

TBCSA to meet KZN MEC for hospitality levy talks

The Tourism Business Council of South Africa (TBCSA) is due to meet with KwaZulu-Natal MEC for Economic Development and Tourism, Michael Mabuyakhulu, to discuss the proposed plans for the province to introduce a 10% hospitality levy in 2015.



Last Monday, *Business Day* reported that the MEC announced these plans during his budget speech in the KZN legislature. The newspaper stated that the levy is meant to fund the province's efforts to secure bids for hosting international events and conferences. Following a brief discussion with both the CEOs of SA Tourism and KZN Tourism Authority on the sidelines of the SAACI (Southern African Association for the Conference Industry) conference held in St Lucia in northern KwaZulu-Natal, TBCSA wrote to the MEC to express concerns about the proposal and to request a meeting for engagement on the matter.

TBCSA CEO, Mmatšatši Ramawela expressed her surprise at the news, saying this was particularly distressing as the industry had already adopted the Tourism Levy South Africa (TOMSA) as the official levy collection mechanism. In addition she was concerned that the MEC made the announcement prior to discussing this with the travel trade, with whom he has strong ties.

No prior discussion

Marc Corcoran, president of the Southern African Vehicle Rental and Leasing Association (SAVRALA) expressed similar sentiments, saying he was disappointed that no prior discussion took place with the organised tourism private sector, which already contributes over R100 million to South African Tourism (SAT), through TOMSA. SAT markets the country internationally and also promotes domestic tourism, which includes the province of KwaZulu-Natal.

The National Accommodation Association of South Africa (NAA-SA) amongst other TBCSA member associations and concerned industry stakeholders has also expressed its concerns about the province's plans.

TOMSA is a private sector initiative established in 1998 with the support of SA Tourism and the then Department of Environmental Affairs and Tourism. It contributes to the funding of SA Tourism's destination marketing initiatives. This includes the work done by SA Tourism's National Convention Bureau (SANCB), which is charged with promoting South Africa as a business tourism destination.

Three sectors contribute

Historically, only three sectors contributed to TOMSA: the tour operators, accommodation and car rental. However, in the past two years there has been a strong push for all businesses across the travel and tourism chain to support the initiative with the aim of increasing TOMSA's overall contribution.

"Any additional tourism tax will undermine the TOMSA levy collection (and by implication SAT funding), just add an extra layer of unnecessary administrative red tape and, more importantly, increase the cost of a tourism experience in the KZN Province, which may have various unintended consequences for the tourist volumes to the destination," Corcoran said.

He added that South Africa had a successful history of hosting mega global events, which, via various supply chains,

benefited not just one province but the country overall in many economic sectors. "SAVRALA is supportive of both national and provincial initiatives to help grow tourism in the country; we must just make sure we work together to achieve the optimal tourist experience without unnecessary multiple levels of taxation and the accompanying business cost to administer."

Ramawela said the issue of establishing a subvention fund was not new. "Since the establishment of the SANCB we have been lobbying both our members in the business tourism sector and SA Tourism to consider using TOMSA as a mechanism through which funds could be generated for the establishment of a 'bidding or subvention fund'. This will be a fund which cities and/or provinces can tap into to secure conferences and events. Discussions on this matter are currently at an advanced stage and we look forward to meeting with the MEC so that we can brief him further."

MEC Mabuyakhulu's office has acknowledged receipt of the letter sent by the TBCSA CEO and a date for the meeting is to be confirmed in due course.

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