TRANSFORMATION STRATEGY FOR THE TOURISM SECTOR

September 2018

tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

NDP
2030

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LIST OF ABBREVIATIONS

B-BBEE	**Broad-Base Black Economic Empowerment**
Brand SA	Brand South Africa
CATHSSETA	Culture Arts Tourism Hospitality and Sport Sector Education and Training Authority
CBT	Community-Based Tourism
COGTA	Cooperative Governance and Traditional Affairs
DBE	Department of Basic Education
DEAT	Department of Environmental Affairs and Tourism
DHET	Department Higher Education and Training
DOH	National Department of Health
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
EMS	Exempted Micro Enterprises
FET	Further Education and Training
FGSA	Field Guides Association of Southern Africa
GCIS	Government Communication and Information System
GROOT Bursary	Grow Your Own Timber Bursary
GTIP	Green Tourism Incentive Programme
ICT	Information and Communications Technology
KZN EDTEA	KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs
LEs	Large Enterprises
MEC	Members of the Executive Council
NDP	National Development Plan
NDT	National Department of Tourism
NEF	National Empowerment Fund
NGOs	Non-Governmental Organisations
NTIIP	National Tourism Infrastructure Investment Programme
NTSS	National Tourism Sector Strategy
NYDA	National Youth Development Agency
QSE	Qualifying Small Enterprises
RDP	Reconstruction and Development Programme
SA Tourism	South African Tourism
SALGA	South African Local Government Association
SANParks	South African National Parks
SATSA	Southern Africa Tourism Services Association
SEDA	Small Development Agency
SMMEs	Small, Medium & Micro-sized Enterprises
SRI	Social Responsibility Implementation Programme
TBCSA	Tourism Business Council of South Africa
TDM	Tourism Destination Marketing
TGCSA	Tourism Grading Council of South Africa
THETA	Tourism and Hospitality Sector Education and Training Authority
TIP	Tourism Incentive Programme
TTF	Tourism Transformation Fund

SECTION 1: INTRODUCTION

The tourism sector is one of the few sectors in South Africa that continues to grow economically and globally despite the recent economic challenges. The tourism sector is one of the six core pillars of growth in the country according to the New Growth Path Frame and the National Development Plan. The Industrial Policy Action Plan (IPAP2) identified the sector as one of the areas that contributes to the development of areas of potential such as rural areas and cultural industries amongst others. Although the performance of this sector is encouraging, the sector should not rest on the successes, due to the fact that South Africa's tourism resources have much greater potential still to be unlocked.

To ensure that South Africa increases its competitive advantage in the tourism sector, the sector needs to use its current strengths to create new opportunities and to develop its weaknesses. The slow pace of transformation in the tourism sector remains a concern. Challenges include the sector's inability to become globally competitive and to successfully facilitate the inclusion of the previously disadvantaged Black people in the sector.

The introduction of the Amended Tourism B-BBEE Sector Code endorsed by the Government and the private sector was set to be a vehicle that would accelerate transformation in the tourism sector. The amended tourism codes seek to address the slow pace of accessibility for previously disadvantaged Black people in the tourism sector across ownership control, management control, skills development, enterprise and supplier development, and socio-economic development.

Transformation is a process by nature. Thus, it is crucial that a synergy between all government spheres involved at national, provincial, and local levels as well as the private sector including large enterprises (LEs), qualifying small enterprises (QSEs) and exempted micro enterprises (EMEs) is developed. This will ensure successful implementation and linkages within the transformation scape of the tourism sector.

1.1. Purpose of the Study

The purpose of the study is to promote growth and the accelerated inclusion of Black people in the economy. The aims of the project are to:

o develop a transformation strategy to enhance the pace of transformation in the tourism sector

o facilitate integrated industry-wide process to catalyse transformation in the sector

o map out a comprehensive set of targeted actions for transforming the sector beyond compliance with the Amended Tourism B-BBEE Code gazetted on 20 November 2015

The goal is to move beyond the mere implementation of the Tourism Sector Codes. New and innovative approaches to further enhance and promote the transformation of the sector are addressed in this strategy. At the same time, the formulation of such a strategy must take due cognisance of existing and planned future strategies and programmes of the tourism sector and other departments. Leveraging existing programmes further, to give effective achievement of transformation, is an objective of this strategy.

1.2. Report Context

The development of the Transformation Strategy for the tourism sector consists of multiple-layers:
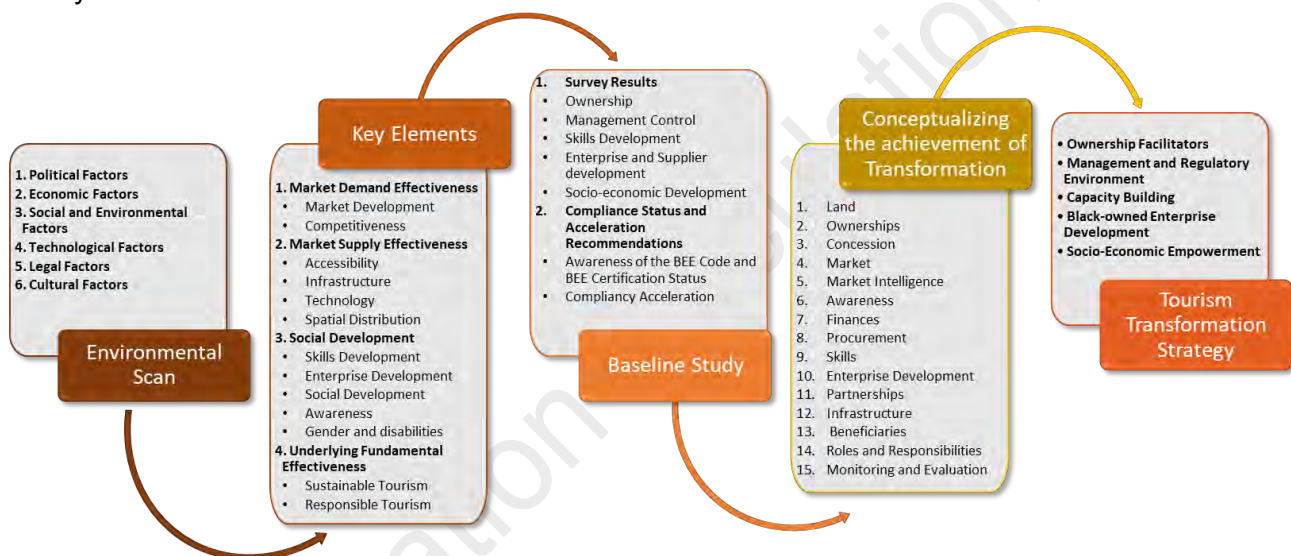
Figure 1: Strategy Development

An environmental scan was formulated based on a broad and comprehensive overview of the tourism sector in which transformation takes place. From the preliminary environmental aspects identified in the previous phase, a more comprehensive analysis was done that lead to the identification of the key elements that may become the building blocks of the transformation strategy. A parallel process saw the establishment of the State of Transformation in the Tourism Sector Baseline, which determines the percentage of the sector that is compliant with the targets set for the Tourism B-BBEE Code. The baseline study further elaborated on factors to accelerate compliance and transformation in the tourism sector. This informed the conceptualisation of achievements for transformation in the tourism sector through developmental areas. The Tourism Transformation Strategy encompasses the results of the baseline study, the outcomes of the key elements report, and the developmental areas that will influence the achievement of transformation in the tourism sector.

This report consists of five sections that culminate into the Transformation Strategy for the Tourism Sector. The first section provides an introduction to the study. The second section formulates the strategic overview and direction of the study. The third section elaborates on the developmental areas identified and analysed in the supporting research documents. Section four presents different programmes for intervention to enhance transformation in the tourism sector, as identified in the situational review section of the report. Section five comprises the implementation of the programmes to accelerate transformation.

SECTION 2: STRATEGIC DIRECTION

This section provides context to the Transformation Strategy from a policy and strategic perspective. It is considered a strategic asset when there is consistency across values, policies, practices, and strategies. Further, this section provides inputs from the State of Transformation Baseline Study that was a strategic outcome from the Tourism B-BBEE Charter Council. The outcome of this section will inform the sections to follow.

2.1. Strategic Overview

The Tourism Transformation Strategy takes place in a context of existing and future interventionist strategies and programmes of the National Department of Tourism (NDT) and other national and provincial departments. The formulation of the strategy therefore takes place in the context of the National Development Plan, the National Tourism Sector Strategy and its sister strategies.

NDP 2030 – OUR FUTURE – MAKING IT WORK

- Policy making in a complex environment
- Demographic trends
- Economy and employment
- Economy infrastructure – The foundation of social and economic development
- Environmental sustainability – An equitable transition to a low-carbon economy
- An integrated and inclusive rural economy
- Positioning South Africa in the world
- Transforming human settlement and the national space economy
- Improving education, training and innovation
- Promoting health
- Social Protection
- Building safe communities
- Building a capable development state
- Fighting corruption
- Transforming society and uniting the country

NATIONAL TOURISM SECTOR STRATEGY (NTSS) 2020

- Effective Marketing
- Market Barrier Removal
- The Visitor Experience
- Destination Management Practices
- Broad-base Benefits

NDT STATEGIC PLAN 2015/16 – 2019/20

- SO 1: To ensure economic, efficient and effective use of departmental resources.
- SO 2: To enhance understanding and awareness of the value of tourism and its opportunities.
- SO 3: To create an enabling legislative and regulatory environment for tourism development and growth.
- SO 4: To contribute to economic transformation in South Africa.
- SO 5: To accelerate the transformation of the tourism sector.
- SO 6: To facilitate the development and growth of tourism enterprises to contribute to inclusive economic growth and job creation.
- SO 7: To facilitate tourism capacity-building programmes.
- SO 8: To diversify and enhance tourism offerings.
- SO 9: To provide knowledge services to inform policy, planning and decision-making.
- SO 10: To reduce barriers to tourism growth to enhance tourism competitiveness.
- SO 11: To enhance regional tourism integration.
- SO 12: To create employment opportunities by implementing tourism projects.

THE AMENDED TOURISM B-BBEE SECTOR CODE

- Ownership
- Management Control
- Skills Development
- Enterprise and Supplier Development
- Socio-Economic Development

The developed National Development Plan (NDP) 2030 (Our future - making it happen), the revised National Tourism Sector Strategy (NTSS) 2020, the NDT Strategic Plan 2015/16 – 2019/20 (2017/17 Review), and the Amended Tourism B-BBEE Sector Code are key in providing the contextualised background of the Tourism Transformation Strategy. The NDP 2030 vision statement expresses that:

"We, the people of South Africa, have journeyed far since the long lines of our first democratic election on 27 April 1994, when we elected a government for us all. Now in 2030 we live in a country which we have remade."

The core foundation of the NDP vision is built on the six (6) interlinked priorities which include the following:

- o Uniting all South Africans around a joint programme to achieve prosperity and equity
- o Promoting active citizenry to strengthen development, democracy and accountability
- o Bringing about faster economic growth, higher investment and greater labour absorption
- o Focusing on critical capabilities of people and the state
- o Building a capable and developmental state
- o Encouraging strong leadership throughout society to work together to solve problems

These priorities will seek to increase job creation, reduce poverty, increase community standard of living and increase transformation in the country, where previously disadvantaged people including women, people with disabilities and the youth are empowered. This will effectively increase sustainable economic, social and environmental transformation not just in the country but also throughout the tourism sector.

The NTSS vision expresses:

"A rapidly and inclusively growing tourism economy that leverages South Africa's competitive advantages in nature, culture, and heritage, supported by product and service excellence, and innovation."

This vision is founded on the basis of achieving the five strategic pillars, namely: effective marketing, market barrier removal, the visitor experience, destination management practice and broad-based benefits. The NTSS stresses that the transformation of the sector must be accelerated in a way that supports growth through the expansion of opportunities for new market development and access to resources. The NTSS further states that transformation is

undeniably critical for social stability, the reduction of inequality and poverty, and for inclusive growth.

The vision of the 2016/17 Review of NDT's Strategic Plan is:

"Leading sustainable tourism development for inclusive economic growth in South Africa"

The NDT Strategic Plan identifies key strategic outcome-oriented goals set to achieve good corporate and corporative governance and to increase the tourism sector's contribution to inclusive economic growth. The strategic objectives of the NDT Strategic Plan are to:

- o accelerate the transformation of the tourism sector
- o facilitate the development and growth of tourism enterprises to contribute to inclusive economic growth and job creation
- o facilitate tourism capacity-building programmes
- o diversify and enhance tourism offerings
- o provide knowledge services to inform policy, planning and decision-making
- o reduce barriers to tourism growth to enhance tourism competitiveness
- o enhance regional tourism integration
- o create employment opportunities by implementing tourism projects

The Amended Tourism Sector Codes have been implemented to:

- o advance the objectives of the B-BBEE Amendment Act No.46 of 2013 within the tourism sector
- o constitute a framework and establish the principle upon which B-BBEE will be implemented in the tourism sector
- o facilitate a partnership programme as outlined in the government's strategy for B-BBEE
- o provide the basis for the sector's engagement with other stakeholders including government and the private sector, labour and civil society

The transformation strategy is aligned with the NDP 2030, NTSS 2020, NDT Strategic Plan 2015/16 - 2019/20 and the Amended Tourism B-BBEE Sector Code to unfold the vision into reality. The crucial factor that the NDP 2030 strategy seeks to promote is a sustainable transformation that promotes an equitable society where opportunities are not defined by race, gender, class or religion.

The NTSS pillars places focus on the accessibility of resources and transformation, rural tourism development, enterprise development and investment. The NDT's Strategic Plan (2015/16 – 2019/20) has the objective to increase the tourism sector to inclusive economic growth to address the most important opportunities and constraints in the tourism sector that hinder or promote growth and development. The Amended Tourism Sector Code seeks to address the need of the sector to be more globally competitive and the need to include Black people in the tourism sector. Therefore, the identified pillars and the strategic objective(s) will form part of the building blocks to accelerate transformation in the tourism sector.

2.2. Vision and Mission

The overview illustrates the strategic alignment for the study, which informs the transformation strategy's vision, mission and values.

The vision for the Transformation Strategy for the Tourism Sector is:

Leading sustainable tourism development for inclusive economic growth in South Africa[1]

To grow an inclusive and sustainable tourism economy through:

- o *Good corporate and cooperative governance*
- o *Strategic partnerships and collaboration*
- o *Innovation and knowledge management*
- o *Effective stakeholder communications*

Performance values[2]:

- o *Innovative: Leveraging of resources and partnerships to optimise delivery to our stakeholders; and responsive to change*
- o *Ethical: Good Corporate Governance: Encapsulates principles of Integrity, Transparency and Accountability*
- o *Customer Focus: Provide services and solutions in a manner that is efficient and services and solutions which are effective and responsive*

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[1] National Department of Tourism. 2017. Vision and Mission. https://www.tourism.gov.za/AboutNDT/Pages/Vision-and-Mission.aspx

[2] National Department of Tourism. 2017.Performance values and description, and People's values and description. https://www.tourism.gov.za/AboutNDT/Pages/Values.aspx

People's values:

- o *Empowerment (Growth, Training, Development, Skills): Create an environment conducive for our people's Growth and Development*
- o *Integrity: We will act with integrity by being accountable, showing respect and serving with honesty, respect and trustworthiness.*
- o *Recognition (Appreciated, Get Support, and Fairness): We want to be an organisation that values its own people by ensuring fairness of the systems and processes, supportive, recognising and rewarding performance.*

TRANSFORMATION AND UNITY ARE CRUCIAL FOR A SUSTAINABLE TOURISM SECTOR.
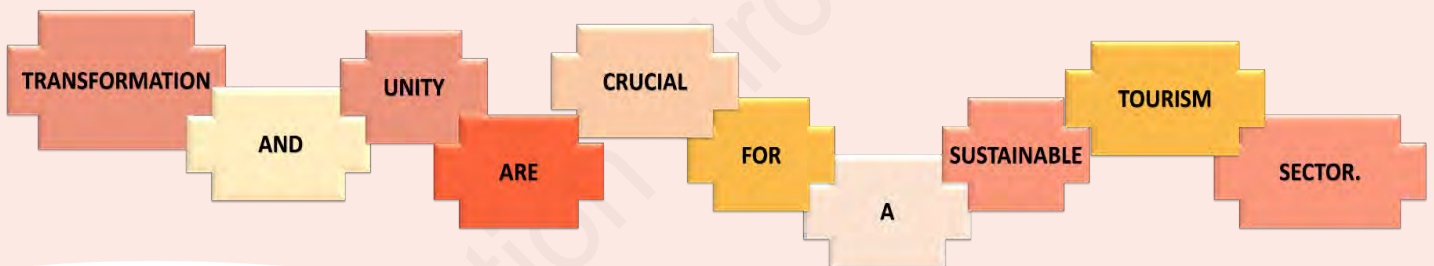
SECTION 3:   BASELINE STUDY AND IMPLICATIONS

The tourism sector is faced with ownership, management control, skills development, enterprise and supplier development, socio-economic development, and stakeholder partnership and collaboration problems that need to be addressed. Addressing these problems is critical in building a bridge to enhance the pace of transformation, to facilitate and integrate industry-wide processes to catalyse transformation in the sector and map out a comprehensive set of targeted actions for transforming the sector beyond B-BBEE compliance.

Thus, one of the action plans set out by the Tourism B-BBEE Charter Council for 2016 – 2019 was to develop a new baseline study to establish the current state of transformation in the tourism sector. The objective was to evaluate the current state of transformation of the tourism sector. Based on the results of the previous and current baseline study, it is evident that there is more effort and support that needs to be steered towards ownership, skills development, and enterprise and supplier development. However, it is still crucial that all five codes be prioritised to make the tourism sector more competitive and to ensure all previously disadvantaged Black people (women and youth) benefit economically, socially and environmentally from the tourism sector. Therefore, careful selection of key programme interventions that will improve the performance of the level of targets of the five (5) Tourism B-BBEE Codes are identified as:

- o   Ownership
- o   Management Control
- o   Skills Development
- o   Enterprise and Supplier Development
- o   Socio-economic Development

The issues and opportunities that have been raised by tourism enterprises need to be used as building blocks to address the lack of performance in achieving the targets of the Tourism B-BBEE Codes. Thus, the NDT needs to develop initiatives that will assist with raising awareness of the current state of the tourism sector and increase stakeholder participation in the journey to promote a radical sustainable transformation where previously disadvantaged Black people (women and youth) are central in the transformation agenda.

From the study the following fundamental areas need to be addressed in the transformation strategy:

- o Ownership Facilitators
- o Management and Regulatory Environment
- o Capacity Building
- o Black-owned Enterprise Development
- o Socio-Economic Empowerment

These fundamental areas will be taken into consideration in the following section. The NDT took the initiative to engage with key stakeholders in seven (7) provinces and the Namibian Ministry of Environment and Tourism. The consultations aimed to provide stakeholders with the platform to raise developmental areas that have an impact on the pace of transformation in the tourism sector. Fifteen (15) developmental areas were identified, and all seven provincial departments of tourism agreed that it is necessary to develop an industry-wide strategy that will provide a map to accelerate transformation in the tourism sector[3], along with the results yielded from the baseline study.

The fifteen (15) developmental areas that were identified in the consultation sessions are as follows:

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[3] National Department of Tourism. 2016. Outcome of consultation with provinces on key elements of transformation for the tourism sector. [PowerPoint Presentation – Unpublished]

3.1. Ownership Facilitators

Ownership serves as a critical factor in accelerating the growth and development of an individual. The Amended Tourism B-BBEE Code aims to promote ownership by Black people in tourism enterprises through voting rights, shared and Black-based ownership schemes and even co-operatives. Furthermore, the sector needs to promote more new Black entrants and sustainable Black-owned businesses.

3.1.1. Summary of Ownership Element Baseline Results

Promoting Black ownership of enterprises is a priority element in the Amended Tourism B-BBEE Sector Code. As can be seen by the summary in Figure 4, the majority of the tourism sector does not comply with the set ownership targets for Black people within their enterprises. So far, the accommodation and travel related sub-sectors have been performing equally, while the hospitality sub-sector is not far from obtaining 50% representation in the voting rights and economic interest indicators.
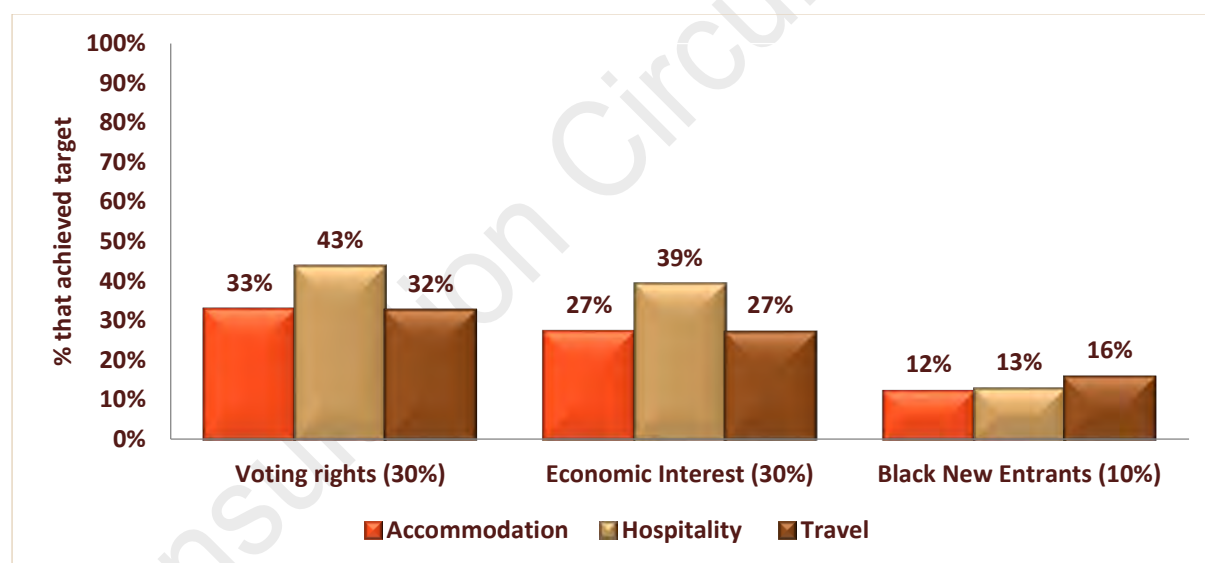

Figure 4: Ownership of Black People

The empowerment of Black women in the ownership structures of tourism-related entities paints an entirely different picture. It is evident that the travel-related sub-sector promotes more Black women in their ownership structures, followed by the accommodation sector.
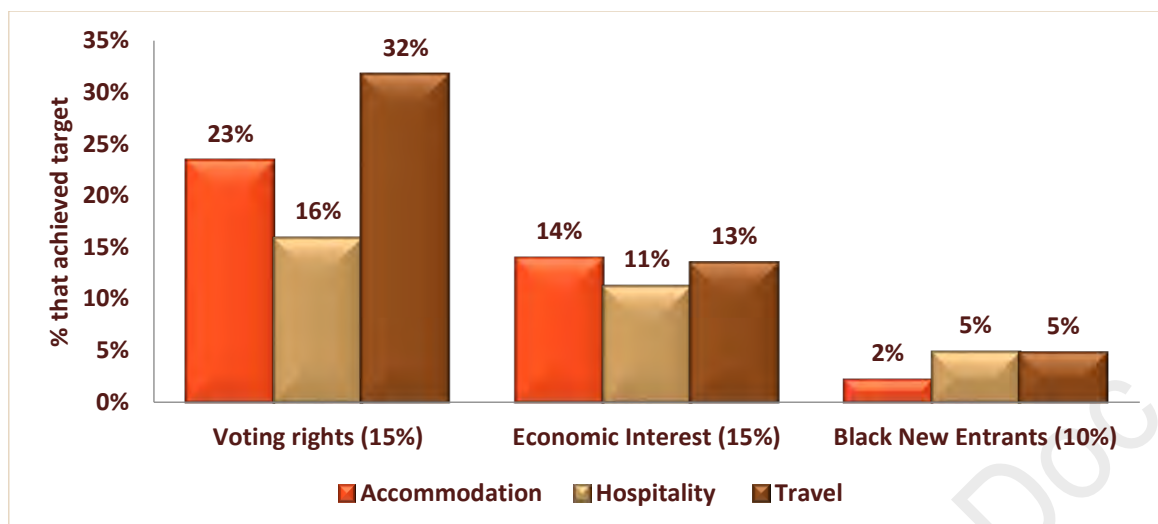
Figure 5: Ownership of Black Female

3.1.2. Developmental Areas for Ownership Facilitation

The following developmental areas are vital in fostering increased Black ownership in the sector.

Ownership

Ownership is the biggest challenge that needs to be addressed in the tourism sector due to the large number of enterprises in the tourism sector being registered SMMEs with either one or two shareholders. The level of ownership of enterprises by previously disadvantaged Black people in the tourism sector is currently low and more support needs to be provided to increase ownership for potential SMMEs. This is due to the sector being dominated by businesses that are owned and controlled by white or foreign nationals, prohibiting Black people to gain ownership and control of their own business. Therefore, it is important that the Tourism B-BBEE Sector Codes be aligned with the objective of the Reconstruction and Development Programme (RDP). The objective of the programme is to:

> *"Deracialise business ownership and control completely, 'through focused policies of Black economic empowerment'"*

The merger and acquisition (M&A) structuring of Black Economic Empowerment (BEE) deals with the sharing of financing transactions that can provide necessary development and enhancement of ownership management and control. The Government contributes a large portion of the annual spend to tourism sector establishments, and most establishments have the ability to survive without these contributions. Hence, a solution needs to be given to

disadvantaged entrepreneurs to create the opportunity for them to buy their own tourism industry establishments.

Thus, it is important that the department, in partnership with the democratic government, implement the RDP in such a way that no discrimination occurs in financial institutions where capital will be provided for increased business ownership for small businesses. The collaboration should further create a path to introduce a tendering process that is used to provide training and upgrading and enhance real partnership in Black ownership structures.[4] A shared value approach needs to be promoted under existing enterprises. Furthermore, tourism enterprises should incorporate transformation policies into their corporate image and culture.

Land

The tourism sector is currently led by the white minority creating a gap between them and the previously disadvantaged Black people in the sector. The majority of entrepreneurs from the previously disadvantaged communities do not have the land necessary to operate their businesses and have a shallow understanding of tourism. The Restitution of Land Rights Act of 1994 was the first piece of transformative legislation after the apartheid regime and the South African Government initiated land claims to allow people who were wrongfully removed from their land under the apartheid regime to lodge claims. It is estimated that at least 3.5 million South Africans were forcibly removed from their land between 1960 and 1982 due to the laws that were implemented after 19 of June 1913. The amended bill states that due to insufficient communication and short cut-off dates to lodge claims, a date to lodge claims will be extended to 30 June 2021.[5]

A study was conducted by the NDT with the aim of examining the sustainability of post land claims settlements relative to tourism. The following are the critical issues regarding land claims[67]:

- o There is a lack of skills and relevant experience amongst management and control tourism enterprises operating on inherited land.

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[4] The RDP ANC. 1994. The Reconstruction and Development Programme (RDP). A Policy Framework.
http://www.sahistory.org.za/sites/default/files/the_reconstruction_and_development_programm_1994.pdf
[5] Mnguni, PJ. 2017. The restitution of land right amendment bill. Department of Rural Development and Land Reform notice 296 of 2017. Government Gazette, 13 April 2017.
[6] National Department of Tourism. S.A. Land Claims' Study: An examination of sustainability of tourism post land claims settlement. Unpublished
[7] M. Wa Machini. 2017. Commission on Restitution of Land Rights. Tourism Transformations Summit. Kopanong Conference Centre. [PowerPoint Presentation]

- There are conflicts between stakeholders and communities with regard to the implementation of the co-management agreements.
- There is a lack of maintenance or restoring of tourism-related activities.
- There are issues around equity in land ownership and control.
- There is a lack of sustainable development and productivity.

Therefore, the NDT must assist with facilitating land claims that will economically, socially and environmentally benefit local communities. The NDT needs to develop and implement the following programmes or initiatives to facilitate land claims:

- Increase support and funding for heritage tourism
- Provide funding for tourism guiding training
- Increase critical skills development programmes with regard to land claims for tourism-related activities
- Partner with the Department of Rural Development and Land Reform to solves issues regarding ownership and management control for Black people during and after land claims
- Increase tourism-related activities in settled land claims through the Tourism Incentives Programme
- Develop value chain models related to land claims

The Department of Environmental Affairs (DEA) signed an MOU with the Department of Rural Development and Land Reform (DRDLR) in 2002 for the beneficiation of rural communities through communal areas, like nature reserves. This initiative has received increased attention in recent years, where the DEA commissioned studies and funding initiatives to increased economic benefits to these communities through the development of sustainable business prospects. These opportunities are mainly focused on eco-tourism, agri-business and conservation, and promote the development of community ownership and shared value between conservation areas and local people. Another example for land beneficiation of communities is the recent embracement of agritourism in South Africa – an example of why "land" plays an important role in the tourism sector. This is because agritourism has the ability to attract tourists to rural areas, increase job opportunities, increase income for farming communities and protect and preserve the environment in the process.[8] The application of sustainable development and responsible tourism holds great value in land reformation and disadvantaged communities' beneficiations.

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[8] Taylor, J. 2017. Sustainable Agritourism. Daily Southern African Tourism Update
http://www.tourismupdate.co.za/article/123862/Sustainable-Agritourism

Finance

The tourism sector is one of the fastest growing economic sectors in South Africa and thus contributes significantly to economic development. This sector is responsible for the growth in permanent or temporary employment opportunities and the establishment of new enterprises to accommodate the increased tourism demand.

The increase in job opportunities in the tourism sector depends on the development of the economy. Unemployment is currently standing at 27.1% which is an indication that there is a need to establish and promote more Black-owned small, medium and micro enterprises (SMMEs), and create a bridge for potential entrepreneurs and new entrants to enter the tourism sector to develop building blocks for radical economic development and transformation.[9] However, access to funds is a major challenge for SMMEs and upcoming entrepreneurs which has a direct impact on the SMMEs gaining access to the tourism market.[10] In addition, there is also a lack of incentives to reward businesses that prosper and meet the goals set for enterprise and supplier development due to the high level of non-compliance with the Tourism B-BBEE Sector Code.

There are multiple funding agents available in South Africa that support the promotion of Black-owned businesses and shareholding, e.g. Industrial Development Corporation (IDC) and Small Enterprise Finance Agency (SEFA), with others that specifically cater for youth development and women, such as the National Youth Development Agency (NYDA), IDF Capital and Isivande Women's Fund. However, many of these funds do not grant funding for tourism businesses with ease as the tourism sector is viewed as a seasonal economy and might not yield monthly average returns. Therefore, the transformation of the tourism sector is very important as it will produce a number of funding opportunities. In recognition of funding challenges, the NDT in partnership with the National Empowerment Fund (NEF) have established a Tourism Transformation Fund (TTF). The fund is a combination of the NDT grant funding capped at R5 million and debt financing which will be used to accelerate transformation while unlocking potential capital investment in tourism. The TTF currently amounts to R120 million which is aimed to be capitalised to an amount of R360 million in the medium term.[11]

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[9] Sisa Ntshona. 2017. Transformation and unity, crucial for a sustainable tourism sector. http://www.tourismupdate.co.za/article/118703/Transformation-and-unity-crucial-for-a-sustainable-tourism-sector

[10] Parliamentary Monitoring Group. 2016. Transformation in Tourism Sector: Tourism B-BEE Charter Council briefing. https://pmg.org.za/committee-meeting/24569/

[11] Clarity Editorial. 2017. DOT: Tokozile Xasa: Addressed by Tourism Minister, during the tourism budget vote 2017/18. Parliament: Cape Town http://www.polity.org.za/article/dot-tokozile-xasa-

It is important that the government (including the NDT) in collaboration with the private sector develop the funding criteria and an evaluation criterion for Black-owned enterprises in the tourism sector applying to be funded. Accessibility of this fund will assist to empower Black-owned SMMEs and potential entrepreneurs to enter the tourism market, gain ownership and management control of their business.

3.2. Capacity Building

Capacity building is defined as the "process of developing and strengthening the skills, instincts, abilities, processes and resources that organisations and communities need to survive, adapt, and thrive in the fast-changing world."[12] A core focus area highlighted in the baseline study was the need for capacity building for individuals seeking employment and for Black-owned SMMEs, to improve their comparative and competitive advantages in the market space, both from a demand-side and supply-side.

3.2.1. Summary of Skills Development Baseline Results

Figure 6 indicates the percentage of large enterprises (LEs) that have achieved the targets set for skills development under Band 3. The results indicate a very low compliance rate in the sector, with the travel-related sub-sector yielding the largest portion of large enterprises contributing to skills development as per the code.
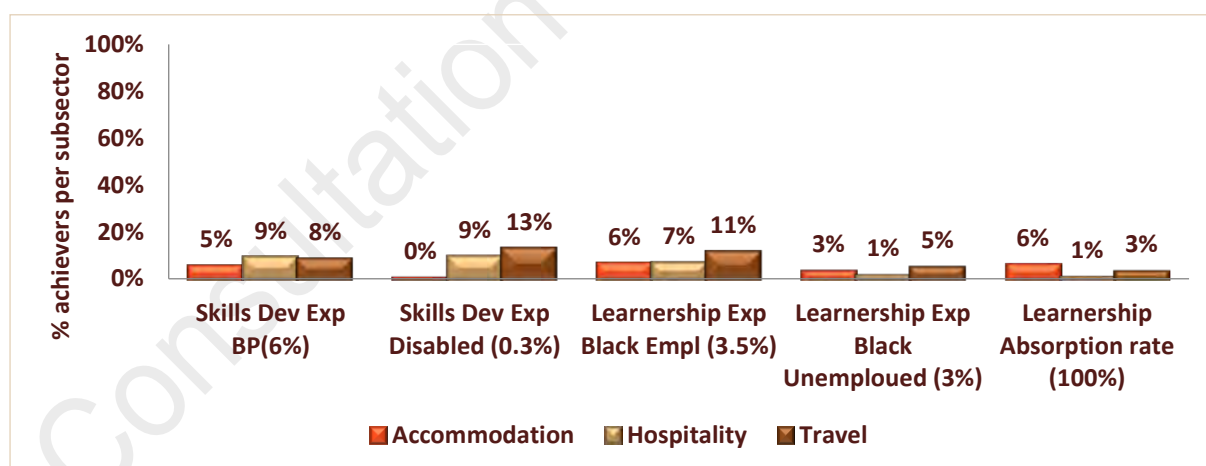

Figure 6: LE Skills Development Achievement by Sub-sector

Figure 7 indicates the percentage of qualifying small enterprises (QSEs) that have achieved the set target for skills development under Band 2. Here it seems that the accommodation and hospitality sub-sectors are contributing more to the Skills Development element as per the Code.

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address-by-tourism-minister-during-the-tourism-budget-vote-201718-parliament-cape-town-23052017-2017-05-23

[12] Ann Philbin. 1996. *Capacity Building in Social Justice Organizations*. Ford Foundation.
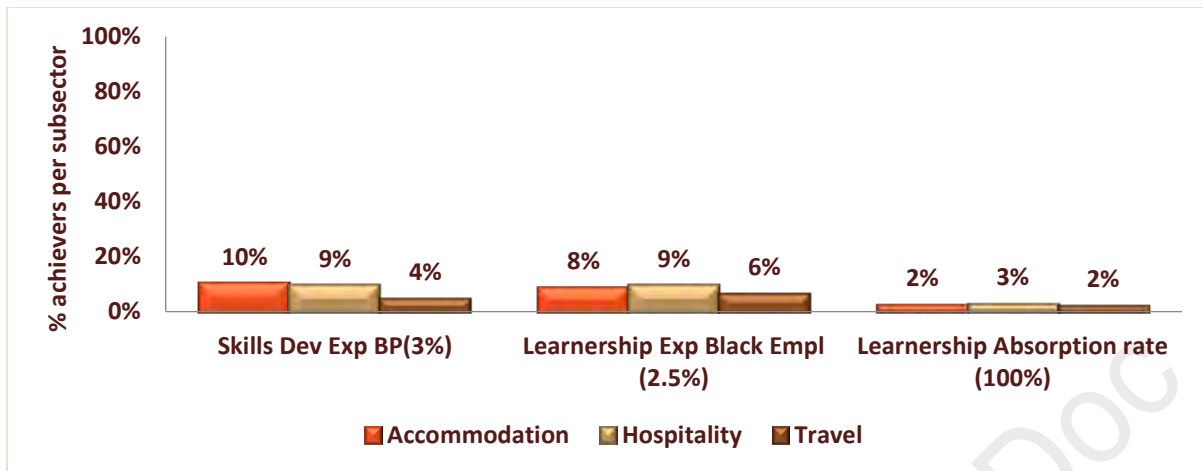
Figure 7: QSE Skills Development Achievement by Sub-sector

Nonetheless, the results indicate that skills development is not viewed as a priority by sector players. Therefore, some level of intervention or sector support needs to be provided to ensure enterprises prioritise skills development in their operational structures.

3.2.2. Developmental Areas for Capacity Building

Stakeholders during consultation emphasised the following three developmental areas as key to soliciting capacity building in the tourism sector.

Skills

The human resources and labour market was the biggest score difference, scoring 4.6 in 2015 and 4.1 in 2017. According to the competitiveness report (2017), the six (6) areas where South Africa is performing poorly in the following human resources and labour market indicators are[13]:

- Female participation in the labour force
- Secondary education enrolment rate
- Ease of finding skilled employees
- Ease of hiring foreign labour
- Pay and productivity

Skills development is essential for promoting a sustainable tourism sector and is vital for the establishment of business opportunities, job creation and the contribution to socio-economic development. Skills development is one of the main drivers of B-BBEE transformation in the tourism sector and requires additional support for the enhancement thereof. Currently, there is a gap that exists in the skills transfer programmes between experienced business entrepreneurs and new entrants in the tourism sector. The tourism sector consists of a large

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[13] World Economic Forum. The Travel & Tourism Competitiveness Report 2017

number of employees with low skill levels which results in high levels of unemployment. This is due to a shortage of skilled Black employees which resulted from past injustices. The majority of large enterprises (LEs) are currently recruiting inexperienced Black people. This could result in being a risky investment for tourism enterprises.

Skills development in the tourism sector can be achieved through the increase of learning programmes. These programmes can assist with capacity building to allow Black entrepreneurs to become better equipped to actively participate in the sector. Learning programmes can also enrich existing exempted micro enterprises (EMEs), qualifying small enterprises (QSEs) and large enterprises (LEs) with additional skills to increase the growth and development of the employment equity of the sector.

Thus, existing and new programmes are implemented with the aim to increase employment opportunities for previously disadvantaged Black people, women and the youth to assist and develop potential SMMEs and tourism entrepreneurs. These programmes include:

Figure 8: High Impact Implemented Programmes
Source: National Department of Tourism

Several training and skills development programmes have been initiated in the South African tourism sector. These programmes include learnerships, internships, work-integrated learning programmes, apprenticeships and bursaries. Learning programmes such as the Tourism Buddies Programme, the National Youth Chefs Training Programme, the Sommeliers Programme, the Hospitality Youth Programme, and TVET IMBIZO have provided young Black students/learners with the opportunity to improve their self-worth and vision in life as well as in the tourism and the hospitality sector.

The Tourism Buddies Programme enrolled more than 2 000 youth, and more than 50% received temporary or permanent employment after the learning programme in 2013. Additionally, the National Youth Development Training Programme enlisted 800 students, of which 717 students completed the course. The success of the programme was enormous, and the NDT decided to invest R40 million into the second year of the programme. These programmes have exposed young people to the hospitality industry and have provided them with the necessary skills, knowledge and work experience to enter the employment market. The NDT hosts the Imbizo with the motive to empower local communities with information about youth skills development initiatives.

Furthermore, the department implemented the Executive Management Programme though the Unisa Graduate School of Business Leadership (Unisa SBL) in 2016, which provides an opportunity to a selected group of Black women and gives them the skills to excel in the upper management of corporates within tourism. From the 20 candidates identified for the pilot programme, 16 successfully graduated from the programme, as officiated by the Minister of Tourism, Tokozile Xasa; furthermore, out of the 16 graduates, five were already operating as general managers in large enterprises (October 2017).[14] This programme promotes gender equality and women empowerment to reduce poverty and stimulate sustainable development. The programme also equips women with management skills that enable them to start their own businesses and create a pool of Black industrialists for the future.[15]

In addition, the Social Responsibility Implementation programmes (SRI) is one of the key programmes that the NDT needs to effectively promote within the tourism sector. The purpose of the programme is to alleviate poverty, increase job creation, and empower communities through training programmes.[16] This programme specifically focuses on community development and empowerment initiative through the creation of community-owned self-sustaining business opportunities, thus promoting capacity building within previously disadvantaged communities in rural and non-economically active areas.

Skills development has a crucial role to play in promoting sustainable and effective transformation in tourism. As such, it requires additional support to provide the previously disadvantaged (Black men and women) groups with the necessary skills to become qualified

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[14] Minister Tokozile Xasa. SA Tourism Minister talks on new transformation initiatives, by CNBC Africa on October 31, 2017.

[15] National Department of Tourism. 2017. Women in Tourism graduate form Executive Development Programme.
https://www.tourism.gov.za/AboutNDT/Branches1/domestic/News/Pages/Women_in_Tourism_gradua te_from_Executive_Development_Programme.aspx

[16] National Department of Tourism. 2017. Social Responsibility Implementation Programme. https://www.tourism.gov.za/CurrentProjects/PastProjects/Social_Responsibility/Pages/Social-Responsibility-Implementation-Programme.aspx

candidates for employment in the tourism sector. According to the Tourism Human Resources Development Strategy, the top five most needed skills across all SMMEs were customer service skills, leadership skills, communication skills, generic management skills, and financial management skills. An increase in skilled labour will stimulate the sector by, among other things, enabling new entrants and emerging tourism entrepreneurs to excel in operating tourism businesses and adopting the best practices that are sustainable and cost-effective. Therefore, it is important that the NDT, in partnership with key universities or institutions, form a collaboration to promote the importance in skills development through the implementation of key programmes to provide new or existing enterprises/SMMEs and owners and employees with the necessary skills that will enhance transformation in the tourism sector.

Market Access

The tourism sector is one of the largest and fastest growing economic sectors in the world. South Africa has become more competitive as a tourism destination by increasing its ranking from 64 in 2013 to 48 in 2015. However, this ranking dropped to 53 in 2017. The competitiveness areas where the country scored worse in 2017 compared to 2015 are human resources and labour market, ICT readiness, price competitiveness, air transport infrastructure and natural resources. Furthermore, for the time that it takes to start a business, South Africa ranks 123 out of 136 countries in the world.[17]

Thus, market access is a broad concept that is currently identified as one of the issues that hinder the acceleration of transformation in the tourism sector. The concept focuses on the ability of new enterprises, SMMEs and entrepreneurs to enter the market. Market access is thus explained as the competitive advantage or disadvantage that existing and new enterprises may have in the tourism market.

New markets should be developed instead of focusing on existing markets. The previously disadvantaged entrepreneurs should thus be given a chance to enter new markets and form partnerships with other enterprises in the tourism sector since start-up companies have insufficient enterprise development support to prosper in the tourism sector. In addition, the marketing of tourism products in rural areas could also be enhanced. The growth and development of the market for the tourism sector could increase by creating more and better access for tourists and new enterprises to enter the market.

Operation Phakisa is an initiative of the South African government which translates to "things to move faster". The government aims to implement priority programmes in a better, faster and effective manner through Operation Phakisa. The ocean economy is one of the key

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[17] World Economic Forum. The Travel & Tourism Competitiveness Report 2017

developmental areas that refers to unlocking the economic potential of South Africa's ocean. Through a coastal and marine tourism economy lab conducted by the Department of Tourism, in partnership with the Department of Environmental Affairs, the tourism sector identified and detailed specific initiatives to unlock growth, job creation and transformation in the sector.[18] South African Tourism manages other initiatives such as the Welcome Campaign and the Market Access Programme in partnership with SATSA. These platforms provide the opportunity for SMMEs to gain access to market research, international marketing platforms, and mentorship programmes.

The abovementioned are only a few of the key initiatives implemented to ease the market access barriers that SMMEs and Black entrepreneurs in the tourism sector are facing. In the context of transformation, the failure of the sector to meet the demands of the market is one of the challenges that the tourism sector faces. These challenges arise from lack of collaboration between larger enterprises and SMMEs in relation to offering goods and services to international and domestic tourists. More needs to be done to improve the tourism value-chain linkages between large enterprises and SMMEs, major hubs and more rural-based products, product and market matching, and marketing and distribution channel.

A major priority for the transformation in tourism should be to enhance the marketing and tourism product offerings in rural and townships areas. A channel that can be leveraged is the travel-related sub-sector through developing itineraries that link main tourism hubs with tourism offerings and related services in rural and township areas to increase procurement opportunities and address enterprise development issues.

The growth and development of the market (tourism sector) can increase through creating more and better access for new enterprises, SMMEs and entrepreneurs to enter the market. Such an increase in growth would lead to better effectiveness of the market demand and will enhance transformation in the tourism sector.

Partnership

The transformation agenda encourages an increase in commitment amongst the full range of stakeholders in the sector to recognise that there is a need to instil transformation. A key issue identified during the baseline study is the lack of reliable partnership-building platforms between Black-owned tourism services and related suppliers and other medium to large enterprises. In an effort to improve this environment by creating new partnerships and strengthening existing ones between suppliers and buyers in the tourism sector and further promoting the transformation agenda, the NDT, under the leadership of Minister Tokozile

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[18] Biodiversity and Tourism Lab. 2016. Coastal and Marine Tourism Economy Lab.

Xasa, launched the Tourism B-BBEE portal. The portal is a matchmaking platform where large enterprises can identify, reach, compare, shortlist and finally procure goods and services from 100% Black-owned suppliers. The main aim of the portal is to assist large enterprises in meeting the Enterprise and Supplier Development element targets of the Amended Tourism B-BBEE Sector Code, by ensuring that the following information is accessible[19]:

- Reliable information on Black-owned suppliers with the required profile and expertise for the purpose of preferential procurement and enterprise and supplier development (this will reduce an inordinate amount of time and extra administration required by large enterprises to identify and verify Black-owned suppliers for procurement purpose)
- Latest B-BBEE practice notes published either by the Department of Trade and Industry or the Tourism B-BBEE Charter Council
- Updated list of Tourism B-BBEE Verification Professionals

Though efforts are being put in place to address the gap in the tourism value chain, there is still a long road ahead in closing the gap between long-term established enterprises and new Black-owned entries into the market.

Another critical partnership is between state and private sector centred around planning for marketing, branding, skills development and transformation programmes. The NTSS highlights the need to be a practical and transparent relationship with agreed deliverables as key.[20] This relationship between public and private sector needs to exist both on a local and a national level. It is also important that the governing bodies build relationships with foreign-owned enterprises to promote transformation in their structures.

The third relationship is between state-owned bodies. There is a need to establish an effective partnership and collaboration between the National Department of Tourism, National Treasury, Local Government, Provincial Government, and the Tourism Business Council of South Africa (TBCSA) with their member associations and other spheres of municipalities. This will establish buy-in partnerships that will create a link between inclusive growth, economic transformation and transformation of the tourism sector.

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[19] Department of Tourism. 2017. Tourism B-BBEE portal. https://tourism.b1sa.co.za/Opportunities/TOURISM/Default
[20] Department of Tourism. 2016. National Tourism Sector Strategy (NTSS) 2016-2026.

3.3. Black-owned Enterprise Development

An element that is cross-cutting with other developmental areas is the development of Black-owned enterprises. The focus is placed on Black individuals, women and youth owner-managed establishments, further emphasising rural or peri-urban based enterprises.

3.3.1. Summary of Enterprise and Supplier Development Baseline Results

According to the survey, the majority of Large Enterprises (LEs) do not comply with the set targets. The accommodation sub-sector is the best performing in all indicators. This could be due to the nature of the business as they use multiple suppliers in their operations. Whereas the travel-related sub-sector has a limited contribution, which could relate to the fact that they export the majority of their business.
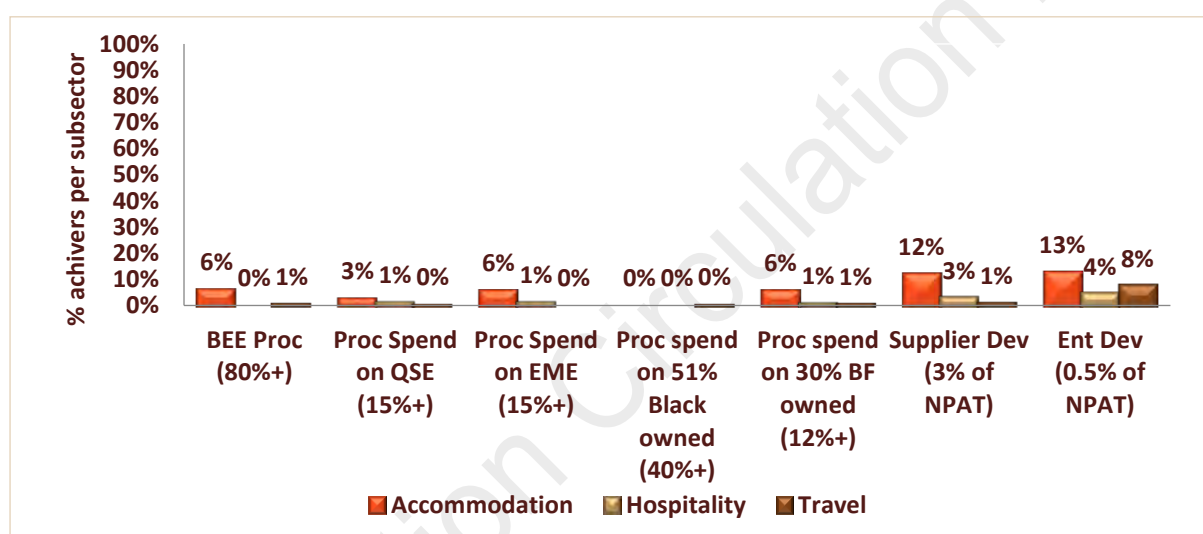

Figure 9: LE Procurement Achievement by Sub-sector

Similar results are yielded with QSEs in the tourism sector. Effectively, the accommodation and hospitality sub-sectors are the best performing. Nonetheless, the results are still highly undesirable.
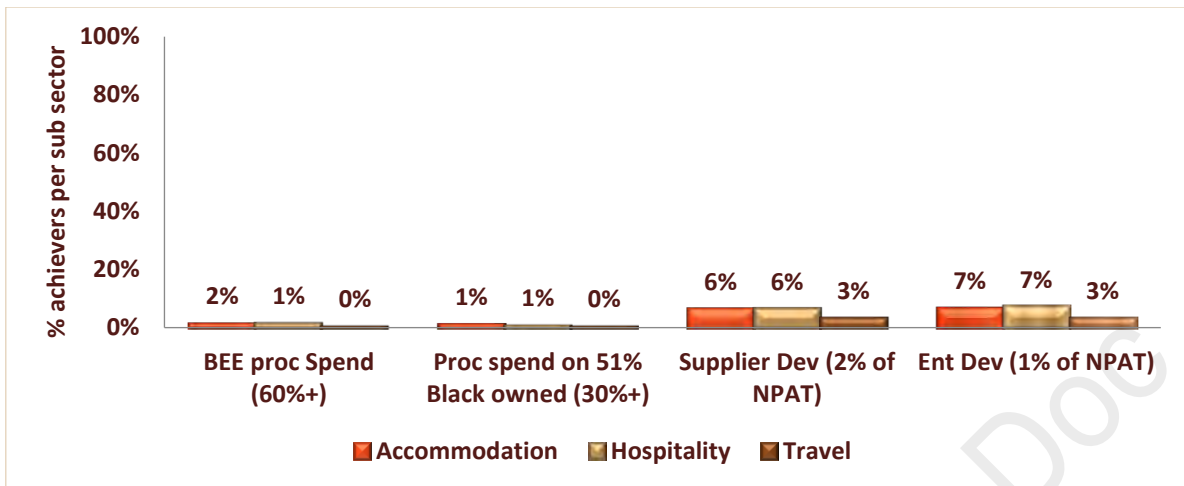
Figure 10: QSE Procurement Achievement by Sub-sector

3.3.2. Developmental Areas for Black-owned Enterprise Development

The following developmental areas illustrate some of the channels that can be improved to promote Black-owned enterprise development in the tourism sector.

Enterprise and Supplier Development

SMMEs are said to be the core of the South African tourism sector. These enterprises contribute largely to economic growth and the creation of either temporary or permanent employment opportunities in the tourism sector. Start-up SMMEs have insufficient support relating to limited procurement opportunities, accessibility to the market and funding support.

The department, alongside other partners, has embarked on multiple tourism enterprise development programmes relating to funding, market access and procurement services as alluded to previously in the document. One of these programmes is the Tourism Incentive Programme (TIP) with these four goals[21]:

- To drive sales and grow the customer base of small tourism establishments by providing them with better access to tourism buyers and potential guests
- To promote compliance with quality standards and ensure that tourists know what to expect by helping establishments to get graded
- To enhance the experience of visitors to iconic tourism attractions by improving facilities at these sites

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[21] Department of Tourism. Tourism Incentive Programme. https://www.tourism.gov.za/CurrentProjects/TIP/Pages/Tourism-Incentive-Programme.aspx

- To reduce the operating costs and make tourism facilities more sustainable by installing renewable energy sources

Other sectors and agencies also provide funding, mentorship and start-up opportunities for SMMEs in which tourism enterprises can seek assistance or investment. Nonetheless, the development of SMME enterprises cannot only be the function of state or semi-state-owned organisations; therefore, the Tourism B-BBEE sector codes prioritised enterprise development as a key indicator that large and qualifying small enterprises need to focus on within their corporate responsibility framework. Some large enterprises in the sector do host enterprise mentorship programmes; however, it has been highlighted by the sector that not all enterprises have the means financially or the capacity to take on such a programme. Thus, the willingness to assist emerging Black-owned businesses is there from the established private sector but there is a lack of sufficient tools to support established businesses in this function.

The support to SMMEs in their development process will assist them with building business networks and credibility. This will assist the previously disadvantaged Black-owned SMMEs and entrepreneurs in obtaining the necessary product development, tourism infrastructure support, training and education opportunities and it will assist these SMMEs and entrepreneurs in gaining access to participate in the tourism sector.[22] Thus, enterprise development is vital for new Black entrants and existing Black-owned SMMEs to improve productivity, social cohesion, inclusive economic growth and to promote sustainable transformation in the sector.

Procurement

The Amended Tourism B-BBEE Code indicated three (3) main drivers in transformation that need to be prioritised. Preferential procurement was identified as one of the key drivers to accelerate transformation in the tourism sector.[23] The baseline revealed that the integration of small Black-owned enterprises in the development and growth of the tourism sector economy is slow. This is due to the following challenges that large enterprises are faced with when procuring from small enterprises:

- Finding a BEE supplier
- Unavailability of suppliers
- Inconsistent quality
- Unstable prices
- Turnaround time

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[22] Anon. S.A. Tourism Enterprise Partnership: A Brief Overview. http://restaurant.org.za.dedi279.nur
[23] National Department of Tourism. 2017. Baseline Study on the State of Transformation in the Tourism Sector.

- Inconsistent supply
- Request for advance payments

These challenges are the result of a lack of knowledge and awareness of the procurement opportunities that exist within the tourism sector. Thus, it is important that partnership and collaboration across the accommodation, hospitality and related services and travel distribution systems between LEs and QSEs be created to provide procurement opportunities for small Black-owned enterprises.

Procurement opportunities that can be outsourced from small-Black enterprises include:

Thus, the provision of the Tourism B-BBEE portal plays an essential part in creating these linkages. However, more needs to be done in tourism-related procurement programmes that will assist to accelerate enterprise and supplier development, socio-economic development and market accessibility transformation for Black-owned small enterprises in the tourism sector.

A major role-player in tourism-related procurement is government, with national and provincial government spending approximately R10 billion annually on travel and subsistence, of which R4.5 billion is being spent on domestic air and land travel and accommodation services according to National Treasury. [24] From 1 April 2016, Treasury introduced a standard remuneration model and travel policy that governs public sector travel. Even though these and other policies within government promote the use of BEE Procurement Recognition Levels, it does not impact the tourism value chain whereby a Level 1 B-BEE travel agent can still book any accommodation establishment without verifying if they are BEE representative. The government needs to leverage its power as a significant contributor to the tourism sector by

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[24] Gareth Voster. 2016. How much money the SA government blows on travel every year. https://businesstech.co.za/news/government/115832/how-much-the-sa-government-blows-on-travel-every-year/

adjusting its travel spending requirements to ensure that the second and third linkage in the tourism value chain is beneficiating Black-owned or operated enterprises.

Therefore, the procurement element in the Tourism B-BBEE Code needs to be strengthened throughout the tourism sector to promote transformation in the forward and backward linkages of the tourism value chain. Thus, monitoring efforts need to be instilled in both government and private sector procurement channels.

Concession

Land plays an important role in the development and growth of the tourism sector not just in South Africa but globally. Thus, concessions create an opportunity for land to be used as a commodity to developed economic, social and environmental opportunities in the tourism sector. Concessions are defined as "the right to use land or other property for a specified purpose, granted by a government, company, or another controlling body. It can include a commercial operation and a piece of land." Tourism concession, however, is defined as "a lease, licence, easement or permit for an operation undertaken by any party other than the protected area agency". It "provides public service and may require some capital investment by a concessionaire for buildings, equipment and operating costs".[25]

Concessions can be used to accelerate Black-owned enterprise development. Tourism concession activities that can be provided by SMMEs and entrepreneurs include the provision of accommodation facilities, transport services, education and interpretation services/tour guiding, hospitality services and hosting of different types of events and festivals.[26]

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[25]Spenceley, A., Snyman, S. & Eagles, P. 2017. Guidelines for tourism partnerships and concessions for protected areas: Generating sustainable revenues for conservation and development. Report to the Secretariat of the Convention on Biological Diversity and IUCN.
[26]Thompson, A., Massyn, P.J., Pendry, J. & Pastorelli, J. 2014. Tourism Concessions in Protected Natural Areas: Guidelines for Managers. United Nations Development Programme.

The development of concession activities will provide the following opportunities:
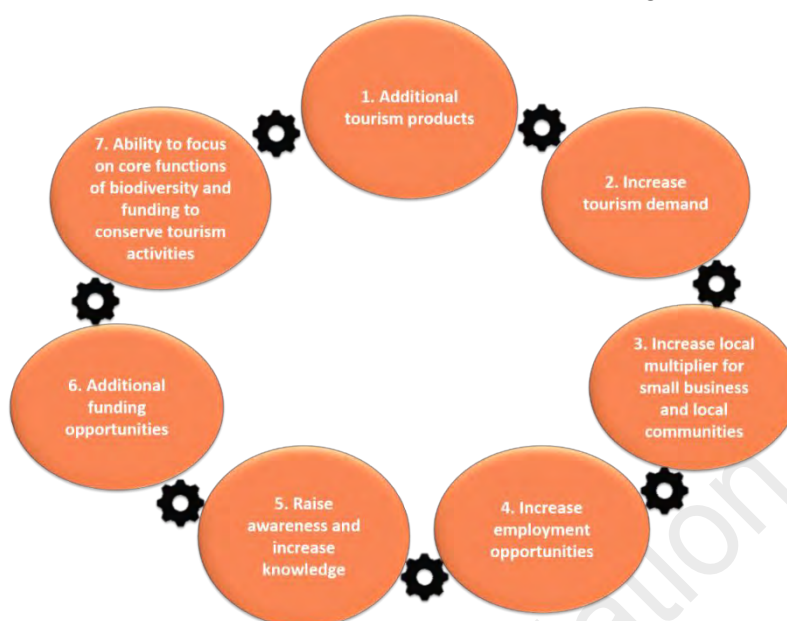

Figure 12: Opportunities of Tourism Concession and Partnerships
Source: Spencely, Snyman and Eagles, 2017

Major stakeholders, including state or semi-state and private land-owners, should be encouraged to form a partnership and collaborate with Black-owned SMMEs and entrepreneurs through concession or PPP processes. This will provide potential businesses with a piece of land to execute their business which will assist to boost the value chain opportunities, increase community participation, and create procurement opportunities (business linkages) and land accessibility.

3.4. Socio-Economic Empowerment

Social and economic empowerment is the process of developing a sense of autonomy and self-confidence through a change in "social relationships and the institutions and discourses that exclude poor/disadvantaged people."[27] Moreover, it allows poor people to live beyond their immediate means and "to exercise greater control over both their resources and life choices." Empowerment relates to the promotion of the assets of poor people, transformative forms of social protection, microfinance and skills training.[28]

3.4.1. Summary of Socio-Economic Development Baseline Results

The Socio-Economic Development Code is unique in the Tourism B-BBEE Code compared to the Generic B-BBEE Code as enterprises can gain additional points for contributing to the TOMSA levy. The survey indicated that an average of 34% of surveyed enterprises are

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[27] Blomkvist, H. 2003. Social Capital, Political Participation, and the Quality of Democracy in India.
[28] Eyben, R., Kabeer, N., Cornwall, A. 2008. Conceptualising Empowerment and the Implications for Pro-Poor Growth.

TOMSA levy collectors. Furthermore, 37% of surveyed tourism enterprises spend more than 1% of the NPAT on qualifying socio-economic development contributions.
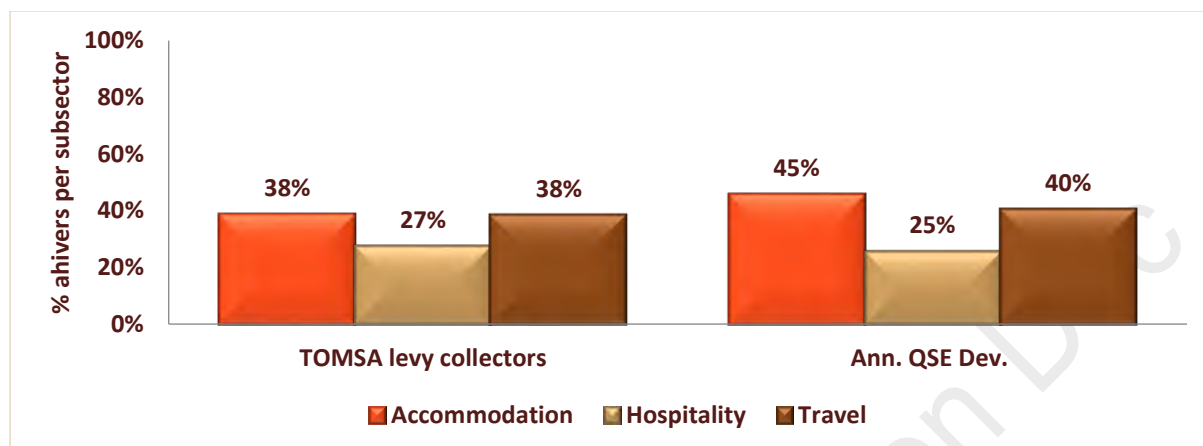

Figure 13: Socio-Economic Development per Sub-sector

3.4.2. Developmental Areas for Socio-Economic Empowerment

Alongside the previously mentioned developmental areas, beneficiation and awareness plays a critical role in promoting transformation and Black empowerment in the tourism sector from a sustainable principle perspective.

Beneficiaries

Apartheid played a major role in South Africa's history, and its legacy remains apparent today in the tourism sector that is struggling to overcome large disparities in access to opportunities and benefits, particularly for previously disadvantaged Black people.[29] The current tourism sector is characterised as being led by the white minority, creating a glass ceiling for previously disadvantaged groups, with most groups only being employed in the middle and lower management levels, and new enterprises struggling with low experience. This also constrains the level of participation of Black people in the sector and hinders the acceleration of transformation in the tourism sector.

The tourism sector consists of almost seventy-eight percent (78%) of enterprises classified as SMMEs. These enterprises do not feel the pressure from the government to become B-BBEE compliant since the majority of them are exempt. Thus, the implementation of the New Amended Tourism B-BEE Code needs to promote responsible tourism and socio-economic

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[29] Department of Environmental Affairs and Tourism. 2005. Tourism BEE Charter.
https://www.tourism.gov.za/AboutNDT/Publications/TourismCharter%20with%20signatures_1.pdf

development under these enterprises to increase their potential beneficiations to surrounding communities.

Tourism has the potential to advance gender equality and empower women. Most of the people employed in the tourism sector are women. However, they are concentrated in the lowest skilled and paid positions and are not well represented in higher levels of management and employment. Social effectiveness and transformation in the tourism sector are thus necessary to establish gender equality and to provide women with the opportunities to take part in the sector and to develop their own enterprises. A similar premise relates to people with disabilities in the sector.

This implies that the legacy through empowerment, partnership and collaboration, and transformation of the tourism sector needs to be reversed. The tourism sector is being positioned as one of the key economic drivers that will assist in reducing unemployment and poverty in South Africa.

The development and implementation of skills, enterprise and social programmes seeks to address the following:

- o How to make previously disadvantaged Black people (particularly Black women) the centre of the transformation agenda
- o Increase accessibility of funding for small business and entrepreneurs
- o Increase market accessibility for new entrants (SMMEs and entrepreneurs)
- o Skills challenges faced by Black-owned small enterprises
- o Procurement challenges for small enterprises
- o The level of enterprise ownership and control
- o The low level of Black female absorption at directorship level.
- o Effective stakeholder collaboration and partnerships across all spheres
- o Promotion of cultural diversity in businesses
- o The willingness for partnership and collaboration, and trust amongst stakeholders
- o Seeking infrastructure investment opportunities
- o The level of community participation and positive impacts on community empowerment, and development
- o How to develop an inclusive environment for all in the tourism sector
- o Effective development of domestic tourism

Thus, it is important for the NDT to use the developed key programmes to create a platform for Black people, women and youth, to participate in the tourism sector. Moreover, they need to provide equal opportunities for Black-owned SMMEs across the tourism value chain.

Awareness

Awareness of the challenges and opportunities within the tourism sector is a crucial factor for the growth and competitiveness of the sector. However, lack of awareness is one of the challenges that hinder the pace of transformation in the tourism sector. Hence, it is important to raise awareness and encourage local communities and key stakeholders to participate in the tourism sector. There are key factors where effective awareness programmes need to be prioritised to create a level of understanding on the opportunities of tourism on the development and competitiveness of the tourism sector and the country. These factors are mainly the development and implementation of legislation and policies that have a direct impact on the tourism sector.

The political environment of South Africa has a major influence on the tourism sector due to the development of new and existing policies and legislation with the aim to address transformation from government's perspective . Thus, the government plays a crucial role in closing the gaps between the advantaged and the previously disadvantaged citizens of the country and in the tourism sector. The awareness of legislation and policies has the potential to increase social effectiveness and radical economic transformation in the tourism sector, through policies such as:

- o The Tourism White Paper
- o The National Developmental Plan
- o The National Tourism Sector Strategy
- o The Amended Tourism B-BBEE Sector Code

Effective awareness of such policies, plans and strategies sets a platform for increased awareness of the importance of accelerating transformation in the tourism sector. The majority of enterprises in the tourism sector do not have a clear understanding of B-BBEE and its benefits for social effectiveness and economic transformation.

The endorsement of the Amended Tourism B-BBEE Codes seeks to empower the previously disadvantaged to break free from unemployment, poverty and inequality through access to economic opportunities and addressing the imbalanced ownership patterns in the tourism sector. Hence, it is crucial to raise the level of awareness on:

- The implementation of legislation and policies, and strategies;
- the benefits of being BEE compliant;
- the creation of job opportunities;
- development and economic growth;
- natural and cultural preservation and conservation;

- the opportunities created to address poverty alleviation;

- gender equality; and

- investment opportunities for local communities.

3.5. Management and Regulatory Environment

The institutional arrangement in the tourism sector is governed on an international, national and local level. The NTSS provides the recommended institutional structure to improve the effective working relationships in tourism.[30]

3.5.1. Summary of the Management Control Baseline Results

The Management Control element aims to promote more transformation throughout the operational structures – fostering career development for Black people. It is evident from the results that tourism enterprises perform well in the board members, senior management and middle management indicators compared to the rest, particularly in the hospitality and travel-related sub-sectors. Adversely, the accommodation sector has not performed well in the element, with no indicator reaching over 21%.
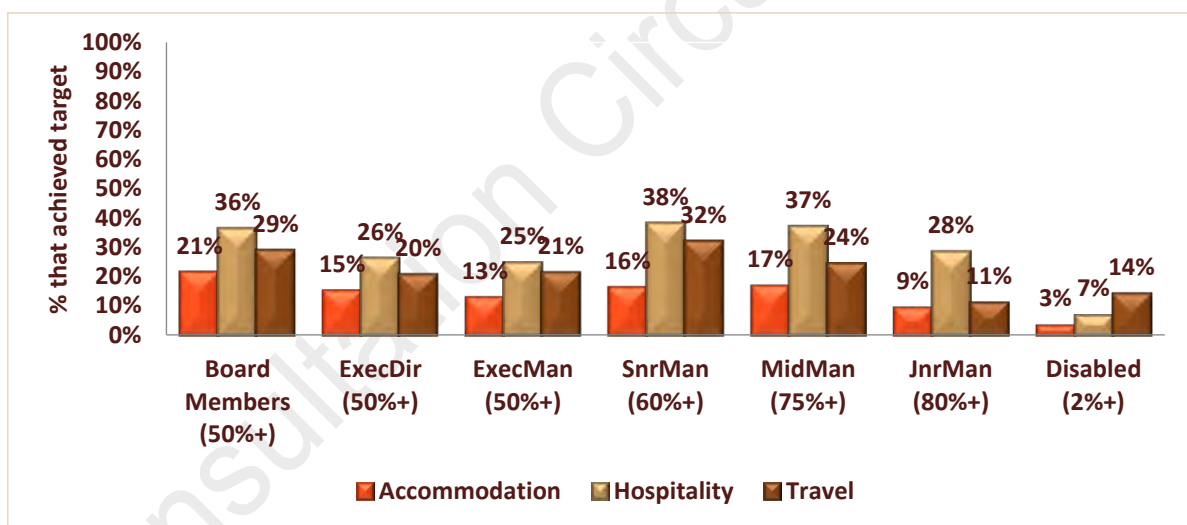

Figure 14: Management Control of Black People

The survey for Management Control relating to Black females did not yield similar results as more weight is allocated to middle and junior management, while limited enterprises promote Black women in their upper management structures.

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[30] Department of Tourism. 2016. National Tourism Sector Strategy(NTSS) 2016-2026.
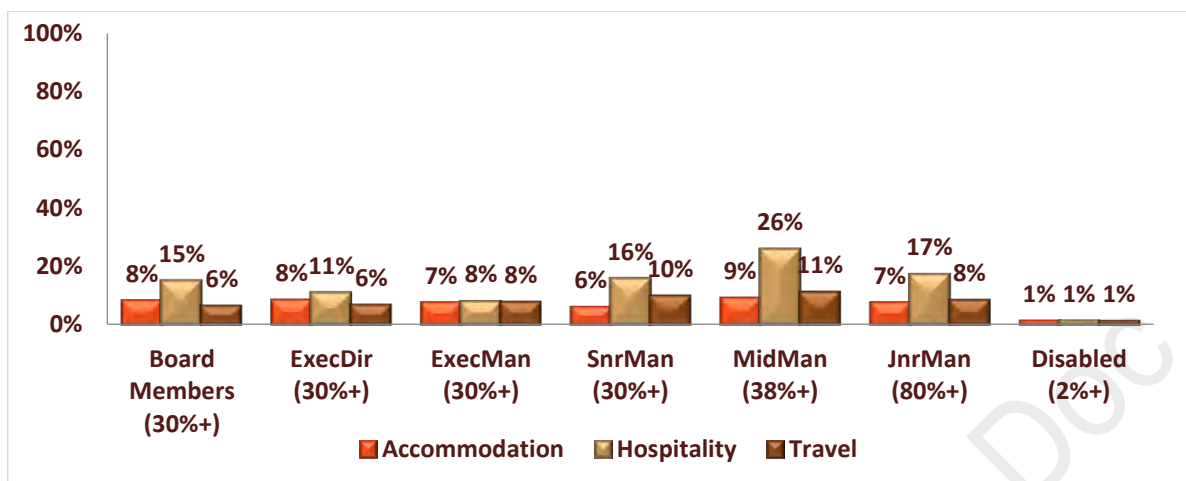
Figure 15: Management Control of Black Females

3.5.2. Developmental Areas for Management and Regulatory Environment

The following three developmental areas were identified which could be influenced by these structures.

Market Intelligence

Market intelligence is the foundation on which all effective market demand is based and is vital for the successful development and transformation throughout the tourism sector value chain. Effective market demand is essential and should be the first task of any enterprise or organisation to promote their products and destinations. Market intelligence, in this context, refers to the access tourists and enterprises (existing and new entrants) need to have to information. It includes information or a database containing tourist attractions and intangible and tangible tourism offerings offered by existing and emerging SMMEs and entrepreneurs in rural and township areas.

However, there is a gap in the accessibility and distribution of reliable data and statistics of Black-owned SMME tourism-related services and products which has a direct impact on the pace of transformation in the tourism sector.[31] Thus, it is important that new or existing portals include Black-owned tourism-related service and product data. In addition, stakeholders in the tourism sector seem to be unaware of the quality research reports the NDT, South African Tourism, Stats SA, TBCSA and other organisations have developed. Provision and sharing of

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[31] National Department of Tourism. 2012. Rural Tourism Strategy. https://www.tourism.gov.za/AboutNDT/Branches1/domestic/Documents/National%20Rural%20Touris m%20Strategy.pdf

information is key to enhancing the performance of enterprises and the effectiveness of market access for Black-owned tourism-related products and services across the value chain.

Large enterprises in the tourism sector should be advised of areas where business opportunities occur and provide reliable information to potential entrepreneurs and SMMEs to create a marketing bridge and accessibility to the tourism market. Thus, SA Tourism has budgeted R1.1 billion to be used for increasing marketing efforts and developing a bridge to position Black enterprises (SMMEs/entrepreneurs) in their marketing strategies.

The tourism sector should conduct market intelligence studies and advise the sector on areas where business opportunities exist in rural and township areas. Information relevant to decision-making in determining entrepreneurial opportunities must be provided to potential entrepreneurs, including SMMEs, to increase enterprise and supplier development.

Market intelligence is a tool that should be promoted through the institutional structures in the tourism sector and leveraged as a networking and management tool.
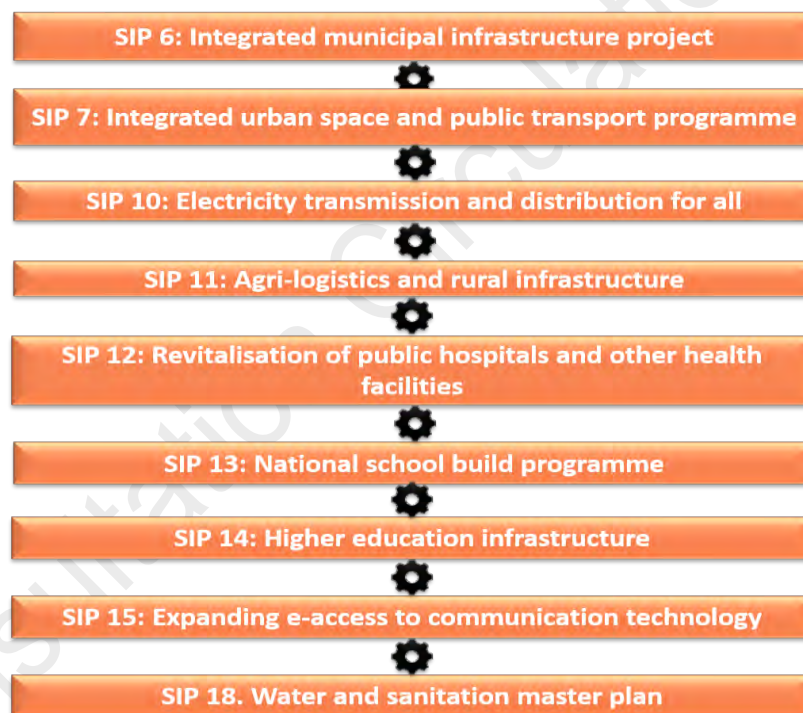
Infrastructure

The development of infrastructure in South Africa should be viewed as an investment opportunity in the country's economic growth and transformation and should thus be regarded as a necessity worth developing. The problem in South Africa currently is that the tourism infrastructure is not properly developed and maintained which increases safety and security issues. From a transformative point of view, there is lack of accessibility to land for previously disadvantaged Black people as mentioned. Consequently, accessibility to infrastructure for tourism-related services is a key issue.

Lack of accessibility to developed and maintained government state-owned infrastructure has a direct impact on transformation in rural and township areas. Therefore, it is crucial that the NDT prioritise the implementation of the Social Responsibility Programme (SRI) to increase accessibility to infrastructure for local communities and Black-owned SMMEs in rural and township areas with tourism potential. In the year 2012/13, the SRI has implemented a total of fifty-seven (57) active projects that seek to promote economic, social and environmental responsibility throughout the tourism sector and to benefit previously disadvantaged Black people. The following are the infrastructure projects implemented to accelerate transformation in the tourism sector:

- Heritage tourism projects
- Trails and adventure tourism
- Recreational tourism

- Accommodation (lodges, campsites, resorts)
- Cultural tourism
- Niche tourism projects
- Tourism information centres

The acceleration of transformation through implementing infrastructure projects should not only prioritise tourism-related infrastructure but also take into account other supporting infrastructure. Lack of development and maintenance of supporting infrastructure has a direct impact on the accessibility of Black-owned SMMEs. Thus, it is important that the NDT align the SRI with (but not limited to) the following South Africa Infrastructure Plan strategic infrastructure projects as indicated in the National Treasury Republic of South Africa 2016 Budget Review[32]:

SIP 6: Integrated municipal infrastructure project

SIP 7: Integrated urban space and public transport programme

SIP 10: Electricity transmission and distribution for all

SIP 11: Agri-logistics and rural infrastructure

SIP 12: Revitalisation of public hospitals and other health facilities

SIP 13: National school build programme

SIP 14: Higher education infrastructure

SIP 15: Expanding e-access to communication technology

SIP 18. Water and sanitation master plan

A study conducted by the IDC, towards developing a budget travel destination chain in South Africa, indicated that South Africa has a strong policy and legislative framework in place, which will support efforts to increase the participation of low- and middle-income earners in domestic tourism. However, more work may be required to address the social tourism needs of very low-income South Africans. According to the study, there is a wide range of low-cost accommodation and day visit sites across most of the country, but limited activities and

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[32] National Treasury Republic of South Africa. 2016. Budget Review.
http://www.treasury.gov.za/documents/national%20budget/2016/review/FullReview.pdf

amenities are offered.[33] The NDT has a list of tourism infrastructure in municipal areas with half of these facilities operational while the others are partially or non-operational. The issue of the 'white elephants' in government has been highlighted, and efforts are being undertaken by NDT, DEA, Treasury and other governing bodies to commercialise some of these facilities through PPP, concession or management agreements with the private sector.

The alignment of the SRI and the South African infrastructure projects will seek to increase infrastructure accessibility for previously disadvantaged Black communities and SMMEs, boost tourism-based economic activities, increase enterprise and supplier development and socio-economic development benefits, and improve communities' standard of living throughout the tourism value chain.[34]

Roles and Responsibilities

Tourism is a very complex industry that involves numerous stakeholders to ensure the growth and development of an effective competitive sector. The improvement of a close working relationship between the public sector and the private sector can assist to address challenges that are faced in the tourism sector. The development of the transformation strategy will thus indicate the roles and responsibilities for all key stakeholders across the national government, local government, provincial government and municipalities, and other key stakeholders to achieve the objective of accelerating the transformation in the sector across related pillars.

Monitoring and Evaluation

Transformation is not particularly easy to achieve. Due to transformation being a process by nature, the key to the success of transformation in tourism can rely on the following:

- o Finding the main driving actions that will empower new and existing entrants in the market
- o Encouraging partnership, collaboration, willingness and trust across the sector
- o Ensuring an enabling and conducive environment for current and long-term development in sustainable and responsible principals

The successful implementation of the Transformation Strategy for the Tourism Sector can only be achieved through effective monitoring and evaluation. It is therefore recommended that the NDT should implement a monitoring and evaluation framework in collaboration with key stakeholders. An adequate evaluation will assist by providing a benchmark for the ongoing

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[33] IDC. 2013. Towards Developing a Budget Travel Destination Chain in South Africa.
[34] DEAT. 2002. Tourism 10 years review.
https://www.environment.gov.za/sites/default/files/docs/10ytearsreview_tourism.pdf

motoring of the programmes that will be implemented.[35] Monitoring can have an impact on creating an annual evaluation of the impact of implemented programme interventions to accelerate and promote sustainable transformation in the tourism sector.

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[35] The Tourism Development Consortium (TOURDV). 2006. Evaluation report on the impact of the tiered support programmes on tourism small business development in Western Cape. https://www.westerncape.gov.za/text/2006/3/final_tbdp_report.pdf

3.6. Critical Issues to be Addressed

The following table brings forth critical issues that need to be addressed that influence the transformation levels of enterprises in the tourism sector.

	Ownership Facilitators	Management and Regulatory Environment	Capacity Building	Black-owned Enterprise Development	Socio-Economic Empowerment
Large Enterprises (LEs)	• Limited promotion of Black women in ownership structures	• Hospitality sub-sector not promoting Black women in management structures • Ceiling created for Black women in management	• Lack of training in hospitality sub-sector • Do not have 100% absorption of interns • A sole mandate with international travel/events companies	• Lack of compliance with preferential procurement targets • Travel related sub-sector procures from outside the country • Procurement from large established companies • Does not promote Black-owned companies in value chain/supply chain	• Hospitality sub-sector lack in this area compared to other sub-sectors
Qualifying Small Enterprises (QSEs)	• Mostly foreign-owned • No need to conform as they attract the international market • Status of Black-owned businesses unknown	• People with disabilities not represented in structures • Do not get BEE certified	• Lack of training in accommodation sub-sector and travel sub-sector • Scarce skills like language diversity, travel consultants, field rangers and guides	• Opportunity to promote sharing economy • Willing to provide mentorship to individuals	• Low contribution to Socio-Economic Empowerment • Implement youth and women programmes in QSE

	Ownership Facilitators	Management and Regulatory Environment	Capacity Building	Black-owned Enterprise Development	Socio-Economic Empowerment
Exempted Micro Enterprises (EMEs)	• SMMEs are struggling with funding and access to market • Difficult to reach maturity in the market • Black-owned SMMEs not part of the supply chain for LEs • Access to opportunities • Performance and sustainability of Black businesses	• Unmonitored on their performance in the sector • Regulatory constraints relating to applications for funding	• Lack of training in travel sub-sector • Access to market and knowledge • Lack of skills in management and finance • Social media and distribution channel skills • Lack of access to tour packages/ supply chain	• Lack of concession opportunities or abilities • Cannot supply - economies of scale	• No funds or capacity

SECTION 4: STRATEGY APPROACH

Tourism is one of the largest and fastest growing economic sectors in the world and has a considerable role to play in delivering sustainable development in many countries. At the same time, the sector needs to be well-managed to provide social, economic and environmental benefits for local communities.[36] By transforming the tourism sector, the sector will increase its global competitiveness, alongside developing and equalling disadvantaged communities, eliminating corruption and creating a secure and sustainable future and tourism operating environment.

4.1. Strategy Objectives

The development of this strategy seeks to offer targeted actions to bridge the apparent gaps between the B-BBEE policy and its implementation in the tourism sector. The ultimate objective is to deliver an effective growing and transforming tourism to accelerate the inclusion of Black people in the economy.

The strategic objectives from a transformation point of view for the tourism sector are to[37] :

- o Develop a framework that will maximise empowerment for Black people
- o Increase partnerships and collaborations that create a bridge for existing Black business operators to serve as management companies for state-owned facilities
- o Increase partnerships between large enterprises, SMMEs and entrepreneurs within the tourism sector to maximise enterprises and supplier development
- o Boost the effective use of state procurement levers in partnership with National Treasury to increase the supply chain of Black-owned tourism products and services
- o Enhance and strengthen market accessibility in the tourism sector for Black-owned enterprises
- o Increase accessibility of funding opportunities
- o Increase the level of skills development opportunities

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[36] World Tourism Organization (UNWTO). 2013. Sustainable Tourism for Development Guidebook.
[37] Clarity Editorial. 2017. DOT: Tokozile Xasa: Addressed by Tourism Minister, during the tourism budget vote 2017/18. Parliament: Cape Town http://www.polity.org.za/article/dot-tokozile-xasa-address-by-tourism-minister-during-the-tourism-budget-vote-201718-parliament-cape-town-23052017-2017-05-23

4.1.1. Underlying Principles

The unique principle underlying the tourism sector[38]:

> *"Tourism is government led, private sector driven, community based and labour reliant. The quality of products and services in the sector are wholly dependent on the individuals employed to do that specific job."*

The following transformation principles will be adopted to ensure that the set objectives are met[39]:

- o Commit to full and equitable participation by a broad base of Black people in the South African economy, with an emphasis on those Black people that are most disadvantaged (Black women, youth, people with disabilities and from poor households)
- o Fully and unconditionally endorse the transformational intent of Broad-Based Black Economic Empowerment ("B-BBEE") employment equity and skills development legislation as well as the Black Industrialists Programme
- o Recognise the pivotal role of enterprise development and smaller businesses in driving the transformation objective of inclusive economic growth and how SMMEs can be supported
- o Ensure Government, businesses and other key stakeholders, such as organised labour, to collaborate and work together in partnerships
- o Achieve transformation through sustainable interventions to accelerate: quality education and skills development for Black people, employment creation (particularly among the Black youth), and large-scale Black enterprise development.
- o Enterprise development includes expanding opportunities and removing regulatory and other exclusionary practices that constitute barriers for emerging Black enterprises

Transformation on a general global perspective is defined as[40]:

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[38] National Department of Tourism. 2015. Easy Guide for the Amended Tourism B-BBEE Sector Code. file:///C:/Users/Manotec/Downloads/Easy-Guide-for-the-Amended-Tourism-B-BBEE-Sector-Code.pdf

[39] TBCSA. 2017. Background Document: Business approach to black economic transformation for inclusive growth. 30 MAY 2017 DRAFT - FOR INTERNAL MEMBER CONSULTATION. http://tbcsa.travel/transformation-empowerment-2/

[40] M. Moagi. s.a. "Achieving Tourism Transformation": Case for Transformation in Tourism. https://www.tourism.gov.za/CurrentProjects/PastProjects/Local%20Government%20Tourism%20Conference%202015/Documents/Achieving%20Tourism%20Transformation%20in%20South%20Africa.pdf

"A marked change in form, nature, or appearance" - In an organizational context, a process of profound and radical change that orients an organization in a new direction and takes it to an entirely different level of effectiveness. Unlike 'turnaround' (which implies incremental progress on the same plane) transformation implies a basic change of character and little or no resemblance with the past configuration or structure."

Transformation in a tourism perspective is defined as:

"the process of radically transforming the existing Tourism Sector to be advance through the objectives of the B-BBEE Act – It is a collaborative exercise which requires the participation and involvement of all stakeholders in the Tourism Sector: Accommodation; Hospitality and Related services; Travel Distribution Systems."

Key reasons for tourism transformation are:

o The need to include Black people, women and previously disadvantaged people in participation in the tourism sector

o To increase market accessibility

o To increase funding and investment opportunities.

o To create a secure and sustainable inclusive environment for new entrants.

o To encourage stakeholder participation, collaboration, willingness and trust, and commitment.

4.2. Transformation Strategic Thrusts

The transformation strategic thrusts will thus follow a logical methodology to ensure effective alignment with the strategies of the NDP (2030), NTSS, the NDT Strategic Plan (2015/16 – 2019/20) and the Amended Tourism B-BBEE Sector Codes, and the outcomes of the transformation strategy implementation plan and the programmes/activities to be undertaken. The following diagram presents the strategic thrusts that will be applied to the strategic strategy approach.

The Tourism Transformation Strategy seeks to achieve maximum impact in promoting and advancing the transformation of the sector, by not only introducing new and innovative interventionist programmes, but also to build on, and leverage on existing programmes.

4.2.1. Transformation Through Ownership and Management

The purpose of this strategic thrust through ownership and management is to assist with boosting the Amended Tourism Sector Codes' requirements and targets by creating favourable conditions that will ensure Black people and Black women have access to and have the capacity to become shareholders and managers in large enterprises; and owners in SMMEs. The following represents the actions for enhancing ownership and management control elements in the tourism sector:

Table 1: Transformation Through Ownership and Management

Implementation Programme	Outcome	Sector Actions
Amendment and expansion of the existing Executive Development Programme **to include more Black females and include Black males. The lesson from the pilot EDP will inform the improvement and expansion of this programme.**	Increase the number of women enrolling in the programme for the next five (5) years	Large Enterprises need to support the Executive Development Programme by making provision for the graduates in their ownership structures
Implement an Equity Ownership Transformation Programme **within large and medium tourism**	Foster partnership relevant stakeholders between large and	Foreign-owned QSE enterprises need to be engaged to incorporate equity

Implementation Programme	Outcome	Sector Actions
enterprises through which positive motivation is provided to the existing owners, to incorporate more Black persons into ownership and management positions.	medium and small enterprises	ownership programmes into their South African products.
Develop and introduce an internal and external mentorship programme **promoting the capacity of deserving Black persons employed by the enterprises for management and ownership.**	Increased participation of Black people, women, youth and people with disabilities	Mentorship programmes will operate in partnership with LEs and QSEs tourism enterprises.
Develop a financial/investment assistance programme **suitable for the tourism sector, by which potential Black persons could obtain ownership of existing enterprises.**	Foster a 50% Black-owned sector	Create awareness under QSEs of the channels they can follow to obtain a Black partner or source funding for their intended Black partner.
Develop a value chain model related to land claims**, and ownership and management control**	Increased Black-owned and management control within state-owned facilities	Engage with CPAs (Communal Properties Associations) and involved operating companies on a suitable model.

4.2.2. Transformation Through Funding

Acceleration of transformation through funding seeks to establish a central tourism transformation fund that will be able to coordinate, manage and align existing and new programmes that require funding. This will assist with accelerating transformation across the Amended Tourism B-BBEE codes to benefit previously disadvantaged Black people, women, youth and local communities. The following represents the action for accessing funding opportunities:

Table 2: Transformation Through Funding

Implementation Programme	Outcome	Sector Actions
Establish and implement a Central TTF **that can coordinate, manage and align the programmes that require funding, rather than the provision of assistance and facilitation services.**	Funding aligned with the Amended Tourism B-BBEE Codes to increase participation for Black people, women, youth and people with disabilities in the tourism sector	Create awareness with SMMEs and entrepreneurs on the funding possibilities and what is required of them.
Create pre-funding programme **to assist new entrants in the market with pre-business planning and funding applications.**	To close the gap between business start-up funding and sustainable Black-owned enterprises in the tourism sector.	Provision of professional services to assist funding applicants with their application.

Implementation Programme	Outcome	Sector Actions
		Also, assist unsuccessful applicants in improving their revised application

4.2.3. Transformation Through Skills Development

The tourism sector has long been beleaguered by a lack of suitable and highly qualified personnel. The level of skills development for both Black employees and Black female employees is slow, and suitable learning programmes should thus be developed to educate and empower previously disadvantaged Black people to become qualified candidates. Skills development and quality service provision is essential for tourism enterprises to be successful and is, therefore, one of the main actions of transformation in the tourism sector that requires additional support. The following represents the actions to enhance skills development:

Table 3: Transformation Through Skills Development

Implementation Programme	Outcome	Sector Actions
Development of awareness campaigns **to raise awareness of existing training programmes.**	Implement the hashtag or slogan *Embracing Careers in Tourism* Sector	The LEs in the hospitality sub-sector and QSEs in the accommodation and travel sub-sector needs to be made aware of available training programmes and encouraged to participate as partners or sponsors.
Encourage tertiary training institutions to launch a work integrated learning programme **for youth to educate them on tourism.**	Integration of high tertiary institutions, FETs and high schools in the all skills development programmes in the corporate world	LEs to partner with tertiary institutions to provide internship programmes for students
Development and implementation managerial skills programme **for SMMEs owners.**	Empowerment of Black SMME owners and entrepreneurs, and Black women	SMMEs require skills development in business management, social media and marketing and service quality assurance.
Development and implementation of financial (cash flow) management training course **to empower and provide necessary skills for Black-owned SMMEs.**	Empowerment and upliftment of Black SMME owners in the tourism sector	Many SMMEs struggles to reach maturity due to cash-flow problems. These SMMEs need to be identified and enrol in a financial management course, with further provision made for debt-counselling where necessary
Implementation of a provincial and national Tourism Entrepreneurship Careers Expo **to address the skills shortage in the sector**	Increased awareness of the of the challenges and opportunities that SMMEs will face in the tourism sector	Leverage the National Tourism Career Expo and monitor if attendees were able to link up with expo exhibitors/partners after the event.

Implementation Programme	Outcome	Sector Actions
Increase accessibility to skills development funding **for Black SMME owners, Black women, youth and people with disabilities**	Increased participation of Black people, women and the youth in the tourism sector	Monitor if LEs and QSEs are making provision to fund potential candidates to attend a recommended course. These candidates should also include unemployed Black youth, women and people with disabilities.

4.2.4. Transformation Through Gaining Access to Tourism Markets

An aspect constraining enterprise and supplier development for new emerging Black-owned SMMEs in the tourism sector is the difficulty of gaining access to the tourism markets. Therefore, this strategic thrust's main focus is on identifying ways in which existing and emerging Black-owned SMMEs can gain access to the tourism market, through collaboration with large enterprises and key organisations and departments. The following represents the actions set to increase market access for SMMEs in the sector:

Table 4: Transformation Through Gaining Access to Tourism Markets

Implementation Programme	Outcome	Sector Actions
Facilitate the establishment of community-based tourism associations **for emerging Black-owned SMMES especially in rural areas and townships.**	Integration of communities in the tourism sector	There are many community-based tourism associations in existence but lack the skills and resources to operate successfully. Thus, a database of community-based tourism associations needs to be established, and their performance evaluated. Create linkages with larger, more established associations in their area.
The introduction of concession programmes **allowing emerging and micro enterprises to provide services in a well-managed and "protected" market environment at government-owned attractions such as national and provincial museums.**	Linkage of potential existing and emerging tourism products with the market	Recommend changes in government's preferential procurement requirements for concessions and PPPs
Encouraged collaboration with travel agents to develop tour packages **that link Black-owned SMMEs tourism related services and products.**	Increased promotion and, enterprise and supplier development	Encourage travel-related services to increase compliance with the supplier development component of the Tourism B-BBEE Code

4.2.5. Transformation Through Enterprise and Supplier Development

Enterprise and Supplier Development is one of the three priority elements of the Amended Tourism B-BBEE Sector Codes. Enterprise development is vitally important for new entrants to access the tourism markets and to improve productivity and achieve socio-economic sustainability. An important part of this strategic thrust is the creation of partnerships between large enterprises and SMMEs to provide procurement opportunities. The following represents the objectives set to enhance enterprise and supplier development:

Table 5: Transformation Through Enterprise Development

Implementation Programme	Outcome	Sector Actions
Introduce a procurement programme **for large enterprises to increase the percentage of procurement to Black-owned SMMEs suppliers.**	60% of public and 40% of private procurement to be spent on local/SMMEs suppliers	Treasury to review government's procurement policy for travel management services to comply with targets set in Tourism B-BBEE preferential procurement indicator, to promote the use of Black-owned suppliers in the tourism value-chain.
Establishing an integrated tourism enterprise development fund **that includes mentorship, improving product quality, increasing business efficiencies and providing market access services.**	Awareness and the accessibility of potential organisations that provide enterprise and skills development programmes	Engage with NEF's Post-Investment Business Support Unit to provide mentorship programmes for funded tourism enterprises.
Provide marketing support tools **to promote emerging Black-owned SMMEs at exhibitions and shows.**	Promotion of existing potential and emerging Black-owned SMMEs to on an African/global scale	Leverage the Tourism Incentive Programme from NDT. Support the SME Indaba programme hosted by SA Tourism and SATSA

4.2.6. Transformation Through Community-based Tourism

Community-based tourism transformation will assist by creating a bridge for disadvantaged communities to gain access to social, environmental and economic opportunities, with aspects related to land ownership and infrastructure development. Further, access to tourism markets will serve as building blocks to accelerate rural or community-based tourism development. Through effective collaboration with key stakeholders and Black-owned SMMEs and entrepreneurs, a bridge between cities with townships can be created with the aim of creating job opportunities and boosting the economy of local business.

Table 6: Transformation Through Community-Based Tourism

Implementation Programme	Outcome	Sector Actions
Identify townships and nodes within the townships **of significant tourism potential.**	Developed township clusters	Conduct a demand and supply analysis per township cluster. Provide training and information support to tourism entrepreneurs and enterprises located in the clusters. Due to the lack of communication infrastructure in the township clusters, provision needs to be made for information distribution and engagement channels
Development and implementation of a CBT transformation programme **to develop and enhance skills development, ownership and management control, enterprise and supplier development and socio-economic development activities.**	Implementation and monitoring of community-based tourism projects	Conduct a supply and competitiveness study to assess if there is a need to develop new CBT tourism product or improve the existing products and services Encourage QSEs to leverage responsible tourism to increase their socio-economic development

4.2.7. Transformation Through Empowerment

The empowerment of Black women, youth and people with disabilities is a core foundation of the Tourism B-BBEE Amended Codes and needs to be sublimated with key activities from the sector to promote the inclusion of these groups in the economy through the tourism sector. The following are key actions to promote the empowerment of these groups through the transformation agenda.

Table 7: Transformation Through Empowerment

Implementation Programme	Outcome	Sector Actions
Strengthen the collaboration between youth/women representative organisations **and core tourism sector related associations.**	Build a network in the tourism sector that is representative of women and youth	Engage with national based associations to lobby for youth/women organisations within their mandate/ programmes.
Build on the Women in Tourism initiative **to promote women empowerment in the tourism sector.**	Become the leading sector to be women-driven	Create more marketing exposure for Black women-owned enterprises both on digital and PR platforms.
Solicit award programmes **in tourism to promote** people with disabilities **in the sector.**	Promote sector leaders without discriminating against their disabilities	Leverage the Lilizela Awards to include a category that promotes people in the sector for their career achievements.

Implementation Programme	Outcome	Sector Actions
		Further, to encourage enterprises to enter their staff in the competition.

4.2.8. Transformation Through Awareness Creation

The implementation of this strategic thrust seeks to inform and train disadvantaged Black communities and Black people about the opportunities and importance of the tourism sector. The base of this programme will be built on the development of awareness campaigns and collaboration between key stakeholders, organisations and departments. The following represents the actions for increasing awareness in the tourism sector:

Table 8: Transformation Through Awareness Creation

Implementation Programme	Outcome	Sector Actions
Increase awareness campaigns **should be established to promote the benefits of the transformation programmes for emerging SMMEs.**	Promotion of the transformation strategy under the hashtag/slogan - *The shared journey to a sustainable transforming tourism sector*	Leverage SMME networking sessions both on a national and local level to engage with stakeholders on the available programmes.
Develop and implement a networking programme **to create a platform where existing SMMEs owned by Black people can engage with communities and individuals and share knowledge about the tourism sector in general and what transformation of the sector means.**	Increase diverse events to integrate an interactive tourism enterprise information and communication between SMMEs owners, key stakeholders and the local community	Leverage current networking events to establish internal forums to discuss transformation in the sector and actions to come out of the event.

4.2.9. Transformation Through Information Distribution

Closely related to the programme of awareness is the support programme to facilitate the distribution of information and data about the Black-owned SMMEs products and SMMEs in the tourism sector. Emerging enterprises seldom have the time and resources to research data and information about the tourism sector. Therefore, the implementation of systems of information and data distribution that is accessible to the tourism market and Black-owned SMMEs will be beneficial in the tourism sector.

Transformation through e-tourism support programmes seeks to assist and promote existing and emerging Black-owned SMMEs. An informative and supporting platform will enable previously disadvantaged Black-owned SMMEs to take advantage of the use of information

and communication technology. Thus, the following represents the actions to increase information distribution and e-tourism support:

Table 9: Transformation Through Information Distribution

Implementation Programme	Outcome	Sector Actions
Development and expansion of intermediary distribution channels.	Integrated and interactive Black-owned SMMEs tourism-related products and services information and communication provision	Expand the Tourism B-BBEE portal.
Establishment and implementation of a national and provincial e-tourism organisation.	Easy use and accessiblity of information booklets and websites	Create awareness of the NDT Knowledge portal and the SAT asset library, research portal and welcome campaign website.

Engage with provincial tourism authorities on their provision of tourism information and access to sector players. |

4.2.10.   Transformation Through Effective Implementation

The successful implementation of the transformation programmes will be possible through effective monitoring and evaluation. Designing, developing, implementing and maintaining a monitoring and evaluation system will direct the effective implementation of the identified programmes. The following represents the actions for effective implementation.

Table 10: Transformation Through Effective Implementation

Implementation Programme	Outcome	Sector Actions
Effective implementation of the identified transformation programmes is required – implying the formulation of evaluation criteria **and the implementation of a** monitoring and evaluation system.	A sustainable transformed tourism sector	Establish a compliance monitoring system that reviews the compliance level of B-BBEE certified tourism enterprises.

The system needs to track non-certified enterprises and Black-owned enterprises on their performance. |

SECTION 5: IMPLEMENTATION TO ACCELERATE TRANSFORMATION IN THE TOURISM SECTOR

The success of the transformation strategy lies in the effective coordination, implementation and encouraged partnership between all stakeholders in the tourism sector and key national stakeholders. Therefore, it is highly important that communication between role players and key partners is effective.

5.1. Stakeholder Arrangement and Involvement

Transformation of the tourism sector during consultation with stakeholders is said to be a very sensitive subject. Thus, before implementation, the following key issues need to be addressed and clearly communicated amongst stakeholders:

- o Who will take charge and ensure effective implementation of the identified programmes?
- o How will the programme be implemented?
- o Will the implementation of the programmes be enforced or suggested to the sector?

Therefore, the following stakeholder collaboration will be encouraged to ensure that the above issues are addressed, and each programme is effectively implemented, monitored and evaluated.
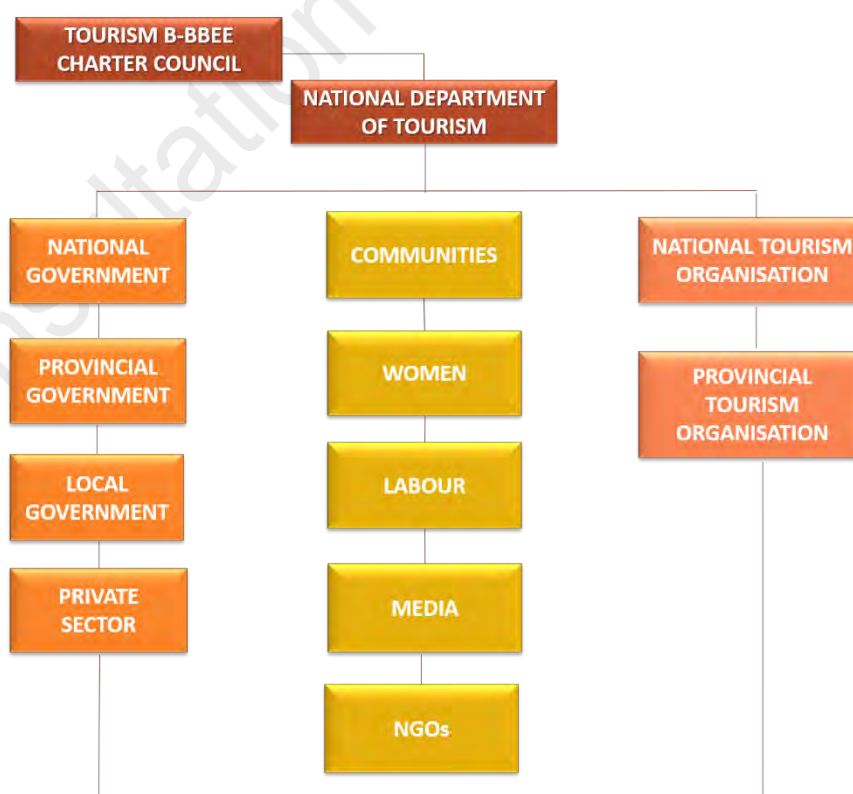

Figure 18: Stakeholder Engagement Structure

5.2. Implementation Programme and Responsibilities

The implementation of the strategic thrusts is based on achieving and accelerating radical economic transformation and general transformation in the tourism sector. The aim is to encourage and promote collaboration between the NDT, key stakeholders including the public and private sector, communities, and all tourism enterprises to ensure that the identified programmes are effectively implemented to promote a sustainable transformation. The implementation of the proposed programmes will seek to make empowerment of Black people and women, SMMEs and entrepreneurs, skills development, enterprise and supplier development, ownership and management control, and access to funding central to the transformation agenda.

The following key implementation programmes will ensure the success and acceleration of the transformation in the tourism sector. Each focus area holds three (3) to seven (7) projects which need to be effectively implemented. The key implementation sub-programmes elaborate on the following:

- o Implementation programme
- o Target audience
- o Leverage point
- o Role player(s)

- o Partnership
- o Priority
- o Timeframe

The following table provides implementation programmes for accelerating sustainable transformation in the tourism sector.

Table 11: Transformation Implementation Programmes

Strategic Thrusts	Implementation programmes	Target Audience	Role Players	Partnership	Priority			Timeframe		
					High	Med	Low	Year 1 – 3	Year 3 – 5	Year 5+
Transformation through Ownership and Management Control	Promotion expansion of the Executive Development Programme	Black women	NDT, Unisa, GIBS,	Universities; Large Tourism Related Enterprises; Women			X			
	Implementation of an Equity Ownership Transformation Programme	Black people or communities	NDT, Dti	National Government; Provincial Government; Local Government; Private Sector; Ministry of Environmental Affairs and Tourism; National Tourism Organisation; Provincial Tourism organisation; Communities; Labour	X			X		
	Development and promotion of the mentorship programmes	Black-owned SMMEs or entrepreneurs	NDT			X			X	
	Implementation of financial or investment assistance programme	Black-owned SMMEs or entrepreneurs	NDT	National Government; Provincial Government; Local Government; Private Sector; Ministry of Environmental Affairs and Tourism; National Tourism Organisation; Provincial Tourism Organisation		X				X
	Exploration of value chain models related to land claims	Black-owned SMMEs or entrepreneurs/ local communities	NDT, Cogsta, DRDLR		X					X
Transformation through Funding	Launching and implementation of the Tourism Transformation Fund	Previously disadvantaged Black-owned SMMEs; youth; women; people	NDT, NEF, IDC, SEFA, Etc.	Business Consultants; Tourism Associations and related agencies; development agencies	X					X

Strategic Thrusts	Implementation programmes	Target Audience	Role Players	Partnership	Priority			Timeframe		
					High	Med	Low	Year 1 – 3	Year 3 – 5	Year 5+
		with disabilities; Communities			■					■
	Create pre-funding programme	Black-owned start-ups and emerging entrepreneurs				■		■		
Transformation through Skills Development	Development of awareness campaigns under the slogan *Embracing Careers in the Tourism Sector*	Black-owned SMMEs owners; entrepreneurs; youth	NDT, Universities, Secondary Schools	National Tourism Organisations; Provincial Organisations; Tourism LEs and QSEs, Provincial and Local Government		■				■
	Launch a work integrated learning programme in partnership with all universities in SA				■			■		
	Development of a managerial skills programme				■				■	
	Implementation of a financial (cash flow) management training course					■		■		
	Implementation of a provincial and national Tourism Entrepreneurship Careers Expo	Black-owned SMMEs owners; entrepreneurs; Youth	NDT, Secondary Schools		■			■		
	Implementation of a skills development fund		NDT, CATHSSETA		■					■

Strategic Thrusts	Implementation programmes	Target Audience	Role Players	Partnership	Priority			Timeframe		
					High	Med	Low	Year 1 – 3	Year 3 – 5	Year 5+
Transformation through Gaining Access to Tourism Markets	Establishment of community-based tourism associations	Previously disadvantaged Black-owned SMMEs	NDT, DEA, SAT	National Government; Provincial Government; Local Government; Private Sector, Local tourism organisations		■				■
	Introduction of concession programmes		NDT, DRDLR, Cogsta	National Government; Provincial Government; Local Government; Private Sector; Communities	■				■	
	Development of tour packages that link Black-owned SMMEs tourism related services and products		NDT, SAT	Tourism Related Enterprises in the travel-related sub-sector; Communities		■		■		
Transformation through Enterprise Development	Introduction of a procurement programme	Black-owned SMMEs; entrepreneurs	NDT, Dti	National Government; Provincial Government; Local Government; Private Sector; National Tourism Organisations; Provincial Organisations; B-BBEE Authentication Authorities	■			■		
	Establish an integrated tourism enterprise development fund		NDT, NEF	National Government; Provincial Government; Local Government; Private Sector; Tourism Organisations, Development Agencies	■					■

Strategic Thrusts	Implementation programmes	Target Audience	Role Players	Partnership	Priority			Timeframe		
					High	Med	Low	Year 1 – 3	Year 3 – 5	Year 5+
	Provision of SMMEs marketing tools		NDT, SAT	National Government; Provincial Government; Local Government; Private Sector; Media		■			■	
Transformation through Community-based Tourism	Exploration and implementation of the of township value chain models	Previously disadvantaged communities; Black-owned SMMEs; Entrepreneurs	NDT	National Government; Provincial Government; Local Government; Private Sector; Communities; Provincial Tourism Organisations; National Tourism Organisation	■			■		
	CBT transformation programme		NDT, DEA		■					■
Transformation through Empowerment	Collaboration between youth/women and core tourism sector related associations/organisations	Youth, women and people with disabilities	NDT, TBCSA	Youth Enterprise related Associations, Tourism Organisations and Networks		■			■	
	Build on Women in Tourism initiative		NDT	Tourism Organisations and Networks	■			■		
	Tourism award programme for people with disabilities in the tourism sector		NDT, SAT	National Government; Provincial Government; Local Government; Private Sector; Media	■			■		
Transformation through Awareness Creation	Awareness campaigns under the slogan "*The shared journey to a sustainable transformation tourism sector*"	All tourism-related stakeholders and previously	NDT, SAT	National Government; Provincial Government; Local Government; Private Sector; Media			■			■

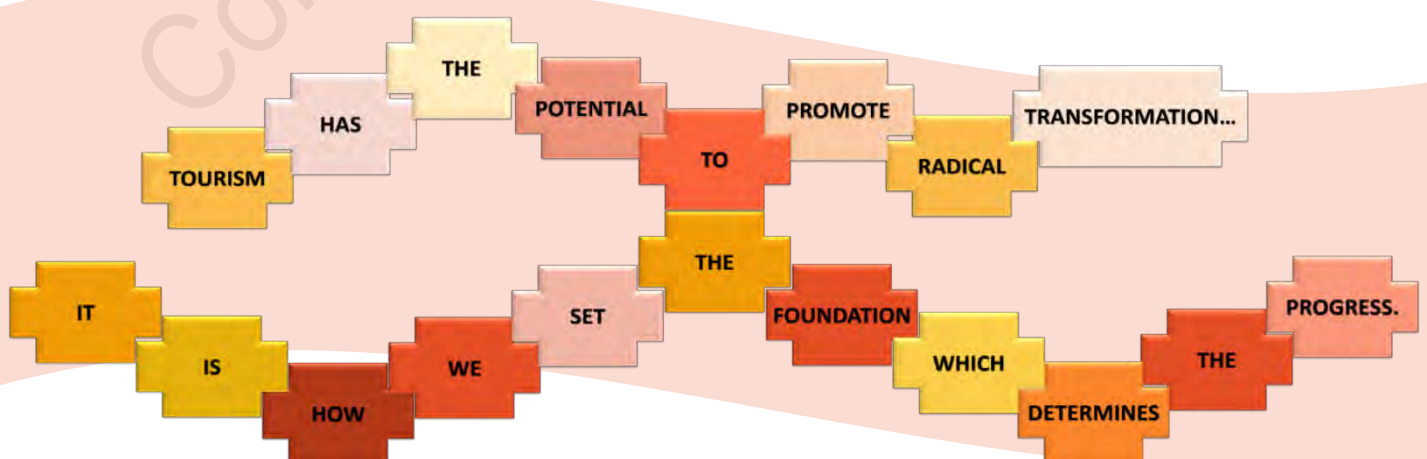| Strategic Thrusts	Implementation programmes	Target Audience	Role Players	Partnership	Priority			Timeframe		
					High	Med	Low	Year 1 – 3	Year 3 – 5	Year 5+
	Implementation of an annual networking programme	disadvantaged Black-owned SMMEs; communities				■			■	
Transformation through Information Distribution	Development and expansion of intermediary distributions channels	All tourism-related stakeholders and previously disadvantaged Black-owned SMMEs	NDT, SAT, Provincial Tourism Authorities	National Government; Provincial Government; Local Government; Private Sector; Media; Black-owned Enterprises; Tourism Related Enterprises	■			■		
	Development and implementation of a national and provincial e-tourism page	Black-owned SMMEs; entrepreneurs				■		■		
Transformation through Effective Implementation	Implementation of a monitoring and evaluation system	B-BBEE Certified and non-certified enterprises; Black-owned enterprises	NDT, Dti	All Stakeholders	■					■

SECTION 6:   CONCLUSION

The successful implementation of the transformation strategy throughout the tourism sector will depend on the following key success factors:

o   Implementation of high impact programmes that will seek to expand **ownership and management control** opportunities for previously disadvantaged Black people, women, the youth, people with disabilities and Black-owned SMMEs

o   Enhancement and implementation of **skills development programmes** which will empower previously disadvantaged Black-owned SMMEs owners and entrepreneurs in rural and township areas

o   Development and increased implementation of **enterprise development programmes** that will seek to provide procurement opportunities for previously disadvantaged SMMEs and entrepreneurs

o   Expansion and implementation of critical rural and township programmes that will seek to increase **socio-economic development** opportunities for communities and local SMMEs

o   Development and implementation of key programmes that will increase awareness on the accessibility of Black-owned SMMEs development **information and funding investment opportunities**

o   Encouraged collaboration, partnership, willingness, commitment and trust between the public sector, the private sector and other key stakeholders

Furthermore, the successful implementation of the transformation strategy will strongly rely on proper monitoring and evaluation. This will need to be done every year by the NDT, the BEE Charter Council and related stakeholders to evaluate the success or failure of the implemented transformation programmes.

TOURISM HAS THE POTENTIAL TO PROMOTE RADICAL TRANSFORMATION... IT IS HOW WE SET THE FOUNDATION WHICH DETERMINES THE PROGRESS.

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