

**29 August 2018**

**MEDIA RELEASE**

**TOURISM CHARTER COUNCIL RELEASES THE STATE OF SECTOR TRANSFORMATION REPORT**

The Chairperson of the Tourism B-BBEE Charter Council, Dr Vuyo Mahlati, together with Council membership, briefed Parliament today on the state of tourism sector transformation. The Council was appointed to monitor and advise the Minister of Tourism on the extent of transformation in the tourism sector. As part of its monitoring of B-BBEE in the tourism sector, the Council conducted a study in 2017 to establish the status of transformation in the sector.

"While we appreciate evidence of transforming enterprises, the pace and extent of transformation is concerning. There are still many that are not compliant to B-BBEE", said Dr Mahlati.

Promoting Black Ownership of enterprises is a priority element within the amended Tourism B-BBEE Sector Code but few enterprises achieved the 30% target set for the Ownership element. Less than 50% of enterprises in the three sub-sectors: accommodation, hospitality and travel, achieved the minimum Ownership targets. The travel sub-sector is performing better than others in promoting more Black women in their Ownership structures.

Despite the fact that the tourism sector employs a large number of women, only about 11% of enterprises had shown black women representation at board, executive and senior management level. The sector performed poorly in promoting Black Management in general.

The B-BBEE Code prioritises Enterprise and Supplier Development as a key driver of transformation in South Africa's economy. This is done through encouraging preferential usage of Black owned suppliers and the inclusion of SMMEs within supply chains, partnerships and mentorships. Contrary to this, the majority of large enterprises did not comply with the set targets. There was insignificant (almost zero) expenditure on enterprises with majority black shareholders.

"This is despite the fact that government and its entities spend billions every year on travel and accommodation, including conferencing. Government should begin to harness public spending to rapidly accelerate transformation by making sure that all officials traveling use transformed service providers with clear evidence for B-BBEE compliance,"

"If we want to see meaningful transformation, we must put measures in place to ensure that the service providers appointed also use other black service providers to deliver the services".

"B-BBEE is simply about shared economic benefits throughout the value chain", she said.

Working together with the Department, the Council developed the Tourism B-BBEE Portal, which is an online system to provide a matchmaking platform between large enterprises and black-owned suppliers. To find suitable black owned suppliers with the required profile and expertise, buyers can visit the website of the Department of Tourism [www.tourism.gov.za](http://www.tourism.gov.za), under B-BBEE.

Large enterprises in the sector are showing improved signs of investment in skills development for black employees. "This gives us hope that we would see more black people in management echelons of the sector in the near future" said Dr Mahlati.

It was also encouraging to observe that many tourism enterprises have performed even better on Socio-Economic Development. Almost 50% of accommodation and travel sub-sectors have achieved targets for this element. In addition, more than 60% of large tourism enterprises are Tourism Marketing South Africa Levy collectors. This is significant as it will continue to boost efforts to attract more tourists to the country, which will create opportunities for inclusive economic growth.

On 30 to 31 October 2017, the Department in partnership with the Council, held a two-day conference to take stock of the state of transformation in the tourism sector and deliberate on mechanisms to change the status quo. Recommendations were made for both government and the private sector to drastically improve efforts on access to funding; procurement and market access; innovation, training

and skills development and lastly for the Council to be wholly autonomous and focus effectively on monitoring of the transformation agenda in both the public and the private sector.

"We thank all those businesses that participated in the study and we have noted their determination to foster radical economic transformation in the sector. I would also like to congratulate Ms Pam Yako on her appointment as the Chairperson of the Board of South African Tourism", concluded Dr Mahlati.

**Issued by:**

**Tourism B-BBEE Charter Council**

**Cell: 082 569 2807**

**Email: [mmankge@tourism.gov.za](mailto:mmankge@tourism.gov.za)**

**ENDS**