

Update on the implementation of the Committee recommendations tabled in the 2023 Vote 38 Budget Report

5 September 2023

broadening horizons



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



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Background

The Department of Tourism and SA Tourism briefed the Portfolio Committee respectively on 2 May and 23 May 2023 on their Annual Performance Reports.

The report was published in the ATC, dated 23 May 2023

The report was placed on the National Assembly Order Paper of 30 May 2023 for consideration and agreed to on conditions as set out by the Portfolio Committee.

Subsequently, the following correspondence took place:

- 9 June 2023 a Letter from Portfolio Committee Chairperson, Hon T Mahambehlala to the Director General regarding the importance of Point 6.1
- 9 June a letter from the Director General to the Chairperson, acknowledging receipt.
- 9 June 2023, a letter from the Speaker of the National Assembly to the Minister, regarding the PC recommendations and request for a report on the matter



Background - Continued

- 11 June 2023 Letter from the Chairperson to the Director-General on the matter of the transfer of funds to SAT.
- 29 June 2023 Letter from the Minister to the Speaker regarding the Matter of Ms Kholeka Zama. The letter was referred to the PC on Tourism on 7 July 2023 and appeared in the ATC on the same date.
- 21 July 2023 letter from the Minister to the Speaker regarding the matters raised in the Tourism Budget Vote 38 report. The letter was referred to the Portfolio Committee on 27 July, and appeared in the ATC of 27 July 2023.
- 23 August Letter to the Speaker requesting feedback on earlier correspondence sent
- Correspondence was received from the Speaker, dated 17 and 28 August 2023. The correspondence between the Minister is attached as annexures.



Recommendations for the NDT and SA Tourism

6.1 The Budget for Vote 38: Tourism be approved but no further funds must be transferred to South African Tourism until the following conditions have been met:

6.1.1 The targets in the Annual Performance Plan of South African Tourism have been revised.

The targets in the SA Tourism APP were revised and approved in March 2023. The reference to the 21 million visitors by 2030 is in relation to the Medium-Term Strategic Framework (MTSF) which is in its final year of implementation. The MTSF captured the aspirational targets agreed to between the tourism sector and the Presidency. The APP targets for SA Tourism are captured in Part C of the tabled APP and excludes a 21 million arrivals target.



Recommendations for the Department and SA Tourism

6.1 The Budget for Vote 38: Tourism be approved but no further funds must be transferred to South African Tourism until the following conditions have been met:

6.1.2 The vacancies at an executive level of South African Tourism are filled.

The Minister has appointed a three-member Board in terms of the Tourism Act, 2014 while the process of appointing a final Board is being finalised and expected to be concluded by end October 2023, depending on Cabinet processes. Accordingly, the Board has already initiated the processes of filling of vacancies at executive level at SAT and is following due process with associated timeframes.

6.1.3 The Board reviewed and approved the delegation of authority in line with South African Tourism Policy as well as Section 12 of the Tourism Act, and section 56 of the Public Finance Management Act, 1999 which provide for the Board to delegate any of its powers and responsibilities in writing, while remaining ultimately accountable for such powers. The revised delegation of authority came into effect on 10 May 2023.



Recommendations for the Department and SA Tourism

6.2 The Minister of Tourism should expedite the process of appointing and properly constituting the Board of South African Tourism in accordance with the Tourism Act (Act No. 3 of 2014) and for that Board to appoint executive staff of the Entity, at which time the Committee will reconsider whether to recommend that Parliament should appropriate funds to Vote 38: Tourism.

The process of appointing the South African Board is ongoing and nominations closed on the 07 July 2023. Selection processes are scheduled to get underway in the coming weeks. Consultation with Cabinet, depending on the Cabinet Secretariat schedule, is scheduled for September/ October 2023.

In terms of the appointment of the executives, we have acted in accordance with 6.1.2



Recommendations for the Department and SA Tourism

6.3 The Minister of Tourism should appoint a representative to serve in the Board of SA Tourism as per Tourism Act (Act No. 3 of 2014) to enhance Entity the oversight function.

The appointment of the new Department representative, Ms. Uveshnee Pillay was gazetted on 22 August 2023.

6.4 The Leader of Government Business should intervene in ensuring that governance is restored at South African Tourism at both the Board Level and administration.

Three meetings have been scheduled with the Leader of Government Business. All three have been postponed, at the request of the LOGB.

Recommendations for the Department and SA Tourism

6.5 The Tourism Policy Review process should be finalised in the remaining period of the tenure of the 6th Administration as this has dragged unabatedly.

The Green Paper on the Development and Promotion of Tourism in South Africa has been approved by Cabinet on 30 August 2023 and was Gazetted for public comment on 1 September 2023.

The Master Plan will appear before Cabinet in September 2023.

6.6 Brand SA must be the Entity of the Department of Tourism and that the Minister of Tourism and Minister in the Presidency should finalise the process of the merger of South African Tourism and Brand SA within the tenure of the 6th Administration

The Minister consulted Minister in the Presidency, Khumbudzo Ntshavheni, responsible for Brand SA.

In correspondence, dated 19 July 2023, Minister Ntshavheni advised that she has been granted approval to suspend the merger of the two entities. She has, however, assured that the work undertaken by Brand SA will not contradict the mandate of South African Tourism.

Recommendations for the Department and SA Tourism

6.7 The Minister must establish an independent Grading Council of South Africa which is not a subsidiary of South African Tourism in accordance with the Tourism Act (Act No. 3 of 2014).

The Tourism Grading Council of South Africa (TGCSA) reviewed its business model in Quarter 4 of the FY2022/2023, which was approved by the SA Tourism Board. This strategic document will inform the business case that will be submitted to the Minister of Tourism, through the Board, which will outline the most optimal business model for the TGCSA. It is estimated that SA Tourism will have the business case ready by Quarter 4 of FY2023/2024. The structure of the NDT will, then, be reviewed to include the TGCSA.

6.8 The Board Member, Ms Kholeka Zama, committed an act of perjury when she said the delegation of authority taken away by the Board on 27 April 2023 was returned to the executives at South African Tourism, and that the Minister of Tourism should look into this matter and report back to the Committee about consequence management action meted against Ms Zama in this regard.

The Minister have through correspondence dated 29 June 2023 to the Speaker to provide feedback to the Committee on the matter related to Ms Kholeka Zama where a request for a recording and/or transcript relating to the allegations was sought. The Speaker has, since, written to the PC Chair to provide a response. No response has yet been received.



Recommendations for the Department and SA Tourism

6.9 The Minister of Tourism should involve the Special Investigations Unit (SIU) in investigating cases opened by the Department of Tourism on various tourism infrastructure projects.

On the forensic investigations, there seems to be no will from the Department to follow-up with the opened cases. The Committee should look into engaging the Special Investigations Unit (SIU), in order to obtain more details and progress on the cases opened by the Department. (3.8.1. – observation)

Cases were reported to South African Police (SAPS) and are under investigation.

The Minister will further explore whether it is feasible to include the SIU on matters already under investigation by the Directorate for Priority Crime Investigations (The Hawks).

Updates, received by the Department, may not be shared as they may jeopardise the investigations.



Recommendations for the Department and SA Tourism

6.10 The Minister of Tourism should investigate the alleged conflict of interest by the Members of the Board and report back to the Committee.

The members of the Board have been selected based on their experience and qualifications in the areas of Finance, Governance and Tourism. There is no Conflict of Interest.

Other issues observed and stated by the Committee and responded to by the department:

Programme 1

The Department will also track the percentage implementation of the Annual Internal Audit Plan. The Committee will to closely monitor the Department's implementation of its audit action plan and schedule regular quarterly meetings with the Internal Audit Committee to assess the progress of identified areas of concern.

The department noted the recommendation. The Department's Oversight Committee is already implementing a mechanism to monitor the implementation of the plan.



Other issues observed and stated by the Committee and responded to by the department

Programme 2

Monitoring and evaluation reports on tourism projects and initiatives developed with five Monitoring and Evaluation Reports on tourism projects and initiatives planned for the year. At the end of the financial year, the Department will have developed evaluation reports for its capacity-building programmes, incubators and grading programme. Quarterly reporting on these initiatives is limited and does not contain detailed information.

The Committee will request the Department to share said reports with it for improved oversight. Requests of this nature have been sent to the Department in the past and it has not been forthcoming with this information. This request is being made early in the financial year, thus the Department has ample opportunity to ensure that the Committee will have access to the detailed information that will be collected under this target.

Completed reports will be provided to the Committee and future reports to be provided on completion by the Director-General.



Other issues observed and stated by the Committee and responded to by the department

Programme 2

3.8.3 Preparation for BRICS Summit

The Committee was concerned that South Africa will be hosting the BRICS Summit later in the year but there were no visible campaigns from the Department to market the country.

The department noted the concern of the committee.

In line with the Cabinet approved theme for South Africa's Chair-ship of BRICS in 2023, the Department of Tourism's focus area for BRICS chair-ship is "Sustainable and inclusive tourism recovery". This focus area builds on the focus areas of the previous chairs, namely India in 2021 "BRICS Alliance for Green Tourism" and China in 2022 "Green growth, sustainable development and resilient recovery". The Department plans will host two BRICS Tourism Senior Officials Meetings (SOM) and 1 BRICS Tourism Ministerial. All the meetings will be in person in South Africa.

The BRICS Tourism Ministers Summit, due to logistical reasons, could not take place before the BRICS summit and will now take place from 22-24 October 2023.



Other issues observed and stated by the Committee and responded to by the department

Programme 3

3.8.5 Master Plans

The Committee noted that full tourism plans have been developed. What was needed are the specifics of the plans and including them in the relevant District Development Models.

As previously reported in Annual Performance Plans of the Department of Tourism, four spatial tourism masterplans have been completed in consultation with relevant public and private sector stakeholders, including local government. The Department has been working closely with District and Local Municipalities to integrate the prioritised initiatives emanating from these Masterplans into the relevant District Development One Plans.



Other issues observed and stated by the Committee and responded to by the department

Programme 4 Safety Monitors

The Committee advised the Department that all their training programmes should be accredited. The Department must partner with the South African Police Services to provide skills training that are needed at tourism crime hotspots. The number of Safety Monitors should also be increased as crime against tourists is one of the serious challenges in the country.

The Tourism Monitors are scheduled to undergo NQF 3 Certified training. Over and above that, they will receive an additional five days of training from the South African Police Service. This training includes: crowd management, crime prevention and reporting.



Other issues observed and stated by the Committee and responded to by the department

Programme 4

New business incubators established in the form of (i) Business Advisory Services focusing on Women in Tourism in Limpopo, and (ii) Business Advisory Services focusing on Homestay Pilot Programme. This is a new target for the Department and is welcomed

The Committee is interested in whether:

- The advisory services to the Women in Tourism will be extended to other provinces.
- Through these advisory services, these businesses will also be equipped to qualify for available funding initiatives that they can apply for.
- The Homestay Pilot Programme entails benefits to communities and the role the Department plays in this Programme. Will the assistance the Department provides ensure that businesses are linked to existing supply chain structures in the Province.

The Department will review the impact of the programme and take a decision whether or not to extend it to other Provinces.

The Business Advisory Services focusing on Women in Tourism in Limpopo and the Homestay Pilot Programme are supported with the skills, resources and opportunities to increase their chances of success, training and guidance in areas such as sales, marketing, business strategy and finance. The programme is intended to strengthen the capacity of the micro-enterprises to operate on their own, to be sustainable and to create jobs.



Other issues observed and stated by the Committee and responded to by the department

Programme 4

The Department will also implement a number of capacity-building programmes to benefit 2 500 unemployed youth trained on norms and standards for safe tourism operations. It is not clear from the planned target:

The total number of 2517 unemployed youth were exposed to skills development programmes during the 2022/2023 financial year.

- **Which provinces or areas will benefit from this training?**

All the nine provinces benefited from the various skills development programmes offered to the unemployed youth.

Continue....



Other issues observed and stated by the Committee and responded to by the department.

Continue.....

- **Companies are conducting their own internal training on the norms and standards, how feasible is this target to addressing youth unemployment? The key question is the practicality and impact of the initiative. Will the project provide a long-term usable skill to the youth that will significantly improve their circumstances for the better in the long run? Cont...**

Upon completion of the various skills development programmes, the learners are issued with certificates of certified completion by the relevant Sector Education and Training Authorities such as CATHSSETA and Food and Beverage SETAs. The training addresses the gap identified in the Human Resource Development Strategy that was developed by the Department as a result of consultation with the Sector.



Other issues observed and stated by the Committee and responded to by the department

Continued...

The Service Providers who are appointed to deliver the training also assist with the placement of the learners with various employers in the Tourism Sector. Some of the learners find permanent placement at the end of the skills development programmes.

The norms and standards training forms part of the unit standards for the skills development programmes that are offered to the learners. This is not a stand-alone programme. By the time the learners complete the programme, they need to be fully aware of the standards that are in place for safe tourism operations.

The programmes are impactful since they provide new skills to the youth and increase their chances of finding employment in the Tourism and Hospitality Sector.



Other issues observed and stated by the Committee and responded to by SA Tourism

Programme 1

The new indicator in this programme is an annual target of Corporate Compliance Campaign (Operation Clean Audit). This indicator will be closely monitored by the Committee as it forms part of the Entity's efforts to improve its compliance while working towards a clean audit outcome. The Entity should provide an outline of the milestones achieved per quarter, when tabling their quarterly reports to the Committee.

SA Tourism notes the request .

The Entity will provide an outline of the milestones achieved per quarter, when tabling their quarterly reports to the Committee.



Other issues observed and stated by the Committee and responded to by SA Tourism

Programme 2

Annual Global PR and Communications Plan implemented

This new indicator will determine areas of focus, internally, for the Entity that require improvement. The survey will focus on four drivers: leadership, culture, human experience and talent. The improvement plan will work towards ensuring that SA Tourism is the best company to work for. According to SA Tourism, the plan will focus on the promotion of its offerings and destination SA's tourism offerings. At a glance, this performance indicator raises questions on how this plan differs from the Global Advocacy Programme / Global Tourism Brand Campaign and work being done by the Entity's international country offices.

The Budget Vote Report of 2023 by the Portfolio Committee confuses the Annual Global Public Relations and Communications Plan, with the Best Company to Work For, the Global Advocacy Programme and the Global Tourism Brand Campaign. These are four completely different plans with different objectives and outputs. The description of each of the four plans are clearly articulated in the Technical Indicators Descriptions (TID) for each of the plans.



Other issues observed and stated by the Committee and responded to by SA Tourism

Programme 3

Number of distribution channel initiatives implemented in market. This is a new target raises the following questions:

- 1. Are these new distribution channels or ongoing relationships – or a combination of both**
- 2. Was the Entity's new approach not to minimise the number of distribution channels/marketing partners used as it invested towards digitising its systems continue.....**

It is a combination of both. Distribution channels are traditional and non-traditional trade, i.e., Media, influencers, corporates, stakeholders and can be a combination of both. Distribution channel initiatives are platforms that allow for engagement and communication with distribution channels to build destination awareness, interest and/or conversion. The annual distribution channels initiatives will be a combination of both as SAT seeks to broaden its brand reach and engagements.



Other issues observed and stated by the Committee and responded to by SA Tourism

Programme 3

Number of distribution channel initiatives implemented in market.

This is a new target raises the following questions: Cont.....

3. Will these initiatives entail joint marketing agreements – if so how will their effectiveness be monitored?

At the moment, SAT does not enter into joint marketing agreements but rather leverages opportunity activities. These leveraged opportunities are monitored through the SAT brand marketing activity elements showcased in the collaborative platforms. The activities are linked to our regional campaigns and these campaigns have the success matrix outlined. We engage with the aim of having relevant and affordable deals on our platform that we in turn promote to the consumer. We monitor website activity.



Other issues observed and stated by the Committee and responded to by SA

Programme 3

Number of distribution channel initiatives implemented in market.
This is a new target raises that following questions:

4. What role will the Entity's country offices/hubs play in rolling out these initiatives?

These activities form part of the hub annual implementation plan. SAT has highlighted which global initiatives will be leveraged by the Africa markets.

5. How much are the cost implications of these initiatives and can the Entity partner on them with Brand South Africa and other South African country offices (e.g. DIRCO) to manage or minimise costs?

To achieve economies of scale in what we do, SAT efforts are combined into a 360-degree campaign, which assists the entity to do more with less. Furthermore, SAT's initiatives involve stakeholder collaboration internally, and with SA Missions in the markets in which we operate, the Department of Tourism, Provincial Authorities, and/or Brand SA where applicable.

Other issues observed and stated by the Committee and responded to by SA Tourism

Programme 4

There are two new indicators for the financial year include the publication of reports on Bidding impact and Participation at international strategic platforms. The Entity should avail the final reports to the Committee.

The report(s) on the Bidding Impact and participation at international strategic platforms are available.



Recommendation

It is recommended that the Portfolio Committee notes the report on the Budget Vote 38 recommendations report.

