

Vote 34

Tourism

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	124.3	118.1	4.6	1.5	139.5	178.5
Tourism Development	360.9	48.1	312.5	0.3	371.2	342.4
Tourism Growth	655.6	19.1	636.2	0.3	694.2	736.0
Policy, Research, Monitoring and Evaluation	11.0	10.7	–	0.3	18.3	34.4
Total expenditure estimates	1 151.8	196.1	953.3	2.4	1 223.2	1 291.2

Executive authority Minister of Tourism

Accounting officer Director-General of Tourism

Website address www.deat.gov.za

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

Aim

The aim of the Department of Tourism is to promote and support the growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership, centralised administration, and executive support and corporate services.

Programme 2: Tourism Development

Purpose: Facilitate and support the development of an equitable tourism sector.

Programme 3: Tourism Growth

Purpose: Promote growth, competitiveness and quality of the tourism sector.

Programme 4: Policy, Research, Monitoring and Evaluation

Purpose: Sector policy development, research, planning, and monitoring and evaluation.

Strategic overview: 2006/07 – 2012/13

The Department of Tourism is a newly created department following the announcement by the president in May that a separate ministry for tourism would be created. The newly formed Department of Tourism aims to fulfil one of government's strategic priorities, which is to create the conditions for the growth and development of responsible tourism growth by promoting and developing the tourism sector. Responsible tourism is tourism that generates economic benefits for local people and enhances the wellbeing of host communities, makes positive

contributions to the conservation of natural and cultural heritage, provides more enjoyable experiences for tourists through meaningful connections with local people, minimises negative economic, environmental and social impacts, and is culturally sensitive in that it engenders respect between tourists and hosts to build local pride and confidence.

The department aims to increase job and entrepreneurial opportunities and encourage the meaningful participation of previously disadvantaged communities and individuals. The focus will be on facilitating the growth of the tourism industry by providing support to the public and private sectors, and the broader community. In relation to tourism specifically, the department aims to increase inbound tourism, deliver a world class visitor experience, entrench a culture of tourism among South Africans and increase the sector's contribution to job creation and the country's GDP.

Key priorities

In line with its vision of growing and developing an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities, the department's key priorities include: increasing investment in the tourism sector; providing decent work; addressing people development; leading the world in environmentally sustainable tourism; increasing the numbers of foreign tourists to the country; effective cooperative partnerships; dramatically improving service levels; facilitating the development of quality, innovative and authentic products that meet market needs; providing value for money; and inspiring more South Africans to enjoy the tourism experiences of the country.

Making the tourism industry more competitive

The department intends to ensure competitiveness of the tourism industry by: expanding the product base; implementing product and service quality assurance; creating adequate capacity to effectively service the needs of the industry, particularly in light of the 2010 FIFA World Cup and its potential to secure repeat visitors if they have a positive experience of the event. As the department aims to position South Africa as one of the leading destinations in terms of service excellence, it will roll out service excellence training for frontline service staff in the sector. A survey to identify the customer service challenges across the sector has already been completed and the department is ready to implement training in identified areas.

Promoting international tourism

Through the marketing of South Africa as a destination of choice globally, the number of visitors is set to increase from about 9 million in 2008 to 13.5 million by 2015. A significant part of this marketing drive will be done by South African Tourism, a public entity reporting to the department. South African Tourism also aims to achieve an increase in foreign direct spend, which is important for the country's current account and balance of payments. The aim is to increase the average spend per international tourist from R8 800 in 2009 to R10 400 by 2014. The total tourism contribution to GDP was estimated to have increased from 8.1 per cent, or R162.9 billion, in 2007, to 8.5 per cent, or R194.5 billion, in 2008. The aim is to increase the direct contribution of tourism to country GDP by 3 per cent annually over the medium term. This will be achieved through a carefully considered tourism marketing policy that focuses on priority markets.

Promoting transformation

The department will continue to promote industry transformation as well as the participation and growth of small medium and micro enterprises. Part of the department's strategy will be to ensure that the newly developed niche tourism products incorporate transformational elements at inception. It has also identified a large market in the country that is not serviced due to challenges such as the lack of appropriate products at suitable price levels. In response to this challenge, the department will pursue a social tourism development approach, which will continue to grow the sector while promoting social cohesion and national pride among South Africans. This will significantly contribute to the achievement of a targeted increase in domestic holiday trips of 12 per cent per year in the medium term.

Supporting job creation

Sustainable increases in the number of both domestic and foreign visitors result in the continued creation of decent jobs in the sector. It is estimated that for every 11 tourists, a job is created in the sector. On this basis, the

department projects that direct employment will increase from about 600 000 to 800 000 over the medium term. By ensuring that there is an integrated intergovernmental coordinated approach to securing the hosting rights of strategic international events, the department intends to increase events tourism, which will result in direct sustainable benefits to South Africa. The department also recognises the significance of national events as a source of domestic tourism and will put in place mechanisms to drive growth here. These mechanisms will include packaging, easy access to information about local events through intradepartmental information systems and awareness through media, stakeholder and community engagement, partnerships with booking facilities operators, broadcasters and others. This will also link to 2010 legacy projects around the future use of visitor information centres and stadia.

Supporting small town and rural tourism

Over the medium term, the department will also focus on ensuring the geographic spread of tourism that includes tourism in rural areas and involves rural communities. Here, the department will also promote increased investment in the development of rural tourism products. The department has also identified the development of niche products such as cultural heritage tourism as a priority. Instead of just looking at the national and provincial distribution of tourists, the department wants to start looking at the intra-provincial distribution, which would include small towns and rural areas.

Reviewing existing legislation

The department plans to review all existing legislation to ensure that the tourism mandate is well defined to ensure the most effective and efficient use of limited resources. The department has also identified the need to support local government in relation to effective tourism planning to ensure the successful development of the sector.

Improving tourism infrastructure

A critical area for sustainable growth and global competitiveness of the sector is the development and improvement of public and private tourism infrastructure. More investment still needs to be made to grow the sector, which is emerging as a lead player in the services sector.

Savings and cost effective service delivery

The transfer payment to South African Tourism for international marketing has been reduced by R51 million, R54 million and R57 million over the MTEF period. In addition, the department has delayed filling posts through a reprioritisation process over the MTEF period, as a cost saving measure. The department has introduced further cost saving measures, such as reducing the amount spent on accommodation, downgrading the classes of travel and reducing the booking of venues for conferences. The appointment of consultants will also be monitored closely to ensure maximum value for minimum funds without compromising service delivery.

Selected performance indicators

Table 34.1 Tourism

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new temporary work opportunities created through expanded public works programme projects	Tourism Development	-	-	-	-	9 861	10 771	8 813
Number of new full time equivalent jobs created through expanded public works programme projects		-	-	-	-	4 287	4 683	3 832
Number of accredited training days created through expanded public works programme projects		-	-	-	-	17 629	17 442	13 215
Number of new niche tourism products developed (such as social, cruise, medical)		-	-	-	-	2	2	2
Number of new rural based tourism products developed		-	-	-	-	2	3	5
Number of strategic international conferences resulting in net economic gain hosted in South Africa per year		-	-	-	-	5	7	10
Number of school leavers who register for a tourism qualification at a higher education institution per year	Tourism Growth	-	-	-	-	250	350	500
Number of new tourism establishments implementing universal accessibility measures per year		-	-	-	-	5	10	15
Number of tourism graduates placed for experiential learning per year		-	-	-	-	70	70	70

Expenditure estimates

Table 34.2 Tourism

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	82.5	98.8	100.9	96.0	96.0	124.3	139.5	178.5
2. Tourism Development	280.7	428.1	497.6	325.1	325.1	360.9	371.2	342.4
3. Tourism Growth	478.2	530.7	595.3	719.6	719.6	655.6	694.2	736.0
4. Policy, Research, Monitoring and Evaluation	12.2	7.5	17.9	15.0	15.0	11.0	18.3	34.4
Total	853.5	1 065.1	1 211.8	1 155.7	1 155.7	1 151.8	1 223.2	1 291.2
Change to 2009 Budget estimate				2.8	2.8	32.1	41.7	47.7
Economic classification								
Current payments	173.4	202.3	191.6	147.8	147.8	196.1	224.6	298.7
Compensation of employees	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
Goods and services	70.6	71.5	85.1	58.2	58.2	97.6	112.5	138.1
<i>of which:</i>								
<i>Consultants and professional services:</i>	17.1	11.1	10.8	3.7	3.7	16.0	20.0	34.2
<i>Business and advisory services</i>								
<i>Contractors</i>	1.5	3.4	4.2	3.8	3.8	11.9	14.4	14.4
<i>Lease payments</i>	11.2	13.7	13.9	10.9	10.9	16.3	17.7	19.0
<i>Travel and subsistence</i>	21.7	22.9	34.7	21.8	21.8	23.6	26.3	31.3
Transfers and subsidies	678.8	861.8	1 019.9	1 007.5	1 007.5	953.3	994.1	988.6
Departmental agencies and accounts	465.2	517.6	582.1	699.5	699.5	631.7	672.3	705.7
Foreign governments and international organisations	-	-	-	4.0	4.0	4.6	5.0	5.3
Non-profit institutions	42.0	66.6	72.4	59.1	59.1	46.7	22.2	27.2
Households	171.6	277.7	365.4	244.9	244.9	270.3	294.6	250.4
Payments for capital assets	1.4	1.0	0.4	0.4	0.4	2.4	4.5	3.9
Machinery and equipment	0.7	1.0	0.3	0.4	0.4	2.1	4.1	3.5
Software and other intangible assets	0.7	0.0	0.1	0.0	0.0	0.3	0.4	0.4
Total	853.5	1 065.1	1 211.8	1 155.7	1 155.7	1 151.8	1 223.2	1 291.2

Expenditure trends

Expenditure grew from R853.5 million in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 10.6 per cent, mainly due to increased allocations to South African Tourism for international tourism marketing. Over the MTEF period, expenditure is expected to increase by an average annual rate of 3.8 per cent to reach R1.3 billion in 2012/13. The slower growth rate over the medium term is mainly due to the reduction of the transfer payment to South African Tourism for internal tourism marketing.

Expenditure in the *Tourism Development* programme is expected to increase marginally at an average annual rate of 1.7 per cent over the MTEF period. This is mainly due to a decrease in funding to tourism infrastructure projects implemented in the expanded public works programme. Between 2009/10 and 2012/13, expenditure in the *Policy, Research, Monitoring and Evaluation* programme is expected to increase at an average annual rate of 31.9 per cent from R15 million to R34.4 million due to the need to review legislation to ensure that the mandate of the new department is well defined.

The department received additional allocations of R47.7 million in 2010/11, R63.3 million in 2011/12 and R74.9 million in 2012/13 for salary adjustments for the department and South Africa Tourism as well as a general increase in capacity.

The department budgets for 202, 295 and 431 posts in 2010/11, 2011/12 and 2012/13. The personnel budget over the MTEF period is R98.5 million, R112.1 million and R160.6 million. There were 161 filled posts by the end of 2009. In 2012/13, the *Administration* programme's 246 posts make up 57 per cent of the total and the line function's 185 posts make up the balance.

Programme 1: Administration

Expenditure estimates

Table 34.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.8	1.3	1.4	1.5	1.6	1.7
Management	1.6	2.9	2.8	2.8	7.2	7.7	8.9
Corporate Affairs	68.4	80.6	81.7	79.2	101.7	115.3	152.1
Office Accommodation	11.0	13.6	13.4	10.8	12.0	12.9	13.8
Total	82.5	98.8	100.9	96.0	124.3	139.5	178.5
Change to 2009 Budget estimate				7.0	4.6	5.0	5.3

¹ From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification

Current payments	81.1	97.8	100.6	91.6	118.1	131.7	171.2
Compensation of employees	40.3	50.2	51.6	53.9	50.3	54.9	86.0
Goods and services	40.8	47.7	49.0	37.6	67.8	76.7	85.2
of which:							
Consultants and professional services:	5.0	7.9	9.0	2.2	10.1	11.8	10.6
Business and advisory services							
Contractors	1.0	1.3	1.4	1.7	3.8	4.3	4.3
Lease payments	11.0	13.6	13.4	10.8	15.8	17.3	18.6
Travel and subsistence	14.2	14.1	15.4	14.4	16.3	18.8	22.7
Transfers and subsidies	-	-	-	4.0	4.6	5.0	5.3
Foreign governments and international organisations	-	-	-	4.0	4.6	5.0	5.3
Payments for capital assets	1.4	1.0	0.4	0.4	1.5	2.8	2.0
Machinery and equipment	0.7	1.0	0.3	0.4	1.4	2.7	1.9
Software and other intangible assets	0.7	0.0	0.1	0.0	0.1	0.1	0.1
Total	82.5	98.8	100.9	96.0	124.3	139.5	178.5

Table 34.3 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	-	-	-	4.0	4.6	5.0	5.3
Regional Tourism Organisation of South Africa	-	-	-	2.5	2.8	3.0	3.2
United Nations World Tourism Organisation	-	-	-	1.5	1.8	2.0	2.1

Expenditure trends

Expenditure increased from R82.5 million in 2006/07 to R96 million in 2009/10, at an average annual rate of 5.2 per cent, mainly due to annual salary increases and adjustments for inflation.

Expenditure is expected to increase significantly over the MTEF period from R96 million in 2009/10 to R178.5 million in 2012/13, at an average annual rate of 23 per cent, as budgeting for administrative functions, such as internal and external audit costs and provision for data lines, were not included in the previous baseline allocation. The increase is also due to the phasing in of an increased establishment over the MTEF period. The number of posts is projected to increase from 130 employees to 246.

Programme 2: Tourism Development

- *Tourism Development Management* provides overall administrative and operational support services for the programme's activities.
- *Product and Enterprise Development* facilitates product and enterprise development in the tourism sector. Key activities include: identifying and promoting opportunities for investment in product development; creating new opportunities through identifying niche tourism products; strengthening existing products; and driving the development of rural tourism. Transfers are made to the National Business Initiative to support the development of small, medium and micro enterprises (SMMEs) through the Tourism Enterprise Partnership. Funding will be used for developing and promoting new enterprises, products and investment packages and for improving existing products.
- *Social Responsibility Implementation* manages the development of tourism infrastructure projects under the expanded public works programme through labour intensive methods targeting the unemployed, youth, women, the disabled and SMMEs. Funding will be used for implementing infrastructure projects and training beneficiaries.
- *Sector Transformation* facilitates the transformation of the tourism sector through the implementation of the Tourism BEE Charter and Scorecard and promotes opportunities for transformational tourism development. It also works with other government departments and organs of state to promote the use of government procurement to drive transformation in the sector. Funding will be used for promoting transformational ownership opportunities and supporting the verification and monitoring processes.
- *Business Trust* receives transfers to facilitate development support for SMMEs through the Tourism Enterprise Partnership.

Objectives and measures

- Diversify and enhance tourism product offering by developing 6 niche tourism products by 2013.
- Increase the geographic spread of tourism benefits by developing 10 rural based tourism products by 2013.
- Promote the empowerment of designated communities by:
 - creating 24 518 job opportunities through the tourism infrastructure project under the expanded public works programme by 2013

- creating 15 000 job opportunities through the Tourism Enterprise Partnership by 2013
- creating 363 permanent jobs and providing 48 538 training days through these programmes by 2013.
- Facilitate transformation of the tourism sector by ensuring that, in line with 2014 millennium development goals:
 - 70 per cent of the tourism industry complies with the Tourism BEE Charter and Scorecard by 2014
 - 90 per cent of all organs of state implement the charter in their procurement decisions by 2014.

Service delivery focus

From the beginning of 2008/09 to the second half of 2009/10, a total of 1 606 small enterprises were assisted in creating formal linkages with established enterprises. 75 per cent of those assisted are historically disadvantaged enterprises. In 2008/09, 433 permanent jobs were created through the implementation of expanded public works programme related projects with overall job opportunities amounting to over 14 000. About 172 914 accredited training days were also provided and 395 youth were enrolled in the youth development programme.

Expenditure estimates

Table 34.4 Tourism Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Tourism Development Management	14.9	8.5	6.1	5.0	3.5	3.7	8.9
Product and Enterprise Development	–	–	2.0	2.0	13.2	15.2	15.9
Social Responsibility Implementation	223.8	353.8	420.1	266.0	297.2	325.1	285.1
Sector Transformation	–	–	–	–	7.1	7.2	7.6
Business Trust	42.0	65.8	69.4	52.1	40.0	20.0	25.0
Total	280.7	428.1	497.6	325.1	360.9	371.2	342.4
Change to 2009 Budget estimate				–	33.1	41.7	47.7
Economic classification							
Current payments	67.1	84.6	60.8	26.1	48.1	54.6	64.8
Compensation of employees	51.3	71.0	41.0	16.6	30.2	34.2	37.7
Goods and services	15.8	13.6	19.9	9.5	17.9	20.4	27.1
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	4.4	0.9	1.7	0.6	2.4	2.6	7.9
<i>Contractors</i>	0.2	0.7	0.9	0.2	5.9	7.7	7.6
<i>Travel and subsistence</i>	5.5	6.3	10.0	3.6	5.3	5.3	6.4
Transfers and subsidies	213.6	343.5	436.8	299.0	312.5	315.8	276.6
Non-profit institutions	42.0	65.8	71.4	54.1	42.2	21.2	26.2
Households	171.6	277.7	365.4	244.9	270.3	294.6	250.4
Payments for capital assets	–	–	–	–	0.3	0.8	1.0
Machinery and equipment	–	–	–	–	0.3	0.8	1.0
Total	280.7	428.1	497.6	325.1	360.9	371.2	342.4
Details of selected transfers and subsidies							
Non-profit institutions							
Current	42.0	65.8	71.4	54.1	42.2	21.2	26.2
Business Trust	42.0	65.8	69.4	52.1	40.0	20.0	25.0
National Business Initiative	–	–	2.0	2.0	2.2	1.2	1.2
Households							
Other transfers to households							
Current	171.6	277.7	365.4	244.9	270.3	294.6	250.4
Expanded Public Works Programme	171.6	277.7	365.4	244.9	243.3	294.6	250.4
Expanded Public Works Programme - Incentive	–	–	–	–	27.1	–	–

Expenditure trends

Expenditure grew from R280.7 million in 2006/07 to R325.1 million in 2009/10, at an average annual rate of 5 per cent. This is due to annual salary increases and adjustments for inflation.

Over the MTEF period, expenditure is expected to increase marginally to R342.4 million in 2012/13, at an average annual rate of 1.7 per cent. This is mainly due to a decrease in funding to tourism infrastructure projects implemented in the expanded public works programme. The spending focus over the MTEF period will be on product, enterprise and infrastructure development, sector transformation as well as implementing expanded public works programme projects.

Expenditure in the *Business Trust* subprogramme is expected to decrease at an average annual rate of 21.7 per cent over the MTEF period, from R52.1 million in 2009/10 to R25 million in 2012/13, due to the phasing out of the Tourism Enterprise Partnership administered by the Business Trust.

Programme 3: Tourism Growth

- *Tourism Growth Management* provides overall administrative and operational support services for the programme's activities.
- *Marketing, Responsible Tourism and Quality Assurance* ensures that consumer protection is effectively managed by establishing channels for consumer concerns. It also promotes responsible tourism practices across the industry by promoting universal access principles, among others.
- *Capacity Building* ensures that human capital is effectively managed to grow a service oriented, world class tourism industry. It focuses on professionalising tourist guides and other operators in the industry. It also identifies opportunities for growing both domestic and international tourism. Funding will be used for training.
- *South African Tourism* transfers funds to South African Tourism to market South Africa as a preferred tourism destination.

Objectives and measures

- Improve service levels and customer satisfaction by:
 - developing and implementing responsible tourism standards in 2010/11
 - setting up and managing a framework and mechanism for quality assuring products and services across the sector in 2010/11.
- Increase the levels of direct employment in the tourism sector from 600 000 in 2009/10 to 800 000 in 2014/15 by marketing South Africa as a preferred destination.
- Improve the tourism sector's service levels by training 250 000 frontline staff in service excellence by 2011.
- Manage tourism's human capital by ensuring that 70 tourism graduates are placed in the industry every year over the medium term.

Service delivery focus

In supporting South Africa as the host of the 2010 FIFA World Cup, over 4 000 volunteers were trained and deployed at host cities during the 2009 FIFA Confederations Cup between June and July 2009. In mid-2009, 16 graduates were placed with the Reeds Carton hotel in Canada for a year of experiential learning on hotel management. The department has an agreement with the Department of International Relations and Cooperation for foreign language training and over 40 people were trained in 2008/09. About 10 000 small, medium and micro enterprises benefited from business training in 2007/08 and 2008/09.

Expenditure estimates

Table 34.5 Tourism Growth

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Tourism Growth Management	–	–	–	–	3.5	3.7	8.9
Marketing, Responsible Tourism and Quality Assurance	13.0	12.3	12.2	15.1	7.0	8.4	11.3
Capacity Building	–	0.8	1.0	5.0	13.4	9.8	10.2
South African Tourism	465.2	517.6	582.1	699.5	631.7	672.3	705.7
Total	478.2	530.7	595.3	719.6	655.6	694.2	736.0
Change to 2009 Budget estimate				(4.2)	(5.6)	(5.0)	(5.3)

Economic classification

Current payments	13.0	12.3	12.2	15.1	19.1	20.6	28.9
Compensation of employees	6.9	6.9	6.4	9.9	12.5	13.6	16.7
Goods and services	6.1	5.4	5.8	5.3	6.6	7.0	12.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	3.5	0.9	0.1	0.1	–	–	5.0
<i>Contractors</i>	0.2	0.7	0.9	0.7	2.2	2.4	2.5
<i>Travel and subsistence</i>	0.5	1.4	2.3	2.0	1.2	1.2	1.2
Transfers and subsidies	465.2	518.4	583.1	704.5	636.2	673.3	706.7
Departmental agencies and accounts	465.2	517.6	582.1	699.5	631.7	672.3	705.7
Non-profit institutions	–	0.8	1.0	5.0	4.5	1.0	1.0
Payments for capital assets	–	–	–	–	0.3	0.3	0.4
Machinery and equipment	–	–	–	–	0.3	0.3	0.4
Total	478.2	530.7	595.3	719.6	655.6	694.2	736.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	465.2	517.6	582.1	699.5	631.7	672.3	705.7
South African Tourism	465.2	517.6	582.1	699.5	631.7	672.3	705.7
Non-profit institutions							
Current	–	0.8	1.0	5.0	4.5	1.0	1.0
Tourism Business Council	–	0.5	0.5	0.5	4.0	0.5	0.5
Tourism Hospitality and Sports Education and Training Authority	–	–	–	4.0	–	–	–
Federated Hospitality Association of South Africa	–	0.3	0.5	0.5	0.5	0.5	0.5

Expenditure trends

Expenditure grew from R478.2 million in 2006/07 to R719.6 million in 2009/10, at an average annual rate of 14.6 per cent, due to increased allocations to South African Tourism for international tourism marketing. Over the MTEF period, expenditure is projected to grow at a slower average annual rate of 0.8 per cent to reach R736 million in 2012/13. This is mainly due to the reduction of the transfer payment to South African Tourism for internal tourism marketing over the medium term.

Expenditure in the *Capacity Building* programme is expected to increase at an average annual rate of 26.7 per cent, from R5 million in 2009/10 to R10.2 million in 2012/13, to promote service excellence in the industry. The overall spending focus over the MTEF period will be on promoting responsible tourism, human capital development and promoting service excellence.

Public entity

South African Tourism

Strategic overview: 2006/07 – 2012/13

The core business of South African Tourism, established in terms of the Tourism Act (1993), is to market South Africa as a tourism destination of choice through regulating and interfacing with industry, maintaining and enhancing the standard of facilities and services for tourists, and coordinating the marketing activities of role players in the industry.

To ensure that South Africa becomes a preferred tourism destination, South African Tourism will develop and implement a world class marketing strategy. In implementing this strategy, the organisation will facilitate the strategic alignment of the provinces and industry with the global marketing of tourism to South Africa, remove obstacles to tourism growth, build a tourist friendly nation and ensure that tourism benefits all South Africans.

Key objectives include increasing the annual volume of international tourists visiting South Africa, increasing the average spend per tourist, increasing international brand awareness of South Africa as a travel destination; and increasing the number of graded accommodation establishments.

Funding is primarily used for: running marketing offices in market countries; promoting local tourism, which helps reduce seasonality in the industry; facilitating the grading of products and services; and implementing the Tourism BEE Charter and Scorecard.

South African Tourism has rolled out a tourism marketing growth strategy based on in-depth segmentation research and international focus groups. The strategy focuses marketing activities on specific segments of tourism in particular markets.

Selected performance indicators

Table 34.6 South African Tourism

Indicator	Programme/ Activity	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of international tourist arrivals per year	Marketing	8 395 833	9 090 881	9 591 828	9 824 858	10 193 585	10 295 520	10 398 475
- number of land arrivals	Marketing	6 074 068	6 626 731	7 087 452	7 291 527	7 834 324	7 912 667	7 991 793
- number of air arrivals	Marketing	2 321 765	2 464 150	2 504 376	2 533 331	2 359 ,261	2 382 853	2 406 681
Average spend per international tourist in the country	Marketing	R8 300	R7 000	R8 100	R9 900	R8 700	R9 222	R9 775
Percentage of global brand awareness	Marketing	–	75%	76%	77%	77%	78%	78%
Percentage of brand positivity	Marketing	–	38%	37%	40%	40%	41%	41%
Total number of accommodation establishments graded	Grading of establishments	4 742	5 400	7 209	7 642	8 288	8 786	9 313

Service delivery focus

In 2008/09, a total of 9.6 million tourists visited South Africa. In 2009, by September, there were 7.3 million arrivals. In 2009, an average spending of R8 300 per tourist was achieved in the same period against a target of R9 900. 1 058 new establishments were graded during the first half of 2009/10, bringing the number of graded establishments to 3 625, higher than the targeted 3 003. International marketing brand alignment was completed in 2009/10 and will ensure increased international brand recognition for South Africa. In 2009, South African Tourism received 23 marketing accolades including the national business award for marketing excellence, the Southern Africa Tourism Services Association personality of the year award and the United States incentive industry award.

Expenditure estimates

Table 34.7 South African Tourism: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Arrivals Statistics	138.9	149.4	181.9	196.4	169.5	180.6	185.5
Spend Statistics	138.9	149.4	181.9	196.4	169.5	180.6	185.5
Brand Awareness	138.9	149.4	181.9	196.4	169.5	180.6	185.5
Best Tourism Organisation	171.5	181.6	179.4	284.0	271.9	288.3	315.3
Transformation of the Tourism Sector	–	3.4	9.0	7.3	–	–	–
Total expense	588.1	633.3	734.0	880.5	780.3	830.0	871.9

Table 34.8 South African Tourism: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	73.0	82.2	99.2	123.5	72.3	77.0	81.4
Sale of goods and services other than capital assets	45.0	51.9	73.1	59.7	63.3	67.0	70.4
<i>of which:</i>							
<i>Sales by market establishments</i>	–	1.3	0.0	–	–	–	–
<i>Other sales</i>	45.0	50.6	73.1	59.7	63.3	67.0	70.4
<i>Other non-tax revenue</i>	28.0	30.3	26.0	63.8	9.0	10.0	11.0
Revenue							
Non-tax revenue	73.0	82.2	99.2	123.5	72.3	77.0	81.4
Transfers received	517.8	574.6	641.8	771.5	708.0	753.0	790.5
Total revenue	590.8	656.9	740.9	895.0	780.3	830.0	871.9
Expenses							
Current expense	588.1	633.3	734.0	880.5	780.3	830.0	871.9
Compensation of employees	86.6	95.3	110.9	109.9	116.5	123.3	129.6
Goods and services	494.3	528.3	604.7	753.0	645.2	687.0	721.7
Depreciation	7.2	4.1	8.6	7.3	7.7	8.1	8.6
Interest, dividends and rent on land	–	5.6	9.7	10.3	10.9	11.6	12.2
Total expenses	588.1	633.3	734.0	880.5	780.3	830.0	871.9
Surplus / (Deficit)	2.7	23.6	6.9	14.5	–	–	–
Statement of financial position							
Carrying value of assets	52.9	62.5	86.9	91.1	98.6	105.3	111.8
<i>of which: Acquisition of assets</i>	24.3	13.9	34.2	11.5	15.2	14.9	15.0
Receivables and prepayments	6.8	42.0	36.8	33.9	54.2	75.9	92.2
Cash and cash equivalents	149.6	178.6	162.6	114.7	104.4	93.4	81.5
Total assets	209.2	283.1	286.3	239.7	257.1	274.7	285.5
Statement of financial position							
Accumulated surplus/deficit	23.6	47.4	54.6	54.6	54.6	54.6	54.6
Capital and reserves	15.0	14.7	14.5	24.6	30.5	36.2	42.1
Post-retirement benefits	19.6	9.7	11.7	10.6	11.2	11.9	12.5
Trade and other payables	117.7	202.3	180.5	143.1	151.7	160.5	162.4
Provisions	33.4	–	–	–	–	–	–
Liabilities not classified elsewhere	0.0	9.0	25.0	6.8	9.1	11.5	14.0
Total equity and liabilities	209.2	283.1	286.3	239.7	257.1	274.7	285.5

Expenditure trends

Transfers from the department are the main source of revenue for South African Tourism. It also receives transfers from the Tourism Business Council of South Africa, which are from tourism levies collected by Tourism Marketing South Africa. Transfers received grew from R518 million in 2006/07 to R772 million in 2009/10, at an average annual rate of 14.2 per cent, due to additional allocations for international tourism marketing. Marketing is the main cost driver of expenditure and accounts for 83.4 per cent of total expenditure.

Over the MTEF period, transfers are expected to increase from R772 million to R791 million, at an average annual rate of 0.8 per cent. The transfer from the department for 2010/11 is expected to be R631.7 million comprising of: R468.2 million for tourism marketing, R147.9 million for operational expenditure, R15 million for the Tourism Grading Council of South Africa.

Expenditure increased from R588.1 million in 2006/07 to R880.5 million in 2009/10, at an average annual rate of 14.4 per cent, due to increased spending on international tourism marketing.

Programme 4: Policy, Research, Monitoring and Evaluation

- *Policy, Research, Monitoring and Evaluation Management* provides overall administrative and operational support services for the programme's activities.
- *Policy Development and Evaluation* manages policy development, sector planning, and monitoring and evaluation for tourism. It ensures that the tourism policy environment is conducive to sustainable growth and development, and is responsible for tourism law reform. It is responsible for sector planning and developing tools and frameworks for tourism planning for local government. It coordinates the implementation of the tourism sector strategy between government, industry and civil society and ensures collective ownership and delivery of the sector commitments. Funding will be used for coordination.
- *Research and Knowledge Management* facilitates research and information, and knowledge management for tourism. It researches international best practices for tourism growth and development, sets and implements minimum sector information standards and guidelines, coordinates various information sources, promotes the commercialisation of available information, and ensures the availability of information about products and services. Funding will be used for research and systems development.

Objectives and measures

- Ensure that the tourism policy environment is conducive to sustainable growth and development over the medium term by:
 - providing support for the review of all provincial growth and development strategies
 - developing models that enhance local tourism development planning
 - supporting all district municipalities in their integrated development planning reviews
 - developing a sector budget structure and strategy
 - reviewing the Tourism Act (1993) over the medium term
 - making tourism information more accessible by converting 7 provincial visitor information centres into national gateways over the medium term
 - improving knowledge management in the tourism industry by ensuring that 50 per cent of all tourism businesses are registered by 2012 and the remainder by 2014.

Service delivery focus

An audit of accommodation establishments in South Africa was conducted in 2009/10 with reference to the 2010 FIFA World Cup, with results showing that the country has sufficient accommodation for the event, with a total of over 202 000 rooms countrywide. 5 new visitor information centres were built in 2009/10 in Nelspruit, Port Elizabeth, Polokwane, Bloemfontein and Rustenburg to provide visitors with information in English, French, Spanish and Portuguese. In the same year, a national contact centre was established with a global call centre number and website in English, French, Spanish, Portuguese, Italian and German. Geographic

information system mapping for graded accommodation establishments was completed in 2009/10 and this information can be found on the department's website.

Expenditure estimates

Table 34.9 Policy, Research, Monitoring and Evaluation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Policy, Research, Monitoring and Evaluation Management	–	–	–	–	3.5	3.7	8.9
Policy Development and Evaluation	8.4	3.4	13.6	10.4	2.1	4.3	9.3
Research and Knowledge Management	3.8	4.1	4.3	4.6	5.3	10.2	16.2
Total	12.2	7.5	17.9	15.0	11.0	18.3	34.4
Economic classification							
Current payments	12.2	7.5	17.9	15.0	10.7	17.7	33.9
Compensation of employees	4.3	2.7	7.4	9.2	5.4	9.4	20.2
Goods and services	7.9	4.9	10.5	5.7	5.3	8.4	13.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	4.2	1.3	0.1	0.9	3.5	5.5	10.7
<i>Business and advisory services</i>							
<i>Contractors</i>	0.2	0.7	0.9	1.2	–	–	–
<i>Travel and subsistence</i>	1.5	1.1	7.0	1.8	0.9	1.0	1.0
Payments for capital assets	–	–	–	–	0.3	0.5	0.5
Machinery and equipment	–	–	–	–	0.1	0.2	0.2
Software and other intangible assets	–	–	–	–	0.2	0.3	0.3
Total	12.2	7.5	17.9	15.0	11.0	18.3	34.4

Expenditure trends

Expenditure increased from R12.2 million in 2006/07 to R15 million in 2009/10, at an average annual rate of 7.2 per cent, mainly due to annual salary increases and inflation adjustments.

Over the medium term, expenditure is expected to grow substantially, at an average annual rate of 31.9 per cent to reach R34.4 million in 2012/13. This growth is a result of the phasing in of additional posts to reach a total establishment of 49 posts by 2012/13. It also explains the 30 per cent increase in projected expenditure on compensation of employees over the medium term.

The spending focus over the MTEF period will be on strengthening tourism policy, and research, monitoring and evaluation of the tourism industry. The department plans to review all existing legislation to ensure that the tourism mandate is well defined and that resources are effectively and efficiently spent. The department has also identified the need to support local government in relation to effective tourism planning to ensure the successful development of the sector.

Additional tables

Table 34.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	100.9	100.9	100.9	93.0	3.0	96.0	96.0
2. Tourism Development	497.6	497.6	497.6	325.1	–	325.1	325.1
3. Tourism Growth	595.3	595.3	595.3	676.0	43.6	719.6	719.6
4. Policy, Research, Monitoring and Evaluation	17.9	17.9	17.9	15.0	–	15.0	15.0
Total	1 211.8	1 211.8	1 211.8	1 109.1	46.6	1 155.7	1 155.7

Economic classification

Current payments	191.6	191.6	191.6	145.0	2.8	147.8	147.8
Compensation of employees	106.4	106.4	106.4	86.6	3.0	89.6	89.6
Goods and services	85.1	85.1	85.1	58.4	(0.2)	58.2	58.2
Transfers and subsidies	1 019.9	1 019.9	1 019.9	963.6	43.8	1 007.5	1 007.5
Departmental agencies and accounts	582.1	582.1	582.1	655.7	43.8	699.5	699.5
Foreign governments and international organisations	–	–	–	4.0	–	4.0	4.0
Non-profit institutions	72.4	72.4	72.4	59.1	–	59.1	59.1
Households	365.4	365.4	365.4	244.9	–	244.9	244.9
Payments for capital assets	0.4	0.4	0.4	0.4	–	0.4	0.4
Machinery and equipment	0.3	0.3	0.3	0.4	–	0.4	0.4
Software and other intangible assets	0.1	0.1	0.1	0.0	–	0.0	0.0
Total	1 211.8	1 211.8	1 211.8	1 109.1	46.6	1 155.7	1 155.7

Table 34.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	431	219	–	161	161	161	161	202	295	431
Salary level 1 – 6	93	47	–	35	35	35	35	40	55	93
Salary level 7 – 10	192	101	–	68	68	68	68	80	127	192
Salary level 11 – 12	81	40	–	31	31	31	31	42	61	81
Salary level 13 – 16	65	31	–	27	27	27	27	40	52	65
Administration	246	130	–	93	93	93	93	110	162	246
Salary level 1 – 6	75	37	–	27	27	27	27	29	41	75
Salary level 7 – 10	113	57	–	38	38	38	38	42	72	113
Salary level 11 – 12	29	19	–	14	14	14	14	19	24	29
Salary level 13 – 16	29	17	–	14	14	14	14	20	25	29
Tourism Development	88	52	–	36	36	36	36	47	62	88
Salary level 1 – 6	8	4	–	2	2	2	2	5	6	8
Salary level 7 – 10	38	26	–	15	15	15	15	19	26	38
Salary level 11 – 12	28	17	–	14	14	14	14	15	20	28
Salary level 13 – 16	14	5	–	5	5	5	5	8	10	14
Tourism Growth	48	24	–	20	20	20	20	26	37	48
Salary level 1 – 6	5	3	–	3	3	3	3	3	4	5
Salary level 7 – 10	21	13	–	10	10	10	10	11	16	21
Salary level 11 – 12	11	4	–	3	3	3	3	5	8	11
Salary level 13 – 16	11	4	–	4	4	4	4	7	9	11

Table 34.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Policy, Research, Monitoring and Evaluation	49	13	–	12	12	12	12	19	34	49
Salary level 1 – 6	5	3	–	3	3	3	3	3	4	5
Salary level 7 – 10	20	5	–	5	5	5	5	8	13	20
Salary level 11 – 12	13	–	–	–	–	–	–	3	9	13
Salary level 13 – 16	11	5	–	4	4	4	4	5	8	11

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2009.

Table 34.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	102.8	130.8	106.4	89.6	98.5	112.1	160.6
Training expenditure (R million)	1.5	1.4	1.5	1.0	1.0	1.0	1.1
Training as percentage of compensation	1.5%	1.1%	1.4%	1.1%	1.0%	0.9%	0.7%
Total number trained in department (head count)	61	64	65	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	13	13	13	–			
Learnerships trained (head count)	9	9	9	–			
Internships trained (head count)	38	40	40	–			
Households receiving bursaries (R million)	0.5	0.5	0.6	0.7	0.7	0.7	0.7
Households receiving bursaries (head count)	18	20	20	–			

