



Inspiring new ways

South African Tourism

(hereinafter referred to as SA Tourism)

Updated 5-year Strategic Plan (Final draft)

Review 2013/14

Official Sign off

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

1. were 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 2013/14 to 2017/18.

JN van der Walt
Chief Financial Officer

Signature: _____

T Nzima
Chief Executive Officer

Signature: _____

Approved by SA Tourism's Accounting Authority on 29 January 2013 and approved on its behalf:

Approved by:

F Kilbourn
Board Chairperson

Signature: _____

Marthinus van Schalkwyk, MP
Minister of Tourism

Signature: _____



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Index

PART A - STRATEGIC OVERVIEW.....	3
1 VISION OF SA TOURISM	3
2 MISSION OF SA TOURISM	3
3 VALUES OF SA TOURISM	3
4 LEGISLATIVE AND OTHER MANDATES	4
4.1 CONSTITUTIONAL MANDATES.....	4
4.2 LEGISLATIVE AND EXTERNAL POLICY MANDATES	4
4.3 INTERNAL POLICY MANDATES	5
4.4 RELEVANT COURT RULINGS.....	5
4.5 PLANNED POLICY INITIATIVES	5
5 SITUATIONAL ANALYSIS.....	6
5.1 PERFORMANCE ENVIRONMENT	6
5.2 ORGANISATIONAL ENVIRONMENT	6
5.4 SA TOURISM'S STRATEGIC PLANNING PROCESS	20
PART B: LINKS TO OTHER PLANS	21
6 STRATEGIC OUTCOME ORIENTED GOALS OF THE INSTITUTION	21
6.1 STRATEGIC OUTCOMES ORIENTATED GOAL, GOAL STATEMENTS AND OBJECTIVES	21
7 RESOURCES CONSIDERATIONS	22
7.1 RISK MANAGEMENT	24
PART C: LINKS TO OTHER PLANS.....	25
8 LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS	25
9 CONDITIONAL GRANTS	25
10 PUBLIC ENTITIES	25
11 PUBLIC-PRIVATE PARTNERSHIPS	25

PART A - STRATEGIC OVERVIEW

1 VISION OF SA TOURISM

For South Africa (SA) to be the preferred tourist destination in the world, in order to maximise the economic potential of tourism for our country and its people.

2 MISSION OF SA TOURISM

To develop and implement a world-class tourism marketing strategy for SA. In pursuance of this SA Tourism will:

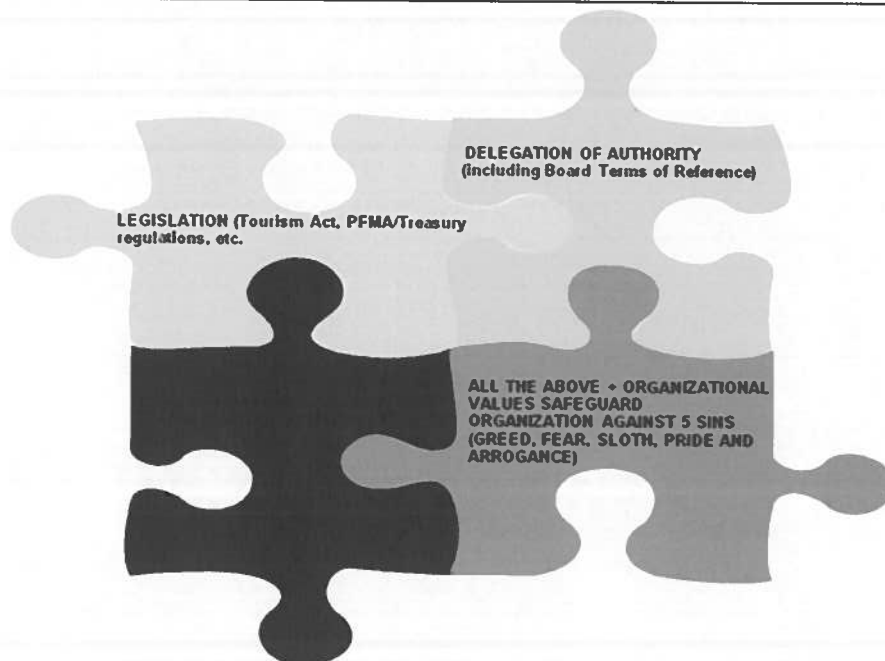
- Implement domestic, regional and international marketing strategies informed by research
- Implement a business events strategy
- Implement and maintain a recognisable, credible and globally benchmarked system of quality assurance
- Facilitate strategic alignment of provinces and industry in support of global marketing of tourism.
- Facilitate the removal of identified obstacles to tourism growth
- Ensure the efficient utilisation of resources to deliver the tourism strategy

3 VALUES OF SA TOURISM



- We unconditionally respect our organisation's people, its purpose and its assets.
- Living this respect with integrity translates into an authentic caring for South Africa and each other, a feeling of responsibility, and the acceptance of accountability for the outcomes of our actions.
- Our team pushes the boundaries of excellence in everything we do.

Governance @ SAT



4.1 CONSTITUTIONAL MANDATES

SAT accounts to the Executive Authority namely the Minister of Tourism and the Accounting Authority (South African Tourism Board) and the National Department of Tourism for the government grants received to fulfil its mandate. In terms of Section 92 of the Constitution, the Minister of Tourism who is responsible for the power and functions of the executive assigned to him by the President is ultimately responsible for the National Department of Tourism and its entity. He also has to provide Parliament with full and regular reports concerning South African Tourism. These reports are submitted by South African Tourism to the National Department of Tourism.

4.2 LEGISLATIVE AND EXTERNAL POLICY MANDATES

4.2.1 Tourism Act No. 72 of 1993 as amended

Makes provision for the promotion of tourism to and in the Republic and for further regulation and rationalisation of the tourism industry, measures aimed at the maintenance and enhancement of the standards of facilities and services hired out or made available to tourists.

4.2.2 The White Paper on the Development and promotion of Tourism in South Africa, 1996 provides the framework and guidelines for tourism development and promotion in South Africa; in addition to the white paper, the National Tourism Sector Strategy serves as the strategic focus.

4.3 INTERNAL POLICY MANDATES

Name of Policy	Key Responsibility
Information Technology Strategy effective 1 April 2010 (approved 1 Oct 2009)	Managing Business Information Systems and ensure that computer systems are secure.
Health and Safety Policy	As per legal requirement - outlines duties and responsibilities and references to Health and Safety related document - policies and procedures.
Executive committee terms of reference	Executive committee of SA Tourism's responsibilities
Management committee terms of reference	Management committee of SA Tourism's responsibilities
Board Code of Conduct	Based on 7 Governing principles, Disciplinary, transparency, independence, accountability, responsibility, Fairness, social responsibility, signed by each Board member
Corporate Governance Policy	Based on King 3, Code of Good Practices and Conduct - aimed at the Board and Exco, reporting requirements, functions and powers delegated by the Board
Delegation of Authority	Functions and duties delegated by the Board
Health and Safety Incident Reporting Procedure	As per Health & Safety requirements
Business Continuity Plan	How the business will operate when there is a crises
Supply Chain Management Policy	Procurement as required by National Treasury
Subsistence and Travel Policy	Subsistence and Travel requirements in line with Supply Chain Policy
Information Technology Policy	Ensure that SA Tourism's systems are managed correctly and secure
Performance Information Framework	Reporting in line with Treasury Requirements
General Human Resources Policy	Based on the Labour Relations Act
Foreign Service Dispensation Policy	Management of transferred overseas staff
Remuneration Policy	Remuneration of staff policy
Leave Policy	Based on Labour Relations Act
Performance Bonus Policy	Clearly explains performance review which leads to performance bonus
Finance policy - General	Based on PFMA, Treasury Regulations and SA GRAP

4.4 RELEVANT COURT RULINGS

None

4.5 PLANNED POLICY INITIATIVES

None

5 SITUATIONAL ANALYSIS

5.1 PERFORMANCE ENVIRONMENT

- 5.1.1 South African Tourism Board, hereinafter referred to as SAT, was established in terms of section (2) of the Tourism Act, (Act No. 72 of 1993) as amended, with the aim of stimulating sustainable international and domestic demand for South African Tourism experiences as well as to institute measures aimed at the maintenance and enhancement of the standards of facilities and services hired out, or made available to tourists.
- 5.1.1 Tourism as a labour-intensive industry has a potential and capacity to grow the economy and to create jobs. This puts tourism as an important sector in the delivery of the government mandate of the creation of decent work, sustainable livelihood and rural development. The Industrial Policy Action Plan (IPAP) identifies tourism as an important driver of both domestic consumer spending and foreign exchange earnings, underpinned by a sustainable resource base, labour-intensive activities and relatively low barriers to entry for entrepreneurs.
- 5.1.2 To accurately measure the success of our marketing initiatives, South African Tourism intends in the future to use tourist arrival figures as opposed to measuring total foreign visitor arrivals. Once a trend has been established on tourist arrivals, South African Tourism can use the historical information to better set predictive targets for tourist arrivals. The tourism sector's drive to increase arrivals and create jobs will occur in an environment where many of our markets are still recovering from the effects of the recent economic downturn.
- 5.1.3 Tourism has been identified in the outcome approach to service delivery as one of the sectors in which growth and employment opportunities could be leveraged. It is expected to contribute to the realisation of Outcome 4: "Decent Employment through Inclusive Economic Growth", and Outcome 7: "Vibrant, equitable and sustainable rural communities and food security for all". This provides an opportunity for better coordination with all our delivery partners for a concerted effort towards achievement of the tourism objectives. The NTSS is a commitment by all role players, to focus on growing the tourism sector's absolute contribution to the GDP; achieve transformation within the tourism sector; provide excellent people development and decent work within the tourism sector; entrench a culture of travel amongst South Africans; deliver a world-class visitor experience; and address the issue of geographic, seasonal and rural spread.
- 5.1.4 Planning for the future of the tourism sector requires a broad and deep understanding of the sector's environment, which includes both internal and external forces.
- 5.1.5 Although positive global outbound tourism trends are forecast by UNWTO, South African Tourism competes in a fiercely-competitive global environment to attract tourists to South Africa.
- 5.1.6 There is global recovery of travel and tourism following the financial crisis but discretionary consumer income is still under pressure. The impact of austerity measures as implemented by different countries will further exacerbate disposable income.
- 5.1.7 Shifting Geographic markets - recession in Europe has meant that new opportunities exist in emerging markets and SA must be prepared on the supply side with relevant products for markets like India, China, Brazil and Regional Africa.
- 5.1.8 Evolving post-recession consumer preferences - consumers are focussed on personal value and have ethical concerns about destinations that do not have sustainable practices. SA can exploit our competitive advantage in responsible tourism. More and more consumers are now looking for value for money when choosing a destination.
- 5.1.9 New opportunities and challenges presented by emerging technologies - the rise of online travel and mobile/tablets have changed how consumers receive and share information. The immediacy of social media reviews can be challenging if not understood and leveraged appropriately.
- 5.1.10 New cost drivers in aviation that affect consumer behaviour and travel trends. The long haul travel to South Africa is still a barrier but tourists are willing to take indirect routes.
- 5.1.11 E-visa and E-passports access to South Africa as a preferred destination must be considered.

- 5.1.12 Economic growth on the African continent with its relative distance to South Africa is translating into higher value tourists with great potential to drive growth. There is a global trend emerging that indicates that consumers are reducing their length of stay. For this reason, SA Tourism's marketing efforts are more focused on value for money products.
- 5.1.13 Economic constraints remain the major barrier to taking a domestic trip which could explain the decline in domestic travel since 2007 as the South African consumer faced economic pressures due to the recession that brought about job losses in South Africa. Although there was a recovery in the economy in 2010, it did not translate to more domestic trips, but it did translate to more trips taken for holidays.
- 5.1.14 Domestic tourism in South Africa is largely purpose-driven by people Visiting Family and Relatives.
- 5.1.15 Domestic tourism is very seasonal with most of the travel occurring during summer school holidays.
- 5.1.16 Rising unemployment, CPI as well as the subsequent cost of living in the country results in people reallocating more of their disposable income towards basic living as opposed to travel. This may result in a reduced number of adult travellers in the domestic market.
- 5.1.17 The latest Census (2011) estimates that about 30% of the labour force is unemployed. Using the expanded definition of unemployment, they place the proportion of unemployed at 40%.
- 5.1.18 The EU is SA's most important manufactured goods export market, and as austerity in the EU is intensified, the size of the market continues to contract. According to the IMF and World Bank, there is no prospect for improvement in the near future. Instead the EU and other key markets are expected to deteriorate further in the foreseeable future. The consequence for SA is dire, with an expected deterioration in the domestic employment market thus negatively affecting domestic tourism.
- 5.1.19 At the same time, the IMF, the World Bank and the rating agencies are applying pressure on the South African government to curtail the growth in social grants. In the interim, South Africa's international credit rating has been downgraded, resulting in further constraints on government spending. This would subsequently have a negative impact on domestic tourism, more especially on domestic business tourism from a government perspective.

5.2 ORGANISATIONAL ENVIRONMENT

- 5.2.1 In terms of additional funding from the private sector, South African Tourism receives TOMSA levies from Tourism Business Council of South Africa (TBCSA). The objective of the joint venture is to market South Africa in certain markets identified by South African Tourism through research. Funds contributed into this joint venture are used solely for international marketing activities.

Given its limited resources, most notably financial, South African Tourism has adopted and rolled out a National Tourism Sector Strategy (NTSS) based on in-depth segmentation research and focus groups conducted around the world. This Strategy was approved by the Cabinet and focuses its marketing activities on specific segments of tourists in particular markets:

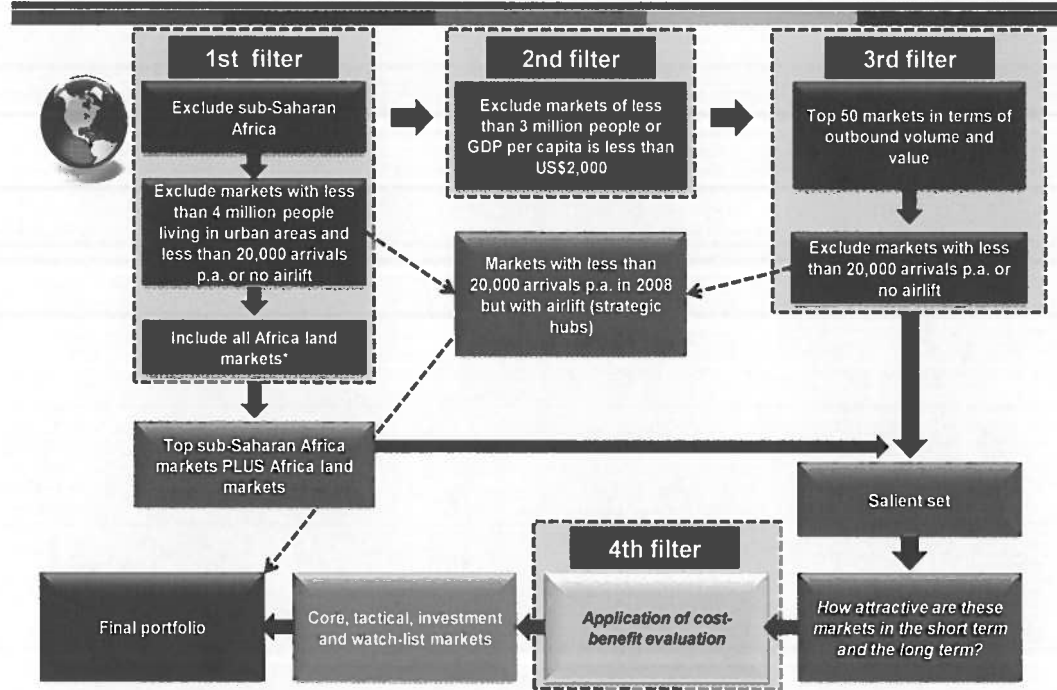
- that are most likely to come to South Africa; and
- whose value for South Africa will be the highest taking into consideration the size of the segment (value is calculated as the days spent in South Africa multiplied by the amount spent per day)

- 5.2.2 For South African Tourism's purposes, markets have been classified as follows:

- 5.2.2.1 Core markets: These markets are very attractive and have 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 markets.
- 5.2.2.2 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 South African Tourism to invest in these markets, ahead of the future

- returns. Approximately 20% of the organisation's effort (in terms of human capital and budget) is deployed in these markets.
- 5.2.2.3 Tactical markets: These markets are less attractive, but very easy to access from a tourism-marketing point of view. Approximately 15% of the organisation's effort (in terms of human capital and budget) is deployed in these markets.
- 5.2.2.4 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 South African 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 the organisation's effort (in terms of human capital and budget) is deployed against these markets.
- 5.2.3 South African Tourism promotes South Africa generically in terms of its unique selling points as an all-season, year-round preferred tourist destination, utilising marketing initiatives that are guided by the Tourism Growth Strategy. The strategy incorporates four key market portfolios namely:
- 5.2.3.1 Regional Africa (incl. SADC);
- 5.2.3.2 Americas;
- 5.2.3.3 Asia and Australasia;
- 5.2.3.4 Europe & the UK
- 5.2.4 Each portfolio is headed by a regional director tasked with developing and implementing marketing strategies, an approach which serves to optimise the efficiency and strategic marketing activities in specific market segments.
- 5.2.5 South African Tourism's overall marketing strategy promotes South Africa's scenic beauty, diverse wildlife, eco-tourism and variety of cultures and heritage. We also work to engender a travel culture amongst South Africans and to develop South Africa's potential as a big event destination.
- 5.2.6 South African Tourism's international marketing approach differs slightly in its scope: it is more focused, more cost-effective and more customer driven. We persistently undertake to 'play smarter' in the increasingly competitive global tourism market by adopting, amongst other initiatives, ongoing segmentation research into key spend and volume markets that highlight areas where South African Tourism's marketing efforts will reap the greatest returns. As a result, the organisation has also embarked on an aggressive e-Business Tourism Growth Strategy that includes fully-fledged research, a CRM unit and call centre and a website: www.southafrica.net. South African Tourism also participates in major travel shows; co-ordinates advertising, public relations and direct mailing campaigns; and holds educational work sessions with the international partners of South Africa's travel industry. Furthermore, the organisation is active in promoting South Africa as a destination for Business Events through its National Convention Bureau unit that works closely with sector representatives both abroad and in South Africa.
- 5.2.7 South African Tourism also works with South Africa's embassies and consulates all over the world to encourage tourism to South Africa. Good corporate governance is essentially about effective leadership. It requires leadership that is able to integrate decision-making, strategy and sustainability. It also calls for an inclusive and collaborative approach with stakeholders, founded on the need for effective dialogue and engagement.
- 5.2.8 South African Tourism views good corporate governance practice as integral to good performance. We at South African Tourism are committed to promoting sustainable confidence in our conduct, both as an organisation and as a corporate citizen. While the Board oversees the overall process and structure of corporate governance, each business unit and every employee worldwide within the organisation is responsible for promoting good corporate governance practices. In formulating our governance framework, we apply leading corporate governance practices pragmatically so as to:
- 5.2.8.1 Exercise effective review and monitoring of our activities.

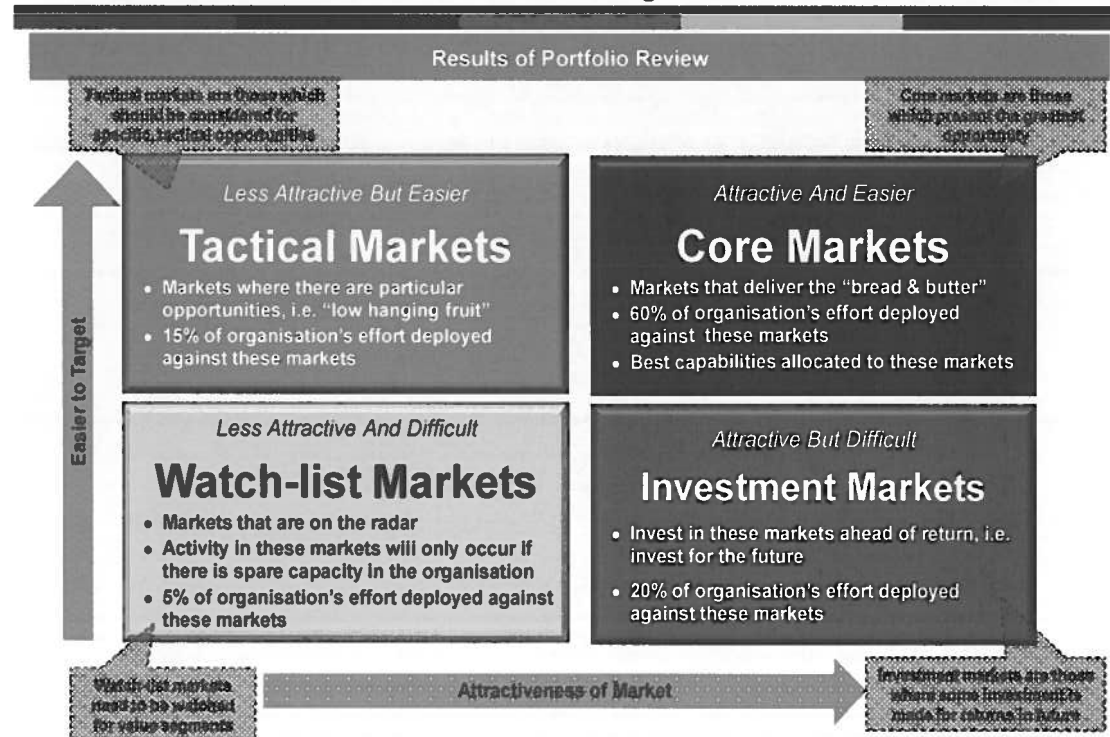
Key steps of the Portfolio Review Process



*Africa land markets are markets where more than 60% of arrivals to SA arrive by land.

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The results of the evaluation will illustrate the suggested core, tactical, investment and watch-list markets within each region



5

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The 4th Portfolio Review markets will end March 2014; the 5th Portfolio Review process will commence during July 2012 and fully implemented by 01 April 2014

		2002 – 2004				2005 – 2007		2008 – 2010		2011-2014		
4 th Portfolio												
Responsibility	Regional Director	Country Manager										
		Core Markets	Angola Botswana Kenya Nigeria South Africa*		USA*		Australia* India		France* Germany Netherlands UK*			
		Investment Markets	DRC Mozambique		Brazil Canada		China (incl. Hong Kong & Macau) Japan		Belgium Italy Sweden			
	Tactical Markets	Lesotho Swaziland		New Zealand				Ireland				
	Stakeholder Manager	Watch-list Markets	Malawi Namibia Zambia Zimbabwe		Argentina		Republic of Korea		Austria Denmark Portugal Spain Switzerland			
		Strategic Importance	Bahrain, Oman, Qatar, Saudi Arabia									
Global Channel Manager		Strategic Air Links/Hubs	Egypt, Ethiopia, Ghana, Mauritius Tanzania, Senegal, UAE				Malaysia Singapore					

*Indicates Business Tourism Hubs

*Indicates Business Tourism Hubs

MTEF allocation to aggressively grow Africa

5.2.10 Objectives to drive growth from the continent to meet NTSS targets

- 5.2.10.1 Increasing regional awareness of South Africa as a tourism and leisure destination.
- 5.2.10.2 Increase arrivals and spend from Africa to contribute to GDP and job creation.
- 5.2.10.3 In SADC, our market penetration is high but opportunities exist to promote repeat travel and to turn shoppers into holiday travel.
- 5.2.10.4 In Africa Air markets, sizable opportunity exists to attract high value business and leisure travellers.
- 5.2.10.5 Setting up five marketing offices in key African markets by 2020.
- 5.2.10.6 Implementation of regional tourism programmes.

Regional Hub Strategy

In addition to developing each market individually, we will look at growing arrivals in key regional markets using a hub strategy

	East African Regional Strategy	Central African Spillover Effect	West African Quick Win Strategy
Summary of Opportunity	<ul style="list-style-type: none"> Kenya is a relatively small market on a standalone basis, with only ~32k arrivals in 2010 Serving additional EAC countries, such as Uganda and Tanzania would be beneficial <ul style="list-style-type: none"> Combined arrivals of over 70k Similar consumers Good regional integration and growth 	<ul style="list-style-type: none"> The DRC market remains an investment market Its high tourism potential, however, warrants increased investment Due to the proximity and high connectivity between the DRC and Congo-Brazzaville, any activities in the DRC will have spillover effects into Congo-Brazzaville. Combined arrivals from this region represent 37k 	<ul style="list-style-type: none"> The Nigerian market is a large, and fast growing market Serving Ghana adds ~20k arrivals to the Nigerian market Arrivals from Ghana are growing fast Combined arrivals from Ghana and Nigeria represent ~81% of ECOWAS's arrivals or ~70k arrivals
Key Elements of Approach	<ul style="list-style-type: none"> Large regional market potential suggests the need to establish presence in the market rapidly This presence will start immediately by building key relationships (e.g., media, trade, etc.) to be leveraged for winning in these markets In the short term, we will start developing a fully-fledged regional strategy for the EAC 	<ul style="list-style-type: none"> Limited additional effort is required in the short to medium term as effects will automatically spill over with no additional effort We will, however, continue to monitor Congo-Brazzaville and other surrounding Central African states to leverage opportunities as they arise 	<ul style="list-style-type: none"> Our strategy in West Africa will include showing, in the short term, our presence in Ghana by developing critical trade and media partnerships and making very targeted investments in the market In addition, we will build our understanding of consumers and trade in Ghana through targeted research Finally, we will continue to monitor the market's growth and adapt our investment decisions in the long term

Growth required in arrivals from Africa

	2010 Actual	2011 Actual	% growth over 2010	2012 Approved Target	2013 Target (growth over 2011)	% growth over 2011	2014P	% growth over 2013	2015P	% growth over 2014	2016P	% growth over 2015
Africa - Air	358,809	383,725	6.9%	377,642	430,679	12.2%	431,090	0.1%	449,325	4.3%	468,202	8.7%
Angola	39,557	40,007	1.1%	45,548	50,558	26.4%	53,332	5.5%	56,158	11.1%	59,022	16.7%
DRC	32,099	33,893	5.6%	36,912	36,912	8.9%	37,761	2.3%	38,629	4.7%	39,518	7.1%
Kenya	32,129	33,695	4.9%	34,119	35,893	6.5%	38,748	8.0%	40,298	12.3%	41,910	16.8%
Nigeria	49,520	67,954	37.2%	55,559	78,827	16.0%	82,768	5.0%	86,079	9.2%	88,661	12.5%
Ghana	19,990	20,215	1.1%	20,700	23,846	18.0%	25,039	5.0%	26,291	10.3%	27,605	15.8%
Tanzania	21,847	32,096	46.9%	36,174	41,492	29.3%	44,467	7.2%	47,980	15.6%	51,675	24.5%
Uganda	15,648	17,071	9.1%	18,014	19,473	14.1%	21,053	8.1%	22,210	14.1%	23,432	20.3%
Africa - Land	8,498,735	9,333,505	9.8%	8,959,083	9,648,864	3.4%	10,048,643	4.1%	10,257,533	6.3%	10,456,061	8.4%
Botswana	829,928	782,313	-5.7%	858,315	782,313	0.0%	901,231	15.2%	901,231	15.2%	901,231	15.2%
Mozambique	1,329,590	1,389,732	4.5%	1,537,576	1,552,943	11.7%	1,726,102	11.2%	1,779,612	14.6%	1,831,220	17.9%

Domestic market

Objective	Measures and Targets	2009 Baseline	2015 Target	2020 Target	Consumer-level Job ¹
To grow the tourism sector's absolute contribution to the economy	Increase number of domestic tourists - No. of adult travellers - Population penetration - Total Domestic Trips	14.6 Mn 48% 30.3 Mn	16 Mn 40 Mn	18 Mn 54 Mn	Growth Growth Growth
Increase domestic tourism's contribution to the tourism economy	Domestic tourism as a contribution to tourism's overall contribution to GDP	52%	55%	60%	Growth
	Upper LSM consumers: change perceptions of taking a South African holiday versus outbound holidays	No baseline	-	-	Culture Transformation
	Middle LSM consumers: increase level of knowledge, understanding and propensity to take holidays	No baseline	-	-	Culture Transformation
	Increase in domestic holiday travel across all markets - No. of first-time holiday travellers - Levels of, and penetration into, black market for domestic leisure tourism - Holiday travel penetration by LSM - Increase affordable and accessible tourism experiences for the domestic market - Total no. of holiday trips	No baseline No baseline No baseline No baseline 4 Mn	- - - - 6 Mn	- - - - 9 Mn	Culture Transformation Culture Transformation Culture Transformation N/A Culture Transformation
Entrench a tourism culture among South Africans	Build a culture of embracing tourism among South Africans - Increase in levels of awareness of tourism and its value within South Africa - Increase in levels of community participation in the sector - Enhance social tourism programmes	No baseline No baseline No baseline	- - -	- - -	Culture Transformation N/A N/A
Address the issue of geographic, seasonal and rural spread	Increase geographic spread - Total domestic bed nights	128.4 Mn	20%	34%	Growth
	Increase the level of tourism to rural areas - Domestic arrivals and bed nights in rural areas	No baseline	-	-	Culture Transformation
	Decrease seasonality - Increase in share of bed nights spent in the low-season months	5.3%	7.1%	10%	Growth

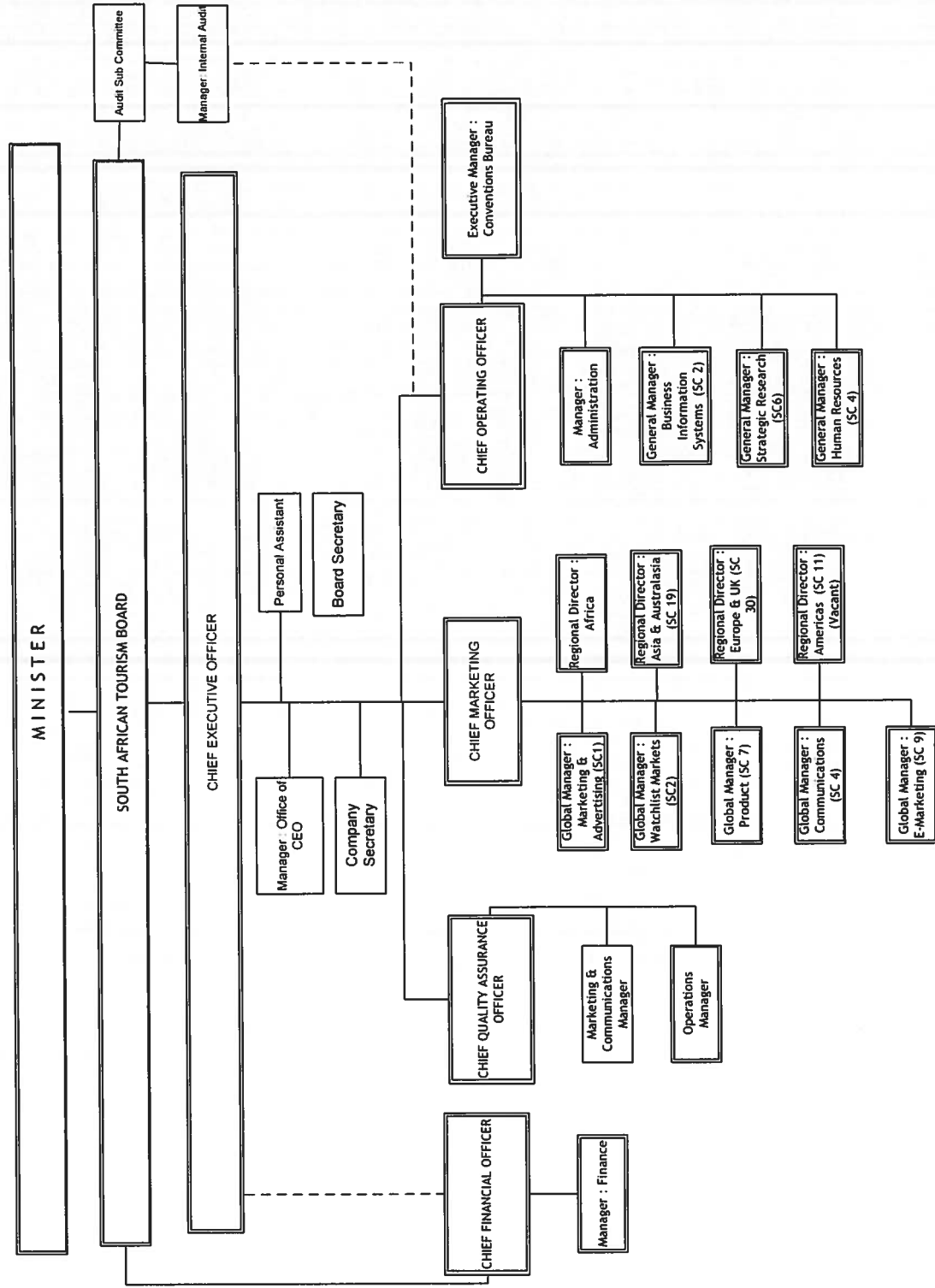
Note: ¹The classification of the consumer-level job required is a subjective evaluation
Source: Monitor/ Grail Analysis, National Tourism Sector Strategy, February 2011. Department of Tourism, Republic of South Africa

Structure

5.2.11 In order to properly execute its Strategic Plan, South African Tourism will have, effective 1 April 2013, 17 functional units, each with its own Business Unit Annual Resource Plan and reporting to a Business Unit Manager. These 17 functional units are:

- 5.2.11.1 Office of the CEO/COO (this Functional Unit, which includes Legal, Internal Audit, Performance Information and Administration, is headed by both the CEO and COO)
 - 5.2.11.2 Finance (headed by the Chief Financial Officer)
 - 5.2.11.3 Research (headed by the General Manager Research)
 - 5.2.11.4 Human Resources (headed by the General Manager: Human Resources)
 - 5.2.11.5 Business Information Systems (headed by the General Manager: Business Information Management Systems)
 - 5.2.11.6 PR and Communication (headed by the Global Manager: Communication)
 - 5.2.11.7 E-Business (headed by the Global Manager: E-Marketing)
 - 5.2.11.8 Central Marketing (this Business Unit, which includes Global Brand, Channel & Agency Management, is headed by the Chief Marketing Officer)
 - 5.2.11.9 Product and Itinerary (headed by Global Manager: Product)
 - 5.2.11.10 Africa Portfolio (headed by the Regional Director: Africa)
 - 5.2.11.11 Americas (headed by the Regional Director: Americas)
 - 5.2.11.12 Asia and Australasia Portfolio (headed by the Regional Director: Asia and Australasia)
 - 5.2.11.13 Europe & the UK Portfolio (headed by the Regional Director: Europe)
 - 5.2.11.14 Tourism Grading Council of South Africa (headed by their Chief Quality Assurance Officer (CQAO))
 - 5.2.11.15 Watchlist Markets (headed by the Global Manager: Watchlist Markets)
 - 5.2.11.16 National Convention Bureau (headed by the Executive Manager: Convention Bureau); this Business Unit includes SA Tourism's Business Tourism Business Unit which ceased to exist on 31 March 2012)
 - 5.2.11.17 Domestic Tourism (headed by the Country Manager: Southern Africa); this Business Unit will incorporate components of SA Tourism's Events Business Unit which ceased to exist on 31 March 2012)
- 5.2.12 South African Tourism has four categories of employment:
- 5.2.12.1 Senior management (consisting of all Exco members);
 - 5.2.12.2 Middle management (consisting of all MANCO members who are also appointed business unit managers, country managers, the Manager: Finance at Head Office and the and the Manager: Global Advertising at Head Office)
 - 5.2.12.3 Junior management Any other person working for SAT who has the title of "manager", as part of his designation on SAT's approved organogram in SAT's Delegation of Authority as well as the Contracts Attorney.
 - 5.2.12.4 General Staff (consisting of all staff members not indicated above)

Extract of Organogram approved by the Board 1 November 2012
Exco / Manco level



5.3 DESCRIPTION OF SA TOURISM'S STRATEGIC PLANNING, ANNUAL PERFORMANCE PLANNING- AND BUDGETING, SETTING KPA'S AND TARGETS FOR PERFORMANCE INFORMATION AND PERFORMANCE MANAGEMENT PROCESS

Although South African Tourism's Strategic Planning and Annual Performance Planning process, which includes budgeting and the formulation of organisational-, Business Unit- and Country office KPA's and targets, has been aligned with National Treasury's "Framework for Strategic Plans and Annual Performance Plans" document issued during August 2010, the Board resolved on 21 September 2011 that it is critical to bring provinces in earlier during this process to get alignment and also share with them final Annual Performance Plans for all marketing Business Units once the Executive Authority (Minister) has approved SAT's consolidated updated 5 year Strategic Plan and Annual Performance Plan. For that reason, critical dates in this process are as follows:

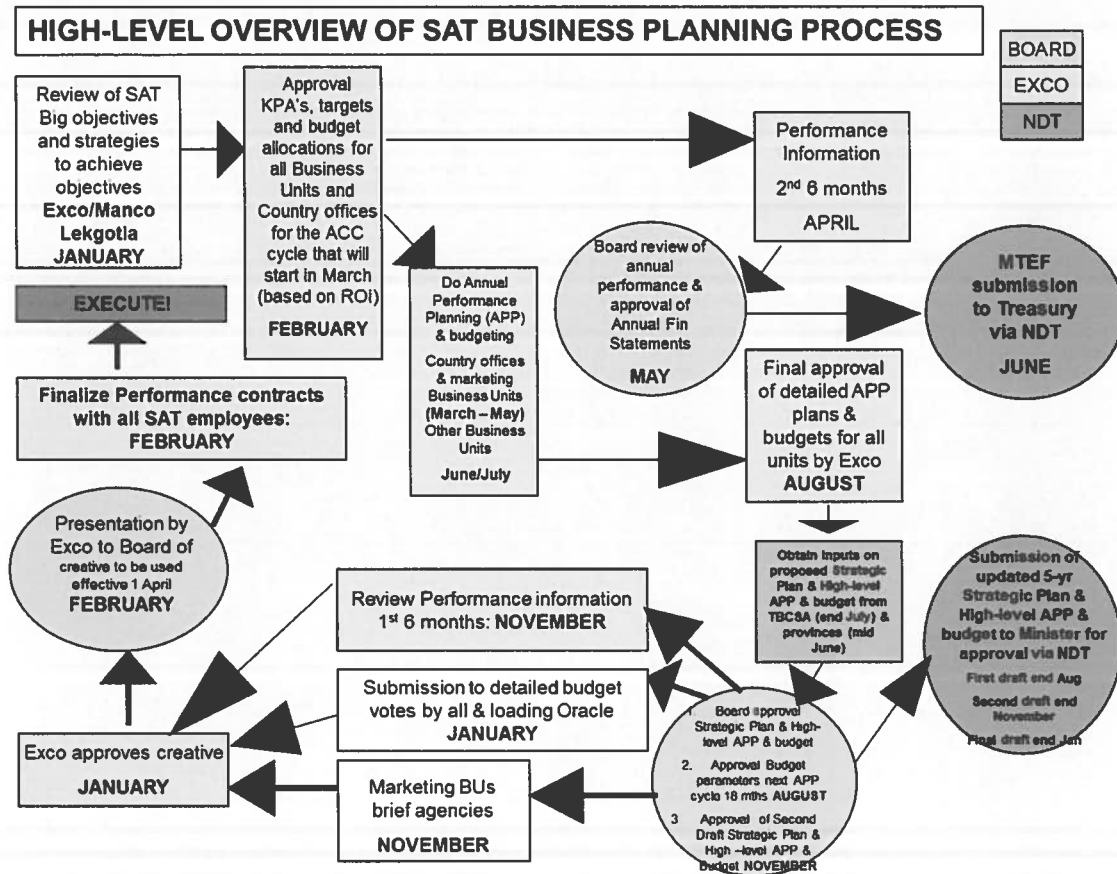
Nr	Action	Responsible designation	Deadline & other notes
5.3.1	Formulate, based on latest stats, potential arrivals, spend and brand awareness figures for the next calendar year & forward to Exco for consideration	SRU	Second week of January
5.3.2	Update SAT's Risk Register with everybody's input & forward to Exco for consideration	Chief Operating Officer	Second week of January
5.3.3	Approve updated Risk Register, budget parameters and budget allocations for all Business Units and Country offices for the next financial year (based on SAT's 2 formulas)	Exco	Last week of January
5.3.4	Approve updated Risk Register, budget parameters and budget allocations for all Business Units and Country offices for the next financial year (based on SAT's 2 formulas)	Board	Third week of February
5.3.5	Distribution of all Board-approved budget parameters and budget allocations for all Business Units and Country offices for the next financial year (based on SAT's 2 formulas) to all Business Unit Managers and Country Managers for using in their Annual Performance Planning and budgeting process that kicked off in the 4 th week of February	CFO	Fourth week of February
5.3.6	Business Unit, Sub Business Unit & Country office Annual Performance planning including budgeting for the next financial year	All Business Units led by its respective Exco members and assisted by SRU	Fourth week of February - first week of May
5.3.7	Deadline for the finalization of the 1 st draft updated 5-year Strategic Plan & distribution to Exco	Chief Operating Officer	First week of March

Nr	Action	Responsible designation	Deadline & other notes
5.3.8	Update 1 st draft updated 5-year Strategic Plan in line with Exco input & distribution to Manco for inputs	Chief Operating Officer	Second week of March
5.3.9	Consideration by Exco of Manco inputs received on updated 5-year Strategic Plan & final approval by Exco of it	Exco	Fourth week of March
5.3.10	Formal <u>review</u> of the last 6 months of the financial year and look at the proposed actions in terms of non-financial and financial variances approved by Exco a week earlier (when they approved the business units/country offices and consolidated SAT non-financial and financial Performance Information report of all Business Units and Country offices for the period 1 October - 31 March), i.e. how they impact on current Business Unit, Sub Business Unit & Country office Annual Performance planning including budgeting for the next financial year (see par 5.3.6 above)	Exco/Manco/Country Managers	First week of May
5.3.11	Presentation of all draft Business Unit, Sub Business Unit and Country office proposed Annual Performance Plans and budgets to Manco	Manco	Second & third week of May
5.3.12	Presentation of all draft Business Unit, Sub Business Unit and Country office proposed Annual Performance Plans and budgets to Manco	Exco	Fourth week of May & first week of June
5.3.13	Presentation of all high-level consolidated marketing-related Annual Performance Plans and budgets to provinces & receive inputs	Exco	Second week of June
5.3.14	<u>Consideration</u> of inputs received from provinces on the Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit- and Annual Performance Bonus purposes & update accordingly	Exco (consideration) CFO (update)	Third week of June
5.3.15	<u>Distribute</u> 1 st draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit-	Chief Operating Officer	Distribute 1 July & receive inputs no later than 1 August

Nr	Action	Responsible designation	Deadline & other notes
	and Annual Performance Bonus purposes to the TBCSA & invite inputs		
5.3.16	<u>Consideration of inputs</u> received from the TBCSA, consulting Manco on it where applicable & updating the 1 st draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit- and Annual Performance Bonus purposes to the TBCSA & invite inputs	Exco	First week of August
5.3.17	<u>Final approval</u> of 1 st draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit- and Annual Performance Bonus purposes	Board of SA Tourism	Third week of August every year
5.3.18	<u>Submission</u> of the 1 st Board-approved draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit- and Annual Performance Bonus purposes <u>to the Executive Authority via NDT and National Treasury</u>	Chief Operating Officer	31 August
5.3.19	Formal <u>review</u> of the first 6 months of the financial year and look at the proposed action in terms of non-financial and financial variances approved by Exco a week earlier when they approved the business units/country offices and consolidated SAT non-financial and financial Performance Information report of all Business Units and Country offices for the period 1 April - 30 September	Exco/Manco/Country Managers	Last week of October
5.3.20	<u>Update</u> 1st Board-approved draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year in line with comments received from the Executive Authority	CFO	September - November

Nr	Action	Responsible designation	Deadline & other notes
5.3.21	<u>Final approval</u> of 2 nd draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit- and Annual Performance Bonus purposes	Board of SA Tourism	Third week of August every year
5.3.22	<u>Submission</u> of the 2 nd Board-approved draft updated 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit- and Annual Performance Bonus purposes <u>to the Executive Authority via NDT and National Treasury</u>	CFO	30 November
5.3.23	<u>Submission of Final approved 5-year Strategic Plan, Annual Performance Plan including budgets and consolidated SA Tourism KPA's & targets for the next financial year for Performance Information audit and Annual Performance Bonus purposes to the Executive Authority via NDT</u>	CFO	31 January
5.3.24	<u>Loading</u> of approved detailed Business Unit- and Country Office budgets into Oracle	All Business Unit Managers (submit to the Management Accountant)	31 January
5.3.25	<u>Preparation and submission</u> of proposed employee Performance Contracts for the next financial year to Exco	All Business Unit Managers	15 February
5.3.26	<u>Finalise</u> proposed employee Performance Contracts for the next financial year in line with Exco comments, <u>sign</u> contract between line manager and employee and submit to HR	All line Managers	28 February
5.3.27	Tabling of Final approved 5-year Strategic Plan and Annual Performance Plan in Parliament	NDT	28 February

5.4 SA TOURISM'S STRATEGIC PLANNING PROCESS



PART B: LINKS TO OTHER PLANS

6 STRATEGIC OUTCOME ORIENTED GOALS OF THE INSTITUTION

6.1 STRATEGIC OUTCOMES ORIENTATED GOAL, GOAL STATEMENTS AND OBJECTIVES

South African Tourism has identified 1 strategic outcomes orientated goal which identify areas of organisational performance that are critical to the achievement of SA Tourism's mission.

Strategic objectives differs from Strategic outcomes orientated goals in that they clearly state, what the institution intends doing or producing to achieve its Strategic outcomes orientated goals (par 5.3.6 on page 13 of the FSPAP).

Strategic Outcome Oriented Goal		Increased contribution of the tourism sector to inclusive economic growth			
Goal Statement		Implement marketing strategies that increase arrivals and increase tourist spend thereby growing tourism's contribution to the South African economy			
	Strategic Objective	Objective Statement	Baseline	Justification	Links
1	Increase foreign visitor arrivals coming to South Africa	Implement an international marketing strategy to increase arrivals from 9,933,966 in 2009 to 15 million by 2020	2009: 9,933,966	The more foreign visitors that visit South Africa, the more money will be spent which effectively increases GDP of the country.	National Tourism Sector Strategy
2	Increase domestic tourism in South Africa	Implement a domestic marketing strategy to increase the number of travellers from 13,5 million in 2010 to 18 million by 2020	2010: 13,5 million	This objective will make South Africa more attractive to South Africans, the more money will be spent which effectively increases GDP of the country	National Tourism Sector Strategy
3	Increase tourism trended revenue contribution to the economy	To market South Africa in such a way that we attract the types of tourist that will ensure that the trended revenue contribution to the South African economy exceeds 1,5% growth per year	2010: Average spend per arrival R11,646 Total revenue: R99,6 billion	This objective will drive that we attract the types of tourist that will ensure that we increase the trended revenue contribution to the South African economy	None
4	Increase SA Brand Awareness	To market South Africa in such a way that South Africa becomes a most preferred Tourism Brand by 2015 in order to re-affirm the brand promise, that SA can be trusted to deliver memorable quality experiences by obtaining at least a 80% brand awareness	2010: 79%	This objective will make South Africa more attractive to visitors and result in increased spend	None
5	Provide quality assurance for tourism products	Implement the tourism grading system to increase graded establishments by 10% annually	2011/12: 4,886	This objective will result in the marketing through word-of-mouth of the quality experience offered in South Africa	None
6	Increase business events	Market SA as a meetings destination and provide support for bids	None	This objective is to create a strong focus on the marketing and selling of South Africa as a Meetings Destination	None

7 RESOURCES CONSIDERATIONS

The objective of this section is to discuss the resourcing issues considered by South African Tourism when it developed its strategic objectives:

Expenditure trends in the programme's budget and how these can be expected to evolve over the 5-year period

In terms of all functional units identified, expenditure is expected to grow by CPIX except for the International Portfolios and Head Office Marketing functional units where more expenditure will be incurred on emerging economies and domestic marketing.

Changes to SAT's non-financial resources during the 2013/14 financial year

SA Tourism's current staff complement of 189 is expected to increase by 4 staff members to 193 during the 2013/4 financial year. This increase is necessary:

- to appoint 3 staff members in South African Tourism's new East Africa hub office in Kenya which will open no later than 31 March 2014;
- to appoint 1 extra Trade Relations Manager in India to actively service the New Dehli trade in this fast-growing market.

With the opening of the new East Africa hub office, South African Tourism's total number of country offices will increase to 14.

In terms of the required skill set of staff members, no changes are foreseen.

In terms of time allocation/management of marketing staff members and considering SA Tourism's Board-approved market prioritization, marketing staff members will continue to spend the following proportion of total available time on the different types of markets: Core markets: 60%, Investment markets: 20%, Tactical markets: 15% and Watch-list markets: 5%.

In terms of maximizing available time of all SAT managers, the following serves mentioning:
SAT will continue to encourage short to-the-point meetings preferably not exceeding 3 hours;
SAT will continue to encourage staff members to rather attend to e-mails after 13h00 every day (and not during the mornings when productivity is at its optimum);

SAT will continue to enforce the following management routines (where proper minutes should be kept available for audit-inspection purposes):

Grouping	Meeting frequency
Executive management (Exco)	<p>Exco meet once a month on the third Tuesday of every month for a formal meeting between 09h00 and 15h00 (this meeting will be moved in exceptional cases if required by a key external event).</p> <p>During this meeting, the following matters will be standard agenda items: (i) strategic issues that impact on the organization and its Business Units and Country Offices (ii) HR matters including all staff employment contracts that will come up for renewal within the following 12 months (iii) the financial position of the organization (iv) recorded non-compliance matters for the CEO's attention.</p> <p>Unless not possible due to operational reasons, Exco will also meet informally between 09h00 and 11h00 to review progress on projects and discuss burning issues. No minutes will be taken of</p>

	these meetings, however, key resolutions will be recorded and approved at the following Exco meeting.
Manco	Two formal meetings must take place per month on a Wednesday 09h00. The dates of meetings in a month will be determined by Manco. Minutes must be taken of meetings.
Country offices	Two formal meetings must take place per month on a date and timeslot to be determined by the Country Manager monthly in advance. Minutes must be taken of meetings.
Business Units	Two formal meetings must take place per month on a date and timeslot to be determined by the Business Unit Manager monthly in advance. Minutes must be taken of meetings.

Systems

In terms of systems, no change is foreseen at this stage to SA Tourism's 3 primary systems (Oracle, EPM Project Management and the QIT Grading system) except for:

- the implementation/loading of regular updates/patches;
- a tender to be issued for the rewriting of the QIT source code in a new system.

Infrastructure

No changes are foreseen in terms of South African Tourism's infrastructure at Head Office except for the extension of the basement (phase 1) and 1st floor (phase 2) of the South African Tourism Head Office extension project. Phase 2, which will commence upon the completion of phase 1, has been included in the 2013/14 central CAPEX budget below:

CAPEX budget	2012/13 R'mil	2013/14 R'mil
Immovable assets		
Phase 1 & 2 Head Office extension	5.00	6.29
New offices		
Brazil, Nigeria & Angola	3.50	
Kenya		1.85
Intangible assets		
Systems software	2.59	5.38
Vehicles	1.40	0.50
Furniture & fixtures	0.43	0.43
IT Hardware	4.12	1.00
Leasehold improvements and leased assets	4.54	3.29
	21.58	18.75

In terms of SA Tourism's 13 country offices, the plan is to increase it by 1, a new East Africa hub office in Kenya, no later than 31 March 2014 (see above).

7.1 RISK MANAGEMENT

B1. EXTERNAL RISKS

Rank	Risks	Mitigating controls	Goals Affected
1	Failure to deliver on SAT's mandate (Strategy Execution)	Review of marketing strategy (Portfolio) Monitoring of Performance Information Alignment of individual performance contracts to Strategic Plan and Annual Performance Plan Brand review	All goals
2	Funding (Business Continuity due to factors such as reduction of budget allocation funds by Treasury)	Development of new Domestic Strategy Portfolio Review Stakeholder management Enforcing compliance with internal policies and procedures, as well as, PFMA and Treasury regulations	Increased arrivals, domestic travellers and trended revenue

B2. INTERNAL RISKS

Rank	Risks	Mitigating controls	Goals Affected
1.	Business continuity/going concern including disaster recovery (Systems based risk due to system security, human error and system failure)	Development of new Domestic strategy Annual portfolio review Stakeholder management with NDT, Minister, TOMSA by CEO Stakeholder management with Property owners by CQAO Enforcing compliance with internal policies and procedures as well as PFMA	All goals
2.	Human Resource Risk (Loss of skilled resources, lack of succession, retention and talent management)	1. Pay market -related remuneration (to attract the correct skills and retain talent/key/high-performing individuals (Responsible person: General Manager: HR); 2. Continue to award performance (Responsible persons: EXCO Moderation Panel and General Manager: HR); 3. Identify the names of possible successors for top 10 key positions in SA Tourism (Responsible persons: Board Chairperson, CEO and other EXCO members); 4. Renew the contracts of employees with whom the company wants to continue 12 months before expiry (Responsible person: EXCO).	All goals
3.	Safeguarding of company assets (eg abuse of resources and	All tangible assets insured Motor vehicle trackers installed Regular asset counts and reconciliations	All goals

	lack of accountability)	Fire extinguishers in the building Fingerprint access to the building Visitors accompanied by staff Security checks Cameras in the building	
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PART C: LINKS TO OTHER PLANS

8 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).

9 CONDITIONAL GRANTS

Not applicable

10 PUBLIC ENTITIES

Not applicable

11 PUBLIC-PRIVATE PARTNERSHIPS

Not applicable