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**MINISTER OF TOURISM**

**REPUBLIC OF SOUTH AFRICA**

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**NATIONAL ASSEMBLY:**

**QUESTION FOR WRITTEN REPLY:**

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**Mr M S F de Freitas (DA) to ask the Minister of Tourism:**

With reference to the Tourism Grading Council, (a) what

(i) targets were set (aa) for the past three years, (bb) since 1 January 2019 and (cc) for the next three years,

(ii) targets have been reached (aa) in the past three financial years and (bb) since 1 January 2019,

(iii) research has been undertaken into the grading council, (iv) changes are required within the modern environment and (v) are the results of these studies and (b) how will the research results be implemented?

**Reply:**

|  **Historical Performance 3 years** |
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| **Year** | **Graded Establishments** | **Graded Rooms** |
|  | 1. **Annual Target**
 | 1. **Actual Total at year end**
 | 1. **Annual Target**
 | **(ii) Actual Total at year end** |
| **2016/17** | 5 650  | 5 354  | 122 686  | 118 869  |
| **2017/18** | 5 932  | 5 058  | 128 821  | 118 497  |
| **2018/19** | 6 229  | 5 147  | 135 262  | 125 411  |
|  |  |  |  |  |

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| **Future Targets and year to date Actual Performance 3 years** |
| **Year** | **Graded Establishments** | **Graded Rooms** |
|  | 1. Target
 | 1. Actual
 | 1. Target
 | 1. Actual
 |
| **2019/20** | 5 500  |  5 201 (as at 30 September 2019) | 133 140  |  124 268 (as at 30 September 2019) |
| **2020/21** | 5 800  |   | 139 767  |   |
| **2021/22** | 6 100  |   | 146 789 |   |

1. Research has been undertaken into the grading council

In 2017 the TGCSA undertook a Perception Study research project. The main aim of this study was to determine the overall perception of the tourism sector on the value and the importance that grading has in South Africa, while understanding the difference between graded and non-graded establishments.

Methodology - Data used in the analysis was gathered over two months in cooperation with role players in the tourism sector by means of an online questionnaire and telephonic interviews. Questions asked in the questionnaires were developed by the client prior to the study with the aim of measuring the target samples perceptions of graded and non-graded establishments in South Africa. Seven questionnaires were developed for each of the specified target samples

See recommendations below (v).

Results of the study: The following core recommendations need to be incorporated and focused on by the TGCSA as part of the Perception Study(Results):

* Restructuring the current grading system:

**Funding**- Grading should be offered free of charge to establishments, with the National Department of Tourism, SA Tourism and Government picking up the costs for grading.

**Assessors**- Recommendations included employing assessors full-time and that grading be made compulsory throughout the Tourism Sector in South Africa.

**Provincial spread of assessors**- It was recommended that TGCSA needs to have an office in each province with the following core functions:

* The staff answer all calls and queries for that particular province;
	+ - * + Process all payments for the office;
				+ Monitor assessors in that particular province;
				+ Ensure that there is no illegal use of star insignia within their province, and market grading and available benefits associated with being graded within the province;
				+ Each office will therefore be in charge to ensure that targets are reached and that assessors are following correct procedures;
				+ Build a relationship with service-providers in provinces;
		- Communicate on quality management systems required.
		- Credible and reliable assessors- TGCSA needs to develop an anonymous report line, which accommodation establishments can call in order to report processes which they do not deem as correct. Assessors need to be qualified , experienced, credible and highly trained professionals.
* Value chain implementation:
* Attractions and heritage facilities- Heritage sites need to be graded, as not all heritage sites and attractions are on par with international standards. Government owned and operated attractions and facilities need to be a priority as this has an influence on the tourists’ holistic experience and perception of South Africa.
* Other tourism products: The TGCSA should also quality assure other elements of the tourism experience which includes transportation such as shuttles and restaurants.
* Incorporation of review portals:
* It is recommended that the TGCSA introduce an intangible element into the grading criteria (which currently only measures tangible elements) incorporating live-time reviews from travel consumers who visit graded establishments.
* Roadshows and workshops:
* It is recommended that TGCSA incorporate a roadshow (similar to the previous Power of One Roadshow) into their annual planning, during which each province is visited and receive the same standardised training and information.
* Marketing and awareness campaigns:
* Improve effectiveness of the TGCSA website- Value can be created through the creation of a one stop shop for all graded establishments. Where potential guests can not only view the accommodation establishment, it’s rating and description but they can also make bookings, as well as write review
* TGCSA Mobile App- The above mentioned one-stop platform can then also be expanded to a mobile app, where people can make bookings while on the go. This platform can also be used to promote shot-left campaigns and promotions offered by graded establishments.
1. How will the research results be implemented?

**Funding**

In a number of cases, the above recommendations have been either implemented or partially implemented. There are however a number of recommendations outlined above that require notable financial funding and human resources in order to execute. In these cases, due to the limited head count and financial resources available, TGCSA is unable to implement these recommendations. The implementation of the grading standards and certification for attractions, experiences and facilities such as heritage facilities, has not commenced as these activities require additional resouces such as headcount which are not currently available. There are also a number of these recommendations that require policy amendments and these discussions are ongoing with respect to the cost benefit comparison associated.

**Costs of Grading**

TGCSA in collaboration with the National Department of Tourism automated the introduction of the Grading Support Program funding in 2017. This funding allows for properties to access up to 90% off their grading fees annually. To date, over 4000 properties to the tune of R13mil have been assisted with funding to address affordability of fees.

**Full Time Assessors vs the Current outsourced model**

The Chief Financial Officer and Chief Quality Assurance Officer undertook a detailed feasibility study into recommendations of employing assessors on a full-time basis in 2017. The total employee cost that would be incurred was an additional R35 247 728, 20 annually. Lack of Head count approval makes implementation on a full-time basis a challenge and had to revisit and strengthen the Service Provider Agreements for Assessors.

**Provincial spread of Assessors**

The TGCSA has in the last twelve months relocated some of its permanent staff, the six Provincial Quality Assurance Specialists, to the provincial Tourism Agency offices. SAT currently have staff based in Cape Town, Durban, Johannesburg, East London and Polokwane. This is proving to be a positive decision and regional integration is improving.

The TGCSA also currently has 62 Accredited Assessors operating accross the country:

Eastern Cape – 7 resident assessors

Free State – 5 resident assessors

Gauteng – 10 resident assessors

KZN – 9 resident assessors

Limpopo – 4 resident assessors

Mpumalanga – 5 resident assessors

North West – 4 resident assessors

Northern Cape – 5 resident assessors

Western Cape – 13 resident assessors

**Incorporation of Review Portals**

To ensure relevance and intergration with online review portals, the team at the TGCSA are also currently working on greater integration with platforms in order to display the grading status of listings. At present we interface with a number of local and online platforms using and automated plug in (API) link which is governed by the relevant legal structures.

**Roadshows and workshops**

The Grading System enhancement process was completed in November 2018 and the new grading system, criteria and benefits was introduced on 01 April 2019. This process involved widespread industry consultation and global benchmarking and concluded with the Ministers approval in November 2018. This also included a national roadshow, in all nine provinces, in response to the feedback from the survey. The team in the provinces are regularly engaging our stakeholders at a myriad of workshops and meetings held across the country and the presence of TGCSA personnel in the regions has aided accessibility and support for graded establishments.

**Marketing and awareness campaigns**

TGCSA Integrated Marketing Campaign for both Trade and Consumer has been finalised. This campaign which focusses on the new benefits and system accolade enhancements which aide product differentiation should drive renewals and attract new leads. In addition, the Provincial teams are working closely with their Provincial Stakeholders and are participating in a number of events to drive awareness and new applications. The TGCSA will hold its Annual Assessor Conference in Quarter 2 of 2019/20 and this will be an opportunity to re-energise the team and focus them on sales drive.

The TGCSA, after receiving the counsel of the marketing and digital team at SA Tourism in 2017, chose not to create and launch a Mobile Application to share information due to the additional management that an Application platform would create. Instead, a decision to use our current, mobile supported website was made. This enables real-time updates and integration with SA Tourism and other online platforms. The TGCSA website is also undergoing a review and greater integration into the SA Tourism digital offering.