

Briefing to the Portfolio Committee on Tourism

Department of Tourism Annual Report 2015/16 Financial Year

21 October 2016

Department of Tourism
www.tourism.gov.za

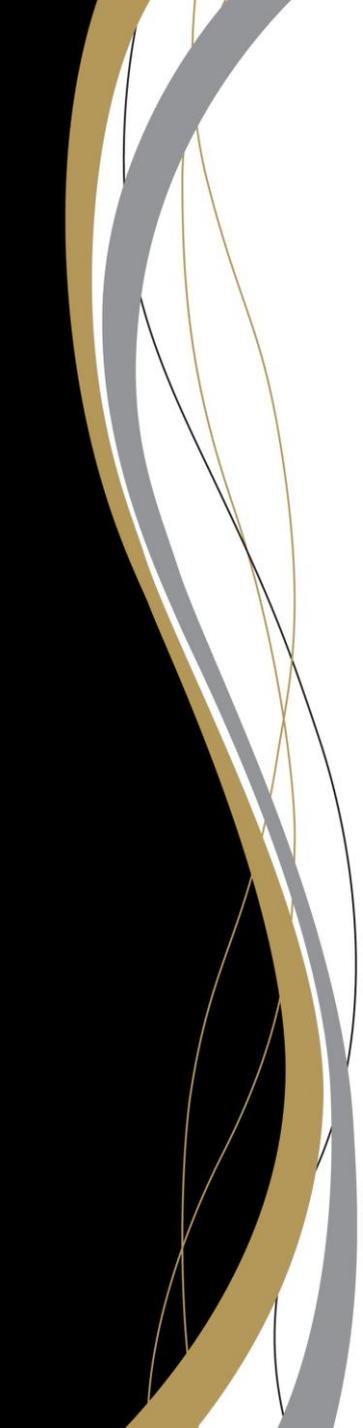


tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

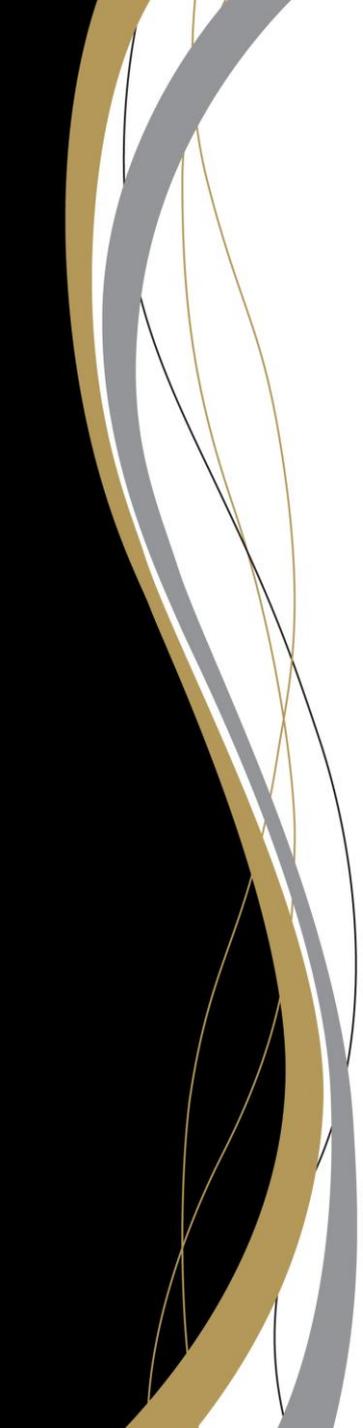


Inspiring new ways



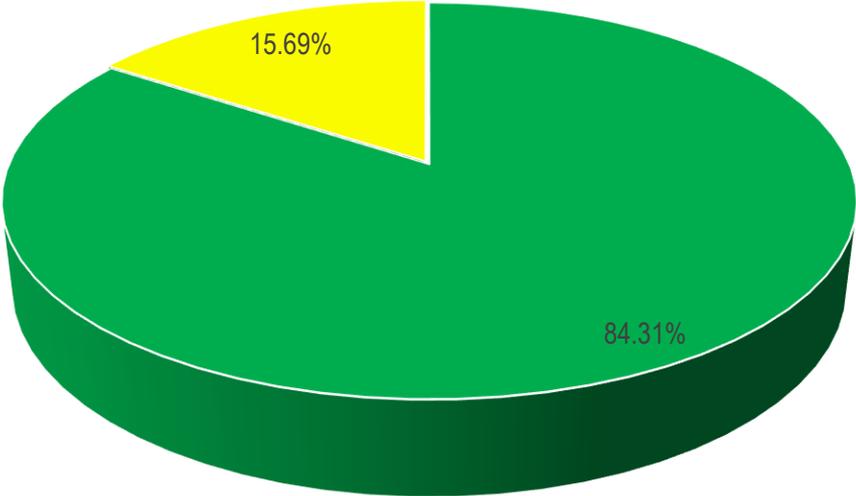
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1. Performance Information.
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1. Programme Performance Information

2015/16 DEPARTMENTAL ANNUAL PERFORMANCE



Achieved



Not achieved



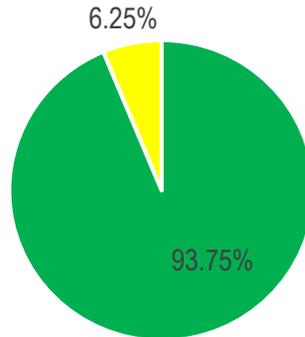
Not achieved; however significant work done



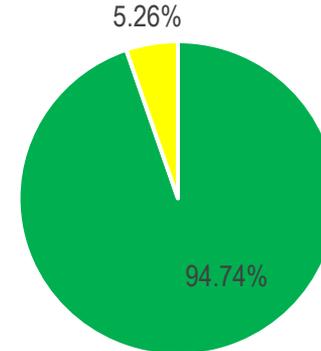
Insufficient information to express opinion

BRANCHES ANNUAL PERFORMANCE OVERVIEW

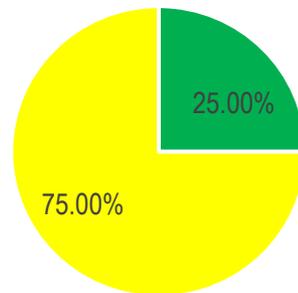
Chief Operating Officer



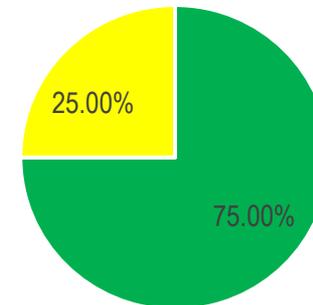
Policy and Knowledge Services



International Tourism Management



Domestic Tourism Management

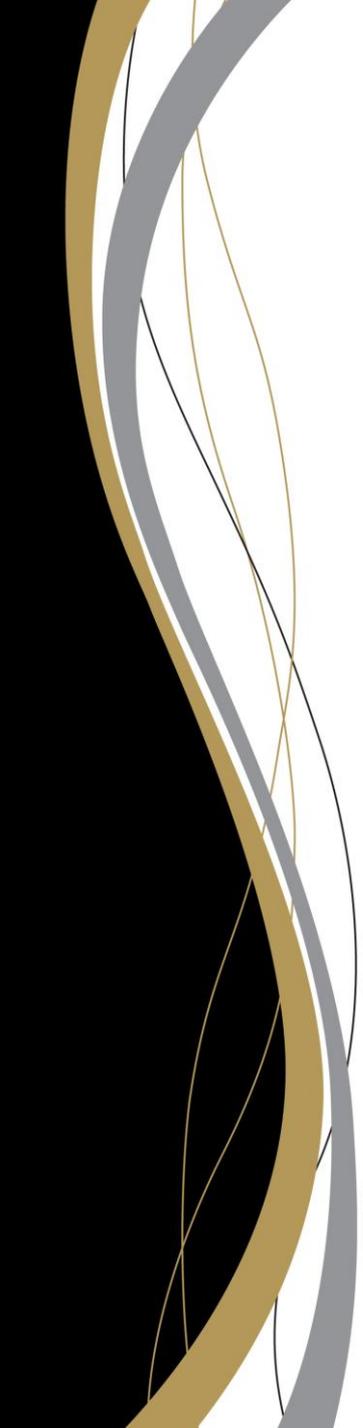


 Achieved

 Not achieved

 Not achieved; however significant work done

 Insufficient information to express opinion



PROGRAMME 1

ADMINISTRATION : PERFORMANCE HIGHLIGHTS

Programme 1: Performance highlights

Strategic Objective: To ensure economic, efficient and effective use of departmental resources.

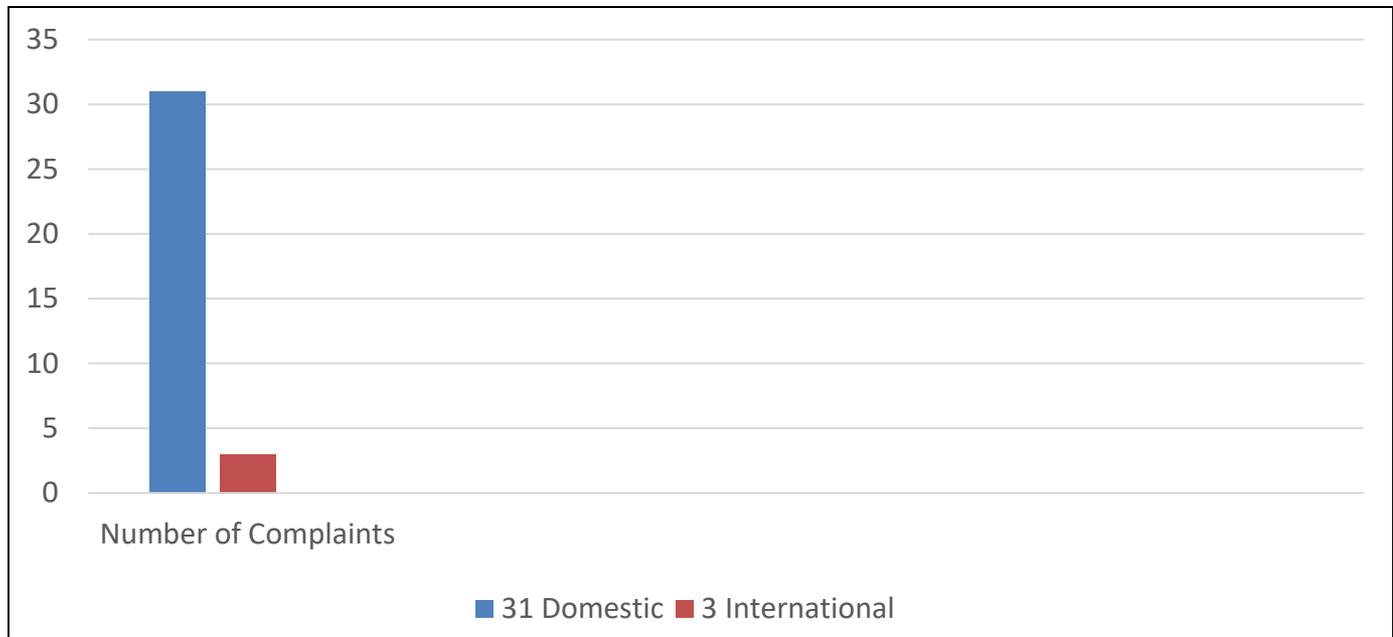
- Clean Audit (performance and financial).
- Achieved 5.75% vacancy rate against a stretched target of 8%.
- Achieved 49% of women at Senior Management level against a 50% target (Top Management at 67%).
- Achieved 5% for people with disability (against a stretch target of 5%, with national target being 2%) – the total number is about 24 people.
- Achieved 100% departmental procurement from BBBEE compliant.

Programme 1: Performance highlights

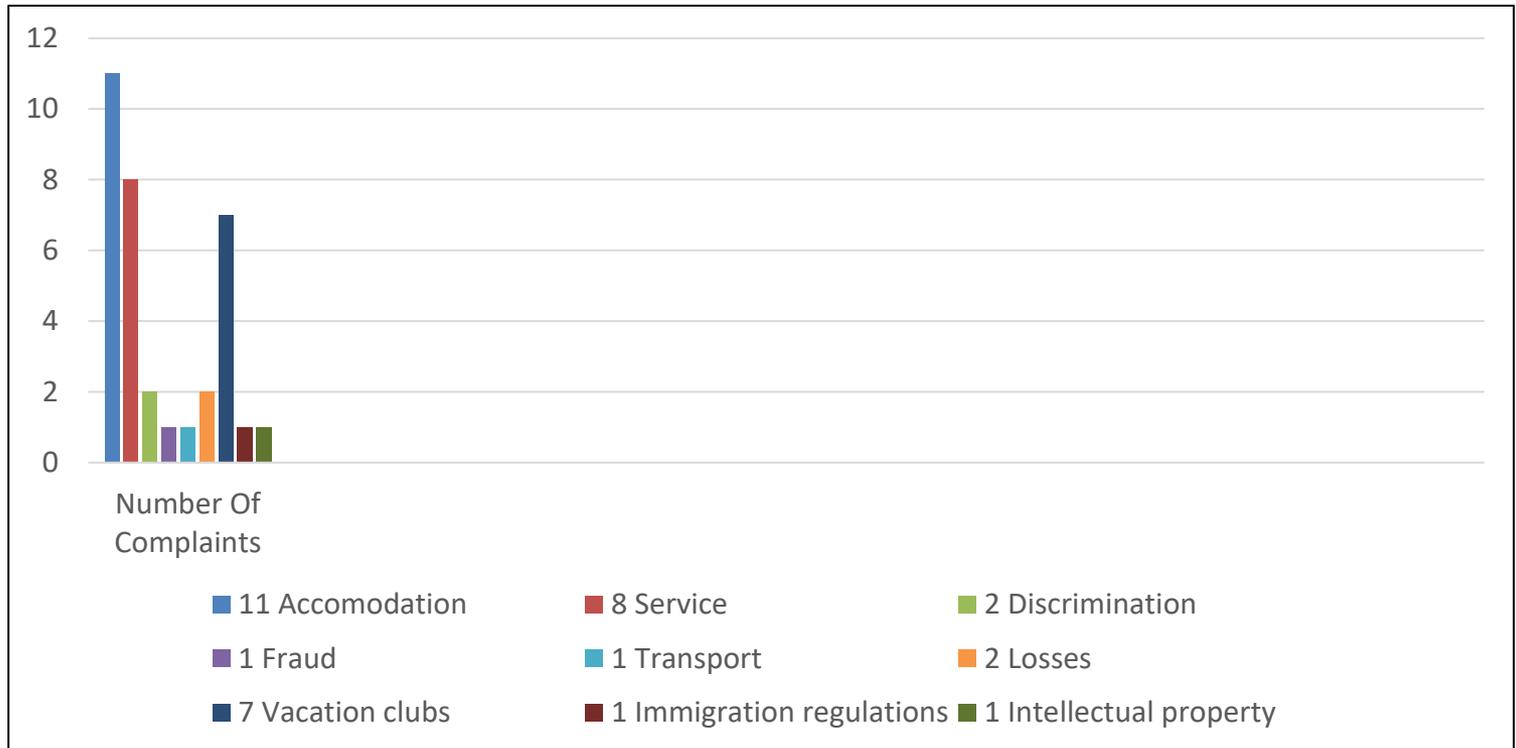
Service Delivery Information

- One Tourist Guide appeal received and resolved in accordance with the Tourism Act, 2014 requirements.
- Information Gateway (OR Tambo) operational with personal contact support and self help service daily from 06h00 am to 22h00 and self-help service only, through touch screens between 22h00 and 06h00 am.
- A total of 34 complaints lodged with the Tourism Complaints Officer, of which 26 were finalised and 8 in process (all within the required timeframes) – *see statistics in the following slides.*

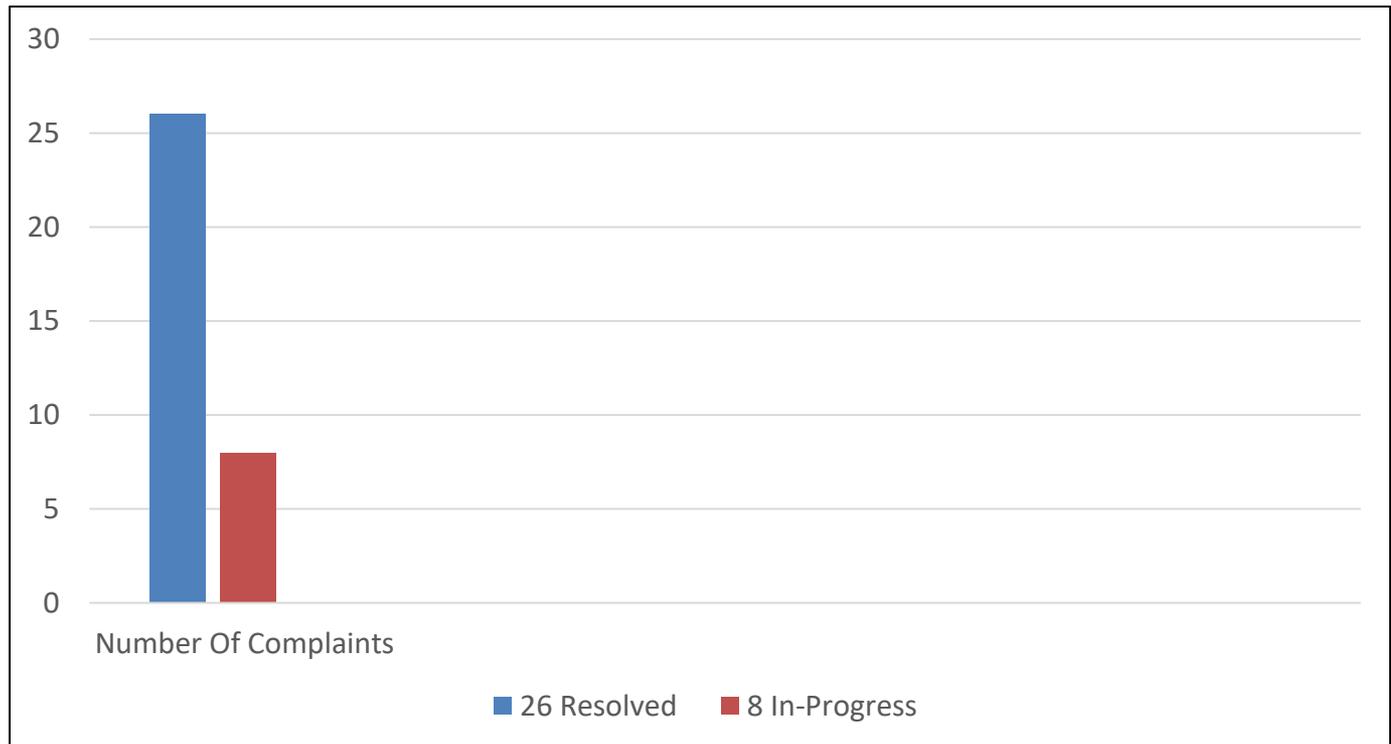
COMPLAINTS STATISTICS INTERNATIONAL & DOMESTIC



NATURE OF COMPLAINT

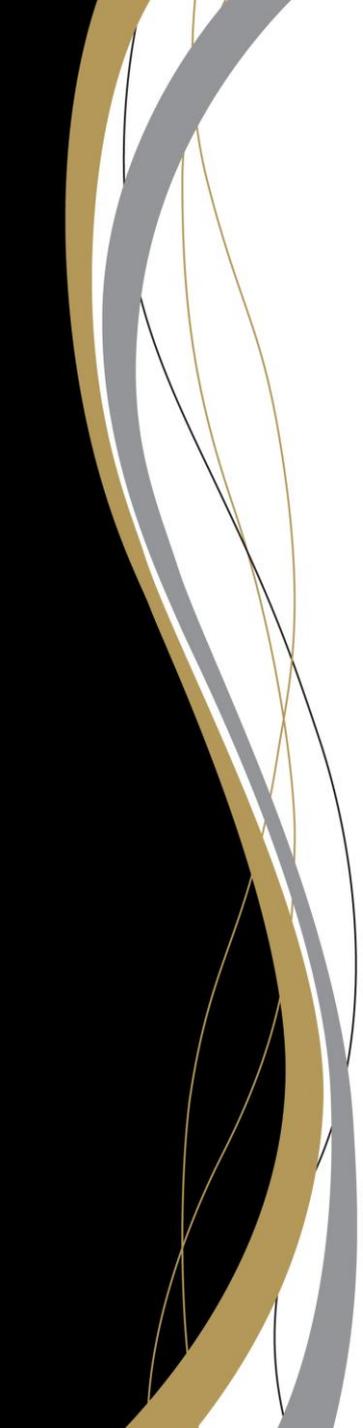


RESOLVED COMPLAINTS



Programme 1: Challenges, lessons learnt and proposed solutions

- Increase in consultancy services – driven by advisory services for the energy efficiency programme (most of these are non-recurring medium-term contracts that are unavoidable due the technical nature of the required expertise).
- Need for realignment of the organisational structure to strategy and consolidation of common areas (e.g. capacity building, Local Government support, product development etc.) – The department has commenced with this process with a view to implement in 2017/18 financial year.



PROGRAMME 2

POLICY AND KNOWLEDGE SERVICES

Programme 2: Performance highlights

Strategic Objective: To create an enabling legislative and regulatory environment for tourism development and growth.

- New regulations for tourist guides was developed.
- Draft review NTSS was completed but not published for comments due to extensive consultations with affected and interested stakeholders (*however, a subsequent decision has been taken to revisit that draft review*).
- Tourism BBBEE codes were promulgate (20 November 2015).

Strategic Objective: To accelerate the transformation of the tourism sector.

- Enterprise and supplier development programme to accelerate SMMEs' empowerment in the tourism sector was developed (the focus is on procurement facilitation through a portal).

Programme 2: Performance Highlights

Strategic Objective: To facilitate tourism capacity-building programmes.

- Executive Development (ED) Programme to capacitate black women managers developed in association with UNISA – 20 students have since been placed on this programme. The participants are active employees in industry with recommendations from Industry Employers.
- Capacity-building on tourist information conducted at the eight world heritage sites – inline with the National Visitor Information Framework.
- Programme to capacitate tourist guides was implemented at two World Heritage Sites, namely: Robben Island Museum: Twenty five (25), Vredefort Dome: a group of five (5) guides from the Vredefort Dome - up-skilling was further provided in areas of business and entrepreneurial skills, communication and presentation as well as content training to other already qualified Tourist Guides.
- Training was provided to 81 tourism practitioners from 49 municipalities and 77 policy makers from 27 municipalities.
- UA stakeholder awareness and training of staff was conducted at all 9 government-owned provincial parks

Strategic Objective: To diversify and enhance tourism offerings.

- Universal accessibility assessments were conducted for Blyde River Canyon Nature Reserve and Pilanesberg Provincial Park in North West.

Programme 2: Performance Highlights

Strategic Objective: To diversify and enhance tourism offerings.

Tourism Incentive Programme: Pilot phase

Market access: 145 applications received of which 80 were approved for International Market Access support (for ten different international marketing platforms) – of which 53 claims were processed. These were approved for eleven international trade platforms (*business and leisure platforms*). A further 70 enterprises were approved for market access through Indaba platform – *hence the transfer of funds to SAT in 2015/16.*

Tourism grading: 206 applications received for grading support, with 139 approved - 99 accommodation establishments' claims were processed.

Energy-efficiency:

Partnership with IDC to implement a private sector energy efficiency programme, with seed funding of R30 million and IDC making available instruments for access to finance for those requiring loans in this regard.

Concluded procurement processes for the public sector owned facilities energy efficiency programme.

Destination development plans for the following sites were completed: Robben Island Museum and Walter Sisulu National Botanical Gardens. Other destination development plans include: Phalaborwa Wild Activity Hub, Shangoni Gate, Tsitsikama Big Tree Gateway, Maropeng Expansion, National Heritage Monument.

Programme 2: Performance Highlights

Strategic Objective: To provide knowledge services to inform policy, planning and decision-making.

- OR Tambo International Airport - National Tourism Information Gateway (NTIG) is optimally operational with adequate capacity.
- Added the King Shaka International Airport (KSIA) NTIG
- Increase online information provision and self-help services/assessment tools through the Tourism Portal in areas such as Responsible Tourism, Local Government Needs Analysis, Visitor Information Centres and Services, Tourist Guiding Services, Service Excellence and events.
- **Impact evaluation report conducted** on completed operational projects under Social Responsibility Implementation (**SRI**) indicates that there is a need for a review of the model. Whilst a number of projects are successful (mainly those with operating partners and/or with Municipalities), there are those which are not working optimally – these lessons will inform the SRI policy/strategy review as well.
- Four research studies were conducted in collaboration with universities in the following areas: Local Economic Development, Community participation, Regional tourism competitiveness and Service Excellence.
- NTSS implementation and State of Tourism reports were also completed.

Programme 2: Challenges, lessons learnt and proposed solutions

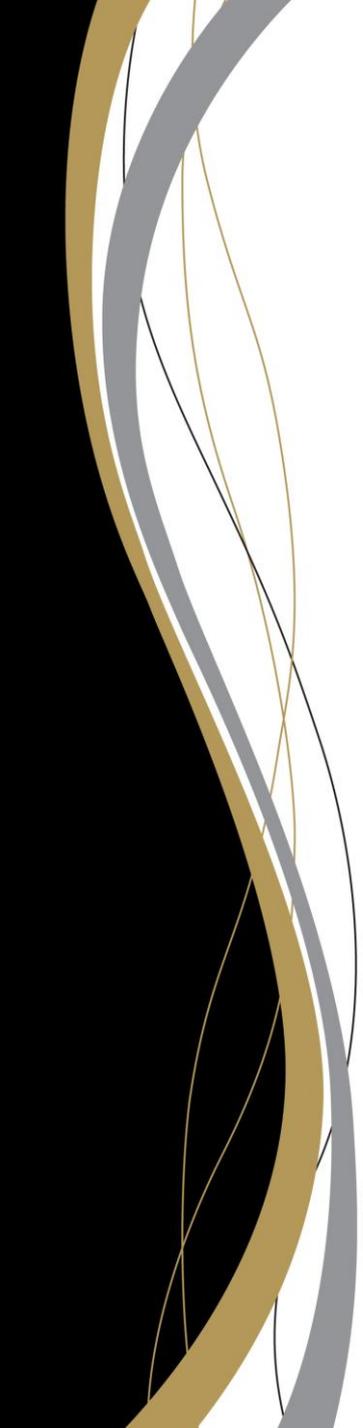
Strategic Objective: To provide knowledge services to inform policy, planning and decision-making.

- Limited capacity of some of the Universities to fulfill the requirements of the research partnerships – (the department uses contractual instruments to provide for strategic interventions that may include introduction of another university or collaborations).
- Very low uptake of the tourism grading incentive despite industry confirmations of the need for it – (*integration of the incentive in the overall grading system and use of the grading council to implement that incentive component – with initial seed funding provided*).
- Unavoidable process delays (*contract negotiations*) in the implementation of large capital projects, particularly around destination development and energy efficiency – (*To overcome this, a large pipeline of projects must be in place, with detailed existing plans and not just concepts*) – this will ensure that there is complete readiness at the beginning of each financial year) – It will also ensure that most of the applicable expenditure is evenly or proportionately spread over the financial year (this explains why most of the expenditure in the Tourism Incentive Programme (TIP) was in the later part of the year – *plans and contracting were completed at that stage*).
- Universities programmes start at the beginning of a calendar year and require funding shortly before that period upon complete planning for the year – hence the transfers to take place before the commencement of the academic year.

Programme 2: Challenges, lessons learnt and proposed solutions

Strategic Objective: To provide knowledge services to inform policy, planning and decision-making.

- General slow uptake of new incentives by industry – (to overcome this, various incentives should be developed and scaled up progressively in areas that show a significant market appetite and uptake with visible impact).
- Processing of claims for supported enterprises has a lagging period of two months after the event and in some cases approval and part payment happens way before the event to secure the space – (*risk is accepted by the department*).
- On international market access support - it does appear that for some small enterprises, they struggle with cash flow issues, leading difficulty in paying for their flights and accommodation – (need to strengthen the domestic and regional market access component to build the capacity for future international market).



PROGRAMME 3

INTERNATIONAL TOURISM MANAGEMENT

Programme 3: Performance highlights

Strategic Objective: To facilitate tourism capacity-building programmes.

- Chefs trainer's skilling workshop/training was confirmed with the partners (the French), with the confirmed dates of actual training falling outside the reporting period (starting 18 April 2016).
- Capacity-building programme (knowledge, insights and tools) for SA missions abroad, was implemented in the form of training provided to 37 officials to be posted abroad on the requests from DIRCO) – officials were posted at various missions in the Americas, Africa, Middle East, Middle East and Asia.

Strategic Objective: To develop new source markets.

Tourism source market development plans implemented in the following regions: Indonesia, Malaysia, Singapore (South-east Asia), Russia, Poland, Portugal, Turkey, Saudi Arabia, Egypt, Senegal, Sweden, Norway, Denmark, Mexico, Argentina, Chile) – 15 markets instead of 20.

Used of official and or state visits to also do a trade mission (additional 9) – making it a total of 24.

The following engagements / exhibitions were not done: Canada, Finland, Senegal, Ireland and Zambia.

The Department took a strategic decision to have all trade related interventions in markets to be driven by South African Tourism – with support from the department on areas of diplomatic interface for strategic unlocking of relations.

The overall international tourism strategy is under review.

Programme 3: Performance Highlights

Strategic Objective: To enhance regional tourism integration.

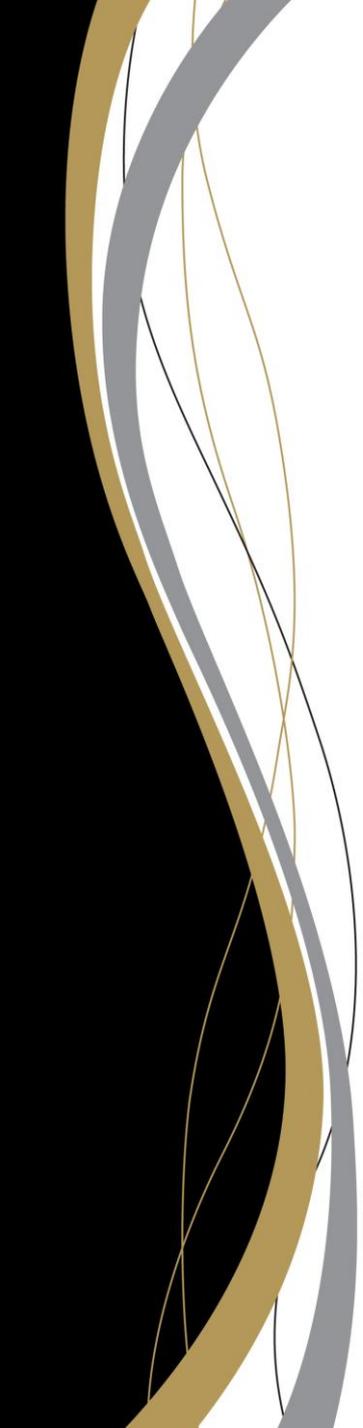
- Hosted Africa Tourism Ministerial Dialogue session – coinciding with Indaba (This session allows for strategic reflects and policy dialogue on matters of positioning tourism in the continent in a less diplomatic format) – the focus was on travel facilitation and better connectivity across the continent.

Other interventions:

- Strategic support for the reorganisation of Regional Tourism Organisation of Southern Africa (RETOSA).
- Hosted sharing of best practices workshop for African countries focusing statistics, grading, tourism policy formulation, business and mega events.
- Facilitated exchange programme with Seychelles in relation to working models of international resort hotels in the Island and the hospitality schools models. The participants Mahikeng Hotel School, CPUT and FEDHASA. Seychelles Tourism Academy and CPUT have signed collaboration agreement as a result.

Programme 3: Challenges, lessons learnt and proposed solutions

- Third party dependency must be limited by confining the targets to what is within the departmental control (to be effected in future planning).
- Strategic reorganisation of the department and review of areas of harmonisation collaboration with South African Tourism, DIRCO, BrandSA, Provinces and others.
- Establish mechanisms to ensure that other routine and adhoc strategic functions within the international domain are lifted for reporting (e.g. implementation of bilateral instruments, engagements at multilateral fora etc.) as they take a bulk of resources and time.



PROGRAMME 4

DOMESTIC TOURISM MANAGEMENT

Programme 4: Performance highlights

Strategic Objective: To enhance understanding and awareness of the value of tourism and its opportunities.

Hosted National Tourism Careers Expo (NTCE) in Free State Province - attended by 461 educators, 7384 learners and 42 exhibitors.

Tourism Month outreach to Limpopo Province – “one billion tourist – one billion opportunities”

Educator Exposure Programme - Through partnership with FEDHASA, Basic Education Department and UNISA (across all nine provinces)

Service Excellence awareness across nine provinces and the Department of Home Affairs (both private and public organisation in the tourism value chain) – targeting small enterprises within the private sector.

Strategic Objective: To accelerate the transformation of the tourism sector.

101 rural enterprises supported for development against a target of 100 in partnership with the Tourism Enterprise Partnership – Across 31 municipalities.

The areas of support are: Mentorship, Access to Information Market Access, Training and Quality Assurance.

Programme 4: Performance highlights

Strategic Objective: To facilitate tourism capacity-building programmes.

Local government tourism induction programme (direct interaction with municipalities, traditional leaders and private sector), with a focus on rural areas with tourism potential (six district municipalities) conducted, these were:

- Bushbuckridge Local Municipality – Mpumalanga – 86 people.
- Harry Gwala District Municipality - KZN – 49 people.
- Ngaka Modiri Molema District Municipality – North West – 78 people.
- Vhembe District Municipality – Limpopo – 60 people.
- ZF Mgcawu District Municipality - Northern Cape; 80 people.
- Dr RS Mompoti District Municipality - North West; 62 people.

Leading to establishment of Local Tourism Organisation (Public-Private sector) in Bushbuckridge Local and Dr RS Mompoti District Municipalities.

Strategic Objective: To diversify and enhance tourism offerings.

Implemented Service Excellence Standards at Manyane Game Reserve (*next to Pilanesberg*) and Robben Island Museum (RIM) – resulting in recorded improvement in service levels for RIM and effective process changes for Manyane.

Interpretative Tourism Signage erected at Cradle of Humankind and iSimangaliso Wetland Park.



WELCOME TO THE RICHTERSVELD WORLD HERITAGE SITE

THE RICHTERSVELD CULTURAL AND BOTANICAL LANDSCAPE WORLD HERITAGE SITE

THE PEOPLE OF THE RICHTERSVELD

***NB: VISITORS TO THE RICHTERSVELD WORLD HERITAGE SITE MUST BE AWARE OF THE FOLLOWING RULES OF THE RICHTERSVELD WORLD HERITAGE SITE:**

Mapungubwe National Park

Mapungubwe National Park

Mapungubwe National Park

Location	Distance
Mapungubwe	0.0 km
Day Visitor Area	1.0 km
Mapungubwe Area	1.0 km
Whitaker Bush Camp	1.0 km
Phosphor Quarry	1.0 km
Confluence	1.0 km
Mapungubwe Area	2.0 km
Mapungubwe Hill	2.0 km



Programme 4: Performance Highlights

Strategic Objective: To create employment opportunities by implementing tourism projects.

- 3059 full-time equivalent (FTE) jobs created through the Department's Expanded Public Works Programme against a target of 3 008.
- Completed eleven (11) product assets received by beneficiaries amounting to R166,560,462. These include attractions, information centres, heritage tourism facilities, accommodation as well as food and beverage facilities.
- Achieved accredited training associated with delivery of infrastructure for 207 beneficiaries (skills areas include –construction and hospitality related areas).
- 4081 youth trained in areas such as Chefs, Hospitality (buddies) and Wine appreciation. Of these, 2688 youth (66%) are women.
- 19 of the trained youth are employed as Chefs in the USA and Dubai.

KZN Chefs Graduation



EPWP WORKERS – FALSE BAY



Programme 4: Challenges, lessons learnt and proposed solutions

EPWP Projects:

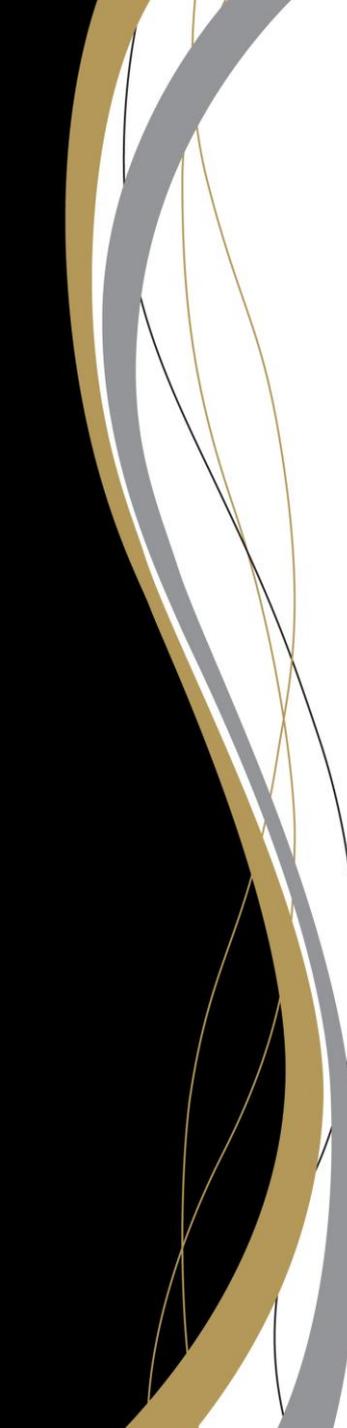
- Limitations in capacity by owning agencies to operate the facilities (provision of support for identification of operating or management companies). Future interventions include facilitation of targeted hospitality training for the local beneficiary communities. The department is also ensuring that provinces are involved in the sustainability mechanisms.
- Projects not reaching completion on time and within budget. The department has sourced technical support from Government Technical Advisory Centre (GTAC) – to provide technical support for planning and implementation for the finalisation of the projects – including sustainability tests. Process is also underway for full review of internal processes, systems and policies (with the assistance of KPMG)
- Suspected improper conduct on the part of project implementers as found in the outcomes of the forensic audit - (the department has opened cases against these implementers with the SAPS). Disciplinary action taken against officials whose duty it was to ensure effective management of the implementers.
- Inadequate internal professional capacity for planning and implementation of Infrastructure projects (Department is undertaking an institutional review).
- *GTAC will revisit all outstanding projects, the concepts, plans and actual sites*

Programme 4: Challenges, lessons learnt and proposed solutions

- The department is also reviewing the overall Social Responsibility Initiative policy/strategy to ensure that it is effective – given the tensions between delivery of quality infrastructure and labour intensity.

Other Challenges:

- Whilst recruitment of food safety trainee officers was completed the placement did not take place due to contract negotiations resulting delays in the sourcing of training provider.
- The Tourism Human Resources Development Strategy Review – Sector Skills Audit could not be completed due to delays in the contracting associated with leadership changes of the partner agency. These delays affected the timelines for implementation – hence the work was not concluded. ***The outcome of this process will also deal with role clarification amongst the players in skills development in the sector.***
- Interpretive signage at Vredefort Dome – The erection the signage in partnership with Free State was not completed on time – hence the department did not disburse of the funds (R250,000) to the Province.
- Need to revisit the partnership with TEP to ensure that the principles of equitability, competitiveness, cost effectiveness are applied – (a panel of service providers has been appointed).

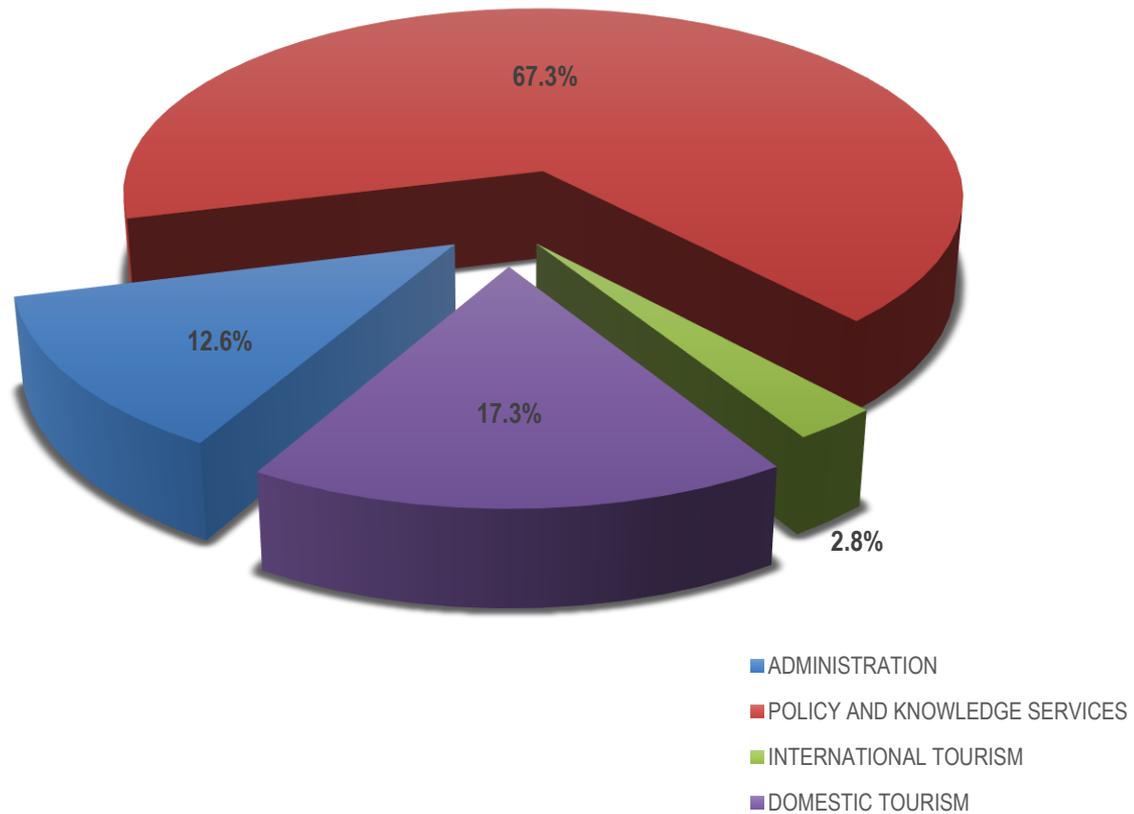


2. Financial Information

BUDGET AND EXPENDITURE FOR 2015/16

Programme	Final Appropriation (R'000)	Expenditure (R'000)	Expenditure as per % of Final Appropriation
1. Administration	227 378	224 811	98.9%
2. Policy and Knowledge Services	1 205 699	1 195 525	99.2%
3. International Tourism Management	50 500	49 928	98.9%
4. Domestic Tourism Management	310 601	307 130	98.9%
Total	1 794 178	1 777 394	99.1%

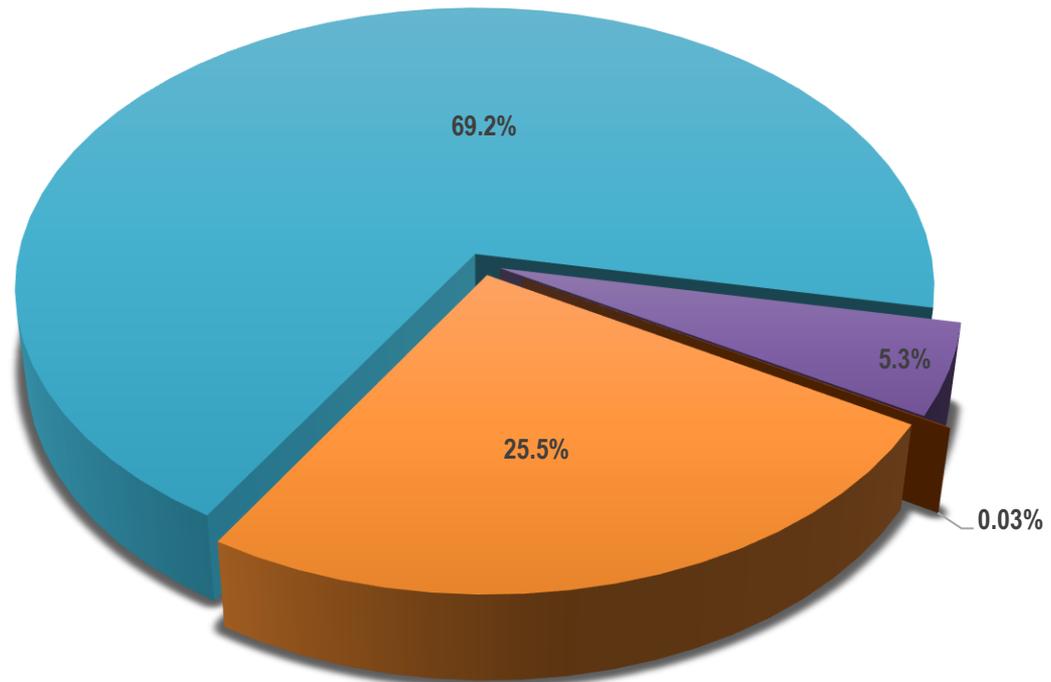
ACTUAL EXPENDITURE PER PROGRAMME



EXPENDITURE PER ECONOMICAL CLASSIFICATION (SUMMARY)

Economical Classification	Final Appropriation R'000	Expenditure R'000	Variance R'000
Current Payments	463 980	452 618	11 362
- Compensation of Employees	253 059	252 906	153
- Goods and Services	210 921	199 712	11 209
Transfers and Subsidies	1 236 203	1 230 784	5 419
- Departmental Agencies and Accounts	1 050 536	1 045 570	4 966
- Higher Education Institutions	3 809	3 800	9
- Public Corporations and Private Enterprises	72 916	72 915	1
- Foreign Governments and International Organisations	6 004	5 810	194
- Non-Profit Institutions	24 450	24 200	250
- Households	78 488	78 489	(1)
Capital Assets	93 415	93 413	2
- Buildings and other fixed structures	87 160	87 160	-
- Machinery and Equipment	6 213	6 211	2
- Software and other intangible Assets	42	42	-
Payment for Financial Assets	580	579	1
Total	1 794 178	1 777 394	16 784

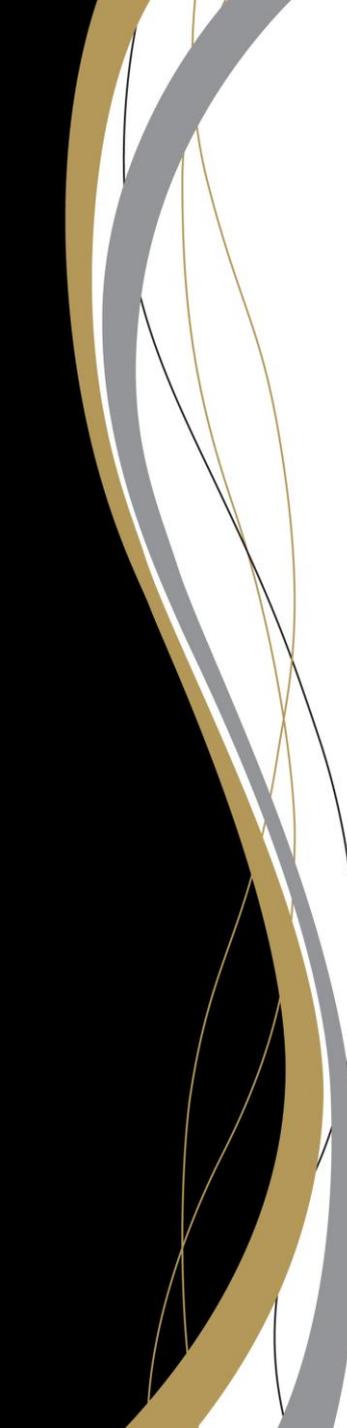
ACTUAL EXPENDITURE PER HIGH LEVEL ITEM



- Current Payments
- Transfers and Subsidies
- Capital Assets
- Payment for Financial Assets

DETAILS OF VARIANCE

Details	Amount R'000	Action
Current Payments - Cost containment measures - Accruals	11 362	Returned to National Treasury.
Transfer Payments - Departmental Agencies and Accounts - Foreign Governments and International Organisations	5 419	Returned to National Treasury.
Payments for Capital Assets - Machinery and Equipment	2	Returned to National Treasury.
Payment for Financial Assets	1	Returned to National Treasury.
TOTAL	16 784	



3. Human Resource Information

EMPLOYEE RELATIONS CASES

Total number of Reported Misconduct Cases	Finalised cases	Pending Cases
14	9	5

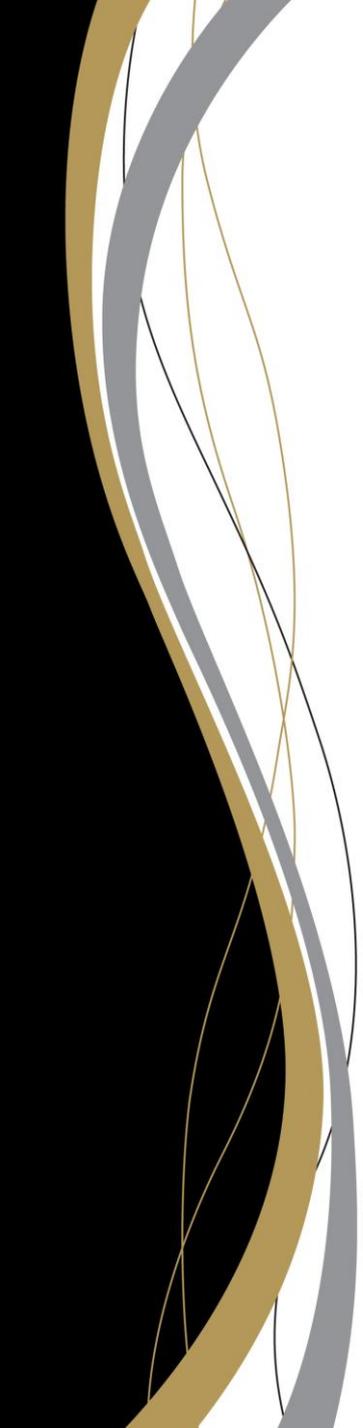
Number of Grievances Reported	Grievances Resolved	Grievances Pending
10	7	3

WORKFORCE REPRESENTATIVITY AS END OF 31 MARCH 2016

TOTAL ESTABLISHMENT		
Race	Number	Percentage
Africans	449	87.2
Coloureds	27	5.3
Indians	16	3.1
White	23	4.5
TOTAL	515	100
Persons with Disabilities	24	4.7

EMPLOYEES PER OCCUPATIONAL BANDS: MARCH 2016

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	2	2	0	0	1	6
Senior Management.	22	3	3	1	22	1	3	2	57
Professionally qualified and experienced specialists and mid-management.	94	2	5	6	95	7	3	6	218
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents.	69	5	0	0	104	8	2	5	193
Semi-skilled and discretionary decision making.	19	0	0	0	12	1	0	0	32
Unskilled and defined decision making.	4	0	0	0	5	0	0	0	9
TOTAL	209	10	8	9	240	17	8	14	515



Thank You