



6 September 2021

TOURISM TRANSFORMATION COUNCIL: ISSUES FOR CONSIDERATION

1. OVERVIEW

The Tourism Transformation Council of South Africa, formerly known as the Tourism Broad-Based Black Economic Empowerment (B-BBEE) Charter Council, in partnership with the National Department of Tourism, published the report '*Baseline Study on the State of Transformation in Tourism*' in March 2018. The aim of the study was to investigate the state of transformation in South Africa's tourism sector. The report outlined the slow pace of transformation in the sector under all the focus areas of empowerment: Ownership, Management Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development. On 29 October 2019, the Council led by its Chairperson Ms. Lindiwe Sangweni-Siddo, presented the report's findings to the Portfolio Committee on Tourism.

A resolution was taken by the Committee, in agreement with the Council, that an annual meeting in the month of September will be held to assess the sector's progress on transformation and review performance on any resolutions adopted in the meetings. In today's meeting the Council will be briefing the Committee on its adopted Plan of Action and provide an update on its institutional arrangements, as a newly registered non-profit organisation (NPO).

2. MANDATE OF THE TOURISM TRANSFORMATION COUNCIL OF SOUTH AFRICA

The Tourism Transformation Council of South Africa is appointed to fulfil the following mandate, as provided under Section 6.4 Statement 003 of the B-BBEE Codes:

- provide guidance on sector-specific matters affecting B-BBEE in the tourism sector;
- compile reports on the status of broad-based black economic empowerment within the sector; and
- share information with sector members, Minister of Tourism, approved accreditation agencies, B-BBEE Commission, B-BBEE Presidential Advisory Council and the Minister of Trade and Industry, Parliament and the general public.

Therefore, the Council has a mandate to monitor and evaluate transformation in the sector and should provide guidance on the matters affecting, impairing and even promoting transformation.¹

¹ Department of Tourism (2018).



3. ISSUES FOR CONSIDERATION

- The Council reports that in its 2019 survey, *'Qualifying Small Enterprises (QSEs) displayed erratic behaviour in four elements: Ownership, Management Control, Preferential Procurement and Enterprise Development'*. Can the Council explain what the *'erratic behaviour'* in these areas entails? Is there support that can be provided by the Department and its counterparts to address this?
- Does the Council have an organisational structure in place? In addition to the recruitment of the Chief Transformation Officer and an Accounting Officer, which other positions form part of the Council's organogram?
- How has the outbreak of COVID-19 affected the Council's activities (e.g. stakeholder consultations, information distribution, monitoring of transformation trends etc.) under its Plan of Action?
- Towards the goal of increasing its visibility in communities across the country, how was the Council able to manage this both in 2020 and 2021 – specifically in villages, townships, and small dorpias (VTSDs)?
- In its previous report the Council mentioned the development of a *Council Plan of Action* as a blue-print for transformation during its term of office – can the Council share the identified measureable deliverables of the plan with the Committee?
- In a response letter to the Committee in May 2020, the Council indicated that to extend funding to black businesses in villages and townships the Tourism Transformation Fund (TTF) should be remodelled and its criteria brought down to the level of SMMEs and emerging black businesses. In its engagements with the Department, has the recommendation towards a review of the Fund been addressed as a consideration?
- The 2018 *State of Tourism Sector Transformation Report* showed that Limpopo is the leading province on transformation with 56% of tourism products owned by Black people, followed by Mpumalanga at 51% and Kwa Zulu-Natal at 48%. Despite the fact that the Western Cape has many tourism products, it is still the least transformed at 25%, followed by the Free State at 31% and Eastern Cape at 39%. Is the Council able to advise how these numbers have changed, if any, in the midst of the COVID-19 pandemic?
- The Council has indicated that it monitors transformation trends through annual surveys, using independent research companies, to determine the levels of compliance with the gazetted Tourism Codes of Good Practice across all the five elements of the B-BBEE scorecard. What are some of the highlights, both positive and negative, that have emerged from the 2019 / 2020 survey results?
- There are vast youth development initiatives in the sector however, the current programmes are not enough to capacitate the young people to be meaningful players in the tourism sector.



The plight of the youth has also been worsened by the COVID-19 pandemic.² In its Plan of Action, what interventions/collaborations will the Council be embarking upon to address the challenges faced by the youth in the tourism sector?

- In its recommendations to the findings of the 2018 State of Tourism Transformation report, the Council mentioned that Government should establish a tourism sector specific SETA. Has the Council assessed the viability of such an entity and lobbied the relevant stakeholders for support?
- While the Committee acknowledges the initiatives made by the Department of Tourism to advance transformation, the legislated transformation has, however, not yielded the desired changes in the tourism sector.³ The Tourism Sector Codes focus more on compliance⁴ by the tourism businesses who are already within the sector, with little done to bring new entrants into the sector. What alternative ways has the Council identified to open the sector to new entrants?
- As a means to create linkages between large and small businesses in the sector, one of the recommendations was to improve the Tourism B-BBEE portal⁵. The portal is active. What trends has the Council observed on the effectiveness of this mechanism towards opening up the market to black-owned tourism operators?

SOURCES

Adinolfi, M. Jacobs, M. Tichaawa, T (2019). Unpacking Factors Limiting and Promoting Black-owned SMMEs to Participate Actively Within the Tourism Value Chain in South Africa. *African Journal of Hospitality, Tourism and Leisure* [Internet], 8(3). Available from: <https://www.ajhtl.com/uploads/7/1/6/3/7163688/article_7_vol_8_3_2019.pdf>

Department of Tourism (2018). Tourism B-BBEE Charter Council. Available from: <www.tourism.gov.za>

Harilal, V. Nyikana, S (2019). Factors inhibiting large enterprises from establishing sustainable linkages with black-owned tourism SMMEs in South Africa. *African Journal of Hospitality, Tourism and Leisure* [Internet], 8(3). Available from: <https://www.ajhtl.com/uploads/7/1/6/3/7163688/article_7_vol_8_3_2019.pdf>

PC Tourism (2020). *Report of the Portfolio Committee on Tourism: Transformation in the Tourism Sector*. Cape Town, Parliament of the Republic of South Africa.

² Tourism Transformation Council of SA (2019).

³ PC Tourism Transformation Report (2020).

⁴ Certification is a mere box-ticking exercise. Does it mean a company, once it is BEE-certified, is transformed, or do we keep those two separate? Because it seems that, once a company has got the certificate, it is immune from transformation. [Adinolfi et al. 2019]

⁵ The portal is meant to provide a matchmaking platform between large enterprises and black owned suppliers; a platform set to assist tourism enterprises to meet their compliance targets for the Enterprise and Supplier Development element of the Tourism B-BBEE Sector Code.



Tourism B-BBEE Charter Council (2019). *Briefing to the Tourism Portfolio Committee by the Tourism B-BBEE Charter Council*. Cape Town, Parliament of the Republic of South Africa.
