

# ANNUAL REPORT



2016/17

**WESGRO**

cape town & western cape  
tourism, trade & investment

an inspiring place to do business



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Aerial photo of Mossel Bay in the 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 <sup>th</sup> 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
Company/ Board Secretary:	Melanie Guentel

## 2. list of abbreviations/acronyms

AIU	Agri-Business Investment Unit
APAC	Agriculture Produce Agent Council
AVE	Advertising Value Equivalent
BER	Bureau for Economic Research
BN	Billion
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 Programme
EMU	Executive Management Unit
EU	European Union
FDI	Foreign Direct Investment
FTE jobs	Full Time Equivalent jobs
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
M	Million
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

This past year was a trying time for South Africa's economy.

At a national level, the policy uncertainty, poor leadership and a deteriorating investment climate impacted negatively on every province in South Africa. Within this context, the work of Wesgro, the official tourism, trade and investment promotion agency for Cape Town and the Western Cape, has become even more critical.

Indeed, despite this downturn emerging from national realities, outside of the control of a province or a city, it was essential that the Agency perform beyond expectation, demonstrating that there remain pockets of hope in the country – where the fundamentals that allow for economic growth and job creation remain strong, and where investment is not only appreciated, but rigorously sought.

We needed to do this not only to give life to our legislative mandate, and to ensure the excellent record of securing high levels of tourism, trade and investment was maintained, but also because we realised that if the Agency did more than its bit, then Cape Town and the Western Cape's growing economy would make a much bigger contribution toward enabling South Africa to weather the economic storm.

On every measure, Wesgro has done remarkably well in ensuring this key objective was met.

Despite the challenging climate, Wesgro has secured more investment than the year before, exceeding its targets by some way. In fact, the team recorded the single biggest investment since 2011, with Pegas Novens investing more than R1, 3bn in Atlantis.

Tourism has also again demonstrated why it remains at the heart of the Western Cape's economic strategy. As just recently announced by South African Tourism, both foreign and domestic arrivals increased by double-digits in 2016. Foreign tourists alone contributed over R18bn to the provincial economy.

On behalf of the board of members, I want to thank every staff member who worked even harder than before to help Cape Town and the Western Cape's economy perform beyond expectation. We have related the targets to outputs rather than inputs and we stretched the targets and still you achieved – thank you.

It did not come from just repeating what was done before. It took leadership, collaboration and determination. And this is precisely what needs to be replicated if we are to build on this success over the next financial year.

On leadership, I want to particularly thank the vision and hard-work of Premier Helen Zille, Executive Mayor Patricia De Lille, and Minister Alan Winde. Your unwavering commitment to growing the economy has created both the space and the motivation for the Wesgro team to work with determination in achieving its targets.

This leadership is nowhere more evident than on the missions that the Premier, Executive Mayor and Minister have led. Be it ensuring that the province gets the best deal out of Brexit, or travelling to the United States of America to secure a direct flight to the Cape, we have been led from the front, and for this we are truly grateful.

On collaboration, I want to thank every single partner, both provincial and national, who have worked together with Wesgro over the past year to help secure these achievements. The Cape Town Air Access project, which now also includes South African Tourism on the steering committee, remains a model of how all levels of government can work together to ensure the best possible outcomes for the region and the country. With now more than 10 direct flights secured, and an equal number of flight expansions, the proof has most certainly been in the pudding.

We look forward to replicating this collaborative model in the year ahead, with the launch of the InvestSA Western Cape One-Stop-Shop. This Investor Centre has been project managed by Wesgro, and is now set to launch in August 2017. Funded and supported by all three levels of government, and by the private sector, it will send a clear message to investors around the world that at this centre in the Western Cape we are working together with all three spheres of Government and we are open for business.

Lastly, on determination, I want to thank our Chief Executive Officer, Tim Harris, and the members of the Wesgro board, for their hard-work, passion and enthusiasm. When one is surrounded by a team that doesn't accept failure as an option, the task becomes so much easier to achieve.

I encourage you to continue on this road, and build on this past year's success. Because if we do so, we can send a loud and clear message to the world that in Cape Town and the Western Cape no challenge is too big, no obstacle unassailable.



Brian Figaji, Chairperson  
Wesgro  
31 July 2017



## 4. chief executive officer's overview

As Cape Town and the Western Cape's official tourism, trade and investment promotion agency, Wesgro plays a key role in shoring up confidence in our region, and in our country.

The real test of an agency like ours comes when sentiment shifts in the wrong direction. When the reasons not to invest in your region, or buy your products, or visit your attractions appear to mount up.

In this regard, 2016/17 was a year when the Wesgro team's ability to deliver was tested across the board, but I am pleased to report that the Agency passed with flying colours.

Together with our partners in the Western Cape Provincial Government, the City of Cape Town, and the Cape's private sector, we have succeeded in shoring up our region's reputation as a competitive hub for business and tourism on the African continent.

We have also deepened connections with the rest of Africa and the world, helping to expand our network of non-stop flights to Cape Town International Airport through our Air Access project. And by taking the message of our region's competitiveness to more investors, buyers and tourists around the world by embarking on more than sixty missions in the year.

The Investment Promotion Unit (IPU) secured a total of 12 investment projects, to the value of R2,1bn, against a target of R1 – R1,8bn. This helped create 696 jobs and grow and diversify the Western Cape's industrial base.

The Agribusiness Investment Unit (AIU) realised three investment projects, to the value of R735m, against a target of R237 – R315m. This was more than double last year's value, and created 275 jobs against a target of 160 – 205.

The Trade Promotion Unit's (TPU) promotion programme underwent a strategic shift, focusing on the rand value of exports into global markets and outward foreign direct investment. We facilitated the signing of a total of 41 business agreements with an estimated economic value of R9bn resulting in 781 jobs.

The Film and Media Promotion Unit made excellent head-way in achieving its strategic objective of firmly establishing a globally competitive film sector by 2020. A total of five film and media declarations to the value of R1,520bn were recorded in the last financial year. These productions created more than 3200 jobs in the province. In promoting the Cape as a top film destination, the Unit exceeded its targets by some measure, with a total AVE of R16,224m being recorded, against a target of R6m.

It is important to note that the impressive jobs figures set out above only relate to direct jobs created. There is a whole number of indirect jobs that have been created as a multiple of this, most notably through the extra routes secured by Air Access, and of course, the many tourists that visit our province as a result of excellent destination marketing.

Indeed, the Destination Marketing (DMO) achieved great success this past year; a total of 14 tourism destination initiatives were supported by the team, resulting in an estimated economic impact of R428,3m for the region. Further to this, the Agency increased awareness about the region through the implementation of various tourism initiatives throughout the year generating a total of R20,3m in AVE exposure for the Agency.

Cape Town and the Western Cape Convention Bureau helped to win 33 conference bids, with an estimated economic impact of R425,3m. It was with great excitement that we now note that Cape Town is Africa's top destination for business tourism.

Our Marketing and Communication Unit (MCU) hosted a total of 30 strategic events, against a target of six. The marketing initiatives implemented throughout the year generated a total of R37,6m in advertising value equivalent (AVE) coverage for the Agency. Furthermore, a total of 12 strategic media engagements were hosted, against a target of six.

I would like to thank our partners in all three spheres of government, but particularly in the City of Cape Town and the Provincial Government of the Western Cape, and also our partners in the private sector, for helping to contribute to our region's success this past year.

The Wesgro team is determined to do even better in the next financial year, facilitating economic growth and creating thousands more jobs in Cape Town and the Western Cape. If we do this, we can contribute in a significant way in reigniting the South African economy during these challenging times.



A handwritten signature in black ink, appearing to read 'Tim Harris', written over a set of horizontal lines.

Tim Harris, Chief Executive Officer  
Wesgro  
31 July 2017

**Investment Promotion Unit**

secured 12 investment projects, to the value of **R2,127bn**



against a target of R1 – R1,8bn

**696** jobs created



**Agribusiness Investment Unit**

three investment projects, to the value of **R735m** were realised



against a target of R237 – R315m

**275** jobs created



**Trade Promotion Unit**

41 business agreements with an estimated economic value of **R9,04bn** were facilitated



against a target of R6 – R8m

**781** jobs created



**Film and Media Promotion Unit**

total of five film and media declarations to the value of **R1,56bn** were recorded



generated a total of **R16,224m** in AVE exposure for the Agency

**3271** fte jobs created



**Marketing and Communication Unit**

the unit hosted a total of **30 strategic events** against a target of six



generated a total of **R37,6m** in advertising value equivalent (AVE)

**12** strategic media engagements were hosted against a target of six



**Destination Marketing**

14 tourism destination initiatives were supported, resulting in an estimated economic impact of **R428,3m**



generated a total of **R20,3m** 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 is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is 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 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 2017.

Yours faithfully



Tim Harris  
Chief Executive Officer  
Date: 31 May 2017



Brian Figaji  
Chairperson of the Board  
Date: 31 May 2017

## 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 their business activities:

- Accountability
- Innovation
- Courage
- Passionate
- Enabling
- Relationships

## 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, 2013

The objects of the Agency shall be-

- a) to promote tourism, trade and investment in the Province the Western Cape;
- 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. In terms of the PFMA, 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**

The National Development Plan 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**

This 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

In 2015, 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 and Gas and Agro-processing sectors of the Western Cape economy.
- Horizon 2 – over the next 5 – 10 years the expanded focus will be on Business Process Outsourcing and the Film sectors.
- Horizon 3 – over the next 10 plus years the approach is to build on the 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 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.

**Relevant court rulings**

There is no court ruling that has an impact on the operations of Wesgro.

**Policy frameworks at municipal level:**

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

# 8. organisational structure

Wesgro is a public entity, as envisaged in the PFMA, and is managed by a Board of Directors appointed by Executive Authority. The table below lists Board members in 2016/17:

## Wesgro Board Members



Professor Brian Figaji  
Chairperson



Mr. Michael Spicer  
Deputy Chairperson



Mr. Ashraf Ameen  
Director



Ms. Wendy Appelbaum  
Director



Mr. Paul Bannister  
Director



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



Ms. Andrea Böhmert  
Director



Mr. David Green  
Director



Mayor Marius Koen  
Director



Mr. Siphon Nzuza  
Director



Mayor Helena von Schlicht  
Director



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

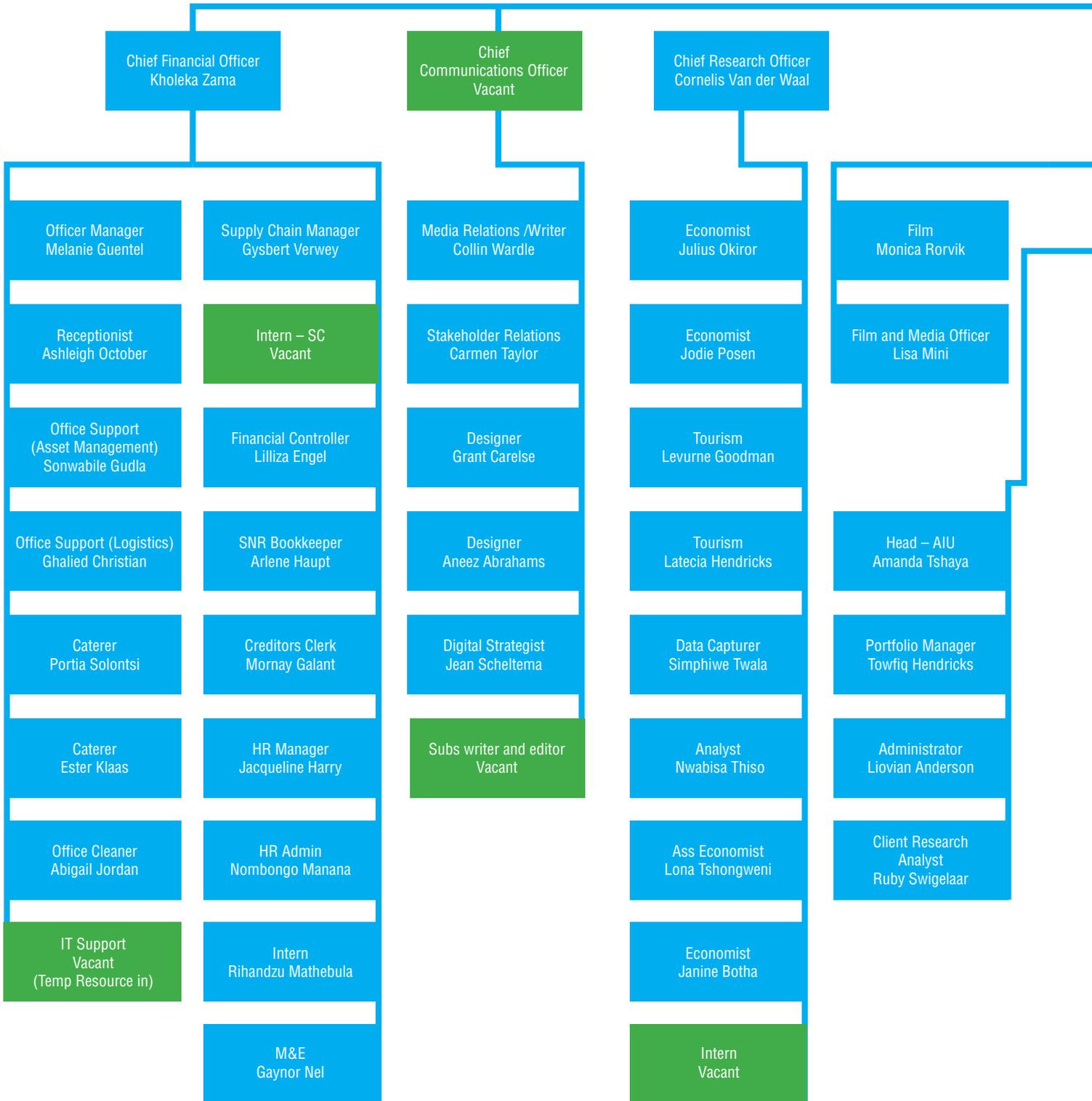


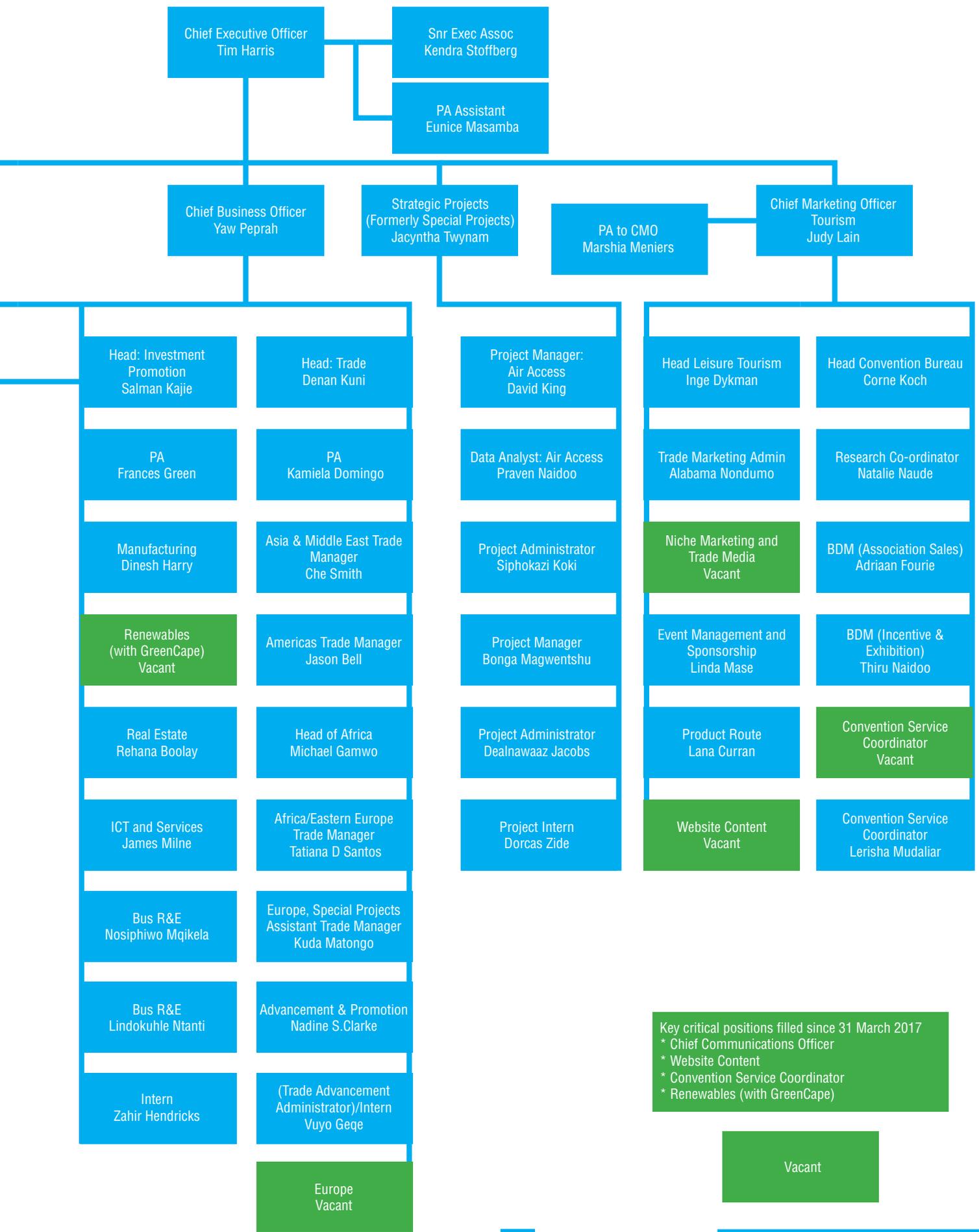
Mr. Lance Greyling  
Ex-Officio Member of the  
Board representing the  
City of Cape Town/  
Chairperson of the Human  
Resource and Remuneration  
Committee



Mr. Tim Harris  
Chief Executive Officer

8.1. Organisational structure





# Franschoek winelands and mountain countryside in the Western Cape





# 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 under the “*Predetermined Objectives*” heading in the “*Report on other legal and regulatory requirements*” section of the auditor’s report.

Refer to page 84 of the Report of the Auditor’s Report, published as Part E: Financial Information.

## 2. situational analysis

### 2.1. Service delivery environment

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

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

During the financial year under review the Agency committed a total of twelve investment projects with an investment value of R2,1bn, resulting in the creation of 696 jobs. Investment Promotion has contributed to the objectives outlined in Project Khulisa through the realisation of investments in the renewable energy and manufacturing sectors, amongst others. The Agency continues to focus on building a robust project pipeline, focusing on the sectors outlined in Project Khulisa as it adopts a targeted, data-driven approach to investment promotion.

Trade Promotion has undergone a strategic shift during the financial year, focusing on increasing exports globally and expanding outward investment into the rest of Africa by Cape companies. During the financial year under review, a total of 41 business agreements were signed with an estimated rand value of R9,04bn resulting in 781 jobs. Further to this, a total of three outward foreign direct investment (OFDI) projects to the rest of Africa were committed to the value of R507m.

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 deviation from the planned targets set are calculated based on the lower band.

The finalisation and implementation of Project Khulisa during the financial year under review resulted in significant changes to the tourism promotion deliverables of the Agency. Project Khulisa identified tourism as a priority sector that could make an outsized contribution to economic growth and job creation in the province. In light of this, Wesgro is mandated to deliver against the objectives set out in Khulisa, focusing on decreasing the effects of seasonality and driving the geographic spread of tourists across the province. With this shift in the approach, and the prioritisation of incentive bids, the Convention Bureau secured a total of 33 bids with an estimated economic value of R428,3m during the financial year under review.

During 16/17, Wesgro financially supported over 30 regional events. Resulting in an additional 150 000 visitors to the regions, the creation of 1600 temporary jobs and an estimated economic impact of R260m. Further to this, a total of 15 joint marketing agreements were secured with an estimated economic value of R11,6m.

The Agency has emphasised the importance of research-driven planning and lead generation. The Research team facilitates

the delivery of the Agency's mandate and provides economic and market intelligence to support the work of tourism, trade, investment and film, and for the use of Wesgro clients. During the financial year under review, the Agency produced a total of 115 publications and completed 64 information requests with an average turnaround time of 2,4 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 R37,6m worth of media coverage (measured using "Advertising Value-Equivalent").

## 2.2. Organisational environment

During the financial year under review the Agency adopted a new approach to achieving its strategic goals and objectives, building excellence around three pillars namely: "growth", "jobs" and "brand". These pillars are reflected across all programmes, ensuring alignment across the Agency in terms of the new strategic objectives. During this period the Agency operationalised the new strategy through the implementation of various initiatives to ensure the effectiveness thereof.

An analysis of Wesgro's key strengths, weaknesses, and opportunities was conducted to assist the Agency in developing its priorities:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Sector and market specialists in the trade and investment teams</li> <li>• Strong research capability</li> <li>• The Exporter Advancement Programme (EAP) is well regarded and nationally recognised as the best programme</li> <li>• Solid governance and financial control</li> <li>• Highly responsive to stakeholder needs</li> <li>• Strong relationships with national departments such as the DTI</li> <li>• Strong relationships with provincial departments such as DOTP, DEDAT, DEADP</li> <li>• Strong relationships with local government such as CoCT and other municipalities across the Western Cape</li> <li>• Wesgro has a long history and a fast-developing brand</li> <li>• The tourism website is highly attractive and tourist oriented</li> </ul>	<ul style="list-style-type: none"> <li>• Business units still often operate in silos despite improvements in this area</li> <li>• Contact management is lacking, databases are not maintained and consolidated nor are they shared Agency wide</li> <li>• The Agency is financially under-resourced to develop to its full potential</li> <li>• The PFMA is too onerous regarding procurement, planning and reporting resulting in a heavily bureaucratic environment</li> <li>• Ineffective use of technology to be more effective considering limited human resources</li> <li>• Low salaries in relation to private sector resulting in staff attrition and deters talent from applying to work at the Agency</li> <li>• Unclear definition of Wesgro's institutional role</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Improved knowledge management could lead to greater lead generation and enhanced client management</li> <li>• A vastly improved website can generate greater trade and investment leads</li> <li>• Creating a balance between working with small and large businesses can lead to improved value chains in the local economy, business mentorship and a greater impact of programmes</li> <li>• Improved financial resourcing could assist the Agency in engaging in high impact activities and improving its value proposition</li> <li>• An ability to offer increased salaries as a result of improved financial resourcing can assist the Agency to access a larger talent pool</li> </ul>	<ul style="list-style-type: none"> <li>• Deteriorating South African investment climate</li> <li>• Insecure and unreliable energy supply</li> <li>• Exchange rate fluctuations</li> <li>• The political environment nationally creates constraints for investors and tourists in particular</li> <li>• The perception of Wesgro as an agency that adds value to business is always under scrutiny and can impact on funding</li> <li>• Budgeting on an annual basis despite a three year planning cycle makes the execution of medium-term projects practically impossible to develop or implement</li> <li>• 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</li> </ul>

## 2.3. Key policy developments and legislative changes

National Treasury implemented a number of changes to supply chain management and implemented cost containment measures across all provinces. The following budget circulars were implemented during the financial year under review:

- Treasury Circular no. 25/2015
- Treasury Circular 36/2015
- National Treasury Instruction No.02 of 2016/17: Cost containment measures

## 2.4. Strategic outcome oriented goals

Strategic outcome oriented goal	
<b>Strategic goal</b>	The stimulation, facilitation and increase of economic growth and job creation through tourism promotion, trade promotion and investment promotion in the Western Cape Province.
<b>Goal statement</b>	It is envisaged that the Agency will achieve the following deliverables over the period extending from 2015/16 to 2019/20: <ul style="list-style-type: none"> <li>• To market Cape Town and the Western Cape as the tourism destination to increase international and domestic tourists,</li> <li>• To recruit and facilitate between R4,35bn and R9,3bn direct investment into the Province,</li> <li>• To recruit and facilitate between R26m and R39m Outward Foreign Direct Investment (OFDI) business deals and between R39m and R53m worth of trade promotion business deals; and</li> <li>• To build a strong regional economic brand that positions the Cape as an inspiring place to do business.</li> </ul>
<b>Baseline</b>	A total of R1.9bn was committed during the 2014/15 financial year, facilitating a total of 1 187 jobs. In addition, 218 Western Cape based companies were led on outward selling initiatives to foreign markets and 552 companies were assisted through the Exporter Development Programme (EDP). Further to this, a total of 12 destination Joint Marketing Agreements were signed and 16 conference bids with an estimated value of R271m was secured.
<b>Justification</b>	Wesgro plays a pivotal role in investment and trade promotion, and marketing Cape Town and the Western Cape as a tourism destination.
<b>Links</b>	The goal is linked to Provincial Strategic Goal 1: "Create opportunities for growth and jobs", and the strategic objectives of the Department of the Economic Development and Tourism and the City of Cape Town. Further to this the goal is linked to the Wesgro Act.

The Agency has made significant strides towards the achievement of its strategic goal. The Agency has adopted an outcomes based approach focusing on the results of the work. From the commencement of the new reporting cycle in 2015/16, to date, the Agency committed a total of 22 projects with an investment value of R4,17bn creating a total of 1 377 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 in to Africa. A more proactive approach with regards to client engagements was adopted and yielded positive results. A total of 41 trade promotion business agreements were signed with an estimated export value of R9,04bn, creating 781 jobs. Further to this, the Agency committed a three outward foreign direct investment projects in to the rest of Africa, with an investment value of R507m.

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 to contribute to regional growth and the creation of jobs. During the period under review the Agency supported a total of 14 tourism initiatives with an estimated economic value of R428,3m. The initiatives supported throughout the period enabled the Agency to increase awareness about the region, generating a total of R36,97m worth of advertising value equivalent (AVE).

## 3. performance information by programme

### 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 is 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 ensure that the Agency becomes the employer of choice and maintain a world-class, talented and skilled workforce. A priority is to attract, recruit and retain staff by creating a culture and climate conducive to sustain a motivated workforce. Further to this, 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, the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA). 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:

- 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.

#### Performance overview

##### 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 a clean audit for 2016/17. The financial statements and annual report were submitted in accordance with the legislative requirements. The changes to the supply chain management system, as regulated by National Treasury, was successfully implemented and the necessary training was provided to all staff members to ensure the successful roll-out thereof.

The budget for the 2016/17 financial year was successfully imported to the Sage Accounting and Workflow programmes for the managers to spend against. The budget format for Destination Marketing changed, which resulted in the introduction of new sets of accounts. In addition, a new financial reporting system, namely CaseWare, was introduced by Provincial Treasury. All Departments and Public entities were required to make use of the new system.

The final budget and Annual Performance Plan for the ensuing financial year was completed and submitted as per the legislative requirements. The implementation of the management online budget monitoring tool was completed in line with the agreed scope and allocated budget.

### IT and administrative services

During the previous financial year, Wesgro servers had been affected by malware, ransomware or viruses. The biggest impact was in the second quarter when ransomware blocked all access to the drives used to secure business critical documents, which significantly increased the downtime experienced. However, the stringent backup procedures in place allowed the matter to be resolved within a reasonable time frame. The Agency has implemented the necessary mitigation strategies and anti-malware and anti-virus enhancements to ensure that it is protected.

Apart from these issues the current applications have performed well with very little disruption. Sage 300 ERP (ACCPAC), Sage CRM, e-Workflow and the Microsoft Office products have all either been updated or are planned to be updated shortly to the latest version. The planned move away from ISignite (formerly MWeb Business) who supply the cloud servers to the more reliable offerings from Microsoft Azure has been delayed.

Desktop support continues to respond well within the agreed timescales set within the SLA. During the financial year under review, IT responded to a total of 2 867 cases with an average resolution time of 19.58 hours, against a target of 24 hours. The table below provides a breakdown of the reported queries received during the year:

Case Class	Cases Reported	Cases Resolved	Cases In Progress	Average Response Time
Backups	598	598	0	6,93
Business Intelligence	32	32	0	17,96
SAGE CRM	207	207	0	16,13
Desktop	1341	1335	6	9,73
Email	41	41	0	10,87
ERP	231	230	1	17,2
Network	57	57	0	25,6
Server	272	272	0	11,62
WEB	43	43	0	17,66
Workflow	52	52	0	13,09
Totals	2874	2867	7	146,79
Average time taken to respond to desktop IT support queries				19,58 hours

### HR

As part of Wesgro's strategy to promote, attract and recruit young talented individuals, the Agency participated in the career fairs and graduate programmes at several tertiary institutions with the aim of promoting and profiling the Agency as an employer of choice.

The Agency filled a total of 26 positions during the financial year, of which four are within Special Projects. Further to this, three resignations were received during the period.

The annual inflationary staff increase of 6% was approved by the Wesgro Board and was effected 1 April 2016. Performance reviews for 2016/17 have been concluded and as part of the performance management process and the training needs were identified and implemented 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 capacity, which forms part of the retentions strategy.

The senior management team underwent a leadership development initiative which proved to be successful with positive results. The intention is to roll out similar training to the rest of the Agency in the 2017/18 financial year. Further to this, the Agency undertook a salary benchmark exercise in order to identify potential risk of staff attrition and the loss of intellectual capital.

Furthermore, the Agency has conducted a climate survey which was presented to the Board. The Agency achieved an employee satisfaction rate of 80%; however certain areas require attention and interventions will be rolled out within the new financial year.

The Agency is continuously in the process of reviewing its policies to ensure that they are in line with best practice and legislation.

#### Gender

- Female: 63%
- Male: 37%

#### Employment Equity

- Coloured: 34%
- African: 34%
- White: 22%
- Indian: 10%

#### Monitoring and Evaluation

The Agency submitted five progress reports and four corporate plans to the relevant stakeholders as legislatively required. The Agency achieved a clean performance audit for the 2016/17 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 2015/16, the report was well received as the Committee welcomed the improved audit outcome. Further to this, 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, performance indicators, planned targets and actual achievements

##### Strategic objectives

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Enhance financial accountability through compliance with all prescribed financial regulations and guidelines	-	-	100%	100%	-	
Maintain and enable a reliable and stable network infrastructure through a maximum of four hours of downtime during working hours	51 min, 10 seconds	9 hours downtime	4 hours downtime	52 hours downtime	-48 hours	The increased downtime is attributed to the server being affected by malicious malware, ransomware and viruses
Management of staff moral within the Agency by conducting regular surveys	-	-	65%	80%	15%	Although the target is over achieved the data is based on a 24% response as at year end due to the timing of the survey.
Compliance with all legislative and regulatory prescripts pertaining to performance management through the submission of performance reports	-	4	5	5	-	

## Key performance indicators, planned targets and actual achievements

### Sub-programme 1.1: Financial Management

Financial Management							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
1.1	Frequency at which monthly revenue and projections are assessed and submitted within seven 7 working days of month end	12	12	12	10	2	Two monthly reports were submitted after the specified deadline due to technical issues with the servers.
1.2	Monthly payments made to creditors from date of receipt	30 days	30 days	30 days	30 days		
1.3	Average turnaround time for approval of workflows from date of receipt	2.3 days	2.8 days	3 days	2.5 days	0.5 days	Reduction in turnaround time is due to increased focus on timely review and issue of purchase orders via workflow ensuring Agency operational efficiency
1.4	Outcome of the external audit for the previous financial year	Unqualified external audit report – with no emphasis of matters pertaining to finance	clean external audit opinion	clean external audit opinion	clean external audit opinion		

## Sub-programme 1.2: IT and Administrative Services

IT and Administrative Services							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
1.1	Maximum downtime during working hours	51 min, 10 seconds	9 hours	4 hours downtime	52 hours	-48 hours	The increased downtime is attributed to the server being affected by malicious malware, ransomware and viruses
1.2	Average turn-around time for responding to logged desktop support IT queries	-	-	24 hours	19.58 hours	4.42 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 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
1.1	Results achieved based on the outcome of the climate and employee satisfaction surveys conducted	-	-	65%	80%	15%	Although the target is over achieved the data is based on a 24% response as at year end due to the timing of the survey.-

Human Resource Management (HRM)							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
1.2	Implementation of the staff performance management system	-	-	Sign-off of new performance agreements by 14 April 2016	complete		
		30 September 2014	complete	First performance review by 30 September 2016	complete		
		31 March 2015	complete	Final performance review by 31 March 2017	47 out of 64 staff final performance reviews completed	17 outstanding agreements	Due to time constraints only 73% of the final year reviews finalised as at validation date. 100% of the performance reviews were finalised in time for the moderation process

#### Sub-programme 1.4: Monitoring and Evaluation

Monitoring and Evaluation							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
1.1	Number of performance reports submitted by the deadline as legislatively required	4	4	4 quarterly performance reports	4		
		1	1	1 Annual report by 31 August 2016	1		

Monitoring and Evaluation							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
1.2	Number of corporate plans submitted by the deadline as legislatively required	7	4	3	4	1	According to Budget Circular 3 of 2017/18 public entities are requested to submit a third draft Annual Performance Plan 2017/18 to the Department of the Premier which has 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 timeously submitted. The performance management system is in the process of being reviewed in the ensuing final to ensure the staff performance reviews are completed timeously.

#### Changes to planned targets

No targets have been adjusted during the financial year. A request to align future performance assessment target dates in alignment to the periods being assessed is currently being reviewed.

#### Linking performance with budget

Programme	2016/17			2015/16		
	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	14 325	14 480	(155)	9 249	8 965	284
<b>Total</b>	<b>14 325</b>	<b>14 480</b>	<b>(155)</b>	<b>9 249</b>	<b>8 965</b>	<b>284</b>

12 investment projects,  
to the value of  
**R2,127bn**

## 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.



### 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 also implies 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 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 objectives of the programme are:

- Facilitate investment and jobs into the Western Cape.

### Performance overview

The unit realised a total of 12 investment projects, to the value of R2,127bn, against a target of R1bn –R1.8bn. This has assisted in the facilitation of 696 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 renewable energy and manufacturing sector, amongst others. The table below provides a breakdown of committed investment projects and the number of jobs created during the financial year under review:

Committed Investment Projects 2016/17					
Company	Source Country	Broad Sector	Value of investment (R)	Jobs	District
<b>New Investment Projects</b>					
Gametester	Australia	ICT	50 000 000	50	City of Cape Town
Twizza	South Africa	Manufacturing	500 000 000	150	City of Cape Town
Rise	UK	ICT	161 700 000	49	City of Cape Town
Oasis	South Africa	SA (Pty) Ltd	50 000 000	1	City of Cape Town
Rubber United	Netherlands	Manufacturing	5 732 000	10	City of Cape Town
New Horizons Waste Energy (Pty) Ltd	South Africa	Waste Management and Renewable Energy	200 000 000	37	City of Cape Town
Tramper Technology	Netherlands	Manufacturing	20 000 000	10	City of Cape Town
<b>Sub Total</b>			<b>987 432 000</b>	<b>307</b>	
<b>Expansion Projects</b>					
Darvesh Da'Reality	Dubai, UAE	Infrastructure & Real Estate	50 000 000	46	City of Cape Town
Jack Black	South Africa	Manufacturing	175 000 000	75	City of Cape Town
Darvesh Da'Reality	Dubai, UAE	Infrastructure & Real Estate	900 000 000	206	City of Cape Town
Tin-Pac	South Africa	Manufacturing	14 000 000	50	City of Cape Town
Shonaquip	South Africa	Manufacturing	1 500 000	12	City of Cape Town
<b>Sub Total</b>			<b>1 140 500 000</b>	<b>389</b>	
<b>Total</b>			<b>2 127 932 000</b>	<b>696</b>	

The unit recruited a total of 47 new quality investment projects into the project pipeline, which it seeks to commit through the remainder of the five-year strategy. Further to this, the unit has engaged with Sector Development Agency's (SDAs) to solicit leads, engaging with 22 SDAs during the financial year.

The unit embarked on 20 outward missions during the financial year. The table below provides a breakdown.

Table 26. Outward Missions		
Country	Month	Sector
Kuwait	May	Multi-sector
Dubai	May	Multi-sector
Qatar	May	Multi-sector
Beijing, China	May	Multi-sector
France	July	Energy/Transport/Waste/Water
Huhan, China	August	Manufacturing
Turkey	September	Multi-sector

**Table 26. Outward Missions**

Country	Month	Sector
Canada	September	Oil and Gas
Anji, China	October	Multi-sector
Hong Kong	October	Multi-sector
USA	November	Multi-sector
South Korea	November	Multi-sector
Belgium	January	Multi-sector
China	March	Multi-sector
Luxembourg	March	Multi-sector
United Kingdom	March	Multi-sector
France	March	Multi-sector
Singapore	March	Multi-sector
Japan	March	Multi-sector
Taiwan	March	Multi-sector

A total of 73 inward business delegations were hosted from Kuwait, Dubai, Qatar, China (including Beijing, Huanan, Anji, Hainan, Shanghai, Zhanjiang, Chaozhou, Minhang, Jiangxi, 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 delegations 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 manages the Agribusiness Investment Unit (AIU) on behalf of the Department of Agriculture.

#### Performance overview

The unit realised a total of 3 investment projects, to the value of R735m, against a target of R237m –R315m. This has assisted in the facilitation of 275 jobs against a target of 160-205, 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 renewable energy and manufacturing sector, amongst others. The table below provides a breakdown of committed investment projects and the number of jobs created during the financial year under review:

Committed Investment Projects 2016/17					
Company	Source Country	Broad Sector	Value of investment (R)	Jobs	District
<b>New Investment Projects</b>					
Peninsula Beverages	South Africa	Manufacturing	700 000 000	50	City of Cape Town
The Venue Elegance	South Africa	Manufacturing	20 000 000	200	Lansdowne, Cape Town
Ubusi Bee-keeping	South Africa	Agribusiness	15 000 000	25	Overberg
<b>Total</b>			<b>735 000 000</b>	<b>275</b>	

The unit recruited a total of 22 new quality investment projects into the project pipeline, which it seeks to commit through the remainder five year strategy. Further to this, the unit has engaged with Sector Development Agencies (SDAs) to solicit leads. A total of 10 engagements with SDAs were held during the financial year.

The unit embarked on 5 outward missions during the financial year. The table below provides a breakdown of the outward missions.

Country	Month	Sector
Japan	August	Agri-business
Netherlands	November	Agri-business
France	November	Agri-business
India	March	Agri-business
South Korea	January	Agri-business

### Strategic objectives, performance indicators, planned targets and actual achievements

#### Strategic objectives

No.	Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target <sup>1</sup>	Comments
1.1	Rand value of committed investment projects into the Western Cape	R1,958bn	R2,045bn	R1bn – R1,8bn	R2,127.9bn	R1,127bn	The projects realised were capital intensive which resulted in the over-performance.
1.2	Number of jobs facilitated/sustained in the Western Cape	1 187	681	580- 1 190	696	116	The projects realised were labour intensive which resulted in the over-performance.

#### Strategic objectives: Agri-business

No.	Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target <sup>2</sup>	Comments
1.1	Rand value of committed investment projects into the Western Cape	R225m	R315m	R237m-315m	R735m	R498m	The projects realised were capital intensive which resulted in the over-performance.

<sup>1</sup> The deviation from planned target is calculated based on the lower band target.

<sup>2</sup> The deviation from planned target is calculated based on the lower band target.

Agri-business Investment Unit							
No.	Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
1.2	Number of jobs facilitated/sustained in the Western Cape	325	218	160-205	275	115	The projects realised were labour intensive which resulted in the over-performance.

#### Key performance indicators, planned targets and actual achievements

#### Investment Promotion

Investment Promotion							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
1.1	Number of investment projects realised	16	10	12	12		

#### Agri-business Investment Unit

Agri-business Investment Promotion							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
1.1	Number of investment projects realised	4	3	6	3	3	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 time period.

**Changes required to planned targets**

No targets were adjusted during the financial year.

**Linking performance to targets**

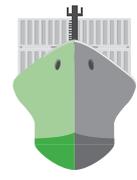
Programme	2016/17			2015/16		
	Budget (R'000)	Actual expenditure (R'000)	(Over)/Under expenditure (R'000)	Budget (R'000)	Actual expenditure (R'000)	(Over)/Under expenditure (R'000)
Investment Promotion	5 630	4 582	1048	3 795	3 766	29
<b>Total</b>	<b>5 630</b>	<b>4 582</b>	<b>1048</b>	<b>3 795</b>	<b>3766</b>	<b>29</b>



### 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.



#### Programme structure

The programme is divided into two sub-programmes namely;

- 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, 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 goods demanded 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:

- Inward buying and outward 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:

- 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.

### Performance overview

During the financial year under review the Trade promotion programme underwent a strategic shift, focusing on the rand value of exports into global markets and outward foreign direct investment. The Agency facilitated the signing of a total of 41 business agreements with an estimated economic value of R9,04bn resulting in 781 jobs. Through the expedition of facilitation services the Agency finalised the deals sooner than anticipated. The Agency facilitated an exceptional business deal for Langeberg and Ashton Foods an Agro-processing company based in Paarl to the value of R7,5bn.

In addition, the Agency facilitated a total of three Outward Foreign Direct Investment projects being committed to the value of R507m.

The Export Advancement and Promotion programme redeveloped its strategy to improve the services it offered to companies. The programme focused on building export competence and capability of companies involved in exports. The main project activities included proactive engagement and providing training, mentoring and advisory services to clients facing challenges in market access, expansion, and export capability etc. over a period of 12 months.

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

- The Exporter Advancement Programme (EAP) supported companies through the Export Training Programme addressing all aspects of the export process through theoretical and practical methodologies. Modules cover orientation to export, preparing to export & developing an export marketing plan, financial risk management, export costing and logistics, incoterms 2010 and export marketing. Two training sessions were offered this year and both were oversubscribed.
- Export 1-on-1 mentorship focused on export specific implementation after the export training programme. 15 companies were accommodated in this programme this year. Exporters are provided with practical guidance in order to implement the set goals and specific goals are set and linked to a timeframe.
- Business Development Mentorship (PUM) is a Dutch mentorship programme for companies addressing specific business needs. Skills transfer is tailored to the exporter's requirements which are enhanced by the PUM mentors extensive global experience to develop certain business areas that need improvement within the participating companies.
- Through these mentorship programmes we supported 15 companies during this financial year and they were representative of the Agro-processing, interior design and manufacturing sectors, clothing and textiles, leather and footwear and cosmetics sectors.
- EAP led Western Cape companies on the following outward selling missions:
  - ➔ GIFTEX JAPAN 2016 from the 6-8 July 2016: A total 13 companies will be represented from the Western Cape. GIFTEX is Japan's leading trade fair for all kinds of gift items. A variety of major importers & wholesalers, mass-retailers and buyers across the globe converge on the show to place orders on-site and meet business partners which presents a good opportunity for Western Cape companies looking to export their goods.
- Wesgro accompanied Western Cape companies on the following Dti National Pavilions and ITI:
  - ➔ Dti OSM (10 – 19 July): Wesgro accompanied the Dti on this mission to Lima, Peru, following a visit by representatives from the Pacific Alliance countries (i.e. Peru, Chile, Columbia and Mexico). The objective of the OSM was to facilitate access for South African value-added products and services into Peru. The targeted sectors for trade included capital mining equipment and services, security systems, built environment, agro-processing (sparkling juice, processed fruits & vegetables, herbal teas and premium wines).

- ➔ Dti OSM (20 – 22 July 2016): Wesgro accompanied the Dti on this mission to Havana, Cuba with the purpose investigating new market opportunities and introduce Western Cape companies to these opportunities with the view of growing exports into this market. The targeted sectors for trade included: agro-processed products, electrical products, metal furniture, and other value added goods and services.
- ➔ SIAL Paris, France (16 – 20 October 2016):
  - 25 Western Cape companies attended the SIAL Paris, France, the largest agro-processing show in France and one of the major exhibitions in the EU. Wesgro was featured on the SIAL website and in show participants' books which allows for continued exposure. This exhibition was supported by the Dti through the National Pavilion initiative.
  - Four signed business agreements totalling R7,927bn and resulting in 102 local jobs created.
  - Wesgro in collaboration with the Dti hosted the NEDP – Introduction to Exporting training which was attended by 35 Western Cape companies and which ran over 3 days from 31 August – 02 September 2016.
  - Wesgro accompanied the Dti on the Export Awareness roadshow to Oudtshoorn, George and Knysna (Eden District) from 28 – 30 September 2016 to create awareness of the Export Advancement Programme.

The following successes resulted from the outward missions embarked upon:

Event	Country	Successes
Africa Day Business Networking Forum	Africa-wide (25 May 2016)	Trade Promotion Wesgro hosted a high powered media event: the Annual Africa Day business networking forum on the 25 May 2016. The business forum saw the participation of the Premier of the Western Cape, Helen Zille and was attended by over 100 business people from the Western Cape as well as consul generals from Angola, Madagascar, Mauritius, Mozambique and Namibia and various stakeholders of the department of the premier, the City of Cape Town and the Department of Agriculture.
A Trade Mission to Ethiopia was attended by 12 Western Cape companies which included sectors such as agribusiness, manufacturing and services sectors.	Ethiopia (7-11 June 2016)	The estimated export deals facilitated by Wesgro for companies that took part in the Ethiopia trip are valued at R50m, while the outward investment value of companies on the mission looking to expand into Ethiopia averages R53m over a period of 5 years. In addition Wesgro secured a commitment from the Addis Ababa chamber of commerce to undertake an inward buying mission to Cape Town in October. This mission will help further secure business relations between the two regions and provide more business opportunities for Western Cape companies. With a market size of nearly 95 million people, Ethiopia has seen an average GDP growth of 10.7% for the last 12 years and is reported to be Africa's fastest growing economy, attracting billions of dollars in foreign.
OFDI into Nigeria	Nigeria (Q1)	The acting head of the trade unit facilitated an outward foreign direct investment into the Nigerian power sector to the value of R430m. This investment will create 60 permanent jobs in the Western Cape as well as 150 non-permanent jobs in Nigeria.
Kenya Trade and Investment Summit	Kenya (1-2 September 2016)	Wesgro hosted this event in collaboration with the Kenya High Commission and was attended by 200 delegates which comprised of high level Kenyan government officials led by the Kenyan High Commissioner, Jean Kamau, Deputy High Commissioner Lemarron Kaanto, key Kenyan Cabinet Secretaries, the Reserve Bank Governor and the Head of the Kenyan Revenue Authority. SA was represented by South African government officials and businesses including top corporates that have expanded into East Africa, such as Old Mutual, Woolworths, Distell, Sanlam, Foschini, Truworths and Naspers.
World Food International Trade Exhibition	Moscow (September 2016)	21 Western Cape companies were in attendance. Following on their trade leads with clients they met in Prodexpo in early 2016, Wellington Wines signed a new contract for bulk wine. Anura wines is also now working on the first container to be sent to their importer in early October 2017 to Moscow. One signed business agreement to the value of R30m came about from this mission.

Event	Country	Successes
Outward Selling and Investment Mission	Ghana (September 2016)	Wesgro led a trade and investment mission to Ghana from 19 to 23 September 2016 in line with our International Trade programme for 2016-17. The mission took place in collaboration with Trade Invest Africa (TIA) of the Dti and ECDC, and focused on exploring trade and investment opportunities in various sectors in Ghana. 13 Western Cape companies accompanied Wesgro on this trade mission to investigate possibilities of establishing firm relations with Ghanaian companies and key strategic partners in the various sectors. 5 companies returned with signed declarations to the value of R88.974m for future business dealings in Ghana.
Inward Buying Mission	USA (September 2016)	The HEB group from the USA comprised of 6 senior executive buyers for various categories of agro-processed products visited Cape Town. During the week-long stay (12 – 16 September 2016), Wesgro introduced the buyers to 40 suppliers of high quality products. Wesgro also recorded an immediate success with one company where an order of R15m was placed creating 10 permanent new jobs.
BRICS Trade Fair	India (October 2016)	Wesgro presented on trade and investment opportunities at the BRICS Trade Fair Country Seminar Forum held in New Delhi, India and also attended the BRICS Business Forum which provided insight trade opportunities in the BRICS countries. A 3-year Wesgro trade strategy with regard to BRICS is currently being developed as a result of these engagements.
SIAL Paris	France (16-20 October 2016)	25 Western Cape companies attended the SIAL Paris, France, the largest agro-processing show in France and one of the major exhibitions in the EU. Wesgro was featured on the SIAL website and in show participants' books which allows for continued exposure. This exhibition was supported by the DtiDti through the National Pavilion initiative. Four signed business agreements totalling R7 927 500 and resulting in 102 local jobs created.
Wesgro BREXIT Mission	UK (26-30 March)	Wesgro Trade led a pre-planning mission around Brexit for a Mission that will be led by Minister Winde from 22-25 May 2017. This was a trade, tourism and investment mission and the Trade unit facilitated and secured meetings for these units during the mission. Currently, there are 15 companies that will accompany the Minister, over 100 meetings have to be set-up for these companies, and the Minister has a separate programme where he will meet with senior UK Government officials.

## Strategic objectives, performance indicators, planned targets and actual achievements

### Strategic objectives

#### Sub-programme 3.1: Trade Promotion

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target <sup>3</sup>	Comments
Estimated rand value business agreements signed	-	-	R6m-R8m	R9 048 683 854	R9 042 683 854	The business deals were closed sooner than anticipated which 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	-	-	10	781	771	The business deals secured were labour intensive which resulted in the over-performance.

#### Sub-programme 3.2: African Expansion (OFDI)

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target <sup>4</sup>	Comments
Rand value of committed outward foreign direct investment (OFDI) declarations signed	-	-	R2m-R6m	R507m	R505m	The business deals were closed sooner than anticipated which resulted in a significant increase in the number of deals signed which led to an increase in the estimated economic value of the deals.

<sup>3</sup> The deviation from planned target is calculated based on the lower band target.

<sup>4</sup> The deviation from planned target is calculated based on the lower band target.

## Key performance indicators, planned targets and actual achievements

### Sub-programme 3.1: Trade Promotion

Performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Number of business agreements signed (incl. distributors and funders)	-	-	15	41	26	The business agreements were signed sooner than anticipated as due to the adoption of a proactive approach with regards to the engagement of clients and the expedition of facilitation and promotional services.

### Sub-programme 3.2: African Expansion (OFDI)

Performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Number of outward foreign direct investment (OFDI) business agreements signed	-	-	2	3	1	The business agreements were signed sooner than anticipated as due to the adoption of a proactive approach with regards to the engagement of clients and the expedition of facilitation and promotional services.

### Strategy to overcome underperformance

NA

### Changes to planned targets

No targets were adjusted during the financial year.

### Linking performance with budgets

Programme	2016/17			2015/16		
	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	7 932	6 934	998	4 988	4 515	473
<b>Total</b>	<b>7 932</b>	<b>6 934</b>	<b>998</b>	<b>4 988</b>	<b>4 515</b>	<b>473</b>

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

### 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.



#### Programme structure

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

#### Strategic objective

The strategic objectives of the programme are:

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

#### Performance overview

The unit produced a total of 115 publications for the financial year under review against a target of 100 publications. The table below provides a snapshot of the publications that were produced during the financial year: The types of publications produced were as follows:

- 27 Country
- 1 Country-Sector
- 13 Destination
- 4 Pitch Books
- 4 Region
- 15 Sector
- 51 Tourism

**Table 44. Wesgro Research Publications**

No.	Type	Title
1	Country	China
2	Country	Singapore
3	Country	Hong Kong
4	Country	Indonesia
5	Country	Netherlands
6	Country	Poland
7	Country	Ghana
8	Region	CT EPIC Q3
9	Country	France
10	Country	Taiwan
11	Country	Thailand
12	Country	Nigeria
13	Country	South Korea
14	Country	Belarus
15	Country	Mozambique
16	Country	India
17	Country	UK
18	Region	FDI Cities
19	Country	Illinois
20	Country	Iraq
21	Country	Vietnam
22	Country	Denmark

Table 44. Wesgro Research Publications

No.	Type	Title
23	Country	Switzerland
24	Country	Italy
25	Country	Spain
26	Country	Japan
27	Country	Germany
28	Country	Belgium
29	Country	Luxembourg
30	Country Sector	Netherlands – Agri Food and Drink
31	Destination	Eden district
32	Destination	West Coast district
33	Destination	Winelands district
34	Destination	Karoo district
35	Destination	Overberg district
36	Destination	Cape Town (EPIC Q2)
37	Destination	Investment Strategy
38	Destination	Cape Town district
39	Destination	Cape Town (EPIC Q1)
40	Destination	Invest in Cape Town
41	Destination	Cape Town EPIC Q4
42	Destination	Western Cape Trade 2017
43	Destination	The Western Cape: Africa's Trade and Investment Springboard
44	Pitch Books	General pitch book
45	Pitch Books	Sector pitch book
46	Pitch Books	AIU pitch book
47	Pitch Books	Energy pitch book
48	Region	Regional Leaders Summit
49	Region	Middle East
50	Sector	Poultry
51	Sector	Olives
52	Sector	Agriculture
53	Sector	Human Hair
54	Sector	Wine
55	Sector	Aquaculture and fishing
56	Sector	Bicycle manufacturing
57	Sector	Health and Beauty
58	Sector	Beverages
59	Sector	Food & Beverages
60	Sector	Real Estate
61	Sector	Cities that Invest
62	Sector	South African Sweet Confectionary Industry
63	Sector	Wine Fact Sheet Updated
64	Sector	SA Bicycle manufacturing and bicycle specification analysis

**Table 44. Wesgro Research Publications**

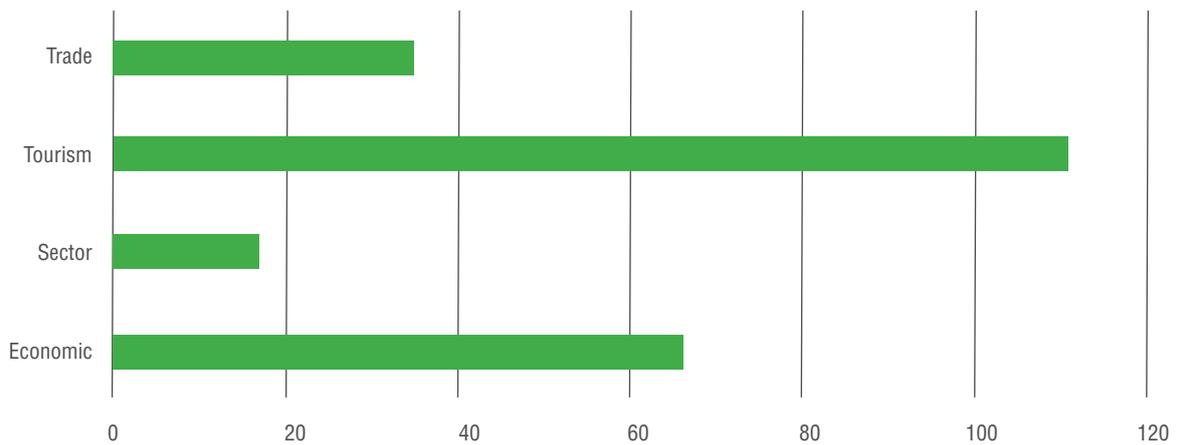
No.	Type	Title
65	Tourism	Halaal Tourism Report
66	Tourism	Q1 2016 Destination Performance Report
67	Tourism	Q2 2016 Destination Performance Report
68	Tourism	Q3 2016 Destination Performance Report
69	Tourism	Q3 2016 Barometer Cape Town
70	Tourism	Q3 2016 Barometer Cape Winelands
71	Tourism	Q3 2016 Barometer Cape West Coast
72	Tourism	Q3 2016 Barometer Cape Karoo
73	Tourism	Q3 2016 Barometer Cape Garden Route
74	Tourism	Q3 2016 Barometer Cape Overberg
75	Tourism	Q4 2016 Barometer Cape Town
76	Tourism	Jan-July 2016 Barometer Cape West Coast
77	Tourism	Q4 2016 Barometer Cape Winelands
78	Tourism	Jan-July 2016 Barometer Cape Karoo
79	Tourism	Q4 2016 Barometer Cape West Coast
80	Tourism	Jan-July 2016 Barometer Cape Town
81	Tourism	Q4 2016 Barometer Cape Karoo
82	Tourism	Jan-July 2016 Barometer Cape Winelands
83	Tourism	Q4 2016 Barometer Cape Garden Route
84	Tourism	Jan-July 2016 Barometer Garden Route
85	Tourism	Q4 2016 Cape Overberg
86	Tourism	2015 Cape Garden Route & Klein Karoo Barometer
87	Tourism	2016-2017 Pricing Study
88	Tourism	2015 Cape Overberg Barometer
89	Tourism	Summer Seasonal Trends Report
90	Tourism	2015 Cape Town Barometer
91	Tourism	Food & Wine Report
92	Tourism	2015 Cape West Coast Barometer
93	Tourism	Annual 2016 Cape Town
94	Tourism	2015 Cape Winelands Barometer
95	Tourism	Annual 2016 Cape Winelands
96	Tourism	2015 Western Cape Tourism Trends Barometer
97	Tourism	Annual 2016 Cape West Coast
98	Tourism	2015 Winter Perception & Pricing Study
99	Tourism	Annual 2016 Cape Karoo
100	Tourism	DPR Annual 2015
101	Tourism	Annual 2016 Garden Route
102	Tourism	Annual 2016 Cape Overberg
103	Tourism Market Insights	Market Insights Germany
104	Tourism Market Insights	Market Insights Netherlands
105	Tourism Market Insights	Market Insights United States
106	Tourism Market Insights	Market Insights United Kingdom

**Table 44. Wesgro Research Publications**

No.	Type	Title
107	Tourism Niche Studies	Tourism Niche Study Business Tourism
108	Tourism Niche Studies	Tourism Niche Study Cultural Tourism
109	Tourism Niche Studies	Tourism Niche Study Eco Tourism
110	Tourism Niche Studies	Tourism Niche Study Gastro tourism
111	Tourism Niche Studies	Tourism Niche Study Medical Tourism
112	Tourism Niche Studies	Tourism Niche Study Nature Tourism
113	Tourism Niche Studies	Tourism Niche Study Sport and Events Tourism
114	Tourism Niche Studies	Tourism Niche Study Wine Tourism
115	Tourism Niche Studies	Tourism Niche Study Domestic Tourism

The Wesgro Research unit completed 64 information requests in the period January to March 2017. The information requests were completed at an average turnaround time of 2.4 days for those enquiries.

**Enquiries for the year 2016/2017**



The Wesgro Research unit presented to 43 delegations during the financial year including inward delegations for trade and investment to briefing sessions for exporters on their way out on an outward trade mission. The unit also updated the generic presentation quarterly to ensure that the Agency has up to date information for their own presentations.

## Strategic objectives, performance indicators, planned targets and actual achievements

### Strategic objectives

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Percentage of publications with more than 100 downloads from the date of activation on the website	-	-	70%	-	0%	This measurable cannot be measured on the new website, however a process has been activated to change it.
Turnaround time to provide customised research and information in support of the core functions of the Agency	2.5 days	2 days	3 days	2.4 days	0.6 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 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
4.1.	Number of relevant tourism, trade and investment publications developed	116	115	100	115	15	Additional publications were required based on the needs of the Agency.
4.2	Average turnaround time to complete research requests from date of receipt	2.5 days	2 days	3 days	2.4 days	0.8 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 unit remains committed to achieving its targets and has implemented a number of mitigation strategies to ensure that it is able to monitor the number of percentage of publications with more than 100 download going forward.

**Changes to planned targets**

No targets were adjusted during the financial year.

**Linking performance with budgets**

Programme	2016/17			2015/16		
	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	3 377	3 342	35	R2 268	R2 073	R195
<b>Total</b>	<b>3 377</b>	<b>3 342</b>	<b>35</b>	<b>R2 268</b>	<b>R2 073</b>	<b>R195</b>



### 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.



#### Programme structure

The programme is divided into two sub-programmes namely;

#### Sub-programme 5.1: Profile and positioning of the Agency and the destination

Boost the profile and reputation of the Agency and the destination. This programme will include:

- Hosting and logistical management of strategic events
- Management of special projects
- Development of marketing material

#### Sub-programme 5.2: Management of the prominence of the Agency

Management of the branding value of the Agency. This programme will include:

- Writing and distribution of op-ed pieces
- Client satisfaction survey management
- Writing and distribution of media releases
- Monthly reporting on AVE per unit
- Website management

#### Strategic objectives

The strategic objectives of the programme are:

- Profile and position the Agency and the destination; and
- Management of the prominence of the Agency.

#### Performance overview

The MCU team had the opportunity to initiate, leverage and amplify many events in partnership with public and private partners, these events included the Commuter Productivity Workshop, Delice and Brexit events, where Western Cape businesses had the opportunity to engage with City and Provincial entities to discuss matters relating to tourism, trade and investment – with the aim of creating an economically successful region. During the financial year under review the unit hosted a total of 30 strategic events, against a target of 6.

The team also generated high levels of awareness for the destination and Wesgro through consistent media coverage and strategic media engagements. The marketing initiatives implemented throughout the year generated a total of R37,6m worth of advertorial value equivalent (AVE) for the Agency. Furthermore, a total of 12 strategic media engagements were hosted, against a target of 6.

The team also showcased the Agency at its first Annual Review, the event attended by the Mayor of Cape Town, the Minister of Economic Opportunities and business leaders allowed the team to showcase the great successes and present future thinking.

#### Strategic objectives, performance indicators, planned targets and actual achievements

##### Strategic objectives

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Rand value of the advertising value equivalent (AVE) generated for the Agency	R21.27m	R16.5m	R20m	R37 656 374	R17 656 374	The marketing initiatives implemented during the quarter generated more AVE than anticipated which resulted in the over-performance

## Key performance indicators, planned targets and actual achievements

No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
5.1	Number of strategic media engagements hosted	-	7	6	12	6	Additional opportunities arose which afforded the Agency the opportunity to engage with the media which resulted in the over-performance.
5.2	Number of strategic corporate Agency events hosted	13	-	6	30	24	Additional opportunities 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	3	6	3	As part of the various marketing initiatives implemented opportunities arose for the Agency to participate in additional events which resulted in the over-performance.

**Strategy to overcome under-performance**

NA

**Changes to planned targets**

No targets were adjusted during the financial year.

**Linking performance with budgets**

Programme	2016/17			2015/16		
	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	5 409	5 141	268	5 238	4 365	873
<b>Total</b>	<b>5 409</b>	<b>5 141</b>	<b>268</b>	<b>5 238</b>	<b>4 365</b>	<b>873</b>



### 3.6. Programme 6: Destination Marketing

#### Purpose

The purpose of this programme is to conduct tourism destination marketing and promotion (leisure and business tourism) for Cape Town and the Western Cape. The programme must also ensure that priority focus is given to the initiatives identified by Project Khulisa Tourism.



#### Programme structure

The programme is divided into three sub-programmes namely;

##### Sub-programme 6.1: Heighten awareness and conversion

Boost the awareness of the Western Cape in key markets and sectors to drive conversion. This programme will include:

- The defining of the value proposition of the destination
- Development and implementation of a Delegate Boosting and Conversion Programme
- Development and implementation of trade and consumer growth strategies in key markets

##### Sub-programme 6.2: Enhance the attractiveness of the region

Boost the attractiveness of the region through competitive product offerings and compelling marketing. The programme will include:

- Positioning Cape Town and the Western Cape as the cycling capital of Africa
- Maximise culture and heritage tourism
- Invite the “world to gather at our table” as a food and wine destination
- Position the province as an international business and leisure events destination

##### Sub-programme 6.3: Stakeholder engagement

Facilitate partnerships and joint marketing efforts across the region. This programme will include:

- Quarterly engagements with regional and local tourism organisations
- SMME engagements
- Develop and implement a “Tourism Benefits Me” citizen campaign
- Develop and implement a local transport campaign

#### Strategic objectives

The strategic objectives of the programme are:

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

#### Performance overview

The DMO achieved great success and this can be shown in the new measurable, the estimated economic impact of activities. The measurable looks at the activities of both units (leisure and Convention Bureau) and the estimated economic impact for the destination. A total of fourteen tourism destination initiatives was supported by the team, resulting in an estimated economic impact of R428.3m for the region. Further to this, the Agency increased awareness about the region through the implementation of various tourism initiatives throughout the year generating a total of R20,37m worth of advertorial value equivalent for the Agency.

The Convention Bureau's inclusion of incentive trips into their activities has generated great success and increased the number of business tourists to the Province. A total of 33 conference bids were secured, with an estimated economic impact of R425,3m.

Once again the hard work done by the team and the industry ensured Cape Town remained in top position in the ICCA African City's ratings for number of meetings held. Cape Town is rank 54th in the worldwide rankings, ahead of Johannesburg and Durban.

The industry also showed great acknowledgement for the hard work done by the team by voting them runner up in the SATOA awards and receiving special mention in the Tourism Update industry survey.

The team also strongly focussed on trade and media hosting from priority markets that would ensure high awareness in country, for e.g. the hosting of the Australian Society of Travel Writers has garnered great coverage for the destination.

We continued our low-season leisure event funding strategy, which is showing great success. During 16/17, Wesgro financially supported over 30 regional events. Resulting in an additional 150 000 visitors to the regions, the creation of 1600 temporary jobs and an estimated economic impact of R260m.

## Strategic objectives, performance indicators, planned targets and actual achievements

### Strategic objectives

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Total estimated economic value of tourism destination marketing initiatives supported	-	-	R149m	R428,3m	R279,3m	The inclusion of incentive bids resulted in an increase in the number of bids secured which has led to an increase in the economic value of the initiatives supported. In addition, the economic value derived from the increased number of JMA's secured contributed the over-performance.

### Key performance indicators, planned targets and actual achievements

No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
6.1	Number of tourism destination marketing initiative supported	-	-	13	14	1	The outcome of the baseline study assisted the Agency in identifying the key marketing initiatives to support which resulted in the over-performance
6.2	Number of joint marketing agreements secured	12	12	13	14	1	Additional opportunities arose during the course of the year which resulted in the over-performance

No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
6.3.	Number of conference bids secured	16	17	17	33	16	The inclusion of incentive bids in the calculation of conference bids secured has resulted in the over-performance.
6.4	Economic impact of bids secured	R271,4m	R374,1m	R142m	R425,3m	R283,3m	The inclusion of incentive bids in the calculation of conference bids secured has resulted in additional bids being secured which increased the economic impact and led to the over-performance.
6.5	Number of leisure events supported	24	48	20	56	36	A significant increase in the amount of event applications was received which resulted in the over-performance.
6.6	Rand value of AVE generated	-	R16,6m	R15m	R20 374 131	5 374 131	The tourism initiatives implemented throughout the year generated more AVE than anticipated which resulted in the over-performance.

**Strategy to overcome under-performance**

NA

**Changes required to planned targets**

No targets were adjusted during the financial year.

**Linking performance with budget**

Programme	2016/17			2015/16		
	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	19 163	17 919	(1 244)	28 300	27 309	991
<b>Total</b>	<b>19 163</b>	<b>17 919</b>	<b>(1 244)</b>	<b>28 300</b>	<b>27 309</b>	<b>991</b>



### 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 objectives for the programme are:

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

#### Performance overview

The baseline study for film and media promotion value chain began and is in alignment with national South African Film Industry research. This credible data, and its recommendations, could be a game changer for the sector.

Wesgro film and media unit outperformed its objective outcomes and should continue to do so as it has become a strong shoulder for industry to lean on as it grows.

During the financial year under review the unit facilitated a total of five media productions to the value of R1,56bn resulting in 3 271 full time equivalent jobs (FET). The Agency assisted a total of 527 business with Export Advancement Programs (EAP) against a target of 40. The over achievement of 487 companies was due to opportunities with national sector partners and experts on incoming missions to upskill companies to be export ready.

Wesgro Film and Media supported Western Cape companies to go to market with the Dti and or the National Film and Video Foundation (NFVF) support. Some were film industry partner led missions to National and International Markets. The film and media partners including Animation South Africa, Association for Film and Television Transformation, Documentary Filmmakers Association, Writers Guild of South Africa, the National Film and Video Foundation and the Dti Investment Promotion division:

#### Markets Attended:

Berlinale Film Festival (Germany), Cape Town International Film Festival (Cape Town), Durban International Film Festival (Durban), DISCOP (Johannesburg), Encounters International Documentary Film Festival (Cape Town), Los Angeles (USA), Silweskerm Festival (Cape Town), Toronto International Film Festival (Canada), Wavescape Adventure and Conservation Film Festival (Cape Town)

Outbound assistance: the following markets were also assisted as part of the EAP: Hot Docs (Toronto, Canada), Cannes (France), Annecy (France).

#### Inbound assistance

There were a 15 inbound missions and Delegations assisted by Wesgro FMP: these include India, Italy, Japan, France, two from Canada, Germany, Switzerland, Thailand, two from the UK, and four missions from the USA.

#### Advertorial Value Equivalent (AVE) Outcome

The unit achieved an AVE of R22,22m an over achievement of R16,22m on the target of R6m.

#### Marketing

The Creative Locations Cape Town and Western Cape was made available both electronically (on web, on memory sticks for clients by email) and in hard copy with 3 editions so far. It was one of two projects chosen to represent Wesgro during the SOPA display.

The NFVF includes Wesgro in their film guides (including the special for Toronto) as well as SATourism India. A number of the professional associations going into market at the various festivals include Wesgro FMP data.

#### SLA/MOU/ Partnerships

The Cape Town and Western Cape Baseline Research Study MOU was signed with the City of Cape Town and it is in progress. It should be completed on schedule in early June.

An SLA with Animation SA for Cape Town International Animation Festival, Encounters International Documentary Film Festival and the Wavescape Adventure and Conservation Film Festival were completed

## Strategic objectives, performance indicators, planned targets and actual achievements

### Strategic objectives

Strategic objective performance indicators	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments
Rand value of media and film productions brought in to the province	-	-	R40m	R1,56bn	R1,52bn	Due to the development of the robust project pipeline and the success of the industry the unit exceeded its target.
Number of jobs facilitated through the productions brought in to the province	-	-	65	3 271FTE	R3 205,56FTE	

### Key performance indicators, planned targets and actual achievements

Film							
No.	Performance indicator	Actual achievement 2014/15	Actual achievement 2015/16	Planned Target 2016/17	Actual achievement 2016/17	Deviation from planned target	Comments on deviation
7.1.	Number of film and media productions brought in to the province	-	-	5	5	-	-

### Strategy to overcome areas of under-performance

NA

### Changes required to planned targets

No targets were adjusted during the financial year.

### Linking performance with budget

Programme	2016/17			2015/16		
	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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## 4. revenue collection

Sources of revenue	2016/17			2015/16		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Provincial Treasury (DE-DAT)	R57 525	R57 525	0	R 50 700	R 50 700	R 0
DEDAT: projects	R 0	R 0	R 0	R 0	R 0	R 0
DEDAT Film	R 0	R 0	R 0	R 0	R 0	R 0
City of Cape Town	R9 636	R6 636	(R3)	R 9 100	R 9 100	R 0
Project Funding	R3 948	R14 133	R0	R 8 692	R 8 891	R 0
Interest	R830	R2100	(R1 270)	R 850	R 880	(R 30)
Other Income	R20	R697	(R677)	R0	R 1 031	R 1 031
<b>Total</b>	<b>R71 959</b>	<b>R81 091</b>	<b>(R1 950)</b>	<b>R 70 806</b>	<b>R 71 867</b>	<b>(R 1 061)</b>

Wesgro received funding from the Department of Economic Development and Tourism and the City of Cape Town. For the period under review, a total of R57,525 m was received from the Department and total of R9,636m was received from the City of Cape Town for operational and promotional activities.

Other income was received from the interest generated from the Agency's investment in Corporation of Funds. A total of R2,1m was received in interest. The budget amount for interest differs from the amount collected due to higher interest received on large investments.

The Agency requested that the surplus funds from the 2015/16 approved budget allocation be allocated to the Cape Investor Centre to cover operational costs.

Other income realised due to management fees on the expenses of managing projects within the Agency and sundry income for income on asset disposed of and Indaba stand revenue realised for the renting out of stand space to other Regional and Local Tourism Trade Bodies. Management fee calculated on the projects managed by Wesgro, income on the sale of assets disposed-of and rental on stand space did not form part of the budgeted income.

### 4.1. Capital investment

Not applicable

Landscape with water pump windmill at sunrise in the Western Cape



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

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

## 2. executive authority

The APP 2016/17 was submitted to the Minister of Agriculture, Economic Development and Tourism in February 2016; however no issues were raised.

## 3. the accounting authority / board

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

### Board Charter

The Board charter was tabled and approved at the board meeting held 16 May 2016.

### 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
Prof Brian Figaji	Chairperson	Aug-14	-	Business	-	4	-	-	3
Michael Spicer	Deputy chairperson	Aug-14	-	Business	-	3	-	-	5

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
Paul Bannister	Director	Aug-14	-	Marketing	-	4	-	-	1
Ian Bartes	Director	Aug-14	-	Business	Chairperson of the Audit, IT and Risk committee	4	-	4	1
David Green	Director	Aug-14	-	Business	Member of the Audit , IT and Risk committee	2	-	3	2
Andrea Boehmert	Director	Aug-14	-	Investment	Member of the Human Resource and Remuneration Committee	4	4	-	1
Bulelwa Makalima- Ngewana	Director	Aug-14	Dec-16	Town Planning	Chairperson of the Human Resource and Remuneration Committee*	2	3	-	2
Cllr Johan Rademeyer	Director	Nov-15	-	Public Sector/ Economic Development	-	3	-	-	-
Ashraf Ameen	Director	Feb-16	-	Business	-	3	-	-	1
Wendy Appelbaum	Director	Feb-16	-	Business	-	3	-	-	1
Sipho Nzuza	Director	Feb-16	Mar-17	Business	-	4	-	-	1
Mayor Marius Koen	Director	Feb-17	-	Public Sector/ Economic Development/ Real Estate	-	1	-	-	-
Mayor Helena von Schicht	Director	Feb-17	-	Public Sector/ Economic Development	-	0	-	-	-
Solly Fourie	Ex Officio DEDAT Rep- representative	Jun-14				4			1
Lance Greyling	Ex Officio CoCT Repre- sentative	Mar-15			Chairperson of the Human Resource and Remuneration Committee*	3	3		1

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
JC Stegmann	Ex Officio SBIDZ					3		2	-
Tim Harris	Ex Officio CEO	Jun-14	-	Economic Business	Human Resource and Remuneration Committee	4	4	4	3
Danny Naidoo	Independent Committee Members	Jun-14	-	CA (SA)	Audit, IT and Risk Committee	-	-	3	-
Paul Slack	Independent Committee Members	Jun-14	-	CA (SA)	Audit, IT and Risk Committee	-	-	4	-

#### Other

Induction  
CEO Performance  
Legal Opinion  
Draft Annual Report  
Strategy Session

#### Committees

Committee	No. of meetings held	No. of members	Name of members
Audit, IT and Risk committee	4	4	Ian Bartes,
			David Green
			Danny Naidoo
			Paul Slack
Human Resource and Remuneration Committee	4	2	Lance Greyling
			Andrea Boehmert

**Remuneration of board members**

Name	Remuneration	Other allowance	Other re-imbursments	Total
Prof Brian Figaji	R42 291	-	-	R42 291
Michael Spicer	R47 916	-	-	R47 916
Paul Bannister	R31 437	-	-	R31 437
Ian Bartes	R47 196	-	-	R47 196
David Green	R38 423	-	-	R38 423
Andrea Boehmert	R42 603	-	-	R42 603
Bulelwa Makalima-Ngewana	R39 639	-	-	R39 639
Cllr Johan Rademeyer	R6 986	-	-	R6 986
Ashraf Ameen	R13 972	-	-	R13 972
Wendy Appelbaum	R10 479	-	-	R10 479
Sipho Nzuzo	R20 873	-	-	R20 873
Peter Hurst – resigned	R0	-	-	R0
Haroon Borat – resigned	R0	-	-	R0
Chris Whelan – resigned	R0	-	-	R0
Marius Koen	R3 493	-	-	R3 493
Paul Slack	R13 972	-	-	R13 972
Danny Naidoo	R7992	-	-	R7992

## 4. risk management

The Agency endeavours to minimise risk by ensuring that the appropriate infrastructure, personnel, systems and controls are in place throughout the organisation and risk management is integrated into management processes. Risk control strategies and policies have been put 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 Committee (which includes Risk and Information Technology) constitutes 3 (three) non-executive directors and 2 (two) independent members. The Committee is chaired by Mr Ian Bartes and Wesgro CEO Tim Harris is an ex officio member. The purpose of this Committee is to assist management in fulfilling their oversight responsibility for information technology issues, the financial reporting process, the system of internal control, the audit process, the statutory process for monitoring compliance with laws and regulations, the system of internal control over predetermined objectives and the code of ethics and business conduct.

The table below discloses relevant information on the audit committee members

Name	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ian Bartes	External	-	06/ 2014	-	4
David Green	External	-	08/ 2014	-	3
Paul Slack	External	-	06/ 2014	-	4
Danny Naidoo	External	-	06/ 2014	-	3

## 7. compliance with laws and regulations

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

## 8. fraud and corruption

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

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

## 9. minimising conflict of interest

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

## 10. code of conduct

Directors and employees are required to maintain the highest ethical standards, ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. There is a code of conduct/ethics in place. The directors are requested to declare their interests at every Board meeting and a 'declaration of interest' register is circulated at every Board

meeting for confirmation, with the signed copy kept by the Secretariat. The Board is the custodian of ethics and business conduct, maintaining a positive and ethical working climate that is conducive to attracting, retaining and motivating a diverse group of employees. In addition, the Chief Executive Officer fosters a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility objectives and imperatives. A code of conduct for employees has been formulated, which employees have been appropriately advised about and made aware of.

## 11. company /board secretary

The role of the Secretariat has been acknowledged to encompass, amongst 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 2017.

### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from Section 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 supply chain management
- Review of predetermined objectives
- Follow up on previous queries and findings.
- Review of human resources

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 2017**

Landscape with beach and Table mountain at sunrise in the 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 a world-class, skilled workforce. The Agency's biggest asset lies in its human capital, intellectual property and the knowledge of its people. Maintaining and developing the employees of Wesgro will ensure effective delivery of the Agency's services as well as optimal customer service delivery.

Key activities for the year:

- The Agency has had three resignations during the 2016-17 financial year and has filled twenty six positions (of which four are for Special projects).
- The annual inflationary staff increase of 6% was approved by the Wesgro Board and was effected 01 April 2016.
- Performance reviews for 2016-17 has been concluded and as part of the process, the training needs were identified and implemented subject to the budget. The senior management team underwent a leadership initiative which proved to be successful with positive results. The intention is to roll out similar training to the rest of the Agency in the 2017-18 financial year.
- The Agency undertook a salary benchmark exercise in order to identify potential risk of a possible loss of staff and intellectual capital. The strategy to retain or mitigate the risk is to focus on the work environment and career development.
- The Agency is continuously in the process of reviewing its policies to ensure that they are in line with best practice and legislation.

## 2. human resource oversight statistics

### Personnel cost by programme

Programme	Personnel Expenditure (R) <sup>5</sup>	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R)
Corporate Services	6 209 056	22%	20	310 453
Investment Promotion	3 744 488	13%	12	312 041
Marketing and Communication	1 182 305	4%	6	197 051
Film	1 013 656	4%	2	506 828
Trade Promotion	4 193 965	15%	10	419 397
Executive Management Unit	3 370 072	12%	3	1 123 357
Wesgro IQ	2 790 939	10%	11	253 722
Leisure Marketing	1 596 671	6%	8	199 584
Strategic Projects	1 305 340	5%	9	145 038
Conventions Bureau	3 368 016	12%	8	421 002
<b>Total</b>	<b>28 774 508</b>	<b>100%</b>	<b>89</b>	<b>323 309</b>

<sup>5</sup> Personnel expenditure does not include the provision for leave and board remuneration. Includes terminations from 2015 who qualified for a performance bonus.

**Personnel cost by salary band**

Level	Personnel Expenditure (R) <sup>6</sup>	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R)
Top Management	5 048 362	18%	4	1 262 090
Senior Management	3 548 893	12%	8	443 612
Professional qualified	11 707 361	41%	31	377 657
Skilled	5 050 827	18%	18	280 601
Semi-skilled	3 274 979	11%	22	148 863
Unskilled	144 088	1%	6	24 015
<b>Total</b>	<b>28 774 508</b>	<b>100%</b>	<b>89</b>	<b>323 309</b>

**Performance Rewards**

Level	Performance rewards (R) <sup>7</sup>	% of performance rewards to total personnel cost
Top Management	243 151	0,85%
Senior Management	344 476	1,35%
Professional qualified	625 951	2,45%
Skilled	293 793	1,15%
Semi-skilled	138 225	0,54%
Unskilled	0	0,00
<b>Total</b>	<b>1 645 596</b>	<b>6,44%</b>

**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	6 209 056	66 261	0	9	7 362
Investment Promotion	3 744 488	45 993	0	4	11 498
Marketing and Communication	1 182 305	12 778	0	2	6 389
Film	1 013 656	9 500	0	1	9 500
Trade Promotion	4 193 965	22 279	0	3	7 426
Executive Management Unit	2 676 127	96 422	0	7	13 775
Research	2 790 939	30 956	0	3	10 319
Leisure Marketing	1 596 671	23 415	0	2	11 707
Strategic Projects	1 999 285	0	0	0	0
Conventions Bureau	3 368 016	12 778	0	2	6 389
<b>Total</b>	<b>28 774 508</b>	<b>320 381</b>	<b>0</b>	<b>33</b>	<b>84 365</b>

<sup>6</sup> Personnel expenditure does not include the provision for leave and board remuneration. Includes terminations from 2015 who qualified for a performance bonus.

<sup>7</sup> Performance rewards does not include the provision for performance. Includes terminations from 2015 who qualified for a performance bonus.

## Employment and vacancies

Programme	No. of Employees 2015/16	Approved posts 2015/16	Approved posts 2016/17	No. of Employees 2016/17	Vacancies 2016/17	% of vacancies
Corporate Services	12	14	18	16	2	11%
Investment Promotion	7	9	13	12	1	8%
Marketing and Communication	6	8	7	5	2	29%
Film	0	0	2	2	0	0%
Trade Promotion	7	11	11	10	1	9%
Executive Management Unit	5	5	4	4	0	0%
Research	6	11	9	9	0	0%
Leisure Marketing	6	9	6	4	2	33%
Conventions Bureau	6	8	8	7	1	13%
Strategic Projects	8	10	7	6	1	14%
<b>Total</b>	<b>63</b>	<b>85</b>	<b>85</b>	<b>75</b>	<b>10</b>	<b>12%</b>

Programme	No. of Employees 2015/16	Approved posts 2015/16	Approved posts 2016/17	No. of Employees 2016/17	Vacancies 2016/17	% of vacancies
Top Management	1	1	4	4	0	0%
Senior Management	6	10	7	6	1	14%
Professional qualified	17	19	26	23	3	12%
Skilled	11	19	18	16	2	11%
Semi-skilled	15	18	19	17	2	11%
Unskilled	5	8	4	3	1	25%
Strategic Projects	8	10	7	6	1	14%
<b>Total</b>	<b>63</b>	<b>85</b>	<b>85</b>	<b>75</b>	<b>10</b>	<b>12%</b>

**Employment changes<sup>8</sup>**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	1	0	4
Senior Management	6	3	1	6
Professional qualified	17	5	2	23
Skilled	11	5	0	16
Semi-skilled	15	4	2	17
Unskilled	5	2	2	3
Special Projects	8	6	2	6
<b>Total</b>	<b>63</b>	<b>26</b>	<b>9</b>	<b>75</b>

**Reasons for staff leaving**

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	3	33%
Dismissal	0	0%
Retirement	1	11%
Ill health	0	0%
Expiry of contract	5	56%
Other	1	11%
<b>Total</b>	<b>9</b>	<b>100%</b>

**Labour Relations: Misconduct and disciplinary action**

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

**Recruitment targets for employment equity status**

Levels	Male							
	Black African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	1
Senior Management	0	0	1	1	1	1	1	1
Professional qualified	3	4	3	4	2	2	5	5
Skilled	3	4	1	3	0	0	0	0
Semi-skilled	2	3	3	3	0	0	0	0
Unskilled	0	1	1	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>13</b>	<b>9</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>7</b>

<sup>8</sup> Two Senior Managers were incorporated in to Top Management. Internal staff movements as a result of promotions. Previous project positions no longer form part of Special Projects and incorporated into other programmes. Reduce the intake of Interns.

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	0	0	0	0	0	0	3	3
Professional qualified	2	3	4	5	3	3	5	5
Skilled	4	4	7	8	0	0	1	1
Semi-skilled	7	7	6	7	1	1	0	0
Unskilled	2	2	0	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>20</b>	<b>4</b>	<b>4</b>	<b>10</b>	<b>10</b>

During the financial year under review the Agency sought to employ a total of 1 disabled person, however the Agency was unable to meet the set target.

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 2017

Country of incorporation and domicile	South Africa
Legal form of entity	Listed Schedule 3C Provincial Public Entity
Nature of business and principal activities	The official tourism, trade and investment promotion agency for the Western Cape.
Non executive directors	Prof. Brian Figaji Michael Spicer Ashraf Ameen Wendy Appelbaum Paul Bannister Ian Bartes Andrea Bohmert Cllr Johan Rademeyer David Green Marius Koen appointed February 2017 Sipho Nzuz Helena van Schlicht appointed February 2017
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
Board secretary	Melanie Guentel
Telephone	+27 21 487 8600
E-mail	melanie@wesgro.co.za
Website	www.wesgro.co.za

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

Annexure 1 - Deferred Income	121 - 129
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# Wesgro

## annual financial statement of responsibility

for the year ended 31 March 2017

### Board s Responsibilities and Approval

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

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

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

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

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

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

#### Going Concern

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

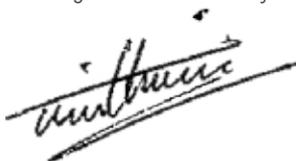
#### Subsequent Event

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

The annual financial statements as set out on pages 88 to 120 for the year ended 31 March 2017, 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 88 to 120, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes 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 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (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 report.
4. I am independent of the 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.

### Events after the reporting date

7. As disclosed in note 34 to the financial statements, subsequent to year-end the 100% shareholding in the Saldanha Bay IDZ Licensing Company was transferred to the provincial government.

### Investments (put option)

8. As disclosed in note 8 to the financial statements, the put option over the shares held at the Cape Town Film Studios became exercisable in June 2016. A new agreement to extend the fourth put option event for an additional five years was concluded during the financial year. This extension was due to the strategic nature of the investment and the importance of the industry to the Cape economy. The extension resulted in the fair value of the put option decreasing with R8,7 million from R29,3 million to R20,6 million for year-end purposes, based on a current independent valuation.

### Other matter

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

### Unaudited supplementary schedules

10. The supplementary information set out on pages 121 to 129 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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

12. In preparing the financial statements, the accounting authority is responsible for assessing the 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 there is an intention either to liquidate the Agency or to cease operations, or there is 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 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 Agency. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
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 Agency's annual performance report for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – investment promotion	36 - 37
Programme 3 – trade promotion	43 - 44
Programme 6 – destination marketing	55 - 56

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

### Other matter

20. I draw attention to the matter below.

### Achievement of planned targets

21. Refer to the annual performance report on pages 36 to 37, 43 to 44 and 55 to 56 for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of a significant number of targets.

## Report on audit of compliance with legislation

### Introduction and scope

22. 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 Agency with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. I did not identify any instances of material non-compliance in respect of the compliance criteria for the applicable subject matters.

### Other information

24. The Agency's 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 the auditor's report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Internal control deficiencies

27. 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 thereon. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

31 July 2017



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 Agency’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 the 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 Agency’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause an Agency to cease operating 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 2017

	Note(s)	2017 R '000	2016 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	2	684	49
Receivables from non-exchange transactions	3	3 000	3 000
Prepayments	4	2 370	4 094
Cash and cash equivalents	5	53 685	26 268
		<b>59 739</b>	<b>33 411</b>
<b>Non-Current Assets</b>			
<b>Plant and equipment</b>			
Intangible assets	7	13	57
Investments	8	20 604	29 324
Trade and other receivables		543	543
Total Assets		<b>23 725</b>	<b>32 730</b>
		<b>83 464</b>	<b>66 141</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	11	437	226
Trade and other payables	10	2 107	1 355
Deferred income	12	35 566	15 806
Employee benefits	9	3 296	2 807
		<b>41 406</b>	<b>20 194</b>
<b>Non-Current Liabilities</b>			
Operating lease liability	11	587	1 027
<b>Total Liabilities</b>		<b>41 993</b>	<b>21 221</b>
<b>Net Assets</b>		<b>41 471</b>	<b>44 920</b>
Accumulated surplus		41 471	44 920

# statement of financial performance

	Note(s)	2017 R '000	2016 R '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest received	13	2 100	895
Other revenue	13	696	601
<b>Total revenue from exchange transactions</b>		<b>2 796</b>	<b>1 496</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	14	81 825	69 686
<b>Total revenue</b>		<b>84 621</b>	<b>71 182</b>
<b>Expenditure</b>			
Employee related costs	15	(27 687)	(24 719)
Depreciation and amortisation	6	(1 074)	(1 059)
Other operating expenses	16	(12 904)	(12 337)
Marketing cost	17	(2 341)	(7 580)
Audit fees	18	(1 719)	(2 049)
Workshops, seminars and events	19	(3 250)	(3 011)
Project Khulisa	20	(11 483)	-
Project expenses	21	(14 765)	(9 682)
Administrative expenses	22	(3 280)	(3 357)
<b>Total expenditure</b>		<b>(78 503)</b>	<b>(63 794)</b>
<b>Operating surplus</b>		<b>6 118</b>	<b>7 388</b>
Gain on disposal of assets and liabilities		59	162
Profit/(Loss) on foreign exchange		(15)	3
Fair value adjustments	24	(8 719)	2 118
		<b>(8 675)</b>	<b>2 283</b>
<b>(Deficit) surplus for the year</b>		<b>(2 557)</b>	<b>9 671</b>

Refer to note 31 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
<b>Balance at 01 April 2015</b>	<b>35 249</b>	<b>35 249</b>
Changes in net assets		
Surplus for the year	9 671	9 671
Total changes	<u>9 671</u>	<u>9 671</u>
<b>Balance at 01 April 2016</b>	<b>44 920</b>	<b>44 920</b>
Changes in net assets		
Approved reallocation of surplus to project funding	(892)	(892)
Deficit for the year	(2 557)	(2 557)
Total recognised income and expenses	<u>(3 449)</u>	<u>(3 449)</u>
<b>Balance at 31 March 2017</b>	<b>41 471</b>	<b>41 471</b>

Note(s)

\* The accumulated surplus includes R 8 719 281 fair value adjustments on the put option held over the Cape Town Film Studio shares valued at R 20 604 250. Refer to note 8.

# cash flow statement

	Note(s)	2017 R '000	2016 R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from funders		105 470	61 197
<b>Payments</b>			
Cash paid to suppliers and employees		(77 323)	(54 164)
<b>Net cash flows from operating activities</b>	25	<b>28 147</b>	<b>7 033</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	6	(871)	(318)
Proceeds from sale of plant and equipment	6	141	33
Purchase of other intangible assets	7	-	(20)
Proceeds from sale of assets		1	-
Other cash item		(1)	-
<b>Net cash flows from investing activities</b>		<b>(730)</b>	<b>(305)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>27 417</b>	<b>6 728</b>
Cash and cash equivalents at the beginning of the year		26 268	19 540
<b>Cash and cash equivalents at the end of the year</b>	5	<b>53 685</b>	<b>26 268</b>

# statement of comparison of budget and actual amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Other revenue	850	113	<b>963</b>	696	<b>(267)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Transfers and subsidies	67 126	3 040	<b>70 166</b>	78 295	<b>8 129</b>	
<b>Total revenue</b>	<b>67 976</b>	<b>3 153</b>	<b>71 129</b>	<b>78 991</b>	<b>7 862</b>	
<b>Expenditure</b>						
Employee related costs	(30 748)	3 954	<b>(26 794)</b>	(26 949)	<b>(155)</b>	
Other operating expenses	(15 643)	(643)	<b>(16 286)</b>	(12 061)	<b>4 225</b>	
Marketing cost	(1 129)	(250)	<b>(1 379)</b>	(1 933)	<b>(614)</b>	
Audit fees	(1 979)	-	<b>(1 979)</b>	(1 805)	<b>174</b>	
Workshops, seminars and events	(1 754)	(1 457)	<b>(3 211)</b>	(1 990)	<b>1 221</b>	
Project Khulisa	(14 745)	(548)	<b>(15 293)</b>	(11 659)	<b>3 634</b>	
Project expenses	-	(892)	<b>(892)</b>	(14 957)	<b>(14 065)</b>	
Administrative expenses	(1 978)	(2 319)	<b>(4 297)</b>	(3 045)	<b>1 252</b>	
<b>Total expenditure</b>	<b>(67 976)</b>	<b>(2 155)</b>	<b>(70 131)</b>	<b>(74 459)</b>	<b>(4 328)</b>	
<b>Operating surplus</b>	-	<b>998</b>	<b>998</b>	<b>4 532</b>	<b>3 534</b>	
Loss on disposal of assets and liabilities	-	-	-	(16)	(16)	
Loss on foreign exchange	-	-	-	(15)	(15)	
Capital expenditure	-	(998)	<b>(998)</b>	(743)	<b>255</b>	
	-	<b>(998)</b>	<b>(998)</b>	<b>(774)</b>	<b>224</b>	
<b>Surplus before taxation</b>	-	-	-	<b>3 758</b>	<b>3 758</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>				<b>3 758</b>	<b>3 758</b>	

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

Refer note 32 for detail relating to material variances on budget adjustments and variances between budget and actual amounts. Material variances are considered to be any variances greater 1% of total expenditure.

# accounting policies

## 1. Presentation of Annual Financial Statements

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

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

The following Standards of Grap and IFRS were applied in prior years. Accounting policies are consistent with the prior year unless stated otherwise.

- GRAP 1: Presentation of Financial Statements
- GRAP 2: Cash Flow Statements
- GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4: The Effects of Changes in Foreign Exchange Rates
- GRAP 5: Borrowing Costs
- GRAP 6: Consolidated and Separate Financial Statements
- GRAP 7: Investments in Associates
- GRAP 8: Investments in Joint Ventures
- GRAP 9: Revenue from Exchange Transactions
- GRAP 10: Financial Reporting in Hyperinflationary Economics
- GRAP 11: Construction Contracts
- GRAP 12: Inventories
- GRAP 13: Leases
- GRAP 14: Events after Reporting Date
- GRAP 16: Investment Property
- GRAP 17: Property, Plant and Equipment
- GRAP 18: Segment Reporting
- GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21: Impairment of non-cash generating assets
- GRAP 23: Revenue from non-exchange transactions
- GRAP 24: Presentation of budget information
- GRAP 25: Employee Benefits (prior year IAS19 Employee Benefits)
- GRAP 26: Impairment of cash – generating assets
- GRAP 100: Non-current Assets Held for Sale and Discontinued Operations
- GRAP 101: Agriculture
- GRAP 102: Intangible Assets
- GRAP 103: Heritage assets (not applicable)
- GRAP 104: Financial Instruments

## 1.1 Revenue from exchange transactions

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

Revenue is measured at 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 transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- 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 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:

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

Cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance 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.

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

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Computer equipment	Straight line	2 years

## 1.6 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 way 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:

<b>Class</b>	<b>Category</b>
Investments	Financial asset measured at fair value through profit and loss
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

<b>Class</b>	<b>Category</b>
Trade and other payables	Financial liability measured at amortised cost

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

**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, 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.

## 1.7 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.

## 1.8 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.

## 1.9 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. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of financial performance is removed from equity and recognised in the statement of financial performance. Impairment losses on equity investments are not reversed through the statement of financial performance; increases in their fair value after impairment are recognised directly in equity.

#### **Impairment of non-financial assets**

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

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

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

## **1.10 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.

## 1.11 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.

## 1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

Contracts should be non-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.

## 1.13 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.

## 1.14 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.

## 1.15 Comparative figures

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

## 1.16 Irregular, fruitless and wasteful expenditure

Unauthorised expenditure means:

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

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

## 1.17 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

## 1.18 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

## 1.19 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.

## 1.20 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

Useful life and residual values of assets.

### **Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of 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 7.

Wesgro  
notes to the annual financial statements  
for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>2. Trade and other receivables</b>		
Current	593	5
Sundry debtors and deposits	91	44
	<b>684</b>	<b>49</b>

**Trade and other receivables past due but not impaired**

	Current	30-days	60-days	Total
Cape Town International Centre	52	-	-	52
City of Cape Town	100	-	-	100
Oceana Group	250	-	-	250
Rhodes Food Group	11	-	-	11
Technology Innovation Agency	180	-	-	180
	<b>593</b>	<b>-</b>	<b>-</b>	<b>593</b>

Trade and other receivables (exchange) which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R 593 387 (2016: R 5 00) were past due but not impaired.

<b>3. Receivables from non-exchange transactions</b>		
Government grants and subsidies	3 000	3 000
Receivables from non-exchange transactions past due but not impaired		

Heading	30-days	60-days	90-days	Total
Trade receivables (non-exchange)	3 000	-	-	3 000

Trade and other receivables (non-exchange) which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R 3 000 000 (2016: R 3 000 000) were past due but not impaired.

Trade receivables (non-exchange) are non-interest bearing and generally in 30 day terms. The carrying amount of trade receivables approximates the fair value.

<b>4. Prepayments</b>		
Administrative expenses	640	773
Marketing cost	-	505
Workshops, seminars and events	-	1 274
Project expenses	229	430
Project Khulisa	348	-
Other operating expenses	1 153	1 112
	<b>2 370</b>	<b>4 094</b>

<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash and balances with banks	10 899	474
Short-term deposit/investments	42 781	25 789
Cash on hand	5	5
	<b>53 685</b>	<b>26 268</b>

# Wesgro

## notes to the annual financial statements (continued)

for the year ended 31 March 2017

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Furniture and fittings	1 533	(880)	653	1 680	(792)	888
Vehicles	841	(492)	349	817	(455)	362
Office equipment	462	(195)	267	683	(585)	98
Computer equipment	2 145	(1 561)	584	1 739	(1 364)	375
Leasehold improvements	1 856	(1 144)	712	1 856	(773)	1 083
<b>Total</b>	<b>6 837</b>	<b>(4 272)</b>	<b>2 565</b>	<b>6 775</b>	<b>(3 969)</b>	<b>2 806</b>

### Reconciliation of plant and equipment – March 2017

	Opening balance	Additions	Disposals balance	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
<b>Total</b>	<b>2 806</b>	<b>871</b>	<b>(82)</b>	<b>(1 030)</b>	<b>2 565</b>

Assets with a cost price of R 674 709 have been fully depreciated, but are still in use (2016: R514,933)

### Reconciliation of plant and equipment – March 2017

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

## 7. Intangible assets

	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	589	(576)	13	589	(532)	57

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

	2017 R '000	2016 R '000
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**7. Intangible assets (continued)****Reconciliation of intangible assets – 2017**

	Opening	Amortisation	Total balance
Computer software	57	(44)	13

Software with a cost price R 430 132 relating to special projects has been fully depreciated, but are still in use (March 2016: R306 625).

**Reconciliation of intangible assets – 2016**

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

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

**8. Investments****Investment in Cape Town Film Studios (Pty) Ltd. (CTFS) Fair value through profit and loss investment**

Opening balance	1	1
Fair value gain/(Impairment loss on investment)	-	-
<b>Closing balance</b>	<b>1</b>	<b>1</b>

**Put option on fair value through profit and loss investment**

Opening balance	29 324	27 205
Fair value gain/(Impairment loss on investment)	(8 719)	2 118
<b>Closing balance</b>	<b>20 604</b>	<b>29 323</b>
	<b>20 604</b>	<b>29 324</b>

**Fair value through profit and loss investment**

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

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

## 8. Investments (continued)

### Put option on fair value investment

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

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

- Dreamworld fails to achieve Commencement of Construction on/before 30 June 2008 (“the First Put Option Event”);
- CTFS fails to achieve the Practical Completion of the Start-up Phase within 15 months of Commencement of Construction or Dreamworld has not incurred capex equal to or exceeding the sum of R100 000 000 (one hundred million Rand) in respect of the Start-up Phase upon the expiry of a period of 15 months calculated from Commencement of Construction (“the Second Put Option Event”);
- Upon the expiry of a period of 5 years calculated from Commencement of Construction, CTFS has not incurred capex equal to or exceeding the sum of R250 000 000 (two hundred and fifty million rand) in respect of the Dreamworld Project (“the Third Put Option Event”);
- Upon the expiry of the Dreamworld Project Period (12.5 years from the Commencement of Construction), Dreamworld has not incurred capex equal to or exceeding the sum of R427 000 000 (four hundred and twenty seven million rand) in respect of the Dreamworld Project (“ the Fourth Put Option Event”).

The Put Option event will occur in the event that CTFS do not meet the minimum capex within the expiry periods stipulated in section 4 of 5 years from the commencement of construction. Thus, as at 31 March 2015, more than 5 years have lapsed since the commencement of construction date with CTFS exceeding R 250 000 000 prior to this date and therefore resulting in the next clause coming into effect, i.e. 12.5 years from commencement of construction date (4.25 years at the valuation date). A new agreement to extend the fourth put option event for an additional 5 years, was finalised. The reason for this extension is due to the strategic nature of the investment, and the importance of the industry to the Cape economy.

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

This model makes the following explicit assumptions:

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

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

2017  
R '000      2016  
R '000

**8. Investments (continued)**

The inputs for the Black Scholes model were the following:

- Risk-free rate (being the yield of R186 government bond as at 31 March 2016): 8.84%;
- Volatility (being a composite of comparable listed entities): 31.33%;
- Period to maturity (as at 31 March 2017): 4.25 years;
- Dividend yield: 0.00%;
- Strike price: R30,000,000; and
- Underlying price: R256

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

- Volatility; and
- Strike price.

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

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

Wesgro holds 100% (March 2016: 100%) of the shareholding in Saldanha Bay IDZ Licensing Company. Wesgro does however not have any beneficial interest in the shares or any ownership right in respect of the shares and is deemed to hold the shares as a nominee for the benefit of the Provincial Government. The Board resolved that the transfer of 120 ordinary no par value shares from Wesgro as Nominee Shareholder to the Province of the Western Cape (Transferee) be approved with effect from 1 April 2017 (effective date).

**9. Employee benefits****Reconciliation of employee benefits - 2017**

	R 000	R 000	R 000	R 000
	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
	<b>2 807</b>	<b>2 223</b>	<b>(1 734)</b>	<b>3 296</b>

# Wesgro

## notes to the annual financial statements (continued)

for the year ended 31 March 2017

	2017		2016	
	R '000		R '000	
<b>9. Employee benefits (continued)</b>				
<b>Reconciliation of employee benefits - 2016</b>				
	R 000	R 000	R 000	R 000
	Opening	Additions	Utilised	Total
	Balance		during	
			the year	
Bonus provision	1 187	1 527	(1 187)	1 527
Leave pay provision	994	122	(180)	936
Occupational injury provision	266	78	-	344
	<b>2 447</b>	<b>1 727</b>	<b>(1 367)</b>	<b>2 807</b>

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.

<b>10. Trade and other payables</b>			
Accruals		2 107	1 355
Trade payables are non-interest bearing and are normally settled on 30-day terms.			

<b>11. Operating lease liability (accrual)</b>			
<b>Current</b>			
Operating lease incentive		226	226
Operating lease liability		211	-
		<b>437</b>	<b>226</b>
<b>Non-current</b>			
Operating lease incentive		207	434
Operating lease liability		380	593
		<b>587</b>	<b>1 027</b>
Non-current liabilities		(587)	(1 027)
Current liabilities		(437)	(226)
		<b>(1 024)</b>	<b>(1 253)</b>

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). Refer to note 6. Leasehold improvements.

## Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>12. Deferred income</b>		
<b>Unspent conditional grants and receipts</b>		
City of Cape Town	2 201	2 842
Film project	781	460
Agribusiness Investment unit	768	1 790
Administered funds	31 816	10 714
	<b>35 566</b>	<b>15 806</b>
Opening balance	15 806	14 736
Add: current year receipts	33 531	10 956
Add: Amount transferred from accumulated surplus	893	-
Less: Amounts transferred to income for the year	(14 663)	(9 886)
Film project	(781)	(1 266)
Administration funds	(31 816)	(5 844)
Agribusiness Investment Unit	(768)	(1 653)
City of Cape Town	(2 201)	(1 123)
	<b>35 566</b>	<b>15 806</b>
Refer to Annexure 1 for detail of Deferred Income.		
<b>13. Revenue from Exchange transactions</b>		
Management fee and sundry income	696	305
Indaba	-	296
Interest received on cash and cash equivalents	2 100	895
	<b>2 796</b>	<b>1 496</b>
<b>14. Transfers and subsidies (NonExchange transactions)</b>		
<b>Provincial departments</b>		
Grants (Trade and Investment)	25 000	22 400
Grants (DMO)	32 525	28 300
Project Funding (Refer note 12)	14 663	9 886
	72 188	60 586
<b>Local Government</b>		
City of Cape Town	9 637	9 100
	<b>81 825</b>	<b>69 686</b>

# Wesgro

## notes to the annual financial statements (continued)

for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>15. Employee related costs</b>		
<b>Staff cost Wages and salaries</b>	<b>24 890</b>	<b>21 903</b>
Basic salaries	23 403	20 296
Performance bonus	1 485	1 602
Temporary staff	2	5
<b>Social contributions (Employer's contributions)</b>	<b>2 782</b>	<b>2 816</b>
Medical aid	348	397
UIF	98	93
Insurance	177	78
Provident fund	2 159	2 248
<b>Long-service awards</b>	<b>15</b>	<b>-</b>
<b>Total</b>	<b>27 687</b>	<b>24 719</b>

### Executive Management Remuneration

	Salary	Performance Awards	Pension Contribution	Short Term Benefits	Total 2017	Total 2016
Chief Executive Officer – Timothy Harris	1 802	170	-	51	2023	1717
Chief Marketing Officer - Judy Lain	972	73	146	35	1226	1 112
Chief Business Development Officer - Yaw Peprah (Appointed December 2015)	1189			94	1283	384
Chief Financial Officer - Kholeka Zama Appointed July 2016	665			9	674	-
Chief Research Officer - Cornelius van derWaal	385			11	396	-
Chief Financial Officer - Ian Blackie (contract ended July 2016)	362	174		112	648	1214
Chief Operating Officer - Howard Gabriels (contract ended December 2015)	-	-	-	-	-	864
	<b>5 375</b>	<b>417</b>	<b>146</b>	<b>312</b>	<b>6 250</b>	<b>5 291</b>

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>16 Other operating expenses</b>		
Other operating expenses	8 816	8 185
Consultants, contractors and special services	3 241	2 469
Transport cost	47	42
Recruitment cost	113	69
License & software fees	993	827
Board expenses	13	47
Insurance	171	210
Sundry expenses (Staff catering & sundry)	125	175
Travel and subsistence	3 145	3 380
Courier and delivery charges	8	24
Telecommunication costs (Telkom, fax, internet & data lines)	960	942
Maintenance, repairs and running costs	107	289
Property and buildings Machinery and equipment	74	267
Rentals in respect of operating leases	33	22
Buildings	3 981	3 863
Plant, machinery and equipment	3 469	3 380
<b>Total</b>	<b>512</b>	<b>483</b>
	<b>12 904</b>	<b>12 337</b>
<b>17 Marketing costs</b>		
Advertising and Joint Marketing agreements	1 566	6 203
Publishing cost	462	515
Site inspections	313	862
	<b>2 341</b>	<b>7 580</b>
<b>18 Audit fees</b>		
Statutory audit (external)	1 276	1 308
Internal audit	443	741
	<b>1 719</b>	<b>2 049</b>
<b>19 Workshops, Seminars and Events</b>		
Workshops & seminars	3 250	3 011
<b>20 Project Khulisa</b>		
Marketing	7 841	-
Workshops, Seminars and Events	1 717	-
Administrative expenses	594	-
Travel expenses	1 331	-
	<b>11 483</b>	<b>-</b>

# Wesgro

## notes to the annual financial statements (continued)

for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>21. Project expenses</b>		
Cape Catalyst/Air Access	3 098	2 229
Film projects	1 645	1 266
Agribusiness Investment Unit	2 298	1 653
South African Tourism projects	80	900
City of Cape Town projects	105	1 123
Angola Premier Project	-	478
Cape Health Tech Park	3 616	1 641
Project Khulisa	108	392
Wine promotion project	1 117	-
Bicycle Track project	1 174	-
Halaal export project	813	-
Bicycle Manufacturing project	9	-
Cape Investor Centre Project	24	-
Film Study Research project	75	-
Singapore/Japan Outward mission	603	-
	<b>14 765</b>	<b>9 682</b>
<b>Project expenses consists of the following:</b>		
Staff cost	3 395	3 288
Travel and subsistence	1 614	958
Stationery and printing	5	21
Marketing cost	1 586	546
Consultants contractors and special services	5 229	3 002
Administration fees	808	520
Workshops, seminars and events	2 171	1 347
	<b>14 808</b>	<b>9 682</b>
<b>22. Administrative expenses</b>		
Subscriptions	2 185	2 189
Fees for services - Board members	389	338
Legal fees	163	399
Stationery and printing	75	86
Bank charges	95	60
Training and development	373	285
	<b>3 280</b>	<b>3 357</b>

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>22. Operating lease liability (accrual) (continued)</b>		
<b>Non-Executive Directors (Fees for services – BoardMembers)</b>		
Brian Figaji	42	41
Ian Bartes	47	42
Paul Bannister	31	17
David Green	38	27
^Bulelwa Makalima-Ngewana (resigned December 2016)	40	56
Michael Spicer	48	40
^Andrea Bohmert	43	47
CIlr Johan Rademeyer (resigned October 2016)	7	7
Ashraf Ameen	14	4
#Sipho Nzuza (resigned April 2017)	21	4
Wendy Appelbaum	10	4
Mayor Marius Koen (appointed February 2017)	3	-
Chris Whelan (resigned May 2015)	-	8
Peter Hurst (resigned October 2015)	-	10
Haroon Borat (resigned January 2016)	-	3
Mayor Helena van Schlicht (appointed February 2017)	-	-
	<b>344</b>	<b>310</b>
<b>Independent Audit Committee (Fees for services – Audit, IT and Risk Committee Members)</b>		
Paul Slack	14	10
*Danny Naidoo	12	18
	<b>26</b>	<b>28</b>
^ Employer of director invoiced the Agency		
* Employer of Audit Committee Member invoiced the Agency		
# Subsequent event resigned April 2017		
<b>23. Gains on disposal of assets/liabilities</b>		
Gains/(loss) on disposal of assets	59	21
Accrual written back	-	141
	<b>59</b>	<b>162</b>
<b>24. Fair value adjustments</b>		
Other financial assets		
• Other financial assets (Designated as at fair value through profit and loss)	(8 719)	2 118

# Wesgro

## notes to the annual financial statements (continued)

### for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>25. Cash generated from operations</b>		
(Deficit) / Surplus	(2 557)	9 671
<b>Adjustments for:</b>		
Depreciation and amortization	1 074	1 059
(Gain)/Loss on sale of assets and liabilities	(59)	(162)
Fair value adjustments	8 719	(2 118)
Movements in operating lease assets and accruals	(229)	(36)
Movements in provisions	489	360
Other non-cash items	-	141
Transfer from accumulated surplus to project funds	(893)	-
<b>Changes in working capital:</b>		
Trade and other receivables	(635)	63
Other receivables from non-exchange transactions	-	(3 000)
Prepayments	1 724	377
Trade and other payables	754	(392)
Deferred income	19 760	1 070
	<b>28 147</b>	<b>7 033</b>

### 26 Contingent Liabilities and Commitments

#### Contingent Liabilities

Contingent Liabilities	1738	3040
------------------------	------	------

Contingent liability exists in relation to the retention of surplus funds for 2016/17

#### Legal Proceedings

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

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	3 970	3 196
- in second to fifth year inclusive	3 524	5 899
	<b>7 494</b>	<b>9 095</b>

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 2016: three years). No contingent rent is payable.

#### Capital commitments

Wesgro has no future capital commitments as at 31 March 2017.

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

	2017 R '000	2016 R '000
<b>27 Related parties</b>		
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. Transactions during the year:		
<b>Related party transactions</b>		
<b>Provincial Government</b>		
Grants	57 525	50 700
<b>Local Government: City of Cape Town</b>		
Grants	9 521	9 100
Project funding	2 234	1 123
Agri Business	2 000	-
<b>Provincial and Local Government dual funded projects</b>		
* Project funding - Film project	682	1 266
^ Project funding - Air Access	1 142	2 313
^Cape Health Technology Park	2 570	1 760
<b>Private Company sponsorships / grant funding</b>		
- Naspers	1 000	-
- Investec	1 000	-
- Oceana	250	-
<b>Total</b>	<b>77 924</b>	<b>66 262</b>

\* 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 - Hosting and Events	2	51
	<b>2</b>	<b>51</b>

**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 22 and 15.

#### 28 Retirement benefits

All eligible employees are members of a defined contribution plan administered by Liberty Life or Old Mutual. Both plans are governed by the Pension Funds Act of 1956. Provident fund contributions are made by the Agency only plus administration costs of the fund. In the current financial year total contributions amounted to R2,159,000 (March 2016: R2,292,356).

#### 29 Risk management

##### Financial risk management

With the exception of the fair value investment and the related derivative put option, all financial instruments arise directly from operations. Apart from the put option in place at the Cape Town Film Studio (Pty) Ltd investment, the Agency does not enter into any other derivative transactions. The main risks arising from the Agency's financial instruments are cash flow interest rate risk, foreign currency risk, liquidity risk, credit risk and other price risk. The Board of Directors review and implement policies for managing each of these risks which are summarised below.

##### Liquidity risk

All financial liabilities are due to be settled at the carrying amount disclosed, within 30 days after year end. The Agency manages any liquidity risk through ensuring that adequate liquid resources are held in the form of cash to fund on-going operations. In terms of the requirements of the Public Finance Management Act the Agency is not permitted to enter into any other financing arrangements.

##### Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument contract, leading to financial loss. Credit risk arises mainly from cash deposits, trade receivables and derivative financial instruments. The Agency trades only with recognised, creditworthy third parties. It is the Agency's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Furthermore the Agency only invests funds with reputable banks as well as the Corporation for Public Deposits. In addition, receivable balances are monitored on an on-going basis with the result that the Agency's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in notes 3, 6 and the put option as disclosed in note 9. There are no significant concentrations of credit risk within the Agency.

##### Market risk

##### Interest rate risk

The risk relates to variations in cash flows due to changes in the interest rates on cash and cash equivalents, which will affect interest income.

Interest rate risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Agency's surplus for the period:

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

29 Risk management (continued)						
Sensitivity to changes in interest	Investment value R 000	2017 $\pm 50\%$	$\pm 1.0\%$	Investment value R 000	2016 $\pm 50\%$	$\pm 1.0\%$
Cash and cash equivalents	42 781	171	342	25 789	129	258
<b>Price risk</b>						
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 2016: R264.80).						
<b>Discount rate</b>	R '000	R '000		R '000	R '000	R '000
	Base-20.2%	Low 18.2%		Effect	High - 22.2%	Effect
FV investment	1	1		-	1	-
FV of put option	20 604	20 604		-	20 604	-
<b>Total</b>	<b>20 605</b>	<b>20 605</b>		<b>-</b>	<b>20 605</b>	<b>-</b>
<b>Option exercise period</b>	Base-4.25 years	Low - 3.75 years		Effect	High - 4.75 year	Effect
FV investment	1			(1)	1	-
FV of put option	20 604	21 535		931	19 713	(891)
<b>Total</b>	<b>20 605</b>	<b>21 535</b>		<b>930</b>	<b>19 714</b>	<b>(891)</b>
<b>Terminal growth rate</b>	Base - 5.62%	Low - 5.12%		Effect	High - 6.12%	Effect
FV investment	1	1		-	1	-
FV of put option	20 604	20 604		-	20 604	-
<b>Total</b>	<b>20 605</b>	<b>20 605</b>		<b>-</b>	<b>20 605</b>	<b>-</b>
<b>Total</b>	Base	Low		Effect	High	Effect
FV investment	1			(1)	1	-
FV of put option	20 604	21 535		931	19 713	(891)
<b>Total</b>	<b>20 605</b>	<b>21 535</b>		<b>930</b>	<b>19 714</b>	<b>(891)</b>

# Wesgro

## notes to the annual financial statements (continued)

for the year ended 31 March 2017

### 30. Financial instruments disclosure

#### Financial assets per category

	R '000	R '000
<b>2017</b>	At amortised cost	Total
Trade and other receivables	3 684	3 684
Cash and cash equivalents	53 685	53 685
	<b>57 369</b>	<b>57 369</b>

<b>2016</b>	At amortised cost	Total
Trade and other receivables	3 049	3 049
	-	-
Cash and cash equivalents	26 268	26 268
	<b>29 317</b>	<b>29 317</b>

#### Financial liabilities per category

<b>2017</b>	At amortised cost	Total
Trade and other payables	2 106	2 106

<b>2016</b>	At amortised cost	Total
Trade and other payables	1 355	1 355

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

	Actual (accrual basis)	Adjustments	Adjusted to comparable basis (cash)	Notes on adjustments
<b>REVENUE</b>				
Transfers and subsidies (Non-exchange transactions)	81 825	(3 530)	78 295	Accruals and prepayments
Other revenue (Exchange transactions)	2 796	(2 100)	696	Income received in advance and project interest
<b>TOTAL REVENUE</b>	84 621	(5 630)	78 991	
Gains/(Loss) on disposal of assets	59	(75)	(16)	
Foreign exchange gain/(loss)	(15)	-	(15)	
Fair value (loss) on put option	(8 719)	8 719	-	Non cash flow movement
<b>TOTAL INCOME</b>	75 946		78 960	

## Wesgro

notes to the annual financial statements (continued)

for the year ended 31 March 2017

**31. Reconciliation of actual results to a comparable basis for budget comparison (continued)****Expenditure**

Employee related costs	27 687	(738)	26 949	Accruals, leave pay and bonus provision
Other operating expenses	12 904	(843)	12 061	Accruals, depreciation and prepayments
Marketing costs	2 319	(348)	1 993	Accruals and prepayments
Audit fees	1 701	86	1 805	Accruals
Workshops, seminars & events	3 250	(1 260)	1 990	Accruals and prepayments
Project Khulisa	11 483	176	11 659	Accruals and prepayments
Project expenses	14 808	149	14 957	Accruals and prepayments
Administrative expenses	3 280	(235)	3 045	
<b>TOTAL EXPENDITURE</b>	<b>77 472</b>	<b>(3 013)</b>	<b>74 459</b>	
	(1 526)	6 027	4 501	
Capital expenditure	(870)	127	(743)	Refer to notes 6&7
<b>SURPLUS FOR THE YEAR</b>	<b>(2 396)</b>	<b>6 154</b>	<b>3 758</b>	

**Reconciliation between adjusted actuals and movement in cash and cash equivalents**

Net increase/(decrease) in cash and cash equivalents as per statement of cash flows Adjusted for	27 417
Increase in deferred income	
Non-cash flow movement in project funds	(20 033)
<b>Adjusted actual surplus for the year</b>	<b>(3 626)</b>
	<b>3 758</b>

#### 32. 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 2017. 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**

Other revenue - Additional Indaba revenue contribution towards the stand cost. Transfer and subsidies - Allocation of approved 2015/16 budget roll over request.

Employee related cost - Net savings in employee related cost due to delayed filling of vacancies. The savings were re-allocated to operational and capex expenditure through and internal budget virement process.

Other operating cost - Implementation of IDU plus R486k, additional staff training plus R 105k and other operational requirements.

Marketing cost - Additional printing of marketing material for embassy distributions.

Workshop, seminars and events - Additional workshops, seminars and events hosted in line with Wesgro mandate (Municipal workshop, Year ahead, Mining Indaba)

Project expenses - Allocation of approved 2015/16 budget roll over request to Cape Investor Project Operations.

Administrative expenses - Allocation of approved 2015/16 budget roll over request to additional administrative operational requirements.

Capital expenditure - Computer replacements plus R 400k, Leasehold improvement plus R 450k and additional laptops purchased in line with operational requirements plus R 152k.

#### 33 Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was identified for the year ended 31 March 2017 (March 2016: R0).

#### 34 Events after the reporting date

Subsequent to year end the 100% shareholding in Saldanha Bay IDZ Licensing Company was transferred to the Provincial Government.

#### 35 Going concern

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

#### 36 Segment information

##### **General information**

#### 36 Trade and other receivables

##### **Identification of segments**

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

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

##### **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.

## Wesgro

## notes to the annual financial statements (continued)

## for the year ended 31 March 2017

**36 Trade and other receivables (continued)****Types of goods and/or services by segment**

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

<b>Reportable segment</b>	<b>Service potential</b>
Investment and trade promotion	Attract and retain direct and domestic investment and grow exports
Destination marketing	Marketing of the Western Cape as a Business and Leisure tourism destination
Wesgro support services	Business support services
Khulisa	Project support services
Segment surplus or deficit, assets and liabilities	

**2017**

	Investment and trade promotion	Destination marketing	Wesgro support services	Khulisa	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	12 866	15 599	38 008	1 5239	81 766
Revenue from exchange transactions	696	-	2 100	-	2 796
Gain on sale of property, plant and equipment	-	-	59	-	59
<b>Total segment revenue</b>	<b>13 562</b>	<b>15 599</b>	<b>40 167</b>	<b>15 239</b>	<b>84 621</b>
Entity's revenue					<b>84 621</b>
<b>Expenditure</b>					
Employee related cost	8 567	4 970	14 150	-	27 687
Depreciation	-	-	1 074	-	1 074
Operating expenses	2 1498	172	10 583	-	12 904
Marketing cost	336	333	1 672	7 841	10 182
Audit fees	-	-	1 719	-	1 719
Workshop, seminars and events	464	1 337	1 449	1 717	4 967
Project expenses	2 487	4 790	6 291	-	13 568
Administrative expenses	-	181922	2 658	594	5 071
Travel expenses	-	-	-	1 331	1 331
<b>Total segment expenditure</b>	<b>14 003</b>	<b>13 421</b>	<b>39 596</b>	<b>11 483</b>	<b>78 503</b>
<b>Total segmental surplus/(deficit)</b>					<b>6 118</b>

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

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

## Annexure 1 – Deferred Income

Name	Details		2016/17	2015/16
			R '000	R '000
Film projects	Funded by the City of Cape Town	Balance at beginning of the year	460	726
		Funding received	1,059	1,000
		Transfer	952	-
		Adjustment	-45	-
		Expenditure	-1,690	-1,266
		<b>Balance at the end of the year</b>		<b>781</b>
EDP	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year (incl. adjustment)	1	1
		Funding received		-
		Transfer		-
		Expenditure	-0	-
<b>Balance at the end of the year</b>		<b>1</b>	<b>1</b>	
Special Operational Project	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	643	643
		Funding received		
		Transfer		
		Expenditure	-0	
<b>Balance at the end of the year</b>		<b>643</b>	<b>643</b>	
Road Signage	Transferred from CTRU	Balance at beginning of the year	80	80
		Funding received		
		Transfer		
		Expenditure		
<b>Balance at the end of the year</b>		<b>80</b>	<b>80</b>	
Itesp: Tourism	Transferred from CTRU	Balance at beginning of the year	121	121
		Funding received		-
		Transfer		
		Expenditure	-0	
<b>Balance at the end of the year</b>		<b>121</b>	<b>121</b>	

## Annexure 1 – Deferred Income (continued)

Name	Details		2016/17	2015/16
			R '000	R '000
Bidding Condition World Congress on Infectious Diseases	Funded by National Convention Bereua	Balance at beginning of the year	11	11
		Funding received		-
		Transfer		-
		Expenditure	-0	
		<b>Balance at the end of the year</b>	<b>11</b>	<b>11</b>
Bidding Condition: World Congress on Emergency and Disaster	Funded by National Convention Bereua	Balance at beginning of the year	-	900
		Funding received		-
		Transfer		
		Expenditure	-	-900
		<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
Bidding Condition: International Gay & Lesbian Travel	Funded by National Convention Bereua	Balance at beginning of the year	81	81
		Funding received		-
		Transfer		
		Expenditure	-80	-1
		<b>Balance at the end of the year</b>	<b>1</b>	<b>81</b>
Onsite support: Board of Healthcare Funders	Funded by National Convention Bereua	Balance at beginning of the year	5	5
		Funding received		-
		Transfer		
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>5</b>	<b>5</b>
SAT: Tourism Indian Educational	Transferred from CTRU	Balance at beginning of the year	47	47
		Funding received		-
		Transfer		
		Expenditure	-0	-
		<b>Balance at the end of the year</b>	<b>47</b>	<b>47</b>

## Annexure 1 – Deferred Income (continued)

Name	Details	2016/17	2015/16	
		R '000	R '000	
Air Access	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	2,742	-36
		Funding received	9,149	5,091
		Transfer		-
		Adjustment	-57	-
		Expenditure	-3,099	-2,313
		<b>Balance at the end of the year</b>		<b>8,734</b>
Cape Health and Technology Park	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	4,355	5,447
		Funding received	2,454	-
		Transfer		668
		Expenditure	-3,617	-1,760
		<b>Balance at the end of the year</b>		<b>3,192</b>
Project Khulisa	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	108	500
		Funding received		-
		Transfer		-
		Adjustment	14	-
		Expenditure	-108	-392
		<b>Balance at the end of the year</b>		<b>14</b>
Angola Premier Project	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	22	-
		Funding received	-	500
		Transfer		-
		Expenditure	0	-478
<b>Balance at the end of the year</b>		<b>22</b>	<b>22</b>	
CAPE TOWN INVESTOR CENTRE	Funded by both the Provincial Government of the Western Cape and National Department of Trade and Industry (dti)	Balance at beginning of the year	2,500	-
		Funding received	10,500	2,500
		Transfer	892	-
		Expenditure	-24	-
<b>Balance at the end of the year</b>		<b>13,868</b>	<b>2,500</b>	

## Annexure 1 – Deferred Income (continued)

Name	Details		2016/17	2015/16
			R '000	R '000
T&I - Wine Promotion	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	-	-
		Funding received	1,667	-
		Transfer	-	-
		Expenditure	-1,117	-
		<b>Balance at the end of the year</b>	<b>550</b>	-
DMO - Bicycle Track	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	-	-
		Funding received	2,650	-
		Transfer	-	-
		Expenditure	-1,174	-
		<b>Balance at the end of the year</b>	<b>1,476</b>	-
Halaal Export Project	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	-	-
		Funding received	1,750	-
		Transfer	-	-
		Adjustment	-288	-
		Expenditure	-813	-
<b>Balance at the end of the year</b>	<b>649</b>	-		
Data Intelligence Project	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	-	-
		Funding received	2,300	-
		Transfer	-	-
		Expenditure	-	-
<b>Balance at the end of the year</b>	<b>2,300</b>	-		
Singapore/Japan Premier project	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	-	-
		Funding received	706	-
		Transfer	-	-
		Expenditure	-603	-
<b>Balance at the end of the year</b>	<b>103</b>	-		

## Annexure 1 – Deferred Income (continued)

		2016/17	2015/16	
Name	Details	R '000	R '000	
Administered funds		31,816	10,716	
Agribusiness	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year (incl. adjustment)	1,738	2,196
		Funding received	1,277	1,195
		Transfer		
		Expenditure	-2,298	-1,653
<b>Balance at the end of the year</b>		<b>717</b>	<b>1,738</b>	
Agribusiness Niche Projects	Funded by Provincial Government of the Western Cape	Balance at beginning of the year	52	51
		Funding received		-
		Transfer		
		Expenditure	-0	1
<b>Balance at the end of the year</b>		<b>52</b>	<b>52</b>	
Agribusiness		768	1,790	
Export Mentorship Programme (EMP)	Funded by the City of Cape Town	Balance at beginning of the year	-58	460
		Funding received		-
		Transfer	-	-261
		Expenditure	0	-257
<b>Balance at the end of the year</b>		<b>-58</b>	<b>-58</b>	
Export Market Linkages Programme	Funded by the City of Cape Town	Balance at beginning of the year	1,345	1,819
		Funding received		-
		Transfer	-	261
		Expenditure	-0	-735
<b>Balance at the end of the year</b>		<b>1,344</b>	<b>1,345</b>	
Stakeholder outward Mission with CoCT representative	Funded by the City of Cape Town	Balance at beginning of the year	33	34
		Funding received		-
		Transfer	-33	-
		Expenditure	-	
<b>Balance at the end of the year</b>		<b>-</b>	<b>33</b>	

## Annexure 1 – Deferred Income (continued)

Name	Details	2016/17	2015/16	
		R '000	R '000	
Invest in Cape Town	Funded by the City of Cape Town	Balance at beginning of the year	200	213
		Funding received		-
		Transfer	-200	-
		Expenditure	-0	-13
		<b>Balance at the end of the year</b>	<b>-</b>	<b>200</b>
Africa/Middle East Market Entry Strategies	Funded by the City of Cape Town	Balance at beginning of the year	70	70
		Funding received		-
		Transfer	-70	
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>70</b>
GIS Mapping of all Committed Investments	Funded by the City of Cape Town	Balance at beginning of the year	-	50
		Funding received		-
		Expenditure		
		Transfer	-	-50
		<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
Update "Invest in Cape Town Brochure"	Funded by the City of Cape Town	Balance at beginning of the year	97	99
		Funding received		-
		Transfer	-97	
		Expenditure		-1
		<b>Balance at the end of the year</b>	<b>-</b>	<b>97</b>
Contingence for COCT Projects	Funded by the City of Cape Town	Balance at beginning of the year	5	5
		Funding received		-
		Transfer	-5	
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>5</b>
East Africa Market research & drafting	Funded by the City of Cape Town	Balance at beginning of the year	2	2
		Funding received		-
		Transfer	-2	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>2</b>

## Annexure 1 – Deferred Income (continued)

Name	Details		2016/17	2015/16
			R '000	R '000
Sector profiling & Promotion: Hospitality Sector	Funded by the City of Cape Town	Balance at beginning of the year	6	6
		Funding received	-	-
		Transfer	-6	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>6</b>
China/Russia Strategies Research	Funded by the City of Cape Town	Balance at beginning of the year	139	139
		Funding received	-	-
		Transfer	-139	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>139</b>
Cape Town Investor Video	Funded by the City of Cape Town	Balance at beginning of the year	133	133
		Funding received	-	-
		Transfer	-	-
		Expenditure	-45	-
		<b>Balance at the end of the year</b>	<b>88</b>	<b>133</b>
Investor Survey	Funded by the City of Cape Town	Balance at beginning of the year	99	99
		Funding received	-	-
		Transfer	-99	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>99</b>
Mayor's Awards	Funded by the City of Cape Town	Balance at beginning of the year	100	100
		Funding received	-	-
		Transfer	-100	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>100</b>
Update Marker Exports your Business Directory	Funded by the City of Cape Town	Balance at beginning of the year	86	200
		Funding received	-	-
		Transfer	-86	-
		Expenditure	-	-114
		<b>Balance at the end of the year</b>	<b>-</b>	<b>86</b>

## Annexure 1 – Deferred Income (continued)

Name	Details	2016/17	2015/16	
		R '000	R '000	
Printing: Invest in Cape Town	Funded by the City of Cape Town	Balance at beginning of the year	29	29
		Funding received		-
		Transfer	-29	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>29</b>
Directory of Companies and Organisations	Funded by the City of Cape Town	Balance at beginning of the year	15	15
		Funding received		-
		Transfer	-15	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>15</b>
Mayor's round table	Funded by the City of Cape Town	Balance at beginning of the year	-	-
		Funding received	-	70
		Transfer	-	-70
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
Investor Forum Breakfast	Funded by the City of Cape Town	Balance at beginning of the year	70	70
		Funding received		-
		Transfer	-70	-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>-</b>	<b>70</b>
Mapping of Business processes in IP and Trade	Funded by the City of Cape Town	Balance at beginning of the year	200	200
		Funding received		-
		Transfer		-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>200</b>	<b>200</b>
Publication and printing of Wesgro IQ publication	Funded by the City of Cape Town	Balance at beginning of the year	70	70
		Funding received		-
		Transfer		-
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>70</b>	<b>70</b>

**Annexure 1 – Deferred Income (continued)**

Name	Details	2016/17	2015/16	
		R '000	R '000	
High growth sectors research	Funded by the City of Cape Town	Balance at beginning of the year	200	200
		Funding received		-
		Transfer		
		Expenditure	-	-
		<b>Balance at the end of the year</b>	<b>200</b>	<b>200</b>
Bicycle manufacturing project	Funded by the Provincial Government of the Western Cape	Balance at beginning of the year	-	-
		Funding received	100	-
		Transfer		
		Expenditure	-9	-
		<b>Balance at the end of the year</b>	<b>91</b>	<b>-</b>
Film study research project	Funded by the City of Cape Town	Balance at beginning of the year	-	-
		Funding received	400	-
		Transfer		
		Adjustment	-60	-
		Expenditure	-75	-
<b>Balance at the end of the year</b>	<b>265</b>	<b>-</b>		
<b>City of Cape Town Projects</b>	Funded by the City of Cape Town	<b>2,201</b>	<b>2,841</b>	
<b>Total Deferred Income</b>		<b>35,566</b>	<b>15,807</b>	







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