



**PARLIAMENT OF KENYA  
PARLIAMENTARY BUDGET OFFICE**

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**ECONOMIC AND FINANCIAL IMPLICATION OF THE DRAFT BILL**

**Title of the Draft Bill:** The Tourism and Hospitality Practitioners Bill, 2023

**Proposed by:** Hon. Kassim Tandaza, M.P

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**A. OVERVIEW OF THE DRAFT BILL**

1. The proposed legislation seeks to establish the Tourism and Hospitality Practitioners Institute as a central regulatory entity with the primary responsibility of overseeing and supervising professionals operating within Kenya's tourism and hospitality sectors. The institute is designed to play a pivotal role in maintaining and enforcing rigorous standards of registration applicable to individuals engaged in these professions.
2. Its overarching objective is to elevate and improve the overall quality of services delivered by practitioners within the dynamic and vital spheres of the tourism and hospitality industry.
3. The draft Bill defines a tourism and hospitality practitioner as an individual who is duly registered, has fulfilled the prescribed fee requirements, and is officially authorized to engage in professional practice.
4. The Institute is also mandated to regulate practitioners' conduct, establish necessary institutions, promote practitioners' welfare, prescribe educational requirements, approve qualifications, maintain a register of licensed practitioners, define membership categories, enforce professional conduct, accredit educational development programs, and undertake any other functions stipulated in the Act or other relevant laws.

*The Tourism and Hospitality Practitioners Bill, 2023*

5. The Bill includes transition provisions stipulating that the Board of the existing Tourism Professional Association will temporarily assume the responsibilities of the proposed governing Council as an Interim Council until the inaugural elections are conducted.
6. Additionally, the Bill includes provisions for the appointment of officers and essential staff, including those deployed in branches, to effectively carry out the functions of the Association. These personnel are entitled to receive salaries, allowances, as well as pension, gratuities, and other benefits related to retirement.
7. If this Bill is enacted to law, the sector to be affected will be the General Economic and Commercial Affairs sector (GECA).

## **B. SITUATIONAL ANALYSIS**

8. Currently in Kenya, the Tourism Professional Association (TPA)<sup>1</sup>, established through Regulation 11 of the Tourism Regulatory Authority (TRA) regulations, functions as a self-regulating body comprising dedicated members from the tourism and hospitality sectors. Their primary objective is to enhance professional standards within the industry through various means. This includes setting standards for service quality, ethical conduct, and professional competence.
9. The Tourism Professional Association (TPA) membership is classified as follows:
  - a. Student – **KSh. 500** application fee and **KSh. 1,000** annual subscription.
  - b. Associate - **KSh. 1,000** application fee and **KSh. 2,500** annual subscription.
  - c. Full Member – **KSh. 3,500** annual subscription.
  - d. Fellow Member – **KSh. 6,000** annual subscription.
10. The current members in good standing in the Tourism Professional Association (TPA) is 2,000 members who are headed by a board comprising of six (6) individuals.
11. Many small-scale practitioners in the tourism and hospitality sector engage in their professions without possessing practicing certificates. This deficiency places them at a disadvantage during tourist selections at various attractions, potentially diminishing their overall performance and standing.
12. Most organizations benefit from governing bodies that actively monitor their members, addressing any instances of indiscipline, and potentially disqualifying or canceling registration certificates. This oversight contributes to maintaining a disciplined workforce, fostering effective and efficient output. In the tourism sector, the Tourism Regulatory Authority exemplifies such governance. However, most of the tourism and hospitality

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<sup>1</sup> <https://www.tpa.co.ke/>

practitioners operate without the guidance of a similar regulatory body, leaving them vulnerable to various instances of indiscipline that can tarnish their professional reputation.

## **C. INTERNATIONAL COMPARISON**

### **I. The United Kingdom**

13. The United Kingdom Institute of Hospitality (IoH) is a leading professional body dedicated to promoting excellence and professionalism in the hospitality industry. Established in 1938, the Institute of Hospitality has a rich history of supporting hospitality professionals, advancing industry standards, and facilitating networking and knowledge sharing among its members. Furthermore, there are seventeen (17) members in the leadership positions of the Institute.
14. The Institute of Hospitality provides a wide range of professional development opportunities for individuals working in the hospitality sector. These include training programs, workshops, seminars, and conferences covering various aspects of hospitality management, leadership, customer service, and industry trends.
15. The Institute of Hospitality, additionally, offers a range of internationally recognized qualifications and certifications tailored to different career stages and areas of specialization within the hospitality industry. These qualifications cover areas such as food and beverage management, accommodation operations, event management, and hospitality leadership.
16. The Institute of Hospitality serves as a voice for the hospitality industry, advocating for policies, initiatives, and regulations that support the growth, competitiveness, and sustainability of the sector. Through engagement with government bodies, industry associations, and other stakeholders, the IoH raises awareness of key issues facing the hospitality industry and works to shape favorable outcomes for its members and the wider industry.
17. Despite the Institute of Hospitality being based in the United Kingdom, it collaborates with hospitality organizations and professionals around the world to promote global standards of excellence and best practices in the industry.

### **II. Egypt**

18. In Egypt's public sector, the Ministry of Tourism assumes oversight of two pivotal tourism authorities, each playing a distinctive role in shaping the trajectory of the nation's tourism landscape.

19. The Tourism Development Authority (TDA) stands as a cornerstone in the regulatory framework, wielding influence over the formulation and oversight of tourism projects and investments.
20. Concurrently, the Egyptian Tourism Authority (ETA) shoulders a dual responsibility, with a dedicated focus on the promotion of both domestic and international tourism. This comprehensive approach underscores the ETA's commitment to elevating Egypt's profile as an alluring destination, not only on the local stage but also on the global platform.
21. Within the private sector, the Egypt Tourism Federation assumes a prominent role, comprising five (5) distinct business associations integral to the tourism industry:
  - i. The Hotels Association
  - ii. The Travel Agents' Association
  - iii. The Chamber of Tourist Establishments
  - iv. The Chamber of Tourist Commodities
  - v. The Chamber of Diving and Water Sports
22. This Federation collaborates with the Ministry of Tourism, particularly in matters pertaining to tourism planning and the development of key projects, fostering a symbiotic relationship between the public and private sectors.
23. The Egypt Tourism Federation comprises sixteen members, including six elected individuals from the general assembly, leaders from the board of directors of five chambers known as Chamber Chairmen, a Ministry Representative designated by the Ministry of Tourism and Antiques, and experienced individuals appointed by the Minister for Tourism and Antiques, referred to as Appointed Members.

### **III. Seychelles**

24. In a significant move in 2007, the Seychelles Hospitality and Tourism College underwent a transformative restructuring, evolving into the Seychelles Tourism Academy. Subsequently, all responsibilities related to policy planning and international cooperation in the field of tourism were transferred to the Seychelles Tourism Board (STB).
25. Operating as a dynamic public/private sector entity, the Seychelles Tourism Board holds the critical mandate of promoting and marketing Seychelles as a premier tourist destination. Beyond its promotional role, the STB is entrusted with efficiently and effectively serving and advancing the interests of the tourism industry. Moreover, it actively fosters enhanced cooperation and coordination with various stakeholders to address and overcome challenges inherent in the tourism sector.

26. The establishment of the Seychelles Tourism Board was formalized through the STB Act of 2005. Initially constituted with a board comprising a minimum of 12 directors drawn from both the private sector and the government, a significant amendment was made to the Act in December 2008. This amendment streamlined the composition of the board, reducing the number of directors to seven from the earlier twelve.

**Table 1: Summary of International Comparison**

S/No.	PARAMETER	KENYA	EGYPT	THE UNITED KINGDOM	SEYCHELLES
1.	<b>Existing body</b>	Tourism Professional Association	Egypt Tourism Federation	Institute of Hospitality	Seychelles Tourism Board
2.	<b>Membership</b>	Six (6) (Chairman, Vice chair, Secretary, Treasurer, Assistant Treasurer & Assistant Secretary)	Sixteen (16)	Seventeen (17)	Seven (7)

*Source: Respective Government Websites*

#### **D. OBSERVATIONS AND LESSONS LEARNT FROM INTERNATIONAL COMPARISON**

27. The United Kingdom, Egypt and Seychelles governments have highly invested in collaborating with the private sector in promoting their tourism products. Kenya, being endowed with niche tourism products would stand to benefit more by involving the private sectors in ensuring that these niche products are identified and explored throughout the country.

28. The United Kingdom has a membership structure that comprises Regional Officers who are responsible for supporting smooth communication amongst branch representatives and, as a result, effectively promoting tourism.

#### **E. EVALUATION OF FINANCIAL AND ECONOMIC IMPLICATIONS OF THE DRAFT BILL**

##### **I. ASSUMPTIONS**

29. In determining the financial and economic implication of the draft Bill, the following assumptions will be considered:

- i. There are 7 branches of the Institute. These are: Coastal, Southern, North Rift, South Rift, Eastern, Nairobi and Western branches.

- ii. The average annual maintenance per board member of the Council will be approximately KSh. 1,000,000 per annum.
- iii. The Council shall employ and maintain thirty (30) members of staff and secretariat in the first 3 years. The cost per staff per month is approximately KSh. 100,000 (inclusive of basic salary, pension contribution, insurance, medical cover and other benefits).
- iv. The Council will require general expenses of approximately **40% of personnel emoluments** (Inclusive of rent, furniture and equipment, training expenses, office and general supplies and services).
- v. The annual application fee for tourism and hospitality practitioner will be: KSh. 500 for Students and KSh. 1,000 for Associates.
- vi. The membership will grow by 30% annually in the subsequent years.
- vii. The annual subscription fees for the membership categories are as follows: Student –KSh. 1,000, Associate - KSh. 2,500 annual subscription, Full Member – KSh. 3,500 and Fellow Member – KSh. 6,000.
- viii. There are 2,000 registered tourism and hospitality practitioners in Kenya distributed as follows across the four (4) membership categories: 65% - Students, 15% - Associate Members, 15% - Full Members and 5% - Fellow Members
- ix. The inflation rate will remain at about 5% for the outer years.

30. From the assumptions above, the table below shows the financial implication of the Bill if enacted into Law.

## II. ESTIMATED FINANCIAL COSTS AND REVENUES

**Table 2: Estimated Financial Costs and Revenue (KSh.)**

<b>Total Cost</b>				
<b>S/No</b>	<b>Description</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Expenditure/Costs</b>				
1	Board Allowances	10,000,000	10,500,000	11,025,000
2	Staff Remuneration P. A	36,000,000	37,800,000	39,690,000
3	Operational Expenses	18,400,000	15,120,000	15,876,000
<b>Total Expenditure</b>		<b>64,400,000</b>	<b>67,620,000</b>	<b>71,001,000</b>
<b>Revenues</b>				
	Tourism and hospitality practitioners registered	2,000	2,600	2,730
1	Receipts from Application	950,000	-	-
2	Receipts from Annual Subscription	3,700,000	5,050,500	5,303,025
<b>Total Revenues</b>		<b>4,650,000</b>	<b>5,050,500</b>	<b>5,303,025</b>
<b>Overall Requirement</b>		<b>59,750,000</b>	<b>62,569,500</b>	<b>65,697,975</b>

*Source: PBO Estimation*

31. In consideration of the anticipated financial implications associated with the proposed legislation, the Council is slated to receive an allocation of **KSh. 59.75 million** in the inaugural financial year. Subsequently, in the second financial year, the Council's operational requirements are projected to amount to **KSh. 62.57 million**, with an estimated increase to **KSh. 65.69 million** in the third financial year.

#### **F. BENEFITS OF THE BILL**

32. On enactment of the Bill, the following benefits would be realized:
- i. **Achievement of Professional Standards:** The institute can define and enforce professional standards within the tourism and hospitality sector.
  - ii. **Focused Specialization:** With branches dedicated to specific regions or sectors within the tourism and hospitality industry, the institute can better tailor its services and initiatives to meet the diverse needs of practitioners in different areas.
  - iii. **Expanded Networking Opportunities:** Branches provide localized networking opportunities for practitioners to connect with peers, share knowledge, and collaborate on projects or initiatives.
  - iv. **Increased Member Participation:** By decentralizing operations and establishing branches with appointed chairpersons, the institute can encourage greater member participation and involvement in its activities and initiatives.
  - v. **Better Service Delivery:** Branches can act as local points of contact for members, providing assistance, support, and resources tailored to their specific needs.

## G. POLICY OPTIONS

33. Considering the above analysis of the Bill's economic and financial implications if it is approved and enacted, the Committee can decide based on the following policy options:

No.	Options	Likely Implications of the Policy Option
1	<b>Recommend that the Bill be Published as drafted</b>	There will be an independent Institute that will be able to regulate the tourism and hospitality practitioners and maintain the standards and registration within the profession and regional representation.
2	<b>Recommend that the Bill be amended (include possible amendments for consideration)</b>	The committee may propose any appropriate amendments that may deem suitable such as: Inclusion of the operations of the AIRBNBs to the tourism and hospitality practitioners.
3	<b>Recommend that the Bill be rejected</b>	The quality of service rendered by the tourism and hospitality practitioners may stagnate or dwindle as there will be no thorough regulation to ensure that the standards for professionalism are adhered to. Additionally, the unidentified niche tourism products may not be fully exploited to boost tourism earnings.