

Tuesday, 23 May 2023]

No 70—2023] FIFTH SESSION, SIXTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS,

TABLINGS AND

COMMITTEE REPORTS

TUESDAY, 23 MAY 2023

TABLE OF CONTENTS

ANNOUNCEMENTS

National Assembly

1. Return of Bills for concurrence.....	2
2. Membership of Assembly	2
3. Referral to Committees of papers tabled.....	2
4. Membership of Committees.....	2

TABLINGS

National Assembly and National Council of Provinces

1. Minister of Finance	3
------------------------------	---

COMMITTEE REPORTS

National Assembly

1. Justice and Correctional Services.....	4
2. Tourism	6

ANNOUNCEMENTS

National Assembly

The Speaker

1. Bills passed by Council and returned to Assembly for concurrence

- (1) Bill, subject to proposed amendments, passed by Council on 23 May 2023 and returned for consideration of Council's proposed amendments:
 - (a) **Land Court Bill** [B11B-2021] (National Assembly – sec 75) (for proposed amendments, see Announcements, Tablings and Committee Reports, 17 May 2023, p 153).

Bill and proposed amendments referred to the **Portfolio Committee Justice and Correctional Services** of the National Assembly.

2. Membership of Assembly

- (1) The vacancies which occurred in the National Assembly owing to the resignations of Mr C Brink and Mr N E Hinana have been filled with effect from 15 May 2023 by the nominations of Mr S J Moore and Mr B C Golding, respectively.

3. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Portfolio Committee on Justice and Correctional Services**:
 - (a) A letter from the Minister of Justice and Correctional Services, requesting the withdrawal of the Annual Performance Plan of the Department of Justice and Constitutional Development for 2023/2024.
- (2) The following paper is referred to the **Standing Committee on the Financial Management of Parliament** for consideration:
 - (a) Monthly Financial Statements of Parliament – April 2023, tabled in terms of section 54(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No 10 of 2009).

4. Membership of Committees

- (1) Ms RMM Lesoma has been elected Chairperson of the Portfolio Committee on Transport, with effect from 23 May 2023.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Finance

- (a) Draft Joint Standard on Information Technology Governance and Risk Management, issued in terms of section 107, read with section 108 of the Financial Sector Regulation Act, 2017 (Act No 9 of 2017).
-

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Justice and Correctional Services on the Appointment of National Council for Correctional Services (NCCS) in terms of Section 83(2) (h) of Correctional Services Act 111 of 1998, dated 23 May 2023.

The Portfolio Committee on Justice and Correctional Services, having considered the consultation process by the Minister of Justice and Correctional Services on the appointment of members of the National Council for Correctional Services after the term of office of the previous Council came to an end, report as follows:

1. Section 83(2) (h) of the Correctional Services Act, 111 of 1998 stipulates that the Minister must appoint four or more persons, not in the full time service of the State, as representatives of the public in consultation with the relevant Parliamentary Committees.
2. On 8 June 2022, the Committee received a briefing from the Deputy Minister of Correctional Services on the list of proposed names to serve on the National Council for Correctional Services.
3. The Committee was presented with a total of 16 names including motivation for each name.
4. The Committee was, however, concerned that screening of the proposed names was not conducted. The Committee therefore, resolved that, screening of all the names presented should be conducted.
5. On 6 September 2022, the screening report of all candidates was submitted to the Committee containing both criminal records and qualifications checks. All candidates' qualifications were confirmed and all candidates' criminal records were negative, except two, which were cleared.
6. On 19 May 2023, the Committee was presented with a feedback of the criminal records and qualifications checks. All candidates' qualifications were confirmed and all candidates' criminal records were negative.

7. The following names were presented to the Committee:

- 7.1 Ms Amanda Lindokuhle Vilakazi
- 7.2 Adv Yvette Le Roux
- 7.3 Adv Khavhareni Aarone Mahumane
- 7.4 Mr Marothi Aaron Mashifane
- 7.5 Mr Tshepo Nawane
- 7.6 Rev Pogiso France Mookisi
- 7.7 Dr Lineo Rose Johnson
- 7.8 Mr Mziwoxolo Mfeketo
- 7.9 Dr Herma Hargovan
- 7.10 Dr Vanitha Chetty
- 7.11 Ms Vuyelwa K Maweni
- 7.12 Ms Daleen Van Biljon
- 7.13 Dr Yolinda Steyn
- 7.14 Mr Willem A.A Hanekom
- 7.15 Ms Lusanda U.Z Rataemane
- 7.16 Ms Ngenzeni Victoria Mboweni.

8. Recommendation

8.1 The Committee, therefore, recommends that:

8.1.1 The National Assembly concurs with the appointment of the above listed names to serve on the National Council for Correctional Services as representatives of the public.

9 Appreciation

9.1 The Committee would like to thank all those who made themselves available to be considered for the appointment.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM FOR BUDGET VOTE NO. 38: TOURISM, DATED 16 MAY 2023

The Portfolio Committee on Tourism, having considered Budget Vote 38: Tourism, together with the 2023/24 - 2024/25 Annual Performance Plan of the Department of Tourism (Department) and the 2023/24 Annual Performance Plan of South African Tourism (SA Tourism) reports as follows:

1. INTRODUCTION

The Portfolio Committee on Tourism (the Committee) has been conducting robust oversight over the Department and SA Tourism. In this, the Committee has identified a myriad of serious issues that raise concerns about the funds to be appropriated to Vote 38: Tourism. Amongst other things, the Committee has discovered that the implementation of the Working for Tourism infrastructure projects implemented by the Department continues in a way that wastes public funds. The Department has relegated this programme with all its historical failures to the Development Bank of Southern Africa, which has not commenced with implementation since the Memorandum of Agreement was signed.

The Committee has also discovered a myriad of institutional and governance challenges that raise concerns about institutional capacity of South African Tourism, which receives 53 per cent of the funds appropriated to the Department. The Committee considers SA Tourism as becoming dysfunctional at the moment and requiring decisive intervention. These concerns include among others, the dysfunctional Board that does not understand its mandate; an Entity that does not have executive staff at the management echelon with five acting positions, including the Chief Executive Officer and Chief Financial Officer being acting positions; the powers of the administration that have been usurped by the Board; evidence of conflict of interest in the Board; the Board that does not recognise the oversight work of the Committee over the Entity; and an Entity that does not have a Company Secretary.

The Portfolio Committee on Tourism as an extension of the National Assembly has considered its mandate and functions as derived from Rule 227 of the National Assembly, Section 57 (2) (a) of the Constitution of the Republic of South Africa (Act 108 of 1996) as read with Rule 225 of the National Assembly, and made various recommendations to improve the situation in the tourism

portfolio. Amongst these, is the determination that budget be approved for Vote 38: Tourism, but funds must not be transferred to South African Tourism until certain conditions have been met.

2. COMMITTEE PROCESS

The Portfolio Committee on Tourism (Committee) held a meeting with the Department on 2 May 2023 to consider its 2023/24 - 2024/25 Annual Performance Plan. The Committee also convened a meeting with SA Tourism on 9 May 2023 and 23 May 2023 to consider its 2023/24 Annual Performance Plan. The Committee then adopted its report on 23 May 2023.

3. DEPARTMENT OF TOURISM

The Department derives its core mandate and responsibilities from the Tourism Act, No. 3 of 2014, which aims to:

- promote the practice of responsible tourism for the benefit of the Republic and the enjoyment of all its residents and foreign visitors;
- provide for the effective domestic and international marketing of South Africa as a tourist destination;
- promote quality tourism products and services;
- promote growth in and development of the tourism sector; and
- enhance cooperation and coordination between all spheres of government in developing and managing tourism.

The Department's vision is for South Africa to become a leading sustainable tourism development destination that promotes inclusive economic growth. The Department executes its mandate through the following four key programmes:

- (i) Programme 1: Administration - the purpose of this programme is to provide strategic leadership, management and support services to the Department.
- (ii) Programme 2: Tourism Research, Policy and International Relations - the purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.
- (iii) Programme 3: Destination Development - the purpose of the programme is to facilitate and coordinate tourism destination development.

- (iv) Programme 4: Tourism Sector Services - the purpose of this programme is to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination.

3.1 Policy mandate

The Department derives its mandate from a myriad of government policy prescripts. Chief amongst these is the Constitution of the Republic of South Africa (Act 108 of 1996) and the White Paper on the Development and Promotion of Tourism in South Africa, 1996. Other key policies include the Economic Reconstruction and Recovery Plan (ERRP); National Development Plan (NDP); the National Tourism Sector Strategy (NTSS) and the Medium Term Strategic Framework (MTSF: 2019-2024). The summary of the policy mandate is as follows:

- (i) Economic Reconstruction and Recovery Plan (ERRP) – sets out a reconstruction and recovery plan for the South African economy that is aimed at stimulating equitable and inclusive growth.
- (ii) White Paper on the Development and Promotion of Tourism in South Africa (1996) – provides the framework and guidelines for tourism development and promotion in South Africa.
- (iii) National Development Plan (NDP) – is the 2030 vision for the country. The NDP recognises tourism as one of the main drivers of employment creation and economic growth and envisages the promotion of South Africa as a major tourist and business events destination.
- (iv) National Tourism Sector Strategy (NTSS) – is a blueprint for the tourism sector and sets bold commitments for the sector. The NTSS advocates for a coherent approach to promoting South Africa as a preferred destination of choice.
- (v) Medium Term Strategic Framework (MTSF: 2019-2024) – is the manifestation of an implementation of the NDP Vision 2030 and the implementation of the electoral mandate of the sixth administration of government. It recognises tourism as a national priority sector that can play a key role in the country’s economic transformation, addressing unemployment challenges and developing a better Africa and world.
- (vi) State of the Nation Address (SoNA) – in the 2023SoNA the President mentioned a number of interventions that have an impact on tourism. These include, amongst others, overcoming the COVID-19 pandemic; a massive rollout of infrastructure; a substantial

increase in local production; an employment stimulus to create jobs and support livelihoods; and the rapid expansion of the country's energy generation capacity.

3.2 Strategic priorities for 2023/24

The Department pursues the following priorities in the 2019 – 2024 government Medium Term Strategic Framework.

Table 1: Strategic priorities for 2023/24

MTSF Priority	MTSF Outcome	NDT Outcome	NDT 2023/24 Focus Areas
Priority 1: Building a capable, ethical and developmental State	<ul style="list-style-type: none"> Improved governance and accountability. Functional, efficient and integrated government. 	Achieve good corporate and cooperative governance.	Improve governance and accountability systems towards achieving an unqualified audit outcome.
Priority 2: Economic Transformation and Job creation	Re-industrialisation of the economy and emergence of globally competitive sectors.	Increase the tourism sector's contribution to inclusive economic growth.	<ul style="list-style-type: none"> Increase the diversification of the country's product offering. Improve transformation levels in the sector. Increase tourism's contribution to employment creation and the gross domestic product.
Priority 7: A better Africa and world	Growth in the tourism sector resulting in economic growth.	Increase the tourism sector's contribution to inclusive economic growth.	<ul style="list-style-type: none"> In partnership with SA Tourism, implement measures and initiatives to increase the number of international tourist arrivals and domestic travellers.

In line with its vision of complementing the national priorities, the Department identified objectives that will accelerate service delivery in the tourism sector. Outlined below are the strategic outcomes of the Department, as stated in the 2020/21–2024/25 Strategic Plan, which correlate with Government's Outcomes, as outlined in Table 1.

3.3 Institutional policy reviews

The Department is embarking on a process of legislative, policy and strategy review in the MTEF. The policies and strategies due for review within the medium term are:

- White Paper on the Development and Promotion of Tourism in South Africa, 1996.
- Tourism Act, No. 3 of 2014.
- National Grading System.

The policy review has been delayed since the beginning of the 6th administration. The delays in the review of the White Paper is also delaying the legislative review process. The Committee has impressed on the Department to ensure that the policy review process is finalised in the remaining period of the 6th administration.

3.4 Update on court rulings

The Department is dealing with a pending Constitutional Court matter in relation to the Tourism Equity Fund (TEF). The details are as follows:

- The fund is aimed at supporting commercially viable black-owned enterprises to acquire shares in tourism enterprises, promote the visibility of small, medium and micro enterprises (SMMEs), and facilitate the development of community assets and ownership patterns. In April 2021, an order of the High Court against the Department interdicted the processing of any payment pursuant to any application for funding from the TEF, pending a review of the Fund's criteria. Applicants brought an application in the High Court against the Minister of Tourism and Others. The application consisted of two parts: Part A and Part B. In Part A, the applicants sought an interdict against the Minister and SEFA from processing TEF applications and making payments to identified TEF beneficiaries pending the hearing of Part B of the application.
- In Part B, the applicants sought an order for the review and setting aside of the TEF for being unconstitutional. The High Court ruled in favour of the applicants and interdicted and set aside the processing of any TEF applications and/or payments pending the determination and finalisation of Part B of the application. TEF remains interdicted, pending finalisation of Part B.
- Tourism Relief Fund (TRF) – the fund provided once-off capped grant assistance to SMMEs in the tourism sector to mitigate the impact of COVID-19. Grant funding was

capped at R50 000 per entity, with preference given to enterprises with the highest score as per the criteria developed by the Department. However, the Supreme Court of Appeal (SCA) ruled the application of the B-BBEE levels, as part of the criteria for selection to receive such funds during a State of Disaster, as illegal.

- The SCA decision effectively suspends the application of the Broad-Based Black Economic Empowerment Act in the implementation of any business relief measures during a National State of Disaster in terms of the Disaster Management Act. The Department took the matter to the Constitutional Court.
- The Constitutional Court did not decide this issue and therefore the SCA's judgement remains the binding authority on the matter.

3.6 Budget allocation for 2023/2024

The Department receives a total budget of R7.9 billion over the medium term. Transfers to South African Tourism account for an estimated 53.3 per cent (R4.2 billion) of this amount over this period. Expenditure is expected to increase at an average annual rate of 3.3 per cent, from R2 502.4 billion in 2022/23 to R2 637.2 billion in 2024/25. The Department's 2023/24 budget allocation amounts to R2 524.2 billion, of which R374.5 million is allocated to fund Compensation of Employees. An amount of R564.5 million is budgeted for Goods and Services, R1 581.8 billion for Transfers and Subsidies and R3.5 million for the payment of Capital Assets. Table 2 reflects the allocation of funds per programme:

Table 2 depicts that the overall budget allocation to the Department increases by 0.87 per cent in nominal terms when compared to the budget of R2 502.4 billion in 2022/23 to R2 524.2 billion in 2023/24. The Department organises its expenditure under four programmes, these are:

- Programme 1: Administration (R324.9 million);
- Programme 2: Tourism Research, Policy and International Relations (R1 435.2 billion);
- Programme 3: Destination Development (R401.1 million); and
- Programme 4: Tourism Sector Support Services (R363.0 million).

Table 2: Overall Budget Allocation 2022/23 – 2025/26

Tourism	Budget				Nominal ¹³ Rand Change	Real ¹⁴ Rand Change	Nominal % change	Real %change
	R million	2022/23	2023/24	2024/25	2025/26	2022/23 – 2023/24	2022/23 – 2023/24	
Administration	330.2	324.9	338.4	355.1	-5.3	-20.5	-1.61%	-6.20%
Tourism Research, Policy and International Relations	1 417.5	1 435.2	1 499.8	1 567.0	17.7	-49.3	1.25%	-3.48%
Destination Development	395.6	401.1	415.6	433.4	5.5	-13.2	1.39%	-3.35%
Tourism Sector Support Services	359.1	363.0	383.4	399.6	3.9	-13.1	1.09%	-3.64%
TOTAL	2 502.4	2 524.2	2 637.2	2 755.1	21.8	-96.1	0.87%	-3.84%

Source: National Treasury ENE (2023/24)

The main cost driver under this Vote is Programme 2 (Tourism Research, Policy and International Relations), which consumes more than half (approximately 56.9%) of the total Vote allocation. This is mainly due to the significant transfer to the Department's Entity, South African Tourism. All the Departmental programmes see considerable budget allocation decreases, in real terms, with Programme 1 (Administration) experiencing a decrease of 6.20 per cent in allocation. The major cost driver under Programme 1 is the sub-programme Corporate Management. The sub-programme includes the Deputy-Director General: Corporate Management, Human Resources, Communication, Legal Services, Strategy and Systems, Information and Communication Technology, and Internal Audits.

The cost driver, Working for Tourism the Expanded Public Works Programme, under Programme 3 (Destination Development) sees an increase from R312.4 million in 2022/23 to R334.8 million in the current financial year. Programme 3 includes activities such as route development projects, destination enhancement initiatives and infrastructure maintenance programmes. These activities are significant as job creators and for destination product development.

The cost driver under Programme 4 (Tourism Sector Support Service), which is the Tourism Incentive Programme, also experiences a marginal increase for the year, from R242.8 million in 2022/23 to R243.1 million in 2023/24. The Committee noted the decrease, in real terms, in

allocation for both programmes 1 and 4 and there it might have implications for the Department's policy priorities.

3.7 Relevance of the Annual Performance Plan per programme

The Annual Performance Plan (APP) sets out performance indicators and targets or budget programmes and sub-programmes, where relevant, to facilitate the Department in realising its goals and objectives, as set out in the Strategic Plan. The APP covers the upcoming financial year and the MTEF period. The 2023/24 APP specifies actions that will be undertaken by the Department for the country to achieve Economic Transformation, Job Creation and A Better Africa and World.

This section provides an overview of the APP per programme, with a focus on specific select indicators. In addition to the identification of projects, targets and performance indicators were scrutinized to determine whether they are specific, measurable, achievable, relevant and time-bound (SMART).

3.7.1 Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department. The Programme is allocated R324.9 million in the 2023/24 financial year, which equates to 12.9 per cent of the overall departmental budget. Table 3 reflects the allocation of funds per sub-programme.

The budget allocation for Programme 1 decreases by 6.20 per cent in real terms from R330.2 million in 2022/23 to R324.9 million in 2023/24. Of this amount, R169.1 million (52%) is for Compensation of Employees. All the sub-programmes, in real terms, experience decreases in allocations for the financial year. Sub-programme 1, *Ministry*, experiences a significant decrease in allocation, by 11.93 per cent in real terms. The major cost driver, *Corporate Management*, experiences the second biggest reduction by 6.42 per cent, reducing its allocation from R185.4 million to R182 million for the 2023/24 financial year.

Table 3: Programme 1 Budget Allocation 2022/23 – 2023/24

Administration	Budget		Nominal Increase/Decrease in 2023/24	Real Increase/Decrease in 2023/24	Nominal % change in 2023/24	Real % change in 2023/24
	2022/23	2023/24				
R million						
Ministry	40.7	37.6	-3.1	-4.9	-7.62%	-11.93%
Management	3.4	3.4	0.0	-0.2	0.0%	-4.67%
Corporate Management	185.4	182.0	-3.4	-11.9	-1.83%	-6.42%
Financial Management	63.4	63.2	-0.2	-3.2	-0.32%	-4.97%
Office Accommodation	37.3	38.8	1.5	-0.3	4.02%	-0.84%
TOTAL	330.2	324.9	-5.3	-20.5	-1.6%	-6.20%

Source: National Treasury ENE (2023/24)

The overall number of funded posts in the Department has decreased from 526 in 2022/23 to 521 in 2023/24. For the Administration programme, the number of funded posts decreased from 266 in 2022/23 to 255 in 2023/24. The budget allocation for this line item also sees a decrease from R179.2 million in 2022/23 to R169.1 million in 2023/24.

The Department has a new target in this Programme for the 2023/24 financial year. This is the number of Public entity oversight instruments developed in terms of the Service Level Agreement. The Department intends to achieve this through developing a Public Entity Oversight Framework and revising a Governance Protocol for the Public Entity. The Committee views this target as crucial in addressing the issues that have led to the Entity being dysfunctional.

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.

3.7.2 Programme 2: Tourism Research, Policy and International Relations

The purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.

The Programme receives a budget allocation of R1 435.2 billion for 2023/24, of which R1 344.7

billion is transferred to South African Tourism (SAT). This represents 93.7 per cent of the Programme's budget allocation. The remaining allocation available for this Programme is R90.6 million, of which R60.8 million (67.1%) is allocated to Compensation of Employees. This leaves the programme with about R29.8 million for the rest of its projects. Some of the projects under this programme include research partnerships with universities, policy development and evaluation, international relationship management through bilateral agreements and memberships at various fora. Table 4 reflects the allocation of funds per sub-programme:

Table 4: Programme 2 Budget Allocation 2022/23 – 2023/24

Tourism Research, Policy and International Relations	Budget		Nominal Increase/Decrease in 2023/24	Real Increase/Decrease in 2023/24	Nominal % change in 2023/24	Real % change in 2023/24
	2022/23	2023/24				
R million						
Tourism Research, Policy and International Relations Management	9.7	10.0	0.3	-0.2	3.09%	-1.72%
Research and Knowledge Management	32.6	34.7	2.1	0.5	6.44%	1.47%
Policy Planning and Strategy	15.7	15.4	-0.3	-1.0	-1.91%	-6.49%
South African Tourism	1 329.2	1 344.7	15.5	-47.3	1.17%	-3.56%
International Relations and Cooperation	30.2	30.5	0.3	-1.1	0.99%	-3.72%
TOTAL	1 417.5	1 435.2	17.7	-49.3	1.2%	-3.48%

Source: National Treasury ENE (2023/24)

The figures in Table 4 indicate that the budget allocation for Programme 2 increases by 1.2 per cent in nominal terms from R1 417.5 billion in 2022/23 to R1 435.2 billion in 2023/24. However, in real terms, it declines by 3.48 per cent. The main cost driver for this sub-programme is the transfer to the Department's entity, South African Tourism (SAT), which has, in nominal terms, increased by 1.17 per cent. The Entity is mandated to promote the country as both a leisure and business events destination.

Budget allocations, in real terms, for most of the sub-programmes have decreased. The budget allocation for sub-programme 3: Policy Planning and Strategy, decreases by 6.49 per cent in real terms, and sub-programme 4: International Relations and Cooperation also experiences a real decrease of 3.72 per cent. The Committee will follow up with the Department on the decreases in allocation for both sub-programmes and how this will affect both policy planning and international relations initiatives. The Committee will also follow up to ascertain if this will affect the timely

roll-out of the White Paper Review and the Department's participation in international fora and bilateral agreements.

A selected performance indicator in this Programme is the number of 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. The indicator complies with the SMART principle.

In this Programme, the Department will, amongst others, implement a number of instruments developed for improving tourism statistics. This is a new target for the Department. The Committee will follow up with the Department on the purpose and objectives of the Statistics Plan and how it will be aligned with the current statistical tools used for collecting tourism data in the country. This indicator complies with the SMART principle.

3.7.3 Programme 3: Destination Development

The purpose of the programme is to facilitate and coordinate tourism destination development. The budget for this Programme is R401.1 million for 2023/24, the bulk of which, i.e. R334.8 million (83.5%), is allocated to the Working for Tourism sub-programme. A total of R339.9 million is allocated to Goods and Services for the programme.

The programme objectives entail the following:

- Implement five destination enhancement and route development projects over the medium term to diversify tourism offerings and enhance visitor experience in identified priority areas by:
 - facilitating the implementation of developed tourism concepts in eThekweni metro, and the OR Tambo, Pixley Ka Seme and Namakwa districts;

- implementing the budget resort network and brand concept;
- managing a pipeline of nationally prioritised greenfield and brownfield tourism investment opportunities;
- facilitating four investment promotion platforms.
- Support destination enhancement initiatives over the medium term by:
 - implementing infrastructure maintenance programmes in 18 national parks;
 - implementing infrastructure maintenance and beautification programmes in four provincial state-owned attractions;
 - supporting the implementation of 30 community-based tourism projects.
- Create 12 399 work opportunities through Working for Tourism projects over the medium term.

Table 5 reflects the allocation of funds per sub-programme:

Table 5: Programme 3 Budget Allocation 2022/23 – 2023/24

Destination Development R million	Budget		Nominal Increase/Decrease in 2023/24	Real Increase/Decrease in 2023/24	Nominal % change in 2023/24	Real % change in 2023/24
	2022/23	2023/24				
Destination Development Management	28.3	10.7	-17.6	-18.1	-62.19%	-63.96%
Tourism Enhancement	23.7	24.2	0.5	-0.6	2.11%	-2.66%
Destination Planning and Investment Coordination	31.2	31.5	0.3	-1.2	0.96%	-3.75%
Working for Tourism	312.4	334.8	22.4	6.8	7.17%	2.16%
TOTAL	395.6	401.1	5.5	-13.2	1.4%	-3.35%

Source: National Treasury ENE (2023/24)

As depicted in Table 5, the budget allocation for Programme 3 increases by 1.4 per cent, in nominal terms, from R395.6 million in 2022/23 to R401.1 million in 2023/24. The main cost driver under this programme, at R334.8 million, is the Working for Tourism expanded public works programme. This sub-programme entails various skills development programmes and tourism projects. Through these, the Department plans to create 12 399 work opportunities over the medium term. This is an increase in work opportunities, from the previous indication of 12 370, which is evidenced by the increased budget allocation of the sub-programme by 2.16 per cent in real terms.

A substantive decrease in allocation is experienced in sub-programme 1, *Destination Development Management*, by 62.19 per cent in nominal terms. The decrease in this sub-programme's allocation appears to be an ongoing trend, as its allocation decreased by 18.67 per cent, in real terms, in the previous financial year. Some of the activities under this sub-programme include destination enhancement initiatives at tourism sites and supporting South African National Parks (SANParks) sites through infrastructure maintenance programmes. These projects are critical for destination attractiveness, bringing in revenue to destinations and creating employment. The Committee will follow up with the Department on the projects that will be affected by this decrease in budget allocation.

As part of this Programme, the Department will implement a number of destination enhancement initiatives. An overview of one of the performance indicators and targets for this programme, per its respective sub-programmes, is the implementation of events in both a township and rural area. This is a new target for the Department and is also quite vague. The Committee is of the view that no two townships are the same, nor rural areas. The Committee was interested in knowing what type of events will the Department be supporting in these unspecified areas. The Department also did not specify the exact objectives that the Department seeks to achieve with these events nor whether the Department intended to identify existing emerging events and funding those, or will it be introducing new products. The target does not comply with the SMART principle.

3.7.4 Programme 4: Tourism Sector Support Services

The purpose of this programme is to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination.

The Programme is allocated R363 million for the 2023/24 financial year. This includes Compensation of Employees with a budget allocation of R83.4 million and the Tourism Incentive Programme (TIP) with a budget allocation of R243.1 million. The projects within TIP include tourism market access, tourism grading support, tourism destination development and energy-efficient projects. The TIP consumes 66.9 per cent of the total Programme budget whilst the Enterprise Development and Transformation sub-programme consumes 13.8 per cent.

The programme objectives entail the following:

- Accelerate transformation in the tourism sector by implementing the Tourism Equity Fund and the green tourism incentive programme over the medium term.
- Stimulate growth in domestic tourism by implementing four domestic tourism awareness programmes over the medium term.
- Encourage inclusive economic growth in the tourism sector by increasing the participation of SMMEs through incubation programmes to provide business support and development in areas such as technology, tour operations and food services over the medium term.
- Implement initiatives in each year of the medium term to increase the participation of women in the tourism sector by facilitating the United Nations Women in Tourism pilot programme in Limpopo's Vhembe and Mopani districts.
- Enhance visitor service and experience over the medium term by implementing the service excellence standard, focusing on identified improvement initiatives and structured support.
- Facilitate skills development by implementing five capacity-building programmes across the sector over the medium term.

As reflected in Table 6, the budget allocation for Programme 4 increases by 1.1 per cent, in nominal terms, from R359.1 million in 2022/23 to R363 million in 2023/24. The Tourism Incentive Programme sub- programme, at R243.1 million, is the main cost driver in this programme. This programme aims to incentivise priority areas, including providing market access support, tourism grading support, implementation of energy efficiency initiatives and funding of transformation initiatives in the tourism sector towards unlocking capital investment by black tourism entrepreneurs. These initiatives are in line with the Department's strategic priorities towards economic transformation and job creation, responsible tourism and transformation of the sector. Allocation to this sub-programme decreases by 4.55 per cent in real terms. The Committee will follow up with the Department on the implications of this decrease in budget allocation.

Table 6: Programme 4 Budget Allocation 2022/23 – 2023/24

Tourism Sector Support Services R million	Budget		Nominal Increase/Decrease in 2023/24	Real Increase/Decrease in 2023/24	Nominal % change in 2023/24	Real % change in 2023/24
	2022/23	2023/24				
Tourism Sector Support Services Management	11.3	11.7	0.4	-0.1	3.54%	-1.30%
Tourism Human Resource Development	30.7	31.6	0.9	-0.6	2.93%	-1.88%
Enterprise Development and Transformation	48.2	50.1	1.9	-0.4	3.94%	-0.91%
Tourism Visitor Services	26.1	26.4	0.3	-0.9	1.15%	-3.58%
Tourism Incentive Programme	242.8	243.1	0.3	-11.1	0.12%	-4.55%
TOTAL	359.1	363.0	3.9	-13.1	1.1%	-3.64%

Source: National Treasury ENE (2023/24)

As part of this Programme, the Department will implement a number of initiatives to support tourism SMMEs. This will be done through 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 indicator complies with the SMART principle

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:

- Which provinces or areas will benefit from this training?
- Once trained will beneficiaries be certified? If so, which sector stakeholders has the Department engaged that have indicated a need for this type of skill set?

- Will the Department assist beneficiaries with placement in the job market after the training?
- 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?

The Committee will closely monitor the implementation of this target once budget is appropriated.

3.8 Observations with regard to the Department of Tourism

Having considered the 2023/24 Annual Performance Plan for the Department, the Committee made the following observations:

3.8.1 Forensic Investigations

The Committee noted that the Department has conducted forensic audits for various infrastructure projects as presented even in previous meetings. However, there has been no arrest nor conviction on all alleged perpetrators involved in misappropriating funds from the infrastructure projects. The Committee requires an updated report on all investigations in the Department, so that these matters can be followed through and money can be recovered.

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.

3.8.2 Money not well spent

The Committee is of the view that the government money was not well spent in infrastructure projects. The oversight experience of the Committee in the infrastructure projects has not been a good reflection on the Department. The Committee has not yet seen

the value added by appointing the Development Bank of Southern Africa as no implementation has commenced in many of the projects in their portfolio.

A 2018 report by GTAC provides an outline of projects where money was spent and the projects are either non-existent or have been vandalised. During a recent, 18-21 April 2023, oversight trip to the North West province the Committee visited Manyane Lodge. In November 2016, the Department had reported to the Committee that the project was 90 per cent complete. However, upon arrival at the site the Committee found the facility vandalised, neglected, deserted and non-functioning. An amount of R46.9 million had been spent on the project.

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 indicated that it was involved at policy level and SA Tourism will implement activation campaigns in BRICS countries such as China and India. The Minister was also going to use her Ministerial Dialogue at Africa's Travel Indaba to rally African Tourism Ministers around common goals.

3.8.4 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.

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.

3.8.6 Tourism Policy Review

The Committee was perturbed that the Department has not finalised the Tourism Policy Review process which started before the inception of the 6th Administration and has been in the Annual Performance Plans throughout its tenure. The Committee impressed on the Department to expedite the Tourism Policy Review process and ensure that the White Paper is adopted within the tenure of the 6th Administration.

3.8.7 Transfer of funds to South African Tourism

The Committee noted that had already transferred an amount of R585 683 000 to South African Tourism on 3 May 2023. This should be noted against the recommendation of the Committee that no more transfers must be made to the Entity until the conditions set by the Committee are met.

4. SOUTH AFRICAN TOURISM

South African Tourism derives its core mandate and responsibilities from the Tourism Act, 2014 (No. 3 of 2014), as follows:

- to market South Africa as a domestic and international tourist destination;
- to market South African tourism products and facilities internationally and domestically;
- to develop and implement a marketing strategy for tourism that promotes the objectives of the Act and the National Tourism Sector Strategy (NTSS);
- to advise the Minister on any other matters relating to tourism marketing; and
- to establish a National Convention Bureau to market South Africa as a business destination by:
 - Co-ordinating bidding for international conventions; and
 - Liaising with other organs of State and suitable bodies to promote South Africa as a Business tourism destination.
- Additionally, in terms of section 44 of the Act, the Minister assigned the implementation and management of the national grading system for tourism to the Board.

The Entity's vision is to position South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality tourist experience that is diverse and unique. The Entity executes its mandate through the following five key programmes:

- Programme 1: Corporate Support – provides support services to the organisation, as well as ensures compliance with statutory requirements.
- Programme 2: Business Enablement – enhance collaboration with various stakeholders and provide centralised tourism intelligence to support evidence-based decision-making.
- Programme 3: Leisure Tourism Marketing – creates demand through travel acquisition and growing brand equity for South Africa as a leisure and business events destination, in identified markets.
- Programme 4: Business Events – to grow the nation's business events industry.
- Programme 5: Visitor Experience – ensures the delivery of quality-assured tourist/visitor experiences, which are diverse, unique and enriched.

4.1 Policy Mandate

The policy framework that informs the work of the Entity includes the White Paper for the Development and Promotion of Tourism in South Africa, 1996; the National Development Plan (NDP) 2030; the National Tourism Sector Strategy (NTSS); Medium Term Strategic Framework (MTSF: 2019-2024); Tourism Grading Council of South Africa Grading Criteria (2019); and the Tourism Black Economic Empowerment Charter.

- White Paper for the Development and Promotion of Tourism in South Africa, 1996 – provides the framework and guidelines for tourism development and promotion in South Africa.
- National Development Plan (NDP) – is the 2030 vision for the country. The NDP recognises tourism as one of the main drivers of employment and economic growth.
- National Tourism Sector Strategy (NTSS) – guides the strategic development and growth of the tourism sector in pursuit of NDP targets. The NTSS advocates for a coherent

approach to promoting South Africa as a preferred destination of choice. This is in line with SAT's mandate to market the country internationally and domestically and promote it as a preferred business destination.

- Medium Term Strategic Framework (MTSF: 2019-2024) – is the manifestation of the implementation of the NDP Vision 2030 and the implementation of the electoral mandate of the sixth administration of government. It recognises tourism as a national priority sector that can play a key role in growing the country's economy, addressing unemployment challenges and developing a better Africa and world.
- Tourism Grading Council of South Africa grading criteria (2019) – seeks to advance and maintain a recognisable, credible and globally benchmarked system of quality assurance for accommodation and venues in South Africa.
- Tourism Black Economic Empowerment Charter (B-BBEE Charter) – aims not only to make South African tourism globally competitive but to open the benefits of tourism to previously disadvantaged individuals.

4.2 Strategic Priorities for 2023/24

In line with its vision of positioning South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality tourist experience that is diverse and unique, complementing the national priorities, the Entity identified objectives that would accelerate the delivery of services in the tourism sector. The Entity will contribute to three of the seven priorities of the MTSF as outlined in Table 7.

Over the medium term, the Entity will focus on efforts to bid to host events such as business meetings, conferences and exhibitions in rural areas and small towns to boost the tourism industry in six focal sectors: mining and minerals, manufacturing, travel and tourism, agriculture, finance, and wholesale and retail trade. For this work, R303 million is allocated for research and R278 million for analytics. The Entity also plans to support bids to host 380 international and regional business events over the period ahead through an additional allocation of R303 million.

Table 7: South African Tourism Strategic Priorities for 2023/24

MTSF Priority	MTSF Outcome	NDT Outcome	SAT Outcome
Priority 1: Building a capable, ethical and developmental State	Professional, meritocratic and ethical public administration.	Achieve good corporate and cooperative governance.	Achieve good corporate and cooperative governance.
Priority 2: Economic Transformation and Job creation	Re-industrialisation of the economy and emergence of globally competitive sectors.	Increase the tourism sector's contribution to inclusive economic growth.	Increase the tourism sector's contribution to inclusive economic growth.
Priority 7: A better Africa and world	Growth in the tourism sector resulting in economic growth.	Increase the tourism sector's contribution to inclusive economic growth.	Increase the tourism sector's contribution to inclusive economic growth.

Ensuring that visitors enjoy their experience is a key component of the Entity's work, and part of SAT's revitalisation plan entails assuring that tourism establishments are of a high standard. As such, the number of graded establishments is expected to increase from 5 355 in 2022/23 to 5 805 in 2025/26 at a projected cost of R168.5 million over the medium term. The Entity is set to derive 94.9 per cent (R4.4 billion) of its revenue over the period ahead through transfers from the Department and the remainder through voluntary levies collected from the private sector, income from grading fees, exhibitions and interest from investments.

4.3 Budget allocation for 2023/24

The Entity's 2023/24 budget allocation is R1.47 billion, R246.2 million of which is allocated to fund Compensation of Employees. An amount of R1.21 billion is budgeted for Goods and Services and R10.4 million for Depreciation.

The Entity receives 94.9 per cent (R4.4 billion) of its projected revenue over the MTEF period from transfers from the Department of Tourism, with the other revenue generated from tourism marketing levies, grading income, interest from investments and sundry income (from exhibitions such as Africa's Travel Indaba).

Table 8 reflects the allocation of funds per programme:

Table 8: Overall Budget Allocation 2022/23 – 2025/26

SA Tourism	Budget (R million)				Nominal Rand Change	Real Rand Change	Nominal % change	Real % Change
	2022/23	2023/24	2024/25	2025/26				
Programme					2022/23 – 2023/24		2022/23 – 2023/24	
Corporate Support	154.8	161.7	169.0	177.1	6.9	-0.7	4.46%	-0.42%
Business Enablement	84.6	88.4	92.4	96.8	3.8	-0.3	4.49%	-0.39%
Leisure Tourism Marketing	1 072.6	1 074.7	1 122.9	1 172.3	2.1	-48.1	0.20%	-4.48%
Business Events	92.2	96.4	100.7	105.5	4.2	-0.3	4.56%	-0.33%
Visitor Experience	51.4	53.7	56.1	58.8	2.3	-0.2	4.47%	-0.41%
TOTAL	1 455.6	1 474.9	1 541.1	1 610.5	19.3	-49.6	1.33%	-3.41%

Source: National Treasury ENE (2023/24)

Overall, as seen in Table 8, the budget allocation to the Entity increases by 1.33 per cent or R19.3 million in nominal terms from R1.45 billion in 2022/23 to R1.47 billion in 2023/24. However, in real terms, it declines by 3.41 per cent which equates to R49.6 million. In real terms, all the programmes experience a decline in allocation, with Programme 3 (*Leisure Tourism Marketing*) being the hardest hit at -4.48 per cent. This programme is the main cost driver for the Entity, as it gives effect to its core mandate, which entails marketing destination South Africa to source markets. A decrease in budget allocation will likely affect the number of marketing initiatives and campaigns targeted at both international and domestic tourism markets.

4.4 Analysis of the Annual Performance Plan per programme

The Annual Performance Plan (APP) sets out SA Tourism's planning for the 2023/24 financial year. The APP sets out performance indicators and targets for budget programmes and sub-programmes where relevant, to facilitate SA Tourism realising its goals and objectives as set out in the Strategic Plan. This section provides an analysis of the APP per programme, with a focus on specific select indicators. In addition to the identification of projects, targets and performance indicators were analysed to determine whether they are specific, measurable, achievable, relevant and time-bound (SMART).

4.4.1 Programme 1: Corporate Support

The purpose of this programme is to provide support services to the organisation, as well as ensure compliance with statutory requirements. The business division comprises:

- The Office of the Chief Executive Officer: Strategic Planning, Evaluation and Programme Management;
- The Office of the Chief Executive Officer: Chief of Staff
- The Governance, Risk, Compliance and Company Secretariat;
- Human Capital Management and Facilities;
- Internal Audit;
- Finance and Supply Chain Management;
- Information Communication and Technology (ICT).

The Programme is allocated R161.7 million in the 2023/24 financial year, an allocation which increases by 4.46 per cent, in nominal terms, from the previous financial year's allocation of R154.8 million.

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. The indicator complies with the SMART principle.

Another new indicator is the number of initiatives to promote integrity and ethical conduct in supply chain management (SCM) implemented. Though this performance indicator, aims to achieve clean governance in the organisation. The impact of this indicator will be closely monitored by the Committee. One of the areas that will evidence this impact will be the Entity's audit findings. The indicator complies with the SMART principle.

4.4.2 Programme 2: Business Enablement

The purpose of this programme is to enhance collaboration with various stakeholders and to provide centralised tourism intelligence to support evidence-based decision-making. The business division comprises:

- DigiTech;
- Analytics and Insights;
- Industry and Government Relations;
- Global PR and Communications.

The Programme has a budget allocation of R88.4 million for the 2023/24 financial year. The programme's budget allocation increases by 4.49 per cent, in nominal terms, for the new financial period.

The Entity has four new performance indicators introduced in this programme. These are:

- Number of trend analysis reports
- Number of thought leadership pieces published
- Number of tourism statistics and performance reports relevant to tourism intelligence.

These three indicators are relevant to tourism intelligence.

The trend analysis reports will focus on key trends that relate to the sector and its consumers. The thought pieces will focus on the tourism sector and be published on the Entity's platforms or external platforms. Lastly, the statistics and performance reports will provide an outline of the state of the sector both locally and globally. This information will prove useful to stakeholders in the local value chain.

- 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.

4.4.3 Programme 3: Leisure Tourism Marketing

The purpose of the programme is to create demand through travel acquisition and growing brand equity for South Africa as a leisure and business events destination in identified markets. The budget for this Programme is R1.07 billion for the 2023/24 financial year. This programme is the main cost driver for the Entity. Budget allocation to the programme, which executes the core mandate of the Entity, experiences a decrease of 4.48 per cent in real terms.

A new target in this programme is a number of regional seasonal campaigns implemented. This new target for the Entity is welcomed as the regional markets, alongside domestic tourism were important markets during and post-COVID19. The Committee will engage the Entity on how it is maximising the opportunities presented by the Department of Tourism's involvement in regional platforms such as SADC and the African Union to ensure that these campaigns reach a wider audience. The indicator complies with the SMART principle.

Another new target in this programme which complies with SMART principle is the number of distribution channel initiatives implemented in market. This is a new target raises that following questions:

- Are these new distribution channels or ongoing relationships – or a combination of both?
- Was the Entity's new approach not to minimise the number of distribution channels/marketing partners used as it invested towards digitising its systems?
- Will these initiatives entail joint marketing agreements – if so how will their effectiveness be monitored?
- What role will the Entity's country offices/hubs play in rolling out these initiatives?
- 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?

4.4.4 Programme 4: Business Events

The purpose of this programme is to grow South Africa's business events industry. The South African National Convention Bureau (SANCB) includes the following business units: Business

Development and Support Services; MICE Sales; and Strategic Events and Platforms. The Programme is allocated R96.4 million for the 2023/24 financial year. Budget allocation to the programme experiences an increase of 4.56 per cent, in nominal terms. SANCB continues in its bidding for future events to be hosted across the country.

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 finals reports to the Committee. The meetings sector continues to be an important and lucrative one for South African destinations and its recovery will provide ample opportunities of growth to established and emerging business destinations in the country.

4.4.5 Programme 5: Tourist Experience

The purpose of this programme is to ensure the delivery of quality-assured tourist/visitor experiences, which are diverse, unique and enriched. The business division comprises:

- Quality Assurance and Development;
- Visitor Experience; and
- Brand Experience.

The Programme is allocated R53.7 million for the 2023/24 financial year. The budget allocation for this programme is increased by 4.47 per cent, in nominal terms, from the 2022/23 allocation of R51.4 million.

The new performance indicator in this programme is product proposition implemented. Under this target, the Entity will identify tourism products (including but not limited to tourist establishments, tourist attractions and tourist experiences) in order to match them to the brand of South Africa being an exceptional tourist destination. The indicator complies with the SMART principle.

Another new target in this programme is the Year Tourism Value Chain and Barrier Strategy Implemented. The strategy will focus on improving the quality of the visitor's experiences across the different touchpoints of the tourism value chain. The strategy will be supported by a roadmap that will outline deliverables per year for each of the three years. The indicator complies with the SMART principle. However, for effective oversight, the Committee will require access to the

programme's roadmap that outlines its deliverables in order to monitor the efficient achievement of the target.

5. COMMITTEE DELIBERATIONS AND OBSERVATIONS WITH REGARD TO SOUTH AFRICAN TOURISM

The Committee met with SA Tourism on 9 May 2023 and on 23 May 2023 to consider its 2023/24 Annual Performance Plan and allocated budget as per the schedule of the Committee meetings in the approved Committee Programme. The meeting on 9 May was held at Inkosi Albert Luthuli International Convention Centre in Durban, the venue where Africa's Travel Indaba was being held from 8 – 11 May 2023. A decision was taken to hold the meeting in Durban to accommodate SA Tourism and its Board as they were the host of this event. However, only one Board member attended the meeting whilst the other two Board members deliberately decided not to attend; saying they will only attend an official meeting of the Committee. The Committee regarded this as gross disrespect of the meeting of the Committee as the meeting of 9 May 2023 was an official meeting of the Committee properly communicated to the Entity. The Committee felt undermined by this behaviour as the two Board members had earlier been at the same Indaba venue with the Committee in another event, but decided to shun the invitation saying they will meet the committee at an "official meeting" of the Portfolio Committee.

After an interaction with the Minister, the Deputy Minister and the one Board member who was in attendance at the meeting the Committee deliberated on the developments at SA Tourism, circumstances around the meeting held to consider the 2023/24 Annual Performance Plan and the allocated budget and a wide array of developments at SA Tourism. The Committee reconvened the meeting in Parliament on 23 May 2023 to get a briefing on the Annual Performance Plan. The Committee deliberated and made the following observation and pronouncements based on the developments that have occurred in the Entity over time, what transpired in the meeting of 9 May 2023 and at the briefing of 23 May 2023:

5.1.1 Dissolution of SA Tourism Board

The Committee noted through media reports that three members of SA Tourism Board resigned due to the controversy around the Tottenham Hotspur sponsorship deal. This left South African Tourism with a Board that did not have tourism industry expertise.

The erstwhile Minister of Tourism, Hon. Lindiwe Sisulu then hastily replaced the three members, an act that was questioned by the Committee. Minister Sisulu was relieved of her duties and the new Minister, Hon. Patricia de Lille was appointed on 6 March 2023. In the meeting of 2 May 2023, Minister de Lille informed the Committee that upon her appointment, she engaged the Board on various issues, among others the Tottenham Hotspur sponsorship deal. She wrote to the Board seeking clarity on whether the deal had been formally cancelled and whether the Board regarded the deal to be a form of sole source procurement or a significant transaction and if the Tottenham deal had been budgeted for in the 2022/23 budget. If not, the Board was requested to explain why the expenditure on the deal was not unauthorised or irregular within the meaning of those terms in the PFMA. The Chairperson of the Board responded saying that the Board will no longer proceed with the transaction nor, will it seek the concomitant requisite approvals for the transaction.

5.1.2 Concerns about the Interim Board appointed by Minister de Lille

The Committee noted that on 21 April 2023, in terms of Section 16(3) of the Tourism Act and by way of a Government Gazette, the Minister formally dissolved the Board as three remaining members were no longer forming quorum. At the same time, the Minister appointed an Interim Board composed of three people. The Interim Board was given the full powers of the Board until such time that the full Board is appointed.

The members of the Interim Board of South African Tourism are (i) Ms Kholeka Zama who is a qualified Chartered Accountant who has worked in finance, audit and governance roles and has served as a Chief Financial Officer at several entities, (ii) Mr Tim Harris who is a tourism and economic promotion specialist, with twenty years' global experience in destination marketing, economic policy, investment promotion and governance. He was previously the CEO of Wesgro, a Tourism, Trade & Investment Promotion agency. Mr Harris has a Bachelor of Commerce Masters in Economics, a Bachelor of Commerce Honours in Economics and a Bachelor of Arts - Majors: Economics & English Literature from the University of Cape Town (UCT). Mr Harris is also an Associate Professor of Practice at Johannesburg Business School and a Senior Advisor to the Harambe Entrepreneur Alliance, a leading network of entrepreneurs on the African continent, and (iii) Mr Vincent Zwelibanzi Mntambo who has a law degree from the University of the

North West and a Masters in Law from Yale University and has held various administrative and management positions at FIAT (SA) and later as Faculty Officer at University of the North West. He also served as the first Director General of the Gauteng Provincial Government.

Mr Mntambo was initially gazetted as the Chairperson. According to Minister de Lille, the Interim Board subsequently nominated Mr Harris as the Chairperson as Mr Mntambo had indicated that he will not be able to serve in that position due to time constraints.

The Committee raised concerns about giving full powers to a three-member Board and around conflict of interest that emerged as in its observations, they had realised that the Board members Mr Tim Harris and Ms Kholeka Zama hail from Kwa-Zulu Natal and both of them have ties with the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro). This means there is no geographical spread, gender parity and representation of people living with disabilities as envisaged in the Tourism Act of 2014. It had also come to the attention of the Committee that even the advisor of the Minister comes from Wesgro. She is also a former Chief Marketing Officer for South African Tourism from 2014 – 2017. She was appointed by Wesgro reporting to the Chairperson (Tim Harris) from 2019 – 2020. The other Board member was also employed by Wesgro as a Chief Financial Officer and reported to Tim Harris. It is the Committee's view that there is a calculated capture of South African Tourism by the people who have ties with Wesgro.

In the meeting of 9 May 2023 the Committee was reminded that at its meeting of 2 May 2023, concerns had been raised around the names of the three-member Interim Board members appointed by the Minister, and these had been rejected by the Committee. In that meeting, the Committee recommended that the Minister of Tourism increase the number of the Interim Board Members to at least a five-member Board to ensure fair representation and conducting effective oversight over the Entity. However, in the meeting of 2 May 2023, the Minister indicated that she will look into the matter but made it clear that she will not be told by the Committee what to and how to do it. She raised the issue of separation of powers and insinuated that the Committee was overreaching in making recommendations towards the configuration of the Board of SA Tourism. The Committee further noted the comments made by the Minister in the media regarding her stance that she will not be told by the Committee what to do. In the meeting of 9 May 2023, the

Committee reiterated its recommendation for the Minister to appoint at least five people to the Board.

5.1.3 Inconsistent information around the appointment of the Board

The Committee noted and raised concerns that the Minister had appointed the three-member Board and gazetted Mr. Zwelibanzi Mntambo as a Chairperson. However, on 2 May the Minister told the Committee that Mr Tim Harris was the Chairperson. In the meeting of 2 May 2023, the reason proffered by the Minister was that Mr Mntambo had indicated he was unable to perform the duties of the Chairperson due to time constraints and nominated Mr Harris as the Chairperson, who was concurred by the Minister. In contradicting herself, at the meeting of 9 May the Minister told the Committee she had gazetted Mr. Harris as the Chairperson as she had made an error in the initial gazette as she had initially intended to appoint Mr Harris as the Chairperson. The Committee regard this as the act of misleading the Committee as the Minister had changed the reason. The Committee's view is that there was no error in the initial gazette and the first reason given to the Committee on 2 May 2023 should be taken as the correct one.

5.1.4 Reducing interaction with the Committee to writing

The Committee was perturbed by the Minister saying she will reduce responses to the issues raised in meetings in writing. The Committee had resolved to hold physical and abandon virtual meetings to ensure that they have thorough engagements with the Minister and the Entity.

5.1.5 Absence of two Board members in the official meeting

There was no official apology sent to the Committee about the absence of two Board members at the meeting of 9 May 2023. The Committee raised sharp contempt on the absence of the two Board members, Mr Tim Harris and Mr Zwelibanzi Mntambo. The issue of them saying they wish to come to the official meeting of the Portfolio Committee was heavily criticised as the meeting to consider the Annual Performance Plan of the Entity was official. The Chairperson indicated that the two of them should be called to the meeting. However, Ms Zama indicated that they had already left for Cape Town. The

Committee was agitated by this as the two Board members had attended an opening ceremony event earlier with them. The Committee was perturbed by the deliberate undermining of its oversight work by the so-called “Interim Board Members” who had not even been formally introduced.

5.1.6 Implications for Annual Performance Plan and allocated budget

The Department transfers 53 per cent of its budget to South African Tourism and it was therefore important for the committee to have the Board present when considering the 2023/24 Annual Performance Plan and assessing how the funds will be spent. The Committee is of the view that all three interim Board members needed to be present when the Annual Performance Plan of South African Tourism was considered as it is the same Board that will be playing an oversight role on the performance of the Entity and be accountable to both the Department of Tourism as well as the Committee.

5.1.7 Institutional incapacity to implement the 2023/24 Annual Performance Plan and budget spending

The Committee expressed that the Entity has no capacity to implement the Annual Performance Plan and spend the allocated budget as there are no executive staff members to manage the Annual Performance Plan and budget if appropriated. This was based on the information that the Entity has no Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer and Chief Strategy Officer who are the ones required to drive strategy and implement the budget. All the individuals in these positions are in acting capacities and other day-to-day responsibilities of their normal positions are being jeopardised.

5.1.8 Potential irresponsible expenditure by the Board

South African Tourism has recently been embattled in the proposed almost R1 billion Tottenham Hotspur sponsorship deal which was stopped by the Committee through its robust oversight over the Entity. The Committee is concerned about the implications of appropriating a budget to the Entity whose Board does not take its work seriously and runs a risk of following the same route taken by the previous Board in misusing the funds appropriated to the Entity.

5.1.9 Conflict of interest by the Chairperson of the Board

The Committee has empirical evidence of conflict of interest with emails showing that the Chairperson of the Board previously requested funding from the Entity. The staff member to whom funding was requested has been appointed by the same Board as an Acting Chief Marketing Officer of the Entity. This poses a high risk as a huge portion of the funds transferred to SA Tourism goes to marketing, a position occupied by an individual who has worked with the Chairperson before advising him on how to go about receiving funding for the World Surfing League. There is a high risk that the two may collude and collaborate in siphoning the funds of the Entity.

In a speech during the opening of Africa Travel Indaba, an event hosted by South African Tourism, this became clear when the focus of his speech was solely on Air Access, his role as a partner in Consulium; instead of as the Chairperson of South African Tourism's Board. Consulium is a government advisory agency that focuses on assisting government leaders and organisation's integrate strategy, policy and communications; with the aim to drive economic and social development. What assurances can he give the Committee that the budget for SA Tourism will not be used for his personal interests.

The three Board members need to be investigated as all of them come from the same organisation, WESGRO, which is in itself a conflict of interest.

5.1.10 Lack of understanding of the mandate by the Board

The Committee was concerned that the Interim Board Members seem not to understand their mandate as the member present at the meeting, Ms Kholeka Zama, said they were prioritising the audit outcomes for the ended 2022/23 financial year and not the Annual Performance Plan for 2023/24. The Committee indicated that the Annual Performance Plan and its allocated budget were a priority. This is to allow the Committee to scrutinise the plan and recommend to Parliament to appropriate the budget. This gross misunderstanding of the budget and audit processes by the Board makes the Committee apprehensive to recommend that Parliament should appropriate the budget for the 2023/24 financial year to SA Tourism.

5.1.11 Usurping of administrative powers of staff by the Board

The Committee noted with concern that on 27 April 2023, an ordinary Board member, Ms Kholeka Zama, wrote a letter to SA Tourism taking powers away from the executive staff of the Entity. She wrote the letter as an “Acting Chairperson” of the Entity without that decision being taken by the Board. She indicated that Mr Harris had requested her to write the letter as he was out of town, an act seen as irresponsible as he had neither taken leave of absence from his duties as the Chairperson nor was he out of the country. The Committee was concerned as the removal of delegated authority from the executives to implement programmes of the Entity contravenes the Public Finance Management Act and the Tourism Act of 2014. The Committee viewed this as the Board usurping administrative powers and acting as both the executive and accounting authority of the Entity.

It has, however, come to the attention of the Committee that Ms Zama misled the meeting and delegation of powers were not withdrawn on 5 May 2023. Powers have not been returned to officials by the Board. This was a deliberate attempt at misleading the Committee and utterly disrespectful of Ms Zama. The Committee will report this to the Minister of Tourism as an act of perjury.

5.1.12 Resignation of the Acting Chief Executive Officer

The Committee raised serious objections to the Board having accepted the resignation of the Acting Chief Executive Officer, Mr Themba Khumalo, without serving the three months’ notice as per his employment contract. The Committee noted that the Acting Chief Executive Officer had indicated in his resignation letter that as per clause 10 of his employment contract, he acknowledged that he was obliged to serve the three months’ notice, which he was prepared and available to serve. He had also indicated that, however, he would prefer to leave immediately or at least at the soonest time at the organisation’s convenience. The Committee was perturbed that the Board opted to release him immediately and the Minister concurred with the decision. The Committee insisted that the Board should not pay Mr. Khumalo for the three months he should have served his notice. Minister de Lille lied to the Committee when she indicated that Mr Khumalo had advised that he would not be able to serve his three-month notice, as this is explicitly indicated in his letter of resignation. The Minister made an undertaking to send all the

relevant information and correspondence around the resignation of the Acting Chief Executive Office by 10 May 2023, which were not all received until 12 May 2023.

5.1.13 Purging of black excellence

The Committee noted the deliberate and visible act of purging black excellence at an executive level of the Entity and the Chairperson using unsubstantiated whistleblowing allegations to go to the media and tarnishing the name of the individual who happens to be the current Acting Chief Executive Officer without consulting her. The Chairperson of the Board made several allegations against the current Acting CEO. These allegations were made in public before being presented to the Committee.

This, coupled with the resignation of Mr. Khumalo and other staff related matters points to the purging of staff at the Entity.

5.1.14 Secondment of staff from the Department

The Committee noted that the Board wrote to the Director-General of the Department asking secondment of the person who will act as a company secretary. In this, the Board removed the capable acting Company Secretariat and seconded a Chief Director of the Department of Tourism which is also ailing to act in this position.

5.1.15 Decision to not transfer funds to South African Tourism

Upon consideration of many factors, the Committee found it prudent not to continue the meeting with South African Tourism on 9 May 2023 as it was pointless without the responsible people in attendance at the meeting. To this end, the 2023/24 Annual Performance Plan was not presented and discussed by the portfolio committee. The Minister was present at the beginning of the meeting but left the Deputy Minister who could not respond to issues raised by the Committee, citing that only the Minister would be able to attend to such issues. The Committee reconvened on 23 May 2023 to consider the Annual Performance Plan with two members of the Board in attendance.

As alluded, governance and spending concerns at SA Tourism are also informed by the

number of acting executives and the dysfunctional Board. The issue is not about not appropriating the 2023/24 budget to SA Tourism, but more about who the budget will be released to. The Committee is concerned about the fact that if a budget is released to the Entity, who will be held accountable for its spending, as currently there is no permanent executive/accounting authority.

5.1.16 Risk of appropriating budget to the Department

With all the developments around the Board and the lack of understanding of the mandate, the Committee unanimously decided to recommend to Parliament that the 2023/24 financial year budget should not be appropriated to the Department of Tourism. The Committee categorically highlighted all the issues cited above as matters that prompted it to arrive at the decision for Parliament not to appropriate the budget to Vote 38 until the Minister and the Board have addressed all the concerns raised.

5.1.17 Number of meetings held by the Board

In the meeting of 9 May 2023, the Committee learnt that since its appointment, the Board had convened eight (8) meetings, which is contrary to the Tourism Act 2014 (Act No.3 of 2014). The Committee also learnt of an additional meeting that was held on 10 May 2023, just after the Committee had raised an issue about the number of meetings held by the Board. This is another act of disrespect to the recommendations of the Committee. The Board seems to be doing what it likes without due regard of the enabling legislation.

5.1.18 Merger of South African Tourism and Brand SA

The former Minister, Lindiwe Sisulu, reported to the Committee that in a government Lekgotla held in Limpopo, at Phala Phala Farm, it had been agreed that Brand SA and SA Tourism should merge. She had informed the Committee that the process was going forward, albeit slowly, because the process belonged to the Departments of Tourism and Presidency. The impression given by the former Minister was that there was a Cabinet resolution on the merger of the two entities. However, the Committee noted that the report by the new Minister, Patricia de Lille, that there is no Cabinet resolution on the merger. The Committee noted the undertaking made by Minister de Lille that together with

Minister Khumbudzo Ntshavheni in the Presidency, they have agreed to conduct a feasibility study to ascertain the pros and cons of merging the two entities.

5.1.19 Unrealistic targets set by the Entity

The Committee noted that South African Tourism is still pursuing a target of 21 million additional arrivals by 2030. The Committee considers this as an unrealistic target given that it was a policy statement announced before the onset of the COVID-19 pandemic. The target is seen as a mere compliance with the policy statement and does not consider the current material conditions. The target of 21 million additional arrivals also goes against the 15.6 million additional arrivals presented to the Committee, which is a realistic figure agreed upon by the Entity and other stakeholders.

5.1.20 Invitation of the Portfolio Committee by South African Tourism

The Committee noted the reports in the media about the Minister having pulled a plug on the MPs' junket to US. The Committee wants to put it on record that it never initiated this trip but it was a voluntary action of the Entity. Upon receiving the invitation, the Chairperson of the Committee contacted the Office of the House Chairperson: National Assembly Committees and also enquired to the Entity about the costs. The Entity never responded to the enquiry, but in turn cancelled the invitation. The Committee takes the sentiments raised in the media as tactics to divert it from doing its robust oversight work. In this regard, the Committee reiterates that it will never be deterred from doing its work as mandated by the Constitution of the country.

6. RECOMMENDATIONS

Having considered the 2023/24 Annual Performance Plans of the Department of Tourism, and South African Tourism, and having considered and evaluated the untenable developments at South African Tourism, the Committee recommends that:

- 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.
 - 6.1.2 The vacancies at an executive level of South African Tourism are filled.
 - 6.1.3 The delegation of authority taken by the Board in the letter of 27 April 2023 has been reversed and given back to the executives at South African 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.
 - 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.
 - 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.
 - 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.
 - 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.
 - 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).
 - 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.

- 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.
- 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.

7. CONCLUSION

The Department of Tourism's Annual Performance Plan (APP) for the 2023/24 financial year has set out the programmes it seeks to achieve. The programmes and projects mentioned are aligned with those in the Estimates of National Expenditure for the medium term. Through its sub-programmes, the Department has ensured that projects are linked to the budget for the financial year. On the Department's indicator and target formulation process informed by the SMART principle, most of the targets were specific and measurable, others fell short of this requirement. It is important that the Department review some of these targets, which are mentioned in the report, to ensure that they adhere to these criteria. Unclear targets have implications for programme performance and reporting and affect the Committee's ability to conduct oversight.

With regard to South African Tourism, the Committee considers this Entity to be dysfunctional and lacking in basic governance principles. As such, the Committee carefully scrutinised the developments in the Entity and made a difficult but considered decision that the funds must not be transferred to it by the Department of Tourism until the Entity has met certain conditions. The Committee will reconsider its decision after the Entity has demonstrated an improvement in all the stated conditions.

Report to be considered