

RESOLUTIONS FOR THE TOURISM TRANSFORMATION SUMMIT

30 – 31 OCTOBER 2017

broadening horizons



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



OBJECTIVES

The objectives of the summit were as follows:

- To reflect on, and direct the state of transformation in the tourism sector;
- To share the research findings on the current state of transformation in the tourism sector – across all provinces, sub-sectors and elements;
- To address transformation challenges in the tourism sector – both government and private sector;
- To promote business linkages and share transformative investment opportunities;
- To share empowerment case studies across sub-sectors in rural and urban areas;
- To outline and assess funding mechanisms available to SMMEs and black owned entities in the tourism sector.
- The summit was held under the theme: **“TOURISM FOR ALL: RADICALLY TRANSFORM, GROW AND SUSTAIN”**.
- The summit attracted 430 delegates, more than the 300 targeted, and 6 exhibitors.



WHAT TO BE DONE

The conference delegates were constituted into three commissions such as accommodation, travel and hospitality to robustly deliberate on the key findings of the Baseline study per each element of the scorecard, to answer the following:

- What are the impediments to transformation in the sub-sector?
- What could be done to change the status quo?
- Who will do what, how, when and at what cost?

ACCOMMODATION COMMISSION

OWNERSHIP

CHALLENGES:

There is insufficient programmes for development of new entrants to own and operate an enterprise.

The Municipal Finance Management Act does not provide for support of tourism projects initiated by new entrants.

There is fronting challenges and black shareholders that are not actively involved into the operation of the business.

Lowering the entry barrier without compromising service excellence.

SOLUTIONS

Financial assistance

Engagement with the National Treasury

Verification for B-BBEE compliance should be conducted by government.

Financial assistance and programmes to encourage new entrants into the market

RESPONSIBILITY

Government and Private sector

Government

Government and Private sector

Government and Private sector



MANAGEMENT CONTROL

CHALLENGES	SOLUTIONS	RESPONSIBILITY
Cultural differences in corporate businesses; fear	There should be black empowerment and white empowerment to understand diversification in tourism enterprises.	Government and Private sector
Lack of sufficient management skills	Empowerment of black employees within the organisation	Private sector
	Private companies should have programmes to address skills development	Private sector



SKILLS DEVELOPMENT

CHALLENGES

There is inadequate training and entrepreneurial support programmes aimed at facilitating market access for new entrants.

There is insufficient programmes for development of new entrants to operate and own an enterprise.

SOLUTIONS

Funding for entrepreneurs
Support from Gov. and Private sector

Robust programs that deals with management skills, finance skills, and others

RESPONSIBILITY

Government and private sector

Private sector and government



ENTERPRISE AND SUPPLIER DEVELOPMENT

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<p>There is a lack of commitment by SOE and government to implement the Code during procurement of accommodation.</p>	<p>Both Government and SOE should are not subjected to annual B-BBEE verification. Verification for B-BBEE Compliance should be conducted by government and procurement spend by government should be on B-BBEE compliant enterprises.</p>	<p>Government</p>
<p>Government takes longer to settle its bill.</p>	<p>There should be 30% procurement budget as set aside for township businesses. Government should settle the its bill within thirty days.</p>	
<p>There is a lack of enforcement by government for corporate travel to use only graded establishments</p>	<p>Government and private could be mandated to use graded establishment.</p>	<p>Private sector and government</p>



TRAVEL COMMISSION

OWNERSHIP

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<ul style="list-style-type: none">• Land ownership• Legacy issues are real- there are no quick fixes• Access to capital government-	<ul style="list-style-type: none">• Make use of successful case studies to show positive impact of tourism infrastructure development• Put in the hard work, networks, build relationships	<ul style="list-style-type: none">• Government• All sectors

MANAGEMENT CONTROL

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<ul style="list-style-type: none">• Government procurement (does not benefit small players)• Regulatory Environment• Keep using same narrative to justify lack of transformation• Local representation at all tourism related engagements-	<ul style="list-style-type: none">• Activation of local, IDP, and district government• Government to develop attractions and infrastructure• Come up more creative ways to address the challenges in the tourism sector. (Take ownership)	<ul style="list-style-type: none">• Government• Government and Private• Government and Private

SKILLS DEVELOPMENT

CHALLENGES

- Connection between the small and major players
- Lack of small players at the top
- Lack of unit standard for Tour Operators
- Lack of research capacity within municipalities/ small business.

SOLUTIONS

- Education, Mentorship, Incubation, Coaching and Partnership
- Research to gain market intelligence

RESPONSIBILITY

- Tour Operating Associations, SAQA, SATSA, CATHSETA

ENTERPRISE AND SUPPLIER DEVELOPMENT

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<ul style="list-style-type: none">• Road Infrastructure (Misalignment of priorities within different spheres of Government)• Routes development and Product packaging• Lack innovation and thinking outside of the box• ITCs being unable to issue airline tickets• Lack of incubation framework and rules of engagement on tourism opportunities• Slow growth in the domestic market	<ul style="list-style-type: none">• Tourism Information Portal, create a culture of working as collective,• The need for business case for existing offerings within local destinations• Get into consortiums• Private Sector and Government to come up with a framework• Build rural tourism; better cooperation; create better value for money offerings	<ul style="list-style-type: none">• Government and Private Sector• Government, Private and Public• Private• Government and Private Sector• Government and Private Sector

SOCIO ECONOMIC DEVELOPMENT

CHALLENGES

- Prioritising of tourism in government
- Trust deficit between private sector and government-

SOLUTIONS

- SDF needs to reinforce tourism as legislative function within municipalities
- build relationships

RESPONSIBILITY

- All three spheres of government
- Government + Private

Additional Points

- Corruption – Fairness & transparency
- Lack of leadership – need for bold leaders- government
- Low business confidence
- Lack of understanding of tourism role by traditional leaders- need for educational workshops- Government



HOSPITALITY COMMISSION

OWNERSHIP

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<ul style="list-style-type: none">• Access to capital injection• Access to tourism land• Business Management Skills• Lack of knowledge of running a business• Red tapes e.g.Application forms• Access to market• Buying into State Owned establishment e.g. SANPARKS• Family owned business transfer to generation to generation• Trust between Africans to establish partnerships• Minimal role played by the State to create an enabling environment and economic development especially municipalities	<ul style="list-style-type: none">• Training• Mentorship• Access to finance• Access to opportunities/B-BBEE stake sellers• Proactive approach by Municipalities• Creation of central database where business ownership to sell	Public Private Partnerships (PPPs)

MANAGEMENT CONTROL

CHALLENGES

- Insufficient formal training programme on executive management skills
- Growth in this area is too slow
- Lack of black female in executive management positions

SOLUTIONS

- Accredited training interventions implemented

RESPONSIBILITY

Public Private Partnerships (PPPs)

SKILLS DEVELOPMENT

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<ul style="list-style-type: none">• Lack of courses available which are not targeted to Entrepreneurs which are SETA accredited• Negative attitude towards development and training• Lack of trust and fear for mentors to transfer skills to their mentees	<ul style="list-style-type: none">• Intermediate training and mentorship• Hidden-gems training programme• Positive attitude• Private sector acknowledge the responsibilities to provide training for their employees• Transform skills• High staff moral	Government and Private Sector

ENTERPRISE AND SUPPLIER DEVELOPMENT

CHALLENGES	SOLUTIONS	RESPONSIBILITY
<ul style="list-style-type: none">• Insufficient development of Micro and Small Business• Lack of Enterprise growth• Lack of Business Linkages• Lack of Community Opportunities	<ul style="list-style-type: none">• Linkages between Enterprise Development programme and supply chain in the municipalities• Business linkages among local suppliers• Collaboration• Enterprise Development Framework outlining roles of role payers e.g. Municipalities and private sector	private sector with support of Government

SOCIO ECONOMIC DEVELOPMENT

CHALLENGES

- **GDP**
- **Life Expectancy**
- **Lack of literature development**
- **Lack of basis education**
- **Lack of economic data**
- **Increase levels of employment**

SOLUTIONS

- **Access to data for all citizens**
- **Collaborations/partnerships**
- **Forming cooperatives**

RESPONSIBILITY

All South Africans

The true facts are not always obvious. They often have to be looked for.

Oliver Tambo

Together we can make a difference!

CONFERENCE RESOLUTIONS PER SUB- SECTOR

ACCOMMODATION

- To push ownership in the sub-sector, both government and the private sector should establish a fund through NPAT contributions from Enterprise & Supplier Development (ESD) and Socio-Economic (SED) elements to finance new entrants into the market
- Government should tighten its belt on B-BBEE verification and monitoring
- Government should increase its efforts and be strategic in its messaging to raise awareness on the transformation agenda
- On management control and skills development, private companies should develop programmes to address skills development and empower black employees within the organisations

ACCOMMODATION Cont..

- To improve Enterprise & Supplier Development, both Government and SOEs should be subjected to annual B-BBEE verification
- Government & SOEs must procure from B-BBEE compliant enterprises as per the ESD scorecard
- National, Provincial departments and Municipalities should put aside 30% procurement budget to support townships and rural businesses
- Government & SOEs should pay its suppliers on time – less than 30 days.
- Government should identify and use its levers to drive transformation – for example by infusing B-BBEE in grading etc.

TRAVEL

- To improve ownership targets, government should come up with more creative ways to address the challenges in the tourism sector
- Government should make use of successful case studies to show positive impact of tourism infrastructure development, build networks and relationships
- Activation of local suppliers through IDP and district governments is essential
- Government should develop a travel infrastructure to support B-BBEE compliant enterprises
- On skills development, tour operators, associations, SAQA, SATSA & CATHSETA should develop education, mentorship, incubation, coaching and partnership programmes
- Government should conduct research to gain market intelligence for black suppliers

TRAVEL Cont..

- With ESD, tourism information portal should be developed to include more black owned suppliers
- Government needs to develop a business case for existing offerings within local destinations
- Government and the private sector should develop a framework to help get black entrepreneurs and rural businesses into consortiums and provide funding to support their business ventures
- More workshops are needed for both government, the private sector and traditional leaders on the value of travel and tourism

HOSPITALITY

- To improve ownership targets, government should provide access to finance and procurement opportunities to black entrepreneurs & B-BBEE stake sellers
- Municipalities should also develop a proactive approach to fast-track transformation
- Both government and private sector should create central database for businesses wishing to sell ownership
- On skills development, more accredited training should be developed by both government and the private sector for black women
- On ESD, Government, SOEs & municipalities should create meaningful linkages between ESD programme and supply chain to open up the market for local suppliers, including farming cooperatives.

KEY RECOMMENDATIONS/ RESOLUTIONS

Access to funding

- To push ownership in the sector, the private sector should establish a fund through NPAT contributions from Enterprise & Supplier Development (ESD) and Socio-Economic (SED) elements to finance new entrants into the market, including existing black businesses for expansions
- The Council should arrange a roundtable on funding in the tourism sector
- Tourism B-BBEE funding, training and business opportunities should be enlisted on the Tourism B-BBEE Portal
- Access to land and investment tracking is crucial to drive transformation

Procurement & market access

- Government (national, provincial & municipalities) and SOEs should create meaningful linkages between ESD programme and supply chain to open up market for local suppliers, including farming cooperatives
- Government & SOEs must procure from B-BBEE compliant enterprises as per the ESD scorecard
- National, Provincial departments and Municipalities should put aside 30% procurement budget to support townships and rural businesses
- Government & SOEs should pay its suppliers on time – less than 30 days
- Government should develop an incubation programme for new and emerging enterprises

Innovation, Training & skills development

- Execution to Embrace Innovation
- More accredited training should be developed by both government and the private sector for black women
- Private companies should develop programmes to address skills development and empower black employees within the organisations
- Government should establish the tourism sector specific SETA

Focused monitoring & autonomy

- The council should be re-instituted as a wholly autonomous body jointly funded by government and the private sector
- The Tourism B-BBEE Charter Council should increase its monitoring on transformation in the sector
- The three spheres of Government & SOEs should be subjected to annual B-BBEE verification
- The 3 spheres of Government & SOEs should identify and develop tools and enforcement mechanisms to fast track transformation – i.e. through grading & empowerment etc.

THANK YOU

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