1. **Report of the Portfolio Committee on Tourism on 2015 Tourism Indaba, dated 21 August 2015**

The Portfolio Committee on Tourism, having attended the 2015 Tourism Indaba in Durban at Chief Albert Luthuli International Convention Centre from 8 - 11 May, reports as follows:

1. **Introduction**

The Medium Term Strategic Framework (MTSF) of government in the Fifth Parliament and the National Development Plan (NDP) recognise that many priorities of government are not about new policies and programmes but rather about giving effect to existing laws and policies and improving their implementation. In these areas, the NDP identifies the need for key stakeholders to work together to identify and overcome the obstacles to improving performance. The MTSF emphasises that planning will be institutionalised in government and there will be an enhanced focus on programme implementation, problem-solving, and continuous improvement. Innovative approaches will be adopted where progress needs to be made to overcome obstacles and achieve better results. The Department of Tourism and South African Tourism have implemented a number of annual programmes over the years. Some of these programmes have not been reviewed to ascertain efficiency and effectiveness with the aim of enhancing performance. Tourism Indaba is one such government programme that has been implemented over a number of years yet there are still many uncertainties about it. Indaba was established in 1979 and has been held over 36 years, with 26 years hosted by the City of Durban.

One of the aspects of the mission of the Fifth Parliament is effective oversight over the Executive, by strengthening its scrutiny of actions against the needs of South Africans. Tourism Indaba is owned and organised by the South African Tourism which is the marketing entity for the Department of Tourism. Over the years, Indaba has evolved to be the largest marketing event on the African continent tourism calendar. This event showcases the widest variety of Africa’s best tourism products and attracts international exhibitors and buyers across the world. Despite Indaba having grown in leaps and bounds key decisions about the event, such as the permanent home of Indaba, have not been made. Indaba is hosted on rotational basis based on the bidding process undertaken by South African Tourism. This creates uncertainty to the hosting cities and thus affects allocation of resources to the event. The implementation of Indaba needs improvement and innovative approaches should be implemented to grow this event to enhance achievement of targets of the National Development Plan through tourism.

The event is hosted in two venues, namely, the Inkosi Albert Luthuli International Convention Centre (ICC) and the Durban Exhibition Centre (DEC). Exhibitors in the DEC (include provincial authorities and provincial products and African Countries. In the ICC, exhibitor categories include accommodation, tour operators, game lodges, transport, online travel, media publications and industry associations. Outdoor exhibitors include transport, camping and safari companies.

Indaba represents Africa under one roof, and is the only 360-degree mass-market tourism trade show on the African continent. This event is one of the top three ‘must visit’ events of its kind in the international tourism calendar. It showcases the widest variety of Africa's best tourism products, and attracts significant international buyers, media and travel bloggers from around the world. The accolades for this event include winning the award for Africa’s best travel and tourism show presented by the Association of World Travel Awards for the past two years. The 2015 Indaba brought together a myriad of Southern Africa tourism products and services to this international travel trade show which serves as a single point of contact with high paced relevant engagements, delivering seamless access to all that Africa offers in terms of leisure tourism.

Indaba has therefore remarkably grown over the years since its humble beginnings in 1979. Nonetheless, the show has reached a point where it has become stagnant and needs a complete overhaul. Being a number one African tourism show, Indaba is far behind its international counterparts such the World Travel Market (WTM), ITB, Fitur and others. In addition, Indaba is now competing with similar domestic tourism shows with international backing and the Executive should look at new ways of planning and hosting this event. It is on these bases that a new innovation is needed to improve and grow Indaba to new heights.

The delegation to Indaba consisted of the following Members of the Portfolio Committee on Tourism and support staff:

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| **Political Party** | **Members** |
| African National Congress | Hon. B.T Ngcobo, MP (Chairperson)  Hon. S.T Xego-Sovita, MP  Hon. P.E Adams, MP  Hon. E.K.M Masehela, MP  Hon. S.D Bekwa, MP |
|  | |
|  | **Support staff:**  Ms. N. Qumbisa (Assistant to the Chairperson)  Mr. J. Boltina, Committee Secretary  Dr. S. Khuzwayo, Content Advisor  Ms. J. Ntuli, Committee Researcher  Ms. K. Tshoma, Committee Assistant |

1. **Opening Address by Minister of Tourism**

In his opening address, the Minister made a number of insightful remarks which contextualised Indaba and gave assurance to the delegates attending the 2015 show. The Minister alluded that on the African continent, tourism is directly and indirectly supports 20.5 million jobs and represents 8.1 percent of Africa’s gross domestic product. In some countries, more than 50 percent of their gross domestic product comes from tourism.

The 2015 Tourism Indaba has been attended by just over 1 000 exhibitors from 20 African countries, about 2 000 buyers from the worlds tourism source markets and about 750 members of the media.

International arrivals in Africa increased to 56 million tourists in 2014, and are expected to grow by between three and five percent in 2015. This will probably exceed the projected growth in global arrivals, which is between three and four percent. In South Africa, taking the direct and indirect impacts of tourism together, the tourism sector now contributes over nine percent of gross domestic product and supports over 1.5 million job opportunities countrywide, and it continues to grow.

More people are venturing out to discover new places, leaving the familiar behind to seek unique experiences, to meet new people and discover their culture. Africa as a continent has everything going to increase its share of the expected growth in international tourism and travel, while some of the world’s unique tourism offerings are found right across African continent.

In the tourism sector, the uncertainty, volatility and constant change in the industry require the stakeholders to be brave, and brave enough to leave behind the shores of yesterday and boldly confront the challenges of tomorrow. Technological innovation, disruptive business models and changing consumer preferences challenge ingenuity and agility every single day. Government is responding to these challenges by differentiating and repackaging offerings to compete with the best in the world.

In embarking on this journey together, as leaders in the public and private sectors, cooperation and partnership are the keys to success. Standing together in the face of challenges, and when doing business together at Indaba, will be much stronger. From its early beginnings as a South African trade platform, the Tourism Indaba has evolved into Africa’s largest and most successful tourism trade platform. It is now a truly pan-African trade show, and its brand strength continues to grow year after year.

The Minister announced that in the next few months, South African Tourism will be announcing measures to make Indaba even more competitive by issuing a call for proposals from prospective partners with a global reach to work with South African Tourism. The Minister further assured delegates that the country is united to build the positive brand of Africa as a continent of unparalleled tourism opportunities and to enhance tourism as a mainstream economic sector, a sector of hope for Africa and its people. The success of the South African tourism industry is inextricably bound to that of the African continent. The Minister also denounced the recent xenophobic attacks and assured delegates that what happened does not reflect the views of the 54 million South Africans.

1. **Second Indaba Ministerial Roundtable Discussions**

The Committee had an opportunity to attend the 2nd Indaba Ministerial Roundtable Discussions hosted by the Minister of Tourism. Issues pertaining to the growth and development of tourism in the African continent were discussed.

Themed “Africa: Open for Tourism Business”, the session afforded thirteen African Ministers and key tourism industry players an opportunity to discuss and debate the current state of Tourism in Africa with a view of collectively formulating solutions to grow and develop tourism on the continent. The African market is undergoing unprecedented growth in tourist arrivals. The global interest in the continent, and a growing middle class with disposal income, is driving economic growth. The Roundtable discussion was not only a testimony of commitment to strengthening relationships with African counterparts, but a positive step forward towards finding workable solutions to advance tourism within the continent.

The African region has many assets for tourism development, but challenges to infrastructure development, visa facilitation and connectivity, and the financing of tourism development have the potential to offset that potential growth. Although the continent is overwhelmed by social and economic challenges such as the outbreak of Ebola and the recent attacks on foreign nationals which have the potential to impact negatively on tourism on the continent, countries have to work and rise against these challenges, and commit to work together to address them.

The representative of the United Nations World Tourism Organisation (UNWTO) highlighted that Africa must work with Africa to advance tourism in the continent. Cultural and historical resources in Africa are not being adequately harnessed to lure tourists to the continent. To show commitment, the UNWTO will host its first image and branding conference in Accra, Ghana with the view to impart skills within the continent, so it can better profile itself.

Africa is fast establishing itself as one of the most promising regions for tourism. Africa will receive 85 million international tourist arrivals by 2020, and 134 million in 2030, representing 6.3 percent and 7.4 percent of international tourist arrivals worldwide.

The Ministerial discussion focused on:

* The State of Africa’s readiness for tourism investment and constraints to investment promotion;
* The importance of the tourism sector towards building the economies of various regional economic communities;
* Collaboration between public and private sector in growing tourism;
* Visas and travel facilitation; and
* The ways of improving intra-Africa travel.

The session concluded inter alia with consensus on the following issues:

* The African Union (AU) should strive to include tourism on its agenda, in order to elevate tourism as the economic driver in the continent;
* It was proposed that the next Ministerial session should consider putting systems in place to advance Univisa regime on the continent;
* Africa should strive to harness its cultural and historical resources to market and present Africa as a truly unique and authentic destination for the world to visit.

1. **Information session of KwaZulu / Natal Province on Tourism Development**

The MEC for Economic Development, Tourism and Environmental Affairs indicated that the KZN Master Plan was launched two years ago. The Plan is an overarching vision and road map for tourism development in the province over the next two decades to beyond 2030. The Plan has set some targets and the development of several stand out tourism projects.

These projects include:

* Drakensburg cable car.
* The King Shaka statue near the Tugela River mouth.
* Monument or statue near the Durban Harbour breakwater entrance.
* Land-mark bridge from the Bluff, over the harbour linked to the Durban point area.
* Major beach resorts on the coast; and
* New Isandlwana Development Precinct in the historic KZN battle fields area.

The main goal as part of the plan is for KZN to be recognised as Africa’s top beach destination by 2030. Establishing major beach resorts and other iconic attractions along the coast is part of the plan. The Master Plan spells out the vision for KZN, which wants to be globally renowned as Africa’s top beach destination with a unique blend of wildlife, scenery and heritage. In order to achieve this vision, the plan has identified and defined objectives and targets.

The main targets include:

* Tripling the economic contribution of the tourism sector to provincial GDP to over R65 billion by 2030.
* Increasing foreign tourist arrivals to KZN to more than 2 million by 2030.
* Increasing KZN’s major share of the domestic tourism trips to more than 10 million by 2030.
* Doubling the number of people directly employed in the tourism sector in KZN by 2030.

The plan had taken more than three years to be developed with inputs from all sectors including the private sector, local government, labour and other role-players. The plan not only had targets and identified key tourism development projects and opportunities, but also challenges that needed to be addressed such as air travel access, transformation of the industry, safety and security, improving geographic spread of tourism, and increasing service excellence levels in the industry.

The plan is aligned to the KZN Provincial Growth and Development Strategy as well as the National Tourism Sector Strategy of the National Department of Tourism, which aims for South Africa to be one of the top 20 tourism destinations in the world by 2020.

The White Paper on the Development and Promotion of Tourism in South Africa stipulates that “Tourism is Government led, Private sector driven and community based.” The KZN Province acknowledges and recognises the need for a range of role players to ignite the engine of tourism growth. Tourism coordination in the province is thus set against this premise to ensure effective policy development, planning and implementation at all levels. Government needs to ensure effective alignment of all role players through appropriate tourism coordinating structures.

1. **Culture, Arts, Tourism Hospitality and Sport Sector Education and Training Authority (CATHSSETA) workshop on Skills Development**

The Committee had an opportunity to meet the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority Seta (CATHSSETA) to gain insight in their skills development programmes to the tourism sector. The workshop organised by CATHSSETA and hosted by the Administrator of the seta gave assurance to the tourism sector that all the services of the seta were now available after tumultuous times in the organisation which led to it being put under administration by the Minister of Higher Education. The Section 29 of the Constitution of South Africa provides for the basic right to education for all South Africans through basic education, including adult basic education; and further education. Working towards this imperative, CATHSSETA is established to research and establish nationally recognised sector skills plans supported by skills development programmes to serve the interest of sectors within the economy and society.

The Committee was introduced to the Administrator who outlined the purpose of the CATHSSETA which is to contribute to the economy through facilitation of skills development in the relevant sub-sectors. The Seta is comprised of the following sub-sectors:

* **Culture, Arts and Heritage** – the sub-sector consists of production of arts, crafts designer goods and souvenirs, casting for film, television and theatre, dramatic arts, entertainment, museum activities, monuments and the preservation of historical sites and buildings, management and operation of museum , cultural and heritage activities, music and theatre, as well as arts councils and their activities.
* **Tourism and Travel Services** – the sub-sector consists of inbound and outbound tour operators, safaris and sightseeing bus tours and trip operators, inbound international flights, travel agencies, renting of land transport equipment, event and conference management, the operation and management of convention centres, tourist information centres, car hire and tourism authorities as well as tourist guides including adventure.
* **Hospitality** – the sub-sector comprises of hotels, motels, boatels and inns, guest houses and guest farms, bed and breakfast, management and operation of game lodges, caravan parks and camping sites, restaurants and tearooms, fast food establishments, take away restaurants, caters and catering services, timesharing and bioscope cafes.
* **Sport, Recreation and Fitness** – the sub-sector includes sporting activities, sport federations, the operation and management of sporting facilities, clubs and sport academies, the promotion and management of sporting events and activities, amusement parks, recreational and cultural activities, operation and management of recreation parks, recreational and cultural activities, shows and facilities and fitness centres.
* **Conservation** – the sub-sector includes hunting & trapping, activities of conservation bodies, game parks, reserves, wild life parks, zoological establishments and botanical gardens as well as wildlife conservation.
* **Gaming and Lotteries** – the sub-sector consists of gambling, licensed casinos, the National Lottery, operation and management of horse racing events, clubs and academies, bookmakers, limited pay-out machines and bingo operators.

The Skills Development Act of 1998 as amended prescribes that CATHSSETA should develop a Sector Skills Plan within the framework of the National Skills Development Strategy and implement it through learning programmes; approving workplace skills plans and annual training reports; allocating grants in the prescribed manner to employers, education and skills development providers and workers and monitoring education and skills development in the sector.

**5.1 Focus over the medium term**

The focus of performance in the medium term will require introducing mechanisms to:

* Accelerate support for SMMEs.
* Developing artisan capacity in different sectors.
* Supporting career choices in different sub-sectors through provision of bursaries for students.
* Strengthening ETQA; and
* Reviewing existing learning programmes to support the new Qualification Council for Trades and Occupations (QCTO) qualification approach.

**5.2 Types of Grants**

The Skills Development Act, distinguishes between two types of grants, namely Mandatory and Discretionary Grants:

Mandatory Grant – is a grant payable to levy paying companies upon submission, as from 30 June 2013 and then 1 April of each year thereafter, of a Workplace Skills Plan and Annual Training Report. In terms of section 6(3) of the Regulations, the SETA shall pay back 20 percent of the total levies paid by the employer upon approval of the workplace skills plan and annual training report. Payments for mandatory grants shall be made quarterly and any mandatory grants not claimed in one year will be transferred to the discretionary fund reserves.

Discretionary grants – in terms of the Skills Development Act, a discretionary grant is a grant paid to applicants, at the discretion of the Wholesale & Retail Sector Education and Training Authority (W&RSETA) Board, for skills development initiatives linked to scarce and critical skills in the Wholesale and Retail Sector. Projects and grants referred to in the policy are based on national, sectoral and industry specific objectives as outlined in the Sector Skills Plan (SSP). Discretionary grants may be disbursed as grants or through projects. Availability of funding for projects and grants is subject to the Board’s discretion.

**5.3 Strategic Focus Areas**

The Wholesale and Retail SETA has identified the following strategic focus areas directed by the SSP against which skills development grants and projects will be measured:

* Academic programmes.
* Artisan programmes.
* Bursaries
* Learnerships
* Skills programmes
* Work Integrated Learning
* Career Guidance
* Work Experience and Employment Grants; and
* Internships

**5.4 Funding allocation**

Each year, the W&RSETA Board shall undertake a strategic planning process, which is informed by the regulatory environment, policy imperatives as well as research. The objective of this process is to consider strategic, financial and performance information with a view to make principle decisions to inform the strategic direction to be embarked upon for the financial year.

Through this process, programmes shall be approved and funding allocated accordingly to meet set performance targets that are aligned to the National Skills Development Strategy, the National Skills Accord and other relevant national priorities.

**5.5 Strategic challenges for CATHSSETA**

* There is a significant number of service providers in the sector are urban based in spite of rural areas contribution (that is conservation 63 percent, gaming and lotteries 27 percent and hospitality at 29 percent).
* The levy income is minimal relative to the actual demand for skills across the sectors.
* About 90 percent of CATHSSETA registered enterprises are small and many are exempted from paying skills levy; and
* The organisation services a large number of smaller enterprises with limited income from few larger enterprises.

1. **Tourism Grading Council South Africa (TGCSA) Stakeholder engagement**

The Committee attended the annual Tourism Grading Council stakeholder engagement function. It was confirmed that the TGCSA star grading is valid for three years, after which a property must be re-assessed. While star grading for the South African hospitality sector is a voluntary process, official recognition by Grading Council is a stamp of quality the consumers tend to rely on when purchasing holiday packages.

The grading framework allows for the award of one to five stars based on quality of services and amenities, with five stars denoting the top of the range. The star graded establishments are further divided into accommodation categories covering hotels, guest houses, country houses, B & Bs, self-catering establishments, camping and caravan parks and the meetings, exhibitions and special events category.

Independent assessors who have undergone training approved by the TGCSA undertake inspections of properties that apply for grading. The assessors make recommendations to an Award Committee that ultimately decides on the number of stars an accommodation establishment qualifies for.

The criteria for quality assurance are strict and keeping with international standards, and apply broadly to building exteriors, bedrooms, bathrooms, public areas, dinning-facilities, food and beverages outlets, services, and house-keeping. To ensure credibility in measuring the star grading system, consumer feedback is encouraged. The TGCSA is a collaborative partner in the hospitality industry’s efforts to attain and maintain high standards.

The Board of CATHSSETA indicated that the new Tourism Act (Act No 3 of 2014) extends grading to other tourism facilities which are not currently covered by the grading criteria. More work will be done in pursuing compliance with the Act in the few coming months.

1. **Information session on National Tourism Career Expo (NTCE)**

The Committee attended the breakfast event on the National Careers Expo (NTCE) hosted by the Deputy Minister of Tourism. The National Tourism Careers Expo is meant to attract learners, tourism students and graduates and educators. The primary purpose of the expo is to showcase the exciting career opportunities available in the tourism and hospitality sector.

Much work has been done in addressing the skills development challenge and promoting growth in the tourism sector. Although tourism in South Africa is one of the second largest, and fast growing sectors in South Africa the sector still faces a number of challenges when with regard to skills and young people entering the sector after school or tertiary education.

These challenges include:

* Most learners lack industry knowledge.
* Poor perception of the industry considered to have few benefits and only menial jobs.
* Less attention paid to the subject in schools and tertiary institutions.
* Lack of facilities in teaching tourism.
* Teachers are not adequately trained to teach tourism effectively; and
* Tourism used to be an undesignated subject in high school.

The NTCE aims to address these challenges by:

* Profiling tourism as a desired career of choice to prospective learners.
* Identifying and communicating employment opportunities in the tourism sector for unemployed youth.
* Highlighting the available tourism professions within South Africa.
* Providing a platform for interactive information sharing on available tourism education and training opportunities; and
* Providing a platform for interactive opportunities between the learners and the prospective employers.

1. **Committee observations**

The Committee observed that:

1. There were less delegates attending Indaba in 2015. While the Committee is still awaiting the assessment report from the South African Tourism, it seems the numbers in terms of attendance had dropped. The small number of attendance at Indaba could be anecdotally attributed to the following reasons:

* A 2nd WTM Africa tourism show which was held at Cape Town immediately before Indaba. This show competes directly with Indaba for exhibitors and buyers.
* Recent xenophobic attacks in Durban which might have scared some countries, exhibitors and buyers. Countries such as Mozambique withdrew their participation at Indaba 2015 citing recent flare up of xenophobic attacks.

1. Indaba has become stagnant and needs innovation to modernise it and take it to the next technological and functional level. The venue seems small and restrictive to accommodate future growth.
2. The prices during Tourism Indaba were inflated by the accommodation establishments and the transport industry.
3. The SMMEs, though they have attended the Indaba, the number seems to have dropped compared to the previous years.
4. Some of the exhibitors engaged by the Committee during its walkabout indicated that there are high noise levels at Indaba which is disturbing when they have meetings with clients.
5. The industry specific talks conducted at the Techzone were highly informative and provided the industry with latest trends in the sector.
6. The African countries are hosted in different venues which makes it difficult for a buyer who wants to check and compare a number of African products.
7. The international norm and benchmark is that tourism shows such as Indaba are held permanently in particular cities; such as WTM in London, ITB in Berlin, and Fitur in Madrid. The discussion about the permanent home of Indaba is still not settled. This creates uncertainty to the current host city and province in allocating more resources to the event.
8. The Minister announced that in the next few months, South African Tourism will be announcing measures to make Indaba even more competitive by issuing a call for proposals from prospective partners with a global reach to work with South African Tourism.
9. **Recommendations**

The Committee recommends that the Minister of Tourism ensures that:

1. South African Tourism conducts an impact analysis of other shows, such as WTM Africa, on Indaba to ascertain if these contributed to dwindling attendance at Indaba.
2. South African Tourism conducts an impact assessment of the recent xenophobic attacks on destination image for South Africa as whole, and Indaba in particular.
3. South African Tourism engages the Tourism Business Council of South Africa to prevent tourism establishments from inflating prices during Indaba.
4. Indaba is improved and modernised to ensure that it serves the industry well and grows to be a true number one African Tourism Show. This must include rethinking the format of the event and securing a bigger and versatile venue.
5. The Department of Tourism and South African Tourism introduces mechanisms to support emerging tourism enterprises to meaningfully attend Indaba.
6. Indaba should incorporate more of industry talks or enhance the Techzone talks to become full blown conference themes held alongside Indaba.
7. African countries should not be separated but hosted under one venue to facilitate interaction and comparison of African products for buyers.
8. The Department and South African Tourism need to take a decision on the permanent home of Indaba to ensure investment into the host province and city. This will ensure that whichever city and province given permanent hosting rights of Indaba could budget accordingly and allocate necessary resources to the event. This will assist in creating confidence in the event and growing it to international standards.
9. The Minister keeps the Committee abreast of the outcomes of his announcement of issuing a call for proposals from prospective partners with a global reach to work with South African Tourism to improve Indaba.
10. **Conclusion**

Indaba continues to be the pillar of South African Tourism marketing platforms. The strides made by the show over the years are noticeable. The growth of Indaba to become a pan-African show indicates the role played by tourism, not only on economic development but on social cohesion as well. The significant anti-xenophobia messaging that reverberated throughout Indaba were considered by the Committee as expedient in assuring the delegates from all over the world that South Africa is open for business and that the recent spates of incidents do not define South Africa, and the tourism industry in particular.

The necessity to improve the format and content of Indaba cannot be overemphasized. Indaba is a signature tourism event for South Africa and all conceivable efforts must be made to keep this marketing platform exciting to the African tourism community and international industry players at large. There should be proactive interventions to improve on immediate glaring shortcomings whilst crafting a long-term strategy to grow and improve the event.

The Committee commends and congratulates South African Tourism for organising and hosting another successful pan-African Indaba in 2015 and urges the organisation to host more improved and flourishing events in the future.

Report to be considered