

South African Tourism

Organisational Performance Results

Q2 and Q3 2015/16

Portfolio Committee on Tourism
19 February 2016



SOUTH AFRICAN TOURISM

Challenges Faced In Q2 and Q3 - Global

- Visa processing capacity constraints as well as lack of clarity on visa legislation requirements in certain markets.
- Lack of forward bookings in markets such as China, Japan, South Korea, Australia, New Zealand, USA, Canada, Italy and Germany.
- The lingering health concerns regarding communicable diseases such as Ebola and MERS across all regions.
- Global security concerns linked to terrorism such as aircraft hijackings.
- Economic related issues particularly for Brazil, Russia and Angola.

Challenges Faced In Q2 and Q3 - Domestic

- Sluggish South African economic growth impacting on GDP growth.
- Depreciation of the Rand and rising interest rates in quarter 3 relative to the previous years which led to low disposable income.
- Sporadic local government service delivery leading to protests.
- Industrial action in various sectors during the reporting period.
- Job losses and unemployment rate continue to rise further exacerbating the non-affordability of travel.

Challenges Faced In Q2 and Q3 South - African Tourism

- Stats SA change in methodology and reporting leading to revision of SA Tourism targets for 2015/2016.
- Continued challenge of currency exposure leading to regular review of SA Tourism's operating model overseas:
 - Hubs
 - Virtual offices
 - Global Marketing Agencies

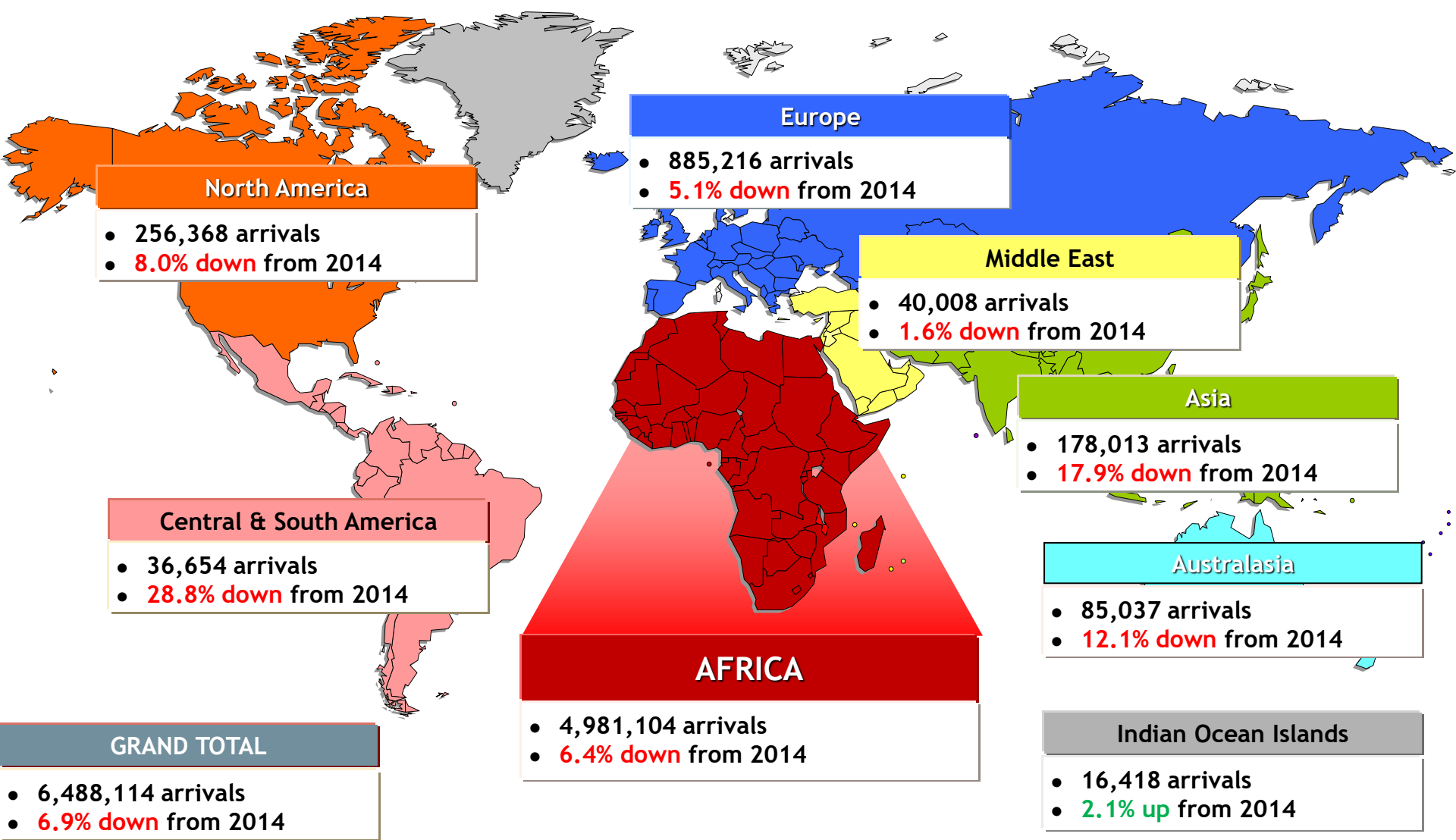


Highlights of tourism's performance Jan to September 2015

Feb 2016

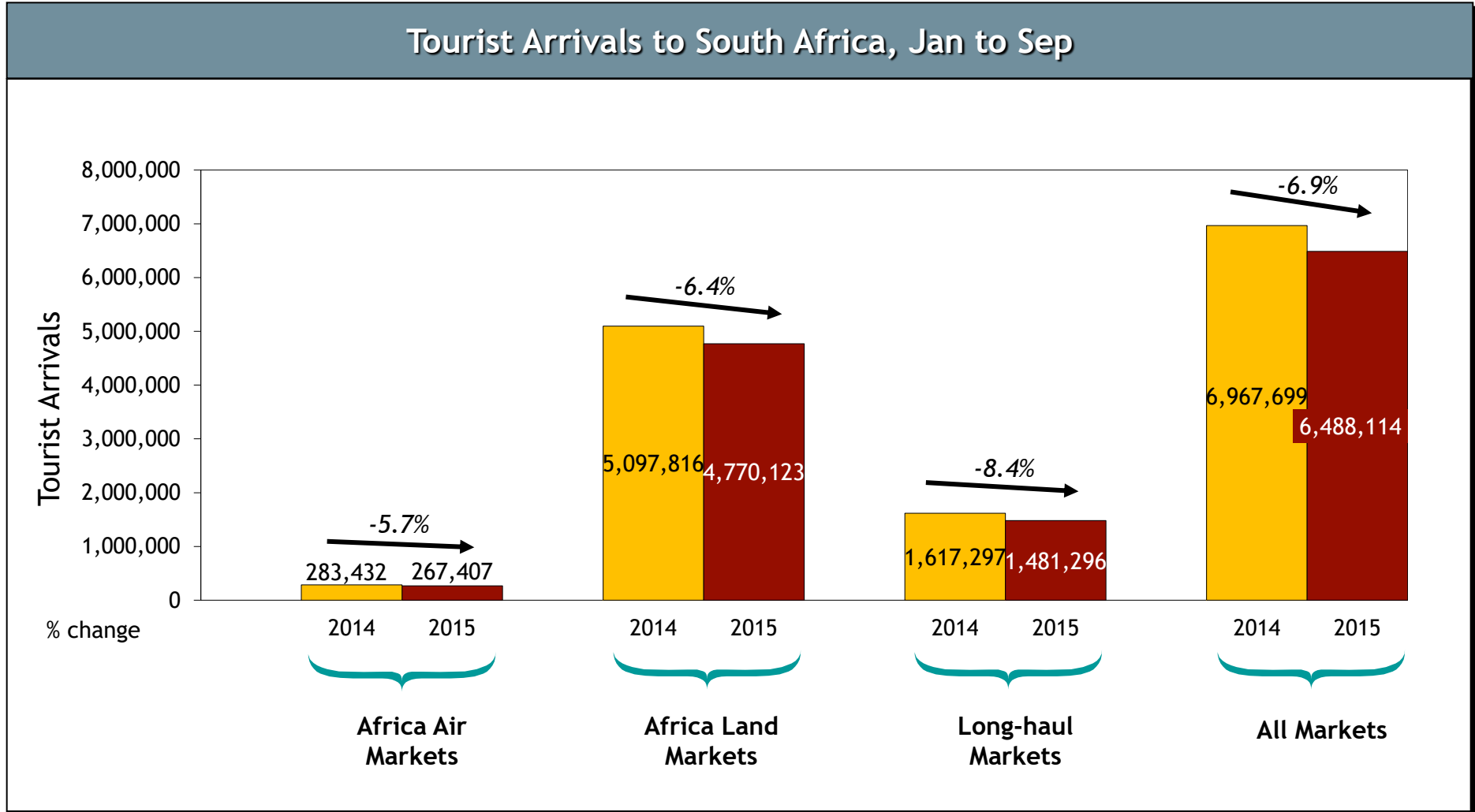
South Africa

Tourist arrivals to South Africa in from January 2015 - September 2015 declined by -6.9% compared to previous year. All regions declined except Indian Ocean Islands



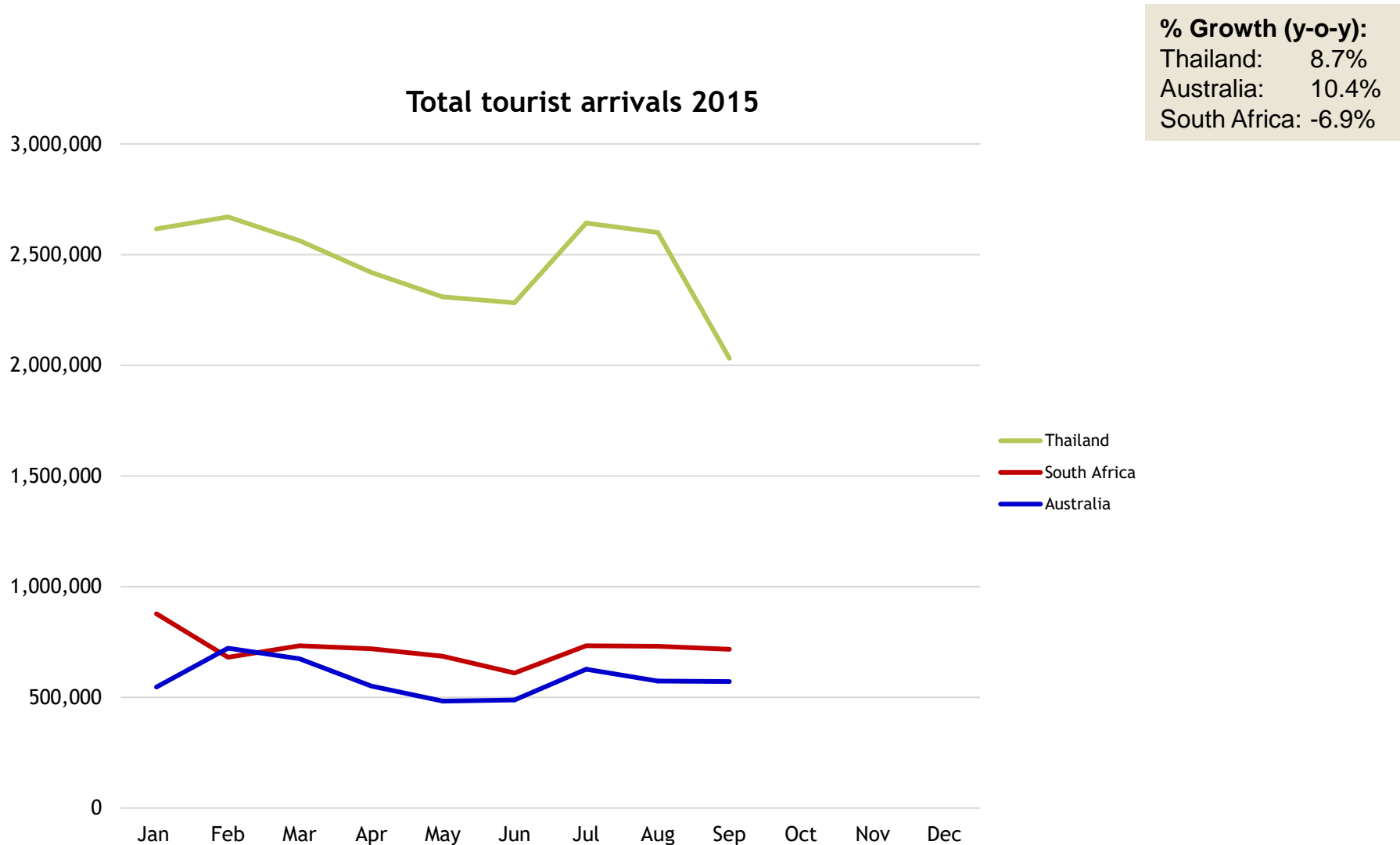
Note : Tourist Arrivals figures shown above for Jan. - September 2015
Source: Statssa Tourism & Migration release September 2015, SAT analysis

While there was a decline in all regions, long-haul markets recorded the fastest rate of declines in Jan 2015 - Sep 2015 compared to 2014



Note: Africa Air Markets are markets where at least 60% arrives to SA use air transport; Africa Land Markets are markets where at least 60% of arrivals to SA use road transport. Long-haul markets include all countries outside of Africa
Source: StatsSA Tourism & Migration release September 2015, SAT analysis

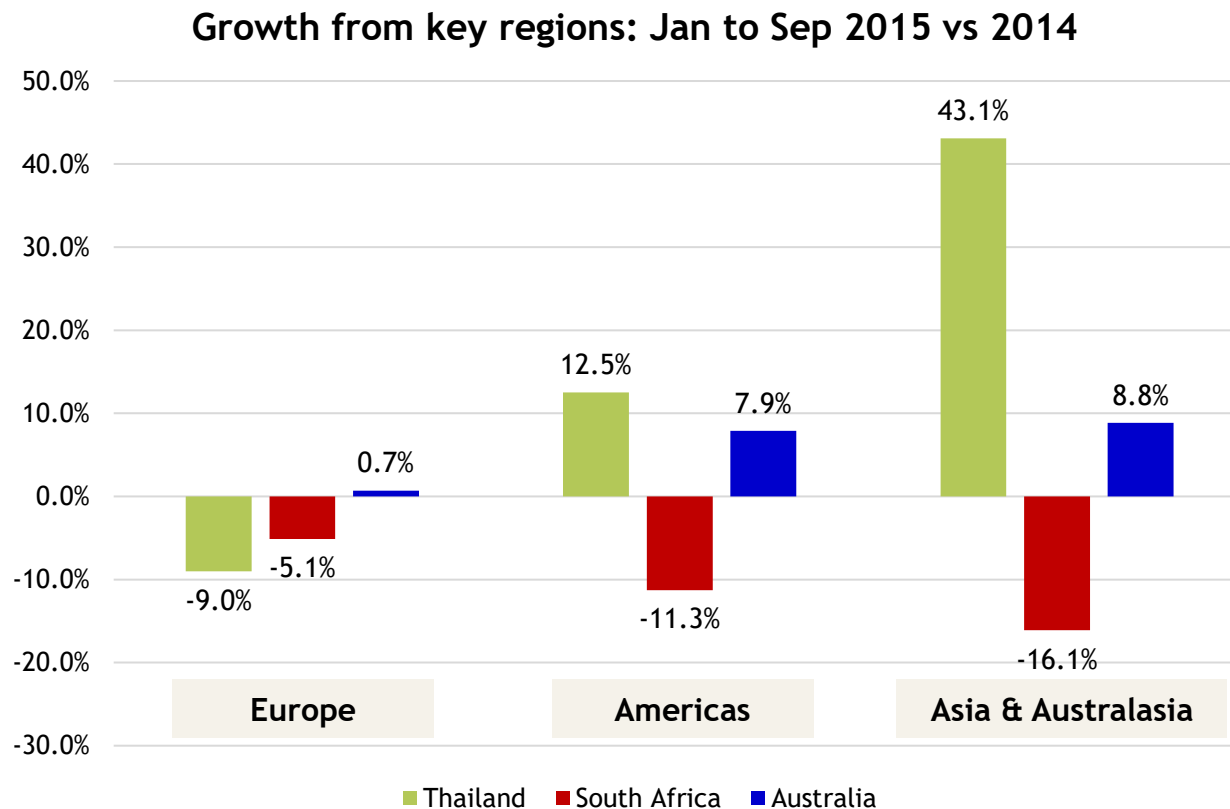
While South Africa still receives more tourist arrivals than Australia, Australia recorded a growth of 10.4% in the first nine months of 2015 compared to South Africa's decline of -6.9%. Thailand recorded a growth of 8.7% in the same period



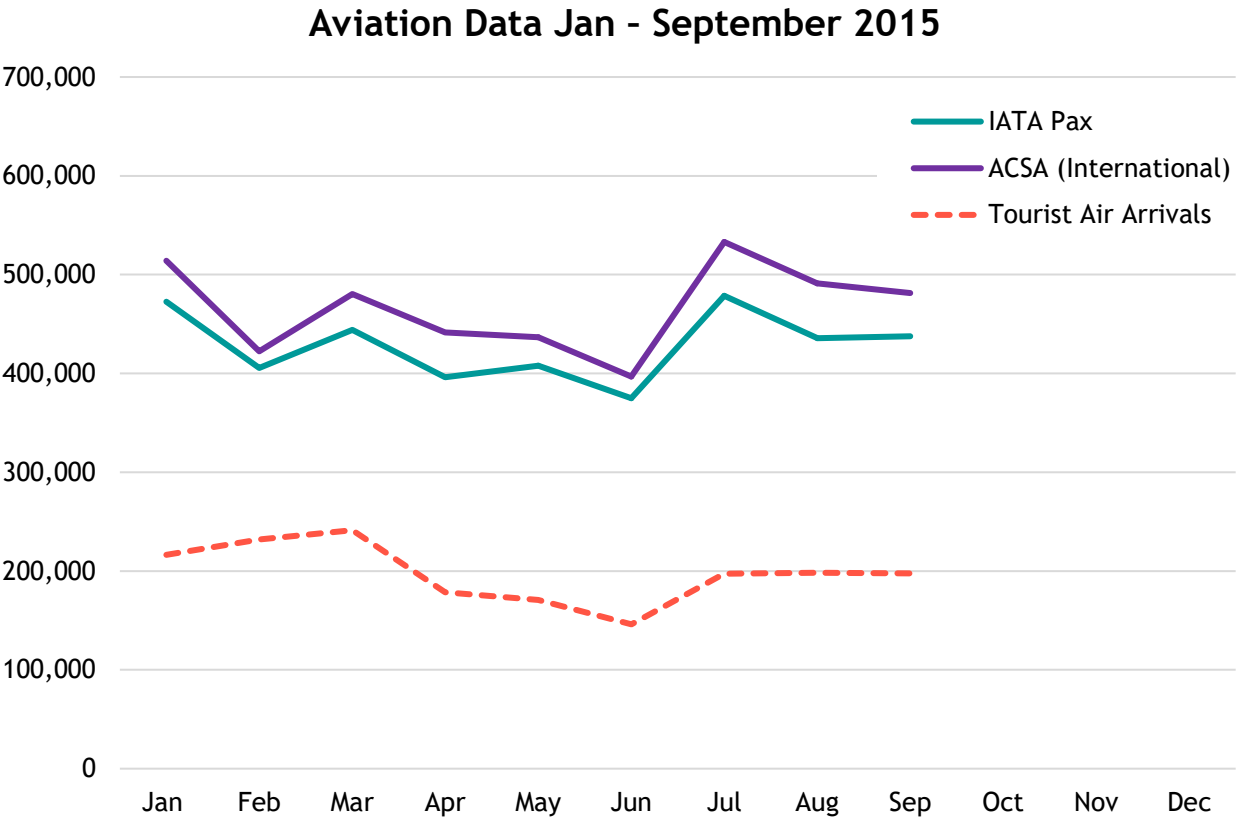
Note: Africa Air Markets are markets where at least 60% arrives to SA use air transport; Africa Land Markets are markets where at least 60% of arrivals to SA use road transport. Long-haul markets include all countries outside of Africa

Source: StatsSA Tourism & Migration release September 2015, SAT analysis

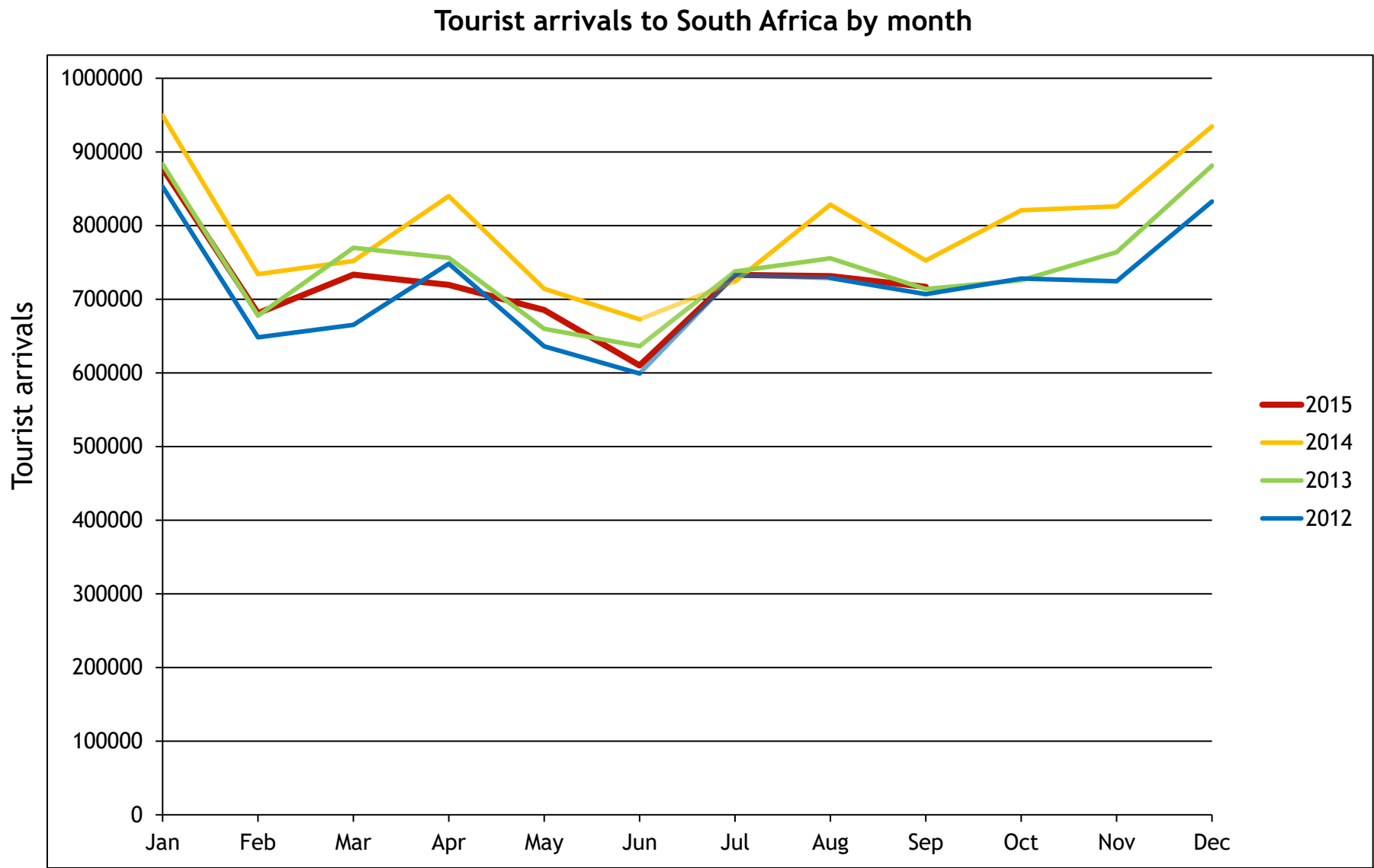
Australia has recorded growth from all key regions in this period, while Thailand recorded declines from Europe.



IATA data and ACSA data paint a similar picture with air traffic dipping into June but having lifted thereafter



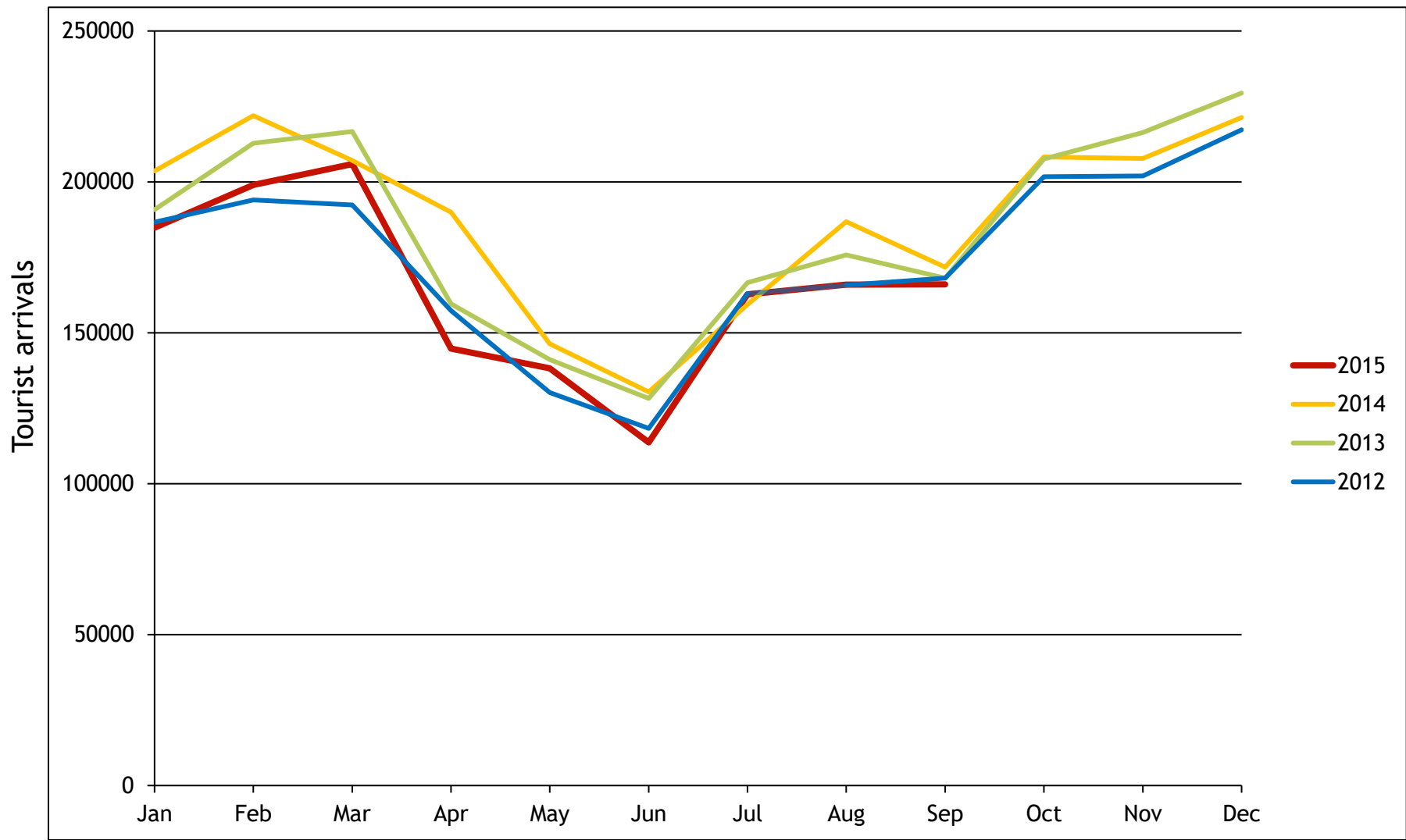
Tourist arrivals in September 2015 are above 2012 and 2013 but are 4.8% lower than 2014 levels



Source: StatsSA, Tourism & Migration release, SAT analysis

**Tourist arrivals from Long haul markets in September are -3.3% lower than last year
September to reach a 4 year low for the month of September**

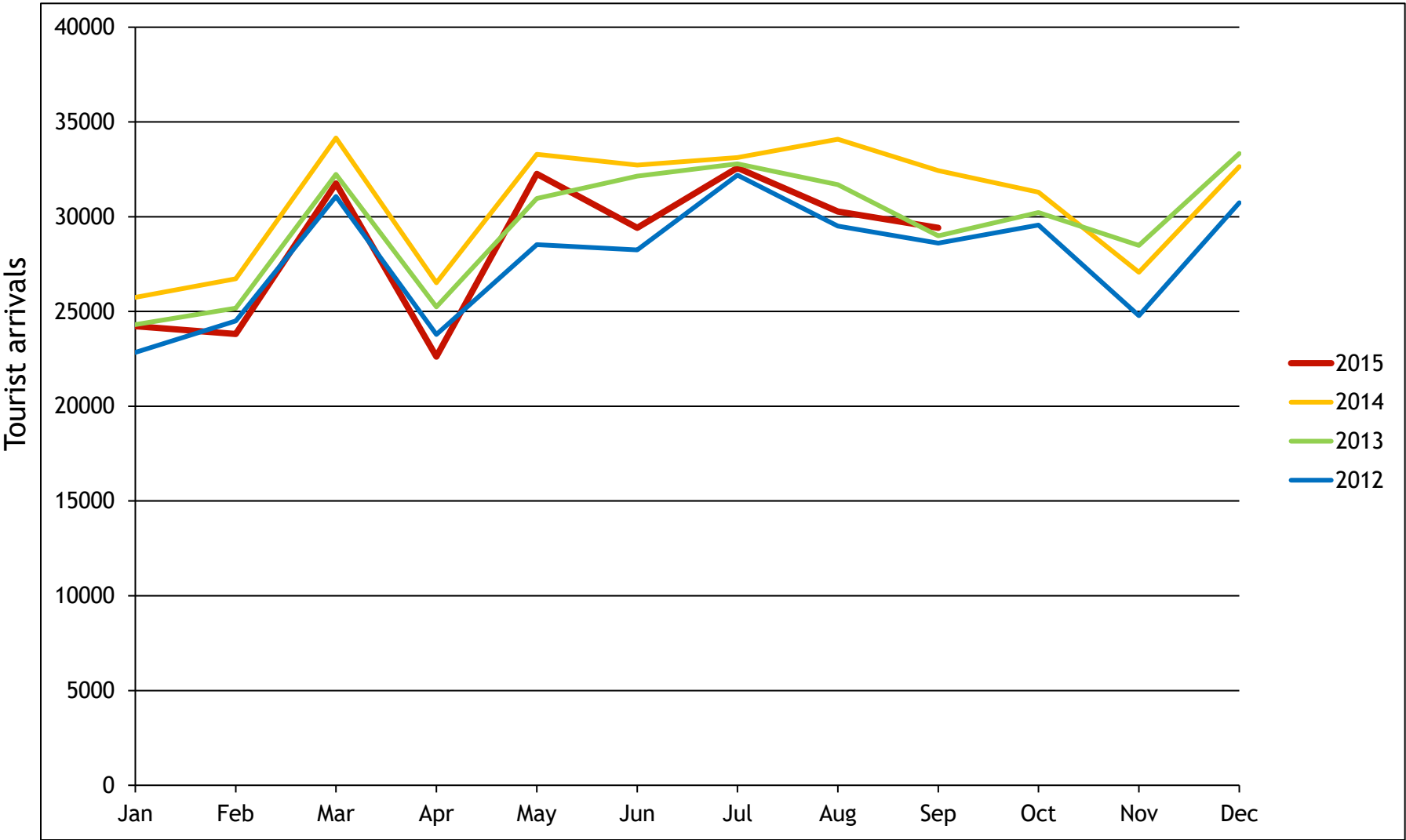
Tourist arrivals to South Africa by month from long-haul markets



Source: StatsSA, Tourism & Migration release, SAT analysis

North American September arrivals are down from August and are -9.3% below 2014 levels

Tourist arrivals to South Africa by month from North America



Source: StatsSA, Tourism & Migration release, SAT analysis

South African tourism key objectives (Year to date comparison)

**Increase in tourist
volume**

Increase in tourist
spend

Increase length of
stay

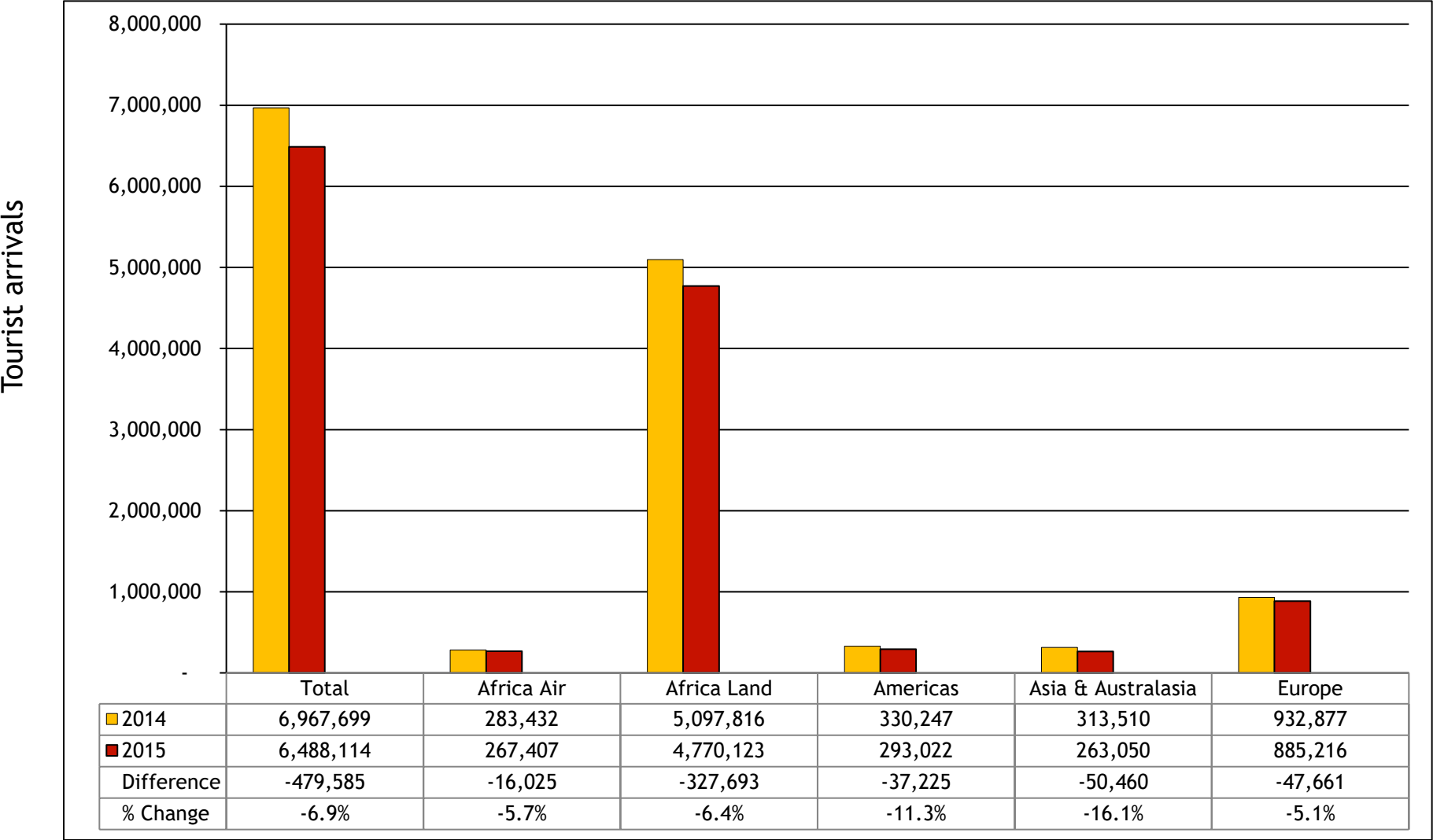
Improve
geographic spread

Improve
seasonality
patterns

Promote
transformation

Tourist arrivals declined by -6.9% year to date compared to 2014. This decline was across all regions. Asia & Australasia and Americas continue to decline in double digits

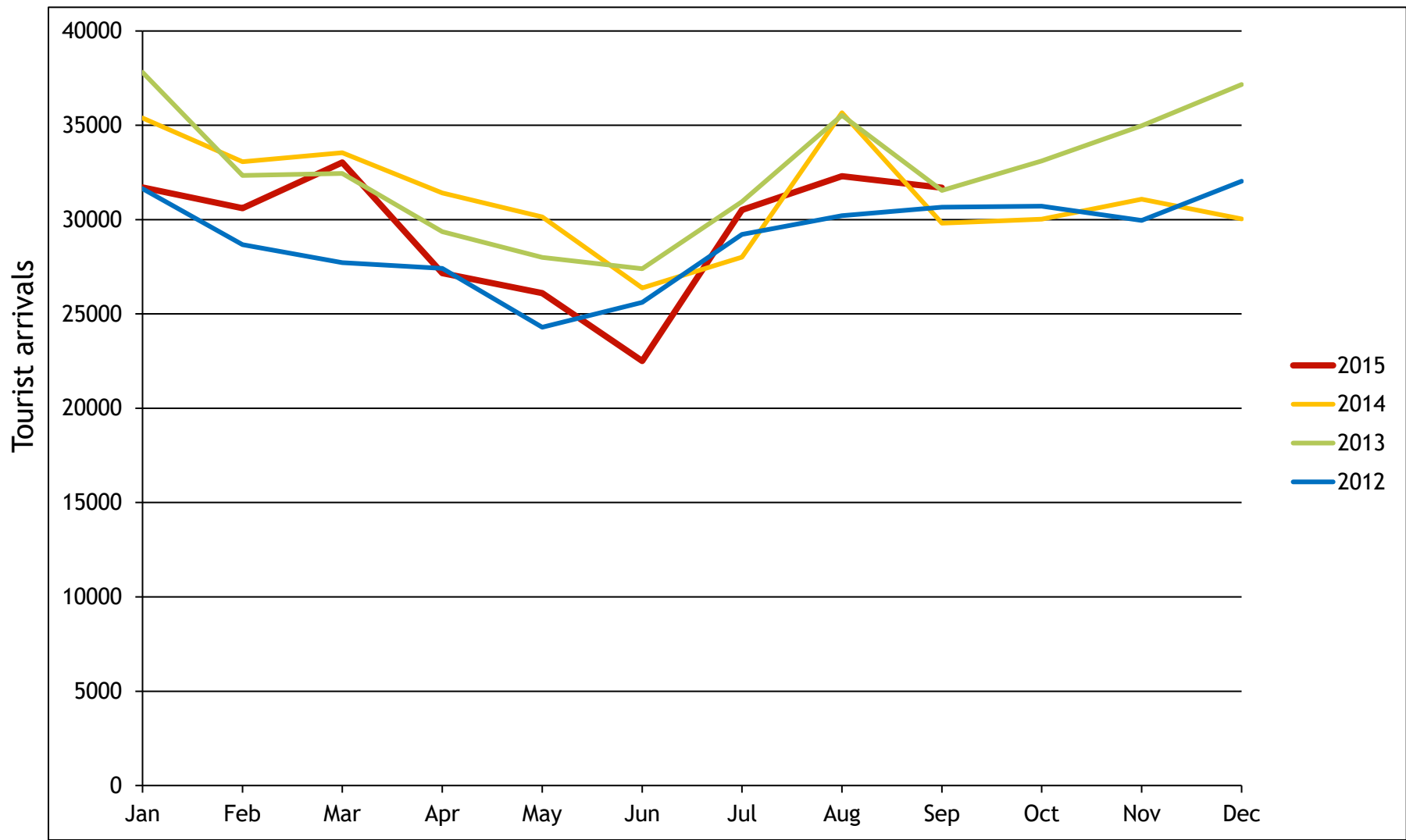
Tourist arrivals to South Africa by Region, Jan - September 2015



Source: Statssa Tourism & Migration release September 2015, SAT analysis

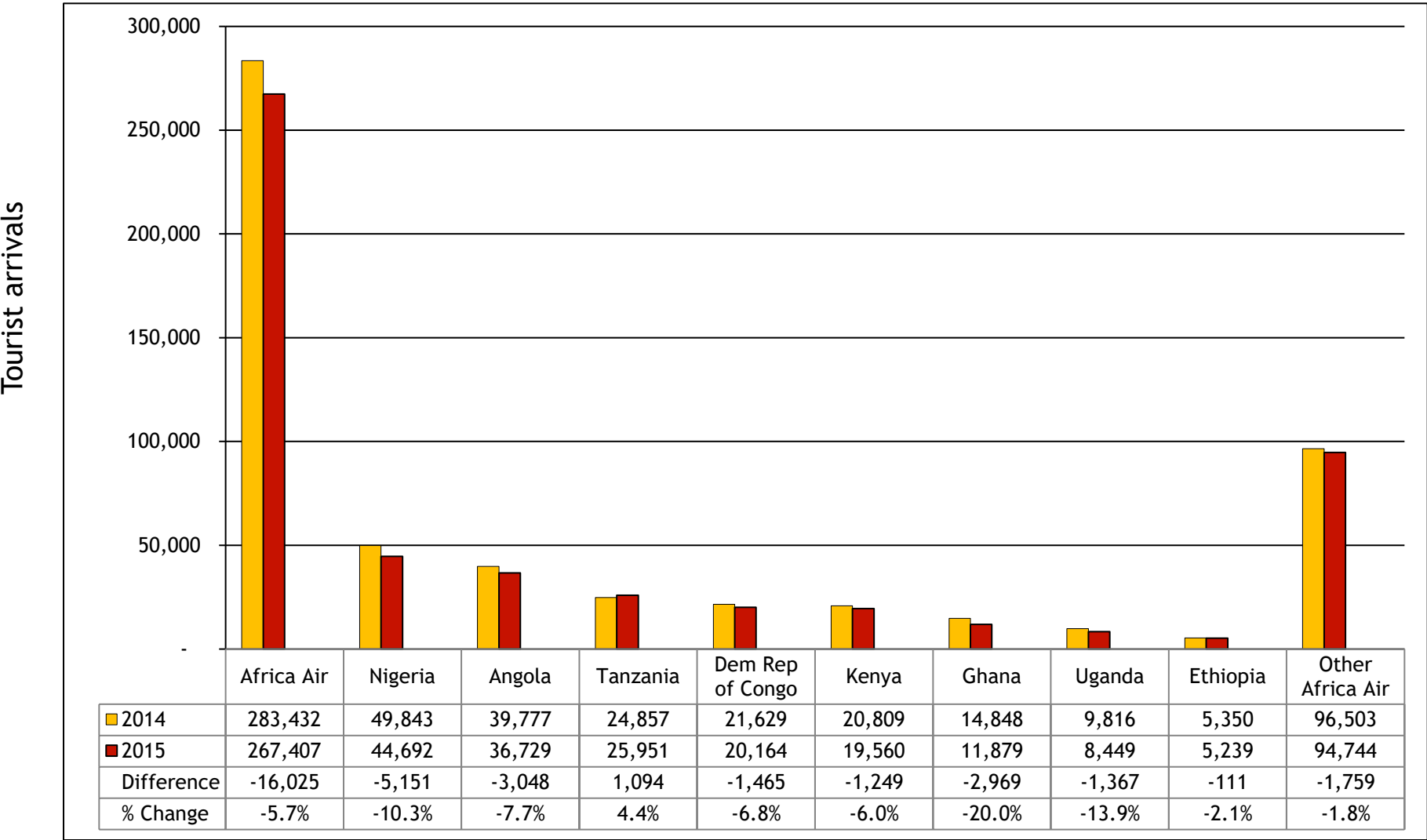
The performance from Africa air markets in September 2015 has improved with 6.3% more arrivals than 2014

Tourist arrivals to South Africa by month from Africa air markets



Africa Air markets showed negative growth of -5.7% with declines recorded across all major markets in the region with the exception of Tanzania which grew 4.4% over last year

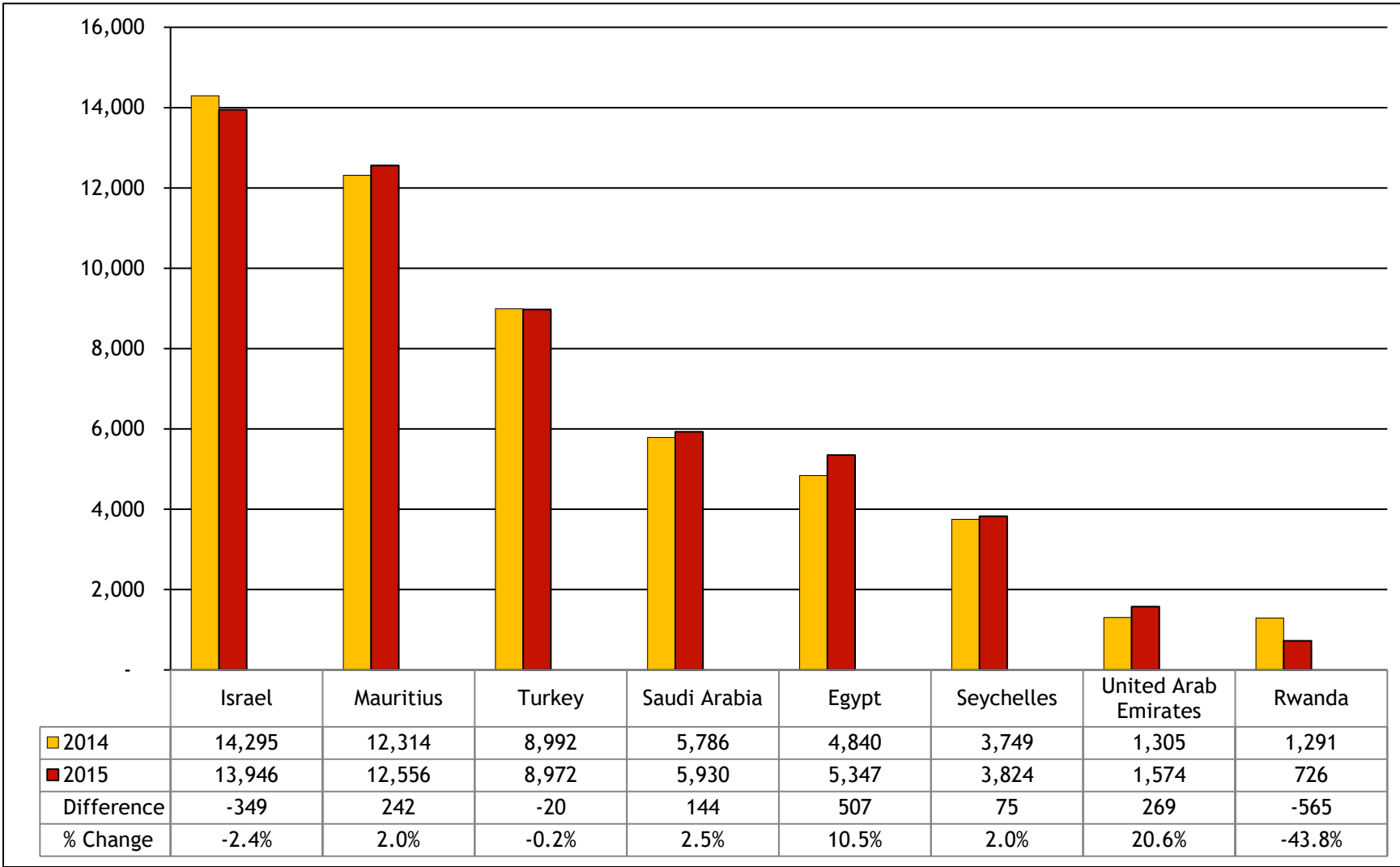
Tourist arrivals to South Africa from Africa Air markets, Jan - September 2015



Mauritius, Saudi Arabia, Egypt, Seychelles and UAE showed positive growth with UAE up a fifth however this growth was from a small base

Tourist arrivals to South Africa from the top “Other Africa Air” markets, Jan - September 2015

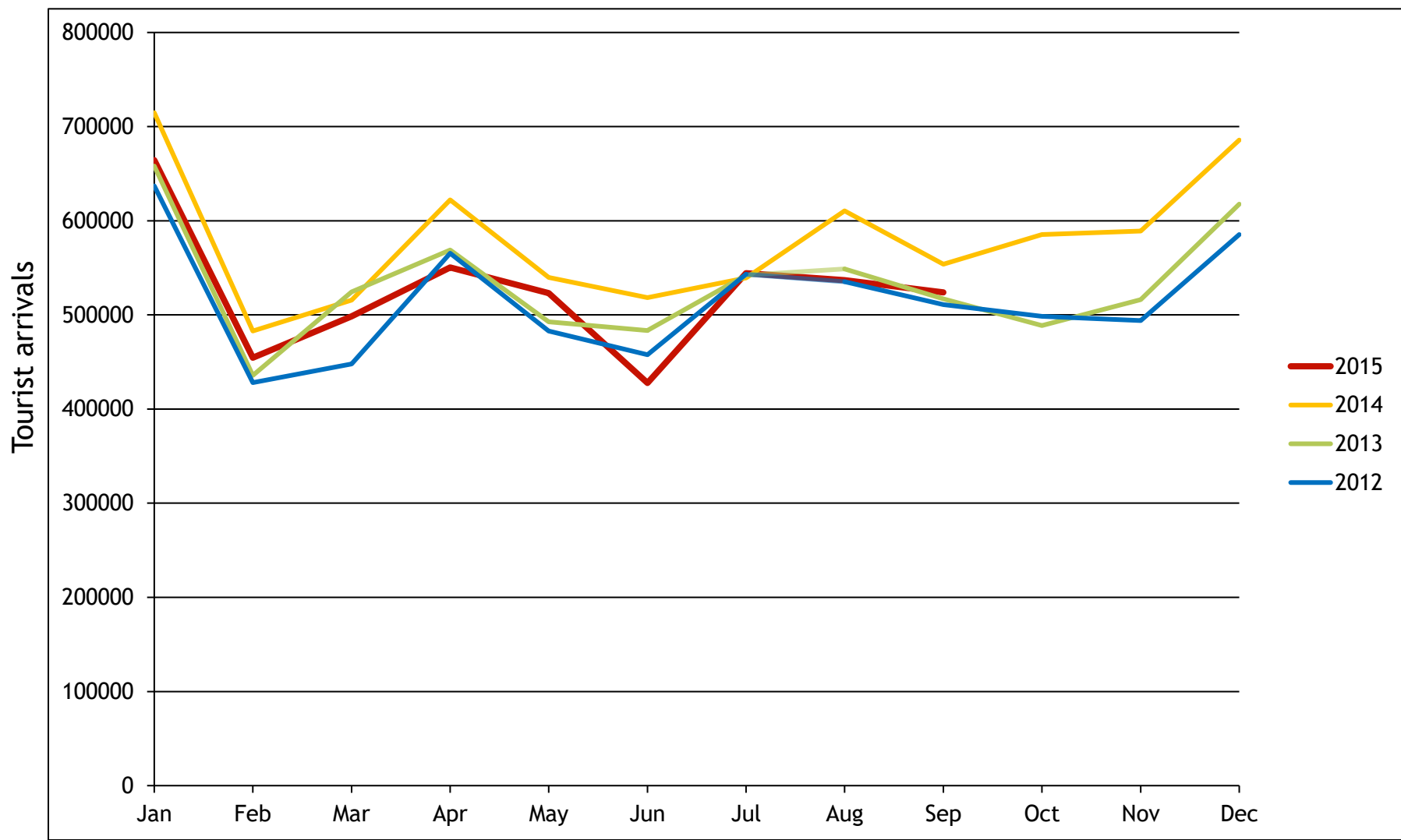
Tourist arrivals



Source: Statssa Tourism & Migration release September 2015, SAT analysis

Tourist arrivals from Africa land markets in September are -5.4% lower than last year

Tourist arrivals to South Africa by month from Africa land markets

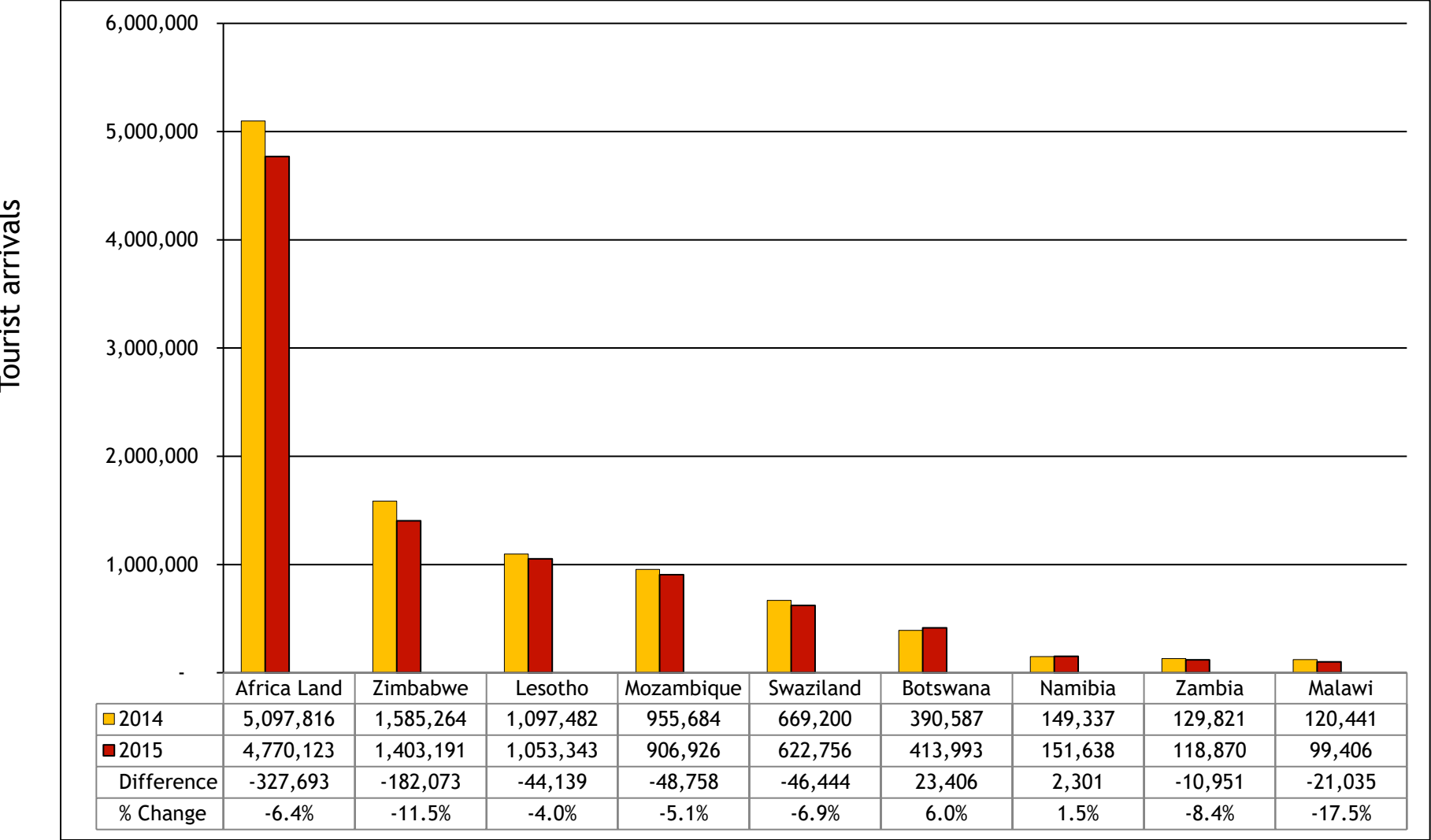


Source: StatsSA, Tourism & Migration release, SAT analysis

Note: Africa Air Markets are markets where at least 60% arrives to SA use air transport; Africa Land Markets are markets where at least 60% of arrivals to SA use road transport. Long-haul markets include all countries outside of Africa

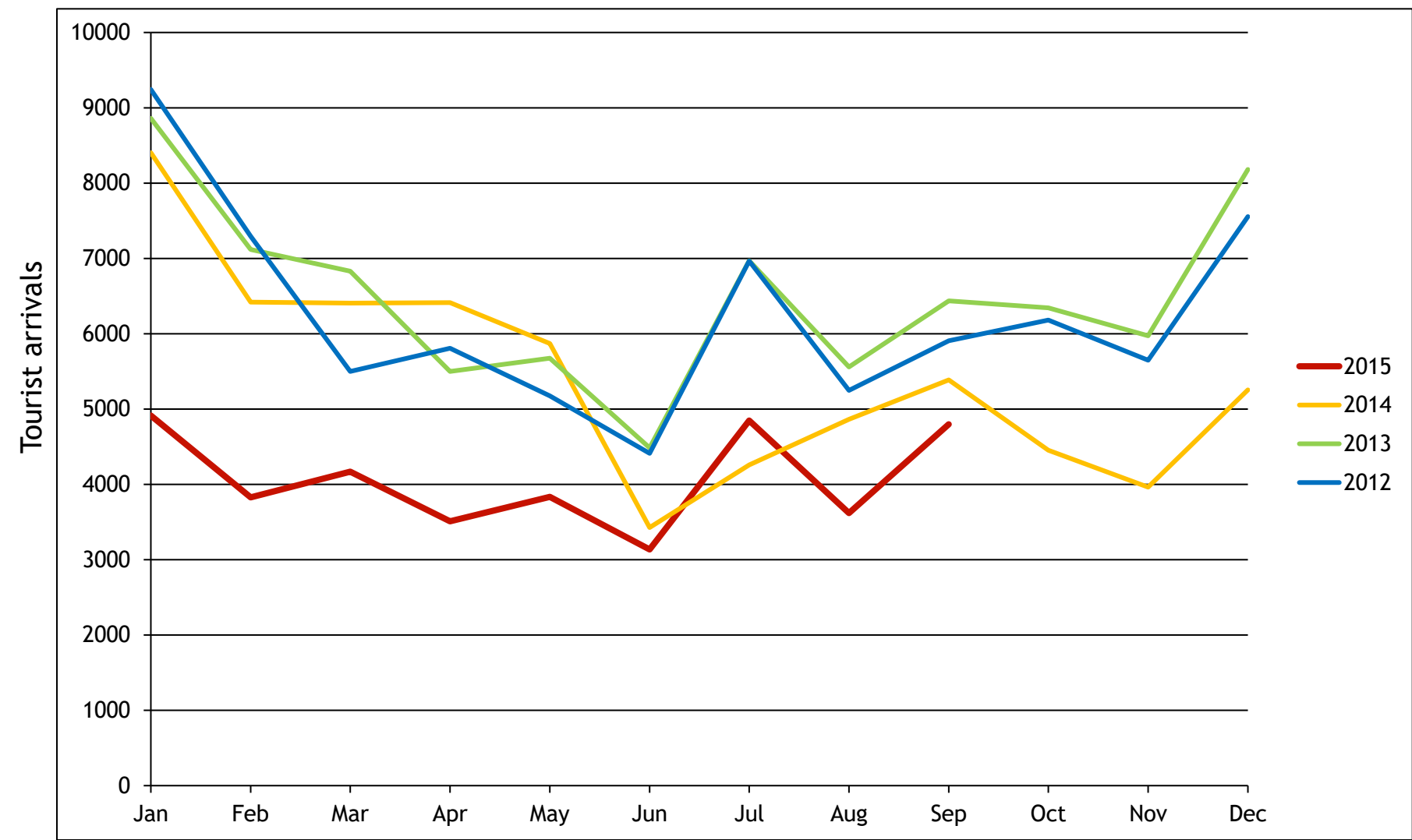
There was a -6.4% decline in tourist arrivals from Africa land markets. Only Botswana and Namibia arrivals are up (6.0% and 1.5% respectively) while all other markets are down

Tourist arrivals to South Africa from Africa Land markets, Jan - September 2015



Central & South America arrivals have lifted in September however remain at a 4 year low

Tourist arrivals to South Africa by month from Central & South America

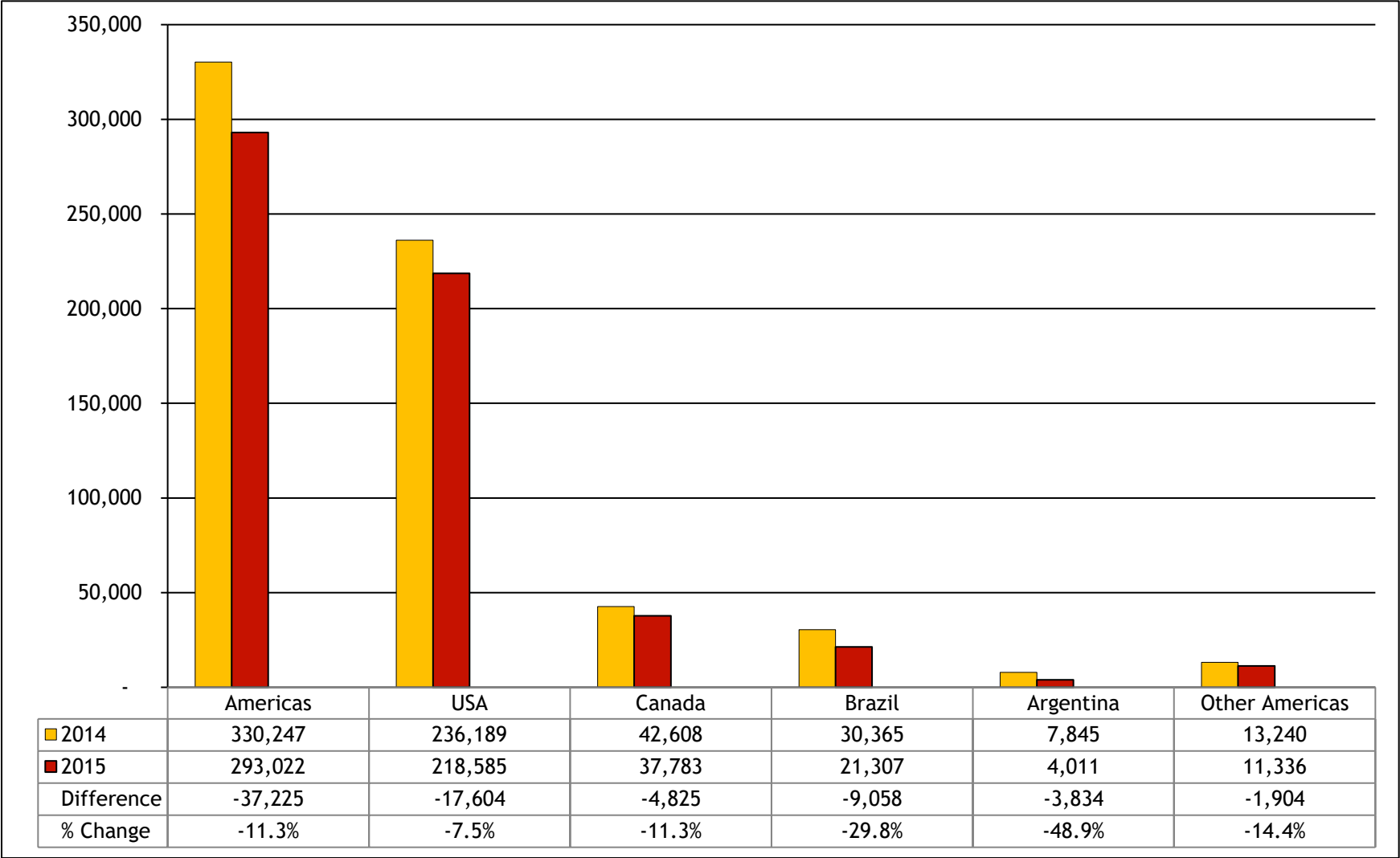


Source: StatsSA, Tourism & Migration release, SAT analysis

All markets major markets in the Americas region decreased in this period with sharp decreases noted in markets from Central & South America

Tourist arrivals to South Africa from the Americas, Jan - September 2015

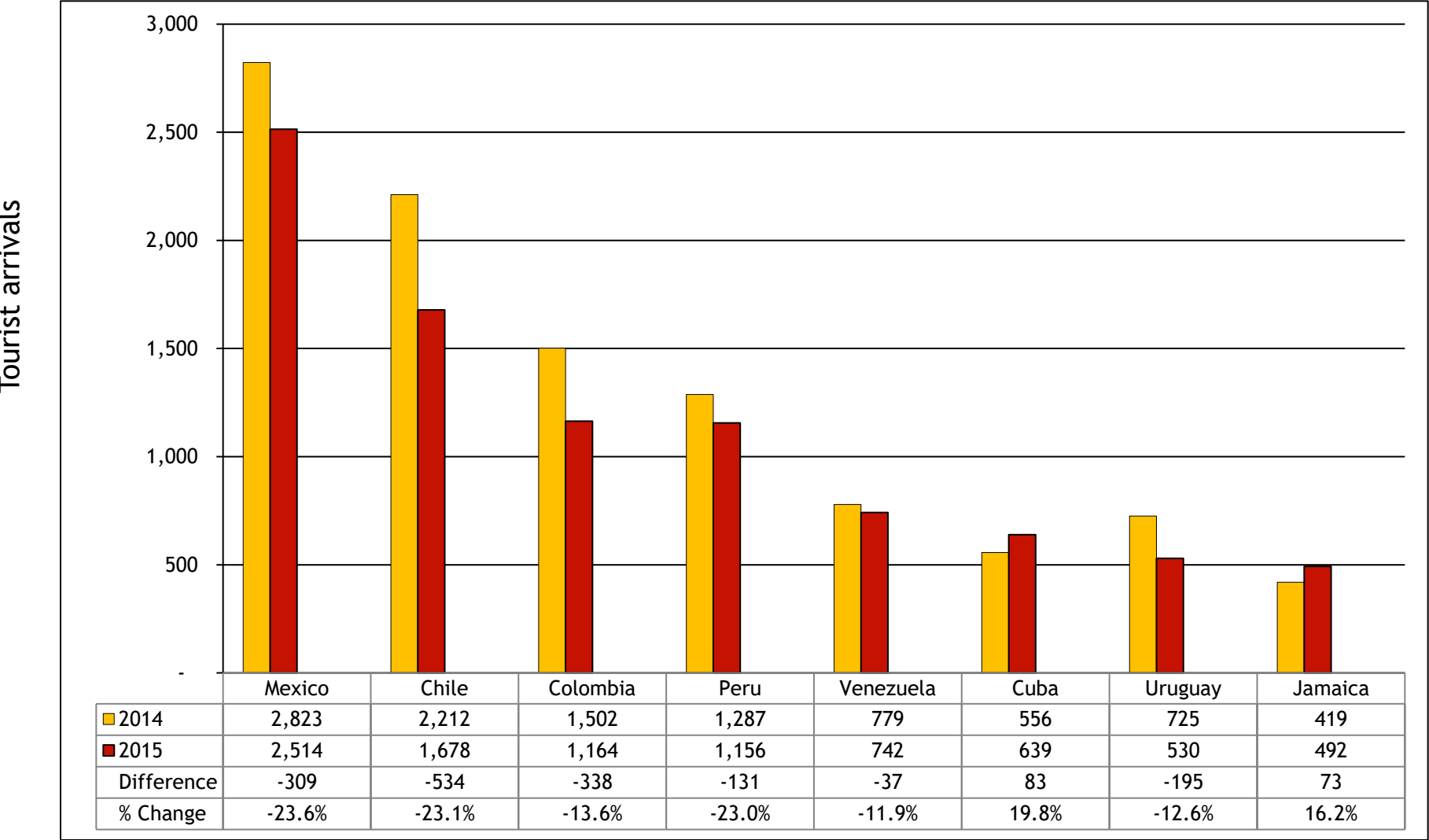
Tourist arrivals



Source: Statssa Tourism & Migration release September 2015, SAT analysis

The -23.6% decrease in “Other Americas” region with double digit decreases in markets except Jamaica and Cuba which had double digit increases

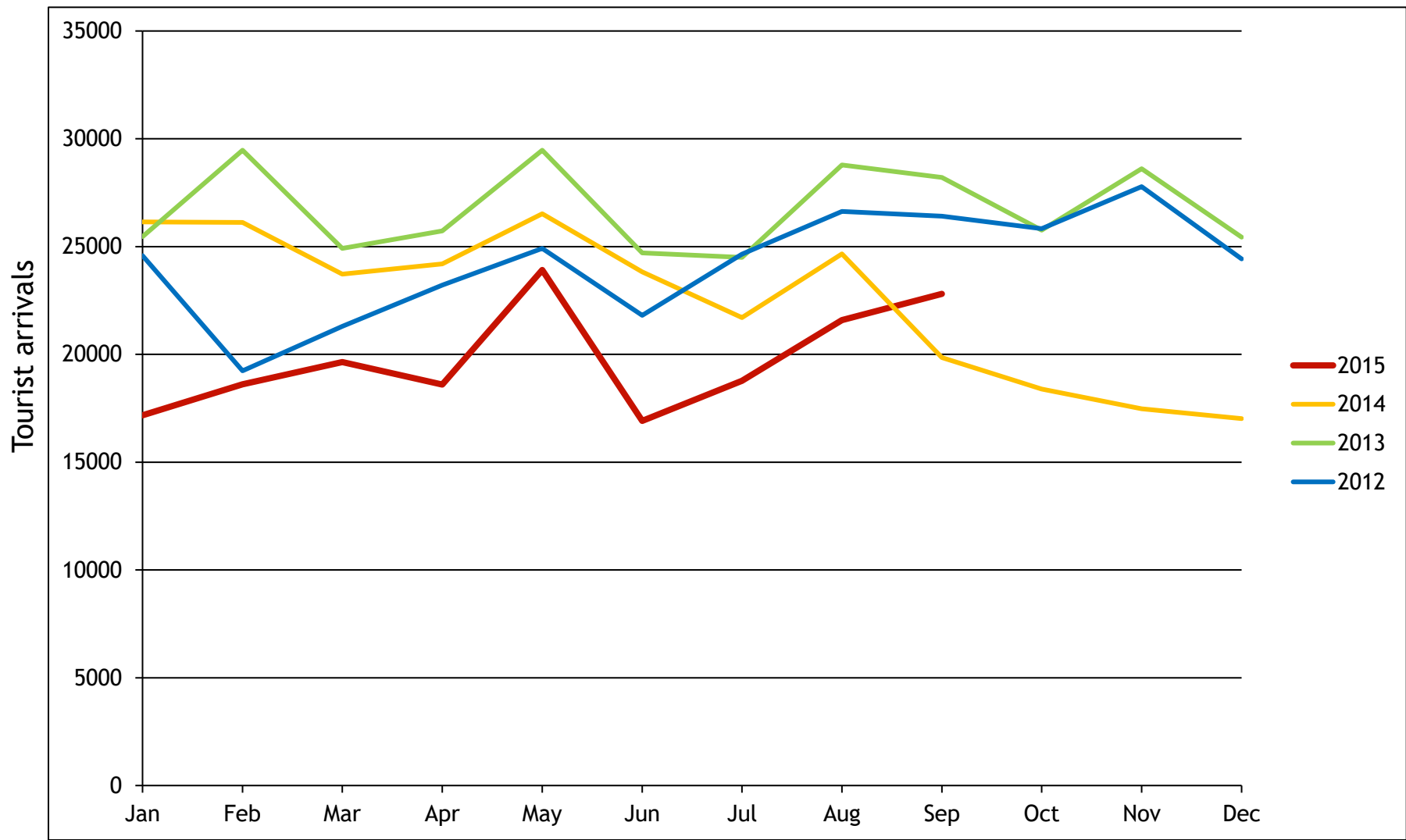
Tourist arrivals to South Africa from the top “Other Americas” markets, Jan - September 2015



Source: Statssa Tourism & Migration release September 2015, SAT analysis

Although September grew over August and Asia arrivals lifted 14.9% past 2014 levels for the first time this year

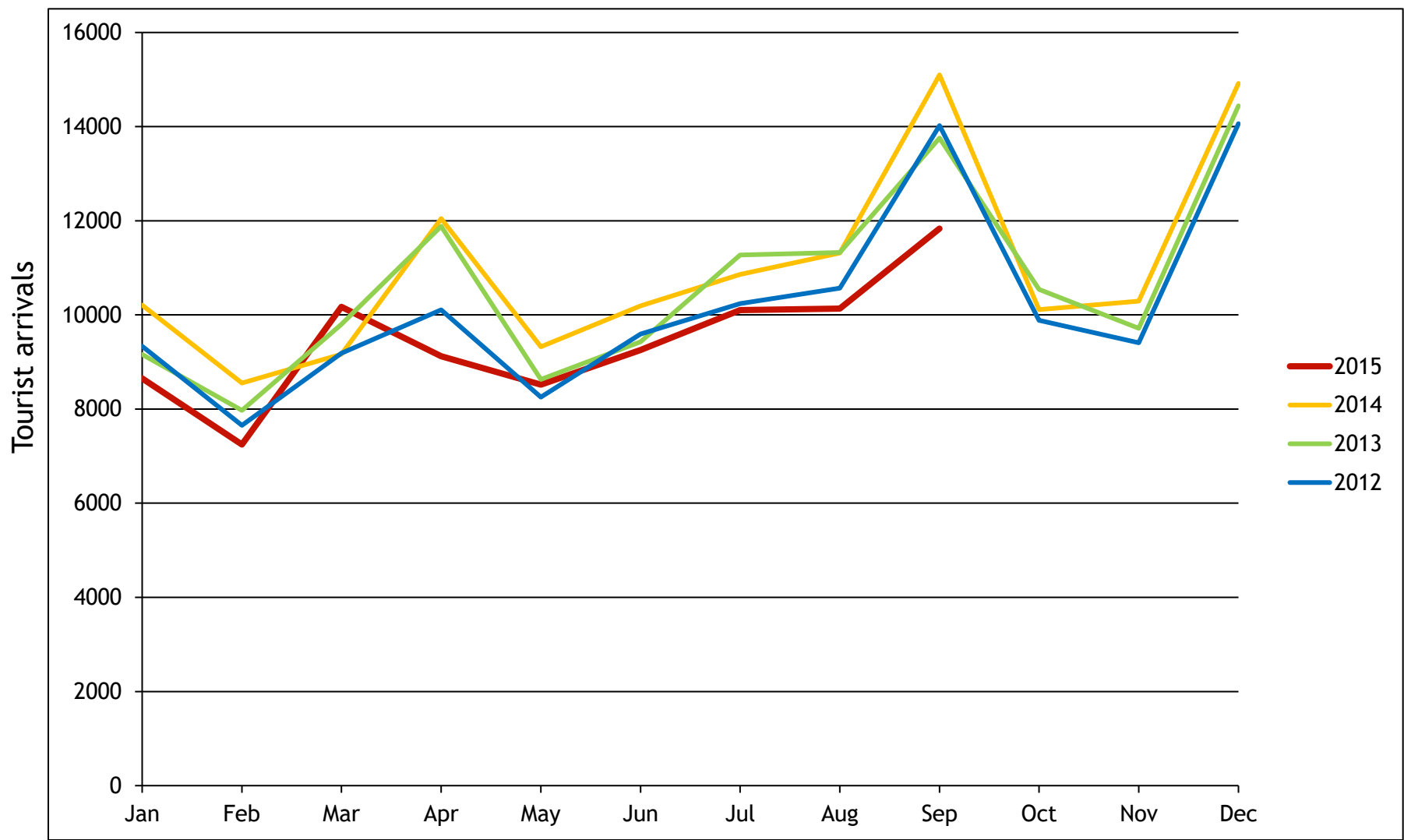
Tourist arrivals to South Africa by month from Asia



Source: StatsSA, Tourism & Migration release, SAT analysis

Australasia arrivals in September grew over August but remain at 4 year low for tourist arrivals, over a fifth (-21.6%) below 2014

Tourist arrivals to South Africa by month from Australasia

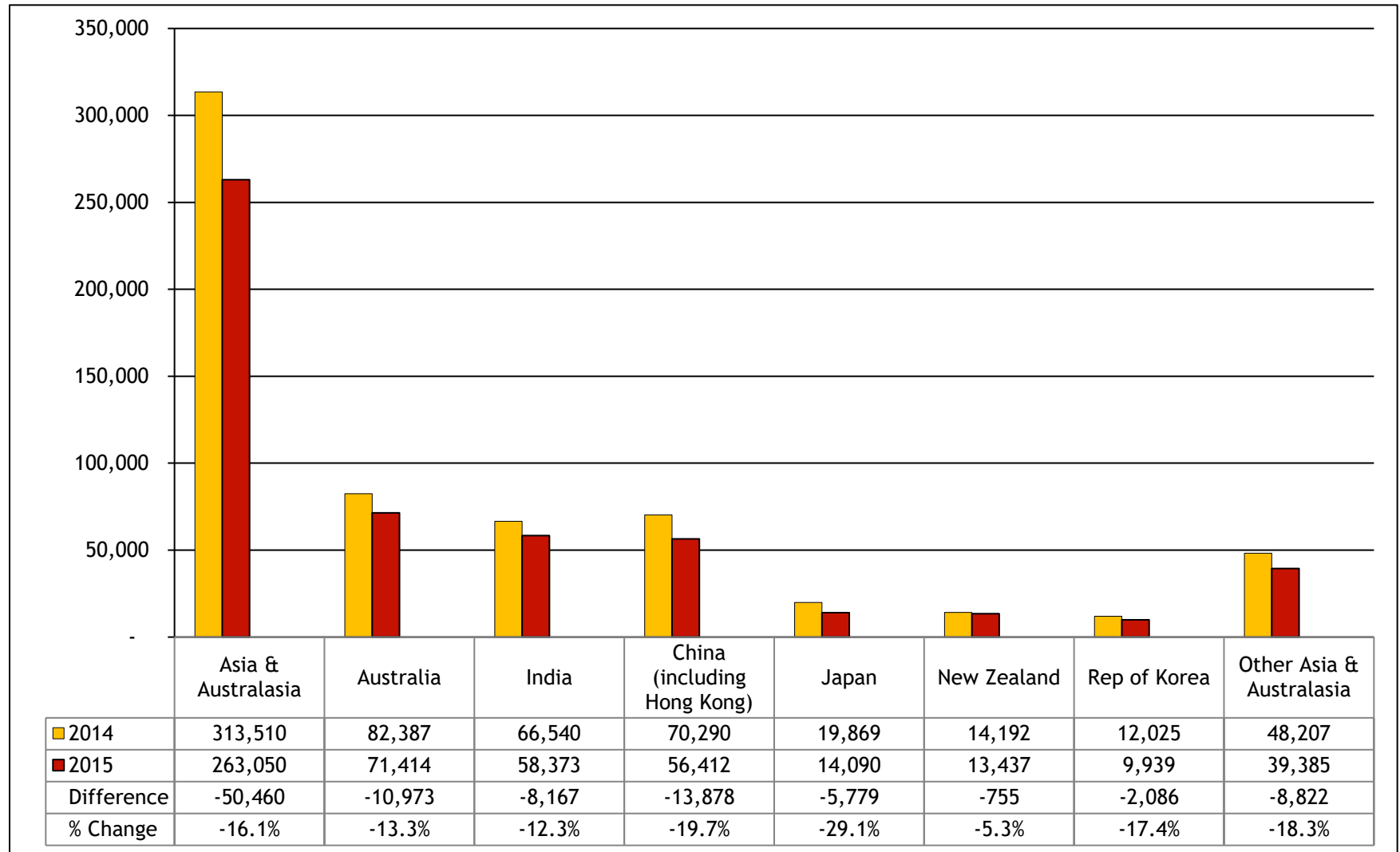


Source: StatsSA, Tourism & Migration release, SAT analysis

Asia & Australasia saw a -16.1% decrease in tourist arrivals with declines from all markets in the region compared to same period in 2014. Australia and India have leapfrogged China to become the top 2 markets in the region

Tourist arrivals to South Africa from Asia & Australasia, Jan - September 2015

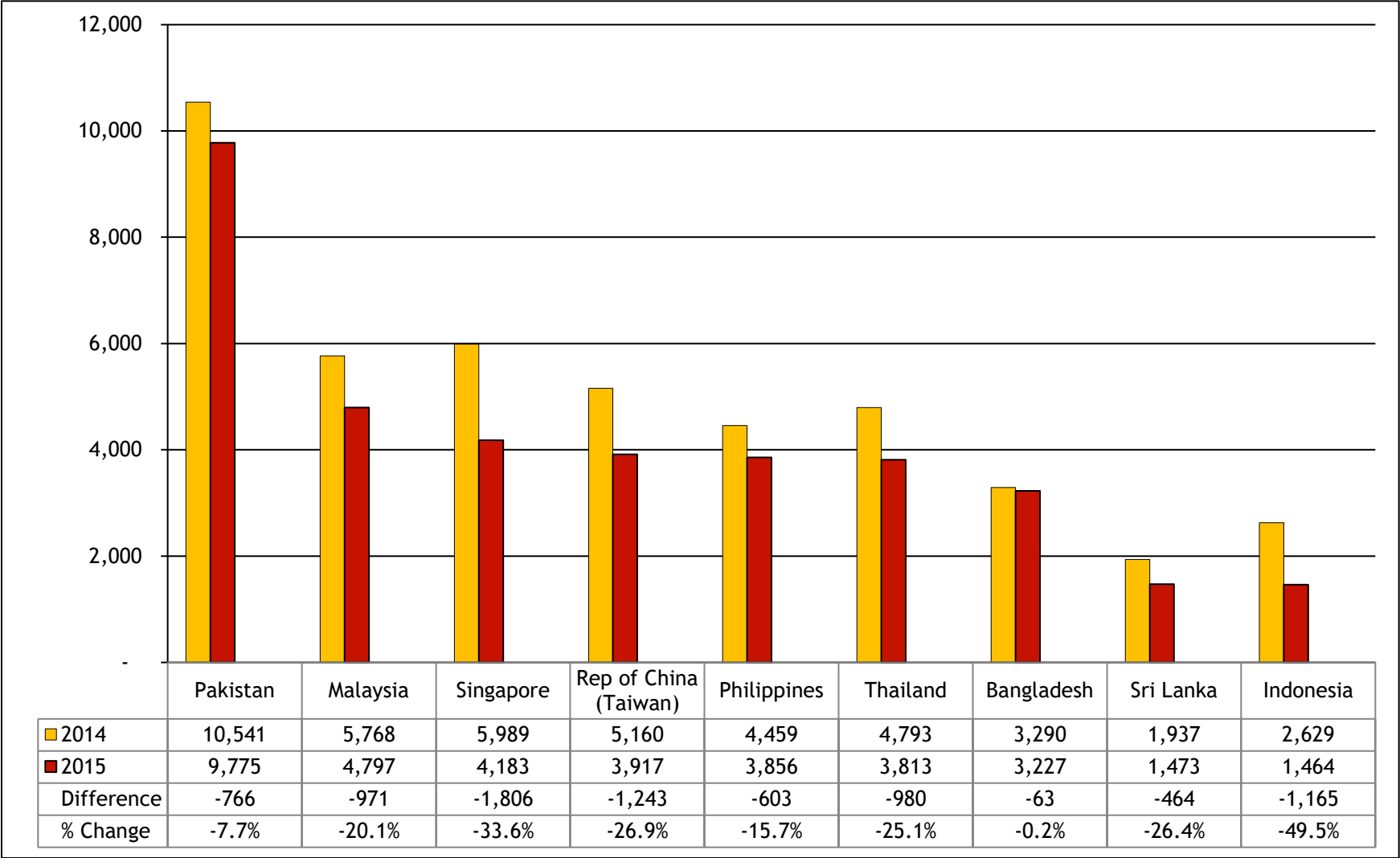
Tourist arrivals



The -20.6% decrease in “Other Asia & Australia” markets as a result of the decreases in all markets led by Indonesia, Singapore, Thailand & Taiwan down more than a quarter of arrivals

Tourist arrivals from top “Other Asia & Australasia” markets, Jan - September 2015

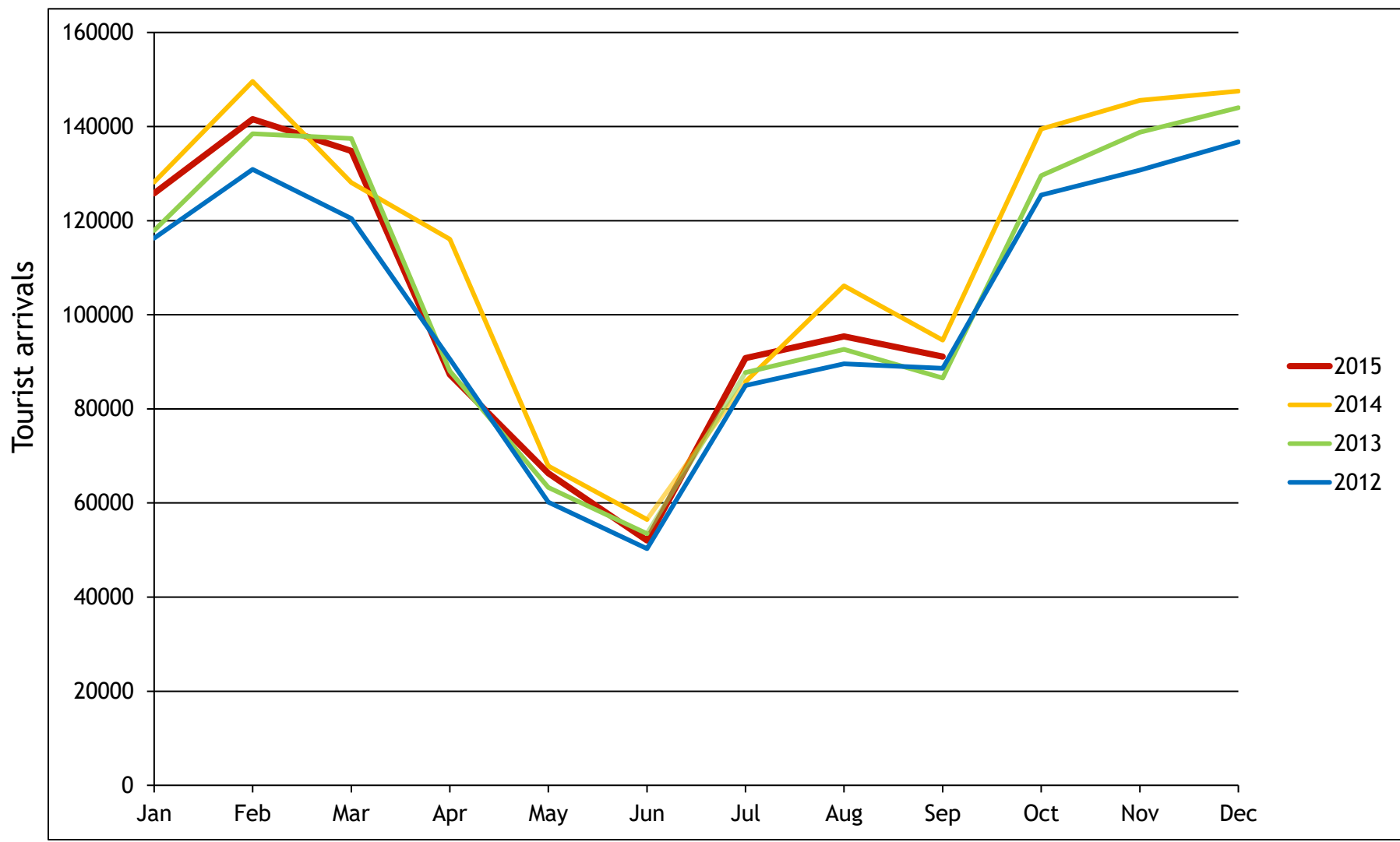
Tourist arrivals



Source: Statssa Tourism & Migration release September 2015, SAT analysis

Arrivals in 2015 from Europe generally follow the trend however and are slightly above previous years in September 2015 however they are lower than last year

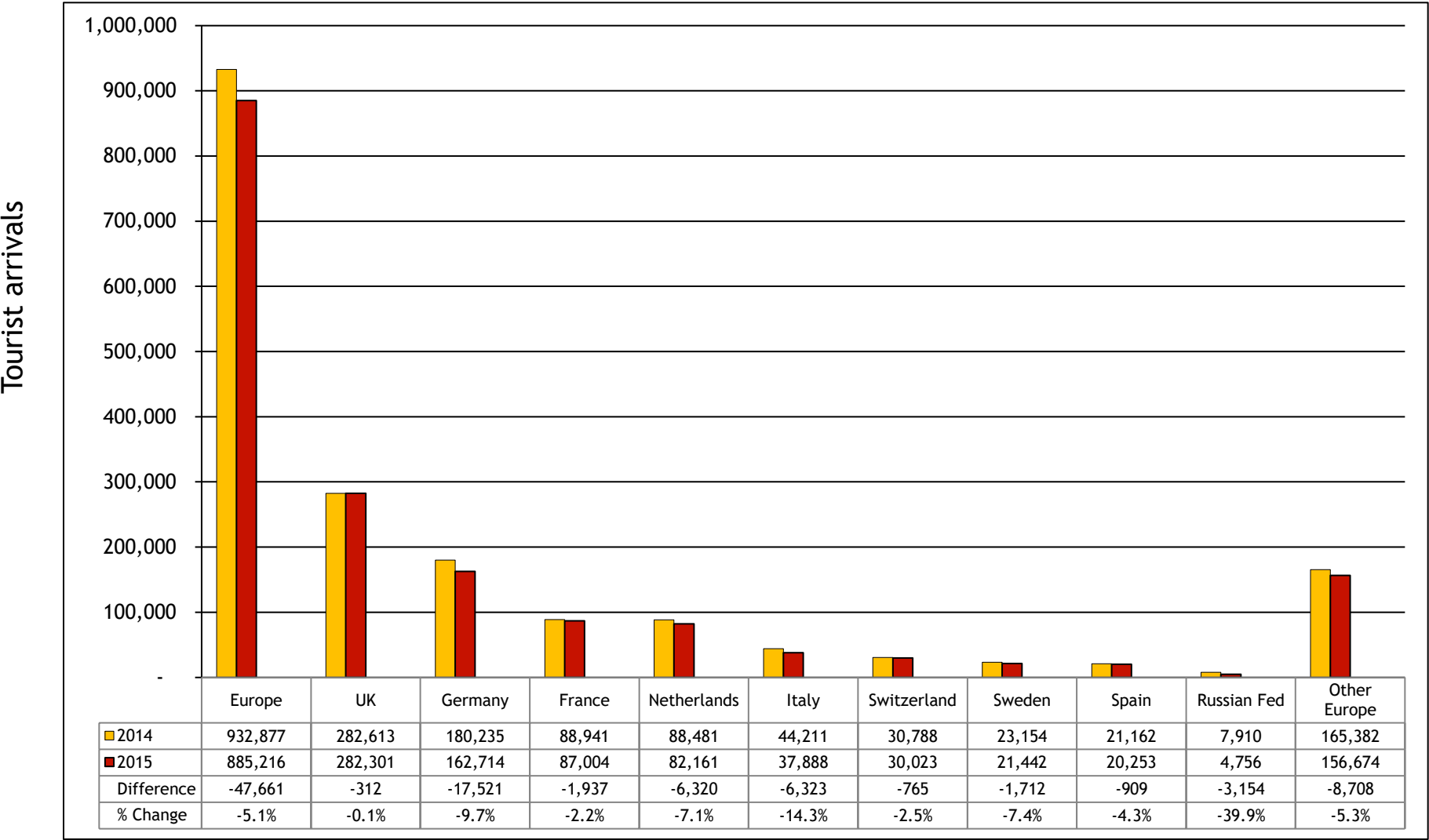
Tourist arrivals to South Africa by month from Europe



Source: StatsSA, Tourism & Migration release, SAT analysis

There was -5.1% decrease in tourist arrivals from Europe. UK is the only major markets in the region to have showed stable arrivals though it was only -0.1% down

Tourist arrivals to South Africa from Europe, Jan - September 2015

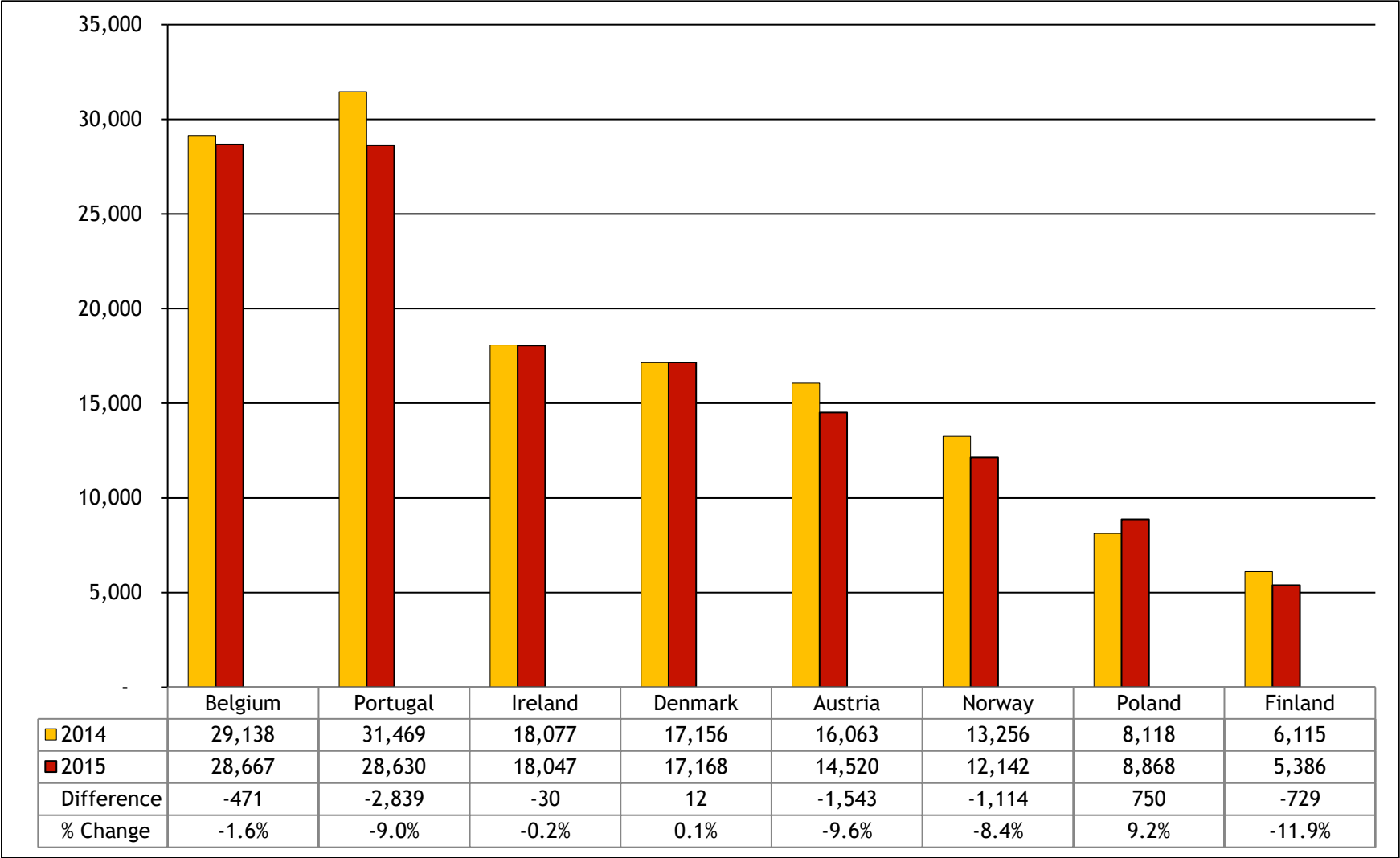


Source: Statssa Tourism & Migration release September 2015, SAT analysis

Only Poland (9.2%) and Denmark (0.1%) grew over this period compared to 2014. The declines are led by Finland declining in double digits (-11.9%)

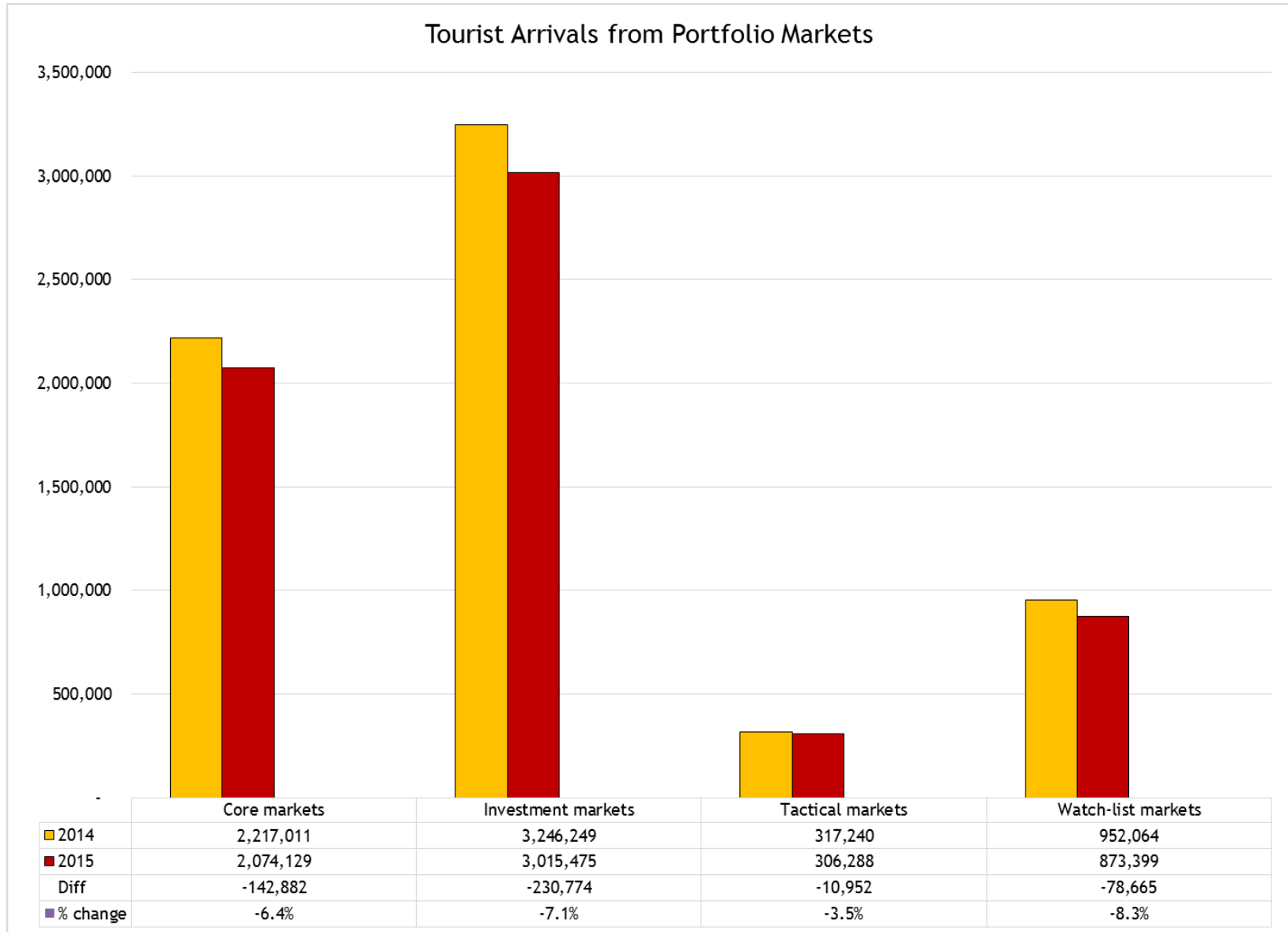
Tourist arrivals from top “Other Europe” markets, Jan - September 2015

Tourist arrivals

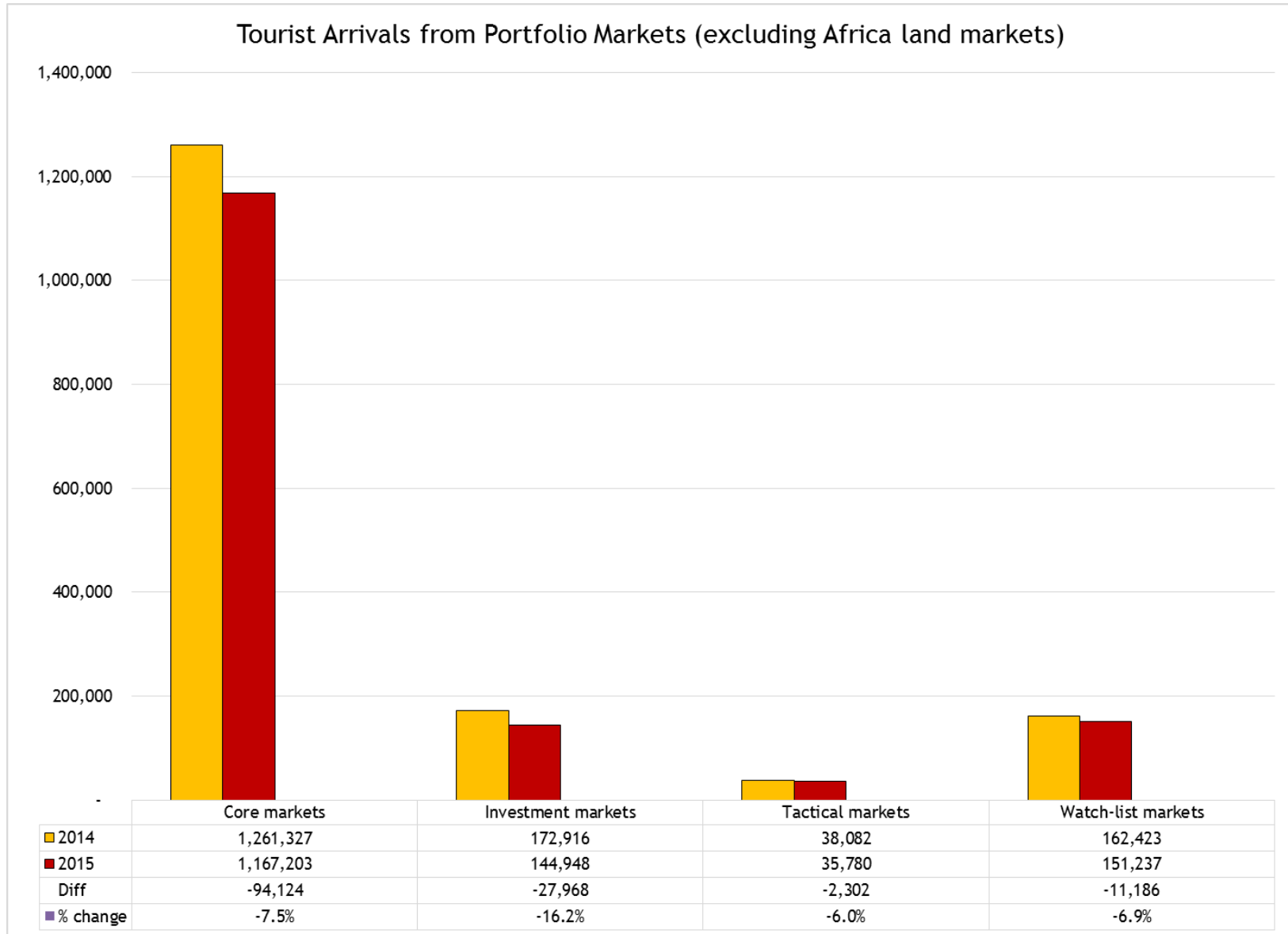


Source: Statssa Tourism & Migration release September 2015, SAT analysis

From a portfolio perspective, all portfolios recorded a decline



The declines worsen when Africa land markets are excluded from the portfolio





Highlights of domestic tourism's performance

Headline indicators: domestic tourism

JAN TO SEPT					
Key Metrics		2014	2015	Difference	% change
Number of Trips	Trips	19.8 Million	16.1 Million	-3.7	-18.7%
	<i>Holiday Trips</i>	1.8 Million	1.6 Million	-0.2	-11.1%
	Trips by purpose	VFR: 74%;	VFR: 71%;		
		Holiday: 9%	Holiday: 10%		
	Average trips per Tourist	2.2	1.6	-0.6	-27.3%
Spend	Total Annual Spend	R18.5 Billion	R15.0 Billion	-R3.5	-18.9%
	By Purpose	VFR: 58%;	VFR: 56%;		
		Holiday: 21%	Holiday: 20%		
	Average Spend per Trip / per Day	R930 / Trip;	R930 / Trip;		
		R250 / Day	R250 / Day		
	<i>Average Spend per Holiday Trip</i>	R2,190	R1,890	-R300	-13.7%
Trip Length	Total Annual Bed Nights	73.3 Million	57.8 Million	-15.5	-21.1%
	Average Nights per Trip	3.7 Nights	3.6 Nights	-0.1	-2.7%

Proposed Outlook for 2016

Results from the UNWTO Confidence Index remain largely positive for 2016, though at a slightly lower level as compared to the previous two years. Based on the current trend and this outlook, UNWTO projects international tourist arrivals to grow by 4% worldwide in 2016.

By region, growth is expected to be stronger in Asia and the Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3.5% to +4.5%). The projections for Africa (+2% to 5%) and the Middle East (+2% to +5%) are positive, though with a larger degree of uncertainty and volatility.

Revision of SA Tourism Revenue Targets



SOUTH AFRICAN TOURISM

Revision of SA Tourism Targets

Tourist Arrivals

The tourist arrivals targets (including transit visitors) were approved for 2015/16 as contained in the 2015-2012 Strategic Plan and 2015/16 Annual Performance Plan.

Due to the change in Stats SA methodology and reporting to exclude transit passengers from tourist arrivals figures necessitated that SA Tourism redo it's forecast based on the new data series.

Tourism Revenue

The change in the tourist arrivals necessitates a change in the Total Tourist Direct Spend (TTDS), given that the TTDS is the amount spent by the tourist arrivals.

Revised SA Tourism Targets

Recommended Revised Targets:

Tourist Arrivals

Annual Tourist Arrivals Target	Q1	Q2	Q3	Q4
9 816 781	2 480 775	2 220 884	2 421 709	2 693 413

Tourism Revenue

Annual TTFDS Target	Q1	Q2	Q3	Q4
R64.3 billion	R16.2 billion	R14.6 billion	R15.8 billion	R17.7 billion

Organisational Performance Results Q2



SOUTH AFRICAN TOURISM

2015/16 Organisational Performance Results - Quarter 2

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Contribute to growth of international tourist arrivals in South Africa	Number of tourist arrivals achieved	10 977 407 (9 816 781*)	YTD: 5 253 758 (4 701 659*)	YTD: 4 307 225 (Jan-Jun 2015)	There has been a -7.6% (-355 063) decline year on year (YOY) for the period January - June. All markets showed a decline, with the notable decrease from Central & South America (-36.7%), Asia (-23.7%), Middle East (-13.3%) and Australasia (-11.0%). The main reasons were: - Lack of forward bookings caused by the negative publicity on Ebola; - Visa processing capacity constraints - Lack of understanding of the visa requirements and associated perception that South Africa is not safe for children.	SA Tourism has received approval from the Board for the revision of 2015/16 targets that were set based on the approved target-setting methodology. More recent data became available (up to December 2014), as the original targets were calculated using tourist arrivals up to March 2014. Based on the trends noted in this new data as well as budget allocations/adjustments the targets were required to be revised.
			Q1: 2 774 016 (2 480 775*)	Q1: 2 292 169		
			Q2: 2 479 742 (2 220 884*)	Q2: 2 015 056		
			Q3: 2 706 572 (2 421 709*)			
			Q4: 3 017 077 (2 693 413*)			

2015/16 Organisational Performance Results - Quarter 2 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Contribute to growth of domestic tourism in South Africa	Number of domestic holiday trips achieved	2 841 209	YTD: 1 119 264	YTD: 1 168 000 (Jan – Jun 2015)	Exceeded year to date target by 4.4%. However, there has been a decline YOY from 14.7 million in 2014/15 to 10.3 million in 2015/16 (-29.9%) due to the decrease in number of total trips.	The implementation of the new Domestic Strategy is gaining traction in SA Tourism's targeted segments - inspiring locals to travel . Additionally, SA Tourism has strengthened its marketing efforts to create awareness amongst South Africans, whilst partnering and enabling trade for higher conversion.
			Q1: 688 778	Q1: 674 300		
			Q2: 430 486	Q2: 493 700		
			Q3: 688 778			
			Q4: 1 033 167			

2015/16 Organisational Performance Results - Quarter 2 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Grow tourism revenue	Total revenue achieved (TTFDS+TDDS) (billion rand)	R107.4 (R88.7*)	YTD: R49.0	YTD: R40.4	The YOY decrease in revenue (-11.8%) was due to the decline in both TTFDS due to the decrease in tourist arrivals, as well as TDDS because of a reduction in average spend per trip.	SA Tourism has received approval from the Board for the revision of 2015/16 targets that were set based on the approved target-setting methodology. More recent data became available (up to December 2014), as the original targets were calculated using tourist arrivals up to March 2014. Based on the trends noted in this new data as well as budget allocations/adjustments the targets were required to be revised.
			(R40.1*)	(Jan-Jun 2015)		
			Q1: R24.9	Q1: R20.9		
			(R20.2*)			
			Q2: R24.1	Q2: R19.5		
			(R19.9*)			
			Q3: R27.1			
	Total Tourist Foreign Direct Spend (TTFDS) (billion rand)	R83.1	(R22.5*)		The YOY decrease in revenue (-2.8%) was due to the decline in the number of tourist arrivals.	
			Q4: R31.4			
			(R26.2*)			
			Q2: R39.0	YTD: R31.3		
			(R64.4*)	(Jan-Jun 2015)		
			Q1: R21.0	Q1: R16.3		
			(R16.3*)			
			Q2: R18.0	Q2: R15.0		
			(R14.6*)			
			Q3: R20.5			
			(R15.9*)			
			Q4: R22.8			
			(R17.7*)			

2015/16 Organisational Performance Results - Quarter 2 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Grow tourism revenue	Total Domestic Direct Spend (TDDS) (billion rand)	R24.3	YTD: R9.2	YTD: R9.1	Achieved 98.9% of year to date target. TDDS has recorded a -33.1% decline year on year due to the decrease in average spend per trip (-4.3%) as well as the number of trips (-29.9%). Although consumers experienced relief as a result of cheaper fuel and lower inflation rates, consumer confidence fell immensely from an already low rating of -4 in Q1 2015 to reach a 14 year low of -15 in Q2 2015 which is in support of the negative outlook consumers have on the country's economic prospects.	SA Tourism refined its Domestic Marketing Strategy to focus 70% in inspiration and awareness and 30% on conversion on our targeted segments.
			Q1: R3.9	Q1: R4.6		
			Q2: R5.3	Q2: R4.5		
			Q3: R6.6			
			Q4: R8.5			

2015/16 Organisational Performance Results - Quarter 2 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Improve South Africa brand awareness as a tourist destination	Brand awareness achieved	80%	N/A	Annual target - not due for reporting.	No deviation	On track - 79% brand awareness achieved in February 2015. Although SA Tourism's ability to generate demand for SA as a leisure destination is expected to weaken due to currency loss which has reduced the Global Media budget by 48%, SA Tourism remains positive that it will meet the 80% brand awareness target. Additional funds request was also submitted to National Treasury to mitigate currency losses. SA Tourism continues to use fully integrated marketing channels, global partners (National Geographic and CNN) and campaigns (#MeetSouthAfrica and #ReconsiderSouthAfrica) to improve brand awareness particularly in core markets.

2015/16 Organisational Performance Results - Quarter 2 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Provide quality assurance for tourism products	Number of graded accommodation establishment members achieved	6 493	YTD: 3 246	YTD: 2 789	Target not achieved due to cancellations (239) particularly from single unit Self Catering establishments, Guest Houses, B&B's and Sun 1 hotels because of limited/ no benefits associated with grading (low occupancy). However, there was a considerable increase in new establishments joining the grading system (177 in 2015/16 compared to 155 in 2014/15).	The integrated Marketing campaign inclusive of an outbound sales activation to boost Basket of Benefits (BOB) uptake as well as an above the line campaign targeting consumers will commence in October 2015. Additionally, a strategic relationship with Travel With Flair will be forged to drive government spend towards graded establishments. 96% of the total graded establishments are registered on the BOB platform and 42% are utilizing the benefits. Furthermore, engagements are underway with Restaurant Association of South Africa (RASA) and suppliers to enhance the TGCSA BOB.
			Q1: 1 623	Q1: 1 425		
			Q2: 1 623	Q2: 1 364		
			Q3: 1 623	Q3: 1199		
			Q4: 1 624			
Increase number of business events in South Africa	Number of business events achieved in South Africa	87	N/A	Annual target - not due for reporting.	No deviation	On track - 28 events registered with ICCA. Efforts to register more association meetings with ICCA increased in order to meet the target.

Organisational Performance Results Q3



SOUTH AFRICAN TOURISM

2015/16 Organisational Performance Results - Quarter 3

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Contribute to growth of international tourist arrivals in South Africa	Number of tourist arrivals achieved	10 977 407 (9 816 781*)	YTD: 7 960 330 (7 123 368*)	YTD: 6 488 114 (Jan-Sep 2015)	<p>There has been a -6.9% (-479 585) decline year on year (YOY) for the period January - September. All markets showed a decline, with the notable decrease from Central & South America (-28.8%), Asia (-17.9%) and Australasia (-12.1%). The main reasons were:</p> <ul style="list-style-type: none"> - Lack of forward bookings arising from the aftermath of Ebola; - Visa processing capacity constraints - Lack of understanding of the visa requirements and associated perception that South Africa is not safe for children. 	SA Tourism has received approval from the Board for the revision of 2015/16 targets that were set based on the approved target-setting methodology. More recent data became available (up to December 2014), as the original targets were calculated using tourist arrivals up to March 2014. Based on the trends noted in this new data as well as budget allocations/adjustments the targets were required to be revised.
			Q1: 2 774 016 (2 480 775*)	Q1: 2 292 169		
			Q2: 2 479 742 (2 220 884*)	Q2: 2 015 056		
			Q3: 2 706 572 (2 421 709*)	Q3: 2 180 889		
			Q4: 3 017 077 (2 693 413*)			

2015/16 Organisational Performance Results - Quarter 3 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Contribute to growth of domestic tourism in South Africa	Number of domestic holiday trips achieved	2 841 209	YTD: 1 808 042	YTD: 1 557 000 (Jan – Sep 2015)	Although the performance on holiday trips is 43.5% below target, there is a 11.8% increase YOY of total domestic trips from 5.1 million in 2014 to 5.7 million in 2015. This decline in holiday trips is due to depreciation of the rand, a hike in interest rates and a constrained economy in quarter 3 relative to previous years which led to low disposable income.	The implementation of the new Domestic Strategy is gaining traction in SA Tourism's targeted segments - inspiring locals to travel . Additionally, SA Tourism has strengthened its marketing efforts to create awareness amongst South Africans, whilst partnering and enabling trade to increase holiday trips.
			Q1: 688 778	Q1: 674 300		
			Q2: 430 486	Q2: 493 700		
			Q3: 688 778	Q3: 389 000		
			Q4: 1 033 167			

2015/16 Organisational Performance Results - Quarter 3 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Grow tourism revenue	Total revenue achieved (TTFDS+TDDS) (billion rand)	R107.4 (R88.7*)	YTD: R76.1	YTD: R63.0	Total Tourism Revenue is 16.6% below target. This was driven by underperformance in both TTFDS (-18%) and TDDS (-12%).	The 2015/16 actual performance for tourist arrivals and the Total Tourist Foreign Direct Spend (TTFDS) is not comparable to the approved target. Other considerations on target setting were emerging trends and budget allocations/adjustments. The unintended consequences is that the Board and Management will not be able to report a true reflection of the organisational performance, particularly on tourist arrivals and TTFDS which will in overall impact the Total Tourism Revenue figure.
			(R62.6*)	(Jan-Sep 2015)		
			Q1: R24.9	Q1: R20.9		
			(R20.2*)			
			Q2: R24.1	Q2: R19.5		
	Total Tourist Foreign Direct Spend (TTFDS) (billion rand)	R83.1 (R64.4*)	(R19.9*)		Although the revenue is 18% below target, a 13.4% increase in revenue year on year has been recorded. This YOY increase in revenue can be attributed to an increase in average spend from R6 730 in 2014 to R8 058 in 2015, notwithstanding the overall decline in tourist arrivals.	
			Q3: R27.1	Q3: R22.6		
			(R22.5*)			
			Q4: R31.4			
			(R26.2*)			
			Q2: R59.5	YTD: R48.1		
			(R46.8*)	(Jan-Sep 2015)		
			Q1: R21.0	Q1: R16.3		
			(R16.3*)			
			Q2: R18.0	Q2: R15.0		
			(R14.6*)			
			Q3: R20.5	Q3: R16.8		
			(R15.9*)			
			Q4: R22.8			
			(R17.7*)			

2015/16 Organisational Performance Results - Quarter 3 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Grow tourism revenue	Total Domestic Direct Spend (TDDS) (billion rand)	R24.3	YTD: R15.8	YTD: R14.9	Although the performance on TDDS is 12.1% below target, total spend has increased from R4.9 billion to R5.8 billion YOY and average spend increased from R950 per trip in 2014 to R1 010 in 2015. This Q3 decline in TDDS emanated from the decline in bednights from 22.5 million in 2014 to 19.7 million in 2015, which means a 22.7% drop in average nights from 4.4 in 2014 to 3.4 in 2015. Approximately 47% of people surveyed reported that affordability is the main reason for not travelling (40% cannot afford and 7% is unemployed).	SA Tourism refined its Domestic Marketing Strategy to focus 70% in inspiration and awareness and 30% on conversion on our targeted segments.
			Q1: R3.9	Q1: R4.6		
			Q2: R5.3	Q2: R4.5		
			Q3: R6.6	Q3: R5.8		
			Q4: R8.5			

2015/16 Organisational Performance Results - Quarter 3 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Improve South Africa brand awareness as a tourist destination	Brand awareness achieved	80%	N/A	78%	South Africa's brand awareness performance for the year 2015 was 2% below target. This decline was due to the overall poor performance of the South African Rand which amounted to a loss of approximately R300 million over the period 2010 to 2014. This led to a substantial reduction of the marketing and advertising budget, thus affecting brand visibility globally and in-market as well as compromising brand building/ awareness.	There are ongoing engagements with National Treasury to explore effective mitigating strategies against currency loss. In 2016/17, SA Tourism will be reviewing its market portfolio. Coupled with this will be the determination of investment strategies and investment levels as well as an optimal business model to service markets underpinned by ROI. SA Tourism will continue to use its fully integrated marketing strategy, channels, global partners and campaigns to improve brand awareness and conversion particularly in core markets and investment markets.

2015/16 Organisational Performance Results – Quarter 3 (continued)

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	QUARTERLY TARGET	PROGRESS/ ACHIEVEMENTS	REASONS FOR DEVIATION	COMMENTS OR ADDITIONAL REMARKS
Provide quality assurance for tourism products	Number of graded accommodation establishment members achieved	6 493	YTD: 3 246	YTD: 2 789	The performance is 26% below target due to cancellations (292) particularly from the reputation challenges arising from the Legal Debtors, loss of credibility and value of grading as well as grading costs and business closures. However, there was a considerable increase of 48.9% in new establishments joining the grading system (204 in 2015/16 compared to 137 in 2014/15).	The integrated Marketing Campaign went live in December 2015. The effectiveness of the campaign will be evaluated during quarter 4. It is however important to note that majority of the feedback received from associations and establishment owners is that the 3-Year membership system and the Legal Debtors have immensely damaged the TGCSA's reputation. This coupled with the poor assessor performance, are the major contributors to the underperformance. To improve future performance TGCSA will strengthen its sales and after-sales capability, introduce free grading and set terms and conditions for mandatory TOMSA levy collection on free graded establishments as well as review policies.
			Q1: 1 623	Q1: 1 425		
			Q2: 1 623	Q2: 1 364		
			Q3: 1 623	Q3: 1 199		
			Q4: 1 624			
Increase number of business events in South Africa	Number of business events achieved in South Africa	87	N/A	Annual target - not due for reporting.	No deviation	On track - South Africa hosted approximately 97 events which have been registered with ICCA.

Marketing and Promotional Initiatives in Q2 and Q3



SOUTH AFRICAN TOURISM

Marketing and Promotional Initiatives - International Markets

■ Americas

- A partnership with the Isango Ensemble's US tour;
- Madiba's Journey Instagram influencer tour visit to SA for USA media;
- The Ordinarily Extraordinary Campaign is being repurposed for Brazil;
- SA Tourism's gold partnership with New York Times Travel Show (largest consumer show in North America) to reach consumers and educate on deals/ offers;
- Trade engagements with call centre staff (Grand Circle, Globus, Go Touch Down Tours) will keep SA top of mind when they speak with consumers;
- A campaign with Expedia and discounted air fares from SAA is planned for the Canadian Market as well as a trade engagement with call centre staff (GoWay, G Adventures) in order to keep SA top of mind when they speak with consumers.

Marketing and Promotional Initiatives - International Markets

■ Europe

- The UK office has prioritised training for airlines on visa rules as well as continuous communication with trade and consumers.
- A workshop and cocktail event pre - Moscow International Travel and Tourism Exhibition (MITT) in conjunction with the NDT and SA embassy in Russia; and a roadshow that SA Tourism will attend with Follow me to Africa - a key tour operator active in the Russian market. This will take place post MITT;
- Swiss Mega Fam in February and FESPO in January 2015;
- An influencer campaign will start mid-January with different outdoor components to raise awareness and partnership with Qatar Airways with special ticket price to boost conversion for the Netherlands as well as a CEO trip to Mapungubwe National Park to showcase different areas of South Africa to obtain content for brochures and 2 fam trips in March to showcase SA to Travel agents so they can sell the country better.

Marketing and Promotional Initiatives - International Markets

■ Asia and Australasia

- Roadshow over 2 weeks in Japan & China in June 2015;
- Launch of direct flight to South Africa by Air China on 30 November 2015;
- Magnum editions in India for Conde Nast Traveller India, Lonely Planet, Travel+Leisure and Verve;
- A new creative campaign for SA Tourism in the Australian market tailored to new consumer insights is set to launch and roll in November 2015, as well as a trade show travelling across five cities in both Australia and New Zealand;
- Taste partnership showcasing SA as a prime Food & Wine destination in Australia.

Marketing and Promotional Initiatives - Africa Air

- SA Tourism participated at BITUR International Tourism Exchange of Angola (consumer and trade) and had a workshop to promote SA leisure offering directly to trade;
- The digital campaign was activated at the end of September 2015 in the DRC;
- SA Tourism conducted trade workshops in July and participated at Magical Kenya Tourism Expo to promote SA's leisure offering directly to trade;
- In September 2015 SA Tourism participated in Swahili Tourism Expo to promote SA's leisure offering directly to trade and consumers;
- In July SA Tourism conducted trade workshops in both Nigeria and Ghana to promote SA's leisure offering directly to trade. The MTV Africa Music Awards leverage gave us the opportunity to further promote events in SA through radio and hosting.

Marketing and Promotional Initiatives - Africa Land

■ Botswana

- In-store Consumer Activation in partnership with SPAR;
- Radio Deal Driven Promotion;
- Toll Gate Promotion; and
- Media Hosting for International Jazz Extravaganza.

■ Mozambique

- SAA Partnership Networking Dinner;
- AVITUM Trade Engagement Event;
- Participation in the Tourism Consumer Faire;
- Media Hosting for International Jazz Extravaganza;
- Toll Gate Promotion; and
- Radio and Out Of Home Media Deployment.

Marketing and Promotional Initiatives - Watchlist

- Partnerships with Catai Tours in Spain, Lime Travel and Albatros in Finland and Norway. Negotiations with Iberia Air in Spain are underway;
- Two Joint Marketing Agreements with Hub Travel and 7 Tur to inspire confidence in the Argentinian market; and
- Resto Del Mundo Canal 13 in Argentina and across Latin America. 60 million households and 13 million people viewed Chapter 1 of the programme sent by the SA Embassy in Buenos Aires and more episodes will be aired in future.
- Negotiations with Iberia Air are underway as Iberia will be resuming service into Johannesburg;
- Participation at the East Mediterranean International Tourism and Travel Exhibition (Emitt) in Turkey.

Marketing And Promotional Initiatives - Domestic

Project/Initiative	Impact/Reach	Progress Update	Budget
SA Stories - #My1st This is 60 second television commercials highlighting real South African stories of locals from various backgrounds, who have never travelled for holiday purposes. #My1stShotleft	Reach 14,104,980 Adults 18+ with income R3000	Quarter1: Identified and selected 4x 60 2nd different stories to be produced. Quarter 2 & 3: Filming and production of the commercials. Quarter 3 & 4: Approval process. CMO has approved all 4 stories. CEO approved only 2, remaining 2 are being fixed for the CEO's final approval. The 2 approved stories are being flighted in first phase & the remaining 2 will be flighted after CEO approval.	Media: R20 million - TV R4,9 million – Radio R2 million – Digital R3 million - OOH R8 million Production (Ring-fenced funding)
DJ Tours Partnership with Micasa Music embarking on a series of road trips within the 9 provinces accompanied by #1 st time travellers, radio DJ's, Micasa, media as well as influencers. CEO has given these dates as per his diary to start from 3-4 February(Gauteng),17-18 February(North West),9-10 March(Free State),23-24 March(Mpumalanga),14-15 April(Limpopo),28-29 April(Northern Cape),12-13 May(Eastern Cape,26-27 May(Western Cape) and 9-10 June(KwaZulu-Natal)	Reach 45 first time travellers Reach 7,000,000 listenership Reach 2,000,000 social media followers	Quarter 1& 2: Negotiate and secure partnerships Quarter 3: Contract has been approved and purchase order issued. Quarter 4: Implementation & roll out	R4 million (Ring-fenced funding) NOT FOR Q3

Project Initiative	Impact/Reach	Progress Update	Budget
Mango In-Flight Activations This is a partnership with low cost airline Mango, to have on-board branding creating awareness with an activation to encourage current travellers to take more frequent holiday breaks and inspire them to do more leisure activities when visiting friends and family.	Passenger reach 2,288,000	Quarter 1: In-flight Activation. Quarter 2-3: On board branding to continue until end December 2015.	R1.9 million (Ring-fenced Funding)
Spelling Bee Competition Partnership with Mzansi Spelling Bee about a spelling challenge and literacy support program for children ages 9-14 yrs that has a tourism theme. This will be hosted in Gauteng, North West, Free State, Western Cape and Mpumalanga. First print will be 20 000 copies to be distributed in participating schools, public libraries etc.	Reach 10 000 kids Reach 100 Youth volunteers 50 Coaches (unemployed youth) 20 000 books 397 travel word list	Quarter 1: Negotiated partnership. Quarter 2: Provided travel word list Quarter 3 & 4: Approval and Implementation	R500k (Ring-fenced Funding) NOT FOR Q3
School Kids Initiative Collaborating with NDT to galvanise 2000 school children nationally to visit SANParks, SANBI and selected World Heritage sites and icons. Secured Legend Tours to be partner to activate project collaboratively.	Reach 2000 kids	Quarter 1 & 2: Negotiate and plan initiatives, exploring using a JMA partner to execute. Quarter 3 & 4: Approval and Roll Out	R1.7 million (Ring-fenced Funding) NOT FOR Q3

Project Initiative	Impact/Reach	Progress Update	Budget
Intercape Partnership A non traditional partnership with the largest inter city passenger transport service. The aim is to distribute affordable tourism information on leisure experiences as well affordable product deals to passengers visiting friends and relatives for them to consider tourism leisure activities on their visit. Activities also include promoting the audio visual on board the bus screens and at Park Station in Jhb.	Reach minimum of 1,000,000	Quarter 1&2: Negotiate partnership Quarter 3: Roll out planned for December 2015	Trade exchange partnership.
Tollgate Activations Partnership with Autoreach implementing tollgate activations encouraging South Africans to take day trips of leisure experiences to the Provinces they are visiting addressing VFR. 1Stop Petrol Forecourts rolling out in parallel with the tollgate activations.	Reach minimum of 1,000,000	Quarter 2: Negotiated and secured contract Quarter 3: Approval & Distribution in December 2015	R1 million
Ultimate Braai Master This is reality television show about cooking and travelling targeted at South Africans who enjoy travelling their own country in less visited provinces. SA Tourism has partnered with Cooked in Africa to showcase less visited provinces and hidden gems. The aim to inspire travellers to take more frequent holiday trips.	Reach over 2, 5million (incl TV, print & online). R100 million globally on Travel Channel. No of people directly mobilised = 300 .	Quarter 1: Produced 13 episodes + provide schools prizes in each provinces. Quarter 2 & 3: Flighting on 20 th Sept 2015. Quarter 4: Repeated on Travel Channel in March 2016.	R5 million (Ring-fenced Funding)

Project Initiative	Impact/Reach	Progress Update	Budget
Joint Marketing Agreement with Thompsons Tours We partnered with a key tour operator to promote Domestic Tourism by selling affordable travel packages and deals relevant to our segments. They are the biggest operators selling domestic travel in South Africa. Activities, print media on TNW, online & outdoor media billboards & street poles, Fun Bus specials in support of the events, radio promotions, press trips and SA Specialist programs. (All JMAs are managed by Debbie)	Reach 2,865,000 on digital platforms Reach 100 people through the Fun Bus deal activations Reach 150 000 through brochure distribution	Quarter 2,3 &4: Implementation started in August 2015 until end fiscal	R1.5 million
Flightsite Joint Marketing Agreement Partnership with this operator to leverage on non traditional partnership with Pick n Pay Travel. Activities include online, web banners, PnP Smart Newsletter, Social Media, print ads, Holiday vouchers, in-store radio & PnP Money Counter.	Reach 2,700,000 PnP Smart Newsletter subscribers Reach 800,000 social media followers Reach 20 000 Flightsite travel trade members	Quarter 2: Negotiated and secured signed contract Quarter 3 & 4: Implementation of planned activities until 31 March 2016	R1 million
Joint Marketing Agreement (JMAs) with VUWA Safari & Tours. This is a partnership with a local SMME tour operator based in Limpopo promoting this province as one of the less visited provinces.	Reached 150 Tourism Stakeholders & Media at Tourism Month Media Launch. Hosted 40 national and regional media. Training 120 community stakeholders in Mopani District in Limpopo. PR Value = R2.8 million	Quarter 2: Tourism Month Launch in September. Branded their fleet promoting the campaign in Limpopo. Unique travel itineraries showcasing hidden gems in a less visited province, Limpopo.	R1.5 million NOT FOR Q3

Project Initiative	Impact/Reach	Progress Update	Budget
<p>Travelinfo</p> <p>Live comprehensive online reference directory that travel agents in SA have relied upon for 26 years.</p> <p>Includes an online training and education workshop which users have 2 months to complete. This is aimed at increasing brand awareness and a better understanding of SAT and the Sho't Left campaign</p> <p>Banner advertising campaign is also going to be used to drive awareness to the SAT listing pages, as well as increase participation in the workshops</p>	<p>Over 8000 individual travel agent users and 2000 from the general travel trade.</p> <p>Average participation is between 800 and 1000 per workshop</p> <p>Average page views: 800,000 per month</p> <p>Approximately 10,000 unique users</p>	<p>Quarter 3: Media booking and content development. Listing & Banner campaign goes live.</p> <p>Quarter 4: Workshops active</p>	<p>R90k</p>
<p>Power of One Trade Workshops</p> <p>A collaborative effort between South African Tourism (SAT) and some of its key partners, provides the tourism industry with a valuable opportunity to engage directly with SAT and its partners. TRM will present the research and insights to the trade as well as the resources and tools available on the Trade section of the Southafrica.net website, Sho't left and encourage the trade to utilise the Deals Dashboard.</p> <p>TRM will encourage the trade to utilise and explore synergies and opportunities in current JMAs.</p>	<p>Reach 3000 stakeholders</p> <p>Reach 9 Provinces – 9 events</p>	<p>Quarter 3: Planning started in October 2015</p> <p>Quarter 4 : Implementation was planned to start from January 2016 to March 2016, but it has been cancelled and moved into the new fiscal.</p>	<p>500K</p> <p>NOT FOR Q3</p>

Project Initiative	Impact/Reach	Progress Update	Budget
Trade Toolkit A resource promotional pack that will provide digital and print material to the trade that can be utilised in their own marketing campaigns to increase domestic travel. The toolkit will include latest research and insights as well as information and material relevant to the trade. The toolkit is aimed at providing the necessary information and resources for easy access. TRM to distribute the toolkits to the industry and utilise workshop platforms to explain and promote their value to the market.	Reach 500 units to be distributed to the trade	Quarter 3: Briefed in to agency Quarter 4: Implementation and distribution	R300K NOT FOR Q3

TOURISM GRADING COUNCIL OF SOUTH AFRICA



SOUTH AFRICAN TOURISM

TGCSA Q2 Performance

Statistics

- ★ Considerable increase in new establishments joining the system, 177 in total (increase of 54 from quarter 1)
- ★ We are 155 properties below target for the quarter.
- ★ 239 establishments cancelled their memberships during the quarter. A majority of these cancellations were single unit Self Catering establishments as well as Guest Houses and B&B's.

Basket of Benefits Usage

- ★ 5 068 establishments registered on the Basket of Benefits platform as at end September 2015. This total equates to 96% of the total graded database as at the end September which is 5 282.
- ★ Of the 5 068 establishments registered on the BOB platform, 1 440 are actively utilizing the benefits. This equates to 42% of the total members that have registered.



TGCSA Q3 Performance

Statistics

- ★ We are 424 properties below target for the quarter.
- ★ Considerable increase in new establishments joining the system, 204 in total (increase of 67 from quarter 3 of 2014/15)
- ★ 292 establishments cancelled their memberships during the quarter. A majority of these cancellations were due to the reputation challenges arising from Legal Debtors, loss of credibility and value of grading as well as grading costs and business closures.



TGCSA Marketing and Promotional Initiatives

- ★ Drive category specific Basket of Benefits offering to drive retention
- ★ Year-end consumer campaign that will increase demand and awareness for graded establishments.
- ★ Trade focused online advertising will be effected to broaden the base of graded establishments.
- ★ MOU with Channel member Travel with Flair to drive Government spend and focus on graded establishments
- ★ Review stakeholder engagement with applicable associations Eg) National Accommodation Association-SA



SOUTH AFRICAN NATIONAL CONVENTION BUREAU

Slide no.71



SOUTH AFRICAN TOURISM

2015-2016 DELIVERABLES

Trade Shows

- Create a 'marketing platform' for local business events industry players through trade shows

Bidding Support

- Support to regional and/or City Convention Bureaus (CBs) in bidding for key business events

Building Attendance On Site Support

- Generate maximum delegate attendance at business events

PR, Media and Advertising

- Increase awareness about SA as a business events destination

Lead development

- Develop a coordinated approach to generate leads for business events

Capacity Building / Research

- To create a more professional environment in which more Business Events will come to South Africa

Strategic Goal: Increase the size of SA Business Events Industry

BIDDING SUMMARY

BIDS SUBMITTED 2015-2016 FINANCIAL YEAR

Annual Target: 50 Bids

Total Bids Supported	Total Number of Days	Estimated Delegate Numbers	Estimated Economic Impact
32	127	27 628	R 448 770 200.00
Q1: 11	47	10 971	R 136 906 000.00
Q2: 12	49	14 517	R 251 633 200.00
Q3: 11	41	8140	R 104 751 000.00

Leads Generated

Target: 165

Q1 - Q3: 134

- Q1: 22 qualified leads generated
- Q2: 23 qualified leads generated
- Q3: 89 qualified leads generated



NATIONAL CONVENTION BUREAU

ON SITE EVENT SERVICES IN THE PROVINCES

Target: 35 Activations 2015-2016

Q1 - Q3 (to date): 25 Activations
Reach: 35 600 delegates
Event Days: 136

19th World Congress on Disaster and Emergency Medicine (WCDEM)	Cape Town	750
International Conference of Society of Neuroscientist (SONA)	Durban	500
International Women Playwrights Conference (WPIC)	Cape Town	250
World Health Ageing Conference	Johannesburg	550
Congress of the Baptist World Alliance -BWA	Durban	5000
Native Escape incentive group	Cape Town	50
KUONI Travel incentive group	Cape Town	300
World Library and Information Congress: 81 IFLA General Conference and Council	Cape Town	3000
CIRP	Cape Town	500
China People's Friend Association	Johannesburg	800
22 Annual Conference of the International Boys' Schools Coalition -IBSC-	Cape Town	700
World Forestry Congress	Durban	5000
International Conference of the World Veterinary Poultry Association	Cape Town	1500
ICT Alliance Conference	Johannesburg	300
47 Annual Meeting of the International Society of Paediatric Oncology -SIOP-	Cape Town	2000
Women In Mice	Cape Town	200
PMI Africa Conference	Johannesburg	350
In Good Company with FSC	Durban	350
5 Conference of the International Society of Child Indicators -ISCI-	Cape Town	250
International Conference of the Network Towards Unity for Health -TUFH-	Johannesburg	500
Decorex	Johannesburg	10000
ISSC's 3 World Social Science Forum -WSSF-	Durban	800
21 Congress of the International Society for Labour and Social Security Law -ISLSSL	Cape Town	650
24 World Youth and Student Travel Conference -WYSTC-	Cape Town	800
21 World Congress on Public Relations -IPRA-	Johannesburg	500

NATIONAL CONVENTION BUREAU

DELEGATE BOOSTING INITIATIVES

Target: 30 Activations 2015-2016

Q1 - Q3 (to date): 19 Activations
Reach: 34 700 delegates

Conference Name	Host City	Activation City	Number of Delegates
International Congress of the World Confederation for Physical Therapy (WCPT)	Cape Town	Singapore	4500
World Congress on Healthy Ageing (WHAC)	Johannesburg	Dublin, Ireland	500
International Society for Behavioural Nutrition and Physical Activity (ISBNPA)	Cape Town	Global	600
World Forestry Congress	Durban	New York, USA	10000
ISPO World Congress 2017	Cape Town	Lyon, France	4300
Consumer Goods Forum	Cape Town	New York, USA	300
13th Meeting of the Combined Orthopaedic Associations	Cape Town	Global	1800
International Public Relations Congress	Johannesburg	Peru	500
ICOLD	Johannesburg	Norway	500
DECOREX Johannesburg	Johannesburg	Global	50000
International Ladies Circle	Cape Town	Akureyri, Iceland	400
21st World Labour Law Congress	Cape Town	Global	500
65th International Academy for Production Engineering General Assembly	Cape Town	Global	500
7th International Symposium on Nanotechnology	Limpopo	Global	900
World Congress of Cardiothoracic surgery	Cape Town	London, England	1200
International Confederation of Dietetic Association Conference (ICDA)	Cape Town	Global	1000
World Leisure Tourism Congress	Durban	Beijing, China	1000
International federation of Neuroendoscopy IFNE	Cape Town	Mexico City, Mexico	1200
UFI congress	Johannesburg	Global	

FINANCE PERFORMANCE in Q2



Financial Performance Q2

Expenditure By Country Offices And Business Units:

- Eight of South African Tourism country offices spent 90% or more of their year-to-date budgets, three country offices were slightly below budget and three country offices were significantly below budget.
- Of South African Tourism's seventeen Business Units, thirteen spent 90% or more of their 2015/16 year-to-date budgets, two was slightly behind on their budgets and two Business units were significantly below budget.
- **Q1 spending 40% of total budget**
Q2 spending 60% of total budget

Main reason for current underspend:

- Projects re-prioritised in various markets and moved to the remainder of the year based on business needs.

Relevant actions have been taken by management to address the under-expenditure within these Country offices and Business Units where unjustified.

Country Office Actual vs Budget

COUNTRIES 2015/16 ACTUAL VS BUDGET 30/09/2015						
Unit	Curr	Approved Annual Budget	Total YTD Budget	Total YTD Actual	% of Budget spent	Status
Tokyo	JPY	147 575 649	99 468 237	93 747 679	94%	😊
Sydney	AUD	3 490 682	1 905 802	2 058 127	108%	😊
Beijing	CNY	13 827 495	9 797 769	10 208 737	104%	😊
India	INR	164 075 625	73 426 478	46 417 806	63%	😞
New York	USD	5 812 269	4 169 063	3 985 033	96%	😊
Brazil	ZAR	32 138 036	16 878 918	14 227 305	84%	😐
London	GBP	2 964 108	2 220 721	1 593 863	72%	😞
Amsterdam	EUR	2 138 409	1 486 276	1 470 503	99%	😊
Paris	EUR	2 694 662	1 470 952	1 561 660	106%	😊
Nigeria	USD	2 030 435	1 435 135	1 227 175	86%	😐
Kenya	ZAR	21 922 417	8 781 631	6 089 823	69%	😞
Frankfurt	EUR	4 086 981	2 715 438	2 872 651	106%	😊
Angola	USD	1 155 852	550 449	204 793	37%	😞
DRC	ZAR	2 647 500	1 023 772	1 508 047	147%	😊
Milan	EUR	1 107 507	627 772	512 750	82%	😐
* The status depicted by different faces is defined below						
😊	The country office spent 90% and above, of approved annual budget.					
😐	The country office spent between 80% and 90% of approved annual budget.					
😞	The country office spent less than 80% of approved annual budget.					

Business Unit Actual vs Budget

BUSINESS UNITS ACTUAL VS BUDGET 30/09/2015						
Unit	Currency	Approved Annual Budget	Total YTD Budget	Total YTD Actual	% of Budget spent	Status
Africa	ZAR	89 102 661	45 954 879	33 327 478	73%	☹️
Domestic	ZAR	150 433 000	128 970 271	116 409 216	90%	😊
Europe & UK	ZAR	202 414 551	133 866 081	132 082 521	99%	😊
Asia & Aus	ZAR	112 424 777	64 120 858	51 614 540	80%	☹️
Americas	ZAR	103 803 313	68 283 465	71 775 676	105%	😊
Conv Bureau	ZAR	52 487 633	23 596 358	26 386 593	112%	😊
CentralMark	ZAR	211 413 727	154 712 771	153 366 988	99%	😊
PR & Comms	ZAR	10 508 086	6 322 610	5 734 935	91%	😊
TGCSA	ZAR	39 405 713	24 120 532	13 911 531	58%	☹️
Finance	ZAR	35 974 019	12 813 382	19 851 346	155%	😊
HR	ZAR	11 940 129	6 481 253	3 596 027	55%	☹️
e-Mark	ZAR	22 496 207	11 321 888	18 756 438	166%	😊
Bus Systems	ZAR	19 042 274	8 829 724	12 509 654	142%	😊
Office of CEO/COO	ZAR	31 710 533	15 574 792	14 537 020	93%	😊
SRU	ZAR	59 098 189	26 321 643	34 585 858	131%	😊
Product	ZAR	12 467 512	5 988 167	6 057 033	101%	😊
Watchlist	ZAR	10 944 174	3 703 403	4 476 869	121%	😊
Legend						
* The status depicted by different faces is defined below						
😊	The business unit spent 90% and above, of approved annual budget.					
☹️	The business unit spent between 80% and 90% of approved annual budget.					
☹️	The business unit spent less than 80% of approved annual budget.					

Movement of currency from 2010/11 to date

	2010/11	2011/12	2012/13	2013/14	2014/15	9/11/2015
USD	7.19	7.45	8.51	10.12	11.06	14.16
UK	11.18	11.87	13.44	16.11	17.81	21.35
EURO	9.50	10.24	10,96	13.58	13.99	15.25

Impact of Currency Fluctuations

- Less buying power for marketing initiatives in countries
- Overhead cost increasing and marketing spend reducing
- SA Tourism reprioritises - i.e. Hub strategy, virtual offices, etc
- Marketing project and important JMAs had to be cut

Budget Pressures

- Lilizela, extended mandate, R6m
- Embassy collateral, R6m
- Budget cuts from National Treasury: 14/15=R2.5m, 15/16=R5.2m
- Cost of living increases : difference between budget and actual is R1m
- Meetings Africa budget shortfall of R5m
- Increase in Auditor General's audit costs
- **TBCSA: Instability of current and future funding support**

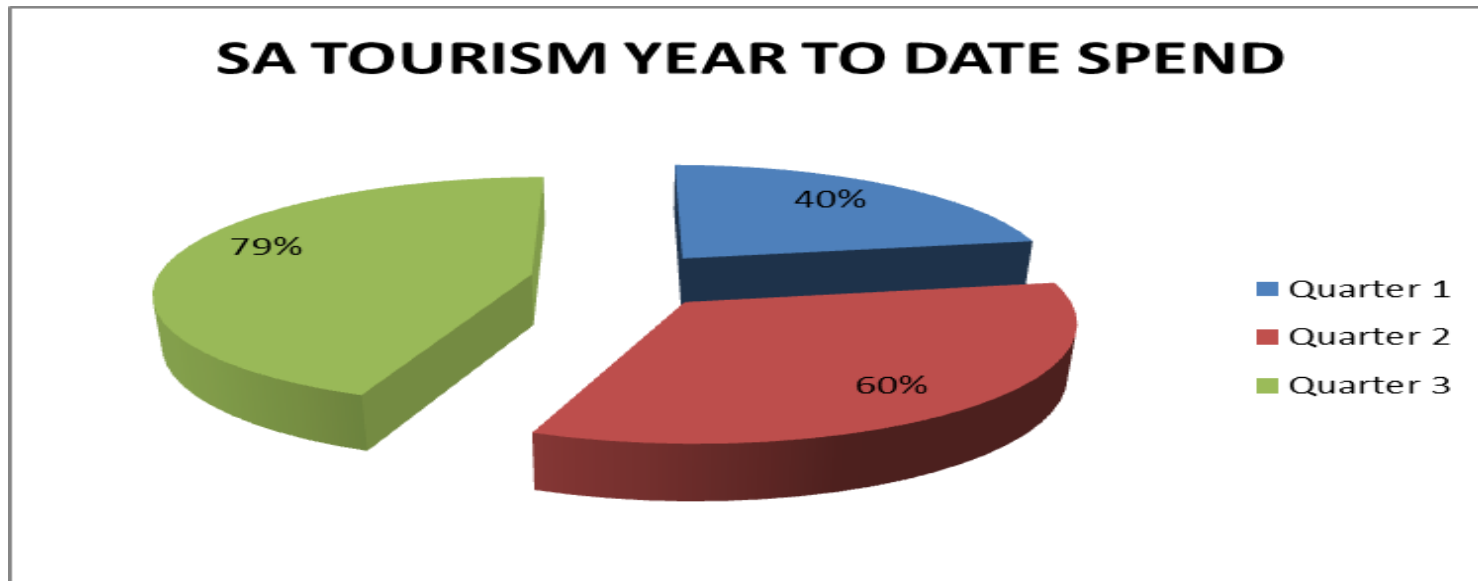
FINANCE PERFORMANCE Q3



SAT FINANCIAL PERFORMANCE FOR PERIODS UNDER REVIEW

South African Tourism spending for the period under review was 79% of annual budget (and 95% of year to date budget).

The spending over the quarters is diagrammatically presented below:



Our spending for Q3 was consistent with other quarters. SA Tourism spends on average 20% of annual budget per quarter.

SAT FINANCIAL PERFORMANCE FOR PERIOD ENDED 31 DECEMBER 2015 (FOCUS ON Q3 REVIEW)

SA TOURISM OPERATIONS	CURRENCY	APPROVED ANNUAL BUDGET	YEAR-TO-DATE BUDGET	YEAR-TO DATE ACTUAL	% OF BUDGET SPENT	STATUS
AFRICA AIR MARKET	ZAR	87 494 361	67 191 757	28 598 977	43%	☹️
DOMESTIC & SADC MARKET	ZAR	147 933 000	140 661 906	128 641 045	91%	😊
INTERNATIONAL MARKET (EXCL AFRICA)	ZAR	420 619 556	359 825 184	344 830 262	96%	😊
NATIONAL CONVENTION BUREAU	ZAR	56 293 776	44 896 543	44 237 964	99%	😊
TOURISM GRADING COUNCIL OF SOUTH AFRICA	ZAR	39 405 713	31 983 258	25 469 618	80%	😐
CENTRAL MARKETING	ZAR	268 700 938	220 624 129	218 982 432	99%	😊
OPERATIONAL SUPPORT	ZAR	169 791 992	125 805 887	148 250 870	118%	😊
OVERALL SA TOURISM SPEND	ZAR	1 190 239 336	990 988 665	939 011 169	95%	😊

Legend

The status depicted by different faces is defined below



Actual spending was more than 90% of year to date budget.



Actual spending was between 80% -90% of year to date budget.



Actual spending was less than 80% of year to date budget.

SAT FINANCIAL PERFORMANCE FOR PERIOD ENDED 31 DECEMBER 2015 (Q3 REVIEW)

The following tables illustrates the devaluation of the RAND against major currencies specific periods as indicated below:

5 YEAR CURRENCY MOVEMENT ANALYSIS						
CURRENCY	2010/11	2011/12	2012/13	2013/14	2014/15	% CURRENCY FLUCTUATION
EURO	9.50	10.24	10.96	13.58	13.99	47%
GBP	11.18	11.87	13.44	16.11	17.81	59%
USD	7.19	7.45	8.51	10.12	11.06	54%
Source: http://www.oanda.com/currency/historical-rates/						
CURRENCY MOVEMENT ANALYSIS FOR QUARTER 2 AND QUARTER 3 (USING BEGINNING OF FINANCIAL YEAR AS BASE)						
CURRENCY	FY BEGIN	QUARTER 2	QUARTER 3	% CURRENCY FLUCTUATION		
EURO	13.99	15.57	16.93	21%		
GBP	17.81	21.03	22.99	29%		
USD	11.06	13.88	15.53	40%		

Impact of currency fluctuations:

STRATEGIC LEVEL: Exposure to potential budget cuts for all SA Tourism offices and business units.

OPERATIONAL LEVEL: Impact on SCM compliance (approval processes+ procurement inefficiencies) and accounting for assets.

Feedback on way-forward from National treasury

Engagements with the Auditor General indicates that National Treasury is working on a long term solution not only for SA Tourism but similar departments and entities.

THANK YOU

