South African Tourism
Annual Performance Plan

2017/18

South Africa

SOUTH AFRICAN TOURISM

Foreword by the Executive Authority

The year ahead marks the implementation of new approaches to marketing tourism that is expected to grow tourism's contribution to GDP and spark job creation at all the links along the tourism value chain.

The key to this ambitious plan lies in refreshing South African Tourism's portfolio of core markets in which we invest our marketing budget, and developing domestic tourism to reach its full potential.

In the year ahead, South African Tourism and its business units - the South Africa National Convention Bureau and the Tourism Grading Council of South Africa - will redouble their efforts to market South Africa as a preferred destination for leisure and business events.

A key priority is to attract more business meetings, incentives, conventions and exhibitions, which bring with them high-value delegates. Sharing international professional and academic expertise also immensely benefits our knowledge economy.

South African Tourism will intensify its brand building efforts, implement strategies targeting the global trade, international consumers and domestic tourists, and forge key collaborations and partnerships across the sector.

Other focus areas for South African Tourism in the coming year include delivering quality experiences for tourists through grading, bolstering their research capability to deliver market intelligence that informs investment decisions, and redesigning the organisational structure to support the five-year strategy.

Igniting domestic travel will be a big focus area in the year ahead. South African Tourism will launch a campaign to encourage all South Africans to become tourism ambassadors for their country. All our people have a role to play in creating an environment in which tourism can thrive. All our people stand to reap the significant economic and social benefits of domestic tourism.

Supporting small and emerging tourism businesses is a vital component of reinvigorating the local tourism economy.

The Department of Tourism and South African Tourism are deepening efforts to mentor, incubate and enable these tourism entrepreneurs – particularly in townships, in less-frequented provinces and in rural areas – to improve inclusive participation and transformation in the sector.

Government is working in close partnership with the tourism industry to achieve our vision of a flourishing tourism industry that contributes to our Gross Domestic Product in double digits. We have an unparalleled product to take to market: our beautiful, diverse, friendly country.

We remain acutely mindful of the fact that tourism supports about 1.5 million jobs in total (including indirect and induced jobs) along the entire value chain, including in sectors like transport and financial services. The continued health and growth of the tourism sector is key to fulfilling our aspirations for a poverty-free, equal and just society envisioned in the National Development Plan.

Tourism allows us to mine new treasures for our country. The collaborative relationships that have been secured between partners in the sector will be immensely valuable as we seek new and innovative ways of ensuring that tourism remains a key driver of economic prosperity in the year ahead.

Minister of Tourism

Derek Hanekom, MP

Official Sign-off

It is hereby certified that this Annual Performance Plan:

- Was developed by management of South African Tourism under the guidance of the National Department of Tourism and approved by its Board, in line with the basic minimum requirements issued by the National Treasury as the Framework for Strategic Plans and Annual Performance Plans;
- Was prepared in line with the current Strategic Plan of South African Tourism;
- Takes into account all the relevant policies, legislation and other mandates applicable to operations of South African Tourism; and
- Accurately reflects the strategic outcome-oriented goals and objectives that South African Tourism will endeavour to achieve over the period 2017/18 to 2021/22.

Tom Bouwer
Chief Financial Officer
Signature: ____________________

Sthembiso Dlamini
Chief Operating Officer
Signature: ____________________

Sisa Ntshona
Chief Executive Officer
Signature: ____________________

Tanya Abrahamse
Chairperson of the Board
Signature: ____________________

Derek Hanekom, MP
Minister of Tourism
Signature: ____________________

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Part A: Strategic Overview

1. Updated Situational Analysis

See South African Tourism Strategic Plan 2017-2021.

2. Revisions to Legislative and Other Mandates

No changes in legislation are expected.

3. Overview of the 2017/18 Budget and MTEF Estimates

This section outlines South African Tourism's Annual Performance Plan and Budget over the Medium-Term Expenditure Framework (MTEF) period. This section includes the following:

- Overview of the Revenue and Expenditure Estimates;
- Expenditure as it relates to the Strategic Outcome-Oriented Goals;
- Annual performance indicators and quarterly targets for 2017/18; and
- Budget breakdown per programme.

3.1 Revenue and Expenditure Estimates

	Revenue	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
					ENE Estimate	**Adjustment**	**Approved**			
	Rand (thousand)	*Audited (R'000)*	*Audited (R'000)*	*Audited (R'000)*	*Budget (R'000)*	*Budget (R'000)*	*Budget (R'000)*	*Budget (R'000)*	*Estimate* (R'000)*	*Estimate* (R'000)*
1	Government grant	846 333	880 009	977 712	1 024 847		1 024 847	1 134 288	1 216 017	1 279 889
2	TOMSA levies	131 289	111 063	123 203	99 450		99 450	124 586	124 586	124 586
3	Indaba and Meetings Africa*	59 438	65 134	81 547	54 506	-3 183	51 323	63 391	67 131	70 890
4	Grading fees[1]	1 520	2 561	4 035	20 098		20 098	21 344	22 603	23 869
5	Sundry revenue	57 610	28 766	10 768	22 934		22 934	20 000	20 000	20 000
	Total	**1 096 190**	**1 087 533**	**1 197 265**	**1 221 835**	**-3 183**	**1 218 652**	**1 363 609**	**1 450 337**	**1 519 235**

[1] Only the net grading revenue after the deduction of assessor fees was disclosed in the audited Annual Financial Statements for 2013/14, 2014/15 an 2015/16 respectively.
*Indaba and Meetings Africa income is recognised as revenue and the related costs as expenses, in line with GRAP as per the Board approved accounting policy.

3.2 Relating Expenditure Trends to Strategic Outcome Oriented Goals

The revised budget and MTEF allocations – pending Ministerial approval, once finalised - will contribute to the realisation of South African Tourism's programmes.

Strategic Outcome Oriented Goals	Strategic Objectives	Programme	Budget Link to Strategic Outcome-Oriented Goals
Increase the tourism sector's contribution to inclusive economic growth	**SO1**: To contribute to inclusive economic growth by increasing the number of international and domestic tourists	Programme 3 & 4	80.7% of the total budget will be expended on the following: • Brand Building in order to improve South Africa's brand awareness and positivity by building brand appeal among first-time and repeat tourists; • Implementation of a Global Trade Strategy by partnering and exploring synergies with tour operators, media, airlines and influencers, both in South Africa and in source markets, to ensure South Africa is marketed in a manner that enhances the brand and the traveller experience; • Implementation of a Consumer Strategy to position South Africa as the ultimate year-round sought after destination, highlighting the country's points of difference and unique selling points; • Implementation of a Domestic Strategy to build the culture of travel, convert the travelling population (especially those who travel mainly to visit friends and relatives) to start taking holidays, and encourage existing holiday-makers to take more holidays;
	SO2: To contribute to an enhanced, recognised, appealing, resilient and competitive tourism and business events brand for South Africa across the target markets and segments	Programme 3 & 4	

Strategic Outcome Oriented Goals	Strategic Objectives	Programme	Budget Link to Strategic Outcome-Oriented Goals
			• Collaboratively convince key decision-makers that South Africa can be trusted to deliver memorable experiences and successful business events; and • Continuing to position South Africa as a leisure and business events destination by consolidating and exposing South African tourism products/experiences to buyers.
	SO3: To enhance stakeholder and partnership collaboration, both local and international, to better deliver on South African Tourism's mandate	Programme 2	Delivering on an additional five million tourists in five years is a collaborative effort amongst all stakeholders and partners in the tourism value chain, hence South African Tourism developed a Stakeholder Engagement Framework. This framework seeks to establish, build and maintain mutually beneficial relations with key stakeholders and partners to grow tourism contribution to the economy and remove barriers to tourism growth.
	SO4: To contribute to an improved tourist experience in line with the brand promise	Programme 5	4.8% of the total budget will be expended on the following: • Continuing to drive and deliver quality experiences for international and domestic tourists by constantly increasing the number of graded establishments; and • Explore expansion of quality accreditation for other

Strategic Outcome Oriented Goals	Strategic Objectives	Programme	Budget Link to Strategic Outcome-Oriented Goals
			products and services in the tourism value chain.
Achieve operational efficiency and good governance	**SO5:** To position South African Tourism's corporate brand to be recognised as a tourism and business events industry leader in market intelligence, insights and analytics	Programme 2	14.5% of the total budget will be expended on the following: • To bolster strategic research capability to provides strategic insights to inform the choices of the organisation as well as adding value through "analytics, insights and market intelligence"; • Project Ignite will continue to be implemented to drive improved efficiency by removing silo operations, creating a performance-based culture; and strengthening the South Africa brand through partnerships; • Mapping and streamlining of business processes and relevant systems; and • Reviewing policies and designing a new organisational structure to support the five-year strategy.
	SO6: To achieve operational efficiencies in all activities, including human, marketing and other resources available to South African Tourism	Programme 1	

Part B: Programme and Sub-Programme Plans

4. Medium-Term Targets

Programme 1: Corporate Support

Strategic Objective 6: To achieve operational efficiencies in all activities, including human, marketing and other resources available to South African Tourism							
Key Performance Indicator	**Audited Outcome/Actual Performance**			**Estimated Performance**	**Forecasts**		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Staff satisfaction score achieved	-	- -	- -	3.70	3.80	3.90	4.0
Staff turnover[1] maintained	-	-	7.6%	7%	7%		7%
Percentage implementation of Work Skills Plan				-	100%	100%	100%
Percentage representation of employees with a disability [2]	-	-	0.5%	-	1%	1.5%	2%
Percentage implementation of the new Human Resource Strategy	-	-	-	-	100% staff migration from old to new structure	Performance and talent management	Leadership development and management
Unqualified report by AGSA achieved	-	-	-	Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report
Percentage of spend from B- BBEE-compliant suppliers	-	-	75%	-	75%	75%	75%

Notes:

[1]This has been benchmarked against the national norm for staff turnover which is 12%

[2]South African Tourism's Employment Equity targets have been benchmarked against the National Economically Active Population. The Employment Equity targets are calculated on the approved staff complement of 202

Programme 2: Business Enablement

Strategic Objective 3: To enhance stakeholder and partnership collaboration to better deliver on South African Tourism's mandate							
Key Performance Indicator	**Audited Outcome/Actual Performance**			**Estimated Performance**	**Forecasts**		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Stakeholder satisfaction score[1] achieved	-	-	-	Conduct stakeholder satisfaction survey	Maintain stakeholder satisfaction score	1% increase in stakeholder satisfaction score	2% increase in stakeholder satisfaction score
Trade webinars conducted	-	-	-	-	10 Trade webinars conducted	10 Trade webinars conducted	10 Trade webinars conducted
Approved Tourism Growth Strategy	-	-	-	Approved market portfolio	Approved Tourism Growth Strategy	-	-
Number of strategic reports approved	-	-	7 strategic reports approved: – 2016/2021 Strategic Plan – 2016/17 APP – 2014/15 Annual Report including Annual Financial Statements – 4 Quarterly performance reports	-	7 strategic reports approved: – 2018/2022 Strategic Plan – 2018/19 APP – 2016/17 Annual Report including Annual Financial Statements – 4 Quarterly performance reports	6 strategic reports approved: – 2019/20 APP – 2017/18 Annual Report including Annual Financial Statements – 4 Quarterly performance reports	7 strategic reports approved: – 2020/21 APP – 2018/19 Annual Report including Annual Financial Statements – 4 Quarterly performance reports

Strategic Objective 5: To position South African Tourism to be recognised as a tourism and business events industry leader in market intelligence, insights and analytics							
Key Performance Indicator	**Audited Outcome/Actual Performance**			**Estimated Performance**	**Forecasts**		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Number of market intelligence reports produced	-	-	7 market intelligence reports: – 4 quarterly Tourism industry performance analysis reports (South African Tourism index) – 1 annual 2015/16 Tourism industry performance analysis reports (South African Tourism index) – 2 Global BrandTracker reports	-	7 market intelligence reports: – 4 quarterly Tourism industry performance analysis reports (South African Tourism index) – 1 annual 2015/16 Tourism industry performance analysis reports (South African Tourism index) – 2 Global BrandTracker reports	7 market intelligence reports: – 4 quarterly Tourism industry performance analysis reports (South African Tourism index) – 1 annual 2015/16 Tourism industry performance analysis reports (South African Tourism index) – 2 Global BrandTracker reports	7 market intelligence reports: – 4 quarterly Tourism industry performance analysis reports (South African Tourism index) – 1 annual 2015/16 Tourism industry performance analysis reports (South African Tourism index) – 2 Global BrandTracker reports

Notes:

[1]South African Tourism will conduct a stakeholder satisfaction survey in February 2017 in order to set a baseline for the score.

Programme 3: Leisure Tourism Marketing

	Strategic Objective 1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists						
Key Performance Indicator	**Audited Outcome/Actual Performance**			**Performance (unaudited)**	**Forecasts**		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Number of international tourist arrivals[12]	9.0 (unaudited)	9.5 (unaudited)	10.0	10.0	10.9	11.7	12.5
Total tourist foreign direct spend (TTFDS) (billion rand)[1 2]	R63.9 (unaudited)	R64.2 (unaudited)	R68.1	R 75.5	R80.3	R86.5	R89.7
Percentage geographic spread of international tourist arrivals[3] achieved	-	-	13%	15%	Set percentage improvement on the baseline	-	-
Percentage seasonality of international tourist arrivals[3] achieved	-	-	1.36%	1.35%	Set percentage improvement on the baseline	-	-
Percentage brand positivity achieved (average of Feb and Nov wave)	-	-	38% (unaudited, tracked for 2015/16)	38%	40%	40%	40%
Percentage brand awareness achieved (average of Feb and Nov wave)	79%	80%	78%	76%	80%	80%	80%
Number of total domestic trips (millions) achieved	25.2	28.0	24.5 (unaudited)	24.3	24.9	25.5	26.1
Number of domestic holiday trips achieved[1]	3 100 000	2 800 000	2 700 000	2 600 000	2 906 000	3 106 000	3 306 000

Strategic Objective 1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists							
Key Performance Indicator	Audited Outcome/Actual Performance			Performance (unaudited)	Forecasts		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total domestic direct spend[1] (TDDS) (billion rand)	R24.3 (unaudited)	R26.8 (unaudited)	R23.6	R26.5	R24.8	R26.7	R28.5
Domestic holiday revenue[3] (billion rand)	-	-	R5.7 (unaudited, tracked for 2015/16)	R7.1	R7.6	R8.2	R8.7
Geographic spread of domestic tourists [3]	-	-	2% (unaudited, tracked for 2015/16)	10%	Set percentage improvement on the baseline		
Seasonality of domestic tourists[3]			22.1% (unaudited, tracked for 2015/16)	24%	Set percentage improvement on the baseline		

Notes:

[1] Projected targets for future years are based on the Marketing Investment Framework.

[2] Tourist arrival and TTFDS figures for 2013/14 and 2014/15 were unaudited as South African Tourism was measured based on foreign visitor arrivals.

[3] New KPIs for 2017/18

All indicators are reported on a calendar year basis, except for Brand Positivity.

Programme 4: Business Events

Strategic Objective 1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists							
Key Performance Indicator	Audited Outcome/Actual Performance			Performance (unaudited)	Forecasts		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of business events hosted in South Africa[1]	-	124 (unaudited – new KPI)	140 (unaudited)	138	145	153	161
Number of international delegates hosted in South Africa [2]	94 893	69 955	79 366 (unaudited)	77 567	81 678	86 006	90 564
Number of bids supported for international and regional business events[3]	-	52	53 (unaudited)	54	58	61	65
Number of market access platforms that South African Tourism manages[4]			2 Market access platforms: – 2015 Indaba – 2016 Meetings Africa (unaudited)	2	2 Market access platforms: – Indaba – Meetings Africa	2 Market access platforms: – Indaba – Meetings Africa	2 Market access platforms: – Indaba – Meetings Africa
Number of international tourism market access platforms where South			6 (unaudited)	6	6	6	6

Strategic Objective 1: To contribute to inclusive economic growth by increasing the number of international and domestic tourists							
Key Performance Indicator	Audited Outcome/Actual Performance			Performance (unaudited)	Forecasts		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Africa participates[4]							
Number of Provincial signature events supported[4,5]			10 (unaudited)	-	11	12	13

Notes:

[1]The number of Business Events and number of delegates hosted include both ICCA and non-ICCA events.

Criteria for ICCA Events

- *The estimated baseline for the number of ICCA recognised conferences are based on 108 business events hosted in 2015.*
- *The baseline for international ICCA recognised delegates hosted by South Africa is 69 000 delegates in 2015 (based on ICCA statistics).*
- *Conferences that are recognised by ICCA for the ranking needs to meet the following criteria:*
  - *Only association conferences and meetings are counted.*
  - *The meetings and conferences that rotate to at least 3 countries.*
  - *The meetings and conferences that are attended by at least 50 international delegate.*
- *In addition to the 108 ICCA recognised conferences SA hosted in 2015, the country hosted 32 international and regional meetings and conference.*
- *The baseline for the non ICCA conferences will be based on the 2015's non ICCA events.*

Criteria for Non ICCA Events

- *International Conferences, Meetings and Conventions*
- *Regional and international delegates attending*

Verification Method: Research Service Provider

[2]The number of international business delegates hosted was not a KPI, but was tracked for the 2015/16 financial year

[3]The number of bids supported was not a KPI for the 2015/16 and 2016/17 financial years.

[4]New KPIs for the 2017/18 financial year

[5]South African Tourism will leverage off Provincial signature events through media hostings, activations, etc.

[6]Number of business events and number of international delegates are reported on a calendar basis.

Programme 5: Tourist Experience

Strategic Objective 4: To contribute to an improved tourist experience in line with the brand promise							
Key Performance Indicator	Audited Outcome/Actual Performance			Estimated Performance	Forecasts		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of graded accommodation establishments achieved[3]	5 587	5 369	5 230	5 650	5 932	6 229	6 540
Number of graded rooms achieved[1 3]	110 240 (Tracked but unaudited)	114 429 (Tracked but unaudited)	114 281 (Tracked but unaudited)	122 686 (New KPI)	128 821	135 262	142 025

[1]New KPI for 2016/17

[2]New KPI for 2017/18

[3]The reporting period is the financial year

5. Annual and Quarterly Targets

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Programme 1: Corporate Support	Staff satisfaction score achieved	Annual	3.80	-	-	-	3.80
	Percentage Staff turnover maintained	Annual	7%	-	-	-	7%
	Percentage Vacancy rate maintained	Annual	7%	-	-	-	7%
	Percentage implementation of Work Skills Plan	Annual	100%	-	-	-	100%
	Percentage representation of employees with a disability	Annual	1%	1%	1%	1%	1%
	Percentage staff migration from old to new structure	Annual	100%	30%	50%	70%	100%
	Unqualified audit achieved	Annual	Unqualified Audit	Submission of – AFS, – Performance Information Report and – Corporate Governance	Unqualified Audit	Monitoring compliance with PFMA	Monitoring compliance with PFMA

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
				Report for 2015/16 to Auditor General, National Treasury and NDT			
	Percentage of spend from B-BBEE compliant suppliers	Annual	75%	75%	75%	75%	75%
Programme 2: Business Enablement	Stakeholder satisfaction score achieved	Annual	Set percentage improvement on the baseline	Develop improvement plan for areas that require improvement	Implement improvement plan	Stakeholder AGM	Set percentage improvement on the baseline
	Trade webinars conducted	Monthly	10 Trade webinars conducted	3 Trade webinars conducted	3 Trade webinars conducted	2 Trade webinars conducted	2 Trade webinars conducted
	Approved Tourism Growth Strategy	Annual	Draft Tourism Growth Strategy	Produce Draft Tourism Growth Strategy	Conduct stakeholder engagement sessions	Approved Tourism Growth Strategy	Implement Tourism Growth Strategy
	Number of strategic reports approved	Annual	7 strategic reports approved: – 2018/2022 Strategic Plan – 2018/19 APP – 2016/17	– First Draft 2016/17 Annual Report including Annual Financial	– First draft 2018/2022 Strategic Plan – First draft 2018/19 APP – Final 2016/17	– Second Draft 2018/2022 Strategic Plan – Second Draft 2018/19 APP – Quarter 2	– Final 2018/2022 Strategic Plan – Final 2018/19 APP – Quarter 3 performance

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
			Annual Report including Annual Financial Statements – 4 Quarterly performance reports	Statements – Quarter 4 performance report	Annual Report including Annual Financial Statements – Quarter 1 performance report	performance report	report
Programme 2: Business Enablement	Number of market intelligence reports produced	Quarterly	7 market intelligence reports: – 4 quarterly Tourism industry performance analysis reports (South African Tourism index) – 1 annual 2015/16 Tourism industry performance analysis reports	2016/17 Quarter 4 Tourism industry performance analysis report delivered	2017/18 Quarter 1 Tourism industry performance analysis report delivered	– 2017/18 Quarter 2 Tourism industry performance analysis report delivered – 1 Global BrandTracker report (November wave)	– 2017/18 Quarter 3 Tourism industry performance analysis report delivered – 1 Global BrandTracker report (February wave)

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
			(South African Tourism index) – 2 Global BrandTracker reports				
Programme 3: Leisure Tourism Marketing	Number of international tourist arrivals	Quarterly	10 539 872	2 687 983	2 457 970	2 544 574	2 849 345
	TTFDS (in billions)	Quarterly	R77.0	R19.6	R18.0	R18.6	R20.8
Programme 3: Leisure Tourism Marketing	Percentage Geographic spread of international tourist arrivals achieved	Annual	Set percentage improvement on the baseline	Develop methodology for target setting	Internal stakeholder engagement and approval	External stakeholder engagement and approval	Set percentage improvement on the baseline
	Percentage Seasonality of international tourist arrivals achieved	Annual	Set percentage improvement on the baseline	Develop methodology for target setting	Internal stakeholder engagement and approval	External stakeholder engagement and approval	Set percentage improvement on the baseline
	Percentage brand positivity achieved	Annual	40%	-	-	40%	40%

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Percentage brand awareness achieved	Annual	80%	-	-	80%	80%
	Number of total domestic trips (millions)	Quarterly	24.9	6.1	4.9	4.5	9.4
	Number of domestic holiday trips achieved	Quarterly	2 906 000	712 760	573 247	525 391	1 094 602
	TDDS (in billions)	Quarterly	R24.8	R6.1	R4.9	R4.5	R9.3
Programme 3: Leisure Tourism Marketing	Domestic holiday revenue (in billions)	Quarterly	R6.1	R1.5	R1.2	R1.1	R2.3
	Geographic spread of domestic tourists	Annual	Set percentage improvement on the baseline	Develop methodology for target setting	Internal stakeholder engagement and approval	External stakeholder engagement and approval	Set percentage improvement on the baseline
	Seasonality of domestic tourists	Annual	Set percentage improvement on the baseline	Develop methodology for target setting	Internal stakeholder engagement and approval	External stakeholder engagement and approval	Set percentage improvement on the baseline
Programme 4: Business Events	Number of business events hosted in South Africa	Annual	145	-	-	-	145

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Number of international delegates hosted in South Africa	Annual	81 678	-	-	-	81 678
	Number of bids supported for international and regional business events	Quarterly	58	16	14	14	14
Programme 4: Business Events	Number of market access platforms that South African Tourism manages	Annual	2 Market access platforms: – Indaba – Meetings Africa	2017 Indaba	-	-	2018 Meetings Africa
	Number of international tourism market access platforms where South Africa participates	Quarterly	6	1	1	3	1
	Number of Provincial signature events supported*	Annually	11	-	-	-	11
Programme 5: Tourist Experience	Number of graded establishments	Quarterly	5 932	1 376	1 445	1 517	1 594

Programme	Key Performance Indicator	Reporting Period	Annual Target 2017/18	Quarterly Target 2017/18			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Number of graded rooms	Quarterly	128 821	29 888	31 382	32 952	34 599

Employee equity plan submission is 31 January

*Subject to negotiations with Provinces

6. Breakdown of Budget per Programme

	Name of the Programme	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
					ENE Estimate	Adjustment	Approved			
		Audited (R'000)	**Audited (R'000)**	**Audited (R'000)**	**Budget (R'000)**	**Budget (R'000)**	**Budget (R'000)**	**Budget (R'000)**	**Budget (R'000)**	**Budget (R'000)**
1.	Corporate Support	107 200	98 695	93 078	95 539	-	95 539	99 361	105 223	111 116
2.	Business Enablement	43 846	48 038	63 138	84 194	-	84 194	87 561	92 727	97 920
3.	Leisure Tourism Marketing	803 870	837 787	1 001 038	895 065	-	895 065	1 007 079	993 937	1 042 924
4.	Business Events	51 963	66 967	57 713	84 103	-	84 103	107 467	116 287	124 607
5.	Tourist Experience	50 324	56 529	45 186	59 751	-	59 751	62 141	65 807	69 492
	Total	**1 057 203**	**1 108 016**	**1 260 153**	**1 218 652**		**1 218 652**	**1 363 609**	**1 450 337**	**1 519 235**

Notes:

- *The budget structure for 2017/18 is in line with the requirements of the National Treasury and the Department of Performance Monitoring and Evaluation for planning by programme structure instead of by objective.*
- *Capital expenditure is included in the Corporate Support programme.*

7. Exchange Rates

Currency	2017/18	2018/19	2019/20
USD ($) 1 =	15.30	15.40	15.70
Euro (€) 1 =	17.00	17.80	18.20
GBP (£) 1 =	20.00	20.80	22.50
CNY 1 =	0.14	0.14	0.14

Notes:

The exchange rates used in this table are budget rates provided by National Treasury in the draft allocation letter. These will be updated upon receipt of the final allocation letter.

8. South African Tourism Materiality and Significance Framework for the 2015/16 Financial Year

7.1 Introduction

In terms of the Treasury Regulations (Section 28.3.1), issued in terms of the Public Finance Management Act (PFMA), 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 the 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 in the annual financial statements of the public entity.

In terms of the Treasury Regulations (Section 30.1.3(e)), the Strategic Plan must include the materiality/significance framework, which is 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 Standard on Auditing) 320 (paragraph 3) and the Framework for the Preparation and Presentation of Financial Statements, as per the International Financial Reporting Standards (IFRS) (paragraph 30), define "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 being extensive or important enough to merit attention. In the development of the framework, the quantitative and qualitative aspects are considered.

7.2 Factors Considered in Developing the Materiality Framework

7.2.1 Nature of the Business

The objective of South African Tourism is to position South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality tourist experience that is diverse and unique – thus maximising the economic potential of tourism in the country for the benefit of its people. South African Tourism has offices in countries across the world.

In terms of funding, South African Tourism has concluded a memorandum of understanding (MOU) with the Tourism Business Council of South Africa (TBCSA). The objective of the MOU is to provide funding for the marketing of South Africa in certain markets that have been identified by South African Tourism through research. Funds contributed to this operation are used solely for that purpose.

7.2.2 Materiality Level 2016/17

The basis for calculating materiality by public entities, as per the Practice Note on Applications under Section 54 of the PFMA (Act No. 1 of 1999) (as amended), issued on 13 July 2006, is as follows:

Element	% Range to be Applied Against Rand Values	Audited 2015/16 Annual Financial Statements (R)	South African Tourism's % Utilised	Calculated Materiality (R)
Total Assets	1% – 2%	611 243 941	2%	12 224 879
Total Revenue	0.5% – 1%	1 1100 915 348	0.75%	8 256 865
Surplus	2% – 5%	15 655 534	5%	782 777

7.2.3 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 the King Code on 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 of an enhanced Performance Management System at South African Tourism; and
- South African Tourism'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 South African Tourism has for the past 15 financial years received an unqualified, no-emphasis-of-matter audit report, a higher level of materiality is apt in light of South African Tourism's record. Approximately 89% of total revenue generated stems from government grants. As South African Tourism is not only accountable to government but must also ensure that information is provided on what taxpayers are receiving for their taxes, total revenue has been selected as the most appropriate indicator for calculating materiality.

7.2.4 Quantitative Factors Considered

The level of a material deviation is assessed at 0.75% of total revenue, amounting to R8 256 865 unless otherwise indicated. Different levels of materiality can be used and the decision to use 0.75% is based on the fact that the total asset base of South African Tourism is not considered to be an indicator of performance, as the organisation's largest source of income is grants received from government, and the revenue component is selected as a basis for the materiality calculation as the level of activity.

7.2.5 Qualitative Factors Considered

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

- Material infringement of legislation that governs South African Tourism;
- Any transaction entered into that could result in reputational risk to South African Tourism;
- Changes in key personnel and departure of key executives; and
- Application of new, or changes in, accounting policy.

7.3 PFMA and Treasury Regulation 28.3.1

Treasury Regulation 28.3.1

"For purposes of 'material' [Section 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."

Sections 50(1) and 66(1)(c) of the Act are also considered to be applicable, and have been taken into consideration:

Link to PFMA		Materiality
Section 50(1)	1. The accounting authority for a public entity must – (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 decisions or actions of the executive authority or that legislature.	Both the qualitative and quantitative considerations.
Section 55(2)	The annual report and financial statements referred to by PFMA Sub-section 55(1)(d) must include particulars of – (i) any material losses through criminal conduct and any irregular expenditure, and fruitless and wasteful expenditure, that occurred during the financial year; and (ii) any criminal or disciplinary steps taken as a consequence of such losses, or irregular expenditure or fruitless and wasteful expenditure.	Part 3 defines the quantitative and qualitative aspects that are considered for the purposes of this section. Losses incurred due to criminal conduct by employees at a senior management level.
Section 54(2)	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 –	

	(a) establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a significant shareholding in a company; (d) acquisition or disposal of a significant asset; (e) commencement or cessation of a significant business activity; and (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	All transactions to be approved by the Executive Authority, and Treasury to be informed. All transactions to be approved by the Executive Authority, and Treasury to be informed. All transactions to be approved by the Executive Authority, and Treasury to be informed. Acquisitions or disposals that are greater than the materiality outlined above, or of smaller value considering all the qualitative factors above. All transactions to be approved by the Executive Authority, and Treasury to be informed. All transactions to be approved by the Executive Authority, and Treasury to be informed.
Section 61(1)(c)	1. 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 – (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.	The level of a material deviation is assessed at 0.75% of total revenue, amounting to R8 256 865 unless otherwise indicated.
Section 66(1)	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 – a) is authorised by this Act; and	100% compliance with the Act within the ambit as set by this clause. Full disclosure will be required for all transactions.

	b) in the case of public entities, is also authorised by other legislation not in conflict with this Act; and c) 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).	

9. Definitions, Abbreviations and Acronyms

8.1 Definitions

Activities are the processes or actions that use a range of inputs to produce the desired outputs and, ultimately, outcomes. In essence, activities describe "what we do".

Annual Performance Plan is a plan that sets out what South African Tourism intends doing in the forthcoming financial year and during the MTEF to implement its Strategic Plan.

Annual Report is a report that provides information on the performance of South African Tourism in the preceding financial year for the purposes of oversight.

Audit is an examination of records or financial accounts to check their accuracy and conformity with norms and criteria set out in advance. An internal audit is an assessment of internal controls undertaken by a unit reporting to management, while an external audit is conducted by an independent organisation.

Baseline is the current level of performance that the institution aims to improve on. The initial step in setting performance targets is to identify the baseline, which, in most instances, is the level of performance recorded in the year prior to the planning period.

Brand Equity is the value premium derived from perceptions of South Africa's tourism brand.

Conversion Curve reflects the brand journey of a tourist from brand awareness, positivity and long-term consideration to planning to gather information and planning to visit.

Deputy Minister refers to the Deputy Minister of Tourism.

Evaluation is the systematic and objective assessment of an ongoing or completed programme, project or policy, and its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, and the development of efficiency, effectiveness, impact and sustainability. Evaluation provides information that is credible and useful – enabling the incorporation of lessons learnt into decision-making processes.

Impact is the positive and negative, primary and secondary, long-term and short-term effects produced by a development intervention, or the results of achieving specific outcomes such as reducing poverty and creating jobs.

Indicator is a quantitative or qualitative tool that provides a reliable means to measure the programme performance achieved against the stated output, and helps to assess the performance of South African Tourism.

Input is all the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work", and include finances, personnel, equipment and buildings.

Long-Haul refers to any travel by air of more than five-and-a-half hours.

Minister refers to the Minister of Tourism.

Monitoring is to a continuous process of collecting and analysing data to compare how well a plan, programme, project or policy is being implemented against the expected results. It is a function that uses systematic collection of data on specified indicators to provide management and stakeholders with information on progress and the achievement of objectives.

Outcome refers to the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives that are set out in its plans. Outcomes are "what we wish to achieve".

Output means the final products or goods and services produced for delivery by South African Tourism. Outputs may be defined as "what we produce or deliver".

Performance is the degree to which a development intervention operates according to specified criteria, standards or guidelines, or achieves results in accordance with stated goals or plans.

Performance Indicator is a variable that allows the verification of changes or shows results relative to what was planned.

Performance Information in the public sector is used as a generic term for non-financial information about government services and activities. In addition, "performance indicator" and "performance measure" are sometimes used interchangeably. The Strategic Plan and Annual Performance Plan use the term "performance indicators".

Performance Standards express the minimum acceptable level of performance that is generally expected.

Quarterly Report is a report that provides progress updates on the implementation of South African Tourism's Annual Performance Plan in the previous quarter – with particular reference to monitoring delivery against performance targets.

South African Tourism is the South African Tourism Board as defined in the Tourism Act, 2014 (Act No. 3 of 2014) (as amended), and the destination marketing organisation of the South African Tourism Board.

Strategic Objective states clearly what South African Tourism intends to do (or produce) in order to achieve its strategic goals.

Strategic Outcome-Oriented Goals identify areas of organisational performance that are critical to the achievement of South African Tourism's strategic objectives.

Strategic Plan is a plan that sets out South A Tourism's priorities, programmes and project plans for a five-year period, as approved by the Board and the Minister of Tourism, within the scope of available resources.

Target is an expected level of performance or improvement required in the future.

Tourism Act means the Tourism Act, 2014 (Act No. 3 of 2014).

Validity means the extent to which the data-collection strategies and instruments measure what they purport to measure.

8.2 Abbreviations and Acronyms

AGSA – Auditor-General of South Africa
APP – Annual Performance Plan
CPI – Consumer Price Index
CPIX – Consumer Price Index (excluding mortgage costs)
DG – Director-General of the NDT
DTGS – Domestic Tourism Growth Strategy
ENE – Estimates of National Expenditure
GDP – Gross Domestic Product
ICCA – International Congress and Convention Association
IFRS – International Financial Reporting Standards
ISA – International Standard on Auditing
KPI – Key Performance Indicator
MTEF – Medium-Term Expenditure Framework
NDP – National Development Plan
NDT – National Department of Tourism
NT – National Treasury
NTSS – National Tourism Sector Strategy
PFMA – Public Finance Management Act, 1999 (Act No. 1 of 1999)
South African Tourism – South African Tourism
SANCB – South African National Convention Bureau
TDDS – Total Domestic Direct Spend
TGCSA – Tourism Grading Council of South Africa
TOMSA – Tourism Marketing South Africa
TTFDS – Total Tourist Foreign Direct Spend
UNWTO – United Nations World Travel Organisation
VFR – Visiting Friends and Relatives