



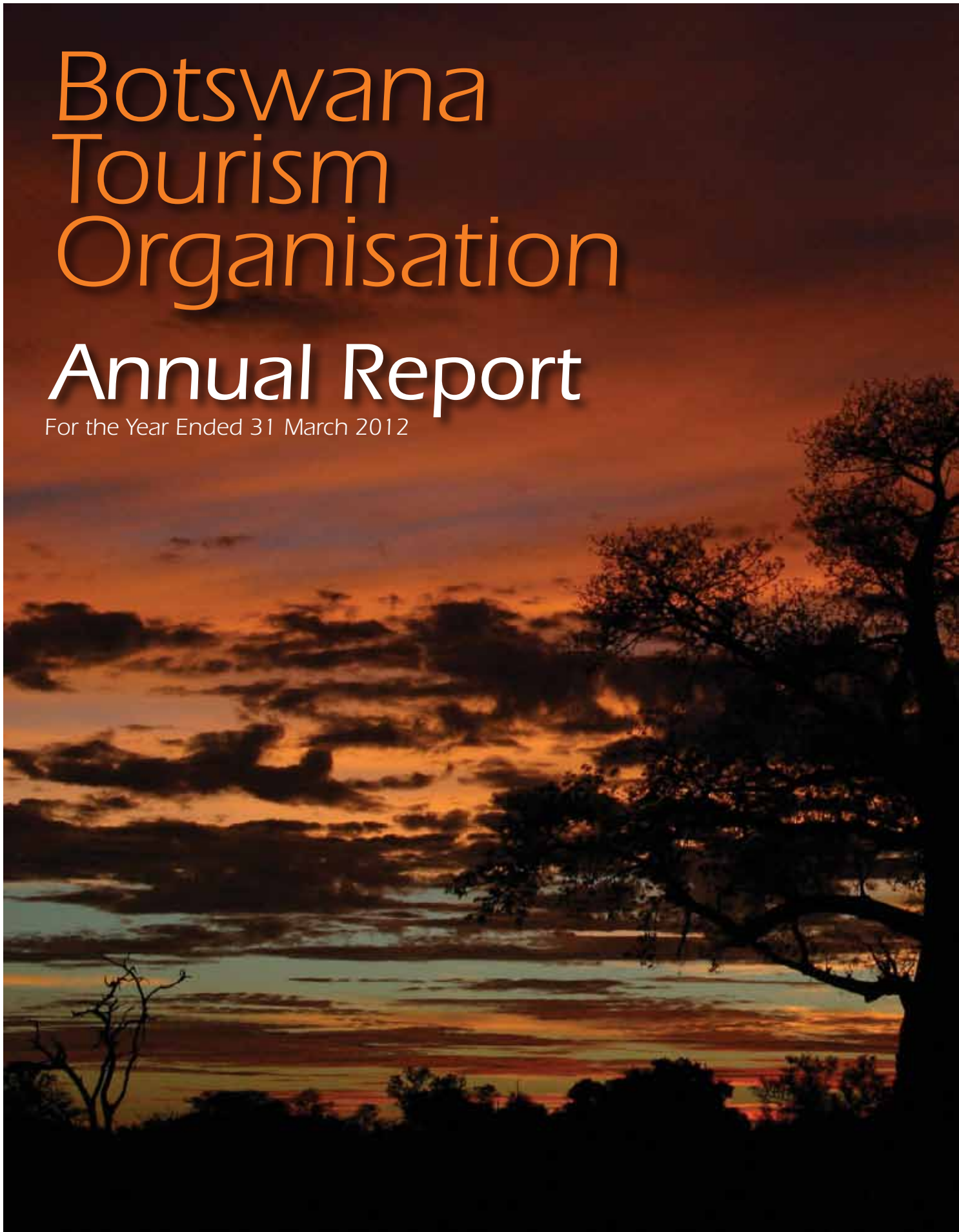
2012  
Annual Report

*botswana*  
tourism

# Botswana Tourism Organisation

## Annual Report

For the Year Ended 31 March 2012



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# CHAIRMAN'S STATEMENT

This year marks the end of Botswana Tourism Organisation's five year Strategic Plan. My Board has set out processes to review the organisation's achievement in the last five years and this will provide a critical foundation for the development of our next five year strategic plan.

Despite the global economic downturn, the organisation's strategic themes of growing investment into the industry and increasing tourist arrivals have fared well. We achieved our targets increased number of citizens, foreign and joint venture partnerships. While the growth rate in tourist arrivals has been lower than in the past due to the recession, we did not experience a decline in tourist numbers as was the case in most other countries. In fact, estimates indicate that growth has picked up in 2010.

The grading of tourism accommodation facilities has continued to yield satisfactory results with a growing number of 'ungraded' facilities graduating to a minimum of a 'one star' rating. In line with the new Act to develop standards for other tourism facilities and activities, the

organisation has completed draft Mobile Safari and Camping Ground Standards. Another significant development has been the implementation of ecotourism standards and certification which are the final components of the National Ecotourism Strategy developed in 2004. While eco-certification is not compulsory, it has been enthusiastically embraced by the tourism industry which recognises the long-term benefits of maintaining environmentally and socially responsible business practices have increasingly and rightfully become a fundamental component of the visitor experience.

My Board recognizes the importance of our human capital. We have reviewed our job structure and remuneration policy to 'clean pay'. Ongoing monitoring of our performance management system continues to ensure staff retention and build the necessary capacity to drive the mandate of the organization.

Challenges have been experienced in securing land for tourism primarily with

the implementation process agreed with land authorities. While the pace has been slow, we remain resolute in our endeavor to facilitate land acquisition for potential investors. We continue to work hard at streamlining and smoothing processes so as to develop an increasingly investor friendly tourism environment.

As we complete another successful year, the Board remains unwavering in our commitment to providing strategic guidance, support and oversight to Management of BTO in growing Botswana's tourism sustainably in line with the Botswana Tourism Policy.



Victor Senye  
Chairman



# CHIEF EXECUTIVE OFFICER'S STATEMENT

Key drivers of the organisation's five year strategy have been geographic and product diversification. Botswana's tourism is renowned for its wildlife and wilderness, with these attractions and activities primarily centered around the north (Chobe) and the north-west (Okavango). While this remains the country's tourism comparative advantage, there are huge opportunities for the rest of the country and development of other tourism products beyond our traditional wildlife and wilderness focus.

Our product diversification portfolio includes development of tourism around heritage sites; culture' events such as sports, entertainment and recreation; diamond circuits; as well as international meetings, incentives and conventions. Developments are at varying stages with heritage, culture and sports taking the lead. During the year under review, work continued on the seven (7) tourism projects undertaken with Community Based Organisations in line with the Community Based Natural Resource Management Policy. These are all at varying stages in terms of funding, mobilizing and development. These are: Goo-Moremi Gorge; Lepokole Hills Tsabong Camel Park; Nata Bird Sanctuary; Seboba Cultural Village and Recreational Park; Qcwihaba Caves; and Tsodilo Hills.

At the same time, our research and development unit undertook some important marketing and development

research and analysis. We researched the emerging BRICS markets (Brazil, Russia, India, China and South Africa) (South Africa has still to be completed), and shared our findings with the industry through countrywide workshops. While some of these markets present challenges in terms of meeting customer demands and expectations, all are viable and we have the full support of the industry to pursue these markets further. While funding could constrain our marketing activities in these countries, we have translated all our major publications into the seven languages most appropriate for these new markets.

Further research was undertaken into the viability of agro-tourism, health and mining tourism in Botswana. Of these, both agro-tourism and mining tourism stood out as viable options.

Our marketing efforts included attendance with industry operators at renowned travel and tourism fairs and exhibitions; inbound familiarization tours by international travel journalists and tour operators; international special events; as well as increased use of the Internet using websites and on-line travel trade training programmes. The success of these efforts can be gauged against metrics such as tourist arrivals numbers where there are indications of an upward move from the stagnant 2009 figures. Campaigns targeted at the domestic market have been very successful with the Department of Tourism

recording 1.2 million domestic overnight trips taken in Botswana in 2010.

We recognize the importance not only of effective marketing and increasing investment into the industry, but also to meet the standard and quality expectations of our visitors while remaining internationally competitive. Targeted workshops aimed at attaining minimum standards will continue to be held with industry operators so as to continue driving the reduction in the number of 'ungraded' facilities. To date a sizeable number of facilities have participated in the ecotourism system with 15 applying to be certified. This is a very welcome development as 'green' management is not only a current global trend but key to sustainable tourism.

As we close the year, every member of our organization – management and staff – stands ready to take the Botswana tourism industry forward.



**Myra T. Sekgororoane**  
Chief Executive Officer



# BOARD MEMBERS





1 Mr. Victor Senye  
Chairman

4 Mr. Edmont B. Moabi  
Board Member

7 Ms. Tiny Kgatlwane  
Vice Chairman

10 Mr. Gaylard Kombani  
Board Member

2 Mr. Godfrey M. Kupe  
Board Member

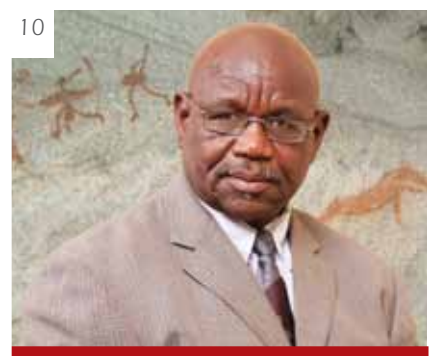
5 Ms. Myra Sekgororoane  
Chief Executive Officer

8 Mr. Laurence Khupe  
Board Member

3 Mr. Thabo Thamane  
Board Member

6 Mrs. Sakhile Reiling  
Board Member

9 Dr. Susan Keitumetse  
Board Member



# Management





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1 Ms. Myra Sekgororoane  
Chief Executive Officer

2 Mrs. Masego Makgoro  
Human Resources &  
Administration Manager

3 Mr. Mernard Mothetho  
Finance Manager

4 Ms. Malebogo Morakaladi  
Business Development Manager

5 Mr. Thabo B. Dithebe  
Projects Administration Manager

6 Mrs. Obenne Mbaakanyi  
Marketing Manager

7 Mr. Stephen Ramalepa  
Quality Assurance Manager  
(Resigned 30th September 2012)

8 Mr. Dobie Rankala  
Internal Auditor

9 Mr. Zibanani Hubona  
Corporate Legal Counsel

# CORPORATE REVIEW

## ORGANISATION

Botswana Tourism Organization, formerly known as Botswana Tourism Board, was established as a body corporate to:

1. Plan, develop and implement tourism marketing and promotion strategies for Botswana;
2. Determine and advise Government on policies as well as implement such policies;
3. Establish and expand local and international travel trade networks;
4. Manage and coordinate Botswana tourism promotional and publicity programmes;
5. Provide market research information and market intelligence;
6. Grading and classification of tourist accommodation facilities;
7. Promote and improve industry standards;
8. Conduct tourism awareness campaigns in and outside the country;
9. Develop and improve existing tourism opportunities and diversify the sector into other forms of tourism; and
10. Market and promote the establishment of joint tourism business ventures between citizens and foreign investors.

## THE BOARD OF DIRECTORS

The Board is a governing body appointed by the Honourable Minister for Environment Wildlife and Tourism, responsible for providing guidance/direction and support at policy and strategic levels as necessary for management to discharge its duties as stipulated in the Botswana Tourism Board Act.

The Board consists of 9 members drawn from the public and private sector.

### Term of Office

In terms of Section 7 (1) of the Botswana Tourism Organization Act, a member other than the Chairman shall hold office for a period not exceeding three years and shall be eligible for re-appointment for a further term of three years, while the Chairman of the Board shall hold office for a period not exceeding five years, eligible for re-appointment at the end thereof.

### Board Sub-Committees

Section 13(1) of the Botswana Tourism Board Act provides for an appointment of committees as the Board may find necessary for the purposes of performing its functions.

Members of these committees are drawn from the Board and may include any other person not being a member of the Board with specialised skills, and members shall hold office for a term to be determined by the Board.

During the period under review there were three Board Sub-Committees being:

### The Finance and Audit Committee

The committee's responsibility is to provide guidance in financial, accounting and audit issues to ensure that effective standard control policies and measures are in place.

### Human Capital Sub Committee formerly: The Remuneration Committee

The committee is responsible for providing guidance to the organisation on matters concerning employee conditions of service and remuneration.

### The Board's Remuneration Sub Committee

has been renamed to encapsulate the widened scope as approved by the main board. The main functions of the committee remain unchanged.

### Investment Committee

The purpose of the Investment Committee is to provide an investment guidance forum to the Botswana Tourism Board in terms of the organisation itself as well as on its function of facilitating tourism investment in the country. The Committee reviews on an ongoing basis, the appropriateness of the Investment Plan in light of economic and business conditions affecting the organisation, and makes any recommendations for Board approval as may be appropriate. In doing so, the Committee monitors the adherence to and the performance of the investment strategies as well as ensuring that investment returns (both income and capital appreciation) fall within acceptable limits thereby encompassing institutional viability.



### External Tender Committee

The purpose of the Board's External Tender Committee is to carry out tender adjudication and award pertaining to procurement of goods and services whose value shall be determined in the organisation's Tender Regulations as reviewed from time to time

### Quality Assurance Committee

The committee reviews and ratifies grading and eco-certification assessments of tourist facilities carried out by operational and certified grading officers at BTO.

### New Botswana Tourism Organisation Act

Botswana Tourism Board Act of 2003 has been replaced by Botswana Tourism Organisation Act no.14 of 2009 which commenced operation on 30th April 2010. Effectively, this changed the organisation's name from Botswana Tourism Board (BTB) to now being called Botswana Tourism Organisation (BTO). The Board took over some functions that were originally under the Tourism Act.

Amongst some of these was the grading of accommodation facilities.

Since the existence of this institution, being the Botswana Tourism Board, many changes within the industry have occurred.

It has also been realized that this Act in its current format did not differentiate the organization from the governing body.

The new Botswana Tourism Organisation Act 2009, therefore, provides for an establishment and functions of Botswana Tourism Organisation or to be referred to as 'Botswana Tourism' as a body corporate capable of suing and being sued in its own name and performing all such things as bodies corporate may do or perform. The Act further provides for the establishment of the Board of Directors for Botswana Tourism as a governing body of Botswana Tourism with powers and functions different from that of Botswana Tourism amongst which are to advise the Minister to change, review or formulate tourism related policies and strategies where necessary.

The review of the Act was also necessitated by the need to:

- Reduce the size and re - constitute the Board membership
- To enable the Botswana Tourism Organization to invest in certain very necessary projects/ services
- To make provision for grading fees

### Marketing

Botswana Tourism Organisation (BTO) through the Marketing Department has achieved a milestone of international recognition through strategic collaboration to put the sector in the global map of travel in ensuring that we still become a premier destination of choice as a way to stimulate demand for the Botswana Tourism product. On the domestic front, we have seen increased awareness and demand for local events, which have become an exciting platform to increase demand for local travel thus pioneering tourism infrastructural development in various areas of Botswana.



# Domestic & Regional Tourism

## Domestic Campaigns

Botswana Tourism continues to promote and increase tourism awareness through various platforms such as TV adverts, outdoor media and using various media campaigns to reach out to the domestic market. The rationale of these campaigns is to be forever present in the minds of the local traveler and to remind them of some of the beautiful local destinations waiting for the traveller to explore with confidence and full knowledge of the destination.

## SPORTS TOURISM

### Toyota Kalahari Botswana 1000km Desert Race

#### June

This year, to mark the 30th Anniversary of the Toyota Kalahari 1000 Desert Race in Botswana, a parade took place in Gaborone to celebrate the achievements of a successful race that has grown from strength to strength in Botswana. In addition, there were fun rides at the designated Starting Point (DSP) in Kumakwane to extend the thrill of the race to the general public. A major change this year is the extension of the race days from 2 days to 4 days. Quads and bikes raced on Thursday and Friday, Cars on Saturday and Sunday. The race has grown substantially and continues to attract a huge number of spectators throughout the country and region.

### Subaru Kalahari Challenge

#### July

Subaru Challenge is an annual bicycle challenge starting and finishing at Gaborone Yatch Club. The event attracted a total of 262 participants this year, with an increasing interest from local riders of about 90 Botswana riders. In addition, a growing interest from regional riders as 14 riders from Namibia, 150 South African riders, 1 rider from Swaziland, 2 from Zimbabwe and 2

riders from Central Africa, Kenya and a new entrant from United Kingdom participated at the race. It is through such events that the beauty of Botswana is exposed through adventure sporting activity.

### Tour de Tuli Bicycle Challenge

#### July

This annual event takes place in the Tuli region with the Limpopo Valley Airfield serving as the start-off point. This year featured over 500 cyclists from all over the world. The Tour de Tuli is an event that seeks to raise funds for Children in the Wilderness, a charity programme run by Wilderness Safaris. The programme's objective is to empower and teach children from communities that live in and around their operations on the importance of conservation. Botswana Tourism Organisation (BTO) has been participating at this event for the last 4 years with a view to create awareness for the Tuli region which is the lesser known of the tourism regions in Botswana. In addition, this event presents Botswana as a truly adventure destination, which appeals to adventure seekers in the world of travel. Every year, BTO invites local media with a view of creating more local awareness for the area and Tour de Tuli event.

### Victoria Falls Marathon

#### August

Held in Zimbabwe, the Victoria Falls International Marathon is registered with the Association of International Marathon and Distance Races (AIMS) and is developed in conjunction with the National Athletics Association of Zimbabwe (NAAZ).

Dubbed the most thrilling marathon on the African continent, the Marathon has gained popularity and recognition worldwide due to its characteristic combination of athletics with tourism, entertainment, and charitable activities. BTO set up a stall during the event

with the objective of marketing the Chobe National Park as a tourism destination as its proximity to Victoria Falls allows for ease in co-packaging of both destinations.

## CULTURAL TOURISM

BTO partnered with various Community Based Organisations and Trusts to develop and host various cultural events. The cultural events concerned during the year under review are as follows;

### Hills of Music

#### April

As part of the diversification strategies, BTO partnered with the organisers of the Hills of Music with a view of introducing the event and developing and growing it into an annual International Music, Art, Food and Dress Festival.

The festival's primary purpose was to celebrate the different cultural diversity available in Botswana, featuring national, regional and international nationalities found in Botswana.

### Domboshaba Cultural Festival

#### September

This annual cultural event is held near Domboshaba Ruins, a unique stone masonry architectural signature of the Banyayi-Bakalanga empire and civilisation which stretches from Khami Ruins near Bulawayo in Zimbabwe. Botswana Tourism sponsored the publicity and promotion of this event as it has a strategic input in the diversifications efforts through events and destination awareness of the total offering of Botswana. This event is hosted in partnership with the local trust, Domboshaba Cultural Trust (DCT). The event has not only grown in terms of attracting an audience from Botswana and Zimbabwe, but also activities during the cultural event allows the audience to get more exposure to the Ikalanga culture.



### **Dithubaruba Cultural Festival August**

BTO partnered with the Community through the Kgosi Sechele Museum to celebrate Bakwena culture. This annual event took place in August in Molepolole-Ko Ntsweng Heritage Site to mark its 5th anniversary. Entertainment through various cultural groups but not limited to Bakwena traditional song and dance and traditional games kept the crowd entertained. It is events such as these that offers a platform to increase cultural events and enhance cultural experience.

### **Western Kgalagadi Cultural Association Festival (WKCA) November**

BTO partnered the virtue of a commitment to provide sponsorship with the community of WKCA through a common goal of cultural and geographical diversity. The organisation's contribution is through commitment to sponsorship for the annual WKCA Festival. The 2011 event was a success and the further enhanced the event's objective of increasing awareness on the cultures in Western Kgalagadi as well as encourage development of tourism products in the area.

### **Son of the Soil Cultural Festival February**

This annual event now in its 7th year, has become one of the must-attend experiential cultural enthusiasts and continues to grow from strength to strength. The event is organized by Bana –ba- mmala, and is intended to celebrate Botswana's diverse culture - food, music, attire and art. The event took place at Masimo Gateway in Rasesa Village, under the theme "Kapari ya Setso".

The participants at this event had the opportunity to participate in preparing traditional Setswana food, playing traditional games and partake in traditional song and dance.

# Local Tourism Events

## World Tourism Day September

United Nations World Tourism Organisation (UNWTO) "World Tourism Day" is celebrated worldwide on September 27. The purpose of the commemoration is in line with recognising and celebrating the importance of tourism and its social, cultural, political and economic value. The Botswana celebration were held in Kanye under the theme 'Tourism Linking Cultures' in recognition of tourism's role in linking together the cultures of the world through travel. BTO participated in the event and set up an exhibition at the stall with intent to promote the theme and disseminate information on the Botswana tourism product.

## Independence Celebration September

BTO's Maun office initiated and led a unique celebration of Botswana's 45th Independence Day at Maun airport. The objective of the event was to share the spirit of Independence and national pride with tourists and gives incoming visitors a taste of Botswana culture. Tourists flying into Maun airport were welcomed by traditional dance groups and adorned with water lilies, an authentic beautiful flower found in abundance in the waters of Ngamiland. In addition, the travelers had a chance to taste some local delicacies.

## Cavalleria Rusticana March

BTO hosted an opera night at the No.1 Ladies' Opera House for US Exploratory Mission delegates led by the Botswana Ambassador to the USA. The opera, Cavalleria Rusticana was composed by the romantic composer Pietro Mascagni which premiered in 1890. It was performed in Setswana for the first time ever at the No. 1 Ladies Opera House. The event was used to position, market and introduce the evolution of Botswana opera music to the Americans.

## The Last Lions Film Premier April

In line with its mandate to promote and encourage sustainable tourism practices in Botswana, BTO sponsored the marketing and promotion of the "Last Lions" film in the United States. In addition, BTO organized a premier screening at the Botswana Defence Force auditorium, which was attended by His Excellency the President of Botswana, Lieutenant General Seretse Khama Ian Khama. The film's objective is to raise awareness of the declining lion numbers in the world, especially in African countries that are so reliant on tourism wildlife products. The film is intended to educate policy makers to be aware of the dynamics of wildlife preservation and the need for policies that will ensure sustainable practices in the tourism sector and the survival of the lion species.

## Tourism Travel Exhibitions

### Local Fairs

### Global Expo Botswana November

Global Expo Botswana is a business-to-business exhibition aimed at offering exhibitors and visitors an opportunity to actively promote their business and to stimulate intra-regional business exchange. BTO participated at the event with the objective to interact with potential local and international investors in order to share information on business opportunities and facilitate investment in the tourism sector as well to market and promote Botswana as a tourist destination to the domestic, regional and international markets. Global Expo Botswana is an annual event hosted by the Botswana Export Development and Investment Authority (BEDA) in Gaborone.





## Holiday Campaigns

### Janala Holiday Supplement

Botswana Tourism Organisation (BTO) produces a holiday supplement every long holiday to entice the domestic and regional market to travel within Botswana. Attractive holiday packages by tourism businesses from all areas in the country are highlighted and promoted in the publication, exposing Botswana and residents to a wide selection of the country's tourist destinations and packages.

### Tourism Campaign November to January

BTO launched a national marketing campaign which was held between November 2011 and end- January 2012. Called "Explore your Botswana", the campaign was targeted at educating the domestic market and promoting domestic travel both for the upcoming festive season and in the future.

The campaign was featured on various media including Botswana Television (BTV). BTO also produced various adverts to market the four tourism regions in Botswana. Selected local radio stations carried live interviews on the varied tourism destinations and products in the country. Public interactive campaigns were held at the Game City and River Walk shopping malls in Gaborone.

The Campaign also included a weekly competition on RB2 intended to promote various tourism destinations in Botswana. RB2 listeners were given an opportunity each week to win a voucher for a weekend break to Gaborone, Tuli Block, Makgadikgadi Salt Pans, Kgalagadi and Kasane.

## Tourism Conferences

### Tourism 'Pitso'; The Minister's Tourism Annual Conference with the Private Sector June

This annual tourism forum is hosted by the Minister of Environment, Wildlife and Tourism to give the tourism industry and Government a platform to discuss strategic tourism related issues, policies and the direction of the sector in Botswana. BTO actively participates at this event with the objective to appraise itself with current issues in the tourism sector as well as to update the tourism sector on progress relating to achievements in its role as the facilitator of the tourism sector in Botswana.

### Hospitality and Tourism Association of Botswana (HATAB) Open and Closing Season Conferences

HATAB hosts annual conferences dubbed 'Open Season' in Kasane (April) and 'Close Season' Maun (November). The main objective of these events is to offer HATAB members a forum to discuss pertinent issues in the tourism industry. BTO provides sponsorship and participates at both events as a way of strengthening relations with the advocacy body and its members.

## Media Relations

The media continues to play a pivotal role in delivering and communicating BTO's mandate and keeping all important stakeholders abreast of all tourism developments.

# Local Tourism Events (continued)

## Discover Botswana – BTV Morning Show

BTO continues to sponsor 'Discover Botswana' segment during the BTV Morning Show. The program offers BTO a platform to communicate its mandate to the public, to promote as well as to increase awareness of various tourism products, developments and services available in the country. The show also provides an opportunity to market and promote local events. In addition, BTO is able support local communities by giving free promotional slots to various local tourism events and products.

## Botswana Television Weather Sponsorship

BTO also sponsors the weather reports on Botswana Television. This has been a successful platform that enables the organisation the opportunity to inform the domestic market about the diverse tourism products and events taking place in the country. This platform has also contributed positively to the enhancement and growth of the BTO brand.

## 2012 AFCON Sponsorship and Campaign January - February

BTO used the 2012 AFCON tournament - to market and promote Botswana tourism as it was the most-watched soccer spectacle in Africa -BTO had a 30-second television commercial that was flighted within a minute before kick-off and a minute before resumption

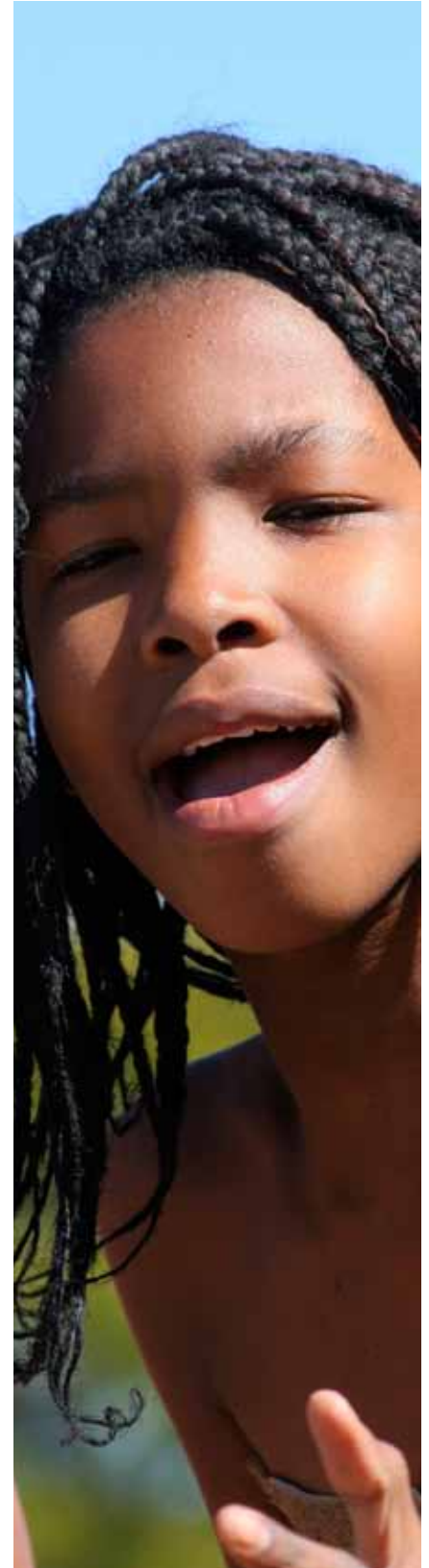
of the match during half-time. The advert was aired on various channels including Super Sport 3, BBC World News Europe, BBC World Service - Africa feeds, as well as a digital campaign on BBC digital platforms and Lonely Planet. The campaign increased tourism promotion and marketing locally, regionally and internationally.

## Tsabong Camel Park Media Tour

The media is an important stakeholder in advancing the BTO's mandate, thus we hosted a group of journalists on a tour of the Tsabong Camel Park to inform and educate them about the BTO's tourism diversification initiative and progress.

## Tour of the Chobe Enclave July

Local media was taken on a familiarization tour of the Chobe Enclave covering all the villages that are part of the Chobe Enclave Community Trust (CECT). The idea was to showcase, inform and educate the media on how effectively the Trust has utilized the revenue earned through their tourism operations and the positive economic impact this is having on uplifting lives the communities in the area. The media also attended the official opening of the Ngoma Lodge which is a partnership between the CECT and Ngoma Enterprises. His Excellency the President was the Guest of Honor at the Official Opening.



# Africa & Regional Travel Exhibitions



## **Zambia International Travel Expo March**

Zambia International Travel Expo (ZITE) is a travel and tourism fair that unlocks business potential for tourism trade operators within the Southern Africa Development Community (SADC) region. The fair offers a highly interactive platform where trade professionals meet, network and conduct business and share best practices. Botswana Tourism has participated at the ZITE fair for the past three years with the intention of growing the regional tourism markets for Botswana.

## **Indaba Travel Show May**

INDABA is one of the largest travel exhibitions in Africa and one of the top three must visit events of its kind on the tourism global calendar. It showcases the widest variety of Southern Africa's best tourism products and attracts international visitors and media from across the world.

The BTO Botswana stand featured forty four (44) of the local tourism operators, making INDABA the biggest travel exhibition for the Botswana tourism sector.

## **Namibia Travel Expo June**

The Namibia Travel Expo attracts participation and visitors from local, regional and international establishments. Six (6) Botswana operators participated at the BTO

stand, mainly to tap into the high number of Germans and other Europeans that visit Namibia every year.

## **Sanganai/Hlanganani Travel Fair October**

Held annually in Harare, Zimbabwe the Sanganai/Hlanganani-World Travel & Tourism Africa Fair showcases Africa's tourism products. The fair attracts international buyers and media from different markets. BTO participated at the fair for the first time in 2011 with a view to provide a platform to the Botswana tourism operators to tap into the regional tourism market and connect to the international market.

## **Pure Life Experiences, Morocco November**

Operating strictly on an invitation-only basis, PURE Life Experiences is the world's leading networking platform and market place for the Experiential Travel sector. Each year the carefully selected members of PURE meet behind closed doors in the city of Marrakech to conduct business at the highest-level, and to network and exchange the latest ideas and trends in the fast booming Experiential Travel market. BTO is still the only National Tourism Agency in the world allowed to exhibit at this exclusive travel exhibition. Seven Botswana companies exhibited at the PURE Life travel fair.

## **Victoria Falls Marathon August**

Held in Zimbabwe, the Victoria Falls International Marathon is registered with the Association of International Marathon and Distance Races (AIMS) and is developed in conjunction with the National Athletics Association of Zimbabwe (NAAZ).

Dubbed the most thrilling marathon on the African continent, the Marathon has gained popularity and recognition worldwide due to its characteristic combination of athletics with tourism, entertainment, and charitable activities. BTO set up a stall during the event with the objective of marketing the Chobe National Park as a tourism destination as its proximity to Victoria Falls allows for ease in co-packaging of both destinations.

## **Air Botswana Road Show June**

(BTO participated in the Air Botswana Road Show held in Johannesburg, Durban and Cape Town to promote Botswana as a tourism destination to the South African market. Thirteen (13) Botswana tourism operators took part in the roadshow with BTO sponsoring three (3) SMMEs tourism operators in order to help them to network, and promote and market their operations to the South African market.

# International Markets Representation



UNITED KINGDOM

## Destination Workshops

BTO UK participated in several workshops in various cities (Chester, York, Dublin, Belfast, London and Durham) as well as in the Republic of Ireland. The workshops were held in conjunction with South African Tour Operators Association (SATO), a professional travel and tourism association whose main objective is to promote Southern Africa as a tourism destination. Presentations about Botswana's tourism product offerings were made during the workshops and Agents were given information to help them to package and sell Botswana. Similar workshops were also held in Spanish cities such as Madrid and Barcelona.

## Travel Fairs

Travel exhibitions are very effective in destination marketing, promotion and positioning. The BTO UK office handles the logistical preparations of travel fairs such as the World Travel Market (WTM) held annually in London, one of the largest travel fairs in the travel world. Nineteen Botswana companies exhibited at the World Travel Market. BTO UK office also attended travel fairs in collaboration with the Botswana High Commission in the UK in Portugal & Spain.

The office also participated at other consumer travel fairs such as 'British Bird-Watching Fair'. Bird watching is a popular activity with the British travellers, and thus, it is an important platform to promote travel to Botswana during the green season, as well as to position Botswana as a birding destination.

## Familiarisation Tours

Familiarization tours are one of the most effective ways to promote and impart

product knowledge about a destination. The UK office has been successful in terms of planning and driving travel familiarization tours into Botswana for travel writers and UK Tour Operators.

## Quarterly Newsletter

For the past three years, the BTO UK office has produced an electronic quarterly newsletter. This is sent to more than 600 UK travel agents and operators. The content of the newsletter is aimed at encouraging travel to Botswana as well as to give up to date information about Botswana's tourism. In addition to keeping Botswana on the UK Tour Operator radar screen, the newsletter acts as a platform to market and promote Botswana holiday packages to the UK trade.

## Online Training program

Online travel training applications are a great way to deliver standardized destination material to large groups. BTO UK office customized the program content to suit the UK trade as a part of its trade education drive. This program includes product information about Botswana, and provides tour operators with the critical information they need when packaging Botswana holidays for their customers.

## UK Travel Agents Choice Awards

This year, during the World Travel Market (WTM) exhibition, BTO won an award for 'Best Long Haul and Up & Coming Destination of the year'. This is a tremendous achievement from the UK team and speaks to their excellent efforts in promoting Botswana to the UK travel trade as the travel agents themselves voted for BTO.



# GERMANY

## Tour Operator Partnership Scheme (TOPS)

Tour Operator Partnership (TOPS) is one of the most efficient methods in promoting travel packages to a destination, and in Europe, it is one of the most effective tools in destination marketing. The TOPS scheme is implemented in Germany, Austria, Switzerland, Italy and France. Interface International has been aggressive in increasing tour operator listings for the Botswana tourism sector. This has worked successfully in increasing Botswana holiday packaging and sales. Fifty two (52) new operators have been listed in the last three years; this is an increase of almost 23 % compared to the original number in 2009. This positive increase is a clear indication that demand for the Botswana tourism product remains high in Germany.

## Botswana Road Shows

Botswana Road shows have become very popular amongst local Botswana tourism companies, as it is one of the most effective ways to promote and build relationships with European tourism business especially in areas where BTO has no direct representation. Road shows target travel agents and tour operators in various European cities; and intense presentations and workshops are conducted to educate and create awareness of various Botswana operations and product packaging. The road shows normally takes place in various German, Austrian and Swiss cities. Nine companies participated in the road show that took place after ITB travel Exhibition.

## Awards

Interface International, on behalf of Botswana Tourism, received the coveted "Globus Award 2011" for the third best road show of a tourism board (out of 128 tourism boards) in Germany. This award was voted for by 1 500 travel agencies and was given out by "Touristik Aktuell", one of the most important German tourism trade magazines. In addition, Botswana Tourism through Interface International was rated ninth best German tourist board in

the category "Online Training". Botswana Tourism was also named fifth best overall by the German Tourism Board (behind Australia, Malta, Spain and Switzerland).

## Media Projects

BTO, through Interface International, enjoyed positive media coverage in Germany, Austria, France and Switzerland. Various travel and local media platforms were used to increase Botswana's media presence in these countries. A media audience of around 26, 614, 667 was reached through this coverage, the value of which was some €10 049 333.

## Trade/Consumer Travel Fairs

Travel Fairs give destinations a platform to market and promote the destination, as well as offering an opportunity to forge business partnership with tourism operations from various countries. Botswana Tourism is traditionally represented in all relevant trade and consumer fairs in Europe such as the International Tourism Bourse ITB (Germany), BIT (Italy), and Top Resa (France). Botswana tourism private businesses actively participate at travel exhibitions to promote and market their individual businesses to the various markets in the above-mentioned countries. Twenty-one local companies participated at ITB held in March.

## Trade Events

Eight trade events with a total participation of 534 travel agents were held to provide intensive training on the Botswana tourist destination. These events included seminars and workshops gave travel agents opportunities to learn about Botswana as a tourism destination as well as giving them the confidence to package and encourage travel to Botswana to their customers. In addition, the workshops give the various agents the opportunity to interact and ask questions about packaging Botswana holidays.

# International Markets/ Representation (CONTINUED)

## United States of America and Canada

### Brand Awareness

Partner Concepts, the Botswana Tourism Organisation representative in the USA and Canada, has aggressively carried out Botswana Tourism brand awareness campaigns that have successfully built confidence and loyalty with renowned US tour operators and travel trade. The agency capitalised on the growing trend towards social networking in the US as marketing and public relationst tools.

### Public Relations

Public Relations activities resulted in over 457 254 223 impressions with a media value of about US\$9 million. In addition, some good strategic partnerships were initiated and successfully implemented and BTO achieved great value in terms of return on investment on publicity on Birding Adventures Television (BATV) and Equitrekking television program that BTO supported. These programmes contributed towards the increase in media value for BTO.

### Trade and Consumer Travel Exhibitions

Through Partner Concepts, BTO was able to participate in some major US travel exhibitions such as United States Tour Operator Association (USTOA), Conde Nast Traveler Summit, Luxury Travel Expo and consumer events such as New York Travel Trade Show and Focus on Africa. It is during the travel fairs that interactions and relationships with the trade and consumers are developed and information on the Botswana Tourism industry is disseminated for education and awareness.

### Travel and Trade Education Workshops

Various destination-training workshops were carried out in a number of cities such as New York City, Chicago, San Francisco and Toronto (Canada). The objective of the workshops was to create an interactive platform with the tourism operators in these markets with a view to promote Botswana as a preferred destination to package, as well as to build relationships with the concerned tourism operators.



# JAPAN

## **Media Familiarisation Tour- February 2012**

Diamonds are a very important and popular commodity in the Asian market, especially Japan. BTO, Botswana Embassy in Japan and Forever Mark Diamond Company, partnered to host a high-end familiarisation tour with Leon Magazine. The objective of the familiarisation tour was to promote Botswana as a premier holiday destination; in addition to educating and positioning Botswana as a diamond mining destination. This marketing mix resonates very well when positioning Botswana to the Japanese market. The media familiarization tour included an in-depth educational tour of the Botswana diamond mining process. The familiarisation tour also included a visit to premier safari camps in the Okavango Delta.

## **Japan Association of Travel Agents (JATA) - September**

BTO accommodates Botswana tourism business operators under its stall during this annual fair. The fair gives participating companies an opportunity to market their products to the increasingly affluent Japanese market and help diversify Botswana's tourism international source markets. As a result of BTO's participation at this fair, Botswana has experienced an increase in the number of Japanese tourists for the past few years. BTO has been participating in the fair since 2006 and accommodated six (6) Botswana companies in the September 2011 event.



# Business Development

## Management Plans

During the reporting period, management plans were developed for various concession areas whose leases were expiring. These Management plans were a guide for the overall management of areas and proposed tourism developments that would ensure sustainable optimal land use. The Management plans have been developed for the following concessions;

- Concession area NG 27 (A & B) in Ngamiland
- Concession area NG 31 in Ngamiland
- Concession area NG 42 in Ngamiland
- Concession area CT 1, CT 2, CT 3 in the Central District

Once these management plans are complete, a tender process will commence for investors to manage and operate non-consumptive tourism activities in these areas

## Community Projects

BTO's five year strategy has identified seven community based projects that require assistance in the development and commercialization of areas which are endowed with natural resources and allocated to the communities for tourism purposes.

### The identified projects are:

#### Lepokole – Mapanda Community Trust

The Mapanda Community Trust is a community based organization that has been

granted the use of the Lepokole Hills heritage site which has attractive scenery with archaeological sites and rock paintings. The site has potential to become a popular tourist attraction and contribute to the diversification of tourism in the country both in terms of product and geographic location. In an effort to enhance the attractiveness of the area, the Trust applied for, and was granted a 1043 hectare plot adjacent to the heritage site for a non-consumptive eco-tourism project. After numerous delays resulting from trying to extend the lease project area for increased viability, a decision was taken to continue with the development of the current allocated lease area, while simultaneously proceeding with the extension request. This process commenced in February 2011. A company was awarded the tender for the construction required for the project in November 2011, and it is expected to be completed in the third quarter of 2012. The project includes elephant proof perimeter fencing, a gate house with offices and a curio shop, camp grounds with ablution facilities, walking trails and the introduction of some wildlife species into the area.

#### Gcwihaba Caves/ NG 4- Cgae Cgae Tlhabololo Trust

A management plan for the concession was developed and approved in May 2010 to guide the development of non-consumptive tourism activities in NG 4. This area has broad and varied land use which includes a settlement, livestock, pastoral farming, wildlife, mineral prospecting and heritage sites (stalactite and stalagmite caves).

A company was awarded the tender for the joint venture partnership with the Trust in March 2011 for the development of facilities in NG 4, but withdrew from the tender in December 2011. BTO re-strategized in order to attract investors to the area by pledging to provide the infrastructural developments required in the area, and then finding a management company to operate the facilities on behalf of the Trust and BTO. This was necessitated by the experience encountered in the low response to three attempts to find investors through tender processes. The tender process for acquiring a management company will commence in the first quarter of 2012/13 financial year.

#### Moremi Gorge- Moremi Manonnye Conservation Trust

The construction works for this project which include a bridge across the Lotsane River; six self-catering chalets; camping facilities with ablutions; perimeter fencing of the site; and walkways in and around the gorge were completed during the 2011/12 financial year. The campsite and chalets have been licensed and are operational with trained housekeepers on site. BTO will be facilitating a tender process in the first quarter of 2012/13 financial year for acquiring a management company that will assist the trust and BTO in the management and operation of the tourism project.

#### Tsabong Camel Eco-Tourism Pilot Project-Tsamama Conservation Trust

The Kenya Camel Association consultancy



for the assistance in the development of the Tsabong camel eco-tourism pilot project commenced January 2011. Their consulting team includes a Coordinator, a Veterinarian, a Camel Park Supervisor and Camel trainers. This first phase of the consultancy included the re-training of the Camels at the park, training of local camel handlers, assessment of the camel herd in order to establish the animal husbandry issues, the veterinary requirements as well as identification of preliminary camel safari routes. This phase also includes the investigation of utilization of camel bi-products such as camel milk. The second phase of the project will commence in March 2012. This phase will concentrate

on training of personnel to take over as Camel Park Supervisors, as well as training of Veterinary Assistance and Park employees on Camel husbandry issues. Funding for the infrastructural developments for this project including accommodation in the form of meru tents, campsites and ablution facilities, water reticulation, rehabilitation of the existing burrow pit on site, staff accommodation, development of walking trails and bird hides, as well as paddocking of the park, was approved for the 2011/12 financial year. Construction companies will be called on to tender for the project during the 2012/13 financial year.

### **Seboba Cultural Village and Recreational Park, Kasane – Seboba Conservation Trust**

The tender for the development of Seboba Cultural Village and Recreational Park, including a gatehouse, offices, curio shop and reception area, cultural village, performance arena and fencing of the entire plot, was awarded in May 2011. Funding for the remaining developments - Commissioner's kop (name of a hill) platform, walk ways, picnic areas, and bird hides was approved for the 2012/13 financial year. Construction works for the entire project is scheduled for completion in November 2012.



# Market Research

## Brazil, Russia, India and China (BRIC)

BTO undertook market research on the emerging BRIC (Brazil, Russia, India and China) markets. The acronym has since been modified to BRICS in recognition of the formal inclusion of South Africa to the economic grouping. The emerging markets symbolize a shift in the balance of global economic power away from the developed economies of Europe and the USA. The new markets offer sustained growth opportunities and this was evidenced by their remarkable resilience during the global economic downturn.

The research found that in terms of disposable incomes and other macroeconomic indicators, the BRIC markets are quite lucrative especially for the tourism product that Botswana offers. The findings explain the present worldwide interest by other competing tourist destinations to tap into these emerging markets. BTO intends to enter these markets as part of its strategy to develop new markets to further grow the revenue generation capacity of Botswana's tourism.

The research findings were disseminated to the tourism industry through countrywide consultative workshops with the objective of eliciting recommendations to inform strategy going forward. The workshops were held at Francistown, Selibe Phikwe, Maun, Kasane, Gaborone, Ghanzi, and Kang.

The industry embraced the initiative taken

by BTO to enter the BRIC markets. There was industry wide consensus that Botswana should tap into the new tourism market opportunities offered by the emerging BRIC economies. The priority order for market entry recommended by the workshops was China, Brazil, Russia, and India.

BTO is therefore formulating marketing strategies for effective entry and development of the BRIC markets. The strategies will pay due cognizance to the prioritization proffered by the industry players during the consultative workshops.

## Research Potential for Agro Tourism; Health Tourism; and Mining Tourism

Research was undertaken to explore the viability of agro-tourism, health tourism and mining tourism in the specific context of Botswana. This is part of an ongoing drive to diversify Botswana's tourist product.

Out of the three potential products, agro-tourism and mining tourism stood out distinctly as viable options for Botswana given the pervasiveness of agriculture and mining in Botswana.

The research showed that health tourism on the other hand is a complex and specialized market that requires considerable investment in health infrastructure as well as professionals.



# Quality Assurance

The objective of Quality Assurance Department is to facilitate BTO's role of promoting tourism businesses that adhere to and use leading environmental management practices and quality standards across all tourism industry sectors.

## Grading and Classification

### Quality Assurance Committee (QAC)

The current membership of the Quality Assurance Committee which is responsible for ratifying graded and eco-certified facilities is:

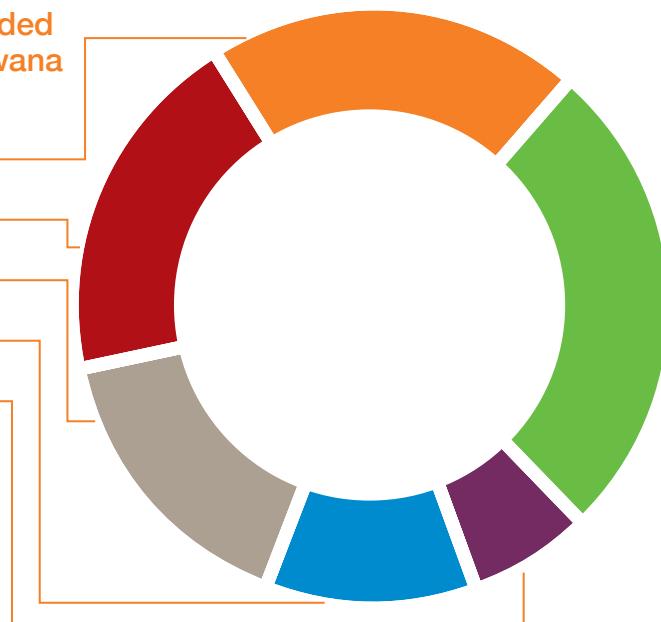
Dr Susan Keitumetse (Chairperson of the Committee and also a member of the Botswana Tourism Board); Mr Godfrey Kupe (Member of the Botswana Tourism Board); Ms Morongoe Ntloedibe-Disele (Committee member); Mr Obonye C. Lopang (Manager, Engineering Standards, Botswana Bureau of Standards); Mr Ted Soutter (Hospitality and Tourism Association of Botswana); Mr Lawrence Peloewetse (Senior Lecturer, Gaborone Technical College); and Ms Myra T. Sekgororoane (Chief Executive Officer, Botswana Tourism Organisation).

### Quality Assurance Committee Meetings

During the year under review the committee met five times to consider 123 grading applications and 13 applications for eco-certification. The following table reflects the status of the graded facilities as at 31<sup>st</sup> March 2012.

**Table 1. Total Graded Facilities in Botswana**

1 Star	72
<b>2 Star</b>	<b>69</b>
3 Star	55
<b>4 Star</b>	<b>40</b>
5 Star	24
<b>Grade Pending</b>	<b>94</b>
No Award	46
<b>Total</b>	<b>400</b>



As can be seen from the table, the number of accommodation facilities has increased from 345 in the previous year to 400, an increase of 14 %. The increase was mainly due to the licensing of new accommodation facilities which resulted in an increase in the number of "grade pending" establishments from 62 in the previous year to 94. The overall grading results reveal an increase in the number of facilities that acquired one star status from 58 in the previous year to 72 in 2012. A marked improvement is also apparent in the two) and four star categories with an increase of eight facilities each.

Poor service delivery remains a major challenge in all accommodation subcategories, with the exception of game lodges and camps. This is evidenced by the high number of game lodges and camps facilities (22) within the five star category.

## Customer Feedback Programme

In order to ensure adherence to standards and the grade awarded to any facility, periodic checks and monitoring measures are undertaken. A customer feedback programme in the form of guest questionnaires continues to be used in all graded facilities as well as at entry and exit points to get feedback from the users. The feedback questionnaires can also be accessed online at ([www.botswanaturism.co.bw](http://www.botswanaturism.co.bw)).

## Grading Promotional Material

The following grading promotional materials were produced during the year under review:

## Website

The BTO website which includes information on grading and detailed information about the graded accommodation facilities in Botswana continues to be updated as and when new information is submitted by graded facilities.

# Quality Assurance

## (Continued)

### Accommodation Directory 2012/13

BTO has produced the third edition of the accommodation directory for all graded establishments.

### Development of Grading Standards for Other Types of Tourist Enterprises

The Board approved draft Mobile Safari and Camping Grounds Standards during the year under review. The draft standards have since been forwarded to Botswana Bureau of Standards for finalisation into a National Standard.

### Amendment of Grading Standards for Accommodation Facilities

BTO continues to take part in the review of grading standards for accommodation facilities in order to align them with changes in the industry.

### Tourism Industry Workshops 'Ungraded' Facilities Workshops

The Quality Assurance Department in conjunction with the Botswana Training Authority, Department of Tourism and the Local Enterprise Authority conducted a series of workshops for 'Ungraded' accommodation tourist facilities across the country. The purpose of these workshops was to make 'Ungraded' facility operators understand compliance and adherence to standards and to help them to attain at least a one star rating.

The main concerns noted during the workshops were:

- Lack of understanding between quality and quantity of facilities by operators. It was established that most operators were under the impression that providing additional facilities would increase their chances of getting a better grade.
- Lack of understanding about the importance of service delivery as an integral component of grading.

### Eco-Certification

During the year under review a total of 13 facilities applied for certification. Of these, three attained Ecotourism which is the highest award, while ten 10 have their awards pending awaiting ratification by the QAC. Overall, since the inception of the system in 2009, a total of 35 facilities have participated in the system. Table 2 reflects the overall status of the facilities that have applied for certification to date.

**Table 2: Total Eco-Certified Facilities**

AWARD	NUMBER
Ecotourism	6
<b>Green +</b>	<b>3</b>
Green	1
<b>Award Pending</b>	<b>10</b>
No Award	15
<b>Total</b>	<b>35</b>

### Membership to International Sustainable Tourism Organisations

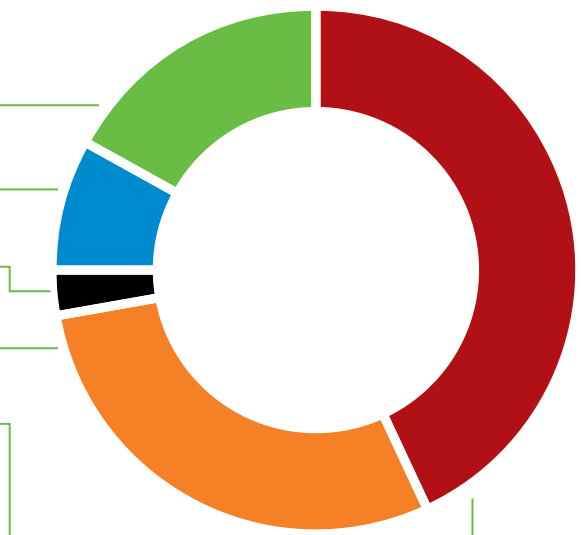
In an effort to keep abreast with international standards and to ensure the alignment of Botswana Eco-certification System with these; as well as to further promote Botswana Eco-certified facilities, BTO is a member of the following regional and international organizations:

- **The International Ecotourism Society (TIES)**

TIES is the oldest and largest association dedicated to promoting ecotourism and sustainable tourism development throughout the world.

- **Global Sustainable Tourism Council (GSTC)**

GSTC is a global initiative dedicated to promoting sustainable tourism practices around the world.





**Regional Sustainable Tourism Accreditation Scheme**

The Sustainable Tourism Network Southern Africa (STNSA), which represents sustainable tourism certification schemes in the Southern African Development Community (SADC) region. The regional members work with RETOSA (Regional Tourism Organisation for Southern Africa) to harmonize regional Certification and Grading Standards to enhance a regional brand.

**International Waste Management Congress – IWMSA Conference**

The Quality Assurance manager attended and presented a paper on ecotourism at the Tenth International Waste Management Congress for the Botswana Chapter of the Institute of Waste Management of Southern Africa in Maun, during the year under review. The Congress brought together leading players from across the region.

**Regional Tourism Organization of Southern Africa (RETOSA) workshop**

The Department participated in a series of workshops organized by the Regional Tourism Organization for Southern Africa (RETOSA) in collaboration with the Commonwealth Secretariat on harmonization of grading standards and grading systems in Southern Africa.

**Environment Impact Statements (EIS)**

Botswana Tourism implements EIS for its projects and activities and also receives requests for input in EIS from stakeholders through the Department of Environmental Affairs (DEA) for the Organisation's input from time to time. To date nine (9) EIS have been analyzed and comments/inputs advised accordingly.

- EIS for 2011 Toyota 1000 Kalahari Botswana Desert Race. Environmental

Management Plan (EMP) developed and approved by DEA

- EIS for developing the Gaborone Game Reserve Management Plan
- EIS for Mombo Pool Camp in Moremi Game Reserve (Chiefs Island)
- EIS for Savuti Camp in the Controlled Hunting Area (CHA) in NG 15
- EIS for Duma Tau Camp in the Controlled Hunting Area (CHA) in NG 15
- EIS for Kings Pool Camp in the Controlled Hunting Area (CHA) in NG 15
- EIS Trans Kalahari Railway Phase 2 Mosetse-Kazungula Route Railway
- EIS for Development of Guidelines for Liquid Waste Management in the Ngamiland District (Okavango Delta Ramsar Site - ODRS)



# Human Resources & Staff Development

## ORGANISATIONAL STRUCTURE AND HUMAN CAPITAL RESOURCING

The BTO staff complement, in line with the approved organizational structure, has been stable since the last reporting period. The organization was operating at around 93% manpower strength as at March 2012 with ninety six (96) positions filled compared to the approved complement of one hundred and three (103).

### Staff Retention

Staff retention for the reporting period was at 92%, an increase of 4% compared to the previous period's figure of 88%.

## STAFF DEVELOPMENT

The following training took place, to keep abreast with contemporary thinking and trends around the globe:

### Quality Assurance Training

Fourteen grading assessors - ten from the Quality Assurance Department, three Eco-tourism Officers and one Marketing Officer - attended a Grading Training Programme in Cape Town, South Africa in April 2011. The training was conducted by Hospitality Grading Consultancy in collaboration with New Vision of Training Consultants accredited to The Tourism, Hospitality, Sport Education & Training Authority (THETA) of South Africa. The main objective was to equip participants with knowledge of the grading process, exposure to the grading requirements, criteria, and other changing trends in the accommodation sector. The training programme covered both theory and practical work with an emphasis on interior design, product knowledge, conducting a grading assessment and how to apply product knowledge on assessment reports as well as planning and giving

feedback to operators.

The training content was further enhanced through guest presentations by specialists with different professional backgrounds as regards the hospitality sector. They provided insight on different issues such as eco-tourism / sustainable tourism, universal access, grading of spas and photography. A training course manual was compiled during the training covering all areas discussed including the grading assessor's code of conduct.

All officers were subjected to assessments by course facilitators including written assessments, presentations and tests.

**The following recommendations were made to enhance the grading system in Botswana:**

- a. Consider increase in participation into eco-certification by the industry through pairing Grading and Environment / Ecotourism Officers during Grading and combine it with eco-certification; or if facilities are not yet ready, carry out preliminary checks and sensitise facilities about eco-certification.
- b. Review wording and layout of the current grading standards. For example there is contradiction in requirements for the provision of mosquito nets and insect repellants as provided for under housekeeping and insect prevention in BOS 50-3:2009 for Game Lodges & Camps.
- c. Develop a training manual / operations manual for grading assessors and eco-tourism officers.
- d. Consider how to recognize and encourage Universal Access to tourism





facilities. Universal access encourages provision of facilities that allow easy accessibility for disabled members of the society in using buildings and facilities. e.g. provision of a ramp for wheelchairs, braille (in elevators) for the visually impaired, and provide hearing aids for those impaired in hearing.

### **Information Technology Training**

To ensure the organisation's information technology maintains relevance and is supportive of employee performance and outputs, all IT staff attended the following courses:

#### **Configuring and Administering Microsoft Sharepoint 2010 – March 2012**

Taught staff how to install, configure, and administer Microsoft's collaboration system as well as how to manage and monitor the system.

#### **Installing and Configuring Windows7 Client – Feb 2012**

Taught installation, upgrading and migration to Windows 7 desktop operating system.

#### **Configuring, Managing and Troubleshooting Microsoft Exchange Server 2010 – March 2012**

Taught IT personnel how to optimise the organisation's email deployment.

#### **Troubleshooting and Supporting Windows 7 in the Enterprise – March 2012**

Enabled IT staff to support the Windows 7 operating system and solve technical troubleshooting problems in a Windows 7 networked desktop computer environment.

### **Information Officers Product Training**

In pursuance of maintaining a 'Culture of Excellence', Information Officers are constantly exposed to Botswana's various tourism products through familiarization tours. In March, the Information officers were sent on a familiarisation trip to the Tuli area while in August, a trip to the Makgadikgadi was undertaken with a view to increase their product knowledge and confidence in promoting and marketing these areas to tourists.

### **Project Administration Training**

Tourism Development Officers attended a Project Management Course in March 2012 in order to equip them with the tools necessary for project implementation and monitoring.

### **Finance and Human Resources Training**

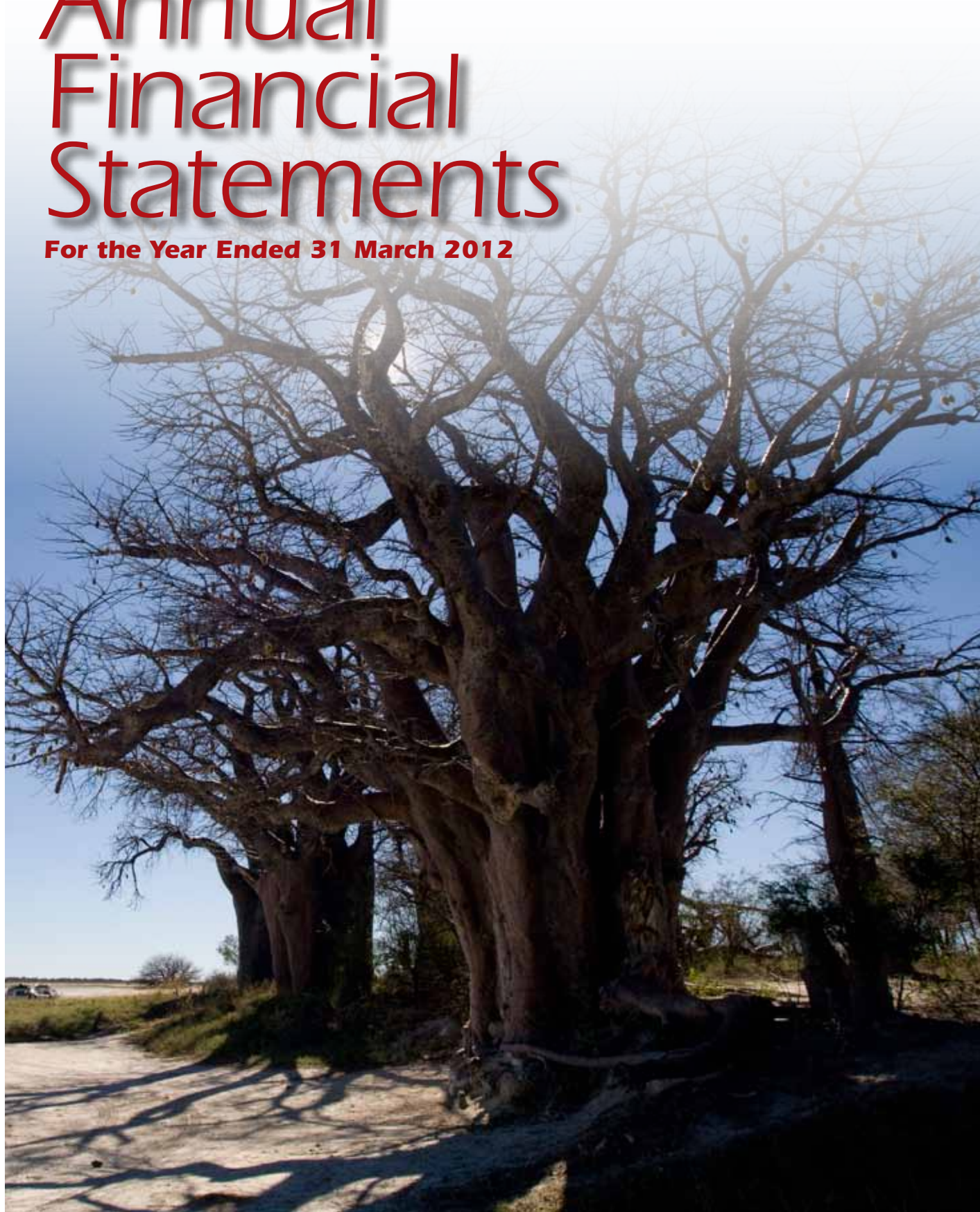
Relevant staff attended Report Writer Training at Softline VIP in August 2012. The training, which was in line with VIP training requirements due to upgrades on the software, equipped these officers to produce payroll reports.

### **Performance Management System**

The organization carried out its first performance appraisals and effected performance based salary increases during this reporting period. The general organizational performance was rated as 'meeting performance expectations' with 76% of all appraised staff scoring 3 and above, according to the organisation's performance management scoring system.

# Annual Financial Statements

**For the Year Ended 31 March 2012**



# General Information

For the year ended 31 March 2012

## DIRECTORS

V Senye (Chairman)  
T Kgatlwane (Vice Chairman)  
E B Moabi  
Dr S Keitumetse  
L Khupe  
G Kombani  
G Kupe  
T Thamane  
S Reiling

## CHIEF EXECUTIVE OFFICER

M.T. Sekgororoane

## NATURE OF BUSINESS

The Botswana Tourism Organisation (BTO) (Formerly, The Botswana Tourism Board (BTB), is a parastatal body set up through an act of Parliament with the mandate to: Market the Botswana tourist product, grade and classify tourist accommodation facilities as well as to promote investment in the tourist sector

## HEAD OFFICE

Plot 50676  
Fairgrounds Office Park  
Gaborone

## BANKER

First National Bank of Botswana Limited  
Barclays Bank Plc (United Kingdom)

## AUDITOR

Deloitte & Touche

# Director's Responsibility and approval of the Financial Statements

For the year ended 31 March 2012

## DIRECTORS RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual financial statements of Botswana Tourism Organisation ("the Organisation"), comprising the statement of financial position as at 31 March 2011, and the statement of comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Botswana Tourism Organisation Act, 2009.

The directors are required by the Botswana Tourism Organisation Act, 2009, to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Organisation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements and their report is presented on page 47.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

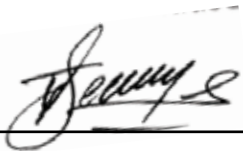
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities 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 Organisation and all employees are required to maintain the highest ethical standards in ensuring the Organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Organisation is on identifying, assessing, managing and monitoring all known forms of risk across the Organisation. While operating risk cannot be fully eliminated, the Organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have made an assessment of the Organisation's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

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

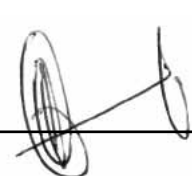
## Directors' approval of the annual financial statements

The annual financial statements set out on pages 5 to 23, which have been prepared on the going concern basis, were approved by the board of directors on 1 August 2012 and are signed on its behalf by:



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Director



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Director

# Independent Auditor's Report

For the year ended 31 March 2012

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## TO THE MEMBERS OF BOTSWANA TOURISM ORGANISATION PURSUANT TO SECTION 22 (3) OF THE BOTSWANA TOURISM ORGANISATION ACT, 2009

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### Report on the Financial Statements

We have audited the accompanying financial statements of Botswana Tourism Organisation, set out on pages 5 to 23, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Tourism Organisation Act, 2009, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 about whether the financial statements are free from material misstatement.

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 judgment, 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.

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 annual financial statements present fairly, in all material respects, the financial position of Botswana Tourism Organisation as at 31 March 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

Pursuance to section 22(3) of the Botswana Tourism Organisation Act, 2009, we report on the following:

We have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;

The accounts and related records of the Organisation have been properly kept;

The Organisation has complied with all the financial provisions of the Act with which it is the duty of the Organisation to comply with; and

The financial statements prepared by the Organisation were prepared on a basis consistent with that of the preceding year and represents a true and fair view of the transactions and financial affairs of the Organisation.



Deloitte & Touche  
Certified Auditors

Practicing Member: C Ramatlapeng (20020075.15)

Gaborone

1 August 2012

# Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 P	2011 P
<b>INCOME</b>			
Government grants	1	76,681,651	75,421,516
Grading fees		205,000	179,000
Interest receivable on call deposits		2,115,171	2,533,265
Other income	2	426,292	354,640
<b>Total income</b>		<b>79,428,114</b>	<b>78,488,421</b>
<b>EXPENDITURE</b>			
Employment costs	3	24,134,467	19,979,196
Exhibitions costs	4	5,230,636	5,838,127
Promotions	5	3,771,418	3,707,688
Overseas representation costs	6	13,900,767	16,635,081
Other expenses	7	31,324,882	33,149,061
Excess expenditure on project grants	8	2,512,554	4,776,287
<b>Total expenditure</b>		<b>80,874,724</b>	<b>84,085,440</b>
Deficit for the year		(1,446,610)	(5,597,019)
Other comprehensive income		-	-
<b>Total comprehensive deficit for the year</b>		<b>(1,446,610)</b>	<b>(5,597,019)</b>

# Statement of financial position

For the year ended 31 March 2012

Notes		2012 P	2011 P	
<b>ASSETS</b>				
<b>Non-current assets</b>				
	Property, plant and equipment	9	11,449,107	13,011,448
<b>Current assets</b>				
	Trade and other receivables	10	819,022	1,604,613
	Bank balances and cash	11	53,039,716	52,058,383
			<u>53,858,738</u>	<u>53,662,996</u>
	<b>Total assets</b>		<b><u>65,307,845</u></b>	<b><u>66,674,444</u></b>
<b>FUNDS AND LIABILITIES</b>				
<b>Funds</b>				
	Accumulated funds		<u>27,817,734</u>	<u>29,264,344</u>
<b>Non-current liabilities</b>				
	Capital grants	12	11,449,107	13,011,448
<b>Current liabilities</b>				
	Trade and other payables	13	14,186,527	10,922,043
	Bank overdraft	14	373,733	-
	Project grants	15	11,480,744	13,476,609
			<u>26,041,004</u>	<u>24,398,652</u>
	<b>Total funds and liabilities</b>		<b><u>65,307,845</u></b>	<b><u>66,674,444</u></b>

# Statement of changes in funds

For the year ended 31 March 2012

	Accumulated funds P	Total P
<b>Balance at 1 April 2010</b>	<b>34,861,363</b>	<b>34,861,363</b>
Total comprehensive deficit for the year	(5,597,019)	(5,597,019)
<b>Balance at 31 March 2011</b>	<b>29,264,344</b>	<b>29,264,344</b>
Total comprehensive deficit for the year	(1,446,610)	(1,446,610)
<b>Balance at 31 March 2012</b>	<b>27,817,734</b>	<b>27,817,734</b>

# Statement of cash flows

For the year ended 31 March 2012

	Notes	2012 P	2011 P
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Deficit for the year		(1,446,610)	(5,597,019)
Adjustments for:			
Amortisation of capital grant		(3,978,094)	(3,222,441)
Depreciation of property, plant and equipment	9	3,978,094	3,222,441
Profit on disposal of items of property, plant and equipment		(7,804)	(107,707)
Excess expenditure on project grants		2,512,554	(4,776,287)
Interest receivable on call deposits		(2,115,171)	(2,533,265)
Operating deficit before working capital changes		(1,057,031)	(13,014,278)
Decrease in trade and other receivables		785,591	597,384
Increase/(decrease) in trade and other payables		3,264,484	(739,445)
(Decrease)/increase in project grants		(4,508,419)	5,587,571
Net cash used in operating activities		(1,515,375)	(7,568,768)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisition of property, plant and equipment	9	(2,415,753)	(4,248,022)
Proceeds from disposal of items of property, plant and equipment		7,804	188,793
Interest receivable on call deposits		2,115,171	2,533,265
Net cash used in investing activities		(292,778)	(1,525,964)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Capital grants received		2,415,753	4,166,936
Net cash generated from financing activities		2,415,753	4,166,936
<b>Net increase/(decrease) in cash and cash equivalents for the year</b>		607,600	(4,927,796)
<b>Cash and cash equivalents at beginning of year</b>		52,058,383	56,986,179
Cash and cash equivalents at end of year		52,665,983	52,058,383
<b>Comprising:</b>			
Bank balances and cash	11	53,039,716	52,058,383
Bank overdraft	14	(373,733)	-
		<b>52,665,983</b>	<b>52,058,383</b>

# Summary of significant accounting policies (continued)

For the year ended 31 March 2012

## ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following revised standards and interpretations were available for adoption for the year ended 31 March 2012.

These standards and interpretations have not had any impact on the annual financial statements of the Organisation.

### Standards and interpretations effective in the current year

IFRS 7	Financial Instruments: Disclosures (Annual improvements) (effective from 1 January 2011)
IAS 1	Presentation of Financial Instruments (Annual improvements) (effective from 1 January 2011)
IAS 24	Related Party Disclosures (revised definition of related party) (effective from 1 January 2011)
IAS 34	Interim Financial Reporting (Annual improvements) (effective from 1 January 2011)
IAS 32	Financial Instruments: Presentation (effective from 1 February 2010)
IFRIC 14 - IAS 19	The Limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2011)

### Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet adopted:

IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosures (effective from 1 July 2011)
IFRS 7	Financial Instruments: Disclosures (Offsetting of assets and liabilities) (effective from 1 January 2013)
IFRS 9	Financial Instruments: Classification and measurement (effective from 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective from 1 January 2013)
IFRS 13	Fair Value Measurement (effective from 1 January 2013)
IAS 1	Presentation of Financial Statements (Comprehensive income) (effective 1 July 2012)
IAS 12	Income Taxes - Limited scope amendment: Recovery of underlying assets (effective from 1 January 2012)
IAS 19	Employee Benefits: (Post employment and termination benefits projects) (effective 1 January 2013)
IAS 27	Separate Financial Statements (effective 1 January 2013)
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (Annual periods beginning on or after 1 January 2013)

Based on the current nature of the Organisation's operations the directors do not expect the above standards to have a significant impact on the annual financial statements.

# Summary of significant accounting policies (continued)

For the year ended 31 March 2012

## STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards.

## BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The annual financial statements are prepared under the historical cost convention and are presented in Botswana Pula (P). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements incorporate the following principal accounting policies which have been consistently followed in all material respects.

## PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of the assets, except on work in progress, over their estimated useful lives, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following methods and rates were used during the period to depreciate property, plant and equipment to estimated residual values:

Leasehold Improvements	The lesser of remaining life of lease or 10 years
Motor vehicles	4 years
Furniture and fittings	10 years
Office equipment	4 years
Computer equipment	3 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

## IMPAIRMENT OF ASSETS

At each reporting date, the Organisation reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

# Summary of significant accounting policies (continued)

For the year ended 31 March 2012

## FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange gains and losses arising on translation of foreign currencies are taken to the statement of comprehensive income.

## EMPLOYMENT RETIREMENT BENEFITS

For non-management employees, the Organisation operates a defined contribution pension scheme. Payments to the scheme are charged as an expense to the statement of comprehensive income as they fall due. For management employees, the Organisation pays gratuity in accordance with the respective contracts of employment.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid investments readily convertible to cash and subject to insignificant risk of loss of value.

Cash on hand and in banks and other short term deposits, which are held to maturity are carried at cost or amortised cost.

## RELATED PARTIES

Related parties are defined as those parties:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the entity;
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
- (b) that are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arms length basis and accordingly included in the revenue and expenditure statement.

## PROJECT GRANTS

Project grants relate to grants received from the Government of Botswana for specific projects. These are deferred and included in current liabilities. The related expenditure is netted off against the project grant funds received. Excess expenditure not recoverable from the Government of Botswana is written off in the statement of comprehensive income.

## LEASING

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# Summary of significant accounting policies (continued)

For the year ended 31 March 2012

## FINANCIAL INSTRUMENTS

### Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus 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.

The Organisation's principal financial assets are 'loans and receivables'.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

### Loans and receivables

Trade receivables, 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 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.

### Recognition of financial assets

The Organisation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Organisation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Organisation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Organisation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Organisation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Financial liabilities and equity instruments issued by the Organisation

### Classification as debt or equity

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

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Organisation's equity comprises accumulated funds.

# Summary of significant accounting policies (continued)

For the year ended 31 March 2012

## FINANCIAL INSTRUMENTS (continued)

### Financial liabilities and equity instruments issued by the Board (continued)

#### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Organisation's principal financial liabilities are 'other financial liabilities'.

#### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### Derecognition of financial liabilities

The Organisation derecognises financial liabilities when, and only when, the Organisation's obligations are discharged, cancelled or they expire.

## GOVERNMENT GRANTS

Government grants comprise funds received from the Ministry of Environment, Wildlife and Tourism in respect of the recurrent expenditure of the entity. Funds received and used to acquire items of property, plant and equipment are deferred as capital grants and subsequently amortised into government grants over the useful lives of the related items of property, plant and equipment. The funds due from the Ministry of Environment, Wildlife and Tourism are recognised once the budget has been approved and confirmation of the grant receivable is received by the Organisation.

## CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Useful lives of plant and equipment and residual values

The Organisation reviews the estimated useful lives of plant and equipment at the end of each annual reporting period.

#### Other estimates made

The Organisation also makes estimates in the calculation of the provision for doubtful debts.

# Notes to the annual financial statements

For the year ended 31 March 2012

	<b>2012</b>	<b>2011</b>
	<b>P</b>	<b>P</b>
<b>1 GOVERNMENT GRANTS</b>		
Grants in respect of the Botswana Tourism Organisation Act, 2009	75,119,310	75,119,310
Less: amounts used to acquire items of property, plant and equipment	(2,415,753)	(4,248,022)
Add: capital grant amortisation	3,978,094	3,222,441
Add: disposal of property, plant and equipment	-	81,086
Add: transfer from project grants	-	1,246,701
	<b>76,681,651</b>	<b>75,421,516</b>
<b>2 OTHER INCOME</b>		
Profit on disposal of property, plant and equipment	7,804	107,707
Sundry income	418,488	246,933
	426,292	354,640
<b>3 EMPLOYMENT COSTS</b>		
Basic salaries	18,840,556	14,605,120
Temporary staff salaries	26,063	46,645
Car allowances	-	1,133,243
Telephone and cell phone allowances	17,121	159,728
Other allowances	298,846	258,554
Medical aid	458,301	353,804
Pension fund contributions	2,297,790	1,661,256
Gratuity	1,202,704	877,476
Leave pay	716,769	679,327
Overtime allowance	276,317	204,043
	<b>24,134,467</b>	<b>19,979,196</b>
<b>4 EXHIBITIONS COSTS</b>		
External exhibitions:		
WTM - United Kingdom	2,517,356	2,403,202
WTM - cost recoveries	(151,060)	(189,453)
ITB - Germany	899,399	963,670
ITB - cost recoveries	(132,445)	(141,500)
INDABA - South Africa	905,907	1,200,694
INDABA RSA - cost recoveries	(324,930)	-
JATA - Japan	277,281	329,456
Japan Association for Travel Agents - cost recoveries	(22,660)	(35,850)
FITUR - Spain	465,817	749,817
FITUR - cost recoveries	-	(20,500)
Pure Life - Morocco	429,396	383,593
Pure Life - cost recoveries	(37,767)	(43,250)
Tourism Namibia	30,472	132,186
Namibian Expo - recoveries	(2,970)	(9,000)
Zambia Travel	41,617	59,278
TTG Rimini - Italy- cost recoveries	-	(6,000)
External Exhibition - Top Resa - cost recoveries	(3,300)	(3,000)
	4,892,113	5,773,343
Internal exhibitions	338,523	64,784
	<b>5,230,636</b>	<b>5,838,127</b>

# Notes to the annual financial statements

For the year ended 31 March 2012

	<b>2012</b>	<b>2011</b>
	<b>P</b>	<b>P</b>
<b>5 PROMOTIONS</b>		
Publications	1,309,030	669,152
Website hosting	1,522	7,095
Promotional tools	71,662	240,376
Corporate gifts - other promotional items	412,563	337,298
Calendars	306,850	322,055
Banners	199,074	1,310
Others	374,866	410,994
Annual event sponsorship	1,085,851	1,709,668
Press conference expenses	10,000	9,740
	<b>3,771,418</b>	<b>3,707,688</b>
<b>6 OVERSEAS REPRESENTATION COSTS</b>		
Agency retainer fees		
- Germany	669,082	651,710
- United Kingdom and Ireland	1,328,884	708,184
- France and Italy	229,344	237,778
- United States of America	607,676	620,414
	<u>2,834,986</u>	<u>2,218,086</u>
Marketing expenses		
- Germany	4,206,570	5,788,739
- United Kingdom and Ireland	2,543,801	2,203,244
- France and Italy	890,997	1,507,321
- United States of America	3,424,413	4,917,691
	<u>11,065,781</u>	<u>14,416,995</u>
	<b>13,900,767</b>	<b>16,635,081</b>
<b>7 OTHER EXPENSES</b>		
Advertising	7,128,551	11,197,889
Auditor's remuneration	129,148	179,288
- Current	142,600	131,043
- Prior year (over)/under provision	(13,452)	48,245
Reversal of allowance for doubtful receivables	-	(8,000)
Business travel	4,539,527	3,959,167
Car rental	37,084	83,652
Computer expenses	492,406	363,113
Corporate sponsorships	1,085,674	1,670,614
Consultancy business development	75,810	4,314
Community based projects expenditure	1,155,496	1,441,406
Depreciation	3,978,094	3,222,441
Directors' fees	254,830	179,536
Exchange loss	306,668	222,449
Freight charges	395,940	458,958
General expenses	289,432	275,619
Grading - star rating certificates	124,930	11,561
Inbound travel costs	521,879	506,352
Internet costs	1,437,222	1,160,955
Insurance	509,733	395,960
Motor vehicle running costs	452,180	288,620
<b>Total carried forward</b>	<b>22,914,604</b>	<b>25,613,894</b>

# Notes to the annual financial statements

For the year ended 31 March 2012

	2012	2011
	P	P
<b>7 OTHER EXPENSES (CONTINUED)</b>		
Total brought forward	22,914,604	25,613,894
Office expenses	3,935,904	3,548,549
Printing, stationery and postage costs	234,173	393,974
Professional fees	593,707	805,427
Publications	418,902	622,686
Recruitment costs	41,600	103,176
Repairs and maintenance	373,601	326,209
Statistics	195,181	25,413
Training costs	727,472	277,792
Utilities	1,642,387	1,277,594
Venue hire	247,351	154,347
	<b>31,324,882</b>	<b>33,149,061</b>
<b>8 EXCESS EXPENDITURE ON PROJECT GRANTS</b>		
Camel projects	54,897	1,328,631
Moremi heritage sites	2,305,788	3,447,656
Lepokole heritage sites	62,208	-
Mobile safaris and camping grounds	89,661	-
	<b>2,512,554</b>	<b>4,776,287</b>

Excess expenditure on project grants comprise expenditure in excess of funds provided by the Ministry of Environment, Wildlife and Tourism in respect of community based projects managed on behalf of the Ministry of Environment, Wildlife and Tourism.

# Notes to the annual financial statements

For the year ended 31 March 2012

Leasehold Improvements	Motor Vehicles	Furniture and Fittings	Equipment Safes	Office Equipment	Office Computer Equipment	Work in Progress	Total
P	P	P	P	P	P	P	P

## 9 PROPERTY, PLANT AND EQUIPMENT

### COST

At 1 April 2010	4,292,053	3,961,169	3,425,012	98,355	1,663,276	3,661,493	812,988	17,914,346
Additions	50,363	1,824,634	-	-	260,791	587,323	1,524,911	4,248,022
Disposals	-	(259,475)	-	-	-	-	-	(259,475)
Transfers	832,752	-	809,187	-	17,969	-	(1,659,908)	-
At 31 March 2011	5,175,168	5,526,328	4,234,199	98,355	1,942,036	4,248,816	677,991	21,902,893
Additions	-	788,646	-	-	112,207	561,465	953,435	2,415,753
Disposals	-	-	-	-	(10,000)	(11,000)	-	(21,000)
Transfers	767,446	-	420,251	-	153,403	-	(1,341,100)	-
At 31 March 2012	<b>5,942,614</b>	<b>6,314,974</b>	<b>4,654,450</b>	<b>98,355</b>	<b>2,197,646</b>	<b>4,799,281</b>	<b>290,326</b>	<b>24,297,646</b>

### ACCUMULATED

#### DEPRECIATION

At 1 April 2010	1,077,274	1,985,150	455,420	24,097	606,815	1,698,637	-	5,847,393
Charge for the year	69,881	1,193,260	429,025	(4,504)	439,455	1,095,324	-	3,222,441
Disposals	-	(178,389)	-	-	-	-	-	(178,389)
At 31 March 2011	1,147,155	3,000,021	884,445	19,593	1,046,270	2,793,961	-	8,891,445
Charge for the year	643,520	1,349,493	458,030	9,836	442,757	1,074,458	-	3,978,094
Disposals	-	-	-	-	(10,000)	(11,000)	-	(21,000)
At 31 March 2012	<b>1,790,675</b>	<b>4,349,514</b>	<b>1,342,475</b>	<b>29,429</b>	<b>1,479,027</b>	<b>3,857,419</b>	<b>-</b>	<b>12,848,539</b>

### CARRYING AMOUNT

At 31 March 2011	<b>4,028,013</b>	<b>2,526,307</b>	<b>3,349,754</b>	<b>78,762</b>	<b>895,766</b>	<b>1,454,855</b>	<b>677,991</b>	<b>13,011,448</b>
At 31 March 2012	<b>4,151,939</b>	<b>1,965,460</b>	<b>3,311,975</b>	<b>68,926</b>	<b>718,619</b>	<b>941,862</b>	<b>290,326</b>	<b>11,449,107</b>

Included in the cost of property plant and equipment are items that are fully depreciated with a cost of P4,698,849 (2011 : P1,605,978). The Organisation is in the process of disposing these assets.

# Notes to the annual financial statements

For the year ended 31 March 2012

	2012 P	2011 P
<b>10 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	24,000	46,000
Prepayments	603,999	410,655
Other receivables	191,023	1,147,958
	<b>819,022</b>	<b>1,604,613</b>
<p>Trade receivables comprise amounts receivable from local hotels provided with grading services. An allowance is made, if deemed necessary, for estimated irrecoverable amounts. The directors consider that the carrying amount of the trade and other receivables approximates their fair value. There are no trade receivables past due but not impaired.</p>		
<b>11 BANK BALANCES AND CASH</b>		
Local bank accounts	53,039,716	51,523,074
Foreign bank accounts	-	535,309
	<b>53,039,716</b>	<b>52,058,383</b>
<b>12 CAPITAL GRANTS</b>		
Balance at beginning of year	13,011,448	12,066,953
Funds used to acquire property, plant and equipment	2,415,753	4,248,022
Amortisation to capital grants	(3,978,094)	(3,222,441)
Property, plant and equipment disposals	-	(81,086)
<b>Balance at end of year</b>	<b>11,449,107</b>	<b>13,011,448</b>
<p>The balance comprises grants received from the Government utilised for the acquisition of items of property, plant and equipment. The carrying amount of the capital grants is equivalent to the carrying amount of property, plant and equipment.</p>		
<b>13 TRADE AND OTHER PAYABLES</b>		
Trade payables	4,731,396	5,187,782
Leave pay and gratuity accruals	3,369,954	2,389,668
Other payables	6,085,177	3,344,593
	<b>14,186,527</b>	<b>10,922,043</b>
<p>Trade and other payables comprise amounts owing to international tourism marketing agents, accruals for staff leave pay and gratuity, as well as other sundry creditors. The average age of the trade payables is 30 days (2011: 30 days). The Board has financial risk management policies in place to ensure that trade payables are settled on time.</p>		
<b>14 BANK OVERDRAFT</b>		
Foreign bank account	373,733	-

The bank overdraft is unsecured and is payable on demand. The balance was settled subsequent to year end.

# Notes to the annual financial statements

For the year ended 31 March 2012

15 PROJECT GRANTS	Balance at beginning of year	Grants received	Expenditure	Transfer to Revenue grant	Transfer to Other projects	Excess Expenditure	Balance at end of year
	P	P	P	P	P	P	P
<b>31 March 2012</b>							
Camel projects	-	-	(54,897)	-	-	54,897	-
Eco-tourism manual	142,074	-	-	-	-	-	142,074
Moremi heritage sites	62,208	-	(2,367,996)	-	-	2,305,788	-
Lepokole heritage sites	(62,208)	4,500,000	(3,194,772)	-	-	62,208	1,305,228
Seboba park	2,712,504	-	(4,391,128)	-	-	-	(1,678,624)
Tourism research monitoring	750,000	-	-	-	-	-	750,000
FIFA 2010 World Cup	894,736	-	-	-	(894,736)	-	-
Head of State Summit	-	-	-	-	894,736	-	894,736
Land bank	8,276,382	5,822,006	(4,396,291)	-	-	-	9,702,097
Mobile safaris and camping grounds	39,664	-	(129,325)	-	-	89,661	-
Dams management	661,249	-	(296,016)	-	-	-	365,233
	<b>13,476,609</b>	<b>10,322,006</b>	<b>(14,830,425)</b>	<b>-</b>	<b>-</b>	<b>2,512,554</b>	<b>11,480,744</b>
<b>31 March 2011</b>							
Camel projects	473,915	-	(1,802,546)	-	-	1,328,631	-
Eco-tourism manual	181,690	-	(39,616)	-	-	-	142,074
Moremi heritage sites	4,414,014	-	(7,799,462)	-	-	3,447,656	62,208
Lepokole heritage sites	(62,208)	-	-	-	-	-	(62,208)
Kang information centre	616,675	-	-	(616,675)	-	-	-
Letlhakane information centre	630,026	-	-	(630,026)	-	-	-
Seboba park	4,766,477	-	(2,053,973)	-	-	-	2,712,504
Tourism research monitoring	750,000	-	-	-	-	-	750,000
FIFA 2010 World Cup	894,736	-	-	-	-	-	894,736
Land bank	-	8,280,000	(3,618)	-	-	-	8,276,382
Mobile safaris and camping grounds	-	616,000	(576,336)	-	-	-	39,664
Dams management	-	1,232,000	(570,751)	-	-	-	661,249
	<b>12,665,325</b>	<b>10,128,000</b>	<b>(12,846,302)</b>	<b>(1,246,701)</b>	<b>-</b>	<b>4,776,287</b>	<b>13,476,609</b>

# Notes to the annual financial statements

For the year ended 31 March 2012

15 PROJECT GRANTS (CONTINUED)	2012 P	2011 P
Cumulative project grants		
Camel projects	2,967,707	2,967,707
Eco-tourism manual	553,259	553,259
Moremi heritage sites	4,944,500	4,944,500
Lepokole heritage sites	4,989,601	489,601
Seboba park	5,774,219	5,774,219
Tourism research monitoring	750,000	750,000
FIFA 2010 World Cup	605,264	1,500,000
Head of State Summit	894,736	-
Land Bank	14,102,006	8,280,000
Mobile safaris and camping grounds	616,000	616,000
Dams management	1,232,000	1,232,000
	<u>37,429,292</u>	<u>27,107,286</u>
Cumulative expenditure		
Camel projects	4,351,235	4,296,338
Eco-tourism manual	411,185	411,185
Moremi heritage sites	10,697,945	8,329,949
Lepokole heritage sites	3,746,580	551,808
Seboba park	7,452,843	3,061,715
Tourism research monitoring	-	-
FIFA 2010 World Cup	605,264	605,264
Land Bank	4,399,909	3,618
Mobile safaris and camping grounds	705,661	576,336
Dams management	866,767	570,751
	<u>33,237,389</u>	<u>18,406,964</u>
Cumulative excess expenditure		
Camel projects	1,383,528	1,328,631
Moremi heritage sites	5,753,444	3,447,656
Lepokole heritage sites	62,208	-
Mobile safaris and camping grounds	89,661	-
	<u>7,288,841</u>	<u>4,776,287</u>
Unspent project funds	<u>11,480,744</u>	<u>13,476,609</u>

Project grants represent funds received from the Government of the Republic of Botswana in respect of the development of Community Based Organisations and other projects as determined by the Government. In the current year, the funds provided by the Government of the Republic of Botswana in respect of some of the projects were fully utilised. In order to ensure the appropriate completion of the projects, the Organisation, following a decision of the Board of Directors, has funded the additional costs of the projects from its accumulated funds from prior years. On completion of these projects, the Organisation may invest in a partnership with the trusts to operate the Community Based Organisations.

# Notes to the annual financial statements

For the year ended 31 March 2012

## 16 PENSION FUND

The Organisation operates a defined contribution pension fund for its employees. It is funded by contributions from the Organisation. At the year end, there was no difference between amounts funded and amounts charged to the statement of comprehensive income.

Other than the normal contributions due in terms of the Rules of the Pension Fund, the Organisation has no other obligations or commitments towards the fund members.

## 17 OPERATING LEASE COMMITMENTS

Amounts committed in respect of monthly rental of properties amounted to:

Payable within one year

1,307,060 2,397,710

Payable within two to five years inclusive

4,775,798 3,653,865

6,082,858 6,051,575

These commitments will be financed from internal resources and revenue grants received from the Government of Botswana.

## 18 FINANCIAL INSTRUMENTS

### 18.1 Categories of financial instruments

#### Financial assets

Loans and receivables (including bank balances and cash)

53,254,739 53,252,341

#### Financial liabilities

Other liabilities

14,560,260 10,922,043

### 18.2 Capital risk management:

There is no active capital risk management process in place primarily because the Organisation is constituted under an Act of Parliament. Under this Act, the Government of Botswana provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors. The capital of the Organisation comprises accumulated funds as disclosed in the statement of changes in funds.

# Notes to the annual financial statements

For the year ended 31 March 2012

## 18 FINANCIAL INSTRUMENTS (Continued)

### 18.3 Currency risk:

The Organisation is exposed to the foreign currency risk on the Euro and the United States dollar through its liabilities to international service providers. There is no active foreign currency risk management process adopted by the Organisation primarily because foreign expenditure is incurred on a prepayment basis. The foreign currency denominated liabilities at reporting date amounted to **P3,619,025 (2011:P3,239,081)**. In the event that there was a 5% devaluation of the Botswana Pula against the Euro and United States Dollar, the impact would be a decrease in the surplus for the year by P180,951 (2011:P161,954). An equal and opposite effect would result if the Botswana Pula appreciated by 5% against the Euro and United States Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates.

### 18.4 Interest rate risk:

Financial instruments that are sensitive to interest rate risk are bank balances on call. The Organisation invests excess cash resources in a call account which earns interest on a daily basis. A 1% increase in interest rates would result in an increase in the surplus for the year of **P530,397 (2011:P520,583)**, while a decrease in interest rates by a similar margin would result in equal and opposite effect on the surplus for the year. 1% is considered the most likely movement in interest rates based on the past interest rates adjustments announced by the Bank of Botswana.

### 18.5 Credit risk:

The Organisation does not engage in any material trading activities. In this regard the credit risk associated with trade and other receivables is not considered to be material. The Organisation holds bank accounts with reputable financial institutions.

### 18.6 Liquidity risk management:

The Organisation's capital and operational expenditure is funded by the Government of Botswana in the form grants given in terms of the Botswana Tourism Organisation Act (2009).

## 19 TAXATION

No provision for taxation is required as the Organisation is exempt from taxation in terms of the Second Schedule of the Income Tax Act (Chapter 52:01).

# Notes to the annual financial statements

For the year ended 31 March 2012

## 20 RELATED PARTY TRANSACTIONS

The Organisation entered into the following transactions with related parties.

### Revenue:

Grants in respect of the Botswana Tourism Organisation Act, 2009

### Directors' fees and expenses

At reporting date, the Organisation had the following balances with related parties:

### Amounts due (to)/from:

Ministry of Environment, Wildlife and Tourism

2012	2011
P	P
76,681,651	75,421,516
254,830	179,536
(191,533)	848,671

## 21 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in these financial statements that would have a significant effect on the financial position of the Organisation or the result of its operations.