

BRIEFING TO THE PORTFOLIO COMMITTEE ON TOURISM

BY THE TOURISM B-BBEE CHARTER COUNCIL

09 JUNE 2017

broadening horizons



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



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PURPOSE

- ❑ To brief members of the Portfolio Committee on Tourism on the achievements of the Tourism B-BBEE Charter Council, and other developments in the sector.



BACKGROUND

- ❑ 2003: B-BBEE Act No 53 was enacted to provide legislative framework for the promotion of broad-based black economic empowerment (B-BBEE);
- ❑ 2005 :Tourism Charter signed and first Charter Council appointed;
- ❑ 2009: Tourism B-BBEE Charter gazetted as a Section 9 Code (under B-BBEE Act);
- ❑ 2012: New members to form the Tourism B-BBEE Charter Council appointed;
- ❑ 2012-2013: the dti amends the B-BBEE Act and the Generic B-BBEE Codes of Good Practice to strengthen the transformation agenda;
- ❑ 2014/ 2015: The Council develops the draft Amended Tourism B-BBEE Code in consultation with tourism stakeholders – setting new targets for transformation in the sector;
- ❑ 2015: The Amended Tourism B-BBEE Sector Code was gazetted for implementation in terms of Section 9 (1) of the B-BBEE Amendment Act No. 46 of 2013 – binding on all stakeholders operating in the Tourism Sector;
- ❑ Tourism was the first sector to gazette its amended B-BBEE Code – ahead of the rest of the sectors.
- ❑ 2016 May: The Minister of Tourism appoints the new Council for 3 years – chaired by Dr. Vuyo Mahlati.



COMPOSITION OF THE TOURISM B-BBEE CHARTER COUNCIL

1. **Dr Vuyo Mahlati**, former National Planning Commissioner at the Presidency (Chairperson)
2. **Mrs Lindiwe Sangweni-Siddo**, Divisional Director for Operations at City Lodge Hotel Group (Deputy Chairperson)
3. **Mr Blacky Komani**, the CEO of Tourvest Duty Free on the Ground
4. **Ms Gail Westphal**, former General Manager of Gooderson Leisure. She is now Managing Director at McCann Westphal Tourism Holdings
5. **Mr Tshifhiwa Tshivhengwa**, CEO of Federated Hospitality Association of South Africa (FEDHASA)
6. **Mr Mohamed Baba**, Managing Director at Ilios Travel
7. **Mr Adriaan Liebetrau**, former CEO of Southern African Association for the Conference Industry (SAACI). He is now Sales and Marketing Manager at Tsogo Sun
8. **Mr Ravi Nadasen**, Director Operations at Tsogo Sun
9. **Ms Nyeleti Mushuana**, CEO of Karibu Hotel & Conference Centre
10. **Ms Mmatšatši Ramawela**, CEO of Tourism Business Council of South Africa (TBCSA)
11. **Mr Duma Gqubule**, Founder of KIO Advisory Services
12. **Ms Morongoe Ramphela**, DDG for Tourism Sector Support Services at the National Department of Tourism

MANDATE OF THE TOURISM B-BBEE CHARTER COUNCIL

- ❑ The Council is appointed to fulfil the following mandate, as provided under Section 6.4 Statement 003 of the B-BBEE Codes:
 - provide guidance on sector-specific matters affecting B-BBEE in the tourism sector;
 - compile reports on the status of broad-based black economic empowerment within the sector, and
 - monitor and evaluate transformation in the tourism sector;
 - develop a system or tool to enable annual reporting of enterprises operating in the tourism sector to report on their compliance with broad-based black economic empowerment to the Council;
 - share information and interact with sector members, approved accreditation agencies B-BBEE Commission, B-BBEE Presidential Advisory Council, the Minister of Tourism and the Minister of Trade and Industry.
- ❑ The Council has twelve (12) members;
- ❑ The Council holds four (4) quarterly meetings per year;
- ❑ The Council has three sub-committees aligned to the Codes, namely:
 - Accommodation sub-committee
 - Hospitality sub-committee
 - Travel sub-committee
- ❑ The Department provides Secretariat services to the Council – headed by Chief Director: Enterprise Development and Transformation.



INDEPENDENCE & FINANCING MODEL

❑ The Independence of the Charter Council:

In accordance with Sub-section 6.3 of the Amended Guidelines for Developing and Gazetting of Transformation Charters and Sector Codes,

- Councils are encouraged to be registered as legal entities that exist for non-profit making (Section 21 entities);
- The Tourism B-BBEE Charter Council is not yet registered as an independent body.

❑ Financing the Independent Charter Council:

- Council must be co-funded by private sector and the Ministry of Tourism;
- Council and Department can explore the funding options or sources for the full operations of the Council;
- Currently the Council and its projects are 100% funded by the Department;
- Remuneration for Council members is paid in terms of the Treasury Regulation 20.2.2 as approved by the Minister of Finance in line with the provisions of the National Treasury Regulations;
- The total budget for Council remuneration is R 546 816. 00

REPORTING

- ❑ In terms of Section 6.5 Statement 003 of the Amended B-BBEE Codes of Good Practice, the Council should report to:
 - The Minister of Tourism;
 - The B-BBEE Commission;
 - The B-BBEE Presidential Advisory Council; and
 - The Minister of Trade and Industry on progress made by the sector subject to the Amended Tourism B-BBEE Sector Code.

- ❑ Such reports should contain qualitative and quantitative information about the performance of the sector, including details about all the elements of the amended Tourism Sector Code's B-BBEE balanced scorecard.

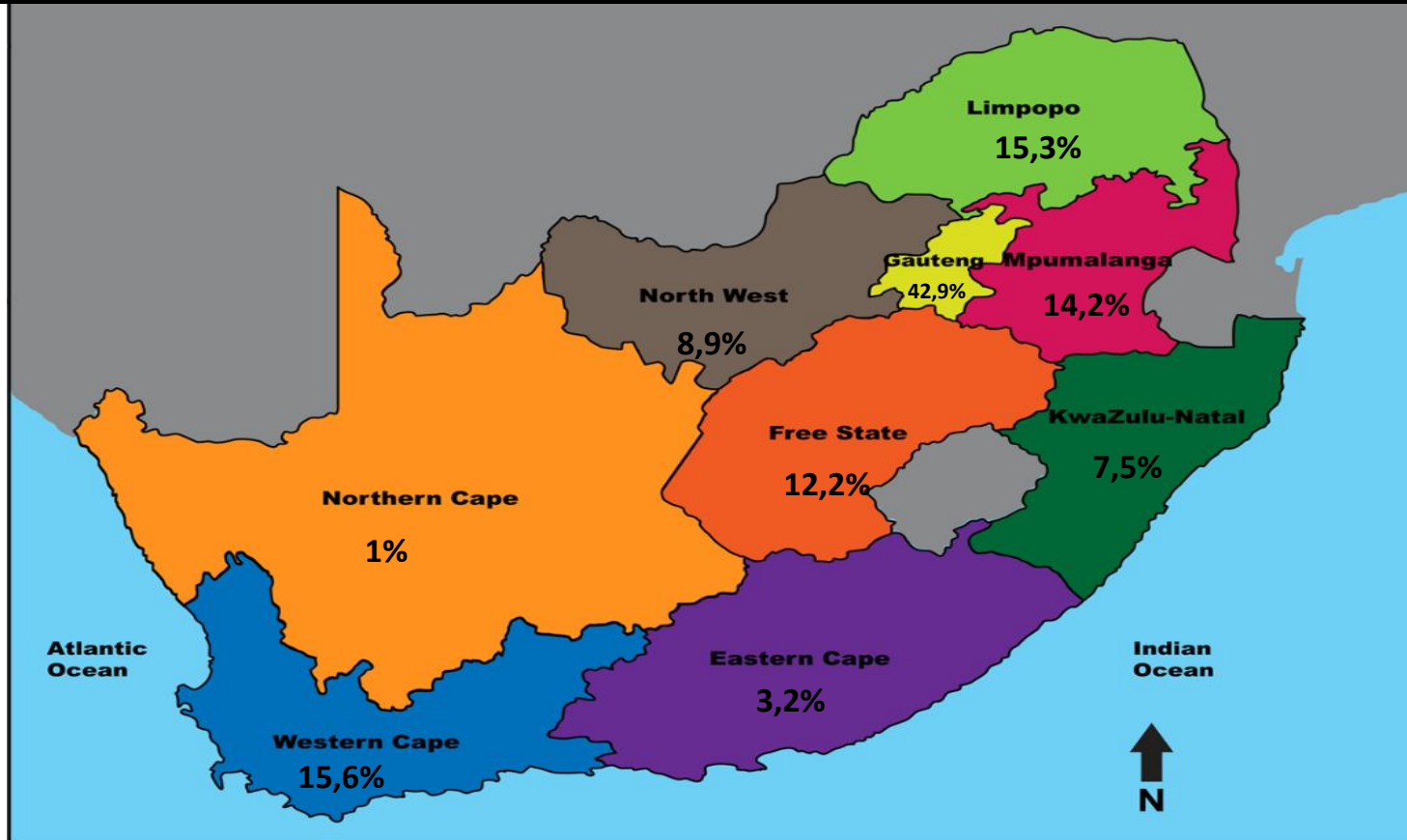


OVERVIEW OF THE TOURISM SECTOR

- ❑ Provincial share of international arrivals;
- ❑ Provincial share of domestic trips



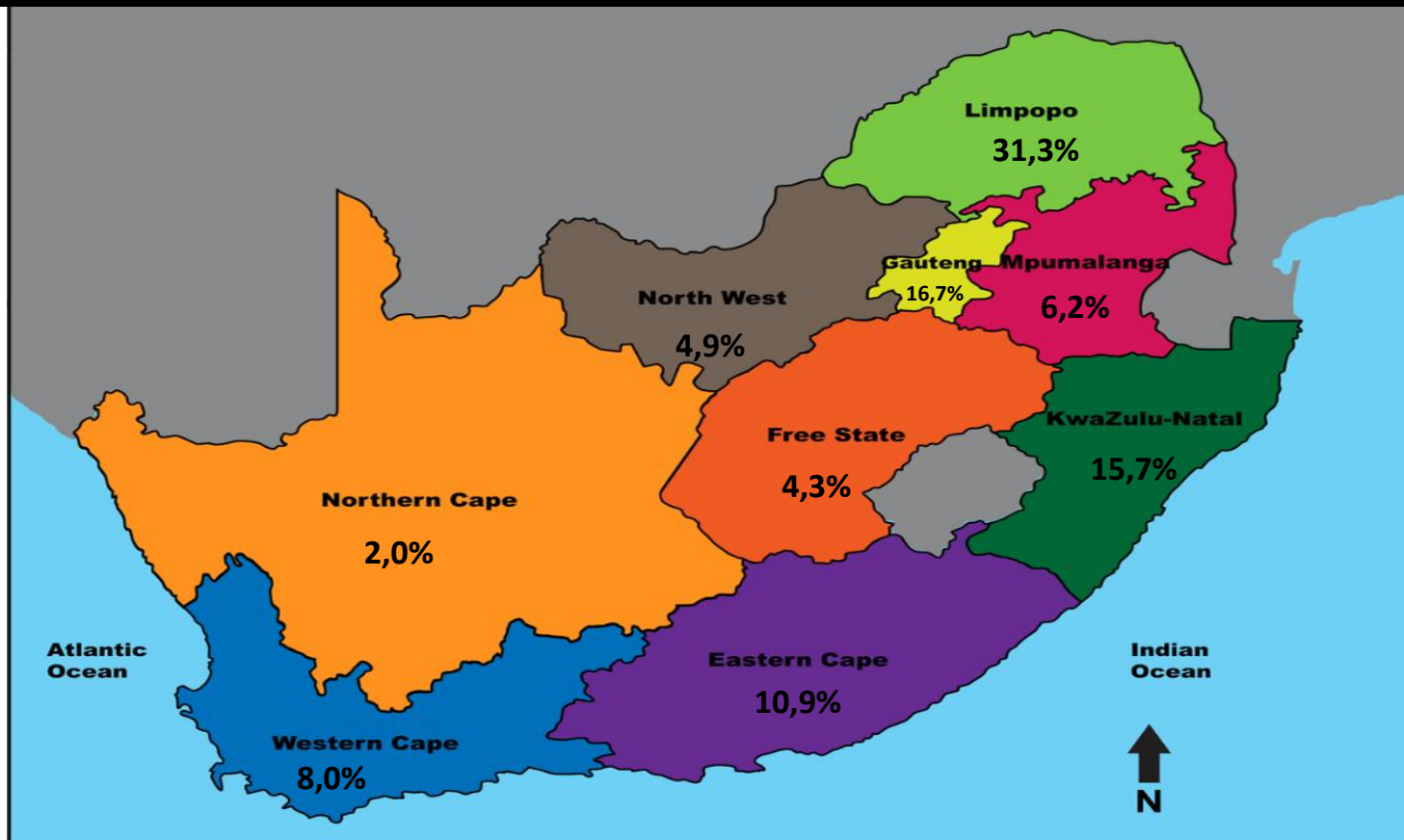
PROVINCIAL SHARE OF INTERNATIONAL ARRIVALS IN 2016



Source: SAT Preliminary Result 2016



PROVINCIAL SHARE OF DOMESTIC TOURISM TRIPS IN 2016



Source: SAT Preliminary Result 2016



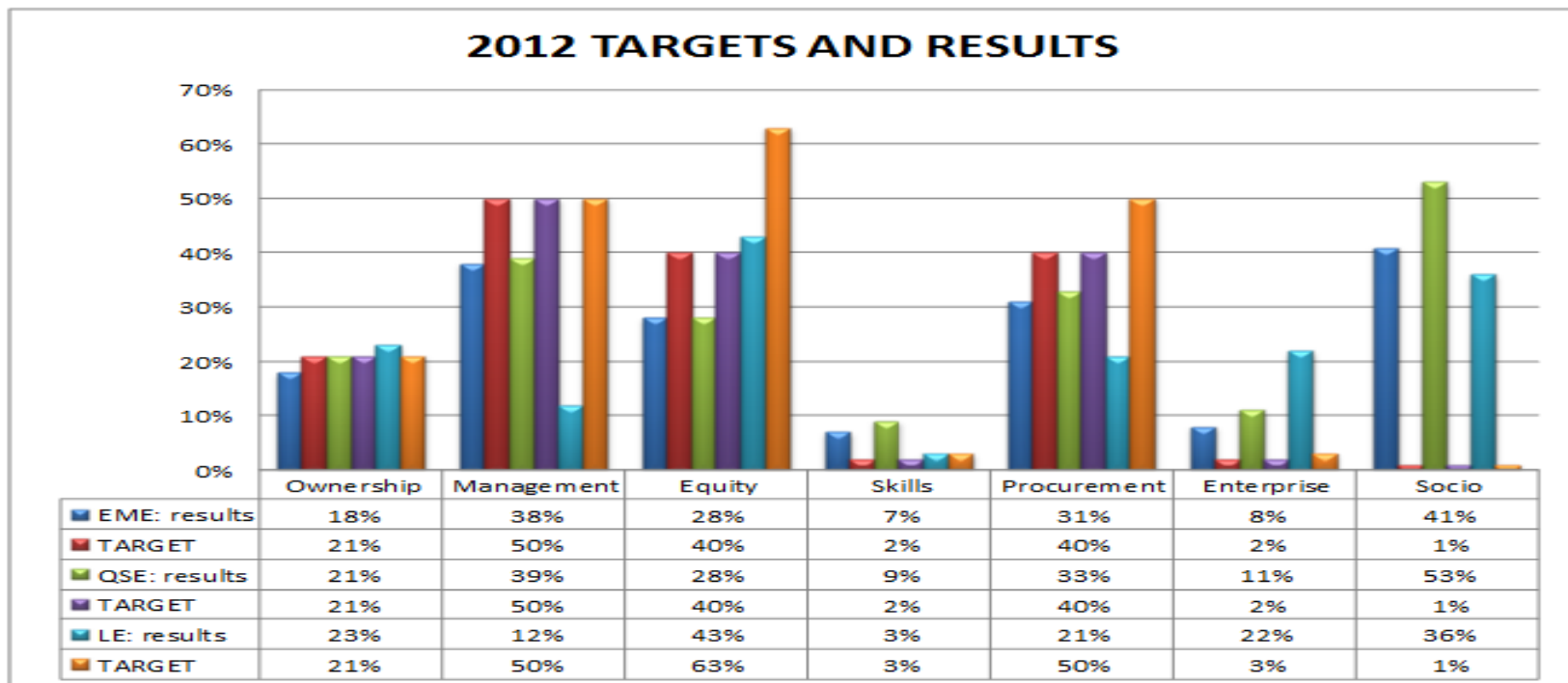
PROGRESS ON THE WORK OF THE COUNCIL

- ❑ The Council jointly with the Department implemented various initiatives to gauge and drive transformation in the tourism sector:
 - The state of transformation in the tourism sector
 - The Amended Tourism B-BBEE Sector Code
 - The Council Plan of Action
 - Executive Development Programme for Black Women Managers
 - Tourism B-BBEE Portal
 - The new Baseline Study Research
 - Transformation Strategy
 - Roundtable
 - Tourism Transformation Summit



(I) STATE OF TRANSFORMATION IN THE TOURISM SECTOR IN SOUTH AFRICA

- ❑ In 2010/ 11 a study was undertaken to determine the state of transformation in the tourism sector;
- ❑ The study uncovered that majority of tourism enterprises failed to meet transformation targets across all the elements of the B-BBEE scorecard;



SECTOR-SPECIFIC CHALLENGES WITH REGARD TO TOURISM TRANSFORMATION

- ❑ The vast majority of tourism enterprises have no black female share holding.
- ❑ Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) have not introduced any full black shareholding into their organisations since they are predominantly family owned and managed businesses.
- ❑ There is still a very low level of black female absorption at directorship level of tourism enterprises.
- ❑ The recruitment and retention of black skilled staff presents a challenge in meeting Employment Equity targets, particularly for Large Enterprises where more specialised skills are required.
- ❑ Access to funding remains part of the challenges.
- ❑ Awareness of the tourism sector specific code, as compared to the dti's generic code, is low.



(2) THE AMENDED TOURISM B-BBEE SECTOR CODE

- ❑ The 2010/11 State of Sector Transformation Report was used as a basis to amend the Tourism B-BBEE Codes to fulfil the following objectives:
 - To advance the objectives of the B-BBEE Amendment Act No.46 of 2013 within the Tourism Sector;
 - To ensure that the opportunities and benefits of the tourism sector are extended to Black South Africans;
 - Represent a partnership programme as outlined in government's strategy for B-BBEE;
 - Provide a basis for the sector's engagement with other stakeholders.
- ❑ The Amended Tourism B-BBEE Code was developed in consultation with all tourism stakeholders;
- ❑ On 20 November 2015, the Minister of Trade and Industry published in the Government Gazette the Amended Tourism B-BBEE Sector Code in terms of Section 9(1) of the B-BBEE Act No. 53 of 2003, as amended by B-BBEE Act No. 46 of 2013, to advance transformation in the tourism sector and to ensure that opportunities and benefits of the tourism sector are extended to Black South Africans as well.
- ❑ 17 workshops were held in all the nine (9) provinces to demystify B-BBEE and broaden the awareness of the amended Code.



SCOPE OF APPLICATION OF THE AMENDED CODE

The amended Tourism Sector Code applies to all enterprises within the Sector and all parts of the value chain as outlined:

Accommodation

- ❑ Hotels, Resort properties and timeshare, B&B, Guesthouses, Game lodges;
- ❑ Backpackers & Hostels.

Travel & Related services

- ❑ Tour wholesalers, Tour operators, Travel agents, Tourist guides, Car rental companies;
- ❑ Coach operators;

Hospitality and Related Services

- ❑ Restaurants & Conference venues (Not attached to hotels);
- ❑ Professional Catering, Attractions, Casinos, Consulting & professional services companies.

ELEMENTS OF THE AMENDED TOURISM SECTOR CODE

- ❑ The amended Code has been consolidated into five elements in line with the (dti) amended generic codes.
- ❑ The new elements are:
 - ❖ *Ownership (priority element)*
 - ❖ Management Control
 - ❖ *Skills Development (priority element)*
 - ❖ *Enterprise and Supplier Development (priority element)*
 - ❖ Socio Economic Development
- ❑ A simplified guide was developed to assist in the interpretation and implementation of the gazetted Tourism B-BBEE Codes and scorecard;
- ❑ 1600 guides were distributed to provinces (177 guides per province).



EMPOWERING SUPPLIER

A B-BBEE compliant entity which complies with all regulatory requirements of the Employment Equity Act, Skills Development Act and the Skills Development Levies Act and which meets at least four if it is a large entity or two if it is a QSE of the following criteria:

- ☐ At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local suppliers in SA;
- ☐ **At least 85% of Total Labour Cost should be paid to SA employees by service industry entities;**
- ☐ Job creation – at least 50% of jobs created during the Measurement Period are for Black People provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained;
- ☐ At least 51% of Total Measured Procurement Spend must be from SA suppliers;
- ☐ Skills transfer by Senior and Top Management (as defined by the Employment Equity regulations) spend at least 12 days per annum in assisting 51% Black Owned EMEs and QSEs to increase their operational and/or financial capacity.



EXAMPLES OF BEST PRACTICE MODELS OF TOURISM TRANSFORMATION IN SOUTH AFRICA

The following enterprises have recently won the Lilizela Tourism Awards under B-BBEE Category in 2016:

- ❑ **Thaba Tshwene Game Lodge:** It is an EME situated in the North West Province with 22 rooms, which can accommodate 54 guests in total. It is a four-star venue. It has 22 full-time employees.
- ❑ **Stormsriver Adventures (Tsitsikamma Canopy Tour):** A “First in Africa” rurally- and eco-based adventure company situated in the heart of the majestic Tsitsikamma Forest region in the Eastern Cape. The company is a QSE with a B-BBEE status of Level 2. Its employees own 48% of the shares in the company. The company prides itself for investing in people and the environment. It has been firmly committed to community upliftment for the past 18 years, employing and training community members. 88% of the staff is from the local area. It is committed to Equity and Skills Development, which has resulted in locals progressing to senior management positions and shareholders within the company.
- ❑ **Cape Town International Convention Centre:** As a large enterprise, the centre commits itself to robust social and environmental sustainability actions to promote responsible business and grow economic impact in the region and country. The centre encourages the incorporation of sustainability principles at every touch point – from the management of the venue, to relationships with key community partners, to engagement with clients, employees and key suppliers.



EXAMPLES OF BEST PRACTICE MODELS OF TOURISM TRANSFORMATION IN SOUTH AFRICA Cont..

Other enterprises which are majority black and black women owned and managed, including ownership by local communities:

- ❑ **Karibu Leisure Resort and Conference Centre:** Founded, owned and managed by Ms Nyeleti Mushwana: It is a B-BBEE Level 1 Contributor with 135% Procurement Recognition. The hotel is 100% black owned and 100% black female owned. The hotel is focused almost exclusively on the domestic tourism market. It employs 134 people of which 78 are full-time employees.
- ❑ **Soweto Hotel**, on Freedom Square: Founded, owned and managed by Ms Lindiwe Sangweni-Siddo, who boasts an impressive record in the hospitality and tourism industry. She is the founder of Zuka African Tourism and Investment Corporation (Zatic), the company that developed and opened this hotel as the Holiday Inn Soweto in 2007. The Soweto Hotel is Soweto's first 4-star black female owned hotel.
- ❑ **Guma Tourism:** A wholly owned and managed tourism investment company, founded by self made entrepreneur Robert Gumede. Guma Tourism now owns 51.3% of the business of Tourvest. Tourvest is classified as a black company.
- ❑ **The Nkambeni Safari Camp**, in Kruger National Park: Owned 50/50 by the local Nkambeni Community in Mbombela and Nkambeni Safari Camp (Pty)-(Echo Safaris and Transfers). The lodge offers accommodation for up to 340 guests. It has 147 staff members, mostly black and use local black suppliers.
- ❑ **Park Inn by Radisson**, in Polokwane: This wholly 100% black owned hotel opened its doors in February 2017 in Limpopo province. Its management is mostly black and all South Africans.
- ❑ **Jozini Tiger Lodge:** It is a four-star hotel in KwaZulu-Natal where the NEF provided funding of R28,3 million towards a community trust representing 22 000 beneficiaries to acquire 33,4% of the shares in the business.
- ❑ **Bulungula Lodge**, in the Eastern Cape: The lodge is 100% owned and managed by a vibrant traditional community of Nqileni village. The lodge is an integral part of their daily life – no fences, no crime, no beggars, no hassles, just friendly smiles.

EXAMPLES OF BEST PRACTICE MODELS OF TOURISM TRANSFORMATION IN SOUTH AFRICA Cont..

Other enterprises which are majority black and black women owned and managed, including ownership by local communities:

- ❑ **Tsogo Sun:** Regarded as a leader in transformation and the 6th most empowered company on the Johannesburg Stock Exchange (JSE) and the most empowered company in the industry (2015-2016). The company holds a certified Level 2 B-BBEE contributor status, with 61.80% broad-based black empowerment ownership and 33.35% effective black women ownership. The company has 14 casinos and entertainment destinations, strategically located across 6 provinces in South Africa, as well as over 100 hotels in South Africa, Africa, the Seychelles and the Middle East, 300 restaurants and bars and over 250 conference and banqueting facilities.



ISSUES RAISED BY THE PRIVATE SECTOR ON THE IMPLEMENTATION OF THE TOURISM B-BBEE SCORECARD

Following the gazetting of the Amended Tourism B-BBEE Sector Codes, workshops were held with tourism stakeholders to raise awareness on the amended codes. The following concerns were raised mainly by tourism SMMEs:

- ☐ Travel Agencies appointed by government do not book government officials into SMMEs owned by black people. Government and state owned entities have big procurement budgets in travel and accommodation, but this does not accrue to black suppliers.
- ☐ There is a concern that there seems to be some special relationship between tour operators, travel agents and large tourism enterprises, which benefits the large groups.
- ☐ Most SMMEs were concerned about the National Treasury's implementation of 'preferred rates' that was discussed with only few large hotel groups. The price set is taking SMMEs out of business.
- ☐ The gazetted Tourism B-BBEE Sector Codes are not punitive. Hence nothing will happen to enterprises not willing to transform.



(3) THE COUNCIL PLAN OF ACTION

- ❑ In May 2016, the Minister of Tourism appointed the new members of the Tourism B-BBEE Charter Council and requested that a plan to accelerate economic transformation in the sector be developed;
- ❑ The Council submitted the plan to the Minister in February 2017, which was approved in March 2017;
- ❑ The plan focuses on practical initiatives that can be implemented within the short, medium and long term to rapidly advance the course of transformation in the tourism sector;
- ❑ The plan proposed the following five (5) key strategic actions to drive transformation in the tourism sector:
 - a) Ensure effective monitoring of compliance with the B-BBEE Codes
 - b) Supporting new entrants into the market
 - c) Institutional Support for new and existing businesses
 - d) Tourism Human Resource Development (THRD)
 - e) Recognition and rewards



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Ensure effective monitoring of compliance with the B-BBEE Codes	Government in collaboration with the industry to improve the reporting of individual firms and collection and collating of data related to the compliance with the codes in a manner that draws upon the statutory reporting of Employment Equity and BEE Verification without putting more reporting burden nor risking exposing commercially sensitive information of the reporting firms.	Government	<ol style="list-style-type: none"> 1. Introduction of a reporting tool to ensure transparency and accountability. 2. Conduct regular studies to monitor the state of transformation. 3. Determine the uses of various State Levers (e.g. Business of government; Procurement Tools; Concessions; Licencing (Gaming and Gambling) and Leases for State Owned Properties) to transform the industry across the tourism value chain 	2017 ongoing	Annual report on the state of transformation developed.

Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Supporting new entrants into the market	Government in collaboration with development funding institutions to set up funding mechanisms/grants and/or other concessionary instruments to support funding of black tourism enterprises in investing into productive capacity for the expansion or green field projects.	Government	<ol style="list-style-type: none"> 1. Mobilise state resources (e.g. IDC, PIC, Development Bank, NEF) to create a dedicated Tourism B-BBEE Fund (TBF) to support new and existing businesses 2. Creation of new markets and niche markets and supporting market access for new entrants 3. Creation of new black Destination Marketing Companies 4. Introduction of a reporting tool to ensure transparency and accountability. 5. Conduct regular studies to monitor the state of transformation. 6. Determine the uses of various State Levers (e.g. Business of government; Procurement Tools; Concessions; Licencing (Gaming and Gambling) and Leases for State Owned Properties) to transform the industry across the tourism value chain 	2017 ongoing	<p>Guidelines for Tourism B-BBEE Funding and commercialisation of state owned attractions developed.</p> <p>400 enterprises supported through enterprise development.</p> <p>Number of New black Destination Marketing Companies developed (led by SAT).</p>



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Institutional Support for new and existing businesses	Provide dedicated support including funding for tourism precincts which allow for the collaborative effort and management of a cluster of enterprises in enhancing the tourist experience in those areas beyond the individual offerings of each establishment or product.	Government	<ol style="list-style-type: none"> 1. Facilitating the organisation of black owned businesses into a recognised structure. 2. Exposure through networking, seminars and conferences. 	Ongoing	Tourism transformation indaba hosted. Public lecture, round table, and B-BBEE workshops held.



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Institutional Support for new and existing businesses	Mobilise and provide support to entrepreneurs who can grow social tourism activities involving among others, providing tours to social clubs, school, church groups etc. and facilitating economic packages with selected product owners including state tourism assets and off-season access to other products.	New industry investors	<ol style="list-style-type: none"> 1. Work with provincial investment promotion agencies to package new tourism investment opportunities / projects in each province. Embark on a deliberate effort to identify and invite local and international investors (possibly via an international tourism investment conference in partnership with TBCSA) who are willing to partner with Black investors to invest in those new projects – giving partnership preference to organised entrepreneur networks in each province rather than individual actors and those from outside the province. 2. In partnership with IDC, NEF and provincial DFIs, establish a dedicated Tourism B-BBEE Fund (TBF) to drive this process and finance these investments. 	2017 onwards	Development of a long-term framework for Enterprise and Supplier Development based on current policy pronouncements.



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Institutional Support for new and existing businesses	Mobilise and provide support to entrepreneurs who can grow social tourism activities involving among others, providing tours to socials clubs, school, church groups etc. and facilitating economic packages with selected product owners including state tourism assets and off-season access to other products.	Industry start-ups	<ol style="list-style-type: none"> 1. In partnership with the Tourism Enterprise Network, update and deliver the Department's (former DEAT) previous Tourism Awareness Course to aspiring tourism entrepreneurs. 2. In partnership with the Tourism Enterprise Network, Small Enterprise Development Agency and Small Enterprise Finance Agency (and provincial development finance institutions) deliver tourism business start-up support incorporating business planning, start-up finance and mentorship. 	2017 onwards	Development of a long-term framework for Enterprise and Supplier Development based on current policy pronouncements.



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Institutional Support for new and existing businesses	Mobilise and provide support to entrepreneurs who can grow social tourism activities involving among others, providing tours to socials clubs, school, church groups etc. and facilitating economic packages with selected product owners including state tourism assets and off-season access to other products.	Large enterprises	<ol style="list-style-type: none"> 1. Work with established industry players to develop and implement an industry-wide enterprise and supplier development (ESD) programme. 2. Develop and implement a rigorous and effective monitoring and evaluation (M&E) system to measure the impact of the industry-wide ESD programme. 	2017 onwards	Tourism B-BBEE Portal maintained.



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Institutional Support for new and existing businesses	Mobilise and provide support to entrepreneurs who can grow social tourism activities involving among others, providing tours to socials clubs, school, church groups etc. and facilitating economic packages with selected product owners including state tourism assets and off-season access to other products.	Small & Medium Enterprises (SME)	<ol style="list-style-type: none"> 1. Develop a Tourism B-BBEE Portal to facilitate matchmaking between large and small enterprises and create market access for SMEs through procurement. 2. To develop “black industrialists” in the tour operator space. To reconceptualise the current approach on preparing enterprises for effective participation at Indaba and international trade shows, in order to progressively develop larger tour operators that can operate and compete effectively on the global stage, ultimately without government support. 3. In partnership with provincial tourism departments and the Tourism Enterprise Network, scale up the uptake and utilisation of the Tourism Incentive Programme (TIP), with emphasis on non-urban tourism SMEs 4. Support the Tourism Enterprise Network in implementing its Tourism Enterprise Competitiveness Programme (TECP), comprising product development, technology deployment, quality standards, and domestic and international market access 	2017 onwards	<p>Large enterprises procuring from emerging SMEs.</p> <p>SMEs supported through funding to access markets, universal accessibility, energy efficiency and grading.</p>



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Tourism Human Resource Development (THRD)	Investing in the human capital of the sector continues to be a focused area along infrastructure development. Tourism being a service sector is a human resource industry necessitating ongoing human resources development interventions for its development and growth. In partnership with the private sector, there should be greater empowerment of black women and youth, particularly for executive positions as well as helping them to start and grow their own enterprises.	Executive and director development	<ol style="list-style-type: none"> 1. In partnership with large tourism industry companies and CATHSSETA scale the Executive Development Programme (EDP) for Black Women Managers 2. In partnership with the Institute of Directors (IoD) deliver a structured Director Development Programme alongside the EDP 	Ongoing	<p>Training programmes established targeting 2850 people in the tourism sector, particularly women and youths as follows:</p> <p>20 black women trained on EDP.</p> <p>2000 youths on tourism buddies.</p> <p>500 youths on food safety programme.</p> <p>270 youths on sommeliers.</p> <p>60 youth trained on responsible tourism programme.</p>



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Tourism Human Resource Development (THRD)	Investing in the human capital of the sector continues to be a focused area along infrastructure development. Tourism being a service sector is a human resource industry necessitating ongoing human resources development interventions for its development and growth. In partnership with the private sector, there should be greater empowerment of black women and youth, particularly for executive positions as well as helping them to start and grow their own enterprises.	New industry entrants (employees)	<ol style="list-style-type: none"> 1. In partnership with large tourism industry companies and CATHSSETA scale the Executive Development Programme (EDP) for Black Women Managers 2. In partnership with the Institute of Directors (IoD) deliver a structured Director Development Programme alongside the EDP 	Ongoing	Governance and institutional structures for THRD management and implementation established.



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Tourism Human Resource Development (THRD)	Investing in the human capital of the sector continues to be a focused area along infrastructure development. Tourism being a service sector is a human resource industry necessitating ongoing human resources development interventions for its development and growth. In partnership with the private sector, there should be greater empowerment of black women and youth, particularly for executive positions as well as helping them to start and grow their own enterprises.	Pre-industry entry	1. In partnership with tourism departments at universities and TVET colleges, and CATHSSETA, develop and deliver a practical Tourism Entrepreneurship Training (TET) programme	2017 onwards	Young entrepreneurs training programme across the tourism value chain developed in partnership with industry.



Proposed Actions

FOCUS AREA	RATIONALE	TARGET GROUP	PROPOSED ACTIONS	PERIOD	TARGET
Recognition and reward	The growth and the development of the industry is underpinned by the development and practice of sustainable business policies and strategies in ensuring that the benefits of tourism continues to grow for generations to come. The recognition and reward for excellence becomes a critical component to ensure continued growth. The awards should recognise strides made in grooming future leaders, achieving diversity and economic growth.	Existing enterprises	<ol style="list-style-type: none"> 1. In partnership with the Department and SA Tourism, recognise top B-BBEE as well as black emerging enterprises to acknowledge, recognise, reward and create role models. Winning the award benefitted most businesses in different ways. For most business, the prestige and publicity that followed the award were immeasurable. The reward that came with winning the award also contributed to improved quality services and growth of the enterprises. 2. The study conducted by department concluded that the ETEYA award had a positive influence amongst most winners and finalists. One of the recommendations is continuous support, monitoring and evaluation of award winners be maintained by all relevant stakeholders at all times. This will ensure continued existence and migration to larger enterprises or sustainability. 	Ongoing	Tourism B-BBEE Lilizela Awards held.



THE COUNCIL PLAN OF ACTION Cont..

- ❑ In addition, in May 2017, the Council held a workshop to receive presentations from the Department on projects
designed to operationalise the plan;
- ❑ The Council also agreed to prioritise the following initiatives for implementation in the short term, subject to financial availability:
 - Engage the National Treasury and the private sector on how to do away with the 'bill back' – late payments are killing SMMEs;
 - Engage government and state owned entities to procure from SMMEs, especially black owned travel and accommodation businesses and set-asides;
 - Support SMMEs and black owned enterprises in the travel sub-sector to operate on the Global Booking System used by travel agents and tour operators. Government needs to facilitate and open up access for small black businesses on all booking systems including Amadeus, AITA etc.;
 - Establish Tourism Transformation Fund for black new entrants and existing businesses: NDT has R120 million for 3 years, and the Council needs to mobilise the private sector to contribute more money for this initiative;
 - The Robben Island project: There is a great potential for Public Private Partnership (PPP) which can be explored, with a strong B-BBEE participation.

(4) EXECUTIVE DEVELOPMENT PROGRAMME FOR BLACK WOMEN MANAGERS

- ❑ Amongst others, the 2010/11 State of Sector Transformation Report had shown that the vast majority of large tourism enterprises had no black female shareholding while only 4% had achieved the 25% target for black *female* directorship;
- ❑ There was a need to introduce Executive Development Programme (EDP) to prepare black female managers for Director and shareholding positions;
- ❑ 20 women were placed at the UNISA-SBL to undergo training on EDP from July 2016 – July 2017;
- ❑ Upon successful completion of this programme, graduates will be conferred with a National Qualification Framework (NQF) level 8 qualification.



(5) TOURISM B-BBEE PORTAL

- ☐ A *Tourism B-BBEE Portal* for black owned enterprises is developed to accelerate the empowerment of SMMEs in the sector;
- ☐ Key components of the portal is the matchmaking function, the self assessment tool and the reporting functionality to monitor compliance with the Amended Tourism B-BBEE Sector Code;
- ☐ A website for the portal will be developed once the Department has signed the new contract with the service provider;
- ☐ For testing, the following website can be used:
<https://network.b1sa.co.za/opportunities/tourism/default>. Username and Password:
test@tourism.gov.za



(6) NEW BASELINE STUDY RESEARCH

- ☐ A new *baseline study* will be conducted to establish the current state of transformation in the sector;
- ☐ The research will set a baseline for the amended codes;
- ☐ The research will provide recommendations, update the Council plan and strategies and rapidly advance the course of transformation in the tourism sector;
- ☐ The results of the study will be shared once the research is completed;
- ☐ The results of the baseline study will inform the development of the transformation strategy.



(7) TRANSFORMATION STRATEGY

- ❑ In consultation with a wide range of stakeholders, a *Transformation Strategy* will be developed to map out a comprehensive set of targeted actions for transforming the tourism sector beyond compliance with the Codes gazetted in November 2015;



(8) ROUND TABLE

- ☐ Following the Council's one-on-one consultations with the CEOs of tourism enterprises, a need arose for the Council to meet with all other executives and captains of tourism industry and development finance institutions in a form of a round table to have a robust and collective discussions on ways and means on how can all parties work together to rigorously transform the tourism sector;
- ☐ Besides transformation, the purpose of the round table will be to tackle, amongst others, the dominant question on how to overcome lack of funding particularly for black entrepreneurs in the tourism sector, who were historically disenfranchised by apartheid from any meaningful economic activity;
- ☐ The roundtable will be held in July 2017 in partnership with the Tourism Business Council of South Africa (TBCSA).



(9) TOURISM TRANSFORMATION SUMMIT

❑ **Theme:** TOURISM FOR ALL: TRANSFORM, GROW, SUSTAIN

❑ **Purpose:** An apex gathering of diverse tourism players from big and small businesses in South Africa. The aim is to dialogue and exchange tourism sector transformation strategies and investment opportunities towards radically improving black and women participation across the value chain with industry growth and sustainability.

❑ **The objectives of the conference are:**

- Reflect on, and direct the state of transformation in the tourism sector;
- Share the research findings on the current state of transformation in the tourism sector – across all provinces, sub-sectors and elements;
- Address transformation challenges in the tourism sector – both government and private sector;
- Promote business linkages and share transformative investment opportunities;
- Share empowerment case studies across sub-sectors in rural and urban areas;
- Outline and assess funding mechanisms available to SMMEs and black owned entities in the tourism sector.

❑ The Summit will be held in October 2017.



CONCLUSION

- ❑ Council requests members of the Portfolio Committee to note progress and assist in oversight of all parties towards implementation of the transformation programme in the tourism sector;
- ❑ Council will provide future updates and share areas requiring support and attention from Parliament.



THANK YOU

broadening horizons



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

