



# South African Tourism Annual Performance Plan for 2012/13

## Official Sign off:

It is hereby certified that this Strategic Plan and Annual Resource Plan:

1. was developed by the management of the South African Tourism under guidance of National Department of Tourism and taking into consideration Treasury "Framework for Strategic Plans and Annual Resource Plans" issued during August 2010;
2. takes into account all the relevant policies, legislation and other mandates for which the South African Tourism is responsible;
3. accurately reflects the strategic outcome oriented goals and objectives which South African Tourism will endeavour to achieve over the period 2012/13 to 2016/17.

JN Van der Walt  
Chief Financial Officer

Signature: \_\_\_\_\_

T Nzima  
Chief Executive Officer

Signature: \_\_\_\_\_

Approved by SA Tourism's Accounting Authority on 14 February 2012 and approved on its behalf:

Approved by:  
J Mabuza as Board Chairperson

Signature: \_\_\_\_\_

Approved by SA Tourism's Executive Authority on \_\_\_\_\_:

Minister M van Schalkwyk

Signature: \_\_\_\_\_

*Matthias van Schalkwyk*

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## PART A: STRATEGIC OVERVIEW

### 1. UPDATED SITUATIONAL ANALYSIS

#### 1.1. PERFORMANCE

Please see SA Tourism's updated 5-year Strategic Plan effective 2012/13.

#### 1.2. ORGANISATIONAL ENVIRONMENT

Please see SA Tourism's updated 5-year Strategic Plan effective 2012/13.

### 2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

Please see SA Tourism's updated 5-year Strategic Plan effective 2012/13.

### 3. OVERVIEW OF 2010/11 BUDGET AND MTEF ESTIMATES

#### 3.1. REVENUE AND EXPENDITURE ESTIMATES

Table Y.1 South African Tourism

Revenue		2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
					ENE Estimate	Adjustment	Approved			
Rand Thousand		Audited	Audited	Audited	Budget	Budget	Budget	Budget	Budget	Budget
1	Government grant	586,086	698,949	631,685	672,283		672,283	753,303	825,977	870,476
2	TOMSA levies	55,700	75,480	104,973	76,000		76,000	78,000	80,000	82,000
3	Indaba & Meetings Africa	41,295	38,503	38,803	39,273		39,273	40,059	40,860	41,677
4	Grading fees	16,260	16,692	14,755	14,755		14,755	14,050	14,331	14,618
5	Sundry revenue	41,605	37,109	45,909	18,235		18,235	26,668	27,148	27,635
<b>Total</b>		<b>740,945</b>	<b>866,744</b>	<b>836,124</b>	<b>820,547</b>		<b>820,547</b>	<b>912,080</b>	<b>988,316</b>	<b>1,036,406</b>

Utilisation of Government grant		2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
					ENE Estimate	Adjustment	Approved			
Rand Thousand		Audited	Audited	Audited	Budget	Budget	Budget	Budget	Budget	Budget
1	International marketing	443,952	545,730	467,918	493,527		493,527	407,144	421,964	449,292
2	Domestic marketing							40,000	42,400	43,672
3	Financial assistance	136,134	142,219	148,767	160,756	-	160,756	201,246	217,613	230,685
4	Grading Council	6,000	11,000	15,000	18,000	-	18,000	26,706	27,935	29,220
5	Convention Bureau							28,207	32,065	33,607
6	Project Growing Tourism from Africa							50,000	84,000	84,000
<b>Total</b>		<b>586,086</b>	<b>698,949</b>	<b>631,685</b>	<b>672,283</b>		<b>672,283</b>	<b>753,303</b>	<b>825,977</b>	<b>870,476</b>

Name of the Objectives		2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
					ENE Estimate	Adjustment	Approved	Medium-Term Estimate		
Rand Thousand		Audited	Audited	Audited	Budget	Budget	Budget			
	Major Programmes	765,282	853,391	857,809	840,193	-19,646	820,547	912,080	988,316	1,036,406
1	International Portfolios	413,768	405,311	429,917	386,004	-19,646	366,358	439,661	495,513	514,035
2	Head Office Marketing	215,806	293,728	249,211	267,042		267,042	275,193	279,497	296,267
3	Tourism Grading Council of South Africa	33,399	35,403	37,527	39,779		39,779	42,165	44,695	47,377
4	Head Office Finance	31,514	33,525	35,409	37,534		37,534	39,786	42,173	44,703
5	Head Office Support	70,795	85,424	105,745	109,834		109,834	115,274	126,437	134,023
	Other Objectives									
1	None									
<b>Total</b>		<b>765,282</b>	<b>853,391</b>	<b>857,809</b>	<b>840,193</b>	<b>-19,646</b>	<b>820,547</b>	<b>912,080</b>	<b>988,316</b>	<b>1,036,406</b>

### 3.2. RELATING EXPENDITURE TRENDS TO STRATEGIC OUTCOME ORIENTED GOALS

The above budget and MTEF allocations contribute to the realisation of SA Tourism's Strategic outcome orientated goals in the following way:

South African Tourism's 6 Strategic orientated goals	The above budget and MTEF allocations contribute to the realisation of SA Tourism's Strategic outcome orientated goals in the following way:	Programmes
<p>3.2.1 To market South Africa in such a way:</p> <p>3.2.1.1 that annual arrivals to South Africa increase to 12 068 030 by 2015 and 15 000 000 by 2020;</p> <p>3.2.1.2 that the roll-out of aggressive marketing activities in Africa, for which funding has been ring-fenced, and the operation of 2 Country Offices in Luanda, Angola and Lagos, Nigeria by 31 March 2012 support the creation of consistent above-average growth in tourist arrivals from the African continent in terms of tourist arrivals to South Africa (as illustrated in the table below);</p> <p>3.2.1.3 that the number of domestic tourists per annum should increase to 16 million by 2015;</p>	Funding of marketing activities	Programme 1: International Portfolios
3.2.2 To market South Africa in such a way that the average spend per arrival in South Africa are at least R 12 536 per person during the 2012 calendar year;		
3.2.3 To market South Africa in such a way that South Africa moves towards becoming a most preferred Tourism Brand by obtaining at least have an average ve brand awareness percentage of 79% in all the markets where Brand Tracking is done during November 2012;	Funding of global media campaign	Programme 2: Head Office Marketing Business Units

<p>South African Tourism's 6 Strategic orientated goals</p>	<p>The above budget and MTEF allocations contribute to the realisation of SA Tourism's Strategic outcome orientated goals in the following way:</p>	<p>Programmes</p>
<p>3.2.4 To deliver on the quality experience expected by the international and domestic tourist by having at least graded 6 172 tourism products in South Africa by 31 March 2013;</p>	<p>Funding of all costs related to the grading of establishments</p>	<p>Programme 3: Tourism Grading Council of South Africa (TGCSA)</p>
<p>3.2.5 To continuously improve South African Tourism's internal policies, procedures and business processes so that it supports the spending of no less than 98% or no more than 102% of its consolidated annual approved budget as well as the achievement of clean annual audit reports;</p>	<p>Funding of all costs related to the continuous review of internal policies and procedures, refinement and implementation of business processes and financial management within the organization</p>	<p>Programme 4: Head Office Finance</p>
<p>3.2.6 To continuously improve South African Tourism's internal communication and a culture of staff members living the values of the organisation so that it can reduce its average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,3 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2012.</p>	<p>Funding of all expenses related to the marketing, sales and support activities of the National Conventions Bureau as well as the funding internal communication and decisions making and creating a culture of staff members living the values of the organization</p>	<p>Programme 5: Head Office Support and National Conventions Bureau marketing, sales and support</p>

# PART B: PROGRAMME AND SUB-PROGRAMME PLANS

## 4. PROGRAMME

### 4.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2012/13

Strategic goal	Audited outcome / Actual performance			Estimated Performance	Medium-term targets		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.1.1 Increase annual arrivals to South Africa as well as the number of domestic tourists per annum	9 591 828 annual arrivals and 13,9 million domestic tourists (in 2008)	9 933 966 annual arrivals and 14,6 million domestic tourists (in 2009)	11 395 700 annual arrivals and 13,4 million domestic tourists (in 2010)	For the 2011 calendar year 11 504 920 annual arrivals (1% increase over 2010) and 13,92 million domestic tourists (3,9% increase over 2010)	For the 2012 calendar year 11 922 201 annual arrivals (3,6% increase over 2011 estimate) and 14,44 million domestic tourists (3,7% increase over 2011 estimate)  Tourist arrival estimate = 8 460 226	For the 2013 calendar year 12 343 315 annual arrivals (3,5% increase over 2012 target) and 14,5 million domestic tourists (0,4% increase over 2012 target)  Tourist arrival estimate = 8 749 370	For the 2014 calendar year 12 683 472 annual arrivals (2,6% increase over 2013 target) and 15,5 million domestic tourists (6,9% increase over 2013 target) Tourist arrival estimate = 8 987 279
4.1.2 Increase the average spend per arrival in South Africa (* = Total foreign direct spend excluding prepaid; figures for 2012 - 2014 include pre-paid)	R 7 000* (in 2008)	R 8 100* (in 2009)	R 8 400* (in 2010)	R 11 960 (in 2011)	R 12 536 (in 2012) NITS = Net Inbound Tourist Spend (Total foreign Direct Spend less Capital Expenditure plus Prepaid Spend less commission.	R 13 162 (in 2013) NITS = Net Inbound Tourist Spend (Total foreign Direct Spend less Capital Expenditure plus Prepaid Spend less commission.	R 13 820 (in 2014) NITS = Net Inbound Tourist Spend (Total foreign Direct Spend less Capital Expenditure plus Prepaid Spend less commission.
4.1.3 Increase the average brand awareness	76% (in Feb 2009)	79% (in Feb 2010)	79%(in Feb 2011)	77% (in Feb 2012)	79% (in Nov 2012)	79% (in Feb 2013 and Nov 2013 - use average)	80% (in Feb 2014 and Nov 2014 - use average)

Strategic goal	Audited outcome /Actual performance			Estimated Performance	Medium-term targets		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
4.1.4 Assist with the delivery of a quality experience for the tourist by grading establishments	6 940 (on 31/3/2009 )	7 831 (on 31/3/2010)	5 932 (as at 31/3/2011)	6 526 (as at 31/3/2012) (Exco subsequently approved for Performance Bonus purposes only and not Performance Information Audit purposes where targets stay as approved by Parliament on 27/10/2011, given the unique circumstances in the Tourism industry in South Africa, a reduction in the Performance bonus target from 6 200 - 6 499 for a performance score of 3 to 6 051)	6 172 (as at 31/3/2013) consisting of 987 new clients and 5 185 renewals	6 789 (as at 31/3/2014) consisting of 1 086 new clients and 5 703 renewals	7 468 (as at 31/3/2015 consisting of 1 195 new clients and 6 273 renewals)
4.1.5 Continuously improve South African Tourism's internal policies, procedures and business processes	Achieved unqualified annual external audit report & spent 99% of consolidated annual approved budget for 2008/9	Achieved unqualified annual external audit report & spent 99% of consolidated annual approved budget for 2009/10	Achieved unqualified annual external audit report & spent 99% of consolidated annual approved budget for 2010/11	Unqualified annual external audit report & spend no less than 93% or no more than 108% of consolidated annual approved budget for 2011/12	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2012/13	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2013/14	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2014/15
4.1.6 To continuously improve: 4.1.6.1 South African Tourism's internal communication and create a culture where staff members are living the values of the organisation 4.1.6.2 support-, sales- and marketing	Average annual resignation rate of 11,92% while achieving an average score of 3,38 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2008;	Average annual resignation rate of 10,59% while achieving an average score of 3,30 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2009;	Average annual resignation rate of 7,95% while achieving an average score of 3,46 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2010;	Limit average annual resignation rate to no more than 12,5% while achieving an average score of at least 3,53 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2011;	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,3 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2012;  Three high-level KPA's for the Convention	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,60 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2013;	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,64 in the Deloitte Best-Company-to-Work-for survey that will take place during

<p>activities of its National Convention Bureau (NCB) Business Unit so that tourist arrivals can be increased</p>					<p>Bureau for 2012/13:</p> <p>(i) Develop and implement a Bidding-, Bidding Fund, Subvention- and Subvention Fund policy by 30 September 2012;</p> <p>(ii) Activate all Convention Bureau Business Unit services including bid support, site-inspections, delegate boosting activities and on-site event support so that the following can be achieved during the 2012/13 financial year:</p> <p>(ii) (a) Source and submit 30 bids with total number of 18 000 delegates and a total financial (value) impact R 162 million (in conjunction with other Convention Bureaus in South Africa) by 31 March 2013;</p> <p>(ii) (b) Complete the development of a database of leads within the CRM system by 31 March 2013;</p> <p>(ii) (c) Refine website by 31 May 2012 and develop and implement a standard industry accepted CRM system by 30 September 2012.</p>	<p>Convention Bureau KPA's to be determined upon completion of research</p>	<p>June/July 2014;</p> <p>Convention Bureau KPA's to be determined upon completion of research</p>
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#### 4.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2012/13

Strategic goal	Audited outcome /Actual performance			Estimated Performance	Medium-term targets		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.2.1 Increase annual arrivals to South Africa as well as the number of domestic tourists per annum	9 591 828 annual arrivals and 13,9 million domestic tourists (in 2008)	9 933 966 annual arrivals and 14,6 million domestic tourists (in 2009)	11 395 700 annual arrivals and 13,4 million domestic tourists (in 2010)	11 504 920 annual arrivals and 13,92 million domestic tourists (in 2011)	11 922 201 annual arrivals and 14,44 million domestic tourists (in 2012)	12 343 315 annual arrivals and 14,5 million domestic tourists (in 2013)	12 683 472 annual arrivals and 15,5 million domestic tourists (in 2014)
4.2.2 Increase the average spend per arrival in South Africa (* = Total foreign direct spend excluding prepaid; figures for 2012 - 2014 include pre-paid)	R 7 000* (in 2008)	R 8 100* (in 2009)	R 8 400* (in 2010)	R 11 960 (in 2011)	R 12 536 (in 2012)	R 13 162 (in 2013)	R 13 820 (in 2014)
4.2.3 Increase the average brand awareness	76% (in Feb 2009)	79% (in Feb 2010)	79% (in Feb 2011)	77% (in Feb 2012)	79% (in Nov 2012)	79% (in Feb 2013 and Nov 2013 - use average)	80% (in Feb 2014 and Nov 2014 - use average)
4.2.4 Assist with the delivery of a quality experience for the tourist by grading establishments	6 940 (on 31/3/2009)	7 831 (on 31/3/2010)	5 932 (as at 31/3/2011)	6 526 (as at 31/3/2012)	6 172 (as at 31/3/2013)	6 789 (as at 31/3/2014)	7 468 (as at 31/3/2015)
4.2.5 Continuously improve South African Tourism's internal policies, procedures and business processes	Achieved unqualified annual external audit report & spent 99% of consolidated annual approved budget for 2008/9	Achieved unqualified annual external audit report & spent 99% of consolidated annual approved budget for 2009/10	Achieved unqualified annual external audit report & spent 99% of consolidated annual approved budget for 2010/11	Unqualified annual external audit report & spend no less than 93% or no more than 108% of consolidated annual approved budget for 2011/12	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2012/13	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2013/14	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2014/15

Strategic goal	Audited outcome /Actual performance			Estimated Performance	Medium-term targets		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
4.2.6 To continuously improve South African Tourism's internal communication and create a culture where staff members are living the values of the organisation	Average annual resignation rate of 11,92% while achieving an average score of 3,38 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2008;	Average annual resignation rate of 10,59% while achieving an average score of 3,30 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2009;	Average annual resignation rate of 7,95% while achieving an average score of 3,46 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2010;	Limit average annual resignation rate to no more than 12,5% while achieving an average score of at least 3,53 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2011;	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,3 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2012;  Three high-level KPA's for the Convention Bureau for 2012/13:  (i) Develop and implement a Bidding-, Bidding Fund, Subvention- and Subvention Fund policy by 30 September 2012; (ii) Activate all Convention Bureau Business Unit services including bid support, site-inspections, delegate boosting activities and on-site event support so that the following can be achieved during the 2012/13 financial year: (ii) (a) Source and submit 30 bids with total number of 18 000 delegates and a total financial (value) impact R 162 million (in conjunction with other Convention Bureaus in South Africa) by 31 March 2013; (ii) (b) Complete the	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,60 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2013;  Convention Bureau KPA's to be determined upon completion of research	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,64 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2014;  Convention Bureau KPA's to be determined upon completion of research

					<p>development of a database of leads within the CRM system by 31 March 2013;</p> <p>(ii) (c) Refine website by 31 May 2012 and develop and implement a standard industry accepted CRM system by 30 September 2012.</p>		
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### 4.3. QUARTERLY TARGETS FOR 2012/13

Programme performance indicator	Reporting period	Annual target for 2012/13	Quarterly targets			
			1 <sup>st</sup> (end June)	2 <sup>nd</sup> (end Sep)	3 <sup>rd</sup> (end Dec)	4 <sup>th</sup> (end Mar)
4.3.1 Increase annual arrivals to South Africa as well as the number of domestic tourists per annum	Quarterly	11 922 201 (in 2012)	2 861 328	2 742 106	3 099 772	3 218 994
4.3.2 Increase the average spend per arrival in South Africa	Annually	R 12 536 (in 2012)	N/A	N/A	N/A	N/A
4.3.3 Increase the average brand awareness	Annually	79% (in Feb 2013)	N/A	N/A	N/A	N/A
4.3.4 Assist with the delivery of a quality experience for the tourist by grading establishments	Quarterly	6 172 (by 31/3/2013)	1 543 (on 30/6/2012)	1 543 (on 30/9/2012)	1 543 (on 31/12/2012)	1 543 (on 31/3/2013)
4.3.5 Continuously improve South African Tourism's internal policies, procedures and business processes	Annually	Unqualified annual external audit report & spend no less than 98% or no more than 102% of consolidated annual approved budget for 2012/13	N/A	N/A	N/A	N/A
4.3.6 To continuously improve South African Tourism's internal communication and create a culture where staff members are living the values of the organisation	Annually & quarterly	Limit average annual staff turnover rate to no more than 10% while achieving an average score of at least 3,3 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2012  Activate all	Limit average annual resignation rate to no more than 10%  Convention Bureau (i) should be fully operational on 1 April 2012 (ii) website must be refined by 1/4/2012	Limit average annual resignation rate to no more than 10%  (i) Develop and implement a Bidding-, Bidding Fund, Subvention- and Subvention Fund policy by 30 September 2012; (ii) Develop and implement a standard industry accepted CRM system by 30	Limit average annual resignation rate to no more than 10% and achieve an average score of at least 3,3 in the Deloitte Best-Company-to-Work-for survey that will take place during June/July 2012	Limit average annual resignation rate to no more than 10%  (ii) Activate all Convention Bureau Business Unit services including bid support, site-inspections, delegate boosting activities and on-site event support so that the following can be achieved during the 2012/13 financial year: (ii) (a) Source and submit 30 bids

		<p>Convention Bureau Business Unit services including bid support, site-inspections, delegate boosting activities and on-site event support so that the following can be achieved during the 2012/13 financial year:</p> <p>(ii) (a) Source and submit 30 bids with total number of 18 000 delegates and a total financial (value) impact R 162 million (in conjunction with other Convention Bureaus in South Africa) by 31 March 2013;</p> <p>(ii) (b) Complete the development of a database of leads within the CRM system by 31 March 2013</p>	September 2012.	No KPA's for the Convention Bureau	<p>with total number of 18 000 delegates and a total financial (value) impact R 162 million (in conjunction with other Convention Bureaus in South Africa) by 31 March 2013;</p> <p>(ii) (b) Complete the development of a database of leads within the CRM system by 31 March 2013</p>
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#### 4.4. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

Name of the Objectives		2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
					ENE Estimate	Adjustment	Approved	Medium-Term Estimate		
Rand Thousand		Audited	Audited	Audited	Budget	Budget	Budget			
	Major Programmes	765,282	853,391	857,809	840,183	-18,646	820,547	912,080	988,316	1,036,406
1	International Portfolios	413,768	405,311	429,917	386,004	-18,646	366,358	439,661	495,513	514,035
2	Head Office Marketing	215,806	293,726	249,211	267,042		267,042	275,193	279,497	295,267
3	Tourism Grading Council of South Africa	33,399	35,403	37,527	39,779		39,779	42,165	44,685	47,377
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5	Head Office Support	70,795	85,424	105,745	109,834		109,834	115,274	126,437	134,023
	Other Objectives									
1	None									
<b>Total</b>		<b>765,282</b>	<b>853,391</b>	<b>857,809</b>	<b>840,183</b>	<b>-18,646</b>	<b>820,547</b>	<b>912,080</b>	<b>988,316</b>	<b>1,036,406</b>

Breakdown of International Portfolios Programme		2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
					ENE Estimate	Adjustment	Approved	Medium-Term Estimate		
Rand Thousand		Audited	Audited	Audited	Budget	Budget	Budget			
1.1	Project Growth Africa							50,000	84,000	84,000
1.2	Other International Portfolios							389,661	411,513	430,035
<b>Total</b>								<b>439,661</b>	<b>495,513</b>	<b>514,035</b>

Included in the above are the following Country office budgets for 2012/13:

Country office	Currency	Overhead mainline items			Total marketing budget	Grand total budget
		HR	Net premises	Other operating expenses		
1. USA	USD	968,465	581,399	131,718	5,074,464	6,756,047
2. UK	GBP	566,963	58,733	140,438	2,659,808	3,425,941
3. Germany	EUR	617,618	189,964	129,659	3,370,656	4,307,897
4. France	EUR	710,397	239,596	64,043	1,988,912	3,002,948
5. Netherlands	EUR	395,503	81,962	104,800	1,719,716	2,301,981
6. Italy	EUR	371,216	82,889	77,894	703,448	1,235,447
7. India	INR	6,149,395	7,898,313	9,628,881	90,882,353	114,558,941
8. China	CNY	1,489,858	579,317	480,124	12,085,366	14,634,665
9. Japan	JPY	17,683,986	16,665,824	9,869,734	59,663,200	103,882,744
10. Australia	AUD	585,139	128,952	70,288	2,404,557	3,188,937
11. Angola	USD	170,000	55,000	55,000	729,930	1,009,930
12. Nigeria	USD	243,527	42,242	34,231	1,328,083	1,648,083
13. Brazil	USD	257,556	24,013	18,987	1,161,310	1,461,866

## PART C: LINKS TO OTHER PLANS

### 5. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

None

All of South African Tourism's KPA's are linked to Governments' 12 outcomes and the NTSS (National Tourism Sector Strategy).

### 6. MATERIALITY FRAMEWORK

In terms of Treasury Regulations (Section 28.3.1) issued in terms of the PMFA, the accounting authority of South African Tourism must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority.

In terms of Treasury Regulations (Section 28.2.1) any material losses through criminal conduct and any irregular and fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the public entity.

In terms of Treasury Regulations (Section 30.1.3(e)) the strategic plan must include the materiality/significant framework, referred to in Treasury Regulations 28.3.1

The specific sections of the PFMA that are relevant for the purposes of materiality are Section 50(1), Section 55(2), Section 61(1)(c) and Section 66(1) and, with reference to significance, Section 54 (2).

ISA (International Statements Auditing) 320 (paragraph 3) and the Framework for the Preparation and Presentation of Financial Statements per IFRS (paragraph 30) defines material as follows:

"Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. This materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful."

The Oxford dictionary defines significant as follows:

"Extensive or important enough to merit attention".

In the development of the framework we will look at both the quantitative and qualitative aspects.

Factors considered in developing the framework

Nature of the business

The objective of SA Tourism is to ensure that South Africa becomes the preferred tourism destination in the world thus maximizing the economic potential of tourism in the country and its people. SA Tourism has offices in 10 countries across the world including the United Kingdom and the United States of America.

In terms of funding, SA Tourism is involved in a joint operation with Tourism Business Council of South Africa (TBCSA). The objective of the joint operation is to market South Africa in certain markets identified by SA Tourism through research. Funds contributed into this operation are used solely for that purpose.

SA Tourism has four high level goals in order to achieve its objective:

Achieve total foreign arrival target.

Achieve total spend target.

South Africa to be a most preferred tourism brand by 2014.

SA Tourism to be the best tourism organisation by 2010.

SA Tourism with its 16 business units sells South Africa in the following markets:

Core markets:

These markets are very attractive and easier access from a tourism-marketing point of view, deliver the “bread & butter” in terms of tourism for South Africa and approximately 60% of organisation’s effort (in terms of human capital and budget) is deployed in these market. These markets are Botswana, Kenya, Nigeria, USA, UK, Australia, India, France, Germany, the Netherlands and the domestic South African market.

Investment markets:

These markets are also very attractive, but more difficult to access from a tourism marketing point of view. Given the potential of these markets, it is of great importance for SA Tourism to invest in these markets, ahead of the future returns. Approximately 20% of organisation’s effort (in terms of human capital and budget) is deployed in these markets. These markets are Angola, Democratic Republic of the Congo, Mozambique, Zimbabwe, Canada, China (including Hong Kong), Japan, Italy and Sweden

Tactical markets:

These markets are less attractive, but very easy to access from a tourism-marketing point of view. Approximately 15% of organisation’s effort (in terms of human capital and budget) is deployed in these markets. These markets are Ghana, Swaziland, Tanzania, Lesotho, Singapore, Ireland and Switzerland

Watch-list markets:

These markets are less attractive and more difficult to do from a tourism-marketing point of view. However, limited exploratory marketing, largely in conjunction with South Africa’s overseas missions and tour operators, is to be undertaken by SA Tourism in these markets as they might grow into future, more prominent markets for South Africa from a tourism point of view. Approximately 5% of organisation’s effort (in terms of human capital and budget) is deployed against these markets. These markets are Egypt, Namibia, United Arab Emirates, Brazil, Malaysia, New Zealand, Republic of Korea, Austria, Belgium, Denmark, Norway and Spain.

Strategic hubs:

Limited marketing activities are also undertaken around key international airline hubs given the available airlift from such markets to South Africa or markets where our country has a national strategic interest. These hubs are Ethiopia, Zambia, Senegal, Argentina, Thailand, Greece, Bahrain, Oman, Qatar and Saudi Arabia.

SA Tourism will execute a broad spectrum of segment specific marketing activities and support activities through 16 business units (effective 1 April 2012), each with its own Business Plan and Budget, reporting to a Business Unit Manager. The business units and the sub business units that fall under each business unit and the name of the designation that manages each business unit as business unit manager are:



Name of Business Unit	Designation of Business Unit Manager	Sub Business Units falling under this Business Unit
1. Research	Chief Research Officer	-
2. National Conventions Bureau (including Business Tourism)	Executive Manager Conventions Bureau	
3. Europe & UK Portfolio	Regional Director: Europe	3.1 German office 3.2 French office 3.3 Netherlands office 3.4 Italy office 3.5 UK office 3.6 Europe Portfolio Head Office
4. Americas, Asia & Australasia Portfolio	Regional Director: Asia	4.1 Australia office 4.2 Japan office 4.3 China office 4.4 India office 4.5 New York office 4.6 Brazil office (to be established no later than 31/3/2013) 4.7 Asia Portfolio Head Office
5. Africa Portfolio (including Domestic marketing)	Regional Director: Africa	5.1 West Africa Hub office (in Nigeria) 5.2 Angola office 5.3 SADC 5.4 East Africa Hub 5.5 Africa Portfolio Head Office
6. Domestic Tourism (including Events)	General Manager Domestic Tourism	
7. Central Marketing	Chief Marketing Officer	7.1 Advertising & Marketing Management (including Global Brand Management, Corporate Identity compliance and all agency management excluding PR) 7.2 Global Projects 7.3 Channel Management
8. Watchlist market (including Strategic Hubs)	Global Manager Watchlist Markets	
9. Public Relations & Communication	GM: PR & Communication	PR & Communication (including PR management)
10. E-Marketing (including the management of the outsourced International Call Centre)	Manager: E-Marketing	10.1 Content management 10.2 Online marketing
11. Finance (including Supply Chain and Payroll)	Chief Financial Officer	11.1 Financial Management 11.2 Supply Chain Management 11.3 ISO Quality Management 11.4 Payroll Management 11.5 Performance Information 11.6 Risk Management
12. Tourism Grading Council of South Africa	Chief Quality Assurance Officer	-
13. Human Resources	GM: Human Resources	-
14. Office of the CEO/COO	Chief Operating Officer	14.1 Legal 14.2 Administration (including fixed asset- and insurance management) 14.3 Board Secretarial 14.4 Internal Audit 14.5 CEO projects
15. Business Systems (including all IT Support functions)	Manager: Business Systems	-
16. Product & Itinerary Management	Manager: Product & Itinerary	-

## Materiality Level 2011/12 and 2012/13

Basis for calculating Materiality as per the Practice Note on Applications under Section 54 of the PFMA No 1 of 1999 (as amended) by public entities issued on the 13 July 2006.

Element	% range to be applied against rand values	Audited 2010/11 Annual Financial Statements	SAT's % utilised	Calculated Materiality
Total Assets	1%- 2%	368,401,232	2%	7,368,025
Total Revenue	0.5% - 1%	736,657,583	0.75%	5,524,932
Loss after tax	2% -5%	21,684,097	5%	1,084,205

### Control and Inherent Risks

The following factors were examined in determining the materiality percentage:

Technical competence (qualifications), skills and experience of staff engaged in the decision-making process including the governance structure  
Structure of the Audit Committee with reference to King's Code of Corporate Governance  
Appointment of internal auditors to ensure an independent reports on areas of non conformance  
Annual Risk assessment  
Three-year internal-audit plan  
Appropriate approvals framework (Delegation of Authority)  
A well-structured procurement policy incorporating the relevant legislation  
The implementation and adoption of a Performance-Management System at SAT  
SAT's external audits performed by the Auditor General

South African Tourism is a government parastatal and is accountable to many stakeholders. Given the fact that SA Tourism has for the past ten financial years received an unqualified, no emphasis of matter, audit report a higher level of materiality is apt in light of SA Tourism's record. Approximately 86% of total revenue generated stems from the government grants. As SA Tourism is not only accountable to government but also ensuring that better information is provided on what taxpayers are getting for their taxes, Total Revenue has been selected as the most appropriate indicator for calculating materiality.

#### Quantitative Factors considered

The level of a material deviation is assessed at 0.75% of Total Revenue amounting to R 5,524,932 unless otherwise indicated. Different levels of materiality can be used and the decision to use a 0.75% is based on the fact that the total assets of SAT is not considered to be an indicator of performance, as the biggest source of income of SAT are grants received from the government, and the revenue component is selected as a basis for the materiality calculation as the level of activity.

#### Qualitative Factors considered

Materiality does not only relate to the size of the elements of the financial statements. Misstatements that are large individually or in aggregate may affect a reasonable user's judgement. Misstatements may also be material on qualitative grounds. We have considered the following qualitative factors:

Unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of financial statements  
Possible fraudulent or dishonest behaviour of an officer or staff of SAT at senior management level. Any Rand value to be disclosed  
Material infringement of legislation that governs SAT.  
Any transaction entered into that could result in reputational risk to SAT  
Changes in key personnel and departure of key executives  
Application of new or changes in accounting policy

Treasury Regulation 28.3.1

“For purposes of “material” [sections 55(2) of the Act] and “significant” [section 54(2) of the Act], the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority.”

The following sections of the Act are also considered to be applicable and have been taken into consideration:

Section 50(1), and 66(1) (c) of the Act

		Materiality
Section 50 (1)	<p>(1) The accounting authority for a public entity must -</p> <p>(c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature; and</p>	Both the qualitative and quantitative as referred to in part 3 above.
Section 55 (2)	<p>(2) The annual report and financial statements referred to by PFMA Subsection 55 (1)(d) must -</p> <p>(b) include particulars of -</p> <p>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p> <p>(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;</p>	<p>Part 3 defines the quantitative and qualitative aspects that are considered for the purposes of this section.</p> <p>Losses incurred due to criminal conduct by employees at a senior management</p>
Section 54 (2)	<p>(1) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction establishment or participation in the establishment of a company;</p> <p>participation in a significant partnership, trust, unincorporated joint venture or similar arrangement</p> <p>acquisition or disposal of a significant shareholding in a company</p> <p>acquisition or disposal of a significant asset</p> <p>commencement or cessation of a significant business activity; and</p> <p>a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.</p>	<p>All transactions to be approved by Executive Authority and Treasury to be informed.</p> <p>All transactions to be approved by Executive Authority and Treasury to be informed.</p> <p>All transactions to be approved by Executive Authority and Treasury to be informed.</p> <p>Acquisitions or disposals that is greater than the materiality outlined above, or other smaller value considering all the qualitative factors above.</p>

		<p>All transactions to be approved by Executive Authority and Treasury to be informed.</p> <p>All transactions to be approved by Executive Authority and Treasury to be informed.</p>
Section 61(1)(c)	<p>The report of an auditor appointed in terms of section 58(1)(b) must be addressed to the executive authority responsible for the public entity concerned and must state separately in respect of each of the following matters whether in the auditor's opinion -</p> <p>(c) the transactions that had come to the auditor's attention during auditing were in all material respects in accordance with the mandatory functions of the public entity determined by law or otherwise.</p>	<p>The level of a material deviation is assessed at 0.75% of Total Revenue amounting to R 5,524,932 unless otherwise indicated.</p>
Section 66 (1)	<p>(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction -</p> <p>(a) is authorised by this Act; and</p> <p>(b) in the case of public entities, is also authorised by other legislation not in conflict with this Act; and</p> <p>in the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No 48 of 1996). is approved by the Minister of Finance and may not exceed a limit determined in advance by the Minister of Finance in consultation with the national executive authority; and such debt must be repaid within 30 days of the end of the financial year and the request must contain a detailed cash flow indicating how the debt will be repaid within the prescribed period.</p>	<p>100% compliance with the Act within the ambit as set by this clause. Full disclosure will be required for all transactions.</p>

**7. CONDITIONAL GRANTS**

Not applicable

**8. PUBLIC ENTITIES**

Not applicable

**8.1. PUBLIC-PRIVATE PARTNERSHIPS**

Not applicable

**9. ANNEXURE D**

N/A

**10. ANNEXURE E**

N/A

