

VOTE 35 *Tourism*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspending on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Tourism

**National Treasury
Republic of South Africa**



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Vote 35

Tourism

Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	195 043	190 936	–	4 107	206 671	218 773
Policy and Knowledge Services	787 994	34 064	753 303	627	861 395	907 996
International Tourism	46 834	40 898	5 250	686	48 798	51 655
Domestic Tourism	337 450	65 195	270 492	1 763	378 496	401 667
Total expenditure estimates	1 367 321	331 093	1 029 045	7 183	1 495 360	1 580 091
Executive authority	Minister of Tourism					
Accounting officer	Director General of Tourism					
Website address	www.tourism.gov.za					

Aim

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: Provide strategic governance and risk management; and legal, corporate affairs, information technology, and strategic communications support services to the department.

Programme 2: Policy and Knowledge Services

Purpose: Ensure strategic tourism sector policy development, monitoring and evaluation, and research and knowledge management services.

Programme 3: International Tourism

Purpose: Develop and support South Africa's tourism potential throughout the various regions of the world.

Programme 4: Domestic Tourism

Purpose: Promote development and growth of sustainable domestic tourism throughout South Africa.

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Tourism is to create conditions for the sustainable growth and development of tourism in South Africa. In terms of the Constitution, tourism is a functional area of concurrent national and provincial legislative competence.

The Tourism Act (1993) provides for the promotion of tourism to and in South Africa, and for the regulation and rationalisation of the tourism industry. This includes measures aimed at enhancing and maintaining the standards of facilities and services used by tourists, and the coordination and rationalisation of the activities of those who are active in the tourism industry.

The role of tourism in economic growth and job creation

The 1996 White Paper on the Development and Promotion of Tourism in South Africa provides a framework and guidelines for the development and promotion of tourism in South Africa. Its vision is to develop the tourism sector as a national political and economic priority to maximise its contribution to improving the quality of life of all South Africans.

The industrial policy action plan 2 identifies tourism as an important driver of both domestic consumer spending and foreign exchange earnings, underpinned by a sustainable resource base and relatively low barriers to entry for entrepreneurs.

Tourism is named in the new growth path as one of six key sectors for economic growth in South Africa. It is labour intensive, with the potential to stimulate economic growth and create jobs. To enhance tourism's contribution to economic growth and job creation the new growth path defines the following measures: expand tourism infrastructure and services; promote targeted marketing campaigns, manage costs, provide quality assurance and logistics; improve training; identify employment and entrepreneurial opportunities for the youth; enhance support measures to encourage diversification; and develop a comprehensive programme to support cultural industries. The new growth path commits the sector to the creation of 225 000 jobs by 2020. The national tourism sector strategy aims for all role players to coordinate their activities to achieve these objectives.

Outcomes

In the outcomes approach to service delivery, tourism contributes to the realisation of decent employment through inclusive economic growth (outcome 4), and vibrant, equitable and sustainable rural communities and food security for all (outcome 7). It is anticipated that, in conjunction with other departments, the department will make a major contribution to achieving the growth and employment targets set for outcome 4, through activities involving skills development, continuous improvement in the quality of tourism products and services, support for small, medium and micro enterprises (SMMEs), and other measures.

The department's contribution to outcome 7 will be to lead the building of a dynamic tourism sector in the context of South Africa's socioeconomic development. With its entity, South African Tourism, the department is also committed to creating a better South Africa and contributing to a better and safer Africa and world (outcome 11) by implementing a tourism marketing strategy that attracts volume and value, and increases tourism's contribution to South Africa's GDP.

Priorities over the medium term

The department's key priorities over the medium term include: promoting job creation; developing rural, cultural, heritage and domestic tourism; facilitating skills development in the tourism sector; providing quality assurance; promoting service excellence; facilitating the transformation of the sector; providing opportunities for youth; promoting entrepreneurship; increasing investment in the tourism sector; promoting responsible tourism; expanding tourism infrastructure; facilitating product development; coordinating stakeholder cooperation and partnerships; information and knowledge management; and growing the market in terms of both domestic and foreign tourists. The national tourism sector strategy seeks to increase tourism's total direct and indirect contribution to the economy from R189.4 billion in 2009 to R318.2 billion in 2015 and R499 billion in 2020.

To ensure the achievement of the sector's targets, the department will support the implementation of the national tourism sector strategy and work towards increasing the number of foreign arrivals from 9 933 966 in 2009 to 12 068 030 by 2015, and to increasing the number of domestic tourists from 14 600 000 in 2009 to 16 000 000 by 2015. International marketing efforts will concentrate on high yield markets.

Selected performance indicators

Table 35.1 Tourism

Indicator	Programme	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of tourism products supported through the social responsibility funding (expanded public works programme)	Domestic Tourism	-	-	-	45	50	50	50
Number of regional support packages delivered, informed by relevant strategies (e.g. rural strategy) per year		-	-	-	-	2	2	2
Number of full-time equivalent jobs supported through tourism enterprise partnership per year ²		-	-	6 226	5 000	6 000	6 382	-
Number of full time equivalent jobs created through the social responsibility implementation programme per year (expanded public works programme) per year		-	-	5 716	4 531	5 054	5 889	6 003
Number of rural enterprises supported per year ²		-	-	-	500	530	530	-
Number of members of designated groups historically disadvantaged enterprises supported per year ²		-	-	-	3 150	3 351	3 365	-
Number of country profiles developed and updated per year	International Tourism	-	-	-	-	4	8	16
Number of South African missions abroad activated for tourism mainstreaming		-	-	-	-	4	8	12
Number of initiatives facilitated to reduce barriers to tourism growth per year	Policy and Knowledge Services	-	-	-	2	2	2	2
Number of information and knowledge systems and services developed and maintained per year		-	1	4	1	2	2	2
Number of national tourism information gateways operational per year		-	-	-	-	2	3	3

1. Some indicators have no past data, as they are new indicators.

2. There is no funding allocation for this period; output is expected to end the year before.

Expenditure estimates

Table 35.2 Tourism

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	85 981	80 222	155 770	185 944	185 944	195 043	206 671	218 773
Policy and Knowledge Services	600 076	714 470	644 241	695 512	695 512	787 994	861 395	907 996
International Tourism	11 505	10 712	26 388	33 700	33 700	46 834	48 798	51 655
Domestic Tourism	504 679	340 214	317 077	349 829	349 829	337 450	378 496	401 667
Total	1 202 241	1 145 619	1 143 476	1 264 985	1 264 985	1 367 321	1 495 360	1 580 091
Change to 2011 Budget estimate				22 109	22 109	93 418	150 079	154 092

Economic classification

	181 970	137 745	213 867	272 511	272 511	331 093	342 981	364 485
Current payments								
Compensation of employees	106 428	89 631	100 252	144 582	144 582	180 583	188 377	199 436
Goods and services	75 542	48 114	113 615	127 675	127 675	150 320	154 403	164 832
<i>of which:</i>								
Administrative fees	57	572	277	544	544	25 405	26 552	28 112
Advertising	1 574	1 608	1 974	2 037	2 037	2 052	1 947	2 062

Table 35.2 Tourism (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Assets less than the capitalisation threshold	717	1 170	2 989	2 616	2 616	4 013	4 883	5 173
Audit cost: External	853	1 018	1 583	3 869	3 869	5 635	6 042	6 378
Bursaries: Employees	28	475	360	500	500	1 500	1 560	1 652
Catering: Departmental activities	371	609	299	728	728	1 290	1 099	1 167
Communication	2 031	2 401	3 533	2 317	2 317	4 010	4 144	4 468
Computer services	2 738	1 156	9 381	12 053	12 053	19 682	20 677	21 921
Consultants and professional services: Business and advisory services	10 760	3 735	8 340	21 166	21 166	9 753	9 322	10 247
Consultants and professional services: Legal costs	807	574	87	120	120	106	58	65
Contractors	4 197	3 808	39 256	2 674	2 674	8 291	7 710	8 711
Agency and support / outsourced services	1	1	91	231	231	884	1 001	1 060
Entertainment	30	456	83	341	341	129	132	141
Fleet services (including government motor transport)	–	–	–	20	20	2	2	2
Inventory: Food and food supplies	4	334	118	201	201	159	153	162
Inventory: Fuel, oil and gas	146	175	581	343	343	991	1 099	1 164
Inventory: Materials and supplies	30	36	154	213	213	265	268	285
Inventory: Medical supplies	–	2	–	12	12	–	–	–
Inventory: Other consumables	130	156	485	623	623	1 346	1 409	1 525
Inventory: Stationery and printing	746	531	2 316	4 844	4 844	7 857	8 232	8 751
Lease payments	4 343	3 758	3 550	25 717	25 717	983	953	1 004
Property payments	211	252	1 223	260	260	264	304	322
Transport provided: Departmental activity	5	6	289	50	50	–	–	–
Travel and subsistence	34 722	20 338	29 993	34 310	34 310	38 509	39 765	42 317
Training and development	665	335	1 105	1 953	1 953	3 895	4 025	4 288
Operating expenditure	3 392	1 841	2 861	1 683	1 683	7 187	7 318	7 770
Venues and facilities	6 984	2 767	2 687	8 245	8 245	4 918	4 406	4 672
Rental and hiring	–	–	–	5	5	1 194	1 342	1 413
Interest and rent on land	–	–	–	254	254	190	201	217
Transfers and subsidies	1 019 914	1 007 462	912 843	965 509	965 509	1 029 045	1 145 111	1 207 876
Departmental agencies and accounts	582 135	699 489	631 685	668 613	668 613	753 303	825 977	870 476
Foreign governments and international organisations	–	4 000	3 265	2 000	2 000	5 250	5 539	5 864
Non-profit institutions	72 366	59 097	27 664	22 700	22 700	27 725	32 868	34 797
Households	365 413	244 876	250 229	272 196	272 196	242 767	280 727	296 739
Payments for capital assets	358	412	16 763	26 965	26 965	7 183	7 268	7 730
Machinery and equipment	306	408	16 763	26 920	26 920	7 049	7 147	7 601
Software and other intangible assets	52	4	–	45	45	134	121	129
Payments for financial assets	–	–	3	–	–	–	–	–
Total	1 202 241	1 145 619	1 143 476	1 264 985	1 264 985	1 367 321	1 495 360	1 580 091

Expenditure trends

The spending focus over the medium term will be on increasing the number of tourists visiting South Africa from other African countries.

Expenditure increased from R1.2 billion in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 1.7 per cent mainly, due to allocations for the refurbishment of an office building acquired in 2011/12, and for the implementation of the tourism 2010 plan, which enabled South Africa to meet its obligations to FIFA. These

allocations also explain the growth in spending on goods and services, which increased from R75.5 million to R127.7 million between 2008/09 and 2011/12, at an average annual rate of 19 per cent.

Over the medium term, expenditure is expected to increase to R1.6 billion over the medium term, at an average annual rate of 7.7 per cent. This increase is mainly due to an additional allocation of R218 million for South African Tourism to expand its work in growing the number of tourists visiting from other African states.

The department receives additional allocations of R4.7 million in 2012/13, R5.1 million in 2013/14 and R5.6 million in 2014/15 for improved conditions of service. A Cabinet approved baseline cut of R1.3 million in 2012/13, R667 000 in 2013/14, and R831 000 in 2014/15 was also made, details of which are located in the subprogrammes where applicable.

Between 2012/13 and 2014/15, R29.6 million is allocated for spending on consultants to provide support to the department's internal audit unit.

Personnel information

Table 35.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			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		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	530	443	30	161	161	272	379	379	473	473
Salary level 1 – 6	115	102	30	32	33	57	95	95	132	132
Salary level 7 – 10	240	197	–	65	64	107	148	148	197	197
Salary level 11 – 12	108	87	–	36	35	58	82	82	87	87
Salary level 13 – 16	67	57	–	28	30	50	54	54	57	57
Administration	302	264	30	95	93	165	210	210	294	294
Salary level 1 – 6	86	81	30	25	24	43	71	71	111	111
Salary level 7 – 10	138	110	–	37	37	65	82	82	110	110
Salary level 11 – 12	46	43	–	17	17	30	29	29	43	43
Salary level 13 – 16	32	30	–	16	15	27	28	28	30	30
Policy and Knowledge Services	78	57	–	–	12	22	40	40	57	57
Salary level 1 – 6	13	7	–	–	3	5	6	6	7	7
Salary level 7 – 10	37	23	–	–	4	7	15	15	23	23
Salary level 11 – 12	18	17	–	–	2	3	11	11	17	17
Salary level 13 – 16	10	10	–	–	4	7	8	8	10	10
International Tourism	50	46	–	36	36	27	59	59	46	46
Salary level 1 – 6	7	7	–	3	3	4	10	10	7	7
Salary level 7 – 10	22	22	–	14	14	12	25	25	22	22
Salary level 11 – 12	10	10	–	12	12	6	18	18	10	10
Salary level 13 – 16	11	7	–	7	7	5	6	6	7	7
Domestic Tourism	100	76	–	30	20	58	70	70	76	76
Salary level 1 – 6	9	7	–	4	3	5	8	8	7	7
Salary level 7 – 10	43	42	–	13	9	23	26	26	42	42
Salary level 11 – 12	34	17	–	7	4	19	24	24	17	17
Salary level 13 – 16	14	10	–	6	4	11	12	12	10	10

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

2. As at 30 September 2011.

The department had an establishment of 530 posts. The number of filled posts grew from 161 in 2008/09 to 379 in 2011/12. Over the MTEF period, filled posts are expected to increase to 473 due to the expansion of the department from its establishment in 2010/11. The growth over the medium term is essential for the department to achieve its objectives. As at 30 September 2011, there were 94 vacancies, the majority of which were in

salary levels 7 to 10. The main reason for these vacancies relates to the availability of office accommodation. Most of these vacancies are in the *Administration* programme. The ratio of support staff to line staff was 1:0.8 as at 30 September 2011.

Departmental receipts

Table 35.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	–	719	1 521	1 730	1 905	2 015	2 136	2 254
Sales of goods and services produced by department	–	138	64	37	80	85	90	95
Sales by market establishments	–	–	34	16	45	48	51	54
<i>of which:</i>								
<i>Rent collected from the letting of open and covered parking.</i>	–	–	34	16	45	48	51	54
Other sales	–	138	30	21	35	37	39	41
<i>of which:</i>								
<i>Commission received on deduction of insurance and other premiums from employees salaries</i>	–	138	30	21	35	37	39	41
Sales of scrap, waste, arms and other used current goods	–	3	–	–	–	–	–	–
<i>of which:</i>								
<i>Sale of waste paper</i>	–	3	–	–	–	–	–	–
Fines, penalties and forfeits	–	24	–	–	–	–	–	–
Interest, dividends and rent on land	–	31	29	18	25	26	28	30
Interest	–	31	29	18	25	26	28	30
Transactions in financial assets and liabilities	–	523	1 428	1 675	1 800	1 904	2 018	2 129
Total	–	719	1 521	1 730	1 905	2 015	2 136	2 254

Departmental receipts increased from R719 000 in 2009/10 to R1.9 million in 2011/12, at an average annual rate of 62.8 per cent, mainly due to unspent expanded public works programme project funds from previous years that were paid back to the department. Other receipts are from commission received on the deduction of insurance and other premiums, and employee stop orders from salaries. Over the medium term, receipts are expected to increase to R2.3 million, at an average annual rate of 5.8 per cent.

Programme 1: Administration

Expenditure estimates

Table 35.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	28 102	27 544	24 330	32 506	32 955	37 431	39 625
Management	2 848	2 792	8 704	10 661	16 550	17 210	18 222
Corporate Affairs	51 175	49 124	86 342	120 777	121 538	127 068	134 499
Office Accommodation	3 856	762	36 394	22 000	24 000	24 962	26 427
Total	85 981	80 222	155 770	185 944	195 043	206 671	218 773
Change to 2011 Budget estimate				17 181	(13 680)	(13 326)	(14 425)

Table 35.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	85 623	79 810	140 240	160 613	190 936	202 297	214 142
Compensation of employees	51 629	53 913	58 860	84 745	97 392	101 296	107 241
Goods and services	33 994	25 897	81 380	75 638	93 405	100 848	106 738
of which:							
Administrative fees	27	32	146	370	25 116	26 257	27 802
Advertising	552	659	973	1 436	1 076	1 226	1 279
Assets less than the capitalisation threshold	160	268	2 611	1 545	3 454	4 406	4 661
Audit cost: External	853	1 018	1 583	3 869	5 635	6 042	6 378
Bursaries: Employees	13	96	205	500	1 500	1 560	1 652
Catering: Departmental activities	191	229	242	428	173	130	141
Communication	1 357	1 620	2 877	1 583	2 513	2 632	2 788
Computer services	1 913	283	8 778	3 630	18 407	19 666	20 840
Consultants and professional services: Business and advisory services	3 583	457	2 816	4 448	3 682	4 050	4 303
Consultants and professional services: Legal costs	–	–	7	100	–	–	–
Contractors	1 422	1 698	35 292	1 844	1 761	1 926	2 032
Agency and support / outsourced services	1	1	87	231	876	992	1 051
Entertainment	21	94	76	259	75	73	77
Fleet services (including government motor transport)	–	–	–	20	2	2	2
Inventory: Food and food supplies	4	334	84	147	64	51	55
Inventory: Fuel, oil and gas	146	175	581	343	991	1 099	1 164
Inventory: Materials and supplies	30	36	14	211	201	223	237
Inventory: Medical supplies	–	2	–	12	–	–	–
Inventory: Other consumables	130	156	91	497	1 051	1 185	1 256
Inventory: Stationery and printing	445	531	797	2 676	4 813	5 321	5 625
Lease payments	3 856	3 628	3 316	25 332	602	594	624
Property payments	211	252	1 204	250	263	303	321
Transport provided: Departmental activity	5	6	–	–	–	–	–
Travel and subsistence	15 397	12 966	15 128	20 654	12 721	14 365	15 221
Training and development	119	142	654	1 223	2 936	3 031	3 205
Operating expenditure	433	517	2 497	1 221	2 673	3 109	3 283
Venues and facilities	3 126	697	1 321	2 804	1 677	1 318	1 391
Rental and hiring	–	–	–	5	1 143	1 287	1 350
Interest and rent on land	–	–	–	230	139	153	163
Transfers and subsidies	–	–	525	–	–	–	–
Households	–	–	525	–	–	–	–
Payments for capital assets	358	412	15 002	25 331	4 107	4 374	4 631
Machinery and equipment	306	408	15 002	25 311	4 041	4 311	4 564
Software and other intangible assets	52	4	–	20	66	63	67
Payments for financial assets	–	–	3	–	–	–	–
Total	85 981	80 222	155 770	185 944	195 043	206 671	218 773

Details of transfers and subsidies

Households							
Other transfers to households							
Current	–	–	525	–	–	–	–
Bursaries: Non-employees	–	–	525	–	–	–	–

Expenditure trends

Expenditure increased from R86 million in 2008/09 to R185.9 million in 2011/12, at an average annual rate of 29.3 per cent. The increase is mainly due to an increase in funding for the new office building, which the department took occupation of in 2010, improved conditions of service and other costs such as internal and external audit fees. The department also purchased furniture, and IT and security equipment for the building.

Over the medium term, expenditure is expected to increase from R185.9 million to R218.8 million, at an average annual rate of 5.6 per cent, as a result of an increase in funding for the newly created post of IT chief director and the consumer protection directorate, which is included under legal services.

R12 million between 2012/13 and 2014/15 has been allocated for consultants to provide support to the department's internal audit unit.

Programme 2: Policy and Knowledge Services

Objectives and measures

- Monitor and evaluate performance of the tourism industry, tourism strategies and policies to inform decision making by:
 - publishing 3 state of tourism reports, 3 annual national tourism sector strategy implementation reports, and 5 impact evaluation reports for the Department of Tourism initiatives by 2014/15
 - developing 3 tourism forecasting models and oversight reports on departmental entities and their partners by 2014/15
 - providing progress reports on tourism indicators for government outcomes over the medium term.
- Create an enabling policy environment and improve intergovernmental coordination by:
 - supporting provincial and local government on policy direction and programmes focusing on the review and development of 4 tourism related policies, strategies and frameworks by 2014/15
 - developing and implementing a framework for the alignment and integration of the national tourism sector strategy at provincial and local government level by 2014/15
 - implementing a tourism capacity building programme targeting municipalities by 2014/15
 - facilitating 6 initiatives aimed at the reduction of barriers to tourism growth by 2014/15
 - implementing 4 initiatives and platforms aimed at improving stakeholder engagement within the tourism industry by 2014/15.
- Provide knowledge management for the tourism sector by:
 - providing adequate tourism sector knowledge and information services focusing on the development and maintenance of 6 information and knowledge systems and services by 2014/15
 - implementing the national visitors information framework ensuring that 8 national tourism information gateways are operational by 2014/15
 - implementing a standardised knowledge management framework for the tourism sector by 2014/15
 - developing and maintaining a standardised research framework for the tourism sector; continuing with conducting 13 tourism research studies, initiating 2 new research studies, and conducting 9 studies on tourism indicators identified in the national tourism sector strategy by 2014/15.
- Increase compliance with the Tourism BEE Charter and Scorecard by:
 - aligning the Preferential Procurement Policy Framework Act (2000) with tourism's broad based black economic empowerment (BEE) measures and ensuring compliance by tourism accredited agencies by 2014/15
 - developing and implementing a system for monitoring compliance with BEE ratings by tourism enterprises by 2014/15
 - producing 3 integrated reports on public sector spend on empowered tourism goods and services, and 3 reports on the extent of empowerment from public private partnerships concession and assets disposal by state entities in tourism, and 2 reports on the state of tourism sector transformation, by 2014/15

- promoting the use a self assessment tool among tourism enterprises by 2014/15.
- Promote responsible tourism best practice by:
 - providing a framework for implementing a responsible tourism response to climate change by 2014/15
 - developing and implementing the national minimum standards for responsible tourism, and encouraging the implementation of a toolkit for certification agencies and tourism businesses by 2014/15
 - developing and implementing a national responsible tourism strategy which will focus on a community participation programme covering capacity building and community beneficiation by 2014/15
 - conducting compliance assessment and the implementation of an incentive scheme to encourage compliance with tourism best practice by 2014/15.

Subprogrammes

- *Policy and Knowledge Services Management* provides a comprehensive administrative and operational support service for the *Policy and Knowledge Services* programme; and manages policy development and evaluation, research, information and knowledge management, and the promotion of sector transformation and responsible tourism. This subprogramme had a staff complement of 5 and a total budget of R3.8 million in 2011/12, of which 27 per cent was used for goods and services such as travel and subsistence.
- *Policy Development and Evaluation* manages the development of integrated policies, sector planning, intergovernmental coordination and stakeholder management, the monitoring and evaluation of tourism policies and strategies, tourism projects implemented by the department, the promotion of responsible tourism practices in the tourism industry, and sector transformation. This subprogramme had a staff complement of 23 and a total budget of R10.7 million in 2011/12.
- *Research and Knowledge Management* facilitates research, information and knowledge management in the tourism sector. This subprogramme had a staff complement of 12 and a total budget of R12.4 million in 2011/12, the bulk of which was used for collaborative research projects with universities, piloting information gateways and branding visitor information gateways.
- *South African Tourism* is responsible for marketing South Africa as a desirable tourist destination. Through the tourism growth strategy, it aims to make tourism the leading economic sector in South Africa, and so promote the sustainable economic and social empowerment of all South Africans. This subprogramme had a staff complement of 159 and a total budget of R668.6 million in 2011/12.

Expenditure estimates

Table 35.6 Policy and Knowledge Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Policy and Knowledge Services Management	–	–	1 835	3 839	3 377	3 565	3 772
Policy Development and Evaluation	13 641	10 360	5 078	10 707	18 122	17 625	18 684
Research and Knowledge Management	4 300	4 621	5 643	12 353	13 192	14 228	15 064
South African Tourism	582 135	699 489	631 685	668 613	753 303	825 977	870 476
Total	600 076	714 470	644 241	695 512	787 994	861 395	907 996
Change to 2011 Budget estimate				–	53 075	86 898	87 029

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	17 941	14 981	12 405	26 540	34 064	34 901	36 956
Compensation of employees	7 392	9 233	6 768	14 590	21 954	22 834	24 174
Goods and services	10 549	5 748	5 637	11 926	12 101	12 058	12 772
<i>of which:</i>							
Administrative fees	10	22	36	69	204	214	226
Advertising	226	148	346	247	365	118	126
Assets less than the capitalisation threshold	80	14	69	392	160	114	120

Table 35.6 Policy and Knowledge Services (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
<i>Bursaries: Employees</i>	5	5	38	–	–	–	–
<i>Catering: Departmental activities</i>	60	72	4	59	64	67	71
<i>Communication</i>	107	35	141	146	324	290	305
<i>Computer services</i>	275	12	550	423	1 270	1 007	1 077
<i>Consultants and professional services: Business and advisory services</i>	77	939	1 776	4 955	1 655	3 359	3 556
<i>Consultants and professional services: Legal costs</i>	269	–	–	–	50	–	–
<i>Contractors</i>	925	1 221	18	–	1 000	–	–
<i>Entertainment</i>	3	4	5	15	11	11	11
<i>Inventory: Food and food supplies</i>	–	–	20	13	16	13	13
<i>Inventory: Materials and supplies</i>	–	–	–	2	13	3	3
<i>Inventory: Other consumables</i>	–	–	5	64	18	22	23
<i>Inventory: Stationery and printing</i>	–	–	160	567	456	487	516
<i>Lease payments</i>	100	30	69	225	91	94	99
<i>Transport provided: Departmental activity</i>	–	–	13	–	–	–	–
<i>Travel and subsistence</i>	7 047	1 773	1 768	3 471	3 857	4 255	4 505
<i>Training and development</i>	182	1	147	310	331	304	322
<i>Operating expenditure</i>	366	771	20	98	809	578	612
<i>Venues and facilities</i>	817	701	452	870	1 407	1 122	1 187
<i>Interest and rent on land</i>	–	–	–	24	9	9	10
Transfers and subsidies	582 135	699 489	631 685	668 613	753 303	825 977	870 476
Departmental agencies and accounts	582 135	699 489	631 685	668 613	753 303	825 977	870 476
Payments for capital assets	–	–	151	359	627	517	564
Machinery and equipment	–	–	151	334	627	517	564
Software and other intangible assets	–	–	–	25	–	–	–
Total	600 076	714 470	644 241	695 512	787 994	861 395	907 996

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	582 135	699 489	631 685	668 613	753 303	825 977	870 476
South African Tourism	582 135	699 489	631 685	668 613	753 303	825 977	870 476

Expenditure trends

The bulk of this programme's expenditure is transferred to South African Tourism. Expenditure increased from R600.1 million in 2008/09 to R695.5 million in 2011/12, at an average annual rate of 5 per cent, due to an increase in transfers to South African Tourism in preparation for the 2010 FIFA World Cup and the opening of a new office in Angola. Over the medium term, expenditure is expected to increase to R908 million, at an average annual rate of 9.3 per cent, due to the expectation of an increased number of tourists from other African countries.

Additional allocations to South African Tourism are to grow the number of tourists visiting from other African states. It is expected that South African Tourism will increase the number of international tourist arrivals per year from 10.3 million in 2011/12 to 12.6 million in 2014/15.

R8.6 million between 2012/13 and 2014/15 is allocated for spending on consultants to support the development of the visitor information centre brand and national tourism information gateway space planning.

Programme 3: International Tourism

Objectives and measures

- Provide international tourism market analysis to inform strategic interventions in 2014/15 by:
 - developing country and region specific profiles on tourism related indicators and response plans
 - developing and updating 28 country tourism profiles and 14 regional tourism profiles
 - developing and implementing a market intervention toolkit
 - introducing 12 strategic interventions for selected tourism markets and activating 24 South African missions abroad for tourism mainstreaming.
- Use bilateral and multilateral engagements to advance tourism's national, regional, African and global agenda in 2014/15 by:
 - negotiating and facilitating effective international agreements
 - implementing existing international agreements
 - participating in 24 multilateral forums
 - supporting 12 strategic national priorities through international bilateral and or multilateral engagements.

Subprogrammes

- *International Tourism Management* provides a comprehensive administrative and operational support service for the programme's activities. It develops and supports the growth of South Africa's tourist attractions. This subprogramme had a staff complement of 5 and a total budget of R11.6 million in 2011/12, of which 79.3 per cent was used for goods and services, including computer services.
- *Tourism Development in the Americas and the Caribbean* develops and supports the growth of tourism from North America through the United Nations World Tourism Organisation, the World Travel Tourism Council, multilateral and regional organisations in Latin America and the Caribbean. This subprogramme had a staff complement of 14 and a total budget of R7.5million in 2011/12, of which 38.6 per cent was used for goods and services, including consultants.
- *Tourism Development in Europe* develops and supports the growth of tourism from Western Europe, the T20 group of tourism ministers, the World Travel Tourism, European multilateral and regional organisations, Eastern Europe and the Mediterranean. This subprogramme had a staff complement of 14 and a total budget of R6 million in 2011/12, of which 56.6 per cent was used for goods and services, including consultants.
- *Tourism Development in Africa and the Middle East* develops and supports the growth of tourism across Africa, the Middle East, Indian Ocean island states, and African multilateral and regional organisations. This subprogramme had a staff complement of 13 and a total budget of R4.3 million in 2011/12, of which 60.5 per cent was used for goods and services, including consultants.
- *Tourism Development in Asia and Australasia* develops and supports the growth of tourism from central, eastern, south western and southern Asia, and Asian multilateral and regional organisations, Australasia and the Pacific islands. This subprogramme had a staff complement of 13 and a total budget of R4.3 million in 2011/12, of which 60.4 per cent was used for goods and services, including consultants.

Expenditure estimates

Table 35.7 International Tourism

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
International Tourism Management	11 505	6 712	8 991	11 622	3 945	4 176	4 434
Americas and Caribbean	–	1 500	5 083	7 518	11 490	11 966	12 664
Europe	–	–	3 748	6 018	9 244	9 599	10 157
Africa and Middle East	–	2 500	5 248	4 271	12 768	13 310	14 086
Asia and Australasia	–	–	3 318	4 271	9 387	9 747	10 314
Total	11 505	10 712	26 388	33 700	46 834	48 798	51 655
Change to 2011 Budget estimate				4 428	11 289	12 209	12 871

Table 35.7 International Tourism (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	11 505	6 712	22 813	31 700	40 898	42 504	44 974
Compensation of employees	4 131	3 184	8 051	11 134	25 723	26 754	28 326
Goods and services	7 375	3 528	14 762	20 566	15 162	15 737	16 631
<i>of which:</i>							
Administrative fees	1	97	52	59	29	34	34
Advertising	57	110	237	140	363	401	439
Assets less than the capitalisation threshold	40	155	42	71	161	173	190
Bursaries: Employees	1	71	116	–	–	–	–
Catering: Departmental activities	6	48	–	56	81	90	95
Communication	46	122	6	80	568	625	686
Computer services	28	112	50	7 968	–	–	–
Consultants and professional services: Business and advisory services	5 538	1 813	2 248	8 332	2 120	1 418	1 340
Consultants and professional services: Legal costs	27	58	80	–	36	38	44
Contractors	93	36	2 996	230	530	583	631
Agency and support / outsourced services	–	–	–	–	8	9	9
Entertainment	0	68	–	10	42	47	52
Inventory: Food and food supplies	–	–	14	–	79	89	94
Inventory: Materials and supplies	–	–	78	–	–	–	–
Inventory: Other consumables	–	–	52	–	46	51	56
Inventory: Stationery and printing	30	–	462	356	828	912	1 000
Lease payments	29	–	22	20	73	82	87
Property payments	–	–	–	–	1	1	1
Transport provided: Departmental activity	–	–	240	–	–	–	–
Travel and subsistence	1 010	695	7 579	2 153	8 013	8 816	9 286
Training and development	18	2	160	–	628	690	761
Operating expenditure	225	36	–	140	682	750	827
Venues and facilities	224	106	328	951	823	873	936
Rental and hiring	–	–	–	–	51	55	63
Interest and rent on land	–	–	–	–	13	13	17
Transfers and subsidies	–	4 000	3 265	2 000	5 250	5 539	5 864
Foreign governments and international organisations	–	4 000	3 265	2 000	5 250	5 539	5 864
Payments for capital assets	–	–	310	–	686	755	817
Machinery and equipment	–	–	310	–	686	755	817
Total	11 505	10 712	26 388	33 700	46 834	48 798	51 655

Details of transfers and subsidies

Foreign governments and international organizations							
Current	–	4 000	3 265	2 000	5 250	5 539	5 864
Regional Tourism Organisation of South Africa	–	2 500	1 930	–	3 150	3 323	3 518
United Nations World Tourism Organisation	–	1 500	1 335	2 000	2 100	2 216	2 346

Expenditure trends

Expenditure increased from R11.5 million in 2008/09 to R33.7 million in 2011/12, at an average annual rate of 43.1 per cent. The increase is mainly due to the transfer of the international relations chief directorate from the *Administration* programme to this programme.

Over the medium term, expenditure is projected to increase to R51.7 million, at an average annual rate of 15.3 per cent, as a result of the newly created *International Tourism Management* subprogramme and the inclusion of membership fees for international organisations in the subprogramme. These fees were previously budgeted for in the *Administration* programme. As this is a new programme, it does not have historical performance information.

Expenditure on travel and subsistence is expected to increase from R2.2 million in 2011/12 to R9.3 million in 2014/15, at an average rate of 62.8 per cent. Officials are expected to travel extensively both locally and internationally as part of their marketing responsibilities. R5 million is allocated for spending on consultants between 2012/13 and 2014/15.

Programme 4: Domestic Tourism

Objectives and measures

- Facilitate the implementation of appropriate support packages for regions through the development of provincial and regional profiles to inform support packages, and coordinate the implementation with the appropriate authorities by developing and updating 9 provincial profiles and delivering 6 support packages informed by relevant strategies by 2014/15.
- Facilitate the implementation of national tourism imperatives by 2014/15 by:
 - implementing programmes that are responsive to national socioeconomic policies
 - supporting 505 tourism products through the expanded public works programme's social responsibility funding
 - implementing a tourism incentive programme
 - implementing the rural tourism strategy recommendations
 - supporting 12 national programmes focusing on skills development and quality assurance.
- Provide support to SMMEs for economic development and job creation over the MTEF period by:
 - providing funds for the Tourism Enterprise Partnership and monitoring its performance
 - supporting growth of 5 per cent in revenue or 5 per cent in jobs in 530 rural enterprises, 25 enterprises, 170 businesses with market access and 3 150 historically disadvantaged enterprises
 - providing training on tourism opportunities and competitiveness.
- Create employment opportunities by:
 - implementing labour intensive tourism projects targeting the unemployed, youth, women, and people with disabilities by 2014/15
 - creating 16 949 full time equivalent jobs through the implementation of the expanded public works programme social responsibility component by 2014/15.
- Facilitate the development and growth of provincial and regional profiles over the MTEF period by:
 - implementing 6 support packages informed by rural, heritage and human resource development strategies
 - coordinating with appropriate authorities in each region to implement support packages
 - updating 9 provincial profiles.

Subprogrammes

- *Domestic Tourism Management* provides a comprehensive administrative and operational support service for the programme's activities, develops potential in promoting and supporting the growth of domestic tourism in South Africa's southern and northern regions, and transfers funds to facilitate development support for SMMEs through strategic partners in tourism. It focuses on supporting rural and historically disadvantaged enterprises, growing tourism enterprises, creating revenue streams and jobs, and developing skills and capacity. This subprogramme had a staff complement of 6 and a total budget of R6.3 million in 2011/12, of which 43 per cent was transferred to strategic partners in tourism such as the Tourism Enterprise Partnership.

- *Domestic Tourism Management: Southern Region* develops potential in promoting and supporting the growth of South African domestic tourism in the country's southern region. This entails managing the development of domestic tourism in Western Cape and Northern Cape (leading in heritage development), managing the development of domestic tourism in Eastern Cape and Free State (leading in rural development), conducting research to develop and update provincial and regional tourism profiles, developing and implementing tourism support packages informed by relevant strategies with a specific focus on product support, implementing the rural tourism strategy, and supporting national tourism programmes in the region. This subprogramme had a staff complement of 8 and a total budget of R9.7 million in 2011/12, of which 24.7 per cent was used for goods and services, including travel and subsistence.
- *Domestic Tourism Management: Northern Region* develops potential in promoting and supporting the growth of South African domestic tourism in Gauteng, North West and Limpopo (leading in niche tourism development), and Kwazulu-Natal and Mpumalanga (leading in social tourism development). This entails conducting research to develop and update provincial and regional tourism profiles, developing and facilitating the implementation of tourism support packages informed by relevant strategies with a specific focus on product support, implementing the rural tourism strategy, and supporting national tourism programmes in the region. This subprogramme had a staff complement of 9 and a total budget of R11.1 million in 2011/12, of which 26.1 per cent was used for travel and subsistence.
- *Social Responsibility Implementation* facilitates the development of tourism infrastructure projects under the expanded public works programme through the use of labour intensive methods targeting the unemployed, youth, women, the disabled and SMMEs. This subprogramme had a staff complement of 47 and a total budget of R302.7 million in 2011/12, of which 4.3 per cent was used for implementing tourism projects and training project beneficiaries.
- *Strategic Partners in Tourism* addresses transfers and subsidies for small business. The subprogramme had a total budget of R20 million in 2011/12 and split its transfers between the Ezemvelo Wildlife programme and the Tourism Enterprise Partnership. Strategic partners function as specialist agencies for the department.

Expenditure estimates

Table 35.8 Domestic Tourism

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Domestic Tourism Management	3 000	7 000	9 863	6 289	11 007	11 484	12 699
Domestic Tourism Management: Southern Region	12 208	15 116	5 853	9 723	11 852	12 325	13 053
Domestic Tourism Management: Northern Region	-	-	11 185	11 148	12 177	12 663	13 411
Social Responsibility Implementation	420 105	266 001	270 176	302 669	277 414	312 024	330 744
Strategic Partners in Tourism	69 366	52 097	20 000	20 000	25 000	30 000	31 760
Total	504 679	340 214	317 077	349 829	337 450	378 496	401 667
Change to 2011 Budget estimate				500	42 734	64 298	68 617

Economic classification

	66 900	36 241	38 409	53 658	65 195	63 279	68 413
Current payments							
Compensation of employees	43 276	23 301	26 573	34 113	35 514	37 493	39 695
Goods and services	23 624	12 940	11 836	19 545	29 652	25 760	28 691
<i>of which:</i>							
Administrative fees	19	421	43	46	56	47	50
Advertising	739	691	418	214	248	202	218
Assets less than the capitalisation threshold	436	733	267	608	238	190	202
Bursaries: Employees	9	303	1	-	-	-	-
Catering: Departmental activities	114	260	53	185	972	812	860
Communication	521	624	509	508	605	597	689
Computer services	522	749	3	32	5	4	4
Consultants and professional services: Business and advisory services	1 562	526	1 500	3 431	2 296	495	1 048

Table 35.8 Domestic Tourism (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Consultants and professional services:	511	516	–	20	20	20	21
Legal costs							
Contractors	1 757	853	950	600	5 000	5 201	6 048
Agency and support / outsourced services	–	–	4	–	–	–	–
Entertainment	6	290	2	57	1	1	1
Inventory: Food and food supplies	–	–	–	41	–	–	–
Inventory: Materials and supplies	–	–	62	–	51	42	45
Inventory: Other consumables	–	–	337	62	231	151	190
Inventory: Stationery and printing	271	–	897	1 245	1 760	1 512	1 610
Lease payments	358	100	143	140	217	183	194
Property payments	–	–	19	10	–	–	–
Transport provided: Departmental activity	–	–	36	50	–	–	–
Travel and subsistence	11 268	4 904	5 518	8 032	13 918	12 329	13 305
Training and development	346	190	144	420	–	–	–
Operating expenditure	2 368	517	344	224	3 023	2 881	3 048
Venues and facilities	2 817	1 263	586	3 620	1 011	1 093	1 158
Interest and rent on land	–	–	–	–	29	26	27
Transfers and subsidies	437 779	303 973	277 368	294 896	270 492	313 595	331 536
Non-profit institutions	72 366	59 097	27 664	22 700	27 725	32 868	34 797
Households	365 413	244 876	249 704	272 196	242 767	280 727	296 739
Payments for capital assets	–	–	1 300	1 275	1 763	1 622	1 718
Machinery and equipment	–	–	1 300	1 275	1 695	1 564	1 656
Software and other intangible assets	–	–	–	–	68	58	62
Total	504 679	340 214	317 077	349 829	337 450	378 496	401 667

Details of transfers and subsidies

Non-profit institutions							
Current	72 366	59 097	27 664	22 700	27 725	32 868	34 797
Strategic partners in tourism	69 366	52 097	20 000	20 000	25 000	30 000	31 760
National tourism business initiative	2 000	2 000	2 200	1 200	1 200	1 266	1 340
Tourism Hospitality and Sports Education and Training Authority	–	4 000	–	–	–	–	–
Tourism Business Council	500	500	500	500	500	528	559
Federated Hospitality Association of South Africa	500	500	4 964	500	525	554	587
Ezemvelo KwaZulu-Natal Wildlife	–	–	–	500	500	520	551
Households							
Other transfers to households	365 413	244 876	249 704	272 196	242 767	280 727	296 739
Expanded public works programme	365 413	244 876	238 281	252 962	202 710	219 115	231 431
Expanded public works programme incentive	–	–	11 423	19 234	40 057	61 612	65 308

Expenditure trends

Expenditure decreased from R504.7 million in 2008/09 to R349.8 million in 2011/12, at an average annual rate of 11.5 per cent, due to a decrease in funding for the expanded public works programme as the department did not meet the job creation target.

This is a new programme and therefore does not have historical performance information to compare with. Over the MTEF period, the budget will focus on creating full time equivalent jobs through the social responsibility

implementation. In 2010/11, the *Social Responsibility Implementation* programme created 8 090 full time equivalent jobs and implemented 25 390 accredited training person days.

Over the medium term, expenditure is expected to increase to R401.7 million, at an average annual rate of 4.7 per cent, mainly due to increased funding for the implementation of the expanded public works programme.

R3.9 million is allocated between 2012/13 and 2014/15 for spending on consultants to provide support for business and advisory services.

Public entities and other agencies

South African Tourism

Overview: 2008/09 – 2014/15

The core business of South African Tourism, established in terms of the Tourism Act (1993), is to position and market South Africa as a tourism destination of choice. The entity's key activities include promoting tourism by encouraging potential visitors to travel to and within South Africa and ensuring the highest attainable quality standards of tourism services and facilities.

The entity's key objectives include increasing: the annual volume of international tourists visiting the country, the average spend per tourist, international brand awareness of South Africa as a travel destination, and the number of graded accommodation establishments. Funding is primarily used for running marketing offices in targeted countries and promoting local tourism, which helps reduce seasonality in the industry, and facilitating the grading of products and services. The entity engages with various marketing initiatives such as media hosting, participating in various exhibitions both domestic and international to promote tourism to South Africa. These exhibitions include the annual Indaba South Africa and Meetings Africa marketing platforms, which increase trading activity.

Performance

Foreign tourist arrivals grew from 5 944 568 between January and February 2010 to 6 100 270 between the same period in 2011. This represents an increase of 2.6 per cent. Opportunities for further growth in the tourism sector are substantial, especially in light of the 2010 FIFA World Cup, which improved South Africa's global image. The average spend per international tourist is expected to increase from R8 900 in 2010/11 to R13 820 in 2014/15.

Selected performance indicators

Table 35.9 South African Tourism

Indicators	Programme/activity/objective	Past			Current	Projections		
		2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of global brand awareness	Head office marketing	76% (14 489 400)	79% (15 061 350)	79% (15 061 350)	77% (22 534 050)	79% (22 534 050)	79% (22 534 050)	80% (22 534 050)
Number of accommodation establishments graded per year	Tourism Grading Council of South Africa	6 940	8 196	5 932	8 288	6 172	6 789	7 468
Number of international tourist arrivals per year	International portfolios	9 591 828	9 933 966	11 395 700	10 295 520	11 922 201	12 243 315	12 683 472
- land arrivals		7 087 452	7 490 425	8 498 735	7 912 667	8 959 083	9 312 060	9 580 733
- air arrivals		2 504 376	2 443 541	2 896 965	2 382 853	2 963 117	3 031 255	3 102 699
Average spend per international tourist in the country per year	International portfolios	8 100	8 400	8 900	9 222	12 536	13 162	13 820

Programmes/activities/objectives

Table 35.10 South African Tourism

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
International portfolios	382 483	432 135	429 916	342 037	360 614	391 315	408 019
Head office marketing	215 806	293 728	299 291	396 158	421 027	445 504	472 682
Head office support	70 795	61 175	53 946	44 150	48 488	64 629	63 626
Head office finance	31 514	31 070	35 409	37 534	39 786	42 173	44 703
Tourism Grading Council of South Africa	33 399	35 403	37 527	39 779	42 165	44 695	47 376
Total expense	733 997	853 511	856 089	859 658	912 080	988 316	1 036 406

South African Tourism had a total budget of R859.7 million in 2011/12, of which 84.8 per cent was used for goods and services.

Savings and cost effectiveness measures

The entity plans to implement cost savings measures and reduce its overheads over the MTEF period. The entity plans to reassess the size of its board of directors, a contributing factor to high costs, to ensure the efficient use of limited resources. Flowing from the annual performance planning sessions where overheads are scrutinised and minimised, the use of external consultants has been curtailed and stringent measures applied to avoid unnecessary consumables so that the bulk of the entity's funding can be used for international marketing activities.

The entity operates in a multi-currency environment, where significant foreign exchange movements can have a substantial impact on the consolidated budget. The organisation plans to increase overseas offices from 11 to 12 by closing the Japan office and opening two new offices, one in Nigeria and another in Brazil. Foreign exchange rates and overhead structures will continue to be monitored closely so that maximum cost efficiencies can be maintained. South Africa Tourism transfers funds to its international offices timeously to minimise foreign exchange movement risk.

Expenditure estimates

Table 35.11 South African Tourism

Statement of financial performance							
R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	99 158	91 887	97 747	72 264	80 777	82 339	83 930
Sale of goods and services other than capital assets of which:	73 120	-	-	-	-	-	-
<i>Sales by market establishments</i>	29	-	-	-	-	-	-
<i>Other sales</i>	73 091	-	-	-	-	-	-
<i>Other non-tax revenue</i>	26 038	91 887	97 747	72 264	80 777	82 339	83 930
Transfers received	641 786	774 976	736 658	748 283	831 303	905 977	952 476
Total revenue	740 944	866 863	834 405	820 547	912 080	988 316	1 036 406
Expenses							
Current expenses	733 997	853 511	856 089	859 658	912 080	988 316	1 036 406
Compensation of employees	110 912	111 459	103 628	114 480	120 662	127 419	134 554
Goods and services	604 717	723 014	737 321	728 671	774 020	842 525	882 487
Depreciation	8 639	14 799	14 342	16 507	17 398	18 373	19 365
Interest, dividends and rent on land	9 729	4 239	798	-	-	-	-
Total expenses	733 997	853 511	856 089	859 658	912 080	988 316	1 036 406
Surplus / (Deficit)	6 947	13 352	(21 684)	(39 111)	-	-	-

Table 35.12 South African Tourism (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	86 908	74 268	68 224	57 875	46 967	37 089	26 687
<i>of which:</i>							
Acquisition of assets	34 237	10 938	9 131	6 158	6 491	8 495	8 963
Receivables and prepayments	36 793	75 770	30 178	30 853	32 519	34 340	36 194
Cash and cash equivalents	162 615	224 657	269 999	210 124	250 270	276 793	304 145
Total assets	286 316	374 695	368 401	298 852	329 756	348 222	367 026
Accumulated surplus/(deficit)	54 566	68 166	46 729	3 948	3 948	3 948	3 948
Capital and reserves	14 471	17 513	17 290	18 589	19 593	19 593	19 593
Finance lease	25 018	2 904	2 642	2 801	2 952	3 118	3 286
Deferred income	–	56 572	50 241	50 241	50 241	50 241	50 241
Trade and other payables	180 546	209 772	230 355	210 102	231 449	253 991	277 750
Provisions	11 715	19 767	21 143	13 171	21 573	17 332	12 208
Total equity and liabilities	286 316	374 694	368 400	298 852	329 756	348 222	367 026

Expenditure trends

South Africa Tourism derives 89 per cent of its revenue over the MTEF period from transfers from the department. It also receives transfers from the Tourism Business Council of South Africa in the form of tourism levies collected by Tourism Marketing South Africa. Transfers received increased from R642 million in 2008/09 to R748.3 million in 2011/12, at an average annual rate of 5.3 per cent. The increase was to fund the preparations for the 2010 FIFA World Cup and the opening of offices in China and Angola. Over the medium term, transfers received are expected to increase to R952.5 million, at an average annual rate of 8.4 per cent, due to an additional allocation of R218 million for the entity's programme to grow the number of tourists visiting from other African states, which will be where spending is focused over the medium term.

The entity uses the bulk of its revenue in international marketing, which promotes tourism to South Africa and creates awareness for Brand South Africa.

Between 2008/09 and 2011/12, expenditure grew from R734 million in 2008/09 to R859.7 million in 2011/12, at an average annual rate of 5.4 per cent, due to the preparations for hosting the 2010 FIFA World Cup in 2009/10 and the opening of a new office in Angola in 2011/12. Over the medium term, expenditure is expected to increase to R1 billion, at an average annual rate of 6.4 per cent. The allocation over the medium term will help to increase global awareness of South Africa as a leisure destination, increasing from 17 million in 2011/12 to 18 million in 2014/15. The entity has allocated R27.8 million over the medium term for spending on consultants.

Personnel information

Table 35.13 South African Tourism

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	24	24	–	12	12	12	24	24	24	24
Executive management	5	5	–	4	5	5	5	5	5	5
Senior management	16	16	–	–	–	–	14	14	14	14

1. As at 30 September 2011.

Table 35.13 South African Tourism (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Middle management	61	61	2	14	14	14	61	61	61	61
Professionals	–	–	–	140	135	104	55	55	55	55
Skilled	53	53	–	–	–	–	–	–	–	–
Total	159	159	2	170	166	135	159	159	159	159
Compensation (R thousand)				110 912	111 459	103 628	114 480	120 662	127 419	134 554
Unit cost (R thousand)				652	671	768	720	759	801	846

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 159 posts, all of which are funded. The number of filled posts decreased from 170 in 2008/09 to 159 in 2011/12. The decrease is due to interns who were incorrectly included in the previous years' figures. Over the MTEF period, filled posts are expected to remain constant at 159, due to the establishment of the conventions bureau department. There were 2 vacant positions, both in middle management. The ratio of support staff to line staff is 1:0.6.

Additional tables

Table 35.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 thousand	2010/11		2010/11	2011/12			2011/12
Administration	124 289	178 840	155 770	160 835	25 109	185 944	185 944
Policy and Knowledge Services	655 613	658 728	644 241	695 512	–	695 512	695 512
International Tourism	10 998	14 565	26 388	37 200	(3 500)	33 700	33 700
Domestic Tourism	360 936	331 683	317 077	349 329	500	349 829	349 829
Total	1 151 836	1 183 816	1 143 476	1 242 876	22 109	1 264 985	1 264 985
Economic classification							
Current payments	196 073	220 694	213 867	268 165	4 346	272 511	272 511
Compensation of employees	98 480	101 080	100 252	141 895	2 687	144 582	144 582
Goods and services	97 593	119 614	113 615	126 270	1 405	127 675	127 675
Interest and rent on land	–	–	–	–	254	254	254
Transfers and subsidies	953 328	932 993	912 843	968 009	(2 500)	965 509	965 509
Departmental agencies and accounts	631 685	631 685	631 685	668 613	–	668 613	668 613
Foreign governments and international organisations	4 600	3 265	3 265	5 000	(3 000)	2 000	2 000
Non-profit institutions	46 700	27 700	27 664	22 200	500	22 700	22 700
Households	270 343	270 343	250 229	272 196	–	272 196	272 196
Payments for capital assets	2 435	30 129	16 763	6 702	20 263	26 965	26 965
Machinery and equipment	2 135	29 829	16 763	6 702	20 218	26 920	26 920
Software and other intangible assets	300	300	–	–	45	45	45
Payments for financial assets	–	–	3	–	–	–	–
Total	1 151 836	1 183 816	1 143 476	1 242 876	22 109	1 264 985	1 264 985

Table 35.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Compensation of employees (R thousand)	106 428	89 631	101 080	144 582	180 583	188 381	199 435
Training expenditure (R thousand)	1 470	980	1 105	1 953	1 800	1 872	1 982
Training as percentage of compensation	1.4%	1.1%	1.1%	1.4%	1.0%	1.0%	1.0%
Total number trained in department (headcount)	65	–	143	293			
<i>of which:</i>							
Employees receiving bursaries (headcount)	13	9	21	–			
Learnerships (headcount)	9	–	–	–			
Internships (headcount)	40	1	12	20			
Households receiving bursaries (R thousand)	600	650	700	–	733	770	–
Households receiving bursaries (headcount)	20	5	15	–			

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