MAKING TOURISM MORE RESPONSIBLE AND MORE REWARDING

ANNUAL REPORT 2009/10
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ABOUT FAIR TRADE IN TOURISM SOUTH AFRICA

Who We Are
Fair Trade in Tourism South Africa (FTTSA) is a non-profit organisation registered in South Africa dedicated to fair and responsible tourism development. FTTSA operates the world’s first and still only tourism Fair Trade certification programme.

What We Do
FTTSA certification guarantees that staff and communities benefit from tourism and that the social and environmental impacts of tourism are managed responsibly. Other key functions of FTTSA include research, advocacy, awareness raising and capacity building.

Our Vision
FTTSA’s vision is for a fair, participatory and sustainable tourism industry in South Africa.

Our Mission
FTTSA’s mission is to facilitate the integration of Fair Trade principles and criteria into South African tourism so that the industry is more sustainable. All of FTTSA’s activities are supported by the following six principles:

Fair share
All participants involved in a tourism activity should get their fair share of the income in relation to their contribution. This principle encompasses fair wages and working conditions, fair treatment of suppliers and fair distribution of benefits to communities that (co)own tourism assets.

Democracy
All participants involved in a tourism activity should have the right and opportunity to participate in decisions that concern them.

Respect
Both host and visitor should have respect for human rights, culture and the environment. This includes:
- Safe working conditions and practices
- Protection of children
- Promotion of gender equality
- Understanding and tolerance of socio-cultural norms
- Conservation of cultural and natural resources
- HIV/AIDS awareness raising and prevention.
Reliability
The services delivered to tourists should be reliable and consistent, and basic safety and security should be guaranteed to visitors, staff and host communities.

Transparency
Tourism businesses should establish mechanisms of accountability. This includes:
• Ownership must be clearly defined
• Employees and other participants should be able to access information that concerns them
• Sharing of profits, benefits and losses must be transparent.

Sustainability
Tourism businesses should strive to be sustainable. This includes:
• Increased knowledge through capacity building
• Responsible use of resources
• Reduction of economic leakage through local purchasing and employment
• Support to historically disadvantaged entrepreneurs.
It is with great pleasure that I present the annual report for the 2009/2010 financial year as Chairman of the Board, taking over from Mr Percy Mkhosi.

The year under review was characterised by the build-up to the 2010 FIFA World Cup™, which put the world’s focus on our country and was thus a major opportunity to promote the cause of Fair Trade in Tourism while all eyes were on South Africa.

Despite the football frenzy, people are still recovering from the aftermath of the recent economic downturn. Tourism businesses, travellers and sponsors choose cautiously when investing their money. In times like these, strong fundamentals are crucial. FTTSA took this challenge on by further driving the implementation of the big goals set out in the 2008 – 2013 strategy. The overall strategic approach is based on three pillars. Firstly, strengthen the foundation, secondly, expand, and thirdly, promote the transformation of South African tourism.

In order to strengthen the foundation, FTTSA has been working hard on growing its core, the certification programme. In the long run, we aim for an increasingly self-financed certification programme, which makes us less dependant on other sources of financing.

On a regional level, we continued to act as the Secretariat for the Sustainable Tourism Network Southern Africa (STNSA). Through STNSA, we play an active role in sustainable tourism awareness raising and advocacy at the regional level.

Not only do we lobby for favourable policies and frameworks within the southern African tourism industry, but we also put these into action. By February 2010, 14% of our certified clients are emerging and community-owned enterprises. Furthermore, we team up with peer organisations like South African Tourism and Cape Town Tourism to achieve mutual objectives. Another way of cross-marketing our clients’ products and thus multiplying their benefits is our partnership with Fair Trade South Africa and Fairtrade Label South Africa.

We believe that socio-economic transformation begins with education. To this end, FTTSA implemented a number of skills development, capacity building and research projects. Our own ongoing two-day workshop on Sustainable Tourism for adult learners proved to be a success throughout South Africa for yet another year running: FTTSA facilitated the training of 191 learners compared to 165 during 2008/2009 (a 16% increase).
Our efforts did not go unnoticed, and we are proud recipients of various honours including an Africa Investor Tourism Award, an Imvelo Responsible Tourism Award and a Drivers of Change Award, as detailed further in this report.

I would like to take this opportunity to thank our established donors for their ongoing support, especially this year when resources were very tight. Thank you to our new donors National Lotteries Distribution Trust Fund (NLDTF) and the United Nations Environment Programme (UNEP) for their trust in our vision.

My thanks expand to FTTSAs Executive Director and dedicated staff who work unremittingly to make tourism more responsible and more rewarding for all its stakeholders, our partners locally and internationally. My colleagues on the Board have been very supportive and together we have continued to provide strategic leadership and guidance. Profuse gratitude for giving unstintingly and freely of your time and resources.

Dr. Matlotleng Patrick Matlou
Chairperson
We are pleased to present the annual report for the 2009/2010 financial year to our stakeholders.

This past year all South Africans were in anticipation of the 2010 FIFA World Cup™, with the international spotlight on our country. FTTSA has contributed to debates in South Africa and globally about the benefits of mega events and their impacts on local stakeholders; we have repeatedly stressed the potential harm to children and other vulnerable members of society, and our efforts have not fallen on deaf ears: FTTSA will in partnership with government and leading tourism industry associations launch the International Tourism Child-Protection Code of Conduct in South Africa in June 2010, on the eve of the World Cup. This marks the culmination of three years of advocacy and lobbying by FTTSA, and we are proud that a more vigilant, more proactive tourism industry will be a World Cup legacy for our country.

Despite the football fever, FTTSA did not lose focus on the big picture and our goal of strengthening our certification programme and making our core business more sustainable. Key elements of our strategy and business plan for 2009/2010 include certifying additional businesses, extending certification to a new category of tourism (volunteer tourism), leading dialogue with the international Global Sustainable Tourism Council (GSTC) on behalf of stakeholders in southern and East Africa, and providing technical assistance to our own National Department of Tourism in relation to a new Minimum Standard for Responsible Tourism (MSRT) for South Africa.

FTTSA achieved 44% growth in the number of FTTSA-certified tourism businesses in the year under review, which is impressive by any measure. While we are cautious about growth in 2010/2011 due to the economic climate, my team and I are confident that more businesses will buy into FTTSA certification in the medium term, particularly as FTTSA continues to pioneer Fair Trade Travel value chains. Our work on Fair Trade Travel will form a major cornerstone of FTTSA’s expansion strategy by mobilising committed international and local tour operators, and by affording improved terms of trade and new market access to FTTSA-certified businesses. I look forward to reporting more about this exciting programme of work in the 2010/2011 Annual Report.

FTTSA’s growing portfolio of work is made possible by a number of people and organisations. I would like to thank FTTSA’s donors, sponsors and partners who made contributions to our work in 2009/2010, and express my deep appreciation to FTTSA’s team of staff and interns who work relentlessly to make our vision of more responsible and rewarding tourism a reality.

In the following pages we highlight what we have been able to achieve through this collective effort over the past financial year.

Jennifer Seif
Executive Director.
HIGHLIGHTS OF THE YEAR IN REVIEW

FTTSA New Strategic Plan 2008 – 2013

During the year under review, FTTSA continued to focus on achieving the strategic goals outlined in the 5-year plan for the period 2008-2013. In short, these goals are to:

1. Grow the core of FTTSA-certified tourism businesses.
2. Offer certification to additional types of tourism products and new, complimentary services to FTTSA-certified tourism businesses.
3. Facilitate growth of FTTSA certification in other developing countries.
4. Extend the reach of Fair Trade principles and modalities throughout the tourism value chain.
5. Contribute to ongoing transformation and sustainability of South Africa’s tourism industry.

In line with the 5-year strategy, FTTSA developed a business plan for the 2009/2010 financial year, listing specific activities and deliverables to support each of the five goals. This business plan was work-shopped with all staff in February 2009 and then approved by the FTTSA Board. FTTSA management is pleased to report that the FTTSA team has subsequently taken real ownership of this strategy and is driving its implementation on a daily basis.

During the year under review FTTSA improved its monitoring and evaluation systems and created a new framework to aggregate client performance data in order to speak about the impacts of Fair Trade in Tourism practices on people, communities and local economies. Here FTTSA was assisted by two volunteer MBA graduates - Blake and Britta Durtsche - from the Kellogg School of Management in Chicago, USA.

With their help, FTTSA also developed a methodology to benchmark the commercial performance of FTTSA-certified tourism businesses to peer businesses, as a way of demonstrating empirically that certification makes business sense. This study is on hold pending funding, and FTTSA aspires to pilot the model during the 2010/2011 financial year.

Awareness Raising

FTTSA uses the correct blend of initiatives to achieve effective awareness raising of Fair Trade principles and the benefits of FTTSA certification to reach its target. These initiatives include: creating marketing collateral, executing successful media and PR campaigns; creating and maintaining effective partnerships; ensuring a visible presence at key tourism events and contributing to industry discussion and debate.

Measurements of Success

During the period under review, the FTTSA website attracted a total of 42,942 new visitors, with a monthly average of 1,856 absolute unique visitors (first time) visits. Visitors to the FTTSA website are browsing primarily for holiday options and/or for research and study purposes.

FTTSA retained a core group of international tour operators that use the FTTSA label to showcase FTTSA-certified businesses during 2009/2010. By February 2010, FTTSA had gained three additional international tour operators (a total of 53).

FTTSA continued to appear in local and international media. During the year ending February 2010 FTTSA recorded 93 local print appearances, 11 radio/TV appearances and 44 electronic media appearances, which is a combined number of 148 compared to 143 the previous year. The value of these appearances was calculated as approximately R2.8 million, which is 55% growth compared to the previous year.
The FTTSA monthly Newsflash is widely read by a growing number of active subscribers and includes summaries of FTTSA activities, tourism industry events, announcements and resources. FTTSA’s database of active subscribers totalled 3,419 by February 2010.

During the 2009/2010 financial year, regular press releases were sent to over 400 media contacts. News stories and articles mentioning FTTSA and FTTSA-certified tourism businesses are posted monthly in the FTTSA online media centre as a way of keeping the website interactive and dynamic.

Other measures of the success of FTTSA’s awareness raising efforts are reflected in the statistics below, which are for the full year under review.

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<tr>
<td>Incidences of coverage in media (includes print, web and broadcast channels)</td>
<td>143</td>
<td>148</td>
<td>+ 3.5%</td>
</tr>
<tr>
<td>ZAR Value</td>
<td>N/A</td>
<td>R2,872,553.00</td>
<td>-</td>
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<tr>
<td>International tour operators using the FTTSA logo</td>
<td>50</td>
<td>53</td>
<td>+ 6%</td>
</tr>
<tr>
<td>Active database subscribers</td>
<td>3475</td>
<td>3419*</td>
<td>- 1.6%</td>
</tr>
<tr>
<td>Active media contacts</td>
<td>310</td>
<td>428</td>
<td>+ 38%</td>
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*Slight decrease is due to implementation of new tracking system and database solution

**Awards and Recognition**

FTTSA’s efforts to promote sustainable tourism are recognised every year by various bodies. During the year under review, FTTSA received the following honours:

FTTSA won the 2009 Imvelo Responsible Tourism “Chairman’s Award”. These annual awards recognise tourism and hospitality businesses that make a real, measurable and sustained contribution to responsible tourism and have a huge impact on tourism in Southern Africa, creating significant awareness of environmental management and social development issues in the industry.

Additionally, FTTSA won the Africa investor (Ai) Tourism Award under the “Best Sustainable Tourism Investment” category. The Ai Tourism Awards were created to showcase Africa’s opportunities and achievements in the tourism sector, collectively raising awareness about Africa as a tourism destination and rewarding those groups developing the African tourism industry as a vehicle to drive sustainable economic growth.

Finally, FTTSA was named as a finalist in the 2009 “Drivers of Change Awards” in the “Civil Society” category. These awards are facilitated annually by the Southern Africa Trust and the Mail & Guardian South Africa.
Industry Events Participation

In any one year, FTTSA attends many exhibitions, conferences, trade fairs and other networking events regardless of where in the world they take place. These are ideal platforms to promote our FTTSA-certified clients and the benefits of our certification programme while at the same time raising awareness of the principles of Fair Trade and sustainable tourism.

Local Events

Indaba Travel Trade Show

Indaba is one of the largest tourism marketing events on the African calendar and a ‘must visit’ event on the global tourism calendar. Every year in May, Indaba showcases the widest variety of Africa’s tourism products, and attracts international visitors and media from across the world. It is a four day trade event that attracts well over 13,000 delegates and takes place annually at the Chief Albert Luthuli Convention Centre in Durban, KwaZulu Natal.

Indaba is the most important event for FTTSA annually. It offers the perfect environment to educate the industry about FTTSA certification and FTTSA’s various projects; to promote FTTSA-certified tourism businesses to international buyers; and to network with key partners and other industry stakeholders. In May 2009, FTTSA attended Indaba for the 8th year in a row.

FTTSA hosted two functions at Indaba to celebrate our achievements and create networking opportunities amongst FTTSA-certified tourism businesses and other industry stakeholders. Fairtrade wine was kindly sponsored by Thandi Wines at these events, both of which were well attended.

South African Youth Travel Confederation (SAYTC)

FTTSA attended the SAYTC (formerly known as Backpacking South Africa) National Conference and Annual General Meeting (AGM), held in May 2009 in St Lucia, KwaZulu-Natal. FTTSA is considered one of SAYTC’s preferred certification programmes and many of our certified tourism businesses are also members of this organisation. SAYTC also provides the perfect platform for FTTSA to promote our certification programme to their volunteer tourism members.

Global Giving Fundraising Workshop

FTTSA attended a workshop hosted by Global Giving at the Refilwe Community Project near Lanseria, Johannesburg in July 2009. The workshop focused on using online donation tools, such as those offered by Global Giving, to fundraise for an organisation’s objectives. FTTSA plans to feature some of our projects that could benefit from additional support on the Global Giving website.
National Department of Tourism (NDT) Tourist Guiding National Workshop
FTTSA attended this workshop in August 2009, which sought a strategy to present the research findings to industry stakeholders and professionalise the tourist guiding sector. Suggested recommendations included: improving the regulation of the industry and its institutional frameworks, reviewing minimum requirements for registration, ensuring compliance and developing a clear understanding of implications of non-compliance.

Southern Africa Tourism Services Association (SATSA) National Conference 2009
FTTSA attended the SATSA National Conference in Cape Town in August 2009, contributing a presentation about the Tourism BEE scorecard. Also discussed was South Africa’s plan to market the country as a premier sports tourism destination beyond 2010.

8th Annual Tourism Conference
In October 2009, FTTSA attended the 8th Annual Tourism conference in Kempton Park, Johannesburg. This event was hosted by the National Department of Tourism with a dual theme: Building a Culture of Service Excellence, and reflecting on challenges faced by people with disabilities in accessing tourism products and services and communicating strategies to address these.

Green Rhino Diplomatic Travel Club Evening
Since 2007, FTTSA has hosted an annual travel event in Pretoria in collaboration with Green Rhino Diplomatic Travel Club, a local tour operator serving the diplomatic community in South Africa. The 2009 event took place in October at the Canadian High Commission and created a platform for FTTSA to promote the concept of Fair Trade in Tourism and our range of FTTSA-certified tourism businesses amongst South Africa’s diplomatic core.

Sex Tourism Workshop
FTTSA took part in a workshop organised by Cape Town Tourism in November 2009. FTTSA’s presentation covered who we are as an organisation, looking at the problem of the commercial sexual exploitation of children and the sexual exploitation of children in tourism, the global response, the South African situation, what we have done and what we would like to do in response to the problem.

Pro-Poor Tourism Workshop
In December 2009, FTTSA attended a workshop on Pro-Poor Tourism in Cape Town, at the invitation of the Democracy & Governance section of the Human Sciences Research Council (HSRC). The HSRC was asked by the National Department of Tourism to undertake research that would assist national policy-makers to ensure that the tourism industry makes a greater contribution towards poverty eradication in South Africa. FTTSA staff made a positive contribution to this process through case studies and sharing of best practice.
International Research Colloquium on Mega-Event Sustainability

In February 2010, FTTSA participated in an International Research Colloquium on Mega-Event Sustainability, held at the Sandton Convention Centre in Johannesburg. The Colloquium served as a side event to the International Summit on Tourism, Sport and Mega-Events. It focused strongly on the methods commonly used to calculate the costs and benefits of mega-events. Economists, social scientists and practitioners evaluated the notion of mega-event legacy, concluding that intangible legacies such as civic awareness and investor confidence are equally if not more valuable than tangible ones. FTTSA made a presentation on social impacts, which highlighted the need for the mitigation of risk to children and other vulnerable groups in society.

International Events

International Tourism Bourse (ITB) Berlin, Germany

In March 2009, FTTSA attended the world’s biggest travel show - ITB in Berlin. This was an excellent opportunity for FTTSA to raise awareness about responsible tourism in South Africa, showcase FTTSA-certified tourism businesses and promote FTTSA initiatives such as our new Fair Trade Travel programme.

Immediately prior to ITB, FTTSA participated in a 3-day international expert meeting on the commercial sexual exploitation of children (CSEC) in travel and tourism, hosted by ECPAT (End Child Prostitution, Child Pornography and Trafficking in Children for Sexual Purpose) Germany and Netherlands. In addition, FTTSA attended an ECPAT press conference and a public event hosted by EED-Tourism Watch.
Tourfair IV Barcelona, Spain

FTTSA participated in an export promotion programme facilitated by the Centre for Promotion of Imports from Developing Countries (CBI) in April 2009. The objective of the training was to prepare participants for successful entry into European tourism markets. Participants were familiarised with the various tourism markets in the European Union and with export marketing, management and promotion techniques relevant to these markets. We anticipate this programme will facilitate improved access to European markets for FTTSA-certified tourism businesses from 2010 onwards.

Travel Trade Workshop (TTW) Montreux, Switzerland

FTTSA attended the Swiss Travel Trade Workshop (TTW) in November 2009. TTW attracts a large majority of the Swiss travel trade. Since 2006, FTTSA has, with the generous support of the Swiss Import Promotion Programme (SIPPO), the South African Embassy in Switzerland, South African Tourism (SAT) and the Tourism Enterprise Partnership (TEP), assisted a number of small and medium sized tourism businesses to attend this trade show. TTW is one example of how FTTSA creates marketing opportunities for FTTSA-certified tourism businesses through partnerships with local and international organisations.
Advocacy and Networking

Through contribution to industry debate and our involvement in various tourism development projects, FTTSA continues to play an important advocacy role in South Africa. This includes playing an advisory role, for example in supporting the National Department of Tourism (NDT) to develop a Minimum Standard for Responsible Tourism (MSRT), and teaming up with peer organisations like the Tourism Business Council of South Africa (TBCSA), South African Tourism (SAT) and Cape Town Tourism (CTT) to achieve mutual objectives.

This positioning enables FTTSA to build on tourism stakeholders’ existing perception of FTTSA as a credible, expert organisation that contributes to responsible tourism through technical assistance and capacity building. This advocacy role is critical to the successful implementation of FTTSA’s various projects and expanding the portfolio of FTTSA-certified tourism businesses, and further helps to mobilise resources to support other strategic goals.

National Focus

FTTSA is represented on the boards of various national bodies including: the Tourism Business Council of South Africa (TBCSA), the South African Youth Travel Confederation (SAYTC) and Fair Trade South Africa (FTSA). These seats enable FTTSA to contribute to sustainable development in South Africa and to keep abreast of new trends and initiatives.

Minimum Standard for Responsible Tourism (MSRT)

During the year under review, FTTSA continued its role as part of the technical advisory group to the development of a Minimum Standard for Responsible Tourism and a related national accreditation programme, which aims to harmonise existing and planned certification schemes operating in South Africa. FTTSA standards and certification procedures are now 100% aligned with the soon to be published South African national Minimum Standard for Responsible Tourism (MSRT).

FTTSA will strive to be amongst the first certification programmes accredited by the South African government once the scheme is operational, which is tentatively planned for 2011/2012.

Fair Trade South Africa (FTSA)

FTSA is a multi-stakeholder, non-profit organisation established in 2008 and based in Cape Town. FTTSA is a founding member and partner to FTSA’s sister organisation, Fairtrade Label South Africa (FLSA). As the Fairtrade mark becomes better understood and recognised by local consumers we will see more and more products for sale across various markets. This creates many possibilities for cross-marketing with FLSA and mobilising domestic tourists to choose FTTSA-certified products for leisure and business travel.
Southern African Focus

Sustainable Tourism Network Southern Africa (STNSA)

FTTSA continued to play the role of Secretariat to the Sustainable Tourism Network Southern Africa (STNSA) - a regional networking initiative that aims to develop an integrated approach to sustainable tourism development within southern Africa. During 2009/2010, FTTSA upgraded the STNSA web presence and facilitated information sharing between network members.

In March 2009, FTTSA as the Secretariat of the Sustainable Tourism Network Southern Africa (STNSA) attended the Gauteng NEPAD Summit (GNS) 2009 in Johannesburg. The conference is an initiative of the Gauteng Economic Development Agency (GEDA) and the Gauteng Provincial Government. The rationale of the Summit was to promote regional trade and investment cooperation and to advance the development of trade and investment within the African continent.

In May 2009, FTTSA hosted the STNSA Annual Meeting at the Chief Albert Luthuli Convention Centre in Durban. It was attended by 41 delegates from nine Southern African Development Community (SADC) member countries. The meeting agreed on the need to increase cooperation within SADC on the theme of sustainable tourism and reached consensus on the activities for the working group on Sustainable Tourism Certification for the next year.

In January 2010 FTTSA (as STNSA Secretariat) facilitated a roundtable meeting between African certification organisations and the soon to be launched Tourism Sustainability Council (TSC), at the request of the United Nation’s Environment Programme (UNEP). The purpose of this meeting was to discuss the TSC’s proposed international accreditation system for sustainable tourism certification programmes. As a result of the meeting, the TSC now has a strengthened appreciation of the context of sustainable tourism in Africa as well as the local implications of the proposed accreditation system. The meeting highlighted the value of STNSA as a focal point for consultation and information dissemination.

FTTSA successfully lobbied for a special “sustainable tourism” edition of Development Southern Africa, an internationally accredited journal published by the Development Bank of Southern Africa (DBSA) in partnership with Routledge Press. This special edition will be published in December 2010 featuring approximately 10 articles on “tourism impacts - lessons for policy, programmes and projects” and will be guest edited by Jennifer Seif of FTTSA and Kate Rivett-Carnac, Tourism Specialist for the DBSA. Its launch will be accompanied by a symposium to define a research agenda for sustainable tourism in SADC.

Through STNSA, FTTSA is providing leadership in Africa and globally in relation to not only certification but also sustainable tourism policy and programme design.

Fair Trade in Swaziland

SWIFT (The Swaziland International Fair Trade Association) was set up in 2008 and is tasked with raising awareness about Fair Trade in Swaziland. They have also been tasked with organising the Cooperation for Fair Trade in Africa (COFTA) AGM in May 2010. In its role as the Secretariat of the regional network (STNSA), FTTSA attended a meeting of the Swaziland Hotel Association (HOTAS) in November 2009, on request of SWIFT. The meeting’s aim was to promote regional collaboration on responsible tourism practices.
The presentation on FTTSA was very well received, with pertinent questions being asked and great interest from all parties present about the prospect for establishing “Fair Trade in Tourism Swaziland”. FTTSA will pursue any and all opportunities regarding funding opportunities to launch such an initiative and will continue to liaise with SWIFT as a potential local partner who will lobby support in the interim.

Association for Tourism and Leisure Education (ATLAS) Africa Conference 2009
In July 2009 FTTSA attended the ATLAS Africa conference, held in Gaborone, Botswana. The conference theme was “Tourism for Development - Environmental Sustainability, Poverty Reduction and Empowering Communities”. FTTSA took this opportunity to raise awareness about STNSA and its various projects.

Global Focus
Global Sustainable Tourism Criteria (GSTC)
FTTSA conducted a consultative process to align its standards with the Global Sustainable Tourism Criteria (GSTC). This process was undertaken to assure businesses affiliated with our certification programme that they are aligned with international and domestic best practice.

“Nature Tourism as a Force for the Alleviation of Poverty” Workshop
The India-Brazil-South Africa (IBSA) exchange programme is a knowledge exchange between South Africa, Namibia, Mozambique, Brazil and India on “Nature Tourism as a Force for the alleviation of poverty”. The African Safari Lodge Foundation (ASLF) commissioned a number of southern African case studies which were presented at a workshop in Johannesburg in May 2008. Included in the programme was a field trip to FTTSA-certified community-owned lodges in Madikwe Game Reserve, Buffalo Ridge Safari Lodge and Thakadu, River Camp.

1For more information on the GSTC please visit www.sustainabletourismcriteria.org
FTTSA attended the follow-up programme in May 2009 with partner organisation “Equations” in India. Similarly commissioned case studies were presented at a workshop in Delhi along with a field trip to one of the case studies, Himalayan Homestays in the Ladakh region. A delegation of approximately 15 representatives from southern Africa attended the workshop, including a representative from FTTSA.

**Fair Trade Travel Pilot Study**

FTTSA, in partnership with Arbeitskreis Tourismus & Entwicklung (akte) in Switzerland and EED Tourism Watch in Germany, initiated a project to pilot the Fair Trade auditing and labelling of travel packages to South Africa. The objective of this pilot is to test the possibility of developing a practical, commercially feasible framework for Fair Trade labelling of international packaged travel. Seed funding for this project has been provided by the Swiss State Secretariat for Economic Affairs (SECO).

This project follows a three-year feasibility study conducted by the Fairtrade Labelling Organization International (FLO) to determine the extent to which standard Fairtrade/FLO elements can be applied to the international trade in tourism services. While the current FLO mandate does not extend to tourism, FLO has formally endorsed the FTTSA-led pilot project.

The first ever Fair Trade Travel packages are scheduled to be launched on the Swiss market in October 2010. Subsequently, the pilot will expand so that activities in South Africa and Switzerland are expected to form the basis of a model for Fair Trade Travel globally.
**Certification**

FTTSA's core service is the assessment and certification of tourism businesses in South Africa. “Tourism products” eligible for certification include accommodation, activities, attractions and from May 2010, voluntourism programmes.

The awareness raising and advocacy initiatives we undertake each year raise the profile of FTTSA, promote the concept of Fair Trade in Tourism and educate tourism stakeholders on the benefits of FTTSA certification. This is an ongoing but crucial process that is ultimately intended to grow the numbers of South African tourism products submitting voluntary applications for FTTSA certification.

FTTSA certification conveys both marketing and developmental benefits to tourism businesses bearing the FTTSA label. Certification is based on quantifiable criteria and is renewable annually to promote continuous improvement and ongoing compliance with FTTSA standards and principles. We facilitate guidance and assistance throughout the certification process to help businesses improve or adjust their practices so that they can become and remain FTTSA-certified.

There are fees associated with the site assessment phase of the process as well as annual user fees that are adjusted each year. For the year ending February 2010, FTTSA generated approximately 10% of its income via these revenue sources including assessment and user fees. This is consistent with the previous year’s performance – in other words even though the total amount of fees collected has increased, the ratio of own income to other types of income remained constant.

**FTTSA Launches Online Application**

FTTSA launched a user-friendly online application for its certification programme in May 2009. The certification process for tourism products involves three easy steps: online application, site assessment and adjudication by an independent panel. The online application offers an option to save the applicant’s information and return to complete it at a later stage. Once the completed application has been submitted on the secure site, the applicant immediately receives indicative scores on performance, based on the information provided. What’s more, the applicant can track the progress of the application, communicate with the FTTSA certification team through the site’s email system and even communicate via the online forum with other businesses that are either certified or working towards certification!

In the 2009/2010 financial year, FTTSA fully automated its back office system, linking it to the online application site. The objective of automating certain labour-intensive aspects of the certification process is to ensure that FTTSA's systems can keep up with the ever-increasing demand for certification services, ensuring that client service is never compromised.

**FTTSA Portfolio to Include Voluntourism**

FTTSA developed a new service during the year under review, namely the assessment and certification of volunteer tourism (“voluntourism”) programmes. This technical work was funded by the Swiss Foundation for Solidarity in Tourism (SST Foundation) with a view to launching this service at Indaba 2010. This new service will help to grow the core of FTTSA-certified tourism businesses by tapping into a niche that is not catered for by other certification programmes, thus offering best practice voluntourism operators an opportunity to distinguish themselves from others through certification.
Certification Panel

Six Panel members meet monthly (on a rotational basis) to review and render decisions on certification applications and site assessments. Based on their extensive expertise, they also compile feedback on these submissions to existing and prospective clients. In order to enhance the independence of the certification process, the Panel includes external experts (five); the only person employed by FTTSA being the Executive Director, Jennifer Seif.

FTTSA would like to acknowledge the contributions of the people who tirelessly serve on the FTTSA Certification Panel: Lee-Anne Bac (Director, Grant Thornton), Hanneli Slabber (Global Manager: Product, South African Tourism), Bernie Meyer (Director, Tourism Unit, Department of Trade and Industry), Chris Patton (Product Manager, South African National Parks), and Naledi Nkula (Director of Tourism Business Development, National Department of Tourism). Each Panel member volunteers his/her time and expertise to assure the credibility and fairness of our certification process. We greatly appreciate their contribution to FTTSA over the past year as well as the organisations that allow them to do so.

During the 2009/2010 financial year, the FTTSA Certification Panel members were: Lee-Anne Bac, Hanneli Slabber, Bernie Meyer, Chris Patton, Naledi Nkula and Jennifer Seif
FTTSA-certified Tourism Businesses

During the year under review, the numbers of FTTSA-certified businesses increased from 45 in February 2009 to 65 in February 2010, which represents 44% growth. This was slightly off FTTSA’s target of 50% growth but is nonetheless a major achievement given that the sector faced a very difficult trading environment.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rand value of assessment fees collected by FTTSA</td>
<td>128,562</td>
<td>208,203</td>
<td>+ 61.9%</td>
</tr>
<tr>
<td>Assessment fees as a percentage of total FTTSA revenue</td>
<td>2.6%</td>
<td>3.8%</td>
<td>+ 46.1%</td>
</tr>
<tr>
<td>Rand value of annual user fees collected by FTTSA</td>
<td>283,917</td>
<td>316,316</td>
<td>+ 11.4%</td>
</tr>
<tr>
<td>Annual user fees as a percentage of total FTTSA revenue</td>
<td>5.8%</td>
<td>5.8%</td>
<td>+ + +</td>
</tr>
<tr>
<td>New applications received by FTTSA</td>
<td>11</td>
<td>27</td>
<td>+ 145.5%</td>
</tr>
<tr>
<td>First time site assessments conducted by FTTSA – new applicants</td>
<td>15</td>
<td>23</td>
<td>+ 53.3%</td>
</tr>
<tr>
<td>Total number of FTTSA-certified products</td>
<td>45</td>
<td>65</td>
<td>+ 44.4%</td>
</tr>
</tbody>
</table>
The 65 tourism products that qualified for FITSA certification by February 2010 are:

1. !Khwa ttu San Culture and Education Centre – Yzerfontein, Western Cape*
2. African Shark Eco-Charters – Simon’s Town, Western Cape*
3. Andulela Experience: Bo-Kaap Insights – Cape Town, Western Cape*
4. Andulela Experience: Cape Malay Cooking Safari – Cape Town, Western Cape*
5. Andulela Experience: Cape Malay Meal – Cape Town, Western Cape*
6. Antrim Villa – Cape Town, Western Cape*
7. AWOL: Masiphumelele Bicycle Tour – Cape Town, Western Cape
8. Bartholomeus Klip Farmhouse – Hermon, Western Cape
9. Bickley House – Cape Town, Western Cape*
10. Buccaneers Lodge and Backpackers – Cintsa, Eastern Cape*
11. Buffalo Ridge Safari Lodge – Madikwe Game Reserve, North West Province*/**
12. Bulungula Lodge – Elliotdale, Eastern Cape**
13. Calabash Tours: Real City Tour – Port Elizabeth, Eastern Cape
14. Calabash Tours: Shebeen Tour – Port Elizabeth, Eastern Cape
15. Cape Grace – Cape Town, Western Cape
16. Coffee Shack Backpackers – Coffee Bay, Eastern Cape**
17. Daddy Long Legs Art Hotel – Cape Town, Western Cape
18. De Zalze Golf – Stellenbosch, Western Cape
19. Djuma Private Game Reserve: Bush Lodge – Greater Kruger National Park, Mpumalanga
20. Djuma Private Game Reserve: Vuyatela Lodge and Galago Camp – Greater Kruger National Park, Mpumalanga
21. Dreamcatcher - Alternative Winelands Tour – Cape Town, Western Cape*
22. Dyer Island Cruises – Gansbaai, Western Cape
23. Farm 215 nature retreat and fynbos reserve – between Stanford and Agulhas, Western Cape
24. Grootbos Private Nature Reserve – Gansbaai, Western Cape
25. Hog Hollow Country Lodge – The Craggs, Western Cape
26. Jan Harmsgat Country House – Swellendam, Western Cape
27. Kololo Game Reserve – Vaalwater, Limpopo*
28. Klippe Rivier Country House – Swellendam, Western Cape
29. Lebo’s Soweto Backpackers and Bicycle Tour – Soweto, Gauteng**
30. Leeuwenbosch Country House – Amakhala Game Reserve, Eastern Cape
31. Leshiba Wilderness – Makhado, Limpopo
32. Madi a Thahva Mountain Lodge – Makhado, Limpopo
33. Marine Dynamics – Gansbaai, Western Cape
34. Masakala Guest House – Matatiele, Eastern Cape**
35. Mehloding Adventure Trail – Matatiele, Eastern Cape**
36. Mercure Hotel Bedfordview – Bedfordview, Gauteng
37. Mercure Hotel Midrand – Midrand, Gauteng
38. Mercure Hotel Nelspruit – Nelspruit, Mpumalanga
39. Mercure Hotel Randburg – Randburg, Gauteng
40. Moratiwa Tours, Soweto Fair Tourism Tour – Soweto, Gauteng**
41. Motswari Private Game Reserve – Greater Kruger National Park, Mpumalanga
42. Ocean Blue Adventures – Plettenberg Bay, Western Cape
43. Ocean Safaris – Plettenberg Bay, Western Cape*
44. Reed Valley Inn & Bush Lodge – Amakhala Game Reserve, Eastern Cape
45. Royal Madikwe Luxury Residence – Madikwe, North West Province
46. Sabi Sabi Private Game Reserve – Greater Kruger National Park, Mpumalanga
47. Safari Lodge – Amakhala Game Reserve, Eastern Cape
48. Shiluvari Lakeside Lodge – Elim, Limpopo
49. Singita Kruger National Park – Kruger National Park, Mpumalanga**
50. Singita Sabi Sands – Greater Kruger National Park, Mpumalanga
51. Soekershof Private Mazes & Botanical Gardens in South Africa – Robertson, Western Cape
52. Spier – Stellenbosch, Western Cape
53. St Lucia Tours and Charters – Hippo Croc Tour* – St Lucia, iSimangaliso Wetland Park, KwaZulu Natal
54. St Lucia Tours and Charters – Whale Watching Tour* – St Lucia, iSimangaliso Wetland Park, KwaZulu Natal
55. Stormsriver Adventures – Stormsriver, Eastern Cape
56. Thakadu River Camp – Madikwe Game Reserve, North West Province*/**
57. The Backpack – Cape Town, Western Cape
58. The Dunes Country House – St. Francis Bay, Eastern Cape*
59. The Peech Hotel – Melrose, Johannesburg, Gauteng*
60. Tswalu Kalahari – Kuruman, Northern Cape
61. Tuningi Safari Lodge – Madikwe Game Reserve, North West Province*
62. Umlani Bushcamp – Greater Kruger National Park, Mpumalanga
63. Uthando South Africa – Cape Town, Western Cape*
64. Woodbury Lodge – Amakhala Game Reserve, Eastern Cape
65. White Shark Projects – Kleinbaai, Western Cape*

* Products newly certified in the 2009/2010 financial year
** Emerging Businesses/Community-Owned Businesses
Capacity Building and Transformation

FTTSA’s role within the dynamic South African tourism environment is to advocate for a qualitative and holistic approach to transformation that encompasses labour standards, human rights, environmental management, HIV/AIDS and workplace culture, and to help create the conditions for Fair Trade practices and partnerships to thrive.

FTTSA’s status as a locally developed and operated certification initiative ensures that FTTSA is responsive to the needs, realities and expectations of the destination and of structurally disadvantaged workers and communities within it.

In accordance with FTTSA’s goal to contribute to ongoing transformation and sustainability of South Africa’s tourism industry, our efforts take distinct tracks which include:

Community-based Tourism

We consciously strive to make FTTSA certification accessible to emerging tourism enterprises, including community-owned ventures. By February 2010, we had certified nine emerging and community-owned tourism enterprises, which represented 13.8% of our total client base, compared to 20% in February 2009. The actual proportion decreased due to a smaller number of emerging businesses qualifying for FTTSA certification, which further highlights the need for capacity building within this segment of the tourism sector.

FTTSA also teamed up with South Africa’s National Development Agency (NDA) to strengthen six community-based tourism enterprises in the Eastern and Western Cape Provinces through product development and improved market access. These six initiatives were marketed intensively during 2009/2010 and showcased to industry as examples of successful community-based tourism. This project will continue until February 2011.

Capacity Building Initiatives

Another way in which FTTSA contributes to socio-economic transformation in South Africa is by implementing short-term projects designed to meet the objectives of the Tourism White Paper and related policies. Such projects focus primarily on skills development, capacity building and research to support sustainable new product development. This work is 100% funded by donors including the National Development Agency (NDA), the National Lotteries Distribution Trust Fund (NLDTF), and provincial LED funds.

Soweto Tourist Guide Event

In July 2009 a Certificate Awards ceremony was held at the Soweto Hotel for 13 Soweto learners who completed their NQF2 Tourist Guide training through the FTTSA-facilitated project “Accredited Tourist Guide Training for Local Youth”. This project was wholly funded by the National Lotteries Distribution Trust Fund. The well attended event included representatives from The City of Johannesburg, Johannesburg Tourism Company, Gauteng Guides Association, Tourism Empowerment Council of South Africa (TECSA) and the National Department of Tourism (NDT) as well as FTTSA Board Member, Xolile Caga.
Cape Town Tourist Guide Event

17 Community Tourist Guides were trained in the Western Cape, through the “Accredited Tourist Guide Training for Local Youth” project, funded by the National Lotteries Distribution Trust Fund. In November 2009, FTTSA facilitated a graduation ceremony - in collaboration with Cape Town Tourism - highlighting the learners’ achievements as well as the contributions of stakeholders.

FTTSA’s Sustainable Tourism Workshops

In addition to other projects, we continued to facilitate our own two-day workshop on Sustainable Tourism, targeted at adult learners who are working in the tourism industry or residing in communities affected by tourism development. During the year under review, this training was made available to 191 learners throughout the country, compared to 165 during 2008/2009 (a 16% increase).

Since mid-2006, 1040 learners, mainly black people have successfully completed this training workshop which is facilitated by a group of independent trainers accredited by FTTSA.

Cape Town Tourism Training Workshops

In February 2010, as part of FTTSA’s partnership agreement with Cape Town Tourism, FTTSA conducted a workshop for them on sustainable tourism in general, and FTTSA’s work in particular. It was the first of four scheduled workshops. Learning objectives for participants were: to be familiar with FTTSA’s vision and mission; to raise awareness about the importance of responsible tourism within the sector; and to highlight how FTTSA and Cape Town Tourism can work together to promote greater uptake and implementation of such business practices.
FTTSA Internal Capacity Building

The capacity building theme is extended to our own staff who benefited from a range of formal training and peer learning opportunities during the 2009/2010 financial year.

<table>
<thead>
<tr>
<th>Training Course</th>
<th>Staff Member</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Training: Performance Management Training</td>
<td>All staff</td>
<td>February 2009</td>
</tr>
<tr>
<td>Formal Training: First Aid</td>
<td>Junior Marketing Officer</td>
<td>July 2009</td>
</tr>
<tr>
<td>Co-learning: with Kellogg Corps volunteers</td>
<td>All staff</td>
<td>July – August 2009</td>
</tr>
<tr>
<td>Peer Learning: Topics include: The Code of Conduct Against SECT, BB-BEE, etc.</td>
<td>All staff</td>
<td>Monthly</td>
</tr>
<tr>
<td>Informal: Website Management Training</td>
<td>Research Assistant</td>
<td>November 2009</td>
</tr>
</tbody>
</table>

FTTSA remains a member of the Services SETA\(^1\) and paid R18,835 in skills levies during the financial year under review. FTTSA received a rebate of R 9 693,85.

\(^1\)Sector Education and Training Authorities (SETAs) have been established to ensure that the skill needs for every sector of the South African economy are identified and that training is available to provide for these skill needs. The Services SETA supports a range of businesses, in particular SMEs like FTTSA.
During the 2009/2010 financial year five non-executive Directors played a role on the FTTSA Board. FTTSA would like to recognise each of them for the expertise, knowledge, networks and passion they bring to FTTSA.

Chairperson of the Board
Dr Matlotleng Patrick Matlou is CEO at the Africa Institute of South Africa. He was appointed as the Chairperson of the FTTSA Board in July 2009 and has served as a non-executive director since August 2007.

In addition, FTTSA would also like to recognise the outgoing Chairperson of the FTTSA Board who served from November 2004 to June 2009, Percy Mkhosi.

Deputy Chairperson of the Board
Xolile Caga is currently Group Transformation Manager for the Edcon Group. Xolile previously served as Certification Panel member for FTTSA and joined the FTTSA Board in May 2009.

Other Non-Executive Directors
Des Mahony is a Director at African Alliance Limited, where he is responsible for asset management, development finance and financial services to corporate clients. Mr. Mahony joined the FTTSA Board in March 2005.

Sheryl Ozinsky was previously manager of Cape Town Tourism and is currently involved in an initiative called Green Goal that aims to reduce the environmental impact of the 2010 FIFA World Cup™. She joined the FTTSA board in August 2007.

Executive Director
Jennifer Seif has been the Executive Director of FTTSA since November 2004. She has twice been recognised by Ashoka as an expert in non-profit resource mobilisation.
At any given time, FTTSA works closely with various donors and partners who provide both the material support and the knowledge base vital to the success of our work.

In addition, FTTSA continues to be resourceful in mobilising in-kind contributions from the private sector and we appreciate the time, bed nights, car hire days, insurance, expertise and facilities that our friends give to us on a regular basis.

FTTSA would like to thank all the donors who continue to have confidence in FTTSA. The following is a list of key donors and partners during 2009/2010:

**Adams & Adams** is a leading South African law firm specialising in intellectual property law and various other specialised fields of general commercial law. Adams & Adams has supported the management of the FTTSA certification mark through pro bono legal service since 2001.

**Avis** is a leading South African car rental company that provides FTTSA with a fixed number of sponsored vehicle hire days within South Africa to facilitate travel to various project sites.

**Cape Town Tourism (CTT)** represents the greater Cape Town area in one consolidated tourism body and is committed to promoting responsible and sustainable tourism for the Western Cape. FTTSA and CTT formed a strategic partnership in 2009/2010 including joint marketing and mobilisation of domestic tourists to choose FTTSA-certified tourism businesses.

**Centre for the Promotion of Imports (CBI)** is an agency of the Dutch government, which supports companies in developing countries to achieve sustainable access to European markets. CBI enabled FTTSA to take part in Tourfair IV in April 2009.

**The Department of Trade and Industry (dti)** is the national department that supports the South African government’s economic goals of growth, employment and equity. The dti assists FTTSA to gain access to international markets and has a representative on FTTSA’s Certification Panel.

**End Child Prostitution, Child Pornography and Trafficking in Children for Sexual Purposes (ECPAT) International** is a global network of organisations and individuals working together for the elimination of child prostitution, child pornography and the trafficking of children for sexual purposes. FTTSA would like to extend a big thank you to ECPAT Germany for sponsoring FTTSA’s attendance at ITB 2010.

**The Development Bank of Southern Africa (DBSA)** is a leading development finance institution in South and southern Africa. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure. The DBSA has provided co-finance for various FTTSA-led research projects in addition to ongoing technical assistance.
Gijima KZN Provincial LED Fund invests in projects that will assist disadvantaged people to improve their lives through economic activity. It provides access to an ambitious European Union fund specifically set up to promote sustainable local economic development in South Africa’s KwaZulu Natal Province.

The Humanist Institute for Cooperation with Developing Countries (Hivos) is a Dutch non-governmental organisation that aims to contribute towards a free, just and sustainable world. Hivos has provided FTTSA with core funding for a number of years.

The Interchurch Organisation for Development Cooperation (ICCO) is a Dutch non-governmental organisation whose mission is to work towards a world where poverty and injustice are no longer present. Its work involves financing activities that stimulate and enable people, in their own way, to secure their own livelihoods. FTTSA renewed its partnership with ICCO during the last financial year.

The National Department of Tourism (NDT) is responsible for fulfilling the South African government’s role in creating the conditions for responsible tourism growth and development. FTTSA regularly provides technical assistance for NDT initiatives and had the support of the NDT through participation on the Certification Panel during the 2010 financial year.

The National Development Agency (NDA) South Africa is a statutory body that contributes towards the eradication of poverty and its causes. The NDA is a public entity listed under schedule 3A of the Public Finance Management Act and reports to the Parliament of the Republic of South Africa through the Minister for Social Development. FTTSA teamed up with the NDA to support six community-based tourism ventures during 2008-2010.

The National Lotteries Distribution Trust Fund (NLDTF) relies on funds from the proceeds of the National Lottery. The NLDTF currently has close to R2 billion to distribute annually to registered non-profit organisations in the fields of charities; arts, culture and national heritage; and sport and recreation. In 2009/2010 FTTSA facilitated the “Accredited Tourist Guide Training for Local Youth” project, which is wholly NLDTF-funded.

NHTV University, Breda, Netherlands provides FTTSA with a student intern every year as part of an exchange programme. NHTV University has its own centre for sustainable tourism and transport, which supports the Dutch tourism and recreation industry.

The Open Society Foundation for South Africa (OSF-SA) is committed to promoting the values, institutions and practices of an open, non-racial and non-sexist, democratic civil society. During 2009/2010 OSF-SA provided seed funding to increase FTTSA’s internal capacity to manage its growing certification programme.

ResourceAfrica is a non-profit organisation that works with a range of global and African partners to encourage and deliver new models of natural resource management based on community participation in which the values of transparency, equity and respect for local people, their needs and customs, are of utmost importance. FTTSA shares office space with ResourceAfrica and seeks to implement joint projects where possible.
Safari and Tourism Insurance Brokers (SATIB) are Risk Management Consultants and Insurance Brokers to the Tourism, Hospitality and Wildlife Industries throughout southern Africa. SATIB partially sponsors FTTSA’s annual short-term insurance premiums.

Solidaridad is a Dutch development organisation focusing on Fair Trade investment and development. Solidaridad’s partnership with FTTSA is part of a wider EU-funded project, co-financed by the Dutch Oak Tree Foundation.

The South African Embassy in Bern, Switzerland collaborates annually with FTTSA to create a South African pavilion at the Swiss Travel Trade Show in Montreux. The embassy has played an enormous role in helping FTTSA to access the Swiss market and establish relationships with Swiss donors.

Southern Africa Trust (SAT) supports processes to deepen and widen participation in policy dialogue with a regional impact on poverty alleviation. SAT is the primary donor behind the STNSA initiative.

Swiss Import Promotion Agency (SIPPO) helps small and medium-sized enterprises in emerging markets and markets in transition to enter the Swiss and European Union markets. SIPPO also provides Swiss importers with assistance in finding new products and suppliers and in sourcing new markets. SIPPO enables FTTSA’s participation at the Swiss Travel Trade Workshop in Montreux annually.

Swiss Foundation for Solidarity in Tourism (SST Foundation) supports organisations, projects and initiatives that pursue sustainable tourism development. It also helps to promote initiatives and new ideas for balanced cultural exchange between tourists and locals. In May 2009 FTTSA received funding for a 12-month project to develop standards for volunteer travel to South Africa (“voluntourism”) and to launch a Fair Trade certification programme for voluntourism products in South Africa.

Swiss State Secretariat for Economic Affairs (SECO) is the Swiss Confederation agency responsible for economic policy. SECO is involved in supporting macro economic policy reforms, infrastructure projects and programmes for promoting trade and investment. SECO has over the years supported a number of FTTSA-led projects.

Tourism Enterprise Partnership (TEP) supports companies in the South African tourism sector to conclude commercially viable transactions that will help create and maintain jobs. TEP assists many FTTSA-certified products to participate in FTTSA events and processes.

United Nations Environment Programme (UNEP) is the voice for the environment in the United Nations system. It is an advocate, educator, catalyst and facilitator, promoting the wise use of the planet’s natural assets for sustainable development. UNEP cooperated with FTTSA with respect to the project/programme entitled “Harmonising standards and certification schemes on sustainable tourism through the establishment of the Sustainable Tourism Stewardship Council (STSC)” in the 2009/2010 financial year.
FTTSA’s highly motivated and skilled team is the main reason why FTTSA can do so much with the limited resources we have access to. This includes our permanent staff as well as our interns and volunteers who work tirelessly to make FTTSA the best organisation it can be.

FTTSA would like to recognise each member of the team individually for her valued contribution over the year in review:

- Sumayya Daya – Certification Assistant
- Kate Finlay – Research Assistant
- Katarina Mancama – Project Manager
- Lolla Meyer – Marketing Manager
- Maria Nkuna – Office Orderly
- Lisa Scriven – Certification Manager
- Netsai Sibanda – Executive Assistant
- Khaya Thwala – Junior Marketing Officer
- Adele van der Walt – Office Administrator

FTTSA would also like to remember our late friend and colleague, Jennifer Caldwell, who died tragically in September 2009. Jen was a fearless young woman and a talented and supportive co-worker. We still feel her absence daily. In memory of our colleague, FTTSA is pleased to announce that FTTSA will appoint a young black South African to take on the first annual Jennifer Caldwell Memorial Internship in mid 2010.

Our team of staff and interns come from a variety of backgrounds and bring diverse language abilities and cultural insights to the organisation.

Due to the nature of our internship and exchange programmes, some members of our team are only with us for twelve months or less. Interns and volunteers who worked with FTTSA in the year in review include:

- Jennifer Caldwell – Projects Assistant
- Martina Knittel – Research Intern
- Julia Buhlmann – Marketing Intern
- Britta Durtsche – Volunteer
- Blake J. Durtsche – Volunteer
- Mari Palander – Marketing Intern
- Sarah Van Mill – Research Intern
- Richelle Tieke – Marketing Intern
During 2010/2011 FTTSA will continue to implement its strategy through a range of activities designed to extend the benefits of Fair Trade in Tourism locally, regionally and globally.

A key principle underlying our strategy is that the FTTSA certification programme can and will become less reliant on external funding and, ultimately, will reach a break even point in the next five to seven years. Breaking even, while not a goal per se, will ensure that the benefits and impacts of certification will be maintained and sustained into the future. Achieving a higher degree of financial independence will be a major accomplishment as the vast majority of tourism certification schemes in operation globally depend strongly on external finance.

Growth will need to be managed carefully to ensure that FTTSA does not compromise on the quality of our current services or on our ability to provide leadership to the tourism industry in relation to current and future challenges.

To grow the core, we need to build awareness of the FTTSA brand, offer additional tangible benefits to clients and demonstrate the business case for certification. During 2010/2011 FTTSA will invest more resources in creating benefits for clients – and in communicating these effectively to the sector. A well defined and attractive benefit package will ensure that FTTSA retains and attracts a diverse and loyal client base, with the ultimate goal of ensuring that more businesses are operating in a way that is consistent with the principles of Fair Trade, which benefits South Africa and its people.

FTTSA will continue to seek new and renewed partnerships with donors in the current financial year.

The FTTSA team looks forward to reporting back to our stakeholders next year.
ANNUAL FINANCIAL STATEMENTS

Fair Trade in Tourism South Africa
Association incorporated under Section 21
Registration number: 2004/034455/08
Tax exemption number: 930016071

CONTENTS

REPORT OF THE INDEPENDENT AUDITOR  34
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STATEMENT OF CHANGES IN EQUITY  38
CASH FLOW STATEMENT  39
NOTES TO THE FINANCIAL STATEMENTS  40
The annual financial statements set out on pages 3 to 14 were approved by the board of directors on 20 May 2010, and are signed on its behalf by:

Desomond Mahony
Jennifer Seif
Directors

Report on the financial statements
We have audited the annual financial statement for Fair Trade in Tourism South Africa (Association incorporated under section 21), which comprise the directors’ report, the balance sheet as at 28 February 2010, the income statement, the statement of changes in equity, and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 14.

Directors’ responsibility for the financial statements
The company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts of 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 statement 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 the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2010, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

Registered Auditor
20 May 2010
The directors have pleasure in presenting their report on the activities of the company.

**General review**
The major activity of the company comprises the assessment and certification of tourism businesses in South Africa as well as general sustainable tourism awareness raising in the industry, as well as general sustainable tourism awareness raising, advocacy and capacity building in the industry.

**Directors**
The directors of the company for the year under review and up to the date of this report were:

- DT Mahony (non-executive)
- Dr MP Matlou (non-executive)
- S Ozinsky (non-executive)
- JA Seif (executive)
- X Caga – Appointed 13 May 2009 (non-executive)

NJ Bardill and P Mkhosi resigned as directors on 16 March 2009 and 11 September 2009 respectively.

**Secretary**
Adams & Adams

**Business address:**
1140 Prospect Street, Hatfield, Pretoria, 0001

**Postal address:**
PO Box 1014, Pretoria, 0001

**Statement of responsibility**
The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

The directors are also responsible for the company’s system of internal financial controls. These are designed to provide reasonable, but absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

**Subsequent events**
In the opinion of the directors there have been no events subsequent to the balance sheet date which have not been accounted for in the financial statements and which would materially affect the financial results of the company.
## Balance sheet
28 February 2010

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>2</td>
<td>104 481</td>
<td>174 423</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>3</td>
<td>233 566</td>
<td>256 108</td>
</tr>
<tr>
<td>Payments due from donors</td>
<td>5.2</td>
<td>614 839</td>
<td>516 715</td>
</tr>
<tr>
<td>Bank and cash balances</td>
<td></td>
<td>796 616</td>
<td>1 711 009</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>1 618 021</td>
<td>2 484 332</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1 722 502</td>
<td>2 658 755</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-distributable reserve</td>
<td></td>
<td>68 867</td>
<td>68 867</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>479 592</td>
<td>616 561</td>
</tr>
<tr>
<td><strong>Total shareholder’s equity</strong></td>
<td></td>
<td>548 459</td>
<td>685 428</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
<td>424 203</td>
<td>202 881</td>
</tr>
<tr>
<td>Advances by donors on project agreements</td>
<td>3</td>
<td>602 631</td>
<td>1 637 941</td>
</tr>
<tr>
<td>Provisions</td>
<td>4</td>
<td>136 255</td>
<td>111 278</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>5.2</td>
<td>10 954</td>
<td>21 227</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>1 174 043</td>
<td>1 973 327</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>1 722 502</td>
<td>2 658 755</td>
</tr>
</tbody>
</table>
### Income statement
for the year ended 28 February 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment fees received</td>
<td>194 538</td>
<td>128 562</td>
</tr>
<tr>
<td>Donations received</td>
<td>2 500</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>10 989</td>
<td>42 337</td>
</tr>
<tr>
<td>Grant income</td>
<td>4 904 469</td>
<td>4 276 604</td>
</tr>
<tr>
<td>Interest received</td>
<td>36 359</td>
<td>67 100</td>
</tr>
<tr>
<td>Other income</td>
<td>12 634</td>
<td>12 982</td>
</tr>
<tr>
<td>Professional fees</td>
<td>58 410</td>
<td></td>
</tr>
<tr>
<td>User fees</td>
<td>310 654</td>
<td>283 917</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>5 472 143</td>
<td>4 869 912</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting fees</td>
<td>55 150</td>
<td>44 750</td>
</tr>
<tr>
<td>Advertising</td>
<td>2 500</td>
<td></td>
</tr>
<tr>
<td>Assessment costs</td>
<td>12 528</td>
<td>14 538</td>
</tr>
<tr>
<td>Auditors remuneration – for audit</td>
<td>60 500</td>
<td>26 010</td>
</tr>
<tr>
<td>Bad debts</td>
<td>32 688</td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>14 634</td>
<td>11 507</td>
</tr>
<tr>
<td>Board and agm</td>
<td>6 689</td>
<td>4 330</td>
</tr>
<tr>
<td>Computer expenses</td>
<td>58 265</td>
<td>45 714</td>
</tr>
<tr>
<td>Consultants fees</td>
<td>829 774</td>
<td>1 001 357</td>
</tr>
<tr>
<td>Courier and postage</td>
<td>5 398</td>
<td>5 359</td>
</tr>
<tr>
<td>Depreciation</td>
<td>69 943</td>
<td>72 788</td>
</tr>
<tr>
<td>Directors emoluments – for managerial services</td>
<td>612 563</td>
<td>587 630</td>
</tr>
<tr>
<td>Equipment</td>
<td>12 967</td>
<td>6 638</td>
</tr>
<tr>
<td>Exhibitions</td>
<td>114 348</td>
<td>91 943</td>
</tr>
<tr>
<td>External training</td>
<td>542 150</td>
<td>148 377</td>
</tr>
<tr>
<td>Insurance</td>
<td>596</td>
<td>11 000</td>
</tr>
<tr>
<td>Interest</td>
<td>66</td>
<td>22</td>
</tr>
<tr>
<td>Legal and collections costs</td>
<td>1 931</td>
<td>23 916</td>
</tr>
<tr>
<td>Marketing</td>
<td>466 705</td>
<td>150 547</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>43 298</td>
<td>10 486</td>
</tr>
<tr>
<td>Organisational development</td>
<td>14 538</td>
<td>20 453</td>
</tr>
<tr>
<td>Printing and collateral design</td>
<td>76 670</td>
<td>51 630</td>
</tr>
<tr>
<td>Rent and office expenses</td>
<td>387 659</td>
<td>314 619</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>1 358</td>
<td>175</td>
</tr>
<tr>
<td>Salaries</td>
<td>1 745 664</td>
<td>1 403 388</td>
</tr>
<tr>
<td>Travel – international</td>
<td>121 063</td>
<td>87 188</td>
</tr>
<tr>
<td>Travel – local</td>
<td>163 060</td>
<td>173 940</td>
</tr>
<tr>
<td>Workshops</td>
<td>156 407</td>
<td>195 260</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>5 609 112</td>
<td>4 503 656</td>
</tr>
<tr>
<td><strong>(Deficit) net surplus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(136 969)</td>
<td>366 347</td>
</tr>
</tbody>
</table>
Statement of changes in equity for the year ended 28 February 2010

<table>
<thead>
<tr>
<th></th>
<th>Non-distributable reserve</th>
<th>Accumulated surplus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 March 2008</td>
<td>68 867</td>
<td>250 214</td>
<td>319 081</td>
</tr>
<tr>
<td>Net surplus for the prior year</td>
<td></td>
<td>366 347</td>
<td>366 347</td>
</tr>
<tr>
<td>Balance at 28 February 2009</td>
<td>68 867</td>
<td>616 561</td>
<td>685 428</td>
</tr>
<tr>
<td>Deficit for the current year</td>
<td>-</td>
<td>(136 969)</td>
<td>(136 969)</td>
</tr>
<tr>
<td><strong>Balance at 28 February 2010</strong></td>
<td><strong>68 867</strong></td>
<td><strong>479 592</strong></td>
<td><strong>548 459</strong></td>
</tr>
</tbody>
</table>
## Cash flow statement for the year ended 28 February 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from donors and clients</td>
<td>5 269 231</td>
<td>4 499 242</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(5 103 710)</td>
<td>(3 968 497)</td>
</tr>
<tr>
<td>Cash generated by operations 5.1</td>
<td>165 521</td>
<td>530 745</td>
</tr>
<tr>
<td>Interest received</td>
<td>36 359</td>
<td>67 100</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(66)</td>
<td>(22)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>201 814</td>
<td>597 823</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of owned assets</td>
<td></td>
<td>(130 389)</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in advances by donors on project agreements</td>
<td>(1 133 434)</td>
<td>(702 713)</td>
</tr>
<tr>
<td>Decrease in bank and cash balances</td>
<td>(931 620)</td>
<td>(235 279)</td>
</tr>
<tr>
<td>Bank and cash balance at the beginning of the year</td>
<td>1 690 282</td>
<td>1 925 561</td>
</tr>
<tr>
<td><strong>Bank and cash balances at the end of the year</strong></td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>758 662</td>
<td>1 690 282</td>
</tr>
</tbody>
</table>
1. Accounting policies
The financial statements are prepared in accordance with South African Statement of Generally Accepted Accounting Practice, are presented on the historical cost basis, except for certain financial instruments carried at fair value as set out in note 1.4 below, and in terms of the following principal accounting policies which are consistent with those applied in the previous year.

1.1 Fixed assets
Fixed assets are shown at cost less accumulated depreciation and are depreciated using the straight line method at rates that will reduce carrying amounts to estimated residual values over the anticipated useful lives of the assets.

The useful lives are:

- Computer equipment: 3 years
- Furniture and fittings: 7 years
- Office equipment: 6 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining the net surplus.

1.2 Foreign exchange transactions
Foreign exchange transactions are translated at the spot rate ruling at the date of the transaction. At balance sheet date monetary items are translated at rates then ruling. Exchange rate differences occurring on the settlement of monetary times or on the reporting of outstanding monetary items, are brought into account in the income for the period. Foreign exchange contracts are translated at the market related forward rate. Translation profits are brought into account in income for the period.

1.3 Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.4 Financial instruments
Financial assets
Financial assets are recognised when the company becomes a party to the contractual provisions of a financial instrument. Financial assets are initially measured at fair value (normally the transaction price) net of transaction costs.

Financial assets are classified into the following specified categories: ‘financial assets at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period.
Loans and receivables
Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Bank and cash balances
Bank and cash balances are classified as FVTPL and are subsequently measured at fair value.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial assets, the estimated future cash flows of the financial asset as been impacted.

Objective evidence of impairment could include:
- significant financial difficulty of the debtor or borrower; or
- default or delinquency in interest or principle payments; or
- It becoming probable that the debtors / borrower will enter bankruptcy or financial re-organisation.

For certain categories of debtors that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for debtors could include past experience of collecting payments an increase in the number of delayed payments past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on debtors.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors, where the carrying amount is reduced through the use of an allowance account. When a debtor is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities
Creditors and loans payable which are classified as other financial liabilities, are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.
1.5.1 Revenue recognition
Grant income is recognised on the basis of expenditure incurred, in terms of the provisions of Funding Agreements. Grant income is measured at the amount received or receivable in terms of the Funding Agreements. Unspent grants are reflected as ‘Advances by donors on project agreements’.

Income received from the use of the “Fair Trade in Tourism South Africa” certification mark is recognised and measured in accordance with the substance of the agreement of use.

All other income represent services rendered and is recognized when the amount of the revenue is reliably measurable, it is probable that the economic benefit will flow to the company, the stage of completion at year-end is reliably measurable and the cost incurred and cost to complete the service is reliably measurable.

2. Fixed assets

<table>
<thead>
<tr>
<th>Owned assets</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Depreciation</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>235 766</td>
<td>205 657</td>
</tr>
<tr>
<td>Office equipment</td>
<td>78 632</td>
<td>25 919</td>
</tr>
<tr>
<td>30 483</td>
<td>8 824</td>
<td>21 659</td>
</tr>
<tr>
<td>Totals</td>
<td>344 881</td>
<td>240 400</td>
</tr>
</tbody>
</table>
## 3. Grants, income and expenditure

<table>
<thead>
<tr>
<th>Payments due to donors</th>
<th>Opening balance</th>
<th>Income</th>
<th>Expenditure to date</th>
<th>Amount reflected under current assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU – SADC Investment Promotion Programme (ESIPP)</td>
<td>93 672</td>
<td>(93 672)</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>National Lotteries Distribution Trust Fund, South Africa</td>
<td>NIL</td>
<td>(435 597)</td>
<td>482 104</td>
<td>46 104</td>
</tr>
<tr>
<td>Southern Africa Trust</td>
<td>154 415</td>
<td>NIL</td>
<td>343 888</td>
<td>498 304</td>
</tr>
<tr>
<td>Swiss State Secretariat for Economic Affairs (SECO)</td>
<td>NIL</td>
<td>(283 175)</td>
<td>353 203</td>
<td>70 028</td>
</tr>
<tr>
<td>Thina Sinako Eastern Cape Provincial LED Fund (Agri – tourism)</td>
<td>66 086</td>
<td>(775 558)</td>
<td>709 472</td>
<td>NIL</td>
</tr>
<tr>
<td>Thina Sinako Eastern Cape Provincial LED Fund (Heritage Homestead)</td>
<td>26 708</td>
<td>(26 708)</td>
<td>NIL</td>
<td>NIL</td>
</tr>
</tbody>
</table>

Total payments due from donors | 340 881 | (1 614 714) | 1 888 667 | 614 839 |

Amounts re-classified from prior year
- GIJIMA KZN Provincial LED Fund | 175 834 |

Total payments due from donors – prior year | 516 715 |

### Advances by donors on project agreements

- GIJIMA KZN Provincial LED Fund | 175 834 | (231 992) | NIL | (56 158) |
- Humanist Institute for Co-operation with Developing Countries (HIVOS), Netherlands | (299 482) | (385 972) | 685 455 | Nil |
| Indalo Yethu, South Africa | (21 719) | 21 930 | (211) | NIL |
| Interchurch Organisation for Development | NIL | (713 460) | 629 623 | (83 837) |
| Co-operation (ICCO), Netherlands | | | | |
| Limpopo Local Economic Development Program | (129 848) | (118 128) | 247 976 | NIL |
| National Development Agency, South Africa | (639 285) | (360 820) | 753 457 | (246 648) |
| Open Society Foundation for South Africa | (66 099) | (433 901) | 500 000 | NIL |
| Resource Africa, South Africa | (31 423) | NIL | NIL | (31 423) |
| SST Foundation, Switzerland | NIL | (95 448) | 20 873 | (74 575) |
| Solidarid (Block grant incorporating European Union and Dutch Oak Tree Foundation funding), Netherlands | (450 084) | NIL | 393 958 | (56 126) |

Total advances by donors on project agreements | (1 462 107) | (2 597 768) | 3 457 344 | (602 631) |

Amounts re-classified from prior year
- GIJIMA KZN Provincial LED Fund | (175 834) |

Total advances by donors on project agreements – prior year | (1 637 941) |

Provision for leave pay

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>136 255</td>
<td>111 278</td>
</tr>
</tbody>
</table>

5. Notes to the cash flow statement

5.1 Cash generated by operations

Net surplus

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(136 969)</td>
<td>366 347</td>
</tr>
</tbody>
</table>

Adjustment for:

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>69 943</td>
<td>72 788</td>
</tr>
<tr>
<td>Interest received</td>
<td>(36 359)</td>
<td>(67 100)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>66</td>
<td>22</td>
</tr>
<tr>
<td>Movement in provisions</td>
<td>24 977</td>
<td>111 278</td>
</tr>
<tr>
<td></td>
<td>(78 342)</td>
<td>483 335</td>
</tr>
</tbody>
</table>

Working capital changes:

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease (increase) in debtors</td>
<td>22 542</td>
<td>(108 310)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>221 321</td>
<td>155 720</td>
</tr>
<tr>
<td>Total cash generated by operations</td>
<td>165 521</td>
<td>530 745</td>
</tr>
</tbody>
</table>

5.2 Bank and cash balances

Bank and cash balances (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>769 616</td>
<td>1 711 509</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>(10 954)</td>
<td>(21 227)</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>758 662</td>
<td>1 690 282</td>
</tr>
</tbody>
</table>

Bank overdraft facilities are secured by personal guarantees of the directors

6. Taxation

Taxation has not been provided as the company has tax exempt status (Exemption number: 930016071), in terms of the Income Tax Act in South Africa. Surpluses are therefore not taxable.
7. **Financial risk management**

   **Interest rate management**
   Funding requirements or investment of surplus funds are managed through commercial bank facilities.

   **Liquidity risk management**
   Liquidity requirements are assessed on an ongoing Basis. No significant risk exist as the company is conservatively structured, donor funding is actively managed and the services offered to clients generate positive cash flows.

   **Credit risk**
   Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash, short-term deposits and debtors.

   Cash equivalents and short-term deposits are placed with high credit quality financial institutions.

   Credit risk with respect to debtors is limited due to the large overall client base of the company.

   Accordingly, the company has no significant concentration of credit risk.

   The carrying amounts of financial assets included in the balance sheet represents the company’s exposure to credit risk in relation to these assets.

   **Foreign exchange risk**
   The existence of foreign debtors exposes the company to foreign exchange fluctuations. Foreign Exchange rates are actively monitored by management for any depreciation trends, and appropriate action is taken if rates change that are unfavourable to the company.

   **Fair values**
   The directors considered that the carrying of values of financial assets and liabilities approximate their fair values.

8. **Insurance**
   The company’s annual short term insurance cover was partially sponsored by the safari and tourism insurance brokers (SATIB).
FAIR TRADE IN TOURISM IN SOUTH AFRICA

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