**Report of the Portfolio Committee on Tourism on Budget Vote 35: Tourism, dated 8 May 2013.**

The Portfolio Committee on Tourism, having considered Budget Vote No. 35: Tourism, together with the Strategic Plan and Annual Performance Plan of the National Department of Tourism (NDT) and the South African Tourism (SAT), reports as follows:

**1. Introduction**

1.1 The Constitution of South Africa (Act No. 108 of 1996) recognizes that Legislative Authority has an important role to play in the oversight function in overseeing the performance of government departments and public entities.

1.2 In terms of section 10 ( c ) of the Money Bills Amendment Procedure and Related Matters Act (Act No. 9 of 2009), strategic Plans must be tabled in Parliament after the adoption of the fiscal framework.

1.3 It is important to ensure that the strategic plan is tabled within the stipulated period because the plan provides information for budget review process of the Portfolio Committee.

1.4 The budget and strategic plan form the basis of the annual report. The Public Service Commission (PSC) in its report Evaluation of the Departments Annual Reports as an Accountability Mechanisms states that the emphasis on measurable objectives, which should be part of the strategic plan, is to create a contract between Parliament and the relevant Minister regarding specific deliverables for which the Minister can be held accountable.

1.5 This explains the importance of budget and strategic plan process in the calendar

of Parliament and the necessity for departments to table these on time to ensure Parliament is provided with information required for its oversight work.

**2 The committee process**

2.1 The Committee when adopting its 2013 second term programme, decided as part of enhancing its budget review process, to invite the Financial and Fiscal Commission (FFC) to make a presentation on the budget and strategic plan of the NDT to indicate whether the budget and the plan are realistic to address tourism within the developmental agenda of the country.

2.2 On the 13 thMarch 2013, the Minister tabled to Parliament the Strategic Plan and Annual Performance Plan of the NDT for 2010/11 to 2015/16 financial years and 2013/14 review.

2.3 The Minister further tabled an updated Strategic Plan and Annual Performance Plan of the SAT for 2013/14 financial year.

2.4 On the same day, the Speaker of the National Assembly referred these papers to the committee for consideration and report.

2.5 The Committee scheduled extended briefing sessions with the South African Tourism and the NDT so as to present their plans and budgets for the Medium Term Expenditure Framework (MTEF) period on 23 and 30 April 2013 respectively.

2.6 As part of the budget review process of the NDT, the Committee engaged extensively on operational plans of identified areas of the Departments programmes. These were areas which the Committee observed to have either previously experienced slow progress in terms of implementation or required close monitoring to ascertain whether their 2013/14 targets would be met.

2.7 The budget briefings served to acquaint the Committee with the mandates and programmes of each business unit in the NDT and the entity.

2.8 In 2012, Government adopted the National Development Plan as its overarching planning framework. The Committee expected the Department to ensure that the Tourism Sector plans were consistent with the National Development Plan.

2.9 The following appeared before the Committee during the Budget Review sessions: the Financial and Fiscal Commission; the SAT; and the NDT.

2.10 This report gives a brief summary of presentations made to the Committee, focusing mainly on 2013/14  2015/16 Strategic plans; the Annual Performance Plans and the 2013 Medium Term Expenditure Framework (MTEF) allocations and an overview of allocations per programmes. The report also provides the committees recommendation relating to the Vote.

2.11 The engagements simultaneously reviewed the past performances of the NDT and the entity SAT. Both the Minister and Deputy Minister and the Director General could not attend the scheduled sessions due to Cabinet business. The delegation led by the Chief Operations Officer consisted of the senior management officials.

**3 Financial and Fiscal Commission**

3.1 Tourism plays a critical role in the economy of South Africa . The FFC explored solutions to challenges identified by the NDT and on how they could be addressed. Tourism is considered as a critical player in the South African economy.

3.2 In 2012, tourism made a 10.3 percent contribution to total employment in South Africa . Total contribution of tourism to the Gross Domestic Product (GDP) was R309 billion (11 percent of GDP).

3.3 The FFC noted that if the Tourism Sector contribution grew at the current rate of 1.52 percent per annum, it would fall short by R150 billion of the National Development Plan (NDP) target of R499 billion by 2020.

3.4 The FFC further observed the disjuncture in timeframes for targets set for the National Development Plan and the New Growth Path (NGP). The envisaged NDP 2020 target is to create 225 000 tourism jobs, while the NGP propounded to create 225 000 jobs in tourism by 2015.

3.5 Spending performance by the NDT was 96.5 percent of its total in 2010/11 compared to 98.8 percent in 2011/12. The NDT spent 95 percent of its total budget by February 2013 compared to 92 percent of total budget at the same period in February 2012.

3.6 The FFC highlighted the difficulty in assess the overall service delivery impact of the NDT expenditure because SATs annual report is not consolidated with the NDTs annual report. The challenge is to ensure the NDT got value for money from the funds disbursed.

3.7 With the overall funding envelop of the NDT determined upfront, there could be budgetary tensions between allocations for SAT and NDT for internal activities. The FFC argues that the NDT is less likely to receive a major unconditional cash injection, although there is substantial grant funding for job creation initiatives that the Department could apply for.

3.8 The NDT exceeded 92 percent of all its targets for 2011/12. The reason cited for exceeding targets is that there is better uptake and response to initiatives. The NDT did not overspend its budget despite 30 percent of its targets being exceeded by marginal amounts in most cases. Nevertheless, programmes are implemented efficiently.

3.9 An area that can be improved is that some indicators are not measurable such as percentage implementation of workplace skills plan as the indicator did not show how the skills plan is being measured.

3.10 The FFC made a number of wide ranging recommendations on intergovernmental fiscal relations as part of its 2013/14 annual submission to Parliament.

**4 South African Tourism**

4.1 The ***mandate***of the SAT is to position and market South Africa as a tourism destination of choice. The key activities include promoting tourism by encouraging potential visitors to travel to and within South Africa and ensuring the highest attainable quality standards of tourism services and facilities.

4.2 ***4 thPortfolio Review*** the review was implemented from 1 April 2011 up until 30 March 2014. The Review identified different types of tourism markets based on the number of tourists visiting South Africa .

4.3 The categories identified were core, investment, tactical and watch list markets. Countries from various continents are then categorized in the types of tourism markets they ought to fit into. For example, some of the core market countries for South Africa include Botswana , USA , India and Germany .

4.4 ***5 thPortfolio Review*** the SAT already had its 5 thPortfolio Review Outcome which is to be implemented from the 1 April 2014 up until the 30 thMarch 2017. In the 5 thReview , Botswana no longer forms part of South Africa s core market. China on the other hand moved up into the core market category.

4.5 Most of the ***watch list market***countries formed part of the SA Tourisms hub strategy. The objective of the hub approach is to link and combine markets of strategic importance as hubs in order to realize a greater return on investment. It is also envisaged to commence from 1 stApril 2014 to 2017.

4.6 ***Africa Growth Strategy*** The SAT has an Africa Growth Strategy in order to generate growth from the continent to meet National Tourism Sector Strategy targets. In addition, SAT would look at growing arrivals in key regional markets in Africausing the hub strategy.

4.7 ***Domestic Tourism Strategy*** the objective of the strategy is to grow domestic tourisms contribution to the tourism economy. SAT used 2009 figures as a baseline and set targets for 2015 and 2020. For example, the number of adult travellers in 2009 was 14.6 million; the forecasted targets for 2015 and 2020 were 16 million and 18 million respectively.

4.8 ***Key initiatives*** some initiatives aimed at boosting domestic tourism are: to complete a brand audit of the current Domestic Tourism Campaign; the application of digital best practice into the new campaign execution and to engage low cost airlines to improve regional distribution.

4.9 Number of ***Graded Establishments*** as at the end of March 2013, there were 6 194 graded properties, while the annual target set is 6 172.

4.10 ***National Conventions Bureau*(NCB**)- A total of 87 bids had been secured for South Africa for the period 2013  2017.

4.11 **Human Resources** SAT staff complement is expected to increase from 189 to 194.

**5. National Department of Tourism**

The submission of NDT was captured as follows:

**5.1 Policy priorities for 2013/14**

Since tourism is one of the six priority sectors in the New Growth Path, the NDT is working to ensure that these key priorities are aligned with governments objectives in order to receive the desired results. The strategic goals over the medium term as identified by the NDT are as follows:

5.1.1 Maximize domestic and foreign tourist arrivals to South Africa .

5.1.2 Expand domestic and foreign investment in South African tourism industry;

5.1.3 Expand tourist infrastructure.

5.1.4 Improve the range and quality of tourist services;

5.1.5 Increase the impact of tourism on the livelihood of all South Africans;

5.1.6 Improve tourist experience and value for money;

5.1.7 Improve research and knowledge management;

5.1.8 Contribute to growth and development and expand the tourism share of Gross Domestic Product;

5.1.9 Improve competitiveness and sustainability in the tourism sector ; and

5.1.10 Strengthen collaboration with tourist organizations.

**5.2 Performance and Service Delivery information**

The Industrial Policy Action Plan 2(IPAP 2) identifies tourism as one of the important drivers for job creation in line with the general understanding that tourism has low barriers of entry for entrepreneurs. The Department has the Expanded Public Works Programme (EPWP), which is aimed at addressing issues of job creation as well as infrastructure development. [[1]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn1%22%20%5Co%20%22)

The NDT managed to execute most of their programmes without major hindrances. The administration programme met and surpassed some targets for example; workplace skills plan, representation of designated groups, and efficient service delivery. Furthermore, the Master System plan was reviewed and phase 1 of the plan was implemented. [[2]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn2%22%20%5Co%20%22)The NDT also reported positive results with regard to compliance with performance and risk management prescripts; compliance relating to regulatory requirements and the progress made in respect of scheduled international agreements. In terms of procurement from Broad Based Black Economic Empowerment (BBBEE) and Black Economic Empowerment (BEE) enterprises, the NDT achieved the target that was set at 59 per cent. The system of monitoring Compliance with BEE rating was piloted and this will assist in ensuring transformation and compliance of the industry with tourism BBBEE Charter.

The communication strategy of the NDT needs to boost its performance where the implementation plan is concerned because for a number of projects depends effective communication. The target set for this indicator was 100 per cent and only 92 per cent of the target (the challenges in this regard were lack of capacity and logistically-related), were achieved. However, it must also be noted that the NDT was doing well in terms of high level media interventions that led to media coverage, as the Department was able to obtain 13 interventions, more than the target of 8 that was set. [[3]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn3%22%20%5Co%20%22)T he SCM audit raised concerns with the R6 million irregular expenditure which was in contravention of the SCM legislation. [[4]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn4%22%20%5Co%20%22)This audit finding was incurred d espite the Departments efforts in conducting nationwide workshops for Supply Chain Management (SCM) officials, as well as public and private sector tourism associations on the implementation and alignment of BBBEE and Preferential Procurement Framework Act to advance transformation in the sector.

The NDT managed to perform a lot better in the Expanded Public Works Programme (EPWP) for the 2011/12 financial year as compared to its performance in the 2010/11 financial year. However, it remains important that more focus be invested in these projects to bear the desired results and deal with issues of corruption. This will further improve the Departments contribution towards decent work through sustainable projects. [[5]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn5%22%20%5Co%20%22)The NDT fell short of its target of full time equivalent jobs; however it surpassed the target for the number of projects funded by the EPWP. [[6]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn6%22%20%5Co%20%22)

The intake for young chefs for the 2011/12 financial year was reported to be 767 with 531 graduates during the biannual report to the committee; however, the intake in the annual report rose to 818 increasing the number of graduates to 536 surpassing the set target of 800. [[7]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn7%22%20%5Co%20%22)The Department has also met its target with regards to the rural products supported, getting two out of two. [[8]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn8%22%20%5Co%20%22)The NDT has over the years done work on niche product development and this year it has developed a strategy for avitourism, however it is also important for the NDT to do an evaluation of how these strategies have paid off. For example, the recent report on cruise tourism has existed for a while yet nothing has paid off from this exercise. [[9]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn9%22%20%5Co%20%22)

The NDT supported a significant 981 rural enterprises out of the targeted 530 - this achievement places the NDT ahead of its target by almost 45 per cent. The NDT however, failed to meet the target set at 3 351 for support of Historically Disadvantaged enterprises having only supported 2 253 enterprises. The Department had set a target of 20 black SMMEs to be supported on a mentorship programme, and exceeded this target by taking 22 SMMEs through the Mentorship Programme. [[10]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn10%22%20%5Co%20%22)The programmes for youth development are all on track as some of the targets have been met and finally the target set for the roll out of the National Tourism Sector Strategy (NTSS) was set at 15, whereas 19 district municipalities were work-shopped.

The most worrying factor is that the Departments Strategic Plan in some instances is characterised by Key Performance Indicators (KPIs) which are not necessarily within the Departments mandate and power to deliver but are dependent on a third party. The NDT needs to work hard at creating platforms that allow these issues to be discussed and further develop ways of addressing overlapping issues.

On South African Tourism (SAT), 55% of reported targets had not been achieved. This was mainly because indicators and targets were based on a stable baseline, while external factors like the global economic slowdown and bad media reporting on national safety and security had influenced the actual results negatively. Management needed to review their indicators and targets to consider external factors. [[11]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn11%22%20%5Co%20%22)

**5.3 Budget analysis**

The Department carries out its mandate through four programmes (Table 35.1). The budget is expected to grow at a moderate rate reaching R1.9 billion in the Medium Term Expenditure Framework (MTEF) due to the shift in focus and the more emphasis on Policy and Knowledge services and Domestic Tourism in order to allow the Department to market South Africa from an informed base using research. This will possibly address the consistent concern regarding minimal domestic tourism promotion. In addition these new efforts are supposed to significantly contribute towards the creation of the 16 373 full time equivalent jobs through the EPWP by 2015/16. [[12]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn12%22%20%5Co%20%22)The additional allocation of R319 million from the Department of Trade and Industry for the tourism incentives programmes is another contributor to the growth of the Departmental budget in the MTEF. [[13]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn13%22%20%5Co%20%22)Table 35.1 shows the programme allocation for the Department of Tourisms budget.

Table 35.1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **NominalRandchange** | **RealRandchange** | **Nominal % change** | **Real % change** |
| R million | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2012/13-2013/14** | **2012/13-2013/14** |
| Administration | 191.9 | 205.7 | 221.4 | 226.6 | 13.8 | 2.9 | 7.19 per cent | 1.51 per cent |
| Policy and knowledge Services | 793.4 | 875.5 | 924.4 | 930.6 | 82.1 | 35.7 | 10.35 per cent | 4.50 per cent |
| International Tourism | 41.8 | 49.6 | 52.3 | 53.5 | 7.8 | 5.2 | 18.66 per cent | 12.37 per cent |
| Domestic Tourism | 347.0 | 369.8 | 496.0 | 700.5 | 22.8 | 3.2 | 6.57 per cent | 0.92 per cent |
|  |  |  |  |  |  |  |  |  |
| **TOTAL** | **1 374.1** | **1 500.6** | **1 694.1** | **1 911.2** | **126.5** | **46.9** | **9.21 per cent** | **3.41 per cent** |
|  |  |  |  |  |  |  |  |  |  |

National Treasury (2013)  Vote 35 Tourism

The budget makes mention of the Cabinet-approved reductions in the MTEF of R12.5 million in 2013/14, R9.6 million in 2014/15 and R59.6 million in 2015/16 and expresses that the Departmental Targets have been reduced accordingly. An increase of 9.21 per cent in the Departments allocation has been observed for the budget year 2013/14 in nominal terms although in real terms that translates to a mere 3.41 per cent (Table 1). This is due to an increase in three of the programme budgets.

**5.4 Programmes**

**Programme 1: Administration**

Table 35.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2013/14** | **Real Increase / Decrease in 2013/14** | **Nominal Percent change in 2013/14** | **Real Percent change in 2013/14** |
| **R million** | **2012/13** | **2013/14** |
|  |  |  |  |  |  |  |
| MINISTRY | 33.1 | 37.5 | 4.4 | 2.4 | 13.29 per cent | 7.29 per cent |
| MANAGEMENT | 16.7 | 17.4 | 0.7 | - 0.2 | 4.19 per cent | -1.33 per cent |
| COOPERATE AFFAIRS | 118.2 | 125.8 | 7.6 | 0.9 | 6.43 per cent | 0.79 per cent |
| OFFICE ACCOMODATION | 24.0 | 25.0 | 1.0 | - 0.3 | 4.17 per cent | -1.36 per cent |
|  |  |  |  |  |  |  |
| **TOTAL** | **192.0** | **205.7** | **13.7** | **2.8** | **7.1 per cent** | **1.45 per cent** |

National Treasury (2013)  Vote 35 Tourism

The budget allocation to the Administration Programme is for strategic governance and risk management; legal, corporate affairs, information technology, and strategic communications support services to the NDT, and has increased from R192 million in 2012/13 to R205.7 million in 2013/14. This represents a nominal increase of 7.1 per cent; a decrease of 1.45 per cent in real terms. This programme constitutes 13.97 per cent of the Departments total budget, most of which will be spent through the Corporate Affairs sub-programme to create an enabling policy environment for the growth and development of tourism. The bulk of the budget will be utilised to cover funding to improved conditions of service; IT services, increased travel demand for national and international trips and the procurement of furniture. [[14]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn14%22%20%5Co%20%22). A cost reduction of R2.3 million will be effected in the 2015/16 financial cycle this reduction will result in less spending on external audit costs, this costs fall under goods and services. [[15]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn15%22%20%5Co%20%22)

**Programme 2: Policy and knowledge services**

Table 35.3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2013/14** | **Real Increase / Decrease in 2013/14** | **Nominal Percent change in 2013/14** | **Real Percent change in 2013/14** |
| **R million** | **2012/13** | **2013/14** |
|  |  |  |  |  |  |  |
| POLICY AND KNOWLEDGE SERVICES | 3.4 | 3.6 | 0.2 | 0.0 | 5.88 per cent | 0.27 per cent |
| POLICY DEVELOPMENT AND EVALUATION | 17.2 | 20.2 | 3.0 | 1.9 | 17.44 per cent | 11.21 per cent |
| RESEARCH AND KNOWLEDGE MANAGEMENT | 17.8 | 21.7 | 3.9 | 2.7 | 21.91 per cent | 15.45 per cent |
| SOUTH AFRICAN TOURISM | 754.9 | 830.0 | 75.1 | 31.1 | 9.95 per cent | 4.12 per cent |
|  |  |  |  |  |  |  |
| **TOTAL** | **793.3** | **875.5** | **82.2** | **35.8** | **10.4 per cent** | **4.51 per cent** |

National Treasury (2013)  Vote 35 Tourism

The budget allocation for the Policy and Knowledge Services Programme, which has received the largest allocation in the budget increased by 4.51 per cent in real terms from 2012/13 financial year. This programme is entrusted with ensuring strategic tourism sector policy development, monitoring and evaluation, and research and knowledge management services. The South African Tourism sub-programme, which is tasked with the marketing of South Africa internationally and locally, consumes 95.16 per cent of the programmes budget. [[16]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn16%22%20%5Co%20%22)The emphasis on spending throughout the MTEF will be on increasing the number of tourists visiting from other African countries; and will be important for the Department to capitalise on the recent opening of a new office inAngola . An amount of R8.6 million was allocated for the 2012/15 MTEF to be spent on consultants to support the development of a visitor information centre and national tourism information gateway space planning. [[17]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn17%22%20%5Co%20%22)Furthermore, in the 2015/16 financial year the transfer to South African Tourism will be reduced by R40.7 million. [[18]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn18%22%20%5Co%20%22)

**Programme 3: International Tourism**

Table 35.4

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2013/14** | **Real Increase / Decrease in 2013/14** | **Nominal Percent change in 2013/14** | **Real Percent change in 2013/14** |
| **R million** | **2012/13** | **2013/14** |
|  |  |  |  |  |  |  |
| INTERNATIONAL TOURISM MANAGEMENT | 4.6 | 3.7 | - 0.9 | - 1.1 | -19.57 per cent | -23.83 per cent |
| AMERICAS ANDCARIBBEAN | 8.9 | 12.8 | 3.9 | 3.2 | 43.82 per cent | 36.19 per cent |
| EUROPE  | 9.1 | 9.6 | 0.5 | 0.0 | 5.49 per cent | -0.10 per cent |
| AFRICA AND MIDDLE EAST | 11.8 | 13.8 | 2.0 | 1.3 | 16.95 per cent | 10.75 per cent |
| ASIA ANDAUSTRALASIA | 7.4 | 10.3 | 2.9 | 2.4 | 39.19 per cent | 31.81 per cent |
|  |  |  |  |  |  |  |
| **TOTAL** | **41.8** | **50.2** | **8.4** | **5.7** | **20.1 per cent** | **13.73 per cent** |

National Treasury (2012)  Vote 35 Tourism

The International Tourism Management Programme is responsible for the development and support of South Africa s tourism potential throughout the various regions of the world. This programme increased by a significant 20.1 per cent in nominal terms from R41.8 million in 2012/13 to R50.2 million in 2013/14.

This significant change is attributed to the relocation of the international relations Chief Directorate from the Administration Programme to this programme. There is an expected increase of the subsistence and travelling budget in the MTEF from R2.2 million in 2011/12 to R9.3 million in 2014/15, this increase will allow for staff to travel locally and abroad for marketing purposes.[[19]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn19%22%20%5Co%20%22)The high allocation in the Africa and Middle East Budget brings forth reassurance with the strategic approach of the Department and also recognises the potential for growth in the African markets, and will expand the existing marketing initiatives.A further R5 million is to be spent on consultants in the MTEF.

**Programme 4: Domestic Tourism**

The Departments budget allocation for the Domestic Tourism Programme has increased by 6.5 per cent in nominal terms from R347 million in 2012/13 to R369.7 million in 2013/14. This programme is responsible for the promotion, development, and growth of sustainable domestic tourism throughout South Africa .

The spending focus will mostly be on the Social Responsibility Implementation sub-programme, which focuses on infrastructure projects under the EPWP programme targeting the youth, disabled, woman, and SMMEs. [[20]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn20%22%20%5Co%20%22)In past financial years, this programme phase struggled due to corrupt tendencies in the roll out stages and the Department has actively looked into these allegations. [[21]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftn21%22%20%5Co%20%22)An amount of R3.9 million will also be set aside for consultants who will be providing business support and advisory services. Table 35.5 below shows budget allocation for the Domestic Tourism Programme.

Table 35.5

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2013/14** | **Real Increase / Decrease in 2013/14** | **Nominal Percent change in 2013/14** | **Real Percent change in 2013/14** |
| **R million** | **2012/13** | **2013/14** |
|  |  |  |  |  |  |  |
| DOMESTIC TOURISM MANAGEMENT | 15.3 | 9.7 | - 5.6 | - 6.1 | -36.60 per cent | -39.96 per cent |
| SOUTHERN REGION | 14.5 | 12.4 | - 2.1 | - 2.8 | -14.48 per cent | -19.02 per cent |
| NORTHERN REGION | 13.0 | 17.0 | 4.0 | 3.1 | 30.77 per cent | 23.83 per cent |
| SOCIAL RESPONSIBILITY IMPLEMENTATION | 279.2 | 305.6 | 26.4 | 10.2 | 9.46 per cent | 3.65 per cent |
| STRATEGIC PARTNERS IN TOURISM | 25.0 | 25.0 | 0.0 | - 1.3 | 0.00 per cent | -5.30 per cent |
|  |  |  |  |  |  |  |
| TOTAL | **347.0** | **369.7** | **22.7** | **3.1** | **6.5 per cent** | **0.89 per cent** |

National Treasury (2012)  Vote 35 Tourism

**6. Key issues for the Committee**

The Committee welcomed the proposed budget allocations and medium term strategic framework as presented. The Committee will closely monitor the following:

* Progress on the Extended Public Works Projects investigations.
* Extended Public Works Programme projects must in future be project led and managed.
* Policies and procedures on pre-determined objectives (PDOs) process at both the Department and South African Tourism to ensure that objectives set meet the SMART principle and there are no adjustments made on the reporting.

Monitoring mechanism to arrest potential risks associated with non-

compliance with Supply Chain Management prescripts and procure through deviations that do not meet the requirements of Public Finance Management Act.

* The process on how South African Tourism strives to address the weaknesses of the general control environment affecting IT and capacitating of the SAT with the right IT skills; and
* Follow up on how SAT resolves the review process of Annual Financial Statement to avoid material misstaments and the deficit position of SAT.
* Given the role the Department needs to play in contributing to job creation and meeting the 2020 targets as propounded in the National Development Plan, the baseline budget for the Department needs to be reviewed for the subsequent financial years in the MTEF to allow the Department to carry its mandate effectively.

**7. Conclusion**

The reviews have presented a picture that in the quest to deliver excellent service to tourist, the role of Local Government in delivery of excellent service to tourists cannot be underestimated.

* Local Government provides a critical link in the delivery chain for growth and development of tourism.
* The NDT must intensify to all municipalities its Local Government Tourism Capacitation Programme, which aims to transfer the necessary skills to effectively support tourism planning and management across municipalities.
* The Department should re-direct spending towards activities that directly or indirectly create jobs through enhancing productivity performance.
* In accordance with prescripts of the Expanded Public Works Programme, job-creation target groups such as women, youth and people with disabilities should be included in the reporting of the outcomes measures;
* There needs to be close monitoring of reporting against the pre-determined objectives; and
* The Committee resolved to strengthen its oversight role in accordance with the Constitutional provisions.

**8. Recommendation**

The Committee having considered its report on Budget Vote 35 recommends that the House adopts the report.

Report to be considered.

[[1]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref1%22%20%5Co%20%22)National Department of Tourism (2012a).

[[2]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref2%22%20%5Co%20%22)Parliament of South Africa (2012).

[[3]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref3%22%20%5Co%20%22)NDT (2012b).

[[4]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref4%22%20%5Co%20%22)PMG (2012b)

[[5]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref5%22%20%5Co%20%22)NDT (2011).

[[6]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref6%22%20%5Co%20%22)Ibid.

[[7]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref7%22%20%5Co%20%22)NDT (2012) annual report.

[[8]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref8%22%20%5Co%20%22)Ibid.

[[9]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref9%22%20%5Co%20%22)NDT (2010).

[[10]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref10%22%20%5Co%20%22)NDT (2012) annual report.

[[11]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref11%22%20%5Co%20%22)PMG (2012a).

[[12]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref12%22%20%5Co%20%22)National Treasury (2013).

[[13]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref13%22%20%5Co%20%22)I bid.

[[14]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref14%22%20%5Co%20%22)ibid.

[[15]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref15%22%20%5Co%20%22)ibid.

[[16]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref16%22%20%5Co%20%22)Ibid.

[[17]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref17%22%20%5Co%20%22)Ibid.

[[18]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref18%22%20%5Co%20%22)I bid

[[19]](https://pmg.org.za/tabled-committee-report/799/%22%20%5Cl%20%22_ftnref19%22%20%5Co%20%22)I bid.

27 Ibid.