



*Celebrating the
ties that bind us*

BRAND SOUTH AFRICA

Annual Report 2015/2016



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ABOUT BRAND SA



TO BUILD SOUTH AFRICA'S NATION BRAND REPUTATION FOR 2 PURPOSES:

- To strengthen South Africa's global competitiveness
- To encourage and support active citizenship among South Africans

FOCUS

Creating a positive and compelling brand image for South Africa, thereby contributing to the reputation of the country

5 OPERATIONAL PLATFORMS

1. Raising awareness internationally of all that South Africa has to offer investors
2. Conducting operational missions abroad to promote investment and export industries
3. Mobilising influential South Africans as well as members of the media abroad
4. Boosting local pride and patriotism
5. Inspiring all South Africans to contribute to positive change through the flagship active citizenship campaign, Play Your Part

PRIMARY OBJECTIVE

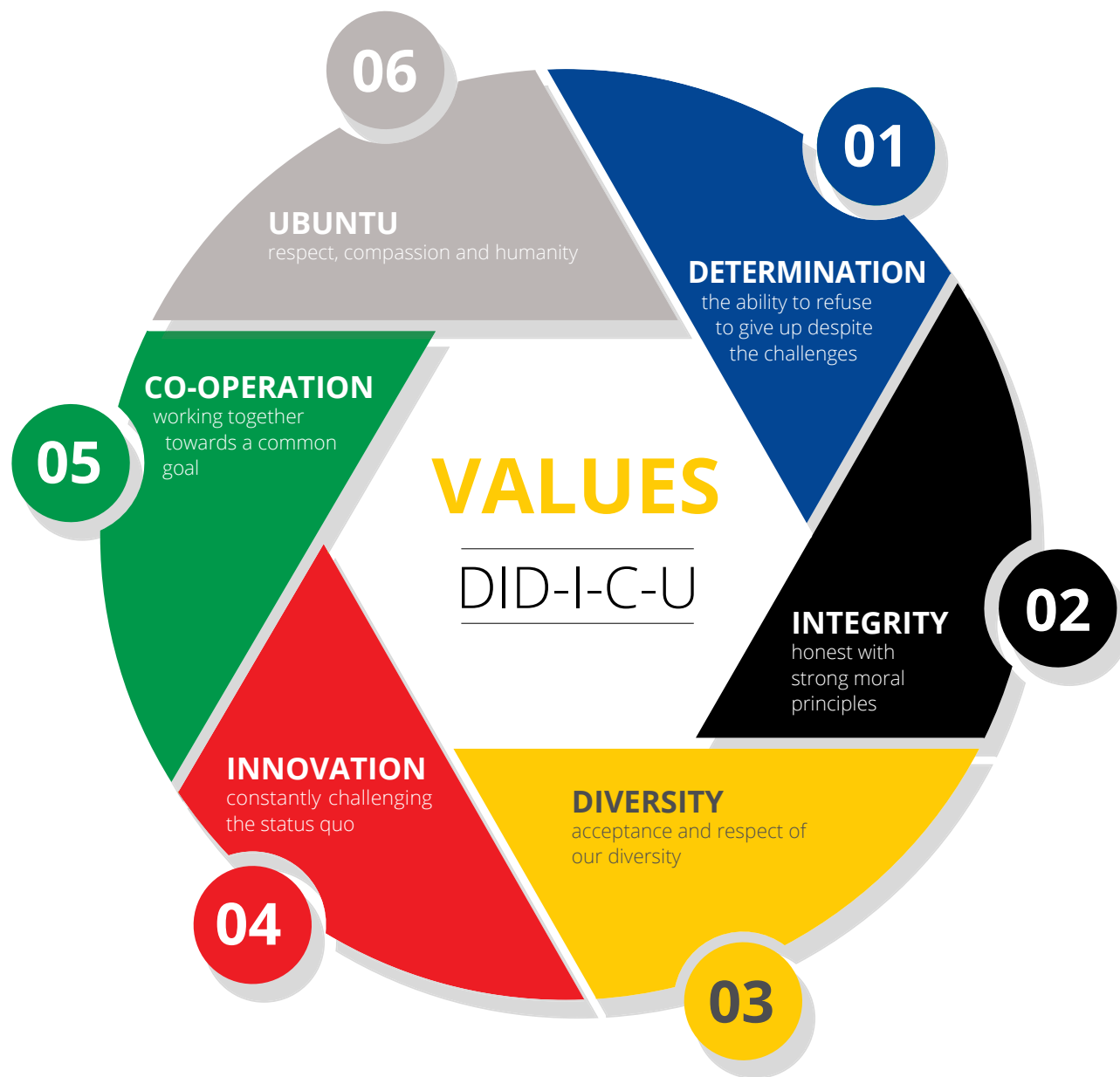
Proactive reputation management and brand strategy; its aim is to create a positive and unified image of South Africa. Alignment of messaging and a consolidated brand image serve to engender pride and patriotism among South Africans and encourage investment and tourism

VISION

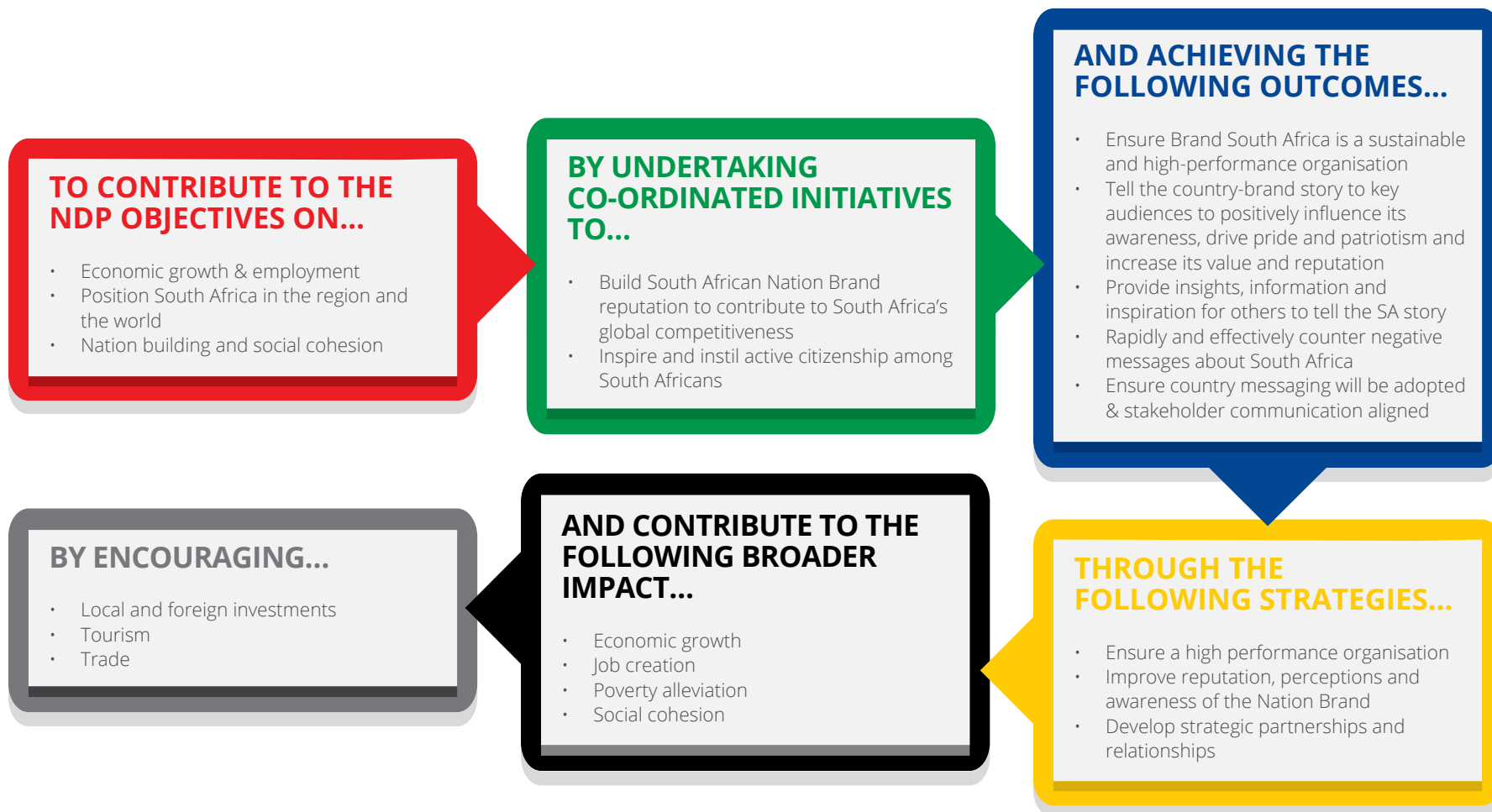
To be the authority on Nation Brand identity and reputation building for the benefit of South Africa and the continent

PURPOSE

To develop and implement pro-active and co-ordinated marketing, communication and reputation management strategies for the country



MANDATE



THROUGH THE PROMOTION OF THE NATION BRAND

OUTCOMES AND STRATEGIES

STRATEGIC OBJECTIVES

- Ensure that Brand South Africa is a sustainable and high-performance organisation
- Tell the South African story to key audiences to influence both awareness and perceptions positively
- Provide insights, information and inspiration for others to tell the South African story
- Rapidly and effectively counter negative messages about South Africa
- Orchestrate and align communication by various stakeholders.

By working with and through stakeholders to build a positive image of the country, Brand South Africa aims to achieve the following outcomes:

- Brand and message alignment by stakeholders
- Pride and patriotism and active citizenship among South Africans
- Positive disposition towards South Africa as a competitive destination among target international and domestic audiences
- A sustainable organisation.

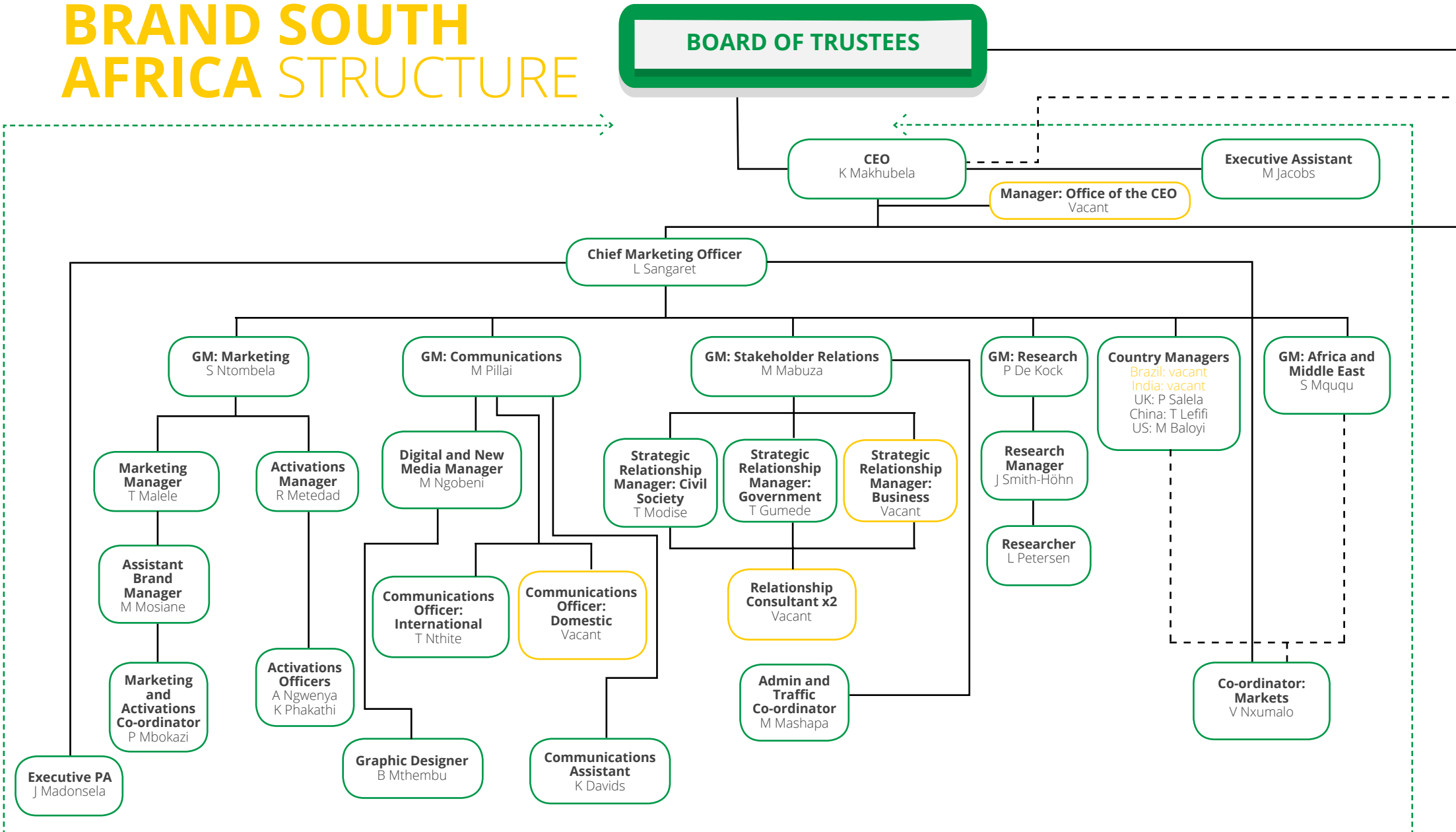
Brand South Africa aims to achieve these outcomes by undertaking the following strategies:

- Brand strategy development and management
- Reputation management
- Insight and research management
- Strengthening and deepening stakeholder and partner relationships
- Organisational development
- Prudent financial management and control.

By pursuing the strategies outlined, and by implementing the attendant programmes effectively, Brand South Africa will contribute to the broader impact on the country's reputation, and more specifically to the following areas:

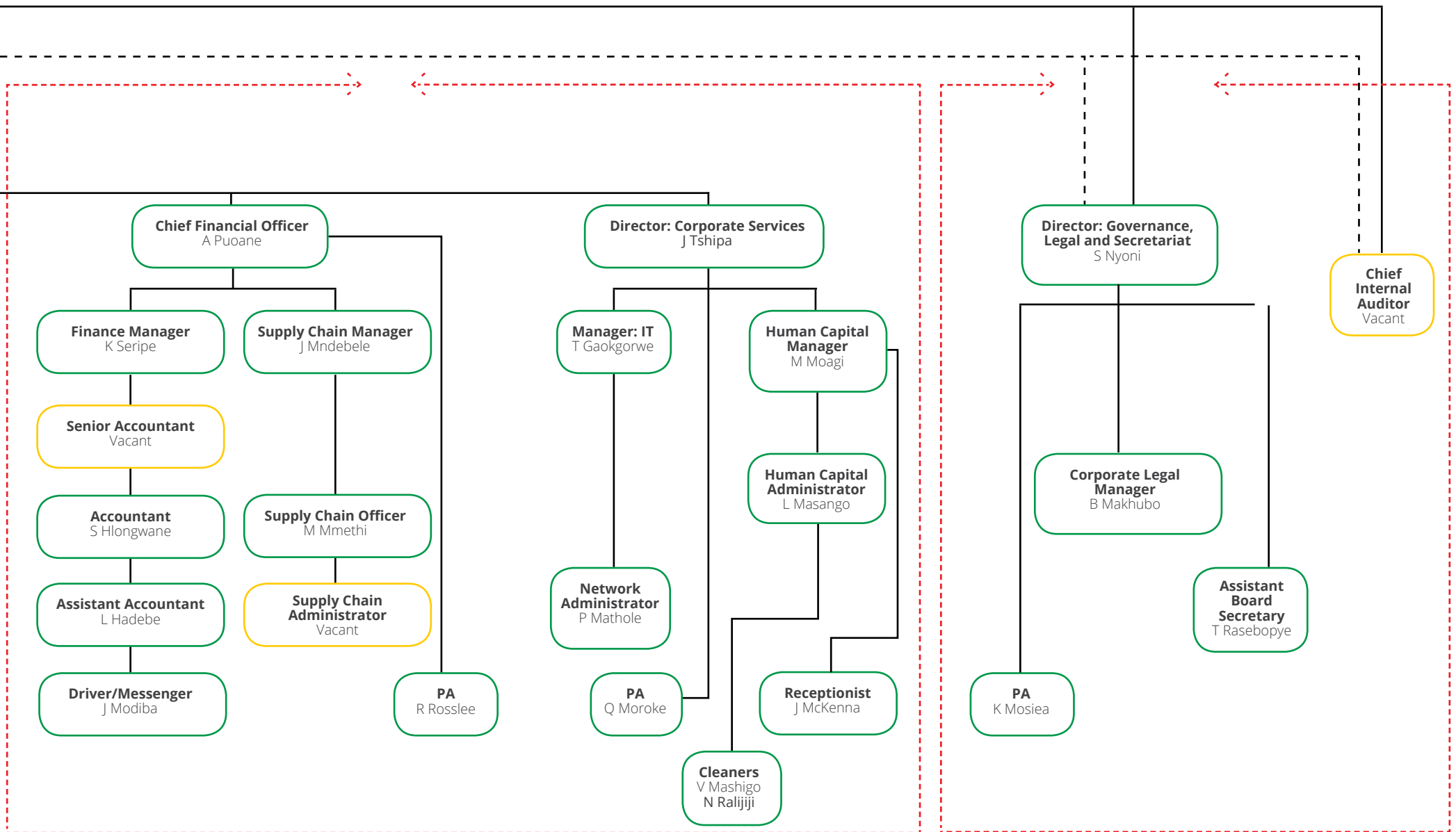
- Increased international competitiveness
- Improved international and domestic reputation
- Increased social cohesion.

BRAND SOUTH AFRICA STRUCTURE



■ Filled ■ Vacant

CORE BUSINESS



SUPPORT

MINISTER'S FOREWORD

MS FAITH MUTHAMBI

Minister of Communications



It is my privilege to present the Annual Report for Brand South Africa, detailing its programmes and activities, from 1 April 2015 to 31 March 2016.

On 20 May 2015 I announced to the National Assembly that the establishment of the Department of Communications was complete. The Department of Communications has as its theme 'New Department: New Possibilities', and its vision – 'Vibrant and sustainable communication services for an informed citizenry and a positive image of South Africa' – as guided by the National Development Plan. Its mission is to 'create an enabling environment for the provision of inclusive communication services to all South Africans in a manner that promotes socioeconomic development and investment and brand the country locally and internationally'. This is particularly relevant to Brand South Africa, which belongs to the group of entities reporting to the Department of Communications, as it aims to position South Africa as a globally competitive destination.

In the past year, Brand South Africa has, in line with my recommendations, focused on improving its domestic presence; developing and implementing initiatives aimed at strengthening South Africa's presence on the continent; enhancing its programme of engagement with the national, provincial and local spheres of government to ensure alignment and coherence of various initiatives; and positioned South Africa positively in international markets. The Annual Report outlines Brand South Africa's achievements in terms of these requirements for proactive and co-ordinated marketing, communication and reputation management strategies for our Nation Brand.

During the past financial year, aligned with its mandate to build pride and patriotism in the Nation Brand, Brand South Africa has worked on initiatives to encourage active citizenship in partnership with its stakeholders in government, business, civil society and identified influential forums to increase the participation of all people, particularly our young people, in building a strong, cohesive Nation Brand. These activities, together with engagements at provincial level on Nation Brand alignment, contribute to social cohesion and a positive Nation Brand.

Beyond our borders, Brand South Africa hosted a number of dialogues on the African continent, under the theme, 'Re-imagining the Future towards AU Agenda 2063: The Ties that Bind Us', reinforcing the unity of all the continent's citizens and the importance to contribute to the African brand.

Through its international programmes, Brand South Africa raised awareness of the successes of our country's 21 years of democracy and showcased its competitiveness to select markets. Our global South African community was and still is a vital partner in these endeavours.

Brand South Africa's role to maintain and boost the positive and unified image of South Africa was supported through collaboration with many stakeholders. Various government departments and other entities supported Brand South Africa in its quest to position South Africa favourably. These stakeholders included the Office of the Presidency, the Department of Trade and Industry, the Department of Home Affairs, the Government Communication and Information System, South African Tourism, and Team South Africa in general.

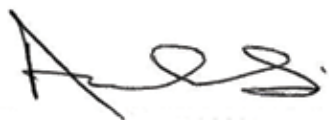
“Through its international programmes, Brand South Africa raised awareness of the successes of our country's 21 years of democracy and showcased its competitiveness to select markets.”

Brand South Africa's activities aimed at fulfilling its mandate took place under the leadership of its new CEO, Amb. Kingsley Makhubela, who joined the organisation during the year. His task was enabled by, among others, the efforts of his predecessors and the commitment of the organisation to its business strategy and to the implementation of its various programmes. The role of Brand South Africa management team was characterised over the past year by energy and focus.

On behalf of the Department of Communications, I convey my thanks to the outgoing Board of Trustees who served the nation with commitment and dedication on a pro bono basis. I affirm the role of our stakeholders and partners, such as government departments, state entities and business, particularly Old Mutual, who supported and were involved in the various programmes of Brand South Africa during the past year.

I encourage Brand South Africa to continue on the path that it has carved for itself, most especially in contributing to achieving the goals and ambitions of our National Development Plan, by building the country's Nation Brand and reputation, and by inspiring pride and patriotism among all South Africans, locally and abroad.

It is through these ties that bind us that we are able to unify all South Africans and make it possible for us to "live in a way that respects and enhances the freedom of others".



MS FAITH MUTHAMBI
Minister of Communications



CHAIRPERSON'S REPORT

KHANYISILE KWEYAMA

Chairperson: Board of Trustees
Brand South Africa



IN SUPPORT OF THE NATIONAL DEVELOPMENT PLAN

2015 saw South Africa come of age as we commemorated 21 years of freedom and democracy. This milestone gave us an opportunity to take stock of both past successes and current realities. In response, we redoubled our efforts domestically to instill pride and patriotism among South Africans through promoting active citizenship, while identifying and implementing creative measures to ameliorate situations that threatened our social cohesion and the Nation Brand. In support of the Africa Rising narrative and looking towards the implementation of Agenda 2063, Brand South Africa proactively undertook engagements with African countries and continued to promote South Africa as a business and investment destination of choice in select international markets. Our commitment to the ongoing task of implementing the National Development Plan remains firm.

Brand South Africa's role in co-ordinating stakeholders from government, business and civil society, to strengthen alignment and integration in positioning South Africa as a competitive Nation Brand is now firmly entrenched.

HIGHLIGHTS OF THE 2015/16 FINANCIAL YEAR

Achievements of the 2015/16 year attest to the commitment and innovation demonstrated by Brand South Africa towards achieving its strategic objectives. Some of these highlights are outlined below.

Domestically

Brand South Africa concluded a study assessing domestic perceptions among South Africans in terms of pride and active citizenship. The findings are significant and will be used to inform the planning of future activities by the entity and other stakeholders. Several research notes on the findings were produced by Brand South Africa to share with stakeholders.

The organisation made strides in ensuring the promotion of and alignment to the Nation Brand identity through the promotion of a single, unified story about the country. To achieve this, Brand South Africa used its corporate identity toolkit as part of its stakeholder training programme to ensure that all stakeholders maximise their alignment with the South African Nation Brand when they independently market their offerings and brands globally.

With brand alignment as its aim, the Nation Brand Alignment Training was introduced to inform, orientate, and empower stakeholders to become Nation Brand advocates. The training provides an introduction to what the Nation Brand is, what it stands for, and provides contextual information regarding the strengths and unique features and attributes of the South African Nation Brand. Most importantly, it provides the guidelines for aligning the South African Nation Brand corporate identity.

Brand South Africa implemented Play Your Part (PYP) roadshows which reached all provinces. This has been highly successful as a mechanism to promote active citizenship in the country and encourage South Africans to support a number of initiatives while cementing fruitful partnerships with government and civil society. Strategic engagements with faith-based organisations were successful in garnering support on the PYP programme initiatives to promote tolerance among South Africans.

Through provincial South African Competitiveness Forum engagements and consultations, Brand South Africa was able to work with these partners in assessing the competitive strengths of each province in consultation with stakeholders. This is an important step in driving alignment at provincial level with Nation Brand messaging on South Africa's attractiveness as an investment destination.

Internationally

Brand South Africa successfully concluded field research on perceptions about South Africa in Angola, the Democratic

Republic of the Congo (DRC), Senegal and Russia. This is essential to gauge and document perceptions about South Africa in these countries which informs interventions to promote the Nation Brand as a globally competitive investment destination.

In adopting a softer approach to marketing South Africa to the continent, Brand South Africa undertook a number of dialogues in six African countries (Angola, DRC, Ghana, Kenya, Nigeria and Senegal) under the theme, 'Re-imagining the Future towards AU Agenda 2063: The Ties that Bind Us'. These dialogues focused on the people and culture and heritage pillars of the Nation Brand, a strategy that proved to be highly successful in driving local uptake of the messages and shaping positive perceptions about South Africa. It is clear that South African culture and heritage are perceived positively on the continent.

By linking these dialogues to Agenda 2063, which is the call to action for Africans to build Brand Africa, Brand South Africa clearly articulated South Africa's commitment to encourage and strengthen these bonds of solidarity implicit in this overarching brand. South Africa will honour its responsibility in shaping this brand.

Brand South Africa conducted a reputation management programme in the United Kingdom, the USA and the BRIC markets to position South Africa as a competitive destination.

In the USA, Brand South Africa supported the Minister of Trade and Industry's visit to Washington DC. A press briefing with key media outlets representing print and television was convened at the embassy offices, which provided the minister with an opportunity to clarify perceptions surrounding South Africa's openness to doing business and the strategic relationship between the USA and South Africa and the rest of the African continent.

A partnership was formed with the South African Chamber of Commerce in the UK for its annual Business Awards ceremony and networking dinner. The occasion provided a platform for the South African community present to support the campaign against attacks on foreign nationals. Another highlight of Brand South Africa's programme in the UK was when it supported the

UK High Commissioner to South Africa to participate in the Youth Bilateral Forum between South African Young Entrepreneurs and UK Young Entrepreneurs.

Through media tours showcasing South Africa, Brand South Africa was able to leverage relationships to highlight South African competitiveness in a range of areas. The Forum for China Africa Relations (FOCAC) was held in South Africa during the third quarter. Brand South Africa participated in the forum at multiple platforms and events and facilitated the participation of key Chinese media in the forum.

Finally, and among others, Brand South Africa mobilised Global South Africans (GSAs) in the UK to volunteer and encourage support for the Springboks at Rugby World Cup fan parks.

Into the future

The work of Brand South Africa is carefully mapped out in its mandate and business strategy, which is underpinned by the goals of Vision 2030, otherwise referred to as the National Development Plan. Brand South Africa will work to strategically position South Africa as a globally competitive destination and build on positive perceptions of the country to manage its reputation.

We must continue to inspire our people and the world through demonstrating how the ties that bind us make us a great nation on a great continent. This is only possible by charting new paths, finding new solutions, discovering new possibilities, seeking new experiences, discovering new ideas and exercising the will to make this happen. Our messages of past successes and hope for the future are key.

Appreciation

On behalf of the Board of Trustees, my appreciation goes to President Jacob Zuma for his continued support of Brand South Africa and to our Executive Authority, the Ministry of Communications, under the leadership of Ms Faith Muthambi, for her guidance to and support for Brand South Africa.

In her budget vote speech, the minister acknowledged the number of reputation enhancing developments which have been

leveraged by Brand South Africa to position the country positively here at home and abroad, and indicated that the focus of the entity going forward will be on establishing a strong domestic presence and focusing on the African continent. The 2016/21 Strategic Plan and the 2016/17 Annual Performance Plan will be premised on repositioning Brand South Africa accordingly.

To the outgoing Board members and the Brand South Africa team, I thank you all for your continued support and dedication to building the Nation Brand and reputation of South Africa. A special word of thanks to outgoing Chairperson, Ms Chichi Maponya, for her guidance and valuable input during her term. Through her guidance, Brand South Africa achieved a clean audit for the first time in the organisation's history. Congratulations to each team member who played a part in achieving this!

On behalf of the Board of Trustees, I extend a warm word of thanks to Amb. Kingsley Makhubela, our Chief Executive Officer (CEO), who joined Brand South Africa during 2015. He has brought a wealth of experience to his post and we look forward to working with him. I thank Mr Miller Matola, our previous CEO, for his valuable input into Brand South Africa during his tenure, as well as Ms Alice Puoane, who took on the role of Acting CEO for a period with grace, competence and confidence.

The competitiveness of the South African Nation Brand rests in the hands of each citizen of the country. You are the key to how the country is perceived and Brand South Africa looks forward to harnessing our collective commitment to position the country as a globally competitive destination.



KHANYISILE KWEYAMA
Chairperson: Board of Trustees
Brand South Africa

CHIEF EXECUTIVE OFFICER'S REPORT

AMBASSADOR KINGSLEY MAKHUBELA, PhD

Chief Executive Officer
Brand South Africa



OPPORTUNITIES AND CHALLENGES IN PURSUIT OF VISION 2030

The 21st year of our democracy brought into sharp focus some of the best features of our country while equally highlighting some of the very real challenges.

Our democracy strengthened as we saw robust debates on what defines our country and how this is represented. Active citizenship, which was a key feature in bringing our democracy into being, rose to the fore in new, more heightened ways and reminded us of the resilience and strength of South Africans.

At the same time, we recognise that the inequalities in our country must be reduced to build a socially cohesive and durable nation.

The work of Brand South Africa must therefore be complemented by the collective effort of all stakeholders, namely, government, business and civil society, which aim to position South Africa as a globally competitive Nation Brand.

The establishment of the Department of Communications (DoC) in 2015 heralded a new era for Brand South Africa. Under the guidance of Minister Faith Muthambi, clear expectations for Brand South Africa as a DoC entity were set out.

The 2015/16 financial year was therefore a significant year for Brand South Africa to increase its efforts to create a positive and compelling brand for South Africa domestically and internationally, and to build pride and patriotism to contribute to social cohesion.

DOMESTIC MOBILISATION

Domestically, Brand South Africa continued to deepen and strengthen the Play Your Part (PYP) Programme through impactful activations at provincial level. This initiative encourages all South Africans to contribute to positive change by instilling pride and patriotism, building social cohesion and pursuing Nation Brand ambassadorship.

The PYP Programme relies on the involvement of stakeholders in government, civil society and business to build a culture of active citizenship in our country. During the past year, themes were aligned to select NDP pillars such as education, health, active citizenship, human rights, education and the youth. To ensure alignment and support on the ground, the programme placed great emphasis on reaching even more South Africans through partnerships with provincial offices, government departments in national programmes, business in joint initiatives that are aligned to the PYP objectives, and civil society through schools, faith-based organisations, youth and ordinary South Africans. All these activations were supported by a strong media plan and carried out in partnership with the SABC.

As a result, Brand South Africa's PYP Programme covered all nine provinces. The outcome of this provincial activation was phenomenal and exceeded expectations. By leveraging days of significance, opportunities were created, often through PYP Ambassadors, to link the message of PYP to a range of positive messages and sustainable activities.

Government has stressed the importance of empowering and working with the youth. It is in this regard that Brand South Africa made significant progress in reaching the youth locally through strategic partnerships. The partnerships included Young Free and Educated, a programme of the Association for Responsible Alcohol Use that focuses on the youth and responsible alcohol consumption; the Bokamoso Mentorship Programme, an entrepreneurship programme targeting school learners; and PrimeStars on the Step Up 2 a Start-Up Programme, a youth initiative which encourages entrepreneurship and innovation among disadvantaged high school learners in urban areas, peri-urban townships and rural areas across South Africa.

For the purpose of promoting national pride and active citizenship, a wide range of activities with the Mandela Foundation continued on the back of a long-term partnership.

Promoting a unified South Africa

The organisation worked closely with a number of partners to build a positive and unified image of South Africa and made significant

progress in ensuring brand alignment. Brand South Africa's online corporate identity toolkit was made available as a resource to ensure message and brand alignment. In addition, the rollout of Nation Brand Alignment Training was done at a provincial level in partnership with the Marketing Association of South Africa. Brand South Africa was able to reach all nine provinces.

The South African Competitiveness Forum provincial focus groups surfaced the competitive strengths of each province in consultation with stakeholders. This fruitful engagement has identified areas requiring further work to drive brand alignment at a national level.

COMMUNICATION PROGRAMME

Brand South Africa's robust communication programme served to support our strategy in improving perceptions about South Africa among target audiences. During this financial year significant progress was made in facilitating a number of media interviews for ministers and thought leaders; hosting media tours; publishing thought leadership articles on areas of strategic importance in identified markets; and actively engaging with the media to drive the message of South Africa as a globally competitive destination which inspires new ways.

Our digital property also served as a strategic platform through which to disseminate Brand South Africa's message and we have seen the numbers of visitors to these sites showing an overall year-on-year upward trend for all Brand South Africa online entities.

STRATEGIC ENGAGEMENTS

The annual Mining Indaba, in February 2016, provided an opportunity for international mining analysts, fund managers, investment specialists, and government leaders to meet and deliberate on current economic and mining developments with the world's leading experts on African mining. Brand South Africa and the departments of Mineral Resources and Trade and Industry, collaborated in the facilitation of a Team South Africa Programme at this event and hosted a successful dialogue which was supported by a strong media programme.

South Africa was actively promoted as a reliable and attractive investment destination at the BRICS Summit and the World Economic Forums (WEF) in Davos and China, as well as the forum on Africa hosted in Cape Town.

Through media and stakeholder programmes with the message, 'South Africa is open for business', Brand South Africa successfully positioned the country and the continent.

Engagements with faith-based organisations proved successful in raising support for Brand South Africa's PYP Programme initiatives to promote tolerance among South Africans.

INTERNATIONAL INITIATIVES

Various visits by the Deputy President, Ministers and Premier to the USA and the People's Republic of China were successful in strengthening South Africa's relations with these markets and were supported by Brand South Africa's country managers to position the country positively.

Our Global South Africans (GSAs) Programme is now well established in key target markets and continues to grow through active engagement, involvement and communication with GSAs in the host countries.

MOVING INTO AFRICA

The Africa programme was enhanced through field research in four African countries. The findings of this research has assisted Brand South Africa with an improved understanding of how the continent views South Africa, and will assist in implementing strategic programmes in Africa.

Brand South Africa also hosted stakeholder and media dialogues in six countries, under the theme, 'Re-imagining the Future towards AU Agenda 2063: The Ties that Bind Us'.

COMPETITIVENESS RANKINGS

Through monitoring and evaluating various research studies, Brand South Africa is able to track the overall performance

of South Africa's Nation Brand, its reputation, and its competitiveness. This research also informs our business strategy, and reflects our progress in creating positive perceptions and maintaining a stable reputation as a country.

South Africa's global reputation is shaped by perceptions of investment, immigration policies and environment, exports, people, culture and heritage, governance and tourism.

Findings from the 2015 Domestic Perceptions Study indicate that South Africans see the future of the country positively through their expectations for future generations. This, combined with the fact that the country's demographic profile is predominantly youthful (under 34 years), means that South Africa has a dynamic, young and aspirational society that can drive innovation and development.

While there is a strong sense of national pride, the key concerns remain a lack of inclusiveness felt by some races, poor prospects for jobs and employment, and crime and corruption. These factors are well recognised as key social challenges the country has to work to overcome.

It is also interesting to note that 56% of the respondents to the survey indicate that citizens should focus on solutions, rather than only the problems confronting the country. South Africans are willing to take action, rather than waiting for a solution, which is an important outcome of the work of Brand South Africa in encouraging active citizenry.

The 2015/16 World Economic Forum's Global Competitiveness Index indicates that South Africa has improved in seven of the 12 pillars on which countries are assessed. These speak to the success of South Africa's collective efforts to create the conditions that will lead to improvements in the lives of the citizens of our country. These pillars are also aligned to the NDP and the improvements show that we are making strides in implementing this plan.

Key findings on South Africa's national competitiveness in the 2015 Institute for Management Development (IMD) World Competitiveness Report indicate that South Africa's overall

position improved by one position to 52 out of 148 economies; with improvements recorded in the country's economic performance and infrastructure. South Africa's sound financial sector and its well-established corporate governance track record remain key competitive offerings to the world; however, the country dropped in position on business efficiency and government efficiency, which is a cause for some concern as we position the country as an investment destination.

One of South Africa's significant strengths is its infrastructure, which also records significant improvements in the World Economic Forum's Global Competitiveness Index, as well as the 2015 Ibrahim Index of African Governance Report. This bodes well for our economic growth and development since good infrastructure is attractive to investors and ensures the ease of doing business.

South Africa remains a strong performer in the Ibrahim Index of African Governance Report, maintaining its fourth position ranking out of the 54 African countries this year and improved in eight of the sub-indicators.

ORGANISATIONAL PERFORMANCE

Brand South Africa successfully delivered against the key areas of our business plan despite some challenges. Our efforts to reorganise and improve our ability to deliver on our mandate are making steady progress with the approval of our new organisational structure, which increases our staff complement to 51 employees. We ended the year at a vacancy rate of 4%, a situation that will allow us to expedite our mandate and reduce the heavy workload on existing staff.

Training during the past year focused on skills development across all functions to improve staff competencies, together with the awarding of eight new bursaries to our employees for further study programmes.

In addition, the successful migration of all the performance contracts onto the electronic platform, Smart HR, has resulted in a paperless function, and will reduce administrative processes over time.

Employees continued to participate in informal teambuilding events, through our Employee Values Programme as well as our Employee Benefits Loyalty Awards Programme, to foster greater collaboration across functions. These programmes are designed to ensure that Brand South Africa remains on track as a sustainable organisation, with a team that is dedicated and committed.

THE FUTURE

Going forward, Brand South Africa will continue to position South Africa as a globally competitive destination of choice, which is critical to contributing to the country's developmental agenda that requires economic growth and development, social cohesion and job creation.

As an organisation, we will strive to strengthen and deepen our stakeholder and partner alignment and integration through the implementation of various brand and reputation management strategies. The success of our efforts lies in our ability to work with a variety of stakeholders both locally and internationally to improve the awareness and brand image of the country in key markets.

Internationally, our focus will remain on strategic partnerships and collaborations with key stakeholders to improve perceptions and build a strong brand image. Work will be intensified in extending the reach and involvement of GSAs through our GSA programme to develop a critical mass that promotes our country message.

In South Africa, our efforts will focus on strengthening our PYP programme, through our various programmes as well as PYP ambassadors, to encourage active citizenship and to continue making a difference in the country.

By working with a variety of stakeholders we will continue to tell the story of our Nation Brand and instil pride and patriotism among South Africans. The new Brand South Africa corporate identity toolkit and the Nation Brand Alignment Training are the strategic training tools that will progress our efforts on brand alignment and country messaging with stakeholders.

THANKS AND APPRECIATION

During the past year, we successfully delivered on our mandate of positioning South Africa as a globally competitive destination. This was achieved through the support of a number of stakeholders with whom we partnered, to ensure greater co-ordination and unlock synergies; our dedicated and committed Brand South Africa team, as well as the many South Africans, both locally and abroad, who continue to fly the South African flag as a proud nation. A special word of thanks to outgoing Chairperson, Ms Chichi Maponya, for her guidance and valuable input during her term.

I am confident of the strong foundations that have been laid to deliver on the mandate of our organisation, by our competent staff as well as my predecessor, Mr Miller Matola, and acting CEO, Ms Alice Puoane, and know that the building blocks are in place to build a strong and cohesive Nation Brand. Let us always strive to strengthen the ties that bind us within our country, our continent and the global context.



AMBASSADOR KINGSLEY MAKHUBELA, PhD
Chief Executive Officer
Brand South Africa

NATIONAL
BRAND
PERFORMANCE





WHAT IS THE **NATION BRAND**?

NATION BRAND

- Our reputation
- Influences perceptions/reactions
- Shaped and formed by our actions
- Owned by all South Africans

SOUTH AFRICA

Kaleidoscope of people

We are one and we make things happen

Extraordinary natural beauty and myriad opportunities

We are generous and willing to learn, famously hospitable
and hardworking

WHAT MATTERS IS:

- Whether our behaviour reflects solid values and how we practise them
- How we demonstrate our identity and our commitment to shared standards
- The way we can unite behind the symbol of our country – with our hearts and minds fixed on our Nation Brand

WHY DOES IT MATTER?

As the world sees the value that South Africa offers, it becomes an investment destination of choice, a country that entices visitors from near and far. This starts a virtuous cycle of investment, which leads to economic prosperity, higher levels of employment, and an enhanced standard of living. The spinoffs are greater unity, higher levels of confidence, bigger goals and the momentum to keep the cycle going.

Let us lead the way and share our vision with one another and the world. That way our inspiration helps our people and our fellow humans to find new paths, new solutions, new possibilities, new experiences, new ideas and the will to make all of this a reality.

MANAGING THE NATION BRAND

Brand South Africa's co-ordinated communications and marketing initiatives to build South Africa's reputation and contribute to the country's global competitiveness support the objectives of the National Development Plan (NDP). It seeks to inspire and instil pride and patriotism among South Africans and to drive active citizenry.

The year under review was characterised by various local developments that required significant attention to reputation enhancing developments to position the country positively at home and abroad. As such, a range of strategies was deployed to ensure that Brand South Africa continued to build a strong domestic presence while retaining its focus on the African continent and beyond.

Brand South Africa used the commemoration of days of significance, both nationally and internationally, such as Africa Day, Youth Month, Heritage Month, and 16 Days of Activism for No Violence against Women and Children for local programmes such as PYP, as well as for the GSA Programme in various countries abroad.

Topical issues and challenges negatively impacting South Africa were addressed by intensified communication programmes, including partnerships with media houses, tactical stakeholder engagement and research publications. Brand South Africa responded to issues of intolerance that included racial incidents and which became part of national debate, through an online campaign promoting unity and embracing cultural differences.

Drawing from international events, some held abroad and others locally, Brand South Africa implemented successful stakeholder and media programmes. Examples include the World Economic Forum (WEF) Conference on Africa in Cape Town, the WEF annual meeting in Davos, and the Mining Indaba.

The hosting of a series of dialogues with Ghana, Nigeria and Kenya under the theme 'Re-imagining the Future towards AU Agenda 2063: The ties that Bind Us', ensured that Brand South Africa's efforts continued to strengthen relations between

South Africa and selected African markets. Stakeholder engagements with Angola and the DRC were held under the same theme.

BRAND ALIGNMENT

During the past financial year, the organisation worked closely with a number of provincial partners to promote a positive and cohesive image of South Africa.

Corporate Identity Toolkit

Through working with the various stakeholders in government (including provincial and local), notably the Office of the Presidency, the Department of Trade and Industry (**the dti**), the Government Communication and Information System (GCIS), South African Tourism, business and various other stakeholders, Brand South Africa strived to ensure alignment of the Nation Brand through the promotion of a single, unified story about the country.

To achieve this, Brand South Africa used its Corporate Identity Toolkit as part of its training and other engagement sessions to ensure that all stakeholders maximise the impact of their communication when they independently market their offerings and brands globally. An online resource, the toolkit is continuously updated.

Nation Brand Alignment Training

The Nation Brand Alignment Training was introduced during the period under review. The Alignment Training provides an introduction to what the Nation Brand is, what it stands for, and gives contextual information regarding the strengths and unique features and attributes of the South African Nation Brand. The Alignment Training therefore informs, orients, and empowers stakeholders to become Nation Brand advocates.

It is structured as either a two-hour intensive orientation for executives, or a full-day training programme aimed at marketers, communicators, corporates and other stakeholders. While the structure of the Alignment Training remains the same, the timing and mode of delivery of the programme

depends on the needs of stakeholders. The Alignment Training is therefore designed as a flexible tool, and can be adapted to different audiences and different levels of management and officials in government, business, and civil society.

Awareness of the Brand South Africa toolkit is driven through Nation Brand Alignment Training sessions that provide a more formal framework to train and equip marketers and communicators from the public and private sectors with the necessary skills to profile the unique features of the South African Nation Brand. These sessions are part of Brand South Africa's plans to implement its key programmes in all the provinces.

Nation Brand Alignment Training was held in different provinces with different stakeholders, including the Department of Home Affairs and government communicators at the GCIS's Internal Communicators Forum. The provinces covered during the fiscal included Limpopo, Mpumalanga, KwaZulu-Natal, Eastern Cape, Western Cape, North West, Free State, Northern Cape and Gauteng. The target audience for these nine sessions included government communicators, provincial tourism agencies, regional business chambers and civil society partners.

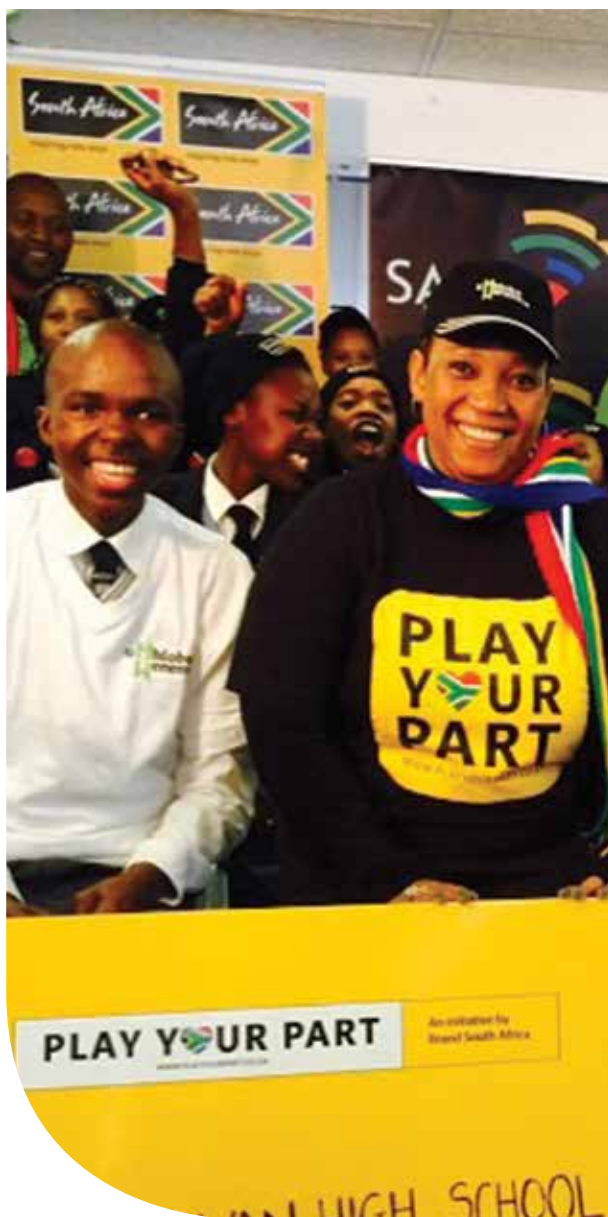
An increase in the usage of the Brand South Africa online toolkit was noted, which is indicative of a successful stakeholder training programme.

Brand South Africa works with and through its stakeholders and over the years, the relationship with the Marketing Association of South Africa (MASA) has proven to be a success. The MASA concluded a feasibility study on the Nation Brand Forum, and the results were presented to Brand South Africa during the latter half of the year. Preliminary reports indicated a positive response from institutions of higher learning to have Brand South Africa hosting guest lecturers on the Nation Brand.

Provincial focus groups

Running in parallel and complementing the Nation Brand Alignment Training sessions were the provincial focus groups run by the South African Competitiveness Forum (SACF), one





Thoko Modise with a students from Cowan High School – Cowan High School youth debate

of Brand South Africa's strategic platforms through which it consults with stakeholders from business, government, civil society and academia. The aim was to highlight the unique input and contribution of the provinces, metros and cities to the overall national competitiveness and reputation.

Participants were asked to reflect on the unique strengths of their province, the contribution it makes to the Nation Brand, and the unique challenges it faces. A range of general and specific issues were discussed and interrogated in each of the sessions.

The first of the focus groups was held at the Trade and Investment KwaZulu-Natal offices. The focus group comprised delegates from Tourism KwaZulu-Natal, the KwaZulu-Natal News, Trade and Investment KZN, and GCIS. The second focus group was held at the Athenaeum in Nelson Mandela Bay (Port Elizabeth), Eastern Cape. The group comprised delegates from Nelson Mandela Bay Tourism, Rhodes University, Nelson Mandela Bay Business Chamber and Faith-Based Organisation, Keys of the Kingdom Ministry. The impact of the new pay-off line and logo on brand identity and reputation, particularly at provincial level, dominated these focus group discussion.

Brand South Africa continued with its provincial consultations as part of its plan to take the SACF to the provinces. SACF focus group sessions were held in Limpopo at the Fusion Boutique Hotel in Polokwane with participants from the Limpopo Economic Development Agency and the Premier's Advisory Council, to name a few; in Gauteng at the Gauteng Investment Centre, The Place, Sandton, with participants from Gauteng Growth and Development Agency, City of Johannesburg, and Tshwane Metro; and in Mpumalanga at the Town Lodge Mbombela with attendees from Mbombela Local Municipality, the Department of Rural Development and Land Reform Gert Sibande District Municipality as well as media.

Brand South Africa also hosted an SACF focus group in Mahikeng. Invited delegates for this session comprised representatives from provincial and local government,

state-owned entities (SOEs), tourism, as well as economic development and investment promotion agencies in the province.

The final SACF focus groups were held in Bloemfontein, Free State, and Kimberley in the Northern Cape. Delegates comprised representatives from provincial and local government, SOEs, tourism, economic development and investment promotion agencies in the province, as well as business stakeholders.

The SACF internal reports, highlighting key preliminary findings from the initial focus group discussions held, were finalised. The reports elaborate on factors that impact positively and negatively on country/provincial reputation, country/provincial competitiveness drivers and sector-specific issues.

Domestic mobilisation and active citizenship – Play Your Part Programme

Play Your Part (PYP) is a national initiative driven by Brand South Africa, which encourages all South Africans to contribute to positive change in South Africa. This nationwide movement seeks to acknowledge, inspire, empower and celebrate active citizenship and encourage all South Africans to contribute to positive change, become involved, and start doing good. It includes corporates, individuals, non-governmental organisations (NGOs), government, churches and schools, and aims to encourage South Africans to use some of their time, money, skills or goods to contribute to a better future for all.

Through the PYP Programme, Brand South Africa encourages and inspires the support of a range of strategic stakeholders to deliver on its Nation Brand mandate, to promote active citizenry. During the year under review, Brand South Africa focused on provincial PYP activations which took on unprecedented momentum and proved to be a resounding success. PYP received ongoing support on the various platforms, ranging from online, social media, activations, as well as print media.

The potential of PYP to achieve activation with various partners at provincial level was phenomenal. This was supported by a *Play Your Part* Newsletter launched in August to share

with stakeholders the latest developments in the provincial activations, and by social media campaigns linked to specific events, such as Youth Day and the provincial activations.

Significant activations and partnerships

Brand South Africa has been working closely with the Department of Home Affairs in training officials on the Nation Brand as well as instilling pride and patriotism. During these sessions, Home Affairs officials from Gauteng, Limpopo and Mpumalanga provinces were trained on the PYP Programme, with a specific focus on a call to action message of service excellence from government officials.

Media support for Play Your Part provincial activations

Brand South Africa partnered with the SABC to ensure that it maximised reach and impact. The radio stations included UkhoziFM in support of Africa month, Morning Live in support of Freedom month and 67 Blankets drive, radio station Umhlombo Wenene for the 'Play your Part and march with a purpose' youth activation in five historical schools in Port Elizabeth. Brand South Africa partnered with Lesedi FM on a PYP activation in Kroonstad, Free State, in December, aimed at leveraging 16 Days of Activism for No Violence Against Women and Children. Motswedding FM supported Brand South Africa on an activation in the Northern Cape where it partnered with the Department of Basic Education, Breadline and SHOUT SA to donate a school library to TT Lekalake Primary School in Kuruman.

Strategic partners

Brand South Africa joined a strategic partnership with the JSE to roll out investment education to rural areas. In partnership with Eskom and ZZ2, Brand South Africa refurbished an orphanage in Ga-Magoo, Limpopo. The orphanage received gardening tools, seedlings, as well as new signage to make it possible to become self-sufficient in growing vegetables. Volkswagen Community Trust recently celebrated its 21 years of existence. Brand South Africa participated in these celebrations under the PYP Programme. Brand South Africa partnered with the South African Institute of Chartered Accountants during a

winter camp with learners from rural areas to introduce Constitution Mondays. Ithala Bank included a PYP feature in its education and skills programme. Dimphonyana Recycle Swap Shop had a PYP feature on recycling and volunteerism.

Brand South Africa's official Mandela Day media launch with the Nelson Mandela Foundation ushered in various activations with the Going the Extra Mile (GEM) Project, Greater Alexandra Chamber of Commerce, and Adreach Foundation. This culminated in the London Road and Jukskei River 'clean up' campaign as part of the wider Green Economy Sustainable Job Creation Concept. During Women's Month (August), PYP activations included celebrating women who continue to move South Africa forward, supported by radio under the theme, 'Queens playing their part in nation building'.

Celebrating days of national significance

In promoting national pride, Brand South Africa also celebrates days of national significance.

On Heritage Day, Brand South Africa celebrated the country's heritage with the women's organisation, Owami Women, lauding women who play their part in preserving the country's heritage.

A PYP activation was carried out in the Northern Cape, in line with government's Back to School initiative. In partnership with SHOUT SA, a build-up activation took place in Springs to monitor progress on the building of the library, which was ultimately handed over at the Northern Cape activation.

A key element of PYP is the nationwide Ambassador Programme – acknowledging individuals playing their part in a wide range of fields. These ambassadors provide valuable support to Brand South Africa by either participating in PYP campaigns, or incorporating active citizenship messaging into their own activities. During 2015/16 PYP ambassadors hosted the Siyabangena dialogue to KwaMashu Youth; provided mentorship to learners; and were instrumental in Brand South Africa's hosting of the Bokamoso Cross Mentorship Programme at an event held at the Nelson Mandela Foundation to promote

Constitution Mondays. Other activations included the Annual Vukani Fashion Awards; the Miss Earth Send Off; the Diepsloot Combined Schools Matric Farewell, Mosaic Girl; KK Visions Pad Drive in the Free State; and Step Up 2 a Start-up.

Several issues of intolerance, which included racial incidents, resulted in national debate during the reporting period. In response to this challenge, Brand South Africa commissioned an online campaign promoting unity and embracing cultural differences, which ran on its social media platforms. The messages of tolerance and promoting unity were also incorporated in the PYP North West activation.

During the second half of the financial year, South Africa was faced with severe droughts and water restrictions in large parts of the country. Brand South Africa partnered with the North West Premier's Office, Operation Hydrate, Nelson Mandela Foundation and local media to distribute water in the Swaruggens area.



NATION BRAND PERFORMANCE

During the year under review, the Brand South Africa Research Unit delivered an extensive programme to gain insight into the Nation Brand's reputation and competitiveness in domestic and international environments by monitoring these attributes and related perceptions.

Brand South Africa research published several Research Notes, Research Reports, and Updates as feedback to the South African public, as well as key stakeholders. The Research Unit also designed a special Nation Brand Performance presentation which was widely used as a tool to update, empower and inform stakeholders about the strengths, opportunities, and challenges facing the Nation Brand.

To measure the performance of the Nation Brand, Brand South Africa commissions and subscribes to several research instruments. Brand South Africa also conducts its own primary fieldwork research as part of the SA IN(C). project to develop a deeper and more nuanced understanding of the Nation Brand's reputation in and exposure to peer African markets. During the past year fieldwork was conducted in Angola, DRC and Senegal, as well as in the Russian Federation where it focused on the development of the BRICS brand.

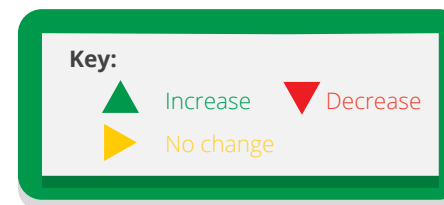
The information gleaned from these research studies are shared with stakeholders, while it also informs organisational strategy development and business strategy review.

The research strategy for the year under review focused on delivering research insights on internal and external stakeholders, through the development and delivery of:

- Background discussion documents for thought leader sessions
- Internal strategic and environment analysis documents
- Briefing documents for special Brand South Africa platforms
- Support to stakeholder platforms and programmes
- Briefings on Nation Brand performance and reputation to government, business and civil society stakeholders

- Tracking of the country performance in selected indices over a period to monitor and evaluate the Nation Brand performance
- Hosting research reference groups and the planning, and implementation of the South Africa Competitiveness Forum focus groups
- Conducting primary fieldwork research in select peer African and emerging markets
- Supplying proof points for country messaging
- Contributions to stakeholder training and the Nation Brand Alignment Training.

INDEX TRACKING & ANALYSIS FOR NATION BRAND PERFORMANCE PRESENTATION




As mentioned above, Brand South Africa subscribes to several research instruments that monitor country performance. By drawing insights from independent indices, which in part also inform and feed into research conducted in-house, the organisation is able to gain a comprehensive perspective on the strengths and challenges facing the Nation Brand.

The Nation Brand Performance presentation highlights some of the key attractiveness features of the Nation Brand, illustrates areas where country performance has improved year-on-year and identifies the challenges faced by the brand, the purpose being to provide relevant recommendations to Brand South Africa's key stakeholders.


The following figure provides an overview of country performance as ranked in the World Bank's Doing Business Index 2016 as well as the World Economic Forum's 2015 Global Competitiveness Index (GCI).

SOUTH AFRICA'S PERFORMANCE (SOURCES: WORLD BANK DOING BUSINESS INDEX 2016 AND WEF 2015 COMPETITIVENESS REPORT)

World Bank Doing Business Index 2016 (73/189 economies)



- Protecting minority investors (14)
- Paying taxes (19)
- Resolving insolvency (41)



- Protecting minority investors (17–14)



- Construction permits (90)
- Starting a business (120)
- Registering a property (101)
- Enforcing contracts (119)
- Trading across borders (130)

WEF 2015 Competitiveness Report (49/140 countries)



- Institutions (38)
- Goods and market efficiency (38)
- Business sophistication (33)
- Financial market development (12)
- Market size (29)



- Technological readiness (66–50)
- Innovation (43–38)
- Labour market efficiency (113–107)
- Health and primary education (132–126)
- Macro-economic environment (89–85)



- Infrastructure (60–68)
- Goods and market efficiency (32–38)



Strengths



Improvements



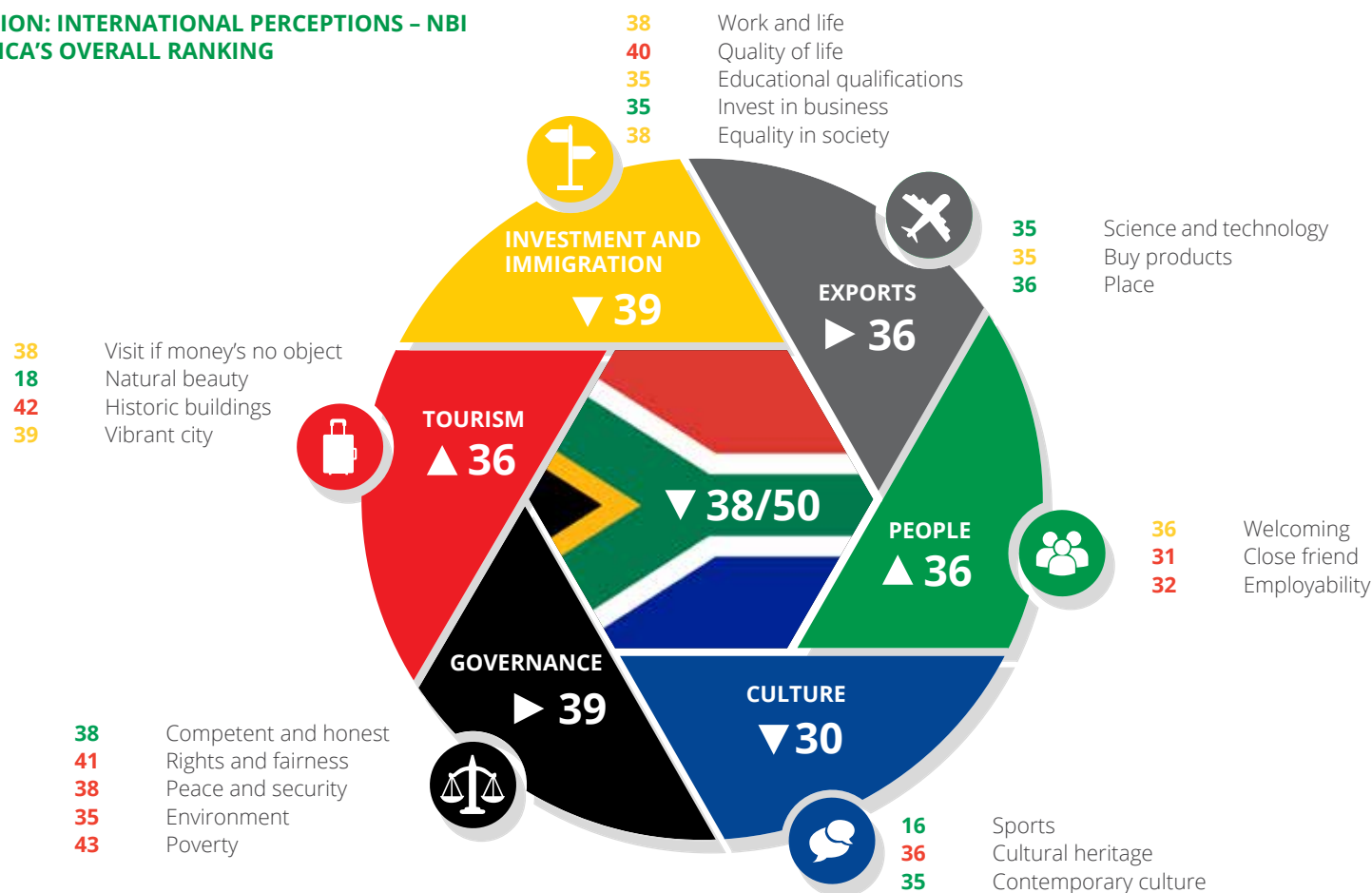
Challenges

The GCI 2015 ranks South Africa 49th out of 140 countries in terms of overall competitiveness, a comparatively strong performance for a developing country. Country performance on financial market development is particularly noteworthy, with South Africa outperforming more established economies such as Germany (18th), France (29th) and all its other BRICS partners to rank 12th overall.

The World Bank's Doing Business Report 2016 highlights the protection of minority investors as a key strength of the South African economy, a set of regulations that matters for the ability of companies to raise the capital they need to grow, innovate, diversify and compete. The country ranks 73rd overall out of 189 economies, placing it well above the regional average as well as the average score for all OECD economies.

The Nation Brand Performance presentation also draws attention to key findings on South Africa's global reputation from the 2015 Anholt GfK-Roper Nation Brand Index (NBI), see figure below. The arrows indicate year-on-year improvements and declines in performance. Findings from the NBI are elaborated in further details in the following section.

BRAND REPUTATION: INTERNATIONAL PERCEPTIONS – NBI 2015 SOUTH AFRICA'S OVERALL RANKING



Brand South Africa also strives to highlight home-grown initiatives that focus on country performance, most prominent among these being the Mo Ibrahim Index of African Governance which seeks to provide an annual measure of governance efficiency of African countries. Here, South Africa performs well, ranking 4th overall out of 54 countries. It is outperformed by its relatively smaller neighbours, Mauritius and Botswana (ranking 1st and 3rd respectively), as well as one other island state (Cape Verde, 2nd). On the positive side, SA is the only traditional African powerhouse to rank in the top 10 (Nigeria, Kenya and Egypt are excluded). The figure below shows SA's performance on the four broad thematic areas of assessment:

NATION BRAND PERFORMANCE: POLITICAL GOVERNANCE – MO IBRAHIM INDEX OF AFRICAN GOVERNANCE 2015 (SOURCE: MO IBRAHIM FOUNDATION, 2015 IIAG)

- Annual assessment of quality of governance in 54 African countries
- South Africa ranks 4th out of 54 countries overall
- Scores in the Top 10 in all four categories



Sustainable
Economic
Opportunity

2nd



Safety and
Rule of Law

7th



Participation and
Human Rights

4th



Human
Development

6th

The following sections give more detail on indices on which Brand South Africa draws information for its analysis of the Nation Brand performance.

ANHOLT GfK-ROPER NATION BRAND INDEX

The Anholt GfK-Roper NBI measures the reputation of 50 countries among the general public based on six dimensions – people, culture, tourism, governance, export and investment/immigration. Brand South Africa uses the NBI as a benchmark to understand country-specific perceptions and to devise the appropriate communication strategy per market.

Highlights

- The 2015 annual survey comprised a total of 20 342 interviews with at least 1 000 interviews per country.
- South Africa moved down in ranking for the second year in a row (from 37/50 to 38/50).
- South Africa's overall reputation score improved by 0.17 points on 2014.
- Since 2012, South Africa's statistical scores in each year's study have improved, or remained stable.
- 2015 is the first year since 2012 that the Nation Brand improved statistically in performance on all the pillars of the NBI.
- Egypt passed South Africa to rank at 36.
- As in the past, South Africa's global reputation is driven by Culture which falls in the top 30.
- South Africa's weakest gains are in Governance, Immigration and Investment.
- In terms of its global reputation, South Africa is associated most strongly with natural beauty, culture and sporting excellence, hard-working and skilful people.
- South Africa's biggest reputation challenge lies in governance (especially poverty alleviation); the need to enhance its profile of exports; and the need to enhance its profile technological readiness.

Performance

South Africa 2012–2015	2012		2013		2014		2015	
Overall rank	36		36		37		▼ 38	
Ranking by pillar								
	Rank	Score diff (2011/12)	Rank	Score diff (2012/13)	Rank	Score diff (2013/14)	Rank	Score diff (2014/15)
Exports	37	(1.33)	37	(1.13)	36	0.90	36	0.07
Governance	40	(1.44)	40	0.08	39	0.93	39	1.83
Culture	28	(3.36)	27	0.08	29	0.01	▼ 30	0.87
People	31	(3.32)	34	(0.64)	37	0.45	▲ 36	0.06
Tourism	34	(2.32)	34	(0.12)	37	(0.09)	▲ 36	1.14
Immigration and investment	38	(3.85)	38	0.01	37	0.41	▼ 39	0.22

WEF AFRICA COMPETITIVENESS REPORT 2015

The Africa Competitiveness Report is a biennial project highlighting areas that require policy action and investment to ensure Africa's sustained growth. It incorporates the knowledge and expertise of the African Development Bank, the Organisation for Economic Co-operation and Development, the World Bank and the WEF.

Highlights

- South Africa reverses its four-year downward trend, improving its overall ranking from 56/144 to 49/140 for 2015/16. This is a significant upward movement. This is largely a result of increased uptake of information and communication technologies (ICTs), particularly higher internet bandwidth, and improvements in innovation.
- The country dropped in the following pillars: Financial Market Development (from 7 to 12), Goods & Market Efficiency (from 32 to 38), Institutions (36 to 38), Market Size (25 to 29) and Business Sophistication (31 to 33).
- The country dropped eight positions in Infrastructure from 60 to 68. This drop is particularly noteworthy considering the importance prescribed to infrastructure development in the context of the NDP and the National Infrastructure Plan.
- In the areas of technological readiness, South Africa jumps 16 positions from 66 to 50; innovation improves from 43 to 38. In fact, South Africa outperforms all its African counterparts to become the most innovative economy.
- While South Africa drops in five of the 12 pillars, there are indications of continued positive movement in the remaining seven pillars where it has not been doing well: Macro-economic environment (89 to 85), Health & primary education (132 to 126); Higher education & training (86 to 83); Labour market efficiency (113 to 107).

Performance

	2010	2011	2012	2013	2014	2015
1. Institutions	47	46	43	41	36	▼ 38
2. Infrastructure	63	62	63	66	60	▼ 68
3. Macro-Economic Environment	43	55	69	95	89	▲ 85
4. Health & Primary Education	124	131	132	135	132	▲ 126
5. Higher Education & Training	75	73	84	89	86	▲ 83
6. Goods & Market Efficiency	40	32	32	28	32	▼ 38
7. Labour Market Efficiency	97	95	113	116	113	▲ 107
8. Financial Market Development	9	4	3	3	7	▼ 12
9. Technological Readiness	76	76	62	62	66	▲ 50
10. Market Size	25	25	25	25	25	▼ 29
11. Business Sophistication	38	38	38	35	31	▼ 33
12. Innovation	44	41	42	39	43	▲ 38
Overall	54	50	52/144	53/148	56/144	▲ 49/140

2015 IBRAHIM INDEX OF AFRICAN GOVERNANCE

As mentioned above, the Ibrahim Index of African Governance (IIAG) is an annual statistical assessment of the quality of governance in all 54 countries across the continent.

Highlights

- South Africa remains a strong performer, maintaining its ranking at 4 out of the 54 African countries.
- With an overall governance score of 73.0, it performs both above the African average, as well as the regional average for southern Africa.
- While South Africa may be outperformed by its relatively smaller neighbours, Mauritius and Botswana, it is the only 'traditional' African powerhouse to rank in the Top 10.
- Improvements in overall governance since 2011 are attributable to gains made in three of the four categories (excluding Participation and Human Rights).

Performance

	2011	2012	2013	2014	Change 2011-14
Overall Score	72.1	72.0	72.8	▲ 73.0	0.9
Category 1 Safety & Rule of Law	67.6	67.0	66.9	▲ 68.4	0.8
Rule of Law	90.0	91.1	93.3	▲ 95.4	5.3
Accountability	65.9	67.1	66.0	▲ 66.8	0.9
Personal Safety	34.6	29.8	31.2	▲ 31.6	(3.0)
National Security	80.0	80.0	76.7	▲ 80.0	0.0
Category 2 Participation & Human Rights	74.1	73.7	74.1	▼ 73.9	(0.2)
Participation	79.6	79.6	81.1	▶ 81.1	1.4
Rights	68.3	67.7	67.4	▼ 67.1	(1.3)
Gender	74.3	73.8	74.0	▼ 73.6	(0.7)
Category 3 Sustainable Economic Opportunity	69.5	71.8	72.8	▼ 72.3	2.8
Public Management	76.6	74.3	74.5	▼ 71.6	(5.0)
Business Environment	72.9	73.7	79.0	▲ 79.6	6.8
Infrastructure	65.1	75.9	76.1	▼ 75.7	10.6
Rural Sector	63.5	63.3	59.8	▲ 62.3	(1.2)
Category 4 Human Development	77.0	75.5	78.0	▼ 77.3	0.3
Welfare	76.8	77.4	77.9	▶ 77.9	1.1
Education	72.8	67.1	74.1	▲ 74.5	1.7
Health	81.2	81.9	82.0	▼ 79.3	(1.9)

* Note that the ranking cannot be compared with previous years' data. Annual refinements are made to the scores, and the entire dataset is revised retrospectively.

2016 WORLD BANK – EASE OF DOING BUSINESS INDEX

Each year, the World Bank publishes an annual report on the state of health of economies based on detailed diagnostics of underlying and embedded characteristics (e.g. regulatory system, efficacy of the bureaucracy and the nature of business governance). The Doing Business Index forms part of the report, measuring the ease of doing business in 189 economies according to 11 criteria: 1) regulation for starting a business, 2) dealing with construction permits, 3) getting electricity, 4) registering property, 5) getting credit, 6) protecting minority investors, 7) paying taxes, 8) trading across borders, 9) enforcing contracts, 10) resolving insolvency, and 11) labour market regulation.

Highlights

- The country ranks 73rd overall out of 189 economies, placing it well above the regional average as well as the average score for all OECD economies.
- Of the ten sub-indicators, South Africa's performance this year drops on nine.
- South Africa improved in the Protecting Minority Investors indicator – from 17 to 14.

Performance

	2012/13	2013/14	2014/15	2015/16
Starting a business	53	64	61	▼ 120
Registering property	79	99	97	▼ 101
Trading across borders	115	106	100	▼ 130
Dealing with construction permits	39	26	32	▼ 90
Getting credit	1	28	52	▼ 59
Enforcing contracts	82	80	46	▼ 119
Getting electricity	150	150	158	▼ 168
Protecting minority investors	10	10	17	▲ 14
Paying taxes	32	24	19	▼ 20
*Resolving insolvency				▲ 41
Overall ranking	39	41	43	▼ 73/189

* The World Bank introduced new indicators

2016 INDEX OF ECONOMIC FREEDOM

The Heritage Foundation, together with the *Wall Street Journal*, released the 2016 Index of Economic Freedom. This 22nd edition of the Index covers ten freedoms in 186 countries. A higher score indicates better performance.

Highlights

- South Africa ranks 80th of 186 countries, with an overall Economic Freedom score of 61.5, making it a 'moderately free' economy. The score is down 0.7 points from last year.
- It ranks 7th freest in sub-Saharan Africa, where the overall level of Economic Freedom remains low.
- South Africa has improved its performance in four of the 10 measures assessed by the Index: Freedom from Corruption, Fiscal Freedom, Government Spending and Trade Freedom.
- Its Financial Freedom score remains stable – it continues to rank among the top 40 in the world at position 38/186 – thanks to a gradually evolving financial system and a resilient banking sector.
- The country faces its biggest challenge in the Regulatory Efficiency pillar. It performed weaker in all three measures, with the biggest score reduction in Business Freedom.

Performance

Economic Freedom	2009	2010	2011	2012	2013	2014	2015	2016
1 Rule of Law								
Property rights	50	50	50	50	50	50	50	▶ 50
Freedom from corruption	51	49	47	45	41	41.6	42	▲ 44
2 Government Size								
Fiscal freedom	68.9	69.1	69.6	70.7	70.5	68.7	69.5	▲ 70.1
Government spending	77.6	76.8	77.5	71.9	69.2	69.1	68.2	▲ 69.9
3 Regulatory Efficiency								
Business freedom	74.6	73	72.3	75.8	74.7	74.5	73	▼ 69.7
Labour freedom	56.8	59	56.7	57.3	55.6	54.4	61.6	▼ 58.7
Monetary freedom	74.3	70.2	71.9	75	75.8	75.3	74.9	▼ 74.6
4 Open Markets								
Trade freedom	74.8	76	77.2	76.3	76.3	76.1	76.4	▲ 77
Investment freedom	50	45	45	45	45	55	50	▼ 45
Financial freedom	60	60	60	60	60	60	60	▶ 60

2015/6 UNITED NATIONS DEVELOPMENT PROGRAMME – HUMAN DEVELOPMENT REPORT

The 2015 United Nations Development Plan Human Development Report (HDR), released in December 2015, focuses on the intrinsic relationship between work and human development. The 2015 HDR presents the 2014 Human Development Index for 188 countries and UN-recognised territories.

Highlights

- South Africa ranks 116th out of 188 countries. With an HDI value of 0.666 for 2014, the country is in the medium human development category.
- South Africa has seen a steady increase in its HDI value since 1990, moving up 7.2% from 0.621 in 1990 to 0.666 in 2014. Contemporary South Africans enjoy a longer, healthier life, have better access to education and a more decent living standard.

Performance: South Africa's HDI trends based on consistent time series data and new goalposts

	2010 (2011 HDR)	2011	2012 (2013 HDR)	2013 (2014 HDR)	2014 (*2015 HDR)
Rank	123 (/187)	123 (/187)	121 (/186)	118 (/187)	116 (/188)
HDI value	0.643	0.651	0.659	0.663	0.666
Life expectancy at birth	54.5	55.5	56.3	56.9	57.4
Expected years of schooling	13.5	13.5	13.6	13.6	13.6
Mean years of schooling	9.6	9.7	9.9	9.9	9.9
GNI per capita (2011 PPP\$)	11 833	11 977	12 041	12 134	12 122

TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTION INDEX 2015

Transparency International released its 21st annual Corruption Perceptions Index (CPI) on Wednesday, 27 January 2016. The CPI is the leading global indicator of public sector corruption, offering a yearly snapshot of the relative degree of corruption by ranking countries from all over the globe.

This year's index ranks 168 countries/territories by their perceived levels of public sector corruption.

Highlights

- South Africa ranks 61st of 168 countries with a corruption score of 44 (moderately corrupt) in 2015.
- Its score has remained stable from 2014, with a positive two scores up from 2013 where South Africa scored 42/100.
- South Africa outranks all its BRICS counterparts. With a score above 40, it is the least corrupt of the BRICS nations.

ANHOLT-GFK ROPER CITY BRANDS INDEX 2015

The 2015 City Brand Index (CBI) survey is conducted among citizens in 10 developed and developing countries that play important and diverse roles in the flow of business, cultural, and tourism activities. A total of 5 166 interviews were conducted, with at least 500 interviews per country.

Highlights

- Ranking 44th again this year, Johannesburg has held the position it earned in the CBI 2013. However, its momentum has waned, posting only a modest score increase this year (0.91 points versus the average score gain of 1.58 points).
- South Africa's largest city has fared better than Durban and Cape Town, with the former falling behind Cairo and the latter behind Warsaw – now sitting only one position ahead of Johannesburg.
- Although the South African cities all face challenges, they each have their own strengths: Durban is praised for being the cleanest of the three, Cape Town is most appreciated for its affordability, its open culture, its interesting offerings, and overall familiarity, and Johannesburg for its world contributions and educational offerings.

Performance

South African cities				
City	2013 ranking	2015 ranking	2013 CBI score	Score difference 2013–2015
Cape Town	42	43	52.86	53.55
Johannesburg	44	44	52.58	53.49
Durban	47	48	51.51	51.65

THE SA IN(C). RESEARCH PROJECT

Brand South Africa Research and the Africa & Middle East Programme collaborate to deliver on the organisation's Africa strategy. The purpose of the SA IN(C). project is to conduct primary qualitative research in peer African markets. Findings from the project inform Brand South Africa's Africa strategy and are shared with stakeholders in business, government, academia and civil society.

During the year under review, Brand South Africa shared findings with the Africa Steering Committee of the Department of Public Enterprises to assist state-owned companies with market insights, and strategic advice pertaining to market entry and reputation strategies. The organisation also provided input to the Department of International Relations and Cooperation (DIRCO), particularly to relevant missions and country desks. In partnership with the DIRCO Diplomatic Academy, the organisation gave briefings to officials and heads of mission being deployed to missions abroad. Other stakeholders that benefited were provincial and metropolitan/city government; academia and media through quarterly feedback sessions; and business chambers. Brand South Africa also gave one-on-one briefings on request.

CONTEXT TO SOUTH AFRICA'S ENGAGEMENT WITH THE CONTINENT

According to the EY Africa Attractiveness Survey 2015, South Africa is the top destination for foreign direct investment (FDI) projects: the country attracted 121 projects in 2014/15. In the same year, North Africa rebounded with Egypt attracting the second highest number of inward-bound FDI projects (71) while Morocco took third place with 67 projects.

What makes this picture more interesting is the fact that South Africa not only attracted the bulk of FDI projects, but is also (together with the UK) the second largest source of FDI projects on the continent. South Africa's footprint on the continent (in terms of business and FDI) is a major competitive advantage.

The NDP outlines the need for increased intra-African trade, underpinned by human and regional integration projects.

Given the background on South Africa's role and impact, the South Africa Inc. project therefore aims to develop a more nuanced, integrated and holistic understanding of its reputation in the African environment to support the NDP objectives.



SA Embassy in Dakar Reception, January 2016



The growing Luanda skyline

SNAPSHOT FINDINGS FROM FIELDWORK IN ANGOLA, SENEGAL AND THE DRC

The figure to the right outlines some of the key themes emerging from fieldwork conducted in Angola during October 2015. Due to the unique and somewhat complex historical relationship between South Africa and Angola, the fieldwork focused on the presence and experience of South African nationals and corporates in the market. Feedback from respondents proved to be extremely informative regarding the general business environment, how South African business is perceived, and what lessons can be learnt from respondents' experiences in the market.

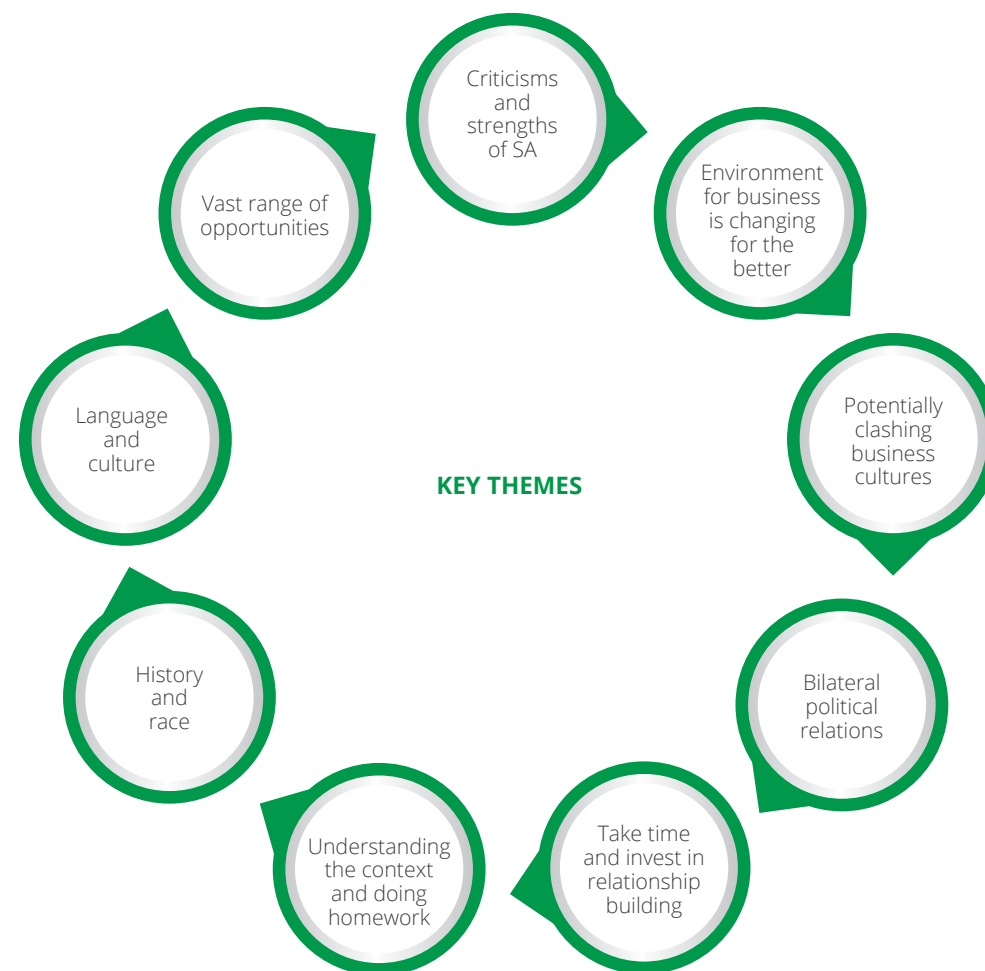
South Africa has played a significant role in the DRC in terms of political and bilateral relations, peace building and democratisation, and through its role in the United Nations Force Intervention Brigade operations in Eastern DRC. Stakeholders interviewed confirmed that South Africa is respected and enjoys a strong profile. Peers in the DRC remain open to investment from trade and a range of interactions with South Africa.

It became apparent that while Senegal and South Africa have a relatively low level of bilateral trade (when compared to trade with Mozambique, Angola and Nigeria), the bilateral relationship is strong from a historical political and contemporary cultural perspective.

The role Senegal played in the liberation struggle in South Africa is significant. Not only did the ANC maintain an active office in Dakar, but in 1987 the government of Senegal hosted and supported a major meeting between an ANC delegation, and a delegation of Afrikaner politicians, activists, writers and artists on Goree Island; subsequently, the Goree Institute was founded. Next year marks the 30th anniversary of this landmark meeting.

KEY LESSONS

- The profile of South African culture – especially its music, film, television and related cultural products – is a major reputation enhancer, and brings South African culture into the homes and lives of its African peers.
- South Africans (government, business or civil society) need to develop an appreciation for local culture, business conduct and market dynamics. To this end, Brand South Africa published a special report on the need for cultural competence when entering or engaging with peer African markets.
- Market entry strategies should consider both hard factors (hard economic, policy and risk), and soft factors such as relationship management, business conduct and partner identification.
- South African corporates are well respected and play a significant role in job creation and sectoral development in the markets where they are active.



ANALYSIS AND BRAND BUILDING

In addition to conducting the fieldwork, Brand South Africa Research also engaged in analysis of key continental initiatives such as Agenda 2063 to understand its implications for the Nation Brand. The research unit also engaged in public debate by challenging concepts. On Africa Day 2015, the research unit and the Africa and Middle East Programme released a paper interrogating the question. 'Can Competitiveness be Africanised?' Through such interventions the organisation engages in critical and constructive debate on issues relevant to the development, competitiveness and reputation of the African continent.

During the year Brand South Africa also focused on the development of the BRICS brand. A special research report entitled 'The Ufa declaration and its implications for the BRICS brand', was published.

This report outlines three phases in the development of the BRICS:

PHASE 1

- 2001–2007: BRIC (without South Africa) stood for little more than an investment category invented by Goldman Sachs
- Pre-financial crisis period, commodities boom, and height of positivity around emerging markets & future dynamics

PHASE 2

- 2008–2014 marks the emergence of the BRICS as a political platform, though largely informal; some refer to 'Club' of developing nations
- Annual cycle of summits, rotating presidency, and increased areas of co-operation (note BRICS Research Group report on this cited on the next page)

PHASE 3

- Third phase starts in 2015 and is characterised by a process of institutionalisation and the launch of the New Development Bank and the Contingent Reserve Agreement
- Creation of 'Virtual Home' for the official BRICS website

To arrive at a preliminary scoping of the concept, the BRICS Brand, and how it has evolved in the past five years, this research report interrogates:

- **A short history of the BRICS:** Its three development phases are explored as context for the BRICS as a multilateral developmental brand
- **From Economic Concept to Global Governance Institution:** Based on research conducted by the BRICS Research Group and other analysts, this section explores how the group has achieved a 70% implementation and compliance rate in terms of implementing Summit decisions. The section interrogates research on the surprising rate of BRICS institutionalisation through the establishment of the New Development Bank and related initiatives
- **Themes emerging from the Ufa Declaration:** This section explores key Summit decisions and commentary on the global governance role of the BRICS in contemporary geopolitics
- **The BRICS brand – will the sum be more than its constituent parts?** This section profiles the Nation Brand valuations and rankings of the BRICS members, and speculates on the growth of the collective brand in significance and global visibility as its institutionalisation deepens.



BRICS – Russia

RESEARCH REPORT, NOTES AND UPDATES

Brand South Africa relies on research and knowledge management to deliver on its mandate. Its research analysis publications illuminate issues that impact on the South African psyche, national pride, and international reputation. These essentially analytical pieces highlight trends in reports on South Africa, which are produced by external agencies, institutes and multilateral organisations. They highlight key findings, and are shared with key stakeholders and the nation, together with research from studies commissioned by Brand South Africa.

KEY ELEMENTS OF RESEARCH OUTPUTS



National Brand Performance

Research notes and reports provide feedback on a range of issues to inform the debate regarding South Africa's reputation, role and exposure to international markets. Published research notes and reports for the year under review include:

- Findings from Brand South Africa's Domestic Perceptions Research
- A nation united against xenophobia
- Can competitiveness be Africanised?

- Evolving the Nation Brand identity through a collective heritage
- Developing an SA IN(C) Strategy for the Nation Brand
- The Ufa declaration and its implications for the BRICS brand
- Angola and the Need for Cultural Competence
- The African Union and Vision 2063 – Summary and Overview
- The Nation Brand Index – perspectives on South Africa's global reputation
- Deepening the relationship between Brazil, Russia, India, China and South Africa
- How South Africans identify themselves
- The global reputation and competitiveness of South African cities.

DOMESTIC PERCEPTIONS RESEARCH

The mandate of Brand South Africa requires understanding of domestic trends, perceptions and factors, which impact on the pride and commitment of South Africans to the nation and the Nation Brand. Brand South Africa's Domestic Perceptions Research findings contribute to developing an understanding of how South Africans perceive the Nation Brand, and tracks indicators such as national pride, attitudes, values and beliefs. These research insights also help it to understand and respond to a dynamic and evolving national identity, through its PYP Programme, and other engagements with stakeholders in South Africa.

Brand South Africa uses a national survey, among others, to identify nuances at play in the social, economic and political milieu, and remain informed of and responsive to mindsets, perceptions and perspectives of South Africans on the nation and the brand. This shapes the brand messages and activities.

The March 2016 Domestic Perceptions Research results from two rounds of fieldwork rendered some interesting information about the perceptions of South Africans regarding the brand and their outlook for the future.

The final results are nationally representative according to age, race, gender and region.



Unlike perceptions created through mediated debate, South Africans are extremely **PROUD** of the country. Over 80% claim that they are extremely proud to be South African and being a South African is how the people in the country identify themselves. Culture, race, religion, gender are distant seconds.



Citizens agree that the beautiful landscape, rich heritage and religious freedom define South Africa as a country. Religious freedom and the spirit of **UBUNTU** (79% indicate that the country embraces this concept) are the most reflective of South Africa.



Citizens are more inclined to recommend South Africa as a travel destination or to live in, rather than a country to invest, work or study in. **79%** of respondents, however, indicate they believe South Africa is a competitive nation.



The majority of respondents feel that South Africa's social and **CULTURAL DIVERSITY** is a major advantage and despite the problems the country faces, they have no desire to leave. **78%** intend to continue to live and work in South Africa and **76%** of respondents believe that this is a country where it is possible for your dreams to come true.



There is a much stronger feeling of inclusion among citizens of South Africa than inclusion with government and its policies. The top concerns on the minds of citizens are matters that affect them on a daily basis – safety and security, local governance, and employment opportunities.

Long-term engagement (e.g. joining local community initiative or projects) ranks comparatively low in terms of importance. Keeping informed about what is happening in their community, supporting local businesses and voting are of much higher importance. When considering whether to take part in community projects, citizens are more likely to participate in preparing and distributing food parcels/ meals, learnership programmes and attending to the elderly, and less likely to be active in street cleaning and knowledge transfer (teaching).



Quality and access to **EDUCATION** are perceived to have made the greatest improvement in the past ten years, and people expect this positive trend to continue. However, the majority of respondents still believe that the education system does not prepare learners adequately for the job market. This is followed by public transport, which is also seen to have made significant improvement.



Inspiring new ways

Word-of-mouth from people close to respondents as well as news and advertising are strong external driving forces of influence and have a positive impact on their views. Very few citizens are aware of Brand South Africa – only one in every ten, with over four-fifths of the population unaware or unsure.

82 PRIDE INDEX

Citizens have a strong commitment to their country; **96%** of respondents have a strong or good sense of pride, an increase from the previous round of research

61 ACTIVE CITIZENSHIP INDEX

Over two-thirds of South Africans have a Good to Strong score for Active Citizenship – not as strong as their feeling of cohesion and pride

76 SOCIAL COHESION INDEX

Almost half of South African citizens have a strong feeling of cohesion

Additional perspectives that have emerged show that the youth of South Africa (the generation who will champion Vision 2030) are optimistic about the country's potential, despite the challenges faced by the nation. They are committed, proud, hopeful and aspirational. It is interesting to note that commitment to South Africa is strong across races.

Challenges evident from the findings include the following:

- There is a need to encourage active citizenship beyond the comfort zones of home and family, church and religious activities, and organised politics
- Indian and White respondents to the study have a perception that they have not benefited much from South Africa's democracy – this has implications for both social cohesion and pride/commitment to South Africa
- Lack of employment opportunities poses challenges to the reputation of government
- There is a lack of trust in leadership among the country's youth
- The most worrying issues South Africans cite are crime, corruption and unemployment
- Race and historical legacy issues impact on social cohesion, reconciliation and social integration.

South Africans are, however, willing to take action, rather than wait for a solution to be presented. 56% of respondents indicate that citizens should focus on solutions, rather than the problems confronting the country.

As a relatively young and evolving democracy, South Africa continues to confront historical challenges and legacy issues. In the context of its societal development, it is therefore encouraging that citizens show a preference to focus on solutions. This is a promising way in which to find new and inspiring ways of engaging with problems and challenges.

The following research update sheds more light on this survey.

RESEARCH UPDATE SUMMARY

Self-description labels

Being a South African is a very important element of individual and national identity.

- In terms of nationality, responses to the survey indicate "I'm a South African" as the primary descriptive label among citizens

Unlike perceptions created through mediated debate, South Africans are extremely proud of the country:

- Over 80% of South African citizens claim that they are extremely proud to be South African. Citizens are inclined to recommend South Africa across the board, with higher affinity to travel and live in. The table below indicates, by race, the predominant categories of self-description respondents identify with.

Black		Coloured		Indian		White	
South African	75	South African	81	South African	85	South African	89
Culture	51	Religion	50	Religion	47	Race	47
African	45	Race	43	Race	39	Religion	42
Religion	37	Gender	34	Gender	36	Gender	38
Gender	30	Culture	31	Culture	36	Culture	27

Domestic Perceptions Research: Brand South Africa Research Notes

Active Citizenship: Intention versus Reality	Leigh-Gail Petersen
Active Citizenship and Social Cohesion	Dr Judy Höhn-Smith and Leigh-Gail Petersen
A Youthful Population in a Young Democracy	Leigh-Gail Petersen
South Africa: a brand of optimists?	Dr Petrus de Kock
How do South Africans identify themselves?	Dr Petrus de Kock and Leigh-Gail Petersen

SOUTH AFRICAN COMPETITIVENESS FORUM PROVINCIAL FOCUS GROUPS



Nelson Mandela Reference group
on heritage – Cape Town

The South African Competitiveness Forum (SACF) is one of Brand South Africa's strategic platforms through which it consults with stakeholders from business, government, civil society and academia. During the year under review, Brand South Africa's primary SACF action plan took the competitiveness and reputation discussion to each of the nine provinces.

Based on the 2013 findings of the SACF, its outreach activities during the reporting period were aimed at gathering input into the brand positioning, strengths and challenges faced in terms of the country's overall competitiveness and reputation. These activities were carried out in the various provinces, metros and cities.

The strength, appeal, reputation and concrete human and economic offerings of provinces and cities play a critical role in shaping and ultimately supporting the Nation Brand. In focus group discussions, provincial participants were asked to reflect on the unique strengths of the relevant province, the contribution it makes to the Nation Brand, and its unique challenges. Participants identified key factors that impacted positively and negatively on:

- Country/provincial reputation
- Country/provincial competitiveness drivers
- Sector-specific issues
- Ideas for country messaging
- Recommendations and executable actions to rectify what is wrong, and to enhance and leverage off that which is recognised as competitive and reputational strengths were also discussed.

Brand South Africa derived 13 key lessons from the focus groups in all nine provinces. The outcome of the provincial SACF discussions will inform planning for a Nation Brand Forum that Brand South Africa will host during 2016/17.

RESEARCH REFERENCE GROUP

Early in 2015 several incidents pertaining to historical symbols, statues and the public representation of South Africa's national

heritage were in the spotlight. In March 2015, a controversy erupted at the University of Cape Town regarding the presence of a colonial era statue, that of Cecil John Rhodes, on campus. These incidents sparked a national debate on the country's heritage, as well as historical perspective.

During May 2015 Brand South Africa and the Nelson Mandela Foundation hosted a research reference group on the theme 'Evolving the Nation Brand identity through a collective heritage', which called on participants to assist Brand South Africa to develop a more nuanced approach to the representation(s) of South Africa's national identity and heritage. Due to the evolving nature of the South African post-Apartheid identity, the two parties felt compelled to interrogate the issue of national identity and heritage.

The following questions were posed to the reference group:

- Are we doing enough to incorporate elements of the varied and rich streams of history, and heritage, which collectively shape national identity, into the brand image and message projected domestically and internationally?
- How do we creatively respond to and reconcile opposing views regarding the nation's collective heritage, while remaining sensitive to the fact that our collective national identity and heritage are evolving features of a relatively young (21-years-old) democracy?



Nelson Mandela Reference group on heritage – Cape Town

ORGANISATIONAL **SUSTAINABILITY**





ADMINISTRATION

HUMAN RESOURCES

Brand South Africa prioritised five key thrusts to build organisational competencies and leadership capacity for longer-term growth:

1. Talent management and development
2. Leadership development
3. High-performance and engaging culture
4. Skills development.

Our Human Capital Strategy is to develop and manage the organisational capabilities we need, both locally and globally. The team ensures that every job is filled by a fully competent employee who enables Brand South Africa to deliver on its objectives.

OUR OBJECTIVES FOR 2016



Increase the representation of people with disabilities by filling one management position with such candidate



Review job specification, job documentation and job evaluation for all positions



Conduct an organisation-wide skills audit



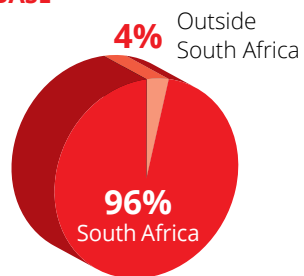
Maintain the vacancy rate to a single digit



Develop an HR Plan that is in line with the Five-year Strategy

The entity employs 59 permanent staff, both locally and in its China, US and UK offices. The total salary bill is about 30% of the allocated grant.

EMPLOYEE BASE



Talent management and development

Talent management is a strategic business priority and the entity's ability to attract and retain key talent is measured through its recruitment success rate and employee retention rate.



Overall staff turnover

2014/15: 21%
2015/16: 15%



Exco staff turnover

2014/15: 67%
2015/16: 0%



CWP staff turnover

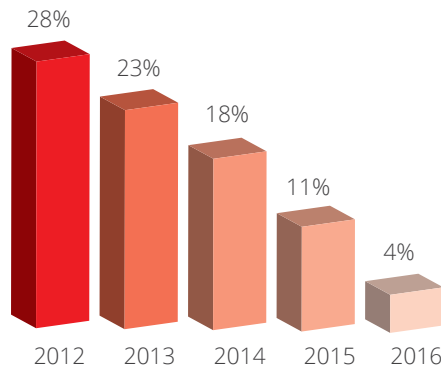
2014/15: 22%
2015/16: 0%



The entity aims to ensure an effective talent pipeline with the development of high potential individuals. Performance agreements, which define key outputs and success measures and potential inhibitors to performance, are concluded annually by each employee. These individual performance agreements form the basis for performance management and the development of personal development plans. Formal performance reviews are conducted every quarter for all employees.

Brand South Africa aims to attract and retain key talent through attractive career opportunities, market-related remuneration and an inclusive and enabling culture with zero tolerance for discriminatory behaviour. Progress is tracked through an annual employee climate survey, which assesses employees' perceptions of Brand South Africa. The success of the entity's talent management interventions is evident in the low vacancy rate, as illustrated in the graph below.

VACANCY RATE OVER THE PAST FIVE YEARS



Employee Brand Loyalty Award Programme

The generally recognised problem of low productivity rates in South Africa continuously challenges human capital specialists to devise compensation structures that will motivate employees to be loyal, engaged and improve their increased levels of performance. This inspired Management to develop

the Employee Brand Loyalty Award Programme (EBLAP), which links rewards and outstanding, inspiring, innovative and loyal employees.

The EBLAP is used to motivate and enhance employee's productivity, attract and retain employees, reduce staff turnover and nurture true brand loyalty. The programme is designed in such a manner that employees view it as fair, effective and supportive, demonstrating the values that Brand South Africa places on its employees' contribution to the delivery of quality services.

In March 2014 Brand South Africa reviewed its values, which was adopted by all staff members. These values are Determination, Integrity, Diversity, Innovation, Co-operation and Ubuntu (DID-I-C-U). EBLAP is aligned with these values.

In 2014, 13 deserving people and three teams were nominated as EBLAP finalists. The overall winner in each category, as illustrated below, received an award.



Brand SA employees during the EBLAP Awards. From left: Kgomoitso Seripe, Jimmy Modiba, Sfiso Hlongwane, Alice Puaone

EBLAP WINNERS

		Winner
Determination	We have the ability to refuse to give up despite the challenges we face. We keep our eye on the objective, we stay focused and persevere. We remain driven and keep going at it.	Kgomotso Seripe Team Finance
Integrity	We do the right thing regardless of whether it is popular or not. We mean what we say and we do what we say. We consistently act with honesty, trustworthiness and ethically.	Jabulile Mndebele Team Finance
Diversity	Diversity comes from the word different – we accept, understand and embrace the differences between us; our backgrounds, cultures and views.	Sithembile Ntombela Team Marketing
Innovation	Innovation is something unique, but based on an insight; it must fulfil an organisational need. Innovation isn't only the idea, it is the implementation of the unique idea. We always find new ways of doing things so that we can achieve better results. We stay ahead of the curve by being pro-active and pre-emptive.	Anele Ngwenya Team Marketing
Ubuntu	I am who I am because of who we are. We show compassion, humanity and humility.	Individual: Jimmy Modiba Team: Finance



Jonty Tshipa and Kgomotso Seripe



Alice Puoane and Thoko Modise



Jimmy Modiba

Leadership development

The year under review brought with it changes to the executive leadership of the entity, with the appointment of the new CEO, CMO and Director: Corporate Services. These changes have had a positive ripple effect on the organisation in terms of stability. The new executive team has conducted extensive talent reviews in the latter part of the year to ensure that its dynamic team remains strong. Seven positions within the Marketing and Communications Department were identified as critical workforce positions (CWPs) which drive a disproportionate share of the business outcomes by engaging in work activities that directly impact on the organisation's value chain. Typically, CWPs represent a small minority on the payroll and possess highly developed skills and in-depth tacit knowledge. The identification of these CWPs will inform the developing strategies that will drive the attraction and retention of such critical skills through competency profiling and training interventions.

High-performance and engaging culture

Leadership drives culture, which in turn drives performance and employee engagement, a key measure of organisational health. We believe that an environment where employees are engaged and supported is one where our employees can grow and support business success.

We measure employee engagement through interactive employee opinion surveys and discussion forums. The latter is informal and is conducted through quarterly team talk sessions with the CEO.

The 2015/16 staff engagement survey results highlighted key areas to be prioritised to support Brand South Africa as the authority on the Nation Brand and reputation management. As illustrated in the figure below, more than two-thirds (78%) of the organisation is fully engaged.



78% Fully engaged

22% Undecided

0% Disengaged

Engagement: In Brand South Africa, the great majority (78%) of employees are fully engaged in terms of Personal Attributes and Personal Effort, partly through positive self-perception. However, their reported levels of Job and Organisation Engagement are somewhat lower. Many staff members feel better connected to their own work than to Brand South Africa as a whole; further, 22% are undecided about engagement.

Climate: Morale, respect, teamwork, supervision and trust are positive and rated somewhat higher than rewards, equal opportunity, communication and the workplace.

Culture: Knowledge of standards, readiness to change, recognition, chance to learn and participation are rated highest. People assets, safety, leadership and consistency are rated somewhat lower.

Higher Culture Ratings:

Ready to Change, Know Standards, Recognition

Higher Climate Ratings:

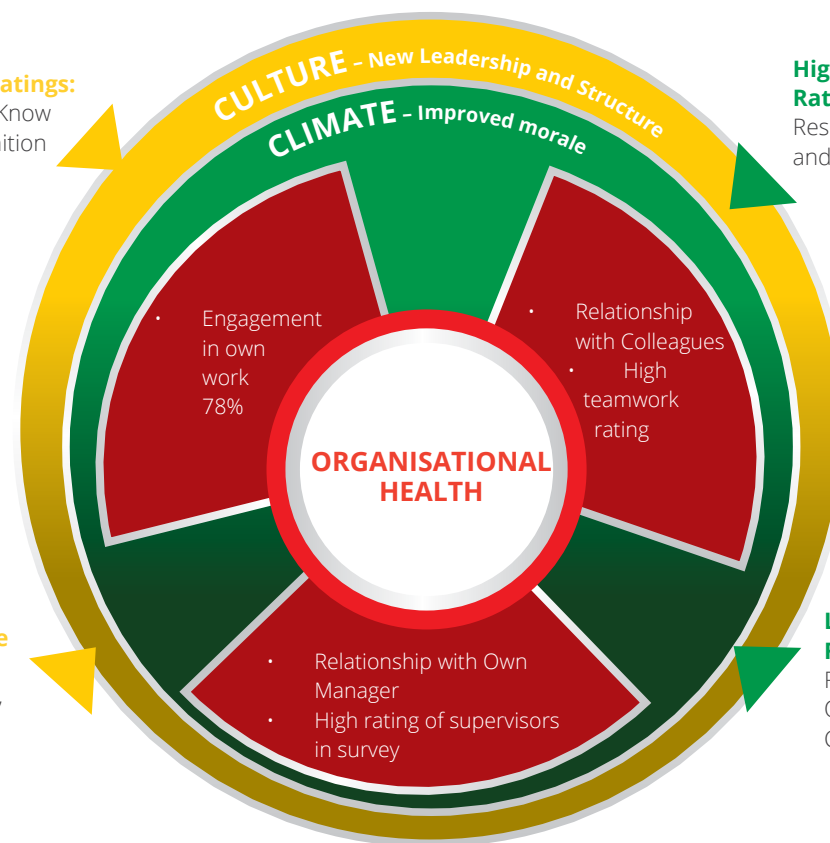
Respect, Teamwork and Supervision

Lower Culture Ratings:

Valuing People, Leadership, Consistency

Lower Climate Ratings:

Rewards, Equal Opportunity and Communication



The findings of the survey present management with the opportunity to further extend, develop, embed and sustain the desired culture and climate with the organisation. The immediate focus will be to re-engage the 22% (12 people) undecided staff members, and retain valued competencies and experience. It is however clear that our employees believe the new leadership is bringing a breath of fresh ideas and that senior leaders are personally committed to developing the talent most critical to the success of Brand South Africa, and that each individual has the opportunity for personal development and growth. Furthermore, our employees strongly believe in the goals and objectives of Brand South Africa.

Several areas have been identified for improvement. For instance, the survey recommended a review of roles and reporting relationships in the structure, identifying any remaining confusions and overlaps, balancing workloads, confirming job titles and reviewing the need for any further administrative support in deserving departments. Plans are already in place to address these.

Employee Wellness Programme and Occupational Health and Safety

At Brand South Africa, our long-term success depends on ensuring the safety of our workers, visitors to our operations, and the public. We believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. Our Health and Safety Policy requires that we take responsibility for maintaining a productive workplace in every part of our organisation by minimising the risk of accidents, injury and exposure to health hazards for all of our stakeholders. The CEO is ultimately responsible for the safety of employees.

Our Employee Wellness Support Programme offers a 24-hour telephonic counselling service, as well as face-to-face professional counselling. Users can access psychologists, social workers, dieticians, biokineticists, and financial and legal advisers.

Brand South Africa has re-entered into a contract with ICAS SA to provide a formal environment and mechanism to assist employees in managing and resolving personal, health and work-related problems that have a direct impact on their work performance, and to reach their full potential.

During the reporting period, Brand South Africa conducted a successful Wellness Day and provided a free service of total check-up on all lifestyle diseases, including HIV screening tests. A Health and Safety Committee was established to execute the following:

- Identify and control health and safety risks
- Minimise potential risks to prevent accidents
- Create a safe working environment for employees and customers
- Ensure that the policies and plans are afoot to deal with Occupational Health management.

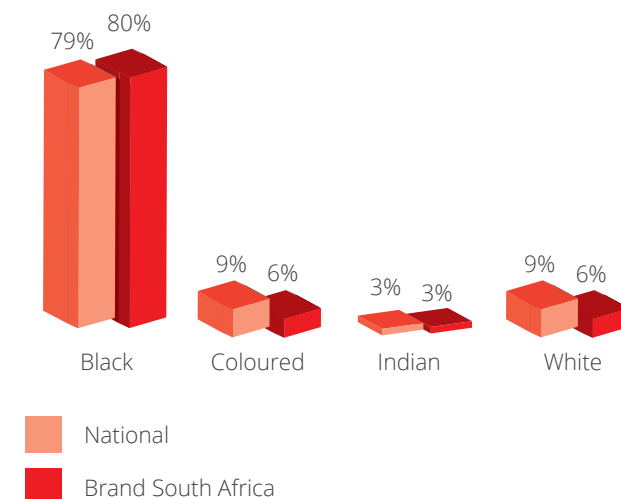
Teambuilding is another critical element to staff retention, and several informal teambuilding initiatives, linked to days of significance such as Women's Day, Mandela Day and Heritage Day, were undertaken with great success.

Our attrition has dropped significantly, leading to a huge cost reduction as we don't have to continually on-board new employees. This is reflected in the performance statistics as, for the first time in the history of Brand South Africa, we have achieved 84% of our targets.

Employment equity

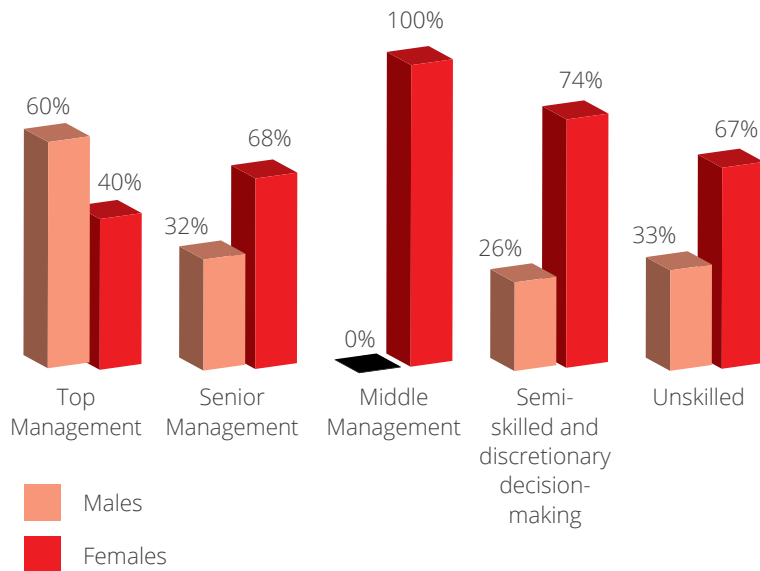
Employment equity is a critical component of our business strategy and is integral to both employee relations and talent management initiatives. The current workforce is diverse – ranging in age, race and gender. During the reporting period, 94% of our employees were black (African, Indian and coloured), of which 70% are women, and 1% are disabled. Plans are afoot to increase the latter by filling a management position with a person with a disability.

TOTAL ECONOMICALLY ACTIVE POPULATION VS. BRAND SOUTH AFRICA WORKFORCE BETWEEN AGES 20-59

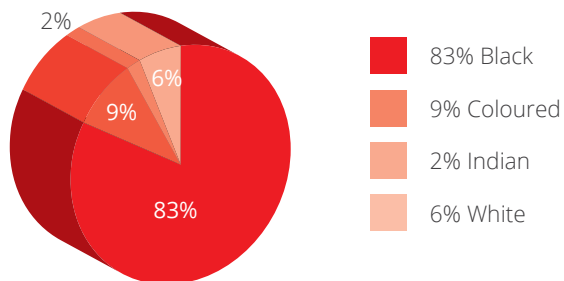


Front: Kelly Davids
Back Row: Rabia Metedad and Lwandile Masango

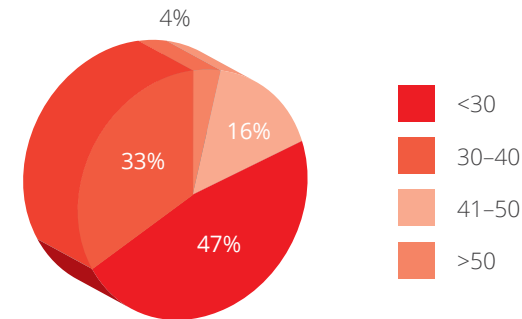
GENDER DIVERSITY PROFILE



WORKFORCE BY POPULATION GROUP



WORKFORCE BY AGE

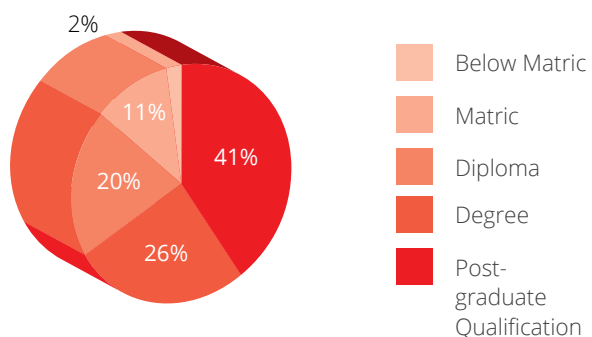


SKILLS DEVELOPMENT

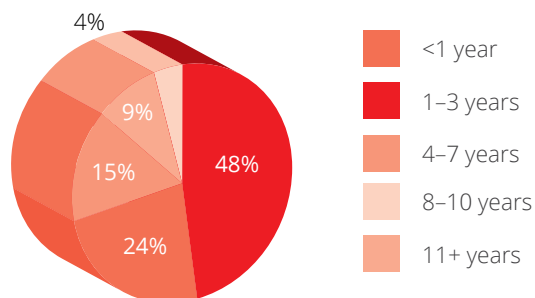
To achieve our strategic objectives, Brand South Africa requires multi-skilled employees enabled to deliver on our mandate. Developing our employees and enabling them with the platforms and opportunities to build their skills is critically important to us. It is fundamental to strengthening our succession coverage and ensuring our employees are able to perform in their current role and to get them ready for career progression. In 2016, the Board approved an initiative by management to, where possible, fill foreign postings with our own high performing internal staff members. Since Brand South Africa is a small entity with a very flat structure, it is expected that such intervention will increase staff morale, capacitate internal staff members, retain institutional knowledge and improve performance, while retaining talent.

Further, we invested over R792 121 in various development programmes spanning bursaries and short courses. During the year under review, we also appointed two interns as an Assistant Brand Manager, Masego Mosiane and an Accountant, Stanley Hlongwane.

EDUCATION LEVEL



WORK EXPERIENCE IN THE COMPANY



JOB LEVEL

48%

Management

52%

Non-management



TRAINING AND DEVELOPMENT SPENT

2014/15: R648 745
2015/16: R792 121

BURSARIES

Qualification	Department	Position
PhD Political Science	CEO's Office	CEO
BCom (Hons) Information Science	Corporate Services	IT Manager
MA Development Studies	Marketing and Communication	General Manager: Africa an Middle East
Bachelor of Business Administration	Finance	Accounts Clerk
Certificate in General Administration	Corporate Services	Cleaner
LLM in Chinese Business Law	Marketing and Communication	Country Head China
MA Creative Brand Leadership	Marketing and Communication	General Manager: Marketing
PhD Financial Management Science	Corporate Services	Director: Corporate Services
BA (Hons) Applied Psychology	Corporate Services	Executive PA

TRAINING AND DEVELOPMENT

Course	Employee position
Fundamental of Project Management	Admin and Training Co-ordinator
Fundamentals of Project Management	Marketing and Activations Co-ordinator
VIP Payroll	CFO
VIP Payroll	Finance Manager
VIP Payroll	Assistant Accountant
POPI Compliant Contract and SLA Drafting	Director: Governance, Legal and Secretariat
POPI Compliant Contract and SLA Drafting	Corporate Legal Manager
Pastel Training (Sage Pastel)	Supply Chain Officer
Pastel Training (Sage Pastel)	Accounts Clerk
Public Sector Supply Chain Management	Supply Chain Administrator
CIMA	Accountant
Pastel Training (Sage Pastel)	Finance Manager
Pastel Training (Sage Pastel)	SM Manager
Pastel Training (Sage Pastel)	Finance Manager
Diploma in Procurement & Supply	Supply Chain Officer
Global Remuneration Professional Certificate	Director: Corporate Services
Global Remuneration Professional Certificate	Human Capital Manager

INFORMATION TECHNOLOGY

The global nature and impact of Brand South Africa's business necessitates impeccable Information Technology (IT) services and governance. For this reason, the IT Division is governed by the strict IT Governance Framework of the Public Service Corporate Governance of Information and Communication Technology Policy Framework. This framework informs Brand South Africa's Business Continuity Programme and Business Continuity Management Strategy.

During the period under review, the IT Division continued to ensure compliance with the above-mentioned framework by proactively managing IT risks, controlling IT assets and applying security and IT policies.

Even though information technology reports to Corporate Services, the oversight function falls within the remit of the Audit and Risk Committee. Reporting is done on a quarterly basis. The purpose of quarterly reporting to address the appropriateness and relevance of the IT infrastructure, monitor and further the progress of major IT projects, information security, the design and maintenance of disaster recovery.

On an annual basis, the IT systems are subjected to a detailed annual external audit by the Auditor-General of South Africa (AGSA), which are reported on to the Board. The entity has started with the implementing of an integrated enterprise-wide resource planning system (ERP). The rationale for the software integration is to provide a single view of the organisation's information, thus improving its service offering to employees, stakeholders and the Board by (1) providing an integrated solution which will work with the current applications; (2) reducing the number of stand-alone applications; and (3) providing a single-sign-on functionality. Brand South Africa currently has the following applications installed: (a) VIP Premier; (b) Pastel; (c) Microsoft CRM; (d) Microsoft SharePoint; and (e) SmartHR.

The organisation developed, implemented and tested an IT Disaster Recovery Plan which is aimed at reducing the impact of a major disruption on key business functions and processes. The plan is based on risk and an understanding of potential business impacts, and addresses requirements for resilience, alternative processing and recovery capability of all critical IT services. It also covers usage guidelines, roles and responsibilities, procedures, communication processes, and the testing approach.

A backup and restore strategy exist to ensure that critical data is backed-up, backups are stored off site, backup registers exist, periodic restores of backups are performed and backup logs are kept. A service provider was appointed to provide the work area recovery and IT disaster recovery sites, which are part of the updated Disaster Recovery Plan that will be updated and implemented.

LEGAL

The Legal Division continues to ensure that Brand South Africa's business activities and practices are reviewed and benchmarked on an ongoing basis to ensure compliance with local and international legal and regulatory requirements.

Notable achievements during the past year include:

- Registration of the pay-off line, 'Inspiring New Ways', in 43 countries (71.6%) to ensure that Brand South Africa owns the trademark in these countries and protects its intellectual property. Efforts to register the pay-off line in the remainder of the identified countries is ongoing. Registration of the pay-off line in Brazil, Malaysia, Singapore and Thailand was declined by the relevant authorities in those jurisdictions
- Monitoring the compliance checklist to ensure that the entire business complies with all the applicable legal and regulatory requirements. The organisation is currently at 98%

compliance with the relevant legal and regulatory prescripts

- Successfully resolving all potentially litigious disputes with its service providers out of court, in favour of and at no cost to the organisation.

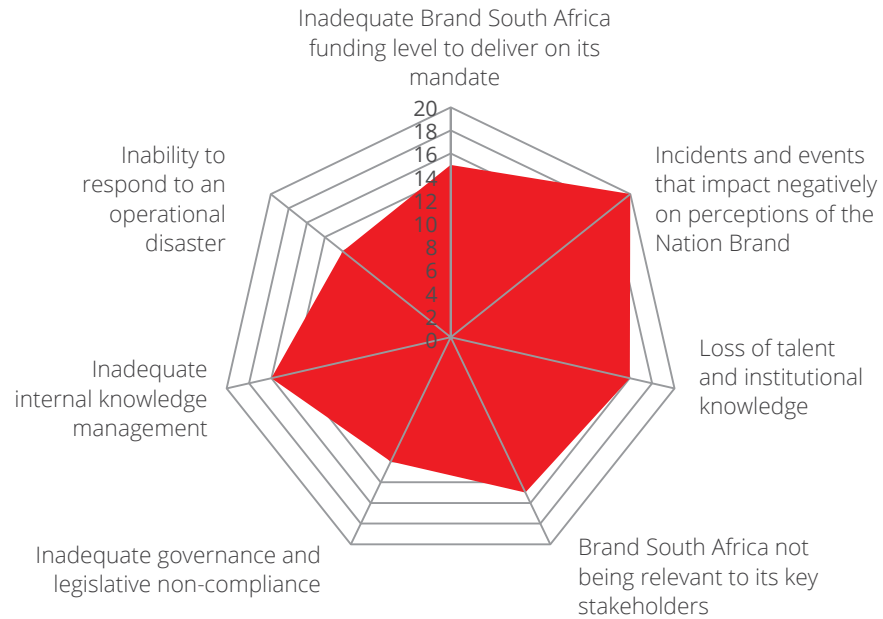
FINANCIAL MANAGEMENT

For the first time after three years of reporting a deficit, the entity has reported a surplus in its books, which is sufficient to fund the accumulated prior year deficit. This was achieved through a concerted effort from the management team utilising the reprioritisation principles. Three main cost drivers were reduced, namely retainer fees for brand agency; scope reduction and alignment of media partnerships; and smaller scale of research. The reprioritisation outcome did not have an adverse effect on the execution of the annual planned activities; instead, more synergies were sought, both internally and externally, and achieved.

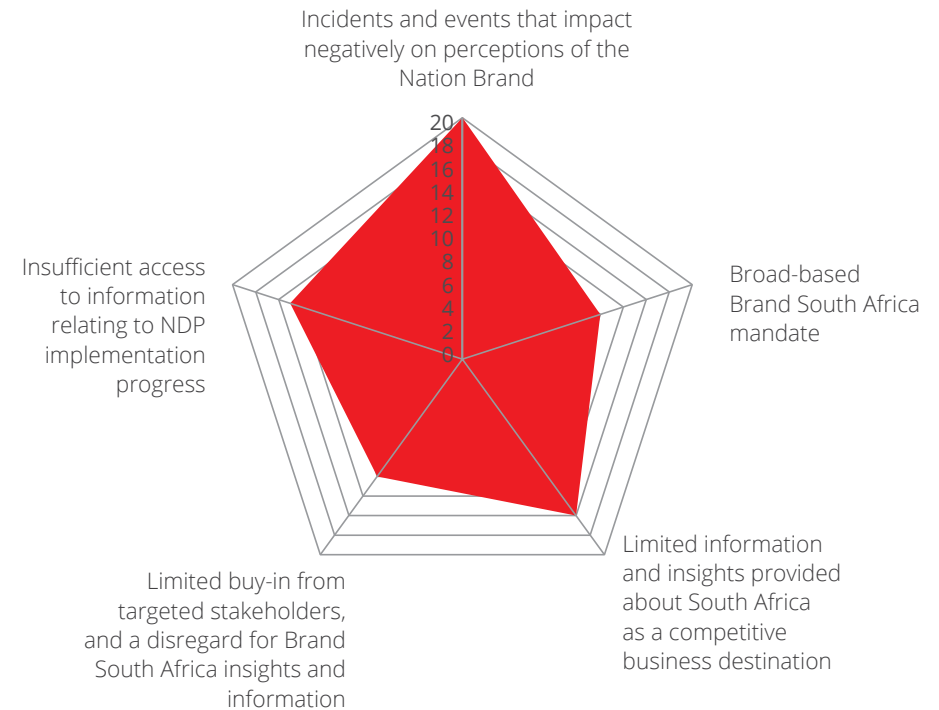
The current year's surplus was not only sufficient to finance the prior year's accumulated deficit, but was committed for contracts that were concluded in the last quarter, the execution of which is planned for the first two quarters of the next financial period ending March 2017. The details of these activities are disclosed in detail under the 'Commitments Note', in the Annual Financial Statements.

There were only two major deviations (more than R1 million threshold) reported this year due to cancellation of a retainer contract to ensure continuous services. The planned and approved procurement plan was implemented and executed successfully, with one deferment to the next financial period. To improve and strengthen compliance in the organisation, the Supply Chain Management Unit organised a training session dealing with supply chain management (SCM) committees to all internal key stakeholders. During the year under review, the entity's risk management processes were robust.

STRATEGIC RISK REGISTER

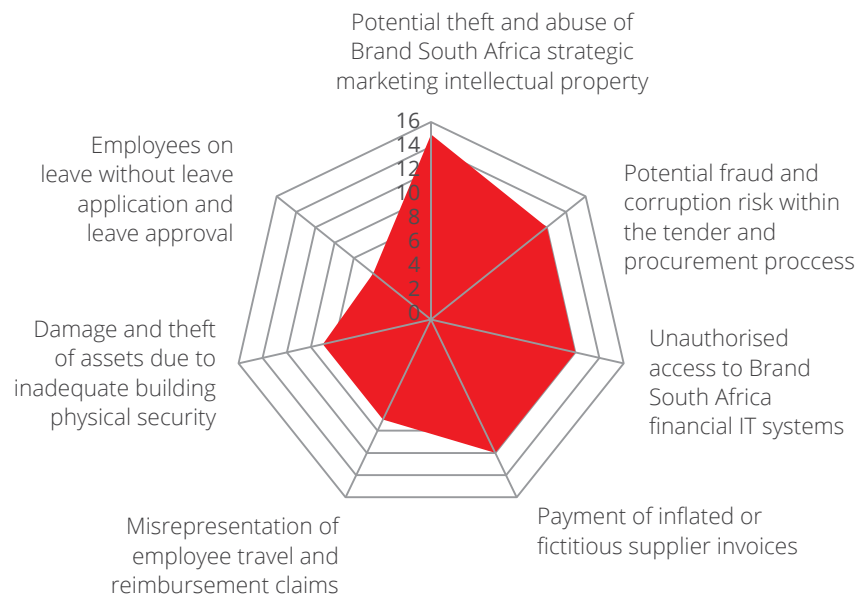


CORE BUSINESS RISK REGISTER

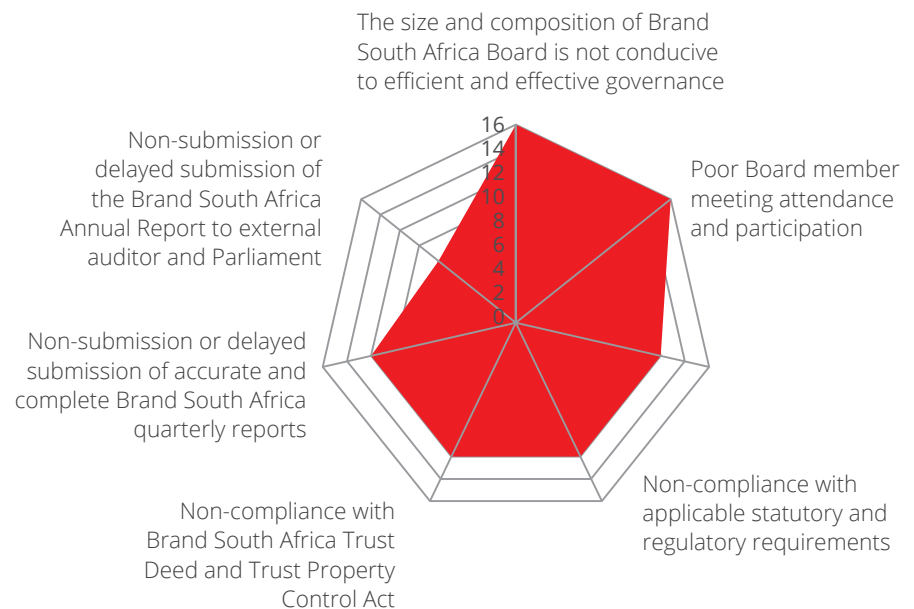




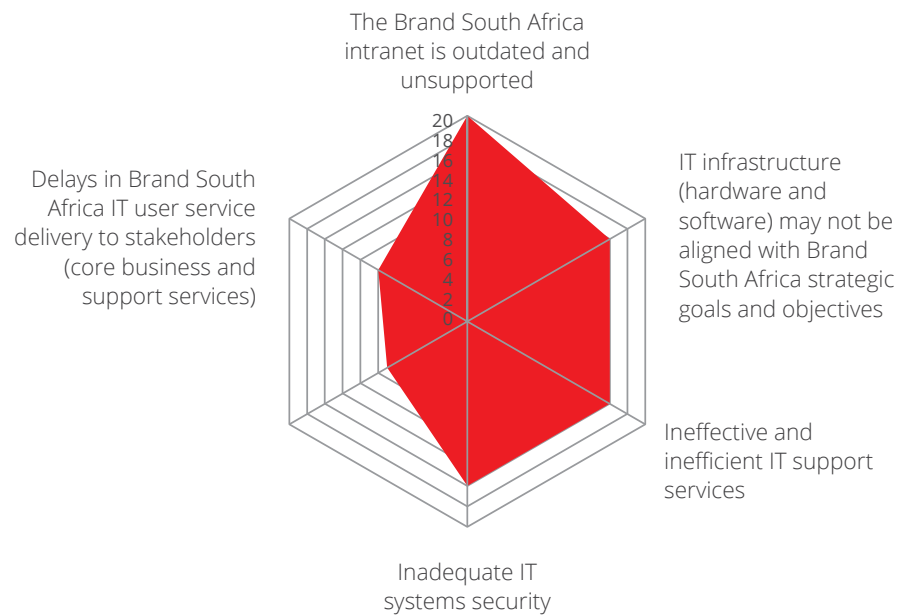
FRAUD RISK REGISTER



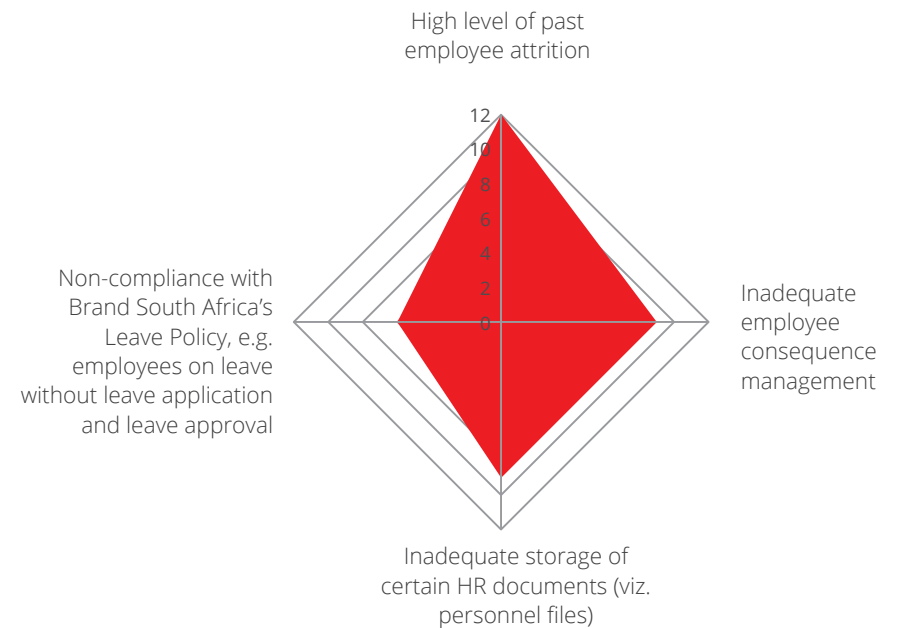
GOVERNANCE RISK REGISTER



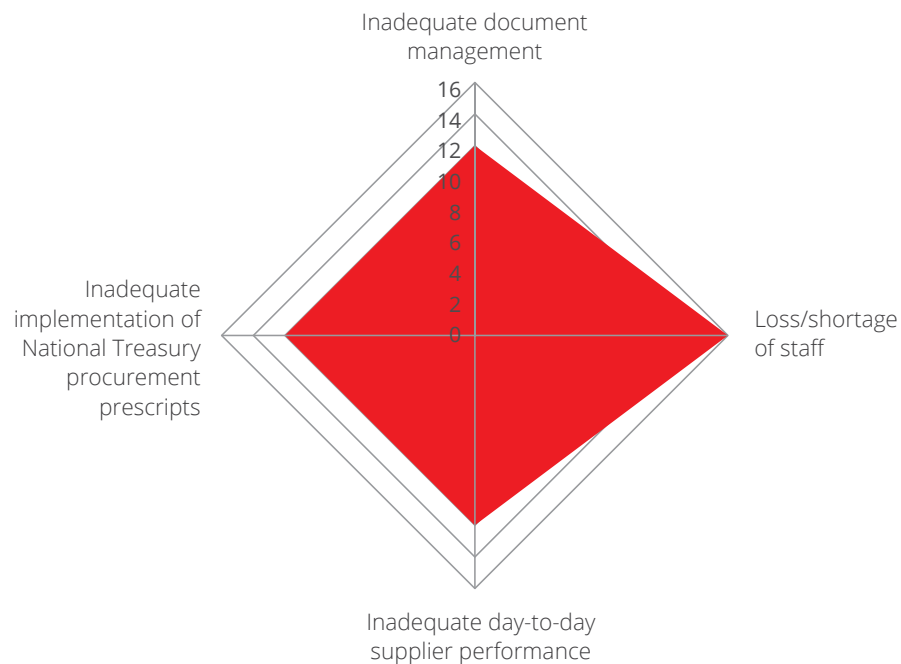
ICT RISK REGISTER



HUMAN CAPITAL RISK REGISTER

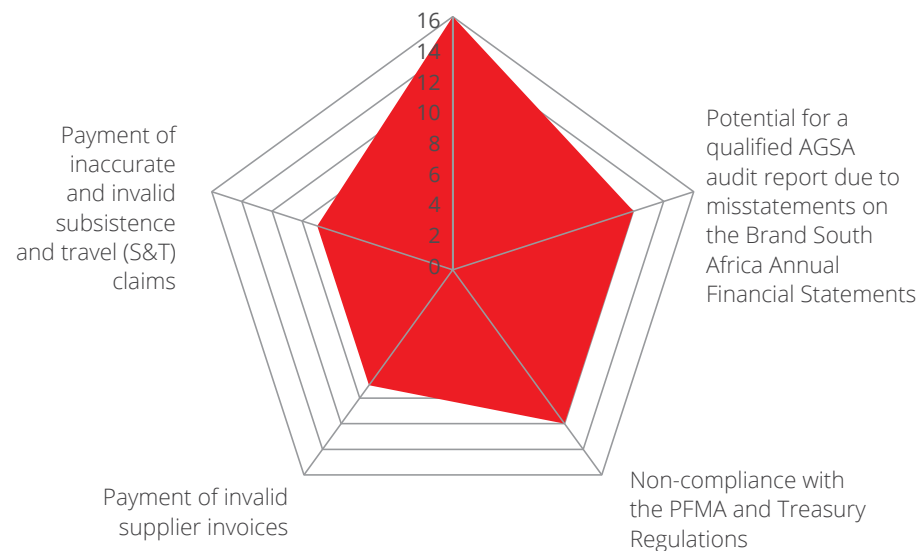


SUPPLY CHAIN MANAGEMENT RISK REGISTER



FINANCE RISK REGISTER

Brand South Africa may not have sufficient funds available to timeously fulfil its cash flow obligations



The Brand South Africa Annual Financial Statements are set out on page 87–138 of this report. During the reporting period, the organisation achieved a clean audit qualification from the Auditor-General of South Africa.

Procurement practices

As an entity of government we strive to increase the proportion of our procurement spend with black-owned suppliers, black women-owned suppliers and qualifying small enterprise suppliers, as well as with youth. Testimony to this, our

procurement spend for the year is 30% and 27% with women and youth respectively. Whilst we have continued to increase procurement from black women-owned suppliers, we need to grow this further. This will be our focus for 2016/17.

STAKEHOLDER RELATIONS

Brand South Africa's key stakeholders are those people or organisations who are affected by its work and who have the influence and power to champion the cause of the Nation Brand. Therefore, these entities have a direct interest in the successful delivery of South Africa's brand.

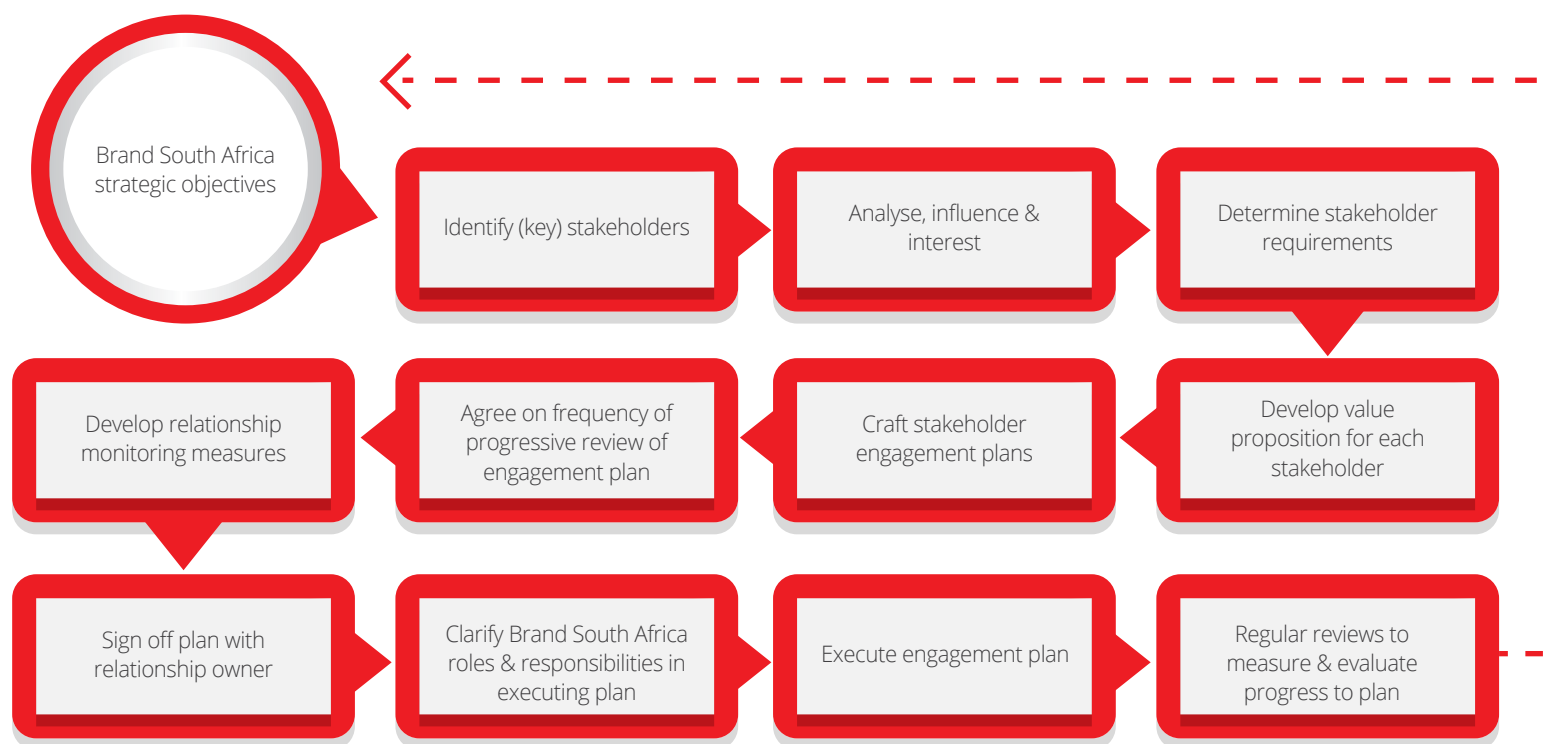
The need for all stakeholders to work together in building a cohesive Nation Brand and presenting a united story of South Africa to the world is fundamental to building and managing South Africa's reputation.

To that end, Brand South Africa works with and through key stakeholders (business, government and civil society partners) to deliver on its mandate.

Brand South Africa has implemented a number of programmes to mobilise stakeholders, strengthen existing partnerships and utilise various partner platforms to leverage South Africa's reputation.

The need for all stakeholders to work together in building a cohesive Nation Brand and presenting a united story of South Africa to the world is fundamental to building and managing the country's reputation. Brand South Africa's approach to stakeholder management is illustrated below.

BRAND SOUTH AFRICA'S APPROACH TO STAKEHOLDER ANALYSIS AND MANAGEMENT



Through this process, Brand South Africa identified three stakeholder groups (applicable both nationally and internationally) that dictate the trajectory of the Nation Brand:



Government

- Ensure message alignment
- Partner for comprehensive understanding of government's role in the perception and reputation of SA as a competitive destination for inward investment
- Partner to help promote the NDP and active citizenship through own platforms



Civil society

- Partner and drive domestic mobilisation programmes
- Partner and drive joint domestic mobilisation programmes, and relevant platforms
- Access to digitally astute audiences



Business

- Ensure message alignment
- Participation in Brand South Africa media programmes
- Joint funding of relevant activities
- Partner and drive joint domestic programmes and relevant international platforms

LOCAL STAKEHOLDER ENGAGEMENT

Government

Successful partnerships with key government departments, both locally and abroad, served to further enhance the country's competitiveness by working together to present a single, consolidated and coherent message about South Africa. Outlined below are some of the programmes that were executed in partnership with government stakeholders.

Brand South Africa and the departments of Mineral Resources, and Trade and Industry (**the dti**), collaborated in the facilitation of

a Team SA Programme at the Mining Indaba. Brand South Africa hosted an Investment Seminar led by the Minister of Mineral Resources, the Minister of Trade and Industry, and industry role players. The discussion focused on the role and impact of the mining sector in the South African economy. The overarching message for Team South Africa was that South Africa is open for business, which was successfully communicated through the extensive media engagement programme and reporting that followed.

The third annual South African Premier Business Awards were hosted in partnership with **the dti** and Proudly South Africa. The awards aim to recognise enterprises which produce quality products and services through their technical and human investment into various projects and activities. Brand South Africa introduced a PYP Award to celebrate and inspire active citizenship amongst corporates.

Brand South Africa partnered with the Department of Arts and Culture and Market Theatre in celebrating the history and heritage of theatre and amplifying the importance of the arts as a component of the Nation Brand construct as well as its positive influence on social cohesion.

Through the Department of Communication's Ministerial Community Outreach Programme, Brand South Africa was able to engage the wider public about its role and build awareness on the PYP Programme in the different provinces and communities where the department hosted its outreach programme.

The entity collaborated with the Department of Home Affairs to articulate new regulations for travellers in a simpler format through the Travel Ready Campaign, which was executed during the holiday season. Brand South Africa's communication platforms were used to disseminate these messages on relevant regulatory matters to adults travelling into and out of South Africa with minors.

Brand South Africa also partnered with the Department of Home Affairs on brand alignment training of cadets and frontline Home Affairs staff. This training aims to empower Home Affairs officials who interface with foreign nationals to make them better

ambassadors of the Nation Brand, and thereby improve the experience of foreigners coming to South Africa.

Civil society

The Civil Society Programme partners with a range of civil society stakeholders to mobilise citizens to rally behind the Nation Brand. This is driven mainly through the NDP to promote nation building, active citizenship, pride, patriotism and social cohesion. Brand South Africa's civil society stakeholders include faith-based organisations, non-governmental organisations, labour and youth formations nationally, continentally and internationally. Civil society partners provide access to ordinary citizens involved in various community projects to drive and align with Brand South Africa's objectives to extend reach and impact. Below are a few highlights from the civil society programme.

Interactions with faith-based organisations during the year included a session with the Muslim Judicial Council, one of the oldest, most representative and influential religious organisations in South Africa with a local, national and international footprint. The Council is founded on the values of Ubuntu and tolerance. Brand South Africa and the Council agreed to promote the good story of religious tolerance in South Africa jointly.

Through its existing collaboration with the Methodist Church of South Africa, Brand South Africa was able to introduce the PYP Programme to the Synod.

Brand South Africa also engaged with Solidarity, a South African union founded on the Christian tradition of trade unionism. The two parties will collaborate on ways to promote pride and patriotism as well as jointly addressing issues of racism and active citizenship for positive change in society.

Brand South Africa's partnership with the Nelson Mandela Foundation was cemented by a long-term collaboration agreement on key flagship programmes to increase reach and impact. One of the key outputs is the programme to engage with tertiary institution students on the emerging campus conflict. Following student uprising on various campuses in South Africa, a group of like-minded active citizens joined forces to provide

independent mediation, conflict resolution and facilitation services to universities and student movements on request. The initiative was led by former Constitutional Court Judge, Yvonne Mokgoro; Sello Hatang, CEO of the Nelson Mandela Foundation; Amb. Kingsley Makhubela, PhD, CEO of Brand South Africa; and Neeshan Balton CEO of the Ahmed Kathrada Foundation.

The Civil Society Programme continued to prioritise the promotion of active citizenship amongst the youth. Through a strategic partnership with the Young Free and Educated Youth Programme, Brand South Africa contributed to instilling a culture of responsible behaviour amongst tertiary institution students as well as unlocking empowerment opportunities for them.

Brand South Africa undertook several partnerships aimed at supporting the youth in South Africa. Among others, long-term strategic partnerships were finalised with the Association for Responsible Alcohol Use that educates youth on responsible alcohol consumption; and the Bokamoso Mentorship Programme, an entrepreneurship programme targeting school learners.

Brand South Africa partnered with PrimeStars on the Step Up 2 a Start-Up Programme, a youth initiative which encourages entrepreneurship and innovation amongst disadvantaged high school learners in urban areas, peri-urban townships and rural areas across South Africa.

Business

Business stakeholders are an integral part of the organisation's work and Brand South Africa continued to prioritise strategic partnerships stakeholders in the business sector.

Brand South Africa was able to rally valuable support from business for the organisations PYP Programme during the year:

- A strategic partnership with a non-profit organisation, Going the Extra Mile (GEM), which enabled Brand South Africa to use GEM's mobile application tool to channel PYP volunteers to specific projects, including Mandela Day activities, in Gauteng

- Sanlam partnered with Brand South Africa and the Greater Alexandra Chamber of Commerce and Industries in a successful community outreach activity to clean up an area of Alexandra. The activity was aimed at inspiring the community to be active citizens and take responsibility for their own community. This activity was replicated later in the year in Diepsloot in partnership with Plastics SA
- Brand South Africa's PYP provincial activations were strongly supported by a number of business partners, including Eskom, ZZ2, the Johannesburg Stock Exchange and the South African Institute of Chartered Accountants.

The organisation continued to identify strategic platforms to engage with business to share insights into the Nation Brand performance and influence perceptions positively about the country. Brand South Africa therefore interacted with investor delegations from the USA and Denmark, as well as a delegation led by the Beijing Investment Bureau. Interactive sessions were also hosted with foreign trade officers from strategic markets based locally.

Brand South Africa was able to secure funding from Telkom and Old Mutual in support of the World Economic Forum (WEF) on Africa and the WEF Annual meetings. Telkom supported the hosting of international media for the Africa meeting and Old Mutual contributed towards the overall Brand South Africa programme for the annual meeting in Davos.

INTERNATIONAL FOCUS

World Economic Forum

The WEF is an independent international organisation committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas. The WEF provides a critical platform for Brand South Africa to position South Africa as a competitive destination for inward investment. In partnership with the National Treasury and other government partners, Brand South Africa implemented successful stakeholder and media programmes at the WEF Africa in Cape

Town, WEF China in Dalian and the Annual Meeting in Davos, Switzerland. Key elements of the WEF programmes included:

- The development of country messaging in partnership with the National Treasury and the GCIS, under the running theme 'South Africa is Open for Business'
- The execution of onsite media programmes for Team SA in partnership with the GCIS for the WEF Africa and WEF Davos meetings. Team SA engaged with both domestic and international media to outline South Africa's value proposition
- The co-ordination of stakeholder programmes to allow for Team SA to interact with international stakeholder and share the country message. A partnership with CNBC Africa made profiling of Team SA's participation at these platforms possible through televised panel discussions and media interviews.

MEDIA ENGAGEMENT



Media team hosted during FOCAC

Brand South Africa's Communications Unit is responsible for managing its media relationships. Over the years the organisation has leveraged its relations with various media houses and journalists to fulfil its mandate.

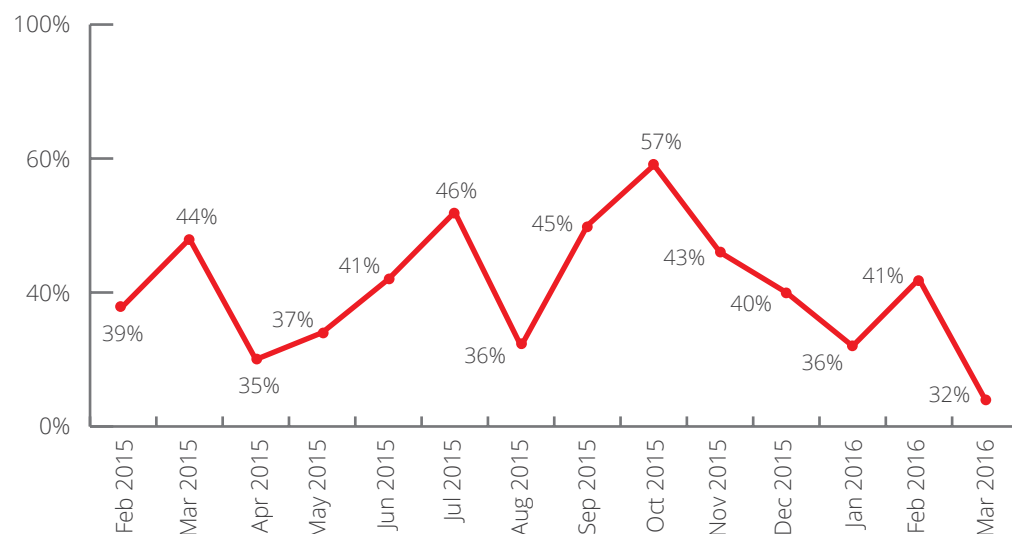
Monthly monitoring of South Africa's media reputation allows Brand South Africa to track the country's performance proactively.

The analysis provides insights into the content, messaging and media relations, which are used to direct the impact and reach of Brand South Africa's message. Media reputation is influenced by a range of activities and events, and manifests as positive or negative global media coverage.

South Africa's reputation fluctuates. Sport, tourism and the environment impact positively on the country's reputation; however, an increasing challenge is the impact of the global economy on South Africa's consistently strong banking and financial sector and stories involving crime and intolerance.

During the reporting period, South Africa's reputational score declined as a number of high interest stories reflected poorly in international markets (see graph below). Coverage on FIFA's bribery allegations against South Africa and analysis of Moody's decision to review the country's credit rating were key negative drivers.

SOUTH AFRICA'S REPUTATIONAL SCORE 2015/16



Some key media engagements during the year include:

- A successful stakeholder and media programme at the WEF Meeting on Africa in Cape Town
- The Team SA Programme at the Mining Indaba, which was supported by a strong media programme
- A successful stakeholder and media programme in partnership with the National Treasury and the Presidency at the WEF's Annual Meeting in Davos, Switzerland. WEF Davos was a critical platform to position South Africa as a competitive destination for inward investment
- International media activities in the UK, USA, and BRIC, as discussed later in this report.

In addition, Brand South Africa developed and placed thought leadership pieces that were by-lined by various Brand South Africa executives, trustees or third-party endorsers in a number of print publications. These were also distributed to international markets and posted on Brand South Africa's online platforms. Thought leadership pieces are powerful mechanisms to encourage pride, patriotism and active citizenship amongst South Africans and to positively position South Africa as a business destination amongst domestic and international target audiences.

Digital and social media

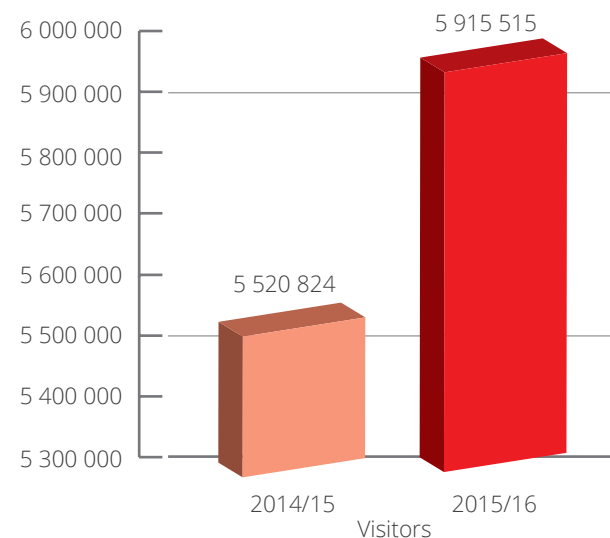
Brand South Africa has a vibrant digital and social media programme, which was carefully monitored during the year under review.

The content published on the websites was well received, and improved numbers are anticipated after the launch of the new website.

The sum total of website traffic for all Brand South Africa properties saw an increase of 7% year-on-year; however, there is a drop in visits to BrandSouthAfrica.com and Playyourpart.co.za

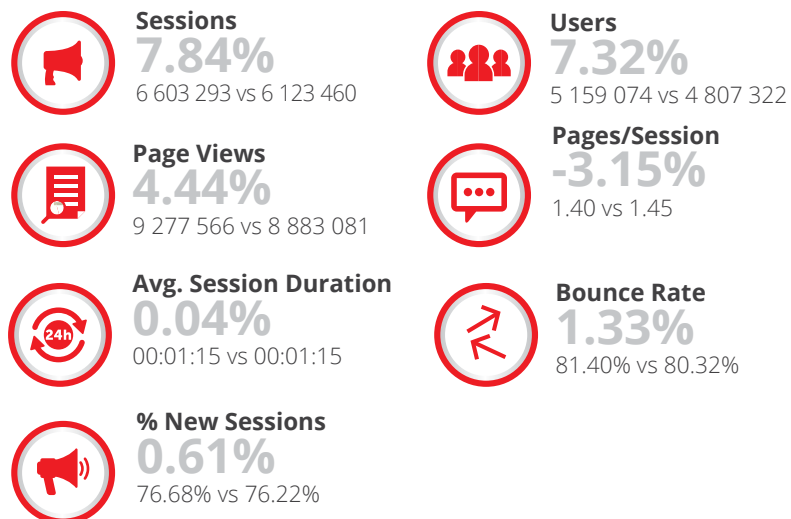
The graphics below depict these trends year-on-year.

WEBSITE STATISTICS: ALL BRAND SOUTH AFRICA ENTITIES

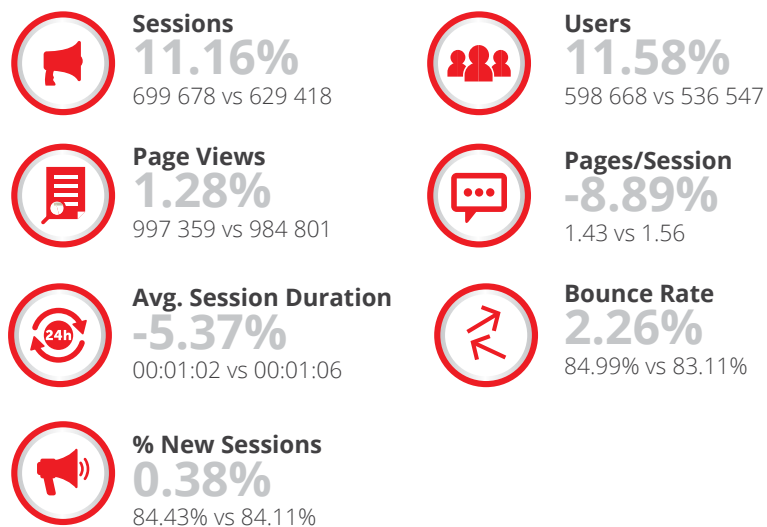


INDIVIDUAL WEBSITES

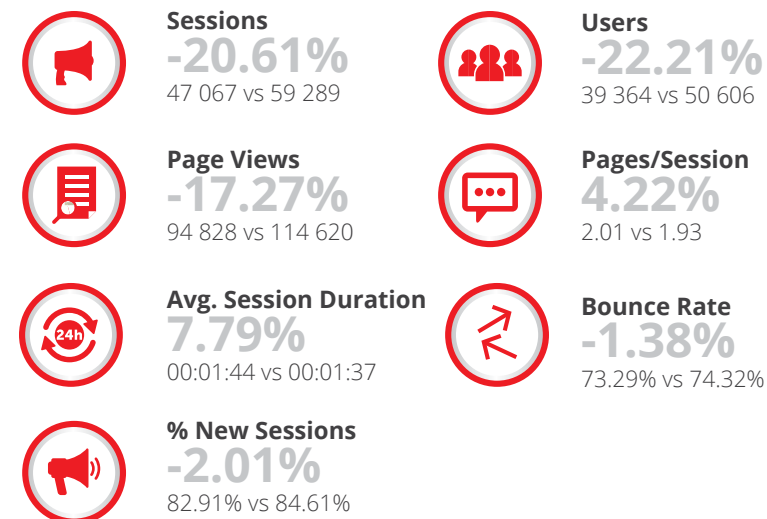
www.southafrica.info showed an increase of 7%



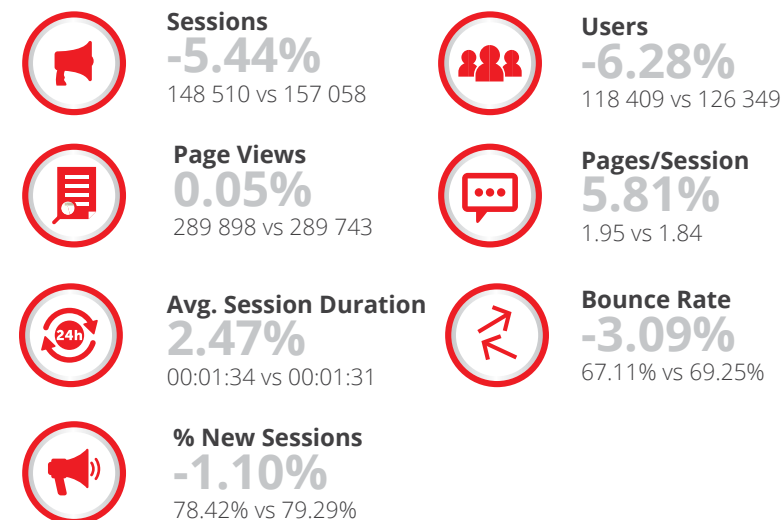
www.mediaclusouthafrica.com showed an increase of 11%



www.playyourpart.co.za showed a decrease of 22%

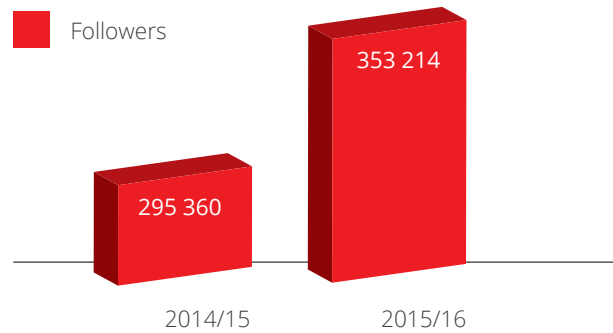


www.brandsouthafrica.com showed a decrease of 6%

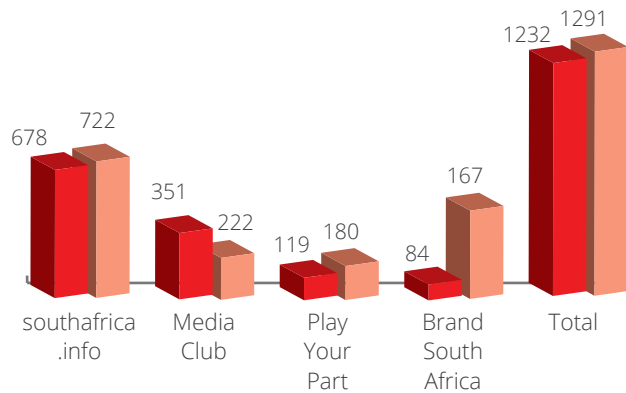


Social media has performed well. The Facebook and Twitter communities have grown by almost 20% year-on-year. This indicates a sound content strategy overall that resonates across the diversity of Brand South Africa's social audiences.

SOCIAL MEDIA GROWTH



DIGITAL CONTENT BY NUMBERS 2015/16



GLOBAL SOUTH AFRICANS WEBSITE

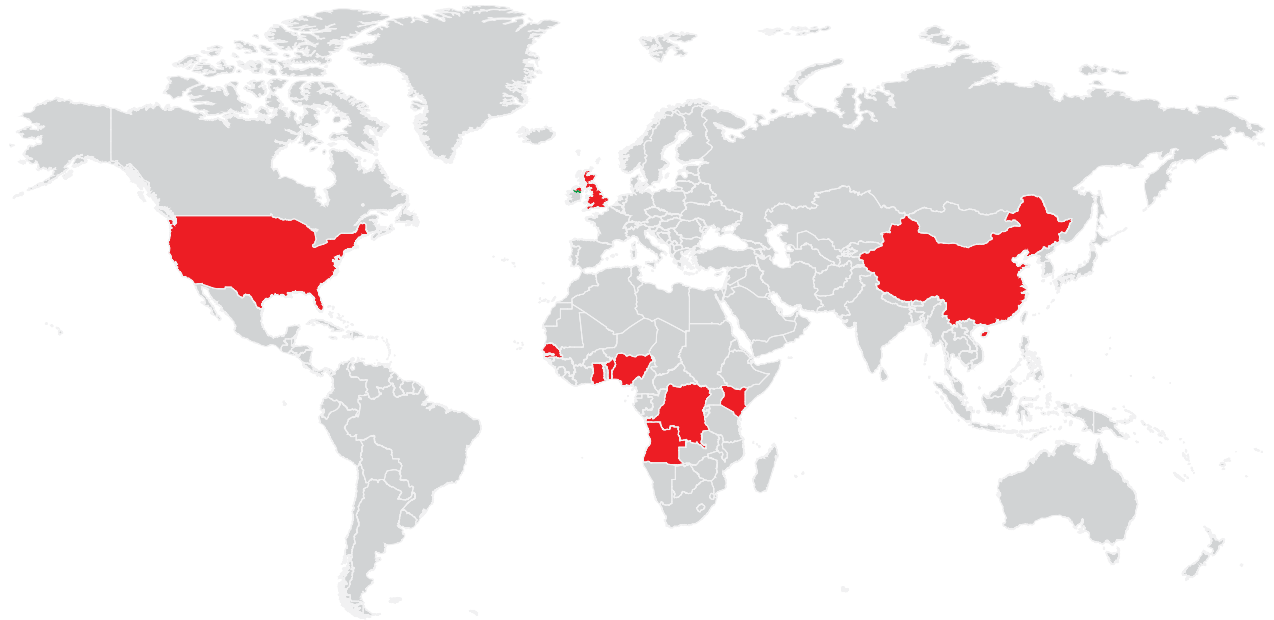
An integrated Global South Africans website is the mechanism of choice to inform South Africans in the diaspora about relevant current affairs in South Africa. In addition, Brand South Africa distributes the weekly *GSA Newsletter* to over 1 000 South Africans living abroad. Other online platforms, in various formats including audio, text, video and images, are also used.

By compiling positive South African stories, including blogs, podcasts and GSA profiles, sharing was made possible through the various GSA platforms. Partners such as the South African Chamber of Commerce in the UK, and other alumni groups, also used this information on their platforms.

INTERNATIONAL COMMUNITY

The perceptions of the global community are highly relevant to South Africa's domestic and international reputation. Thus Brand South Africa devotes much time and energy to deliver a programme that communicates the value proposition of the Nation Brand and improves perceptions of South Africa's global competitiveness in key strategic markets – BRIC (Brazil, Russia, India and China), USA, UK, Germany and Africa and Middle East.

INTERNATIONAL MARKETS



The International Markets Programme entails:

- **Communication and reputation management:** Proactive and reactive management of issues in the media environment, which may affect the Nation Brand
- **Marketing:** Identification of relevant platforms to profile and positively position the Nation Brand
- **Stakeholder relations:** Working with and through stakeholders to enhance international market programmes (for example SA missions, South African Tourism (SAT))
- **Global South Africans (GSAs) Programme:** Advocacy programme with influential, well-placed South Africans living abroad to support investment, recruitment, skills identification, mentoring, skills transfer, study exchange, and work experience initiatives.

A strong focus during the past year in all markets was the Africa Day celebrations in South Africa. This was leveraged to promote awareness of South Africa as part of the African continent and to generate media coverage to improve perceptions and reputation.

UNITED KINGDOM

The UK Office engaged in several high-level political and business engagements during the year:

- Supported the SA High Commission in London through several events and also participated in its strategy session
- Participated in and supported the meeting between Prime Minister David Cameron and South African Rivonia Trial stalwarts, Denis Goldberg, Ahmed Kathrada and Lord Joel Joffe, and the subsequent 'Life is Wonderful' Dinner' in honour of Andrew Mlangeni, Goldberg, Kathrada and Joffe, who later received the Freedom of the City of London
- Partnered with the SA Chamber of Commerce in the UK for the annual Business Awards ceremony and networking dinner and delivered a keynote address
- Brand South Africa participated in the Oceans Economy Seminar held at South Africa House, playing a key role

- in the concept development, content, branding and production of collateral, and facilitating stakeholder relations. An interview was facilitated between the South African International Maritime Organisation representative and the *Africa Business Report Magazine*
- Met with Eskom's UK representative and proposed an energy roundtable with participation by Eskom to update UK investors on energy developments, particularly the world-class renewable energy programme, in South Africa to support investment in Eskom
- The UK Country Manager and International Markets Co-ordinator supported Finance Minister Pravin Gordhan in his London roadshow where the minister had briefing sessions with investors and rating agencies
- Participated in the Investment Seminar held in Newcastle with local business in the north eastern region of England, to provide an analysis of the flow of investment between the two countries, identify gaps and highlight opportunities. The UK Country Manager was part of the panel arguing the case for South Africa in the Europe-Africa relational debate
- Set up a small, medium and micro enterprises (SMMEs) breakfast briefing and Q&A session in London for the South African Minister of Small Business Development to host GSAs in small business or those who have influence in UK SMMEs
- Participated as part of a panel in the Youth Bilateral Forum between young entrepreneurs from South Africa and the UK, which was attended by, amongst others, ministers from both countries
- Secured a partnership with the Commonwealth Business Forum (CBF) in Malta ahead of the Commonwealth Heads of Government Meeting. The partnership included a speaking platform for the organisation as well as a stand that was used to engage with potential investors and promote the Nation Brand
- Hosted a breakfast roundtable with the South African Registrar of Banks and Head: Bank Supervision, Mr Rene van Wyk, and bankers and advisory firms in the UK
- Participated as a discussant at Chatham House in a panel discussion, 'Creating an Inclusive Economy in South Africa – Policies for Job Creation', which dealt with the book, *How South Africa Works*



South African Cultural Artists in the UK, together with rugby fans at a FanPark zone in the United Kingdom



Brand South Africa UK Country Head, Pumela Salela at the HomeComing Revolution in London



South African rugby fan at the Rugby World Cup Tournament in the UK

Managing perceptions on South Africa and its role within the African continent remained important. Brand South Africa and Africa 2.0 co-hosted an intimate discussion with influential Africans in the diaspora, to define South Africa's role in the continent, highlight challenges and identify solutions. The organisation furthermore participated in an anti-xenophobia peace march organised by South Africans and other African diaspora in the UK. The event began at the Nelson Mandela statue in Parliament Square and ended outside South Africa House in Trafalgar Square. Flyers and placards with anti-xenophobia messages were printed and distributed.

GSA continues to be a strong focus area for Brand South Africa to ensure positive positioning of South Africa as a business destination in the UK. As part of the GSA Programme, an event was hosted with the South Africa Diaspora Unit to commemorate Youth Day and facilitate interaction with the youth. Brand South Africa leveraged the presence of South Africa's national rugby team, the Springboks, during the Rugby World Cup to execute an extensive GSA Programme, including a welcome reception and dinner for the Springboks and on-the-ground activation and support for the matches. Brand South Africa utilised volunteers to man its stands in the fan zones across the UK to awareness about South Africa and to garner the support of South Africans in the UK towards the Nation Brand. Through a partnership with South African Airways, a prize of a return ticket was made available to a South African resident in the UK. It is worth noting that Brand South Africa has partnered with Home Coming Revolution to strategically and effectively drive the GSA Programme in the UK. The programme is supported through the GSA website and the weekly *GSA Newsletter* which profiles a GSA as a country ambassador and carries positive news, key government messages and progress on the NDP.

Promoting South Africa and Africa as a destination with globally competitive nations was high on the agenda by focusing on opportunities presented by the NDP. The UK Office linked with several education institutions. Among

others, ran an information stand at the London Careers in Africa Fair, targeting African professionals and companies and recruiting members to the GSA network, and participated in the Oxford Africa Conference. Together with Old Mutual, Brand South Africa hosted a breakfast with key business people to discuss the creation of a graduate scholarship programme, in line with the NDP. The organisation is also engaging with Oxford Brooks University for a skills transfer programme in the motorsport engineering field.

The UK Office partnered with several organisations, such as the SA High Commission and South African Diaspora United, to celebrate South African days of significance to boost the Nation Brand and patriotism. Freedom Day celebrations at South Africa House included a multi-media presentation, highlighting 21 South African achievements; the presentation now runs as part of South Africa House's outdoor digital display in Trafalgar Square. In partnership with Old Mutual, the UK Office hosted an Africa Day under the theme, 'Opening the doors of Learning and Culture from Cape to Cairo', for GSAs and key African diaspora members. The event also honoured a second theme, notably that of the African Union, 'Women Empowerment and Development towards Agenda 2063'. The UK Office supported Mandela Day celebrations in Winchester and the Mandela Day concert at South Africa House. Under the theme, 'Reflections on the Journey of South African Women: Past, Present & Future', South African and British women joined a Brand South Africa-hosted afternoon tea for Women's Day. Released in August 2015, South Africa's Gender Paper was well received at the event, which culminated in a collective project to empower girls in South Africa through crowdsourcing as a funding mechanism. The UK Office addressed South Africans on the eve of Human Rights Day in March 2015 at the Methodist Church at an activation themed 'Prayer for South Africa'.

UNITED STATES OF AMERICA

In 2015/16, Brand South Africa in the USA continued with multiple high-level political and business engagements and events, some of which are highlighted below:

- Held a session with international trade agencies, in partnership with **the dti** and the Gauteng Investment Centre, on the amended Broad-Based Black Economic Empowerment Codes of Good Practice. Brand South Africa also partnered with the centre on an inbound trade mission from the USA, which was led by US Assistant Secretary of Commerce, Mr Arum Kumar
- Collaborated with the South Africa Chamber of Commerce in America and the South Carolina Chapter in Greenville to host an investor roundtable discussion on key priorities and investment opportunities in South Africa
- Visited Atlanta to support the Minister of Communications and the Deputy Ministers of Small Business Development, and Arts, Culture and Heritage by arranging business meetings and media engagements
- Attended the African Global Economic and Development Summit in Los Angeles to highlight investment opportunities in South Africa and spoke at the awards ceremony named after the former South Africa Consul General, Mr Cyril Ndaba
- Partnered with Junior Chamber International (JCI) South Africa and shared feedback on the Brand South Africa Domestic Perceptions Study with the Federation of Unions of South Africa and JCI
- Met with Ambassador Mzinwa Mahlangu and Deputy Chief of Mission, Ms Nowetu Luti, to discuss hosting GSAs in the Beltway area (Washington DC, Virginia and Maryland)
- Profiled the South African Embassy's Distinguished Diplomatic Award by the World Affairs Council in Washington, DC
- Hosted a delegate-boosting reception at the 39th World Hospital Congress in Chicago. The City of Durban will host the 40th Congress in 2016

- Supported the Minister of Trade and Industry in Washington, DC, in his advocacy efforts on the African Growth and Opportunity Act.

Brand South Africa continued to strengthen its media relationships in the USA, and during the reporting period engaged with several new and existing partners, including the *Mimi Geerges Radio Show*, Ms Rosalind McLymont, Executive Editor of *The Network Journal* and CEO of AfricaStrictlyBusiness.com LLC (both influential publications in the USA among black professionals and black business), *Foreign Policy Magazine* and *Golfer's Digest*. Brand South Africa hosted a table for high-level South Africans at the *Foreign Policy Magazine* Diplomat of the Year Awards Dinner in Washington, DC. The USA Office also organised a media engagement programme for the Governor of the Reserve Bank, Mr Lesetja Kganyago, who was chosen as the media representative of a JSE-led visit to New York. This included interviews with the *Wall Street Journal*, *Reuters*, and *Reuters TV*.

A joint marketing initiative with SA Tourism, SAA and the South African Consulate in Los Angeles ensured a strong South African Nation Brand presence at the 2016 USA Rugby Sevens tournament and exhibition, which was well attended by South Africans living on the West Coast.

Brand South Africa partnered with the African Group of Ambassadors in Washington, DC, to celebrate Africa Day. This platform was used to distribute about 400 booklets containing messages denouncing the spate of xenophobic attacks. This was embraced with great enthusiasm by Africans and Americans in attendance.

GSAs remained a focus of the USA Office. Through its partnership with the Home Coming Revolution, Brand South Africa hosted two events (in Johannesburg and New York) to enhance awareness of the GSA Programme. In addition, the USA Country Manager did a presentation at the SpeedMeetAfrica event at Thomson Reuters building in New York City. Brand South Africa, in collaboration with the South

Africa Consul General in New York, co-hosted the National Minority Business Council. The event was a call to action to encourage fellow South Africans to join the GSA network. Brand South Africa also co-hosted an evening with Imbizo New York Host Committee, an association of South Africans in the USA, to mobilise South Africans in the tristate region (New York, New Jersey, and Philadelphia) to play their part through skills development programmes, exchange initiatives, investing in South Africa, and by being good brand ambassadors.

AFRICA AND THE MIDDLE EAST

Brand South Africa delivered a focused stakeholder and reputation programme in these regions as required by its strategy and Business Plan, aimed at ensuring a positive disposition among stakeholders and target audiences.

Hosting of dialogues and stakeholder engagements

Brand South Africa undertook a series of successful in-market engagements with stakeholders and media in Angola, the DRC, Ghana, Kenya, Nigeria and Senegal. The engagements culminated in the Roundtable Dialogue sessions (in all these markets) that were held with creative arts industry practitioners under the theme 'Re-imagining the Future towards AU Agenda 2063: The Ties That Bind Us'. For the year under review, the dialogues focused on Aspiration 5 of the African Union Agenda 2063: 'An Africa with a strong cultural identity, common heritage, values and ethics'.

Brand South Africa's approach (utilising the culture and heritage pillar of the Nation Brand hexagon) in managing the country's reputation received a positive response in all the countries. Stakeholders applauded this as an important building block towards deepening the economic integration of the continent.

Brand South Africa pursued this powerful medium (dialogue sessions) as a channel to change perceptions about South



Delegates attending the Africa Day Celebration at Auckland Park

Africa on the continent and encourage more conversation to assist in telling a positive narrative about South Africa and the rest of the continent. The power of the creative arts gives reach, impact and influence to wider audiences.

Brand South Africa's media engagement reached other parts of the continent, thus providing brand presence beyond the six countries. For example, during the activation in Lagos (July 2015) the return on investment in terms of public relations and advertisement value equivalent amounted to R2 119 663 and R706 550, respectively. The social media reach was 1 344 353 and TV/radio viewership/listenership was more than 200 million (CCTV coverage reaches the whole continent). Similar patterns in other markets were observed over the period under review.

Brand South Africa continued to engage critical stakeholders in South Africa who have a bearing on the organisation's Africa Programme. African Diaspora Forum is one such stakeholder. Brand South Africa participated in the forum's 5th Annual Pan African Ambassadors Award held on Heritage Day in 2015.

Feedback loop sessions with critical stakeholders (including the Department of International Relations and Cooperation [DIRCO] Africa Branch management team) were held to allow for in-depth understanding of the work that Brand South Africa is doing in the continent. This is important to achieve coherence in telling a positive narrative about South Africa.

In partnership with the Human Sciences Research Council (HSRC) and others, Brand South Africa co-hosted the Africa Unity for Renaissance Conference which culminated in the Africa Day dialogue held on 25 May 2015. The AURC is a conference of African scholars, academics and researchers who discuss the most appropriate ideologies relevant to Africa's development. The Africa Day Dialogue interrogated the relevance of competitiveness as a construct to Africa's circumstances and development.

During the World Economic Forum on Africa (WEF Africa), Brand South Africa held a roundtable dialogue which aimed to augment policy discussions on building competitive African Nation Brands. The session was facilitated by Chris Bishop (Managing Editor of Forbes Africa) and the lead discussants were Mr Jeff Radebe (Minister of Planning, Performance, Monitoring, Evaluation and Corporate Services, South Africa); Ms Hannah Tetteh (Minister of Foreign Affairs & Regional Integration, Ghana) and Dr Petrus de Kock (General Manager: Research and Analysis, Brand South Africa).

The discussions during the roundtable dialogue in Lagos, Nigeria were led by Dr Mkhize (a Nation Brand Ambassador). He held a number of interviews with print media after the Nelson Mandela Lecture and participated in Brand South Africa's media engagement. The roundtable dialogue comprised an audience of approximately 40 participants (predominantly South African and Nigerian experts in the heritage and film industries, as well as business, media, youth and government).



Delegates attending the Brand SA/Brand Kenya Dialogue

In Ghana, a partnership between Brand South Africa and with South African Tourism hosted a stakeholder engagement addressed by Ms Dzifa Gomashie, Deputy Minister of Tourism, Culture and Creative Arts, Republic of Ghana and Ms Lulu Xingwana, South African High Commissioner to Ghana. In support of existing relations, Brand South Africa met the Acting CEO of Brand Ghana to support the organisation in its organisational review process, thus sharing critical lessons.

Brand South Africa's General Manager: Africa and Middle East did an interview with Ghana's TV Africa on the morning show, *Day Break*. TV Africa is an online transmitting station and the fastest growing private television station in terms of expansion of coverage in the country. The 30-minute interactive interview drew callers from other regions of Ghana, Kumasi and Volta, which increased Brand South Africa's footprint beyond Accra.

In the United Arab Emirates (UAE), Brand South Africa co-hosted stakeholders mainly from the tourism industry, including those who had recently visited South Africa to allow them to share their experiences and perceptions. The organisation also hosted a dinner with Global South Africans in the market. The session was an opportunity for the South Africans (through South African Business Council [SABCO-UAE]) to participate and shared invaluable insights on the implementation of tangible projects as part of the implementation of the Brand South Africa-SABCO memorandum of understanding.

Brand South Africa also participated in the Africa Global Business Forum (AGBF) during which the drivers of the continent's development over the next five years were explored. It also looked at the sources of growth and discussed the impact of low commodity prices. Another critical stakeholder with whom Brand South Africa engaged was the Vice-President: International Relations of the Dubai Chamber of Commerce and Industry in order to forge a partnership for the 2017 AGBF. To that effect, Brand South Africa will submit (through diplomatic channels) a proposal during the next financial year to host a roundtable dialogue on the feedback on issues that emanated from the 2015 instalment of the AGBF and on the 2017 partnership.

Brand South Africa utilised the African Press Organisation to disseminate both proactive and reactive media releases during the course of the year. The GSA Programme was introduced to Kenya, the Democratic Republic of the Congo and Angola. It continues to operate in Ghana, Nigeria and the UAE as well. South African corporates operating in the continent gave positive feedback about South Africa's brand image and also expressed their willingness to support Brand South Africa's initiatives, thereby becoming bearers of the positive narrative about South Africa.

Overall, Brand South Africa's initiatives in managing South Africa's reputation in the continent received positive feedback from stakeholders in the different markets. These initiatives outlined above are positively changing perceptions about South Africa on the continent and building awareness of the importance of positioning Africa as a competitive continent.

BRAZIL, INDIA, RUSSIA AND GERMANY

Brand South Africa's presence in Brazil, India, Russia and Germany is managed through the appointed agency and its team based at head office in South Africa. The key message promoted in these markets is South Africa's profile as a competitive and attractive investment destination of choice.

Germany

The team facilitated and arranged a successful roundtable on 'Women in Business' attended by 15 women.

Some of the key highlights include:

- Matshepiso Bokamoso Finca, First Secretary (Public Diplomacy), Embassy of the Republic of South Africa, was a perfect moderator. Her opening speech on 21 years of changes and challenges compared the coming of age milestone (21 years old) with South Africa's 21 years of independence and moving on
- Sylvia Sedlacek, Vice President: Financial Institutions, was the first keynote speaker and gave great insights into South African banking and the importance of well-educated male and female banking experts in South Africa

- The second speaker, Jessica Nupen, a social entrepreneur, dancer and choreographer, gave great insights into the lives of powerful women.

The distribution of content pieces to the media continues to generate good value in positively promoting the country and positioning South Africa as an investment and business destination. These included an announcement of an industry meeting taking place at the Automechanika Fair in Johannesburg, and an editorial piece, 'The economic interaction of African nations must be reinforced'.

South Africa's participation in the BRICS Summit, hosted by the Russian Federation in Ufa, was an important moment for the country's participation in this growing international organisation. The Ufa Declaration, which was drafted during the summit, covered the largest range of issues ever covered by BRICS, and most importantly, the African issues included clearly show South Africa's role and influence in the organisation. The Brand South Africa team distributed a media advisory relating to the BRICS Summit. A further press release was distributed on the first youth forum of the BRICS group and the Shanghai Cooperation Organization, also in Ufa.

The Brand South Africa team also shared a media advisory regarding the simplification of the South African visa regime for tourists from BRIC.

Brazil

Brand South Africa utilised stakeholder engagements, media relations and media channels as a communication mechanism to share positive stories about South Africa. In some cases, these were linked to days of significance or to specific events, with the aim of sharing developments and positive news about South Africa. The examples of media activity cited below all resulted in good publicity.

Stakeholder engagements

The team hosted a breakfast roundtable with South Africa's Ambassador Mbete which focused on business investment between the countries and which received good coverage.

The team hosted a media event to encourage investment in South Africa's wine industry, which was widely attended by journalists. A video was produced to showcase South Africa and some key facts about the country.

Media activity

Brand South Africa distributed a piece of content in which it's Chairperson, Ms Chichi Maponya, spoke on Freedom Month in South Africa. A number of press releases were sent to coincide with days of national significance, such as Nelson Mandela Day and Africa Day. Others covered news events and opportunities, such as the opening of the first regional centre of the BRICS Bank tourism, as well as business and investment opportunities, to coincide with South Africa Week. The media also covered local and international meetings, such as the meeting between South African companies and Brazilian businessmen in Sao Paulo and Porto Alegre, preparations for the African Union Summit, and President Zuma's signing of the Treaty on the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change in Paris.

Articles on the rollout of Wi-Fi connectivity to South Africa's rural areas and on progress by South Africa and other African countries on Continental Free Trade Zone negotiations were distributed.

India

Brand South Africa leveraged various events and stakeholder relationships to achieve positive and widespread media coverage in India.

Stakeholder management and media engagement

- Brand South Africa counselled the High Commission regarding a media statement in response to the defacement of Gandhi's statue in South Africa. The team arranged an interview with the granddaughter of Mahatma Gandhi, Ela Gandhi, who shared her experiences of time spent with Nelson Mandela.

- An interview was arranged between the Minister of Economic Development and *The Telegraph* to discuss bilateral trade between South Africa and India, followed by an editorial on the strengthening of ties between India and South Africa, specifically in the light of the changes to visa regulations.
- The team assisted in arranging media activities for the India-Africa Summit 2015, which took place in October. One interview took place between the South African High Commissioner to India, Mr France K Morule, and a journalist at *The Economic Times*.
- The team arranged a photo opportunity during a press conference at the India-Africa Summit for South Africa's Minister of International Relations and Co-operation, Ms Emily Nkoana-Mashabane.
- The team arranged media interactions for Mr Phillip Mtsweni, the Economic Consul of the SA mission in Mumbai, to discuss India-Africa bilateral trade and socio-economic relations between the two nations.
- The team supported the 7th Annual International Trade Initiative (ITI) in Hyderabad and Delhi through prearranged interviews between selected media and the High Commissioner and Director: Export Promotion Asia, **the dti** and other South African government officials and delegates.
- A speaker slot for Ms Lerato Mashile, Consul Political, DIRCO, as the chief guest on 19th March at Lala Lajpat Rai Institute of Management was arranged.
- The team organised an email interaction with a journalist from Dainik Navjyoti on the South African economy and the India-South Africa trade partnership.

Celebrations of days of significance

The team focused on leveraging and promoting the 21st Freedom Day celebrations, and assisted in arranging and hosting a soccer tournament, 'The Nelson Mandela Cup', as part of the Mandela Day celebrations.

Russia

Brand South Africa successfully leverages events and used a mix of stakeholder engagements and proactive media to

promote South Africa in this market while addressing topical issues. The outcome was sustained, positive publicity for South Africa.

Stakeholder engagements

- The team leveraged President Zuma's visit to Moscow at the invitation of President Vladimir Putin to attend the commemoration of the 70th Anniversary of Victory in the Great Patriotic War.
- South Africa's participation in the BRICS Summit, hosted by the Russian Federation, was an important national milestone as part of this growing international organisation. The Ufa Declaration dealt with the largest range of issues ever covered by the BRICS. Most importantly, the African issues included in the summit clearly show South Africa's role and influence in the association.
- The team arranged and facilitated a business roundtable with key media in Moscow. The focus of the roundtable was business relations between Russia and South Africa.

Media activities

- The team leveraged the IV Festival of South African Wines in Moscow to secure media coverage.
- The team actively managed and distributed content regarding the Russian Ministry of Education which developed a project for the BRICS Network University.
- The team distributed a press release regarding the BRICS Youth Summit held in Kazan. The summit discussed, among other things, youth employment, innovative ideas, entrepreneurship, co-operation and consolidation among the youth of member states.
- The team distributed a press release regarding Mandela Day.
- A second press release on the Youth Summit of the BRICS group and the Shanghai Cooperation Organization was sent out. The focus was the aspirations of young people to gain experience and knowledge from other member states through internships and student exchanges.

- The team facilitated an interview with Mr Vusi Mveli, Minister Counsellor (Economic) at the South African Embassy, to highlight plans by South African exporters to promote their agricultural products in Russia at the World Food Exhibition. A combination of interviews and features was produced.
- The team distributed a media advisory pointing to a meeting of the Labour Ministers of the BRICS countries in Ufa to discuss the availability of quality jobs and affordable employment in the era of a global economic slowdown.
- Further to this, the team also provided support at the 23rd Prodexpo 2016, an event which included representatives from 60 countries.
- Minister of Economic Development of South Africa, Madala Masuku, met with key media during the First Meeting of the Ministers of Industry of BRICS countries.
- During the 13th Session of the Intergovernmental Committee on Trade and Economic Cooperation held in Moscow during November, Minister Nkoana-Mashabane addressed the media, highlighting the effectiveness of the committee in contributing directly to improved two-way trade and investment, as well as critical skills development and technology exchange between Russia and South Africa.
- The team distributed a press release entitled 'South Africa Interested in Boosting Supply of Agricultural Products to Russia'.
- The team also shared a media advisory regarding the simplification of the South African visa regime for tourists from Russia, China and India.

From the work concluded by Brand South Africa during the past financial year, it is evident that efforts to position South Africa strategically as a competitive destination of choice, is slowly realising benefits, as evidenced in a recent international survey which revealed that South Africa is associated with competitive sectors such as finance, agriculture, mining and services.

The GSA Programme remains a key strategic flagship initiative and will continue to be enhanced as part of Brand South Africa's efforts to build influential brand ambassadors for the country.

CHINA

This market required innovative strategies and partnerships as the setting up of a legal Brand South Africa office in China is still in progress. High-level political engagements during the year include the following:

- Hosted a stakeholder and media programme as part of the WEF's China activities – through a partnership with CNBC Africa. Several Team SA interviews were conducted to profile South Africa's agenda
- Supported the Office of the Deputy President, Mr Cyril Ramaphosa, during his official visits to China and Japan, through the facilitation of media programmes
- Supported the Premier of the Western Cape in his investment scouting mission to China, and provided China-South Africa content for key messaging for media engagement on China and FOCAC
- Co-hosted a research report dissemination on 'FOCAC business investment perspectives' with the *China Daily* newspaper to highlight relevant mechanisms in FOCAC policy available to investors. The end result positioned South Africa as a thought leader in FOCAC business. Four key guests were interviewed by key media that had been invited by Brand South Africa. In the same engagement, Brand South Africa initiated strategic relations with ten key opinion leaders
- Held a series of high profile China-Africa dialogue and roundtables prior to FOCAC, spearheaded by the Africa Wildlife Foundation and Aspen Institute, to highlight the role of wildlife conservation and sustainable development in China-Africa economic engagement.

Brand South Africa also forged some important media and public relations partnerships in China, particularly in support of the FOCAC media programme. Among others, the entity partnered with key Chinese media in ensuring media coverage of the event and facilitated a *CCTV News* documentary of Wang Baoqiang's visit to South Africa to attend the FOCAC parallel meeting; a *CCTV News* interview with the AU chairperson; *CCTV Dialogue* interviews with South African IN(C); and a *China-Africa*



Jonty Tshipa, Director: Corporate Services – Brand South Africa sign strategic co-operation agreement with People's Daily Online during FOCAC

Magazine opinion piece by the country manager. Brand South Africa arranged a media visit by *Tai Kung Pao* and *yicai.cn* to the Western Cape to highlight China's successful investments in South Africa.

On the sidelines of the FOCAC Summit, Brand South Africa signed a media partnership with *People's Daily Online*, China's state-owned and biggest daily and online newspaper, for future co-operation in promoting South Africa in China. It also facilitated a partnership between CEN.cn (an online news platform) and CNBC Africa to flight a special programme on FOCAC.

Brand South Africa leveraged the 4th Economic and Financial Forum of BRICS Countries, held by the Economic Daily Group (China Economic Daily and CEN.net), and Team South Africa had a strong presence with presentations in each forum section. Among others, Brand South Africa participated as a panel speaker on the topic, 'New Driving Force of BRICS Co-operation: Reducing Costs and Improving Project Matchmaking', and facilitated attendance of Leslie Maasdorp, Vice President of New Development Bank, as a keynote speaker, and the South African Ambassador to China, H.E. Dr DF Msimang.

Brand South Africa partners with Blue Focus Public Relations to assist in stakeholder and reputation management in China. In orchestrating inspiring messages in the China markets, a communications programme was delivered to disseminate stories on the successes of the NDP and South Africa's competitiveness. This was achieved in the form of press releases to the local media, opinion pieces and online posting on social media. Messages promoting African unity were disseminated in the China market to combat a perception that South Africa is an unwelcoming country.

In an effort to promote GSAs in China, Brand South Africa hosted two events which lay the foundation for future long-term joint programmes with the South African Embassy and SA IN(C).

MOVING FORWARD

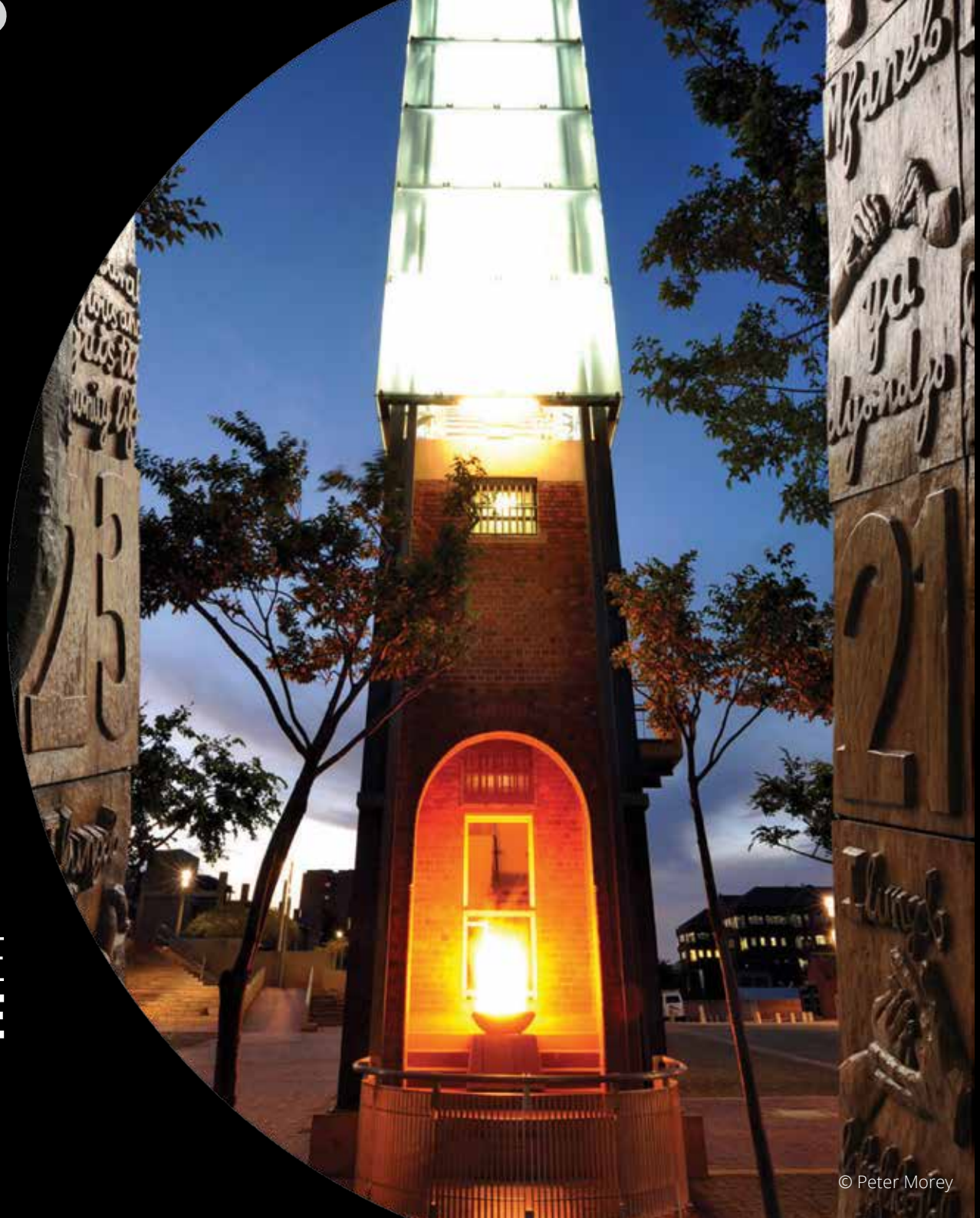
A sustainable organisation requires the administrative support of a dedicated team that is underpinned by an effective organisational development and prudent financial management and control strategies.

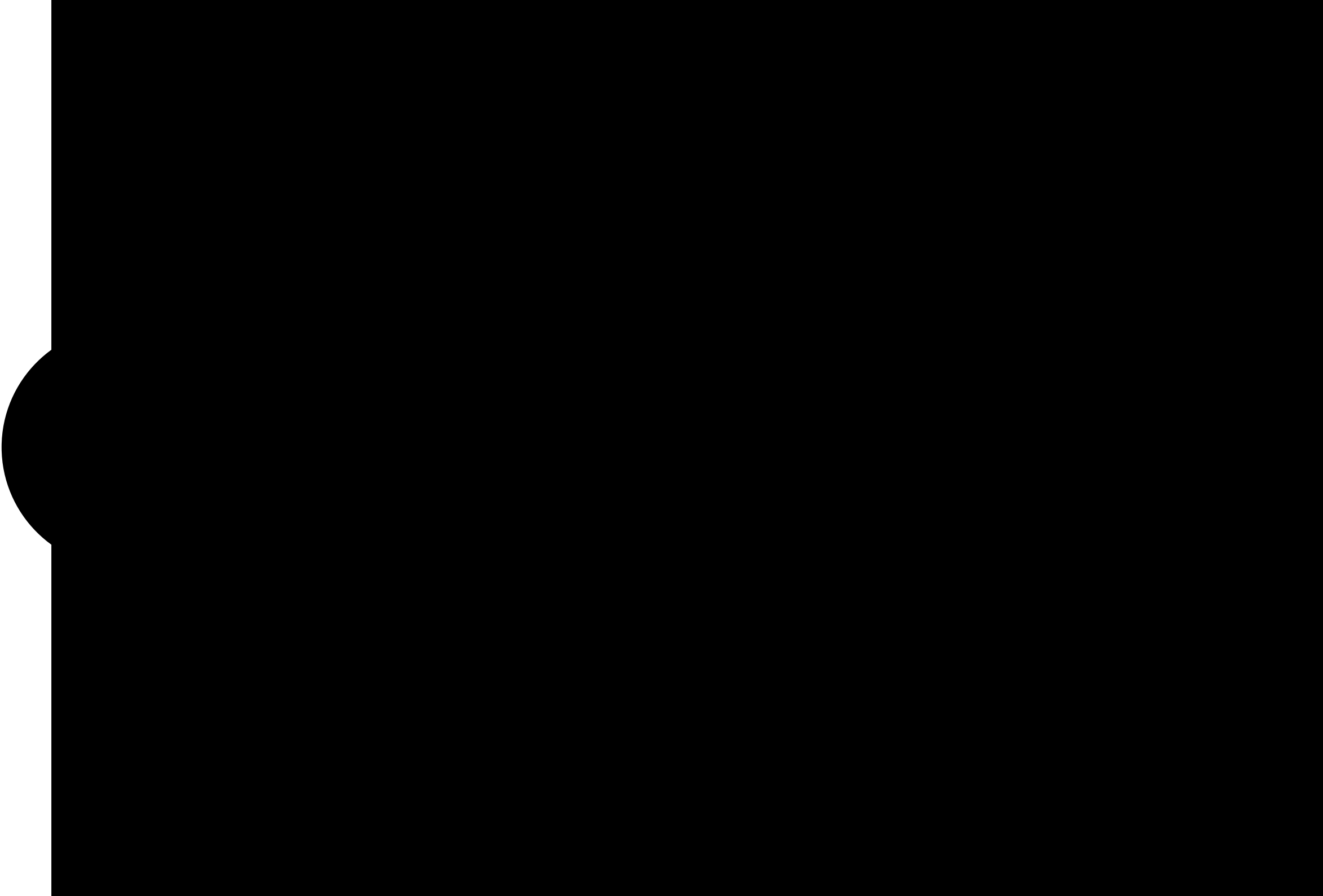
It is only through the allocation of proper resources, budgets, processes, systems and a committed, skilled and motivated team that Brand South Africa will continue to successfully deliver on its mandate to build South Africa's reputation, contribute to the country's global competitiveness, inspire and instil pride and patriotism amongst South Africans, and drive active citizenry.



Brand South Africa Team in support of Trevor Noah's new appointment in the USA

CORPORATE GOVERNANCE





INTRODUCTION

Brand South Africa is a Schedule 3A public entity, registered as a trust in terms of the Trust Property Control Act, Act No. 57 of 1988. Its Board of Trustees regards good corporate governance as vital to the success of the entity, and is committed to the principles of openness, integrity and accountability advocated by the King Code on Corporate Governance in South Africa (King III) and corporate governance instruments in other jurisdictions.

EXECUTIVE AUTHORITY

The Minister of Communications, Ms Faith Muthambi, is the Executive Authority of Brand South Africa in accordance with the Public Finance Management Act (PFMA).



BOARD OF TRUSTEES



Chichi Maponya
Chairperson



Happy Ntshingila
Deputy Chairperson



Ajay Gupta



Clayton Monyela



Connie Molusi



Danny Jordaan



Deon Huysamer



Geoff Rothschild



Mninawe Silinga



Mzimkulu Malunga



Paula Fray



Phumelele
Nzimande



Phumla Williams



Pumla Ncapayi



Rick Menell



Ryland Fisher



Stavros Nicolaou



Thebeetsile
Ikalafeng



Wayne Morris



Zwelibanzi Mntambo

EXCO



Amb. Kingsley Makhubela, PhD
Chief Executive Officer



Linda Sangaret
Chief Marketing
Officer



Alice Puoane
Chief Financial Officer



Jonty Tshipa
Director:
Corporate
Services



Adv. Sifiso S Nyoni
Director:
Governance, Legal &
Board Secretariat

To ensure that it adheres to good corporate governance practices, all trustees are non-executive, except the CEO. Furthermore, the Audit and Risk Committee (ARCO), in addition to trustees, also consists of independent members who are not trustees.

Within the powers conferred upon it by the Trust Deed, the Board has always determined its main function and responsibility as adding significant value to Brand South Africa by:

- Retaining full and effective control of the organisation
- Determining Brand South Africa's strategy and strategic objectives
- Determining and setting the tone of the organisation's values, including principles of ethical business practice
- Bringing independent, informed and effective judgment to bear on material decisions of Brand South Africa, including policies and approval of its budget
- Satisfying itself that Brand South Africa is governed effectively in accordance with best corporate governance practice, including risk management, internal control systems and general oversight.

BOARD CHARTER

The Board Charter provides a concise overview of:

- The segregation of the roles, functions, responsibilities and powers of the Board, Executive Authority, individual trustees, Board committees and employees
- Matters reserved for final decision-making or pre-approval by the Board
- The practices and procedures of the Board on matters relating to corporate governance, declarations of conflicts of interest, Board meeting documentation and procedures, and the induction, training and evaluation of trustees and members of the Board committees.

BOARD COMPOSITION AND APPOINTMENT OF TRUSTEES

The Trust Deed provides that the Board should comprise no less than 20 trustees, with a maximum of 30. All trustees are appointed by the President of the Republic of South Africa for a three-year term.

The Board is unitary, and consisted of 20 trustees, all of whom were non-executive. The term of office of all trustees came to an end on 12 March 2016, with the exception of Mr Geoff Rothschild. A new CEO commenced his duties in August 2015.

A new Trust Deed, which among other things reduced the size of the Board to a maximum of 15 trustees, was finalised but had still not been successfully lodged with the Master of the High Court at financial year end.

The offices of the Chairperson and the CEO are separate and there is a clear division of responsibilities between the roles. Ms Chichi Maponya, a non-executive trustee, served as Chairperson and was primarily responsible for the strategic leadership of the Board. Mr Happy Ntshingila served as the Deputy Chairperson.

The CEO is supported by an Executive Management Committee (EXCO), consisting of the executive management team, and is responsible for the operational management of the organisation. EXCO is responsible for implementing the decisions of the Board in pursuit of the organisation's mandate and objectives.

BOARD MEETINGS

The Board formally met four times during 2015/16, in accordance with its annual calendar. All Board meetings were held at Brand South Africa's head office in Houghton.

BRAND SOUTH AFRICA BOARD MEETINGS 2015/16

Members	Meeting dates			
	30/04/ 2015	23/07/ 2015	29/10/ 2015	18/02/ 2016
Ms Chichi Maponya	✓	✓	✓	✓
Mr Ajay Gupta	X	X	X	X
Mr Clayson Monyela	✓	✓	✓	✓
Mr Connie Molusi	X	X	X	X
Dr Danny Jordaan	X	X	X	X
Mr Deon Huysamer	X	✓	X	✓
Mr Geoff Rothschild	✓	✓	✓	✓
Mr Happy Ntshingila	✓	✓	✓	✓
Mr Mninawe Silinga	X	X	X	X
Mr Mzimkulu Malunga	✓	✓	✓	✓
Ms Paula Fray	✓	✓	✓	✓
Ms Phumelele Nzimande	✓	✓	✓	✓
Ms Phumla Williams	X	X	X	X
Ms Pumla Ncapayi	X	✓	✓	✓
Mr Rick Menell	X	✓	X	✓
Mr Ryland Fisher	✓	✓	✓	✓
Mr Stavros Nicolaou	X	✓	✓	✓
Mr Thebeetsile Ikalafeng	✓	✓	✓	X
Mr Wayne Morris	✓	✓	✓	✓
Mr Zwelibanzi Mntambo	X	X	X	X

BOARD COMMITTEES

In terms of the provisions of the Board Charter, the Board is mandated to form committees necessary for carrying out its fiduciary duties. The committees have an important role to play in the maintenance of high standards of governance and in achieving increased effectiveness in line with King III and other corporate governance instruments.

The following Board committees were in place during the reporting period:

- Audit and Risk Committee
- Human Resources/Remuneration and Social and Ethics Committee (HR/REM & SECO)
- Marketing Committee (MARCO).

All Board committees comprise members of the Board, with EXCO members attending by invitation only. The committees are empowered to obtain external or independent professional advice, if and when they consider it necessary, to carry out their duties and are chaired by non-executive trustees.

Audit and Risk Committee

The responsibilities of ARCO include:

- Ensuring the integrity, reliability and accuracy of accounting and financial reporting systems
- Evaluating the adequacy and effectiveness of internal audit and risk management
- Maintaining transparent and appropriate relationships with the respective external auditors
- Reviewing the scope, quality and cost of the statutory audit and the independence and objectivity of the auditors
- Ensuring compliance with applicable legislation and the requirements of regulatory authorities, especially those set out in the PFMA.

During the period under review, ARCO held four meetings as per the organisation's annual calendar, which required a meeting in every quarter, as well as two special meetings – one in May 2015 to approve the Annual Financial Statements and another in September 2015 to discuss risk. Mr Geoff Rothschild served as the Chairperson of the committee.

Members	Meeting dates					
	14/04/2015	18/05/2015	21/07/2015	10/09/2015	15/10/2015	20/01/2016
Mr Geoff Rothschild	✓	✓	✓	✓	✓	✓
Mr Deon Huysamer	✓	✓	✓	✓	✓	✓
Ms Mninawe Silinga	X	X	X	X	X	X
Mr Connie Molusi	X	X	X	X	X	X
Ms Khumoetsile Gaesale	X	X	X	X	X	X
Mr Wayne Morris	X	✓	✓	✓	✓	✓
Mr Luyanda Mangquku	X	✓	✓	✓	✓	✓
Ms Gugu Mtetwa	✓	X	✓	✓	X	✓
Ms Thuli Mashanda	X	✓	✓	✓	✓	X
*Mr Davison Dyiwa	✓	✓	✓	✓	✓	✓

*Mr Davison Dyiwa resigned in January 2016.

Human Resources, Remuneration and Social and Ethics Committee

The terms of reference of the HR/REM & SECO, as approved by the Board, address aspects of membership, structure, authority and duties. The responsibilities of this committee include making recommendations to the Board on:

- All policy matters that affect the employer-employee relationship
- All policy matters dealing with remuneration, recruitment, selection, appointment and the remuneration of executives
- All policy matters that affect the mental, social and physical wellbeing of staff
- All policy matters relating to social and ethics, as contemplated in the Companies Act, Act No. 71 of 2008
- Approving human resource strategies and the organisational structure.

HR/REM & SECO held four meetings during the reporting period, and was chaired by Mr Mzimkulu Malunga.

Members	Meeting dates			
	09/04/2015	02/07/2015	01/10/2015	04/02/2016
Mr Mzimkulu Malunga	X	✓	✓	✓
Mr Ryland Fisher	✓	✓	✓	✓
Ms Paula Fray	X	✓	✓	X
Ms Phumelele Nzimande	✓	✓	✓	✓
*Mr Geoff Rothschild	X	X	X	✓
Ms Phumla Williams	X	X	X	X

*Mr Geoff Rothschild was appointed in October 2015.

Marketing Committee

MARCO is responsible for advancing the mandate of Brand South Africa by overseeing the development and implementation of effective marketing and communications strategies. Its mandate includes:

- Reviewing the marketing policy and protocols, and recommending same to the Board for approval
- Offering expert advice and feedback on Brand South Africa's marketing and communications activities and resources
- Identifying areas of marketing and communications weaknesses and recommending remedial actions
- Acting as a resource to advise management on serious communications issues
- Reviewing and recommending corporate profile policies and issues relating to Brand South Africa's branding.

During 2015/16 MARCO was chaired by Mr Thebe Ikalafeng and held four meetings

Members	Meeting dates			
	30/04/2015	23/07/2015	29/10/2015	18/02/2016
Mr Thebe Ikalafeng	✓	✓	✓	✓
Mr Clayson Monyela	✓	X	✓	✓
Dr Danny Jordaan	X	X	X	X
Mr Deon Huysamer	X	✓	X	✓
Mr Geoffrey Rothschild	✓	✓	✓	✓
Mr Happy Ntshingila	✓	✓	✓	✓
Ms Phumla Williams	X	X	X	X
Ms Pumla Ncapayi	X	✓	✓	✓
Mr Rick Menell	X	✓	X	✓
Mr Stavros Nicolaou	X	X	✓	✓
Mr Wayne Morris	✓	✓	✓	✓

BOARD EVALUATIONS

Annual Board and Board committee evaluations were conducted during the year under review, as recommended by King III. An independent expert was appointed to conduct the evaluations of the Board and its committees. The evaluations were concluded during the fourth quarter.

BOARD REMUNERATION

The trustees were not remunerated for their services during the reporting period. This has been the position ever since the Trust was created.



RISK MANAGEMENT

Risks pertaining to the business of Brand South Africa are managed in accordance with the Public Finance Management Act, Act No.1 of 1999, as amended. A Risk Management Strategy and Risk Materiality Framework to ensure that all risks kept at an acceptable level.

During the reporting period, Brand South Africa conducted several operational risk assessments and reviewed the Risk Management Strategy and Risk Materiality Framework accordingly. All compliance assessments were conducted in terms of the National Treasury Regulations of 2005 and the PFMA. A Regulatory Compliance Checklist was developed and monitored throughout the year to ascertain the extent of the organisation's compliance with its regulatory universe.

FRAUD AND UNETHICAL CONDUCT

Through its Whistle-blowing Policy, Brand South Africa encourages employees to report acts of fraud, dishonesty and any other forms of unethical behaviour in accordance with the Protected Disclosures Act, Act No. 26 of 2000 and the Companies Act, Act No. 71 of 2008. Employees are constantly encouraged to use the whistle-blowing hotline and are assured that they would not suffer any form of victimisation as a result. No reports were received from the independent administrators of the hotline during the year under review.

MINIMISING CONFLICTS OF INTEREST

Trustees have a duty to disclose their personal interests in any of the items that are on the agenda at Board meetings, and there were no conflicts of interest recorded during the reporting year. In addition, they submit annual declarations of interest. No breaches of governance procedures were recorded during 2015/16.

CODE OF CONDUCT

The Brand South Africa trustees remain committed to achieving high standards of business integrity and ethics across all activities. To this end, the Board has a Code of Conduct, which among other things, sets out the required standard of conduct expected of trustees, how to deal with dissent, and how to manage conflicts of interest, expected disclosures and the management of external appointments.

The Board is committed to maintaining a high standard of corporate governance, and issues of good governance will continue to receive the best attention of the Board, its committees as well as executive management in the coming year.

BOARD SECRETARY

The Director: Governance, Legal and Board Secretariat serves as the Board Secretary and is responsible for ensuring the proper conduct of Board meetings and for providing support and guidance to the Board on matters relating to governance, legislation, compliance and ethics. His function includes the preparation and circulation of Board papers and minutes of meetings, ensuring that feedback is provided to the Board and its committees, making trustees aware of laws and legislation relevant to or affecting the organisation, and ensuring proper storage of Brand South Africa's important records.

Furthermore, the Board Secretary has certain statutory duties to perform in terms of the Companies Act, Act No. 71 of 2008, and other regulations. The Chairperson and all trustees have unrestricted access to the services of the Board Secretary.

The Board Secretary ensures that Brand South Africa's processes and practices are reviewed and benchmarked on an ongoing basis to ensure compliance with local and international legal obligations.

ANNUAL
FINANCIAL
STATEMENTS





GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Nature of business and principal activities

The primary object of the Trust is to develop and implement proactive and co-ordinated marketing, communications and reputation management strategies for South Africa. The ultimate aim is to make a contribution towards economic growth, job creation, poverty alleviation and social cohesion by encouraging local and foreign investment, tourism and trade through the promotion of Brand South Africa.

Trustees

Ajay Gupta*
Chichi Maponya*
Clayson Monyela*
Connie Molusi*
Danny Jordaan*
Deon Huysamer*
Geoff Rothschild
Happy Ntshingila*
Mninawe Silinga*
Mzimkulu Malunga*
Paula Fray*
Phumelele Nzimande*
Phumla Williams*
Pumla Ncapayi*
Rick Menell*
Ryland Fisher*
Stavros Nicolaou*
Thebeetsile Ikalafeng*
Wayne Morris*
Zwelibanzi Mntambo*

* The tenure of the Trustees came to an end on 12 March 2016. However, they still remained registered as Trustees at the Master's office as at 31 March 2016.

Registered office

103 Central Street
Houghton
Johannesburg
2041

Business address

103 Central Street
Houghton
Johannesburg
2041

Postal address

PO Box 87168
Houghton
2198

Executive Authority

Minister of Communications

Bankers

Nedbank Limited

Auditors

Auditor-General South Africa

Trust registration number

IT 1986/02

INDEX

The reports and statements set out below comprise the Financial Statements presented to the parliament:

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BOARD OF TRUSTEES'S RESPONSIBILITIES AND APPROVAL

The Trustees are required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is the responsibility of the Trustees to ensure that the Financial Statements fairly present the state of affairs of Brand SA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Financial Statements and will be given unrestricted access to all financial records and related data.

The Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Financial Statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal controls established by the entity and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, management sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities and authority within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risks cannot be fully eliminated, the entity endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Trustees are of the opinion that, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Financial Statements. However, any system of internal control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The Trustees have reviewed the entity's cash flow forecast for the year to 31 March 2017, through the approval of the Strategic and Annual Plan, and in the light of this review and the current financial position, they have put measures in place to ensure that the Trust can continue to operate in the foreseeable future.

Brand SA now fully reports to the Department of Communications (DoC) subsequent to a transfer from The Presidency in the earlier part of prior year. The entity is wholly dependent on the DoC for continued funding of its operations. The Financial Statements are prepared on the basis that Brand SA is a going concern and that the DoC has neither the intention nor the need to liquidate or curtail materially the scale of Brand SA's operations.

The external auditors are responsible for independently reviewing and reporting on the entity's Financial Statements. The Financial Statements have been examined by the entity's external auditors and their report is presented on page 83 to 84.

The Financial Statements set out on pages 87 to 92, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2016 and were signed by:



KHANYISILE KWEYAMA

Chairperson: Board of Trustees
Brand South Africa

REPORT OF THE **AUDIT AND RISK COMMITTEE**

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

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee (ARCO) consisted of the members listed on page 74 and should at least meet four times per annum, as per its approved terms of reference. During the reporting period, six meetings were held.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The ARCO reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

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

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the ARCO and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Financial Statements, and the Management Report of the Auditor-General South Africa, it was noted that there were a number of issues reported that indicated deficiencies in the system of internal control. The ARCO therefore believes that the system of controls was partially adequate and partially effective over the period under review. Management has, however, put in place, measures to address the identified deficiencies.

The ARCO is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the entity during the year under review.

EVALUATION OF FINANCIAL STATEMENTS

The ARCO has:

- Reviewed and discussed the unaudited Financial Statements to be included in the Annual Report, with the Auditor-General
- Reviewed the Auditor-General of South Africa's Management Report and management's response thereto
- Reviewed the entity's compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit.

The ARCO concurs with and accepts the Auditor-General of South Africa's Report on the Financial Statements, and is of the opinion that the audited Financial Statements should be accepted and read together with the report of the Auditor-General of South Africa.

INTERNAL AUDIT

The ARCO is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.



GIVEN SIBIYA

Chairperson: Audit and Risk Committee
Date 12 August 2016

REPORT OF THE AUDITOR- GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the Financial Statements of the Brand South Africa Trust set out on pages 87–138, which comprise the Statement of Financial Position as at 31 March 2016, the Statement of Financial Performance, Statement of Changes in Assets, and Cash Flow Statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the Financial Statements

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

Auditor-General's responsibility

3. My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the Brand South Africa Trust as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 30 to the Financial Statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the Financial Statements of the public entity for the year ended 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes

presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion thereon.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of Brand South Africa Trust for the year ended 31 March 2016:

- Programme 2: Brand marketing and reputation management on pages 143–146
- Programme 3: Stakeholder relationships on pages 146–147

11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

13. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes priorities:

- Programme 2: Brand marketing and reputation management on pages 143–146
- Programme 3: Stakeholder relationships on pages 146–147

Additional matter

14. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

15. Refer to the annual performance report on page 141–161 for information on the achievement of planned targets for the year. This information should be considered in the context of the unqualified conclusions expressed on the usefulness and reliability of the reported performance information in paragraph 13 of this report.

Compliance with legislation

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

Internal control

17. I considered internal control relevant to my audit of the Financial Statements, the performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor General

Johannesburg
31 July 2016



Auditing to build public confidence

REPORT OF THE BOARD OF TRUSTEES

The Trustees submit their report for the year ended 31 March 2016.

1. REVIEW OF ACTIVITIES

Main business and operations

The primary object of the Trust is to develop and implement proactive and co-ordinated marketing, communications and reputation management strategies for South Africa. The ultimate aim is to make a contribution towards economic growth, job creation, poverty alleviation and social cohesion by encouraging local and foreign investment, tourism and trade through the promotion of Brand South Africa.

In line with the object of the Trust, its mandate is to build South Africa's Nation Brand reputation to improve the country's global competitiveness. This is achieved through the following:

- Develop and articulate a national South African brand identity that will advance South African's long-term positive reputation and global competitiveness
- Seek to build and develop individual and institutional alignment to and support for the brand in South Africa, and pride and patriotism amongst South Africans
- Seek to build awareness and the image of the brand in other countries
- Seek involvement and co-operation amongst various government departments, public entities, the private sector, the non-governmental sector and civil society in achieving this object
- Do whatever the Board considers necessary to achieve the primary objective of the Trust
- Brand South Africa seeks the co-operation of government departments, public entities, the private sector and the non-governmental sector.

Brand South Africa's Board of Trustees was appointed by the President. The Minister of Communications is the Executive Authority and the Board of Trustees is the Accounting Authority of Brand South Africa. Brand South Africa is funded by the National Treasury through the Department of Communications.

The operating results and state of affairs of the entity are fully set out in the Financial Statements and do not in our opinion require any further comment.

2. GOING CONCERN

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

3. SUBSEQUENT EVENTS

The trustees are aware of events arising since the end of the financial year, as detailed in note 33 to these Financial Statements.

4. GOVERNANCE AND COMPLIANCE

General

The Board of Trustees retains full control of Brand South Africa's plans and strategy and acknowledges its responsibilities to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication, both internally and externally.

The Board of Trustees is a unitary structure comprising non-executive board members, all of whom are independent and non-executive, except for the CEO.

The Board of Trustees is committed to the principles set out in King III and complies with the Protocol on Corporate Governance for State-owned enterprises, the PFMA and the Treasury Regulations (2005 as amended). There are various Board sub-committees that have been established to assist the Board in effectively and efficiently executing its mandate. To assist the organisation in complying with these obligations, a Memorandum of Agreement was entered into between the Executive Authority and Brand South Africa.

The Audit and Risk Committee Charter was updated to reflect King III principles. As part of the regulatory framework of the Memorandum of Agreement, a number of complementary and supporting documents were revised to enhance governance, namely the Delegation of Authority, Strategic and Business Plans, Auditor-General's Plan, Internal Audit Strategic Plan, Quarterly Management Reports, Board Charter, Board Committee Charters, Internal Audit Charter, PFMA and Corporate Governance Checklist, and Conflict of Interest Policy. In addition, a Materiality and Significance Framework was approved in the financial year under review. Through this process, stakeholders may derive assurance that Brand South Africa is being adequately managed.

Chairperson and Chief Executive Officer

The Chairperson is a non-executive and independent trustee (as defined in King III). The Board and its committees held meetings and performed their fiduciary responsibilities in line with the PFMA. The Board of Trustees, under the ultimate responsibility of the Chairperson, created sufficient space to maintain a continuous overview of organisational effectiveness, organisational efficiency, Board performance and Board conformance.

The roles of Chairperson and CEO are separate, with responsibilities divided between them, so that no individual has unlimited powers of discretion. The CEO attends meetings of the Board, Marketing Committee, Human Capital/ Remuneration and Social & Ethics Committee, and the Audit and Risk Committee of Brand South Africa and reports on the activities of Brand South Africa. The CEO is responsible for ensuring that strategies and decisions of the Board are implemented through the daily business activities.

Audit and Risk Committee

For the period under review, the Chairperson of the Audit and Risk Committee was Mr Geoff Rothschild. The committee met six times during the financial year to review matters necessary to fulfil its role.

5. INTERNAL CONTROL SYSTEMS AND PROCEDURES

To meet its responsibility with respect to providing reliable financial information, Brand South Africa maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority and the assets are adequately safeguarded against material loss of unauthorised acquisition, use, or disposal. These transactions are properly authorised and recorded.

The Audit and Risk Committee and the Board held all their scheduled meetings for the year. All documents that were tabled for approval were approved and implemented by the management team. There were no material deficiencies identified in the internal controls in this financial year.

6. RISK MANAGEMENT

A risk management workshop was held on 11 November 2015, in which new strategic risks were identified and their inherent risk and residual risk ratings assessed. These risks were the responsibility of management, while the Board was accountable for ensuring that management had an effective risk management system in place to mitigate the risk exposure. The Risk Management Plan was used to implement the Internal Audit Plan and the Strategic Plan.

7. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

The commitments, contingencies and legal proceedings of Brand South Africa are discussed in notes 25 and 26 to the Financial Statements.

8. FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

During the period under review, Brand South Africa did not incur wasteful expenditure of R150 278, mainly attributable

to the late receipt of tranche for the first quarter. There was no irregular expenditure incurred in the financial year under review, as defined in the PFMA. Expenditure details are reflected in notes 35 and 36 of the Financial Statements.

9. FINANCIAL MANAGEMENT

Brand South Africa received funds allocated in line with the Medium Term Expenditure Framework (MTEF). The baseline funding from the Department of Communication was R173 160 000 (2014/15: R167 686 000) resulting in an increase of 3%. No additional amounts above the baseline were received from the Department of Communication in the current year.

Total other income for the year was R231 926 (2014/15: R2 016 929), excluding interest earned from the call account. This amount is made up of partnership income with related parties. The quarterly management reports were submitted to the Department of Communication before funds were transferred to Brand South Africa as per the approved MoA. The accumulated surplus of R14 217 225 (2014/15: (R9 131 721)) at the financial year-end of 2015/16 was subsequently approved for retention. This retention of accumulated surplus was used to finance the disclosed deficit of R14 217 225 (2014/15: (R9 131 721)).

10. CHANGES TO THE BUSINESS PLAN

During the period under review, all changes to the approved 2015/16 Business Plan were approved by the Executive Authority.



KHANYISILE KWEYAMA

Chairperson: Board of Trustees
Brand South Africa

STATEMENT OF **FINANCIAL** POSITION

as at 31 March 2016

	Notes	2016 R	2015 R
ASSETS			
Current Assets			
Pre-payments	9	1 096 230	2 397 401
Receivables from exchange transactions	10	532 234	1 984 515
Cash and cash equivalents	11	21 113 735	5 655 436
		22 742 199	10 037 352
Non-current Assets			
Property, plant and equipment	3	3 528 584	3 171 167
Intangible assets	4	19 090	19 469
Heritage assets	5	170 556	133 556
Deposits	6	871 558	697 584
Operating lease – asset	7	20 991	20 991
		4 610 779	4 042 767
Total Assets		27 352 978	14 080 119
LIABILITIES			
Current Liabilities			
Finance lease – liability	12	180 003	232 219
Operating lease – liability	7	76 505	245 684
Payables from exchange transactions	14	6 155 086	18 518 625
Provisions	13	6 680 468	3 991 619
		13 092 062	22 988 147

	Notes	2016 R	2015 R
Non-current Liabilities			
Finance lease – liability	12	43 691	223 694
Total Liabilities		13 135 753	23 211 841
Net Assets		14 217 225	(9 131 722)
Accumulated surplus/(deficit)		14 217 225	(9 131 722)

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2016 R	2015 R
Revenue	15	173 160 000	167 686 000
Other income	16	231 926	2 016 929
Operating expenses		(150 511 289)	(173 828 613)
Operating surplus/(deficit)	24	22 880 637	(4 125 684)
Investment income	17	672 992	474 791
Finance costs	20	(204 683)	(39 290)
Surplus/(deficit) for the year		23 348 946	(3 690 183)

STATEMENT OF **CHANGES IN NET ASSETS**

	Notes	Accumulated surplus R	Total net assets R
Balance as at 1 April 2014		(5 441 539)	(5 441 539)
Changes in net assets			
Deficit for the year		(3 690 183)	(3 690 183)
Total changes		(3 690 183)	(3 690 183)
Balance at 01 April 2015		(9 131 721)	(9 131 721)
Changes in net assets			
Surplus for the year		23 348 946	23 348 946
Total changes		23 348 946	23 348 946
Balance 31 March 2016		14 217 225	14 217 225

CASH FLOW STATEMENT

	Notes	2016 R	2015 R
Cash flows from operating activities			
Receipts			
Grants		173 160 000	167 686 000
Investment income		672 992	416 035
Other receipts		1 403 860	10 220 404
		175 236 852	178 322 439
Payments			
Employee costs		(47 872 355)	(33 266 263)
Suppliers		(109 710 320)	(153 756 667)
		(157 582 675)	(187 022 930)
Net cash flows from operating activities	25	17 654 177	(8 700 491)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 766 766)	(1 515 982)
Purchase of other intangible assets	4	(26 950)	-
Purchases of heritage assets	5	(37 000)	-
Deposits paid		(101 848)	-
Net cash outflows from investing activities		(1 932 564)	(151 5982)

	Notes	2016 R	2015 R
Cash flows from financing activities			
Finance lease payments		(232 220)	(179 715)
Finance costs		(31 094)	(38 722)
Net cash out flows from financing activities		(263 314)	(218 437)
Net increase/(decrease) in cash and cash equivalents		15 458 299	(10 434 910)
Cash and cash equivalents at the beginning of the year		5 655 436	16 090 346
Cash and cash equivalents at the end of the year	11	21 113 735	5 655 436

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference R
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income				82 786	82 786	
Partnership income				149 140	149 140	
Interest received – investment				672 992	672 992	
Total revenue from exchange transactions				904 918	904 918	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	173 160 000		173 160 000	173 160 000		
Total revenue	173 160 000		173 160 000	147 064 918		
Expenditure						
Personnel	(51 627 000)		(51 627 000)	(52 401 025)	(774 025)	(i)
Depreciation and amortisation	(3 253 258)		(3 253 258)	(1 421 766)	1 831 492	(ii)
Finance costs	(30 000)		(30 000)	(204 683)	(174 683)	
Lease rentals on operating lease	(4 957 400)		(4 957 400)	(4 047 287)	910 113	
Impairment allowance				(797 840)	(797 840)	(iii)
Repairs and maintenance	(26 000)		(26 000)	(178 558)	(152 558)	
General expenses	(113 266 342)		(113 266 342)	(91 056 670)	22 209 672	(iv)
Total expenditure	(173 160 000)		(173 160 000)	(150 107 829)	23 052 171	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference R
Operating surplus				23 957 089	23 957 089	
Loss on disposal of assets and liabilities				(14 912)	(14 912)	
Loss on foreign exchange				(593 231)	(593 231)	
				(608 143)	(608 143)	
Surplus				23 348 946	23 348 946	
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement				23 348 946	23 348 946	

- (i) Net amount of year end provisions and 7 vacant positions.
- (ii) ERP implementation commenced in May 2016, thus the under spending.
- (iii) Non-cash flow items relating to prior year impaired balances.
- (iv) Reprioritisation to address prior year deficit. Reduced research and media partnership.

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The 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 No. 1 of 1999).

These Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the Financial Statements, management makes estimates and assumptions that affect the amounts represented in the Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Financial Statements. Significant judgements include:

Trade receivables

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

The impairment for trade receivables is calculated on an individual basis, based on historical performance, adjusted for specific current economic conditions and other indicators present at the reporting date that correlate with defaults on the debtor.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. This is based on estimated fair values and or value in use for each asset or group of assets.

Provisions

In all provisions raised, management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 –Provisions.

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment as well as intangible assets. Management adjusts the depreciation charge where useful lives are different from previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable

of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leasehold improvements	Straight-line	3 years
Furniture and fixtures	Straight-line	10–17 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	5–12 years
IT equipment	Straight-line	3–10 years
Finance leased office equipment	Straight-line	3 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised as an expense in the Statement of Financial Performance.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in the Statement of Financial Performance.

1.5 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the Financial Statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable,

the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The entity derecognises a heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in the Statement of Finance Performance when the item is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly

or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, Brand SA estimates cash flows considering all actual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument, Brand SA uses the contractual cash flows over the full contractual term of the financial instrument.

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to Brand SA.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to Brand SA.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by Brand SA in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial

asset or financial liability. An incremental cost is one that would not have been incurred if Brand SA had not acquired, issued or disposed of the financial instrument.

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:

- Brand SA designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Classification

Brand SA has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost

Brand SA has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost

Initial recognition

Brand SA recognises a financial asset or a financial liability in its Statement of Financial Position when the it becomes a party to the contractual provisions of the instrument.

Brand SA recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

Brand SA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

Brand SA assess, at the end of each reporting period, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition Financial assets

Brand SA derecognises financial assets using trade date accounting.

Brand SA derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- Brand SA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- Brand SA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Brand SA:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If Brand SA transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because Brand SA has retained substantially all the risks and rewards of ownership of the transferred asset, Brand SA continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, Brand SA recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset and the associated liability, nor the revenue and the associated expenses are offset.

Financial liabilities

Brand SA removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability, and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the Statement of Financial Position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Tax

Tax expenses

Brand South Africa is exempt from taxation by the South African Revenue Services (SARS) in terms of Section 10(1)(ca)(1) of the Income Tax Act, 1962 (Act No. 58 of 1962), as amended.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is Brand SA's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Employee benefits

Employee benefits are all forms of consideration given by Brand SA in exchange for services rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of Brand SA, if the proceeds of the policy can be used only to pay or fund employee benefits and are not available to Brand SA's own creditors (even in liquidation) and cannot be paid to Brand SA, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to Brand SA to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- Brand SA's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for services rendered by employees.

A constructive obligation is an obligation that derives from Brand SA's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, Brand SA has indicated to other parties that it will accept certain responsibilities and as a result, Brand SA has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered a service to Brand SA during a reporting period, Brand SA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, Brand SA recognises that excess as an asset (prepaid expense) to the extent

that the pre-payment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. Brand SA measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Brand SA recognises the expected cost of bonus, incentive and performance related payments when Brand SA has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when Brand SA has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which Brand SA provides post-employment benefits for one or more employees.

Umbrella Funds are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which Brand SA pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets

to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered a service to Brand SA during a reporting period, Brand SA recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, Brand SA recognises that excess as an asset (prepaid expense) to the extent that the pre-payment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Termination benefits

Brand SA recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Brand SA is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.10 Provisions and contingencies

Provisions are recognised when:

- Brand SA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Brand SA recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by Brand SA for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and Brand SA considers that an outflow of economic resources is probable, Brand SA recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 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 are non-cancellable or only cancellable at significant cost; and
- Contracts relate to something other than the routine, steady, state business of Brand SA.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result

in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which Brand SA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by Brand SA, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when Brand SA can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulation.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Brand SA either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Brand SA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by Brand SA.

When, as a result of a non-exchange transaction, Brand SA recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 Fruitless and wasteful expenditure

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

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

1.18 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the Financial Statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the Financial Statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the Financial Statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the Financial Statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting

officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the Financial Statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the Financial Statements and updated accordingly in the irregular expenditure register.

1.19 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.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's Financial Statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in

assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's Financial Statements.

1.20 Budget information

Brand SA is subject to budgetary limits in the form of appropriations or budget authorisations, which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Brand SA provides information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2015 to 31 March 2016.

The Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

The Statement of Comparative and Actual Information has been included in the Financial Statements as the recommended disclosure when the Financial Statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.21 Related parties

Brand SA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South

Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of Brand SA, including those charged with the governance of Brand SA in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with Brand SA.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Brand SA adjusts the amount recognised in the Financial Statements to reflect adjusting events after the reporting date once the event occurred.

Brand SA discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the Financial Statements.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

Brand SA has not applied the following standards and interpretations, which have been published and are mandatory for Brand SA's accounting periods beginning on or after 1 April 2016 or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents Financial Statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate Financial Statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual Financial Statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity.

This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

Brand SA expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's Financial Statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on Brand SA's Financial Statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the Financial Statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

The effective date of the standard is for years beginning on or after 1 April 2016.

The entity expects to adopt the standard for the first time in the 2016 Financial Statements.

It is unlikely that the standard will have a material impact on Brand SA's Financial Statements.

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board

considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below:

General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets. Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has

been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 1 April 2017.

The entity expects to adopt the standard for the first time in the 2017 Financial Statements.

It is unlikely that the standard will have a material impact on Brand SA's Financial Statements.

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below:

General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 1 April 2017.

The entity expects to adopt the standard for the first time in the 2017 Financial Statements.

It is unlikely that the standard will have a material impact on Brand SA's Financial Statements.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared Financial Statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 1 April 2018.

The entity expects to adopt the standard for the first time in the 2018 Financial Statements.

It is unlikely that the standard will have a material impact on Brand SA's Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2016 R			2015 R		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	907 130	(520 604)	386 526	856 439	(229 773)	626 666
Furniture and fixtures	1 755 203	(838 007)	917 196	1 453 638	(673 958)	779 680
Motor vehicles	619 256	(233 567)	385 689	245 000	(187 833)	57 167
Office equipment	1 354 639	(979 706)	374 933	1 304 150	(752 038)	552 112
IT equipment	2 895 735	(1 630 929)	1 264 806	1 937 317	(1 191 165)	746 152
Finance leased office equipment	659 263	(459 829)	199 434	659 263	(249 873)	409 390
Total	8 191 226	(4 662 642)	3 528 584	6 455 807	(3 284 640)	3 171 167

Reconciliation of property, plant and equipment – 2016

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Leasehold improvements	626 666	50 691	-	(290 831)	386 526
Furniture and fixtures	779 680	301 565	-	(164 049)	917 196
Motor vehicles	57 167	374 255	-	(45 733)	385 689
Office equipment	552 112	50 488	-	(227 667)	374 933
IT equipment	746 152	989 767	(14 912)	(456 201)	1 264 806
Finance leased office equipment	409 390	-	-	(209 956)	199 434
	3 171 167	1 766 766	(14 912)	(1 394 437)	3 528 584

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2015

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Leasehold property	196 223	620 971	-	(190 528)	626 666
Furniture and fixtures	745 338	104 945	-	(70 603)	779 680
Motor vehicles	106 167	-	-	(49 000)	57 167
Office equipment	504 014	81 991	-	(33 893)	552 112
IT equipment	686 360	506 980	(1 994)	(445 194)	746 152
Finance leased office equipment	394 534	201 095	-	(186 239)	409 390
	2 632 636	1 515 982	(1 994)	(975 457)	3 171 167

Compensation received for losses on property, plant and equipment – included in operating surplus (deficit)

	2016 R	2015 R
IT equipment	17 990	51 975
Office equipment subject to finance lease (Net carrying amount)		
Office equipment	199 434	409 390
Finance leases comprise of a PABX telephone system and Biometric security system with the contracts ending on 30 September 2016 and 31 August 2017 respectively.		
Other information		
Property, plant and equipment fully depreciated and still in use (Gross carrying amount)		
IT equipment	816 423	106 073
Furniture and fixtures	18 472	166
Office equipment	94 840	3 727
	929 735	109 966

3. Property, plant and equipment (continued)

	2016 R	2015 R
Property, plant and equipment fully depreciated and still in use (Number)		
IT equipment (i)	146	84
Furniture and fixtures (ii)	175	167
Office equipment (iii)	34	29
	355	280

(i) IT equipment comprise mainly of fully depreciated old laptops for which Brand SA has bought replacements in current year. The old assets will be disposed of in the near future.

(ii) Items of furniture and fixtures that are fully depreciated relate mainly to chairs and cabinets all of which are old with some having been retired from active use already. Brand SA intends to scrap them in the new financial year.

(iii) Office equipment fully depreciated consist of various items that are old. It is the intention of management to retire them from active use and scrap them in the current year.

4. INTANGIBLE ASSETS

	2016 R			2015 R		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	2 068 883	(2 049 793)	19 090	2 041 933	(2 022 464)	19 469

Reconciliation of intangible assets – 2016

	Opening balance R	Additions R	Amortisation R	Total R
Computer software	19 469	26 950	(27 329)	19 090

Reconciliation of intangible assets – 2015

	Opening balance R	Additions R	Amortisation R	Total R
Computer software	72 160	-	(52 691)	19 469

4. Intangible assets (continued)

	2016 R	2015 R
Other information		
Fully amortised intangible assets still in use (Gross carrying amount)	2 041 933	2 030 162
Fully amortised intangible assets still in use (number)	40	39

A tender was finalised in March 2016 to acquire procurement of Enterprise Resource Plan, which upon implementation most of these fully amortised intangible assets will be replaced. It is this reason why management did not review the useful lives of these zero valued assets.

5. HERITAGE ASSETS

	2016 R			2015 R		
	Cost/ valuation	Accumulated impairment losses	Carrying value	Cost / valuation	Accumulated impairment losses	Carrying value
Art Collections	170 556	-	170 556	133 556	-	133 556

	Opening balance R	Additions R	Total R
Reconciliation of heritage assets – 2016			
Art Collections	133 556	37 000	170 556
Reconciliation of heritage assets – 2015			
Art Collections	133 556	-	133 556

6. DEPOSITS

	2016 R	2015 R
At amortised cost		
Deposits paid on leased property – opening balance	697 584	638 828
Exchange gains on deposit denominated in foreign currencies	14 038	-
Interest earned	74 528	58 756
New deposits paid	85 408	-
	871 558	697 584
Non-current assets		
At amortised cost	871 558	697 584
Financial assets pledged as collateral		
Collateral		
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	871 558	697 584
<p>The deposits represent amounts paid over by Brand SA as collateral for the rental in office space located in China and Houghton. The counterparties have an obligation to return the deposits to the Brand SA at the end of the lease on 31 July 2016 for the office space located in Houghton however it is highly likely that the contract would be extended for an additional five years. These contracts are carried at amortised cost and have been discounted at 9% (2015: 9%). There are no other significant terms and conditions associated with the use of collateral.</p>		
7. OPERATING LEASE ASSET (ACCRUAL)		
Current assets	20 991	20 991
Current liabilities	(76 505)	(245 684)
	(55 514)	(224 693)

Operating lease assets and liabilities arise from straight-lining of payments under operating leases.

8. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of Brand SA to provide retirement benefits to all its permanent employees. Brand SA operates a defined contribution provident fund, which is subject to the Pensions Fund Act for this purpose. The Fund is administered by Sanlam as an Umbrella Fund because of its size. Under the current arrangements both the employee and employer contributes 7.5% of retirement funding with the employer funding the operating costs over and above the retirement contributions.

Brand SA is under no obligation to cover any unfunded benefits.

	2016 R	2015 R
The amount recognised as an expense for defined contribution plans	2 783 755	1 671 277
Total number of employees participating in the plan	47	42
Copier machines	15 320	-
Computer software	342 218	335 318
Media partnerships	337 774	1 752 518
Insurance	109 471	99 702
Subscriptions	291 447	209 863
	1 096 230	2 397 401

Prepayments relate to expenditure paid for in advance at the end of the reporting period for which services will only be provided in the following period.

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2016 R	2015 R
Trade receivables (i)	140 849	1 624 701
Income accrued	127 978	7 528
Staff debt	162 233	284 839
Other receivables (ii)	101 174	67 447
	532 234	1 984 515

(i) The trade receivables amount reflected above is after an allowance for impairment of R 666 531 as reflected below. The significant decrease in receivables is attributable to the reduction in transactions with related parties during the current financial year as disclosed in more detail in note 27 – Related parties.

(ii) Other receivables reflected above is after an allowance for impairment of R 175 644 as reflected below.

Trade and other receivables past due

Trade and other receivables which are less than three months past due are not considered to be impaired. As at 31 March 2016, R 666 531 (2015: R0) were past due and impaired.

The ageing of trade receivables is as follows:

Total carrying amount of trade receivables	807 380	1 625 139
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Pre-payments relate to expenditure paid for in advance at end of the reporting period for which services will only be provided in the following period.

	Current R	30 days R	90 days R	> 90 days R	Total R
Ageing receivables – 2016					
Trade receivables	3 454	136 857	-	667 069	807 380
Ageing receivables – 2015					
Trade receivables	976 218	-	230	648 691	1 625 139

10. Receivables from exchange transactions (continued)

Receivables impaired

	2016 R	2015 R
The ageing of the trade receivables impaired is as follows:		
Over 6 months	666 531	
Reconciliation of provision for impairment of trade receivables		
Provision for impairment	666 531	-
Reconciliation of provision for impairment of other receivables		
Opening balance	316 678	-
Provision for impairment	10 000	316 678
Amounts written off as uncollectible	(151 034)	-
	175 644	316 678
The creation and release of provisions for impaired receivables have been included in the operating expenses note. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.		
The maximum exposure to credit risk at the reporting date is the fair value of receivables above. Brand SA does not hold any collateral as security.		
11. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	21 107 870	5 649 436
Cash on hand	5 865	6 000
	21 113 735	5 655 436
Credit quality of cash at bank and short term deposits, excluding cash on hand		
Credit rating		
Nedbank – BBB	21 107 871	5 649 436

12. FINANCE LEASE LIABILITIES

	2016 R	2015 R
Minimum lease payments due		
- within one year	190 997	263 313
- in second to fifth year inclusive	44 878	235 874
	235 875	499 187
less: future finance charges	(12 181)	(43 274)
Present value of minimum lease payments	223 694	455 913
Present value of minimum lease payments due		
- within one year	180 003	232 219
- in second to fifth year inclusive	43 691	223 694
	223 694	455 913
Non-current liabilities	43 691	232 219
Current liabilities	223 694	223 694
	223 694	455 913

It is Brand SA policy to lease certain office equipment under finance leases.

The average lease term was three years and the average effective borrowing rate was 9% (2015: 9%). The agreements do not have renewal options and Brand SA does not have the option of taking ownership at the end of the lease.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Brand SA's obligations under finance leases for the PABX telephone systems and Biometric system are secured by the lessor's charge over the leased assets. Refer note 3.

13. PROVISIONS

	Opening balance R	Additions R	Utilised during the year R	Total R
Reconciliation of provisions – 2016				
Salary and related expense provision (Leave)	1 021 619	511 453	(81 281)	1 451 791
Salary and related expense provision (Bonus)	-	3 360 285	-	3 360 285
Professional fees provision	2 970 000	-	(2 970 000)	-
Notch increase provision	-	1 868 392	-	1 868 392
	3 991 619	5 740 130	(3 051 281)	6 680 468

The provision for bonus relates to the performance achievements of the employees during the current financial year. Only in the past two financial years did the entity pay performance bonuses consistently after years of not paying such. During the previous financial year after the approval of an amended and improved Organisational Structure, various human capital policies and strategies were also improved to be aligned to talent retention strategies. The implementation of these policies amongst others were to recognise and reward performance. This prompted management to start providing for performance bonuses only from the current financial year.

	Opening balance R	Additions R	Utilised during the year R	Total R
Reconciliation of provisions – 2015				
Salary and related expense provision (Leave)	1 157 400	759 756	(895 537)	1 021 619
Professional fees provision		2 970 000	-	2 970 000
	1 157 400	3 729 756	(895 537)	3 991 619

The leave provision relates to employees' accumulated leave at year end. The provision is based on assumption that employees will commute leave on demand and on resignation for leave.

The bonus provision relates to Brand SA's best estimate for performance related bonus payment at year end. The performance bonuses have been determined using the Brand SA's performance bonus policy.

The reduction in provision for professional fees related to the settlement fees paid in the current year for an amount of R2.97 million relating to an obligation created by foreign labour laws.

14. PAYABLES FROM EXCHANGE TRANSACTIONS

	2016 R	2015 R
Trade payables	2 452 058	15 636 114
Salary related payables	1 412 605	2 536 160
Accrued operating expenses	2 290 423	346 351
Total	6 155 086	18 518 625
The decrease in payables from exchange transactions is due to the reprioritisation that Brand SA undertook with the aim of breaking even after funding prior period deficit. This resulted in Brand SA being able to settle most of its liabilities before the end of the year.		
Ageing of trade payables		
Current	2 451 908	10 634 024
30 Days	100	5 002 090
60 Days	50	-
	2 452 058	15 636 114

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Government grant	173 160 000	167 686 000
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16. OTHER INCOME

Other income	82 786	185 787
Partnership income – related parties	149 140	1 831 142
	231 926	2 016 929

Partnership income reduced significantly from the previous year due to less partnerships between Brand SA and its partners in the current year.

17. INVESTMENT INCOME

	2016 R	2015 R
Interest revenue		
Cash and bank deposits	598 464	416 035
Financial instruments held at amortised cost	74 528	58 756
	672 992	474 791

The total interest income earned by Brand SA is from both current and call accounts at an average interest rate of 5.25% per annum (2015: 4.00%) as well as interest earned from financial instruments carried at amortised cost whose average interest rate is 9% (2015: 9%) as disclosed in note 6.

18. EMPLOYEE RELATED COSTS

Basic	38 130 130	26 958 963
Bonus	5 483 865	3 056 991
Medical aid – company contributions	611 562	567 233
UIF	83 822	704 13
SDL	346 882	258 097
Defined contribution plans	2 784 738	1 671 277
Overtime payments	54 151	57 516
Acting allowances	120 532	283 475
Car allowance	528 000	392 000
Cost of living adjustments – foreign employees	4 257 343	-
	52 401 025	33 315 965

The increase in employee costs is due to the implementation of the new Organisational Development structure by Brand SA in the previous year which had a full year in the 2015/16 financial year. Furthermore, the entity employed country managers in the UK and USA subsequent to the termination of consultants contracts in those markets. Their travel and subsistence allowance has been reallocated from personnel expenditure to general expenditure to achieve a fairer presentation

18. Employee related costs (continued)

	2016 R	2015 R
Remuneration of Chief Executive Officer – MM Matola (contract ended 31 March 2015)		
Annual remuneration	-	2 146 871
Cellphone reimbursements	-	57 333
Travel allowance	-	24 000
Contributions to UIF, medical and pension funds	-	260 208
Performance bonuses	-	733 684
Reimbursive expenses	-	77 120
Subsistence allowances	-	27 718
Leave paid out	-	138 904
	-	3 465 838
Remuneration of Chief Financial Officer (Acted as CEO from 1 April 2015 to 31 July 2015) – A Puoane		
Annual remuneration	1 493 490	1 132 448
Performance bonuses	291 404	163 570
Contributions to UIF, medical and pension funds	184 293	120 555
Cell phone allowance	40 679	15 377
Reimbursive expenses	20 683	28 284
Acting allowance	285 687	-
	2 316 236	1 460 234
Remuneration of Director: Corporate Services – LD Less (resigned 30 November 2014)		
Annual remuneration	-	928 030
Car allowance	-	80 000
Performance bonuses	-	259 880
Contributions to UIF, medical and pension funds	-	97 300
Reimbursive expenses	-	8 450
Cell phone allowance	-	16 714
Leave recovered	-	(2 878)
	-	1 387 496

18. Employee related costs (continued)

	2016 R	2015 R
Remuneration of Director: Governance, Legal & Secretariat – SS Nyoni		
Annual remuneration	1 356 045	924 009
Cell phone allowance	40 678	-
Performance bonuses	182 128	-
Contributions to UIF, medical and pension funds	167 106	95 882
Reimbursive expenses	1 590	749
	1 747 547	1 020 640
Remuneration of Chief Executive Officer – LM Makhubela (appointed 1 August 2015)		
Annual remuneration	1 963 446	-
Cell phone allowance	27 119	-
Contributions to UIF, medical and pension funds	40 068	-
Reimbursive expenses	29 384	-
	2 060 017	-
Remuneration of Chief Marketing Officer – WM Tlou (resigned 28 February 2015)		
Annual remuneration	-	1 626 841
Performance bonuses	-	128 203
Contributions to UIF, medical and pension funds	-	49 303
Cell phone allowance	-	16 828
Leave paid out	-	3 659
Reimbursive expenses	-	30 403
	-	1 855 237

18. Employee related costs (continued)

	2016 R	2015 R
Remuneration of Acting Chief Financial Officer – K Seripe (from 1 May 2015 to 31 July 2015)		
Annual remuneration	179 421	-
Cell phone allowance	4 918	-
Acting allowance	120 772	-
Contributions to UIF, medical and pension funds	24 614	-
Reimbursable expenses	854	-
	330 579	-
Remuneration of Chief Marketing Officer – L Sangaret (appointed 1 January 2016)		
Annual remuneration	465 116	-
Contributions to UIF, medical and pension funds	50 106	-
Reimbursable expenses	2 602	-
	517 824	-
Remuneration of Director: Corporate Services – J Tshipa (appointed 1 May 2015)		
Annual remuneration	1 115 603	-
Travel allowance	155 000	-
Performance bonuses	316 838	-
Contributions to UIF, medical and pension funds	125 204	-
Reimbursable expenses	3 399	-
Cell phone allowance	37 288	-
	1 753 332	-

18. Employee related costs (continued)

	2016 R	2015 R
Remuneration of Acting Director: Stakeholder relations – NTJ Mabuza (1 October 2015 to 31 December 2015)		
Annual remuneration	259 305	399 888
Reimbursive expenses	26 233	5 549
Performance bonuses	155 674	-
Contributions to UIF, medical and pension funds	37 518	46 695
Acting allowance	98 903	104 626
Cell phone allowance	10 169	10 468
	587 802	567 226
Remuneration of Acting Chief Marketing Officer – N Ntombela (1 April 2015 to 30 September 2015)		
Annual remuneration	426 598	113 084
Travel allowance	90 000	30 000
Performance bonuses	74 144	-
Contributions to UIF, medical and pension funds	63 278	16 065
Acting allowance	214 008	21 824
Reimbursive expenses	9 344	2 872
Cell phone allowance	20 339	-
	897 711	183 845
Remuneration of Acting Director: Corporate Services – M Moagi (19 January 2015 to 30 April 2015)		
Annual remuneration	51 047	156 138
Acting allowance	66 845	74 364
Performance bonuses	-	2 145
Contributions to UIF, medical and pension funds	11 818	29 916
Cell phone allowance	1 695	1 000
	131 405	263 563

19. IMPAIRMENT OF ASSETS

	2016 R	2015 R
Impairments		
Property, plant and equipment	-	33 254

20. FINANCE COSTS

Interest expense	204 683	39 290
Finance cost includes R150 278 interest paid for late payment of suppliers.		

21. DEBT IMPAIRMENT

Debt impairment	676 531	316 678
Bad debts written off	121 309	-
	797 840	316 678

Impairment relates to certain other receivables where recoverability is unlikely. Bad debts written off relate to sundry debtors that are uncollectible.

22. GENERAL EXPENSES

	2016 R	2015 R
Advertising	21 514	398 113
Auditors remuneration	2 831 547	1 888 407
Bank charges	130 708	118 212
Computer expenses (i)	1 848 298	531 702
Consulting and professional fees (ii)	4 036 857	19 218 422
Consumables	1 143 318	543 682
Courier and delivery expenses	313 014	210 035
Insurance	204 701	280 745
Conferences and seminars	118 890	298 376
Marketing (iii)	63 854 522	94 140 454
Motor vehicle expenses	96 554	112 609
Placement fees	1 362 479	1 996 177
Printing and stationery	525 167	904 119
Security	87 539	55 863
Staff welfare	214 365	588 457
Subscriptions and membership fees (iv)	2 202 170	582 524
Telephone and fax	502 908	937 495
Staff training and development	792 121	648 745
Travel and subsistence	3 679 860	4 296 430
Travel – overseas	4 197 764	3 790 003
Assets expensed	48 192	1 300
Water and electricity	896 613	838 421
Other operating expenses	1 405 695	503 410
National Communications Task Team (NCTT) expenditure	-	1 111 480
Storage facilities	145 559	81 650
Venue expenses	396 315	180 977
	91 056 670	134 257 808

22. General expenses (continued)

- (i) The increase in computer expenses is due to additional licenses purchases in the current year as the number of staff increased and needs changed.
- (ii) Included in the consulting and professional fees are fees relating to ERP study, accounting and Human Capital support services as well as a UK based consultant. The previous year expenditure was mainly attributable to the the consultants in the USA and UK who have been replaced by employees deployed to those markets.
- (iii) The decrease in marketing expense is attributable to the reprioritisation done to honour prior year payables with the aim of breaking even. Two main affected expenditure classes were research and media partnerships.
- (iv) Increases in the subscription and membership fees is mainly attributable to International subscriptions to World Economic Forum, Business Monitor Index and Nation Brand Index.

23. AUDITORS' REMUNERATION

	2016 R	2015 R
External audit	1 814 576	1 056 470
Internal audit	1 016 971	831 937
	2 831 547	1 888 407
External auditors' remuneration		
Current year fees	1 474 593	970 663
Planning for the following year	339 983	85 807
	1 814 576	1 056 470
Internal auditors' remuneration		
Current year fees	558 883	574 586
Prior year fees	112 141	186 641
Special requests	345 947	70 710
	1 016 971	831 937

24. OPERATING SURPLUS/(DEFICIT)

	2016 R	2015 R
Operating surplus/(deficit) for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
- Contractual amounts	3 786 381	3 171 757
Equipment		
- Contractual amounts	260 906	260 681
	4 047 287	3 432 438
Loss on sale of property, plant and equipment	(14 912)	(2 003)
Impairment on property, plant and equipment	-	33 254
Loss on exchange differences	593 231	1 229 522
Amortisation on intangible assets	27 329	52 691
Depreciation on property, plant and equipment	1 394 437	975 456
Employee costs	52 401 025	33 315 965

25. CASH GENERATED FROM/(USED IN) OPERATIONS

	2016 R	2015 R
Surplus/(deficit)	23 348 946	(3 690 183)
Adjustments for:		
Depreciation and amortisation	1 421 766	1 028 147
Loss on disposal of assets and liabilities	14 912	2 003
Finance costs – finance leases	204 683	39 290
Impairment deficit	-	33 254
Impairment of receivables	797 840	316 678
Movements in operating lease assets and accruals	(169 179)	57 833
Movements in provisions	2 688 849	2 834 219
Other non-cash items	(245 711)	(174 831)
Changes in working capital:		
Pre-payments	1 301 171	(2 243 646)
Receivables from exchange transactions	654 441	8 203 475
Payables from exchange transactions	(12 363 541)	(15 106 730)
	17 654 177	(8 700 491)

26. COMMITMENTS

	2016 R	2015 R
Authorised and approved expenditure		
Already contracted for but not provided for		
- ERP implementation	5 831 983	-
- Property, plant and equipment	884 034	-
- National perception study	-	590 520
- Travel management services	-	4 800 000
- Internal audit services	-	712 927
- Media monitoring and analysis	-	1 565 949
- Digital strategy implementation cost	-	6 300 000
- Media partnership	637 840	6 270 000
- IT disaster recovery	465 804	-
- Standard operating procedures	481 399	-
- Marketing collateral	1 710	-
- Website redesign	1 116 060	-
- International investor perceptions	1 783 153	-
- Organisational culture survey	186 240	-
	11 388 223	20 239 396
Total commitments		
Already contracted for but not provided for	11 388 223	20 239 396
This committed expenditure will be financed by approved future transfers.		
Operating leases – as lessee (expense)		
Minimum lease payments due – buildings		
- within one year	1 860 907	3 348 849
- in second to fifth year inclusive	-	1 146 841
	1 860 907	4 495 690

26. Commitments (continued)

	2016 R	2015 R
Minimum lease payments due – equipment		
- within one year	128 585	259 486
- in second to fifth year inclusive	-	129 743
	128 585	389 229

Operating lease payments represent rentals payable by Brand SA for its office space located at 103 Central Street Houghton and Beijing, China World Tower for buildings and three copier machines for equipment. The current lease expires on 31 July 2016 for the Houghton office and 31 March 2017 for the Beijing office with a renewal option. Leases are negotiated for an average term of three years. No contingent rent is payable.

27. CONTINGENCIES

Management is not aware of any pending material litigation or claims made against the entity, that would involve financial exposure including costs and disbursements.

28. RELATED PARTIES**Related party**

Department of Communications
The Government Printing Works
Department of International Relations
National Treasury
Government
The Presidency
Department of Trade and Industry
Economic Development Department
Department of Mineral Resources
CSIR
Council for GeoScience

Executive Authority – current
Entity controlled by a related party
Strategic Partner on trade related activities
Strategic Partner on trade related activities
Communication and Information System (GCIS) research fees
Executive Authority – prior
Strategic Partner on trade related activities
Strategic Partner on trade related activities
Strategic Partner on trade related activities
Entity controlled by a related party
Entity controlled by a related party

Transactions with all the related parties are at arms length. The amounts outstanding are unsecured, interest free and repayable within 30 days.

28. Related Parties (continued)

	2016 R'000	2015 R'000
Related parties		
Loan accounts – Owing (to) related parties		
The Government Printing Works	-	(1 602)
Amounts included in trade receivables regarding related parties		
Department of Trade and Industry	373 912	1 329 235
National Treasury	135 000	-
CSIR	292 618	292 618
	801 530	1 621 853
Related party transactions		
Payments to related parties		
Department of International Relations	1 483 165	1 003 297
The Government Printing Works	906	15 756
	1 484 071	1 019 053
Amounts included in the partnership Income regarding related parties		
Department of Trade and Industry	-	1 674 231
The Presidency	14 140	156 911
National Treasury	135 000	-
	149 140	1 831 142

29. INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS

	Committee fees R	Total R
2016		
Luyanda Mangquku	39 000	39 000
Davison Dyiwa	50 050	50 050
Nomagugu Mtetwa	17 100	17 100
Thuli Mashanda	39 409	39 409
	145 559	145 559
2015		
Luyanda Mangquku	42 900	42 900
Davison Dyiwa	24 700	24 700
Nomagugu Mtetwa	24 300	24 300
Thuli Mashanda	22 500	22 500
	114 400	114 400

30. COMPARATIVE FIGURES

Comparative figures for employee costs and general expenses have been reclassified. This relates to certain travel and subsistence expenditure amounting to R1 088 966 previously reported under employee costs which has been reclassified to general expenses to achieve a fairer presentation.

The effects of the reclassification are as follows:

	2016 R	2015 R
Amounts previously reported		
Employee costs	-	34 404 931
General expenses	-	133 168 842
Restated amounts		
Employee costs	-	33 315 965
General expenses	-	134 257 808

31. RISK MANAGEMENT

Financial risk management

Brand SA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Brand SA's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Brand SA's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. Brand SA identifies, evaluates and hedges financial risks in close co-operation with Brand SA's operating units. The Accounting Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Brand SA's risk to liquidity is a result of the funds available to cover future commitments. Brand SA manages liquidity risk through an ongoing review of future commitments.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. Brand SA only deposits cash in major banks with high quality credit standing.

Trade receivables are concentrated around a few major government departments. These are assessed to be high quality as they usually pay up their accounts within 30 days of invoicing.

Financial instrument	2016 R	2015 R
Nedbank call account	15 566 000	2 216 000
Nedbank current account	5 541 870	3 433 436
Receivables from exchange transactions	807 380	3 255 562

Nedbank Limited has a Fitch rating of BBB with a stable outlook as of December 2015.

Market risk

Interest rate risk

Brand SA's income and operating cash flows are largely independent of changes in market interest rates even though it generates investment revenue from excess cash deposited in the call account.

Foreign exchange risk

Brand SA operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Chinese Yuan Renminbi (CNY), Swiss Franc (CHF) and the UK Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency exposure at statement of financial position date

Financial instrument	2016 R	2015 R
Liabilities		
Current, USD 96, 936 (2015 : USD 636,261)	1 457 508	7 688 137
Current ,GBP 13,200 (2015: GBP 25, 937)	285 655	464 895
Current, CHF 115,526 (2015: CHF 1,403)	1 799 956	17 578
Current, CNY 9,350	21 739	-
Exchange rates used for conversion of foreign items were:		
USD	15,0358	12,0830
GBP	21,6406	17,9242
CHF	15,5805	12,5287
CNY	2,32504	1,9705
EUR	17,0134	13,0924

Brand SA reviews its foreign currency exposure, including ommitments on an ongoing basis.

32. GOING CONCERN

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

Brand SA is expected to continue operating as a going concern as it presumes that funding will continue to be allocated through a grant from the DoC.

33. EVENTS AFTER THE REPORTING DATE

Brand SA has lodged the amended Trust Deed, registration of the newly appointed Trustees and the deregistration of the previous Trustees with the Master of Court.

The lease agreement for Brand SA's head office is coming to an end on 31 July 2016 and the entity is currently negotiating the extension with the lessor.

34. FRUITLESS AND WASTEFUL EXPENDITURE

	2016 R	2015 R
Opening balance	1 857 596	1 715 331
Add wasteful expenditure – current	150 278	168 274
Less amounts recovered	-	(26 009)
Less amounts condoned	(2 007 874)	-
	-	1 857 596

34. Fruitless and wasteful expenditure (continued)

Management initially submitted a request for condonation to the Accounting Authority. However the initial submission was not approved on the basis that the Accounting Authority required some assurance that no fraudulent activities took place on any of the transactions that were submitted as a condonation. A forensic audit was commissioned to investigate whether any fraudulent activities took place to the disclosed irregular expenditure. The investigation was finalised on 11 November 2014. All recommendations were noted and implemented, resulting in disciplinary action being taken against various officials.

During the Board meeting held on 23 July 2015, the Accounting Authority condoned irregular expenditure amounting to R10 738 785 and fruitless and wasteful expenditure amounting to R1 857 596.

Irregular expenditure incurred in the 2014/15 financial year related to non-compliance with Treasury regulations regarding sourcing of three quotations. Some of the transactions related to the remainder of previous years' contract, which has been corrected in 2014/15 financial year. The remainder was due to a quicker turn around time required for services and sponsorship of a luncheon for a related party.

The interest incurred on late penalties to SARS is mainly attributable to the late receipt of a tranche for the first quarter.

35. FRUITLESS AND WASTEFUL EXPENDITURE DETAILS

	2016 R	2015 R
CCMA settlement	-	40 072
Others	-	5 594
Cancellation of lease	-	9 919
SARS penalties and interest	150 278	76 262
Interest on late payment of suppliers	-	10 418
Brand SA assets used for personal use	-	26 009
	150 278	168 274

The interest incurred on late penalties to SARS is mainly attributable to the late receipt of a tranche for the first quarter.

36. IRREGULAR EXPENDITURE

	2016 R	2015 R
Opening balance	10 817 850	10 738 795
Add: Irregular expenditure – current year		79 055
Less: Amounts condoned	(10 738 785)	-
	79 065	10 817 850
Analysis of expenditure awaiting condonation per age classification		
Prior years	79 065	10 738 795
Details of irregular expenditure condoned		
Procurement without valid tax clearance certificate	1 518 132	
Procurement of services without following PPPFA Act	9 220 653	
	10 738 785	

37. SEGMENT INFORMATION

General information

Identification of segments

Brand SA is organised and reports to management on a geographic basis: South Africa, China, USA and UK. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Types of services by segment

All four segments perform administrative, communication, reputation and brand management services.

37. Segment information (continued)**Segment surplus or deficit, assets and liabilities****2016**

	South Africa R	China R	USA R	UK R	Total R
Revenue					
Revenue from non-exchange transactions	173 160 000	-	-	-	173 160 000
Revenue from exchange transactions	231 926	-	-	-	231 926
Interest revenue	672 992	-	-	-	672 992
Total segment revenue	174 064 918	-	-	-	174 064 918
Entity's revenue					174 064 918
Expenditure					
Salaries and wages	46 318 183	1 825 500	2 158 504	2 098 838	52 401 025
Other expenses	89 473 656	3 456 120	1 913 716	3 266 772	98 110 264
Total segment expenditure	135 791 839	5 281 620	4 072 220	5 365 610	150 511 289
Total segmental surplus/(deficit)					23 553 629
Interest expense					204 485
Assets					
Segment assets	27 352 978	-	-	-	27 352 978
Total assets as per Statement of Financial Position					27 352 978
Liabilities					
Segment liabilities	13 092 062	-	-	-	13 092 062
Total liabilities as per Statement of Financial Position					13 092 062
Other information					
Capital expenditure	1 766 766				

37. Segment information (continued)

2015

	South Africa R	China R	USA R	UK R	Total R
Revenue					
Revenue from non-exchange transactions	167 686 000	-	-	-	167 686 000
Revenue from exchange transactions	2 016 929	-	-	-	2 016 929
Interest revenue	474 791	-	-	-	474 791
Total segment revenue	170 177 720	-	-	-	170 177 720
Entity's revenue					170 177 720
Expenditure					
Salaries and wages	31 836 386	1 479 308	-	-	33 315 694
Other expenses	130 706 536	1 084 893	759 277	8 001 502	140 552 208
Total segment expenditure	162 542 922	2 564 201	759 277	8 001 502	173 867 902
Total segmental surplus/(deficit)					(3 690 182)
Interest expense					39 290
Assets					
Segment assets	14 080 119	-	-	-	14 080 119
Total assets as per Statement of Financial Position					14 080 119
Liabilities					
Segment liabilities	23 211 841	-	-	-	23 211 841
Total liabilities as per Statement of Financial Position	23 211 841				
Other information					
Capital expenditure	1 515 982				

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

DETAILED INCOME STATEMENT

	Notes	2016 R	2015 R
Revenue			
Other income		82 786	185 787
Partnership income		149 140	1 831 142
Interest received – investment		672 992	474 791
Government grants and subsidies		173 160 000	167 686 000
Total revenue		174 064 918	170 177 720
Expenditure			
Employee related costs	18	52 401 025	33 315 965
Depreciation and amortisation		1 421 766	1 028 147
Impairment loss	19	-	33 254
Finance costs	20	204 683	39 290
Lease rentals on operating lease		4 047 287	3 432 438
Debt impairment	21	797 840	316 678
Repairs and maintenance		178 558	212 798
General expenses	22	91 056 670	134 257 808
Total expenditure		150 107 829	172 636 378
Operating surplus/(deficit)	24	23 957 089	(2 458 658)
Loss on disposal of assets		(14 912)	(2 003)
Loss on foreign exchange		(593 231)	(1 229 522)
		(608 143)	(1 231 525)
Surplus/(deficit) for the year		23 348 946	(3 690 183)

The supplementary information presented does not form part of the Financial Statements and is unaudited.

PERFORMANCE RESULTS





PROGRAMME 1: ADMINISTRATION

Strategy: Ensure Brand South Africa is sustainable and a high performance organisation

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Develop & manage the organisational capabilities we need both locally and globally	Functioning business model	1.1 Develop a business case to secure appropriate level of funding	Developed funding model	1.1.1 Approved business case to secure funding	Target met	
		Achieve an unqualified audit	1.2 Timely submission of statutory documents	Unqualified audit Efficiently managed board meetings. 100% compliance on all governance checklists	1.2.1 Unqualified audit	Target met	
		Effective and accurate board administration	1.3 Entrench sound governance	Corporate governance compliance	1.3.1 Manage Board and committee meetings efficiently 100% governance compliance	Target met	
		Effective and accurate financial management	1.4 Entrench effective financial management	Established SCM unit Internal audit plan and regular reviews	1.4.1 Monthly management reports Effective and compliant supply chain management & internal controls; Planned internal audit reviews	Target met	
		Effective human capital and systems	1.5 Implement the current structure fully, appoint right people in right jobs	New structure implemented. Rewards programme implemented	1.5.1 Implement HR Plan (three-year) (includes the filling of organisational development positions which were approved in 2014 and existing positions)	Target met	
					1.5.2 Implement talent management & rewards programmes	Target met	
					1.5.3 Brand South Africa psychometric tool in place		

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.		Functional human capital and systems	1.6 Review & restructure in foreign offices	Legal review of current structure and taxation matters	1.6.1 Set up registered offices in identified markets	Target met	
			1.7 Improve internal communications	Regular team talks Staff communicate Fortnightly Board bulletin distributed	1.7.1 1 x Monthly Team Talks 12 x Staff communicate 24 x Board Bulletin	Target met	
			1.8 Implement ERP system	Business requirements assessment concluded	1.8.1 Business requirement assessment presented and approved at EXCO	Target not met	ERP implementation deferred to 2016/17 due to budgetary constraints.
	Legal compliance	Implementation of compliance Governance practise Legal compliant business	1.9 Manage all Brand South Africa trademarks, SLA's, contracts and all legal matters	Secured trademarks in 18 countries (SACF and POL)	1.9.1 Secure trademarks in 30 countries	Target met	
			1.10 Completed and approved strategic, quarterly reports, annual reports and business plan	2014/15 annual and quarterly reports	1.10.1 On time submission of statutory documents	Target met	
			1.11 Manage litigation /ADR		1.11.1 Ensure that litigation is kept to the minimum and cost effective	Target met	
			1.12 Monitor and ensure legislative compliance		1.12.1 Approved and implemented Compliance Checklist	Target met	
			1.13 Manage external legal service providers		1.13.1 Keep external legal costs to the bare essentials	Target met	

PROGRAMME 2: BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Tell the SA story to key audiences to positively influence both awareness and perceptions/provide insights, information and inspiration (pride and patriotism) for others to tell the South African story

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Brand marketing & reputation management	Create and orchestrate messages that positively tell the South African story, with emphasis on the NDP	2.1 Finalise overall country messaging & key messages for select target markets and or audiences	Consolidated draft messaging completed	2.1.1 Approved and implemented messaging framework	Target partially met	The target was approved at Board Marketing Committee level.
					2.1.2 Developed key messages for select target markets and or audiences	Target met	
			2.2 Submit to Board for approval and implement country messaging framework	Submit to Board for approval and implement country messaging framework	2.2.1 Implement brand and message alignment training programme (Incl. Nation Brand Alignment Training content & PYP) for country and provincial communicators	Target met	
					2.2.2 Host branding forum (Dependent on funding from the EA)	Target partially met	No funding received However, provincial consultations concluded through SACF.
					2.2.3 Complete phase 1 of institutionalising Nation Brand Alignment Training and participate in Brand and Branding alignment workshop	Target met	
			2.2 Align stakeholders with brand initiatives	Stakeholder training in 9 provinces. Training toolkit developed	2.2.4 Ongoing update on brand and message alignment toolkit online	Target met	
			2.3 Develop and implement online integrated international programmes as well as analysis and implementation of GSA programmes	GSA network expanded in UK, USA, and expanded to UAE and Australia. 1 819 subscriptions	2.3.1 Develop the GSA network strategy to grow and expand the network by 10% in UK; USA; China; UAE; Australia; Kenya, DRC, Ghana, Nigeria & Angola	Target partially met	The delays in the assessment of subscriptions were encountered due to market challenges.
					2.3.2 Increase in awareness of SA as a business destination (Survey Monkey report on GSAs)	Target met	
					2.3.3 Review implemented GSA programme (Australia)	Target met	

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Brand marketing & reputation management	Create and orchestrate messages that positively tell the South African story, with emphasis on the NDP	2.4 Develop & implement integrated domestic programmes	Supported and implemented: State of the Nation Address; Nation Brand; Integrated PYP Programme; Sowetan Dialogues; Dept. of Home Affairs PYP Awareness of 19%. Pride: 80% Social cohesion: 65% Active Citizenship: 68% Brand South Africa awareness: 15%	2.4.1 Leverage days of significance through own and key stakeholder programmes	Target met	
					2.4.2 Implement domestic programmes through own and key stakeholder programmes in all provinces (NDP& Constitution Mondays) for PYP and achieve growth in the following: PYP: 22% Pride: 82% Social cohesion: 66% Active Citizenship: 70% Brand South Africa awareness: 18%	Target partially met	PYP: 21% Pride: 86% Social cohesion: 76% Active Citizenship: 61% Brand South Africa awareness: 32%.
					2.4.3 Implement Constitution Mondays Programme	Target met	
					2.4.4 Introduce Play Your Part to corporates	Target met	
					2.4.5 Host provincial SACF	Target met:	
					2.4.6 Refined and implemented PYP Ambassadors Programme and increase social media engagement numbers by 10%	Target partially met	The PYP benchmark was driven by the TV series reaching millions of people at the same time. In this regard, the ground regional road shows carried out would not have the same impact.
					2.4.7 Finalise domestic media partnership in support of our programmes	Target met	

Strategy: Provide insights, information and inspiration (pride and patriotism) for others to tell the South African story

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Base line 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
3.	Brand marketing & reputation management	Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets	3.1 Implement and refine requirements for a knowledge hub	Concept and requirements for knowledge hub established	3.1.1 Established & operationalised online Brand South Africa Knowledge Hub	Target partially met	The process was halted due to the redesign of the website.
			3.2 Implement strategic research programme with emphasis on African continent, BRICS, EMEA, emerging markets	Kenya, Ghana and Nigeria perception studies fieldwork undertaken. Generated 3 x country reports	3.2.1 Conduct perception studies in DRC, Senegal and Angola and Russia and produce reports	Target met	
			3.3 Communicate Brand South Africa research outputs to stakeholders	Dissemination of reports, feedback dialogues and seminars Thought leaderships & media briefings	3.3.1 Communicate Brand South Africa research outputs to key stakeholders. (Major dependency: publication date of research reports)	Target met	
				Anholt GfK - Nation Brand Index	3.3.2 Communicate Brand South Africa research outputs to key stakeholders Anholt GfK Roper - Nation Brand Index	Target met	
				National Perceptions Audit (NPA)	3.3.3 Domestic perceptions research	Target met	
				Thrive international investor perception research)	3.3.4 Conduct international investor perceptions research (Thrive)	Target partially met	Tender process concluded. Fieldwork initiated. Conduct international investor perceptions research expected in 2016/17.
				City Brand Index (CBI) 2013	3.3.5 Distribute Brand South Africa analysis on the CBI (2015)	Target met	
				IMD competitiveness	3.3.6 Distribute Brand South Africa analysis on IMD 2014	Target met	
				Business Monitor international subscription	3.3.7 Business Monitor International subscription	Target met	
				Brand South Africa stakeholder survey completed	3.3.8 Stakeholder survey 2015 administered	Target met	

Strategy: Rapidly and effectively counter negative messages about South Africa/orchestrate and align communication by various stakeholders

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Base line 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
4.	Monitor local and global issues and events to identify opportunities for action	Reputation management	4.1 Maintain global media monitoring service to enhance awareness & analysis of perceptions, opportunities & threats	Monthly and quarterly media monitoring analysis and reporting	4.1.1 Weekly, monthly and quarterly media monitoring analysis and reporting. Develop a generic crisis management plan	Target met	
			4.2 Develop content & communication programmes to counter negative issues	Development of content and communication programmes in response to the external communication environment	4.2.1 Development of content and communication programmes in response to the external communication environment (annual target)	Target met	
			4.3 Proactive management of media relations and content development	Proactive content and communication strategies to drive identified issues	4.3.1 Development of proactive content to drive identified issues at strategic platforms	Target met	
					4.3.2 Host media at strategic platforms and bilaterals	Target met	
					4.3.3 Implement relevant international media partnerships	Target met	

PROGRAMME 3. STAKEHOLDER RELATIONSHIPS

Strategy: Orchestrate and align communication by various stakeholders/tell the SA story to key audiences to positively influence both awareness and perceptions.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
5.	Brand Marketing & Reputation Management	Create and orchestrate messages that positively tell the South African story, with emphasis on the NDP	5.1 Leverage key global strategic platforms to position the country.	WEF Davos, WEF Africa, China Expo, GSAs, BRICS, State visits and ITIs, Mining Indaba.	5.1.1 Leverage and/or participate at State and or Official Visits (remove ITIs, include official visits)	Target met	
					5.1.2 Leverage and/or participate at China Expo, Young Global Leaders, WEF Africa, China, Davos	Target met	
			Online support all Brand South Africa quarterly reports/indices		5.1.3 Support all Brand South Africa quarterly reports/indices with an integrated communications and/or activations programme	Target met	

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
5.	Strengthening stakeholder relationships	Provide insights, information to all stakeholders, including government, about factors influencing perceptions and decisions of key audiences	5.2 Establish and sustain feedback loops to key players in government	High-level engagements in KZN, E Cape, Gauteng, National Planning Commission, Government (ICTS), Constitution Hill	5.2.1 Feedback on Brand South Africa research & insights to Premiers Office in all 9 provinces	Target met	
		Establish and sustain feedback loops to key players in business sector			5.2.2 Feedback on Brand South Africa research & insights to DoC and the IMC	Target met	
		Establish and sustain feedback loops to key players in civil society					
	Develop and maintain partnerships and relationships with targeted stakeholders to increase our reach and impact			SACF outcomes shared with the dti ; DIRCO; DBE PYP activations with KFC, FNB	5.2.3 Feedback on Brand South Africa research & insights to government communicators	Target met	
			5.3 Establish and sustain feedback loops to key players in business sector	High-level engagements with Business Unity South Africa (BUSA), BBC, WOSA, etc.	5.3.1 Feedback loop on Brand South Africa research and insights with identified stakeholders	Target met	
			5.4 Establish and sustain feedback loops to key players in business sector	High-level engagements with NUMSA, FEDUSA, Methodist Church, SACC, Youth formations	5.4.1 Feedback on research & insights as well as Brand South Africa initiatives to Faith Based Organisations, NGOs; youth formations, labour, academia and political parties.	Target met	
6.		Provide insights, information to all stakeholders, including government, about factors influencing perceptions and decisions of key audiences	6.1 Intensify programmes with key stakeholders to adjust collaborative strategies in light of new realities	Current long term strategic programme in place with: <u>Government:</u> the dti , Department of Mineral Resources, DoT, Presidency, DoC, GGDA, DIRCO, Diplomatic Academy, HSRC, DPE	6.1.1 Long-term strategic partnership programmes with targeted Tier 1 government stakeholders at provincial level and PYP TV series partners	Target met	
				<u>Business:</u> BUSA, MASA, Sanlam, SABCO, Black Business Council (BBC), BMF, AMCHAM, Swedish, German and French Chambers of Commerce, Banking Association of SA, Old Mutual	6.1.2 Long-term strategic partnership programme with targeted Tier 1 business stakeholders and PYP TV series partners	Target met	
				<u>Civil society:</u> Nelson Mandela Foundation, Global Dignity Club, JCI, One Young World, Wits Business School	6.1.3 Long-term strategic partnership programme with targeted Tier 1 civil society stakeholder and PYP TV series partners	Target met	

AFRICA & MIDDLE EAST

(ANGOLA, DRC, GHANA, KENYA, NIGERIA, SENEGAL AND UAE)

PROGRAMME 2: BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Tell the SA story to key audiences to positively influence both awareness and perceptions/provide insights, information and inspiration (pride and patriotism) for others to tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Base line 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Brand marketing & reputation management	Create and orchestrate messages that positively tell the South African story	1.1 Develop and implement integrated international programmes	Implemented a GSA programme in Ghana and UAE	1.1.1 Introduce GSA programme in Kenya, DRC & Angola	Target met	
			1.2 Leverage key global strategic platforms to position the country	WEF Africa	1.2.1 Leverage WEF Africa 2015 programme and leverage on other stakeholder strategic online platforms in the continent	Target met	
				African Renaissance for Unity Conference	1.2.2 Africa Day programme platform in partnership with relevant stakeholders	Target met	
					1.2.3 Online support and/or participate in relevant African State Visits and forums	Target met	
		Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets	1.3 Communicate Brand South Africa research outputs to stakeholders	New target	1.3.1 Communicate Brand South Africa research outputs to stakeholders in Ghana, Kenya & Nigeria	Target met	

Strategy: Rapidly and effectively counter negative messages about South Africa.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Monitor local and global issues and events to identify opportunities for action	Create and orchestrate messages that positively tell the South African story	2.1 Proactive management of media relations and content development	Media partnership with African Press Organization (APO) and <i>Khaleej Times</i> established	2.1.1 Development of proactive communications programme to drive identified issues in partnership with APO	Target met	
					2.1.2 Use the existing media partnerships in Africa and UAE to drive the communications programme	Target met	
					2.1.3 PR support to intensify messaging in select markets	Target met	

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: Tell the SA story to key audiences to positively influence both awareness and perceptions/provide insights, information and inspiration (pride and patriotism) for others to tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
3.	Develop and maintain partnerships and relationships with targeted stakeholders to increase our reach and impact	Create and orchestrate messages that positively tell the South African story	3.1 Intensify programmes with key stakeholders to adjust collaborative strategies in light of new realities	Strategic partnership with Brand Ghana, Brand Kenya, Nigeria-SA Chamber of Commerce, Ghana-SA Business Chamber & SABCO-UAE established	3.1.1 Long-term strategic partnership programme with targeted stakeholders established and serviced	Target met	

UNITED KINGDOM

PROGRAMME 2. BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Create and orchestrate messages that positively tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Brand marketing and reputation management	Create and orchestrate messages that positively tell the South African story, with emphasis on the NDP to ensure the following: i) Counter negative stories ii) Send stories to media organisation	1.1 Align stakeholders with brand initiatives	Quarterly Team SA meetings at SA House Regular intra-stakeholder consultations on project basis	1.1.1 4 Team SA sessions to drive alignment on key messaging & corporate identity implementation	Target partially met	The focus was more on the Rugby World Cup Programme during Q3.
			1.2 Tell inspiring South African stories through GSAs and those emerging from home		1.2.1 10 stories per quarter (40 stories)	Target met	
		Provide insights and information to government & selected stakeholders about factors influencing perceptions and decisions of key audiences	1.3 Establish and sustain feedback loops to key players in government & public sector entities	Investor roundtables to build confidence in SA as destination for trade and investment	1.3.1 8 investor roundtables	Target met	
			1.4 Media partnerships to drive deepened understanding of SA value proposition incl. NDP and 20 years of achievements	Ongoing	1.4.1 2 major partnerships	Target met	

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Brand marketing and reputation management	Create and orchestrate messages that positively tell the South African story, with emphasis on the NDP	1.5 Leverage relevant events for GSA participation	Freedom Day celebrations, (SA-UK seasons; 20 th anniversary academic conference in Oxford, Robben Island Bible performance hosted by Brand South Africa; Mandela Day in Glasgow; Glasgow commonwealth games in Edinburgh; Saracens Rugby Club	1.5.1 4 activations in support of SA days of significance	Target met	
			1.6 Position SA as a business/ investment destination of choice		1.6.1 4 engagements (business, GVT or civil society)	Target met	
			1.7 Use GSA e-Newsletter and website to empower GSA's on messaging and empower third-party endorsers	45 newsletters	1.7.1 48 newsletters	Target partially met	43 newsletters distributed. The target did not take into consideration the public holidays.

Strategy: Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Brand marketing and reputation management	Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets	2.1 Communicate Brand South Africa research services to stakeholders	N/A	2.1.1 4 quarterly briefings to stakeholders Establish an advisory panel consisting of private sector and non-profit organisations	Target partially met	3 briefing sessions held.
			2.2 Develop and provide insight to research unit	N/A	2.2.1 4 reports submitted to office	Target partially met	Q1 was the conceptualisation of the stakeholder documentation, hence it was done during the following quarters.

PROGRAMME 3. STAKEHOLDER RELATIONSHIPS

Strategy: Orchestrate and align communication by various stakeholder/provide insights, information and inspiration for others to tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
3.	Stakeholder relationships	Develop and maintain partnerships and relationships with targeted stakeholders to increase our reach and impact	3.1 Intensify engagement with key stakeholders to adjust collaborative strategies in light of new realities	N/A	3.1.1 Partner, inform and align joint marketing initiatives with stakeholders	Target met	

UNITED STATES OF AMERICA

PROGRAMME 2: BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Create and orchestrate messages that positively tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Brand marketing & reputation management	Deliver messages that tell the South African story to key audiences, with emphasis on the NDP	1.1 Presentations to business, investment, thought leader forums	12 presentations	1.1.1 16x presentations on Brand South Africa and SA as a business/ investment destination	Target partially met	Various stakeholder platforms were used for the targeted presentations.
			1.2 Engagements with media (direct and online)	Partnership with Foreign Policy magazine/website	1.2.1 20 engagements	Target partially met	15 engagements.
			1.3 By-liners drafted and placed for key stakeholders, third party endorsers	10 articles (inclusive of bloggers)	1.3.1 8 articles	Target partially met	6 articles.
			1.4 Newsletter to US influencers highlighting NDP progress, opportunities, successes contextualising developments	36 newsletters	1.4.1 10 newsletters	Target partially met	8 newsletters out of 10.

Strategy: Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Brand marketing & reputation management	Provide inputs for comprehensive & accessible facility to provide insights and information about South Africa & global target markets	2.1 Develop and provide insights to Research Unit in the head office	4 analysis/contextualised reports	2.1.1 12 reports submitted to head office	Target partially met	5 reports submitted to head office.
			2.2 Share insights with key stakeholders	Set baseline	2.2.2 4 quarterly briefings aligned to head office research indices	Target partially met	We leveraged the utilisation of the existing newsletters to showcase Nation Brand performance.

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: Create and orchestrate messages that positively tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
3.	Develop and maintain partnerships and relationships with targeted stakeholders to increase our reach and impact	Orchestrate and deliver messages via stakeholders and partners to amplify the positive South African story persuasively	3.1 Partner, inform and align joint marketing initiatives with stakeholders (embassy, consulates, the dti , WOSA, etc.)	12 engagements	3.1.1 8 partnerships	Target met	
				4 investor roundtables	3.1.2 Partner, inform and align SA Chamber of Commerce in America	Target met	
					3.1.3 Implement 4 investor roundtables	Target not met	
			3.2 Build, engage and inform GSA network	500 US sign-ups	3.2.1 Increase US membership to 600	Target partially met	The increase was not assessed.
				36 newsletters distributed to GSA	3.2.2 Weekly communication	Target partially met	URL links were provided to augment the newsletters.

CHINA

PROGRAMME 2: BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Create and orchestrate messages that positively tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Brand marketing & reputation management	Create and orchestrate messages that positively tell the South African story	1.1 Leverage key China platforms to position South Africa and drive thought leadership on issues relating to NDP success stories	Increase media exposure and coverage on SA successes, unique selling points and achievements	1.1.1 Media support in support of Summer Davos (WEF) the dti China Expos, Ministerial and State visits, SA-China Seasons	Target met	
				Develop thought leadership platforms to drive advocacy	1.1.2 Support and participate in China-Africa Forums (FOCAC, BRICS, investment summits and conferences)	Target met	
				Pro-active communication programme to drive identified issues	1.1.3 Opinion piece or advertorial published in key media x 4	Target met	

Strategy: Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Brand marketing & reputation management	Develop and maintain a comprehensive & accessible facility to provide insights and information about South Africa & global target markets	2.1 Communicate Brand South Africa research outputs to stakeholders		2.1.1 Communicate Brand South Africa research outputs to key stakeholders in China	Target met	
3.	Monitor local and global issues and events to identify opportunities for action	Create and orchestrate messages that tell the South Africa story	3.1 Proactive management of media relations and content development	Host China media at strategic platforms	3.1.1 3 quarterly Media briefing	Target met	
			3.2 Development of proactive communications programme to drive identified issues aligned to NDP	Secure relevant China media partnership	3.2.1 Conclude relevant media partnership agreements	Target met	
				Increased Media exposure and coverage	3.2.2 Weekly online posting and key opinion leader interview	Target met	
			3.3 Maintain China media monitoring service to enhance awareness & analysis of perceptions, opportunities & threats	Monthly and quarterly media monitoring analysis and reporting	3.3.1 Monthly and quarterly media monitoring analysis and reporting	Target met	
					3.3.2 Develop a generic China crisis management plan	Target met	

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: Create and orchestrate messages that positively tell the South African story.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
4.	Brand and message alignment with key stakeholders to increase reach and impact		4.1 Collaborative relations with regional missions, SOEs and South African companies in China, Chinese institutions	Strategic engagements and collaboration with key stakeholders' representatives in China: SAT, SAA and Corporations	4.1.1 Long-term strategic joint programmes with targeted stakeholders	Target met	
					4.1.2 Partnership programme with targeted stakeholders	Target met	

BRAZIL

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: Reputation management/strengthening & deepening stakeholder and partner relationships.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Stakeholders integrate Brand South Africa messaging and branding into communications	Develop and maintain partnerships and relationships with targeted stakeholders to leverage our reach and impact	1.1 Attendance on fortnightly call (1 with agency 1 with client)	2 calls per month	1.1.1 24 calls per month	Target met	
	Stakeholders assist with reputation management		1.2 SA Showcase breakfast/ media roundtable (with Consulate Spokespeople)	1 event	1.2.1 1 event	Target met	
	Quarterly embassy engagement		1.3 SA Showcase breakfast/ media (Tier 1 - Correio Brasiliense, Veja, Folha de S. Paulo e O Estado de S. Paulo) roundtable (in Brasília)	N/A	1.3.1 1 event aimed at showcasing SA's competitiveness	Target met	
			1.4 Short-video: South Africa facts/South Africa in Brazil	N/A	1.4.1 1 video produced	Target met	
			1.5 By-lined article - Ambassador/Minister Counsellor	2 pieces of content	1.5.1 2 pieces of content (locally generated)	Target met	

PROGRAMME 2: BRAND MARKETING AND REPUTATION

Strategy: Reputation management/strengthening and deepening stakeholder and partner relationships.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Inspiring, credible and constructive content and third party endorsements distributed across multiple platforms	Monthly reports	2.1 Update to global report template to include proactive coverage and key activity per month	1 monthly report	2.1.1 1 monthly report	Target met	
		8 pieces of content	Additional content distribution (thought leader/press releases, Q&As etc.)	6 pieces of content (centrally generated)	2.1.2 8 pieces of content (centrally / locally produced)	Target met	
	Promotion of dialogue between target audiences and key stakeholders including media.	Article published	2.2 Quarterly column/opinion piece on target media outlet	N/A	2.2.1 4 columns (locally produced)	Target met	
	Deepened understanding of SA value proposition, including NDP and achievement of first 20 years.	Infographic on Brand South Africa, digital	2.3 Infographic showcasing the before and after of South Africa – conquests, achievements in welfare and quality of life	1 infographic (locally generated)	2.3.1 1 infographic on SA's competitiveness	Target met	
		Article published	Mandela Day	1 piece of content (centrally generated)	2.3.2 1 piece of content (centrally generated)	Target partially met	The content focused on SA/ Brazil relations as Mandela Day would only take place in Q2. There was only 1 target for Q1 – so no need for POE in Q2, Q3 & Q4.
	Profile SA as a business destination	Published articles Media/stakeholder lists	2.4 Background media briefings	12 background briefings	2.4.1 12 background briefings	Target met	
			Quarterly business interviews showcasing the ease of doing business and opportunities in SA	4 interviews	2.4.2 4 interviews	Target met	
	Motivate shared BRICS values	Position South Africa as a preferred destination for trade, tourism and investment within the BRICS community, as well as a responsible global citizen	2.5 BRICS Summit 2015	2 pieces of content	2.5.1 2 pieces of content (centrally produced)	Target met	
	Demonstrate emerging market leadership on key global governance issues		2.6 Science & technology focus: showcase key programmes/initiatives in SA	1 piece of content	2.6.1 1 piece of content (centrally produced)	Target met	

RUSSIA

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: Reputation management/strengthening & deepening stakeholder and partner relationships.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Stakeholders integrate Brand South Africa messaging and branding into communications		1.1 Attendance on fortnightly call (1 with agency 1 with client)	2 calls per month	1.1.1 2 calls per month	Target met	
	Stakeholders assist with reputation management		1.2 Supporting and promoting local initiatives by representatives of SA food exporter and industry associations, e.g. SATI and CDA	1 interview, 1 piece of content	1.2.1 2 pieces of content	Target met	
	Quarterly embassy engagement		1.3 Quarterly meetings with the embassy, bi-weekly calls and updates on activities	4 meetings	1.3.1 4 meetings	Target met	
	Participation in ITIs and inbound visits		1.4 Supporting local events, interviews with participants, thought leadership content (e.g. Trade Mission, FPEF initiatives, etc.)	1 local engagement, 2 pieces of content	1.4.1 1 local event ,1 piece of content	Target met	

PROGRAMME 2: BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Reputation management/strengthening & deepening stakeholder and partner relationships.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Positive disposition about SA amongst target international audiences	Inspiring, credible and constructive content and third party endorsements distributed across multiple platforms	2.1 Update to global report template to include pro-active coverage and key activity per month	1 monthly report	2.1.1 1 monthly report	Target met	
			Outbound trade delegations from Russia to South Africa (the dti Summertime, exact date TBC)	4 pieces of content	2.1.2 4 pieces of content	Target met	
		SA positioned as preferred destination for trade, tourism and investment List of SA companies submitted to head office Proof of branding support Proof of participation with all stakeholders	2.2 Supporting South African companies and associations at the trade shows: 1. International Food Exhibition, Moscow (ProdExpo) February 2016 (annual event with participation of SA companies) 2. World Food Moscow 14–17 September 2015 - Expocentre Russia 3. International Exhibition Travel & Tourism (18–21 March 2015) 4. INNOPROM, Yekaterinburg Sverdlovsk Region June/July 2015 5. 6 th Festival of SA Wines (WOSA), Moscow May, 2015 (Exact date TBC) 6. WESGRO Trade Exhibition to Russia (9-13 Feb, 2015) 7. Annual International Wine Exhibition, Moscow November, 2015 8. 2015 Investing in African Mining Indaba Conference, Cape Town (9-12 Feb. 2015)	9 (5 pieces of content, 2 trade events, 2 interviews)	2.2.1 5 pieces of content; 2 trade events (on-site support); 2 interviews	Target met	

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Positive disposition about SA amongst target international audiences.	Promotion of dialogue between target audiences and key stakeholders including media	2.3 Annual Business Roundtable (content to be generated by H+K Russia as well as logistics)	1 event/3 pieces of content	2.3.1 1 roundtable 1 interview 4 pieces of content	Target met	
			Journalists and business networking events in coordination with Embassy and WOSA: 3 journalists attend for each event	3 events	2.3.2 3 events	Target met	
			Organising collaboration with local NGO for events on BRICS, e.g. The National Committee for BRICS Studies; Institute for African Studies, RAS; Peoples' Friendship University of Russia; providing communications support including inviting journalists around one event	5 (2 events, 1 interview, 2 pieces of content)	2.3.3 2 events, 1 interview, 2 pieces of content	Target met	
		Deepened understanding of SA value proposition, including NDP and achievement of first 20 years	2.4 Interview with SA ambassador on 21 st Anniversary of democracy, press release	1 interview	2.4.1 1 interview	Target met	
			Supporting local embassy initiatives 21 st SA Independence Day; events; SA Business Roundtable, (exact date/venue TBC); Media Tourist Roundtable, Moscow (exact date/venue TBC)	6 (2 events on-site support; 2 pieces of content; 2 press releases)	2.4.2 2 events on-site support; 2 pieces of content; 2 press releases	Target met	
		Position SA as a business destination on policy matters	2.5 South Africa Russia Ambassador's interviews, press remarks or by-lines	1 piece of content, 1 press release	2.5.1 1 piece of content 1 press release	Target met	
			Ad hoc content distribution	4 pieces of content	2.5.2 3 pieces of content	Target met	
		Motivate shared BRICS values	2.6 2015 BRICS Summit in Ufa, Russia; BRICS Business Council - Meetings; Preparatory forum for 2015 BRICS summit	6 (2 events; 4 pieces of content)	2.6.1 2 events; 4 pieces of content	Target met	
		Demonstrate emerging market leadership on key global governance issues. 1-2 senior influences and 3 journalists attending	2.7 Inbound trade mission; BSA-generated thought leadership ATOMEXPO International Forum Moscow June, 1-3, 2015	3 (2 events, 1 piece of content)	2.7.1 2 events, 1 piece of content	Target met	

INDIA

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: Reputation management/strengthening & deepening stakeholder and partner relationships.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
1.	Brand and message alignment by key stakeholders	Stakeholders integrate Brand South Africa messaging and branding into communications	1.1 Attendance on fortnightly call (1 with agency, 1 with client)	2 calls per month	1.1.1 2 calls per month	Target met	
			Briefing to industry bodies; briefing to think tanks, CEO's, academia, management consultants	8 briefings with stakeholders – including industry bodies, think tanks, corporate CEOs. Academia and management consultants	1.1.2 2 briefings with stakeholders – including industry bodies, think tanks, corporate CEOs, academia and management consultants	Target met	
		Support of stakeholders with reputation management	1.2 H+K to secure commitment to provide endorsement from stakeholders to be used in the media	2 endorsements	1.2.1 1 endorsement	Target met	
		Quarterly embassy engagement	1.3 Agency embassy engagement	4 meetings	1.3.1 4 meetings	Target partially met	The evidence from the agency could not be located.
		Participation in ITIs and inbound visits	1.4 Support ITI in 2 cities	2 industry roundtables 10 media interviews	1.4.1 1 industry roundtables 10 media interviews/features	Target met	
				4 pieces of content (locally generated)	2 pieces of content (locally generated)	Target met	
			Provide media support for 2 inbound visits	2 pieces of content	1.4.2 4 interviews for 2 inbound visits (visits might change due to availability)	Target met	

PROGRAMME 2: BRAND MARKETING & REPUTATION MANAGEMENT

Strategy: Reputation management/strengthening & deepening stakeholder and partner relationships.

No.	Key Result Area	Outcomes/Measures	Outputs/Key Activities	Baseline 2014/15	Target 2015/16	Actual 2015/16	Variance Explanation
2.	Positive disposition about SA amongst target international audiences.	Inspiring, credible and constructive content and third-party endorsements distributed across multiple platforms	2.1 update to global report template to include proactive coverage and key activity per month	1 monthly report	2.1.1 1 monthly report	Target met	
			Ad hoc distribution of country created content by HUB thought leader/ interviews / press releases	4 piece of content	2.1.2 3 pieces of content	Target met	
		SA positioned as preferred destination for trade, tourism and investment	2.2 Quarterly business interviews on SA	4 interviews	2.2.1 3 interviews	Target met	
			Commentary on topical issues leading to an industry story on SA as a destination for trade and Investment	4 piece of content	2.2.2 2 piece of content	Target met	
			SA week activity, to bring about investment and opportunities for business in the SA agriculture sector from India	3 interviews 2 photo opportunities 1 piece of content	2.2.3 4 interviews/features /2 pieces of content/ 2 photo opportunities	Target met	
		Promotion of dialogue between target audiences and key stakeholders including media	2.3 Leverage existing industry event to secure speaker slots for SA	Secure 1 speaking slot (either in Q2 or Q3, depending on speaker availability)	2.3.1 Secure 1 speaking slot	Target met	
			High Commissioner visit to Tier II cities	0 interviews	2.3.2 3 interviews	Target met	
		Deepened understanding of SA value proposition, including NDP and achievement of first 20 years	2.4 Media support for celebrating Freedom Day event in Mumbai and Delhi	3 photo opportunities, 3 interviews/features and 2 pieces of content	2.4.1 3 photo opportunities, 3 interviews/features and 2 pieces of content	Target met	
			Media support for celebrating Mandela Day in Mumbai and Delhi	2 photo opportunities, 2 interviews and 2 pieces of content	2.4.2 2 photo opportunities, 2 interviews/features and 2 pieces of content	Target met	
		Motivate shared BRICS values	2.5 Content distribution around BRICS from hub team	2 pieces of content	2.5.1 1 piece of content	Target met	
		Articulation and contextualisation of SA policy	2.6 Background media briefings	6 meetings	2.6.1 8 meetings	Target met	
		Demonstrate emerging market leadership on key global governance issues	2.7 Ad hoc distribution of content generated at the hub	2 pieces of content	2.7.1 2 piece of content	Target met	

LIST OF ACRONYMS AND ABBREVIATIONS

AGSA	Auditor-General of South Africa	HR/REM & SECO	Human Resources and Remuneration and Social and Ethics Committee
AGBF	African Global Business Forum	ICT	Information and Communication Technology
ANC	African National Congress	IIAG	Ibrahim Index of African Governance
APO	African Press Organisation	IMD	Institute for Management Development
ARCO	Audit and Risk Committee	IT	Information Technology
BRICS	Brazil, Russia, India, China and South Africa	ITI	International Trade Initiative
BUSA	Business Unity South Africa	JCI	Junior Chamber International
CBF	Commonwealth Business Forum	King III	King Code on Corporate Governance in South Africa
CBI	City Brand Index	MARCO	Marketing Committee
CEO	Chief Executive Officer	MASA	Marketing Association of South Africa
CFO	Chief Financial Officer	NBI	Nation Brands Index
CPI	Corruption Perceptions Index	NDP	National Development Plan
CWP	Critical Workforce Position	NGO	Non-governmental Organisation
DIRCO	Department of International Relations and Cooperation	NPA	National Perceptions Audit
DoC	Department of Communications	PFMA	Public Finance Management Act
DRC	Democratic Republic of Congo	PYP	Play Your Part
EBLAP	Employee Brand Loyalty Awards Programme	SAA	South African Airways
ERP	Enterprise-wide Resource Planning	SACF	South African Competitiveness Forum
EXCO	Executive Committee	SAT	South African Tourism
FDI	Foreign Direct Investment	SCM	Supply Chain Management
FOCAC	Forum on China-Africa Cooperation	SMME	Small, Medium, Micro Enterprise
GCI	Global Competitiveness Index	SOC	State Owned Company
GCIS	Government Communications and Information System	SOE	State Owned Entity
GDP	Gross Domestic Product	TBC	To Be Confirmed
GEM	Going the Extra Mile	the dti	Department of Trade and Industry
GSA	Global South Africans	UAE	United Arab Emirates
HDR	Human Development Report	UK	United Kingdom
HIV	Human Immunodeficiency Virus	USA/US	United States of America
HR	Human Resources	WEF	World Economic Forum

SOURCES AND DEFINITIONS

Anholt-GfK Nation Brand Index: A perceptions-based survey among 20 000 respondents across 35 countries, with 50 countries ranked in six categories: Exports, Immigration and Investment, Governance, Culture, People and Tourism.

BrandFinance® Brand Valuation: The BrandFinance® Nation Brands Index is the world's first index that ranks the value of country brands. It is calculated by applying the same methodology that is used to value intangible assets in a commercial context using the generally accepted Royalty Relief methodology. It uses a combination of data sources: Forecast GDP from the IMF, Brand Strength as per the IMD yearbook and the WEF GCI.

Media Reputation Index: A media perception measure that tracks the perceptions of 199 opinion-leading media outlets, in 37 countries.

National Perceptions Audit (futurefact): An annual tracking study, representative of the South African population (excluding rural areas with fewer than 500 residents). The research vehicle for the NPA is the 'Futurefact' survey, which has surveyed the underlying attitudes, values and beliefs of South Africans since 1998 with the goal of:

- Identifying trends that are shaping South African society, and
- Predicting how these trends are likely to play out in the future.

World Economic Forum's Global Competitiveness Index: The world's most recognised competitiveness indicator, which covers perceptions among 11 000 business leaders and includes actual data. The study is holistic, covering 12 pillars, including: Institutions, Infrastructure, Macroeconomic factors, Health and Primary education, Higher education and training, Goods market efficiency, Labour market efficiency, Financial market sophistication, and the Technological readiness market.

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