



Inspiring new ways

South African Tourism

Annual Performance Plan

for

2013/14 (Final draft)

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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PART A: STRATEGIC OVERVIEW

1. UPDATED SITUATIONAL ANALYSIS

1.1. PERFORMANCE

Please see SA Tourism's updated 5-year Strategic Plan effective 2013/14.

1.2. ORGANISATIONAL ENVIRONMENT

Please see SA Tourism's updated 5-year Strategic Plan effective 2013/14.

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

Please see SA Tourism's updated 5-year Strategic Plan effective 2013/14.

3. OVERVIEW OF 2010/11 BUDGET AND MTEF ESTIMATES

3.1. REVENUE AND EXPENDITURE ESTIMATES

Table Y.1 South African Tourism

*The outer year, 2015/16 has been generated by an inflationary adjustment of 4.6 % (as per MTEF Framework guidelines) to the 2014/15 budget baseline.

Revenue		2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
					ENE Estimate	Adjustment	Approved			
Rand Thousand		Audited	Audited	Audited	Budget	Budget	Budget	Budget	Budget	Estimate*
1	Government grant	698,949	631,685	668,613	753,303		753,303	829,973	875,844	880,772
2	TOMSA levies	75,490	104,973	98,169	78,000		78,000	87,472	82,000	85,772
3	Indaba & Meetings Africa	38,503	38,803	37,868	40,059		40,059	42,464	41,677	43,594
4	Grading fees (note 1)	16,692	6,376	5,284	14,050		14,050	15,736	14,618	15,290
5	Sundry revenue	37,109	52,567	19,045	26,668		26,668	16,667	27,635	28,906
Total		866,744	834,404	828,979	912,080		912,080	992,312	1,041,774	1,054,334
Note 1: Only the net grading revenue after the deduction of assessor fees were disclosed in the audited Annual Financial Statements for 2010/11 and 2011/12 respectively.										

Name of the Goal		2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
					ENE Estimate	Adjustment	Approved			
in Rand		Audited	Audited	Audited	Budget	Budget	Budget			
	Major Goal	853,391	856,088	863,295	912,080	-	912,080	992,312	1,041,774	1,054,334
1	Increase foreign visitor arrivals coming to South Africa	233,013	224,655	257,502	249,495	-	249,495	336,952	353,940	352,321
	-International				199,495		199,495	252,952	269,940	268,321
	- Regional Africa				50,000		50,000	84,000	84,000	84,000
2	Increase domestic tourism in South Africa				40,000		40,000	42,400	43,672	44,000
3	Increase tourism trended revenue contribution to the economy	292,488	296,953	290,367	271,711		271,711	336,952	353,940	352,321
4	Marketing Increase SA Brand Awareness	292,487	296,953	290,367	271,712		271,712	206,828	219,238	232,392
5	Provide quality assurance for tourism products	35,403	37,527	25,059	39,689		39,689	37,115	37,377	39,300
6	Increase business events				39,473		39,473	32,065	33,607	34,000
Total		853,391	857,809	863,295	912,080	-	912,080	992,312	1,041,774	1,054,334

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:

Strategic Objectives	Description	The above budget and MTEF allocations contribute to the realisation of SA Tourism's Strategic outcome orientated goals in the following way:
Objective 1: Increase foreign visitor arrivals coming to South Africa	3.2.1 To market South Africa in such a way: 3.2.1.1 that annual foreign visitor arrivals to South Africa increase to 13 021 979 by 2013 and 15 000 000 by 2020; 3.2.1.2 that the roll-out of aggressive marketing activities in Africa, for which funding has been ring-fenced, setting up five marketing offices in key African markets by 2020 to 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);	Funding of marketing activities
Objective 2 : Increase domestic tourism in South Africa	3.2.2 To promote a culture of Domestic Tourism that the number of domestic travellers per annum should increase to 15,0 million by 2013;	Funding of domestic marketing
Objective 3: Increase tourism trended revenue contribution to the economy	3.2.3 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 and is more than R115,4 billion (excluding capital expenditure) in 2013.	Funding of marketing activities
Objective 4: Increase SA Brand Awareness	3.2.4 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 brand awareness percentage of 79% in all the markets where Brand Tracking is done during November 2013;	Funding of global media campaign
Objective 5: Provide quality assurance for tourism products	3.2.5 To deliver on the quality experience expected by the international and domestic tourist by increasing the number of graded establishments by 10% per annum and having at least graded 6 789 tourism products in South Africa by 31 March 14	Funding of all costs related to the grading of establishments
Objective 6: Increase business events	3.2.6 To increase the size of SA Business events industry so as to ensure a cumulative annual growth rate of 5.3% in number of delegates at International Conventions and increase the number of delegates to 56 000 by 31 March 2014	Funding of Convention Bureau

PART B: STRATEGIC OBJECTIVES AND PLANS

4. STRATEGIC OBJECTIVES

4.1. STRATEGIC OBJECTIVE ANNUAL TARGETS, PERFORMANCE INDICATORS AND QUARTERLY TARGETS FOR 2013/14

Strategic Objective	Key Performance Indicator	Audited outcome /Actual performance				Estimated Performance	Medium-term targets					
		2009/10	2010/11	2011/12	2012/13		2013/14	Quarterly Targets			2014/15	2015/16
4.1.1 Increase foreign visitor arrivals coming to South Africa (Note 1)	Number of foreign visitor arrivals	9 933 966 annual foreign visitor arrivals	11 395 700 annual foreign visitor arrivals	12 255 155 annual foreign visitor arrivals	12 518 310 annual foreign visitor arrivals (2,2% increase over 2011 actual)	13 021 979 annual foreign visitor arrivals (4,0% increase over 2012 target)	Q1: 3 125 275 Land: 2 277 572 Air: 777 779	Q2: 2 995 055 Land: 2 260 193 Air: 800 039	Q3: 3 385 715 Land: 2 515 665 Air: 835 819	Q4: 3 515 934 Land: 2 595 434 Air: 959 479	13 300 535 annual foreign visitor arrivals (2,2% increase over 2013 target)	13 579 999 annual foreign visitor arrivals (2,1% increase over 2014 target)
					Tourist arrival estimate = 8 460 226	Land: 9 648 864 Air: 3 373 115					Land: 10 048 643 Air: 3 321 892	Land: 10 257 533 Air: 3 322 466
4.1.2 Increase domestic tourism in South Africa	Number of domestic travellers	14,6 million domestic travellers (in 2009)	13,5 million domestic travellers (in 2010)	13,9 million domestic travellers (in 2011)	14,5 million domestic travellers (4,3% increase over 2011 estimate)	15,0 million domestic travellers (3,4% increase over 2012 target)	Q1: 4,0 million	Q2: 4,0 million	Q3: 3,0 million	Q4: 4,0 million	15,6 million domestic travellers (4,0% increase over 2013 target)	16,2 million domestic travellers (3,8% increase over 2014 target)
4.1.3 Increase tourism trended revenue contribution to the economy (* = Average Total Foreign Direct Spend (excluding prepaid)	Amount of trended revenue	R 8 100* (in 2009)	R 8 400* (in 2010)	R 8 600* (in 2011)	R 12 536 (in 2012) NITS	R 115,4 billion TFDS revenue, excluding Capital expenditure	Q1: R27,7billion	Q2: R26,5 billion	Q3: R30,0 billion	Q4: R31,2 billion	R 119,6 billion TFDS revenue (3,6% increase over 2013 target)	R 124,0 billion TFDS revenue (3,6% increase over 2014 target)
4.1.4 Increase SA brand awareness	Brand awareness percentage	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)	N/A				80% (in Feb 2014 and Nov 2014 - use average)	80% (in Feb 2015 and Nov 2015 - use average)

Strategic Objective	Key Performance Indicator	Audited outcome /Actual performance				Estimated Performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13		2013/14	Quarterly Targets	2014/15
4.1.5 Provide quality assurance for tourism products	Number of graded establishments	8 196 (on 31/3/2010)	5 932 (as at 31/3/2011)	4,886 (as at 31/3/2012)	6 172 (as at 31/3/2013)		6 789 (as at 31/3/2014) 1 086 New 5 703 Renewals	Q1: 1 697 (on 30/6/2013) including 198 new clients and 1 499 renewals Q2: 1 697 (on 30/9/2013) including 231 new clients and 1 466 renewals Q3: 1 697 (on 31/12/2013) including 271 new clients and 1 426 renewals Q4: 1 698 (on 31/3/2014) including 386 new clients and 1 312 renewals	7 468 (as at 31/3/2015) 1 195 New 6 273 Renewals
4.1.6 Increase business events	Number of delegates	N/A	N/A	N/A	18 000 delegates at international conventions		56 000 delegates at international conventions	N/A	58 500 delegates at international conventions
									8,215 (as at 31/3/2016) 1 314 New 6 901 Renewals

Note 1 - At its September 2011 Board meeting the Board agreed that SAT must include tourist targets effective 2012/13. Not having adequate data points to set tourist targets (every 5 years to project 1 year), the following must be noted:

- The tourist arrival target is estimated using the annual average incidence of tourist arrivals within the visitor arrivals for 2009 and 2010.
- This method of estimation is not reliable as the number of tourist arriving each month is variable.
- The data on tourist arrivals is an estimation only and not targets.

FOREIGN VISITOR ARRIVAL TARGETS PER COUNTRY

	2013 Target (growth over 2011)	
TOTAL	13,021,979	6.3%
Africa - Air		
Angola	50,558	26.4%
DRC	36,912	8.9%
Kenya	35,893	6.5%
Nigeria	78,827	16.0%
Ghana	23,846	18.0%
Tanzania	41,492	29.3%
Uganda	19,473	14.1%
Africa - Land		
Botswana	782,313	0.0%
Mozambique	1,552,943	11.7%
Americas		
Brazil	106,473	71.4%
Canada	69,838	7.1%
USA	356,189	9.4%
Argentina	23,037	57.5%
Asia & Australasia		
Australia	133,722	14.7%
China	131,715	42.0%
India	133,613	31.6%
Japan	32,839	11.0%
Korea	20,578	4.6%
Europe		
Belgium	49,478	11.1%
France	142,264	21.5%
Germany	270,531	8.6%
Italy	67,466	5.3%
Netherlands	140,602	16.2%
Sweden	44,738	8.5%
UK	498,004	8.0%
Austria	23,616	1.1%
Denmark	26,657	6.3%
Portugal	60,343	10.0%
Spain	38,916	19.0%
Switzerland	48,306	8.8%

REVENUE TARGETS PER COUNTRY

	2013 Target (growth over 2011)	
TOTAL	115,445,307,333	13.8%
Africa - Air		
Angola	1,137,880,921	30.2%
DRC	519,916,707	41.6%
Kenya	379,195,322	26.6%
Nigeria	1,073,767,896	26.2%
Ghana	232,033,670	30.6%
Tanzania	440,270,362	119.2%
Uganda	185,824,638	57.7%
Africa - Land		
Botswana	1,869,001,210	0.0%
Mozambique	15,086,504,060	11.7%
Americas		
Brazil	1,164,256,631	87.3%
Canada	840,587,840	22.8%
USA	3,840,565,436	22.4%
Argentina	249,835,906	63.8%
Asia & Australasia		
Australia	1,397,011,720	11.9%
China	2,131,488,798	116.7%
India	1,418,115,878	52.7%
Japan	289,109,474	15.2%
Korea	268,922,863	14.6%
Europe		
Belgium	444,368,183	31.3%
France	1,243,378,613	37.4%
Germany	3,086,859,323	25.0%
Italy	604,252,207	16.7%
Netherlands	1,590,972,496	43.6%
Sweden	456,196,651	21.8%
UK	5,020,212,738	18.1%
Austria	246,718,161	8.3%
Denmark	245,287,267	19.9%
Portugal	614,796,012	112.1%
Spain	427,283,556	31.5%
Switzerland	559,146,310	23.4%

WATCH-LIST MARKETS - AVERAGE TFDS (EXCL. CAPITAL) SPEND

	2013 Target
Austria	10,447
Argentina	10,845
Denmark	9,202
Portugal	10,188
Spain	10,980
Switzerland	11,575
Korea	13,069

4.2. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

Name of the Goal		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16	
Increased contribution of the tourism sector to inclusive economic growth								ENE Estimate		Adjustment		Approved			
in Rand		Audited		Audited		Audited		Budget		Budget		Budget			
Major Objective		853,391		856,088		863,295		912,080		-		912,080		1,041,774	
1	Increase foreign visitor arrivals coming to South Africa	233,013		224,655		257,502		249,495		-		249,495		353,940	
	-International							199,495				199,495			
	- Regional Africa							50,000				50,000		84,000	
2	Increase domestic tourism in South Africa							40,000				40,000		43,672	
3	Increase tourism trended revenue contribution to the economy	292,488		296,953		290,367		271,711				271,711		353,940	
4	Increase SA Brand Awareness	292,487		296,953		290,367		271,712				271,712		219,238	
5	Provide quality assurance for tourism products	35,403		37,527		25,059		39,689				39,689		37,377	
6	Increase business events							39,473				39,473		33,607	
Total		853,391		857,809		863,295		912,080		-		912,080		1,041,774	
														1,054,334	

Breakdown of SA Tourism budget:

Revenue		Final 2013/14 budget in Rand	Final 2012/13 budget in Rand
Government grant		829,973,000	753,303,000
TOMSA levies		87,472,000	78,000,000
Indaba & Meetings Africa		42,462,497	40,058,959
Grading fees		15,736,148	14,050,132
Sundry revenue		16,668,356	26,667,909
		992,312,000	912,080,000

Expenses

Country office	Currency	Overhead mainline items				Marketing expense mainline items				Grand 2013/14 total Overheads and marketing budget in ZAR	Grand 2012/13 total Overheads and marketing budget in ZAR
		HR	Net premises	Other operating expenses	Marketing expenses excl CRM and Hosting	CRM	Hosting				
1. USA	USD	988,803	593,609	134,484	4,156,531	247,343	777,154	6,897,924	6,756,047	65,323,340	60,998,994
2. UK	GBP	578,302	59,907	143,246	1,836,662	457,093	419,250	3,494,460	3,425,941	49,726,166	46,361,208
3. Germany	EUR	629,970	193,763	132,253	2,697,458	224,901	515,710	4,394,055	4,307,897	51,454,384	49,875,110
4. France	EUR	724,605	244,388	65,324	1,528,728	136,515	363,447	3,063,007	3,002,948	35,867,812	34,766,930
5. Netherlands	EUR	403,413	83,601	106,896	1,349,421	127,300	277,389	2,348,020	2,301,981	27,495,314	26,651,415
6. Italy	EUR	378,640	84,547	79,452	541,821	70,179	105,517	1,260,156	1,235,447	14,756,427	14,303,516
7. India	INR	6,278,532	8,064,178	9,831,087	74,231,579	2,343,421	16,215,882	116,964,679	114,558,941	27,691,388	21,033,022
8. China	CNY	1,521,145	591,483	490,207	12,248,869	454,752	2,335,538	17,641,994	14,634,665	23,816,692	16,653,707
9. Japan	JPY	17,949,246	16,915,811	10,017,780	49,418,160	2,056,266	9,083,722	105,440,985	103,882,744	12,639,571	8,696,901
10. Australia	AUD	601,523	132,563	72,257	1,990,215	120,986	360,683	3,278,227	3,188,937	32,683,923	23,419,551
11. Angola	USD	176,745	58,915	58,915	859,350	60,517	290,484	1,504,926	1,009,930	14,251,649	9,118,456
12. Nigeria	USD	104,102	156,151	38,765	1,720,531	312,044	312,044	2,643,637	1,588,159	25,035,247	14,341,080
13. Brazil (Am)	USD	203,522	45,227		2,008,676			2,257,425	1,206,359	21,377,815	10,893,420
14. Kenya	USD	90,985	123,104	37,553	1,156,327	168,695	210,286	1,786,950	1,062,625	16,922,417	9,595,500

Business Unit excl Country offices above	Currency	Overhead mainline items			Marketing expense mainline items			Grand 2013/14 total Overheads and marketing budget in diff. currencies	Grand 2012/13 total Overheads and marketing budget in diff. currencies	Grand 2013/14 total Overheads and marketing budget in ZAR	Grand 2012/13 total Overheads and marketing budget in ZAR
		HR	Net premises	Other operating expenses	Marketing expenses excl CRM and Hosting	CRM	Hosting				
1. Africa H/Off Portfolio only (excl all African countries and Domestic) Unallocated portion remainder in Africa DRC	ZAR	4,690,202	-	-	-	-	-	4,690,202	9,860,315	4,690,202	9,860,315
	ZAR				2,647,500			2,647,500	2,647,500	2,647,500	2,647,500
2. Domestic	ZAR	1,964,905			28,794,095			30,759,000	40,000,000	30,759,000	40,000,000
Botswana, Zimbabwe and Zambia	ZAR				2,211,000			2,211,000	2,211,000	2,211,000	2,211,000
Mozambique and Malawi	ZAR				2,211,000			2,211,000	2,211,000	2,211,000	2,211,000
Lesotho, Swaziland and Namibia	ZAR				2,211,000			2,211,000	2,211,000	2,211,000	2,211,000
Events	ZAR				5,008,000			5,008,000	5,008,000	5,008,000	5,008,000
3. Europe and UK H/Off Portfolio excl Ireland, Sweden and Belgium	ZAR	1,470,000						1,470,000	3,055,760		
Ireland (E) taken from UK budget	EUR				96,741			96,741	91,785		
Belgium Business Tourism (E) to be moved to France	EUR				73,411			73,411	69,650		
Sweden	EUR				96,741			96,741	91,785		
Old Americas & UK H/Off Portfolio	ZAR								1,300,000	4,595,317	7,287,440
4. Americas Portfolio	ZAR										
Head Office	ZAR										
Canada (Am)(included in USA budget)	USD				66,587			1,400,000		2,064,633	
	USD							70,183			
5. Asia, Australasia and USA Portfolio excl Brazil, Korea and Canada	ZAR	2,012,272						2,012,272	5,306,128		
South Korea (A) (included in Japan budget)	USD				276,325			291,247	276,325		
Canada (Am)(included in USA budget)	USD				66,587				177,283	4,770,381	9,402,212
6. Conventions Bureau	ZAR	7,000,073	38,771	26,586	26,999,569			34,064,999	30,396,462		
Meetings Africa	ZAR				3,226,763	745,842	5,593,815	9,566,420	9,076,300	43,631,419	39,472,762
7. Central Marketing excluding global media (retainers)	ZAR	5,820,896		9,442	55,511,314			61,341,652	70,388,991		
Africa & SABC retainers	ZAR				4,500,000			4,500,000			
Global media deal including online but excluding production	USD				10,540,000			10,540,000	10,000,000		
Global media production	ZAR				10,526,298			10,526,298	9,987,000		
Indaba	ZAR				24,306,763	745,842	5,593,815	30,646,420	29,076,300	206,828,170	199,740,291
8. PR & Comms	ZAR	2,957,032			6,759,183			9,716,215	9,147,108	9,716,215	9,147,108
9. TGCSA	ZAR	6,983,268	720,984	1,475,600	27,935,000			37,114,852	39,689,420	37,114,852	39,689,420
10. Finance	ZAR	11,933,929		15,323,054	6,791,278			34,048,261	34,003,233	34,048,261	34,003,233
Central CAPEX	ZAR		18,748,447					18,748,447	21,582,967	18,748,447	21,582,967
11. HR	ZAR	7,638,413		1,052,295	2,349,633			11,040,341	10,415,416	11,040,341	10,415,416
12. e-Marketing	ZAR	5,828,528		845,719	15,508,556			22,182,803	19,015,938	22,182,803	19,015,938

Business Unit excl Country offices above	Currency	Overhead mainline items			Marketing expense mainline items			Grand 2013/14 total Overheads and marketing budget in ZAR	Grand 2012/13 total Overheads and marketing budget in ZAR	Grand 2012/13 total Overheads and marketing budget in ZAR
		HR	Net premises	Other operating expenses	Marketing expenses excl CRM and Hosting	CRM	Hosting			
13. Business Systems (IT)	ZAR	1,043,872	14,908	16,548,501	-	-	-	17,607,281	10,988,046	10,988,046
14. Office of the CEO/COO Admin	ZAR	9,389,611		632,400	6,822,124	-	-	16,844,135	13,829,273	13,829,273
15. Research	ZAR	2,153,914	2,610,837	8,153,245	262,500	-	-	13,180,496	12,389,666	30,024,631
16. Product	ZAR	3,230,896	-	5,563	54,534,506	-	-	57,770,965	54,513,250	57,770,965
17. Watchlist markets	ZAR	4,650,682	-	-	8,972,537	-	-	13,623,219	11,645,926	13,623,219
	ZAR	2,020,307	-	-	7,744,911	-	-	9,765,218	8,099,427	9,765,218
								992,312,000	912,080,000	912,080,000

Breakdown of Project Africa Growth	% contribution	Financial year	
		2013/14	2012/13
Contribution to Angola office budget	75%	10,688,737	6,838,842
Contribution to Nigeria office budget	75%	18,776,435	10,755,810
Contribution to Kenya office budget	75%	12,691,812	7,196,625
Contribution to office opening expenditure Kenya 1 March 2014	100%	1,850,000	
Contribution to office opening expenditure Nigeria 1 March 2013	100%		1,500,000
Contribution to Africa Head Office budget	76%/50%	3,553,652	4,930,158
DRC			
Botswana, Zimbabwe and Zambia	75%	1,985,625	1,985,625
Mozambique and Malawi	75%	1,658,250	1,658,250
Lesotho, Swaziland and Namibia	75%	1,658,250	1,658,250
Promotion of domestic events in neighboring SADC	100%	5,008,000	5,008,000
Contribution towards African research	75%/13%	12,854,027	2,143,344
Contribution towards Africa e-Marketing including social media and MOBI	75%/25%	8,241,962	1,516,847
Africa share of advertising agency fees	75%	3,375,000	3,150,000
Contribution towards Africa continent media	0%	-	-
		84,000,000	50,000,000

Note: % contribution refer to what % of SA Tourism's 2013/14 total Africa budget is covered by the grant received from Government. Where 2 figures are indicated, the first figure is for the 2013/14 financial year and the 2nd for the 2012/13 financial year.

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 six high level objectives in order to achieve its goal:

- Increase foreign visitor arrivals coming to South Africa.
- Increase domestic tourism in South Africa.
- Increase tourism trended revenue contribution to the economy.
- Increase SA Brand Awareness.
- Provide quality assurance for tourism products.
- Increase business events.

SA Tourism with its 17 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 17 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	General Manager : Research	
2. National Convention Bureau (including Business Tourism)	Executive Manager Convention Bureau	2.1 Meetings and Convention sales 2.2 Meetings Africa
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. Asia & Australasia Portfolio	Regional Director: Asia	4.1 Australia office 4.2 Japan office 4.3 China office 4.4 India office 4.6 Asia Portfolio Head Office
5. Americas Portfolio	Regional Director: Americas	5.1 New York office 5.2 Brazil office (to be established no later than 31/3/2013)
6. Africa Portfolio (including Domestic marketing)	Regional Director: Africa	6.1 Africa Portfolio Head Office 6.2 East Africa hub (Kenya/Tanzania/Uganda) 6.3 West Africa hub (Nigeria/Ghana) 6.4 Angola office 6.5 DRC
7. Domestic Tourism & SADC (including Events)	Country Manager: Southern Africa	-
8. Central Marketing	Chief Marketing Officer	8.1 Advertising & Marketing Management (including Global Brand Management, Corporate Identity compliance and all agency management excluding PR) 8.2 Global Projects including Indaba 8.3 Channel Management 8.4 In-market Ubuntu Trade & Media awards
9. Watchlist market (including Strategic Hubs)	Global Manager Watchlist Markets	-
10. Public Relations & Communication	Global Manager: Communication	-
11. E-Marketing (including the management of the outsourced International Call Centre)	Global Manager : E-Marketing	11.1 Content management incl. website 11.2 International call centre 11.3 National product database 11.4 Online/social media marketing

Name of Business Unit	Designation of Business Unit Manager	Sub Business Units falling under this Business Unit
12. Finance (including Supply Chain and Payroll)	Chief Financial Officer	12.1 Financial Management 12.2 Supply Chain Management 12.3 Payroll Management 12.4 Financial Compliance
13. Tourism Grading Council of South Africa	Chief Quality Assurance Officer	13.1 Operations including PMA and assessor management 13.2 Marketing 13.3 Customer Relationship management
14. Human Resources	GM: Human Resources	14.1 Recruitment, resignations and dismissals 14.2 Industrial relations 14.3 Training & learning
15. Office of the CEO/COO	Chief Operating Officer	15.1 Legal 15.2 Administration (including fixed asset- and insurance management) 15.3 Board Secretariat 15.4 Internal Audit 15.5 CEO projects 15.6 Organisational planning, Risk management and Performance Information 15.7 Business Processes
16. Business Information Systems (including all IT Support functions)	General Manager: Business Information Systems	-
17. Product & Itinerary Management	Global Manager : Product	17.1 Media and Fam trips 17.2 Fundi content 17.3 Speed marketing 17.4 Welcome Awards 17.5 ETEYA

Materiality Level 2012/13 and 2013/14

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 2011/12 Annual Financial Statements	SAT's % utilised	Calculated Materiality
Total Assets	1%- 2%	256,875,986	2%	5,137,520
Total Revenue	0.5% - 1%	766,782,485	0.75%	5,750,869
Loss after tax	2% -5%	34,316,052	5%	1,715,803

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 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 eleven 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 5,750,869 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 for 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		
<p>"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."</p> <p>The following sections of the Act are also considered to be applicable and have been taken into consideration:</p> <p>Section 50(1), and 66(1) (c) of the Act</p>		
		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</p> <p>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)	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	

	<p>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 5,750,869 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

10. N/A

11. ANNEXURE E

12. N/A

South African Tourism high-level 2013/14 KPA's and targets for Performance Information Audit and Performance Bonus purposes

Official Sign off

It is hereby certified that these consolidated high-level KPA's and targets for the 2013/14 financial year:

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. are all included in SA Tourism's updated 5-year Strategic Plan effective 2013/14 and its 2013/14 Annual Resource Plan & budget;
3. takes into account all the relevant policies, legislation and other mandates for which the South African Tourism is responsible;
4. 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 1 November 2012 and approved on its behalf:

Approved by:
F Kilbourn as Board Chairperson
Signature: _____

Minister M van Schalkwyk
Signature: Marthinus van Schalkwyk

Key Performance Indicators	Performance Score				
	1	2	3	4	5
1. Annual foreign visitor arrivals	12,370,880	12,696,430	13,021,979	13,347,528	13,673,078
2. Number of domestic travellers	14,250,000	14,625,000	15,000,000	15,375,000	15,750,000
3. Revenue from all arrivals per annum (R'mil)	109,630,000,000	112,515,000,000	115,400,000,000	118,285,000,000	121,170,000,000
4. Brand awareness	77%	78%	79%	80%	81%
5. Graded establishments as at 31/3/2014	6,450	6,619	6,789	6,959	7,128
6. Number of delegates at International Conventions	53,200	54,600	56,000	57,400	58,800