

Review of South African Tourism

Presentation to the Portfolio Committee on
Tourism

06 November 2015



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



Inspiring new ways

The Review Panel

- Panel Members:
 - Mr Valli Moosa - Chairperson
 - Dr Crispian Olver
 - Ms Jeanine Pires – international expert
 - Mr Mavuso Msimang
 - Ms Nunu Ntshingila-Njeke
 - Ms Kate Rivett-Carnac
 - Dr Tanya Abrahamse
- The panel was appointed in February 2015 and submitted its report in June 2015.
- The report has been considered and discussed with the Board.
- Recommendations are at different stages of implementation.



Scope of the Review

The review scope covered the following areas:

- The mandate of SA Tourism;
- The strategy and performance of the entity;
- Governance and the organisational structure ;
- Stakeholder relations;
- The role of SA Tourism in relation to other entities responsible for tourism and/or tourism related functions across the value chain.

Key Findings and Responses: The Role and Mandate of SA Tourism

Panel findings	Minister Response	Board Response
SA Tourism's mandate and role as specified in the Act are appropriate for a destination marketing organisation: International tourism marketing as main focus of SA Tourism with domestic tourism marketing and business tourism marketing as important additional areas.	Accepted.	Complete agreement. Domestic tourism base is an essential component, as is the link between business and leisure tourism.
Clear distinction in roles and responsibilities between SA Tourism and the department.	Accepted.	Mandates and working relationship needs to be clarified.
Develop and deepen partnership with the public and private sectors.	Accepted. This entails creating a more responsive and collaborative culture of working at SA Tourism.	Agreed that mandate needs to be more clearly communicated and defined relative to other public sector institutions (such as Brand SA). A private and public sector stakeholder plan is being developed.
SA Tourism mandate needs to be communicated more effectively.		

Key Findings and Responses: International Marketing

Panel findings	Minister Response	Board Response
The panel found that there is a need for an innovative and fresh international marketing approach.	Accepted.	Agreed. Innovation will be based on fresh insights to be generated through new market insights.
The panel recommended a review of the marketing execution business model, particularly the use of service providers.	Accepted. There needs to balance between service providers and internal competencies to strategically guide and manage service providers.	Agreed. A lead agency approach is being adopted to reduce dependency on service providers. A cost effective model will always be embraced.
The Panel identified a need for a strategic partner for the hosting of SA Tourism trade shows (in particular – Indaba).	Accepted.	Agreed. SA Tourism is sourcing a private sector partner for Indaba.
The Panel identified a need for review of buyer selection and participation at international tourism shows.	Accepted.	While buyers and participation at international shows remain important, an analysis of best returns will guide these programmes.
The panel found that SA Tourism has extensive presence online but more need to be done to bring about integration across the different online marketing platform.	Accepted.	Agreed. A single platform unification project is due to be completed by the end of 2015, but varying campaign spaces will be maintained to accommodate in-country insights. 5

Key Findings and Responses: Domestic Tourism

Panel findings	Minister's Response	Board Response
<p>Domestic tourism should remain a core mandate of SA Tourism, albeit exercised in partnership with national, provincial and local role players.</p> <p>The panel welcomed the focus on domestic tourism but emphasised the need to strengthen the strategy and take advantage of new markets (i.e. black middle class).</p>	Accepted.	Agreed. The domestic tourism strategy is being reviewed. A domestic think tank has been convened.
Apply one brand strategy across international and domestic markets to address tourism brand fragmentation (after all there is only one tourism destination).	Accepted.	Agreed. This will integrated into the new Research and Analytics strategy.
Revive the “Welcome Campaign” or an equivalent to build a “tourism nation”.	Accepted.	Agreed but requires clarity on the mandates of SA Tourism and Brand SA

Key Findings and Responses: Tourism Grading Council of SA

Panel findings	Minister's Response	Board Response
TGCSA should be removed from SA Tourism's operations as it is not well aligned to the organisation (proposed options are NDT, SABS or independent).	Not accepted. TGCSA needs to remain at SA Tourism where it is supported by an institutional architecture.	The Board will support Minister's decision in this regard but urges for clarity to avoid confusion and / or industry concern.
The new business model for TGCSA should be interrogated as to whether there is real value in a grading council for industry and the destination. Self-funding should be considered.	It is accepted that a new business model is required.	The Board believes there is a real need for a grading council to focus on the industry on delivering a world class experience to all our guests through each part of the tourism value chain.
SA Tourism should continue to partner with TripAdvisor and other online platforms that are extensively used to research product and for peer reviews of the destination.	Accepted.	The Grading Council is in the process of piloting the integration of online reviews into the grading criteria.

Key Findings and Responses: SA National Convention Bureau

Panel findings	Minister's Response	Board Response
Strengthen the business case for the SANCB for its existence and the motivation for the use of state resources for subvention funding. Self-funding mechanisms to be considered with the maturation of SANCB and the business events industry.	Accepted. A level of self funding should be explored in the long term but is not yet a viable option	The Board will assist management to relook at the case for a bid fund to make a more compelling case. International best practice sees subvention funds funded from the Fiscus and self-funding is not appropriate.
Effective Delegations of Authority need to be developed to allow for speedy approvals affecting SANCB operations.	Accepted.	A separate sub-committee is being explored for SANBC.
Improved research and analysis must be generated for business tourism.	Accepted.	Complete agreement and plans are afoot to improve the research and analysis function for Business Tourism.
SA Tourism must maximise the linkages between business and leisure tourism	Accepted.	Complete agreement. A strategic focus area in 2016 will be to convert business events travellers to leisure tourists.

Key Findings and Responses: Institutional Positioning and Partnerships

Panel findings	Minister's Response	Board Response
SA Tourism must be underpinned by a partnership between government and industry. SA Tourism needs to work in a way that is fundamentally collaborative.	Accepted. An accessible, flexible, engaging institution is necessary to support tourism focusing on collaborative destination marketing and development.	SA Tourism is preparing a detailed and comprehensive stakeholder engagement plan to include: <ul style="list-style-type: none"> - A new MOU with TBCSA - More strategic alignment with provinces, cities - Improved engagement with BrandSA and key cultural and natural heritage management agencies.
SA Tourism must engage with industry associations and members across its functional areas.		
Additional formal and informal channels are required for communication with industry associations, trade and product.		
New and improved platforms for cooperation and collaboration with government must be explored.		

Key Findings and Responses: Strategy, Analytics and Market Intelligence

Panel findings	Minister's Response	Board Response
Research to be repositioned at the heart of strategic planning including through reviewing and updating the Tourism Growth Strategy	Accepted. Excellent research must underpin decision making.	SA Tourism Board agrees completely and is reviewing the research function at SA Tourism and will present a revised strategy and function. Links with NDT research function will also be explored and optimised.
Enhance research deliverables including triangulating the StatSA data on tourist arrivals; Extend the new domestic tourism survey to be undertaken by StatsSA; Routinely undertaking benchmarking work to understand new practices at other comparable NTOs; Engaging industry to help interpret the market intelligence based on their actual experience of working with the markets.		
Reinstitute business planning as the core mechanism for determining strategy and allocating resources.		

Key Findings and Responses: Organisational Structure and Human resource development

Panel findings	Minister's Response	Board Response
<p>The Board needs to ensure that top management is 'fit for purpose'.</p> <p>Establish a culture of engagement and empowerment within and across all levels and units of the organisation.</p>	<p>Accepted. Significant work is required to improve the levels of cooperation and engagement across the organisation. The organisational design review must examine the best model for country offices, or hubs, to maximise marketing presence and returns on investment.</p>	<p>Many interventions are being undertaken to address leadership strengths and shortcomings including in relation to management style, communication to staff, engaging with the media, and stakeholders. Performance plans will reflect these elements too.</p>
<p>The organisational design should include a comprehensive review of the country office/hub office model given funding and resource constraints including currency risks and losses.</p> <p>This includes the 'mandated plans' to expand to 5 country offices in Africa.</p> <p>A skills audit must be undertaken against the new organisational design to understand which important skills are missing</p>		<p>The largely new appointments at EXCO level are well positioned to make the changes necessary to reposition the organisation.</p> <ul style="list-style-type: none"> • A tender for organisational review will be issued shortly. • A SA Tourism Ambassador programme has been launched. • The Delegation of Authority policy is being addressed to empower staff with appropriate levels of decision making. • A staff climate survey will be conducted before year end. • 360 degree assessments will be put in place soon.

Key Findings and Responses: Budget and Finance

Panel findings	Minister's Response	Board Response
<p>Strengthen business case for investment in marketing, and consistently make the economic argument for budget allocations.</p>	<p>Accepted.</p>	<p>The Board will review the business case of tourism to ensure it is more coherent. The MOU with TBCSA will seek to improve TOMSA levy collections.</p>
<p>Develop a clear strategy to improve collection of the TOMSA levy which includes demonstrating value for money. Their budget from National Treasury should not be cut when revenues grow.</p>		<p>The budget review and realignment will be taken into consideration in the preparation of the next strategic plan.</p>
<p>A review of the budget should be undertaken to include a range of important operational and management dimensions. A re-alignment, and monitoring of the budget should focus on:</p> <ul style="list-style-type: none"> - reducing/ limiting overheads; - increasing marketing expenditures, in particular on actual tourist facing media; protecting spend in core markets; - increasing the research budget and targeting reductions in non-return marketing costs. 		

Key Findings and Responses: Governance

Panel findings	Minister's Response	Board Response
<p>The composition of the Board of SA Tourism should reflect the partnership between public and private sector that underpins its work.</p> <p>Subcommittees, such as the Marketing Committee, should bring in additional industry experience in relevant areas as and when required. Ad hoc advisory committees should be set up from time to time to advise the Board on particular issues.</p>	Accepted.	<p>The new Board has a combination of public and private sector experience and may co-opt expertise from time to time as necessary or required.</p>
<p>SA Tourism's Corporate Governance policy and Code of Conduct for Board members must be updated based on King III, and the new protocol with NDT.</p>	Accepted.	<p>The Board will review the format of the annual performance review of the Board committees and look at benchmarking and best practice.</p>
<p>The new governance protocol between SA Tourism and NDT must be urgently finalised.</p>	Accepted.	Strongly agreed.

Key Findings and Responses: Governance

Panel findings	Minister's Response	Board Response
SA Tourism should introduce staff satisfaction and stakeholder satisfaction measures into its organisational performance management and targets to be monitored by Board.	Accepted.	The Board's Remuneration Committee will be reviewing ExCo's contract.
ExCo's performance contracts should be aligned to the organisational performance plan. CEO's measures of performance should reflect the Corporate Governance policy's prescriptions to include a range of internal 'health of organisation' measures. The CEO and Chief Marketing Officer's performance should also be measured into terms of marketing effectiveness.		
Organisational and Executive performance management reviews must be based on objective measures		
Marketing effectiveness measures should be developed and introduced to achieve an understanding of the impact of various marketing activities relative to spent.		

Key Findings and Responses: National Department

Panel findings	Minister's Response	Board Response
The primary role for NDT must be to position tourism as a key economic sector within government and to unblock obstacles to tourism growth.	Accepted. that NDT's primary role is to champion tourism and unblock obstacles. The Department will consider how to achieve greater focus and better optimise its resources for impact.	The Board completely agrees that the respective roles and responsibilities need to be clarified and incorporated into the governance framework.
NDT should look at cutting back on its other focus areas and staffing levels and rather focus on legislation, regulation and policy. A departmental review should consider how to refocus the department for greater effectiveness.	There is however a role beyond legislation, regulation and policy, which includes, inter alia, skills development support, domestic tourism development and responsible tourism programmes.	
In relation to SA Tourism, a structured relationship of accountability needs to be complemented by a collaborative approach to working together to address key issues.	It has already been agreed that NDT and SA Tourism will improve their relationship and strategic collaboration.	

Conclusion

- *The staff of SA Tourism has done much to achieve marketing success in the past, contributing to our strong tourist growth rate. They deserve thanks and recognition for this.*
- *The Panel report with its extensive recommendations has paved the way for an improved and more effective SA Tourism.*
- *Critically, partnerships will now underpin the way that the organization researches, plans and executes its work.*
- *The new Board is seized with the opportunity to achieve greater impacts through an enhanced organisation.*
- *NDT will do its part to improve relationships and ensure that the Board is clear about the Ministry and Department's priorities.*



END