pages 122 – 124 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 on it.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting authority is responsible for assessing the Western Cape Tourism, Trade and Investment Promotion Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – investment promotion	40
Programme 3 – trade promotion	45
Programme 6 – destination marketing	56 – 57
Programme 7 – film and media promotion	59

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 - investment promotion
 - Programme 3 - trade promotion
 - Programme 6 - destination marketing
 - Programme 7 - film and media promotion

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 40, 45, 56, 57 and 59 for information on the achievement of planned targets for the year and explanations provided for the under-/over-achievement of a significant number of planned targets for the year.

Adjustment of material misstatement

22. I identified a material misstatement in the annual performance report submitted for auditing. The material misstatement was on the reported performance information of programme 6 – destination marketing. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

Procurement processes: Competitive bids

25. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and a deviation was approved by the accounting authority, but it was practical to invite competitive bids, as required by treasury regulations 16A6.1 and 16A6.4. This non-compliance was identified in the procurement processes for two new servers.

Annual Financial Statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(a) and (b) of the PFMA.
27. Material misstatements relating to the classification of expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, findings of the financial statements, the findings on the annual performance report and the findings on compliance with legislation included in this report:

Financial and performance management

33. Internal control deficiencies were identified relating to the regular, accurate and complete financial and performance reports, resulting in various misstatements in the financial statements submitted for auditing that were subsequently corrected.
34. A lack of compliance monitoring and proper planning by management resulted in an emergency procurement process being followed when a competitive bidding process should have taken place. This resulted in material non-compliance with the supply chain management regulations and the incurrence of irregular expenditure.

Auditor-General

Cape Town

31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Western Cape Tourism, Trade and Investment Promotion Agency ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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



statement of financial position as at 31 march 2018

	Note(s)	2018 R'000	2017 R'000
Assets			
Current Assets			
Trade and other receivables	2	1 215	684
Receivables from non-exchange transactions	3	1 750	3 000
Prepayments	4	163	2 370
Cash and cash equivalents	5	57 867	53 685
		60 995	59 739
Non-Current Assets			
Plant and equipment	6	6 988	2 565
Intangible assets	7	105	13
Investments	8	23 139	20 604
Trade and other receivables		-	543
		30 232	23 725
Total Assets		91 227	83 464
Liabilities			
Current Liabilities			
Employee benefits	9	3 895	3 296
Trade and other payables	10	3 659	2 107
Operating lease liability	11	715	437
Deferred income	12	37 986	35 566
		46 255	41 406
Non-Current Liabilities			
Operating lease liability	11	75	587
Total Liabilities		46 332	41 992
Net Assets			
		44 897	41 471
Accumulated surplus		44 897	41 471

statement of financial performance

		2018	2017
	Note(s)	R'000	R'000
Revenue			
Revenue from exchange transactions			
Interest received	13	1 522	2 100
Other revenue	13	1 520	696
Total revenue from exchange transactions		3 042	2 796
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	14	99 059	81 825
Total revenue		102 101	84 621
Expenditure			
Employee related costs	15	38 204	31 082
Depreciation and amortisation	6	1 612	1 074
Bad debt	2	181	-
Other operating expenses	16	29 725	21 078
Marketing cost	17	13 681	11 768
Audit fees	18	2 020	1 719
Workshops, seminars and events	19	12 440	7 095
Administrative expenses	20	3 372	4 687
Total expenditure		101 235	78 503
Operating surplus		866	6 118
Gain on disposal of assets		27	59
Profit/(Loss) on foreign exchange		(2)	(15)
Fair value adjustments	22	2 535	(8 719)
		2 560	(8 675)
Surplus (deficit) for the year		3 426	(2 557)

Refer to note 29 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 2016	44 920	44 920
Changes in net assets		
Approved reallocation of surplus to project funding	(893)	(893)
Deficit for the year	(2 569)	(2 569)
Total changes	(3 462)	(3 462)
Balance at 01 April 2017	41 471	41 471
Changes in net assets		
Surplus for the year	3 426	3 426
Total changes	3 426	3 426
Balance at 31 March 2018	44 897	44 897

Note(s)

- * The accumulated surplus includes R 2 534 961 fair value adjustments on the put option held over the Cape Town Film Studio shares valued at R 23 139 067. Refer to note 8.

cash flow statement

	Note(s)	2018 R'000	2017 R'000
Cash flows from operating activities			
Receipts			
Cash receipts from funders		107 991	105 470
Payments			
Cash paid to suppliers and employees		(97 703)	(77 323)
Net cash flows from operating activities	23	10 288	28 147
Cash flows from investing activities			
Purchase of plant and equipment	6	(6 195)	(871)
Proceeds from sale of plant and equipment	6	297	141
Purchase of other intangible assets	7	(29)	-
Proceeds from sale of other intangible assets	7	57	-
Adjustments plant and equipment		(161)	-
Adjustments intangible assets		(76)	-
Proceeds from sale of assets		-	1
Other cash item		1	(1)
Net cash flows from investing activities		(6 106)	(730)
Net increase in cash and cash equivalents		4 182	27 417
Cash and cash equivalents at the beginning of the year		53 685	26 268
Cash and cash equivalents at the end of the year	5	57 867	53 685

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
	R'000	R'000	R'000	R'000	R'000
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Other revenue	757	-	757	1 520	763
Interest received	544	-	544	1 522	978
Total revenue from exchange transactions	1 301	-	1 301	3 042	1 741
Revenue from non-exchange transactions					
Transfer revenue					
Transfers and subsidies	69 113	29 547	98 660	100 309	1 649
Total revenue	70 414	29 547	99 961	103 351	3 390
Expenditure					
Employee related costs	(34 051)	(2 084)	(36 135)	(38 138)	(2 003)
Other operating expenses	(16 225)	(13 361)	(29 586)	(27 487)	2 099
Marketing cost	(8 356)	(6 947)	(15 303)	(13 890)	1 413
Audit fees	(2 177)	-	(2 177)	(2 018)	159
Workshops, seminars and events	(6 413)	(6 721)	(13 134)	(11 419)	1 715
Administrative expenses	(2 885)	(413)	(3 298)	(2 960)	338
Total expenditure	(70 107)	(29 526)	(99 633)	(95 912)	3 721
Operating surplus	307	21	328	7 439	7 111
Loss on disposal of assets and liabilities	-	-	-	27	27
Loss on foreign exchange	(2)	-	(2)	(2)	-
Capital expenditure	-	(1 158)	(1 158)	(6 195)	(5 037)
	(2)	(1 158)	(1 160)	(6 170)	(5 010)
Surplus for the year	305	(1 137)	(832)	1 269	2 101

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 29 for reconciliation of actual results to adjusted actual's for budget comparison. Adjusted from accrual basis accounting to cash basis. The budget is compiled on a cash basis.

Refer note 30 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 Financial Statements

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

These 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 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 Economies
- 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 18: Segment Reporting
- GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
- GRAP 20: Related Parties
- 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 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 measured 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 trans-

action 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 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 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. Governments 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 asset on initial recognition.

All regular purchases and sales of financial assets are required on the trade date, which is the date that the Agency commits to

purchase the asset. Regular way purchase 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 fair value through profit and loss
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 changed in response to the change in a specified interest rate, financial instrument 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 variance 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 changed in market factors; and
- It is settled in 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 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:

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

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

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
Project assets	Straight line	*Refer below

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 cost are recognised in profit or loss as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjustment 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.

*Project related assets will be depreciated over the shortest term of either the contract period with the project funder or the useful life stipulated per category of assets as per the accounting policy. Monthly depreciation will be allocated to the project account.

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 they are available for use. Useful lives and residual values are assessed annually where applicable. The estimated useful lives for the current and comparative years are as follows:

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

1.7 Impairment

Impairment of financial asset

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 has occurred after the initial recognition of the asset and that loss event have 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.

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 costs 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 24.

1.10 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currency are initially recorded at the functional rate 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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

1.15 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

1.16 Significant adjustments and sources of estimation uncertainty

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 judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Plant and equipment

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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 judgemental is required in establishing fair values. The judgments 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 27.

1.17 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.

1.18 Irregular, fruitless and wasteful expenditure

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

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. Additional text.

1.19 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-cancelable or only cancelable 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.

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notes to the annual financial statements
for the year ended 31 March 2018

	2018 R'000	2017 R'000
2. Trade and other receivables		
Trade debtors	655	593
Sundry debtors and deposits	560	91
	1 215	684

Trade and other receivables past due but not impaired

	Current	30-days	60-days	Over 90-days	Total before Impairment	Provision for bad debt	Total
CapeOverberg	12	-	-	-	12	-	12
City of Cape Town	-	-	-	100	100	(100)	-
Eden District Municipality	42	-	-	-	42	-	42
Eurowins Aviation	-	-	-	8	8	-	8
BYL Diamonds (PTY) Ltd	12	-	-	-	12	-	12
MK Travel Agency and Tours	12	-	-	-	12	-	12
Pepperclub Hotel and Spa	12	-	-	-	12	-	12
Rhodes Food Group	-	-	-	11	11	(11)	-
Saldanha Bay Municipality	-	500	-	-	500	-	500
Southern Africa 360 Luxury Holidays	12	-	-	-	12	-	12
Swellendam Cape Trade Route	11	-	-	-	11	-	11
Weskus Tourism	35	-	-	-	35	-	35
#Karabo Parking	-	-	-	11	11	-	11
#Wesbank	-	-	-	2	2	-	2
#South African Reserve Bank	-	-	-	543	543	-	543
Portioa Solontsi	-	-	3	-	3	-	3
ISFAZ	-	-	-	20	20	(20)	-
Mimarzm Mimarklik	-	-	-	50	50	(50)	-
	148	500	3	745	1 395	(181)	1 215

Operating lease deposits which are less than 3 months due are not considered to be impaired. At 31 March 2018, R 557 360 (2017: R 557 360) were past due but not impaired..

3. Receivables from non-exchange transactions

Government grants and subsidies	1 750	3 000
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Receivables from non-exchange transactions past due but not impaired

Trade and other receivables (non- exchange) which are less than 3 months past due are not considered to be impaired. At 31 March 2018, R 1 750 000 (2017: R 3 000 000) were past due but not impaired.

4. Prepayments

Administrative expenses	163	640
Project expenses	-	229
Project Khulisa	-	348
Other operating expenses	-	1 153
	163	2 370

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash and balances with banks	10 454	10 899
Short-term deposit/investments	47 408	42 781
Cash on hand	5	5
	57 867	53 685

	2018			2017		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	1 837	(1 103)	734	1 533	(880)	653
Vehicles	1 165	(540)	625	841	(492)	349
Office equipment	533	(279)	254	462	(195)	267
Computer equipment	3 444	(1 849)	1 595	2 145	(1 561)	584
Leasehold improvements	2 245	(1 579)	666	1 856	(1 144)	712
Projects Furniture and fittings	1 590	(311)	1 279	-	-	-
Projects Office equipment	1 243	(162)	1 081	-	-	-
Projects Leasehold Improvements	807	(108)	699	-	-	-
Project Computer equipment	66	(11)	55	-	-	-
Total	12 930	(5 942)	6 988	6 837	(4 272)	2 565

Reconciliation of plant and equipment - 2018

	Opening balance	Additions	Disposals	Adjustments	Depreciation	Total
Furniture and fittings	653	261	(13)	56	(223)	734
Vehicles	349	474	(233)	83	(48)	625
Office equipment	265	49	-	22	(82)	254
Computer equipment	584	1 316	(24)	-	(281)	1 595
Leasehold improvements	712	389	-	-	(435)	666
Projects Furniture and fittings	-	1 590	-	-	(311)	1 279
Projects Office equipment	-	1 243	-	-	(162)	1 081
Projects Leasehold improvements	-	807	-	-	(108)	699
Projects Computer equipment	-	66	-	-	(11)	55
	2 563	6 195	(270)	161	(1 661)	6 988

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

Adjustments to assets with a cost price of R 848 755 which have been fully depreciated but are still in use were reassessed to the value of R 160 838 (2017: R 674 609)

				2018 R'000	2017 R'000
6.	Plant and equipment (continued)				
Reconciliation of plant and equipment - 2017					
	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	888	13	(29)	(219)	653
Vehicles	362	190	(36)	(167)	349
Office equipment	98	216	-	(47)	267
Computer equipment	375	452	(17)	(226)	584
Leasehold improvements	1 083	-	-	(371)	712
	2 806	871	(82)	(1 030)	2 565

Assets with a cost price of R514,933 which have been fully depreciated but are still in use has been .

7. Intangible assets						
	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	608	(525)	83	589	(576)	13
Projects Computer software	29	(7)	22	-	-	-
Total	637	(532)	105	589	(576)	13
Reconciliation of intangible assets - 2018						

	Opening balance	Additions	Disposals	Adjustments	Amortisation	Total
Computer software	13	-	(57)	76	51	83
Projects Computer software	-	29	-	-	(7)	22
	13	29	(57)	76	44	105

Assets with a cost price of R 153 189 which has been fully depreciated but are still in use was reassessed to the value of R 76 594 (March 2017: R 430 132).

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Computer software	57	(44)	13

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

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notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
8. Investments		
10% Investment in Cape Town Film Studios (Pty) Ltd (CTFS)		
	1	1
Fair value gain/(Impairment loss on investment)	(1)	-
Closing balance	-	1
 Opening value of Put Option on available for sale investment		
	20 604	29 323
Fair value gain/(Impairment loss on investment)	2 535	(8 719)
Closing balance	23 139	20 604
	23 139	20 604

Due to the current levels of debt in CTFS, the ultimate value of CTFS as per the discounted cashflow method is thus Rnil, resulting in Wesgro's 10% holding being **Rnil**.

Available for sale 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 available for sale investment

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

The put option over shares held in CTFS is classified as a financial asset at fair value through profit and loss. The Black-Scholes valuation model was utilised in determining the fair value of the put option on the investment in CTFS. The put option event occurs 12.5 years after the commencement of construction, being 1 January 2009. It is assumed that should the option be exercised, this would be at the end of the 6 month notice period. The 'event' which is deemed the option to become exercisable did not change from that of the prior year.

The following summarises the inputs used in the Black-Scholes valuation:

Underlying price	R 25	R 256
Strike price	R 30 million	R 30 million
Risk free rate	7.99%	8.84%
Dividend yield	0.00%	0.00%
Volatility	37.33%	31.33%
Period (years)	3.25	4.25

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
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8. Investments (continued)

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 the 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).

9. Employee benefits

Reconciliation of employee benefits - 2018

	Opening Balance	Additions	Utilised during the year	Total
Bonus provision	1 609	1 978	(1 609)	1 978
Leave pay provision	1 252	347	(177)	1 422
Occupational injury provision	435	60	-	495
	3 296	2 385	(1 786)	3 895

Reconciliation of employee benefits - 2017

	Opening Balance	Additions	Utilised during the year	Total
Bonus provision	1 527	1 609	(1 527)	1 609
Leave pay provision	936	523	(207)	1 252
Occupational injury provision	344	91	-	435
	2 807	2 223	(1 734)	3 296

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

Trade payables	6	1
Accruals	3 653	2 106
	3 659	2 107

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

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
11. Operating lease liability (accrual)		
Current		
Operating lease incentive	231	226
Operating lease liability	484	211
	715	437
Operating lease incentive	75	207
Operating lease liability	-	380
	75	587
Non-current liabilities	(75)	(587)
Current liabilities	(715)	(437)
	(790)	(1 024)

The agency entered into an operating lease with Eris Property in December 2013 for letting office space in the South African Reserve Bank building. The agreement period is 5 years and has a fixed annual escalation. Eris Property paid the agency an amount for improvements as per the agreement (operating lease incentive). The South African Reserve Bank duly appointed Ryden International Property Consultants to take over the management role of the Reserve Bank Tower Block from Eris Properties as from 1 October 2017.

12. Deferred income		
Projects listed below, refer to Annexure A		
Department of Economic Development & Tourism	13 845	18 931
Department of Trade and Industry	6 032	1
City of Cape Town	661	2 981
# Multiple projects	17 032	12 643
WESGRO Administered Projects	417	1 010
	37 986	35 566
Opening balance	35 566	15 806
Add: Current year receipts	31 967	33 531
Add: Amounts transferred from accumulated surplus	-	892
Less: Amounts transferred to income for the year	(29 547)	(14 663)
	37 986	35 566

WESGRO suspended the funding agreement between Air Access and the Private funder on the 4th September 2017. The period of suspension will endure until the funder's governance position improves. In this regard the Air Access Steering Committee will review the position of the funder in January 2019. The funder will not be obliged to provide any further funding during the period of suspension. A credit note of R 1 000 000 was issued in respect of the invoice issued to the funder.

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notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
13. Revenue from Exchange transactions		
Interest received	1 522	2 100
Other revenue	1 520	696
	3 042	2 796
14. Revenue from Non-exchange transactions		
Government grant and subsidies		
Grants (Trade and Investment)	27 000	25 000
Grants (DMO)	32 525	32 525
Project Funding (Refer note 12)	29 547	14 663
	89 072	72 188
Capital grants		
City of Cape Town	9 987	9 637
	99 059	81 825
15. Employee related costs		
Staff cost		
	29 602	24 890
Basic salaries	27 703	23 403
Performance bonus	1 896	1 485
Temporary staff	3	2
	3 237	2 782
Medical aid	454	348
UIF	115	98
Insurance	-	177
Provident fund	2 668	2 159
	6	15
Long-service awards		
Project expenses	5 359	3 395
Total	38 204	31 082

Executive Management Remuneration	Salary	Performance Awards	Pension Contribution	Short Term Benefits	Total 2018	Total 2017
Chief Executive Officer – Timothy Harris	1 916	178	-	1	2 095	2 023
Chief Marketing Officer – Judy Lain	1 039	70	11	1	1 121	1 226
Chief Business Development Officer - Yaw Peprah	1 265	112	-	1	1 378	1 283

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

					2018 R'000	2017 R'000
15. Employee related costs (continued)						
Chief Financial Officer – Kholeka Zama	996	42	34	14	1 086	674
Chief Research Officer - Cornelis van der Waal	819	26	-	14	859	396
Chief Financial Officer – Ian Blackie (contract ended July 2016)	-	-	-	-	-	648
	6 035	428	45	31	6 539	6 250
16. Other operating expenses						
Other operating expenses					25 259	16 990
Consultants fees					2 671	3 241
Consultants fees - Project expenses					9 406	5 229
Transport cost					69	47
Recruitment cost					64	113
License & software fees					1 548	993
Board expenses					164	13
Insurance					266	171
Staff catering and refreshments					103	125
Travel and subsistence					4 250	3 145
Travel and subsistence - Project Khulisa					2 767	1 331
Travel & subsistence - Project expenses					2 878	1 614
Courier and delivery charges					10	8
Telephone cost					1 063	960
					235	107
Maintenance - Property					203	74
Maintenance - Machinery & equipment					32	33
					4 229	3 981
Rentals - Property					4 222	3 469
Rentals - Machinery & equipment					7	512
Total					29 723	21 078

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
17. Marketing costs		
Advertising cost	874	1 566
Publishing cost	235	462
Site inspections	59	313
Project Khulisa	6 810	7 841
Project Expenses	5 703	1 586
	13 681	11 768
18. Audit fees		
External audit fees	1 277	1 276
Internal audit fees	743	443
	2 020	1 719
19. Workshops, Seminars and Events		
Workshops & seminars	2 638	3 250
Project Khulisa	4 615	1 717
Project Expenses	5 186	2 128
	12 439	7 095
20. Administrative expenses		
Subscriptions	1 564	2 185
Fees for services - Board members	338	389
Legal fees	44	163
Printing & stationery	80	75
Bank charges	94	95
Training and development	426	373
Project Khulisa	414	594
Project Expenses	412	813
	3 372	4 687
Non-Executive Directors (Fees for services – Board Members)		
Brian Figaji	59	42
Ian Bartes	54	47
Paul Bannister	22	31

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
20. Administrative expenses (continued)		
David Green	38	38
^Bulelwa Makalima-Ngewana (resigned December 2016)	-	40
Michael Spicer	47	48
^Andrea Bohmert	44	43
Cllr Johan Rademeyer (resigned October 2016)	-	7
Ashraf Ameen	22	14
Sipho Nzuza (resigned April 2017)	-	21
Wendy Appelbaum (resigned August 2017)	4	10
Marius Koen (appointed February 2017)	11	3
Helena van Schlicht (appointed February 2017)	15	-
John van Rooyen (appointed December 2017)	11	-
Palesa Morudu (appointed December 2017)	11	-
	338	344

Independent Audit Committee (Fees for services – Audit, IT and Risk Committee Members)

Paul Slack	7	14
*Danny Naidoo	12	12
	19	26

[^] Employer of director invoiced the Agency

* Employer of Audit Committee Member invoiced the Agency

21. Gains on disposal of assets/liabilities		
Gains on disposal of assets	27	59

22. Fair value adjustments		
Other financial assets		
Other financial assets (Designated as at fair value through profit and loss)	2 535	(8 719)

23. Cash generated from operations		
Surplus (deficit)	3 426	(2 557)
Adjustments for:		
Depreciation and amortisation	1 612	1 074
(Gain)/Loss on sale of assets and liabilities	(27)	(59)
Profit/(Los) on foreign exchange	2	-
Fair value adjustments	(2 535)	8 719
Provision for doubtful debts	181	-
Transfer from accumulated surplus to project funds	-	(893)
Changes in working capital:		

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2017 R'000
23. Cash generated from operations (continued)		
Trade and other receivables	(168)	(635)
Other receivables from non-exchange transactions	1 250	-
Prepayments	2 207	1 724
Construction contracts and receivables	599	489
Trade and other payables	1 555	754
Operating lease liability	(234)	(229)
Deferred income	2 420	19 760
	10 288	28 147

24. Contingent Liabilities and Commitments

Contingent liabilities

Contingent liabilities	2 587	1 738
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A contingent liability exists in relation to the retention of the surplus funds for 2017/18.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	4 678	3 970
- in second to fifth year inclusive	974	3 524
	5 652	7 494

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 2017: three years). No contingent rent is payable.

Capital commitments

Wesgro has no future capital commitments as at 31 March 2018.

25. 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. 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.

Related party transactions

National Government: Department of Trade and Industry

Grants	2 000	-
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National Government: Department of Agriculture

Grants	25	-
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Provincial Government: Department of Economic Development and Tourism

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018 R'000	2018 R'000
25. Related parties		
Grants	74 936	57 525
Local Government: City of Cape Town		
Grants	9 987	9 521
Project Funding	-	2 234
Agri Business	-	2 000
Provincial and Local Government dual funded projects		
*Project funding - Film Project	309	682
^Project funding - Air Access	4 179	1 142
^Cape Health Technology Park	1 000	2 570
Private Company sponsorships		
- Airports Company South Africa	650	-
- South African Tourism	1 000	-
- V&A Waterfront Holdings (Pty) Ltd	22	-
* 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.		
Entities under common directorship		
Cape Town International Convention Centre - Hostings and Events	105	2
	105	2

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 20 and 15.

26. Retirement benefits

Most 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 R 3 168 945 (March 2017: R2 159 000).

27. 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 2, 3 and 5, the put option as disclosed in note 8. 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	2018			2017		
	Investment value R'000	±.50%	±1.0%	Investment value R'000	±.50%	±1.0%
Cash and cash equivalents	47 408	237	474	42 781	171	342

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 R255.50 (March 2017: R255.50).

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

	2018		2017	
	R'000		R'000	
27. Risk management				
Discount rate	R'000	R'000	R'000	R'000
	Base – 20.2%	Low 18.2%	Effect	High – 22.2%
FV investment	1	1	-	1
FV of put option	23 139	23 139	-	23 139
Total	23 140	23 140	-	23 140
Option exercise period	Base – 3.25 years	Low - 2.75 years	Effect	High - 3.75 year
				Effect
FV investment	1	-	(1)	1
FV of put option	23 139	24 082	943	22 232
Total	23 140	24 082	942	22 233
Terminal growth rate	Base - 5.62%	Low - 5.12%	Effect	High - 6.12%
				Effect
FV investment	1	1	-	1
FV of put option	23 139	23 139	-	23 139
Total	23 140	23 140	-	23 140
Total	Base	Low	Effect	High
				Effect
FV investment	1	-	(1)	1
FV of put option	23 139	24 082	943	22 232
Total	23 140	24 082	942	22 233
28. Financial instruments disclosure				
Financial assets per category				
2018	R'000	R'000	R'000	R'000
	At amortised cost	At fair value	Total	
Trade and other receivables	-	2 965	2 965	
Investments	-	23 139	23 139	
Cash and cash equivalents	57 867	-	57 867	
	57 867	26 104	83 971	

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

		2018 R'000	2017 R'000
28. Financial instruments disclosure			
2017	At amortised cost	At fair value	Total
Trade and other receivables	-	3 684	3 684
Investments	-	20 604	20 604
Cash and cash equivalents	53 685	-	53 685
	53 685	24 288	77 973

Financial liabilities per category

2018	At amortised cost	Total
Trade and other payables	3 659	3 659
2017	At amortised cost	Total
Trade and other payables	2 107	2 107

29. Reconciliation of actual results to a comparable basis for budget comparison

	R'000 Actual (accrual basis)	R'000 Adjustments	R'000 Adjusted to comparable basis (cash)	R'000 Notes on adjustments
REVENUE				
Transfers and subsidies (Non-exchange transactions)	99 059	1 250	100 309	Accruals and prepayments
Interest received (Exchange transactions)	1 522	-	1 522	Project interest
Other revenue (Exchange transactions)	1 520	-	1 520	Income received in advance
TOTAL REVENUE	102 101	1 250	103 351	
Gains/(Loss) on disposal of assets	27	-	27	
Foreign exchange gain/(loss)	(2)	-	(2)	
Fair value adjustment	2 535	(2 535)	-	Non cash flow movement
TOTAL REVENUE	104 661	(1 285)	103 376	
EXPENDITURE				
Employee related costs	(38 203)	65	(38 138)	Accruals, leave pay and bonus provision

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

			2018 R'000	2017 R'000
29. Reconciliation of actual results to a comparable basis for budget comparison (continued)				
Depreciation	(1 612)	1 612	-	Depreciation
Bad debt	(181)	181	-	Bad debt
Other operating expenses	(29 722)	2 235	(27 487)	Accruals and prepayments
Marketing costs	(13 681)	(209)	(13 890)	Accruals and prepayments
Audit fees	(2 020)	3	(2 017)	Accruals
Workshops, seminars & events	(12 440)	1 021	(11 419)	Accruals and prepayments
Administrative expenses	(3 374)	413	(2 961)	Accruals and prepayments
TOTAL EXPENDITURE	(101 233)	5 321	(95 912)	
NET REVENUE	3 428	4 036	7 464	
Capital expenditure	(2 489)	-	(2 489)	Refer to notes 6&7
Project Capital Expenditure	(3 706)	-	(3 706)	Refer to notes 6&7
SURPLUS FOR THE YEAR	(2 767)	4 036	1 269	
Reconciliation between adjusted actuals and movement in cash and cash equivalents				
Net increase in cash and cash equivalents as per the statement of cash flow		4 182		
Adjusted for:				
Increase in deferred income		(2 420)		
Net cash from operating activities		(405)		
Proceeds in investing activities		(354)		
Adjustments in investing activities		266		
Adjusted actual surplus for the year		1 269		

Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2018

30. Budget differences

Material differences between budget and actual amounts

The final budget presented is for the full financial year whereas the actual amounts are for the year ended 31 March 2018. The amounts are therefore not comparable and material variances between the final approved budget and actual amounts are explained below:

Changes from the approved budget to the final budget

Depreciation - Increase in depreciation relates to the renovations on the 15th floor which related to an increase in leasehold improvements and office furniture and the purchase of a motor vehicle.

Audit fees - Yearly audit fees paid to the Auditors General and BDO during the first quarter of 2018/2019 for SCM audit and financial discipline review.

Office rental - Increase in electricity cost and usage.

Capital expenditure - Furniture & fittings of R 261 000, Motor vehicles of R 474 000, Computer equipment of R 1 317 000, Office equipment of R 49 000 and Leasehold Improvements of R 389 000 were acquired during the financial year.

31. Irregular expenditure

Opening balance	-	-
Irregular expenditure relating to prior year	-	-
Irregular expenditure relating to current year	1 000	-
	1 000	-

During the current year, expenditure amounting to R999 952 (2017: R000) for the procurement of the Nutanix system (server) which although it met the requirements for it to be classified as an emergency, the delay in the procurement resulted in the emergency procurement. As required by treasury regulations 16 A 6.1 and 16 A 6.4, goods and services of a transaction value above R500 000 are to be procured inviting competitive bids, however this was not done so and a deviation was approved by the accounting authority in July 2018.

32. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was identified for the year ended 31 March 2018 (March 2017: R0).

33. Going concern

The 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.

34. Subsequent events

The members of the board are not aware of any matter or circumstances arising since the end of the reporting period.

35. Segment information

General information

Identification of segments

The entity is organised and reports to stakeholders and management on the basis of four major functional areas: investment and trade promotion, destination marketing, Wesgro business support services and project khulisa. 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.

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notes to the annual financial statements (continued)

for the year ended 31 March 2018

35. Segment information (continued)

Aggregated segments

Segments were aggregated on the basis of services potential as management considered that the economic characteristics of the segments throughout the agency were sufficiently similar to warrant aggregation.

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

Investment and Trade Promotion

Destination Marketing

Wesgro Support Services

Service potential

Attract and return direct and domestic investments and grow exports

Market the Western Cape as a Business and Leisure tourism and destination

Business support services

Segment surplus or deficit, assets and liabilities

	R'000 Investment and trade promotion	R'000 Destination marketing	R'000 Wesgro support services	R'000 Total
Revenue				
Revenue from non-exchange transactions	14 007	17 262	67 790	99 059
Interest received	-	-	1 522	1 522
Other revenue	-	829	691	1 520
Total segment revenue	14 007	18 091	70 003	102 101
Entity's revenue				102 101
Expenditure				
Employee related cost	8 631	12 958	16 615	38 204
Depreciation	-	9	1 603	1 612
Bad debt	-	-	181	181
Operating expenses	4 333	2 894	22 498	29 725
Marketing cost	333	-	13 348	13 681
Audit fees	-	711	1 309	2 020
Workshop, seminars and events	934	-	11 506	12 440
Administrative expenses	-	249	3 123	3 372
Total segment expenditure	14 231	16 821	70 183	101 235
Total segmental surplus/(deficit)				866

Annexure A – Deferred Income

	Opening Balance 1 April 2017	Receipts & Accruals 2017/18	Expenditure 2017/18	Closing Balance 31 March 2018	Notes	%
2017 /18 Project Over- view_ Deferred Income	R'000	R'000	R'000	R'000		Completion

DEDAT - Department of Economic Development & Tourism	(18 931)	(5 831)	10 917	(13 844)		
Agribusiness Niche Projects	(52)	52	-	-	Closed	100%
T&I - Wine Promotion	(550)	(1 797)	1 835	(512)	Completion activi- ties in progress at year end	77%
DMO - Bicycle Track	(1 476)	(2 775)	4 013	(238)	Completion activi- ties in progress at year end	94%
Project Khulisa	(14)	-	-	(14)		100%
Angola Premier Project	(22)	22	-	-	Closed	100%
Halaal Export Project	(649)	(3 291)	1 949	(1 990)	Yr 2 implementa- tion in progress	49%
Data Intelligence	(2 300)	-	72	(2 228)	Yr 1 implementa- tion in progress	3%
Cape Investor Centre (Invest SA) OPEX	(13 868)	5 438	2 975	(5 455)	Yr 1 implementa- tion in progress	25%
Halal Industrial Park	-	(1 500)	72	(1 428)	Yr 1 implementa- tion in progress	5%
SEDIC	-	(1 980)	-	(1 980)	Yr 1 implementa- tion in progress	0%
DTI - Department of Trade & Industry	(1)	(8 236)	2 205	(6 032)		
Exporter Development Programme (EDP)	(1)	1	-	-	Closed	100%
Cape Investor Centre (Invest SA) CAPEX	-	(8 237)	2 205	(6 032)	Yr 2 implementa- tion in progress	60%
CoCT - City of Cape Town	(2 981)	(399)	2 719	(661)		
Export Mentorship Pro- gramme (EMP)	58	(58)	-	-	Closed	100%
Export Market Linkages Programme	(1 344)	1 287	58	-	Closed	100%
Cape Town Investor Video	(88)	88	-	-	Closed	100%
Mapping of Business pro- cesses in IP and Trade	(200)	200	-	-	Closed	100%
Publication and printing of Wesgro IQ publication	(70)	70	-	-	Closed	100%
High growth sectors research	(200)	200	-	-	Closed	100%

Annexure A – Deferred Income

	Opening Balance 1 April 2017	Receipts & Accruals 2017/18	Expenditure 2017/18	Closing Balance 31 March 2018	Notes	%
2017 /18 Project Over- view_ Deferred Income	R'000	R'000	R'000	R'000		Completion

T&IP:- Bicycle manufac- turing project (Taiwan)	(91)	23	68	-	Closed	100%
Consolidated Sector Projects	-	(581)	71	(510)	Closed_2018/19 re-allocation request	100%
Film Projects	(781)	(1 628)	2 258	(151)	Completion activi- ties in progress at year end	94%
Film Study Projects	(265)	-	265	-	Closed	100%
Multiple Projects	(12 643)	(14 289)	9 900	(17 032)		
Agribusiness Investment Unit	(717)	(1 311)	1 979	(49)		98%
Air Access (Cape Catalyst)	(8 734)	(9 862)	6 256	(12 340)	Yr 3 implementa- tion in progress (Incl. Fund)	31%
Science and Technology	(3 192)	(2 617)	1 665	(4 143)	Yr 3 implementa- tion in progress	26%
Saldanha Municipality	-	(500)	-	(500)	Yr 2 implementa- tion in progress_ Programme	0%
WESGRO Administered Projects	(1 010)	(3 211)	3 805	(417)		
Special Operation Project	(643)	344	-	(299)	Closed_2018/19 Policy revision proposal	100%
Road Signage	(80)	80	-	-	Closed	100%
Itesp: Tourism	(121)	121	-	-	Closed	100%
UCI MTB World Cup	-	(2 500)	2 500	-	Closed	200%
Bidding Condition - World Congress on Infectious Diseases	(11)	-	-	(11)	Closed_2018/19 Policy revision proposal	100%
On-site support Board of Healthcare Funders	(5)	-	-	(5)	Closed_2018/19 Policy revision proposal	100%
2016 International Gay & Lesbian Travel Association Global C	(1)	-	-	(1)	Closed_2018/19 Policy revision proposal	100%
On-site support: NCB	(0)	-	-	(0)	Closed_2018/19 Policy revision proposal	100%

Annexure A – Deferred Income

	Opening Balance 1 April 2017	Receipts & Accruals 2017/18	Expenditure 2017/18	Closing Balance 31 March 2018	Notes	%
2017 /18 Project Over- view_ Deferred Income	R'000	R'000	R'000	R'000		Completion

SAT: Tourism Indian Educational	(47)	47	-	0	Closed_2018/19 Policy revision proposal	100%
Singapore/Japan outward mission	(103)	-	2	(101)	Closed_2018/19 Policy revision proposal	100%
Project Good Hope	-	(705)	705	-	Closed_2018/19 Policy revision proposal	100%
Think Thank Project	-	(598)	598	-	Closed_2018/19 Policy revision proposal	100%
TOTAL	(35 566)	(31 967)	29 546	(37 986)		



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