Presentation to the Portfolio Committee

SA Tourism
Final 5 Year Strategic Plan & Annual Performance Plan
2016 – 2021

08 April 2016

Inspiring new ways

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Strategic Overview

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SA Tourism Strategic Objectives

Strategic Overview

Vision	Mission
To position South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality visitor experience that is diverse and unique.	**To contribute to inclusive economic growth by increasing the volume of travellers and the value contributed to the South African economy.**

Values and Organisational Culture Cornerstones

The shared common values are:

- **Respect**: everyone will be treated with utmost dignity, inclusiveness, openness, tolerance and a sense of appreciation of diversity;
- **Integrity**: we will do things consistently no matter what the circumstances;
- **Authentic Caring**: we will show genuine care to each other, customers, shareholders, partners, suppliers and businesses;
- **Responsibility**: we will take personal responsibility for delivering work that exceeds internal and external customers' expectations; and
- **Excellence**: we will take pride and commit to always meet and exceed our customers' expectations.

In living these shared common values as demonstrated through employee behaviours and actions, SA Tourism's organisational culture will be anchored on the following three cornerstones:

- **Teamwork** demonstrated by supportive and trustworthy relationships as well as strong cooperation across departmental boundaries as we co-create innovative solutions;
- **Excellence**: every employee's passion, unwavering drive for excellence and thought leadership will contribute significantly to innovate and create inspirational memories; and
- **Ubuntu**: in all dealings at SA Tourism, we will ensure that people come first and relate to each other with compassion and consideration.

Legislative Framework and Governance

NO	LEGISLATIVE FRAMEWORK	BRIEF DESCRIPTION APPLICABLE TO SOUTH AFRICAN TOURISM
1.	South African Tourism established in terms of the Tourism Act no 3 of 2014	Establishes governance and accountability of South African Tourism to the SA Tourism Board appointed by the Minister. - to provide for the continued existence of the South African Tourism Board - to establish a National Convention Bureau to market South Africa as business tourism destination - to provide for the establishment of the Tourism Grading Council
2.	Public Finance Management Act (PFMA)	Established in terms of the Tourism Act no 3 of 2014 and listed as a Schedule 3a Public Entity (PFMA) Promote transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which this Act applies.
3.	National Treasury Regulations and related Practice Notes	Regulating financial, non-financial as well as fiscal matters
4.	Reserve Bank Regulations	Management of international payments, opening of foreign bank accounts and transfer of funds

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Legislative Framework and Governance cont.

NO	LEGISLATIVE FRAMEWORK	BRIEF DESCRIPTION APPLICABLE TO SOUTH AFRICAN TOURISM
5.	National Tourism Sector Strategy (NTSS)	Sector strategy aligned to the priorities of the Medium Term Strategic Framework (MTSF) - Growing tourism beyond 2020, - Alignment to Government's priorities of job creation and GDP contributions - Growing the domestic tourism market and position SA as tourism and business events destination
6.	National Development Plan (NDP)	Tourism is one of development pillars for economic growth – Chapter 3

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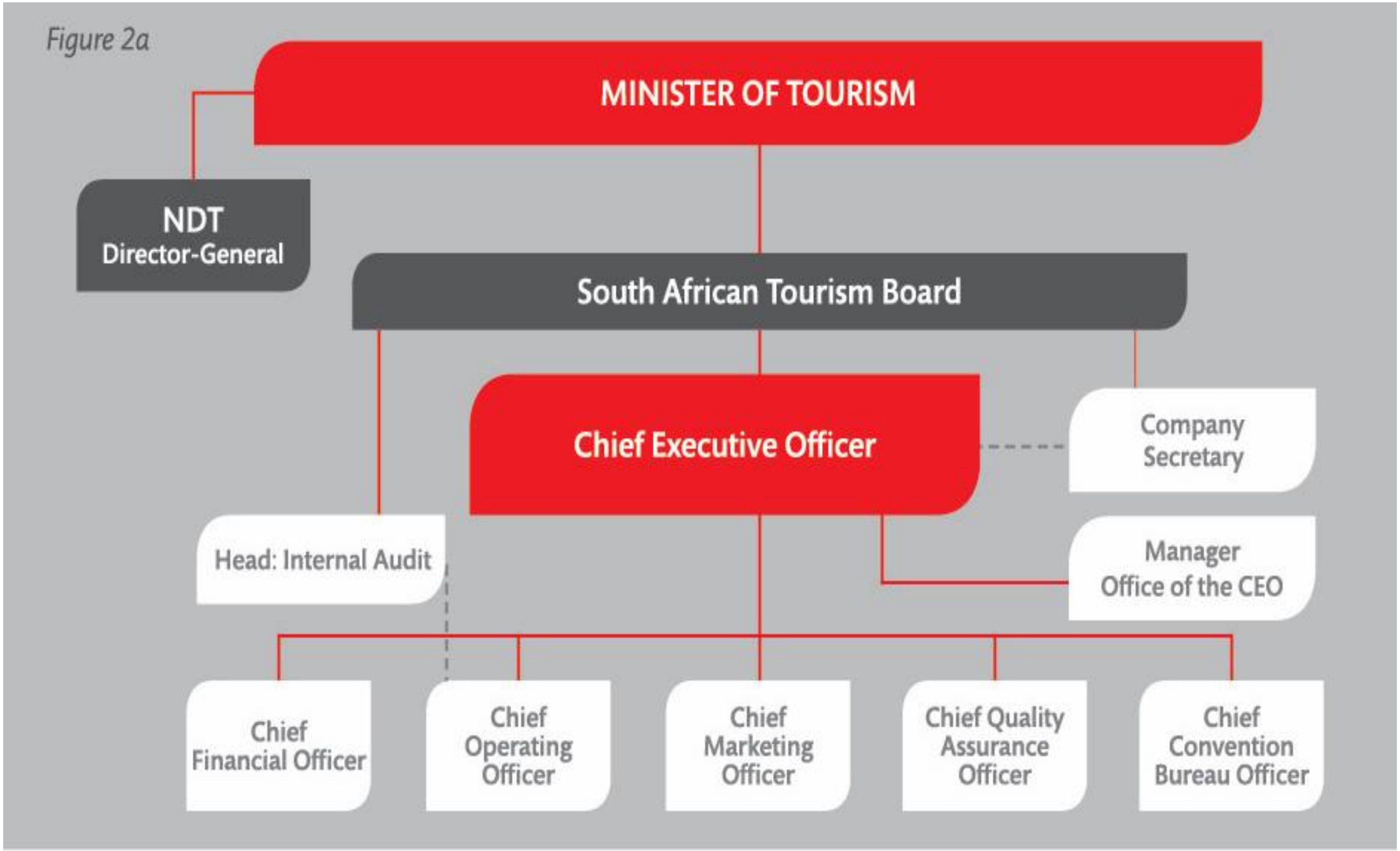
Organisational Structure



Overview: Global Tourism Performance in 2015

- International tourist arrivals grew by +4.4% in 2015, reaching more than a billion arrivals, according to the UNWTO World Tourism Barometer.

- Despite global economic challenges, international tourism results were well above expectations: 50 million more overnight visitors travelled to destinations around the world in 2015, compared to 2014.

- Demand for international tourism was strongest for destinations in Europe (+5%), the Americas (+4.9%), the Asia-Pacific region (+4.8%) and the Middle East (+3.1%), while Africa saw a decline (-3.3%).

- The leading sub-regions were the Caribbean (+7.4%), Central America (+7.1%), Central Europe (+6.4%), Northern Europe (+6.3%), North-East Asia (+4.4%), South-East Asia (+5.1%) and Western Europe (+3.7%).

Overview: South African Tourism Performance in 2015

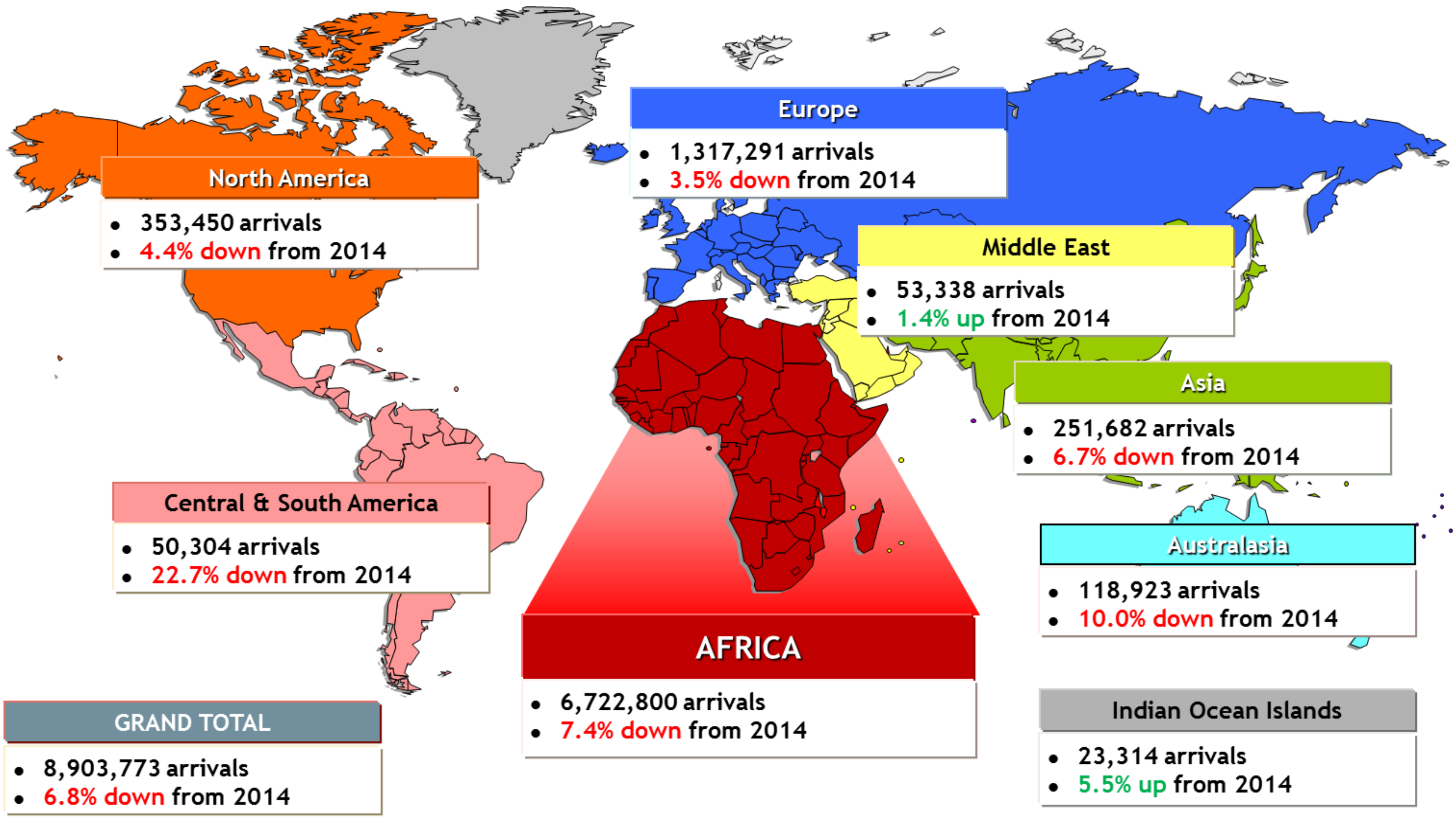
- Contrary to the positive global performance, the number of international tourists to South Africa declined by -6.8% (or 645 463) in 2015, with a total tourist arrival figure of 8 903 773 in line with StatsSA Tourism Migration Report.

- This performance is below the global average of a +4.4% increase in tourist arrivals due to the aftermath of Ebola and the changes to immigration regulations in the first two quarters of 2015.

- A gradual recovery is expected from most international markets in 2016. Some core and investment markets, however, remain in economic distress, such as Brazil and Russia. This has impacted on their outbound tourism numbers.

- South Africa’s brand equity has improved across most portfolio markets. Out of the 16 markets tracked, South Africa’s conversion curve has improved in 13 markets, with nine markets showing a considerable improvement and four a moderate improvement.

Tourist Arrivals to South Africa in 2015



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

Leisure Tourism Competitor Analysis

- South Africa was ranked 33rd in the world in terms of international tourist arrivals in 2014, down from its previous rank of 30 in 2013.

- In Africa, South Africa was the third-most visited country in 2014, after Morocco and Egypt.

- Among South Africa’s competitors, Thailand experienced an increase of 5.1% in visitor numbers in 2015 over 2014, while Australia reported the highest growth of 7.8%.

- Brazil recorded growth of just 0.8% in 2014 (despite being the host of the Soccer World Cup that year) over 2013, while Kenya recorded an increase in arrivals of 4.9% in the same period.

- From a brand-building perspective, South Africa maintained its performance on brand awareness and positivity, while key competitors Australia and Thailand were still ahead of South Africa on most parameters.

Immigration Regulations

- Immigration regulations play a major role in travel and tourism, all over the world. Although traditional visas are still prevalent in some countries, others are making travel easier by providing visas on arrival, e-visas and visa exemptions.
- Changes to South Africa's immigration regulations affected travel from visa-requiring countries, as well as travel with children from visa-exempt countries.
- Modifications are underway to ease these regulations in order to better facilitate travel.

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Leisure Tourism Future Prospects and Trends

- The UNWTO forecasts international tourist arrivals to increase by +4% in 2016, in line with its long-term forecast of +3.8% per year between 2010 and 2020.

- Overall growth in emerging-markets and developing economies is projected to increase from 4% in 2015 — the lowest since the 2008/09 financial crisis — to 4.3% and 4.7% in 2016 and 2017, respectively.

- Most countries in sub-Saharan Africa will see a gradual pickup in growth, but with lower commodity prices, to rates that are below those seen over the past decade.

- This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on some of the region's largest economies (Angola, Nigeria and South Africa) as well as a number of smaller commodity exporters.

- Globally there has been considerable growth in the level of internet penetration, reaching 38.1% in 2013 from 35.6% in 2012. Consequentially, online travel sales are expected to grow to US$830 billion in 2017 (from US$590 billion in 2013).

Overview: Domestic Tourism

- There were 16.1 million domestic trips taken in the first nine months of 2015, which represents an 18.7% decrease compared to the 19.8 million trips taken during the same period in 2014.

- Visiting friends and relatives (VFR) remained the main reason for domestic trips, accounting for 71% of all trips in this period.

- The share of holiday trips increased from 9% to 10% in the same period when compared to 2014.

- Domestic tourism market contributed ~29% of total tourism revenue in 2014.

- In general, domestic tourists are spending more per trip, increasing from R 760 in 2011 to R 950 in 2014.

- This performance is at the backdrop of the following constraints:

  - Negative economic outlook - exerting pressure on consumers' disposable income, thereby affecting travel;

  - Non-affordability of travel, as well as unemployment or no income cited by 48% of the adult population as main reasons for their lack of travel.

Overview: Domestic Tourism cont.

- The majority of adult South Africans have not taken a holiday trip within the country;

- There is a lack of a travel culture amongst most South Africans (particularly amongst black Africans)

• Notwithstanding the unfavourable conditions, approximately 48% of the adult population is planning to take a domestic trip in the next 12 months – according to the Domestic Survey.

Overview: Business Events

- South Africa is the number one meetings destinations in Africa and number thirty-two globally, according to the International Congress and Convention Association (ICCA) ranking.

- Three main host cities in SA are Cape Town (47%), Johannesburg (19%) and Durban (15%). Cape Town is ranked number one in Africa, followed by Johannesburg, Marrakech and Durban, while it has retained its ranking as number forty-one globally.

- The duration of meetings are becoming shorter and long haul destinations (such as SA) are moving towards offering an integrated marketing strategy to ensure maximum economic impact through pre and post tours.

- Use of technology and delegate safety remains top of the agenda of the meeting planners.

- Countries like Nigeria, Ghana and Kenya are becoming more competitive – thus challenging SA's prominence as the main entry point to the continent in the medium term.

- Lead times between bidding and securing business event is two years.

Business Events cont.

- Bid support funding remains a global lever impacting on the competitiveness of global business event destinations.

- New global trends in meetings are:
  - Outsourcing of meeting services;
  - Globalisation of the meetings and events industry;
  - Involvement of procurement professionals in planning;

- The following economies are growing in the business events space - Germany, Japan, Gulf and Middle East;

- Noteworthy is that Brazil – although similar to SA – gets more meetings than SA due to the US influence;

- Delegate safety remains top of the agenda of meeting planners globally. Countries that experience political instability and health concerns face the prospect of events and meetings being cancelled or postponed. South Africa is considered one of the safest countries in the world by meeting planners.

Overview: Tourism Grading

- Expansion of mandate on quality assurance to include the entire tourism value chain in line with the internationally recognised quality standards and the Tourism Act. As a result, policy reviews are planned.

- The Tourism Grading Council is a mandated enabler and accreditor of tourism quality assurance. Customers seek predictability of service levels across the same category and class of accommodation facilities and spaces for meetings, events and exhibitions.

- According to Statistics South Africa, South Africa's accommodation industry has more than 10 000 players. Approximately 50% of these establishments are graded, consisting of about 85% non-hotel establishments and 15% large hotel chains and facilities for meetings, exhibitions and special events.

- Recent market insights and trends show a dramatic increase in online user-generated consumer reviews.

Tourism Grading cont.

- The UNWTO Report on Online Guest Reviews and Hotel Classification Systems also shows that consumer reviews are complementing the quality grading programmes of a number of countries. Countries such as the United Arab Emirates (UAE) have already integrated consumer reviews within their quality assurance system to great success.

- SA Tourism to integrate reviews in its grading system to ensure service excellence and high quality tourism offerings.

- Although price is a partial factor, value gained (as perceived by establishments) needs to be more compelling particularly given that grading is voluntary.

- Insights received through a survey show that establishments require increased access to deals in order to grow turnover and improve performance and access to business support services that will increase their business or operational efficiencies and/or reduce costs;

Tourism Grading cont.

- Increased access to market through Government expenditure and strategic partners in order to grow turnover and improve performance. Treasury Directive issuance an option to ensure successful implementation;

- Service Excellence aimed at improving service levels in the entire tourism value chain particularly front line staff - is independent of the grading system and its integration to the Quality Assurance programme will improve the impetus of grading.

- All member based entities such as AA, Fedhasa, NAA etc. are losing membership indicative of decreased need for 3rd party endorsement.

- The hotel sector drives growth in number of graded rooms particularly in Gauteng, Western Cape and KwaZulu-Natal.

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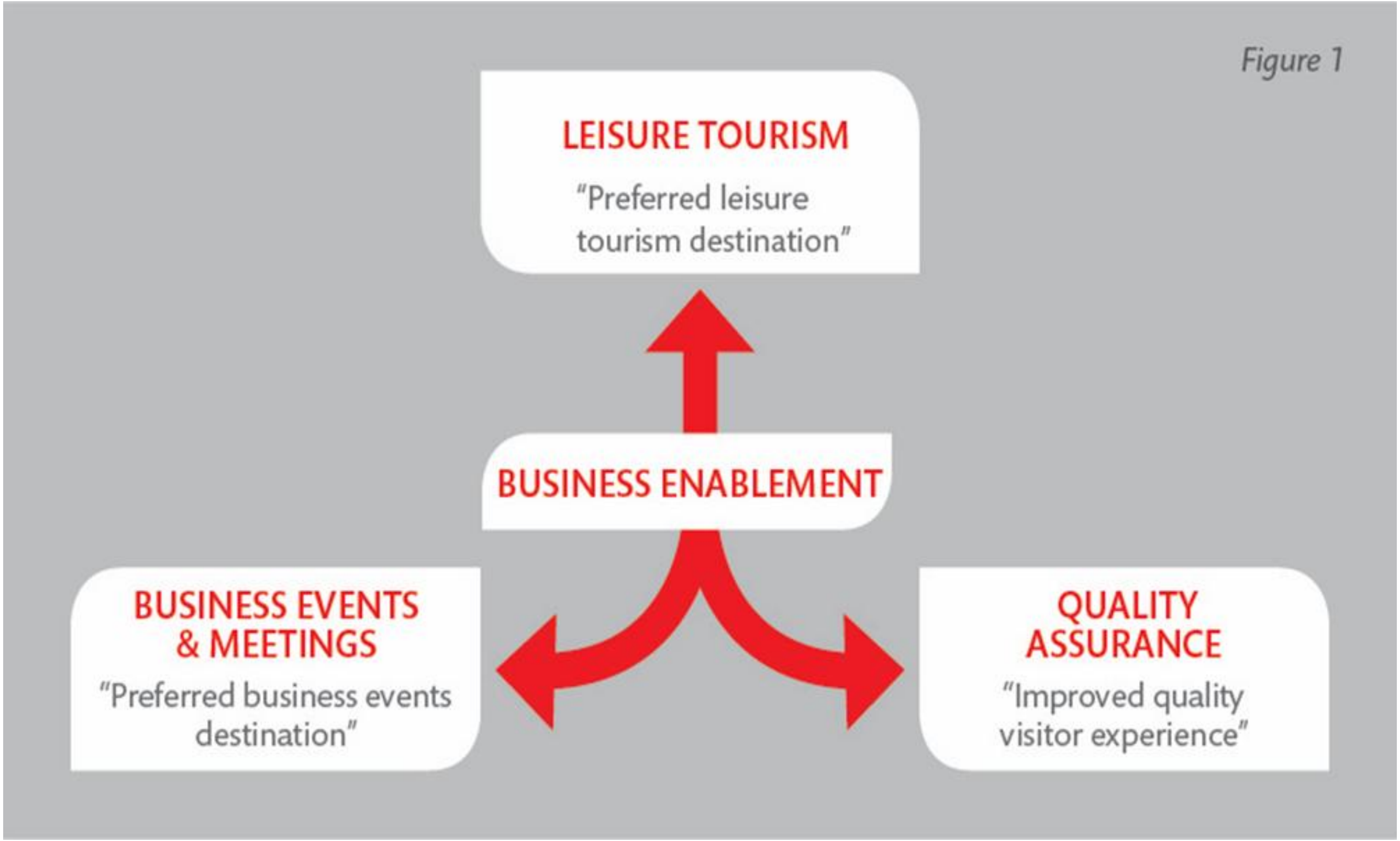
SA Tourism Strategic Objectives

Organisational Environment



Organisational Efficiency and Governance

- The Minister of Tourism set up a Panel in 2015 to review SA Tourism's vision, mission, strategy and plan, and its performance against its mandate.

- As part of its brief, the committee was tasked with reviewing the institutional landscape and governance arrangements that inform SA Tourism's operations.

- **The Panel's Review Report made the following recommendations:**

  - Improve stakeholder engagement in order to facilitate addressing barriers to tourism growth;

  - Reposition strategic research, for SA Tourism to become a research-led organisation; and

  - Undertake a robust leadership effectiveness programme to define the organisational culture and boost staff morale.

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Funding

- SA Tourism, as a global organisation with operations in about 13 international markets, has experienced approximately R350 million in currency losses in the past five years due to the depreciation of the South African Rand against major currencies.
- This has substantially reduced SA Tourism's marketing budget in real terms.
- As part of SA Tourism's intention to reduce overheads and improve efficiency and return on investment, it will continue to reprioritise its market portfolio as well as its marketing operations through the hub model.
- The TGCSA's expanded mandate – although it has been included in the TGCSA Strategy – also remains unfunded.
- Over and above the grant allocation from government, SA Tourism receives about 9.4% of its budget from TOMSA levies through the TBCSA as a contribution from the private sector.

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Strategic Planning Process

- SA Tourism drafted its Strategic Plan and Annual Performance Plan (APP) in line with the National Treasury's framework. In the drafting of the Strategic Plan and APP inputs were considered from:

  - SA Tourism Wider Management;
  - SA Tourism Board;
  - NDT and the Minister of Tourism;
  - Tourism Industry through TBCSA;
  - Recommendations of the Ministerial Review;
  - Insights from the Tourism Growth Strategy and divisional planning; and
  - Final allocation letter and budget allocation, which has been used to set targets.

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Strategic Outcome-Oriented Goal and Target

Strategic Outcome-Oriented Goal

Market South Africa for increased contribution of the tourism sector to inclusive and sustainable economic growth.

Goal Statement

Implement marketing strategies that build brand positivity of South Africa as a tourism and business events destination, in order to attract travellers that will increase tourism revenue's contribution to the economy from a projected R91.2 billion in 2015 to R124.4 billion by 2020.

Strategic Outcome-Oriented Goal: Market South Africa for increased contribution of the tourism sector to inclusive and sustainable economic growth

Strategic Objectives

- Contribute to the South African economy by increasing the number of travellers to and within South Africa.
- Build positive awareness of the South African experience.
- Collaborate with stakeholders and partners to deliver on SA Tourism's mandate.
- Reposition SA Tourism to be recognised as a tourism and business events industry leader in market intelligence, insights and analytics.
- Improve visitor experience in line with the brand promise.
- Create an organisational culture of work satisfaction, excellence and innovation to improve effectiveness and operational efficiency.

Strategies

- Invest in selected markets for leisure tourism to deliver volume (travellers) and value (tourism revenue)
- Position South Africa among the top 10 long-haul business events destinations by 2025 while collaborating to convert business travellers into leisure tourists
- Revamp the value proposition of tourism grading to inspire partners and stakeholders to deliver on the brand promise and quality visitor experience.
- Work with trade partners to leverage resources to deliver travellers to and within South Africa
- Position SA Tourism as the foremost authority in tourism and business events, underpinned by quality assurance
- Collaborate with partners and stakeholders for tourism growth.
- Create a culture of excellence and innovation to improve effectiveness and operational efficiency.

Indicators

Strategy One

Invest in selected markets for leisure tourism to deliver volume (travellers) and value (tourism revenue)

Organisational KPIs

- Number of International Tourist Arrivals
- Total Revenue
- Percentage of Brand Positivity
- Number of Domestic Holiday Trips

5th Leisure Tourism Market Portfolio - 01/04/2014 – 30/03/2017

Table 1	AFRICA & MIDDLE EAST	AMERICAS	ASIA & AUSTRALIA	EUROPE
CORE MARKETS	Angola Domestic Kenya Mozambique Nigeria Tanzania	Brazil USA	Australia China India	France Germany Netherlands UK
INVESTMENT MARKETS	Botswana DRC Ghana Lesotho Uganda Zimbabwe	Canada	Japan South Korea	Italy Russia
TACTICAL MARKETS	Namibia UAE Zambia	-	Singapore	Switzerland
WATCH-LIST MARKETS	Ethiopia Malawi Swaziland	Argentina	New Zealand	Austria, Belgium, Denmark, Finland, Norway, Spain, Sweden, Turkey
STRATEGIC IMPORTANCE	Egypt Israel Morocco Saudi Arabia Tunisia	-	Malaysia	-

International Tourism Marketing

- The world has changed considerably since SA Tourism completed the fifth portfolio review in 2013.

- SA Tourism's fifth leisure tourism market portfolio will be revised in 2016/17 in line with the current market insights

- **SA Tourism's operating model is as follows:**

  - Adoption of a hub approach: his approach involves clustering markets into regional hubs for ease of marketing operations and international trade relations;

  - Shift from bricks and mortar to virtual offices: This approach involves appointing trade relations managers to service "thin" markets so as to exploit the gains arising from such markets; and

  - General Marketing Agency: This approach focuses on appointing a marketing agency representative to service markets with high setup costs and lengthy registration processes.

Regional Africa Marketing

- To derive maximum value in support of the Africa Growth Strategy, SA Tourism adopted an African Hub Strategy for the air markets and a robust marketing activity plan for the land markets in order to grow arrivals from the continent.
- The hub strategy recommended using only two of the portfolio review market classifications (core and investment) to create hubs. Angola, Botswana, Kenya and Nigeria were considered core and the majority of resources were deployed in those markets.
- The DRC and Mozambique were identified as investment markets, with Lesotho and Swaziland emerging as tactical markets with limited leveraging opportunities.

Regional Africa Marketing cont.

- In line with the NTSS, which identifies the rest of Africa as the main source of foreign arrivals for South Africa and outlines the tourism goals for continent, SA Tourism will pursue the following:

  - Increasing regional awareness of South Africa as a tourism and leisure destination;

  - Improving market presence in key African markets; and

  - Implementing regional tourism programmes.

Domestic Insights Study

SA Tourism commissioned this study to revise the approach to effectively target the domestic market, thereby, growing domestic tourism and building a culture of travel within South Africa

Existing Segmentation (2011)

To segment South African domestic travellers *into groups that share similar needs and behaviours, and* ***provide recommendations around the marketing strategy*** *to engage and increase participation of these segments in domestic tourism in South Africa.*

Outcomes

- As the result of the segmentation exercise in 2011, the population of South Africa **was divided into 14 segments**
- Of the 14 segments**, 5 segments were identified** as key on account of them being the most frequent travellers and highest spenders

Segmentation Refresh (2015/16)

The objective of this study is to **refresh the segments,** to ensure their relevance in the current macro-economic environment– enabling effective targeting of the identified segments

Outcomes

- **Refreshed understanding of the segments –** relevant to the current macro-economic environment – will be developed; refreshed messaging and communication platforms, underpinned by the needs and behaviour in the current environment, will be defined
- Case examples highlighting the measures of other tourism boards that have been successful in **turning around their domestic tourism market** will be presented

Domestic Tourism Marketing

- In order to grow domestic holiday trips and total domestic direct spend (TDDS), SA Tourism will:
  - Create awareness and travel culture amongst South Africans;
  - Motivate the market segments to take more holiday trips by showcasing a variety of desirable experiences through engaging rich informative content;
  - Partner with and educate the channel (where consumers look to buy travel) to promote relevant VFM deals with supporting content on activities so that prioritised segments are motivated to book now;
  - Promote suitable deals and travel packages to improve affordability and seasonality; and
  - Maximise use and leverage of provincial signature events through activations and media engagements.

Indicators

Strategy Two

Work with trade partners to leverage resources to deliver travellers to and within South Africa.

Organisational KPIs

- Number of International Tourist Arrivals
- Total Revenue
- Percentage of Brand Positivity
- Number of Domestic Holiday Trips

Working with Trade

- SA Tourism will achieve this through a collaborative effort, by working with trade partners to leverage resources to deliver travellers to and within South Africa.

- Through this partnership the South African brand will be built and trade partners will be enabled to sell South Africa, in the following manner:

  - Creating awareness and positivity for South Africa as a tourism destination;

  - Initiating an integrated approach between SA Tourism and trade;

  - Conducting trade mapping in each market;

  - Educating the trade to sell South Africa better; and

  - Using co-operative agreements.

Indicators

Strategy Three

Position South Africa among the top ten long-haul business events destinations by 2025 while collaborating to convert business travellers to leisure tourists.

Organisational KPIs

- Number of business events hosted in South Africa
- Number of business delegates hosted in South Africa

Business Events

- SA Tourism, through SANCB will position South Africa in the top ten long-haul business events destinations - ICCA and Union of International Associations (UIA) ranking.

- Collaboratively convince key decision-makers that South Africa can be trusted to deliver memorable experiences and successful business events. This will require:

  - Reconfiguring of the SANCB to generate more quality association leads that convert into bids, while focusing on African opportunities;

  - Empowering of SA Tourism's offices abroad to generate leads, offer support and facilitate incentive-driven business leads to achieve a more integrated organisation and optimal return on investment;

  - Enhancing delegate-boosting platforms to leverage SA Tourism's marketing campaigns and expertise, in order to convert the business events delegates into leisure tourists;

Business Events cont.

- Repositioning the brand to drive awareness, positivity and consideration of South Africa as the leading meetings destination in Africa and an appealing destination for delegates;

- Continuing to explore alternative bid support strategies;

- Generating sales using a sales representation model in some markets and, in others, direct sales using in-house sales teams; and

- Negotiating with and managing the strategic partner for better positioning of the Indaba and Meetings Africa events.

Indicators

Strategy Four

Revamp the value proposition of tourism grading to inspire partners and stakeholders to deliver on the brand promise and quality visitor experience.

Organisational KPIs

- Number of graded establishments
- Number of graded rooms

Quality Assurance

- Review the policies related to grading. A committee has already been established to undertake the process;
- Drive positive perceptions and the appeal of grading in the industry by refining the grading value proposition in line with the consumer insights and associated communication plans per client category, launching in April 2016;
- Grow the customer base through a targeted sales strategy that emphasises the grading value proposition in consultation with industry associations using grading support funding; and
- Retain the customer base by delivering the grading value proposition through a Customer Relationship Framework;

Quality Assurance cont.

- Enhance and improve the integrity of the grading criteria and process. A review of the grading criteria was conducted in 2015/16 for a further three years;

- Implement globally benchmarked capacity-building and knowledge-transfer programmes to improve the integrity of the grading assessors, as well as to ensure optimal transitioning from an outsourced to an in-house assessor model; and

- Partner with tourism quality assurance bodies, universities, the tourism industry and the Culture, Art, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA) to professionalise tourism quality assurance.

Indicators

Strategy Five

Collaborate with partners and stakeholders for tourism growth.

Organisational KPIs

- Stakeholder satisfaction score
- Stakeholder engagement matrix

Stakeholder Engagement

- SA Tourism will strengthen its stakeholder engagement to innovatively align strategies for tourism growth with the recommendations of the Ministerial Review, commissioned by the Minister of Tourism.

- The organisation is implementing the organisational Stakeholder Management Plan that will have defined and measurable outcomes.

- SA Tourism together with NDT are collaborating with the trade on key projects focussed on branding (PR and messaging), marketing, market access, business tourism and transformation.

- Building a case for Tourism as a key pillar for accelerated economic growth and job creation, both in the short-term and in the long-term.

- SA Tourism will continue to collaborate with the provincial and city tourism agencies on initiatives to improve the seasonality and geographical spread of travel, drive domestic tourism.

- SA Tourism and the provinces will also continue to leverage on Joint Marketing Agreements and market access platforms both locally and in market to find synergies, eliminating duplications and creating efficiencies in how government funding is spent.

Indicators

Strategy Six

Create a culture of excellence and innovation to improve effectiveness and operational efficiency.

Organisational KPIs

- Staff satisfaction score
- Percentage of staff turnover
- Unqualified audit

Operational Efficiency

- The organisation will drive operational efficiencies in all its activities by:
  - Mapping and streamlining business processes
  - Reviewing policies to improve operational agility
  - Review and redesign the operational structure to support the revised 5 year strategy.
  - Create an inspired leadership to steer organisation towards its goals
  - Build and nurture its talent to enable the organisation to achieve its goals

Energising and empowering people to innovate for excellence

- The organisation's staff complement remains the cornerstone of its success. The management and the Board will continue to create an environment conducive to high performance and excellence;
- SA Tourism will implement a human resources strategy that is aligned to its overall business strategy;
- As part of building an inspiring and energised organisation, SA Tourism will implement the Leadership Development Programme underpinned by an executive mentoring and coaching programme;
- Culture Alignment Programmes will form part of the full Brand Ambassador Programme, including training, orientation and re-orientation as well as new-leader-on boarding;
- The implementation of the Brand Ambassador will create a commonly shared organisational DNA/culture for the effective delivery of strategies;

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Energising and empowering people to innovate for excellence cont.

- SA Tourism will reconfigure itself to deliver on strategy by conducting capacity assessment, organisational development and resource placement;

- An Integrated Talent Management Plans and a Succession Planning Programme, including a revision of the organisation's remuneration philosophy. This will be underpinned by workforce planning, staff retention and work skills planning.

- The focus of all the programmes will be based on the strategic thrust of re-establishing the organisation as a high performance and innovative environment and defending SA Tourism as a research-led destination marketing organisation, while energising and empowering its people and partners to innovate for excellence and tourism growth.

Indicators

Strategy Seven

Position SA Tourism as the foremost authority in tourism and business events, underpinned by quality assurance.

Organisational KPIs

- Reviewed leisure tourism market portfolio

Position SA Tourism as the foremost authority in tourism and business events, underpinned by quality assurance

- To deliver this strategy, SA Tourism will perform the following:

  - Rebrand, expand and resource its strategic research function to market intelligence, insights and analytics. Market intelligence and insights will be taken into account in strategic planning and decision-making;

  - Build partnerships with tourism-related and other industries, such as airlines and airports, will also be forged to ensure that new data feeds are utilised;

  - Expand the partnership with Statistics South Africa to include Domestic Surveys; and

  - Invest in online and offline platforms for the packaging and sharing of integrated market intelligence, insights, data reports and analytics for leisure, business events and grading.

Annual Performance Targets 2016/17 and Estimates

KEY PERFORMANCE INDICATOR	AUDITED OUTCOME OR ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE		MEDIUM-TERM TARGETS				
	2014/15		2015/16		2016/17		2017/18		2018/19
Number of tourist arrivals achieved (million)	9 549 236 (unaudited)	6.6%	8 903 773	-6.8%	9 077 995	2.0%	9 759 221	7.5%	10 177 821
Number of domestic holiday trips(millions) achieved	2 800 000	-9.7%	2 700 000	-3.6%	3 059 764	13.3%	3 278 319	7.1%	3 465 183
Number of business events in South Africa	124 (unaudited)	0.5%	131	5.3%	138	5.3%	145	5.3%	153
Number of number of international delegates hosted in South Africa	69 955	-26.3%	73 663	5.3%	77 567	5.3%	81 678	5.3%	86 006
Total Tourism Revenue achieved (billion)	R91.0 (unaudited)	3.2%	R 91.2	-2.0%	R 95.7	4.9%	R99.7	4.2%	R106.8

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Annual Performance Targets 2016/17 and Estimates cont.

KEY PERFORMANCE INDICATOR	AUDITED OUTCOME/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
	2014/15		2015/16	2016/17	2017/18	2018/19
% Brand positivity achieved	-		38%	40%	40%	40%
Reviewed leisure tourism market portfolio	-	-	-	Approved market portfolio	Implementation of market portfolio	-
Stakeholder satisfaction score	-	-	-	Conduct stakeholder satisfaction survey	Set percentage improvement on the baseline	-
Stakeholder engagement matrix	-	-	-	Approved stakeholder engagement matrix	-	-

Annual Performance Targets 2016/17 and Estimates cont.

KEY PERFORMANCE INDICATOR	AUDITED OUTCOME/ ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE		MEDIUM-TERM TARGETS				
	2014/15		2015/16		2016/17		2017/18		2018/19
Number of graded establishments achieved	5 369		6 493	-8.4%	5 650	-13%	6 045	7%	6 468
Number of graded rooms achieved	114 429 (Tracked but unaudited)	-	-	-	122 686 (New KPI)	7%	131 274	7%	140 463
Staff satisfaction score achieved	-	-	-	-	3.70	-	3.70	-	3.70
Unqualified report by AGSA	-	-	-	-	Unqualified audit report	-	Unqualified audit report	-	Unqualified audit report
Staff turnover rate achieved	-	-	-	-	7%	-	7%	-	7%

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Quarterly Targets (2016/17 Annual Performance)

STATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	REPORTING PERIOD	ANNUAL TARGET 2016/17	QUARTERLY TARGET 2016/17			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Contribute to the South African economy by increasing the number of travellers into and within South Africa.	Number of international tourist arrivals achieved	Quarterly	9 077 995	2 294 078	2 053 746	2 239 457	2 490 713
	Number of domestic holiday trips achieved	Quarterly	3 059 764	750 474	603 579	553 190	1 152 521
	Number of business events hosted in South Africa	Annual	138	-	-	-	138
	Number of business delegates hosted in South Africa	Annual	77 567	-	-	-	77 567
	Total tourism revenue achieved (in billions)	Quarterly	R95.7	R22.8	R21.6	R23.3	R28.0

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Quarterly Targets (2016/17 Annual Performance)

STATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	REPORTING PERIOD	ANNUAL TARGET 2016/17	QUARTERLY TARGET 2016/17			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Build positive awareness of the South African experience.	Percentage of brand positivity achieved	Annual	40%	-	-	-	40%
Reposition SA Tourism to be recognised as a tourism and business events industry leader in market intelligence, insights and analytics.	Reviewed leisure tourism market portfolio	Annual	Approved market portfolio	-	Approved market portfolio model	-	Approved market portfolio

Quarterly Targets (2016/17 Annual Performance)

STATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	REPORTING PERIOD	ANNUAL TARGET 2016/17	QUARTERLY TARGET 2016/17			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Collaborate with stakeholders and partners to deliver on SA Tourism's mandate.	Stakeholder satisfaction score	Annual	Set baseline	-	-	-	Set baseline
	Stakeholder engagement matrix in consultation with stakeholders	Annual	Approved stakeholder engagement matrix in consultation with stakeholders	-	-	-	Approved stakeholder engagement matrix in consultation with stakeholders
Improve visitor experience in line with the brand promise.	Number of graded establishments	Quarterly	5 650	1 273	1 362	1 457	1 558
	Number of graded rooms	Quarterly	122 686	27 631	29 567	31 637	33 851

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Quarterly Targets (2016/17 Annual Performance)

STATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	REPORTING PERIOD	ANNUAL TARGET 2016/17	QUARTERLY TARGET 2016/17			
				Quarter 1	Quarter 2	Quarter 3	Quarter 4
Create an organisational culture of work satisfaction, excellence and innovation to improve effectiveness and operational efficiency.	Staff satisfaction score	Annual	3.70	-	-	-	3.70
	Unqualified audit	Annual	Unqualified annual report	-	Unqualified annual report	-	-
	Percentage of staff turnover	Annual	7%	-	-	-	7%

Revenue and Expenditure Estimates

Revenue		2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
					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)*	*Budget (R'000)*	*Estimate* (R'000)*
1	Government grant	754 954	846 333	880 009	977 712	-	977 712	1 024 847	1 076 089	1 138 502
2	TOMSA levies	111 970	131 289	111 063	104 000	13 000	117 000	99 450	105 218	111 321
3	Indaba & Meetings Africa	50 013	59 438	65 134	51 323	-	51 323	54 506	57 667	61 012
4	Grading fees	3 252	1 520	2 561	18 925	-	18 925	20 098	21 264	22 497
5	Sundry revenue	50 318	57 610	28 766	21 595	-	21 595	22 934	24 264	25 672
Total		**970 507**	**1 096 190**	**1 087 533**	**1 173 555**	**13 000**	**1 186 555**	**1 221 835**	**1 284 502**	**1 359 004**

Breakdown of Budget per Objective

Name of the Objective		2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
					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)	Estimate* (R'000)
1	Business Enablement	105 465	140 631	108 188	117 385	13 000	130 385	123 841	130 033	137 575
2	Contribute to growth of international tourist arrivals in South Africa	268 375	277 294	286 835	312 149	-	312 149	323 410	340 169	359 899
3	Contribute to growth of domestic tourism in South Africa	45 113	46 372	38 017	143 800	-	143 800	149 000	156 450	165 524
4	Grow tourism revenue	268 375	277 294	286 835	312 149	-	312 149	323 410	340 169	359 898
5	Improve brand positivity of South Africa as a tourist destination	245 850	225 158	273 455	205 947	-	205 947	218 303	229 218	242 513
6	Provide quality assurance for tourism products	3 252	37 889	48 352	48 425	-	48 425	49 871	52 764	55 824
7	Contribute to number of business events and delegates in South Africa	43 216	51 982	66 335	33 700	-	33 700	34 000	35 700	37 771
Total		**979 646**	**1 057 203**	**1 108 017**	**1 173 555**	**13 000**	**1 186 555**	**1 221 835**	**1 284 502**	**1 359 004**

Organisational Risk Management

- At the time of finalising this Strategic Plan, SA Tourism was embarking on a risk assessment to identify risks that might have a negative impact on the achievement of its strategic objectives. This process was concluded by the end of March 2016. The top three risks identified are as follows:

Risk 1: Currency loss and increased costs of doing business abroad.

Contributing Factors:	currency fluctuations and loss of the Rand's strength against major currencies; and the escalating cost of doing business in country offices.
Impact:	Overall budget reduction in real terms; Reduction of marketing budget; and Negative impact on marketing activities.
Mitigating Strategies:	Advance release of marketing budget to country offices by Treasury; Compliance with budget and expenditure reporting; Expanded marketing budget through co-operative and joint marketing initiatives; and Review of business operating model to maximise in market spend through the hub approach.

Organisational Risk Management cont.

Risk 2: Possible decline in tourism industry performance

Contributing Factors:

Immigration regulations and visa processing constraints;
Perceptions that South Africa is not a safe destination to travel to due to concerns over safety and security, health etc;
Brand awareness and positivity towards South Africa; and
Not investing in markets that do not maximise return on investment (ROI).

Impact:

Ease of travel being negatively affected by the immigration regulations and visa processing constraints;
South Africa declining in ranking as a preferred tourism and business events destination; and
Declining brand awareness and positivity as well as tourist arrivals, revenue, business events and delegates.

Mitigating Strategies:

Implementation of the Tourism Growth Strategy;
Review and refine the leisure market portfolio for agility and enhanced return on investment;
Supporting platforms on barrier removal and market access

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Organisational Risk Management cont.

Risk 3: Lack of assurance over tourism statistical data

Contributing Factors:	Delays in the release and lack of integrity of the tourism data; and Misaligned methodologies and approaches adopted.
Impact:	Reputational risk and lost confidence associated with unreliable data for strategy formulation and reporting.
Mitigating Strategies:	Engagement with NDT, DPME, DHA and Stats SA in enforcing the existing service-level agreements; and Third-party confirmation of data.

- SA Tourism will continue to monitor emerging risks to ensure delivery on its mandate.

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To achieve the defined goal, SA Tourism has identified certain thrusts that will help steer the tourism economy in the desired direction

South Africa

Contribute to the inclusive growth of the South African tourism economy by adding 5 million high-value tourists, in the next five years

- Develop and implement an investment strategy that allows SA Tourism to focus on prioritised markets and segments that will deliver both volume and value to achieve the defined goal
- Build a recognised, appealing, resilient and competitive tourism brand for South Africa across all markets and segments
- Collaborate with partners, both local and international, to maximise synergies, enhance traveller experience and close sales
- Drive operational efficiency in all activities
- Build an inspiring and energised organisation that delivers 5 million more value-travellers in the next 5 years

Abbreviations and Acronyms

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
CATHSSETA	Culture, Art, Tourism, Hospitality and Sports Sector Education and Training Authority
CPI	Consumer Price Index
CPIX	Consumer Price Index (excluding mortgage costs)
DMC	Destination Management Companies
DTGS	Domestic Tourism Growth Strategy
ICCA	International Congress and Convention Association
JMA	Joint Marketing Agreement
MICE	Meetings, Incentives, Conventions and Events
NAA	National Association of Accommodation
OD	Organisational Development Review Project
PCO	Professional Conference Organisers
PTA	Provincial Tourism Agency
ROI	Return on Investment
TDDS	Total Domestic Direct Spend
TIP	Tourism Incentive Programme
TOMSA	Tourism Marketing South Africa
TTFDS	Total Tourist Foreign Direct Spend
UIA	Union of International Associations
UNWTO	United Nations World Travel Organisation
VFC	Visa Facilitation Centre
VFM	Value for Money
VFR	Visiting Friends and Relatives

Thank You

SOUTH AFRICAN TOURISM